

# Townhall

## Congress Should Reform the US Postal Service in CARES Act 2.0

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The United States Postal Service (USPS) is using the coronavirus economic crisis to demand a no-strings-attached bailout from the U.S. taxpayer. Americans are upset that hotel chains, universities and colleges with large endowments and hedge funds are getting CARES Act relief money. They are demanding taxpayer money be spent better in the next bill. The USPS has been hemorrhaging for years. Reforming its methods are a must. Giving the USPS a bailout will remove any motivation for reform, therefore Congress should mandate reforms to the USPS instead of giving them taxpayer money.

President Donald J. Trump is rightfully angry with the USPS because they allow some companies to take advantage of the system. These companies pay below market price for package delivery that uses taxpayer money to fund the difference between the actual cost and what they're being charged. Like any good businessman, the president opposes aid to the U.S. Postal Service without structural reforms. The structural problems that have led to massive losses predate the coronavirus; therefore, structural changes are more important than ever.

If a business lost money for over a decade, only a reckless bank would loan that company money. The USPS has recorded more than 13 years of losses in a row. Romina Boccia of The Heritage Foundation wrote in USA Today on May 4, 2020, "The U.S. Postal Service is approaching bankruptcy following 13 consecutive years of multi-billion-dollar deficits." In April of last year, Chris Edwards of the Cato Institute testified before Congress that since 2007, the USPS has lost \$69 billion and "will likely continue losing money unless there are major reforms." The USPS is requesting a \$75 billion bailout which will flush that hard earned taxpayer money down the drain.

Our nation is staring down the barrel of a \$25 trillion national debt with between \$3 and \$4 trillion coming in this year. The CARES Act scored at about \$2 trillion and Speaker of the House Nancy Pelosi (D-CA) has predicted a \$1 trillion follow-up bill. The Hill reports that Democrats are pushing for \$500 billion in state aid. The consensus is that there will be a fight over expanding unemployment benefits, how much to spend on more coronavirus testing kits and a potential for round two of stimulus checks to taxpayers, in addition to a possible replenishing of the small business fund administered by the Federal Reserve.

Reform is something that the Trump administration has supported since the White House set up a task force to study structural changes. In 2018, the task force issued a study titled “United States Postal Service: A Sustainable Path Forward” that listed out reforms to the USPS. They found that sustainability could only exist with “formative reforms to its business model that will enable it to flexibly and swiftly adapt to the social, technological, and operational changes in the mail and package markets.” The task force listed out a number of areas of reform including the pricing structure of services, cost allocation, and labor costs.

On April 30, 2019, the House of Representatives Committee on Oversight and Reform conducted a hearing where then-Rep. Mark Meadows (R-NC) made his position clear. Meadows asked the USPS Postmaster General Megan Brennan for a plan to reform the postal service well before the hearing and they never produced suggested reforms. The USPS testified that they have a \$125 billion gap that needed to be filled, yet they refused to give Meadows any study or report on recommended structural reforms to the service.

The USPS has become a massive liability for the taxpayer. It functions as a government agency with a monopoly over aspects of delivery and they don’t do it in a cost-effective manner. The true costs of packages are hidden to make believe that the USPS makes a profit on delivery. The labor costs and retirement pension plans are underfunded and also requesting government aid. The bottom line is that the U.S. Postal Service has a failing business model.

Congress would be crazy to bail them out. The taxpayers will be hurt if Congress bails them out. Reform, not a bailout, is the way to save the postal service. Without the government bailing them out they would have failed years ago. It’s time to bailout the taxpayers and fix the systemic problems at the USPS or their next bankruptcy will cost the taxpayers another \$100 billion.