Congress Must Act to Save the Postal Service

The Postal Service remains in dire straits, losing $25 million/day. Yet, despite substantial action in the 112th Congress, ultimately no legislation was approved to preserve this essential service. The 113th Congress must act; the future of the postal system and its core mission of support to the American economy and communications depend upon it.

- **No financial cushion.** If there is no further drop off of mail, and it continues to default on prefunding its retirees’ health care, USPS may be able financially to limp along in the near term. But that will require living “paycheck to paycheck,” i.e., on the revenues USPS earns every day, with no back-up. It has no financial cushion.

- **Razor-thin margins foreshadow disruption.** USPS liquidity is near zero. With that kind of razor-thin margin, any change – a further drop in volume, the economy’s slipping – will mean its ability to continue to deliver the mail will be threatened.

- **Uncertainty discourages business.** It also means uncertainty for business: would additional USPS facilities have to close? Would an “exigency” rate increase be required? Would service standards have to slow further? This kind of uncertainty causes businesses to be even more cautious and conservative about mailing, creating a negative feedback loop that would further imperil USPS.

- **Millions of jobs remain at risk.** Jobs would be even more at risk. With the $1 trillion mailing industry having lost 1 million private sector jobs since 2007, any further business contraction of the mail could be devastating.

- **Defaults erode mail user confidence.** The ongoing prefunding defaults have consequences. Even though there are no legal ramifications from failure to pay, there is a pernicious eroding effect on confidence in the system as time goes on and the defaults pile up. This adds to user uncertainty about USPS survival and reluctance to invest in mailing.

- **The System Can’t Afford to Wait.** Deferring action on USPS is a very risky choice. The longer it takes to achieve postal legislative relief, the more uncertainties increase for business, defaults and jobs. What’s more, in a time of macro-economic challenge, the greater the risk becomes that USPS will drop below its razor-thin margins and disrupt mail delivery. Congress must act quickly.

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