USPS: Saving an Essential Service

Overview

Older than the United States itself, the United States Postal Service (USPS) has been around for nearly 250 years providing mail and package delivery for the country. With nearly 143 billion pieces of mail delivered in 2019 and operating revenue of about $71.1 billion, the USPS has reorganized in recent years in response to changing demands. Despite these efforts, innovation, competition, and changing times have led to billions of dollars lost over the last decade and more than $120 billion in unfunded liabilities. The USPS receives no tax dollars to fund its operations and instead relies on its sales of postage, products, and other services for financing itself. In recent years, the USPS has had to refocus its efforts and find ways to stay in business. As a result of the spread of COVID-19 and a dramatic decrease in revenue, the USPS is expected to run out of money by the end of September unless it receives additional funding. In our latest Basic, "Special Delivery: Modernizing the United States Postal Service," we explore the history of the USPS, the impact of the coronavirus, and the reforms that will shape its future.

What is the USPS?

USPS is an independent branch of the federal government. Its responsibilities include handling the mailing of letters and packages as well as the sale of postal products like stamps, packaging, and mailing supplies. USPS says its mission is "to provide a reliable, efficient, trusted and affordable universal delivery service that connects people and helps businesses grow."

History of the USPS

The USPS was established on July 26, 1775, at the Second Continental Congress, with Benjamin Franklin being appointed the first postmaster general. During those times, most American colonists sent a majority of their mail to family, friends, or business partners in Britain, with very little mail actually being sent to and from other colonies. Over the course of the next 250 years, the USPS implemented a number of changes, including issuing postage stamps in 1847, free rural delivery in 1896, airmail service in 1918, a labor contract negotiated through collective bargaining for the first time in 1971, the launch of a website in 1994, and a free usps.com app offered in 2009.

Today, the USPS employs more than 630,000 postal workers who operate out of more than 40,000 post offices delivering billions of pieces of mail each year to over 144 million homes and businesses in the United States and its territories.

Priorities of Postal Reformers

The 1970 Postal Service Reorganization Act and the Postal Act of 2006 are two laws that changed the organization and structure of the USPS. The 1970 law primarily granted the agency financial and operational independence from the

Center Forward Basics

Center Forward brings together members of Congress, not-for profits, academic experts, trade associations, corporations and unions to find common ground. Our mission: to give centrist allies the information they need to craft common sense solutions, and provide those allies the support they need to turn those ideas into results.

In order to meet our challenges we need to put aside the partisan bickering that has gridlocked Washington and come together to find common sense solutions.

For more information, please visit www.center-forward.org

Key Facts

- Every two weeks, the Postal Service pays **$1.9 billion** in salaries and benefits
- **47%** of the world's mail volume is handled by the Postal Service
- In 2019, the Postal Service processed and delivered **142.6 billion** mail pieces
- The Military Postal Service provides service in **60 countries**
  - There are **201** land-based and **147** onboard ship Post Offices
  - There are **818** military ZIP Codes around the world with more than **1.2** million military delivery points
- The Postal Service has **6,955** letter carriers who deliver mail entirely on foot
- The Postal Service employs more than **105,000** military

government, created the Board of Governors of the U.S. Postal Service, and changed employees' pay schedule and right to collective bargaining. The 2006 bill made significant operational changes, providing flexibility as it relates to competitive pricing, moving the pricing regulation to price cap, and making it easier for the USPS to respond to changing market conditions and customer needs. Following the passage of the 2006 legislation, there have been a number of efforts to reform the USPS.

Those parties who are interested in simple or major postal reforms all have set priorities. While sometimes they agree, other times they are miles apart. Several reform efforts are outlined below, but undoubtedly, some of the most-referenced reforms include:

- Shift postal worker health benefits into Medicare Part A & B instead of a separate Retiree Health Benefits Fund
- Address pricing modernization and possible rate increases
- Evaluate 5- versus 6-day delivery

- veterans
    - USPS also has issued more than **140** stamps honoring the nation's military history
- The Postal Service is the core of the **$1.4 trillion** U.S. mailing industry that employs more than **7.5 million** people
- For **50 cents**, anyone can send a letter, regardless of geographic location, to anywhere in the United States
- **6.3 million** people visit usps.com daily

COVID-19

As a result of the coronavirus outbreak, the United States Postal Service is projecting a $13 billion revenue shortfall this fiscal year because of the pandemic and another $54 billion in losses over 10 years. The USPS is financially independent from the federal government and relies on its revenue from purchases such as stamps and first-class mail. But compared to this time last year, mail volume is down by almost a third because businesses and people have made cuts to mail advertisements, solicitations, and letters.

The CARES Act included a $10 billion loan which is expected to fund the USPS until March or April 2021. Without further government help, Rep. Carolyn Maloney, House Oversight Committee Chairwoman, and Rep. Gerry Connolly, Chairman of the House Oversight subcommittee that oversees the Postal Service, warned that the agency could run out of funding. Therefore, the USPS is asking lawmakers for $89 billion in grants and loans to make up for losses because of the pandemic. Megan J. Brennan, the postmaster general, told the House Committee on Oversight and Reform that the agency would need $25 billion in federal grants to cover lost revenue from the pandemic, $25 billion to update aging infrastructure, $14 billion to pay off long term debt related to the retirement benefits program, and $25 billion in unrestricted borrowing authority. If the USPS runs out of funding, it could negatively impact Americans' daily life, specifically citizens' ability to receive the 2020 Census, medications, and other vital goods and services. Mail order prescriptions have increased during the coronavirus pandemic, while prescriptions have decreased in the retail setting. Additionally, the USPS will likely play an important role in the 2020 election because voting by mail is expected to increase as a result of the coronavirus.

Conclusion

Though it's nearly five-decade history, the USPS has been a critical part of America's infrastructure. While the agency has traditionally been bipartisan, the current political atmosphere has left both Democrats and Republicans with different opinions about what to do to help the USPS. Some believe it is vital to assist the post office while others would like to privatize the post office. Overall, funding not only affects millions of workers across the country but also complicates Americans' access to resources that impact everything from their health to their politics.

Links to Other Resources

- Axios - [People are filling more prescriptions by mail amid coronavirus crisis](#)

- Committee on Oversight and Reform — [House Democrats Act Rapidly to Save Postal Service from Bankruptcy As a Result of Coronavirus Crisis](#)

- Congress.Gov — [H.R.6076 - Postal Reform Act of 2018](#)

- Forbes — [The Post Office Does Have Problems -- But Not Because of Amazon](#)

- GovTrack — [S. 2629: Postal Service Reform Act of 2018](#)

- History — [U.S. postal system established](#)

- NBC News — [Could coronavirus deal a fatal blow to the U.S. Postal Service?](#)

- The Atlantic — [Tech Has Saved the Postal Service for 200 Years—Today, It Won't](#)

- The New York Times — [Coronavirus Is Threatening One of Government's Steadiest Services: The Mail](#)

- The White House — [Delivering Government Solutions in the 21st Century](#)

- Treasury — [United States Postal Service: A Sustainable Path Forward](#)

- USPS — [Future Ready](#)

- USPS — [2019 Postal Facts](#)

- USPS — [Significant Dates](#)