



Stimulus Proposals to Support the U.S. Postal Service

The United States Postal Service (USPS) is a vital component of America's national economic infrastructure. It provides affordable universal delivery of mail, newspapers, magazines, books and e-commerce packages to 159 million households and businesses in every state, territory and tribal community, six and often seven days a week. The economic recession caused by the Covid-19 virus poses a dire threat to the country's only universal communications and delivery network.

Tens of billions of dollars in payments flow through the mail each day for tens of millions of households and millions of small- and medium-size businesses. More than a billion shipments of prescription drugs are delivered by USPS each year. And more than 25% of all votes cast in America's elections are distributed through the mail – a percentage that is dramatically growing as more states opt for vote at home options. The Postal Service, which employs a diverse workforce of more than 620,000 Americans and is the largest employer in many states, lies at the center of a mailing industry comprised of the paper, publishing, marketing, shipping, e-commerce and printing sectors of the economy. This broader mailing industry, which generates \$1.4 trillion in sales and employs 7.5 million Americans, is similar in size and scope to the hotel, airline and auto industries.

Unfortunately, the deep economic recession we expect from this public health crisis poses a serious threat to the near-term viability of the Postal Service. The agency, weakened by a unique statutory mandate to prefund retiree health decades in advance at an average cost of \$5.4 billion annually since 2007, faces massive losses in the current crisis -- mail volume is expected to plummet as economic activity grinds to a halt due to efforts to stop the spread of the virus. In the 2008-2009 recession, mail volume fell by 20% over two years. If that experience were repeated today, the Postal Service's revenue losses would approach \$4 billion annually – inflating the last year's net loss of \$8.8 billion*. A deeper recession, which is likely, would reduce revenues much more and threaten the Postal Service's solvency since the Postal Service's cash on hand stood at just \$8.4 billion in December.

Congress could avert a major crisis in the mailing industry by taking urgent action to stabilize the Postal Service that would preserve its universal networks that are so valuable to our economy – and to our fight against the Covid-19 virus. We urge Congress to consider five postal proposals for inclusion in its omnibus stimulus legislation:

- 1) In order to stabilize the Postal Service during the coming recession, temporarily revive the 10% "public service" appropriation that existed at the time the Postal Service was created in 1971 for two years, setting it at 10% of the Postal Service's 2019 revenues. This would provide the Postal Service with \$7.1 billion per year for two years and help it survive the coming recession.

Although the language authorizing this "public service" appropriation remains in the law (see Title 39 U.S. Code Section 2401 – Appropriations), its payment was phased out between 1970 and 1984 and the Postal Service has operated without taxpayer support since then. But given the dire emergency facing our nation and the Postal Service, its temporary revival would save millions of jobs in the broader mailing industry. A temporary 10% USPS subsidy would pale in comparison to the all-but-permanent 50% subsidy provided to Amtrak.

- 2) Additionally, Congress should repeal the retiree health prefunding mandate. This unfair burden accounts for nearly 90% of the Postal Service's losses since 2007. Enacted in 2006, no other

agency or enterprise faces this burden. A bipartisan majority of the House already adopted this proposal by passing the USPS Fairness Act (H.R. 2382) by a vote of 309-106 in February. Congress should include this bill in its stimulus package.

3) The 2006 retiree health prefunding mandate exhausted the Postal Service's borrowing authority and has starved the agency of investment for more than a decade – leaving it in dire need of replacing its obsolete fleet of 210,000 vehicles with insufficient cash on hand. In order to stimulate the economy and create tens of thousands of American jobs in the manufacturing sector (which was in recession even before the present public health crisis), the Congress should invest in the Postal Service by making a one-time appropriation of \$10 billion for a new fleet of electric-powered vehicles – and for the associated charging equipment and technology at USPS postal facilities across America. This policy would strengthen the Postal Service, promote manufacturing jobs and help fight climate change.

4) To further boost jobs in the construction sector, Congress should enact an appropriation of \$5 billion to the USPS to finance long-delayed investments in the Postal Service's facilities, including both repairs and replacements.

5) The current public health crisis does not just threaten our economy, but also the smooth functioning of our democracy. The novel coronavirus could disrupt the 2020 general election. It would be a tragedy if fear of infection depressed turnout in 2020 – or if it discouraged volunteers from serving as judges in polling place elections.

Vote by mail facilitated by the Postal Service offers a way to address this danger. Congress should include in its economic stimulus legislation the *Natural Disaster and Emergency Ballot Act of 2020*, a bill co-sponsored by Sens. Ron Wyden and Amy Klobuchar. The bill would expand vote by mail and early voting options and appropriate funds to help states cover the cost of printing, self-sealing envelopes, ballot tracking, prepaid postage for ballots and other necessary equipment.

As our country grapples with the Covid-19 crisis, the Postal Service can play an indispensable role in winning the battle against the virus that causes the disease by delivering public health information, distributing protective gear and supplies for health care workers, conveying the consumer goods purchased online by households at a time when normal shopping routines are disrupted, and by delivering the ballots of millions of Americans who worry about the dangers of voting in person in primary and general elections. Congress should help make sure this happens by including these postal proposals in its stimulus legislation. The millions of mailing industry employees, businesses that rely on the mail (both mailers and USPS vendors) and the American public need a strong U.S. Postal Service.

***Note:** The Postal Service's \$8.8 billion reported loss for 2019 was comprised of \$4.6 billion in retiree health prefunding expenses and \$4.832 in non-cash actuarial charges associated with the valuations of the Postal Service's future workers' compensation and pension costs, both of which were artificially inflated by declining interest rates. The agency's revenues from the sale of postage actually exceeded the costs of processing and delivering the mail by \$583 million.