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### Postmaster General Paints Dire Financial Picture; USPS Watchers React

Is it really true that the U.S. Postal Service could run out of money in the next 12 months? In theory the answer is yes; in realistic terms the answer is no. But the system's problems are genuine, and without serious intervention, they could prove insurmountable.

By [Patrick Henry](#).

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“I've never had a strategic plan where they say so many options are not available to you. You have losing routes, can't cut them. You have losing post offices, can't cut them. You have retirement benefits that only earn T-bill rates. You can't invest it in stocks.

“There's just so many, so many strings. I tell people that this is like Gulliver's Travels. Gulliver was the giant in the land of the small, and one small person could not take him down, but they put so many strings on him that they were able to hold down the giant Gulliver. And that's what's happening here.”

—Postmaster General David Steiner in testimony before the House Committee on Oversight and Government Reform, Subcommittee on Government Operations, March 17, 2026

Gulliver's story ended well. The Lilliputians eventually let him up, freeing him to continue on his fabulous travels. His next stop would be Brobdingnag, a land of actual giants whose enormous size could also stand for the magnitude of the problems now confronting the U.S. Postal Service.

The Subcommittee heard about them in detail from Steiner and from David Marroni, Director, Physical Infrastructure, U.S. Government Accountability Office. The USPS had asked Congress for an increase in its borrowing authority, and the purpose of the hearing essentially was to find out whether the Postal Service would be good for the additional money.

Given the request by the USPS, “Congress needs to have confidence not only that they'll be able to pay it back, but that they're on the right road to achieve financial security,” said Subcommittee Chairman Pete Sessions (R-TX). “It does us no

good to simply give you more money or agree to something that we know does not work.”

## Status Quo Countdown

Steiner acknowledged the Postal Service’s difficulties but insisted that without financial relief, he had no real way of addressing them. He warned, among other somber predictions, that unless swift corrective action was taken, the USPS was at risk of running out of cash in less than 12 months.

“So, less than a year from now the Postal Service will be unable to deliver the mail if we maintain the status quo,” Steiner said.

Marroni corroborated the Postmaster General’s harsh assessment. The GAO, he said, “has been making the case for more than 15 years that USPS’s finances are a high-risk issue in need of substantial transformation.”

The combined pressures of rising costs and dwindling mail volume have made the USPS business model “unsustainable,” Marroni said, noting that the system has not shown a profit since 2006. He said that by withholding mandated payments for retiree health and pensions benefits, the USPS has managed to preserve enough cash to fund day-to-day operations—but only through early next year.

## “Crisis Point” Is Near

“USPS has been struggling financially for years and is now approaching a crisis point,” Marroni concluded. “It is highly unlikely that USPS will be able to fix its poor financial condition on its own. Congress will need to act.”

Steiner tried to spur that action by focusing his testimony on the reasons why the USPS cannot climb out of its deep economic slough without help. One of his proposed remedies was increasing the price of a First Class stamp from 78 cents to nearly one dollar—a suggestion that Sessions and other lawmakers did not warm to.

Steiner was also pressed to make a case for continuing with Delivering for America, a 10-year operational overhaul that the

USPS launched in 2021. Several Subcommittee members chided the program, which was the subject of a [report](#) by WhatTheyThink last year, for not doing more to relieve mail delays and other postal snafus in their home districts.

Steiner, a former CEO of Waste Management and a member of the board of directors of FedEx, has been Postmaster General since July 15, 2025. He drew upon his experience in logistics and financial strategy as he attempted to explain to the Subcommittee why the present state of affairs at the USPS—including its relationship with the Postal Regulatory Commission (PRC), its oversight body—is unworkable.

## “Worse Than a Monopoly”

“Our regulator causes us to lose billions annually,” Steiner asserted. “Clearly, they’re not following their mandate to make the Postal Service financially viable.”

“We are regulated like a monopoly, though we ceased to be one long ago,” he continued. “There are electronic or private competitor alternatives to every piece of volume in our system. In fact, we are regulated worse than a monopoly, because even a monopoly is allowed to make money.”

Holding the USPS back from profitability is an “anchor” made of financial constraints that will take regulatory or Congressional action to lift, Steiner told the Subcommittee. He reminded them that the USPS, a self-funding entity that gets no money from taxes, cannot go on operating as it does while dragging the weight of the anchor behind it.

“I’m here to tell America that we can do anything you want,” Steiner said. “We’ve been doing exactly that for over 250 years. If you want the same number of delivery days and post offices, we can do that, but someone has to pay for it.”

The parts of the anchor he wants Congress to fix include raising the cap on the Postal Service’s borrowing limit; reallocating its pension benefits liabilities; giving it more choices for investing its retirement funds, which currently are limited to U.S. Treasury securities; changing its pension funding formulas; and adopting

the best practices of private industry for controlling its workers compensation costs.

“We just ask that you take away the anchor and offer us the life jackets that let us operate like a truly independent entity, free from the statutory requirements and regulations that weigh us down,” Steiner said.

## “Goldilocks” or Else

He described his proposed reforms as the “Goldilocks” option: a common-sense package of financial policy adjustments and private-sector best practices that are far more desirable than the other two alternatives: maintaining status quo, making it “highly likely that the mail will stop”; and imposing severe cuts on delivery, workforce, and postal operations while simultaneously raising rates.

“If the nation expects six-day universal service to 170 million addresses at uniform and affordable rates, then we must either be compensated for that public service or provided the pricing and operational flexibility necessary to sustain it,” Steiner advised the Subcommittee.

“Otherwise, the anchor remains, our optionality narrows, and the burden does not get buoyed by life vests but instead becomes a cost we must bear within a system already under strain.”

## A Calmer Perspective

Sizing up the real meaning of the situation for commercial mailers, printers, and everyone else who relies on the USPS depends on understanding the subtleties of what was said before the Subcommittee on March 17.

The first fact to grasp is that running out of money and suspending operations is a fate that will almost certainly never befall the U.S. Postal Service, next year or any other year after that.

Leo Raymond, Managing Director, [Mailer's Hub](#), points out that when the USPS says it will run out of cash, it means that it will do so if it has to abandon its long-standing practice of defaulting on payments it is obliged to make.

The Postal Service Reform Act of 2022 freed the USPS from an onerous 2006 requirement to prefund 100% of its retiree health benefit liabilities 75 years into the future. Remaining, according to Raymond, is its obligation to fully fund its shares of the civil service and federal employees retirement systems (despite the fact that by some calculations, the systems are already overfunded).

## Lights Stay On

“Their situation is such that they can keep the lights on if they continue the pattern of default,” Raymond says. “You shouldn’t have to do business that way. You’ve got things that are really outsized burdens financially on the Postal Service. But they’re not going to run out of cash, literally, unless they decide to start making all these payments.”

Calling in the debt and restarting the payments would require action by Congress, which Raymond says is not prepared “to address the fundamental issues that are causing this problem.”

Raymond seconds the Postmaster General’s assertion during the hearing that the USPS will do whatever anyone wants it to do as long as someone can find a way to pay for it.

This was Steiner’s way of calling attention to the unfunded mandates that the USPS struggles to satisfy, according to Raymond. One of them is the universal service obligation, which requires delivery six days a week to a national network of post offices, many of them small and costly to operate.

“Most of that is unprofitable,” Raymond says. “It loses money. But the Postal Service has to do it.”

## Money for Nothing?

During his testimony, Steiner also alluded to an appropriation that was granted in 1970 to the Post Office Department (as the USPS was then known) to help it cover the costs of meeting the universal service obligation. The appropriation authorized it to request up to \$460 million annually for public service costs—an amount worth up to \$20 billion in today’s dollars, Steiner told the hearing.

However, the Postal Service has neither requested nor received any public service reimbursement since 1982. In 2002, USPS called this the equivalent of returning \$9.2 billion to the U.S. government and taxpayers.

Accessing all the money left on the table in this way would go a long way toward easing the Postal Service's financial woes, Raymond observes.

"If Congress ponied up that appropriation to match the inflationary value, it would reduce the shortfall the Postal Services experiencing significantly," he says. "But it would take the Postal Service to take it. They have to accept it."

The printing industry should worry "not at all" about insolvency in the postal system, according to Steve Hutkins, founder and administrator of Save the Post Office.

Defaulting on payments to its pension and workers compensation funds "would probably pretty much balance the books" for the USPS, he explains. In the event of a "true cash crunch" that threatened the salaries of employees, "Congress wouldn't let it happen. You have to have a Postal Service, and it can't just run out of cash and stop running."

## Reaching for the Rhetoric

The Postmaster General's prediction "was more of a rhetorical device to show how dire the situation is so that Congress does something instead of just putting this to the back burner," Hutkins comments.

He adds that because the USPS has already stowed \$300 billion in its pension and retiree healthcare funds, its payment obligations are "theoretical" anyway.

"The money that it's putting in to these funds is for the far distant future," Hutkins explains. "So when it defaults, it doesn't really have any impact on day-to-day operations. It's mostly a bookkeeping matter."

The Postal Service also is sitting on a \$50 billion portfolio of real estate, according to Hutkins. He says that while it's acceptable to

use alarming language in order to spur action by Congress, “I don't think things are as bad as sometimes the media paints them.”

Ford Bowers is the Chief Executive Officer of PRINTING United Alliance, a trade association whose mission includes influencing public policy. He notes that the USPS has faced solvency issues before, and that this time, there is bipartisan consensus behind helping it to go on operating.

“I think Congress will do something,” Bowers says. “The PRC will do something. I really don't see a suspension of service like we see in other aspects of our government these days. So I don't think that there's a tremendous concern about this being a real issue.”

## Descending on Capitol Hill

In March, Bowers took his concerns about the Postal Service to Washington, D.C. as part of PRINTING United Alliance's annual legislative fly-in, an advocacy effort in which members of the group planned visits to as many as 70 Congressional offices.

The state of the Postal Service was definitely on the agenda. “We try to keep this issue in front of them,” Bowers says. “We all thought after the last postal reform thing we could breathe a little bit easier. That was a little bit blue sky.”

Bowers, along with Raymond and Hutkins, takes exception to Steiner's characterization of the USPS as a Gulliver held down by strings. He says that the comparison might be fair if the USPS is thought of as a business, but not in light of what it actually is, a public service.

A public service, he points out, has to support delivery routes and post office locations that aren't particularly profitable. The public service mission of the Postal Service can't be changed simply by eliminating the unprofitable parts and investing in the ones that are profitable.

“Whether we like it or not, that's what it is, and it has to reach everybody,” Bowers says. “We can't have rural deserts of no postal carriers.”

Hutkins also thinks the Gulliver metaphor misses the mark when it counts post offices and postal routes among the strings holding the Postal Service down.

“The fact that post offices don’t break even is not why the Postal Service has problems, and closing post offices is not how to solve the problem,” Hutkins says. He notes that the real problems are the ones the Postmaster General spelled out in his “Goldilocks” remarks.

“Those are the strings that really hold Gulliver down, and not post offices and routes,” Hutkins declares.

## PRC Is Not the Bad Guy

According to Raymond, the USPS tends to view the Postal Regulatory Commission as a “roadblock” when in fact the PRC “is protecting the Postal Service from itself in some situations.”

“The fact that the Postal Service doesn’t like it and finds it inconvenient does not make what they’re doing wrong,” says Raymond in the PRC’s defense.

The three also tackled the question of whether the time has come to think about transforming the U.S. Postal Service from an entity struggling to fund itself into one supported at least in part by taxpayer dollars.

Hutkins maintains that as Congress and the PRC ponder the future of the Postal Service, fundamentally rethinking its mission is “exactly what they should do.”

“They should return it to a service instead of a business,” he says. “Perhaps the Postmaster General could be part of the Cabinet. It could be elevated in that regard.”

He also believes that in light of the vast sums of money with which the government subsidizes agriculture, private industry, and defense, “there has to be a few billion dollars for the Postal Service.”

Bowers, in contrast, views changing the self-funding status of the USPS as a “last resort” to be considered only after other remedies have been given a chance to work.

High on his list of recommendations would be letting the Postal Service invest in other financial products besides U.S. Treasury securities. Gains from this alone, according to Bowers, “would wipe out a lot of their deficits.”

## “A Very Strange Thing”

He also believes that it’s crucial for the USPS to double down on reversing the negative direction of its productivity. “A decline in productivity in this day and age is a very strange thing,” he says, asserting that if the Postal Service had been able just to hold productivity flat over the last five years, “there’d be almost no deficit now.”

Raymond says that with mail volume roughly half of what it was in 2012 and costs rising across the board, “the numbers are moving in the wrong direction.”

“At some point there has to be a reckoning,” he maintains. “Congress has to say the broken business model consists of expectations for service that can no longer be funded by the people putting mail in the system.”

Raymond adds that commercial mailers and other printers who depend on a fully functioning mail delivery system “need to talk to Congress, and they need to send a message that the Postal Service’s financial situation requires a rethinking of how its obligations are funded.”

The right way forward for the USPS, Raymond believes, is to reemphasize its commitment to service.

“Get rid of all the excuses and the numerical manifestations of why we couldn’t do it,” he urges. “Just get good service, then people will not have any reason to complain about what they’re paying.”

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## About Patrick Henry

Patrick Henry is a journalist and an educator who has covered the graphic communications industry since 1984. The author of many hundreds of articles on business trends and technological developments in graphic communications, he has been published in most of the leading trade media in the field. He also has taught graphic communications as an adjunct lecturer for New York University and New York City College of Technology. The holder of numerous awards for industry service and education, Henry is currently the managing director of Liberty or Death Communications, a content consultancy.

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