

May 8, 2020

The Honorable Nancy Pelosi  
Speaker of the House  
United States House of Representatives  
H-232, the Capitol  
Washington, DC 20515

The Honorable Kevin McCarthy  
Minority Leader  
United States House of Representatives  
H-204, the Capitol  
Washington, DC 20515

The Honorable Mitch McConnell  
Senate Majority Leader  
United States Senate  
S-230, the Capitol  
Washington, DC 20510

The Honorable Charles Schumer  
Senate Minority Leader  
United States Senate  
S-230, the Capitol  
Washington, DC 20510

Dear Speaker Pelosi, Leader McCarthy, Leader McConnell, and Leader Schumer:

In representing the interests of American taxpayers, our organizations write to express our concerns regarding the exorbitant Coronavirus relief requests made by the U.S. Postal Service (USPS). As longtime advocates for sensible reforms to USPS' operations, the Service has yet to justify the massive infusion of funds it has recently requested.

Today's financial report from USPS, showing a massive loss of \$4.5 billion in the second quarter of the fiscal year, is only the latest example of USPS providing "topline" information without the comprehensive financial transparency that could better aid policymakers in devising appropriate responses. Unfortunately, there is a much longer historical context involved here:

- As COVID-19 first began to impact the nation, Congress extended a \$10 billion line of credit to the USPS as part of the CARES Act, after which the Postmaster General escalated the relief ask to \$85 billion in total.<sup>1</sup>
- And yet, USPS has communicated that it will lose "only" \$13 billion in 2020.
- Additionally, the USPS has posted a multi-billion-dollar loss in 12 consecutive years<sup>2</sup>, and the agency's total liabilities now exceed its assets by more than \$135 billion.<sup>3</sup>
- Meanwhile, millions of American taxpayers are already financially struggling, even as state and local governments weigh raising taxes or asking for huge federal bailouts.
- The Postal Service has yet to even demonstrate its need for \$13 billion, much less the entire \$85 billion it has requested.

Before the vast demands of the Postal Service can be considered, we urge lawmakers to insist that USPS open its books and explain the exact impact this pandemic has had on the costs and revenues of the institution. This should include granular fiscal details for the array of USPS' products, as well as a frank discussion on employee and retiree benefit costs. USPS has to date failed to adequately address either of these pressing issues in a way that considers the potential liabilities to taxpayers. Senator Ron Johnson's recent request that the Postmaster General resume weekly USPS revenue updates is one good step toward ensuring Congress has the data it needs to fashion appropriate remedies for USPS's finances.

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<sup>1</sup> "USPS requests \$75B amid pandemic to recover from 'steep' drop in mail volume," Federal News Network, April 9, 2020, <https://federalnewsnetwork.com/agency-oversight/2020/04/postmaster-general-usps-will-run-out-of-cash-this-fiscal-year-without-more-pandemic-funding/>

<sup>2</sup> "HIGH-RISK SERIES - Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas: USPS Financial Viability," Government Accountability Office, March 2019, , page 99, <https://www.gao.gov/assets/700/697245.pdf>

<sup>3</sup> "Fiscal Year 2020 - Integrated Financial Plan," U.S. Postal Service, March 9, 2020, <https://about.usps.com/what/financials/integrated-financial-plans/fy2020.pdf>

In short, neither our organizations nor Congress can evaluate the viability of USPS's requests until the Service's balance sheet becomes fully transparent, and USPS accurately reports on how its rapidly growing operational costs are managed and accounted for within the entirety of the postal system. The Government Accountability Office's warning just yesterday in a report to Congress provides fresh urgency to this task: "USPS's financial condition has significantly worsened, raising fundamental questions about key elements of USPS's business model."<sup>4</sup>

Even during this crisis – indeed we would argue, *especially* during this crisis – every dollar must count. We urge you to demand further information and accountability from USPS in justifying its financial requests before additional money leaves the Treasury.

Should you have interest in discussing this further, please do not hesitate to contact Mr. David Williams or Mr. Pete Sepp. We thank you in advance for your attention to this letter.

Sincerely,

Pete Sepp  
President, National Taxpayers Union

Thomas Aiello  
Policy and Government Affairs Manager, National Taxpayers Union

David Williams  
President, Taxpayers Protection Alliance

Ross Marchand  
Director of Policy, Taxpayers Protection Alliance

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<sup>4</sup> "U.S. POSTAL SERVICE: Congressional Action Is Essential to Enable a Sustainable Business Model," Government Accountability Office, May 7, 2020, <https://www.gao.gov/products/GAO-20-385>.