

Congress of the United States

Washington, DC 20510

April 3, 2020

The Honorable Steven T. Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Ave
Washington, D.C. 20220

Dear Secretary Mnuchin:

We write with urgent concerns regarding the financial condition of the U.S. Postal Service and the \$10 billion loan Congress authorized the Department of the Treasury to provide to the Postal Service in the Coronavirus Aid, Relief, and Economic Security (CARES) Act.¹ The Coronavirus emergency and resulting decline in economic activity have jeopardized the Postal Service's ability to continue providing essential services to every American. We urge you to make this loan as soon as possible, with terms that respect the Postal Service's status and authorities as an independent establishment of the executive branch. We cannot afford to lose this vital infrastructure at a time when it is most needed to continue delivering prescription drugs, critical packages to households and businesses, Coronavirus-related information, vote-by-mail materials, testing kits, medical equipment, and eventually vaccines across this nation.

On March 20, the Postal Service notified our Committees that due to the Coronavirus emergency it will "run out of cash due to a potential decline in revenue of \$8-\$10 billion and may have to limit or cease operations by the end of this fiscal year." The Postal Service subsequently provided revenue projections indicating that it could lose up to \$12.6 billion in revenues this fiscal year as a result of the pandemic. During the Coronavirus pandemic, the Postal Service is incurring additional costs as it continues to provide safe deliveries and services to every member of the public, including costs of additional facility cleanings, purchasing critical supplies, and training staff on new procedures, in addition to regular operating costs.²

Meanwhile, the Postal Service continues to provide universal, essential services in every community across the nation, delivering medications, emergency information, home supplies, and more. The Postal Service is a lifeline for seniors and for people in rural areas, who often have less access to other services, particularly during this crisis. Postal workers deliver mail and packages to over 159 million households and businesses each day, including over 1 billion prescriptions last year. Businesses rely on the Postal Service to carry their packages the last

¹ Pub. L. No. 116-136 (2020).

² See, for example, U.S. Postal Service, *How Can We Help?: USPS Coronavirus Updates for Residential Customers* (Mar. 24, 2020) (faq.usps.com/s/article/USPS-Coronavirus-Updates-for-Residential-Customers).

mile, particularly in remote and rural areas, as the only carrier that delivers to every single address. Furthermore, the Postal Service is at the center of a \$1.4 trillion mailing industry that employs more than 7.5 million people.³

Enacted on March 27, the CARES Act authorizes the Postal Service to borrow up to an additional \$10 billion from the Department of the Treasury (Treasury) “if the Postal Service determines that, due to the COVID-19 emergency, it will not be able to fund operating expenses without borrowing money.” The terms of this loan are to be “mutually agreed upon by the Secretary and the Postal Service.”⁴ In discussions with Senate authorizers regarding these provisions, you indicated that a loan would be made “at the Treasury rate.” This compromise was made with the understanding that Treasury would act swiftly to provide immediate, necessary financial relief to the Postal Service with a loan under practical, commonsense financial terms.

We strongly urge you to make this loan to the Postal Service in a timely manner, under fair terms that comply with the intent of the CARES Act, and with respect to the proper authorities delegated to the Postal Service. Congress maintains the authority to set the policies by which the Postal Service operates, delegated by statute to the Postal Service Board of Governors and the Postmaster General. The Board of Governors has the exclusive authority to direct the exercise of “the power of the Postal Service,”⁵ appoint or remove the Postmaster General, and “direct and control the expenditures and review the practices and policies of the Postal Service.”⁶ We expect the Treasury Department to fully comply with federal statutes and refrain from setting any conditions that would infringe on the Postal Service’s statutory authorities. We cannot afford to compromise this lifeline for seniors, rural areas, and all Americans.

To ensure the terms and conditions that Treasury intends to negotiate with the Postal Service comply with federal statutes and vested authorities, we ask that you provide us with the following documents within one week after the Postal Service requests a loan under the CARES Act:

- The terms and conditions the Treasury will propose to the Postal Service for the exercise of this borrowing authority, as well as any terms and conditions provisionally agreed upon with the Postal Service, including information about any postal policy and/or operational provisions Treasury intends to improperly include as a condition of borrowing;

³ U.S. Postal Service, *Postal Facts: Sizing It Up* (facts.usps.com/size-and-scope) (accessed Mar. 30, 2020).

⁴ Pub. L. 116-136 (2020).

⁵ 39 U.S.C. § 202(a)(1).

⁶ 39 U.S.C. § 202(c); 39 U.S.C. §205(a).

- A statement of when Treasury will allow the Postal Service to exercise its borrowing authority; and
- For context regarding the current negotiations, all signed or proposed borrowing agreements (Note Purchase Agreements), as well as all “term sheets” and communications regarding these agreements, between the Postal Service and the Treasury Department since 2018. It is our understanding the last permanent agreement expired in September 2018, and an interim agreement expired in August 2019.

Thank you for your attention to this urgent matter.

Sincerely,



Gary C. Peters
Ranking Member
Senate Committee on Homeland
Security and Governmental Affairs



Carolyn B. Maloney
Chairwoman
House Committee on Oversight
and Reform



Tom Carper
Ranking Member
Senate Permanent Subcommittee on
Investigations



Gerald E. Connolly
Chairman
House Subcommittee on Government
Operations