

Opening Statement of Chairman Ron Johnson
“A Path to Sustainability: Recommendations from the President’s Task Force on the United States Postal Service”
March 12, 2019

Since becoming Chairman of this Committee, I have worked to gather information and define problems before advancing solutions. The financial crisis facing the United States Postal Service is a vexing one, and one that few truly understand. In 2018, the Postal Service reported its twelfth consecutive annual loss of \$3.9 billion. To preserve liquidity, leadership chose to default on legally required payments for future liabilities. As a result, and in spite of the losses, the Postal Service has been able to add \$8.9 billion to its cash on hand since 2009.

Last year, the President issued an Executive Order establishing the Task Force on the United States Postal System. The Task Force was co-chaired by the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Director of the Office of Personnel Management. They were charged with a critical assignment: to study how to return the United States Postal Service to a sustainable business model so that it can continue to carry out its mission to deliver service to all Americans.

The Task Force examined past financial records and future projections; studied independent literature reviews about postal business trends (including work from the Government Accountability Office and the Postal Service Office of the Inspector General); consulted with other federal agencies as well as local, state, and tribal governments; and met with a wide variety of stakeholders, including postal employee groups, commercial mailers, and Postal Service suppliers and competitors. The Task Force issued its report on December 4, 2018.

The Task Force conducted a robust and thorough review. Although its findings show the Post Office is facing serious and multi-faceted financial difficulties, it also identifies opportunities for the Postal Service to return to a more sustainable business model if its leadership and Congress have the will to act.

Our witnesses today include representatives from the Task Force and from the entities whose job it will be to take actions to turn the Postal Service around. We will hear from Margaret Weichert, the Deputy Director for Management at the Office of Management and Budget and the Acting Director of the Office of Personnel Management. We will also hear from Gary Grippo, the Deputy Assistant Secretary for Public Finance at the Department of Treasury, Robert Taub, the Chairman of the Postal Regulatory Commission - the entity responsible for regulating Postal Service rates and service – and David Williams, the Vice Chairman of the Postal Service Board of Governors. I am grateful to Secretary Mnuchin and the entire staff and leadership teams who worked on the Task Force. I am also grateful to our witnesses for being here today.

We are facing a critical time at the Postal Service. Without action, it will run out of money by 2020 if it makes all legally required retirement liability payments, or by 2024 if it continues to default on these payments. But we cannot hope to solve a problem that we do not fully understand. It is my hope that today’s hearing helps shed light on the root causes of the Postal Service’s poor financial condition and can help shape the actions that the administration and Congress take to address it.