

June 6, 2018

Secretary Steven T. Mnuchin
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC 202200

Dear Mr. Secretary:

In your capacity as Chairman of the President's Task Force on the United States Postal System, I write to provide you with my recommendations on reforming the U.S. Postal Service.

The Trump Administration is right to take a serious look at the U.S. Postal Service. But it would be a disaster if the President or members of his Administration believe that the ultimate solution is to privatize the Postal Service, the most popular government agency in America.

The U.S. Postal Service provides universal service six days a week to every corner of America, no matter how small or how remote. It supports millions of jobs in virtually every other sector of our economy. It provides decent-paying jobs to some 640,000 Americans, and it is one of the largest employers of veterans.

The beauty of the U.S. Postal Service is that whether you are a low-income elderly woman living at the end of a dirt road in Vermont or a wealthy CEO living on Park Avenue, you get your mail delivered six days a week. And you pay for this service at a cost far less than anywhere else in the industrialized world.

In order for the U.S. Postal Service to succeed and thrive in the 21st Century, I would urge the President's Task Force to support the following actions:

1. **End the prefunding mandate.** The main reason for the financial problems at the U.S. Postal Service stems from the 2006 reform law which mandated it to pre-fund 75-years of future retiree health benefits to employees who haven't even been born yet. There is no other private business or government agency that is burdened with such an absurd \$5.5 billion a year requirement.

Since 2014, the U.S. Postal Service has made an operating profit of more than \$2 billion. It is time for this draconian pre-funding mandate to end.

2. **Provide the Postal Service with the flexibility to provide new consumer products and services**—a flexibility that was banned by law in 2006. Right now, it is against the law for workers in post offices to notarize or make copies of documents; to deliver wine or beer; to wrap Christmas presents or to engage in e-commerce activities (such as

scanning physical mail into a PDF and sending it through e-mail, selling non-postal products on the Internet or offering a non-commercial version of Gmail). While the Postal Service is able to cash checks in a limited capacity, USPS could greatly expand its business by offering basic financial services—something the Postal Service has the ability to do under current law.

A recent report from the Postal Service Inspector General suggests that the Postal Service could gain almost \$9 billion a year in new revenue by providing basic financial services in post offices throughout the country. At a time when more than 57 million lower-income Americans have no bank accounts or are forced to rely on rip-off check-cashing storefronts and payday lenders, these kinds of financial services would be of enormous social benefit. The Postal Service needs to be reformed not by massive cuts, but by a new entrepreneurial business model which expands the products and services post offices can sell and provide in the 21st century digital age.

- 3. Allow the Postal Service to recover the overpayments it made to its retirement program.** According to studies by the Hay Group and the Segal Company, the Postal Service has overpaid at least \$50 billion into its pension plans. Because of these overpayments, the Postal Service has been forced to subsidize retirement accounts for the entire Federal government. This is simply not fair. We must allow the Postal Service to recover these pension overpayments.
- 4. Remove the artificial price cap.** From January 2014 to April 2016, the Postal Service was able to add a small surcharge to mailing products and services to make up for revenue lost during the Great Recession. The surcharge generated \$4.6 billion in revenue for the Postal Service. In April 2016, it was forced to end the surcharge and the price of a stamp was rolled back by two cents, costing it about \$2 billion in revenue a year. Today, the rate system is capped by the Consumer Price Index (CPI). The rate cap is a hindrance on meeting the Universal Service Obligation. As the Postal Service's Inspector General found, "it may be possible to fix the funding issue by simply allowing the Postal Service to increase prices beyond the current price cap."
- 5. Reinstate overnight delivery and speed up service standards.** At a time when the Postal Service is competing against the instantaneous delivery of information from email and the Internet, the last thing we should be doing is slowing down mail delivery. Unfortunately, that is exactly what has happened over the last 6 years. In 2012, the Postal Service eliminated overnight delivery standards. Then in 2015, another round of reduced service standards led to a 48 percent increase in pieces of mail not being delivered on time. Slower mail delivery has resulted in veterans and seniors not receiving their life-saving prescriptions in a timely manner or having to drive long distances to get the medicine they need because they cannot depend on the Postal Service. That is unacceptable.

The Postal Service must reinstate regional overnight delivery standards and speed up the delivery of mail. Slowing down mail delivery has already led to less business and less revenue. Reinstating strong overnight delivery standards would ensure that communities

all across the country, rural and urban, receive their mail on time and without unnecessary delays.

Unfortunately, for decades, the Postal Service has been under attack by those who want to profit off of the Postal Service's failure. Their solution is to slash hundreds of thousands of jobs, close thousands of post offices, eliminate hundreds of mail processing plants, end Saturday mail, and substantially slow down mail delivery. This would drive more customers away from the Postal Service and would lead to a death spiral—lower-quality service, fewer customers, more cuts, less revenue and eventually the destruction of the Postal Service. In my view, we cannot let that happen.

There is no question that the Postal Service needs to become more entrepreneurial to meet the changing needs of the digital revolution, but the answer is not to make mail delivery slower. The answer is not to radically downsize or privatize the Postal Service. The answer is not to eliminate good-paying jobs. The answer is not to devastate rural communities by closing their post offices, closing mail processing facilities or ending six-day mail delivery.

It is time to save and strengthen the Postal Service, not dismantle it. The reforms outlined above would allow the Postal Service to succeed in the 21st Century and provide services the American people need.

Sincerely,



Bernard Sanders
United States Senator