August 20, 2020

The Honorable Charles E. Schumer
Minority Leader
United States Senate
Washington, DC 20510

Dear Senator Schumer:

I learned from a press release issued by your office this week that you are interested in better understanding the Department of the Treasury’s interactions with the U.S. Postal Service (USPS) Board of Governors concerning the Board’s independent selection and appointment of a new Postmaster General. I would have been pleased to address your questions and concerns directly and welcome the opportunity to clear up any confusion.

As Secretary of the Treasury, I chair the Federal Financing Bank (FFB). The FFB is the sole lender to USPS, which currently has $14.4 billion in outstanding debt to the FFB, including $3.4 billion drawn by USPS in April 2020. Every year, I am asked to make a commitment to pledge the full faith and credit of the United States to guarantee USPS’s debt to the FFB, to the extent needed and requested, based on my statutory determination that such a pledge is “in the public interest.” This is not a symbolic gesture. Like any responsible creditor or guarantor, I take seriously my responsibility for sound stewardship of taxpayer dollars that the FFB lends and the U.S. Treasury guarantees, including the multibillion-dollar credit line extended to USPS on behalf of U.S. taxpayers. In my role as FFB Chairman, I receive and review quarterly financial information provided by USPS and, on occasion, request other information relevant to the financial soundness of the organization. On December 23, 2019, I wrote a letter (enclosed) to the USPS Board of Governors requesting that the Board undertake an empirical evaluation concerning whether USPS’s largest e-commerce package delivery contracts are competitively priced and, more generally, whether USPS’s pricing strategies subsidize any of USPS’s major private-sector customers to the financial detriment of USPS. In the same letter, I also asked the Board of Governors to keep me apprised of the Board’s search for a new Postmaster General, as appropriate, because strong management is essential to the financial health of USPS.

As you know, on May 6, 2020, Louis DeJoy was appointed Postmaster General on a bipartisan basis by the independent USPS Board of Governors—with the support of a Board member who served in the Obama Administration and whom you recommended to the White House. Neither I nor any other Treasury official played any role in recruiting or suggesting Mr. DeJoy for the position of Postmaster General. In fact, I was surprised to learn that Mr. DeJoy was a candidate for the position when the Governors updated me on the status of the selection process and
informed me of their finalists. While I appreciated the opportunity to be briefed on the process as USPS’s principal creditor, the decision was made by the Board alone.

I share your interest in ensuring that USPS has a strong and sustainable future. I believe that requires meaningful reform of its current business model—not privatization. As you know, in April 2018, I was asked to chair the Task Force on the United States Postal Service and to evaluate the operations and finances of USPS. USPS has been losing money for more than a decade and is forecast to lose tens of billions of dollars over the next decade. Through our work, which involved extensive stakeholder outreach, the Task Force made public recommendations that would enable USPS to develop a new business model that would account for the steady decline in traditional mail volumes and increases in package deliveries. The Task Force’s recommendations were designed to enable USPS to continue to deliver high-quality service, without shifting additional costs to the taxpayers. I have enclosed a copy of the Task Force report for your reference.

Please do not hesitate to contact me if you have any further questions.

Sincerely,

Steven T. Mnuchin

cc: The Honorable Robert M. Duncan, Chairman, USPS Board of Governors