

Congress of the United States
Washington, DC 20515

June 8, 2020

The Honorable Megan Brennan
Postmaster General
United States Postal Service
475 L'Enfant Plaza SW
Washington D.C. 20260

Dear Postmaster General Brennan:

We write to request that the United States Postal Service (USPS) revise its projections for the direct impact of COVID-19. In the first eleven weeks of the crisis, USPS revenues were \$330,414,152 higher than the same period last year, a much different result than what USPS projected.

On April 10, 2020, USPS told congressional staff that the Board of Governors approved a proposal to request that Congress provide USPS with \$25 billion to cover losses attributable to COVID-19, \$25 billion for modernization, and \$14 billion in debt relief.¹ This plan relied on USPS's projection that it would lose an additional \$13 billion, directly attributable to COVID-19, from April through the end of Fiscal Year (FY) 2020, resulting in illiquidity at that time.² USPS also projected a loss of \$10 billion due to COVID-19 over FY 2021.³

Although we appreciate the complexity of forecasting the economic impact of this unprecedented crisis, we are concerned that the fiscal reality has rendered the projection of \$13 billion in losses unrealistic. USPS revenues were down initially, but they have since recovered dramatically due to an increase in package volume that is apparently rivaling volumes leading up to Christmas. USPS operational costs have increased in some areas due to COVID-19, but they have decreased in other areas due to lower mail volume. The simplest metric to determine the impact of unexpected revenues and costs is USPS's cash position. USPS started the crisis with \$9.2 billion in cash, and as of June 4th, had \$13.2 billion. While USPS availed itself of \$3.4 billion in additional cash through short-term notes on April 3rd, even without those notes, USPS's cash position has improved by at least \$600 million.

Thank you for your attention to this important matter. If you have any questions, please have your staff contact Patrick Bailey of Chairman Johnson's staff at 202-224-4751 or Christian Hoehner of Ranking Member Jordan's staff at (202) 225-5074.

¹ Briefing by Ronald A. Stroman, Deputy Postmaster General, United States Postal Service, to majority and minority staff, H. Comm. on Oversight & Reform and S. Homeland Sec. & Governmental Affairs Comm. (Apr. 10, 2020).

² *Id.*

³ *Id.*

Sincerely,



Ron Johnson
Chairman
Senate Committee on Homeland
Security and Governmental Affairs



Jim Jordan
Ranking Member
House Committee on Oversight
and Reform



Jody Hice
Ranking Member
Subcommittee on Government
Operations

cc: The Honorable Gary C. Peters
Ranking Member
Senate Committee on Homeland
Security and Governmental Affairs

The Honorable Carolyn B. Maloney
Chairwoman
House Committee on Oversight and Reform

The Honorable Gerry Connolly
Chairman
Subcommittee on Government Operations
House Committee on Oversight and Reform