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## **USPS Finances, Operations Face Review by Trump Task Force**

President Trump has established a task force to conduct a “thorough evaluation” of the operations and finances of the Postal Service and to develop recommendations for administrative and legislative reforms. Through an executive order issued April 12, the President directed the task force, chaired by Treasury Secretary Steven Mnuchin, to report its findings and recommendations to the President by Aug. 10.

The executive order directs the task force to study:

- the expansion and pricing of the package delivery market and the USPS’ role in competitive markets,
- the decline in mail volume and its implications for USPS self-financing and the USPS monopoly over letter delivery and mailboxes,
- the definition of the “universal service obligation” in light of changes in technology, e-commerce, marketing practices and customer needs,
- the USPS role in the U.S. economy and in rural areas, communities and small towns and
- the state of the USPS business model, workforce, operations, costs and pricing.

Task force membership includes Mnuchin, Director of the Office of Management and Budget Mick Mulvaney, Director of the Office of Personnel Management Jeffrey Pon and other agency heads as determined by Mnuchin. The Postmaster General and chair of the Postal Regulatory Commission mission were not named to the task force, although the executive order directs the task force to consult with them. The order also directs the commission “to consider the views of the USPS workforce; commercial, non-profit and residential users of USPS services; and competitors in the marketplace.”

President Brian Wagner said NAPS will make its views known to the task force. “We are hopeful the President’s actions will stimulate the kinds of reforms that improve and sustain the operations of the Postal Service. NAPS will monitor and seek every opportunity to provide perspective from the operational front line of the organization.”

### **What to Expect from the Task Force?**

With only 120 days to do its work, the Mnuchin panel will be hard-pressed to repeat the exhaustive review performed by the presidential blue-ribbon commission in 2003 that studied the finances, operations and future of the Postal Service and produced recommendations that led to the 2006 postal reform law. That panel, appointed by President George W. Bush, issued a 181-page report based on nine extensive field hearings, testimony from 70 experts and witnesses and visits to a variety of postal facilities.

Today, the Mnuchin panel’s work is comparatively easier. With bipartisan House and Senate postal reform bills pending on Capitol Hill that have been substantially vetted, the task force could embrace those bills and push for passage of those reforms by Congress before the current session ends in December. NAPS supports this approach.

Or the Mnuchin task force could go further and push for rethinking the universal service obligation, privatization and the postal monopoly. The task force also could repeat the 2003 commission’s call for more active USPS engagement in public-private partnerships potentially involving processing and delivery operations.

Most of these changes, particularly universal service and the postal monopoly, would require congressional approval; others could be pursued by

the Postal Service on its own, although likely under heightened congressional and public oversight. NAPS continues to oppose moves in each of these directions.

### **The Amazon Deal and Potential Pricing Changes**

The task force also could push for additional USPS revenue through higher prices charged to big mailers such as Amazon. Only days before issuing his executive order setting up the task force, President Trump complained via Twitter that Amazon negotiated delivery arrangements with the Postal Service were “ripping off the post office,” with Amazon getting the better end of the bargain.

The President also vented about Amazon’s dominance of the e-commerce market and its alleged monopoly over the package market. (Amazon founder Jeffrey Bezos also owns The Washington Post, a frequent critic of the President and his administration.)

Is Amazon getting a cushy deal? The Postal Regulatory Commission, which oversees USPS-negotiated service agreements such as the one with Amazon, has approved all USPS Amazon arrangements to date. But the task force could call on the PRC to require the agency to factor more of its fixed costs into its package shipping rates, a move frequently urged by competitor UPS.

If the PRC moves in this direction, it could lead to higher USPS prices and more revenue—a good outcome. But higher prices also could undermine USPS competitiveness, with big mailers switching to UPS and other parcel competitors that charge less, leaving the USPS stranded.

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