

# U.S. Sen. Johnson: USPS bailout request based on faulty assumptions; Johnson, Jordan, Hice call for USPS to revise financial projections

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**WASHINGTON** – U.S. Sen. Ron Johnson (R-Wis.) chairman of the Homeland Security and Governmental Affairs Committee, U.S. Representative Jim Jordan, ranking member of the House Committee on the Judiciary, and U.S. Representative Jody Hice, sent a letter to United States Postmaster General Megan Brennan Monday to request a revision to the United States Postal Services' (USPS) fiscal impact projections for COVID-19.

Senator Johnson, Ranking Member Jordan, and Congressman Hice requested 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. 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. USPS also projected a loss of \$10 billion due to COVID-19 over FY 2021.**

**“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.”**

The letter to the Postmaster General Brennan can be found [here](#) and below:

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 4<sup>th</sup>, had \$13.2 billion. While USPS availed itself of \$3.4 billion in additional cash through short-term notes on April 3<sup>rd</sup>, 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.

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