



Establishment of Task Force on the U.S. Postal Service

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Analyst in Government Organization and Management

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On April 12, 2018, President Donald Trump established a task force on the U.S. Postal Service via Executive Order (EO) 13829. Under the EO, the task force must evaluate and provide a report on the following:

1. the expansion and pricing of package delivery services;
2. letter mail volume decline;
3. the definition of the “universal service obligation” (USO);
4. the role of USPS in rural areas; and
5. USPS’s business model and operations.

This CRS Insight discusses the task force and the topics the task force is directed to address. It concludes with potential issues for congressional consideration.

Establishment and Process

The task force is to comprise no fewer than three individuals, including the Secretary of the Treasury as chair, the Director of the Office of Management and Budget, and the Director of the Office of Personnel Management, or their designees. The chair, at his discretion, may also designate any other department or agency head to serve on the task force.

Notably, the task force shall consult with the Postmaster General and the Chairman of the Postal Regulatory Commission (PRC); however, the EO does not require that they be members. Similarly, the task force is to “engage” with the Attorney General, the Secretary of Labor, and state, local, and tribal officials.

The task force is further directed to submit a report to the President no later than 120 days after April 12

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(i.e., by August 10) that is to include a summary of its findings and recommendations for “administrative and legislative reforms for the United States postal system.”

Topics for Evaluation

The topics that President Trump’s task force is expected to evaluate may be grouped into three categories:

- USPS’s current pricing structure and business model (items 1 and 5, from the list above),
- USPS’s level of mail volume (item 2), and
- the universal service obligation (items 3 and 4).

Pricing and Business Model

The Postal Accountability and Enhancement Act of 2006 (PAEA) was the last major reform of the USPS. It requires that USPS be primarily funded through the profits it accrues through the sale of postal products and services, and it imposes restrictions on the types of nonpostal products and services USPS may sell.

The PAEA also divided USPS’s product line into two parts: market-dominant products (e.g., where the USPS is considered to have a monopoly), and competitive products (e.g., where the USPS competes with the private market). The PRC plays an integral role in deciding the prices for both types of products. Per 39 U.S.C. §3622(d)(3), the PRC is completing its 10-year review of the current classification system. The PRC expects to complete the process in 2018.

In its December 2017 findings, the PRC noted that the current rate structure “has not maintained the financial health of the Postal Service as intended by the PAEA” and said it would alter the structure through the rulemaking process to promote both medium-term and long-term financial stability for USPS.

Mail Volume

In FY2018, market-dominant product volume (including first class and standard mail) dropped by 2.1 billion pieces, which is a decrease of approximately 5.2% compared with the corresponding period for FY2017. First class mail volume alone, a market-dominant product that has historically been the largest source of revenue for the USPS, dropped by 313 million pieces, or 5.9%. In contrast, competitive-product volume (including most shipping and parcel services) increased by approximately 165 million pieces, or 11.6%. The decline in market-dominant volume has been driven by a variety of economic factors and long-term market trends, such as transition to electronic mail, that have altered the public’s use of USPS.

In a changing mail environment, where market-dominant product volume is decreasing and parcel volume is increasing in part as a result of e-commerce sales, both Congress and executive branch actors may wish to consider the types of mail services USPS is required to provide and how pricing can be used to manage and meet customer needs.

Universal Service Obligation

The following statutory provision, 39 U.S.C. §101(b), is often referred to as the “universal service obligation.”

The Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining. No small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities.

Although the statutory provision requires a maximum degree of effective and regular postal service, the statute does not define what the USO means in practice, nor does it determine what level of service is adequate for customer satisfaction.

Both the Government Accountability Office and the USPS Office of Inspector General note that changes to the USO might have particularly acute effects on post offices in rural areas, where profits from the services provided are not sufficient to sustain post offices. In addition to reconsidering the level of rural mail services, discussions of the USO have focused on reducing the frequency of mail delivery, closing post offices, and moving from door delivery to cluster box delivery.

Issues for Congress

In recent years, efforts in Congress to reform the United States Postal Service (USPS) have focused on a number of issues, ranging from altering the payment structure of USPS employees' retiree health benefit fund to reconsidering the structure of the Board of Governors in light of many vacancies. Other issues Congress might wish to consider or examine include the following:

- the structure of the task force, including whether it is appropriate for USPS and the PRC to play an active role in the task force;
 - the role of the current governing structure of USPS and the task force in deciding the future direction of postal services;
 - the pricing recommendations made by the PRC;
 - the level of service required by the USO in rural and urban areas, and whether or not these services should be the same; and
 - what mail delivery should look like in the future.
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