

# UPDATE

**June 22, 2018**

## **Trump Administration Proposes USPS Restructuring, Privatization**

Yesterday, on the 517<sup>th</sup> day of Donald Trump's presidency, his Administration called for the restructuring and ultimate privatization of the United States Postal Service. In a [wide-ranging plan](#) to reorganize parts of the federal government, the Office of Management and Budget proposed the creation of a "sustainable business model" for the Postal Service that eventually leads to its sale to the private sector. The 132-page OMB blueprint, called "Delivering Government Solutions in the 21st Century," also proposes the restructuring of other government departments and agencies, with many actions requiring Congressional approval.

NAPS President Brian Wagner responded to the Administration's proposal in a [statement](#), questioning postal privatization and calling upon Congress to enact pending legislation that will put the Postal Service on a firmer financial footing. "Privatization is not the answer," Wagner said. "The privatization of America's post offices will put at risk prompt, affordable service to many Americans, especially in rural areas. The Postal Service can become great again if Congress satisfies its legislative responsibilities and enacts the necessary reforms already backed by the postal stakeholder community." Postmaster General Megan Brennan also commented in press reports that it would be up to Congress to determine whether privatizing the agency was the best course, pointing out that the agency's "flawed business model" remained the core problem.

The Administration's plan would aim to improve the Postal Service's finances and operations first, then prepare for privatization, likely either through sale or public offering. According to the plan, the Administration proposes to "restructure USPS by aligning revenues and expenses to restore a sustainable business model and possibly prepare it for future conversion from a Government agency into a privately-held corporation."

"USPS can no longer support the obligations created by its enormous infrastructure and personnel requirements," OMB said. "USPS already has over \$100 billion in unfunded liabilities, a substantial capital investment backlog, has posted losses for over a decade, and has no clear path to profitability without reform. A new model that adequately finances USPS while meeting the needs of rural and urban communities, large mailers, and small businesses is needed."

The ["fix it then privatize it"](#) approach proposed by the Administration signals the difficulties of attracting support for privatization from Congress and the American public. The Postal Service remains the most trusted institution in the federal government. Private sector venture capitalists are likely to be skeptical of buying an enterprise with billions of dollars in debt and with increasing delivery network demands. Nor will logistics competitors like UPS have much of an appetite for buying the Postal Service and taking on last mile responsibilities, without the power to charge more and deliver less. And in Congress, rural lawmakers, particularly Republicans, will be skeptical about privatization, given its impact upon service to their constituents.

Further details on the Administration's proposal are expected to be revealed in the report of the [President's task force on the postal system](#), expected by August 10. With the November midterm elections approaching, little time in this Congress remains for consideration of the Administration's restructuring proposals. Going into those elections, the proposals will represent a sign of the Administration's political commitment toward cutting the size of government and running it more like a business.

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**The NAPS Legislative Team**