

Why is President Trump attacking the Postal Service?

Your questions answered

Fact Sheet • By [Monique Morrissey](#) • March 10, 2025

What has the president said about the Postal Service?

The *Washington Post* reported recently that **President Trump planned to fire the governing board of the U.S. Postal Service and merge the agency with the Commerce Department**, prompting the board to seek legal counsel. A White House spokesperson later denied that an executive order was in the works (though it would take an act of Congress to strip away the independence of the Postal Service and make these types of drastic changes).

This isn't the first time the president has floated the possibility of **making massive changes to the popular agency**.

The president's focus on the Postal Service initially stemmed from a feud with Amazon CEO and *Washington Post* owner Jeff Bezos, whom the president accused of **getting a sweetheart deal** from the Postal Service. Though Bezos has since mended fences with the president, **anti-government think tanks working closely with Trump and his administration (including the Heritage Foundation)** have long supported privatizing the Postal Service.

During the first Trump administration, a White House **report** proposed cutting postal services and shifting legacy costs for retiree benefits to the federal government to make the Postal Service profitable before privatizing it. A later **task force** headed by then-Treasury Secretary Steven Mnuchin downplayed overt privatization but proposed cutting services and ending postal workers' collective bargaining rights.

In December 2024 during the transition period, the *Post* reported that the president-elect had discussed privatizing the Postal Service with members of his transition team, including **Howard Lutnick**, his nominee for commerce secretary. In addition to reportedly being open to privatizing the Postal Service, **Lutnick has floated the idea of having it conduct the census and administer Social Security**, as if the Census Bureau and Social Security field offices could simply be shuttered and the work reassigned to existing postal workers and facilities (see interview [here](#), starting at 11:10).

Who's in charge now?

The Postal Service is overseen by a bipartisan board of governors whose members appoint a Postmaster General to run daily operations. In April 2020, the board's vice chair **resigned in protest** over the Trump administration's attempts to politicize the Postal Service. Louis DeJoy was then appointed Postmaster General. He was a **Trump campaign donor and fundraiser whose business interests posed potential conflicts of interest with the Postal Service**. DeJoy recently announced plans to retire.

What is Congress's role?

Postal Service governors are appointed by the White House and confirmed by the Senate. Congress also exercises control over the Postal Service through oversight activities and legislation, including a 2006 law—the Postal Accountability and Enhancement Act (PAEA)—that among other things set staggered seven-year terms for governors to allow presidential administrations to influence, but not directly control, the independent agency (governors' terms were even longer—nine years—before the PAEA). **In his first term, President Trump, nevertheless, attempted to intervene in postal affairs by, among other things, directing his Treasury secretary to withhold a loan authorized by Congress to help the Postal Service deal with effects of the pandemic.**

What responsibilities does the Postal Service have, and what restrictions does it face?

The Post Office was a cabinet department until the Postal Reorganization Act of 1970 when it was reconfigured as an independent agency and renamed the United States Postal Service (USPS). The newly independent agency remained responsible for daily mail delivery to all addresses—the “universal service obligation”—but was now required to fund itself through its operations, becoming an off-budget arm of the federal government.

The 2006 law placed new financial burdens and service limitations on the Postal Service

As discussed in more detail below, Congress included a provision in the 2006 PAEA requiring the Postal Service to reimburse the federal government for inflated retiree benefit costs, giving the Postal Service an undeserved reputation for being a money-losing operation when it couldn't fully cover some of these costs.

The 2006 legislation also set strict limits on services the Postal Service can provide outside of mail and parcel delivery. **Advocates point out that without these restrictions imposed by Congress, the Postal Service could bring in needed revenue and provide useful additional services, including basic financial services for the 14 million U.S. adults who rely on payday lenders and other high-cost financial services often because they lack bank accounts.**

In addition to removing the Postal Service from direct White House control, the 1970 reorganization created an independent Postal Regulatory Commission (PRC) tasked, among other things, with approving changes to postage rates proposed by the Postal Service board. Like most postal services around the world, the U.S. Postal Service holds a legal monopoly over mail delivery, granted long ago in recognition of its responsibility for daily delivery even in remote areas. The mail monopoly protects the Postal Service from

competition in areas that are cheapest to service, **offsetting the higher cost of delivering mail to rural and some urban addresses.**

The Postal Service competes with private businesses in parcel delivery

The PRC also has a say in regulating parcel delivery services, a market in which the Postal Service directly competes with private businesses like UPS, FedEx, and Amazon. These private carriers tend to **service the most profitable areas** while relying on the Postal Service for “last-mile” delivery to rural and other hard-to-service addresses.

Regulators and Congress have often sided with private delivery services over customers to prevent the Postal Service from lowering rates and expanding services, even if this would benefit both customers and the Postal Service. The Postal Service also has very limited borrowing authority, which for many years prevented it from replacing an ancient fleet of postal vehicles that lacked air conditioning.

Did Congress set up the Postal Service to fail?

The 2006 PAEA imposed unreasonable costs on the Postal Service for retiree benefits that resulted in large transfers from the agency to federal coffers. It required the Postal Service to rapidly prefund retiree health costs, greatly inflating their cost by assuming rapidly escalating health care costs and investing the funds in low-yield Treasury bonds rather than a diversified portfolio with a higher expected rate of return. The Postal Service was also saddled with some of the legacy cost of pension credits earned by former Post Office Department employees and required to prefund the cost of employee pensions with assets invested entirely in Treasury bonds.

No other entity—public or private—has been forced to prefund the cost of retiree benefits under such conditions. While Congress recently relieved the Postal Service of some retiree health obligations, the agency continues to be burdened with inflated costs for retiree benefits.

Despite these onerous terms, the 2006 Postal Accountability and Enhancement Act was passed with bipartisan support. Large transfers from the Postal Service to federal coffers minimized the appearance of federal budget deficits, appealing to deficit hawks. Progressive Postal Service advocates, meanwhile, viewed rapid prefunding as a way to safeguard benefits for future retirees at a time of growing postal revenues.

However, the Great Recession, along with restrictions hindering the Postal Service’s ability to adjust to a decline in paper mail and an e-commerce boom in package volume, soon made it impossible for the agency to meet its retiree benefit obligations in full. So, while anti-government Republicans may not have intentionally plotted to drive the Postal Service

into the red, they later pounced on the opportunity to paint it as a money-losing government agency when it couldn't make the exorbitant payments demanded by Congress.

What would happen if the Postal Service were privatized?

There's widespread agreement even among would-be privatizers that Congress has burdened the Postal Service with inflated retiree benefit costs while hobbling its ability to compete in the expanding e-commerce market. Supporters of privatization claim that a privatized service could be regulated to retain protections for some stakeholders, including rural customers (but not unionized workers), while shielding it from the effects of congressional interference. But it's unlikely that Congress would be better at regulating a privatized postal service than a government agency, especially since a privatized service would constitute a very powerful special interest.

Privatizers suggest that competition would drive innovation and efficiency gains, but the Postal Service already faces competition in parcel delivery. Even in mail delivery, the agency has adapted to changing conditions, delivering mail to more addresses with fewer employees despite the challenges outlined above. This efficiency is why you can mail four letters to any address in the country for the price of a Starbucks coffee—an impressive achievement we tend to take for granted. [The U.S. Postal Service delivers half of the world's mail and charges less than 26 out of 30 other countries surveyed by the Postal Service's Inspector General, including countries that have privatized their postal service.](#)

Gains from competition are a false promise since a postal service resembles a natural monopoly more than a competitive enterprise

Even without a legal monopoly on mail delivery, a privatized postal service would face limited competition due to economies of scale. Established delivery services like the Postal Service or Amazon can deter competitors because there are high fixed costs to operating a delivery route but a low cost for each additional address serviced or item delivered. As taught in introductory microeconomics classes, profit-maximizing monopolies will charge more than competitive enterprises—or than nonprofit public services—even if this causes them to serve fewer customers.

Rural customers will face higher prices and worse service with a privatized Postal Service

When regulations limit the ability of a postal service to vary prices or services—for example, if a privatized postal service is still required to adhere to some provisions of the

universal service obligation—competitors will cherry-pick the most profitable customers. This duplicates effort and drives up the average cost of delivery even as some customers in low-cost areas can take advantage of lower prices or better services offered by competitors. If a privatized postal service is instead permitted to vary its prices or services, rural customers will face even higher prices and worse service—in many cases effectively shutting them out. **Amazon’s decision to discontinue Prime service to some urban neighborhoods demonstrates that it won’t only be rural neighborhoods that are affected.**

Instead of a naïve assumption that private businesses are always more efficient, it helps to consider the reasons why many services, including the Postal Service, have historically been provided by government entities or regulated utilities. In addition to sectors where competition is limited due to monopoly power, government is usually the best provider of essential services, when ability to pay—household income—shouldn’t determine access and some people face much higher costs than others.

The Postal Service is an essential public service

Our founding fathers viewed a trusted and affordable postal system as essential to supporting democracy and commerce, and meeting people’s basic needs (such as delivering ballots and medications). Americans still greatly value the public Postal Service for this reason, with privatization popular only among anti-government ideologues and special interests who hope to profit. The Trump administration, **rife with conflicts of interest**, shouldn’t be entrusted with determining the future of this beloved institution.

Privatized government entities gaming the system and restricting access to needed services isn’t a theoretical concern—it’s already happening. **Privatized “Medicare Advantage” plans promise added benefits but cost taxpayers 22% more and minimize costs by arbitrarily denying claims.** The profit motive hasn’t brought efficiency gains, but it has given these companies an incentive to aggressively market to seniors, who may be unaware of the risks, while driving up costs for other participants.

What postal reforms would help ordinary Americans rather than special interests?

The Postal Service should have more flexibility in pricing and offering competitive services, including basic financial services, and shouldn’t be forced to overpay for employee benefits. Many restrictions imposed on the Postal Service are designed to protect competitors like FedEx, UPS, and Amazon. Protecting corporate profits at the expense of customers, including other businesses, isn’t the proper role of government.

Other constraints faced by the Postal Service are costly to workers and the Postal Service itself. For example, the Postal Service is obligated to outsource work by providing “worksharing” discounts to companies that do work ordinarily performed by postal

employees, such as preparing, sorting, and transporting mail. This loophole gets around laws that normally prevent federal agencies from outsourcing work to companies whose only competitive advantage is paying low wages. [These and other issues are discussed in more detail in this EPI report.](#)