



Postal Regulatory Commission

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Press Release

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PRC Financial Analysis for FY 2019 Shows Postal Service Financial Losses are Largest in a Decade

Washington, DC – The Postal Regulatory Commission today released its [Financial Analysis](#) report of the Postal Service's 2019 financial results. The report was developed using information from the Postal Service's Fiscal Year (FY) 2019 10-K Statement and measured against its FY 2018 and FY 2019 Integrated Financial Plan, *Cost and Revenue Analysis* report, *Cost Segments and Components* report, and the *Revenue, Pieces, and Weight* report.

Each year, the Commission releases its financial analysis of the Postal Service's finances for the *prior* Fiscal Year. The FY 2019 analysis does not include the impact of COVID-19 on the Postal Service. However, unaudited current volumes and preliminary financial forecasts provided by the Postal Service point to precipitous declines in mail volume and revenue, which would exacerbate the large financial losses it experienced in FY 2019. The Commission continues to communicate with the Postal Service and policymakers regarding the effects of the COVID-19 pandemic and the rapidly evolving financial situation of the Postal Service.

The financial position of the Postal Service is dire. In FY 2019, the Postal Service had a net loss from operations of \$3.2 billion. Between FY 2018 and FY 2019, net losses from operations increased by 53 percent. The net loss from operations is by far the largest of the decade for the Postal Service, and represents a \$1.1 billion decline in profitability. As a labor-intensive organization with a vast, physical delivery network, increases in compensation and benefits, as well as increases in transportation costs, were the primary drivers of a \$1.6 billion increase in net operating expenses in FY 2019. When non-operating expenses are included, the total net loss was \$8.8 billion. This represents a further decline of \$4.9 billion when compared with FY 2018. This is largely due to an increase in the non-cash adjustment to the workers' compensation expense, resulting from a lower discount rate.

Although the Postal Service's liquidity has improved in recent years, this is primarily the result of the Postal Service's failure to make payments to the Retiree Health Benefits Fund, the Federal Employees Retirement System, and the Civil Service Retirement System.

Total revenue for Market Dominant products decreased by 1.6 percent in FY 2019, due in large part to a reduction in Market Dominant mail volume, especially a decline in the high-contribution First Class Mail volume of 3.1 percent in FY 2019. Consumer Price Index rate increases were not

enough to offset revenue lost from declining mail volumes. First-Class Mail and USPS Marketing Mail accounted for 95.9 percent of total Market Dominant volume.

The report further provides a historical analysis of volume losses for Market Dominant products between FY 2010 and FY 2019. Over this period, total Market Dominant products volume decreased by 38.8 billion pieces. First-Class Mail volume declined by 28.8 billion pieces, representing a 34.4 percent loss in volume. USPS Marketing Mail volume also declined considerably, by 6.8 billion pieces, or 8.2 percent loss in volume.

Total volume for Competitive products increased in FY 2019 by 0.2 percent. The increase was significantly lower when compared with the 11.0 percent growth rate reported in FY 2018. Total revenue for Competitive products increased by 5.0 percent in FY 2019. Overall, revenue for every domestic Competitive product except Priority Mail Express increased, mirroring the increases in volume.

The complete FY 2019 *Financial Analysis* report is located on the Commission's website, www.prc.gov.

The Postal Regulatory Commission is an independent federal agency that provides regulatory oversight over the U.S. Postal Service to ensure the transparency and accountability of the Postal Service and foster a vital and efficient universal mail system. The Commission is comprised of five Presidentially-appointed and Senate-confirmed Commissioners, each serving terms of six years. The Chairman is designated by the President. In addition to Chairman Robert G. Taub, the other commissioners are Vice Chairman Michael Kubayanda and Commissioners Mark Acton, Ann Fisher and Ashley Poling. Follow the PRC on Twitter: @PostalRegulator