



Postal Regulatory Commission

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Press Release

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PRC GRANTS USPS MULTI-YEAR WAIVER TO ADDRESS FINANCIAL SHORTFALLS

Lifts restrictions on use of potentially \$15 billion or more through 2030

Washington, DC – The Postal Regulatory Commission today issued [Order No. 9504](#), which grants the Postal Service a multi-year waiver to address its deteriorating financial condition. To use the waiver, the Postal Service simply must provide advance notice to the Secretary of the Treasury and the Commission.

The financial impact of the waiver in its full term lifts Commission restrictions on how the Postal Service may use approximately \$2.4 billion of revenue in FY 2026, and potentially a total of \$15 billion or more by the end of FY 2030, which the Commission has already provided through the Retirement Obligation Rate Authority.

The Commission's Order follows a Postal Service request that the Commission repeal regulations mandating it to contribute minimum amounts toward certain retiree benefits. The Postal Service asserts that it is running out of cash, and it would be able to utilize revenue meant for certain retiree benefits for other purposes, such as covering operating expenditures and funding capital investments, if the Commission grants its petition to repeal the rules requiring it to make these payments.

Due to the seriousness of the Postal Service's reasons for seeking a repeal of Commission regulations, the Commission has expeditiously granted the waiver in the interest of the public and to provide the Postal Service some breathing room and flexibility to repurpose revenues that it would have used for retiree benefits to execute its contingency plans to avoid running out of cash.

In fact, for more than a decade, the Postal Service has defaulted on its retiree amortization payments and only began making partial payments over the past few years as a result of the additional revenue that comes directly from the Retirement Obligation Rate Authority that the Commission has authorized the Postal Service to generate since 2021. This Order waives the Commission's rules only on how that revenue is used and does not alter the statutory payment obligations of the Postal Service.

The Commission urges all stakeholders to treat the breathing room provided by the Temporary Conditional Waiver as an opportunity to work toward meaningful and lasting change. In particular, the Commission urges Congress to use this time to address the underlying issue highlighted by the

Commission and the Government Accountability Office in recommending that Congress should consider reassessing and determining the level of universal postal service the nation requires and how that can best be funded.

Questions and Answers regarding this Temporary Conditional Waiver follow this Press Release.

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The Postal Regulatory Commission is an independent federal agency that provides regulatory oversight of the Postal Service to ensure transparency and accountability and to foster a vital and efficient universal mail system. The Commission is comprised of five presidentially appointed and Senate-confirmed Commissioners, each serving a six-year term. The current leadership of the Commission includes Vice Chairman Robert Taub and Commissioners Tom Day, Ann Fisher, and Ashley Poling. Follow the PRC on LinkedIn.



FREQUENTLY ASKED QUESTIONS FOR

Order Granting Temporary Conditional Waiver Regarding
Required Minimum Remittance
Docket Nos. RM2024-4, RM2022-5, RM2022-6, RM2021-2

Summary: The Postal Service is expected to be self-sustaining and cover costs – including retiree benefits – out of its revenue. However, nearly six years into the Delivering for America 10-year plan, intended to reduce costs and improve financial stability, the Postal Service asserts that it is running out of cash.

The Postal Service’s claims are serious and troubling because the public relies on the mails.

To provide breathing room and flexibility for the Postal Service to execute its financial contingency plans, the Commission, on its own motion, grants a temporary conditional waiver of its rules allowing the Postal Service to use billions of dollars of additional revenue for operational expenditures that would otherwise be required to pay for statutorily mandated retirement payments. This additional revenue comes directly from the Retirement Obligation Rate Authority that the Commission has authorized the Postal Service to generate since 2021. The Commission is only temporarily waiving its rules, and its actions do not alter the statutory payment obligations.

In the meantime, the Commission continues to consider a petition from the Postal Service seeking a repeal of these same rules requiring that it pay minimum amounts annually toward outstanding retiree benefits. Over the last decade, the Postal Service has frequently failed to make the statutorily required payments for outstanding retiree benefits, and in the last four years, the Postal Service has only made some payments toward the minimum amounts required by the Commission’s rules.

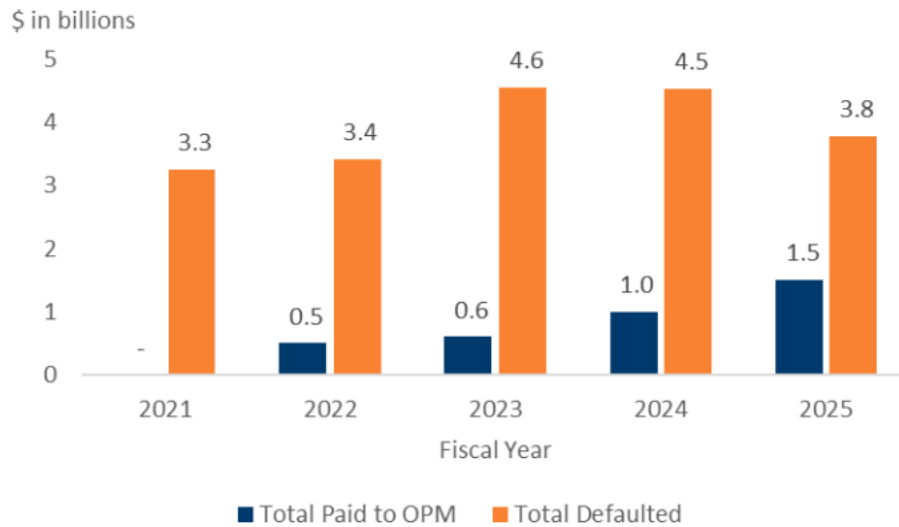
Q. What is the Postal Service’s request?

A. The Postal Service has asked the Commission to repeal Commission rules requiring the Postal Service to use additional revenues that the Commission has authorized the Postal Service to generate since 2021 for statutorily mandated payments related to retiree benefits.

Q. How did we get here?

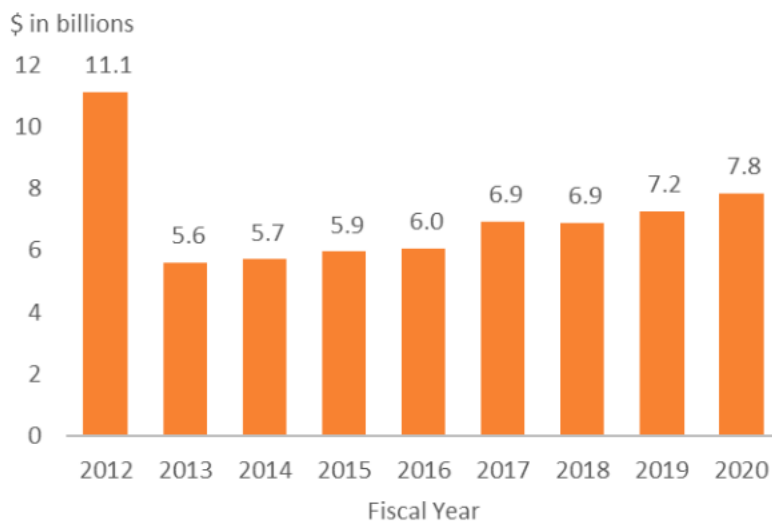
A. The financially troubled Postal Service has long defaulted on required payments for certain retiree benefits.

The chart below displays the total amount the Postal Service paid OPM per fiscal year from 2021 to 2025 for statutorily mandated payments related to retiree benefits (blue) compared to the total amount for which the Postal Service defaulted (orange).



The chart below shows amounts that the Postal Service failed to pay from 2012 through FY 2020. Those amounts include payments to the Retiree Health Benefits Fund, the amortization payments for the supplemental liability for the Postal Service’s portion of the Civil Service Retirement Pension, and the amortization payments for the supplemental liability for the Postal Service’s portion of the Federal Employees Retirement pension.

Postal Service Defaulted Payments to OPM



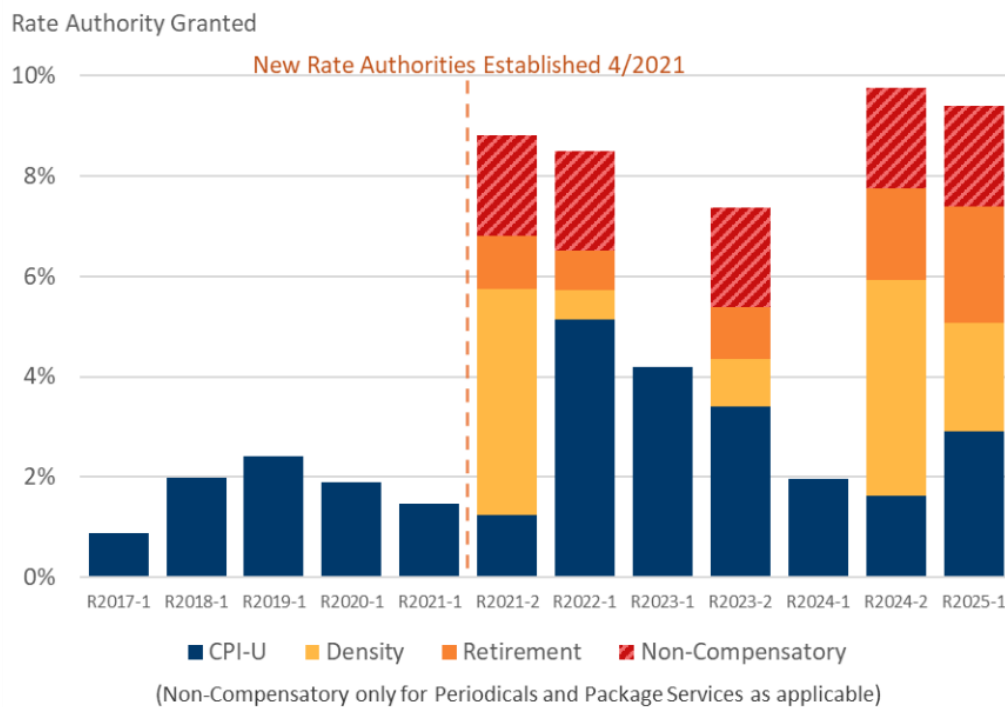
Q. Has the Postal Service received financial relief previously?

A. The Postal Service has received extraordinary financial relief from Congress and the Commission in recent years, including in 2022 when Congress eliminated all of the Postal Service’s past-due obligations for the approximately \$57 billion in missed payments to the Postal Service Retiree Health Benefits Fund.

In 2020, the Commission granted the Postal Service several additional types of authority to raise rates beyond inflation on Market Dominant products (e.g., letters). This included the Retirement Obligation Rate Authority, which was conditioned on the Postal Service using revenues generated by that authority to make minimum payments toward certain retiree benefits.

Starting in 2021, the Postal Service used the maximum amount of its authority to increase its rates and has complied with the Commission’s rules requiring revenues produced by these rates to be used to make minimum payments toward certain retiree benefits, even though the Postal Service has failed to make the full payments required by statute.

The chart below shows all rate authority used by the Postal Service, including the new rate authorities granted above inflation.



Notes: “CPI-U” means the rate authority generated based upon changes in the Consumer Price Index for all Urban Consumers (CPI-U), authorized pursuant to 39 C.F.R. part 3030, subpart C.

“Density” means the density-based rate authority authorized pursuant to 39 C.F.R. part 3030, subpart D.

“Retirement” means the Retirement Obligation Rate Authority authorized pursuant to 39 C.F.R. part 3030, subpart E.

“Non-Compensatory” means the additional 2 percentage points of rate authority per fiscal year for each non-compensatory class of mail, authorized pursuant to 39 C.F.R. part 3030, subpart G. This authority was available to and exhausted by the Postal

Service for Package Services in Docket Nos. R2021-2 and R2022-1 only. This authority was available to and exhausted by the Postal Service for Periodicals in Docket Nos. R2021-2, R2022-1, R2023-2, R2024-2, and R2025-1.

Source: Postal Regulatory Commission, Rate Authority Granted Over Time, Rate Auth. Dashboard.

The chart below displays the changes in price to a one-ounce First-Class Mail stamp over time, an example of the Postal Service's consistent and maximal use of additional rate authority.



Q. What has the Commission decided to do?

A. The waiver follows the Postal Service statement that it is facing a liquidity crisis and seeks repeal of the Commission rules dictating how these revenues may be used. The Commission has granted the Postal Service a temporary partial waiver of Commission rules requiring the Postal Service to use certain revenues for statutorily mandated payments for retiree benefits. However, to use this waiver, the Postal Service must satisfy certain conditions.

Q. What are the conditions of the waiver?

A. The Postal Service must notify the Secretary of the Treasury and the Commission each year it decides to use the waiver.

Q. How long is the waiver in effect?

A. The waiver is scheduled to expire at the end of September 2030 unless the Commission rescinds it earlier or extends it.

Q. Will the Postal Service be allowed to raise its rates as a result of this waiver?

A. No. This waiver does not raise rates or impose a rate increase. It only temporarily changes how the Postal Service can use certain revenues it is already generating.

Q. What is the practical effect of this waiver?

A. While the waiver is in effect, if the Postal Service chooses not to make the minimum payments required by the Commission's rules, the Commission will not revoke the authority that it previously granted to the Postal Service for generating revenue to make the minimum payments. Thus, the Postal Service could use the revenue generated by this authority for other purposes, such as operating expenses and capital investment, without risking adverse Commission action.

Q. How will the waiver affect the Postal Service's finances?

A. Over the full scheduled term of the waiver, the Commission will provide significant financial flexibility for the Postal Service by lifting restrictions on how it may use potentially \$15 billion – approximately \$2.4 billion in FY 2026, and potentially more than \$3 billion per year for the remaining duration of the waiver.

Q. How does the Commission's decision help the Postal Service's financial condition?

A. Waiving restrictions in the Commission's rules gives the Postal Service some breathing room and flexibility to repurpose revenues to execute its financial contingency plans. The Commission urges all stakeholders to treat the breathing room provided by the Temporary Conditional Waiver as an opportunity to work toward meaningful and lasting change. In particular, the Commission urges Congress to use this time to address the underlying issue highlighted by the Commission and the Government Accountability Office (GAO) in recommending that Congress should consider reassessing and determining the level of universal postal service the nation requires and how that can best be funded. *See [December 2025 GAO Report](#) at 1.*

Q. Can the term of the Commission's waiver be extended?

A. Yes.

Q. What happens if the Postal Service's finances improve or Congress passes significant postal reform before the waiver expires in 2030?

A. The Commission will continue to closely monitor the Postal Service's financial stability and reserves the right to rescind, modify, or extend this waiver based on changing conditions.

Q. Does the waiver affect the Postal Service's statutory obligations to make payments to fund retiree benefits?

A. No. The Commission's order only waives the Commission's rules and does not change the Postal Service's statutory obligations to make payments to the U.S. Treasury Department for the unfunded portion of its retiree benefits. Nothing in this waiver prevents the Postal Service from continuing to make its statutorily required retiree benefit payments in any amount.