UNITED STATES POSTAL SERVICE

RECEIVED
FEB 28 4 06 PM '01
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

February 28, 2001

Hon. Margaret P. Crenshaw, Secretary
Postal Rate Commission
1333 H Street, NW, Suite 300
Washington, D.C. 20268-0001

Dear Ms. Crenshaw:

In connection with the Commission's rules pertaining to periodic reports, 39 C.F.R. 3001.102 (2000), I have enclosed copies of the following:

(1) FY 2001 Budget, Congressional Submission;

(2) FY 2001 Congressional Budget Workpapers; and

(3) FY 2001 Congressional Budget, Summary Tables SE-1, 2, and 6.

Sincerely,

Daniel J. Foucheaux, Jr.

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Enclosures

cc: Ms. Taylor

475 L'ENFANT PLAZA SW
WASHINGTON DC 20260

UNITED STATES POSTAL SERVICE

UNITED STATES
POSTAL SERVICE.

Fiscal Year 2001 Budget
Congressional Submission

RECEIVED
FEB 28 4 06 PM '01
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Finance

Budget and Financial Analysis

TABLE OF CONTENTS

U.S. POSTAL SERVICE
FY 2001 BUDGET

PART I - APPROPRIATION REQUEST:

Appropriations I-1
Appropriations - Summary I-3
Appropriations - Program and Financing I-4
Free For the Blind and Overseas Voters I-6
Reconciliation Adjustment I-7
Revenue Forgone Reform Reimbursement I-9

PART II - FINANCIAL STATEMENTS:

Narrative II-1
Program and Financing II-7
Statement of Revenue and Expense II-9

U. S. POSTAL SERVICE

FISCAL YEAR 2001 BUDGET
PART I
APPROPRIATION REQUEST

U.S. POSTAL SERVICE
Appropriations

The following schedules reflect the Postal Service's budget for Fiscal Year 2001. Funding requested reflects the amounts authorized in title 39, United States Code, §2401.

Revenue Forgone

The Postal Service is requesting funding in Fiscal Year 2001 for revenue forgone on free mail for the blind and overseas voting, plus reconciliation amounts for past years, consistent with 39 U.S.C. §2401(c).

Revenue Forgone Reform Reimbursement

The Postal Service requests funding authorized under 39 U.S.C. §2401 (d) as reimbursement for losses incurred as a result of insufficient appropriations in Fiscal years 1991 through 1993, and to compensate for revenues not received as a result of the rate phasing provisions of 39 U.S.C. §3626 (a) (3) (B).

Public Service Costs

For public service costs, 39 U.S.C. §2401(b)(1)(G) authorizes, for years after Fiscal Year 1984, an amount equal to 5 percent of the Post Office Department's Fiscal Year 1971 appropriation. This amounts to $460,000,000. Also, section 2401(b)(2) authorizes the Postal Service to reduce such percentage, including a reduction to zero. Since the Postal Service has operated without this appropriation since Fiscal Year 1982, no appropriation for public service costs is requested during Fiscal Year 2001.

The following schedule provides a summary of the appropriations requested and recommended level of funding.

Note: *In the President's Budget for FY 2001, $67,093,000 is treated as a FY 2001 advance appropriation to the Postal Service to be available in FY 2002 (see pages 1194-5 of the Appendix). However, on page 1248 of the Appendix, this $67,093,000 is cited as a potential candidate for replacement with up-front budget authority.*

U.S. Postal Service
Appropriations Summary
(in thousand of dollars)

	Public Service Costs	Revenue Forgone	POD Transitional Costs	Total
FY 1999:				
USPS Request	...	100,195	...	100,195
OMB Proposal	...	100,195	...	100,195
Postal Service Appropriations Act, 1999 -- Public Law No. 105-277, section 101 (h)		71,195 a/ b/		71,195 a/b/
Emergency Supplemental Appropriations Act, 1999 -- Public Law No. 106-031	...	29,000	...	29,000
FY 2000:				
USPS Request	...	93,436	...	93,436
OMB Proposal	...	93,436	...	93,436
Postal Service Appropriations Act, 2000 -- Public Law No. 106-058	...			
Available, October 1, 1999		29,000 b/	...	29,000 b/
Available, October 1, 2000		64,436	...	64,436
FY 2001:				
USPS Request	...	96,093	...	96,093
OMB Proposal	...	96,093	...	96,093

a/ Not available until October 1, 1999.
b/ Does not reflect 0.38 percent rescission authorized by the Consolidated Appropriations Act for 2000 (P.L. 106-113).

U.S. Postal Service
Appropriations Summary
(In thousand of dollars)

	FY 1999			FY 2000			FY 2001	
	Request	OMB a/ Proposal	Appropriated P.L.106-031 & P.L.105-277	Request	OMB Proposal	Appropriated P.L.106-058	Request	OMB Proposal
A. Total budget authority (appropriations)	100,195	100,195	b/c/ 100,195	93,436	93,436	c/d/ 93,436	96,093	96,093
B. Program by activities:								
1. Public service costs	...	...	...	...	...	...	...	...
2. Free for the blind and Overseas voting	68,710	68,710	c/ 68,710	70,880	70,880	70,880	66,473	66,473
3. Free and reduced-rate mail: Reconciliation adjustment	2,485	2,485	c/ 2,485	-6,444	-6,444	-6,444	620	620
4. Revenue forgone reform Reimbursement: Current year	29,000	29,000	29,000	29,000	29,000	c/ 29,000	29,000	29,000
5. Non-funded liabilities of the Former POD	...	...	...	...	...	...	...	...
Total appropriations	100,195	100,195	b/c/ 100,195	93,436	93,436	c/d/ 93,436	96,093	96,093

a/ Includes $379 thousand forwarded as part of the errata process.
b/ Includes $71,195 thousand, not available until October1, 1999.
c/ Does not reflect 0.38 percent rescission authorized by the Consolidated Appropriations Act for 2000 (P.L. 106-113).
d/ Includes $64,436 thousand, not available until October1, 2000.

U.S. Postal Service
Federal Funds

General and special funds:

Payment to the Postal Service Fund

For payment to the Postal Service Fund for current revenue forgone on free and reduced-rate mail for the blind and overseas voting, plus reconciliation amounts for past years pursuant to subsection 39 U.S.C. §2401(c); $67,093,000.

For payment to the Postal Service Fund for reimbursement of losses incurred as a result of insufficient appropriations for revenue forgone on free and reduced-rate mail pursuant to 39 U.S.C. §2401(d); $29,000,000.

Program and Financing
(in thousands of dollars)

	FY 1999	FY 2000	FY 2001	
	Actual	Estimate	Request	OMB Proposal
Program by activities:				
Payment to the Postal Service fund for:				
Revenue forgone on free and reduced-rate mail:				
Current year	68,710	70,880	66,473	66,473
Reconciliation adjustment	2,485	-6,444	620	620
Subtotal	a/ 71,195	64,436	67,093	67,093
Revenue forgone reform reimbursement:	29,000	a/ 29,000	29,000	29,000
Subtotal , free and reduced-rate mail	100,195	93,436	96,093	96,093
Total payment to the Postal Service Fund (total obligations(41.0)	100,195	93,436	96,093	96,093
Financing:				
Budget authority (appropriations)	b/ 100,195	c/ 93,436	96,093	96,093

a/ Does not reflect 0.38 percent rescission authorized by the Consolidated Appropriations Act for 2000. (P.L No. 106-113)
b/ Includes $71,195 thousand not available until 10/01/1999.
c/ Includes $64,436 thousand not available until 10/01/2000.

U.S. POSTAL SERVICE
Federal Funds
Program and Financing Cont'd

(in thousands of dollars)

	FY 1999 Actual	FY 2000 Estimate c/	FY 2001 Estimate	
			Request	OMB Proposal
Relation of obligations to outlays:				
Obligations incurred, net	100,195 a/	93,436 b/	96,093	96,093
Outlays	100,195 a/	93,436 b/	96,093	96,093

a/ Includes $71,195 thousand, not available until October 1, 1999.
b/ Includes $64,436 thousand, not available until October 1, 2000.
c/ FY 2000 Outlays will be reduced $380 thousand representing 0.38 percent of funds disbursed in FY 2000. This was authorized by the Consolidated Appropriations Act for 2000 (P.L. No. 106-113).

An appropriation of $66,473,000 is for reimbursing the Postal Service for providing free mail for the blind and overseas voting; -$620,000 is a reconciliation adjustment for revenue forgone on free and reduced-rate mail; and $29,000,000 is for partial reimbursement for losses incurred as a result of insufficient appropriations for revenue forgone.

The following table represents the estimated revenue forgone by the Postal Service in Fiscal Year 2001 for carrying certain categories of mail for free.

a. FY 2001 Appropriation request for free for the blind and overseas voting mail, $66,473,000:

(in thousands of dollars)

ITEM	FY 1999	FY 2000		FY 2001	
	Amount	Amount	Change from Prior Year	Amount	Change from Prior Year
A. Free for the blind	68,636	69,682	1,046	65,932	-3,750
B. Overseas voting	74	1,198	1,124	541	-657
Total free for the blind and overseas voting	68,710	70,880	2,170	66,473	-4,407

An appropriation of $66,473,000 is requested for free mail for the blind and overseas voting which provides funding for:

Certain matter for use by the blind or other persons who cannot use or read conventionally printed materials because of physical impairment is mailable free of postage. In order to qualify, there must be no charge, rental, subscription, or other fee required for such matter.

Items mailable free by a qualifying person include unsealed letters, sound reproductions, braille writers or typewriters, and educational or other materials or devices specifically designed or adapted for use of a visually handicapped person.

Absentee balloting materials are mailable free by members of the Armed Forces and other U.S. citizens residing outside the territorial limits of the United States, and in bulk between state and local election officials.

b. Reconciliation Adjustment, Revenue Forgone:

(in thousands of dollars)

ITEM	FY 1999	FY 2000		FY 2001	
	Amount	Amount	Change from Prior Year	Amount	Change from Prior Year
Reconciliation adjustment	2,485	-6,444	-8,929	620	7,064

Under 39 U.S.C. §2401(c) the Postal Service continues to be instructed to include in its annual revenue forgone funding requests "an amount to reconcile sums authorized to be appropriated for prior fiscal years on the basis of estimated mail volume with sums which would have been authorized if based on the final audited mail volume." This instruction to seek reconciliation adjustments was not changed by section 703(a) of the Revenue Forgone Reform Act (RFRA) of 1993, which eliminated the appropriation for the revenue forgone on the various types of reduced-rate mail provided under section 3626 of title 39 (while keeping the funding mechanism for free mail for the blind and overseas voting intact).

The Postal Service, in accordance with the objectives established in the Postal Reorganization Act by the Congress, is therefore submitting a reconciliation adjustment of $620,000 to adjust the reimbursement for services performed on free for the blind and overseas voting mail during Fiscal Year 1998. The amounts appropriated to the Postal Service for Fiscal Year 1998 were based on estimates that appropriations amounting to $55,296,000 would be required for free and overseas voting mail. However, audited mail volumes indicate that $55,916,000 was actually required to fully reimburse the Postal Service for services provided - leaving a shortfall of $620,000 which is requested in the Postal Service's Fiscal Year 2001 appropriation request.

(in thousands of dollars)

	Free for the Blind	Overseas Voting	Reduced-rate Mail	Total	Reconciliation Adjustment
FY 1996:					
Final Audited mail Volume.....	57,780	785	...	58,565	
Appropriation Received.....	55,701	379	...	56,080	
Reconciliation Adjustment funded during FY 1999.....	2,079	406	0		2,485
FY 1997:					
Final Audited mail Volume.....	54,366	623	...	54,989	
Appropriation Received.....	60,663	770	...	61,433	
Reconciliation Adjustment - FY 2000 request.....	-6,297	-147	0		-6,444
FY 1998:					
Final Audited mail Volume.....	55,746	170	...	55,916	
Appropriation Received.....	55,026	270	...	55,296	
Reconciliation Adjustment - FY 2001 request.....	720	-100	0		620

FY 2001 Appropriation Request for revenue forgone reform reimbursement, $29,000,000:

(in thousands of dollars)

ITEM	FY 1999	FY 2000		FY 2001	
	Amount	Amount	Change from Prior Year	Amount	Change from Prior Year
Revenue Forgone Reform Reimbursements.....	29,000	29,000	0	29,000	0
Total	29,000	29,000	0	29,000	0

An appropriation of $29,000,000 is requested for revenue forgone reform reimbursement to provide partial reimbursement to the Postal Service for losses which it incurred as a result of insufficient amounts appropriated under section §2401(c) for Fiscal Years 1991 through 1993, and to compensate for the additional revenues it is estimated the Postal Service would have received under the provisions of section §3626(a) for the period beginning on October 1, 1993, and ending on September 30, 1998, if the fraction specified in subclause (VI) of section §3626(a)(3)(B)(ii) were applied with respect to such period instead of the respective fractions specified in subclauses (I) though (V) thereof.

The Revenue Forgone Reform Act authorizes $29,000,000 to be appropriated to the Postal Service for each of Fiscal Years 1994 through 2035. As of September 30, 2001, $986,000,000 of the total authorized amount will remain to be requested.

U. S. POSTAL SERVICE

FISCAL YEAR 2001 BUDGET
PART II
FINANCIAL STATEMENTS

U.S. POSTAL SERVICE

The Postal Reorganization Act of 1970 (PRA), Public Law 91-375, converted the Post Office Department into the U.S. Postal Service, an independent establishment within the executive branch. The Postal Service commenced operations July 1, 1971. This agency is charged with providing reliable mail service at reasonable rates and fees.

The U.S. Postal Service is governed by an 11-member Board of Governors, including 9 Governors appointed by the President, the Postmaster General who is selected by the Governors, and the Deputy Postmaster General who is selected by the Governors and the Postmaster General.

Decisions on changes in domestic rates and postage and fees for postal services are recommended to the Governors of the Postal Service by the independent Postal Rate Commission after a hearing on the record under the Administrative Procedure Act. The Commission also recommends decisions on changes in the domestic mail classification schedule to the Governors. Decisions of the Governors on rates of postage, fees for postal services, and mail classification are final, subject to judicial review.

Programs - Included are all postal activities providing window services; processing, delivery, and transportation of mail; research and development; administration of postal field activities; and associated expenses of providing facilities and equipment.

Financing - The activities of the U.S. Postal Service are financed from the following sources: (1) mail and services revenue; (2) reimbursements from Federal and non-Federal sources; (3) proceeds from borrowing; (4) interest from U.S. securities and other investments; and (5) appropriations by the Congress. All receipts and deposits are made to the Postal Service Fund and are available without fiscal year limitation for payment of all expenses incurred, retirement of obligations, investment in capital assets, and investment in obligations and securities.

U.S. POSTAL SERVICE

Section 2005 of Title 39, United States Code, authorizes the Postal Service to borrow money and to issue obligations for this purpose. Through the end of Fiscal Year 1990, the aggregate amount of such obligations outstanding at any one time was limited to $10 billion. This maximum amount was increased to $12.5 billion in Fiscal Year 1991 and to $15.0 billion for Fiscal Year 1992 and each fiscal year thereafter. Also beginning in Fiscal Year 1991, the net increase in amounts outstanding in any year may not exceed $2.0 billion in obligations issued for the purpose of capital improvements and $1.0 billion for the purpose of defraying operating expenses. As of September 30, 2001, it is expected that the total debt instruments issued and outstanding pursuant to this authority will amount to $9.151 billion.

The PRA created an independent Postal Service with a mandate to operate in a business-like manner and to report its finances using business-like accounting and budgeting. As a result, the Postal Service adopted an accrual accounting system, which follows generally accepted accounting principles, in which capital expenditures are charged to expense through depreciation over an asset's useful life. This provides an allocation of costs to the years in which an asset's benefits are received. A cash accounting approach, as used by the Federal Government, ignores the fact that valuable assets are acquired by the Postal Service and funded through postage rates set to recover the cost of those assets over their useful lives rather than in one year. Consistent with the purpose of the Act, the Office of Management and Budget (OMB) removed all Postal Service financial transactions except those involving appropriations, such as the revenue forgone payments for free and reduced-rate mail, from the Federal Government's budget and deficit calculations in Fiscal Year 1974. This action placed the Postal Service off-budget.

However, with the Fiscal Year 1986 Federal Budget, OMB placed the Postal Service back on-budget. As a result, the way capital expenditures are treated under the government's cash-basis system improperly made it appear that the "break-even" mandate of the Postal Service consistently adds to the Federal deficit in the near-term.

Enactment of the Budget Reconciliation Act of 1989 once again placed the Postal Service Fund off-budget. Effective with Fiscal Year 1990, receipts and disbursements of the Postal Service Fund are not considered as part of the congressional and executive budget process relating to calculations under the Balanced Budget and Emergency Deficit Control Act of 1985.

U.S. POSTAL SERVICE

Omnibus Budget Reconciliation Act of 1987 (OBRA of 1987)

The OBRA of 1987 required the Postal Service to make payments of $350 million to the Civil Service Retirement and Disability Fund and $160 million to the Employees Health Benefits Fund in Fiscal Year 1988. Also required was a $270 million payment in 1989 to the Employees Health Benefits Fund. Funds for the 1988 and 1989 health benefit payments were derived from operating budget savings. An escrow account was also established with the U.S. Treasury into which the Postal Service deposited $465 million on October 31, 1988. The escrow was terminated and the funds returned on October 1, 1989. Excluding the temporarily escrowed funds, this legislation required Postal Service payments totalling $780 million during 1988 and 1989.

The Act also limited Postal Service capital investment commitments to $625 million in Fiscal Year 1988. Compared to the original Fiscal Year 1988 capital investment plan, these restrictions reduced Fiscal Year 1988 capital commitments by $1.736 billion for a 74 percent reduction. The Act also limited Fiscal Year 1989 capital commitments to $1.995 billion, a reduction of $635 million or 24 percent from the original plan.

Omnibus Budget Reconciliation Act of 1989 (OBRA of 1989)

The OBRA of 1989 included several provisions affecting the Postal Service's budget for 1990 and the budgets of future years.

The OBRA of 1989 placed the Postal Service Fund off budget effective in Fiscal Year 1990. It excludes postal receipts and disbursements from the totals in the President's Budget, the Congressional Budget Resolution and Gramm-Rudman-Hollings Act sequestration. Appropriations to USPS remain on-budget.

Payments to the Department of Labor for USPS workers' compensation are accelerated. Beginning in September 1990, all future payments normally due in mid-October will be made during the preceding September. This change resulted in two payments during Fiscal Year 1990 and will cause all subsequent payments to be advanced one fiscal year. The OBRA of 1989 made USPS liable for CSRS COLA payments to USPS annuitants (or their survivors) who retire from USPS after 9/30/86. It also made USPS liable for the employer's share of health benefits costs of survivors of former USPS employees who died after 9/30/86.

U.S. Postal Service Debt Ceiling Legislation

Legislation enacted December 12, 1989, also increased Postal Service borrowing authority. The following changes have been made to Postal Service statutory borrowing authority:

- The maximum total outstanding borrowing was increased from $10.0 billion to $12.5 billion in Fiscal Year 1991 and to $15.0 billion for Fiscal Year 1992 and each fiscal year thereafter.

- The maximum annual net increase in obligations outstanding for capital improvements was increased to $2.0 billion.

- The maximum annual net increase in obligations outstanding for operating expenses was increased to $1.0 billion.

Omnibus Budget Reconciliation Act of 1990 (OBRA of 1990)

The OBRA of 1990 affected the Postal Service as follows:

- Existing laws which required the Postal Service to fund Civil Service Retirement System (CSRS) cost-of-living adjustments (COLA) and Federal Employees Health Benefit Program (FEHBP) premiums only for postal annuitants who retired after September 30, 1986, and their survivors, were rescinded.

- Effective October 1, 1990, the Postal Service is required to fund the CSRS COLAs for postal annuitants who retired after June 30, 1971, and their survivors. Each year's liability will be prorated and the Postal Service's portion will reflect only Federal civilian employment service occurring after June 30, 1971. This liability will be amortized over 15 years at 5 percent interest.

- Effective October 1, 1990, the Postal Service is required to fund the employer's share of FEHBP insurance premiums for postal annuitants who retired after June 30, 1971, and their survivors. These costs are apportioned and the Postal Service's share reflects only Federal civilian employment service occurring after June 30, 1971.

- The Postal Service is liable for the retroactive CSRS COLA and FEHBP premium payments that would have been required between July 1, 1971, and September 30, 1986, if the provisions described previously had been in effect since July 1, 1971. This retroactive liability was reduced by $780 million representing the extraordinary Postal Service payments required by the Omnibus Budget Reconciliation Act of 1987 and the remaining balance was liquidated during FYs 1991-1995.

- Several reforms to the FEHBP were included to help control FEHBP premium increases beginning in FY 1991. Lower premiums benefit the Postal Service by reducing its share of premium payments to the FEHBP fund.

Omnibus Budget Reconciliation Act of 1993 (OBRA of 1993)

The OBRA of 1993 obligated the Postal Service to pay interest on the retroactive assessments due under the OBRA of 1990. The OBRA 1993 assessment represents interest at 5 percent on the employer's portion of annuitant COLAs and health benefits previously paid by the U. S. Government that the Postal Service would have paid had the provisions of the OBRA of 1990 been in effect from July 1, 1971 through September 30, 1986. This interest assessment, totaling $1.041 billion, was paid in three equal annual installments beginning September 30, 1996.

U.S. Postal Service Debt Ceiling Legislation
OBRAs -- cont'd

Balanced Budget Act of 1997

Under the Postal Reorganization Act of 1971, the U.S. Government remained responsible for payment of all Post Office Department workers' compensation claims incurred before July 1, 1971. This Act required that the newly created Postal Service be responsible only for its own workers' compensation claims. However, the Balanced Budget Act of 1997 repealed the authorization for transitional appropriations to the Postal Service which had funded the liabilities of the former Post Office Department to the Employees' Compensation Fund. Effective October 1, 1997, these remaining claims became liabilities of the Postal Service payable out of the Postal Service Fund. At September 30, 1997, the discounted present value of these liabilities was estimated to total $258 million.

The following Program and Financing Statement and Statement of Revenue and Expense reflect actual financial results for Fiscal Year 1999 and the Postal Service Forecasts for Fiscal Years 2000 and 2001.

U.S. POSTAL SERVICE
PROGRAM AND FINANCING
(IN THOUSANDS OF DOLLARS)

ITEM	ACTUAL FY1999	ESTIMATE FY 2000	ESTIMATE FY 2001
Obligations by Program Activity:			
Reimbursable Program:			
Postal Field Operations	43,778,000	44,968,000	47,333,000
Transportation	4,363,000	4,592,000	4,835,000
Building Occupancy	1,668,000	1,789,000	1,747,000
Supplies and Services	4,399,000	4,234,000	4,551,000
Research and Development	67,000	45,000	45,000
Administration and Area Operations	4,983,000	5,311,000	5,490,000
Interest	1,812,000	1,837,000	2,032,000
Servicewide Expenses	67,000	71,000	76,000
Capital Investment	3,780,000	4,000,000	3,300,000
Total Obligations	64,917,000	66,847,000	69,409,000
Budgetary Resources Available for Obligation:			
New Budget Authority (gross)	68,550,000	70,526,000	70,060,000
Redemption of Debt	-3,633,000	-3,679,000	-651,000
Total Budgetary Resources Available for Obligation	64,917,000	66,847,000	69,409,000
New Obligations	-64,917,000	-66,847,000	-69,409,000
New Budget Authority (gross) Detail:			
Authority to Borrow (indefinite)	5,607,000	5,516,000	1,575,000
Spending Authority form Offsetting Collections: Offsetting Collections (cash)	62,943,000	65,010,000	68,485,000
Total New Budget Authority (gross)	68,550,000	70,526,000	70,060,000

U.S. POSTAL SERVICE
PROGRAM AND FINANCING
(IN THOUSANDS OF DOLLARS)

ITEM	ACTUAL FY1999	ESTIMATE FY 2000	ESTIMATE FY 2001
Change in Unpaid Obligations:			
Unpaid Obligations, Start of Year:, start of Year			
Obligated Balance Start of Year	21,154,000	22,107,000	22,446,000
Total new Obligations	64,917,000	64,847,000	69,409,000
Total outlays (gross)	-63,964,000	-66,508,000	-68,932,000
Unpaid Obligations, End of Year:			
Obligated Balance, end of Year	22,107,000	20,446,000	22,923,000
Outlays (gross) Detail:			
Outlays from New Permanent Authority	63,964,000	66,508,000	68,932,000
Offsets:			
Against Gross Budget Authority and Outlays:			
Offsetting Collections from:			
Federal Sources	-957,000	-985,000	-1,037,000
Interest on U.S. Securities	-29,000	-27,000	-27,000
Non-Federal sources	-61,957,000	-63,998,000	-67,421,000
Total, Offsetting Collections	-62,943,000	-65,010,000	-68,485,000
Net budget Authority and Outlays:			
Budget Authority	5,607,000	5,516,000	1,575,000
Outlays	1,021,000	1,498,000	447,000

U.S. POSTAL SERVICE
STATEMENT OF REVENUE AND EXPENSE
(IN THOUSANDS OF DOLLARS)

	ACTUAL FY1999	ESTIMATE FY 2000	ESTIMATE FY 2001
TOTAL REVENUES	62,755,000	64,817,000	68,286,000
TOTAL EXPENSES	62,392,000	64,717,000	67,786,000
NET INCOME	363,000	100,000	500,000

RECEIVED
FEB 28 4 06 PM '01
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

UNITED STATES POSTAL SERVICE

FY 2001 CONGRESSIONAL BUDGET

WORKPAPERS

FISCAL YEAR 2001 PRESIDENT'S BUDGET HIGHLIGHTS

ITEM	FY 1999 ACTUAL	USPS FY 2000 ESTIMATE	OMB PROPOSED ADJ.	OMB FY 2000 ESTIMATE	USPS FY 2001 ESTIMATE	OMB PROPOSED ADJ.	OMB FY 2001 ESTIMATE
Workyears	919,214	914,646		914,646	909,266		909,266
**********							
Mail Volume (Millions of Pieces)	201,576	207,072		207,072	208,907		208,907
Mail Volume (Percent Change Over Previous Year)	2.37%	2.73%		2.73%	0.89%		0.89%
Workyears (Percent Change Over Previous Year)	1.05%	-0.50%		-0.50%	-0.59%		-0.59%
Change in Peices Per Workyear (Percent Change Over Pervious Year)	1.31%	3.24%		3.24%	1.48%		1.48%
**********							
Total Revenues and Operating Receipts	62,755,251	64,817,311		64,817,311	68,285,476		68,285,476
Total Expenses	62,391,839	64,717,311		64,717,311	67,785,476		67,785,476
Net Income or (Loss)	363,412	100,000		100,000	500,000		500,000
**********							
Capital Committments ($000) Gross	3,817,000	4,000,367		4,000,367	3,304,288		3,304,288
Capital Committments ($000) Net	3,741,356	3,996,000		3,996,000	3,300,000		3,300,000
**********							
Capital Outlays ($000)	3,624,063	3,481,286		3,481,286	3,586,881		3,586,881
**********							

ACTUAL FISCAL YEAR: 1999

BUDGET HIGHLIGHTS

USPS Confidential

Scenario: FBUD2K1

Cost Segment 1
Postmasters

	Actual FY 1999	Estimate FY 2000	Change Amount FY 2000	Percent FY 2000	Estimate FY 2001	Change Amount FY 2001	Percent FY 2001
Resources:							
Positions							
Wkyr	31,427	31,443	16	0.1%	31,220	(207)	-0.7%
Expenses ($000):							
Salaries and Benefits	1,640,921,457	1,753,115,724	112,194,267	6.8%	1,807,815,185	166,893,728	10.2%
Travel of Persons	19,246,409	19,781,903	535,493	2.8%	20,038,365	791,956	4.1%
Trans. of Hsld Eff	1,193,946	1,227,165	33,219	2.8%	1,243,075	49,129	4.1%
TOTAL	1,661,361,813	1,774,124,792	112,762,979	6.8%	1,829,096,626	167,734,813	10.1%

Description:

This segment includes personnel costs that can be attributed to postmasters, district managers/postmasters, and some Bulk Mail Centers managers. Segment 1 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-accounts 101, 102 and 161. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

Current Period
Actual Fiscal Year: FY 1999

Scenario: FBUD2K1

Cost Segment 2
Professls & Supervisors

	Actual FY 1999	Estimate FY 2000	Change Amount FY 2000	Percent FY 2000	Estimate FY 2001	Change Amount FY 2001	Percent FY 2001
Resources:							
Positions							
Wkyr	59,369	59,129	(240)	-0.4%	59,087	(282)	-0.5%
Expenses ($000):							
Salaries and Benefits	3,425,303,057	3,636,594,694	211,291,637	6.2%	3,766,241,167	340,938,110	10.0%
Travel of Persons	55,662,082	57,058,151	1,396,069	2.5%	58,091,268	2,429,186	4.4%
Trans. of Hsld Eff	3,197,773	3,274,322	76,549	2.4%	3,336,255	138,482	4.3%
TOTAL	3,484,162,913	3,696,927,167	212,764,254	6.1%	3,827,668,690	343,505,778	9.9%

Description:

This segment includes personnel costs that can be attributed to supervisors and technical personnel in field installations, except those in custodial, building and equipment maintenance activities (Segment 11), motor vehicle service activities (Segment 12), and miscellaneous local operations (Segment 13). Managers of postal installations other than post offices and Bulk Mail Centers managers are covered by this segment. Segment 2 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-accounts 103 and 130. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

Current Period
Actual Fiscal Year: FY 1999

Scenario: FBUD2K1

Cost Segment 3
Clerks & MH CAG A to J

	Actual FY 1999	Estimate FY 2000	Change Amount FY 2000	Percent FY 2000	Estimate FY 2001	Change Amount FY 2001	Percent FY 2001
Resources:							
Positions							
Wkyr	396,985	391,507	(5,479)	-1.4%	385,605	(11,380)	-2.9%
Expenses ($000):							
Salaries and Benefits	18,311,600,343	18,535,057,268	223,456,924	1.2%	18,905,153,644	593,553,300	3.2%
Travel of Persons	11,965,652	12,152,784	187,132	1.6%	12,209,488	243,836	2.0%
Trans. of Hsld Eff	161,295	163,849	2,554	1.6%	164,623	3,328	2.1%
Equipment Maint Allow	18	17	(0)	-2.3%	17	(0)	-2.1%
TOTAL	18,323,727,308	18,547,373,918	223,646,610	1.2%	18,917,527,772	593,800,464	3.2%

Description:

This segment included personnel costs that can be attributed to clerks and mailhandlers personnel in CAG A-J post offices, their classified stations and branches, processing and distribution centers/facilities, air mail centers, facilities, bulk mail centers, and remote encoding centers. Segment 3 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-accounts 104 and 107. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

Current Period
Actual Fiscal Year: FY 1999

Scenario: FBUD2K1

Cost Segment 4
Clerks CAG K

	Actual FY 1999	Estimate FY 2000	Change Amount FY 2000	Percent FY 2000	Estimate FY 2001	Change Amount FY 2001	Percent FY 2001
Resources:							
Positions							
Wkyr	191	191	0	0.0%	190	(1)	-0.5%
Expenses ($000):							
Salaries and Benefits	7,557,217	7,886,310	329,094	4.4%	8,103,059	545,842	7.2%
Travel of Persons	19,879	20,423	544	2.7%	20,726	847	4.3%
Trans. of Hsld Eff	2,519	2,588	69	2.7%	2,626	107	4.3%
TOTAL	7,579,614	7,909,321	329,706	4.3%	8,126,411	546,797	7.2%

Description:

This segment included personnel costs that can be attributed to clerks in CAG K post offices. Segment 4 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-account 105. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

Current Period
Actual Fiscal Year: FY 1999

Scenario: FBUD2K1

Cost Segment 6
City Delivery Carriers

	Actual FY 1999	Estimate FY 2000	Change Amount FY 2000	Percent FY 2000	Estimate FY 2001	Change Amount FY 2001	Percent FY 2001
Resources:							
Positions							
Wkyr	265,679	261,683	(3,996)	-1.5%	260,110	(5,569)	-2.1%
Expenses ($000):							
Salaries and Benefits	12,636,164,904	12,785,932,133	149,767,229	1.2%	14,182,902,506	1,546,737,602	12.2%
Travel of Persons	2,293,207	2,320,407	27,200	1.2%	2,353,096	59,889	2.6%
Trans. of Hsld Eff	105,421	106,671	1,250	1.2%	108,174	2,753	2.6%
TOTAL	12,638,563,532	12,788,359,211	149,795,679	1.2%	14,185,363,776	1,546,800,244	12.2%

Description:

This segment includes personnel costs that can be attributed to city delivery carriers. Segment 6 includes office activity, and segment 7 includes street activity. Segment 6 and 7 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-account 113. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

Current Period
Actual Fiscal Year: FY 1999

Scenario: FBUD2K1

Cost Segment 8
Vehicle Drivers

	Actual FY 1999	Estimate FY 2000	Change Amount FY 2000	Percent FY 2000	Estimate FY 2001	Change Amount FY 2001	Percent FY 2001
Resources:							
Positions							
Wkyr	9,989	10,218	229	2.3%	10,165	176	1.8%
Expenses ($000):							
Salaries and Benefits	487,926,007	518,425,915	30,499,908	6.3%	534,463,351	46,537,344	9.5%
Travel of Persons	92,321	97,015	4,695	5.1%	98,461	6,141	6.7%
TOTAL	488,018,327	518,522,930	30,504,603	6.3%	534,561,812	46,543,485	9.5%

Description:

This segment includes personnel costs that can be attributed to vehicle service drivers. Segment 8 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-account 114. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

Current Period
Actual Fiscal Year: FY 1999

Scenario: FBUD2K1

Cost Segment 10
Rural Carriers

	Actual FY 1999	Estimate FY 2000	Change Amount FY 2000	Percent FY 2000	Estimate FY 2001	Change Amount FY 2001	Percent FY 2001
Resources:							
Positions							
Wkyr	87,104	89,769	2,665	3.1%	91,542	4,438	5.1%
Expenses ($000):							
Salaries and Benefits	3,551,469,457	3,805,502,312	254,032,855	7.2%	4,023,452,822	471,983,365	13.3%
Travel of Persons	2,703,503	2,862,105	158,602	5.9%	2,977,538	274,034	10.1%
Trans. of Hsld Eff	13,104	13,873	769	5.9%	14,432	1,328	10.1%
Equipment Maint Allow	337,388,020	357,181,042	19,793,021	5.9%	371,586,583	34,198,563	10.1%
TOTAL	3,891,574,084	4,165,559,332	273,985,248	7.0%	4,398,031,375	506,457,291	13.0%

Description:

This segment includes personnel costs that can be attributed to rural carriers. Segment 10 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-account 112. Also included are amounts recorded in account identifier codes related to the same sub-accounts. Rural carrier equipment maintenance allowance cost (52462) are included in this segment.

Current Period
Actual Fiscal Year: FY 1999

Scenario: FBUD2K1

Cost Segment 11
Bldg, Plt, & Oper Equip

	Actual FY 1999	Estimate FY 2000	Change Amount FY 2000	Percent FY 2000	Estimate FY 2001	Change Amount FY 2001	Percent FY 2001
Resources:							
Positions							
Wkyr	47,113	48,244	1,132	2.4%	48,815	1,703	3.6%
Expenses ($000):							
Salaries and Benefits	2,336,105,870	2,483,879,841	147,773,970	6.3%	2,605,853,203	269,747,332	11.5%
Travel of Persons	15,533,764	16,183,746	649,982	4.2%	16,691,381	1,157,617	7.5%
Trans. of Hsld Eff	253,347	263,844	10,497	4.1%	272,111	18,763	7.4%
Contract Job Cleaners	60,331,285	65,040,518	4,709,233	7.8%	68,478,204	8,146,918	13.5%
TOTAL	2,412,224,267	2,565,367,950	153,143,683	6.3%	2,691,294,897	279,070,631	11.6%

Description:

This segment includes all personnel costs, including supervision , that can be attributed to building services, postal operating, building, and plant equipment maintenance, maintenance administrative support, and repair and service center activities. Segment 11 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-accounts 121, 123, 125, 127, and 153. Also included are amounts recorded in account identifier codes related to the same sub-accounts. Costs for contract cleaners (52311) are included in this segment.

Current Period
Actual Fiscal Year: FY 1999

Scenario: FBUD2K1

Cost Segment 12
Vehicle Maintenance

	Actual FY 1999	Estimate FY 2000	Change Amount FY 2000	Percent FY 2000	Estimate FY 2001	Change Amount FY 2001	Percent FY 2001
Resources:							
Positions							
Wkyr	6,226	6,236	10	0.2%	6,390	164	2.6%
Expenses ($000):							
Salaries and Benefits	315,538,650	328,381,833	12,843,183	4.1%	348,464,542	32,925,892	10.4%
Travel of Persons	1,748,573	1,799,182	50,609	2.9%	1,880,814	132,241	7.6%
Trans. of Hsld Eff	12,585	12,949	364	2.9%	13,537	952	7.6%
Vehicle Hire	44,254,092	46,000,350	1,746,258	3.9%	48,129,897	3,875,804	8.8%
Vehicle Repair & Maint	80,200,681	82,546,029	2,345,348	2.9%	86,697,299	6,496,618	8.1%
Elec. Pwr for Motor Veh	17,011	16,995	(15)	-0.1%	18,099	1,088	6.4%
Operating Supplies & Mat	141,324,520	145,995,234	4,670,714	3.3%	150,315,519	8,990,999	6.4%
Vehicle Suppl & Mat	121,154,088	125,158,179	4,004,090	3.3%	128,861,854	7,707,766	6.4%
VMF Inv Adj: Suppl & Mat	8,198,908	8,469,879	270,970	3.3%	8,720,519	521,611	6.4%
TOTAL	712,449,109	738,380,631	25,931,522	3.6%	773,102,080	60,652,971	8.5%

Description:

This segment includes all personnel costs, including supervision, that can be attributed to motor vehicle maintenance services. Segment 12 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-account 141. Also included are amounts recorded in account identifier codes related to the same sub-accounts. Cost for motor vehicle supplies, materials, maintenance, and vehicle hire are included in this segment.

Current Period
Actual Fiscal Year: FY 1999

Scenario: FBUD2K1

Cost Segment 13
Miscellaneous Field Ops

	Actual FY 1999	Estimate FY 2000	Change Amount FY 2000	Percent FY 2000	Estimate FY 2001	Change Amount FY 2001	Percent FY 2001
Resources:							
Positions							
Wkyr	857	859	2	0.2%	855	(2)	-0.2%
Expenses ($000):							
Salaries and Benefits	73,538,687	76,563,675	3,024,988	4.1%	78,161,455	4,622,768	6.3%
Travel of Persons	88,079,312	89,792,676	1,713,364	1.9%	91,860,470	3,781,158	4.3%
Trans. of Hsld Eff	31,501,469	32,482,387	980,918	3.1%	32,669,938	1,168,469	3.7%
Supplies and Materials	27,346,309	25,863,659	(1,482,650)	-5.4%	28,364,340	1,018,031	3.7%
Reimbursements	(1,413,540)	(1,457,925)	(44,385)	3.1%	(1,464,923)	(51,383)	3.6%
Rental Allowance, CAG L	25,227	25,227	-	0.0%	25,227	-	0.0%
Contract Stations	68,080,796	68,080,796	-	0.0%	68,080,796	-	0.0%
TOTAL	287,158,260	291,350,495	4,192,235	1.5%	297,697,302	10,539,042	3.7%

Description:

This segment includes personnel costs that can be attributed to the Mail Equipment Shops, the facility field offices, and the purchasing field service centers. Segment 13 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-accounts 142, 146, and 148. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

Current Period
Actual Fiscal Year: FY 1999

Scenario: FBUD2K1

Cost Segment 14
Transportation

	Actual FY 1999	Estimate FY 2000	Change Amount FY 2000	Percent FY 2000	Estimate FY 2001	Change Amount FY 2001	Percent FY 2001
Resources:							
Positions							
Wkyr	-	-	-	0.0%	-	-	0.0%
Expenses ($000):							
Domestic Airmail	1,530,054,712	1,611,065,643	81,010,932	5.3%	1,703,048,873	172,994,162	11.3%
Foreign Airmail	136,883,886	142,146,024	5,262,138	3.8%	146,920,870	10,036,984	7.3%
Railroad Services	282,689,409	299,215,412	16,526,003	5.8%	313,478,232	30,788,824	10.9%
Domestic Water Services	24,684,424	26,378,330	1,693,906	6.9%	27,114,736	2,430,313	9.8%
Foreign Water Services	11,513,216	11,701,304	188,088	1.6%	11,814,415	301,199	2.6%
Highway Transportation	1,974,510,512	2,090,655,102	116,144,590	5.9%	2,216,691,888	242,181,376	12.3%
Terminal: Transit Charges	317,239,577	323,481,144	6,241,567	2.0%	326,784,630	9,545,052	3.0%
Other Services	16,711,596	10,152,596	(6,559,000)	-39.2%	10,152,596	(6,559,000)	-39.2%
TOTAL	4,294,287,331	4,514,795,555	220,508,224	5.1%	4,756,006,240	461,718,909	10.8%

Description:

This segment includes the cost of non-Postal Service contractual resources used to transport domestic mail between Postal Service facilities within the United States of America. Air, highway, rail, and water transportation modes are included. (The cost of Postal Service resources used to transport mail, which include Vehicle Service Drivers and Postal Service owned vehicles, are included in Cost Segment 8.) This segment also included the costs of transporting international mail between the United States and foreign countries, and the impact on international mail transportation of fluctuations in the international currency conversion exchange rates, known as Special Drawing Rights, or SDR's. The cost of overseas military and official U. S. Government mail and an exactly offsetting reimbursement from the U. S. Government is also included in this segment.

Current Period
Actual Fiscal Year: FY 1999

Scenario: FBUD2K1

Cost Segment 15
Building Occupancy

	Actual FY 1999	Estimate FY 2000	Change Amount FY 2000	Percent FY 2000	Estimate FY 2001	Change Amount FY 2001	Percent FY 2001
Resources:							
Positions							
Wkyr	-	-	-	0.0%	-	-	0.0%
Expenses ($000):							
Rents	811,233,003	909,880,255	98,647,252	12.2%	848,839,446	37,606,443	4.6%
Rent Reimbursements	(53,727,568)	(55,466,453)	(1,738,886)	3.2%	(57,324,579)	(3,597,012)	6.7%
Fuels	46,290,311	51,748,331	5,458,020	11.8%	52,643,493	6,353,182	13.7%
Utilities	331,917,359	374,826,457	42,909,098	12.9%	385,410,370	53,493,011	16.1%
Communications	219,685,854	324,609,136	104,923,282	47.8%	327,949,665	108,263,811	49.3%
Bldg. Projects Expend	152,133,288	153,027,811	894,522	0.6%	158,022,160	5,888,872	3.9%
Moving Expense	1,697,051	1,447,527	(249,524)	-14.7%	1,674,002	(23,048)	-1.4%
Reimbursements	9,241	9,596	355	3.8%	9,639	398	4.3%
Communications	744	767	23	3.1%	779	35	4.7%
TOTAL	1,509,239,283	1,760,083,426	250,844,143	16.6%	1,717,224,974	207,985,692	13.8%

Description:

This segment includes the non-capital related non-personnel costs of occupying and maintaining Postal Service owned and rented facilities. These costs include rent, heating fuel, building repairs and alterations, and utilities such as gas, electricity, water, and voice telephone.

Current Period
Actual Fiscal Year: FY 1999

Scenario: FBUD2K1

Cost Segment 16
Supplies & Services

	Actual FY 1999	Estimate FY 2000	Change Amount FY 2000	Percent FY 2000	Estimate FY 2001	Change Amount FY 2001	Percent FY 2001
Resources:							
Positions							
Wkyr	325	326	1	0.3%	324	(1)	-0.3%
Expenses ($000):							
ADP	553,212,816	549,696,972	(3,515,845)	-0.6%	541,226,664	(11,986,152)	-2.2%
Equipment	33,851,389	34,914,323	1,062,934	3.1%	35,081,912	1,230,522	3.6%
Custodial	90,265,778	93,100,124	2,834,345	3.1%	93,547,004	3,281,226	3.6%
Buildings	440,954,754	626,784,134	185,829,380	42.1%	561,054,074	120,099,320	27.2%
Printing and Production	75,166,799	74,224,481	(942,318)	-1.3%	76,313,994	1,147,195	1.5%
Accountable Paper	193,504,664	181,859,569	(11,645,095)	-6.0%	169,586,590	(23,918,074)	-12.4%
Postal Supplies & Serv.	1,779,725,317	1,815,239,943	35,514,626	2.0%	1,807,324,170	27,598,853	1.6%
Supplies and Services	503,373,935	611,580,377	108,206,442	21.5%	564,151,062	60,777,127	12.1%
Other Services	12,201,243	10,704,928	(1,496,315)	-12.3%	10,238,659	(1,962,583)	-16.1%
Reimbursements	(1,585,550)	(1,635,337)	(49,786)	3.1%	(1,643,186)	(57,636)	3.6%
Salaries and Benefits	17,307,226	18,148,643	841,417	4.9%	18,660,891	1,353,665	7.8%
Travel of Persons	420,623	433,422	12,799	3.0%	439,459	18,836	4.5%
Other Services	76,795,169	78,902,800	2,107,631	2.7%	80,453,545	3,658,376	4.8%
Supplies and Materials	4,535	4,677	142	3.1%	4,700	165	3.6%
Operating Supplies & Mat	8,799,778	9,076,091	276,313	3.1%	9,119,656	319,878	3.6%
VMF Inv Adj: Suppl & Mat	1,310,100	1,351,237	41,137	3.1%	1,357,723	47,623	3.6%
TOTAL	3,785,308,575	4,104,386,384	319,077,809	8.4%	3,966,916,918	181,608,343	4.8%

Description:

This segment includes the non-personnel cost of supplies and spare parts, and the personnel cost of employees at Purchasing Service Centers and Materiel Distribution Centers who purchase and maintain inventories of postal supplies and spare parts, and then distribute them to postal installations. Also included is the cost of printing and reproduction, including postage stock and other accountable paper, and the cost of contractual and other services, except those related to the transportation of mail which are include in Cost Segment 14, and those related to Headquarters Administration which are included in cost segment 18.

Current Period
Actual Fiscal Year: FY 1999

Scenario: FBUD2K1

Cost Segment 17
Research & Development

	Actual FY 1999	Estimate FY 2000	Change Amount FY 2000	Percent FY 2000	Estimate FY 2001	Change Amount FY 2001	Percent FY 2001
Resources:							
Positions							
Wkyr	-	-	-	0.0%	-	-	0.0%
Expenses ($000):							
Projects Expensed	67,085,306	45,207,006	(21,878,300)	-32.6%	45,342,006	(21,743,300)	-32.4%
TOTAL	67,085,306	45,207,006	(21,878,300)	-32.6%	45,342,006	(21,743,300)	-32.4%

Description:

This segment includes the costs of contractual services related to Research and Development (R&D) initiatives on new technologies and equipment which primarily include efforts to improve mail processing technology, construction engineering, and field industrial engineering. Personnel costs for Postal Service employees engaged in R&D activities are described in Cost Segment 18.

Current Period
Actual Fiscal Year: FY 1999

Scenario: FBUD2K1

Cost Segment 18
Admin & Area Ops

	Actual FY 1999	Estimate FY 2000	Change Amount FY 2000	Percent FY 2000	Estimate FY 2001	Change Amount FY 2001	Percent FY 2001
Resources:							
Positions							
Wkyr	13,891	14,982	1,091	7.9%	14,904	1,013	7.3%
Expenses ($000):							
Supplies and Services	8,572	8,806	234	2.7%	8,984	412	4.8%
Salaries and Benefits	6,115,412,458	6,547,864,621	432,452,162	7.1%	6,772,694,420	657,281,962	10.7%
Travel of Persons	62,695,641	70,173,522	7,477,881	11.9%	71,161,770	8,466,129	13.5%
Trans. of Hsld Eff	2,664,041	3,037,820	373,779	14.0%	3,077,239	413,198	15.5%
Other Services	400,790,913	261,438,889	(139,352,023)	-34.8%	227,422,152	(173,368,760)	-43.3%
Supplies and Materials	17,735,749	18,342,042	606,293	3.4%	18,380,322	644,573	3.6%
Benefits: Former Person	535,217	535,217	-	0.0%	535,217	-	0.0%
Communications	31,521	32,469	948	3.0%	33,035	1,514	4.8%
Interest Expense	157,425,030	183,121,030	25,696,000	16.3%	360,221,190	202,796,160	128.8%
Employee Losses	76,150	76,356	206	0.3%	76,150	(1)	0.0%
TOTAL	6,757,375,292	7,084,630,771	327,255,480	4.8%	7,453,610,479	696,235,187	10.3%

Description:

This segment includes the personnel cost of employees at Headquarters, Headquarters related Field Service Units, and Area offices. Non-personnel costs specifically related to Headquarters or Area Administration, and miscellaneous support costs and contingencies which are corporatedwide in nature are also included. Other costs included are awards and lump sum payments made to employees whose personnel costs are included in segments 15, 16, 18, & 19, and corporatewide personnel costs which are not allocated by employee category. Only those awards and lump sum payments which relate to individuals performance or some other circumstance unique to an individual are included in Segment 18. Awards and lump sum payment that are made to all or most employees in an employee category are included with the personnel cost of that employee category. Corporatewide personnel costs include worker's compensation, unemployment compensation, CSRS unfunded liabilities, CSRS annuitant COLAs, annuitant health benefits, annuitant life insurance, repricing of annual leave, annuity protection program, and health benefits for employees on workers' compensation.

Current Period
Actual Fiscal Year: FY 1999

Scenario: FBUD2K1

Cost Segment 19
Support Services

	Actual FY 1999	Estimate FY 2000	Change Amount FY 2000	Percent FY 2000	Estimate FY 2001	Change Amount FY 2001	Percent FY 2001
Resources:							
Positions							
Wkyr	57	57	-	0.0%	57	-	0.0%
Expenses ($000):							
Salaries and Benefits	4,221,865	4,439,433	217,567	5.2%	4,565,324	343,458	8.1%
Travel of Persons	891,427	915,763	24,336	2.7%	934,261	42,834	4.8%
Trans. of Hsld Eff	10,300	10,581	281	2.7%	10,795	495	4.8%
Supplies and Materials	2,629,713	2,629,713	-	0.0%	2,629,713	-	0.0%
Instructional Services	29,130,511	30,182,123	1,051,611	3.6%	31,362,244	2,231,732	7.7%
TOTAL	36,883,817	38,177,613	1,293,796	3.5%	39,502,336	2,618,520	7.1%

Description:

This segment includes the non-personnel cost of equipment maintenance training supplies and services, and the personnel cost of employees at the Maintenance Technical Support Center.

Current Period
Actual Fiscal Year: **FY 1999**

Scenario: FBUD2K1

Cost Segment 20
Depreciation & Servwide

	Actual FY 1999	Estimate FY 2000	Change Amount FY 2000	Percent FY 2000	Estimate FY 2001	Change Amount FY 2001	Percent FY 2001
Resources:							
Positions							
Wkyr	-	-	-	0.0%	-	-	0.0%
Expenses ($000):							
Depreciation	1,793,290,044	1,878,201,620	84,911,576	4.7%	2,143,062,621	349,772,577	19.5%
Expd Equip & ChargeOffs	(15,787,518)	(16,218,517)	(430,999)	2.7%	(16,546,132)	(758,613)	4.8%
Gain or Loss: Sale of Assets	53,077,103	3,077,103	(50,000,000)	-94.2%	3,077,103	(50,000,000)	-94.2%
Other Services	48,437,177	49,023,799	586,623	1.2%	49,469,707	1,032,530	2.1%
Embossed Envelopes	8,577,866	8,812,042	234,176	2.7%	8,990,045	412,179	4.8%
Ins. Claims & Indemnities	147,245,317	153,257,701	6,012,384	4.1%	156,348,021	9,102,704	6.2%
Reimbursements	(98,428,970)	(205,405,986)	(106,977,016)	108.7%	(205,923,162)	(107,494,192)	109.2%
Other Services	4,371	4,371	-	0.0%	4,371	-	0.0%
TOTAL	1,936,415,389	1,870,752,132	(65,663,257)	-3.4%	2,138,482,574	202,067,185	10.4%

Description:

This segment includes the cost of capital plant and equipment which consists of depreciation, amortization, and interest on debt. All Postal Service debt currently outstanding was incurred for the acquisition of capital. Also included in segment 20 are claims, losses, and other non-capital amounts written off. Interest on retirement liabilities is reflected in segment 20 so that all interest is included together in the same segment.

Current Period
Actual Fiscal Year: FY 1999

Scenario: FBUD2K1

Cost Segment 21
Capital Investments

	Actual FY 1999	Estimate FY 2000	Change Amount FY 2000	Percent FY 2000	Estimate FY 2001	Change Amount FY 2001	Percent FY 2001
Resources:							
Positions							
Wkyr	-	-	-	0.0%	-	-	0.0%
Expenses ($000):							
Construction	942,722,000	865,800,000	(76,922,000)	-8.2%	729,300,000	(213,422,000)	-22.6%
Building Improvements	686,156,000	577,200,000	(108,956,000)	-15.9%	392,700,000	(293,456,000)	-42.8%
Fixed Mech. Equipment	1,159,820,000	1,468,000,000	308,180,000	26.6%	1,320,000,000	160,180,000	13.8%
Other Vehicles	284,796,000	352,000,000	67,204,000	23.6%	165,000,000	(119,796,000)	-42.1%
Window Service Equipment	193,337,000	245,000,000	51,663,000	26.7%	297,000,000	103,663,000	53.6%
Admin & General Support	474,536,000	488,000,000	13,464,000	2.8%	396,000,000	(78,536,000)	-16.6%
TOTAL	3,741,367,000	3,996,000,000	254,633,000	6.8%	3,300,000,000	(441,367,000)	-11.8%

Cost Segment 21
Capital Investments

Description:

This category includes funds for acquisition of sites, design and construction of new postal owned buildings, purchase of existing facilities, and improvements to existing leased and owned post office buildings.

Mail Processing Equipment:

The funds planned in this program are for the purchase of fixed mechanization, non-fixed mechanization and other mail handling equipment. Fixed mechanization is custom made to meet the requirements for a particular mail handling operation or a specific building. Non-fixed mechanization consists of automated modules of equipment such as optical character readers, bar code sorters, expanded zip retrofit kits, etc. This program is directed toward reducing costs in mail processing operations.

Vehicles:

The vehicle program consists of four vehicle requirement categories: carrier motorization, bulk transfer vehicles for delivery and intra/inter-city transport of the mails, law enforcement vehicles for postal inspector surveillance, and other maintenance of vehicles and buildings.

Customer Service Equipment:

This equipment supports post office lobby, window, and self-service programs. The Postal Service's objective is to render new and improved services to postal customers in the retail area of post offices.

Postal Support Equipment:

Support equipment consists of such items as office machines and furniture, maintenance equipment, and automatic data processing equipment.

Current Period
Actual Fiscal Year: **FY 1999**

U.S. POSTAL SERVICE
MAIL VOLUME AND REVENUE
FISCAL YEARS 1999 - 2001
(IN THOUSANDS)

RECEIVED
FEB 28 4 06 PM '01
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

CLASSIFICATION	FY 1999 - ACTUAL				FY 2000 - ESTIMATE				FY 2001 - ESTIMATE			
	PIECES OR TRANS-ACTIONS	% CHG. FROM SPLY	POSTAL REVENUE	% CHG. FROM SPLY	PIECES OR TRANS-ACTIONS	% CHG. FROM SPLY	POSTAL REVENUE	% CHG. FROM SPLY	PIECES OR TRANS-ACTIONS	% CHG. FROM SPLY	POSTAL REVENUE	% CHG. FROM SPLY
OPERATING REVENUES												
FIRST CLASS	101,936,455	0.75%	34,762,884	2.75%	104,236,403	2.26%	35,537,781	2.23%	105,534,741	1.25%	36,864,326	3.73%
EXPRESS MAIL	68,673	3.67%	941,990	10.23%	69,876	1.75%	982,607	4.31%	71,949	2.97%	1,040,711	5.91%
MAILGRAM	4,087	-5.00%	1,608	-4.17%	3,858	-5.60%	1,519	-5.53%	3,340	-13.43%	1,320	-13.10%
PRIORITY (HEAVY PIECES)	1,189,469	2.20%	4,532,060	9.24%	1,230,680	3.46%	4,757,014	4.96%	1,290,633	4.87%	5,540,032	16.46%
SECOND CLASS	10,273,827	-0.41%	2,094,781	2.07%	10,397,679	1.21%	2,167,529	3.47%	10,378,171	-0.19%	2,372,772	9.47%
THIRD CLASS	85,661,710	3.36%	14,349,809	4.92%	88,577,578	3.40%	15,019,196	4.66%	89,036,703	0.52%	15,893,626	5.82%
FOURTH CLASS	1,043,126	7.38%	1,826,093	12.48%	1,092,357	4.72%	1,876,737	2.77%	1,144,358	4.76%	1,991,065	6.09%
U.S. POSTAL SERVICE MAIL	382,283	1.49%	...	...	359,429	-5.98%	...	...	348,543	-3.03%	...	...
FREE-FOR-THE-BLIND MAIL	53,227	1.04%	...	...	54,952	3.24%	...	...	56,675	3.14%	...	...
INTERNATIONAL (FEES INCL.)	963,425	2.06%	1,628,180	1.80%	1,048,763	8.86%	1,690,036	3.80%	1,041,673	-0.68%	1,753,682	3.77%
DOMESTIC FEES	...	...	280,404	...	.	...	293,381	...	...	...	346,172	...
TOTAL VOLUME & REVENUE FROM MAIL	201,576,281	1.84%	60,417,809	4.10%	207,071,575	2.73%	62,325,800	3.16%	208,906,787	0.89%	65,803,706	5.58%
SPECIAL SERVICES AND OTHER:												
BOX RENTS	...	...	667,199	8.06%	...	...	704,178	5.54%	...	...	737,087	4.67%
MONEY ORDER FEES	220,878	5.89%	228,295	8.65%	229,668	3.98%	232,646	1.91%	229,453	-0.09%	249,623	7.30%
SPECIAL SERVICES	583,734	2.34%	899,179	9.54%	583,000	-0.13%	954,751	6.18%	573,307	-1.66%	1,156,411	21.12%
OTHER REVENUE NET	...	...	442,024	39.36%	...	...	508,100	14.95%	...	...	244,356	-51.91%
TOTAL SPEC. SVCS. & OTHER REVENUE	...	...	2,236,697	13.79%	...	...	2,399,675	7.29%	...	...	2,387,477	-0.51%
TOTAL OPERATING REVENUE	...	...	62,654,506	4.42%	...	...	64,725,475	3.31%	...	...	68,191,183	5.35%
APPROPRIATIONS:												
APPROPRIATIONS REVENUE	...	...	71,195	5.83%	...	...	64,436	-9.49%	...	...	67,093	4.12%
TOTAL REVENUES	...	...	62,725,702	4.42%	...	...	64,789,911	3.29%	...	...	68,258,276	5.35%
INTEREST AND INVESTMENT INCOME	...	...	29,549	-33.54%	...	...	27,410	-7.24%	...	...	27,200	-0.77%
TOTAL REVENUE	...	...	62,755,251	4.39%	...	...	64,817,322	3.29%	...	...	68,285,476	5.35%

USPS Confidential

U. S. POSTAL SERVICE
SPECIAL SERVICES TRANSACTIONS AND POSTAL REVENUE
FISCAL YEARS 1999 - 2001

(IN THOUSANDS)

CLASSIFICATIONS	FY 1999 ACTUAL				FY 2000 ESTIMATE				FY 2001 ESTIMATE			
	TRANS - ACTIONS	% CHANGE FROM SPLY	REVENUE	% CHANGE FROM SPLY	TRANS - ACTIONS	% CHANGE FROM SPLY	REVENUE	% CHANGE FROM SPLY	TRANS ACTIONS	% CHANGE FROM SPLY	REVENUE	% CHANGE FROM SPLY
SPECIAL SERVICES												
REGISTRY.....	13,699	-10.19%	95,245	6.75%	12,675	-7.47%	93,697	-1.63%	11,129	-12.20%	95,847	2.29%
CERTIFIED.....	268,054	-2.80%	377,303	-1.29%	281,365	4.97%	403,081	6.83%	283,197	0.65%	538,491	33.59%
INSURANCE.....	48,610	20.22%	91,476	27.20%	46,688	-3.95%	90,778	-0.76%	45,154	-3.29%	100,875	11.12%
RETURN RECEIPTS	249,332	6.05%	284,733	9.65%	238,467	-4.36%	300,919	5.68%	230,267	-3.44%	333,197	10.73%
COLLECT - ON - DELIVERY.....	4,038	5.05%	19,753	10.79%	3,805	-5.77%	19,225	-2.67%	3,560	-6.44%	19,245	0.10%
SPECIAL DELIVERY.....	1	#DIV/0!	3	#DIV/0!	0	0.00%	0	0.00%	0	0.00%	0	0.00%
STAMPED ENVELOPES..	...	...	30,666	75.84%	...	...	27,857	-9.16%	...	...	33,057	18.67%
TOTAL SPECIAL SERVICES.....	583,734	2.34%	899,179	7.26%	583,000	-0.13%	935,557	4.05%	573,307	-1.66%	1,120,712	19.79%

SPECIAL SERVICES TRANSACTIONS AND POSTAL REVENUE

USPS Confidential

SELECTED OPERATING STATISTICS

ITEM	FY 1971		FY 1999 ACTUAL		FY 2000 ESTIMATE		FY 2001 ESTIMATE	
	AMOUNT	% CHANGE FROM SPLY	AMOUNT	% CHANGE FROM SPLY	AMOUNT	% CHANGE FROM SPLY	AMOUNT	% CHANGE FROM SPLY
MAIL VOLUME (BILLIONS OF PIECES) (GFY)	87.0	2.5%	201.6	2.4%	207.1	2.7%	208.9	0.9%
CITY DELIVERY:								
NUMBER OF ROUTES	132,923	1.9%	167,130	-0.1%	169,232	1.3%	170,826	0.9%
POSSIBLE DELIVERIES (MILLIONS)	57.0	2.0%	82.7	0.9%	83.0	0.3%	83.5	0.6%
RURAL DELIVERY:								
NUMBER OF ROUTES	31,517	-1.5%	64,706	3.8%	67,618	4.5%	70,728	4.6%
AVERAGE DAILY ROUTE MILES	66.0	1.3%	46.8	-1.8%	45.7	-2.2%	44.7	-2.3%
POST OFFICES:								
CAG A-G	5,162	3.7%	8,262	1.1%	8,324	0.8%	8,374	0.6%
CAG H-J	7,396	0.9%	8,728	2.0%	8,728	0.0%	8,728	0.0%
CAG K	12,551	-0.7%	9,120	-1.2%	9,070	-0.5%	9,020	-0.6%
CAG L	6,838	-3.0%	1,783	-10.8%	1,733	-2.8%	1,683	-2.9%
TOTAL	31,947	-0.2%	27,893	-0.2%	27,855	-0.1%	27,805	-0.2%
CONTRACT STATIONS	4,437	-10.6%	2,903	-2.4%	2,992	3.1%	3,092	3.3%
TOTAL ACTIVE VEHICLE FLEET:								
(NUMBER)	83,095	9.3%	202,505	-0.2%	202,850	0.2%	207,850	2.5%
INTERIOR SPACE OCCUPIED:								
(THOUSAND OF SQ. FT.)	158,997	1.8%	312,147	-0.9%	337,037	8.0%	343,219	1.8%

USPS Confidential