

UNITED STATES POSTAL SERVICE

**Fiscal Year 2024 Budget
Congressional Submission**

Finance (HQ)

**U.S. POSTAL SERVICE
FY2024 BUDGET - CONGRESSIONAL SUBMISSION**

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U.S. POSTAL SERVICE APPROPRIATIONS

The following schedules reflect the Postal Service's budget request for Fiscal Year 2024.

Revenue Forgone

The Postal Service requests funding in Fiscal Year 2024 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), as last in effect before enactment of the Postal Accountability and Enhancement Act.

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, however section 2401(b)(2) authorizes the Postal Service to reduce such percentage, including a reduction to zero.

The Postal Service has operated without this appropriation since Fiscal Year 1982, therefore, no appropriation for public service costs is requested during Fiscal Year 2024.

The following page provides a summary of the appropriations requested and recommended levels of funding for Fiscal Years 2022 through 2024.

U.S. POSTAL SERVICE
Appropriations Summary
(in thousands of dollars)

	Public Service Costs	Revenue Forgone	Total
FY2022:			
USPS Request	320,543	320,543
OMB Proposal.....	...	52,570	52,570
P.L. 117-103, Consolidated Appropriations Act, 2022			
Received April 27, 2022.....		52,570	52,570 a/ b/
FY2023:			
USPS Request	355,069	355,069
OMB Proposal.....	...	50,253	50,253
P.L. 117-328, Consolidated Appropriations Act, 2023			
Received February 14, 2023.....		50,253	50,253 c/ d/
FY2024:			
USPS Request	370,020	370,020
OMB Proposal (\$46,528 and \$29,000).....	...	75,528	75,528 e/
OMB Proposal Revenue Forgone in arrears	307,224	307,224 f/
Total OMB Proposal	382,752	382,752 g/

a/ A total amount of \$52.570M was received on April 27, 2022 per P.L. 117-103, Consolidated Appropriations Act, 2022.

b/ There was no FY2022 payment for the Revenue Forgone Reform Act, 1993.

c/ A total amount of \$50.253M was received on February 14, 2023 per P.L. 117-328 , Consolidated Appropriations Act, 2023.

d/ There was no FY2023 payment for the Revenue Forgone Reform Act, 1993.

e/ FY2024 Passback notification was received on January 20, 2023 for a total amount of \$75.528M.

f/ The total Revenue Forgone in arrears for FY2024 is \$307.224M.

g/ The total OMB Proposal for FY2024 is \$382.752M.

U.S. POSTAL SERVICE Appropriations Summary

(in thousands of dollars)

	FY2022			FY2023			FY2024	
	Request	OMB	P.L. 117-103	Request	OMB	P.L. 117-328	Request	OMB
A. Total Budget Authority (Appropriations).....	320,543	52,570	52,570	355,069	50,253	50,253	370,020	382,752
B. Program by Activity:								
1. Public Service Costs .....	...	...	...	...	...	...	...	...
2. Free for the Blind and Overseas Voting	41,046	52,570	52,570	52,846	50,253	50,253	44,900	46,528 e/
3. Free and Reduced-rate Mail: Reconciliation Adjustment	1,272	0	0	(5,001)	0	0	(11,104)	0
4. Revenue Forgone Reform Reimbursement	278,224	0	0	307,224	0	0	336,224	29,000 e/
Reimbursement in arrears								307,224 f/
5. Emergency Preparedness Costs ...	...	...	...	...	...	...	...	...
Total Appropriations	320,543	52,570	52,570 a/, b/	355,069	50,253	50,253 c/, d/	370,020	382,752 g/

a/ A total amount of \$52.570M was received on April 27, 2022 per P.L. 117-103, Consolidated Appropriations Act, 2022.

b/ There was no FY2022 payment for the Revenue Forgone Reform Act, 1993.

c/ A total amount of \$50.253M was received on February 14, 2023 per P.L. 117-328 , Consolidated Appropriations Act, 2023.

d/ There was no FY2023 payment for the Revenue Forgone Reform Act, 1993.

e/ FY2024 Passback notification was received on January 20, 2023 for a total amount of \$75.528M.

f/ The total Revenue Forgone in arrears for FY2024 is \$307.224M.

g/ The total OMB Proposal for FY2024 is \$382.752M.

**U.S. POSTAL SERVICE
Federal Funds**

General and special funds:

Payment to the Postal Service Fund

For payment to the Postal Service Fund for: (1) current revenue forgone on free and reduced-rate mail for the blind and for overseas voting, plus reconciliation amounts for past years pursuant to subsection 39 U.S.C. §2401(c) , \$33,796,000; and (2) reimbursement of losses incurred as a result of insufficient appropriations for revenue forgone on free and reduced-rate pursuant to 39 U.S.C. §2401(d), \$336,224,000.

Program and Financing (in thousands of dollars)				
	FY2022	FY2023	FY2024	
	P.L. 117-103	P.L. 117-328	Request	OMB Proposal
Program by activities:				
Payment to the Postal Service fund for:				
Revenue forgone on free and reduced-rate mail:				
Current year.....	52,570	50,253	44,900	46,528
Reconciliation adjustment	0	0	(11,104)	0
Subtotal	52,570 a/	50,253 c/	33,796	46,528 e/
Revenue forgone reform reimbursement	0 b/	0 d/	336,224	29,000 e/
Total free and reduced-rate mail	52,570	50,253	370,020	75,528
Revenue Forgone in arrears .....	...	...	...	307,224 f/
Total payment to the Postal Service Fund (total obligations).....	52,570	50,253	370,020	382,752
Financing:				
Budget authority (appropriations)	52,570	50,253	370,020	382,752 g/

a/ A total amount of \$52.570M was received on April 27, 2022 per P.L. 117-103, Consolidated Appropriations Act, 2022.

b/ There was no FY2022 payment for the Revenue Forgone Reform Act, 1993.

c/ A total amount of \$50.253M was received on February 14, 2023 per P.L. 117-328 , Consolidated Appropriations Act, 2023.

d/ There was no FY2023 payment for the Revenue Forgone Reform Act, 1993.

e/ FY2024 Passback notification was received on January 20, 2023 for a total amount of \$75.528M.

f/ The total Revenue Forgone in arrears for FY2024 is \$307.224M.

g/ The total OMB Proposal for FY2024 is \$382.752M.

U.S. POSTAL SERVICE
Federal Funds
Payment to the Postal Service Fund

Program and Financing (in thousands of dollars)				
	FY2022	FY2023	FY2024	
	P.L. 117-103	P.L. 117-328	Estimate	
Relation of obligations to outlays:			Request	OMB Proposal
Obligations incurred, net	a/, b/ 52,570	c/, d/ 50,253	370,020	e/, f/, g/ 382,752
Outlays	a/, b/ 52,570	c/, d/ 50,253	370,020	e/, f/, g/ 382,752

- a/ A total amount of \$52.570M was received on April 27, 2022 per P.L. 117-103, Consolidated Appropriations Act, 2022.
- b/ There was no FY2022 payment for the Revenue Forgone Reform Act, 1993.
- c/ A total amount of \$50.253M was received on February 14, 2023 per P.L. 117-328 , Consolidated Appropriations Act, 2023.
- d/ There was no FY2023 payment for the Revenue Forgone Reform Act, 1993.
- e/ FY2024 Passback notification was received on January 20, 2023 for a total amount of \$75.528M.
- f/ The total Revenue Forgone in arrears for FY2024 is \$307.224M.
- g/ The total OMB Proposal for FY2024 is \$382.752M.

The FY2024 appropriation request of \$370,020,000 includes \$44,900,000 for reimbursing the Postal Service for providing free mail for the blind and for overseas voting; (\$11,104,000) as a reconciliation adjustment for revenue forgone on free and reduced-rate mail; and \$336,224,000 for partial reimbursement for losses incurred during FY1991 - FY1998 as a result of insufficient Appropriations for revenue forgone.

The tables on the following pages represent the estimated revenue forgone by the Postal Service in Fiscal Year 2024 for carrying certain categories of mail for free.

**U. S. POSTAL SERVICE
APPROPRIATIONS**

Justifications

a. FY2024 Appropriation request for Free for the Blind and Overseas Voting mail, \$44,900,000 (prior to reconciliation adjustment).

Program and Financing					
(in thousands of dollars)					
Item	FY2022	FY2023		FY2024	
	Appropriated Amount	Appropriated Amount	Change from Prior Year	Request Current Year	Change from Prior Year
A. Free for the Blind	51,882	49,908	(1,974)	43,776	(6,132)
B. Overseas Voting	688	345	(343)	1,124	779
Total, Free for the Blind and Overseas Voting	52,570	50,253	(2,317)	44,900	(5,353)

For Fiscal Year 2024, an appropriation of \$44,900,000 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 can be mailed 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, educational or other materials or devices specifically designed or adapted for use of a visually handicapped person.

Absentee balloting materials can be mailed 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. Effective November 2010 (P.L. 111-84) a certain category of absentee balloting materials are eligible to be processed via the United States Postal Service at the expedited mail delivery rate.

**U. S. POSTAL SERVICE
APPROPRIATIONS**

Justifications (continued)

b. FY2024 Reconciliation Adjustment Request, Revenue Forgone, (\$11,104,000):

Program and Financing (in thousands of dollars)					
ITEM	FY2022	FY2023		FY2024	
	Requested Amount	Requested Amount	Change from Prior Year	Requested Amount	Change from Prior Year
Reconciliation adjustment	1,272	(5,001)	(6,273)	(11,104)	(6,103)

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).

**U. S. POSTAL SERVICE
APPROPRIATIONS
Justifications (continued)**

The Postal Service, in accordance with the objectives established in the Postal Reorganization Act by Congress, is therefore submitting a reconciliation adjustment of (\$11,104,000) to adjust the reimbursement for services performed on Free Mail for the Blind and Overseas Voting mail during Fiscal Year 2021. Amounts appropriated to the Postal Service for FY2021 were based on estimates that appropriations amounting to \$36,463,000 would be required for FY2021. The OMB recommendation, approved by Congress was for \$55,333,000. However, actual mail volumes and costs indicate that \$44,229,000 was required to fully reimburse the Postal Service for services provided during FY2021. Therefore, a negative balance of (\$11,104,000) from FY2021 is offered as a subtraction amount in the Fiscal Year 2024 appropriation request.

Program and Financing (in thousands of dollars)				
	Free for the Blind	Overseas Voting	Totals	
<u>FY2019:</u>				
Request Based on Estimated Volume	48,989	281	49,270	
Appropriation Received for 2019 Free Mail and Voting	54,920	315	55,235	
Based Upon Final Actual Mail Volumes and Costs	55,870	637	56,507	
Reconciliation Adjustment - Requested in FY2022	950	322	1,272	a/
Reconciliation Adjustment - Funded in FY2022 Appropriation				
<u>FY2020:</u>				
Request Based on Estimated Volume	52,073	613	52,686	
Appropriation Received for 2020 Free Mail and Voting	56,052	659	56,711	
Based Upon Final Actual Mail Volumes and Costs	50,769	941	51,710	
Reconciliation Adjustment - Requested in FY2023	(5,283)	282	(5,001)	b/
Reconciliation Adjustment - Funded in FY2023 Appropriation				
<u>FY2021:</u>				
Request Based on Estimated Volume	35,898	565	36,463	
Appropriation Received for 2021 Free Mail and Voting	54,474	859	55,333	
Based Upon Final Actual Mail Volumes and Costs	42,643	1,586	44,229	
Reconciliation Adjustment - Requested in FY2024	(11,831)	727	(11,104)	c/
Reconciliation Adjustment - Funded in FY2024 Appropriation				

a/ FY2019 actual costs were \$1.272M greater than the FY2019 receipt. However, the OMB does not provide a detailed breakdown between the Free Mail / Overseas Voting Appropriation and any Reconciliation Adjustment.

b/ FY2020 actual costs were \$5.001M less than the FY2020 receipt. However, the OMB does not provide a detailed breakdown between the Free Mail / Overseas Voting Appropriation and any Reconciliation Adjustment.

c/ FY2021 actual costs were \$11.104M less than the FY2021 receipt. However, the OMB does not provide a detailed breakdown between the Free Mail / Overseas Voting Appropriation and any Reconciliation Adjustment.

**U. S. POSTAL SERVICE
APPROPRIATIONS**

Justifications (continued)

c. FY2024 Appropriation Request for Revenue Forgone Reform Reimbursement, \$336,224,000:

Program and Financing (in thousands of dollars)							
ITEM	FY2022		FY2023			FY2024	
	Request Amount	Approved Amount	Request Amount	Change in Request From Prior Year Request	Approved Amount	Request Amount	Change in Request From Prior Year Request
Revenue Forgone Reform Reimbursement							
Reclaim Installment reduction in FY2011	17,200	... c/	17,200	...	... e/	17,200	...
Reclaim -0.2% rescission on \$11.8M in FY2011	24	... c/	24	...	... e/	24	...
Reclaim Installment reduction in FY2012	29,000	... c/	29,000	...	... e/	29,000	...
Reclaim Installment reduction in FY2013	29,000	... c/	29,000	...	... e/	29,000	...
Reclaim Installment reduction in FY2014	29,000	... c/	29,000	...	... e/	29,000	...
Installment received in FY2015	... a/	...	...	...	...	...	...
Installment received in FY2016	... b/	...	...	...	...	...	...
Reclaim Installment reduction in FY2017	29,000	... d/	29,000	...	... f/	29,000	...
Reclaim Installment reduction in FY2018	29,000	... d/	29,000	...	... f/	29,000	...
Reclaim Installment reduction in FY2019	29,000	... d/	29,000	...	... f/	29,000	...
Reclaim Installment reduction in FY2020	29,000	... d/	29,000	...	... f/	29,000	...
Reclaim Installment reduction in FY2021	29,000	... d/	29,000	...	... f/	29,000	...
Reclaim Installment reduction in FY2022	29,000	... d/	29,000	...	... f/	29,000	...
Reclaim Installment reduction in FY2023	29,000	...	29,000	29,000	... g/	29,000	...
Request Year Installment (FY2024)						29,000	29,000
Total	278,224	-	307,224	29,000	-	336,224	29,000

a/ An amount of \$29M, the installment for FY2015, was provided for in P.L. 113-235, Consolidated and Further Continuing Appropriations Act, 2015. Therefore, none of the post-FY2015 requests will include the FY2015 amount.

b/ An amount of \$29M, the installment for FY2016 was provided for in P.L. 114-113, Consolidated Appropriations Act, 2016. Therefore, none of the post FY2016 requests will include the FY2016 amount.

c/ None of the previous years' (2011 - 2014) installments were provided for in P.L. 117-103, Consolidated Appropriations Act, 2022.

d/ None of the previous years' (2017-2022) installments were provided for in P.L. 117-103, Consolidated Appropriations Act, 2022

e/ None of the previous years' (2011 - 2014) installments were provided for in P.L. 117-328, Consolidated Appropriations Act, 2023.

f/ None of the previous years' (2017-2022) installments were provided for in P.L. 117-328, Consolidated Appropriations Act, 2023.

g/ The current year (FY2023) installment was not provided for in P.L. 117-328, Consolidated Appropriations Act, 2023.

The Revenue Forgone Reform Act of 1993 authorizes \$29,000,000 to be appropriated to the Postal Service for each of Fiscal Years 1994 through 2035 to provide reimbursement to the Postal Service for losses 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 October 1, 1993, and ending on September 30, 1998, if the fraction specified in sub-clause (VI) of section §3626(a)(3)(B)(ii) were applied with respect to such period instead of the respective fractions specified in sub-clauses (I) through (V) thereof, as last in effect before enactment of the Postal Accountability and Enhancement Act. The FY2024 request includes \$17,200,000 and \$24,000 respectively as reimbursement for revenue forgone reduction since FY2011 and for a rescission enacted in FY2011 (P.L. 112-10).

UNITED STATES POSTAL SERVICE

**Fiscal Year 2024 Budget
Congressional Submission**

PART II

Financial Statements

Finance (HQ)

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 of the executive branch. The Postal Service commenced operations July 1, 1971, and 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, with the advice and consent of the Senate, the Postmaster General who is selected by the Governors, and the Deputy Postmaster General who is selected by the Governors and the Postmaster General.

The law divides our services into two broad categories: Market-Dominant and Competitive “products”; however, the term “services” is often used in this document for consistency with other descriptions of “services” offered by the Postal Service.

Postal Service prices for Market-Dominant services are set by the Governors and reviewed by the Postal Regulatory Commission (PRC) for legal compliance.

Prices for Competitive services, by law, must cover costs attributable to each product, as well as an appropriate share of the institutional costs of the Postal Service.

Periodic reclassifications and expansions of services from Market-Dominant to Competitive, which require approval from the PRC, are necessary to rationalize service offerings. The additional flexibility provided in Competitive services allow us to better offer services that meet customer needs, to increase business for the Postal Service, and to allow us to price our products and services competitively within the markets in which we operate. The Postal Service’s Competitive services generally include most of our shipping, package, and expedited delivery services.

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.

P.L. 109-435 removed the separate limitations on borrowing for capital improvements and operating expenses so that under the \$15 billion debt cap, the annual increase in outstanding debt cannot now exceed a combined total of \$3.0 billion. As of September 30, 2013, the total debt instruments issued and outstanding pursuant to this authority amount to \$15.0 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 totaling \$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. 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:

- **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.**
- **Maximum annual net increase in obligations outstanding for capital improvements increased to \$2.0 billion.**
- **Maximum annual net increase in obligations outstanding for operating expenses 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.**

U.S. POSTAL SERVICE

OBRA of 1990 – continued

- **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.**
- **Included several reforms to the FEHBP to help control FEHBP premium increases beginning in FY 1991.**

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 of 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.

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 and the newly created Postal Service was 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 under which funding had been provided for 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 at \$258 million.

U.S. POSTAL SERVICE

Revenue Forgone Reform Act of 1993

Congress did not fund Postal Service revenue forgone requests at amounts that were required to fully fund the services rendered during fiscal years 1991, 1992, and 1993. These unpaid appropriation shortfalls totaled \$516 million as of September 30, 1993. The Revenue Forgone Reform Act of 1993 (Act) was enacted to provide funding for these appropriation shortfalls as well as for the cost of phasing out certain aspects of the revenue forgone program (estimated at \$702 million) during fiscal years 1994 through 1998. The Act authorizes the total of \$1.218 billion payable to the Postal Service in 42 annual installments of \$29 million each, without interest, during 1994 through 2035, as reimbursement for these amounts due.

Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States (P.L. 107-38)

On November 20, 2001 the President released \$175 million from the Emergency Response Fund to the U.S. Postal Service in response to the anthrax attacks. This included \$100 million for an initial purchase of irradiation equipment to sanitize the mail and \$75 million for the costs of personnel protection equipment, first-response/environmental testing kits and services, site clean-up and medical goods and services, and public education material. The specific restrictions of \$100 million for irradiation equipment and \$75 million for other costs were subsequently removed.

As part of the Department of Defense Appropriations Act, 2002 (P.L. 107-117), enacted January 10, 2002, Congress appropriated, from amounts authorized by P.L.107-38, an additional \$500 million to the Postal Service to protect postal employees and postal customers from exposure to bio-hazardous material, sanitize and screen the mail, and replace or repair postal facilities destroyed or damaged in New York City as a result of the September 11, 2001 terrorist attacks. A supplemental appropriation, P.L. 107-206 provided an additional \$87 million to support completion of planned FY2002 activities.

Biohazard Detection

Congress appropriated an additional \$507 million as part of the Consolidated Appropriations Act, 2005 (P.L. 108-447) for the protection of postal employees and postal customers from exposure to hazardous materials in the mail.

U.S. POSTAL SERVICE

Postal Civil Service Retirement System Funding Reform Act of 2003 (P.L. 108-18)

Public Law 108-18, signed into law by the President on April 23, 2003, made significant changes to the way the Postal Service funds its Civil Service Retirement System (CSRS) retirement obligation. Based upon an analysis by the Office of Personnel Management (OPM) and confirmed by a General Accounting Office review, without this legislation, the Postal Service was on course to over-fund this CSRS pension obligation by approximately \$105 billion. This over-funding resulted from higher than assumed interest earnings, lower than assumed outlays and other factors.

The major components of Public Law 108-18 are:

- **Previously, a retirement liability resulting from general pay increases granted to CSRS employees and was discharged over 30 years with interest at 5% and a retirement liability resulting from annual cost-of-living adjustments granted to CSRS retirees was discharged over 15 years with interest at 5%. These retirement liabilities and payments are eliminated.**
- **Effective in May 2003, the Postal Service paid 17.4% of current CSRS employees' wages to the retirement fund rather than the 7.0% previously paid.**
- **Effective September 30, 2004, the Postal Service will begin a series of 40 annual payments to discharge any remaining CSRS retirement liability as calculated and updated annually by OPM.**
- **Retirement obligations associated with the military service of CSRS postal employees previously paid by the U.S. Treasury were retroactively transferred to the Postal Service. The Postal Service, U.S. Treasury and OPM are required to submit proposals to Congress detailing who should be responsible for military service retirement costs. These proposals were submitted September 30, 2003.**
- **Cash savings resulting from this law must be used to reduce debt with the U.S. Treasury in 2003 and 2004. In 2005, the savings will be used to offset operational expenses and hold postal rates steady. After 2005, the savings should be held in escrow until directed by Congress as to their use.**

U.S. POSTAL SERVICE

Postal Accountability and Enhancement Act of 2006 (P.L. 109-435)

Public Law 109-435, signed into law by the President on December 20, 2006, made a number of changes affecting the operations and oversight of the Postal Service, many of which are consistent with the recommendations of the President's Commission.

The Act provided for separate accounting and reporting for Postal Service activities related to:

- **Products where the Postal Service dominates the market.**
- **Products where the Postal Service is in a competitive market.**

The Act amended the process for determining rate increases for market-dominant products, in part by imposing a limitation on rate increases for at least the next 10 years linked to the Consumer Price Index. This will provide the Postal Service with flexibility and ratepayers with a degree of rate predictability. The Act also replaced the Postal Rate Commission with a Postal Regulatory Commission with expanded authorities, including subpoena powers.

Debt Legislation

P.L. 109-435 changed the structure of our borrowing authority. The following changes have been made to Postal Service statutory borrowing authority:

- **Maximum total outstanding borrowing continued to be \$15.0 billion for Fiscal Year 1992 and each fiscal year thereafter.**
- **Removed the separate limitations on borrowing for capital improvements and operating expenses so that under the \$15 billion debt cap, the annual increase in outstanding debt cannot now exceed a combined total of \$3.0 billion.**

U.S. POSTAL SERVICE

Postal Accountability and Enhancement Act of 2006 (P.L. 109-435) (continued)

Public Law 109-435 created the Postal Service Retiree Health Benefits Fund to put the Postal Service on a path that fully funds its substantial retiree (annuitant) health benefits liabilities. The new Fund receives from the Postal Service:

- **The pension savings provided to the Postal Service by the Postal Civil Service Retirement System Funding Reform Act of 2003 (P.L. 108-18) that were held in escrow during 2006.**
- **A 10-year stream of payments defined within P.L. 109-435 to begin the liquidation of the Postal Service's unfunded liability for post-retirement health benefits.**
- **Beginning in 2017, the Office of Personnel Management will make annual actuarial evaluations of the assets of the Fund compared to the estimated liability for future health benefit payments from the Fund. Any net liability shall be liquidated by a series of future annual payments.**
- **The surplus resources of Civil Service Retirement and Disability Fund that are not needed to finance future retirement benefits under CSRS to current or former employees of the Postal Service that are attributable to civilian employment with the Postal Service, including the savings from shifting the responsibility for retirement credit related to military service from the Postal Service to the Treasury (effectively eliminating the need for the dynamic CSRS funding payments and supplemental liability payments).**

As a result of this new health benefits financing system, the Postal Service will cease to pay annual premium cost for its post-1971 current annuitants directly to the Employees and Retired Employees Health Benefits Fund in 2017. Instead, these premium payments will be paid from amounts that the Postal Service remits to this new fund. Payments for a proportion of the premium costs of Postal Service annuitants pre-1971 service would continue to be paid by the General Fund of the Treasury through the Government Payment for Annuitants, Employees Health Benefits account.

U.S. POSTAL SERVICE

Continuing Appropriations Resolution, 2010 (P.L. 111-68)

Due to the downturn in the economy, the Postal Service is facing an unprecedented decline in mail volume, and the resulting loss in revenue is critically affecting its ability to meet the requirement of the Postal Accountability and Enhancement Act (P.L. 109-435) to prefund its future retiree health benefits.

To protect the financial viability of America's postal system, Congress approved via the Continuing Appropriations Resolution, 2010 (P.L. 111-68) a reduction in the payment due September 30, 2009, to the Postal Service Retiree Health Benefit Fund from \$5,400,000,000 to \$1,400,000,000. At the end of FY2011, the trust fund holding the Postal Service payments had a balance of more than \$44 billion. In 2017, the Office of Personnel Management will determine the Postal Service's payments to amortize the remaining unfunded retiree health benefit liability over the next forty years.

Consolidated Appropriations Act, 2012 (P.L. 112-74)

Section 632 of Division C amended Title 5, United States Code by striking the date specified in section 8909a(d)(3)(A)(v) "September 30, 2011" and inserting "August 1, 2012" for the scheduled payment of \$5,500,000,000 to the Postal Service Retiree Health Benefit Fund.

Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6)

Set the FY2013 Appropriation Amounts at the level previously set in The Financial Services and General Appropriations Act, 2012 (division C of P.L. 112-74).

Section 1106 provides for applicable appropriations until a new law is enacted OR September 30, 2013, which ever comes first.

Consolidated Appropriations Act, 2014 (P.L. 113-76)

Set the FY2014 Appropriation Amounts at the levels set in The Financial Services and General Government Appropriations Act, 2014 (division E of P.L. 113-76).

Provides for applicable appropriations until a new law is enacted OR September 30, 2014 which ever comes first.

Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235)

Set the FY2015 Appropriation Amounts at the levels set in The Financial Services and General Appropriations Act, 2015 (division E of P.L. 113-235).

Provided for applicable appropriations until a new law is enacted OR September 30, 2015 which ever comes first.

Note: P.L. 113-235 was written to provide the FY2015 Appropriation in the year following the request. \$41M for Free Mail and Overseas Voting was received on October 28, 2015 (FY2016). In addition, P.L. 113-235 provided the FY2015 installment of \$29M per the Revenue Forgone Reform Act, 1993. This was received in January, 2015.

U.S. POSTAL SERVICE

Consolidated Appropriations Act, 2016 (P.L. 114-113)

Set the FY2016 Appropriation Amounts at the levels set in The Financial Services and General Appropriations Act, 2016 (division E of P.L. 114-113).

Provided for applicable appropriations until a new law is enacted OR September 30, 2016 which ever comes first.

Note: P.L. 114-113 was written to provide the FY2016 Appropriation in the year of the request. \$26.075M for Free Mail and Overseas Voting was received on January 23, 2016. In addition, the FY2016 installment of \$29M per the Revenue Forgone Reform Act, 1993, was received on the same date.

Consolidated Appropriations Act, 2017 (P.L. 115-31)

Set the FY2017 Appropriation Amounts at the levels set in The Financial Services and General Appropriations Act, 2017 (division E of P.L. 115-31).

Provided for applicable appropriations until a new law is enacted OR September 30, 2017 which ever comes first.

Note: P.L. 115-31 was written to provide the FY2017 Appropriation in the year of the request. \$34.658M for Free Mail and Overseas Voting was received on May 28, 2017. There was no provision for a FY2017 installment of the \$29M payment per the Revenue Forgone Reimbursement Reform Act.

U.S. POSTAL SERVICE

Consolidated Appropriations Act, 2018 (P.L. 115-141)

Set the FY2018 Appropriation Amounts at the levels set in The Financial Services and General Appropriations Act, 2018 (division E of P.L. 115-141).

Provided for applicable appropriations until a new law is enacted OR September 30, 2018 which ever comes first.

Note: P.L. 115-141 was written to provide the FY2018 Appropriation in the year of the request. \$58.118M for Free Mail and Overseas Voting was received on April 28, 2018. There was no provision for a FY2018 installment of the \$29M payment per the Revenue Forgone Reimbursement Reform Act, 1993.

Consolidated Appropriations Act, 2019 (P.L. 116-6)

Set the FY2019 Appropriation Amounts at the levels set in The Financial Services and General Appropriations Act, 2019 (division E of P.L. 116-6).

Provided for applicable appropriations until a new law is enacted OR September 30, 2019 which ever comes first.

Note: P.L. 116-6 was written to provide the FY2019 Appropriation in the year of the request. \$55.235M for Free Mail and Overseas Voting was received on March 28, 2019. There was no provision for a FY2019 installment of the \$29M payment per the Revenue Forgone Reimbursement Reform Act, 1993.

U.S. POSTAL SERVICE

Consolidated Appropriations Act, 2020 (P.L. 116-93)

Set the FY2020 Appropriation Amounts at the levels set in The Financial Services and General Appropriations Act, 2020 (division E of P.L. 116-93).

Provided for applicable appropriations until a new law is enacted OR September 30, 2020 which ever comes first.

Note: P.L. 116-93 was written to provide the FY2020 Appropriation in the year of the request. \$56.711M for Free Mail and Overseas Voting was received in January, 2020. There was no provision for a FY2020 installment of the \$29M payment per the Revenue Forgone Reimbursement Reform Act, 1993.

Consolidated Appropriations Act, 2021 (P.L. 116-260)

Set the FY2021 Appropriation Amounts at the levels set in The Financial Services and General Appropriations Act, 2021 (division E of P.L. 116-260).

Provided for applicable appropriations until a new law is enacted OR September 30, 2021 which ever comes first.

Note: P.L. 116-260 was written to provide the FY2021 Appropriation in the year of the request. \$55.333M for Free Mail and Overseas Voting was received in January, 2021. There was no provision for a FY2021 installment of the \$29M payment per the Revenue Forgone Reimbursement Reform Act, 1993.

U.S. POSTAL SERVICE

Consolidated Appropriations Act, 2022 (P.L. 117-103)

Set the FY2022 Appropriation Amounts at the levels set in The Financial Services and General Appropriations Act, 2022 (division E of P.L. 117-103).

Provided for applicable appropriations until a new law is enacted OR September 30, 2022 which ever comes first.

Note: P.L. 117-103 was written to provide the FY2022 Appropriation in the year of the request. \$52.570M for Free Mail and Overseas Voting was received in April 2022. There was no provision for a FY2022 installment of the \$29M payment per the Revenue Forgone Reimbursement Reform Act, 1993.

Consolidated Appropriations Act, 2023 (P.L. 117-328)

Set the FY2023 Appropriation Amounts at the levels set in The Financial Services and General Appropriations Act, 2023 (division E of P.L. 117-328).

Provided for applicable appropriations until a new law is enacted OR September 30, 2023 which ever comes first.

Note: P.L. 117-328 was written to provide the FY2023 Appropriation in the year of the request. \$50.253M for Free Mail and Overseas Voting to be received in February 2023. There was no provision for a FY2023 installment of the \$29M payment per the Revenue Forgone Reimbursement Reform Act, 1993.

The following Program and Financing Statement and Statement of Revenue and Expense reflect actual financial results for Fiscal Year 2022 and the Postal Service and Office of Management and Budget (OMB) forecasts for Fiscal Years 2023 and 2024.

**U.S. POSTAL SERVICE
PROGRAM AND FINANCING**
(in millions of dollars)

ITEM	ACTUAL FY2022	ESTIMATE FY2023	ESTIMATE FY2024
Obligations by Program Activity:			
Direct Electric Vehicles and Infrastructure (P.L. 117-169)	0	228	203
Postal Field Operations	56,359	57,599	58,231
Transportation	10,281	10,000	9,666
Building Occupancy	3,859	3,792	3,865
Supplies and Services	3,425	3,573	3,521
Research and Development	14	14	13
Administration and Area Operations	1,357	3,865	3,942
Interest	170	351	295
Servicewide Expenses	<u>209</u>	<u>187</u>	<u>192</u>
Subtotal Reimbursable Program Activities:	75,674	79,381	79,725
Capital Investments	5,200	6,661	4,419
Changes in Resources on Order and Inventory	794	0	0
Postal Regulatory Commission	<u>0</u>	<u>23</u>	<u>21</u>
Subtotal Reimbursable Program Activities:	5,994	6,684	4,440
Total reimbursable obligations	81,668	86,065	84,165
Total new obligations, unexpired accounts	81,668 a/	86,293 b/	84,368 b/
Budgetary Resources Available for Obligation:			
Unobligated balance carried forward, start of year	24,307	23,628	18,211
Unobligated balance applied to repay debt	<u>(1,000)</u>	<u>2</u>	<u>(1,000)</u>
Unobligated Balance (Total)	23,307	23,630	17,211
Unexpired, unobligated balance carried forward, end of year	23,628	18,211	16,832
New Budget Authority (gross):			
Authority to Borrow (total mandatory)	-	-	-
Spending Authority from Offsetting Collections	<u>81,989</u>	<u>80,874</u>	<u>83,989</u>
Total New Budget Authority (gross)	81,989	80,874	83,989

a/ Total collections were reduced by amounts transferred to fund the operation of the Office of the Inspector General and the Postal Regulatory Commission (see next page II-17). The rest is available to fund Postal Service obligations as shown above.

b/ Total collections already exclude amounts transferred to fund the operation of the Office of the Inspector General (see next page II-17). The stated amounts are available to fund Postal Service obligations as shown above.

**U.S. POSTAL SERVICE
PROGRAM AND FINANCING**
(in millions of dollars)

In compliance with P.L. 109-435, Section 603 [c](1), the following amounts (included in the total previously shown for FY2022 on Page II-16 and funded from postal receipts) are reported:

	<u>ACTUAL</u> <u>FY2022</u>	<u>P.L. 117-328</u> <u>FY2023</u>	<u>ESTIMATE</u> <u>FY2024</u>
Office of Inspector General	-262	-271	-291
Postal Regulatory Commission	-18	0	0
	-280	-271	-291

For additional details, refer to the annual budget submissions of these two individual organizations.

**U.S. POSTAL SERVICE
PROGRAM AND FINANCING**
(in millions of dollars)

ITEM	ACTUAL FY2022	ESTIMATE FY2023	ESTIMATE FY2024
Change in Obligated Balances:			
Obligated Balance, Start of Year	0	0	5,918
Total new Obligations	81,668	86,293	84,368
Total outlays (gross)	<u>-81,668</u>	<u>-80,375</u>	<u>-81,043</u>
Obligated Balance, End of Year	0	5,918	9,243
Outlays (gross) Detail:			
Outlays from New Mandatory Authority	<u>78,989</u>	<u>78,050</u>	<u>80,874</u>
Offsets Against Gross Budget Authority and Outlays:			
Offsetting Collections from:			
Federal Sources	-5,431	-1,768	-1,676
Interest on U.S. Securities	-169	-643	-798
Non-Federal sources	<u>-76,767</u>	<u>-78,739</u>	<u>-81,515</u>
Total, Offsetting Collections	-82,367	-81,150	-83,989
Net Budget Authority and Outlays:			
Budget Authority	-378	-276	0
Outlays	-699	-775	-2,946

**U.S. POSTAL SERVICE
STATEMENT OF REVENUE AND EXPENSE**

(in millions of dollars)

	ACTUAL FY2022	ESTIMATE FY2023	ESTIMATE FY2024
TOTAL REVENUE	78,811	81,150	83,913
TOTAL EXPENSES	<u>22,765</u> a/,b/	<u>85,727</u> c/	<u>85,343</u> d/
NET INCOME, LOSS (-)	<u><u>56,046</u></u>	<u><u>-4,577</u></u>	<u><u>-2,430</u></u>

a/ FY2022 expenses include \$3.4 billion of payments due to the OPM for Amortization of CSRS and FERS Unfunded Liabilities.

b/ Impact of PSRA on RHB accrued liability (Non-Cash adjustment) was -\$56,975 million.

c/ FY2023 payments to the OPM for Amortization of CSRS and FERS Unfunded Liabilities are subject to the Board of Governors' approval.

d/ FY2024 payments to the OPM for Amortization of CSRS and FERS Unfunded Liabilities are subject to the Board of Governors' approval.