



# Postal Regulatory Commission

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## Press Release

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### PRC Issues Financial Analysis Report on Postal Service Financial Position

**Washington, DC** – The Postal Regulatory Commission (Commission) today released its [Financial Analysis](#) of the Postal Service’s 2021 financial results. The impact of the COVID-19 pandemic continued to affect Postal Service volume, revenue, and expenses.

Each year, the Commission releases its analysis of the Postal Service’s finances for the prior fiscal year (FY). This year’s analysis discusses the impact of the pandemic on the revenue and compensation cost of the Postal Service in FY 2021.

In FY 2021, the Postal Service had a net loss from operations of \$2.7 billion, a \$0.9 billion improvement from FY 2020. The decrease in net operating losses for FY 2021 was primarily due to \$4.0 billion more revenue than in FY 2020. When non-operating expenses are included, the Postal Service had a total net loss of \$4.9 billion in FY 2021—an improvement of \$4.2 billion compared to FY 2020.

While the Postal Service realized an overall improvement in total net losses in FY 2021, continued losses have expanded the gap between the Postal Service’s assets and liabilities. Total assets at the end of FY 2021 were \$46.4 billion versus total liabilities of \$122.1 billion. A significant portion of the Postal Service’s liabilities was driven by unpaid retiree health benefit (RHB) liabilities totaling \$57.0 billion at the end of FY 2021. The recent enactment of the Postal Service Reform Act removes this \$57.0 billion liability of past due RHB obligations and eliminates annual payments for the RHB normal costs and the Retiree Health Benefits Fund amortization.

Market Dominant and Competitive products volume fluctuated throughout the year, largely the result of the COVID-19 pandemic.

Market Dominant revenue decreased in FY 2021 by \$97 million or 0.2 percent from FY 2020. Increases in revenue per piece for overall Market Dominant products were not enough to offset declines in volume and fluctuation in mail mix and signal the severity of the effects of the pandemic during that time. In FY 2021, Market Dominant volume declined while package volumes rose as a result of continued growth in e-commerce that included record holiday volume. These changes in volume affected overall revenues and cost in addition to workforce and workhour changes in response to pandemic-related labor costs.

Total revenue from Competitive products increased by \$3.6 billion or 11.8 percent in FY 2021 compared to FY 2020. This increase was the result of significant growth in revenue per piece in FY 2021, with domestic Competitive products average unit revenue increasing by approximately 12.6 percent. Total volume of Competitive products also increased by 1.8 percent in FY 2021, but the growth slowed in the second half of FY 2021 as the economy began to recover and the effects of the pandemic subsided.

Taken together, the Postal Service's financial position continues to be adversely impacted due to insufficient current assets to cover current liabilities, and the instability of certain Market Dominant mail products.

The Commission's report was developed using information from the Postal Service's FY 2021 10-K Statement and measured against its FY 2020 and FY 2021 Integrated Financial Plan, Cost, and Revenue Analysis report, Cost Segments and Components report, and the Revenue, Pieces, and Weight report. A complete copy of the *Financial Analysis* report may be viewed at [www.prc.gov](http://www.prc.gov).

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