



POSTAL NEWS

FOR IMMEDIATE RELEASE

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U.S. Postal Service Reports Fiscal Year 2023 Results

- Significant progress under [Delivering for America](#) plan producing improved service reliability, reduced transportation expenses, and 28 million less work hours
- Continued need for Administrative action to help achieve financial stability
- USPS Ground Advantage advances Postal Service competitiveness in the package delivery business
- Package revenue growth offset by mail decline results in a \$321 million decline in operating revenue to \$78.2 billion

WASHINGTON - The U.S. Postal Service today announced its financial results for the 2023 fiscal year ended September 30. The net loss totaled \$6.5 billion, compared to net income of \$56.0 billion for the prior year. The net income last year was due primarily to the one-time non-cash impact of the *Postal Service Reform Act* (PSRA) in April 2022 and the results this year were significantly affected by the impact of inflation on operating expenses.

Results under GAAP include retiree benefits expense for the amortization of underfunded Civil Service Retirement System (CSRS) and Federal Employee Retirement System (FERS) plans, and workers' compensation expenses caused by actuarial revaluation and discount rate changes, as well as the impact of the PSRA for the same period last year. The Postal Service reports its adjusted results excluding these costs.

"Although we are just in the early stages of one of the nation's largest organizational transformations—which is improving our processing, transportation, and delivery operations—we are already providing more consistent, reliable, and timely delivery to America's businesses and residences," said Postmaster General Louis DeJoy. "We are also addressing near-term financial headwinds relative to inflation as we make strong progress in our long-term cost control and revenue generating strategies, including launching new products like *USPS Ground Advantage*. The whole organization is highly focused on implementation of the *Delivering for America* plan and creating a more effective, efficient and competitive Postal Service to serve the nation far into the future."

Total operating revenue was \$78.2 billion for the year, a decrease of \$321 million, or 0.4 percent, compared to the same period last year, as package revenue increases were offset by mail revenue declines.

Revenue for the overall Shipping and Packages category increased \$324 million, or 1.0 percent, on a volume decline of 175 million pieces, or 2.4 percent, compared to the same period last year. In July 2023, the Postal Service successfully launched *USPS Ground Advantage*, a new shipping offering which provides a simple, reliable, and more affordable way to ship packages. First-Class Mail revenue increased \$515 million, or 2.1 percent, on a volume decline of 3.0 billion pieces, or 6.1 percent, compared to the prior year.

Marketing Mail revenue decreased \$920 million, or 5.8 percent, on a volume decline of 7.7 billion pieces, or 11.4 percent, compared to the same period last year. These decreases were driven by commercial mailers' increasing use of digital and mobile advertising, an overall decline in advertising spending due to economic pressures, and a higher inflationary environment affecting print media production costs.

Total operating expenses were \$85.4 billion for the year, an increase of \$5.8 billion, or 7.3 percent, compared to the same period last year. On a non-GAAP basis, adjusted operating expenses increased by \$2.1 billion, or 2.6 percent, compared to the same period last year. On a non-GAAP basis, controllable loss was \$2.3 billion, compared to controllable loss of \$473 million for the prior year.

"As previously mentioned in the third quarter release, continued rising costs in several areas of our business pose a challenge." said Chief Financial Officer Joseph Corbett. "We, however, remain steadfast in our commitment to grow package revenue and manage the costs within our control, such as by reducing work hours by 28 million hours and by taking calculated steps to decrease transportation costs consistent with the tenet of our *Delivering for America* plan to optimize our networks."

To preserve liquidity and ensure the Postal Service's ability to fulfill its primary mission is not placed at undue risk, the Postal Service has not made certain annual amortization payments to the Office of Personnel Management (OPM) for CSRS and FERS. During 2023, the Postal Service was unable to make the full payments of \$3.0 billion and \$2.1 billion towards its CSRS and FERS obligations, respectively. Additionally, administrative reform related to how OPM apportions the cost of the CSRS benefits is still necessary to restore the Postal Service to financial health.

Fiscal Year 2023 Operating Revenue and Volume by Service Category Compared to Prior Year

The following table presents revenue and volume by service category for the years ended September 30, 2023 and 2022:

	Revenue		Volume	
	2023	2022	2023	2022
<i>(revenue in \$ millions; volume in millions of pieces)</i>				
Service Category				
First-Class Mail	\$ 24,505	\$ 23,990	45,979	48,960
Marketing Mail	15,076	15,996	59,410	67,092
Shipping and Packages	31,641	31,317	7,057	7,232
International	1,571	1,712	322	355
Periodicals	918	955	2,993	3,400
Other	4,475	4,537	385	405
Total operating revenue and volume	\$ 78,186	\$ 78,507	116,146	127,444

Selected Fiscal Year 2023 Results of Operations and Non-GAAP Measures

This news release includes *controllable loss* which is not calculated and presented in accordance with GAAP. This non-GAAP measure is calculated as net (loss) income adjusted for the impact of the PSRA and other costs outside of management's control, including workers' compensation expenses caused by actuarial revaluation and discount rate changes, and the amortization of the CSRS, and FERS unfunded liabilities. These latter costs are outside of management's control as they can fluctuate significantly based on actuarial assumptions and interest rates.

This non-GAAP measure provides meaningful information to assist users of the Postal Service's financial statements to more fully understand the financial results and assess the Postal Service's ongoing performance because it excludes items that may not be indicative of, or are unrelated to, underlying operations.

Non-GAAP financial measures should be considered in addition to, and not as an alternative for, the Postal Service's reported results prepared in accordance with GAAP. This adjusted financial information does not represent a comprehensive basis of accounting.

The following table reconciles GAAP net (loss) income to our non-GAAP financial measures for the years ended September 30, 2023 and 2022:

	2023	2022
<i>(results in \$ millions)</i>		
Net (loss) income	\$ (6,478)	\$ 56,046
Impact of Postal Service reform legislation on past due PSRHBF obligations and PSRHBF amortization ¹	—	(56,975)
Workers' compensation non-cash benefit ²	(937)	(3,454)
CSRS unfunded liability amortization expense ³	3,015	2,284
FERS unfunded liability amortization expense ⁴	2,141	1,626
Controllable loss	\$ (2,259)	\$ (473)

¹ Represents the one-time, non-cash reversal of past due obligations as of September 30, 2021 that were canceled by the PSRA.

² Represents workers' compensation non-cash benefit resulting from fluctuations in discount rates, changes in assumptions, valuation of new claims, revaluation of existing claims, and the administrative fee paid to the U.S. Department of Labor, less current year claim payments.

³ Expense for the annual payments due September 30 of the respective year, calculated by OPM to amortize the unfunded CSRS retirement obligation. Payments are to be made in equal installments through 2043.

⁴ Expense for the annual payment due September 30 of the respective year, calculated by OPM to amortize the unfunded FERS retirement obligation. Payments are to be made over a 30-year rolling period based on OPM invoices.

Financial results in the Form 10-K are available at <http://about.usps.com/what/financials/>.

Forward-Looking Statements

Forward-looking statements contained in this release represent the Postal Service's best estimates of known and anticipated trends believed relevant to future operations. However, actual results may differ significantly from current estimates. Certain forward-looking statements included in this release use such words as "may," "will," "could," "expect," "believe," "plan," "estimate," "project," or other similar terminology. These forward-looking statements, which involve a number of risks and uncertainties, reflect current expectations regarding future events and operating performance as of the date of this report. These risks include, but are not limited to, the effects of COVID-19 on the Postal Service's business, financial condition, and results of operations. The Postal Service has no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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The United States Postal Service is an independent federal establishment, mandated to be self-financing and to serve every American community through the affordable, reliable and secure delivery of mail and packages to nearly 167 million addresses six and often seven days a week. Overseen by a bipartisan Board of Governors, the Postal Service is implementing a 10-year transformation plan, [Delivering for America](#), to modernize the postal network, restore long-term financial sustainability, dramatically improve service across all mail and shipping categories, and maintain the organization as one of America's most valued and trusted brands.

The Postal Service generally receives no tax dollars for operating expenses and relies on the sale of postage, products and services to fund its operations.

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