Postmaster General Louis DeJoy – 12.10.24 Hearing Attachment 2 – U.S. Postal Service Unfunded Mandates

Mandate Type (USO /Non-USO)	Title of Unfunded Mandate	Type of Unfunded Mandate	Definition	Source of unfunded mandate requirement
USO	Maintaining operations at low traffic Post Offices	Postal Services to Areas of the Nation the Postal Service Would Not Otherwise Serve	The Postal Service maintains small post offices, which are generally located in rural or remote areas, as part of its duty "to establish and maintain postal facilities of such character and in such locations, that postal patrons throughout the Nation will, consistent with reasonable economies of postal operations, have ready access to essential postal services."	39 U.S.C. § 101(a)
USO	Alaskan Air Subsidy	Postal Services to Areas of the Nation the Postal Service Would Not Otherwise Serve	Alaska Bypass Service allows mailers to ship goods such as food and other cargo on pallets directly to rural customers in Alaska. Commercial airline carriers deliver goods on pallets to hub airports in either Anchorage or Fairbanks. Smaller airline companies or independent pilots then break down these pallets and deliver the goods to remote communities accessible only by air, which are commonly called bush sites. The shipped goods "bypass" the Postal Service's network. With Alaska Bypass Service, the Postal Service pays for the cost of air transportation from hub airports to bush sites. The difference between this cost of air transportation from hub airports to bush sites and the average cost of ground transportation if it were available is called the Alaska Air Subsidy. The Commission previously concluded that the Alaska Air Subsidy is part of the USO.431 The Alaska Air Subsidy increased from $120 million in FY 2018 to $135 million in FY 2019.4	39 U.S.C. § 101(a)
USO	Group E Post Office Boxes/Free P.O. Boxes for residents without carrier delivery	Postal Services to Areas of the Nation the Postal Service Would Not Otherwise Serve	Group E Post Office Boxes are provided free of charge to customers when the Postal Service does not offer carrier delivery to their physical address.433 To meet its USO delivery obligation,434 the Postal Service makes Group E Post Office Boxes available "for the purpose of resolving potential discrimination issues arising from instances in which the Postal Service chooses to provide, or not to provide, customers with a carrier delivery option."435 In FY 2011, the Commission approved treating the cost of providing Group E Post Office Boxes as an institutional cost to more equitably distribute the USO Cost. The Commission also concluded that this treatment was analogous to, and consistent with, the treatment of the Alaska Air Subsidy.436 Consequently, the Commission included the cost of Group E Post Office Boxes, which are primarily facility-related, in estimating the USO Cost.	39 U.S.C. § 101(a)
USO	Preferred-rate discounts net of costs	Estimated Revenue Not Received Due to Free or Reduced Rates	39 U.S.C. § 3626 requires the Postal Service to provide reduced rates for preferred rate categories in USPS Marketing Mail, Periodicals, and Library Mail.438 The Commission determines estimated revenue not received by quantifying the difference in revenue between mail that is statutorily required to receive a discount and the revenue the Postal Service would have received if those mailpieces were not discounted. This increase in revenue is adjusted for potential decreases in costs. If not discounted, rates for these mailpieces would be higher, resulting in a loss of volume and, consequently, lower costs.	39 U.S.C. § 101(a)
USO	Periodicals losses	Estimated Revenue Not Received Due to Free or Reduced Rates	Periodicals losses are the annual amount by which Periodicals' attributable cost exceeds revenue. The PAEA's price cap does not allow the Postal Service to fully recover Periodicals losses through rate increases. It is assumed that, if not for the price cap, the Postal Service would raise Periodicals rates to the level necessary to cover attributable cost. Accordingly, the Commission considers these losses to be part of the USO Cost.	39 U.S.C. § 101(a)

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USO	Six-day mail delivery	Public Service or Activity	Since 1984, appropriations bills have included a provision requiring the Postal Service to continue providing Six-Day Delivery, which was added to Title 39 as part of the Postal Service Reform Act or 2022. The cost of providing Six-Day Delivery is measured as the estimated savings the Postal Service would achieve by providing residential delivery service 5 days a week instead of 6 days a week.	39 U.S.C. § 101(b)
USO	Uniform First-Class Mail rates	Public Service or Activity	Rates for First-Class Mail must be uniform throughout the United States. To determine the cost of uniform First-Class Mail rates, the Commission estimates the increased contribution that the Postal Service would earn if dropship discounts were allowed for workshare First-Class Mail.	39 U.S.C. § 101(a)
USO	Uniform Media Mail/Library Mail rates	Public Service or Activity	Media Mail/Library Mail rates must be uniform for mail of the same weight and must not vary with the distance transported. The Commission estimates the cost of the distance component by assuming that without this requirement, Media Mail/Library Mail would provide the unit contribution of Bound Printed Matter, a proxy that does not have this restriction. The Commission estimates the additional unit contribution by determining the difference between the unit contributions of Bound Printed Matter and Media Mail/Library Mail. Media Mail/Library Mail total volumes are then multiplied by the estimated additional unit contribution to produce an estimate of the total additional contribution if Media Mail/Library Mail rates were not uniform.	39 U.S.C. § 101(a)
USO	Postal Inspection Service (Net Cost)	Public Service or Activity	In the FY 2019 Annual Report, the Commission began including the net cost of the Postal Inspection Service in the estimated cost of the USO as an "other public service or activity" under 39 U.S.C. § 3651(b)(1)(C). The Postal Inspection Service enforces over 200 federal laws that relate to crimes involving the postal system, its employees, and its customers. The mission of the Postal Inspection Service is "to support and protect the [Postal Service] and its employees, infrastructure, and customers; enforce the laws that defend the nation's mail system from illegal or dangerous use; and ensure public trust in mail." Law enforcement activities of the Postal Inspection Service involve defending the nation's mail from illegal or dangerous use by, for example, combatting illegal narcotics, mail fraud, and mail and package theft. The costs of the Postal Inspection Service are partially offset by fines collected and restitution, which are subtracted from the total cost to calculate the net cost.	39 U.S.C. § 3651(b)(1)(c)
Non-USO	Federal pensions amortization (CSRS and FERS total) and restrictions on fund investments.	Employment and Contracting Requirements	USPS is required to prefund 100 percent of its federal pensions, a far higher rate than among private, State, and other Federal employers that prefund such obligations, without any ability to recoup a funding surplus.	39 U.S.C. § 1005(d)(1)
Non-USO	Federal retiree health benefit amortization and normal costs without Medicare integration and restriction on investment of RHB funds	Employment and Contracting Requirements	USPS is required to participate in Federal retiree benefits programs without Medicare integration and required to prefund 100 percent of its federal retiree health benefits, a far higher rate than among private, State, and other Federal employers that prefund such obligations, without any ability to recoup a funding surplus. Private employers' retiree health benefits plans can access Medicare Part D prescription drug subsidies; the Federal health benefits program does not. And private employers invest their pension and health benefits plan assets in diversified portfolios to maximize returns; the Postal Service's plan assets are invested solely in low-yield Treasury securities, placing a higher funding burden on the Postal Service.	39 U.S.C. § 1005(d)

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Non-USO	Employee health benefits	Employment and Contracting Requirements	The Postal Service is required to participate in Federal employee and retiree benefits programs. While certain benefits may be altered pursuant to collective bargaining, benefits are required to remain at least as favorable as they were in 1971. Private employers may not offer such programs at all or, if they do, tend to offer benefits that are far less costly for the employer.	39 U.S.C. § 1005(d)
Non-USO	Federal workers' compensation	Employment and Contracting Requirements	Cost incurred in excess of private sector compensation for equivalent work. Private companies and other non-Federal employers are subject to State workers' compensation programs, which are less costly for employers.	39 U.S.C. § 1005©
Non-USO	Federal EEO/MSPB obligations	Employment and Contracting Requirements	Cost incurred to comply with EEO/MSPB obligations. Equal employment opportunity (EEO) laws treat the Postal Service as a Federal employer, thereby shifting more costs to the Postal Service and offering more lenient standards to employee-litigants than if the Postal Service were treated like a private employer. In addition, many Postal Service employees can appeal adverse employment determinations to the Merit Systems Protection Board (MSPB), a right that private-sector employees do not have.	29 U.S.C. §§ 633a, 791(b), 794(a); 42 U.S.C. § 2000e-16; 39 U.S.C. § 1005(a).
Non-USO	Collective bargaining, binding arbitration	Employment and Contracting Requirements	USPS must engage in collective bargaining with its unions, and any disagreement must be submitted to binding third-party arbitration. The Postal Service must also adhere to a structured consultation process regarding pay, benefits, and other programs with supervisory and postmaster organizations, which have recourse to a third-party fact-finding panel.	39 U.S.C. §§ 1206-1207(1)
Non-USO	TCOLA	Employment and Contracting Requirements	Territorial Cost-of-living Allowance paid to USPS employees outside the continental USA (e.g. Alaska, Hawaii, etc.).	39 U.S.C 1005 (b)
Non-USO	Veterans' preference	Employment and Contracting Requirements	USPS is subject to Federal veterans' preference laws, which drive complex testing, screening, and appeals systems for discipline and staffing. Private employers are free from these requirements.	39 U.S.C. § 1005(a)(2).
Non-USO	Federal contracting requirements (prevailing wage determination base)	Employment and Contracting Requirements	USPS is subject to restrictions on the contractors that it can hire. Private companies need not limit their contractor pools on the basis of contractors' wage or employment practices.	39 U.S.C. § 410(b)(4)the following provisions of title 40: (A)sections 3114–3116, 3118, 3131, 3133, and 3141–3147; and (5)chapters 65 and 67 of title 41; 41 U.S.C. §§ 46-48c.
Non-USO	Executive compensation limits	Employment and Contracting Requirements	Inability to attract top talent for senior level positions due to non-market based compensation caps. Salaries and bonuses for Postal Service executives are capped relative to the Vice President's salary; These limits restrict the President's and the Postal Service's ability to recruit skilled leadership from the private sector.	39 U.S.C. § 202 (a)

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Non-USO	Capital & investment constraints	Capital and Investment Controls	Unlike private firms or other governmental entities, the amount that the Postal Service can borrow is capped at $3 billion per year and $15 billion total. Due to its legal constraints and the business challenge of long-term and accelerating volume decline, the Postal Service reached the $15 billion ceiling in FY 2024.	39 U.S.C. § 2006; Scope of Treasury Department Purchase Rights with Respect to Financing Initiatives of the U.S. Postal Service, 19 Op. Off. Legal Counsel 238 (1995); Authority of the Secretary of the Treasury Regarding Postal Service Bond Offering, 17 Op. Off. Legal Counsel 6 (1993); 39 U.S.C. § 2005(a)(1), (a)(2)(C); Postal Reorganization Act – Investment of Excess Funds of the Postal Service, 43 Op. Att'y Gen. 45 (1977); 39 U.S.C. § 2003(d); Postal Service Bond Offering, 17 Op. Off. Legal Counsel at 11-12; Investment of Excess Funds, 43 Op. Att'y Gen. at 47
Non-USO	National security activities (including both government mail irradiation and bio-detection system activities)	National Security and Law Enforcement Duties	The Postal Service is subject to Presidential emergency preparedness directives, some of which increase its costs. In addition, the Postal Service bears the cost for a contract to irradiate certain mail to the Federal government and for transportation of mail to and from the irradiation facility. Government Mail Irradiation costs includes the irradiation contract, trucking, preparation and post treatment labor and space. National security activities total value includes sum of government mail irradiation and bio-detection system totals.	Exec. Order No. 13,416, § 2(a), 3 C.F.R. 251 (2006);
Non-USO	Law enforcement constraints	National Security and Law Enforcement Duties	As Federal law enforcement officers, Postal Inspectors and Postal Police are subject to constitutional due process and warrant limitations that do not restrict private companies' security operations. These legal limitations, in turn, expose the Postal Service to liabilities that private companies do not face.	39 U.S.C. §§ 204
Non-USO	PRC budget	Regulatory Costs and Mandatory Disclosure	The Postal Service is required to fund the entire budget of the Postal Regulatory Commission (Commission). No private delivery companies or utilities are required to fund Federal agencies with the power to regulate and investigate them.	39 U.S.C. §§ 410(b)(10)the Inspector General Act of 1978; and, 504(d)
Non-USO	OIG budget	Regulatory Costs and Mandatory Disclosure	The Postal Service is required to fund the entire budget of the Office of the Inspector General of the U.S. Postal Service (OIG). No private delivery companies or utilities are required to fund Federal agencies with the power to regulate and investigate them.	39 U.S.C. § 3622(d)(1)(A)
Non-USO	Product restrictions	Regulatory Costs and Mandatory Disclosure	The Postal Service can offer only those services that are related to the delivery of physical items, with a narrow exception for certain grandfathered services that the Commission has authorized to continue. By contrast, private businesses and foreign postal operators are free to diversify their product portfolios to raise revenue, maximize cost efficiencies, and mitigate risk.	39 U.S.C. §§ 102(5)
Non-USO	FOIA net cost	Regulatory Costs and Mandatory Disclosure	Costs incurred to comply with the Freedom of Information Act.	39 U.S.C. § 410(b)(1) section 552

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Non-USO	PRC compliance costs	Regulatory Costs and Mandatory Disclosure	Costs incurred to comply with PRC compliance costs.	39 U.S.C. §§ 410(b)(10)the Inspector General Act of 1978; and, 504 (d)
Non-USO	Commercial impact of public disclosure	Regulatory Costs and Mandatory Disclosure	The Postal Service is subject to transparency requirements that do not apply to private companies: the Freedom of Information Act (FOIA), the Sunshine Act, and the Privacy Act. It is also required to report operational and commercial information to the Commission at a far more granular level than private companies disclose. That information is either published as a matter of course or subjected to a balancing test that may result in disclosure irrespective of whether a private business would publicly disclose comparable information.	39 U.S.C. § 410(b) (1)section 552 (public information), section 552a (records about individuals), section 552b (open meetings), section 3102 (employment of personal assistants for blind, deaf, or otherwise handicapped employees), section 3110 (restrictions on employment of relatives), section 3333 and chapters 72 (antidiscrimination; right to petition Congress) and 73 (suitability, security, and conduct of employees), section 5520 (withholding city income or employment taxes), and section 5532 [1] (dual pay) of title 5, except that no regulation issued under such chapters or section shall apply to the Postal Service unless expressly made applicable;. Id. § 3652 (a)Costs, Revenues, Rates, and Service.—
Non-USO	Federal CISO requirements	Potential for Discussion	Costs incurred due to federal cybersecurity regulations	
Non-USO	Federal 508 compliance	Potential for Discussion	Costs incurred to comply with federal 508 compliance procedures	
Non-USO	Energy policy Act (Alternative Fueled Vehicles)	Potential for Discussion	Cost to purchase alternatively fueled vehicles.	
USO	USO requirement to serve compact agreement countries at domestic rates	Potential for Discussion	Costs incurred to offer domestic rates to non-US jurisdictions	
USO	USO requirement to serve OCONUS territories at domestic rates	Potential for Discussion	Costs incurred to offer domestic rates to non-US jurisdictions	
Non-USO	STOP Act requirement to track AED	Potential for Discussion	Costs incurred to comply with STOP Act requirements.	
Non-USO	UPU compensation limits on terminal dues for mail and other services	Potential for Discussion	Reduced revenue share allocation due to UPU imposed terminal dues for mail products under UPU purview	
Non-USO	Restricted from doing Mergers and Acquisitions	Potential for Discussion	Opportunity cost due to inability to acquire companies to supplement innovation, expand revenue sources, etc.	