

An Independent Establishment of the Executive Branch

Overview:

Established in 1775 with Benjamin Franklin's appointment to first Postmaster General and authorized by the Constitution, America's postal system has been a vital element of our nation's economy and communications infrastructure for more than 245 years. While adapting to the changing needs of the nation and new ways of doing business, our core mission has remained to provide prompt, reliable, affordable, and efficient services to individuals and businesses in all areas.

Postal Legislation:

On August 12, 1970, President Nixon signed into law the most comprehensive postal legislation since the founding of the republic, the *Postal Reorganization Act (PRA) of 1970*. The law:

- Transformed the Cabinet-level Post Office Department into an independent establishment of the Executive Branch, with a leadership structure like that of a private corporation, free of direct political control, and with significant authority over rates, operations, and employment.
- Set a goal for the Postal Service to be financially self-sustaining, funding expenditures through revenue generated by the sale of postal products and services rather than through the Congressional appropriations process.
- Established an independent regulator to oversee postal ratemaking and advise on certain aspects of postal services (Postal Rate Commission, now the Postal Regulatory Commission).
- Codified many aspects of the universal service obligation.
- Established a collective bargaining and binding interest-arbitration process for labor.

On December 20, 2006, President Bush signed into law the *Postal Accountability and Enhancement Act (PAEA) of 2006*, making the most sweeping changes to postal law since the *PRA*. That law required the Postal Service to accelerate the prefunding of 100 percent of our expected retiree health benefits obligations, imposed a rigid price cap on most services for at least 10 years, and prohibited us from offering new products and services beyond core shipping and mailing services.

On April 6, 2022, President Biden signed into law the *Postal Service Reform Act (PSRA) of 2022*, which repealed the requirement that the Postal Service annually prepay all future retiree health benefits and canceled all past due prefunding obligations, while requiring retiree health benefit integration with Medicare. The law did not modify the Postal Service's requirement to be self-funded as an independent entity that receives zero tax-payer dollars for operational expenses.

The Challenge:

While enactment of the PSRA was a key component of improving the Postal Service's finances, the one-time, non-cash impact to net income is not reflective of our true financial condition. Mail volume and revenue continue to shrink. In addition, the Postal Service is impacted by inflationary pressures on several operating expense categories, including labor, highway transportation, fuel prices, and an increase in rent and utilities costs.

To meet these challenges, the Postal Service must be allowed to implement operational changes, capture available efficiency gains, and grow our revenue, consistent with the initiatives of the Delivering for America Plan: <https://about.usps.com/what/strategic-plans/delivering-for-america/>.

161 million Delivery points reached on a typical day.

The central tenet of the Postal Service's statutory public service mission is a universal service obligation (USO) to provide prompt, reliable, and efficient postal services to all Americans, regardless of where they live.

\$0 Tax dollars received for operating the Postal Service.

The Postal Service is a self-funded entity. We pay for our operations through the sale of postage, products and services and do not receive tax revenues to support our operations.