

## Dramatic year-on-year results for the Postal Service

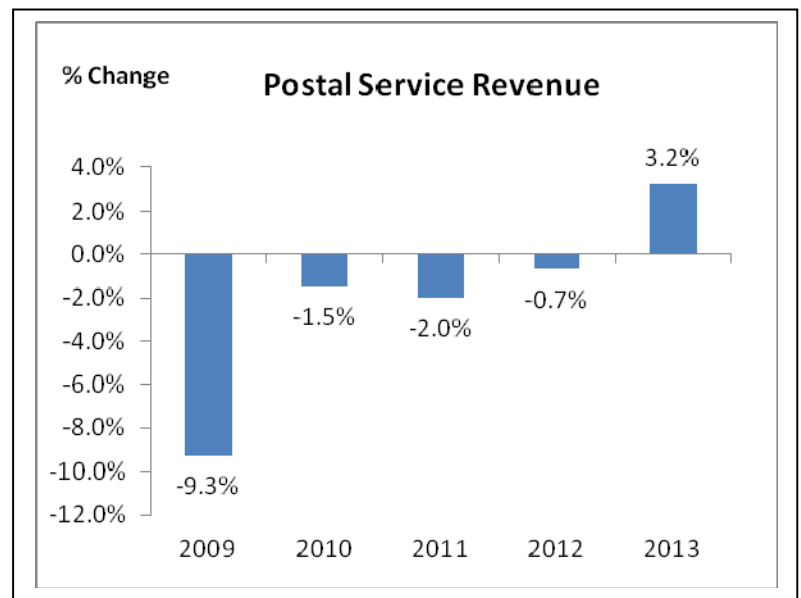
The Postal Service saw dramatic growth in a number of key areas over the last fiscal year, including operating revenue, shipping and packages and standard mail.

The financial results that were released on November 15th highlight an important fact: a congressional mandate – not the Internet – is the real cause of the Postal Service’s fiscal challenges. Without this mandate, which requires the Postal Service to pre-fund 75 years of retiree health care benefits decades in advance, USPS would have made a **\$623 million profit in FY 2013**. Compared to a \$4.8 billion operating loss last year, that’s an impressive turnabout.

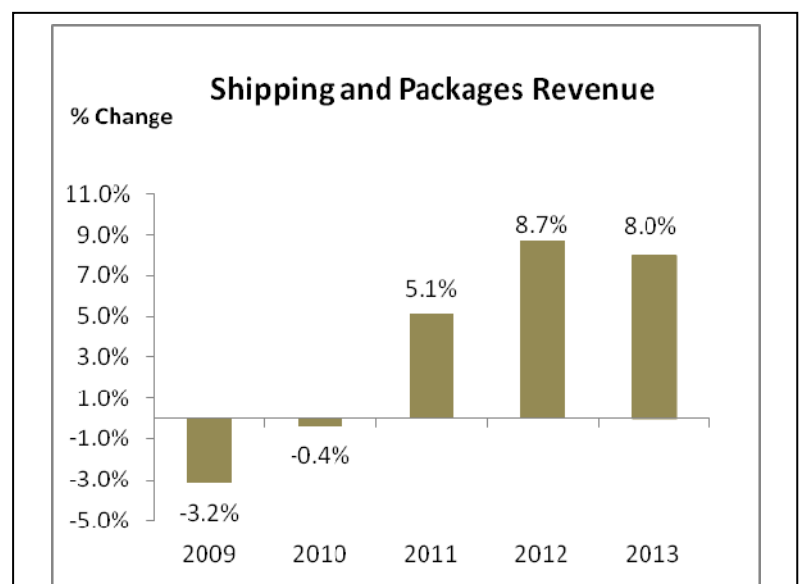
Slash-and-shrink advocates continue to call for ending Saturday and door delivery and closing local post offices, but it doesn’t make sense to tear apart the network if providing those services isn’t the root of the problem.

### Here are the facts:

**Postal finances are improving with the economy.** After years of revenue decline, Postal Service revenue grew by 3.2 percent in FY 2013. Excluding retiree health benefits pre-funding – an expense that has nothing to do with economic conditions or business performance – the Postal Service saw a \$623 million profit this year.



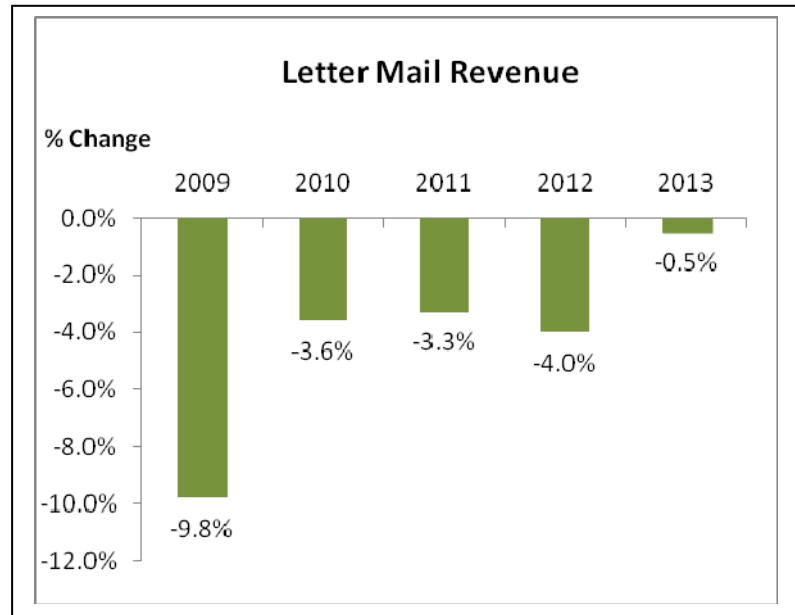
**Shipping and package revenue continues to increase dramatically.** This is driving new growth opportunities – such as the recently announced Sunday delivery partnership with Amazon – as the Postal Service takes advantage of the continued e-commerce boom.



**The decline in mail volumes has moderated.** In FY 2009, during the recession, letter mail revenue fell by about 10 percent. The next three years, 2010 to 2012, the average annual decline was 3.6 percent. In FY 2013, letter mail revenue was only down by 0.5 percent.

While the continued decline in first class mail volume poses some challenges for the Postal Service, package and shipping delivery provides great opportunities in the digital era. The growth resulting from an exploding e-commerce sector is entirely offsetting the negative impact

that online communication has had on mail volumes. Last year, package and shipping revenue increased by \$919 million, while letter mail decreased by only \$217 million.



## **The bottom line**

Postal finances are improving, but the pre-funding mandate continues to drag the Postal Service down. Instead of cutting services that American homes and businesses rely on, Congress should eliminate mandatory pre-funding and free the Postal Service to innovate and grow.