U.S. POSTAL SERVICE

Key Reasons for Postal Reform

What GAO Found

Comprehensive postal reform is urgently needed. The Postal Service’s financial viability is at risk because its business model—which relies on mail volume growth to cover the costs of its expanding delivery network—is not aligned with 21st century realities. Financial, operational, governance, and human capital challenges threaten the Service’s ability to remain self-supporting while providing affordable, high-quality, and universal postal service. Key trends that demonstrate the need for reform include declining mail volume, particularly for First-Class Mail; changes in the mail mix from high-margin to lower-margin products; increased competition from private delivery companies; and subpar revenue growth. Moreover, the Service continues to have significant financial liabilities and obligations (e.g., retiree health obligations), uncertain funding for emergency preparedness, challenges to achieving sufficient cost-cutting, renewed difficulties in substantially improving postal productivity, and uncertainties regarding the adequacy of capital investment. Thus, the Service’s transformation efforts and financial outlook continue to be on GAO’s High-Risk List.


To view the full product, including the scope and methodology, click on the link above. For more information, contact Mark Goldstein at (202) 512-2834 or goldsteinm@gao.gov.

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