

A report to congressional committees.

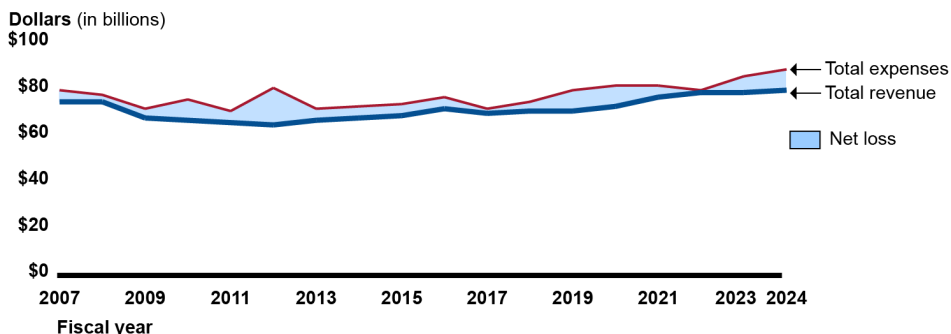
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What GAO Found

In 2021, the United States Postal Service (USPS) introduced a 10-year strategy designed to improve its poor financial condition while fulfilling its statutory mandates. USPS has taken many actions to try to increase revenue and reduce expenses since this strategy was introduced, such as increasing prices and redesigning its transportation network and processing operations. As part of its strategy, USPS also requested the federal government to take action. Congress partially fulfilled this request via the Postal Service Reform Act of 2022. This act canceled \$57 billion of USPS's missed payments, among other things.

However, USPS's financial condition remains poor. While USPS has increased revenue, its total expenses continue to outpace total revenue leading to further losses (see fig.). In addition, USPS's unfunded liabilities and debt have steadily increased since fiscal year 2022. USPS projects that if it made all its required payments toward its unfunded liabilities in full, it would run out of cash as early as fiscal year 2026. USPS updated its strategic plan in 2024, but this plan did not include financial projections showing how near-term results from the updated plan's actions could increase revenue or reduce expenses. Without financial projections, USPS does not have targets to show progress or to effectively communicate how its actions will restore USPS's financial sustainability.

U.S. Postal Service's (USPS) Revenue and Expenses, Fiscal Years 2007-2024



Source: GAO analysis of USPS data. | GAO-26-107336

Note: This figure does not include USPS's reported one-time, non-cash benefit of \$57 billion as a result of the Postal Service Reform Act of 2022. The act repealed a requirement to prepay future retiree health benefits and canceled unpaid past due payments for such prefunding.

USPS and Congress have a wide range of options to improve USPS's financial condition. However, USPS's actions alone will likely not be enough for it to become financially self-sufficient. GAO has previously recommended that Congress consider various options. Although Congress has taken some action, key issues remain unresolved. These include identifying a sustainable path for postal retiree health benefits and determining the level of postal service required, and the extent to which USPS should be financially self-sufficient.

Why GAO Did This Study

USPS has lost money almost every fiscal year since 2007, even though Congress created it to be financially self-sufficient. GAO has long reported that USPS's business model is unsustainable, due to rising costs and lower mail volume. As a result, USPS's financial viability has been on GAO's High Risk list since 2009.

This report examines (1) recent USPS actions to improve its financial condition, (2) USPS's current financial condition and the extent to which USPS projects its financial information, and (3) options that could improve USPS's financial condition.

GAO reviewed USPS's strategic plan, financial reports, reports to Congress, and other reports containing financial information; projected USPS's retiree health care and pension liabilities; interviewed USPS and other relevant agency officials and stakeholders; assessed the financial information in USPS's updated strategic plan against GAO's principles of evidence-based policymaking and surveyed selected stakeholders on potential options to improve USPS's financial condition. GAO selected stakeholders from its prior work and stakeholders' public statements on postal issues.

What GAO Recommends

GAO recommends that the Postmaster General should develop publicly available financial projections of revenue and expenses. USPS disagreed with the recommendation. GAO also reiterates that Congress should fully address the level of postal service the nation requires, the extent to which USPS should be self-sustaining, and a sustainable financial path for retiree health benefits.