

USPS CAN RESOLVE ITS FINANCIAL CRISIS WITHOUT EXCESSIVE RATE INCREASES

UNDER A MORE ACCURATE REVENUE PROJECTION



USPS MUST REVISE ITS 10-YEAR PROJECTION

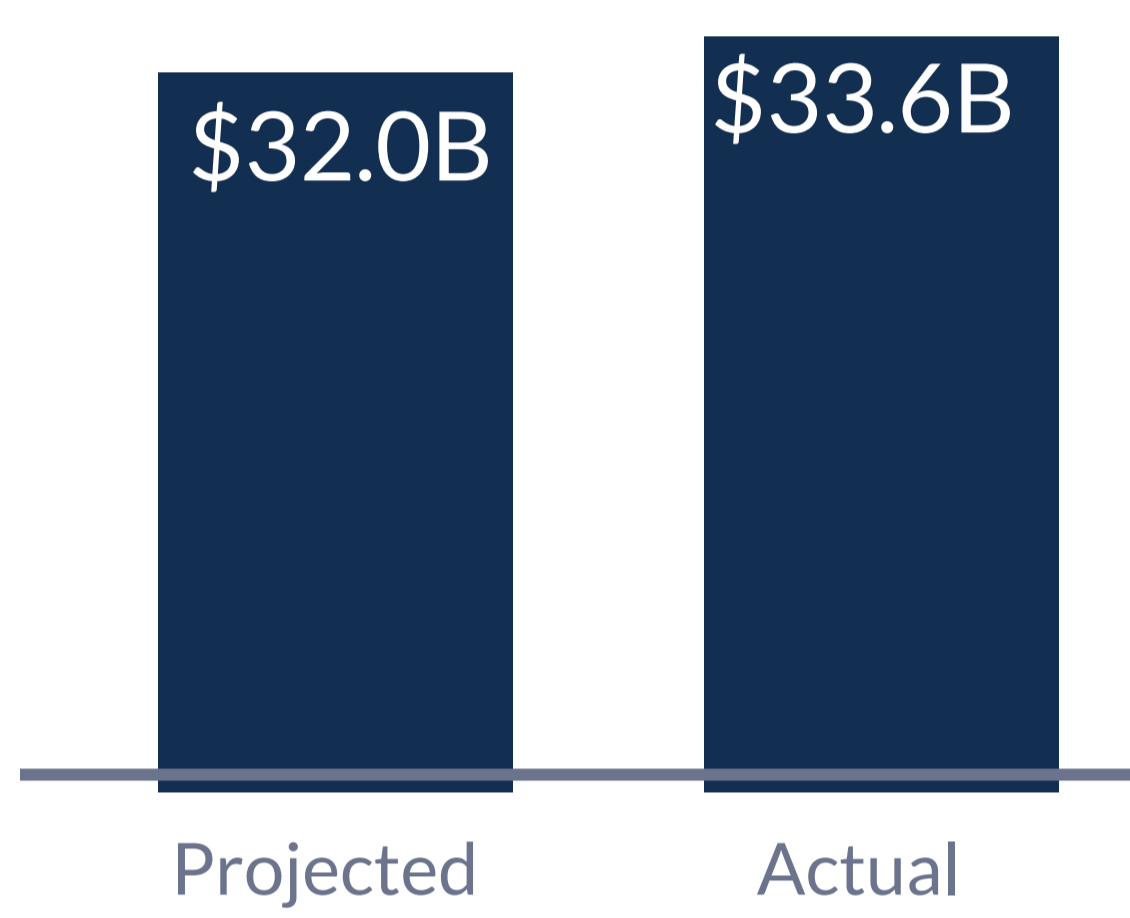
IT SHOULD NOT BE USED TO JUSTIFY A MID-YEAR RATE INCREASE.

USPS Delivering for America estimates \$160B in losses over 10 years under the status quo based on a \$9.7B loss in FY21.

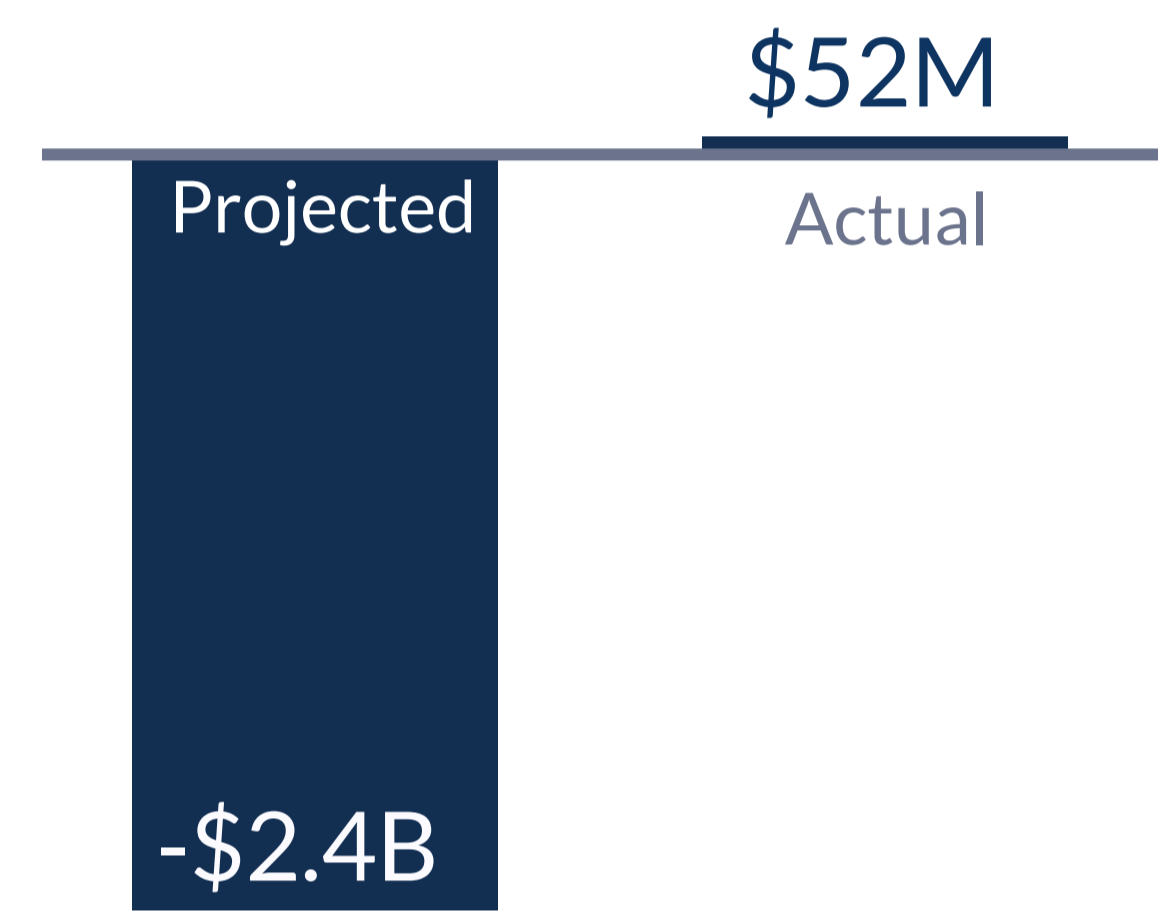
Year to date performance for FY 21 shows better than expected revenue and net income.

A base year discrepancy of this magnitude calls into question the entire 10-year projection and cannot be used to justify a mid-year rate increase.

USPS Operating Revenue
\$1.6B Above Projection
 FY21 YTD (Oct-Feb)








USPS Net Income
\$2.4B Above Projection
 FY21 YTD (Oct-Feb)



USPS CAN IMPROVE ITS FINANCIAL POSITION WITHOUT INCREASING POSTAGE COSTS FOR AMERICANS

USPS HAS MANY OPTIONS TO IMPROVE ITS FINANCIAL POSITION WITHOUT RAISING RATES THIS YEAR.

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Account for Congressional appropriations for electric vehicles.....\$8.0B
 If lawmakers approve funding, it should be incorporated into USPS financial projections. One-time
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Update Retiree Health Benefit liability assumptions to reflect developments since 2010.....\$4.2B
 OIG found that updating the mortality-improvement assumptions used to calculate RHB liability could reduce unfunded RHB liability by billions. One-time
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Invest Retiree Health Benefit funds in a TSP-style fund.....\$3.4B
 RHB funds are comprised of long-term, special-issue U.S. Treasury securities. USPS could realize a better return through a TSP-style fund and the account could earn billions. First year at +8% return
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Reduce extra trips & other mismanagement.....\$550M
 OIG found that extra trips, late trips, overtime, and other mismanagement cost USPS \$410M and \$140M in additional surface and air transportation costs, respectively. Annual
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Collect government reimbursements.....\$489M
 USPS is entitled to \$460M annually to offset costs of unprofitable routes via the USO subsidy, but has not requested it since 1982. Also, USPS has forgone \$29M in federal revenue reimbursements annually since 2017. Annual

POTENTIAL IMPROVEMENT IN USPS FINANCIAL POSITION* **\$16.6B**
*represents only a portion of potential opportunities. Correcting the CSRS overpayment is another opportunity that could amount to billions.

Sources: USPS 10-K FY 2020; USPS Unaudited Financial Statements, October 2020- February 2021; USPS Office of Inspector General (OIG) Reports #19BG010FT000-R20, #20-208-R21, and #20-144-R20.