# NALC Statement on Postal Service’s 2019 Q2 Financial Report

*May 10, 2019* — The Postal Service’s financial report on Friday shows the Postal Service’s underlying business strength while also indicating the need to address external matters beyond USPS control. Despite increased revenue of $555 million in the first six months of Fiscal Year 2019 compared to the same period last year, USPS reported an operating loss of $909 million for the first half of 2019.

This shows the need for policymakers to address two public policy issues—the stamp price rollback and the congressional mandate that USPS pre-fund future retiree health benefits decades into the future.

In April 2016, the price of a stamp was rolled back by two cents, reducing postal revenue by $2 billion a year. That was the first rollback since 1919 and it makes little financial sense because USPS already has the industrial world’s lowest rates. Without this decrease, the $909 million operating loss in the first half of FY2019 would be an operating profit of about $90 million—without a dime of taxpayer money.

Fortunately, the Postal Regulatory Commission is in the midst of a legally mandated review of the postage rate-setting system. At present, USPS is constricted in its ability to adjust rates by no more than the Consumer Price Index, but the CPI is an economy-wide measurement of consumer goods and services that doesn’t fit a transportation and delivery provider. The PRC has the ability to correct this mismatch and relieve the resulting financial pressure.

Meanwhile, Congress should address the pre-funding burden it imposed in 2006, which requires USPS – alone among all public and private entities in the country – to pre-fund future retiree healthcare benefits at an annual cost of about $5 billion. It’s important to note that this goes on the books as red ink whether or not it’s actually paid in a given year.

Fixing the external financial burdens posed by the price rollback and pre-funding will put postal finances on a stable footing and allow USPS – which is based in the Constitution, funds itself through earned revenue, and enjoys broad public and political support – to continue providing Americans and their businesses with the industrial world’s most-affordable delivery network.