

## U.S. Postal Service Reports Fiscal Year 2020 Results

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The U.S. Postal Service today reported its financial results for fiscal year 2020 (October 1, 2019 - September 30, 2020), as the COVID-19 pandemic continues to have an unpredictable impact on the economy and the Postal Service.

Operating revenue was \$73.1 billion for 2020, an increase of nearly \$2.0 billion compared to the prior year, driven by an increase in Shipping and Packages revenue of \$5.8 billion, or 25.3 percent. While the Postal Service's results for the first half of 2020 continued prior-year trends, the COVID-19 pandemic resulted in significant shifts in demand affecting all service categories in the second half of the year.

As a result of the pandemic, and to a lesser extent, secular mail declines, the Postal Service's volume from mail services, its largest sales category, declined significantly for the full year, as First-Class Mail declined 2.3 billion pieces, or 4.2 percent, and Marketing Mail declined 11.5 billion pieces, or 15.2 percent. Mail volume began to show slight improvement in the last few weeks of the year, although this was driven in part by the temporary surge in political and election mail associated with the recent general election cycle.

Package volume grew by nearly 1.2 billion pieces, or 18.8 percent, compared to last

year due to the surge in e-commerce. Although package volume growth has recently slowed since its early fourth-quarter peak, the Postal Service believes that consumer behavior has evolved during the pandemic as the nation has increasingly relied on the safety and convenience of e-commerce.

"2020 has been an extraordinary year for the Postal Service and the nation," said Postmaster General and Chief Executive Officer Louis DeJoy. "Amid the tumult of the COVID-19 pandemic - and with the challenges of the election, disruptions in our workforce, rapid changes in our marketplace, and long-term financial distress - the 644,000 women and men of the Postal Service delivered for the American public."

"We remain committed to our mission of service in every American community - delivering the medicine, supplies, benefit checks and important correspondence the public depends upon," said DeJoy. "We are likewise committed to addressing our significant financial imbalances - which were exacerbated by COVID this year and will

cause lasting impacts - through a combination of management actions, and legislative and regulatory reforms."

Operating expenses for the year were \$82.2 billion, an increase of \$2.3 billion, or 2.9 percent, compared to the prior year.

Compensation and benefits increased by \$1.2 billion due to workforce additions necessary to address the surge in package volume as a result of the pandemic, along with increased overtime hours and paid sick leave stemming from the national health crisis. Contractual wage adjustments also contributed to the increase in compensation and benefits. Retirement benefits increased by \$767 million due to higher charges for the amortization of unfunded benefits and increased retirement contribution rates, which are outside of management's control.

Transportation expenses grew by \$630 million, primarily due to increased package volumes and the limited availability of commercial air transportation due to the pandemic, which necessitated shifts to higher-cost modes of transportation. Furthermore, the pandemic significantly increased the Postal Service's expenses for supplies and services, such as personal protective equipment (PPE), to ensure the safety of its employees and customers.

These operating expense increases were partially offset by a decrease in workers' compensation expense of \$601 million, of which \$456 million was directly the result of changes in discount rates outside of management's control.

"There continues to be great uncertainty over the future impacts of the pandemic on the Postal Service," said Chief Financial Officer Joseph Corbett. "Given the lasting declines in mail that accompanied the 2007-2009 Great Recession, the Postal Service expects that the COVID-19 crisis may have similar effects on mail volume going forward and that it may never recover to its pre-pandemic levels. Further, while we do believe that our package volumes will remain higher given what looks to be a potential permanent shift in consumer behavior, we do not expect our package revenue growth over the medium-to-long term to make up for our losses in mail service revenue caused by COVID-19."

Net loss for the year was \$9.2 billion, an increase of \$363 million compared to 2019. Controllable loss was \$3.8 billion, an increase of \$334 million compared to the prior year.

Source: [USPS](#)