The State of the United States Postal Service in 2023

After the end of its fiscal year, the United States Postal Service (USPS) reports its results to Congress. Given the impact that the USPS's performance has on many segments of the printing market, it is worth noting what is said.

Postal Service Reform Act of 2022

On the USPS website, you might notice that every press release includes the following line:

> *The Postal Service generally receives no tax dollars for operating expenses and relies on the sale of postage, products, and services to fund its operations.*

This is meant to remind us that while postal delivery is a service that the government provides to its citizens, it is not free of charge. Although the government expects the Postal Service to be self-supporting, it has not always made it easy for the Postal Service to do so. This year, the single biggest reason for financial improvement in the USPS budget can be traced back to the Postal Service Reform Act of 2022. This bill, which passed with bi-partisan support and was signed into law by President Biden in April, addresses the USPS's finances and operations. From a financial perspective, the key item is that the bill repeals the requirement that the USPS annually prepay future retirement health benefits. This had an immediate and significant impact in that it provided a one-time, non-cash benefit of $57 billion. The release from the requirement to prepay benefits has hung over the USPS for years and made it very difficult for the USPS to break even.

Two other items from the Postal Service Reform Act stand out as being important to printers and mailers:

- The USPS must develop and maintain a publicly available dashboard to track service performance and must report regularly on its operations and financial condition.
- The USPS must continue to provide mail delivery six days a week.

The Status of the "Delivering for America" Plan

Reaching a budget break-even point is one goal of the USPS's Delivering for America plan, which was announced in March of 2021. The plan contains a ten-year vision for transforming the USPS while achieving financial sustainability and still providing excellent service and reliability. The plan as envisioned would reverse a projected $160 billion in financial losses through a combination of legislative and administrative actions, one important aspect of which is implementation of improvements in mail processing, transportation, retail, delivery, and administrative operations. The plan also includes initiatives to grow revenue and introduce new products.

Perhaps the most visible—and controversial—aspect of the Delivering for America Plan is the work to consolidate and automate mail centers. The USPS reports that it has installed 131 of 137 new package sorting machines ahead of the holiday mailing and shipping season. It has recently installed new package sorting machines in Aurora, Illinois; Albany, New York; Flagstaff, Arizona; Freehold, New Jersey; and Hyattsville, Maryland. These installations bring the total of new processing machines to 249 since March of 2021 when the Delivering for America plan was launched. They are part of a $40 billion investment. The USPS expects that this equipment, combined with increased operational precision, will expand the USPS's daily package processing capacity to 60 million.

USPS Connect

Another part of the Delivering for America Plan is an improved processing and delivery network called USPS Connect that will include a suite of local, regional, national, and returns solutions.

As part of the Delivering for America plan, the USPS intends to invest in its retail locations to "provide a world-class customer experience with improved retail training, modernized uniforms, refreshed lobbies, and expanded self-service and digital options." As you consider what is happening regarding the consolidation of sites, it is worth keeping this USPS vision of its retail locations in mind because of what it will mean competitively versus other package delivery services. It might even include copy/print services.

A New Mailing Promotion Portal

The USPS's mail 2023 promotions programs have remained unchanged for several years. In recent years there have been six such promotions:

- Tactile Sensory and Interactive Mailpiece Engagement
- Emerging and Advanced Technology
- Earned Value Reply Mail
- Personalized Color Transpromo
- Informed Delivery
- Mobile Shopping

For details on these and any other planned promotions, keep an eye on the USPS promotions page.

There is some news, however. The USPS's New Solutions team has recently launched a Mailing Promotions Portal, which is designed to be an effective interface for participation in the USPS's discount and incentives program for First-Class and Marketing Mail customers. USPS customers will use the portal to submit mailpiece samples and ask questions about the promotions. Participation in the new portal requires a Business Customer Gateway account. Once you sign up, you can expect an approval e-mail within 48 hours with instructions on how to finalize your enrollment.

The Bottom Line: What Does This Mean for Printers?

Headwinds for the USPS include declining mail volumes, inflation, and the complexities involved in automating such an expansive operation. Here are some things to look out for:

- *Growing pains:* The USPS is going through a modernization and automation process that is likely to have significant growing pains. These may be more severe in places where the consolidation of mail collection & distribution sites is planned or has occurred.
- *Customer confidence issues:* The USPS is still recovering from issues related to lack of customer confidence in its service. This can damage print-based initiatives (postcards, marketing mail, publications) and even confidence in the way that elections are run. Many voters chose to hand-deliver their ballots to polling locations at the recent mid-term elections, which isn't a good sign.
- *Programs for promotional mailing:* No announcements were made about promotional programs for mailers. A new portal for these programs has been launched by the USPS and will be of interest to printers sending marketing mail for their customers.
- *Packaging and the desire to expand services:* The USPS's focus on improving its packaging delivery capability highlights its intent to compete more effectively against FedEx and the United Parcel Service. As it improves its retail spaces and adds services, print & copy capabilities could certainly become part of the USPS's portfolio.

The rollout of the Delivering for America plan continues, and this is a critical time for the Postal Service. How hopeful should we be for improvement in the USPS? There are some good signs, but time will tell if the Delivering for America plan actually delivers on its promise.

Source: Jim Hamilton, Consultant Emeritus at Keypoint Intelligence

Author bio: Jim Hamilton of [Green Harbor Publications](#) is an industry analyst, market researcher, writer, and public speaker. For many years, he was Group Director in charge of Keypoint Intelligence's (formerly InfoTrends') Production Digital Printing & Publishing consulting services. He has a BA in German from Amherst College and a Master's in Printing Technology from the Rochester Institute of Technology.