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FY2024 U.S. Postal Service Appropriations

Overview

The U.S. Postal Service (USPS) generates nearly all of its funding—about $78.5 billion annually according to the USPS's most recent financial report—by charging users of the mail for the costs of the services it provides. Congress, however, does provide an annual appropriation—about $50 million in FY2023—to compensate the USPS for revenue it forgoes in providing free mailing privileges to the blind and overseas voters. In addition, the annual appropriation compensates the USPS for debt it accumulated in the 1990s while providing postal services at below-cost rates to non-profit organizations. Historically, the appropriation has not always compensated the USPS for all of the revenue forgone.

Congress authorized appropriations for revenue forgone in the Revenue Forgone Reform Act of 1993 (RFRA; P.L. 103-123, Title VII). Additionally, under the Postal Accountability and Enhancement Act (PAEA; P.L. 109-435), funding for both the USPS Office of Inspector General (USPSOIG) and the Postal Regulatory Commission (PRC) must be provided out of the Postal Service Fund.

The Postal Service Fund is a revolving fund that consists largely of revenues generated from the sale of postal products and services. (39 U.S.C. §2003)

The PAEA requires that the USPSOIG must submit its budget request directly to Congress and to the Office of Management and Budget. The law further requires that the USPSOIG's budget be treated as a component of the USPS's budget.

The Postal Service Reform Act of 2022 (PSRA; P.L. 117-108) amended 39 U.S.C. §2003(e), creating permanent authority for the Postal Service Fund to be used for payment of expenses incurred by the PRC, thereby removing the PRC from the annual appropriations process. Under the PSRA, the PRC submits its annual budget to USPS for approval by the Postal Governors and its expenses are paid out of the Postal Service Fund. The PRC's budget, like the budgets of other independent regulators, is treated separately from that of USPS.

USPS appropriations have generally been included in the annual Financial Services and General Government (FSGG) appropriations bill. For FY2024, this is H.R. 4664 and S. 2309. (For more information, see CRS Report R47743, *Financial Services and General Government (FSGG) FY2024 Appropriations: Overview*, *Financial Services and General Government (FSGG) FY2024 Appropriations: Overview*.)

Summary of FY2024 Budget Request and Appropriations

Postal Service Fund

- For FY2024, the President's budget includes a request of $75.5 million for the Postal Service Fund to compensate for revenue forgone in providing free and reduced mail. This is $25.28 million more than the FY2023 request and FY2023 enacted appropriations.

- Both the President's budget and the USPS *FY2024 Congressional Budget Submission* request an additional $307.224 million to compensate for previous years' revenue forgone that was not appropriated or made available to the Postal Service.

- Additionally, the President's budget requests $157.575 million to reimburse USPS for reduced cost mail service between the United States and the Freely Associated States (i.e., Republic of the Marshall Islands, Federated States of Micronesia, and Republic of Palau). Under the Compacts of Free Association, mail delivery between the United States and the Freely Associated States is priced and treated as domestic rather than international mail. (USPS, *Domestic Mail Manual*, Section 608.2.)

- H.R. 4664 would provide $35.4 million for the PSF, which is $14.83 million below the FY2023 enacted appropriation and $40.1 million below the amount requested. S. 2309 would provide $50.3 million, which maintains funding for the PSF at the same level as FY2023, but is $25.28 million below the amount requested.

U.S. Postal Service Office of Inspector General

- For FY2024, the USPSOIG and the President request $290.579 million be transferred from the Postal Service Fund for the USPSOIG. This represents an increase of approximately $19.6 million over the FY2023 enacted appropriation.

- H.R. 4664 would provide $274.467 million for the USPSOIG (via transfer from the Postal Service Fund), which is about $3.5 million more than the FY2023 enacted level, but about $16.1 million below the requested amount. S. 2309 would provide $271 million, which maintains funding for the PSF at the same level as FY2023, but is $19.6 million below the amount requested.

Postal Regulatory Commission

- For FY2024, the PRC has requested $21 million to be provided out of the Postal Service Fund. According to the USPS *FY2024 Congressional Budget Submission*, this is $2 million less than the PRC's estimated obligations for FY2023.

- Pursuant to the PSRA, beginning in FY2023 the PRC is no longer subject to annual appropriations. For this reason, funding for the PRC is not included in H.R. 4664 or S. 2309.

Table 1 presents the FY2024 request, FY2023 enacted appropriations, and amount of the FY2024 appropriations in the House and Senate bills for the USPS, USPSOIG, and, where applicable, the PRC.

Table 1. USPS Budget Request and Appropriations, FY2024

(millions of dollars)

Agency	FY2023 Enacted	FY2024 Request	H.R. 4664	S. 2309
Postal Service Fund	50.3	75.5	35.4	50.3
USPSOIG	271.0	290.6	274.5	271.0
PRC	—	21.0	—	—

Sources: P.L. 117-328; H.Rept. 118-145; S.Rept. 118-61; USPS, *FY2024 Congressional Budget Submission*.

Note: Pursuant to the PSRA, beginning in FY2023 the budget for the PRC is consolidated with the PSF and is no longer subject to annual appropriations. The amount shown for the PRC under "Request" reflects the amount approved by the Postal Governors and included in USPS's budget submission to Congress.

Postal Operations in the Event of a Lapse of Appropriations

The Postal Reorganization Act of 1970 (PRA; P.L. 91-375) established USPS as "an independent establishment of the executive branch," self-funded by revenue from the sale of postal products and services. During a lapse of appropriations, USPS would continue its operations, since it is funded almost entirely by revenue from the sale of postal products and services.

Operations would also continue at the PRC, which is no longer subject to annual appropriations. While USPS and the PRC would continue operations, select activities of the USPSOIG would cease during a lapse of appropriations.

According to the latest USPSOIG shutdown plan, 522 of its 967 employees would be retained in the event of a shutdown. Of the 522 employees that would be retained, 517 are deemed "necessary to protect life and property," while 5 are compensated by a resource other than annual appropriations. To protect life and property, the OIG would retain 456 Special Agents. The remaining employees include IT personnel, attorneys, data analysts, security, budget and accounting, and human resources. The plan notes that additional personnel may be called in for court appearances or other emergencies (USPSOIG, *U.S. Postal Service OIG Shutdown Plan*, September 28, 2023).

FY2024 Continuing Appropriations: Funding for Postal Service Health Benefits Program

On September 30, 2023, Congress passed the Continuing Appropriations Act, 2024 and Other Extensions Act (H.R. 5860; P.L. 118-15), which provides continuing FY2024 appropriations to federal agencies through November 17, 2023. Section 126 of the act increases the rate of funding for the Office of Personnel Management (OPM) to approximately $219.1 million, which is about $28.3 million above its FY2023 funding.

The additional OPM funding is provided for the implementation of the Postal Service Health Benefits Program (PSHBP), a new health benefit program for eligible postal employees and retirees. Under the PSRA, OPM is required to establish and administer the PSHBP.

In late 2024, postal employees and retirees will have the opportunity to select plans under the PSHBP during Open Season. Coverage under the PSHBP will begin in January 2025. Beginning in 2025, postal employees and retirees who are eligible for plans under PSHBP will no longer be permitted to enroll in plans under the Federal Employees Health Benefits (FEHB) Program. In addition, postal retirees and eligible family members will be required to enroll in Medicare Part B to obtain coverage under PSHBP.

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