



**PACKAGE COALITION**  
DELIVERING AMERICA'S ECONOMY

## Myth vs. Fact: Postal Package Delivery Services

**MYTH: Taxpayers subsidize the Postal Service, including its package delivery services.**

**FACT:** The Postal Service receives zero taxpayer subsidy. Postal operations are funded by customers who pay to send letters and parcels – and who would pay substantially more if rates increased.

**MYTH: The Postal Service loses money on its package delivery business.**

**FACT:** The opposite is true: package delivery is a large and growing money-maker for the Postal Service. The Postal Service is required by law to ensure that the prices for its package delivery services cover their costs. The Postal Service's independent federal regulator, the Postal Regulatory Commission ( "PRC" ) ensures that this requirement is met. In 2023, package delivery services earned \$33.3 billion compared to total competitive package product costs of \$21.1 billion, generating a profit of about 12.2B. These earnings help keep the Postal Service in business and avoid the need to increase prices for other postal services, like letter mail.

**MYTH: The Postal Service has cut money-losing deals with certain shippers that set prices below the actual cost of delivery.**

**FACT:** Like many businesses, the Postal Service negotiates customized pricing and service arrangements for its best customers – in this case, high-volume shippers. But nothing in these agreements can change the legal requirement that the Postal Service's prices for each package delivery service must cover its costs. Far from losing money for the Postal Service, these arrangements with high-volume shippers actually bring profitable package volume to the postal system – helping to put the Postal Service on more sound financial footing.

**MYTH: Rural communities will not notice if their mail and package delivery times are slowed, or if prices increase in their areas.**

**FACT:** The Postal Service has a large presence in rural areas. It has almost 80,000 rural delivery routes serviced by some 133,000 rural letter carriers, and nearly 57% of post offices are in rural areas. The one-in-five Americans who live in rural communities have limited options for delivery services, as private carriers often charge rural surcharges. In addition, those living in rural areas already face a disproportionate number of challenges, like high unemployment and difficulty accessing healthcare, relative to their urban and suburban counterparts. Reducing the quality and increasing the price of delivery services for those living in rural areas would have a significant negative impact and would be an additional blow for rural residents.

# Myth vs. Fact: Postal Package Delivery Services

**MYTH: The Postal Service is a dysfunctional government monopoly and should be privatized like some other postal systems around the world.**

FACT: The U.S. postal system is the world's largest and most complex. Six days a week, the Postal Service connects over 167 million delivery addresses, in every corner of every state. Like many organizations of similar size and complexity, the Postal Service has areas where it needs to improve. But privatization is not the solution to these issues. The experience of postal privatization in other countries is mixed at best; in many countries, service degradation, post office closures, and price increases followed privatization. In others the cost of universal services following privatization had to be paid by taxpayers. There are ways to give the Postal Service the tools and incentives to improve its business without changing its status as an essential public service.

**MYTH: Letter mail is subsidizing the Postal Service's package delivery business.**

FACT: The Postal Service's package delivery revenue far exceeds the cost of service. In 2023, postal package delivery services generated revenues of \$33.3 billion. Far from requiring a subsidy, the Postal Service's package delivery business is in fact helping to support institutional costs, including mail delivery.

**MYTH: The Postal Service is competing unfairly against private carriers.**

FACT: Congress created statutory guardrails to ensure fair competition in the package delivery business, including a legal requirement for each package delivery product to cover its own direct costs and an appropriate share of overhead. The Postal Service's independent federal regulator, the PRC, is charged with reviewing all prices to ensure this legal requirement is met. Federal courts have consistently upheld the PRC's findings and approach. Moreover, the Federal Trade Commission has repeatedly concluded that the Postal Service does not enjoy a competitive advantage in package delivery.

**MYTH: Small businesses and consumers won't notice if the Postal Service is forced to raise its prices for package delivery.**

FACT: Forcing the Postal Service to raise its prices for package delivery services will harm Main Street businesses and consumers. If the Postal Service is forced to raise prices, private carriers can and will charge more. This could be especially harmful for small businesses and consumers in remote and rural areas, where private carriers already levy "rural surcharges" in over 20,000+ ZipCodes. Raising prices would eliminate the Postal Service ability to serve as an economic lifeline for customers with no affordable alternatives.



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