

Long Time Coming: Postal Service Reform Act Becomes Law

President Biden’s signing of the **Postal Service Reform Act** on **April 6** marks the first significant changes to the laws governing the **U.S. Postal Service** in 16 years. While the major reforms in the new law are primarily balance-sheet related, the act includes a number of changes that will impact USPS, mailers, and citizens. Below we highlight a handful of the big changes.

ELIMINATION OF PREFUNDING

The 2006 mandate that USPS prefund its retiree health benefit liabilities well into the future is completely repealed.



USPS is also absolved of the portion of the mandate (\$57 billion) it has not paid since 2012.*

*Prefunding fix is expected to save USPS \$107 billion by removing \$57 billion in past-due postal liabilities and eliminating \$50 billion in payments over the next 10 years. See [news reports](#).

MEDICARE INTEGRATION

Future retirees will remain in the Federal Employee Health Benefit Program (FEHBP) in retirement, but must enroll in Medicare Parts A and B when eligible.



See the American Postal Workers [FAQs](#) for details.

SERVICE PERFORMANCE

USPS must set service performance targets for each product within 60 days of the start of each fiscal year.



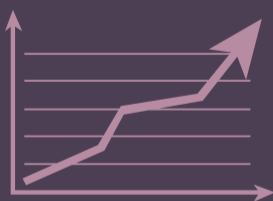
The Postal Service must “maintain an integrated network for delivery of market-dominant and competitive products” and must deliver six days a week, except on weeks with federal holidays.



USPS must establish a public dashboard showing service performance of Market Dominant products on a weekly basis.

NON-POSTAL SERVICES

USPS is allowed to work with state, local, and tribal governments to provide non-postal services to the public as a source of additional revenue, as long as certain conditions are met.



ADMINISTRATIVE CHANGES

The Postal Regulatory Commission (PRC) will submit its budget to the Board of Governors for approval; the PRC Office of Inspector General will be consolidated into the USPS Office of Inspector General (OIG).



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STUDIES AND REPORTS

PRC and OIG to do a joint flats operations study and reform.

PRC to conduct cost attribution study, including underlying methodologies.

USPS hit with a whole host of new reporting requirements on finances, volumes, operations, and more.