The U.S. Postal Service's Financial Condition: A Primer

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Summary

Since 1971, the U.S. Postal Service (USPS) has been a self-supporting government agency that covers its operating costs with revenues generated through the sales of postage and related products and services.

The USPS is experiencing significant financial challenges. After running modest profits from FY2003 through FY2006, the USPS lost $45.6 billion between FY2007 and FY2013. Since FY2011, the USPS has defaulted on $16.7 billion in payments to its Retiree Health Benefits Fund (RHBF). The agency reached its $15 billion borrowing limit in FY2012 and did not reduce its total debt in FY2013. In October 2012, the USPS bolstered its liquidity by withdrawing all of the cash from its competitive products fund. This fund has not been replenished since that time.

While the financial condition of the postal service slightly improved in FY2013, both revenues and expenses have increased through the first three quarters of FY2014. Compared with the same point in FY2013, expenses are $1.4 billion higher while revenues have increased by $1.0 billion.

The USPS's recent financial difficulties are partially the product of reduced demand. The agency has experienced a 21.7% drop in mail volume during the past 10 years. Additionally, during the past decade the "mail mix" has shifted. A growing portion of the mail is advertising mail, which yields low profits. Concurrently, the annual volume of first-class letters, which are highly profitable, has been dropping steadily, at least in part due to mailers shifting to electronic communications. As a result, the Postal Service's revenues in FY2013 were lower than they were in FY2004. Additionally, the Postal Service's liquidity has decreased and its debt has increased because of the statutorily mandated payments that must be made to the RHBF each year.

This report discusses these issues in more detail, and it will be updated after the USPS releases its FY2014 year-end financial results in November 2014 and in the interim should there be any significant developments.

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Background

Independent Establishment of the Executive Branch

Since 1971, the U.S. Postal Service (USPS) has been a self-supporting, wholly governmental entity.[1] Prior to that time, the federal government provided postal services via the U.S. Post Office Department (USPOD), a federal agency that received annual appropriations from Congress. Members of Congress were involved in many aspects of the USPOD's operations, including the selection of managers (e.g., postmasters) and the pricing of postal services.

In 1971, Congress enacted the Postal Reorganization Act (PRA; P.L. 91-375; 84 Stat. 725), which replaced USPOD with the USPS—an "independent establishment of the executive branch" (39 U.S.C. 201).

Non-Reliant on Appropriations

The PRA designed the USPS to be a marketized government agency, which is an agency that would cover its operating costs with revenues generated through the sales of postage and related products and services.[2] Although the USPS does receive an annual appropriation, the agency does not rely on appropriations. Its appropriation is approximately $90 million per year, about 0.1% of the USPS's $65 billion operating revenue.[3] Congress provides this appropriation to compensate the USPS for the revenue it forgoes in providing, at congressional direction, free mailing privileges to blind persons and overseas voters.

Treasury Accounts

The Postal Service Fund, which the USPS uses for most of its financial transactions, is off-budget, and therefore not subject to the congressional controls of the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344; 88 Stat. 297; 2 U.S.C. 621).[4]

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[1] The USPS often is mischaracterized as a quasi governmental or private entity. It is neither. The USPS is a government agency that was created by Congress to achieve various public purposes. Federal law defines what products and services the Postal Service may offer. Additionally, the USPS's employees are federal employees who participate in the Civil Service Retirement System, the Federal Employees Retirement System, and the Federal Employees Health Benefits Program. On quasi governmental entities, which have both governmental and private-sector attributes, see CRS Report RL30533, *The Quasi Government: Hybrid Organizations with Both Government and Private Sector Legal Characteristics*, by Kevin R. Kosar. The author of that report has left CRS. Questions about its content may be directed to Henry B. Hogue, Specialist in American National Government.

[2] The term "marketized" refers to a government agency structured to provide goods and services in the manner of a private firm.

[3] For further details on the USPS's appropriations, see CRS Report R42730, *Financial Services and General Government: FY2013 Appropriations*, coordinated by Garrett Hatch.

[4] For further background on the USPS's budget status, see CRS Report RS20350, *Off-Budget Status of Federal Entities: Background and Current Proposals*, by Bill Heniff Jr.; and Office of Management and Budget, *Budget of the U.S. Government Fiscal Year 2013: Appendix* (Washington: GPO, 2012), pp.1389-1392, at http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/oia.pdf.

The USPS also has two other accounts that are on-budget: the Postal Service Retiree Health Benefits Fund (RHBF) and the Competitive Products Fund (CPF), which were established by the Postal Accountability and Enhancement Act of 2006 (PAEA).[5] The RHBF is an account into which the USPS must deposit annual prepayments towards current employees' future retirement benefits.[6] The CPF was established to hold the revenues derived from the sale of competitive products and services and any returns earned on the investment of these funds in U.S. Treasury securities.[7]

Borrowing Authority

Unlike private companies, the USPS does not have the authority to borrow money from private lenders. Rather, the USPS may borrow money from the U.S. Treasury's Federal Financing Bank. Federal statute limits the USPS's debt increases to $3 billion per year, and the USPS's total debt to $15 billion.[8]

The USPS's Financial Condition

A variety of approaches may be used to consider the financial condition of a firm.[9] Here, the USPS's financial condition is examined by the metrics of profitability, revenues, expenses, and debt and liquidity.

The USPS issues both quarterly (report on 10-Qs) and annual financial statements (10-Ks and annual reports). The data below were drawn exclusively from these USPS sources.[10] The financial figures have not been adjusted to reflect inflation.[11]

[5] P.L. 109-435; 120 Stat. 3198. The accounts are at 5 U.S.C. §8909(a) and 39 U.S.C. §2011(a)(2), respectively.

[6] The PAEA requires the USPS to make annual RHBF payments of between $5.4 billion and $5.8 billion from FY2007 to FY2016. The payments are due on September 30 of each year. The USPS may not withdraw funds from the RHBF during this 10-year period. Between FY2007 and FY2016, the USPS also must make annual outlays to cover a portion of the healthcare premium costs of current retirees. After FY2016, the USPS will pay current retiree health benefit costs from the RHBF, and will maintain the fund by making annual payments into it. For further details, see U.S. Postal Service, "2013 Report on Form 10-K," November 15, 2013, pp. 36-39, at http://about.usps.com/who-we-are/financials/10k-reports/fy2013.pdf.

[7] Further details on the CPF may be found in 39 C.F.R. 3060 at http://www.gpo.gov/fdsys/pkg/CFR-2011-title39-vol1/pdf/CFR-2011-title39-vol1-part3060.pdf.

[8] 39 U.S.C. §2005(a).

[9] The Government Accountability Office, for example, has assessed the USPS's financial condition on the metrics of revenues, expenses, profitability and liabilities. See Government Accountability Office, *U.S. Postal Service: Urgent Action Needed to Achieve Financial Sustainability*, GAO- 13-562T, April 13, 2013, at http://www.gao.gov/assets/660/653841.pdf.

[10] The USPS's financial reports and statements may be found at http://about.usps.com/who-we-are/financials/.

[11] According to the Bureau of Labor Statistics' "inflation calculator," the Consumer Price Index showed a 23% increase between 2004 and 2013, a period nearly coincident to FY2004 to FY2013. See http://www.bls.gov/data/inflation_calculator.htm.

Profitability

Profitability here is defined as *operating revenues* less *operating expenses*.[12] *Operating revenues* (hereinafter, *revenues*) include funds received by the USPS for the provision of products and services.[13] *Operating expenses* (hereinafter, *expenses*) include all costs incurred by the USPS in the provision of products and services.[14]

Year-to-Date Profitability

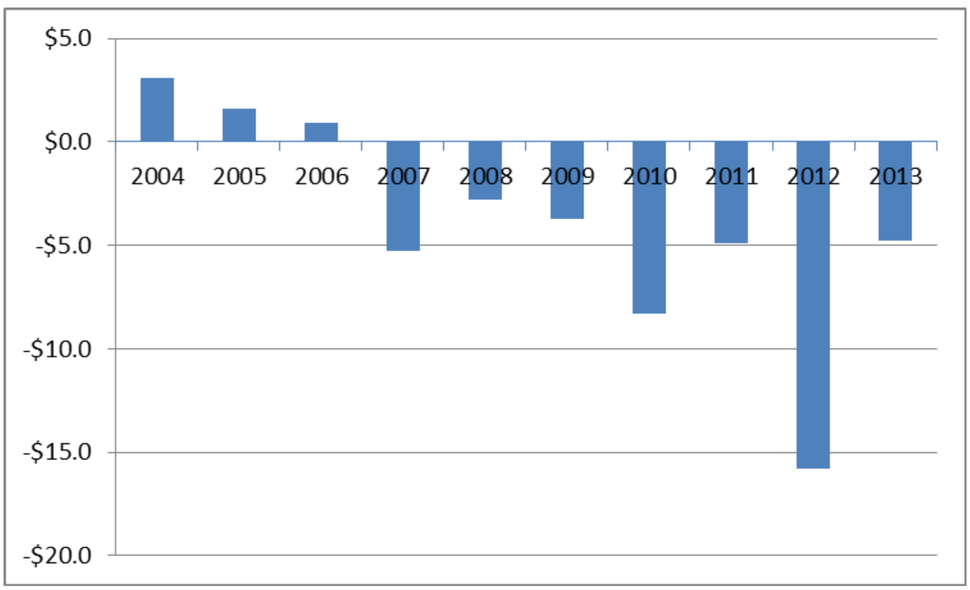
In the first three quarters of FY2014, the USPS booked $4.1 billion in operational losses. Of this amount, $4.3 billion was a charge for the RHBF.[15]

Ten-Year Profitability Trend

Between FY2004 and FY2013, the USPS had three profitable years followed by seven unprofitable years (**Figure 1**). The USPS's deficits during the past seven years amount to $45.6 billion.

Figure 1. USPS Profitability, FY2004-FY2013

(billions of dollars)



Source: CRS graphic based upon U.S. Postal Service "Annual Reports" and "Form 10-Ks."

[12] The USPS reports annual profitability as either "income from operations" or "loss from operations." This report uses "profitability" as a proxy for these two terms, but otherwise employs the USPS's definitions of financial terms (e.g., profitability, operating expense, debt).

[13] Operating revenues exclude any revenues the USPS derives from investment income or interest earned on deposits.

[14] Operating expenses exclude interest owed by the USPS on funds borrowed.

[15] The USPS is legally obliged to pay $5.7 billion into the RHBF in FY2014. Accordingly, for the first three quarters of FY2014 the USPS recorded three quarters of this amount ($4.3 billion) as an RHBF charge on its 3rd quarter financial statement. U.S. Postal Service, "Quarter III, 2014 Report on Form 10-Q," August 11, 2014, pp. 2 and 12.

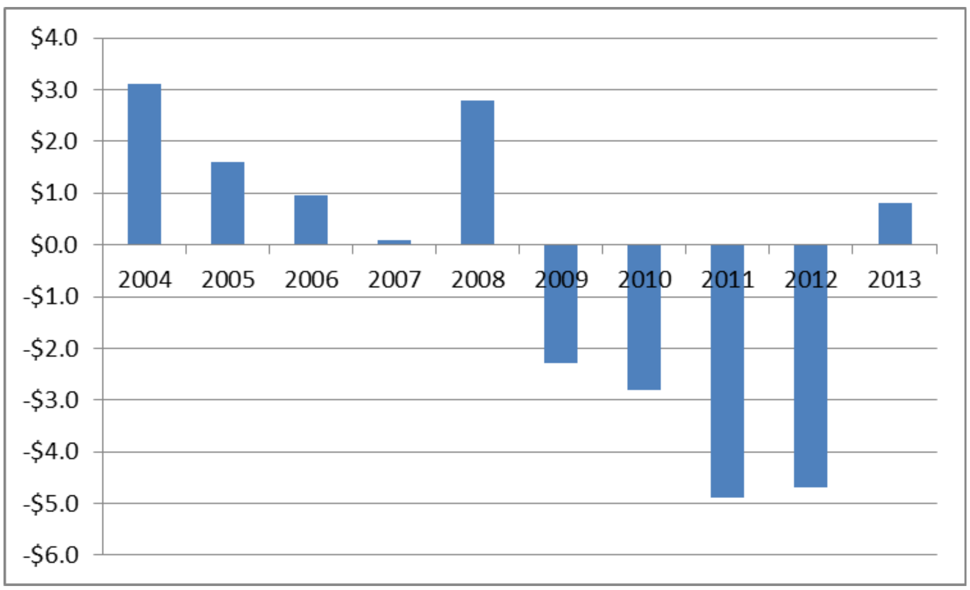
Note: Values are not adjusted for inflation.

The USPS's losses began in FY2007, the same year the USPS began making payments into the RHBF.[16] Between FY2006 and FY2007, the USPS's revenue rose $2.1 billion, from $72.7 billion to $74.8 billion. The agency's expenses increased $8.4 billion during this same period, from $71.7 billion to $80.1 billion. Of the $8.4 billion expense increase, nearly all of it resulted from the PAEA's RHBF funding requirements. In FY2007, the USPS had a $5.4 billion outlay to the RHBF, and an almost $3 billion one-time charge for transferring funds from a USPS escrow fund to the RHBF per P.L. 109-435.

While RHBF payments have affected the USPS's profitability, the USPS would have run deficits from FY2009 through FY2012 even if the agency did not have to make RHBF payments (**Figure 2**). If RHBF payments are excluded, the USPS would have run a modest surplus of $800 million in FY2013. The non-RHBF deficits for the last five years total $13.9 billion, an amount nearly equal to the USPS's total borrowing authority. As **Figure 3** and **Figure 4** below illustrate, these cumulative deficits were produced by a sharp drop in revenues that was only partially recovered in FY2013. (Expenses did not fall equivalently.)

Figure 2. USPS Profitability Without the Annual RHBF Payments, FY2004–FY2013

(billions of dollars)



Source: CRS graphic and calculation based upon U.S. Postal Service "Annual Reports" and "Form 10-Ks."

Note: Values are not adjusted for inflation.

Revenues

Pursuant to federal statute, the USPS earns revenues through the provision of postal products and services.[17] The PAEA separated USPS products and services into two categories—"market-

[16] See U.S. Postal Service, "Annual Report, FY2007," 2007, pp. 25-26, at https://about.usps.com/who-we-are/financials/annual-reports/fy2007.pdf.

[17] 39 U.S.C. §404.

dominant" (or monopoly) and "competitive."[18] Market-dominant products include those products and services that the USPS need not compete with the private sector to provide (e.g., first-class letters). Competitive products and services are those for which a competitive market exists, such as overnight parcel delivery.[19]

The USPS may annually raise the rates (prices) of products in the market-dominant class by no more than the Consumer Price Index for All Urban Consumers (CPI-U). The USPS has greater freedom to price competitive products.[20] In January 2014, the USPS raised prices by 1.7% on market-dominant products and services, and an average of 2.4% for competitive products.[21] In addition, this price increase included a 4.3% temporary surcharge on market-dominant products for a limited amount of time.[22]

Of the USPS's $67.3 billion in revenues in FY2013, $53.5 billion (79.5%) came from sales of market-dominant products and services. This revenue is roughly equivalent to revenue generated from market-dominant products and services in FY2012.[23]

Year-to-Date Revenues

Over the first three quarters of FY2014, USPS's revenues totaled $51.2 billion. This amount is slightly higher ($1.0 billion) than the USPS's revenues for the first three quarters of FY2013 ($50.2 billion).[24]

Ten-Year Revenue Trend

Between FY2004 and FY2008, the USPS's revenue grew in each consecutive year. A rapid decrease in mail volume began shortly after the US economy had officially entered a deep recession, leading to four consecutive years of revenue decline between FY2009 and FY 2012.[25] Revenue then increased in FY2013 (**Figure 3**). The USPS's FY2013 operating revenue of $67.3 billion is $1.7 billion, or 2.5%, lower than its FY2004 revenues ($69.0 billion).

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[18] 39 U.S.C. §3621-2634.

[19] FedEx and UPS are among the private firms that compete with the USPS to provide overnight parcel delivery.

[20] 39 U.S.C. §3622(c)(2) and 39 U.S.C. §3633 set a floor for competitive products prices by requiring that they be priced at not less than an amount calibrated to generate revenue sufficient to cover the USPS's costs to provide them.

[21] U.S. Postal Service, "Quarter II, 2014 Report on Form 10-Q," May 9, 2014, p. 17, at http://about.usps.com/who-we-are/financials/financial-conditions-results-reports/fy2014-q2.pdf.

[22] As stated in the 10-Q report for the second quarter of FY2014, the surcharge will "be collected only until the Postal Service recovers $3.2 billion of incremental revenue above what would otherwise have been recovered through a CPI increase alone." U.S. Postal Service, "Quarter II, 2014 Report on Form 10-Q," p. 17.

[23] Postal Regulatory Commission, "Financial Analysis Report, FY2013," April 10, 2014, p. 4, at http://www.prc.gov/Docs/89/89576/2013%20Financial%20Analysis%20Report.pdf.

[24] U.S. Postal Service, "Quarter III, 2014 Report on Form 10-Q," p. 2.

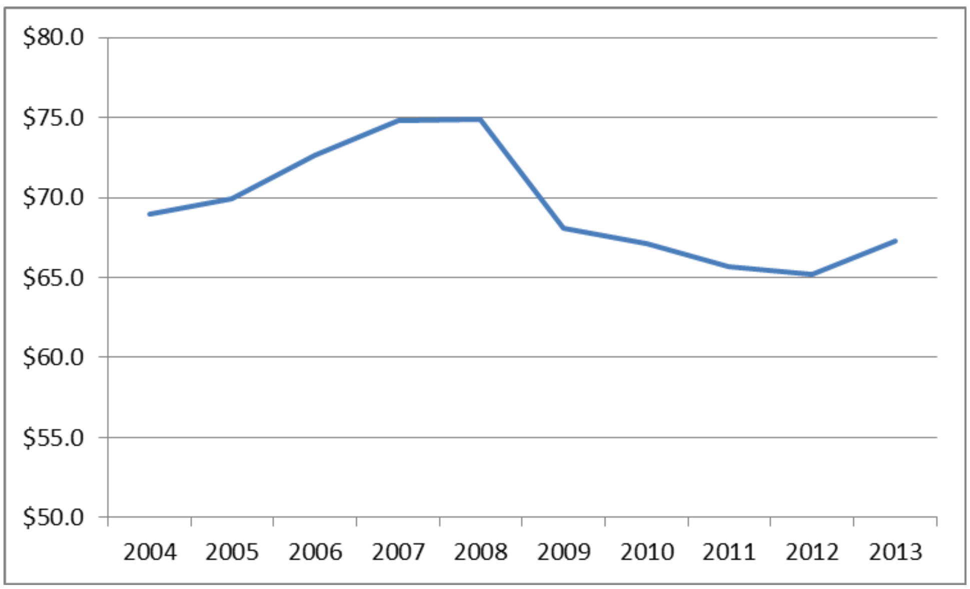
[25] CRS Report R40198, *The 2007-2009 Recession: Similarities to and Differences from the Past*, by Marc Labonte. The USPS's mail volume peaked in FY2006 at 213.1 billion mail pieces, and was nearly as high in FY2007. In the first two quarters of FY2008 (October through December and January through March), mail volume was higher than in the same quarters in FY2007. It was not until the third quarter of FY2008 (April through June) that the USPS reported a decline in mail volume relative to the same quarter in the previous year. By the end of FY2008, mail volume had dropped from 212.2 to 202.7 billion mail pieces. Thus, chronologically it was the case that the U.S. economy entered a recession in December 2007, and mail volume began falling approximately four to six months later.

The USPS's revenues are derived almost entirely from postage paid for the delivery of mail. Hence, when mail volumes rise, the USPS's revenues tend to rise. Between FY2003 and FY2006, mail volume increased from 202.2 billion to 213.1 billion mail pieces. Since then, mail volume has dropped sharply—to 158.4 billion pieces in FY2013. Mail volume, then, was 21.7% lower in FY2013 than in FY2003, and 25.7% below its FY2006 peak.[26]

Additionally, during the past decade the "mail mix" has shifted. An increasing portion of the mail handled by the USPS is advertising mail, which yields low profits.[27] Concurrently, the annual volume of first-class mail, which is highly profitable, has been dropping steadily, at least in part because mailers are shifting to electronic communications (e.g., online bill remittances and payment).[28]

Figure 3. USPS Revenues, FY2004-FY2013

(billions of dollars)



Source: CRS graphic based upon U.S. Postal Service "Annual Reports" and "Form 10-Ks."

Note: Values are not adjusted for inflation.

[26] In FY2006, mail volume peaked at 213.1 billion mail pieces. The following year, mail volume was 212.2 billion (.4% lower).

[27] For further details, see Postal Regulatory Commission, "Annual Compliance Determination, FY2012," pp. 80-81 and 105-106.

[28] U.S. Postal Service, "Annual Report FY2003," p. 1, and U.S. Postal Service, "2012 Report on Form 10-K," p. 27.

Expenses

Year-to-Date Expenses

Over the first three quarters of FY2014, the USPS's expenses totaled $55.3 billion. This amount is $1.4 billion, or 2.5%, higher than the USPS's expenses for the first three quarters of FY2013 ($53.9 billion).[29]

Were the RHBF expenses removed from consideration, the USPS's third quarter FY2014 expenses would have been $1.3 billion, or 2.6%, higher than its third quarter FY2013 expenses (**Table 1**).

Table 1. USPS Operating Expenses Minus RHBF Payments, FY2013 and FY2014

(billions of dollars)

	FY2013	FY2014
Quarter 1	$18.9	$18.3
Quarter 2	$18.2	$18.6
Quarter 3	$16.9	$18.4
Total	$53.9	$55.3
(Less RHBF expense)	($4.2)	($4.3)
Total	**$49.7**	**$51.0**

Source: U.S. Postal Service, Quarter III, FY20123 and FY2014 "Reports on Form 10-Q."

Note: Values are not adjusted for inflation.

Ten-Year Operating Expense Trend

The USPS's operating expenses have increased from $65.9 billion to $72.1 billion (9.4%) in the past 10 years.

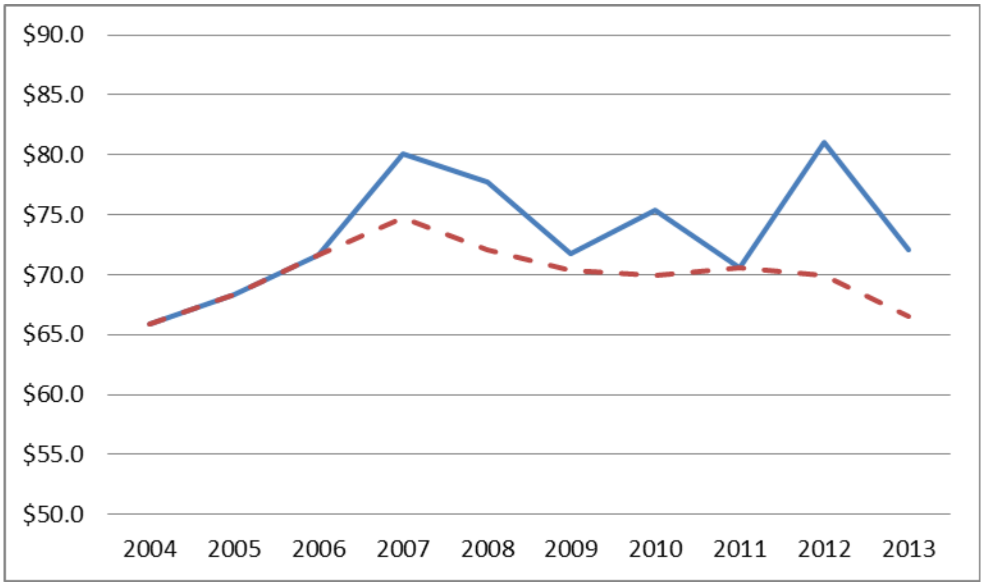
Were the RHBF portion of the expenses removed, the USPS's annual expenses would have increased by less than one percent over the decade. **Figure 4** shows that in the four years (FY2003 to FY2006) prior to PAEA's establishment of the RHBF (FY2007), expenses grew from $65.9 billion to $71.7 billion (8.8%). More than half of this increase ($4.3 billion) reflected rising costs for compensation and benefits.[30] After the enactment of the PAEA, the USPS's expenses (minus the RHBF, as indicated by the dotted line) slightly declined.

29 U.S. Postal Service, "Quarter III, 2014 Report on Form 10-Q," p. 2.

30 U.S. Postal Service, "Annual Report, FY2004," p. 24, at http://about.usps.com/who-we-are/financials/annual-reports/fy2004.pdf and U.S. Postal Service, "Annual Report, FY2006," p. 27 at http://about.usps.com/who-we-are/financials/annual-reports/fy2006.pdf.

Figure 4. USPS Expenses, FY2004-FY2013

(billions of dollars)



Source: CRS graphic based upon U.S. Postal Service "Annual Reports" and "Form 10-Ks."

Note: Values are not adjusted for inflation. The solid line above represents total USPS expenses, including the RHBF requirements. The dotted line represents USPS expenses with the RHBF removed.

Debt and Liquidity

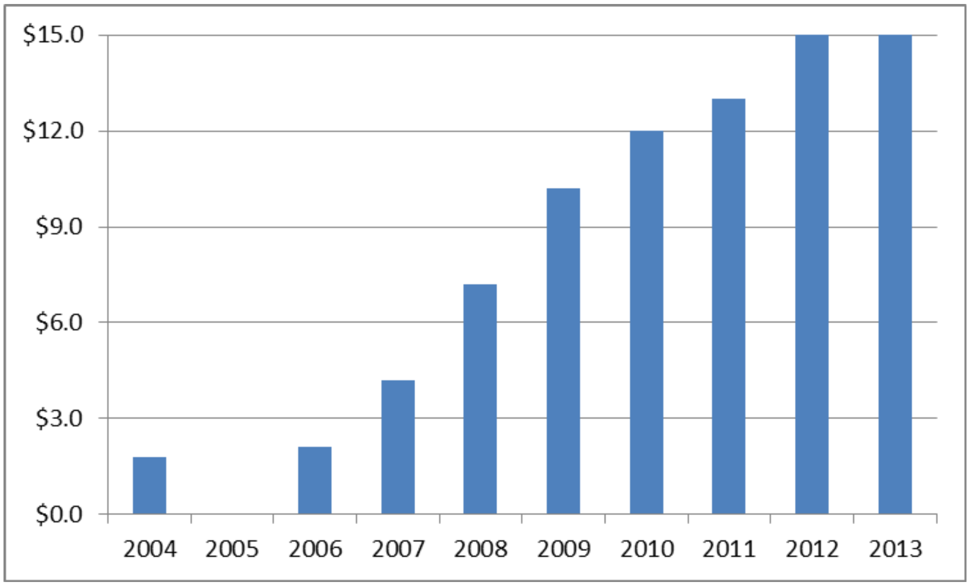
The USPS reached its $15 billion debt cap in late FY2012 and continues to have no remaining borrowing authority through the third quarter of FY2014.[31] The USPS was debt-free in one of the 10 years between FY2004 and FY2013 (**Figure 5**). Factors contributing to the USPS's growing debt include falling annual revenues from FY2008 through FY2012 and the agency's $17.9 billion in payments into the RHBF.[32] **Figure 3** above shows the USPS's revenues were $7.6 billion higher in FY2007 and FY2008 than in FY2013.

[31] U.S. Postal Service, "Quarter III, 2014 Report on Form 10-Q," p. 7; and U.S. Postal Service, "2012 Report on Form 10-K," pp. 52-53.

[32] The USPS made the following payments in the RHBF: $5.4 billion (FY2007), $5.6 billion (FY2008), $1.4 billion (FY2009), and $5.5 billion (FY2010). The agency has not paid into the RHBF since FY2010. U.S. Postal Service, "2013 Report On Form 10-K," pp. 38-39.

Figure 5. USPS Debt, FY2004-FY2013

(billions of dollars)



Source: CRS graphic based upon U.S. Postal Service "Annual Reports" and "Form 10-Ks."

Note: Values are not adjusted for inflation.

Postal Service Fund balance: At the end of the third quarter of FY2014, the USPS had $5.0 billion in cash, which only provides enough cash to maintain operations for less than four weeks at current operating costs.[33]

Competitive Products Fund balance: The entire balance of the CPF was transferred to the Postal Service Fund to address liquidity concerns at the conclusion of FY2012. Since that time, the U.S. Treasury's "Monthly Statement of the Public Debt" has not included an entry for the CPF.[34] This is indicative of the CPF not having a current balance. The status of the CPF was the subject of a 2013 Commission Information Request (CIR) from the Postal Regulatory Commission.[35]

Retiree Health Benefits Fund balance: The RHBF had $47.3 billion as of the end of FY2012, and $48.5 billion as of July 2014.[36] As currently calculated, the USPS's unfunded RHBF obligation is approximately $48.3 billion.[37] Federal law prohibits the USPS from drawing any funds from the RHBF before FY2017.[38] The USPS's lack of borrowing authority has contributed

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[33] U.S. Postal Service, "Quarter III, 2014 Report on Form 10-Q," p. 3.

[34] U.S. Treasury, "Monthly Statement of the Public Debt," May 2013, p. 10, at http://www.treasurydirect.gov/govt/reports/pd/mspd/2013/opdm052013.pdf.

[35] Postal Regulatory Commission, *Commission Information Request No. 1*, PI2013-1, Washington, DC, July 19, 2013, http://www.prc.gov/Docs/87/87374/CIR_No_1.pdf. More information on the request and the USPS response can be found at http://www.prc.gov/prc-pages/dockets-search/default.aspx.

[36] U.S. Postal Service, "2013 Report on Form 10-K," p3842; and U.S. Treasury, "Monthly Statement of the Public Debt," July 2014, p. 12, at http://www.treasurydirect.gov/govt/reports/pd/mspd/2014/opdm072014.pdf .

[37] U.S. Postal Service, "2013 Report on Form 10-K," p. 38.

[38] Pursuant to 5 U.S.C. §8906(g)(2)(A), the USPS shall use the RHBF to pay the healthcare costs of current employees starting in FY2017.

to its self-reported "lack of liquidity."[39] The USPS did not make its FY2011, FY2012, or FY2013 RHBF benefit payments, leaving it $16.7 billion in default. The agency reports it will not have enough cash to make the $5.7 billion RHBF payment due September 30, 2014. The agency's limited liquidity and lack of borrowing authority is constraining the USPS's ability to make capital and operational upgrades (e.g., replace its aging fleet of delivery vehicles) and would be insufficient in the event of another downturn to the U.S. economy.[40]

The USPS is scheduled to report its year-end FY2014 financial results in November 2014.[41]

Observations

Congress designed the USPS to be financially self-supporting. The agency's ability to remain financially self-sustaining over the long term is questionable. In FY2013, the USPS's revenues began to rise after falling for four consecutive years (**Figure 3**). However, expenses have not fallen quickly enough to allow the Postal Service to meet its statutory prefunding commitments to the RHBF and place the agency on a more sustainable financial course (**Figure 5**). Despite the revenue growth in FY2013, the USPS's annual revenue remained lower than its revenue 10 years earlier. Additionally, the revenue trend depicted in **Figure 3** may indicate a long-term weakening of the demand for the USPS's current products and services.[42]

The weak cash position of the USPS has led the agency to take a number of actions to address their financial position.

> In 2013, the Postal Service implemented a realignment of its operations to further reduce costs and strengthen its finances. These operational realignments include reductions in the number of mail processing facilities, realignment of retail office hours to match demand, reductions in the number of delivery routes, and consolidation of delivery offices. In June 2014, it announced that a second phase of mail processing realignments would begin in January 2015, culminating in the consolidation of up to 82 more processing locations. Additionally, the Postal Service continues to leverage employee attrition, Voluntary Early Retirement (VER) and increased utilization of non-career employees. In July 2014, the Postal Service announced that a VER would be offered to approximately 3,900 Postmasters who were impacted by reductions in retail hours at certain postal facilities.[43]

Despite these organizational actions and the increase in revenue for the USPS in FY2013, the Postal Service projects that legislative change will be necessary to improve liquidity moving forward. With no further borrowing authority the USPS could find itself with insufficient funds to continue operations, leading to a need for payment prioritization and the continued deferral of capital and infrastructure expenditures.

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[39] U.S. Postal Service, "Quarter III, 2014 Report on Form 10-Q," p. 7. Liquidity refers to the quantity of cash and assets easily convertible to cash. Any firm, governmental or private, with low liquidity risks cash shortfalls that can disable it from meeting its obligations, e.g., paying its employees, creditors, etc.

[40] U.S. Postal Service, "Quarter III, 2014 Report on Form 10-Q," p. 7.

[41] 39 U.S.C. §3654(a)(1) requires the USPS to file its quarterly financial reports within 40 days of the end of each quarter, and its annual report within 60 days of the end of a fiscal year. The fiscal year concludes on September 30.

[42] Postal Regulatory Commission, "Annual Compliance Determination, FY2012," pp. 29-30.

[43] U.S. Postal Service, "Quarter III, 2014 Report on Form 10-Q," p. 8.

It goes beyond the scope of this report to assess which operational or policy changes could improve the USPS's financial condition sufficiently to enable it to continue as a self-funding government agency. The above financial data, however, suggest that for any reforms to be successful they would need to

- contend with the USPS's short-term liquidity problem;
- be of sufficient magnitude to make appreciable changes to the USPS's annual operating revenue (currently $67 billion) or operating costs (currently $70+ billion);
- enable the USPS to sufficiently fund its retiree health benefits;
- help the USPS reduce its debt (currently $15 billion); and
- place the USPS on a long-term trajectory where the agency's revenues could be expected to meet or exceed expenses.

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Acknowledgments

This report was originally written by Kevin R. Kosar, who has left CRS. Readers with questions about this report's subject matter may contact Dan Richardson.