Institute for Policy Studies

Policy Brief

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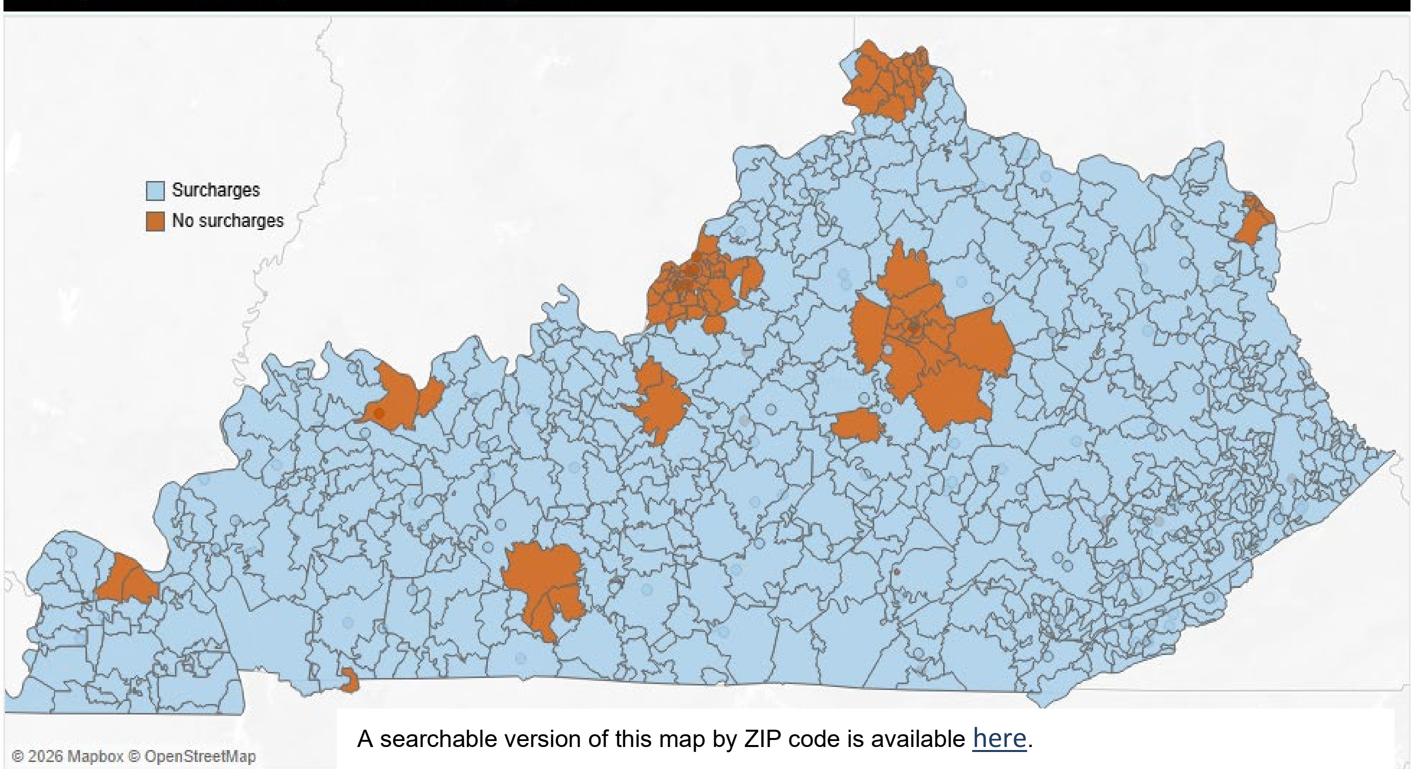
The Debate Over the Future of the U.S. Postal Service: What's at Stake for Kentucky

Some analysts and policymakers have expressed support for privatizing the U.S. Postal Service by selling off part or all of the service to for-profit corporations. Such changes would jeopardize the many benefits of a public Postal Service, particularly for rural communities. Kentucky, with 42 percent of residents in rural areas — nearly double the national average — has a particularly large stake in this debate.

Higher prices: Wells Fargo analysis indicates that USPS package delivery pricing is approximately 25 percent to 60 percent below that of FedEx and UPS. Without competition from a public Postal Service dedicated to universal service at affordable rates, for-profit carriers would likely raise prices even higher — or terminate delivery service altogether on the most expensive routes. The ZIP code-based surcharges FedEx and UPS already charge retail customers using their own packaging give a clear indication of the areas that would likely face the highest rate increases. In Kentucky, these surcharges apply to 88 percent of ZIP codes.

Private Companies Apply Surcharges to 88% of Kentucky ZIP Codes
Kentucky ZIP codes covered by UPS and FedEx surcharge areas



A searchable version of this map by ZIP code is available here.

Source: Institute for Policy Studies analysis of data from UPS and FedEx

Post office closures: Wells Fargo analysts note that USPS owns $85 billion in real estate that could be "harvested" (i.e., sold off) under a privatized system. Rural post offices would likely be first on the chopping block. Some 57 percent of post offices are in rural areas and while they serve a vital purpose, nearly two-thirds of them have not been profitable in recent years. USPS owns 154 of the 677 postal facilities operating in Kentucky.

Loss of good jobs and revenue: In 2024, USPS employed 7,945 people in Kentucky. These employees paid $44.7 million in federal taxes and $17.9 million in state taxes that year. At a time of skyrocketing tuition rates and ballooning student debts, USPS is highly valued as a source of good jobs for Americans without advanced degrees. The chart below compares median annual wage levels in Kentucky for the three major postal occupations with those for the five most common occupations that do not require more than a high school diploma. In every case, postal worker pay exceeds that of the other occupations, even without considering the value of postal pension benefits.

For People Without College Degrees, USPS is a Key Path to the Middle Class

Median annual wages for postal jobs versus major job categories that do not require a college degree

	USPS mail carriers	USPS clerks	USPS mail sorters + processors	Retail sales	Fast food	Cashiers	Stockers and order fillers	Truck drivers
Kentucky	$58,910	$62,610	$57,430	$29,650	$27,130	$28,590	$36,810	$56,340
U.S. median	$60,550	$62,130	$58,470	$35,410	$31,200	$32,930	$37,330	$58,640

Source: Institute for Policy Studies analysis of Bureau of Labor Statistics occupational employment and median wage data by state, May 2025.

Loss of a first-class mail alternative for those without broadband: In Kentucky, 19.1 percent of residents lacked access to affordable high-speed broadband in 2025, compared to 18.6 percent of U.S. residents as a whole. People without this access rely more heavily on mail service for bill-paying and other communications, from birthday cards to garden seed orders. And mailing a letter or check from Louisville to Fairbanks, Alaska still costs just 78 cents, compared to about $2.30 for a First Class stamp in the UK, which privatized its postal system in 2013.

Threats to universal service: Wells Fargo analysts and some other prominent commentators and politicians have recommended that USPS continue to operate the mail service while allowing private corporations to take over the USPS package delivery business. Stripping USPS of the most profitable — and growing — segment of the system would hollow out the Postal Service and likely lead to degrading of service. This could open the door to full-scale privatization and the elimination of universal mail delivery service, as private carriers would be unlikely to maintain "last mile" delivery on more expensive routes. The public Postal Service has used revenue from more densely populated areas to cover the costs of rural deliveries.

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