

Congress of the United States
Washington, DC 20515

July 1, 2021

The Honorable Louis DeJoy
Postmaster General
U.S. Postal Service
475 L'Enfant Plaza West, S.W.
Washington, DC 20260

Dear Postmaster General DeJoy:

We write to express our serious concern about the substantial rate increases for mail the U.S. Postal Service requested on May 28, 2021.¹ At this most critical moment in our nation's economic recovery from the devastating impact of COVID-19, and in light of improving revenues for the Postal Service, this increase is premature and counterproductive. We respectfully request that you revise the request so that any potential rate increase be deferred until at least January 2022, and that any requested increase account for aforementioned circumstances. Additionally, we request that you and the other Postal Service Governors provide us an accounting of how these proposed rate increases would affect mail use and volume in one year, three years, and five years.

In November 2020, the Postal Regulatory Commission (PRC) granted authority to the Postal Service to increase rates for market dominant products above the Consumer Price Index (CPI).² Industry groups feared this authority could result in increases of more than 6% for mail generally, and more than 8% for so-called "under water" products – such as charities, magazines, newspapers, and catalogs. Their concerns were substantiated when the Postal Service announced its request to raise general mail prices by approximately 6.8%, and 8.8% for charities, magazines, newspapers, and catalogs. This request would be on top of an inflation-adjusted price increase at an average of 1.8% for market dominant products applied in January 2021.³

We have heard clearly from employers in our districts and across the nation that a second increase in a single year will be highly disruptive and result in significant job losses and significant reduction in their use of Postal Service mail services. Many of these companies, especially small businesses, cannot afford a second increase, saying such action will reduce revenues and lead to job losses.

¹ U.S. Postal Service, *Press Release: With Commitment to Affordability and Financial Sustainability, U.S. Postal Service Proceeds with Request for Postal Rate Change* (May 28, 2021) (online at <https://about.usps.com/newsroom/national-releases/2021/0528-usps-proceeds-with-request-for-postal-rate-change.htm>).

² Postal Regulatory Commission, *Order Adopting Final Rules for the System of Regulating Rates and Classes for Market Dominant Products* (November 30, 2020) (online at <https://www.prc.gov/docs/115/115227/Order%20No.%205763.pdf>).

³ U.S. Postal Service, *2021 Postage Price Changes* (January 25, 2021) (online at https://faq.usps.com/s/article/2021-Postage-Price-Changes#summarized_prices).

Additionally, the Postal Service's revenues have increased when compared to last year's performance, driven by a surge in package business that took hold during the pandemic.⁴ Mail pricing increases above CPI should not be made until the Postal Service has greater clarity on how the pandemic affected Postal Service sales and revenue. Any requests to increase these costs must include financial projections that account for whether changes to the mail mix prompted by the pandemic will continue.

Congress is actively working in a bipartisan manner to advance postal reform legislation that would provide the Postal Service financial relief from long-standing and unique funding obligations, including the removal of the requirement that the Postal Service pre-fund all of its retiree health care benefits. On May 13, 2021, the House Committee on Oversight and Reform unanimously passed H.R. 3076, the Postal Service Reform Act of 2021, which includes provisions to repeal the prefunding requirement and would also integrate Postal Service retirees into Medicare.⁵ Similar legislation, S. 1720, was introduced in the U.S. Senate on May 19, 2021.⁶

While the nation continues to rebuild in the months ahead, and mailers of every kind across America – as well as their suppliers in paper, printing, technology and more – seek to rebuild, now is not the time for actions that further disrupt the economy and the use of mail. The mailing industry accounts for approximately 7.3 million jobs and represents 4.4% of the nation's total civilian labor force. Keeping these companies healthy and ensuring they remain customers of the U.S. Postal Service is critical to maintaining viability, so the Postal Service can continue to serve the American people and help to spur our economic recovery overall.

While we continue to work to ensure the long-term financial sustainability of the Postal Service through legislation, we believe it is vital that the Postal Service not take any action that will weaken its long-term financial success by chasing customers out of the mail market. All Americans depend on the preservation of this essential institution that is meant to be self-sustaining.

Thank you for your attention to this matter.

Sincerely,

⁴ United States Postal Service, U.S. Postal Service Reports Second Quarter Fiscal 2021 Results, (May 7, 2021) (online at <https://about.usps.com/newsroom/national-releases/2021/0507-usps-reports-second-quarter-fiscal-2021-results.htm#:~:text=The%20Postal%20Service%20reported%20total.the%20same%20quarter%20last%20year>).

⁵ House Committee on Oversight and Reform, *Press Release: Oversight Committee Approves Bipartisan Postal Service Reform Act* (May 13, 2021) (online at <https://oversight.house.gov/news/press-releases/oversight-committee-approves-bipartisan-postal-service-reform-act>).

⁶ U.S. Senate Committee on Homeland and Government Affairs, *Press Release: Peters and Portman Introduce Bipartisan Bill to Stabilize USPS and Promote Long-Term Sustainable Service* (May 19, 2021) (online at <https://www.hsgac.senate.gov/media/majority-media/peters-and-portman-introduce-bipartisan-bill-to-stabilize-usps-and-promote-long-term-sustainable-service>).

cc: U.S. Postal Service Board of Governors