

Congress of the United States
Washington, DC 20515

September 5, 2023

Mr. Roman Martinez IV
Chairman
Board of Governors
United States Postal Service
475 L'Enfant Plaza, S.W.
Washington D.C. 20260-1000

Dear Chairman Martinez:

We write to raise serious concerns about recent large rate increases for postage. Rate increases in January and July of this year increased the price of a First-Class Mail® Forever stamp by 10 percent and marked the first time ever rate increases were made twice in one year. We are strong supporters of the United States Postal Service (USPS) who welcomed the reforms made by the Postal Service Reform Act of 2022 (P.L. 117-108), which put the USPS on stronger financial footing. These latest rate increases, however, could undermine that progress as we have seen continued budget deficits and decreased mail volume in the wake of the rate increases.

As the United States Postal Service (USPS) has indicated, rate increases are an integral part of the *Delivering for America* plan (Plan). The financial reports for the FY2023 third quarter, however, indicate an annual deficit of at least \$5 billion for this fiscal year in what was projected to be the first break-even year under the Plan. Mail volume is also down. We think it is vital to pause rate increases to evaluate whether the Plan is on track and if recent decreases in mail volume further threaten the financial condition of the USPS.

According to the Coalition for a 21st Century Postal Service, historical trends suggest that lost mail volume does not return. As such, the significant volume losses incurred this fiscal year threaten the long-term financial viability of the USPS.¹

As we discussed in a May 17, 2023 Subcommittee on Government Operations and the Federal Workforce hearing entitled *Tracking the Postal Service: An Update on the Delivering for America Plan*, mail users have expressed deep concern about the impact on volume from recent rate increases. The Plan assumes losses in mail volume of more than 40 percent over a 10-year period, but data presented in the hearing record suggests that recent volume loss trends are much greater than projected in the Plan. These results suggest that the forecasting models on which the USPS relied do not account for large, successive increases at intervals greater than once per year. The twice-a-year increase schedule imposes additional compliance costs and instability in the market that may not be factored into USPS models.

¹ Coalition for a 21st Century Postal Service, *Statement for the Record for Oversight and Accountability U.S House of Representatives Government Operations Subcommittee Committee hearing on "Tracking the Postal Service: An Update on the Delivering for America Plan"* (May 2023) (online at <https://21stcenturypostal.org/wp-content/uploads/2023/06/C21-Statement-for-the-Record-May-2023-Final.pdf>).


Equally concerning is the fact that predicted parcel volume increases have yet to materialize, thus putting the core viability of the Plan in jeopardy.

Based on these factors, we urge the Board of Governors to pause its current approach to rates to ensure the resulting impact on volume is clearly understood.

We ask the Board to inform us, as members of the Committee on Oversight and Accountability, of 1) any variance from the Plan projections regarding the amount of mail volume the USPS will lose as a result of its current rate approach; 2) any alternatives that would preserve mail volume; and 3) whether the USPS will seek two additional rate increases in 2024.

Most importantly, we urge the Board to consider whether a plan that intentionally sacrifices large amounts of mail volume and drives many customers out of the system for short-term revenue gain is in the best long-term interest of the system and consistent with the public service mission of the USPS.

Sincerely,


Gerald E. Connolly
Member of Congress


Jake LaTurner
Member of Congress

Cc: Vice Chairman Anton G. Hajjar
Gov. Robert M. Duncan
Gov. Donald M Moak
Gov. William D. Zollars
Gov. Amber F. McReynolds
Gov. Ronald D. Stroman
Gov. Derek Kan
Gov. Daniel Tangherlini
The Postmaster General
The Deputy Postmaster General