



COALITION FOR A
21st CENTURY
POSTAL SERVICE

consumeraction

The Honorable Gary Peters
Chairman
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

The Honorable Rob Portman
Ranking Member
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman and Ranking Member Portman:

June 4, 2021

We write out of grave concern about postal rate changes announced by the United States Postal Service on May 28. USPS plans to implement major postage increases of nearly 7 percent for most mail and a nearly 9 percent postage increase for charities and other nonprofits, magazines, newspapers and catalogs. These stark increases, to be implemented on August 29, will impose new and substantial costs to the detriment of the American public and businesses, especially small businesses, nonprofits and charities, consumers generally -- and ultimately, the Postal Service itself -- and, of course, the millions of jobs postal-reliant businesses support.

These increases will be compounded in future years, so we appeal to you to address this very difficult situation in the otherwise very constructive legislation, The Postal Service Reform Act, S. 1720, currently before you. Specifically, we urge you to direct the Postal Regulatory Commission to conduct another review of the rate-setting system, commencing upon enactment and to be completed no more than 270 days after enactment, and to include all changes in postal volumes, revenues and finances generally taking place, and all Acts of Congress affecting such volumes, revenues and finances, after February 29, 2020.

Part of the Postal Service's 10-Year Strategic Plan, "Delivering for America," is to generate an additional \$35-to-52 billion from mail over 10 years. When postage already constitutes up to 80 percent of the cost of each piece of mail, increases of this magnitude are fundamentally unaffordable. Businesses reliant on USPS jointly generate \$1.6 trillion in commerce and employ more than 7 million Americans.

Small businesses and others will cut back on mail, with some not able to survive, and larger businesses will simply move more paper communications online. The reductions in mail—plus the increase in postage, which will include stamps—will have a troubling impact on seniors and rural Americans, in particular.

Given the above, the impact of these higher rates on this industry should be a cause for great concern by Congress. The question should be asked if a plan that allows almost half of mail volume to depart the system in 10 years is the best outcome that can be obtained for USPS and its public service responsibility.

Another question is timing: why now? The USPS financial situation has brightened considerably over the past year. Packages remain elevated, and mail, which still constitutes the majority of

postal revenues, is coming back. The economy is reopening, and small businesses, nonprofits and others, all of which have been harmed by the impact of pandemic measures, will need to be able to use the most effective response-generating tool in their possession: marketing and promotions by mail. If that avenue becomes blocked by higher prices, it will affect not just those businesses, but the economy as a whole, weighing on progress toward a full reopening.

Consumers and businesses value mail and packages, and the USPS' role in delivering both. Those products should receive comparable treatment and support within the postal system; one of them should not be subjected to policies that cause it to atrophy.

To be clear, we are not asking Congress to put its thumb on the scale or actually set rates. We simply ask that you ensure that the impact of the pandemic and all the factors cited above be considered in determining an appropriate limit for rate increases. An objective review of new significant changes to USPS finances as a result of legislation and the pandemic is vital to the public interest.

We believe that it is imperative to take either the foregoing suggestion to include in S. 1720 or some equally effective alternative legislative action before the term "U.S. Mail" threatens to become obsolete.

Thank you.

Respectfully submitted,



Arthur B. Sackler
Executive Director
Coalition for a 21st Century Postal Service



Linda Sherry
Director, National Priorities
Consumer Action