

United States Senate
WASHINGTON, DC 20510

April 23, 2024

The Hon. Roman Martinez IV, Chairman
The Hon. Amber F. McReynolds, Vice Chairman
The Hon. Robert M. Duncan, Member
The Hon. Anton G. Hajjar, Member
The Hon. Derek Kan, Member
The Hon. Ronald A. Stroman, Member
The Hon. Daniel Tangherlini, Member
475 L'Enfant Plaza SW,
Washington, DC 20260

Dear Chairman Martinez and Members of the Board of Governors:

We write to express our concerns regarding the Delivering for America plan (DFA) and the future of the United States Postal Service (USPS). While it was a step forward to produce a transformative plan, the policies to date have led to diminished quality of customer service, unsustainable postage increases, and drastic declines in businesses whose commerce relies on USPS. USPS relies on both mail and packages for its revenues, yet since 2020, USPS has delivered 12 billion fewer pieces of mail, bringing volume to its lowest level in 40 years, while seeing no offsetting increase in package volume.¹ We ask that the Board of Governors take decisive action to halt these changes and prevent further consequences for American families and businesses who depend on USPS to meet their needs.

Congress enacted the bipartisan Postal Service Reform Act of 2022 that saved USPS nearly \$60 billion, and will continue to save USPS billions in the future. We also delivered \$10 billion in direct appropriations to USPS in 2020. Primarily as a result of Congressional assistance, it appeared that from 2020 to 2022, USPS finances had improved. USPS reported a \$9.2 billion loss in 2020, a \$4.9 billion loss in 2021, and a one-time spike in net income to \$57 billion in 2022.² After the implementation of a new postage rate-setting framework that enabled much higher rate increases, we began to see the disastrous effects in 2023. Following the implementation, USPS mail volume dropped dramatically, losing 11 billion pieces of mail, and

¹ U.S. Postal Service. "Pieces of Mail Handled, Number of Post Offices, Income, and Expenses Since 1789." Postal History. Feb 2024. Accessible at: <https://about.usps.com/who/profile/history/pdf/pieces-of-mail-since-1789.pdf>

² U.S. Postal Service. "U.S. Postal Service Reports Fiscal Year 2021 Results." Press Release. 10 Nov 2021. Accessible at: <https://about.usps.com/newsroom/national-releases/2021/1110-usps-reports-fiscal-year-2021-results.htm>

reporting a net loss of \$6.5 billion in 2023.³ Instead of connecting the two issues, USPS blamed inflation, despite mail prices nearly doubling inflation in that time period.

The sudden loss of mail caused by Postmaster General DeJoy's new postage rate-setting framework foreshadows a destructive and repetitive cycle for both business and regular mail users. As USPS increases rates, mailers predictably reduce their mail volume and, in turn, USPS is forced to increase rates again to replace the lost revenue from volume reduction. In 2022, USPS marketing mail revenue increased \$1.4 billion and volume grew by 894 million pieces.⁴ After two rate increases in 2023, marketing mail revenue decreased by \$920 million and volume fell by 7.7 billion pieces.⁵ In addition, since 2022, we have seen the price of First-Class stamps increase from 60 cents to 68 cents, and heard from our constituents about the financial burden of these increases. From 2022 to 2023, we saw the largest drop in First-Class mail in 10 years, greater even than during the COVID-19 pandemic.⁶ Together, First-Class Mail and Marketing Mail made up more than half of USPS's total revenue for 2023. USPS financial stability will not be achieved through raising rates twice annually and threatening the potential elimination of two major areas of USPS revenue. USPS is already struggling financially; it cannot replace billions more in lost revenue.

The postal industry employs nearly 8 million people and produces \$1.9 trillion of annual economic activity.⁷ It is vitally important that USPS understand the critical role it plays in helping to grow and support the American economy. For example, a marketing firm engaging in a 100,000-piece mail prospecting campaign with an anticipated one percent response rate can expect to yield 1,000 new customers. In addition, this success also results in an average of 24,000 additional pieces of mail generated. If USPS continues to increase postage rates, prompting businesses to scale back on prospecting mail, the repercussions will extend beyond the USPS and its own activities. In such a scenario, businesses risk losing customers if they can no longer rely on USPS for cost-effective mail delivery.

These rate increases, and by extension, the DFA, have failed to meet the objective and promises that Postmaster General DeJoy put forth in 2020. To make matters worse, the economic impact of these rate increases and the subsequent loss of mail volume has already resulted in a plant closure that cost nearly 500 jobs. At the time the DFA was proposed by the Postmaster General and approved by the Board of Governors, we were assured that this plan would impact the

³ U.S. Postal Service. "U.S. Postal Service Reports Fiscal Year 2023 Results." Press Release. 14 Nov 2023. Accessible at: <https://about.usps.com/newsroom/national-releases/2023/1114-usps-reports-fiscal-year-2023-results.htm>

⁴ U.S. Postal Service. "U.S. Postal Service Reports Fiscal Year 2022 Results." Press Release. 10 Nov 2022. Accessible at: <https://about.usps.com/newsroom/national-releases/2022/1110-usps-reports-fiscal-year-2022-results.htm>

⁵ U.S. Postal Service. "U.S. Postal Service Reports Fiscal Year 2023 Results." Press Release. 14 Nov 2023. Accessible at: <https://about.usps.com/newsroom/national-releases/2023/1114-usps-reports-fiscal-year-2023-results.htm>

⁶ U.S. Postal Service. "First-Class Mail Volume Since 1926." Government Report. Feb 2024. <https://about.usps.com/who/profile/history/first-class-mail-since-1926.htm>

⁷ Chapman, Cheryl and Johnson, Peter. "EMA's 2023 U.S. Mailing Industry Economic Job and Revenue Study." Report. Nov 2023. Accessible at: <https://www.envelope.org/ema/institute-for-postal-studies>

financial situation of the Postal Service for the better. Instead, we have seen closures of plants, decreased quality of service, and despite Congressional assistance, loss of USPS revenue.⁸

We have a vested interest in seeing USPS succeed. Our constituents rely on it for their daily correspondence, bills, lifesaving medications, and sometimes, their livelihood. The U.S. Postal Service is, by law, a fundamental service provided to the people by our government. It has become clear that under the DFA, USPS is continuing to implement changes that are harmful to Americans and the American businesses that rely on the service. As the Board of Governors, you must step in before further harm is caused.

Thank you for your time and consideration of this urgent request.

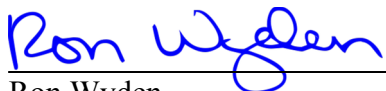
Sincerely,



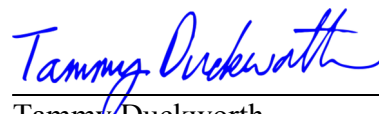
Tammy Baldwin
United States Senator



Martin Heinrich
United States Senator



Ron Wyden
United States Senator



Tammy Duckworth
United States Senator



Richard J. Durbin
United States Senator



Peter Welch
United States Senator

⁸ U.S. Postal Service. "U.S. Postal Service Reports Fiscal Year 2023 Results." Press Release. 14 Nov 2023. Accessible at: <https://about.usps.com/newsroom/national-releases/2023/1114-usps-reports-fiscal-year-2023-results.htm>

Amy Klobuchar

Amy Klobuchar
United States Senator