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December 10, 2024

The Honorable Jim Comer
Chairman
Committee on Oversight and Accountability
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Jamie Raskin
Ranking Member
Committee on Oversight and Accountability
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Comer and Ranking Member Raskin,

Keep US Posted, an alliance of American consumers and the Market Dominant mailing industry welcomes this hearing on the status of the The U.S. Postal Service (USPS), which is a critical institution that is woven into the historical fabric of our nation — and to this day serves as a vital lifeline for our nation's productivity, success and collective wellbeing. USPS plays a hugely important role for consumers and businesses subject to its monopoly privileges, and collectively it represents an industry that generates approximately $1.9 trillion in annual revenues and employs more than 7.9 million workers.

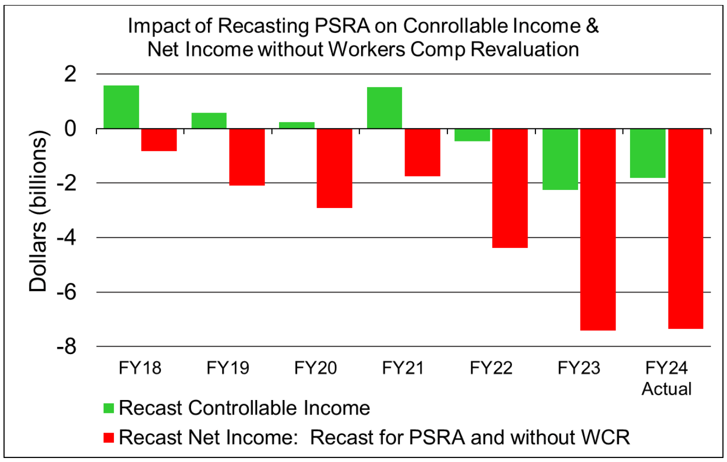
Keep US Posted was formed to give USPS customers— individual members of the mailing public and industry alike—a voice in postal policy. Not only does our nation need and depend on mail services—especially because USPS is the only courier able (and mandated to reach) every address across the country, but we also recognize that the mailing services USPS is tasked with providing strongly depend on a healthy customer base and an affordable and reliable USPS.

Unfortunately, due to USPS mismanagement—and chiefly its continued pursuit of the *Delivering for America Plan* (DFA)— the future of USPS and its customer base is in peril. Neither the bipartisan Postal Reform Act of 2022—which resolved $120 billion in USPS liabilities—nor the millions in COVID relief funding provided by Congress prevented USPS from delivering unprecedented and exorbitant twice-a-year rate increases, poor service, and excessive cost overruns, despite the intention of the Postal Reform Act of 2022 to fiscally stabilize the USPS and prevent the need for excessive rate hikes, which have been occurring twice each year since 2021—something which was and has been unprecedented throughout the Postal Service's nearly 250-year history.

While USPS has indicated it will forego the small rate increase it could have pursued in January 2025, it is evident that this is not a change in direction, but rather a temporary response to the concerns of you and your colleagues. In a September 23 filing at the Postal Regulatory Commission (PRC), USPS indicated it expects to seek twice-a-year increases in 2026 and 2027. To make matters worse, earlier this month, USPS filed for an advisory opinion at the PRC to degrade mail service for rural customers. And in its Delivering for America 2.0 update, USPS is proposing to increase its borrowing authority. Congress must not allow USPS to charge more, spend more and deliver less on the taxpayer's dime.

This mismanagement resulted in a $6.5 billion loss for USPS in FY2023—in what the DFA promised to be the first break-even year—and a $9.5 billion loss for USPS in FY2024 and is now projecting a loss of $6.9 billion in the current year. Moreover, mail volume losses have accelerated far beyond the normal decline patterns in response to the punitive increases, and service quality is at a three-year low. Meanwhile, the huge growth in package volumes upon which USPS based the entire DFA have not emerged.

As the chart below indicates, ignoring a one-time windfall from the Postal Service Reform Act (PSRA) of 2022, the Postal Service's financial condition has worsened dramatically under DFA.



This financial performance is especially concerning given the following:

- In FY2021, the COVID pandemic created a surge in demand for shipping services resulting in nearly $4 billion in revenue growth, including a federally funded COVID test kit program for which the Postal Service was the sole contractor.
- At the same time, legislation provided the Postal Service with $10.2 billion to offset COVID related expenses.
- Since 2021, the United States has experienced sustained economic growth, and thanks to favorable regulation, the Postal Service has been able to raise rates on its monopoly products at an unprecedented rate.
- The Postal Service has taken aggressive steps to insource activities previously performed by private sector partners which have failed to yield expected benefits.
- Total postal volumes have declined by 13 percent, yet career postal employment has increased.

Despite this record, postal management has indicated no intention to reconsider its plans to appropriate capital from the private sector to fund wasteful investments in excess sorting capacity. Further, at the most recent Board meeting, the USPS clearly indicated its intention to seek greater borrowing authority. Given the recent trajectory, allowing the USPS to accumulate additional debt will greatly increase the risk that taxpayers will eventually be asked to save the Postal Service. The USPS has had three years to pursue DFA and the results speak for themselves. To continue down the same path will invite continued failure.

The USPS SERVES US Act (H.R. 9839) addresses this crisis by giving the PRC the necessary mandate and power to hold USPS accountable. Currently, the PRC, by its own admission, lacks the statutory authority to do what is necessary to stop destructive rate hikes, and as recently as this spring permitted a huge July rate increase that it admitted was "not prudent….and not in the best interests of stakeholders." This is a warning to Congress that changes are needed to ensure the PRC can do the job it was created to do. In addition, clear authority from Congress is even more necessary in the post-*Loper Bright* environment.

H.R. 9839 contains provisions to ensure efficiency improvements, service quality and volume retention. It creates an autonomous Office of Customer Advocate to give customers, especially small businesses, a dedicated point of contact and representative in proceedings, and it allows USPS to invest its assets in better performing private index funds. These provisions have broad support from USPS's customer base and have been carefully crafted to give the PRC the clarity and authority it needs to address these challenges on a consistent, expert, and bipartisan basis.

I urge the Committee to take up this bill in the new Congress. USPS cannot be permitted to continue down its current path. Thus far, it has shown no indication it will do anything differently unless changes are made to its governance structure. Failure to act will leave USPS with too few customers to support its bloated obligations, thus leaving Congress to choose between substantial reductions in service or a costly taxpayer bailout. This outcome will not benefit USPS, its customers, or its employees.

Sincerely,

Kevin Yoder

Kevin Yoder
Former Member of Congress (KS-03)
Executive Director, Keep US Posted

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