Comments Before the Postal Regulatory Commission Regarding Statutory Review of the System for Regulating Rates and Classes for Market Dominant Products

Docket Numbers RM2024-4, RM2022-5, RM2022-6 and RM2021-2

February 17, 2026

Before the
POSTAL REGULATORY COMMISSION
Washington, DC 20268

Statutory Review of the System for Regulating Rates and Classes for Market Dominant Products (Consolidating Docket Nos. RM2024-4, RM2022-5, RM2022-6, and RM2021-2)	Docket Nos. RM2024-4 RM2022-5 RM2022-6 RM2021-2

SUPPLEMENTAL COMMENTS OF KEEP US POSTED

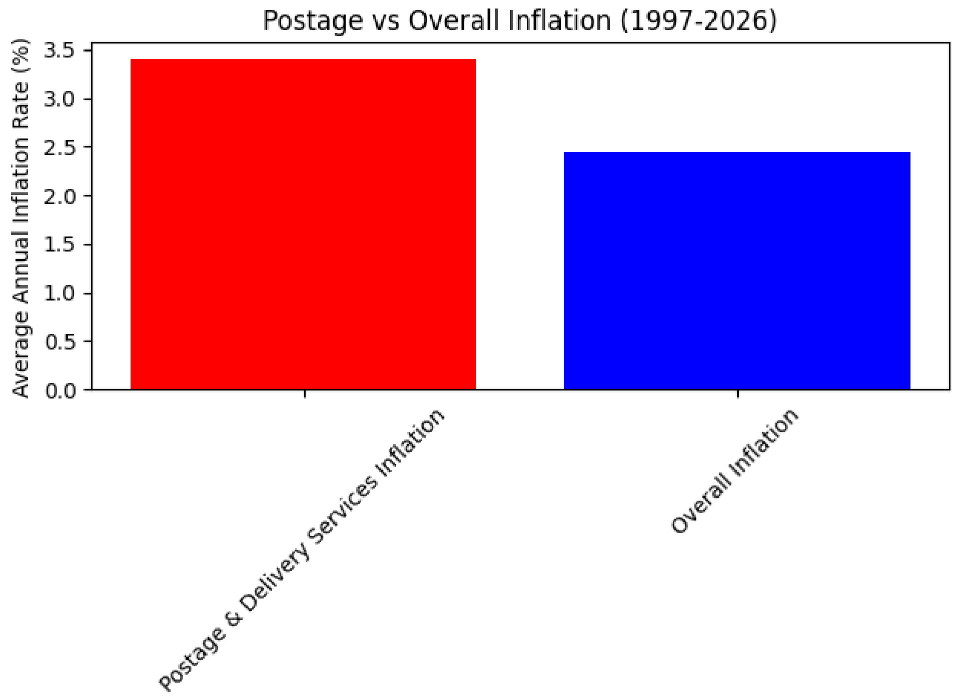
Keep US Posted is a nonprofit advocacy group representing consumers, nonprofits, newspapers, greeting card publishers, magazines, catalogs, and small businesses that depend on an affordable and reliable U.S. Postal Service (USPS). Pursuant to Order 9427, these supplemental comments support our July 3, 2024, filing and urge restoration of the CPI-based rate cap established under the Postal Accountability and Enhancement Act.

The evidence is unmistakable: postage rates are rising significantly faster than overall inflation, imposing significant affordability burdens on mail users. In fact the data strongly supports restoring the CPI-based rate cap to protect the public interest and stabilize the mail system.

Postal Inflation Exceeds Overall Inflation

According to inflation data from the U.S. Bureau of Labor Statistics analyzed by in2013dollars.com, the price of postage and delivery services increased 163.68% from 1997 to 2026, reflecting an average annual postal inflation rate of 3.40%, compared to just 2.45% for overall inflation during the same period. For the critical period of 2020-2026, postage inflation was 4.48%, compared to 3.82% for overall inflation.

Many Keep US Posted members across the Market Dominant mailing industry have experienced postal rate increases far exceeding overall inflation as a result of compounded density adjustments and underwater surcharges. This dynamic, reflected in the chart below, underscores the growing mail affordability crisis, with postal costs increasing on a steeper curve than overall inflation.



This gap means mail users — especially price-sensitive ones — experience annual increases that significantly outstrip their capacity to absorb costs, and thus, reduce their ability to send mail.

Above-CPI Rate Hikes Trigger Unnecessary Volume Declines

Recent research confirms that USPS's repeated above-CPI, twice-a-year rate hikes are driving away mail volume faster than USPS predicted. A 2024 industry study reported:

- USPS's Market Dominant revenue in FY2023 came in $1.8 billion below forecasts, indicating that rate hikes are suppressing volume more aggressively than USPS models assumed;[1] and
- mail volume declines are accelerating: FY2023 saw a 9% drop in Market Dominant Mail — more than three times the historical average annual decline (when excluding recession and COVID years).[2]

The USPS Office of Inspector General separately confirmed that Market Dominant Mail volume has fallen 46% since 2008, with First-Class Mail down 50%.[3] The Inspector General noted that rate pressure is not the only factor causing volume decline — but it is a prominent accelerant.

[1] Critique of USPS Elasticities – ndp | analytics.
[2] *Id*.
[3] Analysis of Historical Mail Volume Trends | Office of Inspector General OIG.

These trends demonstrate a dangerous cycle: above-CPI rate hikes lead to excessive volume loss, resulting in revenue loss that has only motivated USPS to seek more increases.

Restoring the CPI-based Rate Cap is Essential to Stop Compounding Harm

Above-CPI rate hikes directly strain small businesses, nonprofits and community organizations that rely on Marketing Mail. Marketing Mail volume has fallen 40% since 2008[4]. As rates increase, mail users reduce prospecting mail, thus leading to fewer new customers, fewer donors, and fewer mail orders.[5]

The current rate structure also harms local newspapers. Periodicals volume has fallen 65% since 2008.[6] Ongoing price increases further jeopardize local journalism, especially in rural communities that depend on USPS for distribution.[7]

The Universal Service Obligation Requires Affordability, Not Just Availability

USPS's statutory obligation is not only to deliver mail universally but to do so at predictable, affordable prices. When prices rise far faster than inflation:

- rural Americans face heightened burdens due to limited alternatives;[8]
- older and fixed-income households struggle with essential bills and medication deliveries;[9] and
- more consumers defect to digital alternatives, accelerating volume declines and directly impacting USPS's escalating revenue losses.[10]

A return to a CPI-based rate cap will align USPS pricing with general cost of living trends and protect vulnerable communities.

USPS's poor service performance also raises questions of whether the rate system currently in place properly balances the statutory objectives governing postage rates. In the 2025 Annual Compliance Review, the Greeting Card Association (GCA) commented:

> "[s]upplying a worse product at the same (or even a higher) price amounts to a 'hidden' price increase. If the price set by, or with the approval of, a regulator pertains to a product described as

[4] *Id*.
[5] TNPA-Comments-to-PRC-07092024.pdf.
[6] Analysis of Historical Mail Volume Trends | Office of Inspector General OIG.
[7] Critics: Postal Service plans imperil community newspapers | AP News.
[8] The Public Postal Service and Rural America - Institute for Policy Studies.
[9] Warren Casey Mail Order Drug Staff Report Final.
[10] Digital strategy in the postpandemic era | McKinsey.

bearing service level X, and service is actually at level X-Y, then that price may well be excessive for the customer — which is how the Commission, in Order No. 4257, has defined '[un]just.' Accordingly, the Commission's task under section 3622(b) is to reflect properly in the Postal Service's prices any significant degradation in the quality of service it renders. This is what we mean by coordination of objectives (b)(3) and (b)(8)."[11]

In their comments, the GCA asserted USPS diluted the notion of service standards — the subject of objective (b)(3) — through its practice of setting targets reflecting its ability to fulfill the service standard. The Commission, as it explains in its dashboard, then "compares the percentage of mail pieces that achieve the service standard against the Postal Service's self-established targets." From FY2021 to FY2024, the price of a stamp rose from $0.55 to $0.78. From the establishment of a target of 90% or more, on-time delivery of 3-to-5-day mail fell from 83.8% to 73.2%, and the target declined from 90.5% to 90.28%. For this mail, a roughly 12.5% decline in timely delivery accompanied a 41.8% price increase. GCA reasoned, "[i]f we were to apply the degradation in service without change, it would imply a stamp costing not $0.78 but $0.78 x 0.660 = $0.51. It seems to us that most would agree that charging 78 cents for a product 'worth' 51 cents is overpricing."[12]

Keep US Posted concurs and notes that this issue exists with other mail products, not just letters. The increase in rate authority USPS is currently proposing will only exacerbate this problem.

A CPI-based Rate Cap Reintroduces Discipline, Stabilizes Volume, and Supports Long-term Financial Health

The examples above highlight the core responsibility of the Commission to restore balance to USPS's pricing structure. Its failure to balance service quality with price has been acknowledged by the Commission, but USPS has also failed to balance its costs with its revenues.

As the Commission noted in its May 8, 2025 analysis of USPS's 10-K, both Total Factor Productivity and Labor Productivity declined markedly in the period FY2021-FY2024 — the same time USPS was imposing large increases at an unprecedentedly frequent, twice-a-year cadence.[13] This decline marks the worst productivity performance by USPS since measurement began in 1972 and highlights that USPS

[11] Initial Comments of the Greeting Card Association- ACR2025.
[12] *Id*.
[13] Financial Analysis of United States Postal Service Financial Results and 10-K Statement Fiscal Year 2024, p. 118.

does not have a revenue problem — it has a cost control problem that it has proven to be incapable of addressing on its own.

Private corporations are accountable to shareholders, who exert strong pressure on boards to ensure efficiency and profitability — often prompting swift corrective action when performance falls short. Comparable accountability to mail users, USPS's de facto shareholders, does not appear to exist.

It is useful to observe the recent actions taken by UPS and Amazon that are competing with USPS for significant packaging market share. Both companies have announced significant staff reductions, even as they expand their deliveries.[14] These actions stand in stark contrast to the actions of USPS, which has undertaken expensive capital investments and increased the number of employees by 37,784 from 2020-2024.[15]

Restoring the CPI-based rate cap will impose the need for USPS to reduce its costs, imposing the cost discipline that shareholders bring to private companies. The nature of the USPS structure — particularly with its monopoly powers — requires the Commission to restore the balance in the cost-revenue equation.

The evidence shows that USPS pricing is increasingly unaffordable and unsustainable and supports restoring the CPI-based rate cap. Doing so is necessary to protect affordability, stabilize the mail system, and uphold the universal service obligation.

Respectfully submitted,

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[14] Amazon cuts another 16,000 jobs | AP News.
[15] Number of Postal Employees Since 1926 - Who we are - About.usps.com.