

**Postage Rates Increases/Postal Reform**

With the enactment of the landmark Postal Accountability and Enhancement Act of 2006 (PAEA), nonprofit organizations faced a relatively stable situation in terms of postal rate increases. Specifically, the PAEA limited price increases to a formula derived from the Consumer Price Index (CPI).  In most years since 2006, postal rates increased approximately at the rate of inflation, a relatively predictable and reasonable rate of increase.

However, under the 2006 law, the Postage Rate Commission was given the task of conducting a ten-year review of the law’s effectiveness.  The PRC finally concluded the USPS’s poor financial situation was due primarily to the CPI cap.  It therefore proposed a new regulation, formally adopted in December 2020, which gave new ratemaking authority to the USPS—NOT limited by a cap on the CPI. Nonprofit mailers now face a much more challenging environment of substantially larger rate increases year after year.

**New Increases**

**The Postal Service is expected to announce rate increases of 6.0% to 8.5%,** depending on the class of mail, that will be implemented in the summer or fall. This pending rate increase is in addition to the 1.5% rate increase that just took effect on January 24, 2021.

The long-range consequence of the new rate-making authority and the Postal Service’s financial condition could mean crushing increases over the next 4-5 years.

These increases will hit nonprofits hard, especially when our budgets and services have already been affected by the impact of the COVID-19 pandemic. Nonprofit and social organizations rely on the USPS to communicate with our constituents, donors, and potential donors.

Ideal for the nonprofit sector—and all mailers—would be a return to the original goals of the Postal Reform Act of 2006:  **predictable rate increases, largely in line with the rate of inflation**.

**Please contact Postmaster General DeJoy and the USPS Board of Governors**

**and urge them to postpone any major rate increases until 2022!**