



POSTAL REGULATORY COMMISSION
Washington, DC 20268-0001

Office of the Chairman

September 4, 2019

VIA U.S. MAIL AND EMAIL

Mr. David Williams
President
Taxpayers Protection Alliance
1401 K Street, NW
Suite 502
Washington, DC 20005

Dear Mr. Williams:

Thank you for your correspondence of August 27, 2019. My fellow Commissioners and I read your letter with great interest, and we understand your concerns about the need to implement real solutions on key postal issues. These are challenging times for our nation's postal and delivery sector, and the Postal Regulatory Commission, in particular, has an important responsibility to foster a vital and efficient universal mail system. We welcome your interest in maintaining open dialogues as we proceed.

The Commission has played a critical and important role in ensuring transparency and accountability of the Postal Service for many years. With three new Commissioners recently confirmed by the Senate, we have an exciting opportunity to undertake a variety of robust initiatives, and rest assured that the Commissioners plan to do so. However, the Commission will be forced to balance any new undertakings against its extremely limited resources.

You mention the need for a modern pricing system that includes enhanced service quality and accountability. I would note that the Commission continues its work on the statutorily mandated review of the system for regulating rates and classes for Market Dominant products. The Commission determined in its unanimous and bipartisan findings that, 10 years after the passage of the Postal Accountability and Enhancement Act, while some of the aspects of the existing system worked as planned, overall, the ratemaking system had not achieved the objectives of the Act. Because of these findings, the Commission is in the process of promulgating rules to address the shortcomings identified. Moreover, the Commission is always open to ideas aimed at improving our analytical methodologies and decision-making processes within the context of a changing postal landscape. In fact, the Commission has specific rules that allow parties to petition to initiate a proceeding to consider changes in analytical principles used in periodic reporting.

In April 2018, President Donald J. Trump issued an executive order establishing the Task Force on the United States Postal System, and in December 2018, the Task Force released its report, which provides a series of recommendations for administrative and legislative reforms on the nation's postal system. Many of the Task Force recommendations pertain directly to the work of the Commission, including a recommendation that Congress strengthen the Commission's role as a regulator.

As I testified earlier this year to the Senate Committee on Homeland Security and Governmental Affairs, the Commission is working with the Treasury Department and the Postal Service to explore the Task Force's suggestions. I would note that the Task Force considered its recommendations to be "first steps" and would be options to consider "in whole or in part." In addition, many of the Task Force's administrative recommendations would require open and transparent proceedings before the

Commission. This means public notice and comment proceedings in compliance with the Administrative Procedures Act before anything is final.

One of the central Task Force recommendations is consistent with the Commission's extensive work and recommendations made to Congress in the past. As the Task Force underscored, the single most important thing that the federal government must do for the Postal Service and the United States is to clearly define the Postal Service's Universal Service Obligation, or "USO." Only by defining the USO clearly can we begin to design a system that will fund the services required. It is our nation's mission statement for the Postal Service.

With this important work ahead, however, limited resources constrain the Commission. The Commission operates on a very lean \$15 million budget and an extremely small staff of about 70 professionals to regulate the \$70 billion Postal Service. The Commission's current appropriation is roughly 1/50th of 1 percent of the Postal Service's expenses. Congress appropriates Commission funding entirely from the off-budget, permanently appropriated Postal Service Fund, which is wholly comprised of ratepayer funds. Unfortunately, Commission funding has been flat. In my nearly 5 years as chairman, we have operated in the most efficient and effective manner possible. Yet, under current appropriations, the Commission faces challenges meeting its daily demands and statutorily mandated responsibilities. We are operating under a hiring freeze and have eliminated training and travel expenditures. At the same time, the evolving postal sector results in an ever-increasing and complex caseload at the Commission. Therefore, when considering efforts to undertake new initiatives, we are constrained by our limited resources and personnel.

For fiscal year 2020, President Trump recommended an appropriation of \$16.615 million for the Commission. We are hopeful that Congress fully funds the President's

request. Any funding below this amount will further degrade the Commission's ability to achieve its most basic mission of ensuring transparency and accountability of the Postal Service, let alone the opportunity to initiate new proceedings.

Regardless, all of the Commissioners deeply appreciate your concerns and share your interest. We look forward to working with you to fix our nation's postal system on behalf of the more than 320 million Americans who depend on it.

With best wishes, I am

Sincerely yours,

A handwritten signature in black ink, appearing to read 'R. Taub', with a long, sweeping horizontal line extending to the right.

Robert G. Taub
Chairman

cc: Vice Chairman Michael Kubayanda
Postal Regulatory Commission

Commissioner Mark Acton
Postal Regulatory Commission

Commissioner Ann Fisher
Postal Regulatory Commission

Commissioner Ashley Poling
Postal Regulatory Commission