

January 21, 2009

The Honorable Ed Towns
Chairman

The Hon. Darrell Issa
Ranking Member

The Hon. Danny Davis
Chairman
Subcommittee on Federal Workforce, Postal
Service and the District of Columbia

The Hon. John McHugh
Subcommittee on Federal Workforce,
Postal Service and the District of
Columbia

Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Messrs. Towns, Issa, Davis and McHugh:

The U.S. Postal Service confronts a severe economic challenge that, if not addressed in an effective way, could cause serious and adverse changes to its structure and services. Because the Service remains an essential and fundamental part of the nation's communications and commerce infrastructure, we believe the Congress must act, and swiftly. Therefore, the undersigned organizations strongly support the provisions of HR 22, and thank Congressmen Davis and McHugh for their leadership on this important legislation. We urge as expeditious consideration of it as possible.

Our organizations were disappointed that HR 22 was not included in the economic stimulus package currently under consideration in the House. The central strategy of the economic stimulus, sustaining and revitalizing America's infrastructure, and stimulating the creation and prevention of further loss of jobs, is vital to the nation's financial future. As much as any other part of that infrastructure, the Postal Service, and its indispensable role in supporting the functioning of the nation's economy, as well as millions of jobs, must be maintained. That is why the provisions contained in HR 22 were appropriate for the economic stimulus, and remains so important to be enacted.

Collectively, our organizations represent a major portion of the \$900 billion mailing industry, which employs roughly 9 million people. Businesses and nonprofit organizations of every kind depend on the postal system and the reliable, affordable service it provides throughout the nation. The current financial crisis, if unaddressed quickly, could necessitate either dramatic cutbacks in service or an exigent increase under the Postal Accountability and Enhancement Act of 2006.

The former would be unacceptable – exacerbating problems for commerce and any hoped-for economic recovery. The latter would be unaffordable and would not resolve the problem. In a year where businesses and nonprofit organizations are themselves under severe economic stress, laying off workers and otherwise downsizing, or even going out of business, an unscheduled rate increase would be starkly counterproductive. More mail would be taken out of the system, substantially offsetting

any improvement in the postal deficit in the short term, and further damaging the system's prospects for the longer term.

HR 22's provisions simply would change how postal retiree health benefits premiums are paid. Instead of coming in a direct payment from the Postal Service, they would be paid out of the Postal Retiree Health Benefits Fund. The prefunding payments to that fund of more than \$5 billion/year by the Service, as required by the PAEA, would continue.

HR 22 is not a bailout. It would not require any expenditure of taxpayer monies. Yet it would provide relief to USPS of more than \$2 billion/year, substantially narrowing the deficit facing it.

Were the changes provided in HR 22 to be combined with the aggressive costcutting the Service is undertaking this year, which we applaud, and the non-exigent CPI-based annual rate increase in May already budgeted for by mailers, we are convinced USPS could survive this crisis intact, and continue to provide the service to American businesses, nonprofits and consumers that is essential to our economy and still the envy of the world.

Thank you.

Sincerely,

Alliance of Nonprofit Mailers
Cambridge Strategic Partners
CIGNA
Direct Marketing Association
DST Output
Envelope Manufacturers of America
Magazine Publishers of America
Major Mailers Association
Mailers Council
National Association of Presort Mailers
National Newspaper Association
National Postal Policy Council
Quad Graphics
Parcel Shippers Association
Postcom
Readers Digest Association, Inc.
RR Donnelley Logistics
Saturation Mailers Association
Solar Communications
Time Warner Inc.

