February 3, 2016

Contact: Justine Morgan, 202-216-8948

Mailing Industry Leaders Lay Out Strong Opposition to "iPost" Legislation

Advocate for Comprehensive Reform, Not Permanent Rate Increases

Washington, D.C. – Leading organizations in the mailing industry today released a letter in opposition to the "iPost" bill saying, "A solution to the Postal Service's financial challenges that forestalls network rationalizing cost-savings measures is not a long-lasing solution at all." The "iPost" legislation, Senate Bill 2051, introduced last September by Senator Carper (D-DE), would impose a multi-year moratorium on facility and post office consolidations and closures, while at the same time making permanent a temporary "exigent" rate hike which is due to expire in April. The letter is in response to a hearing on January 21, 2016 where the rate hike was discussed.

The letter, signed by thirty-six prominent organizations, states that "Contrary to any misimpression that a broad swath of the mailing industry is supportive of the rate-setting provisions contained in S. 2051, the undersigned organizations stand firmly in opposition to at least one substantive proposal put forth by the Postal Service during the hearing, and contained in S. 2051."

The group emphasizes that the resolutions outlined in the "iPost" bill will not alleviate the Postal Service's larger, fundamental problems. "Those problems will not be solved by imposing statutory rate increases and preventing cost-saving measures that have the potential to save the Postal Service billions of dollars per year…A solution to the Postal Service's financial challenges that forestalls network rationalizing cost-savings measures is not a long-lasting solution at all."

The organizations pointed out that the Postal Service is not cash poor right now and so there is no rationale for the exigency rate hike to be made permanent. "The Postal Service had operating surpluses in both 2014 and 2015 and has plenty of cash on hand – $7.6 billion at the end of November. The end of the exigency surcharge in April will give an additional boost to mail volume in all classes. There is no need to rush into controversial postal legislation without a clearer picture of potential volume and revenue growth for the Postal Service in the years ahead**,"** the letter states.

While opposing this legislation, the group remains committed to working with Congress to find solutions to ensure the Postal Service's long-term viability.

The full text of the letter and list of participating organizations is below:

February 3, 2016
The Honorable Ron Johnson
Chairman
Committee on Homeland Security and Governmental Affairs
United States Senate

340 Dirksen Senate Office Building
Washington, DC 20510
Fax: (202) 224-9603
Re: For the Record of the Hearing, "Laying Out the Reality of the United States Postal Service", January 21, 2016

Dear Senator Johnson:

As representatives of a significant portion of the mailing industry, using all types and classes of mail and representing billions of mail pieces and billions of dollars in postal revenue, we write to express our strong opposition to the "iPost" postal bill introduced by Senator Carper on September 17, 2015 (S. 2051), and discussed at length during the HSGAC hearing on January 21, 2016. Contrary to any misimpression that a broad swath of the mailing industry is supportive of the rate-setting provisions contained in S. 2051, the undersigned organizations stand firmly in opposition to at least one substantive proposal put forth by the Postal Service during the hearing, and contained in S. 2051 – that the temporary "exigent" rates of postage now in effect be made part of permanent law. We also are dismayed by the apparent retreat by the Postal Service on cost-reduction programs, as mirrored in S. 2051, which would create barriers to cost control by imposing multi-year moratoriums on facility and post office consolidations and closures.

The Postal Service certainly faces fundamental problems as it attempts to cope with significant change in the nature and scope of its core business. But those problems will <u>not</u> be solved by imposing statutory rate increases and preventing cost-saving measures that have the potential to save the Postal Service billions of dollars per year. All of our organizations have also gone through financial difficulties and upheavals during recent years, and many of us have reorganized and downsized our internal operations multiple times since the 2008 recession. A solution to the Postal Service's financial challenges that forestalls network rationalizing cost-savings measures is not a long-lasting solution at all.

Our organizations remain committed to the Postal Service and its long-term viability. Mail continues to be the lifeblood of many businesses and nonprofits, and each of our organizations stands at the ready to work with Congress and the Postal Service to help solve the complex issues facing the organization today. We remain willing to support constructive measures that were touched on during the hearing that, if adopted, could enhance the Postal Service's financial stability going forward. These include Medicare integration and restructuring of the Postal Service's retiree health and pension benefit obligations, for which there is indeed consensus among the Postal Service, employee groups and the full mailing community. However, we cannot support non-consensus and unbalanced proposals – among them, the first Congressionally-mandated general increase in postal rates since 1968. By its very nature, an exigency rate is not a permanent rate. Both the independent Postal Regulatory Commission and the U.S. Court of Appeals have affirmed this point. Temporary fixes should not be mistaken for long-term solutions at the expense of the large mailing industry.

We believe that there is time to step back and look in a balanced fashion at the Postal Service of the future. The Postal Service is coming off a record-breaking holiday season, with package volume up 18% from last year. 2016 is an election year, and the Postal Service has plans to handle $1 billion in political mail this year. The Postal Service had operating surpluses in both 2014 and 2015 and has plenty of cash on hand – $7.6 billion at the end of November. The end of the exigency surcharge in April will give an additional boost to mail volume in all classes. There is no need to rush into controversial postal legislation without a clearer picture of potential volume and revenue growth for the Postal Service in the years ahead. Further, existing law already provides for a review of Postal Service finances and the pricing system in 2017 – less than a year from now. No change in law is necessary to make that happen. With postal finances stabilizing and several bright areas for future growth, there is no need to fear that the 2017 review will lead to major rate shock for mailers.

While we recognize that the Postal Service is not out of the woods, a limited, one-sided legislative proposal is not the solution. It is clear that, despite statements or connotations that there is consensus on S. 2051, in fact we are far from consensus at the present time on any legislative path forward.

Respectfully,

Alliance of Nonprofit Mailers
Association for Postal Commerce
Continuity Shippers Association
Direct Marketing Association
Idealliance
MPA - The Association of Magazine Media
Major Mailers Association
Red Tag News Publications Association
Saturation Mailers Coalition
Active Interest Media, Inc.
American Heart Association
American Management Association
American Media Inc.
American Quarter Horse Association
Bonnier Corporation
Bloomberg Media Group
Condé Nast
Consumer Reports
Disabled American Veterans
Emmis Communications
ESPN The Magazine
Forbes Media, LLC
GrayHair Advisors
Guideposts
Hearst Magazines
Meredith Corporation
National Association of College and University Mail Services
National Catholic Development Conference
Our Sunday Visitor
Outdoor Sportsman Group
Quad/Graphics, Inc.
RR Donnelley

M. Shanken Communications, Inc.
The Economist Newspaper, NA, Inc.
Time Inc.
Trusted Media Brands