



Association for Postal Commerce

1800 Diagonal Rd. Ste. 320 • Alexandria, VA 22314-2862 • Ph: +1 703 524 0096 • Fax: +1 +1 703 997 2414 • Web: <http://postcom.org>

January 30, 2016

The Honorable Ron Johnson, Chairman
U.S. Senate Committee on Homeland Security & Governmental Affairs
340 Dirksen Senate Office Building
Washington, DC, 20510

Dear Chairman Johnson:

I write on behalf of the Association for Postal Commerce, a national association representing the many businesses who either use mail as a medium for business communication and commerce, or serve businesses seeking to use the mail for those purposes. Our association is the only organization that can truly say our mission is to represent those businesses that use mail across all classes and services. My purpose for contacting you is to ensure you know, that at least as far as our members are concerned, we are *not* part of any "consensus" that supports the iPost proposal advanced by Senator Carper and others. In fact, we believe there is NO consensus within what is commonly called "the mailing industry" for congressional passage of this measure, at least as it is currently written.

This is not to say there aren't elements of the proposal that merit consideration. There are. But the bill's proposal to make permanent the exigent increases that have been in effect to compensate the Postal Service for the revenue it lost as a result of the recent recession is unacceptable and unwarranted. Here are some facts we'd like you to keep in mind as you consider what additional action, if any, your committee should undertake.

- The revenue the Postal Service "lost" was not due alone to an unforeseen recession. The number one event responsible for lost revenue is the digital transformation that has taken place in the way our nation today communicates and does business.
- The transformation from printed to electronic communication was not unforeseen. In fact, our association has been discussing, predicting, and reporting on this transition since 1993, shortly after we put into service our first computer Bulletin Board System.
- Despite these predictions, the Postal Service did nothing to prepare itself for how these changes would disrupt its routine way of carrying on its affairs. Indeed, it was our association who in 1998 brought to the Postal Service, at Postmaster General Henderson's request, a strategy to evolve postal services to accommodate to changing times. The Postal Service, however, never acted on these proposals.
- The reason the Postal Service exists is to serve the needs of its *customers* who use mail for personal and business needs.

- Postal customers provide virtually all of the revenue (in the form of postage and fees) that pays for the *entire* cost of operating our nation's universal mail delivery system.
- The jobs, salaries, and benefits enjoyed by the Postal Service (i.e., management and labor) are paid by the customers of the Postal Service. In fact, there would be *no* postal jobs, salaries, or benefits if it were not for the business postal customers bring to the Postal Service.
- The salaries and benefits provided to all postal employees are determined by actions taken by the employees themselves through collective bargaining and binding arbitration. Customers have no role or responsibility employee compensation decisions that may not be consistent with the Postal Service's actual fiscal needs.
- Customers don't dictate the terms under which mail must be prepared, presented, processed, delivered and paid, the Postal Service does. Customers are *required* to follow these postal directives.
- Customers are *not* responsible for the consequences that result when these terms and conditions result in unplanned increases in postal costs. The Postal Service is.
- A careful review of the Postal Service's most recent Annual Compliance Report (<http://www.prc.gov/docs/94/94403/FY.15.ACR.pdf>) will reveal that many of the requirements and directives that have been made by the Postal Service for the preparation, transportation, processing, and delivery of mail have not only failed to capture the cost savings these requirements and directives were supposed to create, but also have resulted in significant cost increases and lost efficiencies.

To put it succinctly, we often hear that "mailers should have some skin in the game" when it comes to postal reform legislation. I can assure you, it is the customers of the Postal Service who have *all* of the skin in the game. Quite frankly, we are out of skin, and would prefer that Congress not accede to the Postal Service's requests to now cut into our muscle and sinew.

In the most recent hearing you asked how bad are things? Consider this. In a recent article written by the president of the National Association of Letter Carriers and published by the Deseret News (<http://www.deseretnews.com/article/865627077/US-Postal-Service-still-profitable-effective-choice-for-delivery-services.html?pg=all>) Frederic Rolando said:

"The Postal Service . . . had a \$1.4 billion operating profit in fiscal year 2014. Already, 2015's black ink exceeds \$1.4 billion. Meanwhile, cash on hand stands at \$7 billion, the highest in years."

In sum, as long as the present exigency provision remains a part of any postal reform bill, we will oppose most vigorously its enactment.

Sincerely,



Gene A. Del Polito, Ph.D.
President and CEO
Association for Postal Commerce