



COALITION FOR A
21st CENTURY
POSTAL SERVICE

October XX, 2016

The Honorable Paul Ryan
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker and Leader Pelosi:

The undersigned companies and associations urge Members of the House to support H.R. 5714, the “Postal Service Reform Act of 2016,” a bipartisan bill¹ that ensures the survival of an invaluable national resource. The Postal Service is the hub of a diverse mailing industry critical to the economy and the growing E-commerce sector so important to our economic recovery. The combined industry and its suppliers in paper, printing and technology, comprising hundreds of large companies and thousands of small businesses, employs 7.5 million Americans and generates \$1.4 trillion in sales revenue. That is 4.6% of total U.S. output. With a recovering but still fragile economy, these jobs and revenues would be put at risk if Congress fails to pass H.R. 5714.

The Postal Service is almost exclusively funded through user fees, i.e., postage, and faces many challenges from rapidly declining mail volumes and rising operating costs due to ever-expanding deliveries. Its most pressing challenge, however, results from legislation passed in 2006 that required the Postal Service to prefund 70 years of future retiree healthcare costs on a schedule that has proven unrealistic, front-loading more than two-thirds of that obligation in the first 10 years at a cost to USPS of \$5.5 billion or more annually. USPS has not had the funds to pay this obligation and continue to deliver the mail as scheduled for the past four years, and has not paid them. No other government or private sector organization is required to fully prefund retiree health benefits in this fashion, and the vast majority of companies don’t do so. Only Congress can restructure these long-term retiree benefit obligations. H.R. 5714 is a balanced and responsible approach to put the Postal Service on a sustainable economic path by adopting common private sector best practices²:

¹ HR 5714 is sponsored by Committee on Oversight and Government Reform Chairman, Jason Chaffetz, its Ranking Member, Elijah Cummings, its Subcommittee on Government Operations Chairman, Mark Meadows, and Ranking Member Gerry Connolly, and Rep. Stephen Lynch. We are grateful to all five for taking the lead on this legislative imperative.

² We also strongly support HR 5707, the “Postal Service Financial Improvement Act of 2016,” for similar reasons. Conservatively investing a minor percentage of the funds in the RHBFF will result in returns that are multiples of the current rules constraining these funds to invest in Treasuries at the current 1.7% more or less. This is not only a

Reforming USPS Healthcare Obligations. H.R. 5714 would recalculate USPS obligations using postal-specific data and re-amortize the remaining obligations over a reasonable 40-year period. The legislation would also require Postal Service retirees who have paid in \$30 billion in taxes into Medicare to use the system for their healthcare needs. These combined changes would save the Postal Service billions and allow it to resume making reasonable payments into its retiree healthcare fund. The change would increase Medicare costs by less than 0.2% (almost \$800 million annually, offset by savings of \$260 million in reduced annual FEHBP costs) and only bring in 77,000 new enrollees, an increase of only 0.157% over current enrollment.

Additional Revenue Authority. H.R. 5714 would also increase postage rates by 2.15%-- half the 4.3% rollback implemented in April. This increase would generate more than \$1 billion in additional annual revenue more than paying for the incremental \$530 million net annual cost of Medicare integration. Rate increases are never embraced, but a statutorily required rate system review will begin in December. Absent this legislation, the Postal Regulatory Commission, charged with this review, will face extraordinary pressure to impose rate increases to close the gap. Such rate increases, were the Commission to impose them, would be necessarily large, burdensome and unaffordable for many businesses. This is a prescription for financial disaster resulting in steep losses of mail volume and revenues to pervasive electronic competition, greater debt and potential operational insolvency for the Postal Service. Our support for H.R. 5714, however, depends upon maintaining the reformed healthcare obligations in the bill and limiting any rate increase to no more than 2.15% throughout the legislative process to final enactment.

We do wish to note, however, that in light of the serious concerns of primarily rural Members of both Houses about service delays in their areas, the Coalition believes that a final bill must include provisions for additional transparency, accountability and oversight of timely mail service.

The core provisions in H.R. 5714 will allow the Postal Service to meet its obligations and ensure the stability of a mail and parcel delivery system on which all Americans rely. Failure to act will leave the Postal Service on a potentially irreversible downward trajectory, risk the loss of millions of jobs and billions of dollars in revenue, and leave Congress with the unenviable prospect of a massive bailout since all Postal Service obligations are ultimately guaranteed by taxpayers. For all the foregoing reasons, we ask Members of the House to pass H.R. 5714 at the earliest possible opportunity.

private sector best practice, but would also follow the successful approach used in the federal Thrift Savings Plan life-cycle funds, and adopted by Amtrak, TVA, the Railroad Retirement Board, and others. We urge a favorable House vote on this bill, as well.

Sincerely,

4imprint, Inc.
Abbeon Cal Inc.
Abbott Cards
Access Mail
ACR Resource Group, Inc.
Action Mail Presort, Inc.
Alexander & Company, LLC
Amazon
American Catalog Mailers Association
American Greetings
American Standard Co.
AmeriMark Direct
Amstand Inc.
Amsterdam Printing
Anderson's
Anderson's Alphabet U
Anderson's It's Elementary
Anthony Richards
Arandell Corp.
Artistic Labels
Artists to Watch
Ashro, Inc.
Automated mailing Systems Inc.
Baldwin Cooke
Baudville Brands
BB&T
Beauty Boutique
Bell+Howell LLC
Betty's Attic
Big Wheel Press
Carol Wright Gifts
CB1, Inc.
Christianbook.com
CohereOne
Colony Brands, Inc.
Complements
ComputerGear Inc.
Corporate Mailing Services
Cordial Greetings
Country Casual Teak
Cronin Cards, LLC
Current Labels
Daedalus Books
Daily Printing, Inc.
Datamatx
Dayspring Cards, Inc.
Deseret Book Company
Design Distributors
Direct Response Imaging
DM Services, Inc.
DNICORP
DrawingBoard Printing
Dr Leonards
DS Graphics
Dupli Envelope and Graphics
efi
Engineering Innovation
Envelope Manufacturers Association
Essentials
Fairytale Brownies, Inc.
Feel Good Store
Fitness Finders, Inc.
FFI Manufacturing
Florian Knives
Florian Ratchet Cut Pruning Tools
Fresh Finds
Full Of Life
Fun Express
Gardener's Supply Company
Geneva Scientific, Inc.
d/b/a/ Barco Products Company
GiftTree
Ginny's, Inc.
Great American Business Products
Great Arrow Graphics
Greeting Card Assn.
Green County Foods, Inc.
Hallmark Cards, Inc.
Harland Clarke
Harriet Carter
Harris and Bruno
Harry Otto Printing Co.

Healthy Living
HRdirect
Idea Art
Idealliance
Idville
ImpactConnect
Infogroup Media Solutions
Imaging Network Group
Inland Presort & Mailing Svcs.
Inland Press
Integrated Marketing Solutions, Inc.
Ipsy.com
J.S. McCarthy Printers
J.Schmid & Assoc.
Japs-Olson Company
Johnson Smith Company
KBA
Kent Communications
King Solutions, Inc.
KirbyBuilt Products, Inc.
K-Log Inc.
Komori America Corporation
L&M Mail & Courier
Leanin' Tree
Legacy Publishing Group, Inc.
Lehman's Non-Electric Catalog
Littleton Coin Company, LLC
Love Envelopes, Inc.
Luxury Brand Holdings
M&N Party Store
M.A.I.L. Inc.
Mackay Mitchell Envelope Company
Mail Presort
Mailing Technical Services, Inc.
 Of Billings Montana
manrolland
McIntyre Direct
MeritDirect, LLC
Midland Paper
Midnight Velvet, Inc.
Midwest Catalog Brands, LLC
Midwest Direct
MindWare

Monroe & Main, Inc.
Montgomery Ward, Inc.
Nancy's Notions, LLC
National Newspaper Association
National Assn. of Presort Mailers
National Postal Policy Council
National Retail Federation
NaviStone
Northern Safety & Industrial
Nova Pressroom Solutions, Inc.
NPES *The Association for Suppliers of
 Printing, Publishing and Converting
 Technologies*
Oriental Trading Co.
OSA Brands, LLC
Paper Direct
Papercone Corporation
Parcel Shippers Assn.
Path2Response
Paul Fredrick MenStyle, Inc.
Planner Pads Co.
Plow and Hearth, LLC
Port Hawkesbury Paper
Potluck Press
Presort First Class, Inc.
Printing Industry Midwest
Prom Nite
Pumpnickel Press
Pure Collection Ltd.
Pure Promo
Quad Graphics
Recognition
Response Envelope
Rhyme University
Rocky Mountain Mail Services
Ross-Simons
Royal Alliances
RR Donnelley
SC Data Center, Inc.
SC Global Sourcing, Inc.
Seventh Avenue, Inc.
Swiss Colony Retail Brands, LLC
Scottish Gourmet USA LLC
Sidney Thomas Jewelers

Sky of Blue Cards
SmileMakers
St. Louis Pre-Sort, Inc.
Stenhouse Publishers
Stony Creek Brands LLC
Sunshine Art Studios
Superior Menus
Superior Lithographics
TC Transcontinental Printing
Tension Corporation
Thayer Publishing
The Swiss Colony, LLC
The Tender Filet, Inc.
Through the Country Door, Inc.
The Lighter Side
Things You Never Knew Existed

Time for Me
Title Nine
Top Flight Corporation
TreeTop Products, Inc.
UncommonGoods, LLC
United Business Mail
United Envelope Company
United Mailing Services, Inc.
Uno Alla Volta LLC
Upbeat, Inc.
US Diary
Valassis
Wasp Injection System Corp
West Linn Paper Company
Whittier Mailing Products Inc.
Windsor Collection

cc: Members of the House of Representatives
Att.