



COALITION FOR A
21st CENTURY
POSTAL SERVICE

June XX, 2017

The Honorable Kevin Brady
Chairman
Committee on Ways & Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
Committee on Ways & Means
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman and Ranking Member Neal:

The undersigned companies and trade associations urgently seek your support in saving a still invaluable national resource: the United States Postal Service. The Postal Service Reform Act of 2017, HR 756, recently ordered reported by the Oversight and Government Reform Committee would do just that, and create a savings of \$6.3 billion in the process, according to the Congressional Budget Office. We urge you to approve or waive jurisdiction over this bill as swiftly as you can.

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.¹ That is 4.6% of total U.S. output. Yet, the Postal Service teeters on the financial brink, threatening many of those jobs and the industry's economic output.

HR 756 would put the Postal Service on a firm path to financial stabilization and is a bipartisan-sponsored bill that enjoys broad bipartisan support. It was approved by OGR by voice on March 16. It has also managed the virtually unprecedented feat of uniting all of the Postal Service's stakeholders – the mailing community, the postal unions, and the Service itself – in support. The real winners, of course, will be the American people who, with this bill, will continue to enjoy the postal system as they have known it without recourse to a taxpayer bailout of the self-sustaining postal system.

Contrary to some criticism of the bill that it burdens taxpayers, the CBO score makes it clear that the overall impact on the federal budget would be to provide substantial cost reductions. Again, CBO estimates HR 756 would provide a \$6.3 billion savings to the unified budget. That savings could be applied toward other urgent needs, of course, but even if it were not, it would be a boon to the budget and a tribute to the diligence and insights of the bill's sponsors.²

¹ Chapman and Johnson, EMA Foundation's US Mailing Industry Jobs and Revenue Study 2015, October 6, 2015, http://www.envelope.org/ipsdocuments?ecp_v=dd&ecp_dp=Postal+Transformation%2FJob+Studies%2F2015+Jobs+Study. For example, the 8th District of Texas has nearly 11,500 postal-driven jobs and more than \$400 million in economic output, and the First District of Massachusetts has more than 16,500 jobs and \$880 million in output.

² The original five sponsors, as well as the eleven subsequent cosponsors, to whom the industry is most grateful for crafting this balanced, compromise bill are Messrs. Chaffetz, Meadows, Cummings, Connolly and Lynch.

The urgency of this bill stems not only from the dire state of the Service's balance sheet, but also from a statutorily-mandated review of whether the current postal rate-setting system meets the objectives for it in the law – including whether it generates “adequate revenues” to enable USPS to deliver the mail, and to change that system if it does not. HR 756 would resolve some \$50 billion in liabilities. Without it, the revenues deemed “adequate” would be far higher, leading to quite large rate increases and renewed flight from the mail to electronic and other alternatives.³ In short, it would drive up the probabilities substantially of a need for a taxpayer bailout, perhaps as early as next year.

It is also important to note that there are serious concerns among primarily rural Members of both Houses and parties about service delays in their areas. The industry believes that a final bill must include provisions for additional transparency, accountability and oversight of timely mail service. We are encouraged that constructive work by Members, again bipartisan, is in progress to address this issue later in the process.

Therefore, we ask your help and urge you, in the strongest possible terms, to support HR 756 and speed its approval or waiver by your Committee.

Thank you.

Sincerely,

³ USPS has already lost some 28% of its volume from its peak year of 2006, and just this year, erosion of its volume, which had flattened, reaccelerated. And that was with only an inflation-based increase.