

April 15, 2021

The Honorable Louis DeJoy
Postmaster General
United States Postal Service
475 L'Enfant Plaza SW
Washington DC 20260

Dear Postmaster General:

We the undersigned represent the sources of the overwhelming majority of the Postal Service's FY 2020 volume and revenue.

Having reviewed your recently-issued "Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence" (The Plan), we feel compelled to share our perspective on that document's premises and proposals. In general, though we agree that the Postal Service's current situation is challenging, and that certain remedial measures are both obvious and essential, we cannot support major components of The Plan, or accept some of its glaring omissions.

- **Legislation.** Easiest to agree upon are the proposals for Medicare integration, erasure of the prefunding obligation, and correction of the methodology used to assign pension responsibility for pre-1971 employees. However, we are disappointed by the Service's decisions to not seek both investment of funds from the health benefits and pension funds in higher-yielding investments, and to not request return of more of the billions in overpayments into the CSRS and related pension plans.
- **Consultation.** Chief among our other concerns is that this Plan, which has profound implications for our industry, was developed without specific, direct, meaningful consultation with, or substantive input from, the customers who fund the Postal Service. As representatives of those who underwrite more than 90% of your agency's revenues, this is a gross oversight that unfortunately has led to many of The Plan's priorities being difficult to support. The idea of a decade-long strategic plan with zero market and customer input is disturbing; no major business would undertake this degree of reformation without meaningfully consulting with its customers.
- **Packages.** We acknowledge the importance of packages to the Postal Service, and support efforts to be competitive in the parcel marketplace. However, we are very concerned with The Plan's lack of clarity about how shipping volume will grow through the new USPS Connect programs, the volume effect from changes to time-in-transit for their growth product (First-Class Package Service), and continued missteps in pricing that have chased volume away in the past. The Plan relies too much on parcel volume that easily can be diverted by competitors, compromising the Postal Service's revenue plans accordingly. That risk is compounded by the continued evolution of the package shipping marketplace and the new entrants into the last mile delivery space.
- **Mail.** Meanwhile, The Plan gives scant attention to generating volume from the market-dominant classes, and lacks any creative solutions to actually attract or retain businesses' use of hard-copy mail. Even time-honored tactics to bring back customers – such as easier access, lower prices, and effective marketing to clients – are totally absent.
- **Prices.** By both mid-year and likely fall rate filings, The Plan continues the troubling fixation on punitive price increases on monopoly products to raise revenue – measures that would create havoc in the mailing industry and inflict lasting and permanent harm on both mail volume and postal revenue. Aside from misunderstanding that mailers did not budget for a mid-year prices increase, The Plan does not understand the connection between Marketing Mail and package demand generation. As marketers cut back on promotional mailings due to the increased and unpredictable cost of the mail, package volumes also will soften.

- **Labor.** The Plan is silent on reducing the significant cost represented by the agency’s 648,000 employees, most of whom enjoy wages and benefits established during better times decades ago. We’re concerned that The Plan’s reversal of previous policy for labor savings is contrary to the financial interests of the Postal Service and will not support achievement of the planned cost reductions.
- **Service.** Notwithstanding any need for changes to the processing and logistics infrastructures, we find no merit in the proposal to reduce service, or in the arguments to support it. Current service performance for all classes is well below what it should be, and we take issue with the notion that the appropriate remedial action is to lower service standards to what is more easily achieved rather than taking the more difficult steps to make the networks – and the people who operate them – perform as they should. If service is core to the Postal Service’s brand, reducing service seems counterintuitive at the least, and charging more for that reduced service is even more confounding.
- **Financial impact.** For commercial mail producers that themselves are struggling to overcome the impact of the pandemic, raising prices while reducing service is, proverbially, kicking someone while they’re down. For their clients, from remittance mailers through financial institutions to retailers, those who depend on prompt communication with their customers will feel an unacceptable financial impact because of slower service.

Given the issues outlined above, we must reiterate our belief that The Plan suffers from a lack of adequate input from stakeholders, primarily those who will be paying for The Plan through higher rates and degraded service. Until such input is gathered and fully incorporated into The Plan’s initiatives, we cannot support it. Nonetheless, despite our concerns, we remain ready to participate in a collaborative approach to ensuring the survival of the Postal Service through strategies that would better balance the interests, responsibilities, and contributions of the many stakeholders who depend on the Postal Service.

We ask the USPS to suspend The Plan and actions to implement it until it has pursued efforts to engage meaningfully with stakeholders, including specifically to explore ways of retaining and potentially growing Market Dominant Mail, and until Congress has had an opportunity to thoroughly vet the plan and potentially hold hearings upon it.

Sincerely,

Hamilton Davison
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 American Catalog Mailers Association

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 Vice President
 Association for Mail Electronic Enhancement

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Donna Hanbery
Executive Director
Saturation Mailers Coalition

cc: The Honorable Ron Bloom, Chair
US Postal Service Board of Governors

The Honorable Michael Kubayanda, Chair
Postal Regulatory Commission

The Honorable Tammy L. Whitcomb
US Postal Service Inspector General