



January 26, 2009

The Honorable Ed Towns
Chairman

The Hon. Darrell Issa
Ranking Member

The Hon. Danny Davis
Chairman
Subcommittee on Federal Workforce, Postal
Service and the District of Columbia

The Hon. John McHugh
Subcommittee on Federal Workforce,
Postal Service and the District of
Columbia

Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Reps. Towns, Issa, Davis and McHugh:

As we all know, the U.S. Postal Service (USPS) confronts a severe economic challenge that, if not addressed in an effective way, could cause serious and adverse changes to its structure and services. Because USPS remains an essential and fundamental part of the nation's communications and commerce infrastructure, we believe the Congress must act swiftly. The Financial Publishers Association reaches about 12 million investors, and strongly supports the provisions of HR 22.

The current financial crisis, if unaddressed quickly, could necessitate either dramatic cutbacks in service or an increase under the Postal Accountability and Enhancement Act of 2006.

The former would be unacceptable – exacerbating problems for commerce and any hoped-for economic recovery. The latter would be unaffordable and would not resolve the problem. In a year where businesses and nonprofit organizations are themselves under severe economic stress, laying off workers and otherwise downsizing, or even going out of business, an unscheduled rate increase would be starkly counterproductive. More mail would be taken out of the system, substantially offsetting any improvement in the postal deficit in the short term, and further damaging the system's prospects for the longer term.

HR 22's provisions simply would change how postal retiree health benefits premiums are paid. Instead of coming in a direct payment from the Postal Service, they would be paid out of the Postal Retiree Health Benefits Fund. The prefunding payments to that fund of more than \$5 billion/year by USPS, as required by the PAEA, would continue.

HR 22 is not a bailout. It would not require any expenditure of taxpayer monies. Yet it would provide relief to USPS of more than \$2 billion/year, substantially narrowing the deficit facing it.

Were the changes provided in HR 22 to be combined with the aggressive cost cutting the USPS is undertaking this year, which we applaud, and the non-exigent CPI-based annual rate increase in May already budgeted for by mailers, we are convinced USPS could survive this crisis intact, and continue to provide the service to American businesses, nonprofits and consumers that is essential to our economy and still the envy of the world.

Sincerely,

Joy Howell
Executive Director
Financial Publishers Association