The Honorable Lawrence H. Summers February 4, 2009
Director, National Economic Council
and Assistant to the President for Economic Policy
The White House
1600 Pennsylvania Ave., NW
Washington, DC 20500

The Honorable Peter Orszag
Director
Office of Management and Budget

The Honorable Robert Nabors
Deputy Director
Office of Management and Budget

Eisenhower Executive Office Building
1650 Pennsylvania Ave., NW
Washington, DC 20503

Dear Messrs. Summers, Orszag and Nabors:

The U.S. Postal Service confronts a severe economic challenge that, if not addressed in an effective way, could cause serious and disruptive changes to its structure and services, and the estimated 9 million jobs it supports throughout the mailing community. Because the Service remains an essential and fundamental part of the nation's communications and commerce infrastructure, and because of the vast network of jobs it supports, we believe that action must be taken swiftly. Therefore, the undersigned organizations strongly support inclusion in the economic stimulus package of provisions permitting USPS to pay retiree health benefits premiums out of the Retiree Health Benefits Fund, as proposed in the Senate by Mr. Carper. This is vital legislation that will preserve or restore up to a million jobs in the mailing sector.

The central strategy of the economic stimulus, sustaining and revitalizing America's infrastructure, and stimulating the creation and prevention of further loss of jobs, is critical to the nation's financial future. As much as any other part of that infrastructure, the Postal Service, and its indispensable role in supporting the functioning of the nation's economy, as well as millions of jobs, must be maintained. That is why the provisions contained in Senator Carper's amendment are appropriate for the economic stimulus, and remain so important to be enacted.

Collectively, our organizations represent a major portion of the $900 billion mailing industry, which employs roughly 9 million people. Businesses and nonprofit organizations of every kind depend on the postal system and the reliable, affordable service it provides throughout the nation.

Already, this sector has lost many thousands of jobs, with large and growing numbers of mailing industry companies across the postal supply chain reducing their workforces, typically from 5 – 10 percent. For example, Time Inc, a major publisher mailer, reduced its workforce by 6%, or 600 employees. MeadWestvaco, a paper supplier to mailers, lost 2000 jobs -- a 10% drop -- and Quad-Graphics, the third largest commercial printer, laid off 5.6% of its workforce, or 550 people. Williams-Sonoma, a major catalog publisher, is laying off 1400 workers, or 18% of its workforce. Among nonprofit organizations, the American Lung Association has reduced its staff by 15%, and Susan G. Komen for the Cure by 16%.

The deepening financial crisis at USPS, if unaddressed quickly, could necessitate either dramatic cutbacks in service or an exigent increase under the Postal Accountability and Enhancement Act of 2006. That would mean still further significant lay-offs in this sector.

Dramatic service cutbacks would be unacceptable – exacerbating problems for commerce and any hoped-for economic recovery. An exigent increase would be unaffordable and would not resolve the problem. In a year where businesses and nonprofit organizations are themselves under severe economic stress, not only laying off workers by the cumulative tens of thousands, but 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.

The Carper amendment'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 the Service, as required by the PAEA, would continue.

This bill 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, and formulating a cornerstone in the attempt to prevent still further heavy job loss in the mailing community.

Were the changes provided in the Carper amendment to be combined with the aggressive cost cutting the Service 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.

Thank you.

Sincerely,

Alliance of Nonprofit Mailers
American Business Media
American Forest & Paper Association

American Quarterhorse Association
Association for Postal Commerce
Christian Science Publishing Society
Conde Nast
Consumers Union
Continuity Shippers Association
Datamatx
Direct Marketing Association
DST Output
Envelope Manufacturers of America
Financial Publishers Association
Greeting Card Association
International Paper
Japs-Olson
Magazine Publishers of America
Major Mailers Association
Mailers Council
Mail Fulfillment and Services Association
Mail Order Association of America
National Association of Presort Mailers
NAPL (National Association for Printing Leadership)
National Geographic Society
National Newspaper Association
National Postal Policy Council
National Retail Federation
NewPage Corp.
Newspaper Association of America
Newsweek
Quad Graphics
Pitney Bowes Inc.
Parcel Shippers Association
Readers Digest Association, Inc.
RR Donnelley Logistics
Saturation Mailers Association
Solar Communications
The McGraw-Hill Companies
Time Warner Inc.
U.S. Chamber of Commerce
Valassis