



May 11, 2020

The Honorable Steven Mnuchin
Secretary of the Treasury
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Mnuchin:

MPA – The Association of Magazine Media, the Alliance of Nonprofit Mailers (ANM), and ACMA – The American Catalog Mailers Association are jointly writing today on behalf of the magazine, nonprofit mail, and catalog industries, seeking your support on behalf of the Administration for legislation to enable the Postal Service to successfully navigate the operational and revenue challenges resulting from the COVID-19 pandemic. **We specifically ask that you work with Congress to support the enactment of legislation to: 1) provide funding to cover the Postal Service’s financial losses due to COVID-19; 2) enact reforms that put the Postal Service on firm footing for the future, including requiring a study of the dramatic increases in the costs of processing flats and productivity declines in recent years; and 3) sustain postal volumes and revenues for decades to come by explicitly reaffirming the current CPI price cap for market-dominant products that exists under current law and has been so critical for protecting mailers.**

MPA’s membership includes more than 500 magazine brands that provide educational, cultural, scientific, and informational content to more than 90% of U.S. citizens, across all states, ages, and demographics. While magazine media has expanded its reach through online, mobile, social media and video channels in recent years, audited magazine brands sold 250 million subscriptions this past year, or an average of two for every US household.

We are joined by the Alliance of Nonprofit Mailers. ANM has for four decades been the leading voice for nonprofit mailers, including some of the country’s most impactful organizations, which use the mail to send fundraising appeals, thank you or acknowledgment letters, front-end and back-end premiums, invoices, magazines, newsletters, and more.

ACMA’s membership includes more than 100 catalog brands that bring in-home shopping convenience to most U.S. citizens throughout the country, including in rural communities with fewer brick and mortar retail establishments. Catalog merchandising has expanded as part of the changed retail marketplace, and serves a vital role in consumers’ and businesses’ overall shopping mixes.

All catalog distribution and almost all magazine subscriptions are delivered through the U.S. Postal Service, with each issue or edition eagerly awaited by Americans everywhere. Catalogers also originate outbound package shipments, much of which are carried in the post. Direct mail remains a crucial mode

of communications for many nonprofit organizations. All three of our organizations and members, and many other mailers in communities large and small, rely on a strong and viable Postal Service.

COVID-19 has negatively impacted the Postal Service in a number of ways. Mail volume, especially for marketing mail, is down. USPS is experiencing service disruptions, temporary plant and post office closures for cleaning, and employee shortages in COVID-19 hotspots. The Postal Service recently estimated its COVID-related losses will be \$23 billion over the next year and a half. With respect to cash on hand, the Postal Service recently estimated that it could run out of cash by the end of this fiscal year without access to the loan authority in the CARES Act. **To ensure the Postal Service can continue operations and deliver not only our magazines, donor appeals, and catalogs, but all the important and valued mail that households receive, we urge you to work with Congress to review the Postal Service's financial data, determine the impact of COVID-19 on postal finances, and support legislation to provide funding to cover the Postal Service's anticipated losses at the soonest available opportunity.**

Supporting funding to cover USPS COVID-19 related losses is a crucial step, but not the only step we urge you to take. For almost a decade now, Congress has deliberated on the need for additional postal reform measures to put the Postal Service on firmer footing for the future. In 2018, your Task Force on the United States Postal Service made several recommendations to support this goal. Some of the proposals have been financial, such as Medicare integration and allowing the Postal Service to invest some of its funds in higher performing assets. Some have been operational, such as greater use of cluster mailboxes and, in the case of periodicals, catalogs and other flat-shaped mail, enlisting the Postal Service's Office of Inspector General to work with the Postal Regulatory Commission to study the dramatic increases in the costs of processing flats and productivity declines in recent years. **We urge you to review recent reform proposals and support the inclusion of any that have bipartisan support in the legislation providing funds to cover USPS COVID-19 losses. Reforms are needed now to guide the Postal Service to a stronger future.**

Finally, an effort to help the Postal Service overcome COVID-19 challenges will not succeed in putting the Postal Service on a path to viability unless mail volumes that have left the Postal Service due to the pandemic return, and further losses are forestalled. With countless businesses, nonprofits, and mailers in so many industries struggling through the financial impacts of COVID-19 themselves, the affordability, predictability, and stability of postage rates are going to matter more than ever until the country fully recovers from the pandemic, which will undoubtedly take years. If rate increases are allowed to exceed increases in inflation, volumes will not recover, and the Postal Service will be irreparably harmed.

In proceedings before the Postal Regulatory Commission as part of its ten-year review of the market-dominant postal rate system, MPA, ANM, ACMA and others expressed our well-supported position that the Postal Accountability and Enhancement Act of 2006 (PAEA) mandates that the current CPI price cap for market-dominant products cannot be eliminated or bypassed as a result of the ten-year review. The Postal Service has disagreed and is anxious to raise rates much more than inflation. **We urge you on behalf of the Administration to support the inclusion in legislation providing funding for the Postal Service for COVID-19 losses explicit reaffirmation of the current CPI price cap for market-dominant products. This will ensure price transparency, stability, predictability, and affordability, and give mailers the confidence to stay with, or return to, the nation's postal network.**

We believe these three critical steps, taken together, will help the Postal Service today and for years to come. This is a critical juncture for the Postal Service and we need not only to support USPS during the pandemic, but through the economic recovery the country will urgently need. We stand ready to assist

the Treasury Department and Administration in any manner to advance the goal of a strong and viable U.S. Postal Service, supported by a strong and viable mailing industry.

Respectfully yours,

Brigitte Schmidt Gwyn, President & CEO
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