

March 16, 2017

The Honorable Jason Chaffetz
Chairman
Committee on Oversight and Government Reform
United States House of Representatives
Washington, DC 20515

The Honorable Elijah Cummings
Ranking Member
Committee on Oversight and Government Reform
United States House of Representatives
Washington, DC 20515

Dear Chairman Chaffetz and Ranking Member Cummings:

On behalf of the members of the American Bankers Association and the Financial Services Roundtable, I write to thank you for holding today's markup of your postal reform legislation.

Physical mail remains an important communications channel for our members. Financial institutions and financial companies of all sizes use the mail to communicate with current and potential customers, to send statements and receive payments, and to market new products and services to their customers. Financial companies are also a vital revenue source for the Postal Service, generating billions of dollars of annual revenue that supports postal infrastructure. Technological innovation and costs drive financial companies to consider alternative forms of delivery in the service of our customers, yet mail still remains an important vehicle of distribution. For these reasons, our members are committed to identifying long-term solutions to ensure an efficient, self-sustaining, and affordable U.S. postal system.

Your bill is a serious effort at reform, because it helps address the Postal Service's legacy costs through benefits reform, and makes operational reform to provide for a more efficient future. Our members strongly support many of the financial relief provisions included in your bill, including Medicare integration and the restructuring of the Postal Service's retiree health and pension benefit obligations. These measures would help stabilize the U.S. Postal Service's finances. Your bill would also make permanent half of the temporary 4.3 percent exigent surcharge that expired in April 2016. As one of the heaviest users of the mail, financial institutions value the lowest rates possible. While the 2.15% rate increase this bill would allow is a difficult pill for large volume mailers such as financial companies to swallow, the benefits reform and oversight this bill provides will strengthen the Postal Service to put it on a sound and sustainable financial path over the long-run.

We also appreciate the compromise the committee has reached over non-postal services. Our members remain very concerned about allowing the Postal Service to offer non-postal products, including banking services, as such activities are beyond their core competencies and may present significant competitive issues for private sector entities. However, allowing the Postal Service to assist in providing limited governmental services on behalf of other federal agencies, or state, local

and tribal governments, is not an issue. Government services do not pose the same unfair competition concerns, and are less likely to divert management attention and resources to money losing activities. Congress should encourage the Postal Service to focus on its core business of physical mail delivery, and not be distracted by expanding its mission. We appreciate that your legislation strikes this balance.

We encourage the committee to improve the legislation by providing additional clarity about the scope of the Postal Regulatory Commission's (PRC) review of the market-dominant rate system. In an era where more and more communications are being shifted to digital channels, including bank marketing and periodic statements, it is important to the long-term future of the Postal Service to have affordable, predictable, stable postal rates. To that end, we encourage the Committee to clarify in the bill that the Consumer Price Index remains a limiting factor for future price increases and is beyond the scope of the PRC's review. We believe this is what Congress intended when it passed the Postal Accountability and Enhancement Act in 2006, and that Congress should take the opportunity through this legislation to ensure the CPI cap is preserved.

Thank you again for holding this markup. Your legislation is a major step forward to incentivize the Postal Service to reduce costs and drive efficiencies so it is on a sustainable course for the future, and we look forward to working with the Committee throughout the legislative process.

Sincerely,

American Bankers Association
Financial Services Roundtable