



February 5, 2016

The Honorable Ron Johnson
Chairman
Committee on Homeland Security and Governmental Affairs
United States Senate
Washington, DC 20510

The Honorable Tom Carper
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate
Washington, DC 20501

Dear Chairman Johnson and Ranking Member Carper:

On behalf of the members of the American Bankers Association (ABA), I write to thank you for holding the January 21, 2016 hearing, entitled: “Laying Out the Reality of the United States Postal Service.”

Physical mail remains an important communications channel for our members. Banks 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 members. Banks are important to the Postal Service. Banks generate billions of First-Class Mail and Standard Mail letters and spend billions of dollars annually on postage. For these reasons, our members are committed to identifying long-term solutions to ensure an efficient, self-sustaining, and affordable U.S. postal system.

ABA supports many of the financial relief provisions included in S. 2051, “Improving Postal Operations, Service, and Transparency Act of 2015.” These include Medicare integration and restructuring of the Postal Service’s retiree health and pension benefit obligations. These measures would help stabilize the U.S. Postal Service’s finances. But, comprehensive reform must address the Postal Service’s legacy cost structures and must provide incentives for the Postal Service to embrace a more sustainable, efficient model for the future.

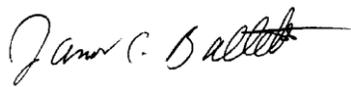
The Committee heard testimony during the hearing that there was a consensus among the Postal Service, postal labor, and the mailing industry in support of the provisions in S. 2051 regarding postal rates and expanded authority for the Postal Service to offer new, commercial, nonpostal services. That testimony and similar statements by interested parties regarding similar proposals is incorrect.

There is no consensus on the rate provisions. S. 2051 would make permanent the temporary 4.3 percent exigent surcharge that is due to expire in April 2016. S. 2051 would also enlarge the Postal Regulatory Commission's substantive authority to modify the price cap in the upcoming 10 year review of the market-dominant regulatory system, and it would do so without providing any certainty about what would take its place or how a new system would incentivize the Postal Service to reduce costs or drive efficiencies. Banks need affordable, predictable, stable postal rates over the long term. The rate provisions in S. 2051 fail to satisfy those basic requirements.

The commercial non-postal provisions are also controversial. ABA remains very concerned about allowing the Postal Service to offer non-postal products, as such activities are beyond their core competencies and may present significant competitive issues for private sector entities. 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, and lose money. Congress should encourage the Postal Service to focus on its core business of physical mail delivery.

We appreciate this opportunity to supplement the record.

Sincerely,

A handwritten signature in cursive script, appearing to read "James C. Ballentine". The signature is written in black ink and includes a long horizontal flourish extending to the right.

James Ballentine