

April 21, 2021

The Honorable Carolyn Maloney
Chairwoman
Committee on Oversight and Reform
U.S. House of Representatives
Washington, DC 20515

The Honorable James Comer
Ranking Member
Committee on Oversight and Reform
U.S. House of Representatives
Washington, DC 20515

Dear Madam Chairwoman and Ranking Member Comer:

On behalf of the more than 2,000 members of the News Media Alliance, I am writing to express our appreciation for your leadership and work in examining measures that would enhance the financial condition of the U.S. Postal Service (USPS) and assure that our nation's postal system will remain ubiquitous, reliable, and affordable for generations to come. Our members publish daily and weekly newspapers in the United States that depend on USPS to deliver the printed edition of their product to readers of every political perspective.

The Alliance supports your effort to bolster the USPS' financial position. We specifically endorse proposals that are currently under consideration by the committee in its 'Discussion Draft,' such as: eliminating the USPS retiree health benefit prefunding obligation and integrating the postal retiree health benefits system into Medicare.

We respectfully request that you consider adding a provision to the legislation that would require the Postal Regulatory Commission (PRC) to initiate a new, time-limited review of the postal rate-setting system to consider the effects of the COVID-19 pandemic on the Postal Service and mailers, as well as the funding that Congress provided USPS through the CARES Act.

As you are well aware, the PRC in November 2020 issued an order that would allow USPS to raise prices on Market Dominant products well above the rate cap, tied to the Consumer Price Index, that Congress established in the Postal Accountability and Enhancement Act of 2006. That rate ceiling has provided mailers, including newspaper publishers, with stable, predictable, and affordable rate increases in line with inflation, which has enabled them to keep mail in the nation's postal system. Newspapers believe that any decision to change the

statutory, inflationary cap is one that Congress must make not an unelected regulator. After the PRC's unilateral decision to override Congress's policy, small daily and community newspapers throughout the country could see rate increases of 7.5 percent or more this year, and by unforeseeable amounts thereafter. Rate increases of that magnitude will either push newspapers out of the mail or, for some small market or rural newspapers, threaten their very existence.

It is also likely that such increases are unnecessary. The public input into the proceeding that led the PRC to abrogate Congress's policy to cap rates at the CPI level was held between 2016 and early 2020. Although the COVID-19 pandemic was in full swing when the PRC issued its November 2020 order, the PRC did not take into account any of the effects of the pandemic on the Postal Service. The PRC did not consider the enormous surge in package volume and revenue that the Service has received throughout the pandemic and continues to receive today, the impact of the pandemic on business mailers, including publishers, that likely will move mail volume out of the system, at a rapid pace, if postage rates are increased later this year, or the \$10 billion appropriation that Congress recently provided USPS. In July 2020, the PRC refused a request that it reopen the record precisely to consider these very effects of the COVID-19 pandemic.

The Alliance and its member newspapers urge the Committee to require the PRC to conduct another-time-limited-review of the rate setting system in which it must consider volume, revenue, and legislative changes after its record closed in March 2020. A refreshing of the record will provide more recent data that will show that the Postal Service stands in a far better financial and operational position than when the PRC first issued its rate proposal in 2017. It also may reveal that squeezing revenue from monopoly mailers by 3-4 times the rate of inflation will send USPS on path that is more destructive, not only for its mail customers, but for the Postal Service itself.

Thank you for your consideration of our views. We appreciate your leadership on this important issue for our country.

Sincerely,

A handwritten signature in black ink, appearing to read "David Chavern", written over a large, hand-drawn oval shape.

David Chavern
President and CEO

cc: Members, House Oversight and Reform Committee
News Media Alliance Board of Directors