



Stop the USPS From Instituting a Second Price Increase in 2021!

Use of Rate Authority in 2021 will irreparably damage the mailing industry and put manufacturing jobs at risk during ongoing economic crisis

THE ISSUE

The US Postal Service is a critical hub and partner to the American mailing industry. This industry comprises many stakeholders, including retailers, catalog merchants, direct mailers, magazine and book publishers, printers, and paper manufacturers.

- ✓ In late November 2020, the Postal Regulatory Commission issued its final Order (No. 5763) from its 10-year review of USPS pricing. It jettisoned the rules for regulating rates for Market Dominant mail products established by Congress.
- ✓ Increases on oversized mail — which has proven to be critical to supporting businesses during COVID-19 — will push all mailers to aggressively move volume out of the system. This will create a downward spiral where progressively more costs come from those that remain in the mail.
- ✓ A significant factor of this additional rate authority is the density adjustment factor, which the PRC claims may be expected to be 0.5% to 1.5% each year. For 2021, this adder is 4.5%, well above this amount. More, since it is not known in advance, **businesses have no way to forecast or budget for future postal rates, making it impossible for them to manage this significant cost center.**
- ✓ Coming after mailing industry expense budgets have long since been put to bed, **no mailer has budgeted funds to cover a mid-year price increase.**
- ✓ The mailing industry is still facing a global pandemic, and **this is *precisely the wrong time to impose a largely unexpected price hike.*** The rate increase will cause job loss — and result in a loss of faith in the mail by American consumers and businesses alike.

If this Order stands as written — with its rate authority well above the rate of inflation, it will be the beginning of the end of a user-paid postal system.

WHY THIS RATE HIKE SHOULD BE OPPOSED

The mailing industry accounts for approximately **7.3 million jobs and represents 4.4% of the nation's total civilian labor force.** Overall, the mailing industry contributed approximately **\$1.6 trillion in sales revenue to the U.S economy in 2018.**

- ✓ Mailing industry jobs span all 50 states. In states such as Kentucky, West Virginia, and New York, for instance, the mailing industry accounts for approximately 72,000, 29,000, and 596,000 jobs, respectively.

- ✓ Another (**extraordinary**) rate hike in 2021 will directly cause catalog merchants to decrease their mail volume and steadily migrate out of the mail to online alternatives in order to preserve their profitability – or merely stay afloat.
- ✓ As circulation retreats, **so do jobs across the entire mailing industry supply chain, including mail service providers such as printers.**
- ✓ In December 2020, Congress converted a \$10 billion loan to the USPS into a grant. As of February 2021, the agency had over \$16 billion in liquidity. **Even without this unnecessary rate increase, the USPS will thrive throughout 2021.**

By imposing an unnecessary second rate hike this year, the USPS would be hurting a significant manufacturing base and catalog-loving individuals and families across the country.

ACTION NEEDED:

Members of Congress are requested to communicate to the Postal Service Board of Governors that further rate adjustments in 2021 will cause permanent damage and job loss to the mailing industry – ***this rate hike must not occur.***

About ACMA: *The American Catalog Mailers Association (ACMA) is a 501(c)(6) nonprofit trade group specifically focused on advocating for catalog and ecommerce marketers, and all remote sellers plus their suppliers (catalogmailers.org).*