



February 7, 2011

The Honorable Barack Obama
President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

The members of our associations, which represent the major magazines, non profit organizations, community newspapers, direct marketers and their suppliers, are large users of the United States Mail, contributing over 85% of the Postal Service's annual revenue. Our use of mail supports over 7.5 million American jobs (which is down from nine million just prior to the recession).

We are proud to say that with the turnaround in the economy we are now witnessing the beginnings of job growth in the mailing industry. We believe our sector of the economy as a whole can recreate those 1.5 million lost jobs, and perhaps even more, with a financially viable universal delivery service at reasonable rates. However, neither is a certainty in the near future.

As the leaders of the postal employee groups correctly outlined in their January 12, 2011 letter to you, the aggressive prepayment schedule required of the Postal Service to fully fund postal retiree health benefits—the only Federal agency required to prefund health benefits—imperils the financial viability of the Postal Service and, therefore, the nation's entire postal infrastructure. If the prepayment schedule remains unchanged not only will the mailing industry be unable to recreate the 1.5 million new jobs, but also our present 7.5 million jobs will be placed at risk. With the tight resources with which all our members operate, significantly increasing postage to fund the \$5.5 billion health benefit payment is a prescription for failure, as organizations flee the mail in the face of escalating rates. Without the continued support of business and non profit mail users, it will be impossible to maintain a viable universal mail delivery system without substantial taxpayer subsidies.

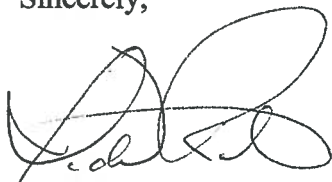
As customers of the Postal Service, we recognize our delivery partner will ultimately have the obligation to pay for the benefits established by law and in collective bargaining. But in today's business environment, postage payers cannot simply reach into their pockets to absorb that burden. The correct solution lies in a careful examination and accurate assessment of the Postal Service's existing assets and liabilities.

Both the Postal Regulatory Commission and the Inspector General of the Postal Service have determined that mailers, through postage, have over-contributed to the Civil Service Retirement System (CSRS) by some \$50 billion to \$75 billion. Postal CSRS obligations have been fully met, and we ask that our excess contribution be credited toward the Postal Service's liability for postal retiree health benefits. Indeed, if this were accomplished, all legacy costs of the Postal Service would be completely satisfied, and requiring more from mailers and the Postal Service would be unnecessary.

This transfer of our excess contribution has not occurred because the Office Personnel Management (OPM), which has authority over these funds, will not correct the overpayment error without Congressional action. But such a correction does not require Congressional action. We can only assume that OPM has not already taken the initiative to right this wrongly-collected CSRS contribution because it hopes to use mailer contributions to reduce the almost \$700 billion unfunded CSRS liability for non postal federal employees. (That figure does not include the \$250 billion unfunded liability for non postal federal retiree health benefits.) Mailer organizations, as well as postal employee organizations, firmly believe that using the Postal Service's money for general taxpayer obligations is unfair, and allowing such a policy to continue will without doubt suppress the recovery of jobs in the mailing industry at a very sensitive time. Taxpayer obligations should not be foisted upon the Postal Service and its customers.

We urge you to direct OPM to recalculate the Postal Service CSRS obligations using the method endorsed by both the Postal Regulatory Commission and the Postal Service Inspector General and to transfer any excess to the Postal Service Retiree Health Benefits Fund. Such action will allow our members to create new American jobs, and to help save the United States Postal Service from ruin.

Sincerely,



Tonda Rush
Chief Executive Officer & General Counsel
National Newspaper Association



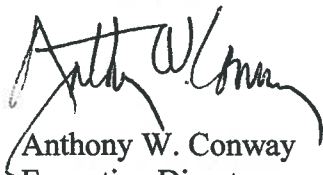
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