

**Committee on Oversight and Reform
U.S. House of Representatives
April 30, 2019**

**Written Testimony of
The American Catalog Mailers Association**

Catalogs and the Mail:

The American Catalog Mailers Association, Inc. (ACMA) appreciates the Committee's interest in a healthy, national postal system. Catalogs are part of a \$1.4 trillion mailing industry that employs over 7 million Americans, not including postal employees. Catalogs are an essential part of the mailstream and are a significant motivator of America's interest in mail. Catalog marketers are steady and loyal mailers who use many different postal products but because they are fundamentally retailers, they operate on very low margins. Every cost center is scrutinized carefully, and circulation volumes depend on the incremental cost of reaching the additional customer, of which postage now represents 65%+ of that cost.

The Value of Catalogs:

Catalogs provide a highly-desired service to many Americans. They provide goods that are not otherwise available, and service rural citizens who cannot simply go a few miles down the road to access a full range of products. Catalogs also assist shut-ins, elderly, handicapped and those with special needs or conditions not addressed in traditional outlets. They remain relevant and valued not only by older Americans but have also found favor with Millennials. Catalogs define "universal access" for merchandise and commerce. They level the playing field in an environment dominated by large firms. Catalogs enable small- and medium-sized companies to access a national marketplace otherwise controlled by very large retailers and thus support an active supplier base of small manufacturers, inventors, importers, and distributors. Catalogs provide a ready retail market for specialty products that might not otherwise exist. The true pioneers in e-commerce, catalogers receive the majority of their orders online today; however, the catalog still is a highly-valued browsing and recreational shopping experience, and effectively creates loyal customers. Catalogs have a unique and important role in multichannel e-commerce.

The Difficulty of Postal Legislation:

While we acknowledge that the world of technology and communications continues to evolve at a rapid pace, moving postal-related legislation in Congress has typically been a slow process. More, when comprehensive reform is attempted, the effort typically fails and then progress freezes. Mailing interests also are to blame as typically they send mixed and contradictory messages to Congress. If those most closely affected and also those closest to the postal system are not clear on what must be done to insure the agency's future, expecting Congress to figure this out is a dubious expectation.

Fortunately, the mailing industry, postal unions, and postal management have been working together effectively and we are on the same page as to what must be

done by Congress. This is historic. Unions and business on the same page? Yes. Postal management too. With alignment we are able to speak with one voice to Members of Congress.

HR 6076 was introduced and earned bipartisan support, but we were unable to secure its passage in the 115th Congress. Still, the need remains. Congressionally-imposed costs are responsible for the vast majority of losses reported by the US Postal Service since passage of the Postal Accountability and Enhancement Act in 2006.

Long Term and Short Term Postal Reform:

The US Postal Service and those who depend on it have been under a cloud of uncertainty for years following successive defaults on Congressionally-imposed and overly aggressive prefunding obligations for retiree healthcare. This one line item alone accounts for the vast majority of exhausted borrowing authority and agency red ink since the passage of PAEA. Mail volumes have declined by about a third, reducing revenue and resources, while delivery points increase annually.

Given the massive shift, some argue comprehensive reform is required immediately. Yes, a new business model must be found, and ACMA agrees long term changes are necessary in how America operates its postal system. Yet, today, little consensus exists as to what these long-term changes must entail.

A Path Forward:

Without consensus on fundamental transformation, comprehensive postal reform is impossible, as has been demonstrated in the 115th and earlier Congresses. Significant discussion and debate is required combined with accurate market research on opportunities and needs. Alternatives must be modeled and financial outcomes identified. The optimum solution needs to be embraced by a majority of affected stakeholders and Congress. This will take time and effort but mailers (and perhaps other postal stakeholders) are too concerned with the present uncertainty, making it hard for us to commit aggressive mail volumes in the future. Without a viable short term, there is no long term.

ACMA would like Congress to pass a limited set of changes in a reform bill. These are changes that can, and have previously, garnered widespread support amongst postal stakeholders, as well as elected officials across the ideological spectrum. While we are flexible as to many of the exact details, such a bill would provide financial relief for the foreseeable future, thereby reducing the pressure we are all feeling daily. Moving such broadly supported legislation now will give confidence to the millions directly employed supporting a robust postal ecosystem while signaling to the American people that business can get done in Washington. Passage of positive limited reform will quell the high anxiety and represent important progress.

Thank you Mr. Chairman, Ranking Member Jordan and Members of the Committee. We are ready to support your efforts in seeking co-sponsors, addressing critics, and generating support for positive and sensible steps forward to our laws governing the US Postal Service. Please call on us if we can assist in any way.