

# FREEDOM TO MAIL BE HEARD. TAKE ACTION NOW.

## Federal Issues – Spotlight on Postal Service:

### Financial Crisis at the United States Postal Service

- On July 28, the U.S. Government Accountability Office classified the financial condition of the United States Postal Service (USPS) as a “high-risk” federal area in need of substantial transformation.
- The USPS is expecting to report a \$7 billion net loss for 2009, caused primarily by sharply declining mail volume that was compounded by the recession and an upcoming mandated payment to the Postal Service Retiree Health Benefit Fund.

### Declining Mail Volume

- For the third quarter of 2009, mail volume was down 14.3 percent and is down 12.6 percent for the year to date.
- Mail volume for 2009 is projected to fall by 28 billion pieces of mail to a total of 175 billion pieces.

### Immediate Financial Obligations

- The Postal Service’s obligation to pre-fund the Postal Service Retiree Health Benefit Fund required a payment of \$5.4 billion on September 30, 2009.
- Postmaster General Jack Potter recently said that by making the entire fund payment, the USPS would not have the working capital reserves to fund operations or meet its payroll.

### Legislative Status

#### **Short-term Financial Crisis:**

- On September 30, 2009 with only hours until their \$5.4 billion payment to the Retiree Health Benefit Fund was due, the Senate approved financial relief for the struggling U.S. Postal Service. The bill reduced the Postal Service’s mandated payment by \$4 billion (to \$1.4 billion), which provided them with much needed capital to operate in this difficult financial environment.

#### **Long-term Financial Crisis:**

- USPS is considering the following solutions to further reduce costs:
  - Reducing six-day delivery to five.
  - Closing post offices - Nearly 1,000 are under review
  - Reducing labor costs - 80% of USPS’ operating budget

### How Does This Affect You?

- The Postal Services’ worsening financial situation means tough choices for Congress and the USPS, and could affect the mailing industry that supplies much of its business – including printers like you.
- IP Government Relations is working with a mailing industry coalition and key Congressional staff to ensure the USPS remains an affordable and viable means of delivery.

### Take Action

- Visit [ipmovesthemail.com](http://ipmovesthemail.com) to learn more about the issue and to sign up to receive alerts from IP Government Relations on state and federal mailing industry legislation.



## State Issues – Spotlight on Do Not Mail Campaign:

### Anti-Mailing Campaign

- One of the many challenges our industry faces today is posed by certain anti-mailing groups that believe that paper-based communications are inherently bad for the environment and should be discouraged.
- These groups have organized a coalition to push “Do Not Mail” initiatives at the state level that would greatly restrict the use of direct mail advertising.
- The measures generally call for the establishment of a state-run registry of consumers who do not wish to receive direct mail advertising.
- Mailers who then send mail to such individuals would be subject to harsh civil penalties and potential litigation.
- Direct mail advertising is an efficient, sustainable and effective method of reaching target audiences about new products and services. Efforts to encourage recycling rates for mail related waste should be encouraged rather than efforts to criminalize or penalize direct mail advertisers.

### Impact of Do Not Mail Campaign to U.S. Economy

- Threatens nearly 8 million mailing industry jobs and health of the U.S. Postal Service, of which direct mail accounts for roughly 50 percent.
- More than \$1 trillion in annual sales for mail-related industries.
- In 2008, every dollar spent on *catalog* marketing generated an average return of \$7.28.
- Every dollar spent for *non-catalog* direct mail generated an average return of \$15.55.
- Affects millions of smaller businesses who often rely on direct mail as the only affordable method of advertising due to limited resources to use other media.



### Legislative Status

- 2007: 18 bills introduced in 15 states— none passed.
- 2008: 13 bills introduced/carried over from previous session – none passed.
- 2009: 5 bills introduced in Connecticut (2), Florida (2) and New York (1) – none passed; Non-binding resolution passed by San Francisco Board of Supervisors.

### Proponents of Legislation

- Forest Ethics, Center for the New American Dream, Junk Mail Freeze and a dozen other extremist groups have received foundation grants to support the misguided Do Not Mail initiatives across the country.

### Consumer Choice Available Now

- Consumer choice resources already exist in private sector
  - Direct Marketing Association’s *free* Mail Preference Service: [www.dmachoice.org](http://www.dmachoice.org)

### Take Action

- International Paper has played a leading role in combating these initiatives, but much work remains to be done.
- Log on to [ipmovesthemail.com](http://ipmovesthemail.com) today to learn about this campaign and check back to see if your state is considering Do Not Mail legislation in the Take Action section.
  - More than 22,000 customer site visits since Jan. 2008; facilitated letters to legislators in states with active bills.

**Stay Informed about State and Federal Legislation Affecting the Industry.**

Log on to [ipmovesthemail.com](http://ipmovesthemail.com) to sign up!  
Together we can make a difference on legislation impacting our industry.

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