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**Having Their Say: Customer and Employee Views on
the Future of the U.S. Postal Service**

**Statement of H. James Gooden
Chair
Board of Directors**

before

**Senate Homeland Security and Governmental Affairs
Committee's Subcommittee on Federal Financial
Management, Government Information, Federal
Services, and International Security
and
House Committee on Oversight and Government
Reform Subcommittee on Federal Workforce, Postal
Service, and the District of Columbia**

June 23, 2010

Mr. Chairmen and members of the Committees, my name is H. James Gooden and I am the Chairman of the Board of Directors of the American Lung Association. The American Lung Association was founded in 1904 to fight tuberculosis and today, our mission is **to save lives by improving lung health and preventing lung disease**. We accomplish this through research, advocacy and education.

I am honored to testify today on behalf of the members of the Alliance for Nonprofit Mailers of which the American Lung Association is a charter member. The Alliance of Nonprofit Mailers was established in 1980 as a national coalition of nonprofit organizations sharing a vested interest in nonprofit postal policy. The Alliance is the primary representative of nonprofit mailers before the United States Postal Service, Postal Regulatory Commission and on Capitol Hill. Our membership is a cross-section of America and includes:

- **Public health and medical groups** including St. Jude Children's Research Hospital, the American Cancer Society and the American Heart Association.
- **Colleges and universities** including Utah State University, Boston University, the University of Delaware and Oklahoma State University.
- **Consumer organizations** including Consumers Union and Consumers Checkbook.
- **Farm bureaus** including the American Farm Bureau Federation and the Illinois, Ohio and Texas Farm Bureaus as well as the National 4-H Council.
- **Religious organizations** including many Roman Catholic organizations, the American Baptist Churches, the Church of Jesus Christ of Latter-day Saints and the Association of Christian Schools.
- **Arts and humanities organizations** including the Cleveland Museum of Art, the Smithsonian Institution and the League of American Orchestras.

In 1907, the American Lung Association invented direct mail fundraising in the United States through our Christmas Seals program. A volunteer named Emily Bissell came up with a plan based on one that had worked in Denmark: She designed and printed special holiday seals and sold them at the post office for a penny each. By the end of her holiday campaign, she and a large group of committed volunteers had raised ten times her initial goal. With it, the American Lung Association Christmas Seals were born.

The American Lung Association – like many other members of the Alliance – uses mail primarily to communicate with volunteers and to raise money. Last fiscal year, the Lung Association mailed 48 million pieces of nonprofit standard mail. However, unlike many other organizations, we are also responsible for **driving** additional mail volume across the country, as our Christmas Seals encourage Americans to send Christmas and other holiday cards – thereby boosting First-Class mail. But an oversized, over-budget Postal Service threatens the members of the Alliance of Nonprofit Mailers and all other nonprofits, as the Postal Service will inevitably fall back upon raising postage rates to, in part, make up for its projected \$7 billion deficit.

Our organizations are greatly troubled that the Postal Service has announced that it will raise postage rates in early 2011. The increase is expected to be five to ten times the rate of inflation – which will result in a decrease in mail from nonprofits during already difficult financial times. Nonprofits will be forced to not only cut back on the number of pieces we mail but it will greatly impact nonprofit organizations' abilities to deliver key programs and services across this nation.

According to the Lung Association's calculations, if the Postal Service files an exigent rate case to increase nonprofit mailing rates by 8 percent, our Association would take a hit of nearly \$550,000. That cost would come right out of our net income and ability to deliver programs – including funding research to improve treatments and find cures for the more than 35 million Americans with chronic lung diseases; giving children the tools they need to manage their asthma so that they can stay healthy in school and be ready to learn; fighting for healthy air and fighting against tobacco. We – like other nonprofits – would be forced to reduce mail volume, which will just reinforce the Postal Service's downward spiral. If this trend continues, some nonprofits may be forced out of using direct mail as a fundraising tool, since the return on investment for direct mail fundraising is quickly plummeting toward the point where it may no longer be a sustainable method of generating net income to fund important programs. We believe the only solution is for the Postal Service to finally bring its infrastructure and capacity in line with actual demand. That is why the Alliance for Nonprofit Mailers has taken the difficult step to support the Postal Service's recommendation to eliminate Saturday delivery.

Why would we do this given all the potential downsides? Because the American Lung Association and all nonprofit organizations are heavily dependent on a fiscally sound U.S. Postal Service – a cost-effective, efficient postal system. And we wish to partner with the Postal Service and will provide a healthy volume of mail as long as we are not priced out of the market. But the only way we see that happening is if the Postal Service reduces its capacity.

In addition to the threat of a general postage increase in early 2011, nonprofits are also concerned that preferred nonprofit postage rates could be eliminated. This move would be a terrible mistake. Congress has authorized special nonprofit rates for more than fifty years, and has repeatedly reaffirmed that policy. The policy still makes good sense. Reduced postage rates enable the American Lung Association and other nonprofit organizations, including churches and faith organizations, to provide a critical role in our society. The role of the nonprofit sector in providing social support services is even more crucial today, when cash-strapped state and local governments are struggling to meet the basic needs of citizens.

Thank you for the opportunity to testify before you today. Nonprofit organizations can be found in every state and congressional district in this nation. We provide a unique and necessary role in America – one that has been enhanced by the U.S. Postal Service. On behalf of all nonprofits, we ask for your continued support moving forward to ensure that we can continue to rely on an affordable and fiscally sound U.S. Postal Service.