

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

STATUTORY REVIEW OF THE SYSTEM)
FOR REGULATING RATES AND CLASSES) Docket No. RM2017-3
FOR MARKET DOMINANT PRODUCTS)

**DECLARATION OF CRAIG FINSTAD
ON BEHALF OF AMERICAN LUNG ASSOCIATION**

I, Craig Finstad, declare as follows:

1. I am the Assistant Vice President, Direct Response, for the American Lung Association (“ALA”). The ALA is a charitable organization exempt from federal income tax under Internal Revenue Code Section 501(c)(3), and is headquartered in Chicago, IL. My business address is 1200 Hosford Street, Suite 101, Hudson, WI 54016.

2. I have worked for the ALA for more than 37 years and have served in my current position for over 16 years. As Assistant Vice President, Direct Response, I coordinate the ALA’s direct mail programs and monitor postage costs to maximize the organization’s net income and increase donor response. Use of direct mail is vital to our organization’s ability to disseminate important information and fulfill its charitable purpose.

3. I also serve as Treasurer and Executive Committee Member on the Board of Directors of the Alliance of Nonprofit Mailers (“ANM”). Through these roles with ALA and ANM, I have more than 37 years of experience working in the nonprofit direct mail industry and advocating for the maintenance of affordable postage costs and high service standards.

4. Established in 1904, ALA is one of the oldest non-profit organizations in the United States. The organization was founded to battle one of the most serious health threats of the time, tuberculosis. It was successful in this effort and over time broadened its mission and charitable programs to combat other threats to lung health, including asthma, chronic obstructive pulmonary disease (COPD), lung cancer, air pollution, and tobacco. ALA is a Better Business Bureau (“BBB”) accredited charity and meets all twenty standards for charity accountability established by the BBB’s Wise Giving Alliance. It remains the leading national charitable organization supporting lung health today.

5. Since the launch of the Christmas Seals® campaign 113 years ago – the very first direct mail fundraiser – direct mail has been a crucial component of ALA’s work. Today, direct mail generates sixteen percent of ALA’s income from public donations. In 2019, ALA spent more than \$5 million on outgoing postage (primarily at nonprofit rates) and generated over \$500,000 in first class return postage.

6. Lung cancer is the number one killer of both men and women in the United States, and more than 36 million Americans are battling chronic lung disease. In support of its charitable mission to save lives by improving lung health and preventing lung disease, ALA looks to fund additional research into treatments and, ultimately, cures for this devastating disease that costs taxpayers billions of dollars in health care expenses annually.

7. Above-inflation increases in the postal rates charged for market dominant products would hamper ALA’s ability to fight lung disease. Because ALA relies on direct mail campaigns, higher rates of postage limit our reach and reduce the net revenue that our organization can spend on critical programs and research funding. Indeed, even with

CPI-capped rates of increase, weathering tough economic conditions while staying true to our charitable mission has been difficult.

8. For example, over the past ten years, the number of donations via direct mail received by ALA has decreased by more than sixty-five percent (from 2.5 million to 843,000), and ALA's net income from direct mail available to support its cause has declined from \$11.4 million to \$5.8 million (a decrease of nearly 50 percent). During the same ten-year period, our nonprofit postal rates have increased by 14.5% percent.

9. If the CPI cap were removed and the postal service were free to increase postal rates faster than inflation, it would reduce the American Lung Association's ability to raise significant funding using the mail to combat lung disease. Further rate increases would force ALA's Board of Directors and management to divert resources away from direct mail operations and attempt to replace that revenue stream through alternative channels, which would also result in fewer first class responses.

10. Switching to alternative solicitation channels would reduce our public outreach because ALA's donor base skews demographically toward the elderly, many of whom do not use email. Many of those in our donor base who do have an email address are unwilling to donate online with a credit card. In contrast, direct mail puts information directly into the hands of our supporters and allows them to maintain it for future reference. Our fundraising would suffer and limit the critical programs we offer to the public, to clean up the air we breathe and improve the health of all Americans, which ultimately harms our society.

11. Further declarant sayeth not.

VERIFICATION

I declare under penalty of perjury that the foregoing is true and correct.

Executed on January 24, 2020.

A handwritten signature in black ink, appearing to read "Craig Finstad", written in a cursive style.

Craig Finstad
American Lung Association