

BANTA Mailbox

Banta Publications Group ■ 12 Salt Creek Lane, Suite 350, Hinsdale, IL 60521 ■ May 2002

A Brand New PAGE

New program makes reporting ad percentages easier

The USPS has finalized a program that will eliminate the need for publishers of Periodicals rate publications to submit manually marked copies showing the percentage of advertising for each edition of each issue of the magazine. The new program, called Periodicals Accuracy, Grading and Evaluation (PAGE) also eliminates the need for postal employees to determine the weight per copy by weighing a sampling of 10 copies of each edition at the time of mailing.

The program consists of an evaluation tool to certify the accuracy of publishing and print planning software (PPP), which can be used to automatically calculate advertising percentages and weights. Many publishers are now using this type of software for magazine layout and printing instructions.

To participate in the program, publishers must successfully complete three stages of authorization:

1) DEVELOPERS of the software (software vendors) apply to the USPS National Customer Support Center (NCSC) for certification of their PPP software. There is a fee for this certification, which varies from \$1,000 for up to three reviews of a specific software package to \$2,500 for an on-

site analysis. There is a fee of \$1,500 for each additional on-site analysis. This certification is good for one PAGE cycle only, which extends from March 11 to March 10 of the following year. In other words, the software needs to be re-certified each year.

2) USERS of the software (publishers) apply to the NCSC for certification of all employees or agents who will input data into the software. There is a fee of \$25 per employee test and each user must be re-certified every two years.

3) PUBLISHERS must apply for authorization to submit the PAGE calculated weights and advertising percentages. This application must be submitted to the New York Rates and Classification Service Center (RCSC). Publishers must report all authorized Periodical publications and print sites that will use the PAGE certified software. While there is no fee for this authorization, publishers are required to re-apply annually.

For more information about PAGE, contact the USPS Rates and Classification Service Center (RCSC) in New York at 1259 Broadway, 14th Floor, New York NY 10095-9599 or 212-613-8752.

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USPS Board of Governors Approves Rate Settlement Agreement

The USPS Board of Governors approved on April 8, 2002 the proposed settlement agreement for the postal rate case. The settlement agreement rates were approved without changes and the new rates will be implemented June 30, 2002. Average increases in rates are as follows:

- First-class:** 8.8% or 37 cents for stamp, up from 34 cents
- Periodicals:** 10.2% increase regular rate, 11.1% nonprofit
- Standard Mail:** 7.4% increase regular rate, 6.7% nonprofit
- Package Services:** 9.1% increase Bound Printed Matter, 10.0% increase Parcel Post
- Priority Mail:** 13.5% increase
- Express Mail:** 9.7% increase

See detailed rate charts in the February 2002 issue. If you would like an analysis done to determine the effects of the increase on your specific mailing, please contact your plant customer service representative or the distribution manager at the appropriate plant:

- Kansas City: Jeff Volkmann at 816-792-6402 or jvolkmann@banta.com
- Long Prairie: Al Lemke at 320-732-7946 or alemke@banta.com
- Greenfield OH: Margaret Mobley at 937-981-2161 Ext. 320 or mmobley@banta.com

Banta Publications Group Distribution Contacts

As a customer, you are encouraged to direct all of your communications to your plant Customer Service Representative. However, there may be occasions when you may need to contact someone in the distribution areas directly. To facilitate this, the following is a list of contacts:

Entire Publications Group

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Transformation Plan

USPS unveils plan to improve its finances

The USPS presented its Transformation Plan to Congress on April 4, 2002. The plan was presented by Postmaster General Jack Potter at the National Press Club in Washington DC. Congress had requested the USPS to develop the plan after the General Accounting Office put the USPS on its high risk list last year based on the deteriorating financial situation. Some highlights of the plan include:

1) A Commercial Government Enterprise (CGE) model for the USPS, which means a public government owned entity that has flexibility in pricing and operations. This would require legislative reform to allow the USPS more flexibility in investing and managing its money, purchasing goods and services, offering new products and services, and better labor mediation and bargaining

practices.

2) A summit involving the USPS and the Postal Rate Commission (PRC) to look at ways to improve the current rate-making process, perhaps including Negotiated Service Agreements. The summit would include stakeholders as well. One of the goals is to establish smaller, more predictable rate increases.

3) Optimization of the transportation and distribution network.

4) Lifting the moratorium on closing post offices that are not financially viable.

5) Consolidating processing plants.

The plan includes many other details (it is a 500 page document) and is available for review by logging on to the USPS web site at www.usps.com.

USPS Fees to Increase

When the postage rates increase on June 30, 2002, a number of fees will also change:

	Current Fee	New Fee
Standard and Package Services Permit Application	\$125.00	\$150.00
Annual bulk mailing fee	\$125.00	\$150.00
Periodical Original Entry	\$350.00	\$375.00
Periodical Additional Entry	\$50.00	\$60.00
Address Corrections, manual	\$.60	\$.70
Address Corrections, electronic	\$.20	\$.20
Business Reply Mail Regular, Basic	\$125.00 Permit fee per year, \$.35 per piece	\$150.00 Permit fee per year, \$.60 per piece
Business Reply Mail, Regular, High Volume	\$125.00 annual permit fee, \$375.00 annual accounting fee, \$.05 per piece	\$150.00 annual permit fee, \$475.00 annual accounting fee, \$.10 per piece
Qualified Business Reply Mail, low-volume	\$125.00 annual permit fee, \$375.00 annual accounting fee, \$.05 per piece	\$150.00 annual permit fee, \$475.00 annual accounting fee, \$.06 per piece
Qualified Business Reply Mail, high-volume	\$125.00 annual permit fee, \$375.00 annual accounting fee, \$1,800.00 quarterly fee, \$.01 per piece	\$150.00 annual permit fee, \$475.00 annual accounting fee, \$1,800.00 quarterly fee, \$.008 per piece
Business Reply Mail, Bulk Weight Averaged	\$125.00 annual permit fee, \$375.00 annual accounting fee, \$600.00 monthly maintenance fee, \$.01 per piece	\$150.00 annual permit fee, \$475.00 annual accounting fee, \$750.00 monthly maintenance fee, \$.01 per piece

Product Redesign Update

Workgroups offer recommendations

Product Redesign is a joint USPS and industry effort to streamline postal products, prices and services; similar to the Postal Reclassification efforts in the mid 90's. The representatives of the various workgroups involved in the project recently presented overviews of their recommendations:

Periodicals workgroup:

1) Take the cost of re-forwarding undeliverables out of the base price of Periodicals mail and instead charge for each re-forwarded piece on a per unit basis. This gives mailers more incentives to clean up their mailing lists.

2) Establish two models for rates; one cost based and one rules based. Cost based rates would be set on the costs associated with mail prepared for the most efficient processing. Rule based rates would be set on standards for mail prepared for less efficient processing.

3) Allow co-packaging and co-processing of Periodicals and Standard mail.

Standard Mail workgroup:

1) Create a "First-class lite" category that would involve First-class delivery service without ancillary services such as forwarding. This would be established at a rate somewhere between First-class and Standard rates.

2) Combining different classes of mail in packages, trays, sacks and pallets.

3) Reduced rates for prospective mailings and seasonal pricing for lower volume periods.

Parcels workgroup:

1) Allow loose-leaf binders to qualify for Bound Printed Matter and allow Periodicals to be included in BPM rates.

2) Increase maximum weight of Standard parcels to 2 lbs. From the current 1 lb.

3) Establish a single parcel class rather than the current subclasses.

4) Create a 3-digit pallet at the SCF to move mail out of the bulk mail centers.

5) A two year test of seasonal pricing.

Addressing workgroup:

1) Form an address quality matrix, revising the current address quality discount rate structure.

2) Eliminate the manual address correction option for meeting the move update requirement in First-class.

3) Change the move update frequency from the current 180 days to 90 days prior to mailing.

4) Change the ZIP+4 coding frequency from the current 180 days to 90 days prior to mailing.

5) Change address matching directory update frequency to 90 days before mailing.

6) Establish specific AIS product timeframe for 5-digit ZIPcode updates.

7) Revise Form 3553 to reflect the above changes.

First-class

1) Create a "First-class lite" category. See item 1 under Standard Mail workgroup above.

2) Separate retail and business mail.

3) Create a volume threshold between large professional mailings and small consumer mailings.

4) Make the minimum quantity for bulk mailings uniform between First-class (currently 500 pieces) and Standard (currently 200 pieces or 50 pounds) and increase the minimum considerably, such as to 10,000 pieces.

The USPS' Product Redesign project will likely take on a new timetable in light of the Transformation Plan recently unveiled by PMG Jack Potter (see article on page 2). The original timeline for Product Redesign calls for proposals to be submitted in April and market testing this summer and fall. This would result in a rate filing in mid 2003. Since PMG Potter announced that the rates to be implemented on June 30, 2002 would hold in place until 2004, that would put the next rate filing at approximately the same time as the Redesign filing. Since this would be logistically very difficult to have two separate cases going through commission proceedings at the same time, the USPS is considering moving up some of the redesign efforts and treating them as separate classification efforts. The USPS also wants to see the results of the rate-making summit mentioned in the Transformation Plan before making too many rate filing plans.

Online Information

More information on Banta Corporation is available through the company's World Wide Web site at www.banta.com

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is a monthly publication produced by the BANTA Publications Group. Any comments or questions are welcome. Please contact Monica Lundquist of the BANTA Publications Group by phone at 816-792-6370, by e-mail at mlundquist@banta.com, or write to BANTA Publications Group, Mailing & Distribution Services, 3401 Heartland Drive, Liberty, MO 64068-3378.

New Rate Comparisons

Using the postage rates approved by the Board of Governors, we have completed some analysis on a range of weights and advertising percentages to determine the increase affecting various classes of mail. We used the average zoning and presort data compiled by American Business Media, which is a good representation of the average business and trade publication. The results are as follows:

Periodicals Regular Rate Percentage Increase				
Weight	Advertising Percentage			
	0%	25%	50%	75%
.25 lbs. (4 oz.)	14.3%	13.93%	13.64%	13.4%
.375 lbs. (6 oz.)	13.66%	13.37%	13.14%	12.96%
.50 lbs. (8 oz.)	13.14%	12.92%	12.74%	12.6%
.75 lbs. (12 oz.)	12.33%	12.22%	12.13%	12.06%
1.00 lbs. (16 oz.)	11.74%	11.72%	11.7%	11.68%

Periodicals Nonprofit Rate Percentage Increase				
Weight	Advertising Percentage			
	0%	25%	50%	75%
.25 lbs. (4 oz.)	14.3%	13.92%	13.61%	13.36%
.375 lbs. (6 oz.)	13.66%	13.35%	13.11%	12.91%
.50 lbs. (8 oz.)	13.14%	12.89%	12.70%	12.55%
.75 lbs. (12 oz.)	12.33%	12.20%	12.09%	12.01%
1.00 lbs. (16 oz.)	11.74%	11.69%	11.66%	11.63%

Standard Mail Percentage Increase		
Weight	Regular Rate	Nonprofit Rate
.1875 lbs. (3 oz.)	8.65%	6.89%
.25 lbs. (4 oz.)	8.38%	6.77%
.375 lbs. (6 oz.)	7.64%	6.51%
.50 lbs. (8 oz.)	7.17%	6.37%
.75 lbs. (12 oz.)	6.63%	6.21%

Package Services Bound Printed Matter Increase	
Weight	
1 lb. (16 oz.)	11.36%
1.25 lbs. (20 oz.)	11.74%
1.50 lbs. (24 oz.)	12.08%
1.75 lbs. (28 oz.)	12.41%
2 lbs. (32 oz.)	12.72%

Periodicals Ride-Along Update

The USPS established the ride-along rate in February of 2000 as a two-year experimental rate. The rate is designed for pieces not qualifying at Periodicals rates that ride along with a Periodical rate publication. This includes items like catalogs, CD ROM's, product samples, single sponsored supplements, etc. In February of 2000, the rate for these pieces was established at 10 cents per ride-along. With the new postage rates going into effect on June 30, 2002, this rate will be increasing to 12.4 cents per ride-along. The rate also becomes permanent at this time and the questionnaire, currently required to be completed by the publisher, will no longer be required.