

# BANTA Mailbox

Banta Publications Group ■ 12 Salt Creek Lane, Suite 350, Hinsdale, IL 60521 ■ March 2003

## Next Rate Increase

### Postal hike for 2004 looking more likely

**A**s we've discussed in previous issues, the USPS was hoping to forestall the next postal rate increase until 2006. This projection was based on a recent actuarial review by the Office of Personnel Management (OPM), which indicates that the USPS has almost fully funded its Civil Service Retirement System (CSRS) obligations for future retirement benefits. If the USPS is allowed to stop funding this program, it would free up \$2.9 billion this year and \$2.6 billion next year, which could be used to forestall the next rate increase.

Several wrinkles in this plan have recently occurred that make this possibility much less likely:

- The General Accounting Office (GAO) has performed its own review and evidently the numbers in its report differ from that of the OPM report.

- A report from the Congressional Budget Office (CBO) indicates that what might be good for the USPS may not be good for taxpayers. This report cautions that while reducing the funding would benefit the USPS internal fiscal position, it could increase deficits or reduce supplies in the unified

budget by as much as \$10 billion to \$15 billion over the next 5 years. Long-term effects through 2013 could be as much as \$41 billion. The CBO report also raises questions about the USPS obligations to retiree health plans, which it says need a more complete accounting.

Due to the public policy issues that have been raised, as well as questions regarding how other federal agencies fund their employee retirement obligations, the course for the pending legislation appears less clear. Add to that the agendas of the variety of committees with a vested interest in this legislation and the chances of a quick resolution appear dim. It is far more likely that extended hearings will take place on the subject rather than a quick pass of the legislation.

In the interim, the USPS continues to plan for the next rate case filing, which will most likely occur in April of this year if no legislation is passed by March. We will keep you posted, but we continue to encourage our customers to plan for a postal increase in mid-2004.

### USPS Web Site Undergoes Changes

If you haven't visited the USPS web site lately ([www.usps.com](http://www.usps.com)), you are in for a surprise. The web site has been completely redesigned, with the hope of being more user friendly. Our initial reaction is that it may be more user friendly for the average consumer, but for business mailers, it has made finding commonly used resources more challenging. For business mailers, the best bet is to click on All Products and Services, then click on the first letter of the item you are trying to find. For example, if you want to find out more about the PostalOne! program, you would click on the letter "P." Some items require some creativity to refine your search. For example, if you are trying to find the Domestic Mail Manual, don't click on the letter "D", click on the letter "P" for Publications.

If you are referencing back issues of the Banta Mailbox for instructions on web site navigation, you'll need to disregard any USPS web site navigation instructions prior to this issue of the Mailbox. As we go forward, we'll be sure to include the new navigation instructions in our articles.

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**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:

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# Phased Postal Rates?

## Postal Service seeks input from mailers

Regardless of when the next postal rate case occurs, the USPS is interested in finding out from mailers whether a phased rate approach would be desirable. Mailers have in the past complained about the inconsistency of the timing and amount of postal rate increases, which can play havoc with budgeting processes.

In order for the USPS to ask for phased rates in the next rate case, they need this input from mailers rather quickly. Some of the detailed questions the USPS has of mailers:

■ Do you want phasing of rates over two years, which would require an earlier filing date or implementation date of the first phased increase?

■ Do you want the existing process whereby a new rate case is filed every two to three years, taking your chances not knowing the amount of the increase from year to year?

■ Do you like the idea of phased rates, but it should be delayed until a future rate case because you feel it needs more discussion?

If the USPS were to implement a phased rate program, the following would likely apply:

■ The effective dates of the phased increases would be set. In other words, there would be no financial "trigger" to enter the second phase of the rates. This would allow for some stability, but could also result in a windfall to the USPS if their finances are better in the first period than expected.

■ The first year's increase would be slightly higher than the second year. This would apply to the rates as a whole, however due to rounding constraints and rate design issues, some categories of mail might see the reverse occur.

Mailers seem to have mixed feelings on phased rates. Some fear that phasing of rates could mean higher rates at the end of two years than if the increase had been implemented all at once. Another concern is whether the Board of Governors would adhere to the implementation schedule the USPS would propose in the phased rate case. Other mailers are concerned that the amount of revenue the USPS requires would influence their decision. For example, if the revenue requirement were 4%, then phased rates would probably not be worth it, but they would be of more interest if the revenue requirement were higher, such as 10%.

If you wish to submit comments on phased rates, they should be sent in writing to one of the following:

Dan Foucheaux, USPS  
475 L'Enfant Plaza Room 6536  
Washington DC 20260

Ashley Lyons, USPS  
1735 N Lynn St Room 3029  
Arlington VA 22209

### You Can Help Hold Off the Next Postal Rate Increase

As we've covered in previous issues, there is current legislation pending that could possibly hold off the next postal rate increase until 2006. Without passage of this legislation, the next postal rate increase will hit in mid to late 2004. The legislation involves changing the way the USPS funds the Civil Service Retirement System (CSRS). Recent financial studies indicate that the USPS has fully funded its future retirement obligations under this program and that continued payments into this fund would result in substantial over-funding. The USPS has indicated that if they can retain the money that would be placed into the fund, they could hold off the next postal rate increase until 2006.

It is very critical that legislators hear from you the postage payers so that they know how critical this legislation is to the success of your business. We strongly encourage you to send a message to your legislators, either via phone, mail or e-mail indicating your support of the legislation and asking them to support it as well. The message should include details about your business and the negative affect that increasing postage rates has on your success. It is especially helpful to include your annual sales dollars, postage dollars, types of mailings and why they are critical to your business, and number of employees that are affected by the success of your business. In your message, make sure to reference the specific legislation, which is HR 735 Postal Civil Service Retirement System Reform Act of 2003 for the House and S 380 for the Senate.

To find out the name and contact information for your legislators, log on to <http://www.congress.org/congressorg/home/> and then type in your ZIP code.

## Co-palletization Update

**A**s we told you in the February issue, the USPS has approved discounts for packages of Periodicals mail that are combined with other Periodicals mail onto the same pallet. The discounts apply only to mail that would ordinarily be in mail sacks and is drop shipped to Sectional Center Facilities (SCF's) or Area Distribution Centers (ADC's).

Our internal work group continues to analyze the economics of the discounts and the costs associated with doing co-palletization. At this point, it appears that the most economical way to perform this function is through a third party, such as our drop ship freight consolidator. Essentially, the co-palletization discounts are quickly eaten up by the freight costs and costs of doing the physical co-palletization. As a result, the remaining economic benefits are the additional drop ship discounts. These remaining benefits are very limited for magazines with low weight and low ad content.

There is also a mailing industry and USPS joint work group established to finalize the processes and regulations to cover these new discounts. At an initial teleconference of the work group, the following items (among others) were discussed:

- The discounts will require each participating publisher to participate in the Centralized Payment Accounting System

(CAPS) postage payment program. The USPS plans to reduce the current minimum volume requirements of this program so that more small publishers will be able to participate.

- If the co-palletization is performed by a third party, each participating publisher will be required to file for an additional entry at the co-palletization location (consolidator).

- If a third party performs the co-palletization, postage will be paid at the printing plant location for the palletized mail only. Postage for the balance of the mail (previously in sacks that is now being co-palletized) will be paid at the consolidator.

- The co-pallet discounts may apply to co-mailings, both off-line and selectively stitched, but there are limits to the amount of the mailing to which the discounts will apply.

Although the discounts will be available effective April 20, 2003, most software vendors, printers and consolidators will not be ready to perform the co-palletization at that time. Since the regulations are still being developed, software vendors will hold off on programming any changes until the regulations are finalized. Likewise, printers and consolidators will need to order and install equipment to perform the physical co-palletization. We will keep you posted as this new mail preparation option progresses.

## On the Horizon

### Move update requirements may be implemented for all mail classes

**B**ack in our August 2002 issue, we told you about some proposals by the USPS to implement move update requirements for all classes of mail. Currently this requirement affects only First-class mail. Basically what this involves is documenting to the USPS that your mailing list has been updated with new move information. The proposal comes from the USPS desire to reduce its cost of handling undeliverable as addressed (UAA) mail. Annual costs to the USPS for handling this mail are close to \$2 billion.

What the proposal entails is elimination of hard copy manual updates as proof of updating the mailing list. Instead, mailers would need to use alternative measures, such as the electronic Address Change Service (ACS) program, or other move update processes, such as National Change of Address (NCOA) or FastForward.

Under the proposal, in order to claim postal discounts on your mail, you would need to document

that your mailing list has undergone one of the above processes within 90 days of mailing. The final rule for this change could be released by the USPS as early as March. The USPS does plan to give mailers an extensive grace period for compliance, possibly up to 18 months.

We strongly encourage you to investigate the different move update options if you are not already using them. This will not only allow you to be prepared when the USPS announces this new requirement, but it will likely save you money in the interim by reducing the number of returns or by reducing the cost of those returns. For more information on the Address Change Service, log on to the USPS web site at <http://ribbs.usps.gov/files/ACS/Pub8.pdf>. For more information regarding how Banta Distribution Services (BDS) can process your mailing list through NCOA or FastCOA, contact your BDS customer service rep or John Buck at [jbuck@banta.com](mailto:jbuck@banta.com).

**BANTA Mailbox** 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](mailto:mlundquist@banta.com), or write to BANTA Publications Group, Mailing & Distribution Services, 3401 Heartland Drive, Liberty, MO 64068-3378.

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# Help for Delivery Complaints

## ePubwatch offers electronic alternative to hard copy system

If you are mailing at Periodicals rates and want to report mail delivery complaints, the USPS has a great electronic system to do so called ePubwatch. This electronic system replaces the old hard copy system that was in place for many years. The hard copy system was very cumbersome and did not result in any appreciable useable data.

Periodicals mailers can use ePubwatch to report subscribers' delivery complaints, such as non-delivery, late delivery, damaged mail, etc. To access this system, log on to <http://epubwatch.usps.gov>. Once there you can access an application form that will get you set up as an ePubwatch account with a user ID and password. Some areas of the site are accessible to the general public, while others are accessible only to registered users.

Once a delivery complaint is filed, the data is disseminated electronically to the appropriate mail delivery unit. The delivery unit then watches out for the incoming mail piece and reports any problems, such as incorrect/incomplete address, damage, etc. They also log in the date of receipt and the date the mail is delivered. This information is then made available on the web site for both USPS personnel and the publisher. Publishers can track delivery performance to problem areas and the USPS can use the data to pinpoint problem areas in either processing or delivery. Publishers can also use the system to generate a letter to the subscriber

explaining what is being done to follow up on their complaint.

There is no charge for this service, but it is limited currently to Periodicals rate mailers only with monthly or more frequent publishing frequency. Access for bi-monthly publications will be added in April of this year.

If you mail at Standard or Package Services rates, there is also assistance available for delivery complaints. The most effective way to do this is by working with your local USPS Business Service Network (BSN) representative. The first step is to provide them with the details of the mailing, such as mail date, class of mail and processing category, mailing quantity, name of the mailpiece, copy of the front and back cover of the mail piece (preferably in .pdf format), counts by 5 digit ZIP code, point of entry, and appointment numbers/delivery dates if the mail was drop shipped. Once they receive this information, they can electronically communicate to all the appropriate processing and delivery facilities requesting information on the mailing. If Banta is printing and mailing your publication, we can coordinate this process for you. If not, you can locate the BSN office nearest you by logging on to <http://www.usps.com/ncsc/locators/find-pbc.html> and typing in your city and state or ZIP code.

### Updates for Standard Non-profit Mailers

If you mail at Standard non-profit rates, you already know how complicated the restrictions are regarding the content of your mailings. The USPS has a great guidebook for this called Publication 417 Non-profit Standard Mail Eligibility. However, this manual was published in October 1996, and there have been a number of changes and clarifications since then. To access Publication 417, complete with updates, log on to [www.nonprofitmailers.org](http://www.nonprofitmailers.org).