

# BANTA Mailbox

Banta Publishing & Catalog Solutions • Drake Oaks • 2215 York Road, Suite 400, Oak Brook, IL 60523



## Postal Reform *Passes!*

After 12 years of various attempts at postal reform legislation, the 109th Congress finally passed reform legislation at the last minute on Dec. 9. Both the House and the Senate passed the same version of the legislation, so there is no need for further review by conference committee. The legislation ([H.R. 6407](#)) is expected to be signed into law by President Bush shortly.

One of the first questions mailers will ask is whether this new legislation will affect the current postal rate case? The answer is no, the legislation has almost no bearing on the current rate

case. Mailers should be prepared for postage increases to become effective May 6, 2007.

### As far as the new law, here are some highlights:

There is a new name for the current [Postal Rate Commission](#), which will be the Postal Regulatory Commission (PRC). The new PRC will be allowed 18 months to come up with a new plan for setting postage rates. The PRC is required to base the system on a rate index for market-dominant products

Continued on page 4 >>>

## in this issue

- 1 ■ Postal Reform Passes!
- 2 ■ High costs of odd newsstand bundles
- 2 ■ CAPS enhancements
- 3 ■ Postal increases over the years

Banta Mailbox is a monthly publication produced by the Banta Publishing & Catalog Solutions Group. Any comments or questions are welcome. Please contact Monica Lundquist of Banta Publishing & Catalog Solutions Distribution Services by phone at 816-792-6370, by e-mail at [mlundquist@banta.com](mailto:mlundquist@banta.com), or write to Banta Publishing & Catalog Solutions Mailing & Distribution Services, 3401 Heartland Dr., Liberty, MO 64068-3378.

## High costs of odd newsstand bundles

As you may be aware, our newsstand consolidator, [Clark Distribution Systems, Inc.](#), will be raising their rates for processing odd size newsstand bundles to \$3.00/bundle, with a minimum charge of \$100 per title. These new rates will become effective January 1, 2007. If you are billed for newsstand charges directly from Clark, these charges will appear on your Clark invoice. If you are billed for newsstand charges from Banta, these costs will be passed on to you on your Banta invoice.

The reason for the substantial increase in price is that these odd size bundles are very time and labor consuming to prepare and it is difficult to prepare them with automated processes.

Since these odd size bundle preparation charges will be increasing, we encourage our newsstand clients to contact their national distributors as soon as possible regarding your newsstand allotments. It is best to insist upon even bundle size allotments only, and not permit odd size bundles at all. This eliminates the problem of costly and time-consuming preparation of these odd size bundles, which will most likely make these odd size orders no longer cost-effective.

If you have any questions regarding these new charges, please contact your Clark Distribution representative or your Banta sales representative. ■

## CAPS enhancements

The USPS is planning additional enhancements to the Centralized Account Processing System (CAPS) for 2007. The CAPS system will eventually be called PostalOne! and the planned enhancements are as follows:

- Payment of fees and permits through CAPS
- Linking of permits through CAPS
- Opening new permits through CAPS
- Low account balance notification
- Periodicals pending publications allowed

We strongly encourage all of our clients to enroll in the debit option of the CAPS postage payment program. This program allows publishers to manage all of their postal funds out of their own bank accounts rather than out of multiple postal bank accounts in multiple locations. It eliminates the need to manually cut postage checks and ship them overnight. Rather, all payment transactions are electronic. You have 24/7 access to your postage transaction information via reports available on the internet. CAPS may be used for payment of Periodicals, Standard mail, Package Services mail, First-class mail, and Business Reply mail. It may also be used for postage due accounts.

The debit option of the CAPS program is as secure as any other electronic payment system. Your bank can provide more information regarding the security of these standard ACH transferal processes. If security is still a concern, many publishers opt to open a secondary account at the same bank as their main account. The secondary account is used strictly for postage payments. Funds may be quickly transferred from your main account to the postal account, and the postal account is the only account electronically accessible by the USPS.

For more information regarding the CAPS postage payment program, log on to the CAPS web page at <http://caps.usps.gov/capshome.asp>. ■

## Postal increases over the years

See the chart below, courtesy of the Postal Rate Commission (PRC) for a historical look at postage rate increases, beginning with rate case R90-1, which was filed by the USPS in 1990. ■

### Percent Rate Increases (Change in Average Revenue)

	R90-1	R94-1	R97-1	Initial R2000-1	Additional R2000-1 MOD	Total R2000-1	R2001-1	R2005-1
<b>First-Class Mail:</b>								
Single-Piece Letters	14.7%	8.6%	2.8%	1.7%	1.7%	3.4%	7.5%	5.3%
Presort Letters	16.6	9.6	2.3	2.4	1.0	3.5	8.7	5.1
<b>Total Letters</b>	<b>15.3</b>	<b>8.9</b>	<b>2.6</b>	<b>1.8</b>	<b>1.5</b>	<b>3.4</b>	<b>7.7</b>	<b>5.2</b>
Single-Piece Cards	23.7	5.8	0.0	0.6	4.3	4.9	9.7	4.5
Presort Post Cards	30.6	5.3	0.6	0.4	6.2	6.6	8.6	5.4
<b>Total Cards</b>	<b>24.6</b>	<b>5.7</b>	<b>0.2</b>	<b>0.4</b>	<b>5.1</b>	<b>5.6</b>	<b>9.7</b>	<b>5.0</b>
<b>Total First Class</b>	<b>15.9</b>	<b>8.8</b>	<b>2.5</b>	<b>1.8</b>	<b>1.7</b>	<b>3.5</b>	<b>7.9</b>	<b>5.2</b>
<b>Priority Mail</b>	<b>19.3</b>	<b>4.8</b>	<b>7.2</b>	<b>16.0</b>	<b>1.1</b>	<b>17.2</b>	<b>13.5</b>	<b>5.4</b>
<b>Express Mail</b>	<b>15.2</b>	<b>8.0</b>	<b>8.1</b>	<b>3.6</b>	<b>1.6</b>	<b>5.2</b>	<b>9.4</b>	<b>5.5</b>
<b>Periodicals:</b>								
Within County								
Regular Rate	21.1	1.8	1.1	6.8	1.6	8.5	1.7	-2.3
Nonprofit	22.6	13.9	4.6	10.5	2.6	13.4	10.2	5.4
Classroom	27.5	19.3	8.0	7.2	2.4	9.7	10.7	5.5
Outside County	—	-4.3	12.1	9.6	2.6	12.5	10.4	5.3
<b>Total Periodicals</b>	<b>24.1</b>	<b>14.7</b>	<b>5.3</b>	<b>10.0</b>	<b>2.6</b>	<b>12.9</b>	<b>10.3</b>	<b>5.5</b>
<b>Standard Mail:</b>								
Regular	21.1	1.8	1.1	6.8	1.6	8.5	1.7	-2.3
Nonprofit	22.6	13.9	4.6	10.5	2.6	13.4	10.2	5.4
Regular and Nonprofit	27.5	19.3	8.0	7.2	2.4	9.7	10.7	5.5
ECR	—	-4.3	12.1	9.6	2.6	12.5	10.4	5.3
Nonprofit – ECR	24.1	14.7	5.3	10.0	2.6	12.9	10.3	5.5
ECR and NECR	26.0	13.3	1.8	5.1	1.3	6.5	6.2	5.7
<b>Total Standard Mail</b>	<b>23.6</b>	<b>12.7</b>	<b>3.0</b>	<b>6.8</b>	<b>1.5</b>	<b>8.4</b>	<b>7.1</b>	<b>5.4</b>
<b>Package Services:</b>								
Parcel Post	13.0	18.3	12.3	2.7	1.7	4.4	6.4	7.1
Bound Printed Matter	14.0	14.0	5.0	17.6	0.7	18.3	9.0	5.5
Media Mail	18.2	17.9	-9.7	6.3	1.8	8.3	4.0	12.7
Library Rate	1.9	69.9	3.7	4.9	1.7	6.6	3.3	12.6
Media and Library	14.3	22.8	-8.1	6.2	1.8	8.1	3.9	12.7
<b>Total Package Services</b>	<b>23.0</b>	<b>16.0</b>	<b>1.9</b>	<b>6.6</b>	<b>1.4</b>	<b>8.1</b>	<b>5.0</b>	<b>5.1</b>
<b>International Mail</b>	<b>18.0</b>	<b>10.3</b>	<b>3.0</b>	<b>3.8</b>	<b>0.0</b>	<b>3.8</b>	<b>8.4</b>	<b>5.0</b>
<b>ALL MAIL AND SERVICES</b>	<b>19.9</b>	<b>10.2</b>	<b>2.8</b>	<b>4.6</b>	<b>1.6</b>	<b>6.3</b>	<b>7.7</b>	<b>5.0</b>

#### Rate Case Implementation Dates

R90-1: Feb. 3, 1991; R94-1: Jan. 1, 1995; R97-1: Jan.10, 1999; R2000-1: Jan. 7, 2001;  
R2000-1 MOD: Jul. 1, 2001; R2001-1: Jun. 30, 2002; R2005-1: Jan 8, 2006

Source: Postal Rate Commission

December 2006

## Banta Publishing & Catalog Solutions Contacts

As a customer, you are encouraged to direct all of your communications to your plant Account Manager. 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:

### All Publications Facilities

*Director, Mailing & Distribution Services*  
Monica Lundquist  
816-792-6370 Phone  
816-792-3112 Fax  
[mlundquist@banta.com](mailto:mlundquist@banta.com)

*List Services Team Leader*  
Sam Mason  
816-792-6437 Phone  
816-792-3112 Fax  
[smason@banta.com](mailto:smason@banta.com)

### Long Prairie, MN plant

*Distribution Manager*  
Al Lemke  
320-732-7946 Phone  
320-732-7976 Fax  
[alemke@banta.com](mailto:alemke@banta.com)

*Distribution Supervisor*  
Jane Zirbes  
320-732-7969 Phone  
320-732-7976 Fax  
[jzirbes@banta.com](mailto:jzirbes@banta.com)

### Liberty, MO plant

*Distribution Manager*  
Chris Ferguson  
816-415-6636 Phone  
816-792-2031 Fax  
[cferguson2@banta.com](mailto:cferguson2@banta.com)

*Mailing Coordinator*  
Bobbie Hill  
816-792-5300  
ext 6376 Phone  
816-792-2031 Fax  
[bhill@banta.com](mailto:bhill@banta.com)

*Shipping Manager*  
Steve Bieri  
816-792-6363 Phone  
816-792-6480 Fax  
[sbieri@banta.com](mailto:sbieri@banta.com)

### Greenfield, OH plant

*Distribution Manager*  
Don Anglin  
937-981-6367 Phone  
937-981-5032 Fax  
[danglin@banta.com](mailto:danglin@banta.com)

### Bolingbrook, IL cmail facility Manager

Al Bourgeois  
630-378-2160 phone  
630-378-2153 fax  
[abourgeois@banta.com](mailto:abourgeois@banta.com)

>>> Continued from page 1

(i.e. those with monopoly protections). What this means is that the USPS could raise rates each year, but the increases would not be able to exceed the cumulative growth in the [Consumer Price Index for all Urban Consumers](#) (CPI-U). For competitive products, the USPS will be able to raise rates as they see fit, providing the rates for these products as a whole cover their attributable costs and make a contribution to overhead costs. New rates would be required to be announced at least 30 days before they take effect, with the notification via the [Federal Register](#). The PRC will review the new rate making system after a period of 10 years, after which time it can modify the system or adopt a new system.

The index based system will allow for mailers to more easily budget for rate increases. Under the new law, the USPS is likely to raise rates on an annual basis, in keeping with the rate of inflation. This cap on prices also effectively places a similar cap on USPS costs. The law does allow for rates to be increased beyond the cap if there are "extraordinary or exceptional circumstances." The USPS is also allowed to bank any unused adjustments for a period of five years after the year in which it could have raised the rates. However, there is a limit of 2% over the CPI-U for this option.

The USPS is allowed under the new law to file one more postal rate case under the current rules, as long as the rate case is filed within 12 months of the enactment of the law. This will give the USPS until the end of calendar year 2007 to file another rate case under the current rules. Our prediction is that the USPS will indeed file another rate case in 2007, with implementation in 2009.

The new PRC is also tasked with defining a set of service standards for the market-dominant products (e.g. First-class, Periodicals, Standard mail, Bound Printed Matter, etc.). These new standards must be established within 12 months of the enactment of the law. Among the requirements of these service standards is to provide a system of objective

## Will this new legislation affect the current postal rate case?



## The answer is no.

external performance measurements for each market-dominant product. The law also requires that within 6 months of the establishment of the new standards, the USPS must submit a plan to Congress for meeting the standards.

The new legislation also lifts the escrow account and requires that the Treasury Department fund the pension costs for military service of postal employees. All monies paid to the Treasury and in escrow will be transferred to the USPS retirement health fund.

For details regarding the reform legislation, log on to the [Library of Congress](#) web site. ■