

## Postal Service Postpones Move Update Penalties for Standard Mail

The Postal Service has announced that it is postponing the imposition of severe penalties for Standard Mail® that fails move update verification. The “noncompliance charge” of 7¢ per piece, applied to the entire mailing, will now be implemented January 4, 2010 – not May 11, 2009, as previously announced.

The Postal Service stated that in addition to the delay in assessing the penalty for noncompliant Standard Mail mailings, it will not use new Performance Based Verification (PBV) procedures to assess additional postage for either First-Class Mail® or Standard Mail at the time of mailing until January 2010.

The Postal Service said delaying implementation would allow customers to become more familiar with the new verification system and to review additional verification feedback from those systems. The system uses MERLIN equipment to sample the mailing and verify accuracy of addresses with the national change of address database.

The Postal Service also noted this delay does not relieve mailers of their obligation to comply with the Move Update standard if they intend to claim automation or presort prices. Although penalties will not be imposed on Standard Mail until January, the Postal Service will continue to use current practices to identify noncompliant First-Class Mail, only the new verification procedures will not be used until January.

## Subcommittee Hearing Highlights Postal Service Financial Woes

Postmaster General John E. Potter reiterated his request for Congressional support in maintaining the financial viability of the Postal Service at a recent hearing of the House Subcommittee on Federal Workforce, Postal Service, and the District of Columbia. Potter told the subcommittee, “These are extremely challenging times – for the nation and for the Postal Service. Without change we will exhaust our cash resources. We can no longer afford business as usual.” However, Potter also stated, “We are not here today to ask for a taxpayer bailout, but we are here to ask the Congress for help.”

Key items on Potter's agenda were reforming the way the Postal Service funds its retirement healthcare benefits and gaining the option for the Postal Service to reduce its delivery schedule from six to five days each week. He urged Congress to pass H.R. 22, a bill that would allow the Postal Service to pay its share of retiree health benefits from its Retiree Health Benefits Fund instead of its current budget. The change could save the Postal Service at least \$2 billion per year. Potter also asserted that removing the legal requirement for six-day-per-week delivery would result in \$3.5 billion savings each year.

Postal Regulatory Commission Chairman Dan G. Blair also emphasized the need for Congressional support for the Postal Service, telling the subcommittee, “Commission analysis shows a cash shortfall could be expected by the

end of the fiscal year.” Blair also voiced concern about the Postal Service's ability to use price increases to cover losses. “Should current inflation trends continue, the price adjustment for 2010 would likely be less than one percent,” he said.

Blair joined Potter in urging an extension in healthcare benefit payments, “Given the serious financial difficulties facing the Postal Service, an adjustment to the Service's health benefit payment schedule would appear to be the most pragmatic approach in providing relief for the short term. In principle, prefunding these liabilities is good public policy. However, meeting current obligations and payroll must take precedence.”

Carolyn Gallagher, chairman of the USPS Board of Governors, underscored the need for change, stating, “Yet even with the best efforts of the management and employees of the Postal Service, I am compelled to tell you that we will still come up short. We now need, and respectfully request, your urgent attention in providing the Postal Service with the operational flexibility needed to better align our resources and our responsibilities.” She also expressed the confidence of the board in Potter as the right leader for the times, “The Postal Service has the right leader in Jack Potter, and he is singularly qualified to face the incredibly challenging landscape before us.”