



Postal Update: 2012 Budget Guidance

We are pleased to announce that a significant lobbying effort by ABM, in direct cooperation with MPA and Time Warner, has resulted in the removal of a risk of an additional 5% postal rate increase for periodicals and other products. Below is a summary with budget guidance and additional detail if you are interested.

We also encourage you to view [this brief video](#), where you can watch as language that ABM helped create is read aloud during last week's Congressional Committee "mark-up."

SUMMARY/BUDGET GUIDANCE

Early last month, we advised members to plan for a postal rate increase of 2.5 to 3% in January, related to CPI, and to remain aware of an additional 5% that could be levied due to an "underwater product" provision for periodicals contained in legislation before Congress. Since that time, ABM has undertaken a great deal of activity on Capitol Hill to amend the "underwater product" provision and remove the threat of an additional 5% rate increase. Thankfully, these efforts were successful, and the near-term threat of an additional increase beyond CPI has abated. In addition, the Postal Service recently announced that the CPI increase for Periodicals in 2012 would be 2.133%. Consequently, plans should now be made for this 2.133% CPI-related postal rate increase, effective January 22, 2012. Members should continue to pay attention to ABM updates regarding the postal reform efforts in Congress, but for 2012, we believe the most serious threat for additional increases beyond CPI has been defeated.

MORE DETAIL/ABM ACTION

We are happy to report that legislation that was of great concern to ABM, has been revised. Proposed by Congressman Issa, this "underwater product" provision called for an additional 5% increase for products, including periodicals, that do not cover their direct mailing costs. This risk has been eliminated due to the efforts of ABM's lobbying team, led by Tom Carpenter, along with MPA and Time Warner, who worked with Congressman Issa and Members of the Committee to show that an additional 5% increase would be catastrophic for periodicals, and that the methods for determining cost coverage are flawed due to excess labor capacity within USPS. As a result of our efforts, Issa modified his legislation on October 13th to delay an "underwater product" increase for two years and to limit any increase to 2% annually subject to a study that will review how cost coverage for periodicals is determined and how much the excess capacity at USPS costs periodicals within this methodology.

Additionally, while the Postal Service has asked for a delay until December to file additional evidence in its exigent rate increase case, ABM joined other mailer associations and filed comments earlier this month arguing that the case should be closed. It now seems that, while possible, the risk of an exigent rate increase is minimal.

Stay tuned as ABM engages with the Postal Service, Congress and other mailing groups to protect and inform members as developments warrant.