

Possible Rate Hike for Some Nonprofits' Mail

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It's a perk for nonprofits that doesn't get as much attention or fanfare as the tax deduction for charitable contributions, but reduced postal charges are an important aid to the success of the mission of many organizations.

501(c)(3)s use the established "preferred postal rate" schedules to make important budgetary decisions for current and upcoming fiscal periods. From time to time, the United States Postal Service increases one or more of these rates. Ordinarily, though, a change like that happens only after the USPS follows a standard procedure that gives the affected stakeholders a chance to weigh in on any proposal as well as enough lead time to minimize the negative budgetary impact of any price hike.

Just recently, the USPS announced the possibility of a rate hike for certain types of mailings. The initial reaction has been swift and negative; there are concerns and questions, though, not only about the rate jump itself, but also by the irregular procedure being followed this time.

An extended public comment period ends on October 22, 2018; nonprofits are encouraged to voice their opinions before that date.

A Proposal About A Postal Rate Change

On August 23, 2018, an "[Advance notice of proposed rulemaking; request for comments](#)" was posted in the Federal Register: "The Postal Service is contemplating amendment of the Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM®)" to revise content standards for USPS Marketing Mail® letter-size and flat-size pieces regardless of level of sortation." Specifically, the "proposed change would limit all USPS Marketing Mail, regular and nonprofit, letter-size and flat-size to content that is only paper-based/printed matter; no merchandise or goods will be allowed of any type regardless of 'value.'" The result is that "(a)ll items not eligible to be sent as USPS Marketing Mail letter-size or flat-size pieces would need to sift to another product (e.g., Priority

Mail®, Parcel Select®) to be mailed.”

This Federal Register announcement is about a possible change – not yet an actual one; “the Postal Service is contemplating amendment” ... of the previous rules and standards. (emph. added)

USPS explains in the Federal Register announcement that it’s aware this idea may raise substantial concerns. That’s the reason, the agency writes, that it has posted this information earlier than usual and with an “extended comment periods” so that it can “... obtain as much customer and mailer feedback as possible.”

This extended advance notice of the possibility of a rate change is helpful, of course, but the agency fails to mention a significant procedural irregularity in this process. Proposals for changes of this kind are usually submitted first to the Mailers’ Technical Advisory Committee (MTAC) of the USPS. As it happens, the MTAC has quarterly meetings; the next one is set for October 2, 2018. MTAC is “a way to get feedback, learn the possible impacts on mailers, and find a way to come up with creative solutions.” It has quarterly meetings; the next one is set for October 2, 2018.

“For some reason, [USPS] went straight to the Federal Register” this time,” according to Stephen Kearney, executive director of the Alliance of Nonprofit Mailers (ANM). The ANM was formed in 1980 by a group of nonprofits to represent the many organizations “that rely on affordable, effective postal mail to raise funds, communicate with donors, advocate, deliver publications, and achieve our missions.”

The ANM is leading the charge to find answers about the rationale and necessity of the possible postal rate hike as well as the reason why the usual procedure was abandoned.

What the Postal Rate Change Will Mean

The reaction by nonprofits to the mere possibility of a rate change has been swift and negative. Here’s why: Many organizations are dependent on use of premium items to attract and retain donors. “Donors ... come to expect a trinket of some sort during a mail solicitation. Religious organizations, for example, often include plastic prayer cards or rosary beads.”

Under this idea floated by the USPS, though, “(s)omething as basic as using a metal or plastic paper clip could force a move from Marketing Mail, which used to be called Standard Mail. Organizations would be forced to Priority Mail, Parcel Select or another USPS rate. Packages with goods and merchandise will have an Intelligent Mail package barcode (IMpb) and will travel through the package network stream, according to the USPS.”

The ANM’s Stephen Kearney predicts that such a change would have “‘a huge negative effect on nonprofits. It would rule out all front-end and back-end premiums that nonprofits have been sending for years.’”

Charlie Cardigan, senior vice president of the nonprofit division of Wiland, agrees that this proposed change would have a significant negative impact on the many nonprofits that depend on premiums as part of their fundraising programs. While many nonprofits are trying to reduce their reliance on premiums, “... that doesn’t happen overnight,” according to Cardigan.

Postal Service Rationale for Change

In the August 23, 2018, Federal Register notice, the United States Postal Service offers an explanation for this mailing-rates shift idea: It is “to improve both processing and the delivery of goods and merchandise moving through the mail stream.”

Specifically, this change, if enacted, will:

- “Facilitate levels of service expected for the processing and delivery of merchandise that include end-to-end tracking and visibility;
- Move fulfillment of merchandise and goods out of USPS Marketing Mail, consistent with the transfer of fulfillment parcels out of Standard Mail (the predecessor to USPS Marketing Mail) in Docket No. MC2010-36; and,
- Reduce operational inefficiencies when machines are unable to process letter-size or flat-size shaped inflexible items.”

We’ve included, verbatim, these jargon-filled bullet points. After reading them, we still have no idea why the USPS wants to eliminate this valuable postal benefit for the nonprofit community; we’re guessing you won’t understand it either.

Conclusion

The [Alliance of Nonprofit Mailers](#) has posted information on its website about this proposal; see [USPS Drops a Bomb on its Customers](#), dated August 29, 2018. The group will follow-up with “detailed suggestions and instructions for comments to all of [their] members, sponsors, friends and allies next week after the holiday weekend” urging everyone to participate before the end of the comment period on October 22, 2018. Check back at the website for more information.

Any person or organization wishing to submit an official comment can mail or deliver it to: Manager, Product Classification, U.S. Postal Service, 475 L’Enfant Plaza SW, Room 4446, Washington, DC 20260-5015. An alternative for comments and questions is emailing “ProductClassification@usps.gov using the subject line “USPS Marketing Mail Content Eligibility.”

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