

# The USPS and Postal Logistics

Part of the 2022 Production Day



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Production Solutions



# AGENDA

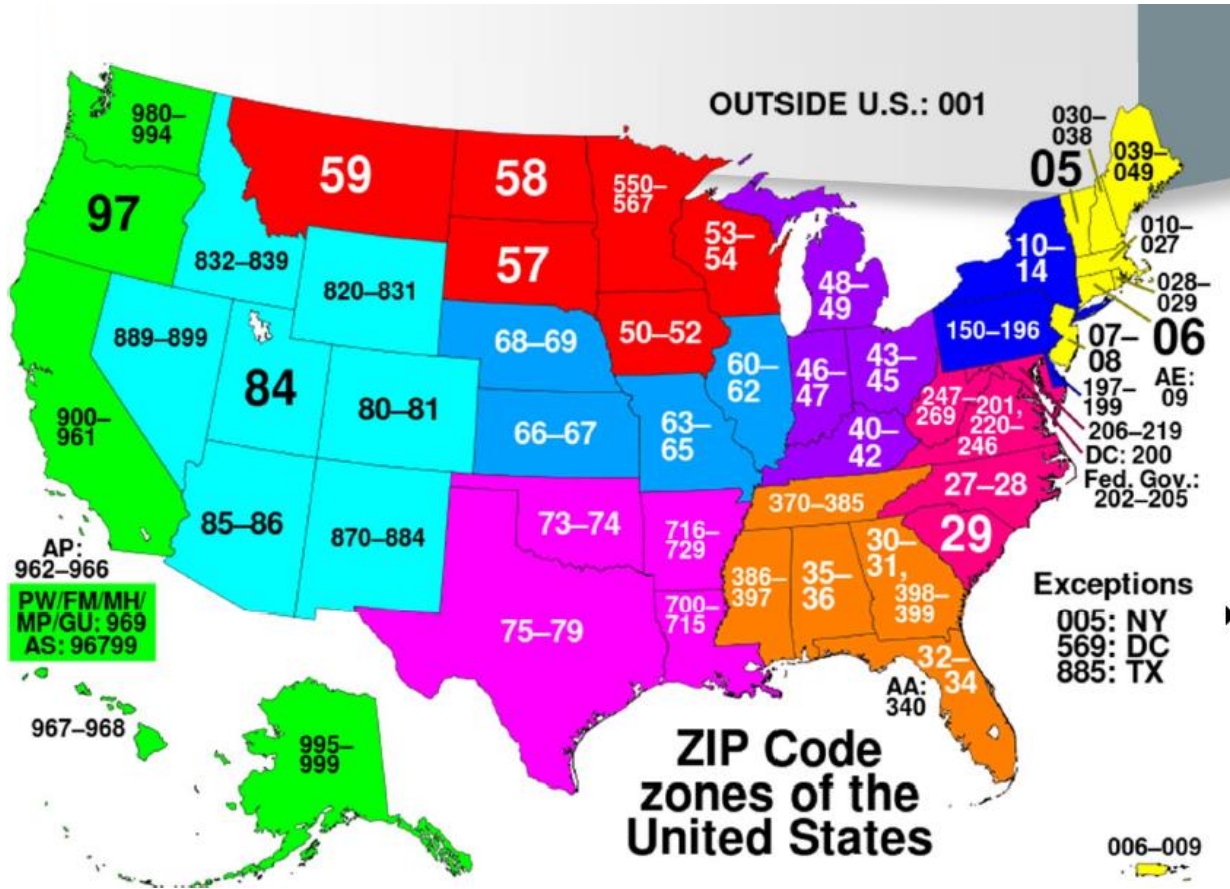
- Shipping/mailing tips
  - Drop ship
  - Comingle
  - Mail Tracking
  - Informed Delivery
- Service performance - how long to deliver mail
- Postage rates increase
- Promotions
- Politics – Postal Reform and DeJoy

# Zone Improvement Plan

launched in 1943



**Virginia SCF's**  
**Dulles** (201, 226, 227, West Virginia 268)  
**Northern** (220-223)  
**Richmond** (224, 225, 228-237, 238, 239, 244)  
**Roanoke** (240-241, 243, 245)

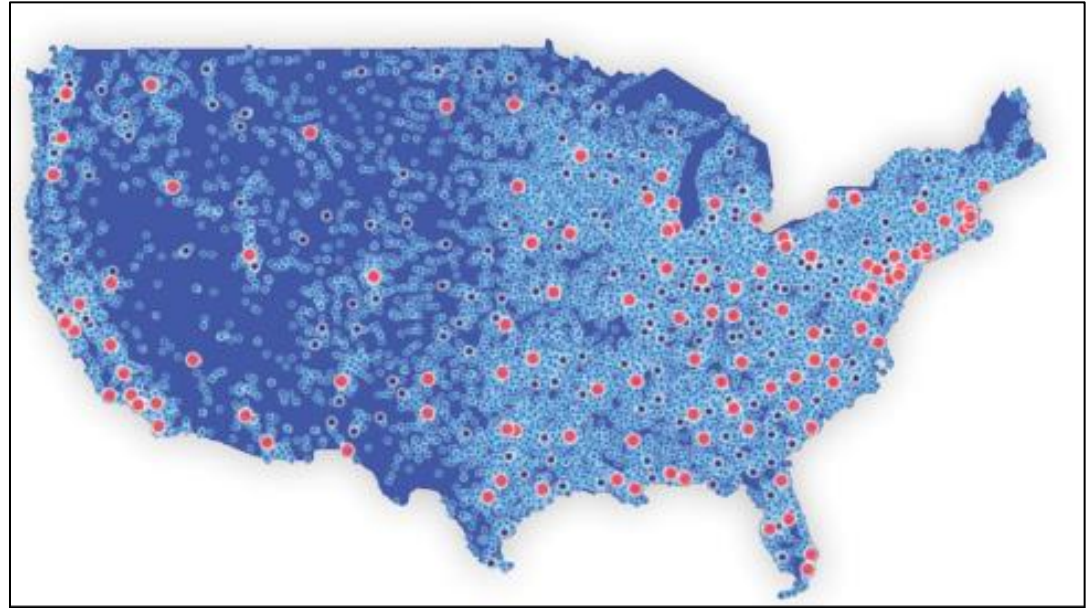


# Evolving State of the Network

Network Distribution Centers (NDC)  
Sectional Center Facilities (SCF)

Regional Distribution Centers (RDC)  
Surface Transfer Center (STC)

Destination Delivery Unit (DDU)



● Distribution Centers

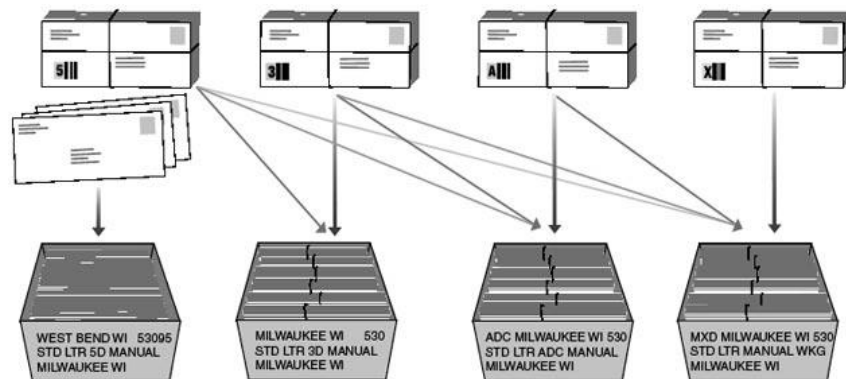
● Processing Facilities

● Delivery Units and Retail Locations



# Presorting Your Mail

- Essentially, "presorting" means grouping mail by ZIP Code.
- All of the pieces going to the same destination get grouped into the same bundle or tray.
- Mailshops sort to specific areas, and then work their way up to more general areas.
- All leftover mailpieces are combined together.



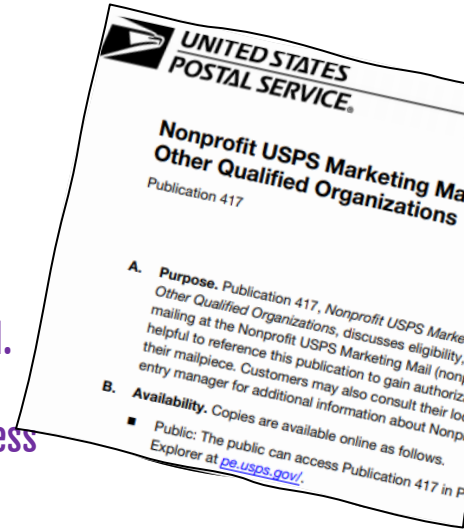
Putting the data file records in order based on how the USPS finds it most efficient for them to process the mail logistically.

There are 4 types of rate tiers (5-Digit, 3-Digit, AADC & Mixed AADC). Higher saturation in a particular geographic location allows for greater savings.

There are 3 types of entry point tiers (Local Entry, DNDC, DSCF). The closer the mail gets to its end location the lower the postage cost.

# Nonprofit Mailers

- Special nonprofit prices are available for some Periodicals and USPS Marketing Mail mailers. Nonprofit postage is lower than regular prices, but not everyone can qualify.
- Organizations wishing to mail at Nonprofit USPS Marketing Mail prices first must be authorized by the Postal Service as eligible.
- A nonprofit status from the IRS does not automatically qualify you to mail at nonprofit prices. Mailers still need to ensure that the material being mailed complies with strict requirements for nonprofit prices.
- Nonprofit postage prices are available only for domestic mail, not for international mail.
- Publication 417, Nonprofit USPS Marketing Mail Eligibility, or get advice from the Business Mail Entry Unit personnel while you are designing your nonprofit material, especially if your mailpiece contains any advertising.



# Understanding Tiers

Marketing Mail - Non-Profit Letters				
Letters weighing 3.5 ounces or less (Per piece price)	Entry Discount	Automation		
		5-Digit	AADC	Mixed AADC
	None \$	0.154	\$ 0.186	\$ 0.207
	DNDC \$	0.131	\$ 0.163	\$ 0.184
	DSCF \$	0.124	\$ 0.156	-

## Sortation Discounts



Lowest cost

Highest cost

LIST PROCESSING AND COMMINGLE

**5-Digit** – 5-digit zip code on mailpiece matches 5-digit zip code at local post office level (150 pieces required)

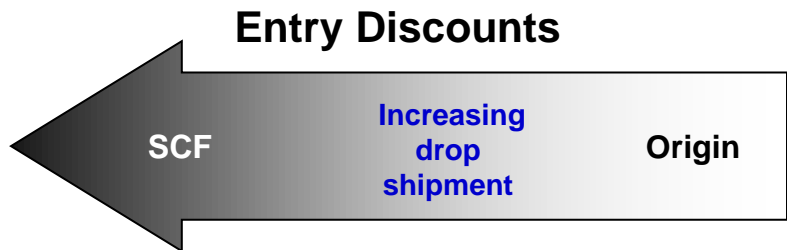
**AADC** – 3-digit zip code on mailpiece matches 3-digit zip code at NDC Level (150 pieces required)

**Mixed AADC** – Remaining balance that that doesn't fit into the 3 levels above



# Understanding Entry Points

Marketing Mail - Non-Profit Letters						
Letters weighing 3.5 ounces or less (Per piece price)	Entry Discount	Automation				
		5-Digit	AADC	Mixed AADC		
	None	\$ 0.154	\$ 0.186	\$ 0.207		
	DNDC	\$ 0.131	\$ 0.163	\$ 0.184		
	DSCF	\$ 0.124	\$ 0.156	-		



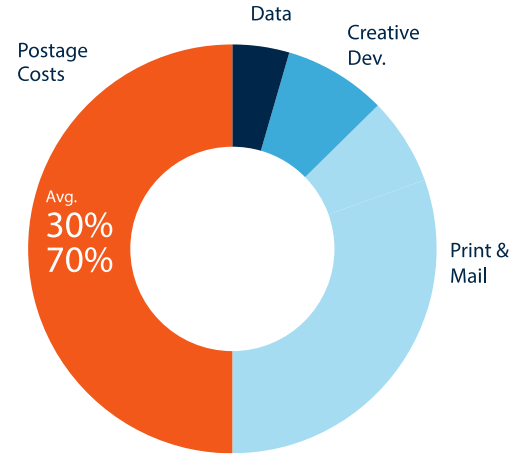
None – Local Entry Mail

DNDC – Destination Network Distribution Center

DSCF – Destination Sectional Center Facility

# Postal Logistics Strategies

1. Local Entry Point
2. Drop Shipping
3. Commingle
4. Co-Palletization or Co-Mailing
5. Hybrid



*“Did you know that postage accounts for such a significant part of a campaign budget?”*

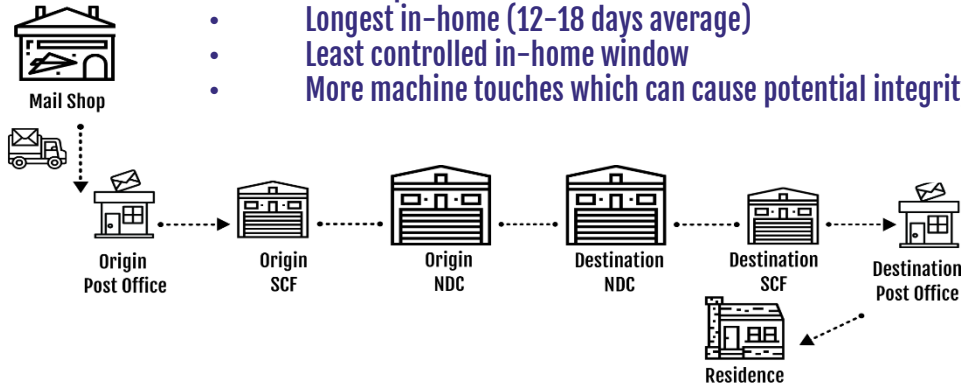
# Local Entry Point

Mail is sorted for the post office closest to the mailshop. After induction the Post Office then begins to route the mail through the balance of the USPS Network Facilities.

**Pros:** Consider for small mailings and highly concentrated local delivery. Requires little prep

**Cons:**

- Most expensive method
- Longest in-home (12-18 days average)
- Least controlled in-home window
- More machine touches which can cause potential integrity issues



# Drop Shipping

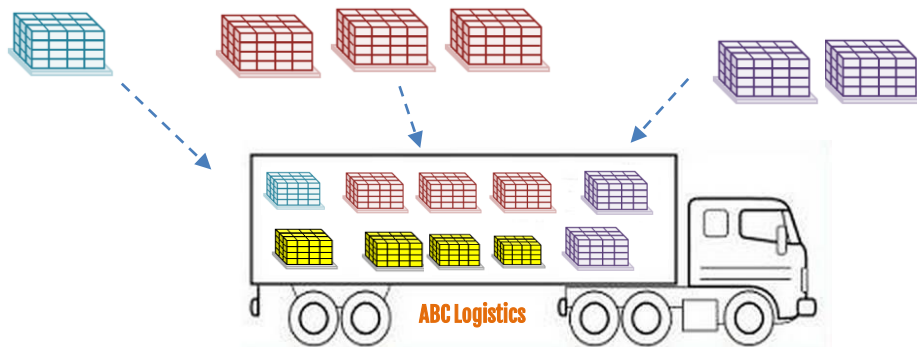
- Mail is sorted for NDC or SCF entry
- Loaded on 3<sup>rd</sup> party trucks to be shipped to the appropriate NDCs or SCFs
- USPS will then route the mail the rest of the way through the USPS Network Facilities

## Pros:

- Obtain NDC or SCF Entry Postage Rates
- Shorter in-Home (8-12 days average)
- More controlled in-home window
- Less machine touches; which will reduce potential damage

## Cons:

- Must pay for 3<sup>rd</sup> party freight and fuel
- Typically a mailshop prep fee is required
- Requires high package quantities to meet USPS requirements for NDC/SCF Entry Discounts as well as to offset mailshop prep fees and freight/fuel costs



# Commingle Equipment



# Commingle

Mail is sorted in zip order (low to high) by the mailshop. The mail is then loaded on 3<sup>rd</sup> party trucks and shipped to the 3<sup>rd</sup> Party Commingle Facility (some mailshops offer commingle service onsite).

The mail is then removed from trays and the physical mailpieces from all mailers are combined and sorted together to create NDC and SCF entry level trays/pallets. The onsite postal clerk will verify and accept payment for the mail.

The mail is then loaded on 3<sup>rd</sup> party trucks to be shipped to the appropriate NDCs or SCFs. Those destinations will then route the mail the rest of the way through the USPS Network Facilities.

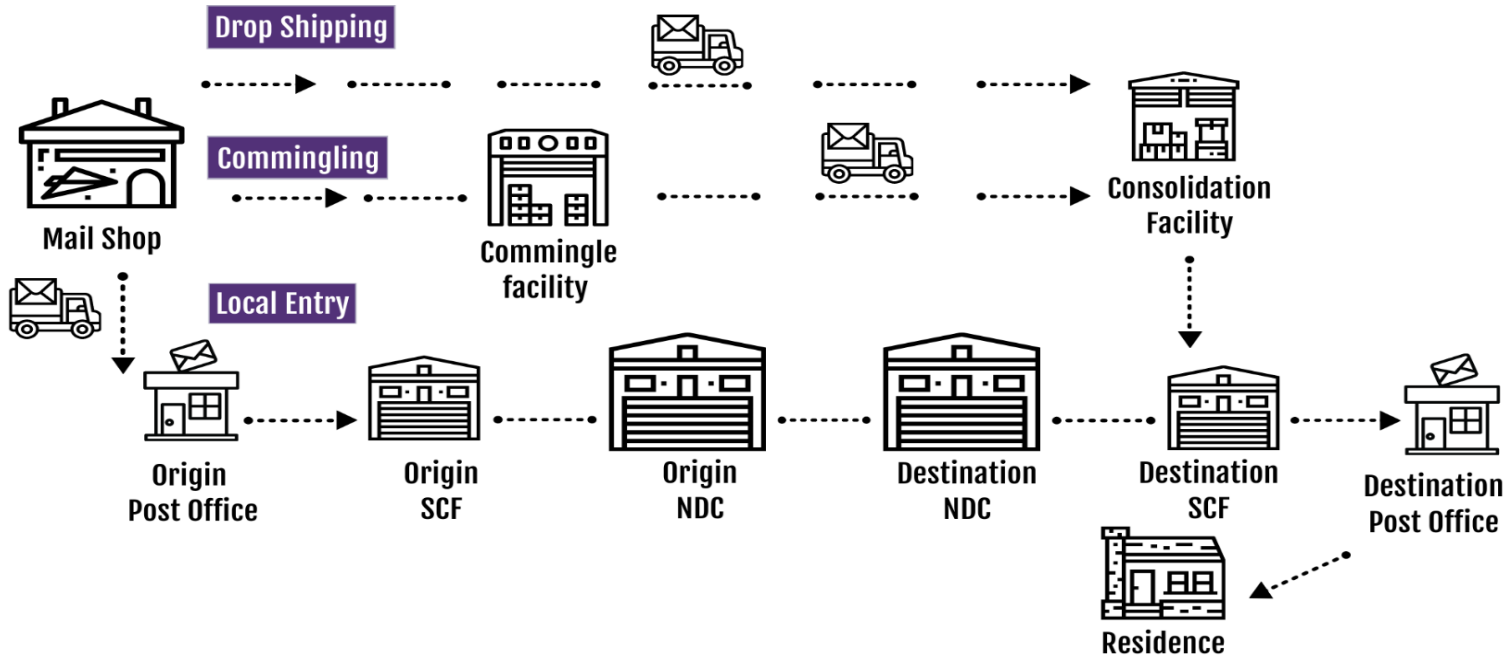
## Pros:

- Allows for mailings that don't normally qualify for NDC/SCF entry rates or high quantity 5-Digit/3-Digit tier rates the ability to take advantage of a larger pool, thus drastically reducing postage costs. However, this is a workshare opportunity, so the commingler is absorbing some of the savings to cover the cost of labor, processing, revenue, freight & fuel
- Shorter in-Home (8-12 days average)
- More controlled in-home window
- Mailshop prep fee not required for 2 pass

## Cons:

- Versus local entry and dropship, mail pools may only be processed 2-3 times weekly
- More machine touches versus Drop ship or Co-Pal





# What Postal Logistics Service is Right for My Mailing?

In many cases commingling will be your best option but it's worth periodically reviewing.




















Variables to consider;

1. Mailshop Prep Fees (drop ship, co-pal, single pass commingling)
2. Freight & Fuel Surcharge Costs (drop ship & co-pal)
3. Postage Costs / Commingle Rate – Focus on Landed Cost

Commingle	Cost	Drop Ship	Cost
All In	\$.155	Mailshop Prep	\$.003
-	-	Freight & Fuel Surcharge	\$.021
-	-	Postage	\$.125
Total	\$.155	Total	\$.149

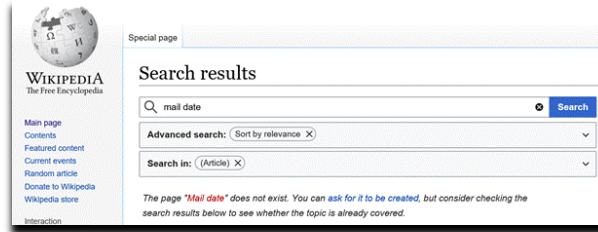
# In Home Planning

In Home Vs Standard Transit Model – Midwest Origin  
 (Assume Mailer to USPS or Commingle Post Pool)

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
 						
						
						
						
 						
						
						

# What's a Mail Date?

Non Standard Term



Standard Industry Terms

1. Ship Date – When mail physically leaves the Origin
2. Commingle Start Date – Day Commingle pool starts
3. Commingle Finish Date – Day Commingle pool finishes
4. Commingle Postage Payment date – Day postage is paid for pool
5. Postage Payment Date – Day USPS receives money for mail
6. Deliver to USPS Date – Day mail is tendered to a USPS facility
7. In Home Date – Day USPS delivers mail to the mail box

# TRACKING MAIL

- Informed Visibility from USPS uses the Intelligent Mail barcode (IMb) to follow mail as it travels through the Postal system
- The Postal Service feeds this data to the mailer, or their service provider
- Reports are created to show what mail is being delivered and when

# WHAT'S IN AN INTELLIGENT MAIL BARCODE

007472222212345678921701122408

- Barcode ID – 2 digits, applies to flats, assigned by presort software
- **STID** – 3 digits – indicates services requested and type of mail
- **MID** – 6 or 9 digits – Mailer ID – whose mail is it?
- Serial Number – 6 or 9 digits – unique number for each piece
- **Routing Code** – 0, 5, 9, or 11 digits – the destination ZIP+4 code and delivery point, as available



# WHY TRACK YOUR MAIL?

- Coordinate other marketing efforts
- Anticipate – and prepare for – response
- Confirm that all mail was deposited on time
- Document postal possession of mail
- Track response with inbound tracking

# INBOUND (RESPONSE) TRACKING

- Non-unique IMb
  - Generally printed on return envelope
  - Can be distinguished by USPS Unique Piece ID
- Unique IMb
  - As part of remittance
  - On return envelope matched to sender
  - On return envelope, unmatched

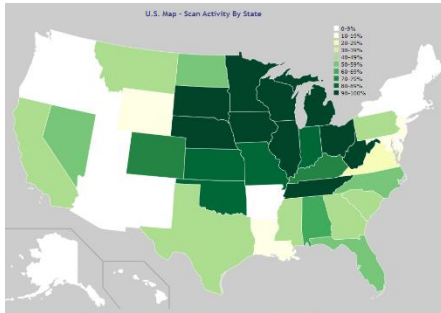


# HOW TO START MAIL TRACKING

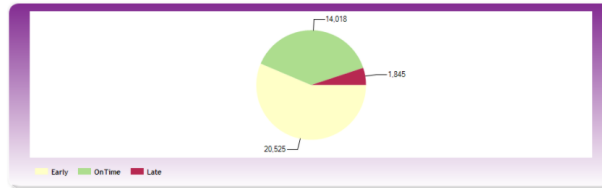
- Signing up with USPS
  - Go to USPS Business Customer Gateway
  - Create Informed Visibility account
  - Weep in confusion, and then...
- Using a service provider
  - Like SnailWorks, Gray Hair Software
    - Service providers will walk you through the process

# MAIL TRACKING BEST PRACTICES

1. Full Service IMb on every outbound mail piece
2. Monitor and review tracking
3. Add IMbs to Response Mail Envelopes – both Unique and Non-Unique available.



On-Time Performance By NDC



Unique Piece Id Counts by First Scan Date



On-Time Performance By NDC													
NDC	Mailed	Scanned	% Scanned	Target Date Start	Target Date End	*Delivered	% Delivered	Early	% Early	On-Time	% On-Time	Late	% Late
ATLANTA	2,907	2,897	99.66	03/08	03/15	2,844	97.83	2,249	77.36	594	20.43	64	2.20
CHICAGO	686	681	99.27	03/08	03/15	666	97.08	415	60.50	251	36.59	20	2.92
CHICINX	1,115	1,112	99.73	03/08	03/15	1,094	98.12	1,075	96.41	18	1.61	22	1.97
DALLAS	1,839	1,836	99.84	03/08	03/15	1,783	96.96	538	29.26	1,227	66.72	74	4.02
DENVER	2,191	2,166	98.86	03/08	03/15	2,065	94.25	1,360	62.07	704	32.13	127	5.80
DES MOINES	493	492	99.80	03/08	03/15	483	97.97	465	94.32	18	3.65	10	2.03
DETROIT	1,709	1,707	99.88	03/08	03/15	1,670	97.72	1,617	96.82	51	2.98	41	2.40
GREENSBORO	1,552	1,534	98.84	03/08	03/15	1,499	96.59	1,423	91.69	76	4.90	53	3.41
JAVVILLE	3,339	3,329	99.70	03/08	03/15	3,256	97.51	2,287	68.49	957	28.66	95	2.85
KANSAS CITY	453	452	99.78	03/08	03/15	444	98.01	408	90.07	36	7.95	9	1.99
LOS ANGELES	4,172	4,123	98.83	03/08	03/15	4,032	96.64	951	22.79	3,075	73.71	146	3.50
MEMPHIS	996	996	100.00	03/08	03/15	971	97.49	590	60.04	338	33.94	60	6.02
MPLS/STP	649	648	99.85	03/08	03/15	613	94.45	337	51.93	276	42.53	36	5.55
NEW JERSEY	1,206	1,204	99.83	03/08	03/15	1,165	96.60	1,158	96.02	6	0.50	42	3.48
PHILA.	899	897	99.78	03/08	03/15	884	98.33	803	89.32	81	9.01	15	1.67
PITTSBURGH	548	546	99.54	03/08	03/15	531	97.38	545	84.10	86	15.27	17	2.62
SAN FRAN	3,299	3,217	97.51	03/08	03/15	3,071	93.09	237	7.18	2,804	85.00	250	7.82
SAN JUAN	114	113	99.12	03/08	03/15	112	98.25	0.00	111	97.37	3	2.63	
SEATTLE	4,366	3,882	88.91	03/08	03/15	3,740	85.66	996	22.81	2,742	62.80	628	14.38
SPFLD	1,099	1,058	99.91	03/08	03/15	1,024	96.81	636	60.06	388	34.75	55	5.19
ST LOUIS	292	291	99.66	03/08	03/15	287	98.29	266	91.10	20	6.85	6	2.06
WASHINGTON	2,404	2,397	99.71	03/08	03/15	2,342	97.42	1,161	49.89	119	7.45	64	2.66
Totals:	36,388	35,677	98.05	03/08	03/15	34,656	95.24	20,525	56.41	14,018	38.52	1,845	5.07

Unique Piece Id Counts by First Scan Date					
Date	Scan Count	Cumulative Total	Cumulative %	Elapsed Days	
2021/02/08 - Mon	4	4	0.00	0	
2021/02/09 - Tue	5	10	0.01	0	
2021/02/10 - Wed	56	66	0.04	0	
2021/02/11 - Thu	156	162	0.13	0	
2021/02/12 - Fri	144	284	0.26	0	
2021/02/13 - Sat	139	429	0.38	1	
2021/02/14 - Sun	23	451	0.40	2	
2021/02/15 - Mon	42	493	0.43	3	
2021/02/16 - Tue	38	821	0.72	4	
2021/02/17 - Wed	306	1,127	1.02	5	
2021/02/18 - Thu	338	1,395	1.23	6	
2021/02/19 - Fri	195	1,590	1.40	7	
2021/02/20 - Sat	200	1,790	1.58	8	
2021/02/21 - Sun	30	1,820	1.60	9	
2021/02/22 - Mon	235	2,055	1.81	10	
2021/02/23 - Tue	210	2,265	2.00	11	
2021/02/24 - Wed	168	2,430	2.14	12	
2021/02/25 - Thu	147	2,577	2.27	13	
2021/02/26 - Fri	115	2,692	2.37	14	
2021/02/27 - Sat	110	2,802	2.47	15	
2021/02/28 - Sun	15	2,817	2.48	16	
2021/03/01 - Mon	198	3,015	2.66	17	
2021/03/02 - Tue	197	3,212	2.83	18	
2021/03/03 - Wed	126	3,337	2.94	19	
2021/03/04 - Thu	111	3,448	3.04	20	

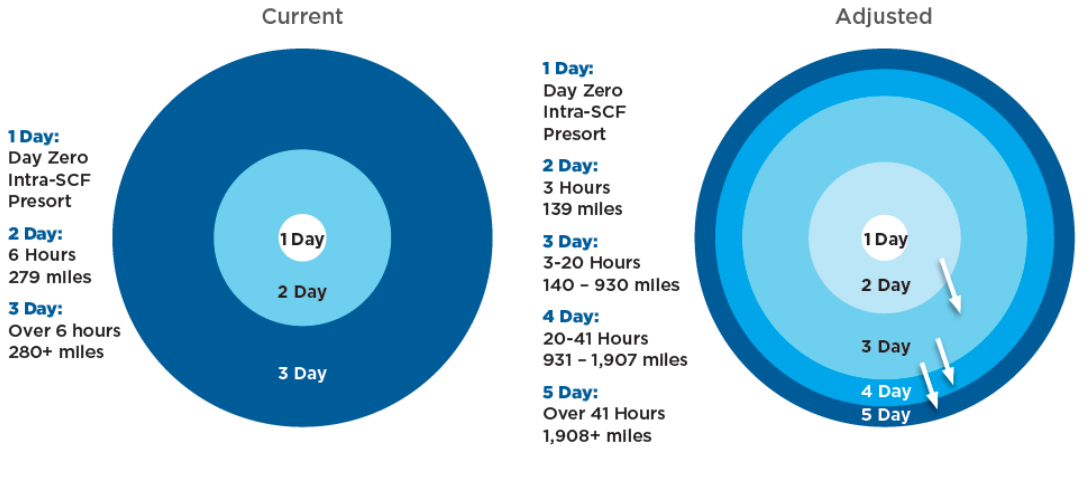
# THE 10-YEAR PLAN: SERVICE STANDARDS

- Change service standards

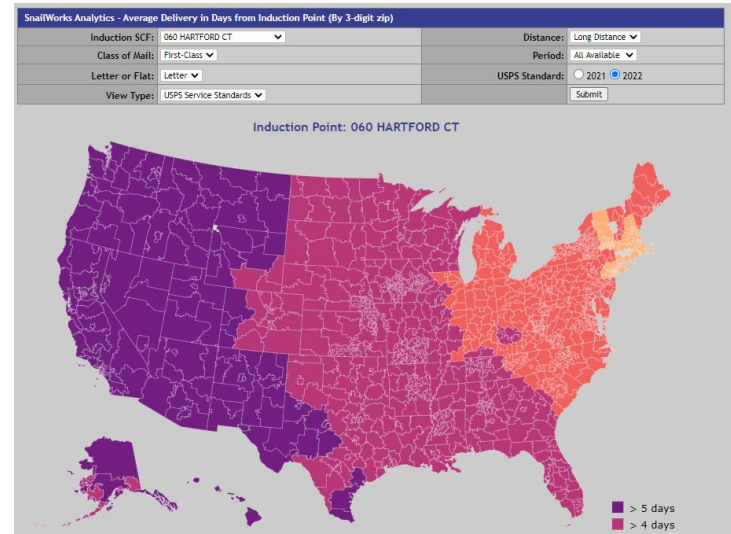
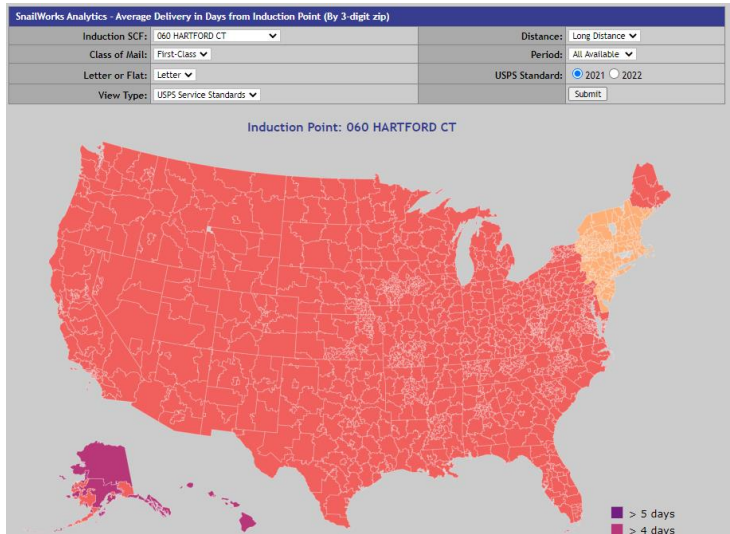
Move more distant 2-day destinations to 3-day standard

Move current 3/5-day destinations to 4-, 5-, or 6-day standard

**FIGURE 38:** Current vs. Adjusted FCM Service Standard Breakdowns

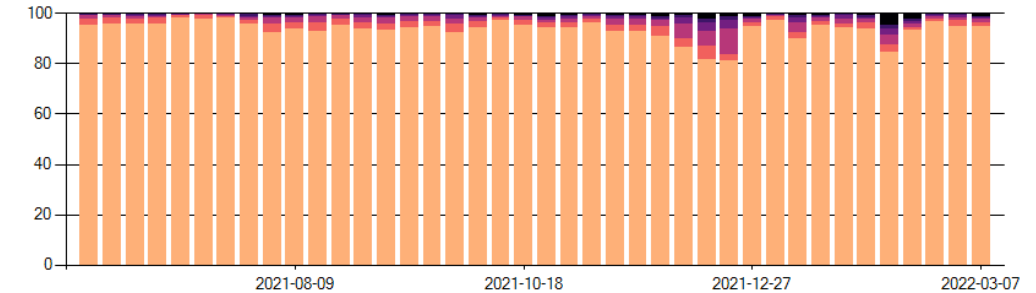
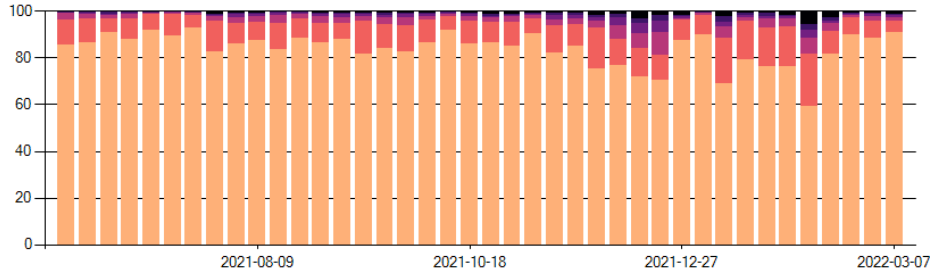


# OCTOBER 2021 SERVICE STANDARDS

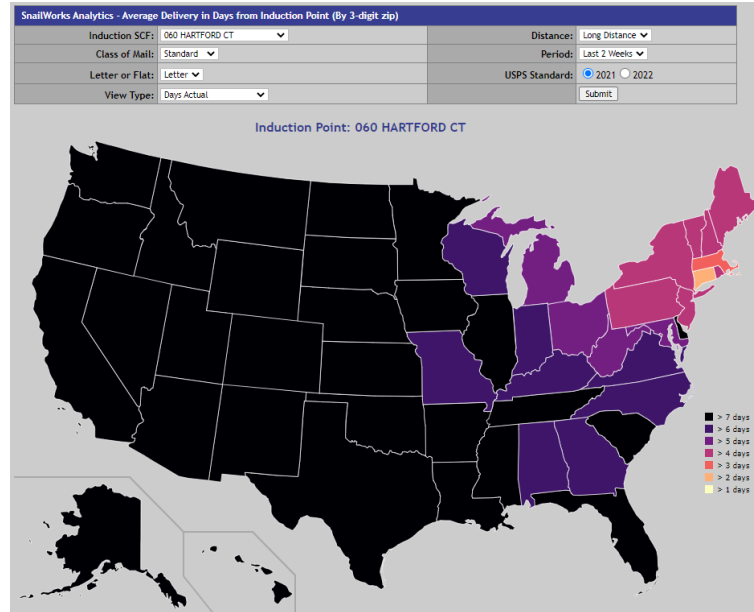
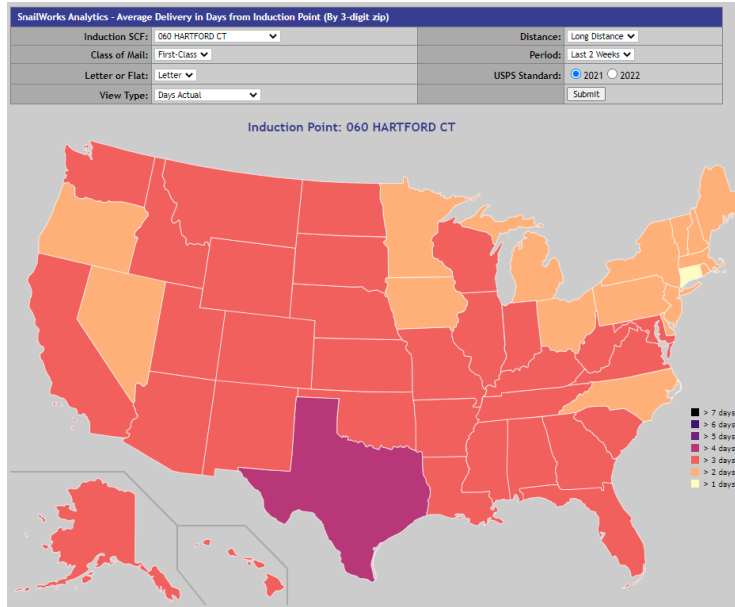




# NEW STANDARDS' IMPACT

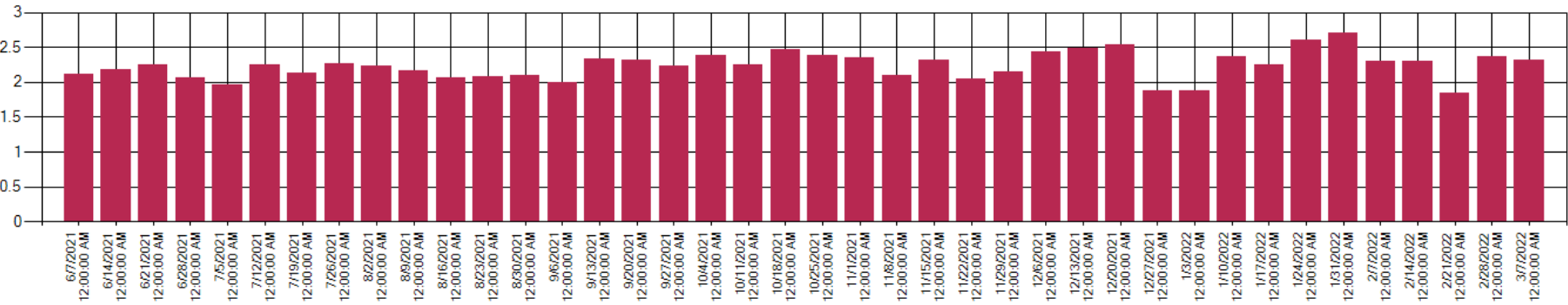


# HOW LONG DOES A LETTER TAKE?



# DROP SHIP/COMMINGLE

## INDUCTION TO DELIVERY – INTRA-SCF



Days (Postal)

# HOW IS SERVICE?

- New FCM service standards added one day to some FCM.
- Overall, FC Letter went from 2.64 days to 3.06
- Marketing Mail meets standards generally, but standards are “generous”
- After some slow down in December, service is stable
- All SCF’s are generally operating OK

# INFORMED DELIVERY

- What it is
- How to participate
- Benefits
- Gathering and using data
- Participating in the promotion

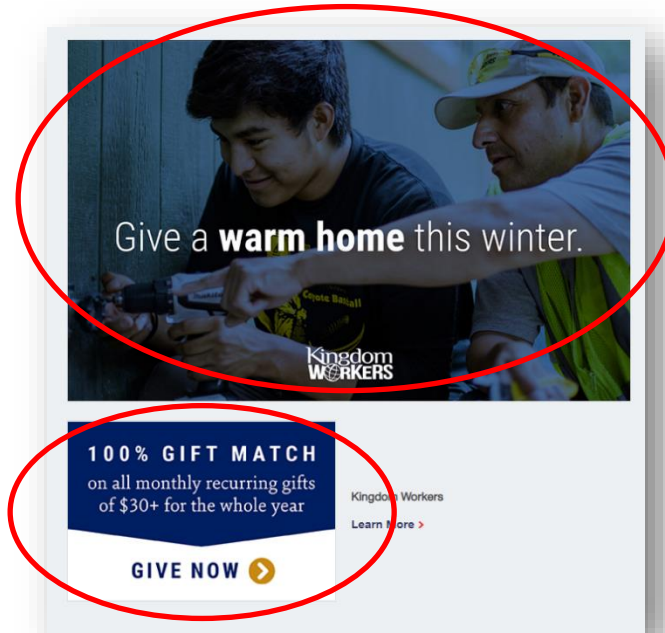
# WHAT IS INFORMED DELIVERY?

- A consumer facing USPS service
- USPS sends black and white images of the day's mail to consumers before the mail is delivered
- These images are captured from barcode sorting equipment at the Postal Service
- Flat-Size mail is a different process – mailer must provide image
- Mailers can add and replace images



# THREE PRIMARY ELEMENTS

**1)** Representative Image  
(Optional)



**2)** Ride-Along Ad  
(Required)

**3)** Target URL (For Ride-Along)  
(Required):  
<https://kingdomworkers.com/give-now/>

# THE WHY OF AN INFORMED DELIVERY CAMPAIGN

- Better Response
- Online Channels
- Control Your Brand
- New Customer Data
- **Save Postage**



# INFORMED DELIVERY REPORTING

After campaign completes, view and evaluate reports  
Summary:

Campaign(s) for Job June 2020 C3 Low/Mid Appeal										
Campaign Code	Campaign Title	Mailed Quantity	Subscribers		Emails Sent		Emails Opened		Emails Clicked	
			Quantity	%	Quantity	%	Quantity	%	Quantity	%
June 2020 C3 Low/Mid Appeal P2	RWT - 275692	102,610	19,424	18.93%	15,945	15.54%	6,840	42.90%	39	0.20%
June 2020 C3 Low/Mid Appeal P1	RWT - 275692	173,066	34,355	19.85%	28,459	16.44%	12,679	44.55%	68	0.20%
Totals:		275,676	53,779	19.51%	44,404	16.11%	19,519	43.96%	107	0.20%

Campaign Details

# USPS INFORMED DELIVERY PROMOTION

- Registration opens June 15, 2022
- Promotion runs August 1, 2022 – December 31, 2022
  - All dates must be after August 1 and no later than December 31
  - Mail submission, drop ship induction – all dates!
- Discount – 4% off postage for mailed amount
- Discount taken at time of mailing

# USPS INFORMED DELIVERY PROMOTION

## The Promotion Process – 5 Steps

- Register for promotion in Business Customer Gateway (BCG) – mail shops register
- Go through approval process
- Create ID campaign in Mailer Campaign Portal (MCP)
- Create appropriate eDocs with mailing
- Provide sample mail piece with mailing (and hold a copy for yourself for 60 Days)

# POSTAGE

## 2021 RECAP - Two Postal Rate increases in 2021

- 9% average increase in Jan 2021
- 7% average increase in August 2021 – first under the new postal rules

2022 - Next rate change will be **Sunday JULY 10, 2022.**

### **First Class Mail – 6.5% Average;**

- Single Piece Forever Stamps will go from .58 to .60 cents which is an increase of 3.4% or \$.02 cents per piece
- First Class Presorted Letter Rates will go up on average 6.9% or \$.030 per piece
- First Class Presort Flat Rates will go up on average 9.2% or \$.128 per piece

**Nonprofit Marketing Mail Letters** - Marketing Mail Letters are going up on average 6.2% as a category but Nonprofit rates will increase less and be closer to **4% or \$0.007 per piece.**

**Nonprofit Marketing Mail Flats** - Marketing Mail Flats are going up on average 8.5% but when we look closer at the impact to Nonprofit Flat rate changes they look like this;

- Nonprofit Flats 4 oz or less will increase an average of **12.2% or \$.044 per piece.**
- Nonprofit Flats 4 oz or greater will increase **30.9% or \$0.41 per piece PLUS 1.77% and \$0.14** at the per pound rate.



# Future Rate Adjustments

## **How are the January rate adjustments established?**

- These will be based on six months of CPI plus non-compensatory class authorities and any remaining unused rate authority.

## **How are the July rate adjustments established?**

- These will be based on six months of CPI plus the retirement, density, and non-compensatory class authorities and any remaining unused rate authority. *For July 2022, rates are based on 10 months of CPI.*

## **Will the rate increases in January and July be similar?**

- July increases will be higher, while January will be smaller

## **When will the USPS propose rate adjustments?**

- The USPS will file in October for the January adjustments and April for the July adjustments.



# USPS PROMOTIONS CALENDAR



# 2022

PROMO NAME	REGISTRATION PERIOD						PROMO PERIOD						SAVINGS*
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
TACTILE, SENSORY AND INTERACTIVE MAIL PIECE ENGAGEMENT	Registration: DEC 15 - JUL 31						Promo Period: FEB 1 - JUL 31						UP TO <b>4%</b> DISCOUNT
EMERGING AND ADVANCED TECHNOLOGY	Registration: JAN 15 - AUG 31						Promo Period: MAR 1 - AUG 31						UP TO <b>3%</b> DISCOUNT
EARNED VALUE REPLY MAIL	Registration: FEB 15 - MAR 31		Promo Period: APR 1 - JUN 30										UP TO <b>2¢</b> per counted reply and/or share mail piece CREDIT
PERSONALIZED COLOR TRANSPROMO	Registration: MAY 15 - DEC 31						Promo Period: JUL 1 - DEC 31						UP TO <b>3%</b> DISCOUNT
INFORMED DELIVERY	Registration: JUN 15 - DEC 31						Promo Period: AUG 1 - DEC 31						UP TO <b>4%</b> DISCOUNT
MOBILE SHOPPING	Registration: JUL 15 - DEC 31						Promo Period: SEP 1 - DEC 31						UP TO <b>2%</b> DISCOUNT

\*Approval and acceptance needs to be confirmed by the USPS prior to mailing. Savings percentages are estimates that will be confirmed at the time of mailing and are not guaranteed.

# Tactile Sensory & Interactive Mailpiece Engagement Promotion

Registration Period: December 15 – July 31

Promotion Period: **February 1– July 31**

Discount: **Up to 4%** - Double the discount from 2021!

- Eligible Mail Classes:
  - First Class Letters, Flats & Postcards
  - Marketing Mail Letters & Flats (Includes Nonprofit letters and flats)
- How to qualify:
  - Gloss Paper?, Spot Varnish
  - Specialty inks – ones that react to temperature or light, inks that change color at different angles
  - Specialty paper – scented paper, holographics, textured paper
  - Interactive elements – pop ups, 3D elements, infinite folding

# Emerging and Advanced Technology Promotion

Registration Period: January 15 – August 31

Promotion Period: March 1 – August 31

Discount: Up to 2% and 3%

Eligible Mail Classes:

- First Class Letters, Flats & Postcards
- Marketing Mail Letters & Flats (Includes Nonprofit Letters and Flats)



**Use Alexa to Donate Now!**

Just say...

“Alexa, donate to American Lung Association”

To find out if your Nonprofit is already registered: <https://pay.amazon.com/alexadonations>

To get signed up if you are not already: <https://pay.amazon.com/non-profits>



# Informed Delivery Promotion

Registration Period: June 15 – December 31

Promotion Period: August 1 – December 31 +2 months

Discount: **Up to 4%** - Double the discount from 2021!

## Eligible Mail Classes:

- First class letters, flats & postcards
- Marketing Mail letters & flats (Includes Nonprofit letters and flats)

## How to qualify:

- Mailer creates a specific URL that directs to a landing page for donations
- Mailer creates .jpg of ride-a-long image with message
- Specific sequential numbers are assigned at the donor level

# Mobile Shopping Promotion

Registration Period: July 15 – December 31

Promotion Period: September 1 – December 31

Discount: Up to 2%

Eligible Mail Classes: **Marketing Mail Letters & Flats (Includes Nonprofit Letters and Flats)**

How to qualify:

- **Print mobile technology that allows the user to engage in an electronic shopping or donating experience**
- **Charitable donation mailings must plan for a reply mechanism or a mailed response of thank you after donation is given.**



**Use the camera on your  
phone to scan this code  
and give online!**

To create your own QR code for free go to: [Flowcode.com](https://flowcode.com)

# Earned Value Reply Mail Promotion

Registration Period: February 15 – March 31

Promotion Period: April 1 – June 30

Credit Redemption Period: July 1 – December 31

Credit Expiration: December 31

Discount: Up to \$0.02 credit for each Business Reply Mail and Customer Reply Mail and/or Share Mail piece counted

How to qualify:

- Anyone who is utilizing BRM/CRM mail
- No volume threshold

# Politics and Postal Reform

## Louis DeJoy – The PMG we love to hate

- Appointed by USPS BOG during Trump administration
- Focused on 10-year plan
  - Packages
  - Realign logistics network
- Runs USPS like a business
- Unlikely to be removed



# Postal Reform “Do’s”

- Every 10 – 15 years Congress needs to pass something called “Postal Reform”
- They did it in 2022 – yay
- Key Points:
  - Health benefits revised
  - Prepayment of retirement, um, retired
  - Very limited non-Postal products allowed
  - USPS must provide a publicly available dashboard to share Postal performance
  - USPS must investigate why flats are so hard to process
  - USPSOIG will oversee PRC

# Postal Reform “Don’ts”

- Postal reform does NOT:
  - Stop 2x/year rate increases
  - Change the rate-setting process
  - Get you mail delivered any faster

Great Resources

**PostalPro.usps.com**

**Ask your suppliers!**

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