



RED TAG NEWSLETTER JANUARY 2021

JANUARY 2021 – TABLE OF CONTENTS

Page 1.....Calendar Of Events
Page 2.....Reform May Become A Reality In 2021
Page 3-4.....President Signs Stimulus Bill Making Cash Easier To Use
Page 4.....Package Delays Remain A Sticking Point Into The New Year
Page 5.....Presidential Executive Order To “Buy American”
Page 5.....Quad Graphics To Close Three Plants
Page 6.....DMM – What To Know – CSR 335 – Repositionable Notes (RPN)
Page 7.....From The Desk Of Eddie Mayhew - Editors Column – Hello 2021

CALENDAR OF EVENTS – 2021

01-26/27-21	MTAC Meeting	Proposed Virtual
02/18/21	AIM Atlantic Area Meeting	Virtual
03-30/31-21	MTAC Meeting	Wash DC - Tentative
05-02/05-21	National Postal Forum	Nashville TN (*)
05-03-21	Red Tag Meeting at National Postal Forum	Nashville TN (*)
06-29/30-21	MTAC Meeting	Wash DC - Tentative
11-02/03-21	MTAC Meeting	Wash DC - Tentative

(*) – Scheduled, but final approval based on pandemic situation

AIM Meetings have not been scheduled for 2021 in-person yet and virtual for some.

Red Tag appreciates the support of its associate members: Fry Communications, Imex Global Solutions, and LSC Communications.

REFORM EFFORTS LOOK FOR “FULL STEAM AHEAD!” IN 2021 – TEN BILLION DOLLARS CAN’T HURT – PACKAGE DELAYS ARE STILL A HUGE PROBLEM INTO JANUARY OF 2021 – BUY AMERICA RETURNS – QUAD CLOSING THREE PLANTS

Reform May Become A Reality In 2021

Now that the election is over and a new administration will take over on January 20 2021, the main concern the Postal Service has is fighting the rampant COVID-19 outbreaks with its employees and breaking the logjam of legal concerns that plague them so that timely delivery of mail can begin again.

The Postal Service is appealing numerous restrictions to allow it to move forward again. Various court decisions have pushed back on changes made during the election cycle. Efforts to get timely delivery of ballots showed much success during this time. Most of the court injunctions were focused on ballot handling and delivery, however even though the election has been over for a while many of them are still in place.

Postmaster General DeJoy is looking to move forward to streamline delivery efforts, modernize retail and processing operations and work to improve the processing of mail. It looks like there will be a return to some of the changes that had already occurred and were challenged as part of his strategic plan.

These ideas were bolstered by a return to previous changes to realize savings as well as modernize the process. The last COVID-19 relief package did allow for increase in borrowing power of \$10 billion to be converted to what amounts to a cash grant. This is being used by the Postal Service to increase liquidity and give USPS some more flexibility in addressing various issues.

Efforts to provide even more reforms to the Postal Service, get more money into the system, slow down the burden of the cash paid into health benefits for future retirees and open up new product opportunities will likely gain ground with the new Congress this year and my even get approval.

President-elect Biden is supportive of getting a smoothly operating, and financially efficient Postal Service up and running in this new administration and will likely support a good reform packages approved by the House and Senate this year.

Regardless, there is still a big hurdle to overcome with COVID-19 and time show how long it will take for the availability of vaccines to take effect.

President Signs Stimulus Bill Making Cash Easier To Use.

The stimulus bill signed on December 27 takes created an increase in borrowing authority for the Postal Service and converted it to a cash grant for COVID-19 assistance. This will make it easier to apply this money to various operational functions to bolster the operations without worrying about paying it back as an outstanding debt.

It is not the \$25 billion originally requested by the Postal Service, but any “shot-in-the-arm” infusion of cash will help. The bill also provides some assistance and a reprieve from fully implementing manifesting of all inbound foreign parcels conveyed by the U.S. Postal Service.

The provision allows international shipments that the Postal Service and/or the Customs and Border Patrol determine to be at low risk of violating laws and regulations to be exempt from an electronic information requirement.

The appropriation bill also provides \$55.3 million to cover the cost of Free Matter For The Blind and overseas ballots listed for military and diplomatic personnel on assignment outside of the United States and its territories

The bill contains protections for the continuance of six-days a week mail delivery, a prohibition against closing rural or small post offices, however, under Senate pressure, a House-passed provision to establish postal banking pilot programs.

Some of the things that did not make it to the bill that very likely would move to a reform effort for 2021 are related to more relief money, hazard pay and the initiation of talks regarding a reform package.

The \$25 billion that would have been the amount requested in the original emergency funding legislation may be a part of a reform effort. The requested hazardous duty pay would be for \$13 an hour and could be made part of the \$25 billion.

The postal labor organizations are asking that new reform efforts be made under a new administration and that both the Postmaster General and the Board of Governors be a part of it.

The Postal Service has clearly proven that they are an essential service and are in a position to claim hazardous duty pay. The list of likely recipients of the COVID-19 vaccine that includes postal workers in the essential worker category supports this argument.

Both Senate Majority Leader Mitch McConnell (R-KY) and Minority party leader Chuck Schumer (D-NY) were in agreement that this is likely would be only the first phase of COVID relief and even though they will reverse places in a couple of days that position remains true.

Postmaster General DeJoy addressed the COVID relief legislation on December 30 2020, saying that he wanted to thank Congress on behalf of the 644,000 postal employees for recognizing the essential

(Continued Page 4)

(Continued From Page 3)

Role they have and continue to play in serving the nation and seeing the impact of COVID-19 on that role. Mr. DeJoy said that the Postal Service will continue to work with the Treasury Department to complete the conversion of the \$10 billion borrowing authority to operating funds.

Package Delays Remain A Sticking Point Into The New Year

The US Postal Service continues to deal with package delays into the new year. The problem is multi-fold. Not only has there been a significantly bigger than usual volume of package mail over the holidays but because of COVID Restrictions and recommendations, there has been a huge increase in package mail since March of 2020. Couple that with, at times, nearly 30 percent of the workforce out with either COVID-19 or quarantined as a result of proximity to the illness.

As the delays continue from the pandemic the Postal Service is making every effort to reduce delivery delays. This is compounded by COVID-19. Additionally, the Postal Service also finds itself in receipt of many packages that have overflowed the delivery capabilities of UPS and FedEx since the height of the pandemic.

Delivery is off in nearly every state in the union and is uneven because of central processing and high population areas. Locations like Alabama have nearly no delays at this time while the Northern Ohio are getting only 28% on-time delivery at peak times.

Some locations like Philadelphia have seen logjams where mail was stacked to the ceiling awaiting processing. In some cases, Priority Mail dated from early December was still awaiting expedited service to customers. These problems are extreme and don't represent every post office or every day but there were times when it is nearly impossible to move the mail.

Both Postal Management and Labor organizations are doing everything possible to get the backlog out. The backlog is slowly leveling off but with the second wave of the pandemic as severe as it is, it is difficult to get ahead of the curve. Slowly but surely USPS is regaining control but the holiday season was severely impacted by COVID. Its unfortunate that all delivery services have experienced delays but hopefully as the virus subsides in the coming months and more vaccinations are given a semblance of normalcy will return.

Some delays are unable to avoid. The Martin Luther King national holiday happens on Monday January 18th 2021 and this year will be followed by the Inauguration on Wednesday the 20th.

The Presidential Inauguration will see local delays in the Washington DC area because of the extreme caution based on concerns over safety from extremist groups. Four DC area post offices will be closed on January 19th through the Inauguration, while ten others will close on Inauguration day. Large sections of the area around the Capitol and the White House will be cordoned off until after the inauguration preventing delivery, and a number of collection boxes will be temporarily removed or locked on the 20th.

Presidential Executive Order To “Buy American”

The Trump Administration on January 14th 2021, issued an executive order to reinforce the “Buy American” policy to reinforce that all existing policies that require, or provide a preference for, the purchase of or acquisition of goods, products, or materials produced in the United States, including iron, steel, and manufacturing goods.

The order states that the same ordering and acquisition considerations applied by other Federal agencies shall be amended and shall apply to the Postal Service.

This may affect the options for ordering new delivery vehicles, even after testing has been completed and the number of potential bidders reduced to the most qualified. The Postal Service would need to increase the cost factors for any company from a foreign nation to reflect the Executive Order and other agencies.

If this formula is applied it may either disqualify or reduce the ability of the USPS to buy vehicles made by a non-United States company or products made in the USA but with parts supplied from outside the country.

There are several potential sellers of vehicles who fall into this category and this order may change their potential for consideration. The order would become effective 90 days after signature.

Whether this hampers the existing bid options or eliminates any firms has not been determined since the Executive Order has not be put to the test at this time. Additionally, since the Order was signed six days before the start of a new administration, it will be subject to review.

Quad Graphics To Close Three Plants

Because of reductions in business and the COVID-19 crisis, Quad Graphics has announced that it will close three plants in 2021. The plants scheduled to close are:

Fernley NV in January, Oklahoma City in March, and Nashville TN in mid-April. Fernley NV and Nashville TN deal primarily with inserts and Oklahoma City is a full magazine production facility.

650 employees will be directly affected by these closures. They are being offered relocation to other Quad facilities or a severance package.

Domestic Mail – What To Know And Reminders On Standards/Practices – CSR 335, Repositionable Notes (RPN)

Extensive testing has been conducted in conjunction with the mailing industry on the eligibility of the placement and properties of Repositionable Notes (RPN). Their findings indicate that mechanically applied RPNs on mailpieces remain intact while manually applied RPNs may not. DMM 202.7.3e provides that RPNs may not be manually affixed to pieces scheduled for mail processing equipment.

ARE THERE ANY SITUATIONS WHERE MANUALLY APPLIED RPNS CAN BE ATTACHED?

Yes. Repositionable Notes may be attached manually on Carrier Route Flats, sorted into required Line-of Travel and Walk Sequence order. Generally, this mail does not require bundle breakdown and sorting on automated mail processing equipment. Customers can apply these RPNs by hand on Carrier Route flats and newspapers drop shipped to Destination Delivery Units (DDUs) if they will not be combined with other flats in an automated process.

WHAT CLASSES OF MAIL DOES THIS RULING APPLY TO?

This mailing standard is applied to all classes of mail that are eligible for Carrier Route sorting when delivered (drop shipped) to delivery units as long as no additional mechanical processing is required.

From The Desk Of Eddie Mayhew – Hello 2021

It's here! 2021 has arrived with little fanfare. The ball drop in Times Square in New York City was watched by millions on television, but by only a handful of people at Times Square itself. The year did get more interesting and a bit scarier since then, but that's a conversation for another day and the history books.

A new administration will need i to jump in with both feet and with sleeves rolled up to face a still out-of-control pandemic claiming nearly 400,000 lives as of the date of this newsletter. There is also the job of getting a new government up and running during what we hope will be a smooth transition. That reporting will best be handled by the nightly news and in the newsmagazines and newspapers.

This time is traditionally one for renewal and promises made but not always kept. Some of the promises this year are for a healthier outlook on the pandemic with vaccines becoming more available, with another stimulus package in the works and numerous other programs to accomplish. The Senate has shifted but to a 50-50 status with equal nyumbers of senators in each party. With the Vice President as a tie breaker, there is a good chance some change will come this year.

Postal Reform, our old friend who we have come to know so well, needs to rear its head in this new Congress and we hope that with the changes in congress there is a good chance that something will get accomplished. There needs to be more done than just the \$10 billion infusion. New and revitalized programs need to be put in place with continuing controls on preventing unnecessarily high rates for publishers and major mailers. It is an extremely busy agenda but one that is needed to boost the Postal Service to its pre-pandemic level of delivery.

Some things will never be the same and some will change, but let's show the world out resilience and look forward to a brighter 2021.

Stay safe and healthy everyone

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