

The US Court of Appeals rejected the industry's request for a stay on price increases. This clears the way for new rates to take effect on August 29. The OIG released its report after auditing 2020's peak holiday season embargoes and redirections. And delivery performance data will look different with new service standards.

Quad's Postal Affairs team remains committed to keeping you up to date and informed. As a significant mailing industry partner, we are in a unique position to provide clear and accurate information regarding the state of the USPS and suggest best practices during this time. Please notify the Quad Postal Affairs team if you become aware of any changes, questions or something new related to how the USPS is conducting business. We will investigate and update all. Send inquiries to the Quad Postal Affairs Distribution list (Postal Affairs – Team) or ask your Quad representative.

Here are key developments since our last update:

## **Rate increases take effect August 29**

The US Court of Appeals thwarted mailer associations' efforts to obtain a stay on postage rate hikes being pushed by the USPS. Quad, along with the entire mailing industry is disappointed in the ruling and lack of explanation behind it. We continue to work with our clients to mitigate what we can of the price increases, which will now certainly take effect on Sunday, August 29.

We continue to support our partners who are preparing oral arguments for a September 13 appeal — though a ruling on those hearings might not come until later this year, or in early 2022.

To get up to speed on what it means for your postal budget, you can [watch our July 28 webinar on demand](#) to hear about options for better pricing. Contact your sales reps to fully understand how rate changes could affect your marketing campaigns.

## **Congressional Legislation**

Meanwhile, Congress is working to pass postal reform bills that currently enjoy broad support in both Houses. The legislation would further reduce the USPS's need to increase postage rates.

Right now, all mailers can assist with advancing legislation to curb postage increases. The more Congress hears about troubling aspects of the USPS's plan, the more likely they are to push hard for changes with the Postmaster General and the Board of Governors. **Please consider taking a few minutes to [fill out a short form on this page](#), which will automatically message your Members of Congress. Or you can text MAIL to 52886.** The process is a simple, extremely effective and efficient way to let Congress know your thoughts and tell your story about how important an affordable USPS is to you.

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## Peak season embargoes and redirections

The USPS Office of Inspector General (OIG) [reported on its audit](#) of the unprecedented 2020 embargoes and redirections at USPS service processing facilities. The OIG was critical of these decisions, and had recommendations for the rapidly approaching 2021 peak holiday season.

It highlighted these five findings:

- USPS management was not proactive in assessing the need, and action to ease congestion came too late
- Management didn't consistently communicate with customers or allow time for them to make other arrangements
- The Postal Service didn't acquire enough additional facility capacity to prepare for increased volume
- Redirecting congested mail didn't follow first-in-first-out processing order to meet service standards
- Management didn't have sufficient internal controls over unexpected absences, even before COVID-19's spread

The OIG recommended that USPS leadership develop a communications plan to give mailers notice two days ahead of closures to prevent a repeat of 2020's historically poor delivery performance. The Postal Service [said they'd review the findings](#), but stated that "some of the root causes are not predictable forty-eight hours in advance."

The USPS did announce that it is making improvements [ahead of the 2021 holiday season surge](#). Most of those are related to package delivery, though.

Note once again that the USPS announcement on [temporary rate increases for the peak holiday season](#) will not affect your mailings with Quad. This increase is only for competitive products, including parcels, and is in line with what other carriers will implement to close out the year.

## Delivery performance

Mail continues to move well through the USPS. We expect to see slowing start after Labor Day as volume increases. Wildfires, tropical storms and flooding have caused some very isolated possible mail delays, but not enough to be measurable to a national mailer.

First Class mail and a small portion of Periodical mail will be under new Service Standards starting August 29. We do not anticipate further deterioration of service, as we believe many of the changes leading to the new Service Standard have already been implemented.

We will see the USPS reporting great improvement in Service — but that will be relative to these new Standards. In general, First Class mail will have a Standard of 60-75% in-home by the third day after the mail is dropped and 90-95% by the fourth day. Current Service Standards set an expectation for delivery of over 90% of continental US mail by Day 3. The new plan adds a fourth and fifth day for mail traveling longer distances inside the US.

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## Logistics network update

The US logistics network is still experiencing a stressed supply chain, especially in the LTL space where we still see delays of 2-3 days from the published transits, and a larger number of mis-routed product by these Carriers. They're experiencing the same challenges as the rest of the US economy, with reduced labor and inexperienced employees.

The truckload market is currently holding up and handling capacity, but rates remain high, especially for product that is to be handled on weekends. Rail is also a continuing challenge, as it has been all year. The areas impacted change weekly, which makes it difficult to determine the best shipping method at any time.

## Postal Volume

Mail Volume for week ending August 14, compared to 2020

Total Mail Volume:	Up 9.9%
Packages:	Down 16.1%
Single Piece:	Down 7.7%
Presort First Class:	Down 1.6%
Marketing Mail:	Up 10.7%
Periodicals:	Down 10.7%

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See how we can help.

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