



Greeting Card Association

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From Postal Reform to Forever Stamp GCA Represents Consumer Interests

WASHINGTON, DC (April, 2007) -- Although changes in the U.S. Postal Service and postal rates have traditionally moved at a snail's pace, the rush of postal changes and their resulting impact on American consumers has been dramatic in recent months.

As the sole private-sector advocate for consumers regarding postal matters, the Greeting Card Association (GCA) was deeply involved in seeking these changes to ensure that the unique concerns and needs of the "citizen mailer" were considered by legislators and regulators.

A brief overview of some of the major postal changes instituted recently, and GCA's role in representing the consumer on these matters, is provided below.

Postal Reform Legislation

In December of 2006, after more than a decade of unsuccessful postal reform efforts, Congress passed legislation initiating the first major overhaul of the U.S. Postal Service in more than 30 years. The GCA – in cooperation with business groups, nonprofit organizations and the mailing community – had long sought reform legislation to effectively address cost control and regulatory oversight of the postal service.

The landmark postal reform legislation introduced three key elements consistently advocated by the GCA to ensure that the rights of citizen mailers were protected: creation of a Postal Regulatory Commission with strong oversight powers; indexing postal rate hikes to the Consumer Price Index, and assurances that postal rate increases would be "just and reasonable."

Forever Stamp and Postal Rates

In February of 2007, the postal landscape changed dramatically again, as the new Postal Regulatory Commission (PRC) recommended adoption of a "forever" stamp. A forever stamp is a non-denominated stamp that sells for the first-class postage rate at time of purchase, but is always good for mailing a letter or greeting card regardless of subsequent rate increases.

The GCA was one of the earliest proponents of a forever stamp as a means of reducing the burden of first-class postage hikes on Americans, and eliminating the

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inconvenience of purchasing one- and two-cent stamps whenever postal rates increased. Forever stamps are already in use in Great Britain, Canada, Israel and Brazil.

In addition to recommending a forever stamp, the PRC also appeared to take into consideration the Greeting Card Association's testimony urging restraint in postage hikes. Specifically, the PRC recommended a 2-cent increase in the first-class postal rate (to 41 cents), rather than the 3-cent increase sought by the Postal Service. Only the GCA and the American Postal Workers Union had advocated a smaller increase in the price of a first-class stamp during postal rate hearings.

In April, the USPS Board of Governors authorized the forever stamp and approved an increase in the cost of a First-Class stamp to 41 cents, effective May 14, 2007.

Square Envelopes

The Greeting Card Association is also continuing its efforts to reduce the surcharge on greeting cards mailed in square envelopes. Under the latest rate hike, there is a 17-cent surcharge to mail a square-shaped envelope, up from 13 cents. The Postal Service has argued that the surcharge is necessary because square envelopes cannot be processed through its automated equipment.

However, the GCA has run independent tests on processing square envelopes through automated postal machines, and found that as many as 80 percent of square cards can be automatically processed and nearly 90 percent successfully sorted on automated equipment. Based on these findings, GCA will continue to urge postal officials to reconsider the increased surcharge rate for square envelopes.

"Two-thirds of all greeting cards purchased in the U.S. are mailed," says GCA Executive Vice President Valerie Cooper. "The health of the greeting card industry and the ability of Americans to mail their letters and cards with the assurance of reliable delivery at reasonable rates is inextricably tied to the efficiency and success of the Postal Service."

"The mail is an integral part of the social fabric that binds the nation together," says Cooper. "That's why the Greeting Card Association remains dedicated to ensure that the postal concerns and needs of the consumer are taken into consideration."

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