

**CHANGES IN POSTAGE METHODS**

**1. PURPOSE**

This Notice informs Marketing and Regulatory Programs (MRP) offices on changes for postage meters.

**2. BACKGROUND**

De-certification. Meter de-certification is an organized process of removing postage meters from the market. The United States Postal Service (USPS) began a phase out of all mechanical postage meters in 1995 because of identified cases of tampering and misuse.

There are six phases of decertification. Phases 1 and 2 have been completed and Phase 3 is now in progress. Phase 3 meters are reset by a code entered into the meter or by telephone from the meter suppliers. They have minimal security and the deadline for use of Phase 3 postage meters is December 31, 2006. Postage is set through modem for Phases 4 through 6. Phase 4 meters are security enhanced with a timeout feature that disables a meter that is not used or is tampered with, and the deadline for use is December 31, 2008. Phase 5 meters are non-Information Based Indicia (IBI) digital meters. Postage is printed through an Inkjet Cartridge filled with special postal ink and virtually tamper-proof. Phase 6 IBI digital meters are the current preferred technology and print a unique 2-D barcode with information embedded in the postage indicia imprint. There are no retirement date mandates for Phases 5 and 6.

Conversion. The General Services Administration (GSA) issued the Federal Management Regulation Interim Rule (41 CFR parts 101-9 and 102-192) in the Federal Register, June 2, 2002, and directed that beginning October 1, 2003, all payments to the USPS must be made using commercial payment processes, not Official Mail Accounting System (OMAS). OMAS is the system MRP currently uses for payment of postage. However, the U.S. Department of Agriculture received a deviation to this Interim Rule. Conversion can be completed in stages and GSA recommends that agencies begin with meter conversion.

**3. ACTION**

- a. MRP agencies will convert to commercial postage meters in CY 2006. MRP Phase 3 meters will be decertified by December 31, 2006.

- b. Conversion of postage meters and decertification of Phase 3 meters will take place simultaneously, wherever possible, to avoid technician fees. Meter conversion requires a technician from the meter supplier company to physically replace the meter head. There may be a fee for this service.
- c. Contracts are being created for replacing postage equipment and meters that need to be decertified by December 31, 2006. There will be umbrella contracts with all four USPS authorized meter providers: Francotyp-Postalia, Inc.; Hasler, Inc; Neopost, Inc; and Pitney Bowes, Inc. Each agency or program can limit the number of providers based on their administrative needs. To purchase a new postage machine submit a procurement request. Further information will be communicated as soon as it is available.

#### **4. OPTIONS FOR PAYING POSTAGE**

- a. Offices using \$1,000 or less in annual meter postage should consider more cost-effective solutions for postage. Options such as commercial stamps and Personal Computer (PC) postage can be more cost-effective than meters for some offices. PC postage allows the user to purchase and print postage with a stand alone desktop computer.
  - (1) PC postage should be paid by Purchase Card Management System (PCMS) purchase credit card. For information about PC postage, log on to the following USPS authorized PC Postage providers: <http://endicia.com/>, <http://www.pitneybowes.com/> or <http://stamps.com/>.
  - (2) Commercial stamps can be purchased at your local Post Office with a PCMS purchase credit card.
  - (3) The Budget Object Code (BOC) 2350 should be used for PC Postage and commercial stamps purchased at the Post Office. This BOC is not to be used for lease or purchase of equipment or supplies.

The BOC for PC service is 2570. The BOC for supplies (labels) is 2670.

- b. Penalty mail stamps and penalty mail stamped printed envelopes can be ordered by Printing, Distribution, Mail and Copier Solutions (PDMCS), Riverdale, Maryland. MRP offices which place their own orders should make sure PDMCS receives copies of all orders. Penalty stamps and penalty stamped envelopes are billed through OMAS.

NOTE: Postage stamps purchased with Government funds can only be used to conduct the business of USDA. Field offices should ensure the accountability of the stamps and secure them to prevent misuse.

Government purchased postage stamps and penalty indicia are strictly for official use. Severe disciplinary action may result from the failure to properly safeguard postage and penalty indicia on labels/envelopes, etc., or for using postage and penalty labels/envelopes, etc. for other than official Government use. In addition, the use of the PCMS purchase credit cards to obtain regular postage stamps must be carefully monitored by employees and supervisors to ensure that assigned charge card holders and employees with access to postage utilize proper safeguarding methods.

- c. Offices using more than \$1,000 annually for postage should consider meters or stamps.
  - (1) As long as MRP agencies are under OMAS billing, offices should acquire penalty (official) meters. Postage resets on penalty meters should be kept to minimal amounts to avoid large balances of unused postage when they are exchanged for commercial meters. Credit will be given through the OMAS account for postage remaining on the penalty meters when they are checked out of service. The money cannot be transferred directly to the commercial meter.
  - (2) Commercial payment processes are under development.
  - (3) The field offices will call their meter companies to download postage. Program financial managers will be responsible for assuring there are sufficient funds in the accounts and adding funds as necessary. Meter postage on commercial meters should not be paid with a credit card. Any questions should be referred to the program financial managers.

## 5. RESPONSIBILITIES

- a. MRPBS, Administrative Services Division (ASD), Financial Management Division, (FMD), will establish procedures for making payments to USPS for meter postage.
- b. MRPBS, ASD, Procurement Branch, will handle all aspects of acquiring new postage machines for locations with Phase 3 meters and commercial meters for the digital machines in existence in MRP.
- c. MRPBS, ASD, PDMCS, will coordinate the decertification and conversion processes with FMD; ASD, Procurement Branch; and MRP Programs.
- d. MRP offices will:
  - (1) Notify PDMCS of all postage meter activity, such as meter resets, meter head changes, meters checked out of service, and meters acquired.

- (2) Notify PDMCS of permanent office closings and changes in office locations.
- (3) Send PDMCS copies of all orders of penalty mail stamps and penalty mail printed stamped envelopes.
- (4) Turn in meters to meter companies when their offices are permanently closed or transferred to another agency.
- (5) Cancel business reply mail accounts with their local post offices when accounts are no longer needed and before closing or relocating an office.
- (6) For mail services still under OMAS billing, use Agency Codes and Agency Cost Codes when doing business with the USPS. If you do not know your codes, contact the MRP Mail Manager at 301-734-5912.
- (7) Pay for all costs for new equipment, conversion from penalty meters to commercial meters, and postage.

## 6. INQUIRIES

- a. Direct questions concerning this Notice to the MRP Mail Manager at 301-734-5912.
- b. This Notice can be accessed on the Internet at [http://www.aphis.usda.gov/library/admin\\_notices/](http://www.aphis.usda.gov/library/admin_notices/) and the AMS Administrative Issuances home page at <http://www.ams.usda.gov/issuances/>

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