

SUBJECT: Special mail services for state agencies

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 11 ayes — Wolens, Carter, Counts, Craddick, Danburg, Hilbert, Hunter, Longoria, McCall, Ramsay, Stiles

0 nays

4 absent — S. Turner, Alvarado, Brimer, D. Jones

WITNESSES: None

BACKGROUND : On July 1, 1997, the United State Postal Service (USPS) will implement changes in certain regulations regarding special mail services and address change updates. Address update services allow mailers to make corrections on mailing lists, and can be offered either by the postal service or through USPS-approved vendors. Under new USPS requirements, mailers will have to use one of four approved change of address update services to qualify for discounted postal rates.

DIGEST: HB 3576 would allow state agencies to use any form of mailing service available from the USPS, provided the service was consistent with the level of accountability, timeliness, security and quality of service required under state laws. This provision would take effect July 1, 1997.

The bill also would allow state agencies to use any change of address update services approved by the USPS to receive discounted postal rates. This section would take effect immediately if the bill was finally passed by a two-thirds record vote of the membership of each house.

Effective September 1, 1997, the General Services Commission would have to notify state agencies concerning alternative mailing services offered by the USPS and assist them in determining which service to use consistent with agency needs.

**SUPPORTERS
SAY:**

HB 3576 would help save money for the state by reducing the cost of postage for mail generated by state agencies. A number of state agencies are subject to statutory requirements that specifically require the use of certified, registered or return receipt requested mail services. These requirements prohibit the use of other special service options that provide similar levels of service and documentation such as certificate of mailing and priority confirmation delivery. The statutes were generally put in place prior to the development by the Postal Service of lower costs alternatives.

Impending postal rate increases make it urgent to rethink these unnecessary requirements. If postage rates increase as anticipated, the cost of certified and return receipt requested mail will increase by 36 percent. State agencies in Travis County alone generate approximately 90 million pieces of mail annually, with certified and return receipt requested mail accounting for 600,000 pieces. USPS higher rates will increase postage costs by almost \$500,000.

Allowing state agencies to use the lower cost, alternative services could offset the increase in postage. For example, if postage rates increase and state agencies use priority delivery confirmation instead of certified/return receipt mail service, the expected cost increase would be reduced by an estimated \$330,000 per year. Since the state spent about \$70 million in fiscal year 1996 on postage, any cost savings would be appreciated.

The Department of Public Safety could save as much as \$666,000 per year just in mailing driver's licenses by using alternative address change services. Currently, DPS cannot change its mailing lists unless the address changes are submitted directly to them by the individual mail recipient.

**OPPONENTS
SAY:**

No apparent opposition.