UNITED STATES POSTAL SERVICE

§ 551.8

Cost offset policy.

(a) Postal Service policy is to recover from the differential revenue for each semipostal stamp those costs that are determined to be attributable to the semipostal stamp and that would not normally be incurred for stamps having similar sales; physical characteristics; and marketing, promotional, and public relations activities (hereinafter “comparable stamps”).
(b) Overall responsibility for tracking costs associated with semipostal stamps will rest with the Office of Accounting, Finance, Controller. Individual organizational units incurring costs will provide supporting documentation to the Office of Accounting, Finance, Controller.

(c) For each semipostal stamp, the Office of Stamp Services, in coordination with the Office of Accounting, Finance, Controller, shall, based on judgment and available information, identify the comparable stamp(s) and create a profile of the typical cost characteristics of the comparable stamp(s) (e.g., manufacturing process, gum type), thereby establishing a baseline for cost comparison purposes. The determination of comparable stamps may change during or after the sales period, and different comparable stamp(s) may be used for specific cost comparisons.

(d) Except as specified, all costs associated with semipostal stamps will be tracked by the Office of Accounting, Finance, Controller. Costs that will not be tracked include:

1. Costs that the Postal Service determines to be inconsequential small, which include those cost items which are less than $3,000 per invoice and are not specifically charged to a semipostal finance number.

2. Costs for which the cost of tracking or estimation would be burdensome (e.g., costs for which the cost of tracking exceeds the cost to be tracked);

3. Costs attributable to mail to which semipostal stamps are affixed (which are attributable to the appropriate class and/or subclass of mail); and

4. Administrative and support costs that the Postal Service would have incurred whether or not the Semipostal Stamp Program had been established.

(e) Cost items recoverable from the differential revenue include, but are not limited to, the following:

1. Packaging costs in excess of the cost to package comparable stamps;

2. Printing costs of flyers and special receipts;

3. Costs of changes to equipment;

4. Costs of developing and executing marketing and promotional plans in excess of the cost for comparable stamps;

5. Other costs specific to the semipostal stamp that would not normally have been incurred for comparable stamps; and

6. Costs in paragraph (g) of this section that materially exceed those that would normally have been incurred for comparable stamps.

(f) The Semipostal Stamp Program incorporates the following provisions that are intended to maximize differential revenues available to the selected causes. These include, but are not limited to, the following:

1. Avoiding, to the extent practicable, promotional costs that exceed those of comparable stamps;

2. Establishing restrictions on the number of concurrently issued semipostal stamps; and

3. Making financial and retail system changes in conjunction with regularly scheduled revisions.

(g) Other costs attributable to semipostals but which would normally be incurred for comparable stamps would be recovered through the postage component of the semipostal stamp price. Such costs are not recovered, unless they materially exceed the costs of comparable stamps. These include, but are not limited to, the following:

1. Costs of stamp design (including market research);

2. Costs of stamp production and printing;

3. Costs of stamp shipping and distribution;

4. Estimated training costs for field staff, except for special training associated with semipostal stamps;

5. Costs of stamp sales (including employee salaries and benefits);

6. Costs associated with the withdrawal of the stamp issue from sale;

7. Costs associated with the destruction of unsold stamps; and

8. Costs associated with the incorporation of semipostal stamp images into advertising for the Postal Service as an entity.