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POSTAL RATE COMMISSION  
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BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

CRPA-T-2

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POSTAL RATE AND FEE CHANGES, 2000

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)  
) Docket No. R2000-1

**DIRECT TESTIMONY OF ALVIN J. HORTON**  
On Behalf Of

**The Coalition of Religious Press Associations  
Alliance of Nonprofit Mailers  
American Business Media  
Dow Jones & Co., Inc.  
Magazine Publishers of America  
The McGraw-Hill Companies, Inc.  
National Newspaper Association  
Time Warner, Inc.**

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May 22, 2000

1 Direct Testimony of the Rev. Alvin J. Horton

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3 1. Autobiographical Sketch

4  
5 My name is Alvin J. Horton. I am testifying for the Coalition of Religious Press  
6 Associations, the membership of which Witness Stapert describes, and for the publishing  
7 organizations on the front cover of my testimony, which are designated as "Periodical Publishers"

8 I am a native of Mobile, Alabama, but now I reside in Richmond, Va. I am a clergy  
9 member of the Virginia Annual Conference of The United Methodist Church, a regional  
10 connection of 1,225 local Methodist congregations with more than 342,737 members. I have  
11 been editor of the *Virginia United Methodist Advocate*, the official news magazine of the  
12 conference for the last 14 years. Previous to that I was a local church pastor for more than eight  
13 years. I am a graduate of the College of William & Mary. I have received degrees (M.Div. and  
14 Th.M) from the Divinity School of Duke University.

15 I recently vacated the Presidency of the United Methodist Association of Communicators,  
16 of which I've been a member since 1986. This is an association which is comprised of editors,  
17 publishers, communications specialists and professionals with experience in every facet of  
18 publishing. While our concerns are primarily improving the editorial excellence of Methodist  
19 media to keep Church members up-to-date on Church news and charitable and religious activities  
20 of our members, we also discuss practical problems like postal rates, printing and technology.  
21 Increasingly, we analyze and trade information on how the Internet and e-mail can more  
22 effectively disseminate Church news to our members and readers.

1           In addition to my responsibilities as an editor, I serve as director of communications for an  
2 office that provides communications resources to the local churches and the 18 districts and 37  
3 boards and agencies the Virginia Conference, the largest in the United Methodist denomination.  
4

## 5           2. Scope and Purpose of Testimony

6           The purpose of my testimony is to discuss the impact of the Postal Service' proposed rates  
7 on nonprofit publications, in particular our Methodist press. I have been in touch with  
8 professional colleagues in other denominations, which participate in CRPA as we do, and I share  
9 their fears of the serious damage that will be caused by the pending rates for periodicals. We have  
10 had rate hikes before, and in recent years they have far exceeded the rate of inflation. The  
11 magnitude of this year's package however is unprecedented. It cannot help but cause less  
12 information to be created and sent to readers who depend on us, the religious editors, to transmit  
13 accurate information about what our respective Churches are doing, what we stand for, and how  
14 we can help in a variety of ways communities in this county and abroad.  
15

## 16           3. *The Virginia United Methodist Advocate*

17           This magazine currently is issued 18 times per year. In addition to news about our  
18 organizations and member activities in Virginia, the *Advocate* carries news articles on national and  
19 international news of interest, for example an article in our January 3 issue on how Russian court  
20 rulings could benefit local churches in Russia. We address international crises like famine in Sudan  
21 and other nations. We provide, as do the state conference Methodist publications in other states,  
22 a channel for conference members to participate in charitable and church missions and to express

1 their humanitarian concerns in a concrete way.

#### 2 4. The Impact of the Rate Increase

3 Throughout the course of my 14 years as editor of the *Advocate*, we have struggled with  
4 the increasingly difficult task of sustaining reader interest in an information publication that can be  
5 produced at a price that our typical reader is willing to pay. We have endeavored to produce a  
6 quality product in a sufficiently contemporaneous time frame that is not beyond the cost of  
7 constituent expectations. Our operating budget, which includes printing and mailing costs as well  
8 as office rent and supplies has no fat in it. We have almost no money for marketing and very little  
9 for improved content, to say nothing of the fact that we pay little or nothing for outside writers or  
10 art contributors. Nevertheless we maintain high journalistic standards and quality writing appears  
11 in our magazine. Of the \$209,173 we spent on operations last year (1999), \$170,714 (81.3%)  
12 went to the printing and mailing of our publication and, of that, \$36,479 (21.4%) paid for postal  
13 charges. It is common for members of CRPA to spend 20% or more of their operating budgets  
14 (minus editorial salaries) for nonprofit periodical postage.

15 It should be noted that salaries of our four-person office staff are not included in these  
16 figures because they are funded separately by the conference. The conference provides this  
17 subsidy because more than half of our time is spent on other conference communications projects,  
18 such as other publications (not magazines), media relations, web maintenance, and  
19 communications training. If salaries were included in our budget, our publication probably could  
20 not exist. There is no subsidy, I would add, for postal rate increases.

21 We use all of the discounts and mail preparation techniques offered by USPS that a  
22 relatively small, statewide magazine can take advantage of. We have only 15,000 subscribers so

1 even with our local geographic zone of distribution, we can't sort everything to carrier route or  
2 enter the magazine in every city in Virginia. We do have a substantial number of copies presorted  
3 to the five-digit, automation presort level, and we have about a third of our copies made up to  
4 carrier route. This is a level of presortation that the majority of CRPA members cannot achieve  
5 because of their national or regional distribution that is less dense than ours. We print in Norfolk,  
6 where our printer hands over about 8,000 copies to USPS for distribution in the Tidewater area.  
7 The balance of our circulation is trucked by our printer to Richmond where USPS distributes the  
8 copies to the Richmond area and to Northern Virginia and other areas not served by Norfolk.

9 When the combined numbers are looked at, we mail about 17% within the Norfolk SCF  
10 area (qualifying for SCF discounts), 46% to zone 1 and 2, and 35.4% to zone 3. The balance  
11 consists of a very few copies that go out-of-state. Like practically all religious publications, we  
12 carry relatively little advertising, only about 10-15% of our page space. Our publication is also  
13 quite light, like other religious publications, averaging between 2 to 3 ounces a copy.

14 I understand that although publishers like us have gone to some expense to barcode,  
15 presort, and to comply with ever-changing postal preparations rules which require software and  
16 other pre-press expenses, the Postal Service continues to manually sort barcoded magazines and  
17 newspapers to a large extent. Apparently, mail processing costs for periodicals have increased far  
18 more than the costs of other mail classes, including flat-shaped mail in First class and Standard A.

19 I was very surprised to learn that USPS claims that it is the publisher-customers of the Postal  
20 Service caused the failure of flats automation and thus are responsible for rising costs. Of course,  
21 we have only done what the Postal Service and our printer tell us to do. I am pleased to know  
22 that the Periodical Publishers intend to introduce expert testimony to show that periodicals are

1 paying their way and have done what they can do to reduce expenses for the Postal Service.

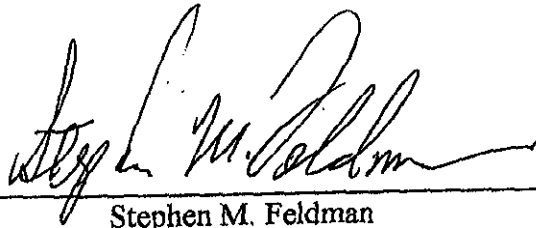
2           However, with all of the presortation and automation that our relatively tiny, 15,000  
3 circulation publication accomplishes, our rates still would go up at least 12% if the proposed rates  
4 are adopted. Of course this about 10% less than what most nonprofit national publications will  
5 pay, but we have to go to a lot of preparation expense and have a relatively local profile in order  
6 to have this "advantage". For us, however, a 12% increase come next January is no gift.

7           Rising printing and postage costs have dramatically affected our publication over the  
8 years. Although we have maintained an average circulation of 15-16,000 subscribers over the last  
9 decade and a half, several times over those years we have been forced to reduce the number of  
10 issues per year and increase advertising and subscription rates. Since I became editor in 1986, we  
11 have increased subscription rates from an initial \$7.50 per year for 26 issues to today's \$15.00 per  
12 year for 17 issues. That constitutes a 100% increase in cost for 27% less product. Since postage  
13 is a large part of our operating expenses, the significant increases religious and nonprofit  
14 publications have had to absorb in the last five years have been a substantial factor in our  
15 frequency reductions.

16           We cannot simply absorb another postal increase of this magnitude, which is coming on  
17 the heels of the last increase only a year and a half ago. In 1998, our expenses exceeded our  
18 income by \$20,620. In 1999, after exhausting our reserves, we fell \$19,281 in the red, prompting  
19 us to increase our current subscription rates on March 1 of this year, several months ahead of  
20 schedule. Advertising rates were increased on January 1. Suffice it to say, our budget cannot  
21 continue to withstand unanticipated, and increasingly unprecedented, additions to our postal  
22 expenses.

**CERTIFICATE OF SERVICE**

I hereby certify that I have served the foregoing document in accordance with Section 12 of the Rules of Practice this 22nd day of May 2000



A handwritten signature in cursive script, appearing to read "Stephen M. Feldman", is written above a horizontal line.

Stephen M. Feldman