

President/CEO of PIASC Sends Letter to Printer Members

On November 18, Lou Caron, President/CEO of Printing Industries Association, Inc. of Southern California (PIASC) mailed the following letter to printer members regarding the association's stance on the proposed merger between the Printing Industries of America and the Specialty Graphics & Imaging Association (SGIA). Below is a copy of that letter.

Re: The Local Perspective on a Game-Changing Unification

Dear PIASC Printer Member,

You may have heard or recently received an announcement from Printing Industries of America (PIA) regarding the proposed merger of PIA and the Specialty Graphic Imaging Association (SGIA). I thought it important to provide our local association's view on this potentially game-changing unification, and to answer some of the questions that you may have.

Why do PIA and SGIA want to merge?

The proposed merger will create a single powerful entity to represent all aspects of the graphic communications industry, from commercial printing to

specialty and industrial printing. By joining forces, the goal is to create a stronger entity than either organization can achieve on its own.

Why is PIASC in favor of this merger?

We view this as a positive and beneficial move for our fragmented industry. Combining these two associations will create greater industry awareness, greater clout for advocacy efforts, and more opportunities for the new entity to provide members with services and benefits (such as education, research and benchmarking data) at the national level.

SGIA is a financially sound organization that owns a very successful trade show, Printing United, as well as NAPCO Media, a very influential media presence in the industry. Although SGIA has fewer members than PIA, they are not "weak" in any sense. Both organizations will bring a great deal to the party.

The proposed new entity will combine members and assets. The proposed new entity is expected to have assets of approximately \$40.0 million. More assets equal more power, more options and more opportunities to move our

industry forward.

How will PIASC change as a result of this merger?

We do not expect any change to PIASC. The proposed merger between PIA and SGIA is at the national level only. The affiliates, such as PIASC, will continue to be independently owned and operated. This merger will not disturb PIASC's finances or operations. For example, PIASC does not currently rely on PIA for financial support and we will not expect any such support from the new entity after the merger. The programs and services that PIASC offers its members are self-funded and directed by PIASC. We are, however, excited about the prospect of current SGIA members considering membership in PIASC. We also believe that the merger will strengthen our congressional lobbying efforts, giving the industry a larger, more unified and effective voice in shaping national policy.

What happens now?

PIA's bylaws require a transaction of this type to be approved by PIA's membership. Voting members of PIA will

receive an official ballot directly from PIA. All members of PIASC are automatically members of PIA; however, voting members are restricted to only those active printer members.

On Sunday, December 8, a special membership meeting will be held in Pennsylvania at 5:00 p.m. EST. If you cannot attend this meeting in person, please be sure to submit your proxy ballot as instructed. Your vote/proxy is important so please take a few minutes and exercise your right to vote.

On a personal note, I am very excited about the new national organization. Broadening our potential membership base and capitalizing on a significantly stronger national presence will better position us for success. As always, if you would like to discuss this proposed merger or other matters, please give me a call at (323) 728-9500, Ext. 274.

Yours very truly,



Louis J. Caron
President/CEO

PAPER BY JAN

What a Difference a Year Makes!

Jan Gottesman, President of Spicers Paper & Kelly Paper, reports on the latest happenings in the world of paper supply and costs.

If you look at where things are today in the coated and uncoated free sheet paper markets versus where they were just one year ago, the dramatic change is quite striking. In October 2018 both markets were extremely tight. Demand was outpacing supply, even though prices from the mills increased a total of 15 to 20% over the course of the year.

Today we're in the opposite situation, with both demand and the operating rates of the mills going down.

Let's look at the stats on coated free sheet paper

To get some perspective I pulled out some stats from Fastmarkets RISI on the coated free sheet market.

One year ago, the 12-month trend showed that year-over-year demand was about flat. This was actually a good thing, since the paper industry in general has been declining. In contrast, so far this year (looking at January to October 2019), demand is down 10.2%.

What about the operating rates of the mills? Last year the levels were in the mid to upper 90s, which meant that supply was very tight. High operating rates resulted in ready dates being pushed out, the possibility of allocations at some mills, and price increases across the board.

This year the operating rates have fallen below 90%—even after the shutdown of 55,000 tons of capacity in North America this year. In other words, despite the paper industry's efforts to remove capacity, they still have not been able to outrun the drop in demand.

Of course, this situation has been somewhat exacerbated by the West Linn Mill restart that took place this summer. This added 90,000 tons of capacity back into the coated paper market. This restart made a lot of sense last year when the decision was most likely being made. But who could have predicted the market shift?

What about uncoated free sheet paper?

The story in the uncoated free sheet paper market is quite similar. So far this year demand has gone down 4.7%. The North American mills are running below 90% operating rate, compared to 91% last year.

To put things in another perspective, from 2011 to 2019, a total of 4 million tons of capacity either came out of the uncoated free sheet market or have been scheduled to come out soon, including 200,000 tons just announced by Domtar in October. A whopping 25% of this 4-million-ton capacity drop happened this year alone!

A longer-term look at demand

If you take a longer-term view you see that last year many of the mills simply got their prices back to where they were before the Great Recession. Although last year's price increases felt incredibly rapid, the mills really weren't "going crazy." There are a lot of costs that go into making paper, and many of the mills didn't make it through the huge demand drops that occurred during the recession. Last year the mills that were still standing, which were primarily those that have the modern equipment, saw an opportunity to recover a bit.

However, while demand is trending downward in 2019, there are two factors that lead me to believe things will soon level out and get back to a more reasonable and manageable decline. First, 2020 is an election year, and that means everyone's mailboxes are about to be filled with political mailers. Second, print is making a comeback in the marketing mix. Many marketers are finding that print produces a solid ROI. Even millennials respond well to print!

The bottom line: Although there's a stark contrast between where the markets were at in October 2018 and where they are today, and this year we've seen a step change in demand, there are good reasons to be optimistic that things will be looking up in 2020.

BUSINESS & MANAGEMENT

USPS Announces New Proposed Prices for 2020



To no one's surprise, the U.S. Postal Service is seeking a rate increase for 2020. Although the proposed prices must still be approved by the Postal Regulatory Commission, these increases will come on top of a number of years of annual rate increases.

The good news is, the USPS is not seeking an increase in the base rates that consumers are most likely to notice: First class postage. Postage for first class letters up to one ounce would remain unchanged at 55 cents, with additional ounces remaining unchanged at 15 cents. Metered letters would remain at 50 cents for up to one ounce, domestic postcards would remain at 35 cents, and flats up to one ounce at \$1.00.

Meanwhile, Priority Mail would increase by an average of 4.1%. For example, regular flat-rate Priority Mail envelopes, which were just \$6.65 a few years ago (in 2017), would go to \$7.75. To download a spreadsheet listing all the proposed new prices, visit <http://bit.ly/USPS-prices>.

HUMAN RESOURCES

The Five Flavors of Maternity Leave in California

An employee just announced that she is pregnant. What does this mean for your operations? Depending on her health during her pregnancy, it may mean that she'll be out on leave for much more than what you may think of as a "standard" maternity leave.

In California there are four different types of employment-protected leave that an employee may qualify for during and after their pregnancy, most of which can be taken consecutively. Although employers are not required to pay their employees during these leaves, most California employees are likely to qualify to receive California state disability insurance payments during at least some of their leave.

Here's what you need to know about each of the four types of employment-protected maternity leave in the state. Note that the baby bonding-related leaves are available for other parents as well. In all cases, after the leave the employee is entitled to be reinstated to the same job or a comparable job, notwithstanding layoffs.

Pregnancy Disability Leave

- **Which employers must comply with this law?** Applies to California employers with five or more employees.

- **Which pregnant employees qualify for this leave?** Any pregnant employee (including recent hires and part-time employees) of a covered employer who has a disability related to her pregnancy or the birth of her child.

Although pregnancy itself is not considered a disability, pregnancy-related complications can cause the employee to temporarily become legally disabled. This means that, in the opinion of her doctor, she cannot perform one or more of the essential functions of her job because of her pregnancy. Severe morning sickness, the need for bed rest and gestational diabetes are all common causes of pregnancy-related disability.

- **How much time off must be given?** Up to four months.

- **Does the leave have to be taken all at once?** No.

- **Can you require the employee to use available sick leave during this leave?** Yes.

- **Can you require the employee to use available vacation or paid time off during this leave?** No, although employees are entitled to use their available vacation or paid time off if they so desire.

- **Do you have to continue the employee's benefits while she is on leave?** Yes. If you normally pay for group health benefits, you must continue to pay for this during all four months of Pregnancy Disability Leave.

- **Can you force an employee to take this leave?** No. If an employee chooses to continue to work you must make reasonable accommodations as necessary.

Federal Family Medical Leave Act (FMLA) Leave

- **Which employers must comply with this law?** Applies to employers with at least 50 employees located within a 75-mile radius of the employee's worksite.

- **Which pregnant employees qualify for this leave?** Any pregnant employee of a covered employer who has worked for their employer for at least one year, including at least 1,250 hours of service in the past year. FMLA Leave can also be used to care for a child (such as the newborn once it arrives) who suffers from a serious health condition.

- **How much time off must be given?** Up to 12 weeks within one year of the child's birth, adoption or start of foster care OR because of a serious pregnancy-related medical condition. In the latter case,

this leave will run concurrently with Pregnancy Disability Leave.

- **Does the leave have to be taken all at once?** Maybe. The employee is entitled to intermittent leave if she or her child has a serious health condition related to the pregnancy.

- **Can you require the employee to use available sick leave during this leave?** Yes.

- **Can you require the employee to use available vacation or paid time off during this leave?** Yes.

- **Do you have to continue the employee's benefits during the leave?** Yes. If you normally pay for group health benefits, you must continue to pay for this during FMLA Leave.

- **Can you force an employee to take this leave?** No.

California Family Rights Act (CFRA) Leave (for after the birth)

- **Which employers must comply with this law?** Applies to California employers with at least 50 employees located within a 75-mile radius of the employee's worksite.

- **Which pregnant employees qualify for this leave?** Does not apply to pregnancy,

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HUMAN RESOURCES

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as the CFRA does not classify pregnancy as a “serious health condition.” However, can be used for the purpose of bonding with the baby after the birth, or caring for a baby who suffers from a serious health condition.

Any employee of a covered employer who becomes the parent of a child through birth or adoption, or the start of foster care, is eligible if they have worked for their employer for more than 12 months, including at least 1,250 hours in the preceding year.

• **How much time off must be given?** Up to 12 weeks of family care and medical leave may be taken in any given 12-month period. In this situation it must be taken within one year of the child’s birth, adoption or the start of foster care.

This leave always runs after any Pregnancy Disability Leave and may run after the FMLA Leave, but concurrently with California’s Paid Family Leave benefits. For more information about California’s Paid Family Leave benefits, see <http://bit.ly/PFL-info>.

• **Does the leave have to be taken all at once?** No. Bonding leave can be taken in separate two-week blocks, as long as it is still within one year of the birth.

• **Can you require the employee to use available sick leave during this leave?** Yes.

• **Can you require the employee to use available vacation or paid time off during this leave?** Yes.

• **Do you have to continue the employee’s benefits while they’re on leave?** Yes. If you normally pay for group health benefits, you must continue to pay for this during CFRA Leave.

• **Can you force an employee to take this leave?** No.

California New Parent Leave Act (NPLA) (for after the birth)

• **Which employers must comply with this law?** California employers that have at least 20 but less than 50 employees located within a 75-mile radius of the employee’s worksite.

• **Which pregnant employees qualify for this leave?** Does not apply to pregnancy. This leave is meant for bonding with a child after the birth or adoption or start of foster care.

Any employee who becomes the parent of a child through birth or adoption, or the start of foster care, is eligible if they are the employee of a covered employer and they have worked for their employer for more than 12 months, including at least 1,250 hours in the preceding year.

• **How much time off must be given?** Up to 12 weeks of leave.

This leave runs concurrently with Cal-

ifornia’s Paid Family Leave benefits, but after any Pregnancy Disability Leave.

• **Does the leave have to be taken all at once?** No. Bonding leave can be taken in separate two-week blocks, as long as it is still within one year of the birth.

• **Can you require the employee to use available sick leave during this leave?** Yes.

• **Can you require the employee to use available vacation or paid time off during this leave?** Yes.

• **Do you have to continue their benefits while they’re on leave?** Yes. If you normally pay for group health benefits, you must continue to pay for this during NPLA Leave.

• **Can you force an employee to take this leave?** No.

Reasonable Accommodation Leave

Even after an employee has exhausted all other forms of maternity-related leave, if their pregnancy-related disability continues then you may be required to provide additional leave as a “reasonable accommodation” for their condition.

Action item: Need help with this? Cheryl Chong is available for HR assistance. She can be reached at 323-728-9500 ext. 218 or cheryl@piasc.org.

NATIONAL ASSOCIATION NEWS

Be a Winner with PIA’s Customer Service Professional Certification Program!

When it comes to customer service in the printing industry, we know what it takes to **turn one-time customers into repeat customers.**

This program helps your customer service staff by providing them the tools they need to provide an optimal, positive consumer experience to **ensure your company stands out and wins over loyal customers.**

Start improving your customer retention, satisfaction, cross-selling and up-selling by investing in the Customer Service Professional (CSP) certification program today! Visit www.printing.org/ilearning and click on “Certifications” in the menu.



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Upcoming Events

Color Conference 2020

January 11-14, 2020
San Diego

In January, Printing Industries of America and SGIA are hosting the premier color event in the industry—COLOR20. We are continuously on the lookout for new speakers and topic ideas for this event. Our goal with COLOR20 is to deliver helpful, practical, real-world sessions to our conference attendees.

Contact: Jenn Strang, (412) 259-1810,
jstrang@printing.com



33rd Annual Surplus Drive to Benefit Graphic Arts Programs

January 16-17, 2019

Advantage, Inc., Anaheim

We want your extra paper! Donate your surplus paper and office supplies on January 16-17, 2020 to support our future workforce!

How does this work?

Every year, we ask industry members to donate their unused paper and office supplies to help supplement graphic arts programs that have extremely limited budgets.

When and where are the supplies delivered?

Thursday & Friday, January 16 & 17, 2020, 9:00 a.m. to 2:00 p.m.
Advantage, Inc. 1600 N Kraemer Blvd.
Anaheim, CA 92806
R.A.I.S.E. Foundation staff will receive donations and hand out receipts.

Are these donations tax deductible?

R.A.I.S.E. is a 501(c)(3) nonprofit, charitable and educational foundation. Contributions from individuals and corporations may be deductible from state and federal income taxes.

Download the flyer at
<http://bit.ly/surplusdrive20>



PIASC Events Calendar

OCT NOV

1-29

PIASC Annual Toy Drive

Donate between October 1 and November 29
www.piasc.org/toydrive/

Contact: Maribel Campos, Ext. 210, maribel@piasc.org

DEC

11

WEBINAR: 2019 Year-End Legislative Update: What’s Good and What Could Hurt

Online
2:00 pm - 3:00 pm

Contact: Maribel Campos, Ext. 210, maribel@piasc.org

DEC

3

WEBINAR: Hourly Cost Rate Best Practices

Online
11:00 am - 12:00 pm

Contact: Maribel Campos, Ext. 210, maribel@piasc.org

DEC

14

Dickens Holiday Celebration

10:00 am - 4:00 pm
International Printing Museum
Tickets: <https://www.printmuseum.org>

DEC

10

WEBINAR: Spot Colors and Expanded Gamut Printing

11:00 am - 12:00 pm
Online

Contact: Maribel Campos, Ext. 210, maribel@piasc.org

DEC

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WEBINAR: So, You Want To Get Into Packaging—Part 2: Pathway To Success—CPG Focus

Online
11:00 am - 12:00 pm

Contact: Maribel Campos, Ext. 210, maribel@piasc.org

For full list of workshops and virtual classes, please visit www.piasc.org/training.