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REPORT TO THE CONGRESS 095952

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Problems Affecting Mail Service And
Improvements Being Taken B-114874

United States Postal Service

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

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MARCH 20, 1974



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-114874

To the President of the Senate and the
Speaker of the House of Representatives

This is our report entitled "Problems Affecting Mail
Service and Improvements Being Taken."

We made our review pursuant to the Budget and Accounting
Act, 1921 (31 U.S.C. 53), and the Postal Reorganization Act
of August 12, 1970 (39 U.S.C. 2008).

We are sending copies of this report to the Director,
Office of Management and Budget; the Postmaster General; and
members of the Board of Governors of the United States Postal
Service.

A handwritten signature in cursive script that reads "James B. Stacks".

Comptroller General
of the United States

C o n t e n t s

		<u>Page</u>
DIGEST		1
CHAPTER		
1	INTRODUCTION	5
	Operations	6
	Delivery standards	6
	Scope of review	7
2	ECONOMY MEASURES AFFECTING SERVICE	8
	Self-sufficiency difficult to achieve	8
	Service affected by economy measures	9
3	PROBLEMS IN MEETING DELIVERY STANDARDS	12
	Personnel reductions	13
	Unexpected volume	14
	Equipment not received	16
	Changes in mail distribution system	16
	Other problems causing mail delays	18
	Conclusions	21
APPENDIX		
I	Locations visited	23
II	Letter dated December 11, 1973, from the Postmaster General to the General Ac- counting Office	24
III	Principal management officials of the United States Postal Service responsible for administration of activities discussed in this report	25

ABBREVIATIONS

AMP	Area Mail Processing Program
GAO	General Accounting Office
LSM	letter sorting machine
MMP	Managed Mail Program

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

PROBLEMS AFFECTING MAIL SERVICE AND
IMPROVEMENTS BEING TAKEN
United States Postal Service
B-114874

D I G E S T

WHY THE REVIEW WAS MADE

Beginning in September 1972, GAO received requests from certain Members of Congress to examine the quality of mail service in the States they represented. These requests were the result of constituents' complaints that mail service had severely deteriorated. The House and Senate Committees on Post Office and Civil Service, responsible for the oversight of postal activities, also expressed concern about the apparent decline in the quality of mail service.

Both Committees started investigating mail service problems. GAO obtained information on selected postal activities at 13 major cities at the request of the House Committee on Post Office and Civil Service. This Committee wanted this information for use in field hearings.

This report consolidates and summarizes GAO's observations made while responding to the congressional requests cited above.

FINDINGS AND CONCLUSIONS

The Postal Reorganization Act (39 U.S.C. 101) terminated the Post Office Department and created the United States Postal Service, effective July 1, 1971. Under the provisions of the act, a major objective of the Postal Service is to

attain self-sufficiency by 1984 except for continuing appropriations to subsidize second- and third-class nonprofit mails and other preferential mail.

Becoming self-supporting is a difficult task because, from 1926 through 1971, the former Post Office Department and the Postal Service experienced cumulative deficits totaling \$20.4 billion.

Also, the Postal Service is a labor-intensive operation. In fiscal year 1972, \$8 billion, or 85 percent of the agency's total expenses of \$9.5 billion, was for salaries and benefits. This situation has hampered the achievement of self-sufficiency because there has been a significant increase in labor costs with little related increase in productivity. The average postal salary increased almost 60 percent from 1956 through 1967, although productivity remained virtually constant. Productivity has been increasing since that time, but the economic effect has been partially offset by further salary increases. Although postage rates have significantly increased, the Postal Service, as authorized by law, still receives an annual Federal subsidy of over \$1 billion to cover costs. (See p. 8.)

Late in 1972 and early in 1973 the quality of mail service deteriorated as a result of various economy measures taken by the Postal Service

during 1972. Costs were reduced, but at the expense of service. The Postal Service, recognizing the problem, began several corrective actions in February 1973; service has improved. (See p. 8.)

Economy measures
affected service

Economy measures that adversely affected service include

- reducing collection services,
- reducing delivery services, and
- curtailing Saturday window service.

More important, the Postal Service reduced the size of its work force through two early retirement campaigns which resulted in the retirement of about 13,000 employees--many in supervisory positions--and through a hiring freeze instituted in March 1972. Between June 1 and December 31, 1972, an additional 17,000 employees retired, voluntarily or because of disability. Overall, the Postal Service reduced its work force from about 741,000 at July 1, 1970, to about 687,000 in December 1972. (See p. 9.)

The Postal Service possibly could have reduced its work force to this extent without adversely affecting the quality of mail service, particularly the timeliness of delivery, had other factors not been present.

First, many facilities did not receive mechanized mail-processing

equipment that had been scheduled for installation before the Christmas 1972 mail surge. (See p. 16.)

Second, the Postal Service made changes in its mail distribution system which increased the workloads at many facilities and, because of the hiring freeze, these facilities were prevented from hiring additional help. (See p. 10.)

Other problems
affecting service

In addition to the problems connected with economy measures taken by the Postal Service, mail service was also affected by

- sorting errors being made on mechanized mail-processing equipment,
- unreliable airline transportation of first-class mail, and
- local employee morale problems. (See p. 18.)

Actions being taken
to improve service

The Postal Service has acknowledged that it does have problems and has taken aggressive action to correct them. Many of the corrective actions resulted from a February 1973 meeting of Postal Service top management and its 85 district managers. This meeting enabled top management to better understand the problems faced in the field. The actions are generally responsive to the problems GAO found during its reviews at postal facilities. (See p. 21.)

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RECOMMENDATIONS

GAO has no recommendations at this time. It plans in the future to ascertain the effectiveness of the various corrective actions taken by the Postal Service.

AGENCY ACTIONS AND UNRESOLVED ISSUES

The Postal Service has agreed that there are problems in the areas discussed in this report and is taking

action to correct them. (See p. 21.)

MATTERS FOR CONSIDERATION
BY THE CONGRESS

There has been much congressional concern about the quality of mail service. This report provides information on the problems affecting this service and on the actions being taken by the Postal Service to improve it.

CHAPTER 1

INTRODUCTION

Because of increasing concern about postal activities, the President established a Commission on Postal Organization in April 1967, to determine the feasibility and desirability of transferring the postal service to a Government corporation or to some other form of organization. The Commission stated in its June 1968 report that:

"The United States Post Office faces a crisis. Each year it slips further behind the rest of the economy in service, in efficiency and in meeting its responsibilities as an employer. Each year it operates at a huge financial loss."

It concluded that the former Post Office Department had been operated as an ordinary Government agency when it was, in fact, a business--a big business. The Commission's report stated that "the challenges faced by this major business activity cannot be met through the present inappropriate and outmoded form of postal organization." The Commission recommended establishing a postal corporation to operate the postal service on a self-supporting basis.

The Congress was receptive to this recommendation as evidenced by passage of the Postal Reorganization Act (39 U.S.C. 101). The act terminated the Post Office Department and created the United States Postal Service, effective July 1, 1971.

The Congress, as recommended by the Commission, gave the Postal Service the independence considered necessary to operate as a business activity, rather than as an ordinary executive department. For example, the instructions and regulations of the Office of Management and Budget of the Executive Office of the President generally do not apply to the Postal Service. Its budget is not subject to the line-by-line scrutiny, as was given the Post Office Department's budget, by the Office of Management and Budget and by the Congress. Similarly, the Postal Service can proceed with capital investment projects without obtaining external budgetary approvals.

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OPERATIONS

The following statistics on Postal Service activities in fiscal year 1973 show the magnitude of postal operations. The Postal Service:

- Handled 89.5 billion pieces of mail.
- Had operating revenues of \$8.4 billion.
- Received Federal appropriations of \$1.4 billion.
- Had expenses of \$9.9 billion.
- Had 701,000 employees at the end of the year.
- Operated about 31,300 post offices.

It is divided into 5 regions, 85 districts, and about 550 sectional centers. In each sectional center, a major post office has been designated as a sectional center facility to process mail for the smaller, associate post offices in the sectional center.

DELIVERY STANDARDS

The act directs the Postal Service to provide prompt, reliable, and efficient postal services to all patrons. Consistent with this responsibility, the Postal Service established the following time standards for delivery of first-class mail.

1. One-day (overnight) delivery of mail destined for locations within designated service areas (generally, within sectional centers and among adjoining sectional centers).
2. Two-day delivery of mail destined for all other locations within a 600-mile radius.
3. Three-day delivery of all other first-class mail.

These standards apply only to mailings, with the proper addresses and zip codes, posted before 5 p.m. The Postal Service's objective is to deliver 95 percent of the mail meeting these qualifications within the specified time.

SCOPE OF REVIEW

From September 1972 through June 1973, we reviewed mail processing and related postal activities in selected large post offices in 15 States. (See app. I for locations visited.) We did some of this work for certain Members of Congress who asked us to examine constituents' complaints of mail service deterioration. We did the rest of the work for the House Committee on Post Office and Civil Service which asked us to obtain information on selected postal activities at 13 major cities. The Committee wanted this information for use in field hearings. At the locations visited, we reviewed Postal Service records and discussed postal activities with postal officials and employees and with representatives of postal labor unions.

Although our observations are based on all the work performed, the statistical information presented in this report is based on data developed for the House Committee on Post Office and Civil Service.

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CHAPTER 2

ECONOMY MEASURES AFFECTING SERVICE

The quality of mail service deteriorated late in 1972 and early in 1973. The Postal Service reduced the services provided to its customers and there was an increase in the time required to deliver mail. This deterioration resulted to a great extent from certain economy measures the Postal Service took in an effort to attain its goal of self-sufficiency. Costs were reduced, but, at the expense of service.

A principal recommendation of the President's Commission on Postal Organization was that postal service be provided on a self-supporting basis. The Commission's report stated:

"All Government services must be paid for one way or another; most can be paid for only through taxes. Unlike national defense or public health, however, postal services can be and always have been sold to users." (Underscoring supplied.)

The Commission believed that postal revenues should cover postal costs. The Congress was receptive to the Commission's recommendations. Thus, the Postal Reorganization Act provides for diminishing appropriations with, in the words of the Postal Service, "a mandate to be self-sustaining by 1984."

SELF-SUFFICIENCY DIFFICULT TO ACHIEVE

Becoming self-sufficient is a difficult task. From 1926 through 1971 the former Post Office Department and the Postal Service experienced cumulative deficits totaling \$20.4 billion. In a March 28, 1972, speech, the Postmaster General projected that, by the end of 1984, there would be an additional cumulative deficit of \$38 billion unless significant improvements were made.

The Postal Service is a labor-intensive operation. In fiscal year 1972, \$8 billion, or 85 percent of its total expenses of \$9.5 billion, was for employee salaries and benefits. The situation has hampered the achievement of

self-sufficiency because there has been a significant increase in labor costs with little related increase in productivity. As noted in the Commission's report, the average postal salary increased almost 60 percent from 1956 through 1967, although productivity remained virtually constant. Productivity has been increasing since that time, but the economic effect has been partially offset by further salary increases. Although postage rates have significantly increased, the Postal Service, as authorized by law, still receives an annual Federal subsidy of over \$1 billion to cover costs.

Because future salary increases are inevitable (assuming an increase of 5.5 percent a year, the current average annual postal salary of about \$9,200 will almost double by 1984), the Postal Service is striving to increase employee productivity through mechanization and thus minimize the postage rate increases that would otherwise be required for it to become self-supporting.

We plan to keep abreast of the Postal Service' new programs aimed at self-sufficiency.

SERVICE AFFECTED BY ECONOMY MEASURES

The Postal Service has taken a number of economy measures that have affected the overall quality of mail service. These include

- reducing collection services,
- reducing delivery services, and
- curtailing Saturday window service.

More important, the Postal Service reduced the size of its work force through two early retirement campaigns which resulted in retirement of about 13,000 employees--many in supervisory positions--and through a hiring freeze instituted in March 1972. Between June 1 and December 31, 1972, an additional 17,000 employees retired, voluntarily or because of disability. Overall, the Postal Service reduced its work force from about 741,000 at July 1, 1970, to about 687,000 in December 1972.

The Postal Service possibly could have reduced its work force to this extent without adversely affecting the quality of mail service had

- all facilities been affected equally by the personnel reductions,
- mail-processing equipment been received and operational on the dates expected, and
- mail volume not unexpectedly increased at many locations.

The effect of the work force reduction was compounded by changes the Postal Service made in its mail distribution system, which increased the workload at large post offices. Two changes involved the Managed Mail Program (MMP) and the Area Mail Processing Program (AMP).

Under MMP, post offices sort mail going out of State to large, mechanized sectional centers in each State designated as State distribution centers. At the State distribution center, mail is sorted and sent to the other sectional centers for processing and delivery. Before MMP was implemented in February 1970, post offices sorted mail directly to the individual sectional centers in the destination State.

According to the Postal Service, MMP results in fewer sorting errors and delivery delays because postal employees in the destination States are more familiar with local distribution patterns. MMP significantly increased the volume of mail being processed at State distribution centers.

Under AMP, implemented in February 1971, all mail originating within a specified geographic area is consolidated at a sectional center facility for processing and for dispatch to its destination. AMP resulted in large volumes of unprocessed mail at the sectional center facilities. AMP objectives are to achieve (1) more efficient processing through use of mechanized equipment, (2) better use of existing and planned facilities, and (3) better use of manpower.

Massing of mail at certain post offices under MMP and AMP, although conceptually sound, resulted in reducing the

overall timeliness of mail delivery during the peak volume holiday period at the end of 1972 because

--many post offices did not receive mechanized equipment that had been scheduled for installation before Christmas 1972 and

--the personnel reductions reduced the ability of these post offices to process the mail manually.

These and other problems that affected the quality of mail service are discussed in the next chapter.

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CHAPTER 3PROBLEMS IN MEETING DELIVERY STANDARDS

For the reasons discussed in the preceding chapter, the Postal Service experienced problems in achieving its delivery standards, especially during the 3-month period ended January 1973. The following tables, based on the Postal Service's statistics on delivery standard achievement, show the relatively poor performance at 13 large post offices at selected times during this period. As the tables show, the situation improved by March 1973. This improvement, we believe, can be attributed both to the end of the holiday mail surge and to Postal Service actions to improve service.

The following table shows the Postal Service's success in meeting the 1-day standard. (See p. 6.)

<u>Post office</u>	Percent of achievement of standard for 2-week periods ended	
	<u>1-19-73</u>	<u>3-2-73</u>
Atlanta	83	97
Boston	93	97
Chicago	88	92
Cincinnati	93	93
Denver	84	97
Detroit	88	87
Honolulu	83	94
Indianapolis	95	95
Los Angeles	80	96
Miami	86	95
New York City	78	92
Philadelphia	92	93
San Francisco	86	94

This table shows the Postal Service's success in meeting the 2-day standard. (See p. 6.)

<u>Post office</u>	<u>Percent of achievement of standard for 4-week periods ended</u>	
	<u>2-2-73</u>	<u>3-2-73</u>
Atlanta	65	77
Boston	(a)	76
Chicago	75	83
Cincinnati	75	81
Denver	70	85
Detroit	65	72
Honolulu	(b)	(b)
Indianapolis	76	81
Los Angeles	87	88
Miami	79	85
New York City	58	70
Philadelphia	69	77
San Francisco	66	81

^aNot available.

^bNot applicable, no 2-day standards.

The problems responsible for the relatively poor performance during the peak volume are discussed below.

PERSONNEL REDUCTIONS

The nationwide Postal Service employment freeze in effect from March until September 1972, coupled with the early retirement programs, generally affected the post offices we visited. The following table, comparing January 1972 with January 1973, shows that mail volume and overtime increased and that the number of employees decreased.

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<u>Post office</u>	<u>Percent of increase or decrease(-)</u>		
	<u>Mail volume</u>	<u>Employees</u>	<u>Overtime</u>
Atlanta	19.5	-4.4	142.2
Boston	14.6	-8.5	505.7
Chicago	0.6	-8.7	165.8
Cincinnati	1.0	-5.8	55.1
Denver	15.0	(a)	49.9
Detroit	7.7	-7.1	108.0
Honolulu	10.9	-4.3	125.7
Indianapolis	4.7	-5.8	-38.6
Los Angeles	17.8	-3.8	575.0
Miami	14.0	-7.1	173.8
New York City	11.7	-13.8	467.5
Philadelphia	35.8	-7.8	1838.5
San Francisco	12.2	-11.7	240.4

^aNo change.

For example, mail volume at the San Francisco Post Office increased by 12.2 percent, but the number of employees decreased by 11.7 percent. As a result, this post office used 84,225 hours of overtime to process and deliver the mail in January 1973, compared with 24,741 hours in January 1972--an increase of 240.4 percent.

Postal union officials said that overtime was one of the major reasons for the low morale of employees at the San Francisco Post Office. (Employee morale is discussed on p. 20.) During the 3 months ended January 1973, low morale and understaffing contributed to this post office's failure to achieve delivery standards (with the exception of one 2-week period in November 1972) and to the delay of 20 million pieces of first-class mail. "Delayed" means at least a 1-day delay, perhaps more, in delivery. Changes in the mail distribution system and the failure to receive two additional letter sorting machines (LSMs) as scheduled further compounded this problem at this post office.

UNEXPECTED VOLUME

At a February 1973 meeting with the Postmaster General, the Postal Service district managers expressed concern about a lack of flexibility in managing their operating budgets and viewed this as one of their primary problems. The Postal

Service did not allow adjustments in the operating budgets of post offices for costs due to unforecasted volume increases or for mail-processing equipment which was not received when expected.

In determining the estimated cost to operate post offices and the resultant operating budgets, the Postal Service relies to a large extent on anticipated mail volume. Regional officials reduced budget requests for fiscal year 1973 for five post offices we visited. These reductions were accomplished by decreases in the anticipated mail volume in the budget requests. The post offices apparently were expected to absorb the budget cutbacks by better management techniques, increased mechanization, and reductions in uneconomical or unnecessary services. Actual mail volume for most of these post offices, however, was substantially higher than anticipated before the cutbacks by the regional offices. The following table shows the variances in anticipated and actual mail volume experienced by the 13 post offices during fiscal year 1973 before our visit.

<u>Post office</u>	Anticipated mail volume percent of increase or decrease(-)		
	<u>Requested</u>	<u>Approved</u>	<u>Actual</u>
Atlanta	5.9	4.5	17.2
Boston	5.3	5.3	9.6
Chicago	3.5	(a)	2.5
Cincinnati	4.1	5.1	3.5
Denver	5.4	(b)	11.3
Detroit	3.5	.7	8.9
Honolulu	6.0	-2.7	5.3
Indianapolis	3.5	(a)	8.8
Los Angeles	2.1	2.1	10.0
Miami	7.9	6.5	13.5
New York City	3.5	.4	1.9
Philadelphia	(b)	10.0	21.3
San Francisco	1.8	1.8	4.1

^aNo change from prior year.

^bNot available.

EQUIPMENT NOT RECEIVED

According to Postal Service district officials and officials at 6 of the 13 post offices visited, the delay in receiving high-speed mail-processing equipment seriously affected their achieving delivery standards during the 1972 Christmas period.

According to postal officials at the Manhattan (New York) Post Office, machinery for the rapid sorting of letters--four LSMs and one advanced optical character reader--that was to have been installed before the Christmas 1972 mail surge was not received. This situation, according to postal officials, coupled with the increased volume of unsorted mail received under MMP caused much of the delayed mail. This post office had 236.3 million pieces of delayed first-class mail during the 3-month period--November 1972 through January 1973.

The 236.3 million pieces of delayed first-class mail represented 12.5 percent of the total mail volume (all classes) processed during that 3-month period. The situation was worse in December when over half of the 236.3 million--133 million pieces--of mail were delayed. The 133 million pieces amounted to about 20 percent of the total volume processed during December. The advanced optical character reader became operational in January 1973. The four LSMs were re-scheduled for operation by December 1973, and two additional machines were scheduled for January 1974.

To alleviate the overconcentration of unsorted mail being received by the New York City Post Office under MMP, the Postal Service reverted, as of March 12, 1973, to a modified version of the former system. Under this version, sectional centers sort the mail being sent to the New York Post Office, so that mail destined for the city is separated from mail destined for other parts of the State. The increased volume of unsorted mail being received at several metropolitan post offices as a result of MMP has caused the Postal Service to contemplate reverting to modified versions at other post offices.

CHANGES IN MAIL DISTRIBUTION SYSTEM

AMP and MMP caused heavier concentrations of mail at some major processing centers than could be handled

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efficiently. Postal district managers stated in the February 1973 meeting that too much mail was concentrated at State distribution centers through MMP. Some managers recommended that MMP be discontinued and that outgoing mail be sent directly to the destination sectional centers. Although AMP was not cited as a problem, Indianapolis Post Office officials told us that the program was not implemented at that post office because poorer service would result and the meager savings involved would not justify the service deterioration.

The Postal Service implemented other changes in the mail distribution system which do not have nationwide impact but which have caused overconcentration of mail at major post offices. Two such changes and their effect on two mail-processing centers, the San Francisco and Los Angeles Post Offices, are discussed below.

First, a modification to MMP on November 18, 1972, required post offices to send the managed mail destined for northern California to the San Francisco Post Office and the mail destined for southern California to the Los Angeles Post Office. Previously, regardless of final destination, certain designated States sent managed mail to the San Francisco Post Office and the remaining States sent managed mail to the Los Angeles Post Office. This change caused a significant shift in mail volume from the San Francisco Post Office to the Los Angeles Post Office. According to postal officials, a second change causing an increased volume at the Los Angeles Post Office in October 1972 was the closing of parcel post sorting facilities at Kansas City, Kansas, and Omaha, Nebraska.

The following table shows the changes in volumes of managed mail at these two post offices for the same periods in 1972.

<u>Four-week period ended</u>	<u>Percent of increase or decrease(-)</u>	
	<u>San Francisco</u>	<u>Los Angeles</u>
1-5-73	-10.9	30.0
2-2-73	-6.7	52.1
3-2-73	-5.6	33.8

The change in managed mail distribution to the Los Angeles Post Office caused more than the slight rise in volume the regional officials anticipated, and this, in addition

to several other factors, resulted in delayed mail. According to Los Angeles postal officials, other factors included the lack of timely receipt of mail-handling equipment, the hiring freeze, the higher-than-budgeted mail volume increases, and the high percentage of sorting errors. In addition, postal officials at the two post offices estimated that about 20 percent of the managed mail the two offices were receiving was missent and had to be exchanged between them. This situation also resulted in delayed mail.

The district manager for the Los Angeles Post Office said that, during the phasing out of Kansas City and Omaha sorting facilities, the volume of parcel post increased 68 percent and that the Los Angeles Post Office was not sufficiently staffed to handle this unplanned volume increase.

OTHER PROBLEMS CAUSING MAIL DELAYS

Three other significant problems caused mail delays.

- A high error rate in the mail-sorting process.
- Unreliable transportation provided by airlines.
- The low morale of employees.

As stated earlier, overconcentration of mail at large processing centers caused increased use of mechanization to process the mail. According to Postal Service records at post offices, the letter sorting error rates on LSMs in use at the various locations ranged from 2.7 percent to 13.2 percent from June through December 1972. Missorted mail can be attributed to both machine and operator errors.

As shown by the following table, the missorted mail resulting from these errors ranged from 56.5 million pieces at the Boston Post Office to 3.4 million pieces at the Honolulu Post Office from June through December 1972.

SELECTED POST OFFICE DATA

<u>Post office</u>	Total volume processed on LSMs	Average error rate (note a)	Total missorted pieces
	(millions)	(percent)	(millions)
Atlanta	402.5	5.5	22.3
Boston	426.6	13.2	56.5
Chicago	758.1	3.4	25.5
Cincinnati	292.7	2.7	8.1
Denver	432.1	5.4	23.1
Detroit	574.3	3.2	18.6
Honolulu	88.0	3.8	3.4
Indianapolis	330.3	5.3	17.0
Los Angeles	882.5	5.1	45.0
Miami	113.9	4.7	5.4
New York City	776.3	2.9	22.7
Philadelphia	840.7	6.1	51.2
San Francisco	624.7	5.0	31.2

^a Most of the error rates were determined after the mail was sorted by LSMs and did not reflect the reductions of errors from checks of the mail before dispatch from the post office.

Our limited tests showed that the error rates might be significantly understated. For instance, the Chicago Post Office recorded an error rate of 3.4 percent, whereas our tests showed an error rate of 12 percent. Additional tests by this post office showed an error rate of about 18 percent. Missorted mail which was not detected at the post office was being sent to the wrong destination. Distribution errors and the ways in which these errors could be reduced were commented on during the February 1973 meeting of postal management because they were recognized as being a fundamental part of any service improvement program. At this meeting, a top management postal official said that local management was responsible primarily for providing a quality control program. It was emphasized that misdirected mail should be returned by the most expeditious means--including airmail. The high error rates, we believe, were responsible, in part, for the failures to achieve delivery standards.

According to postal officials, unreliable transportation has been another problem in achieving delivery standards. In testimony before the Senate Committee on Post Office and Civil Service in March 1973, the Postmaster General cited the transportation problem as a major deterrent to good service. He said that, as a result of this problem large volumes of mail arrived at distribution offices too late for timely delivery. Officials at several post offices told us that transportation of first-class mail on a space-available basis was a problem. At two post offices we visited, first-class mail was diverted to slower surface carriers or was left at airports in the hope that it would be picked up by the next plane out.

As an illustration, the mail from Atlanta was seriously backlogged during the peak mail volume period of December 1972. Because of adverse weather conditions in Atlanta, one airline was unable to transport enough mail to keep pace with the increasing volume. Weather conditions required unusual fuel loads for the aircraft and thereby reduced their payload. Consequently, the airline accommodated passengers' baggage first. According to a postal official, the airline was not prepared to increase its resources in either manpower or equipment, to resolve the situation in a timely manner. To relieve the problem, postal officials sent the mail out of Atlanta by truck.

The Postmaster General described the space-available basis for carrying first-class mail as a hit-and-miss situation which was totally unacceptable. He said that, as a solution, he was pressing for arrangements with the airlines for guaranteed transportation for first-class mail.

Finally, at many post offices we visited, postal employees and postal union officials said that local morale was very low. Some of the more frequently cited causes included (1) mandatory overtime, (2) uncertainties about the effects of the Postal Service's Job Evaluation Program,¹ (3) the

¹Study of all Postal Service jobs with the intention of making postal pay equal to compensation for comparable skills in private industry.

poor image of postal workers resulting from the adverse publicity concerning the Postal Service, and (4) poor labor-management relations.

CONCLUSIONS

The Postal Service, in commenting on our report, has agreed with our findings and has taken or initiated corrective actions. (See app. II.) Many of these actions resulted from a February 1973 meeting of Postal Service top management and its 85 district managers. This meeting enabled top management to better understand the problems faced in the field. Most of the problems we found were also cited by the district managers.

The Postal Service has already taken a number of corrective actions to remedy the problems identified. Some of the improvements follow.

- Managed mail procedures are being refined to eliminate improper concentration of mail at postal installations.
- A quality control system is being installed to improve the accuracy of LSM operations.
- Special inspection teams are reviewing operations at major postal installations to suggest improvements in mail processing.
- Contract highway mail operations are being studied for improvements in performance and equipment.
- Additional personnel are being hired where required and overtime is being reduced.
- District and installation managers will be given flexible budget authority to permit better reaction to variable service changes and requirements.
- High-speed mail-processing equipment is being installed where needed.
- Collection service policy has been revised to provide minimum levels of collection service.

These improvements are generally responsive to most of the problems we found during our review. We therefore have no recommendations at this time, but we plan in the future to ascertain the effectiveness of the various corrective actions taken by the Postal Service.

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LOCATIONS VISITED

Anchorage, Fairbanks, and Juneau, Alaska

Los Angeles, and San Francisco, California

Denver, Colorado

Dover, and Wilmington, Delaware

Miami, Orlando, and Tampa, Florida

Atlanta, Georgia

Honolulu, Hawaii

Chicago, Illinois

Indianapolis, Indiana

Boston, Massachusetts

Detroit, Michigan

New York, New York

Cincinnati, Ohio

Philadelphia, Pennsylvania

Dallas, Houston, and San Antonio, Texas

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THE POSTMASTER GENERAL
Washington, DC 20260

December 11, 1973

Dear Mr. Landicho:

Thank you for the opportunity to review your proposed report to the Congress entitled "Action Being Taken to Improve Mail Service."

The report deals primarily with a period in late 1972 and early 1973 when a number of factors coming together caused a temporary decline in the quality of our service.

As your report notes, the Postal Service has taken aggressive action to correct these matters and we are pleased that you find that our actions have been responsive to the problems your report discusses.

We would also like to express our appreciation for the help your staff has given us throughout the course of their inquiries. Their informal briefings on their findings at various offices and their constructive suggestions were most useful to us in our direction of remedial actions.

Sincerely,

A handwritten signature in dark ink, appearing to read "E. T. Klassen". The signature is written in a cursive style with a long, sweeping underline.

E. T. Klassen

Mr. John Landicho
Associate Director, General
Government Division
U. S. General Accounting Office
Washington, D. C. 20548

PRINCIPAL MANAGEMENT OFFICIALS OF
THE UNITED STATES POSTAL SERVICE
RESPONSIBLE FOR ADMINISTRATION OF ACTIVITIES
DISCUSSED IN THIS REPORT

	Tenure of office	
	From	To
POSTMASTER GENERAL:		
E. T. Klassen	Jan. 1972	Present
Merrill A. Hayden (acting)	Oct. 1971	Dec. 1971
DEPUTY POSTMASTER GENERAL:		
Vacant	Oct. 1972	Present
Merrill A. Hayden	Sept. 1971	Sept. 1972
SENIOR ASSISTANT POSTMASTER GENERAL FOR OPERATIONS (note a):		
Edward Dorsey	June 1973	Present
SENIOR ASSISTANT POSTMASTER GENERAL, MAIL PROCESSING (note a):		
Harold F. Faught	Aug. 1971	Aug. 1973

^aOn July 2, 1973, responsibility for regional mail-processing activities was transferred to a newly created Senior Assistant Postmaster General for Operations.

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