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

B-114874

MAY 10 1973

C/ The Honorable Mike Gravel  
R United States Senate



Dear Senator Gravel:

On January 19, 1973, you asked if we had considered, or if any studies had been made of, the question of whether a sender should pay for returning junk mail (third-class mail) when it is unwanted by the addressee. You stated that you are considering the feasibility of introducing legislation requiring the Postal Service to return to the sender, at the sender's expense, all third-class mail refused by the addressee.

We have not made a review concerning the return of third-class mail nor do we know of any studies that have been made.

In a March 1972 report to the Postal Service on undeliverable-as-addressed mail, the Mitre Corporation stated that third-class mail volume amounts to approximately 21.6 billion pieces a year, or 25.4 percent of the total volume of 85.2 billion pieces. Of the total third-class mail volume, about 1.1 billion pieces (5.2 percent) are undeliverable as addressed. Of this undeliverable-as-addressed mail, about 105 million pieces (9 percent) are returned, about 95 million pieces (8 percent) are forwarded, and about 926 million pieces (83 percent) are destroyed. The enclosure shows how the Postal Service handles third-class mail under its delivery regulations.

The Postal Reorganization Act (39 U.S.C. 101) requires the Postal Service to provide mail service to bind the Nation together through the personal, educational, literary, and business correspondence of the people. Third-class mail is an important element of business correspondence. In a December 1972 report to the Postal Service on the findings of a survey on how household customers view the Postal Service, the Opinion Research Corporation noted that, in 55 percent of the households sampled, someone had purchased an article after having received sales, advertising, or promotional materials in the mail.

Third-class mail is considered a nuisance by some because it is usually neither solicited nor wanted. Paradoxically, the Opinion Research Corporation study showed that the households

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having the most negative reactions to third-class mail were those that made the most purchases as a result of such solicitations.

Postal Service reports show that third-class mail is profitable. In fiscal year 1971, \$844.2 million in revenue was received for this type of mail and the attributable (direct) costs were \$584 million. According to the Postal Service, this class of mail contributed \$260.2 million to institutional (indirect) costs such as administration or depreciation.

In the absence of adequate marketing research, it would be conjectural on our part to estimate the effect of legislation such as you are considering. The legislation might not reduce volume of this type of mail because the business community, even when faced with increased postage costs, might still consider this method of advertising to be effective. If a substantial number of recipients would choose to return the mail, the Postal Service, although realizing increased revenues, would be faced with handling an even greater volume of mail.

Conversely, such legislation could significantly reduce the volume of this type of mail. Presumably, the Postal Service would then have to find some other means of paying for the resulting lost contribution to institutional costs.

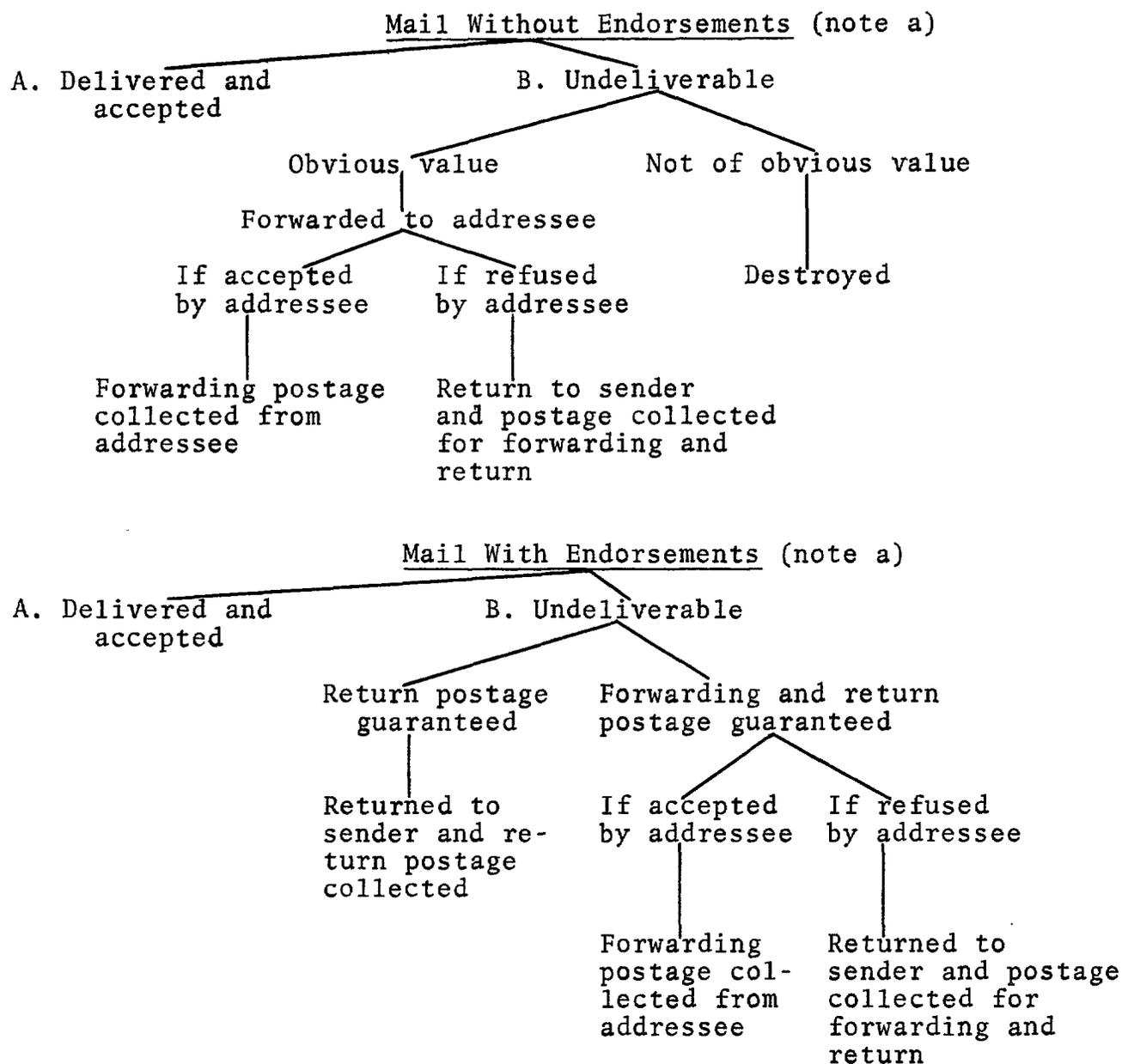
Sincerely yours,

A handwritten signature in cursive script, appearing to read "James B. Peets".

Comptroller General  
of the United States

Enclosure

POSTAL SERVICE'S  
HANDLING OF THIRD-CLASS MAIL UNDER  
ITS CURRENT DELIVERY REGULATIONS



<sup>a</sup>Endorsement--The sender pledges to pay the additional postage necessary to carry out his special instructions printed on the pieces of mail, such as "Return Postage Guaranteed."