

April 2012

U.S. POSTAL  
SERVICE

Field Offices' Role in  
Cost-Reduction and  
Revenue-Generation  
Efforts



G A O

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Highlights of [GAO-12-506](#), a report to congressional requesters

## Why GAO Did This Study

USPS has lost \$25.3 billion over the last 5 years and expects to lose another \$83.2 billion through fiscal year 2016 unless it takes action to reduce its costs and improve its operational efficiency. USPS has cut costs in its retail, mail processing, and delivery networks, as well as in its field office structure, which includes 7 area offices and 67 district offices, and plans other cost-cutting actions throughout the organization. As requested, this report discusses (1) the role of area and district employees in implementing USPS's cost-savings and revenue-generation efforts and (2) USPS's actions to consolidate its field office structure in 2011, and the impact of this consolidation.

GAO analyzed USPS documents describing the role of field staff in carrying out USPS's cost-saving and revenue-generation efforts; information on the impact of the 2011 consolidation, including anticipated cost savings; and USPS's plan, issued in December 2011, for evaluating and implementing possible field office consolidations. GAO also interviewed USPS officials at headquarters and at four area and six district offices selected based on several factors, including geographic dispersion throughout the U.S.

## What GAO Recommends

GAO is not making recommendations in this report. USPS had no comments on a draft of this report.

View [GAO-12-506](#). For more information, contact Lorelei St. James at (202) 512-2834 or [stjamesl@gao.gov](mailto:stjamesl@gao.gov).

April 2012

## U.S. POSTAL SERVICE

### Field Offices' Role in Cost-Reduction and Revenue-Generation Efforts

## What GAO Found

Field employees have key roles in the U.S. Postal Service's (USPS) efforts to reduce costs and generate revenue. For example, these employees evaluate the feasibility of closing or consolidating facilities, such as post offices and mail-processing facilities; carry out the closures and consolidations of these facilities; and evaluate and consolidate delivery routes. These roles support USPS's plans to save, by 2016, about \$9 billion annually by improving its operational efficiency and realigning its retail, mail processing, and delivery networks with declining mail use. These plans include evaluating about half of its approximately 31,000 post offices to identify cost-reduction opportunities, closing or reducing operations at about half of its 461 mail-processing facilities, and consolidating about 20,000 of its 144,000 city delivery routes. Area and district employees also have a significant role in USPS's efforts to generate additional revenue by (1) promoting the value of mail to businesses, (2) maintaining and increasing its customer base through customer service, and (3) growing the package business.

In 2011, USPS consolidated its field office structure by, among other actions, closing one area office and seven district offices and eliminating 1,946 positions—actions that it estimated would save about \$150 million annually. However, several area and district officials expressed concern that this consolidation could lessen their ability to carry out ongoing and future cost-savings and revenue-generation initiatives, and to recruit and retain future managers. In December 2011, USPS issued a plan on how it would evaluate additional field offices for possible consolidation and address concerns that the USPS Office of Inspector General identified in past field office consolidations. These concerns included the need to develop a plan to guide future field office consolidations and to consider factors such as workload and proximity to other offices. According to USPS officials, the plan also addressed past concerns about inadequate documentation and transparency and will lead to post-consolidation reviews to assess lessons learned and measure actual savings. Although USPS has a plan to guide future consolidations, according to USPS officials, it does not plan additional field office consolidations until it has completed ongoing cost-reduction efforts in its retail, mail processing, and delivery networks.

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## Abbreviations

USPS	U.S. Postal Service
OIG	Office of Inspector General

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GAO

Accountability \* Integrity \* Reliability

United States Government Accountability Office  
Washington, DC 20548

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April 25, 2012

Congressional Requesters:

The U.S. Postal Service (USPS) continues to face a dire financial situation and does not have sufficient revenues to cover its expenses, putting its mission to provide prompt, reliable, and efficient postal services at risk. As customers increasingly turn to digital communications and online payment methods, mail volume has decreased precipitously, falling almost 21 percent from fiscal years 2007 through 2011. During this period, USPS experienced a cumulative loss of \$25.3 billion and between 2012 and 2016 it expects to lose another \$83.2 billion unless it takes action to dramatically reduce its costs and improve its operational efficiency.

To address its dire financial circumstances, USPS has initiated several efforts intended to reduce its costs and improve the efficiency of its retail, mail-processing, and delivery networks as well as its field office structure—which currently includes 7 area offices and 67 district offices. For example, by 2016, USPS plans to review about half of its 31,000 post offices<sup>1</sup> to identify opportunities to, among other things, close facilities and reduce work hours, closing or consolidating at least 223 of its 461 mail-processing facilities. We and others, including Members of Congress, have raised questions about whether USPS's field offices are appropriately organized and staffed for USPS's operational needs. As early as 2003, for example, a presidential commission recommended that USPS fully review its field office structure to determine whether and, to what extent, each office was needed.<sup>2</sup> More recently, in April 2010, we reported on the importance of analyzing USPS's organizational footprint, including its field offices, to reduce costs and improve operational efficiency.<sup>3</sup> We also testified that USPS cannot continue providing

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<sup>1</sup>In this report, we refer to all USPS retail offices, including post offices, stations, and branches operated by USPS where customers can access postal products and services, as post offices.

<sup>2</sup>Report of the President's Commission on the United States Postal Service, *Embracing the Future: Making the Tough Choices to Preserve Universal Mail Service* (Washington, D.C.: July 31, 2003).

<sup>3</sup>GAO, *U.S. Postal Service: Strategies and Options to Facilitate Progress Toward Financial Viability*, [GAO-10-455](#) (Washington, D.C.: April 2010).

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services at current levels without dramatic changes in its cost structure.<sup>4</sup> In response to your request, this report describes: (1) the role of area and district office employees in implementing USPS's cost-savings and revenue-generation efforts and (2) USPS's actions to consolidate its field office structure in 2011, and the impact of these actions. USPS's actions to consolidate its field offices and to centralize selected administrative services previously conducted at these offices are described in appendix I of this report.

To address these objectives, we reviewed documents, including prior GAO reports, USPS documents, and the September 6, 2011, congressional testimony of the Postmaster General. We also interviewed USPS officials from headquarters, area, and district offices; USPS's Office of Inspector General (OIG); and selected USPS shared services centers used to provide human resources, accounting, and other services. We interviewed managers at four area and six district offices that we selected based on, among other factors, geographic dispersion and whether the office had recently absorbed responsibilities previously performed by other field offices following a consolidation. To describe the role of area and district office employees in implementing cost-savings and revenue-generation efforts, we reviewed USPS documents describing its strategic goals for these efforts and the role of area and district employees in implementing these efforts. To describe actions to consolidate the field office structure in 2011 and the impacts of these efforts, we reviewed USPS documentation including USPS's December 2011 plan entitled *Area and District Office Structure Evaluations Strategy, Policy and Process*.<sup>5</sup> Finally, we analyzed USPS financial data on the 2011 consolidations as well as cost-savings estimates for this consolidation and for the centralization efforts undertaken between 2002 and 2005 and determined that these estimates were sufficiently reliable for the purposes of our report.

We conducted this performance audit from April 2011 to April 2012 in accordance with generally accepted government auditing standards.

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<sup>4</sup>GAO, *U.S. Postal Service: Financial Crisis Demands Aggressive Action*, [GAO-10-538T](#) (Washington, D.C.: Mar. 18, 2010).

<sup>5</sup>USPS, *Area and District Office Structure Evaluations Strategy, Policy and Process*, (Washington, D.C.: September 2011). According to USPS officials, this document was completed in September 2011 but was not issued until the completion of internal reviews on December 7, 2011.

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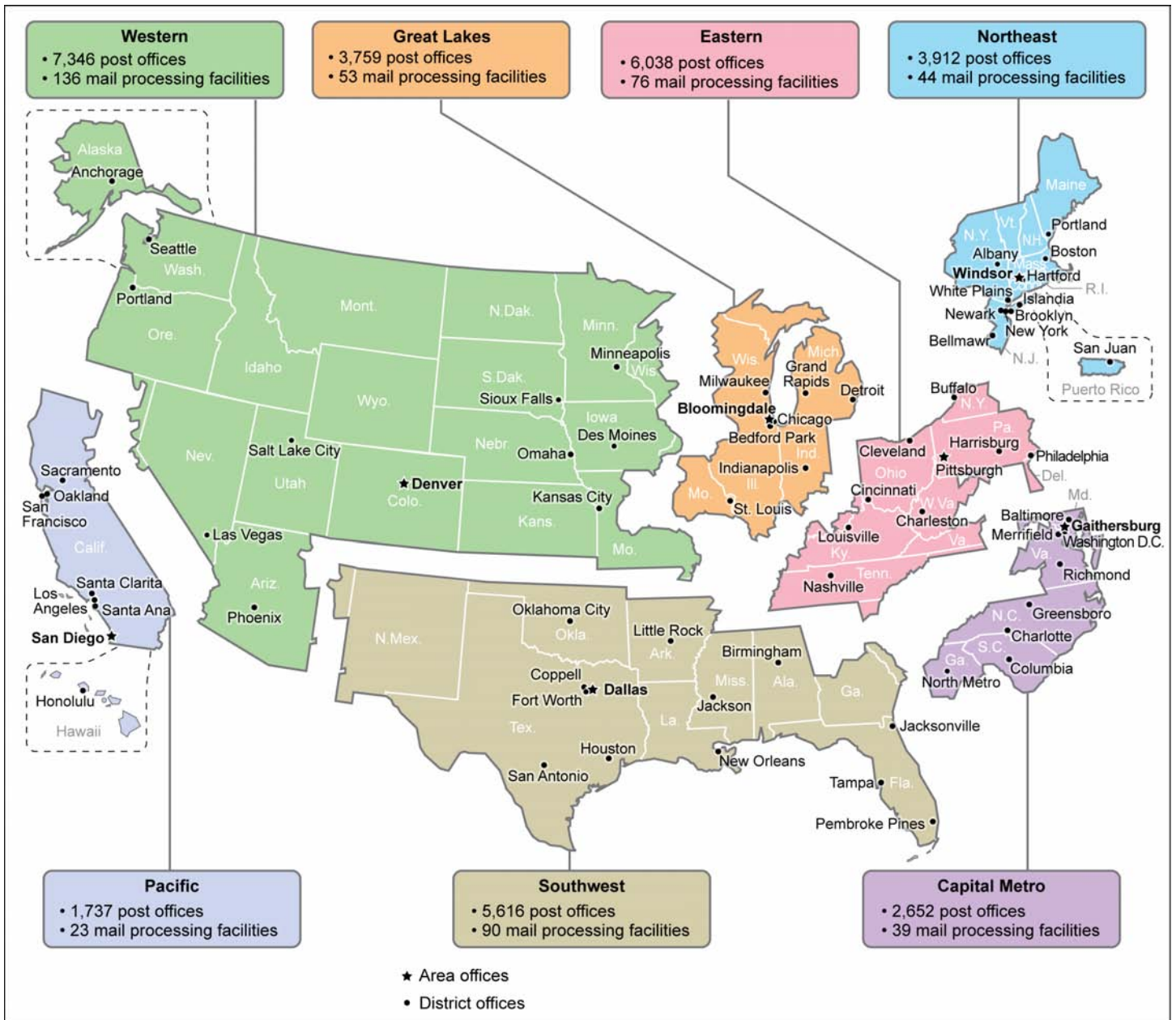
Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Appendix II contains a detailed discussion of our objectives, scope, and methodology.

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## Background

USPS's current field-office structure includes 7 area offices and 67 district offices. USPS's management structure is decentralized, with the area and district offices overseeing a vast network of facilities, which, as of December 19, 2011, included 31,060 post offices and 461 mail-processing facilities (see fig. 1). According to USPS data, the operating cost of its field offices in fiscal year 2011 totaled about \$1.2 billion—the majority of which (about \$1 billion) was spent operating district offices. The total operating costs of USPS's field offices represented less than 2 percent of its approximately \$71 billion fiscal year 2011 operating expenses.

**Figure 1: Location of Field Offices and Information on the Number of Post Offices and Mail-Processing Facilities in Each USPS Area**



Sources: GAO analysis of USPS data and Map Resources.



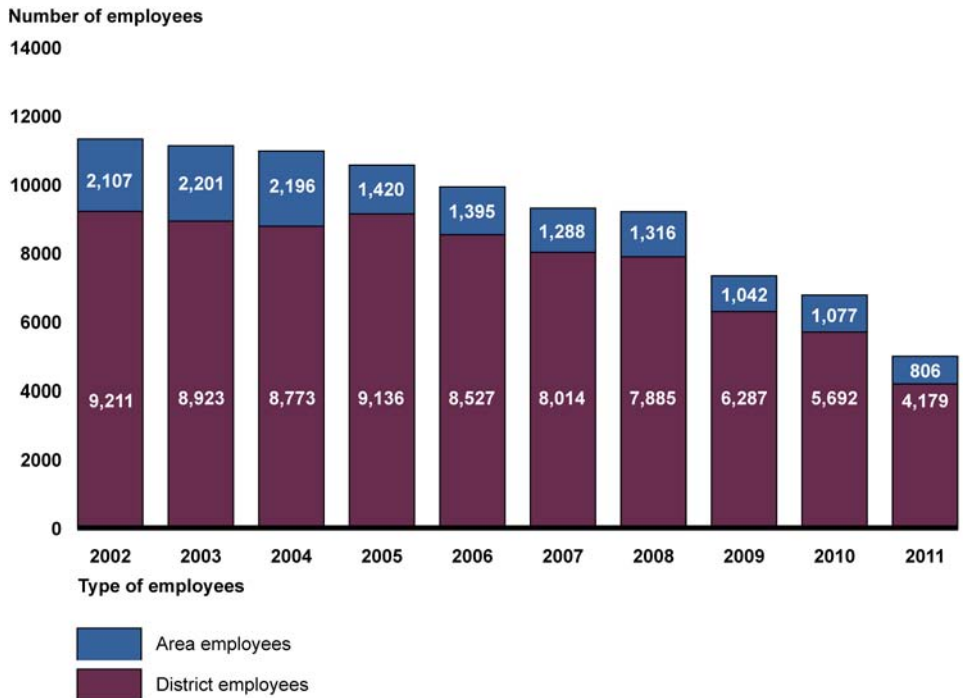
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Significant policy and operational decisions are made at USPS headquarters and disseminated through the managerial hierarchy, including area and district offices. Each of the 67 district offices reports to a designated area office, which, in turn, reports to headquarters. Employees in the area offices are generally responsible for overseeing district offices and facilities that have an area-wide impact, such as mail-processing facilities, while employees in district offices are typically responsible for overseeing post offices and other facilities that serve a particular district. For example, as of December 19, 2011, the Southwest Area office was responsible for overseeing 90 mail-processing facilities, while the 12 district offices in the Southwest Area were responsible for overseeing operations at about 5,600 post offices—an average of about 470 post offices per district. Each area and district office is organized into departments, which include operations support, human resources, finance, and marketing.

In 2011, USPS had 4,985 field office employees (806 area and 4,179 district employees), who comprised less than 1 percent of USPS's workforce of about 557,000 career employees. About 85 percent of USPS's career workforce, including most mail carriers and mail-processing staff, is covered by collective bargaining agreements with employment protections, such as no lay-off provisions. In contrast, most USPS field employees, which include area and district office managers, are not covered by collective bargaining agreements.

From 2002 to 2011, USPS reduced the number of employees in area and district offices by almost 56 percent (see fig. 2) by, among other actions, closing 4 area offices and 18 district offices and centralizing some accounting, human resources, and other services. (App. I provides additional information on these office closures and selected centralizations of administrative services previously performed in field offices.)

**Figure 2: Change in Number of Area and District Office Employees, 2002–2011**



Source: GAO analysis of USPS data.

In September 2011, the Postmaster General testified before Congress that due to USPS’s urgent need to address its financial situation, USPS was undertaking or planning several efforts intended to improve the efficiency in its retail, mail-processing, and delivery networks.<sup>6</sup> In February 2012, USPS issued a 5-year business plan in which it estimated that these efforts and others, such as reducing Saturday deliveries, could restore USPS to profitability. USPS estimates that it could save \$9.1 billion annually, the majority of which will be achieved by 2016, through changes in the following areas:

<sup>6</sup>Statement of the Postmaster General before the Committee on Homeland Security and Governmental Affairs, United States Senate, September 6, 2011.

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- **Retail network:** USPS plans to downsize its retail network for potential savings of \$2 billion annually beginning in 2016.<sup>7</sup> As part of this effort, USPS plans to review about half of its post offices to identify opportunities to close facilities, reduce work hours, and expand the use of lower-cost alternatives, such as self-service kiosks, and partnerships with retailers.<sup>8</sup>
  - **Mail-processing network:** USPS plans to downsize its mail-processing network and reduce costs in its transportation network for potential savings of \$4.1 billion annually beginning in 2016.<sup>9</sup> As part of this effort, USPS anticipates closing or consolidating about half of its mail-processing facilities and reducing the number of its employees.
  - **Delivery network:** USPS is realigning its delivery routes for potential savings of \$3 billion annually beginning in 2016. As part of this effort, USPS plans to eliminate and consolidate approximately 20,000 out of its 144,000 city routes.

While reducing USPS's network costs is essential, the Postmaster General testified that USPS also must generate additional revenue to deal with its financial crisis. To help accomplish this, he said he implemented a variety of "core business strategies" to, among other things, (1) strengthen the value of mail to businesses, (2) improve its customers' experience using USPS's services, and (3) compete with private sector firms for the package business. USPS's fourth core business strategy—becoming a "leaner, faster, and smarter" organization—relates to reducing its network costs and includes the actions described above.

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<sup>7</sup>Our April 17, 2012, report examines USPS's efforts to improve efficiency in USPS's retail network. GAO, *U.S. Postal Service: Challenges Related to Restructuring the Postal Service's Retail Network*, [GAO-12-433](#) (Washington, D.C.: April 2012)

<sup>8</sup>USPS operates about 2,500 self-service kiosks that allow customers to buy stamps and send mail. Partnerships with retailers include, among other things, contract postal units, which are operated and managed by privately operated businesses, such as pharmacies and convenience stores. In addition, USPS is also exploring other options to reduce its retail facility costs by, for example, reducing employee work hours and shortening operating hours at selected retail facilities.

<sup>9</sup>On April 12, 2012 we issued a report examining USPS's efforts to increase efficiency in its mail-processing network. GAO, *U.S. Postal Service: Mail Processing Network Exceeds What Is Needed for Declining Mail Volume*, [GAO-12-470](#) (Washington, D.C.: April 2012).

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To address USPS's financial problems, several Members of the 112th Congress have introduced postal reform legislation which, if enacted, would likely impact USPS's downsizing plans, including its ability to close retail and mail-processing facilities. Certain legislative proposals also include provisions requiring USPS to develop and submit to Congress plans for further consolidating its field offices.<sup>10</sup> While USPS needs authority from Congress to make some of its planned network changes, it currently has the flexibility to continue consolidating area and district offices. In December 2011, USPS announced a moratorium on closing its post offices and mail-processing facilities until May 15, 2012. The moratorium was established in response to congressional requests for additional time to enact comprehensive postal reform legislation. In the interim, USPS is continuing to review the feasibility of closing retail facilities and recently completed studies of mail-processing facilities for consolidation and possible closure.

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## Field Employees Have a Key Role in USPS's Cost-Reduction and Revenue-Generation Efforts

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### Cost-Reduction Efforts

Field employees have key roles in USPS's efforts to reduce costs in its retail, mail-processing, and delivery networks. The extent of area and district employees' involvement in specific cost-reduction efforts varies, however. For example, area employees, who comprise 16 percent of the field employees, generally provide guidance and oversee the implementation of all cost-reduction efforts in their area to ensure consistency in how these efforts are implemented. In addition, area employees prepare proposals for headquarters on potential

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<sup>10</sup>For example, the U.S. Postal Service Improvement Act of 2011 requires USPS, consistent with its consolidation plan, to begin consolidating area and district offices within one year. S. 353. 112<sup>th</sup> Cong. (2012). The Postal Reform Act of 2011 creates an independent commission responsible for recommending postal facilities, including area and district offices, for closure or consolidation. USPS would be required to close or consolidate postal facilities recommended by the independent commission unless Congress enacts a joint resolution of disapproval. H.R. 2309, 112<sup>th</sup> Cong. (2012).

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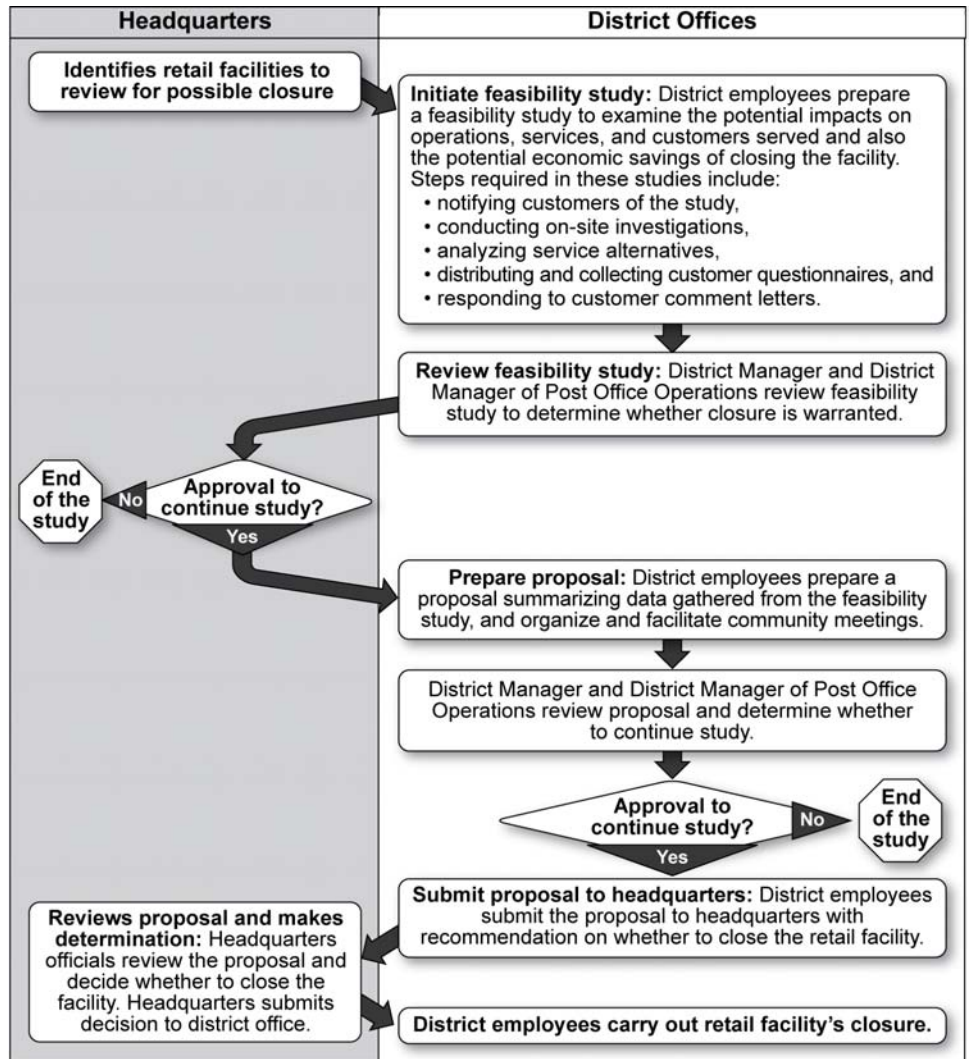
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## Reducing Costs in USPS's Retail Network

consolidations of mail-processing operations, based on information gathered and presented by district employees. On the other hand, district employees, who account for the remainder of field employees, are directly responsible for carrying out both the retail and mail-processing facility reviews and other cost-reduction efforts, such as consolidating delivery routes.

Since 2006, USPS has reviewed over 3,000 retail facilities and closed 686—about 23 percent of those reviewed. In 2011, as part of USPS's Retail Access Optimization Initiative, the agency announced plans to review another 3,650 retail facilities for possible closure. Reviewing retail facilities for possible closure generally involves one to three stages, depending on the outcome of each stage. Area officials oversee activities related to each stage to ensure compliance with USPS's requirements. District employees are involved in completing work required for each of these stages. For example, in the first stage, district employees study and prepare a report on the feasibility of closing a particular facility and examine the potential effects on (1) services, (2) customers, and (3) USPS employees, as well as the potential economic savings associated with closing a particular retail facility. To identify these effects, district employees collect and analyze operational, financial, and delivery data related to the facility. District employees also distribute questionnaires to potentially affected customers about the customers' service needs and access to postal services in their vicinity and hold community meetings to discuss, among other matters, the reason for the proposed change in service and to respond to customer inquiries and concerns. According to USPS officials, these questionnaires and community meetings provide USPS with local information that headquarters might not otherwise have available during its decision-making process. (Fig. 3 provides more information on USPS's process for reviewing retail facilities for possible closure.)

**Figure 3: Key Steps in USPS's Retail Facility Review Process**



Source: GAO analysis of USPS data.

When headquarters officials decide to close a retail facility, district employees carry out a variety of activities related to the closure. For example, district employees must move equipment, realign any affected delivery routes, and transfer mail carriers and other employees into other locations. Related to this, district employees also are responsible for identifying potential positions for staff affected by the closure.

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## Reducing Costs in USPS's Mail-Processing Network

None of the 3,650 facilities USPS identified for review in 2011 had been closed at the completion of our review. USPS is continuing to review these facilities and could decide to close some of them after the moratorium on facility closures expires on May 15, 2012. USPS officials acknowledge that closing retail postal facilities is highly contentious. As a result, according to USPS officials, USPS is exploring additional options to reduce its retail facility costs by, for example, reducing employee work hours and shortening operating hours at selected facilities.<sup>11</sup>

Since 2006, USPS has taken several actions to reduce its costs by improving the operational efficiency of its mail-processing network. As discussed in our April 2012 report, these actions included consolidating operations at various types of mail-processing facilities and closing unneeded facilities, which, according to USPS, resulted in about \$2.4 billion in cost savings.<sup>12</sup> In February 2011, USPS announced it had completed Area Mail Processing reviews of 264 of its mail-processing facilities to examine the feasibility of consolidating mail-processing operations from one or more postal facilities to other facilities to improve USPS's operational efficiency. Of the 264 facilities that were reviewed, 35 will remain open, 6 are on hold for further study, and 223 have been found feasible for consolidation, according to USPS. Area and district employees completed these reviews, which examined opportunities to consolidate mail origination and destination operations.

USPS headquarters employees identified mail-processing facilities for review and possible consolidation with input from area and district employees.<sup>13</sup> Area and district employees reviewed and validated headquarters' data and provided headquarters with additional information about each facility, such as anomalies in a facility's configuration that might affect a consolidation decision. After headquarters selected mail-

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<sup>11</sup>According to USPS officials, USPS has reduced employee work hours at retail facilities by 21 percent since 2006 through employee attrition and work hour changes.

<sup>12</sup>As discussed in our April 2012 report, these savings derive from actions in three areas: Specifically, USPS (1) closed nearly all of its Remote Encoding Centers (10 of 12) and Airport Mail Centers (76 of 77) between 2006 and 2011, (2) moved all of the operations previously performed at 21 Bulk Mail Centers into its Network Distribution Centers, and (3) completed 100 mail-processing consolidations. [GAO-12-470](#).

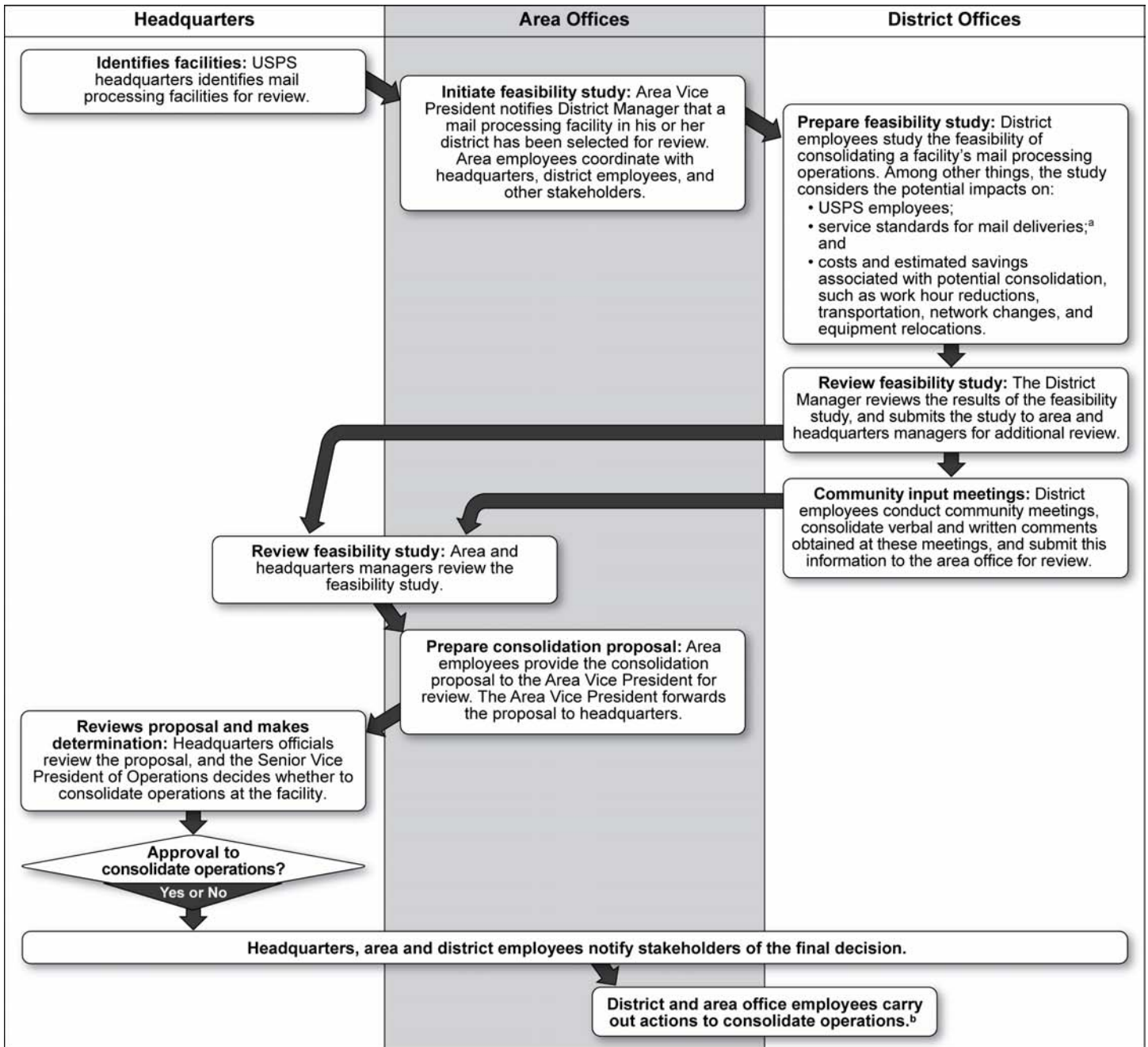
<sup>13</sup>According to USPS, it considered a variety of criteria in identifying the 264 facilities for possible consolidation, including, projected savings, service issues, and capacity within processing plants.

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processing facilities for review, district employees analyzed, among other things, the facility's mail volumes, work hours, and services, as well as the estimated costs and savings of a potential consolidation and prepared a report on their findings that was reviewed by headquarters and area managers. After considering the results of the feasibility study headquarters made a final determination on whether to consolidate one or more aspects of the facility's operations. Figure 4 provides more information on USPS's process for reviewing mail-processing facilities for possible closure or consolidation.



**Figure 4: Key Steps in USPS's Mail-Processing Review Process**



Source: GAO analysis of USPS data.

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## Reducing Costs in USPS's Delivery Network

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<sup>a</sup>USPS has service standards for delivering each of its major types of mail. For example, currently, local First-Class mail generally has to be delivered overnight, while mail that has a destination beyond the contiguous 48 states can take up to 4 days for delivery. USPS has proposed revising its service standards, including overnight mail.

<sup>b</sup>If as a result of this process, USPS is able to consolidate all of the operational functions performed at the facility, USPS officials complete a separate study, referred to as a node study, to decide whether to close the facility.

If headquarters approves the consolidation of operations at a facility, area and district employees perform those activities. For example, area employees must move mail-processing equipment and transfer the facility's mail operations and transportation network to other USPS facilities. In addition, area and district employees must coordinate on repositioning employees into new positions as specified by their collective bargaining agreement.<sup>14</sup> After the consolidation has been completed, area employees conduct—with input from district employees—post-implementation reviews to evaluate, among other matters, the impacts of the consolidation and actual cost savings.

A key portion of USPS's cost reduction efforts is linked to its delivery network (i.e., delivering its mail more efficiently). Mail delivery is USPS's largest category of costs and generated close to \$30 billion in total expenses in 2011. The majority of these costs—\$21 billion—were for city routes, which use mail carriers who are generally expected to work 8 hours per day.<sup>15</sup> Declining mail volumes and the introduction of technologies that automatically sort most mail for delivery directly reduce the amount of time carriers need to manually prepare mail for delivery. Consequently, over time, these factors have, in some locations, resulted

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<sup>14</sup>For example, under the terms of USPS's current agreement with the American Postal Workers Union, USPS is prohibited from, among other things, (1) terminating employees who work in mail-processing facilities and (2) transferring these employees to an installation further than 50 miles from the employees' prior duty station. According to an area official, mail-processing facility consolidations can be challenging, given the large number of employees who work at these facilities. Another area official stated that as more mail-processing facilities are closed, the task of finding positions for employees will be increasingly challenging. If USPS cannot find appropriate positions for these employees, they could be placed on "stand by" status (i.e., idled, but receiving their full salaries).

<sup>15</sup>USPS uses a variety of routes to deliver its mail, but the two principle route types are "city" and "rural." City and rural carriers have different collective bargaining agreements and compensation systems. Generally, city carriers are paid by the hour with overtime, as applicable, while rural carriers are salaried employees.

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in routes that city carriers can complete in less than 8 hours.<sup>16</sup> Recognizing that these factors cause inefficiencies in USPS's city delivery network,<sup>17</sup> in 2008, USPS and the National Association of Letter Carriers—the union that represents city carriers—entered into an agreement that permits USPS to conduct city route inspections and to realign routes that no longer reflect 8 hours of work into more efficient routes. In fiscal year 2011, USPS eliminated 6,821 of its 224,485 city and rural delivery routes (about 3 percent). In addition, USPS recently announced plans to eliminate another 20,000 city routes (about 9 percent of current routes) for an estimated \$2 billion in annual savings.<sup>18</sup> According to USPS officials, realigning delivery routes likely will continue well into the future given expected mail volume declines and annual increases in addresses receiving mail which, until recently, have historically increased by about 1 million addresses per year.

Area and district employees have key roles in realigning city delivery routes. Specifically, area employees oversee the city route realignment process to ensure consistency across districts in their area, while district employees directly carry out the realignments. To do so, district employees (1) gather and analyze information on the factors that affect delivery time; (2) observe the time a mail carrier spends servicing his or her route and, if the route is determined to represent less than a full 8-hour work day; (3) reconfigure the route so that it is more efficient. To evaluate the factors that affect delivery time, district managers consider a variety of factors, including the number of addresses and mail volume on a particular route, the distance between addresses, the geographic location of the route (e.g., the downtown of a major metropolitan area versus a small town), and the mode of delivery (e.g., mail delivered to a curbside mailbox, a mail slot in a door, or a cluster box). In addition,

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<sup>16</sup>Our July 2009 report provides additional information about USPS's efforts to increase mail delivery efficiencies. See GAO, *U.S. Postal Service: Mail Delivery Efficiency Has Improved, but Additional Actions Needed to Achieve Further Gains*, [GAO-09-696](#) (Washington, D.C.: July 15, 2009).

<sup>17</sup>According to USPS officials, the annual method for measuring and adjusting rural carrier routes helps provide a more efficient structure for these routes.

<sup>18</sup>According to USPS, realigning its delivery routes creates opportunities to reduce its personnel costs for carriers, carrier work hours, and overtime. In addition, because USPS assigns vehicles to most of its routes, when routes are consolidated or eliminated, USPS requires fewer delivery vehicles and uses less fuel. Similarly, with less mail for carriers to sort manually, USPS needs less equipment and facility space.

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district employees physically observe a mail carrier's daily activities, both in the office preparing mail for delivery and transporting and delivering the mail, to determine whether the route represents a full 8-hour day.<sup>19</sup> If after conducting these activities, district employees determine that the workload does not fill an 8-hour day, specially trained district employees use a computerized management tool—called the Carrier Optimal Routing system—to redesign routes. This system uses digital mapping, algorithms, and route inspection data to create efficient city carrier routes that are more compact and contiguous. As a result, USPS could, for example, consolidate portions of other city routes, such as routes that necessitate carrier overtime, to complete or augment the prior reconfigured route, thereby eliminating the need for overtime. Because route realignments reorder mail deliveries along city routes, the realignments result in major changes to USPS's database for managing addresses that, according to district managers, requires district Address Management Systems Specialists to update the database on an ongoing basis. According to USPS field officials, if updates to the database are not made in a timely manner, delivery efficiency and customer service would be degraded.<sup>20</sup>

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## Revenue-Generating Efforts

As with USPS's cost reduction efforts, area and district employees have a significant role in several aspects of USPS's efforts to generate additional revenue through three of the Postmaster General's four core business strategies: (1) strengthening the value of mail to businesses, (2) improving its retail customers' experience, and (3) competing for the package business.

## Strengthening the Value of Mail to Businesses

Area and district employees promote and oversee a variety of efforts intended to strengthen the value of mail to businesses. Collectively, these efforts are intended to enhance how U.S. businesses contact their customers to deliver billing statements and notifications (using First-Class Mail) and advertisements and offers (using Standard Mail). For example, area and district Business Service Network employees (marketing employees) provide direct and ongoing customer service to business

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<sup>19</sup>This entails district employees counting and recording the mail that the carrier handled, and recording the time the carrier used for each activity.

<sup>20</sup>Business mailers also rely on USPS's updated address data to prepare and organize their mail for acceptance at mail-processing facilities.

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mailers to, among other things, help the mailers conveniently process their mail and to correct any mailing problems, such as shipment delays, that may arise. In 2011, USPS generated about \$50 billion (76 percent of its total operating revenue) from business mailers. Of this amount, \$40 billion (60 percent of its total operating revenue) came from business mailers that area and district Business Service Network employees directly serviced.

Area and district employees also have a role in promoting the value of mail with new business mailers. According to the Postmaster General's speech in May 2011, three quarters of U.S. businesses are not using the mail to market their businesses to potential customers. Thus, he said encouraging these businesses to do so represents an opportunity to increase USPS's revenue. In January 2011, USPS introduced a new initiative called Every Door Direct Mail to (1) make it easier for small and medium-sized businesses to advertise through the mail, and (2) enable local businesses to target potential customers by street, as opposed to specific mailing addresses. Area employees oversee the implementation of this initiative in districts within their area, and monitor performance metrics and revenue earned. Similarly, district employees promote the initiative in their districts to attract new customers in their locations. According to USPS, this initiative generated over \$92 million in revenue in the 9 months following its introduction in January 2011.

## Improving the Retail Customers' Experience

Improving the retail customer experience means maintaining and growing the customer base through improved customer service.<sup>21</sup> Area employees have a key role in monitoring the quality of customer interactions and resolving any performance problems identified. For example, area employees told us that they regularly monitor the results of, among other things, customer surveys in specific post offices as well as in districts as a whole.<sup>22</sup> When these data identify specific performance problems, area employees share the results with district employees who are then expected to work with particular facilities and individuals to correct the

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<sup>21</sup>Specifically, according to USPS's 2011 *Annual Report to the Congress*, improving the customers' experience means creating uniformly positive experiences—easier transactions, helpful solutions, and friendly exchanges—whenever a customer conducts business with USPS.

<sup>22</sup>The surveys pose questions on the customers' experience (1) sending and receiving mail, (2) during their last contact with a USPS employee, and (3) during their last visit to a retail facility, among other topics.

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## Competing for the Package Business

identified service-related problems. District employees also track the performance and revenue generated by third parties who provide alternative access to postal products through contract postal units and work with local postmasters, who most directly oversee these facilities, to improve service and maximize revenue.

USPS's field employees also have key roles in helping the USPS successfully compete for and grow its package business. Overall, according to USPS, its package deliveries have increased from 12.7 percent of its revenue in fiscal year 2006 to 16.1 percent in fiscal year 2011. District employees work directly with employees at post offices and mail-processing facilities to train employees on how to properly scan packages for delivery—a key factor in growing USPS's package business. Proper scanning helps ensure that packages travel through its delivery network efficiently and that customers and USPS can track the packages to determine their current location. USPS's competitors offer this service, and USPS hopes to improve the reliability of its package-tracking services to capture portions of its competitors' business. In addition, field employees we interviewed in one of the four areas we selected for our review developed a program to generate additional revenue by targeting small businesses that are not currently using USPS's services. Specifically, in the Southwest Area, area employees worked with employees of their Dallas district office to collaborate on ways to identify and contact small businesses that generate less than \$10,000 annually in postage sales and that currently use USPS competitors, such as the United Parcel Service, to persuade these companies to use USPS for their package mailing needs.<sup>23</sup> According to USPS from August 1, 2011, through February 10, 2012, this initiative generated about \$11.9 million in revenue from new small business customers. USPS headquarters officials stated that USPS is currently considering whether to implement similar revenue-generating efforts elsewhere.

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<sup>23</sup>The Dallas District initiated this program—referred to as “Revenue Drivers”—in the spring of 2011 and subsequently collaborated with the Southwest area to further develop the program. The area expanded this program to all of its districts in August 2011.

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## In 2011 USPS Closed Field Offices and Eliminated Field Positions, Resulting in \$150 Million in Estimated Annual Savings

In 2011 USPS consolidated its field offices by closing eight offices, centralizing support services, and eliminating field positions for an estimated \$150 million in annual savings. However, USPS field employees we interviewed were concerned that the staffing reductions could negatively affect their ability to carry out additional cost-savings and revenue-generating efforts. USPS issued a plan in December 2011 to evaluate area and district offices for possible consolidation but, according to headquarters officials, USPS does not anticipate initiating these evaluations until after the completion of cost-reduction efforts in its retail, mail-processing, and delivery networks.

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## USPS's 2011 Field-Office Consolidation

Prior to the consolidation, USPS estimated that the 2011 consolidation would result in an estimated annual cost savings of \$150 million through December 2011.<sup>24</sup> According to USPS, the goals of this consolidation were to, among other things, enhance and strengthen customer service and allow USPS to more quickly adapt to changing market forces, such as continuing mail volume declines. USPS closed its Southeast area office and seven district offices,<sup>25</sup> and assigned functions previously performed at these locations to other area and district offices within close proximity. According to USPS headquarters officials, USPS considered a variety of factors in deciding which field offices to close and which positions to eliminate, including mail volume, number of customers served, population density, number of delivery routes, and revenue generated. Overall, USPS reduced its field offices positions by 1,946, or 26 percent. At the conclusion of the consolidation in September 2011, USPS had 817 area and 4,698 district office positions, totaling 5,515 field positions.<sup>26</sup> Of the four departments that we selected for review, most of the field position reductions were in operations support (35 percent) and human resources (35 percent). The smallest reductions (14 percent) were in marketing (see table 1).

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<sup>24</sup>USPS has not evaluated its actual cost savings or the operational impacts of its 2011 consolidation. However according to USPS officials, it intends to do so.

<sup>25</sup>In addition to the Southeast area office, USPS closed the Albuquerque, NM; Big Sky, MT; Columbus, OH; Southeast Michigan; Southeast New England, RI; South Georgia; and Northern Illinois district offices.

<sup>26</sup> This data reflects number of authorized positions rather than total personnel.

**Table 1: 2011 Area and District Position Reductions, by Department**

<b>Departments</b>	<b>Area office position reductions</b>	<b>District office position reductions</b>	<b>Total field-office position reductions</b>	<b>Total percentage of field-office position reductions</b>
Operations Support	166	519	<b>685</b>	<b>35%</b>
Human Resources	99	575	<b>674</b>	<b>35%</b>
Finance	27	262	<b>289</b>	<b>15%</b>
Marketing	41	239	<b>280</b>	<b>14%</b>
Other <sup>a</sup>	5	13	<b>18</b>	<b>1%</b>
<b>Total area and district office position reductions</b>	<b>338</b>	<b>1,608</b>	<b>1,946</b>	<b>100%</b>

Source: GAO analysis of USPS data.

<sup>a</sup>USPS also eliminated positions in other field-office departments. Collectively, these positions, which included secretarial positions, account for 1 percent of the total positions eliminated.

As part of this consolidation, USPS also centralized several district support services positions, including the following, into other locations which resulted in a net reduction of 247 positions.

- USPS centralized Family and Medical Leave Act Coordinators from district offices to its Human Resources Shared Services Center in Greensboro, North Carolina. Overall, USPS eliminated 106 district positions and, according to officials at the center, created 45 positions to handle the work previously carried out by the districts' coordinators—a net reduction of 61 positions.
- USPS centralized responsibilities for allocating budgets from district to area offices. As part of this change, it eliminated 154 of its 221 district budget positions and created 11 positions in its area offices—a net reduction of 143 positions. According to area officials, moving this responsibility to area offices will help ensure that all facilities within an area have standardized and comparable budgets.
- USPS also eliminated 43 of the 78 district Mailpiece Design Analyst positions and centralized the remaining 35 positions at area offices.<sup>27</sup>

<sup>27</sup>Prior to the centralization, each of the district offices had at least one Mailpiece Design Analyst.



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The remaining coordinators now provide design services to USPS customers through a centralized hotline.

Appendix I provides additional information on selected centralization actions between 2002 and 2005.

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## Area and District Officials' Concerns about the 2011 Consolidation

### Concerns about the Ability to Carry Out Key USPS Efforts

Several area and district officials expressed concern about how staff reductions and the allocation of field resources could affect their ability to manage ongoing and planned cost-reduction and revenue-generation efforts. Such concerns include the following:

- Four of the six district operations support managers whom we interviewed raised concerns about the number of Address Management Systems Specialist positions that USPS eliminated in the 2011 consolidation. According to these officials, the loss of these positions could limit their ability to perform future route realignments. Overall, USPS reduced the number of these district positions from 624 positions to 427—a 32 percent reduction. As discussed, according to field officials, Address Management Systems Specialists are critical to USPS's ongoing efforts to update its address management database following route realignments.
- Seven of the 10 area and district marketing managers we interviewed also raised concerns about the number of marketing positions eliminated in the 2011 consolidation. Of these reductions, 38 percent were area and district Business Service Network positions. These reductions may have been particularly difficult in the Capital Metro Area office because the area gained responsibility for managing 25 additional business mailer accounts previously handled by the Southeast Area office. Several field officials told us that given USPS's increased focus on generating revenue, it is important that area and district offices be staffed appropriately to oversee the range of marketing activities and to maintain business mailer customers. A district marketing manager reiterated this point, indicating that most business mailers expect personal service to resolve any mailing issues and that consequently, USPS should ensure that these business mailers receive consistent and reliable service to reduce the possibility of losing their business to competitors. As we have

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reported, businesses that publish mail Periodicals, such as daily or weekly news magazines, have expressed concern about USPS's ability to provide reliable service.<sup>28</sup> According to these business mailers, they will likely (1) accelerate their efforts to shift subscribers from hard copy mail to electronic communication or (2) otherwise stop using USPS if it is unable to provide reliable service.

- In addition, 12 of the 30 district managers we interviewed expressed concern that when USPS allocated resources for the 2011 consolidation, it did not fully consider that some offices would be picking up additional work from the field office closures. For example, several district managers told us that during this consolidation, several field position reductions were made that, in their view, did not reflect office workload variations. The managers said that their departments are now understaffed. For example, the District Manager at the Connecticut Valley District told us that following the 2011 consolidation, her district is now one of the largest districts in the country, both with respect to the number of USPS employees and geographic size. Specifically, she said her district grew from 11,939 employees to 15,421—an increase of 29 percent and added over 100 facilities, while losing 20 district positions. She expressed concern that despite overseeing one of the largest districts, she experienced the same number of staffing reductions as other districts with smaller workloads.

#### Concerns about Recruiting and Retaining Future Managers:

Eight field officials told us that long work hours resulting from the 2011 consolidation combined with other factors, such as employee uncertainty about their future employment, have made it difficult to recruit and retain area and district employees for management positions. For example, one district office manager told us that employees in her department have been seeking management opportunities outside USPS because of these concerns. Another district manager commented that he has seen a decrease in the number of employees willing to move into managerial positions because of uncertainty about future promotional opportunities and the stress associated with these positions. In addition, 17 field officials we talked to expressed concern that the loss of a significant number of senior, experienced area and district employees during the 2011 consolidation might negatively affect USPS's ability to manage field operations.

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<sup>28</sup>[GAO-12-470](#).

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USPS headquarters officials stated that while they understand the concerns expressed by area and district employees, the changes undertaken as part of the 2011 consolidation were intended to align with other actions that USPS has taken to standardize and streamline support services. For example, according to these officials, USPS has developed several Web-based systems to automate and standardize administrative tasks that were previously conducted by district staff. As these tasks are streamlined, fewer district resources are needed. In addition, as discussed, USPS headquarters officials told us that USPS considered a variety of factors in deciding its 2011 consolidation, including mail volume, number of customers, population density, number of delivery routes, and revenue generated. In addition, according to USPS headquarters officials, USPS also intends to consider workload impacts in its future field-office consolidations.

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### Issuance of Plan and Decision to Hold Off on Future Field-Office Consolidations

In December 2011, USPS issued a plan for evaluating area and district offices for possible consolidation and for carrying out future consolidations. According to the OIG, this plan addresses its recommendations related to USPS's 2009 consolidation.<sup>29</sup> In particular, OIG officials told us that the document addresses recommendations to USPS to develop a plan which (1) periodically evaluates area and district offices for possible consolidation, (2) guides decisions on future field-office consolidations, and (3) considers factors such as an office's mail volume, workload, and proximity to other offices. In addition, OIG officials told us that the plan addresses the agency's recommendation that USPS develop procedures for maintaining adequate documentation of its field office evaluations and consolidation decisions.

USPS's December 2011 plan specifies that it will take numerous steps to evaluate field offices for possible consolidation, including:

- conducting periodic evaluations of area and district offices to assess the need for consolidations;

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<sup>29</sup>United States Postal Service Office of Inspector General, *Postal Service Area and District Office Field Structure*, United States Postal Service Office of Inspector General, FF-AR-10-224(R) (Arlington, VA: Sept. 20, 2010).

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- developing a business case, which includes expected cost savings and benefits, for proposed field-office consolidations:
  - using reliable data sources to evaluate area and district offices for potential consolidation;
  - adequately documenting all analyses and data used to make consolidation decisions; and
  - conducting post-consolidation reviews to identify key achievements and actual cost savings, and document lessons learned.<sup>30</sup>

USPS's past area and district consolidations have lacked documentation and transparency. For example, despite numerous requests, USPS did not provide us with any documentation of the analyses it used or the approval process for its decision to consolidate field operations in 2011. Similarly, in 2010, the OIG reported that USPS could not always provide documentation supporting its 2009 and earlier field-office consolidations. In addition, USPS has not completed postconsolidation reviews to assess either its lessons learned or its actual cost savings. Headquarters officials told us that the plan it issued in December 2011 should address these past concerns. These officials also said that USPS intends to ensure that its future evaluations consider the operational impacts of potential field-office consolidations on ongoing and planned initiatives, such as those related to downsizing its retail, mail-processing, and delivery networks.

While USPS's recent plan indicates that it intends to periodically evaluate its field office structure for possible consolidation, it does not specify when it will initiate these evaluations. According to headquarters officials, USPS does not plan to initiate these evaluations until after the completion of cost-reduction efforts in its retail, mail-processing, and delivery networks, efforts that USPS intends to complete in 2016. These officials also told us that further consolidation of field offices would be counterproductive at this time because field employees are key to the successful accomplishment of these cost-reduction efforts. In addition, the headquarters officials noted that cost savings from future field consolidations would be minimal compared to the roughly \$9 billion USPS estimates can be saved by streamlining its retail, mail-processing, and

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<sup>30</sup>According to USPS officials, USPS also intends to conduct a postconsolidation review of its 2011 area and district consolidation actions.

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delivery networks. Thus, according to these officials, for the time being, USPS needs its current field-office structure to focus on other efforts that will result in the largest potential cost savings.

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## Concluding Observations

USPS's dire financial outlook necessitates urgent action to align its total network and reduce its costs as mail volume continues to decline. To reduce costs, USPS reduced the number of employees in its area and district offices by almost 56 percent from 2002 to 2011. And, in 2011, it announced additional USPS-wide initiatives to save an estimated \$9.1 billion annually by 2016. USPS also recently issued a plan for evaluating area and district offices for future consolidations; however, USPS has chosen to hold off on future field-office consolidations until after the USPS-wide initiatives are complete, which should allow USPS to make additional field-office changes, if needed, based on a network that is aligned with the reduced mail volume. This decision seems appropriate in view of the importance of area and district offices in implementing and managing these initiatives. If USPS decides to move forward with future field-office evaluations, its plan for doing so should address past concerns about inadequate documentation and transparency and lead to postconsolidation reviews to assess lessons learned and to measure actual savings.

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## Agency Comments

We provided a draft of this report to USPS for review and comment. USPS had no comments.

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We are sending copies of this report to the appropriate congressional committees, the Postmaster General, and other interested parties. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

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If you or your staffs have any questions on this report, please contact me at (202) 512-2834 or [stjamesl@gao.gov](mailto:stjamesl@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Contact information and key contributors to the report are listed in appendix III.

A handwritten signature in black ink that reads "Lorelei St. James". The signature is written in a cursive style with a large, stylized initial "L".

Lorelei St. James  
Director, Physical Infrastructure Issues

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*List of Congressional Requesters*

The Honorable Susan Collins  
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and Governmental Affairs  
United States Senate

The Honorable Tom Carper  
Chairman  
Subcommittee on Federal Financial Management,  
Government Information,  
Federal Services and International Security  
Committee on Homeland Security  
and Governmental Affairs  
United States Senate

The Honorable Darrell Issa  
Chairman  
Committee on Oversight and Government Reform  
House of Representatives

# Appendix I: Timeline of Recent Field Office Consolidations and Information on Selected Centralizations of Administrative Services

**Table 2: Baseline of USPS’s Field Structure (1992) and Subsequent Field-Office Consolidations Between 2002 and 2011**

Year	Office Consolidation Actions	Area Offices	District Offices
1992	USPS replaced its prior field structure with 10 area offices and 85 district offices. <sup>a</sup>	10	85
2002	USPS closed the Midwest and Mid-Atlantic Area offices.	8	85
2003	USPS closed five district offices—Springfield, MA; Akron, OH; Lancaster, PA; Long Beach, CA; and San Jose, CA.	8	80
2006	USPS opened the Capital Metro Area office.	9	80
2009	USPS closed the New York, NY Metro Area office and six district offices—Central Florida, FL; Central New Jersey, NJ; Erie, PA; Massachusetts, MA; Spokane WA; and New Hampshire/Vermont (located in Manchester, NH) offices.	8	74
2011	USPS closed the Southeast Area office and seven district offices—Albuquerque, NM; Big Sky, MT; Columbus, OH; Southeast Michigan; Southeast New England, RI; South Georgia; and Northern Illinois.	7	67

Source: GAO presentation of OIG and USPS data.

<sup>a</sup>Prior to 1992, USPS’s field-office structure consisted of 5 regions, 73 field divisions, and 144 management sectional centers.

## Selected Centralizations of Administrative Services Previously Performed by Area and District Offices

Between 2002 and 2005, USPS centralized numerous support services, including accounting, equal opportunity employment investigations, and human resources into shared service centers. These services were conducted by employees in area and district offices before the centralizations. According to USPS headquarters officials, these centralization efforts are most noteworthy in terms of cost savings and reductions in area and district employee staffing.

## Centralization of Accounting Services

USPS centralized some of its accounting services in 2002 and 2003. As part of this effort, USPS replaced its prior information technology systems with a new computer system—the Standard Accounting for Retail System. In addition, USPS reviewed the range of accounting services performed at its district offices to identify services that could be standardized and streamlined and, as a result of this effort, eliminated 1,063 district accounting positions. To handle work previously performed by district employees, USPS created 295 positions at three accounting shared service centers in Eagan, Minnesota; St. Louis, Missouri; and San Mateo, California—a net reduction of 768 USPS positions. In fiscal year 2005, USPS completed a postcentralization review and determined that its actions had resulted in cost savings of \$56.8 million.



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## Centralization of Equal Employment Opportunity Investigations

In 2004, USPS centralized activities related to its investigations of equal employment opportunity complaints within a shared service center—the National Equal Opportunity Employment Service Office—located in Tampa, Florida. To accomplish this centralization, USPS eliminated 169 area and district human-resource positions and created 47 positions at the new center to handle the complaints—a net reduction of 122 employee positions. According to USPS officials at the center, the goals of this centralization were to (1) correct problems in USPS’s equal employment opportunity complaint process, (2) reduce a substantial backlog of cases, and (3) implement a consistent process for investigating future complaints. Among other responsibilities, employees at this center review complaints filed by USPS employees and applicants for employment, assign complaints to contracted investigative personnel, and review and make determinations about the investigators’ findings. According to USPS officials at the center, centralizing this work resulted in about \$13 million in cost savings as of fiscal year 2011. In addition, beginning in 2005, USPS began soliciting federal agencies to carry out their agencies’ equal employment opportunity investigations through the center. According to officials at the center, 17 agencies have entered into interagency agreements with USPS for this purpose. From 2006 to 2011, USPS earned about \$3 million in revenue from these agreements, according to officials at the center.

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## Centralization of Human Resource Services

In 2005, USPS established its Human Resource Shared Services Center in Greensboro, North Carolina, to centralize most of its services related to employee benefits; personnel actions; safety and injury compensation; and employee hiring, retirements, and reassignments. According to USPS officials at the center, the centralization was needed to streamline and standardize its human resources services. As part of this effort, USPS introduced a new information technology system—the Human Capital Enterprise System—which integrated information from a variety of prior human resource computer systems. According to USPS officials, the introduction of the improved computer system, along with the centralization, allowed USPS to reduce its district human resource staff by approximately 1,300-1,400 positions.<sup>1</sup> While USPS eliminated well over a thousand district positions, it also created 457 positions at the

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<sup>1</sup>According to USPS officials, the work associated with these human resource positions largely involved data entry transactions, such as posting job positions online and processing retirement and benefits documentation.

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**Appendix I: Timeline of Recent Field Office Consolidations and Information on Selected Centralizations of Administrative Services**

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shared services center to provide these services—a net staff reduction of roughly 900 employee positions.<sup>2</sup> According to a Human Resources official, the centralization of human resource services resulted in cost savings of about \$150 million annually from 2007 through 2011.

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<sup>2</sup> According to officials at the Human Resource Shared Services Center, the center's staffing varies with workload fluctuations. For example, the officials told us that during open seasons when employees are allowed to change their health care insurance providers, USPS hires temporary staff to help accomplish the additional work.

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# Appendix II: Objectives, Scope, and Methodology

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This report describes: (1) the role of area and district office employees in implementing the U.S. Postal Service's (USPS) cost-savings and revenue-generation efforts and (2) USPS's actions to consolidate its field office structure in 2011 and the impact of these actions. This report also describes actions taken by USPS between 2002 and 2005 to centralize selected services previously conducted at field offices to other USPS locations.

To address these objectives, we reviewed numerous documents, including prior GAO and USPS Office of Inspector General (OIG) reports, USPS documents, and the September 6, 2011, testimony of the Postmaster General. We also interviewed USPS officials, including headquarters officials and officials in area and district offices. We interviewed officials at four area offices—the Capital Metro Area, the Northeast Area, the Southwest Area, and the Pacific Area—that we selected based on several factors, including geographic dispersion throughout the U.S. and whether the office had recently absorbed the responsibilities of other offices following a USPS field-office consolidation. We selected a mixture of area offices that had been affected by recent consolidations and one office that had not been affected. We also interviewed officials from six district offices—Connecticut Valley; Dallas; Fort Worth; Los Angeles; Northern Virginia; and Santa Ana—which we selected based on their proximity (i.e., within about 100 miles) to the four area offices we selected. In total, we interviewed over 50 USPS officials, including USPS's Chief Human Resources Officer; Area Vice Presidents; District Managers; area and district officials responsible for operations support, human resources, finance, and marketing in their locations; and managers representing USPS's accounting, equal opportunity employment investigations, and human resources shared services centers. We also interviewed representatives from the National Association of Postal Supervisors, which represents among others, USPS area and district managers.

To describe the role of field office employees in implementing USPS's cost-savings and revenue-generation efforts, we reviewed USPS documents describing USPS's strategic goals and the role of area and district employees in carrying out potential consolidations of retail, mail-processing, and delivery networks. To describe USPS's actions to consolidate its area and district offices in 2011 and the impact of this consolidation we reviewed a 2010 OIG report on the 2009 consolidation, which included recommendations for USPS related to future field-office consolidation actions, and a variety of USPS documents, including USPS's (1) statements on the expectations and goals for the 2011

consolidation, (2) 2011 Annual Report, (3) Form 10-K filing with the Securities and Exchange Commission on its 2011 Annual Report, (4) plan issued in December 2011 entitled Area and District Office Structure Evaluations Strategy, Policy and Process, and (5) 5-Year Business Plan issued in February 2012. We also interviewed USPS officials to learn about the financial and operational impacts of the 2011 consolidation. In addition, we analyzed USPS data on the number of employee positions at area and districts offices following the 2011 consolidation, and USPS's cost-savings estimates for this consolidation and for its support service centralization efforts between 2002 to 2005. We assessed the reliability of these data sources by, among other things, interviewing USPS officials and reviewing USPS procedures for maintaining the data and verifying their accuracy. Based on this information, we determined that the data provided to us were sufficiently reliable for our reporting purposes. Finally, we interviewed USPS headquarters officials and OIG officials to obtain information on recommendations in the OIG's 2010 report and USPS's December 2011 plan for future evaluations of area and district offices for possible consolidations.

We conducted this performance audit from April 2011 to April 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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# Appendix III: GAO Contact and Staff Acknowledgments

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## GAO Contact

Lorelei St. James, (202) 512-2834 or [stjamesl@gao.gov](mailto:stjamesl@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Kathleen Turner, Assistant Director; Patrick Dudley; Delwen Jones; Elke Kolodinski; James Leonard; Maria Mercado; Sara Ann Moessbauer; Joshua Ormond; and Crystal Wesco made key contributions to this report.

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