

February 1995

# D.C. AREA MAIL DELIVERY SERVICE

## Resolving Labor-Relations and Operational Problems Key to Service Improvement







United States  
General Accounting Office  
Washington, D.C. 20548

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**General Government Division**

B-260033

February 23, 1995

The Honorable Jim Lightfoot  
Chairman, Subcommittee on Treasury, Postal  
Service, and General Government  
Committee on Appropriations  
House of Representatives

The Honorable Steny H. Hoyer  
Ranking Minority Member, Subcommittee on Treasury,  
Postal Service, and General Government  
Committee on Appropriations  
House of Representatives

The Honorable Paul S. Sarbanes  
United States Senate

The Honorable Frank R. Wolf  
House of Representatives

This report responds to your requests that we review mail delivery service in Washington, D.C.; Northern Virginia; and Southern Maryland. Your request followed public disclosure of mail delivery problems in the Washington, D.C., metropolitan area and third quarter<sup>1</sup> fiscal year 1994 delivery scores that showed service in the Washington metropolitan area to be among the worst in the nation.

Specifically, you asked that we (1) document the recent history of on-time mail delivery service problems for overnight, First-Class Mail in the Washington, D.C., metropolitan area; (2) determine the reasons why mail service was below the desired level; and (3) identify any Postal Service actions to improve service.

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## Results in Brief

Since 1990, mail service in the Washington, D.C., metropolitan area has been among the worst in the nation. Also, customer satisfaction has generally been below the national average. Both mail service and customer satisfaction in the Washington, D.C., metropolitan area declined dramatically in 1994.

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<sup>1</sup>Throughout this report, references to quarterly data refer to postal quarters, which make up the postal fiscal year. The postal fiscal year starts and ends during September of each year and is made up of 13 four-week accounting periods. Postal quarters 1 through 3 include 3 accounting periods each. Postal quarter 4 includes the last 4 accounting periods.

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According to Postal Service officials, mail delivery in the Washington area deteriorated in early 1994 due in part to unexpected growth in mail volume. Local units were unable to handle this growth and maintain mail service and customer satisfaction at previous levels because of a complex set of factors that included employee shortages, a recent organizational change, mail handling process problems, and poor labor-management relations.

The Postal Service has taken steps designed to solve the immediate problems that resulted from the unexpected growth in mail volume as well as the mail handling process problems. The Postal Service has made progress toward restoring service to 1993 levels, but breakthrough improvement will require that postal management and labor unions work together to address long-standing employee relations problems that are reported to be more severe in the Washington, D.C., metropolitan area than in most other locations.

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## Background

The Postal Service's goal is to deliver at least 95 percent of local First-Class Mail overnight and to achieve 100-percent customer satisfaction. Delivery performance is measured in 96 metropolitan areas across the nation and results are published quarterly. This measurement system, known as the External First-Class Measurement System (EXFC), is based on test mailings done by Price Waterhouse. For the Washington, D.C., metropolitan area,<sup>2</sup> EXFC results are available separately for Washington, D.C.; Northern Virginia; and Southern Maryland. Nationwide averages are also available for comparison purposes.

Customer satisfaction is measured in 170 metropolitan areas across the nation, and results are also published quarterly. This measurement system, known as the Customer Satisfaction Index (CSI), is administered by the Opinion Research Corporation. Each quarter it mails a questionnaire to thousands of households asking them how they would rate their overall satisfaction with the Postal Service's mail service. For the Washington, D.C., metropolitan area, CSI results are available separately for Washington, D.C.; Northern Virginia; Southern Maryland; and Suburban Maryland.<sup>3</sup> The processing and distribution facility for Southern Maryland

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<sup>2</sup>Mail service for the Washington, D.C., metropolitan area includes Arlington, Fairfax, Loudoun, Prince William, Fauquier, Culpeper, Rappahannock, Frederick, Warren, Clarke, Madison, and parts of Shenandoah, Stafford, Orange, and Page counties in Virginia. It also includes Montgomery, Prince George's, Calvert, Charles, St. Mary's, and parts of Anne Arundel and Howard counties in Maryland, as well as the District of Columbia.

<sup>3</sup>While CSI reports a separate score for Suburban Maryland, EXFC does not.

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is located in Prince George's County. The facility for Suburban Maryland is located in Montgomery County. Nationwide averages are also available for comparison purposes.

The Postal Service said that its delivery service and customer satisfaction goals—nationwide and locally—are ambitious, and attaining those goals will require a high level of employee commitment. For example, the quarter 4, 1994, EXFC nationwide average was 12 percentage points below the established goal.

To gauge employee attitudes and satisfaction levels, the Service has administered a questionnaire to all employees in each of the last 3 years. This questionnaire is commonly known as the Employee Opinion Survey (EOS), and survey results are available for the nation, broken down by local postal facility.

In conducting our review, we (1) obtained and analyzed numerous Postal Service reports containing data on factors affecting mail processing and delivery; (2) obtained and analyzed numerous types of performance data for both the local Washington, D.C., area and the nation, as well as for other selected locations; (3) interviewed various postal and union officials; (4) observed mail processing operations at local processing and distribution centers and local postal stations; and (5) examined recent reports on mail service issued by the Postal Service's Inspection Service and the Surveys and Investigations Staff of the House Committee on Appropriations. (Additional background information and more details on our objectives, scope, and methodology are presented in appendix I.)

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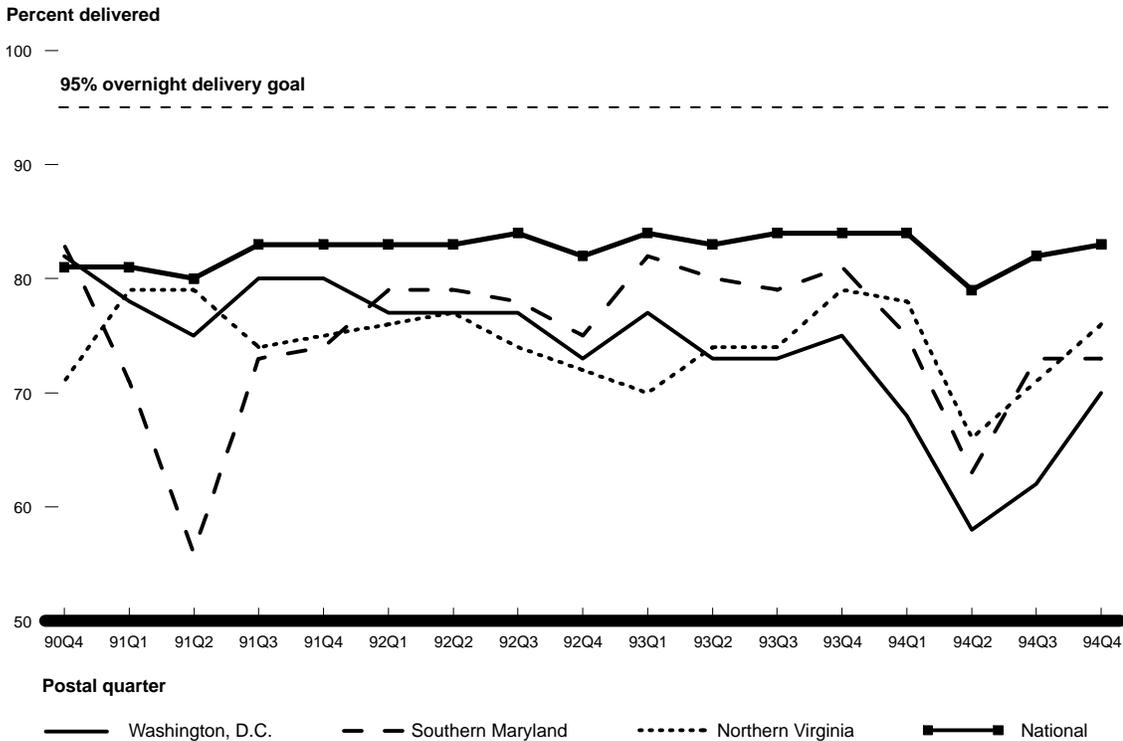
## The Problem

Mail service and customer satisfaction in the Washington, D.C., metropolitan area have consistently been below stated goals; generally below the national average; and, in 1994, substantially below the levels attained in 1993. Specifically, service in the Washington metropolitan area, as measured quarterly by EXFC,<sup>4</sup> has been below the national average in 16 of the 17 quarters since EXFC was first established in 1990. The national average ranged between 79 and 84 percent in that time period but has always been below the 95-percent on-time delivery goal. Figure 1 compares mail delivery service in the Washington metropolitan area, over time, with the national average and delivery service goal.

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<sup>4</sup>EXFC measures delivery time between the scheduled pickup of mail at collection boxes or post offices and the receipt of that mail in the home or business.

**Figure 1: EXFC First-Class Overnight Delivery, Nationwide and in the Washington, D.C., Area**



Source: Postal Service data.

Further analysis of EXFC data showed that delivery scores in the Washington, D.C., metropolitan area have been among the worst in the nation. For example, 88 percent of the time, service in Northern Virginia and Southern Maryland was in the bottom 25 percent of all locations where service was measured; 76 percent of the time, service in Washington, D.C., was in the bottom 25 percent. Additionally, delivery service scores in the Washington, D.C., metropolitan area for quarter 4, 1994, were significantly below the scores attained for quarter 4 the

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previous year.<sup>5</sup> Southern Maryland's score, for example, dropped 8 percentage points.

Residential customer satisfaction in much of the Washington, D.C., metropolitan area, as measured by CSI, has generally been below the national average. (See figure 2.<sup>6</sup>) Since 1991, the Opinion Research Corporation has sent CSI questionnaires to postal customers on a quarterly basis asking them how satisfied they were with mail service. Information collected during these 16 quarters show that in each quarter between 85 and 89 percent of customers nationwide rated their satisfaction with the Service's overall performance as excellent, very good, or good. In 12 of 16 quarters, Northern Virginia customers reported being as satisfied, or more satisfied, than the nation as a whole. Customer satisfaction in the other locations that make up the metropolitan area—Southern Maryland; Washington, D.C.; and Suburban Maryland—was lower.<sup>7</sup> For example, Washington, D.C., customers rated the Postal Service lower than the national average in all 16 quarters.

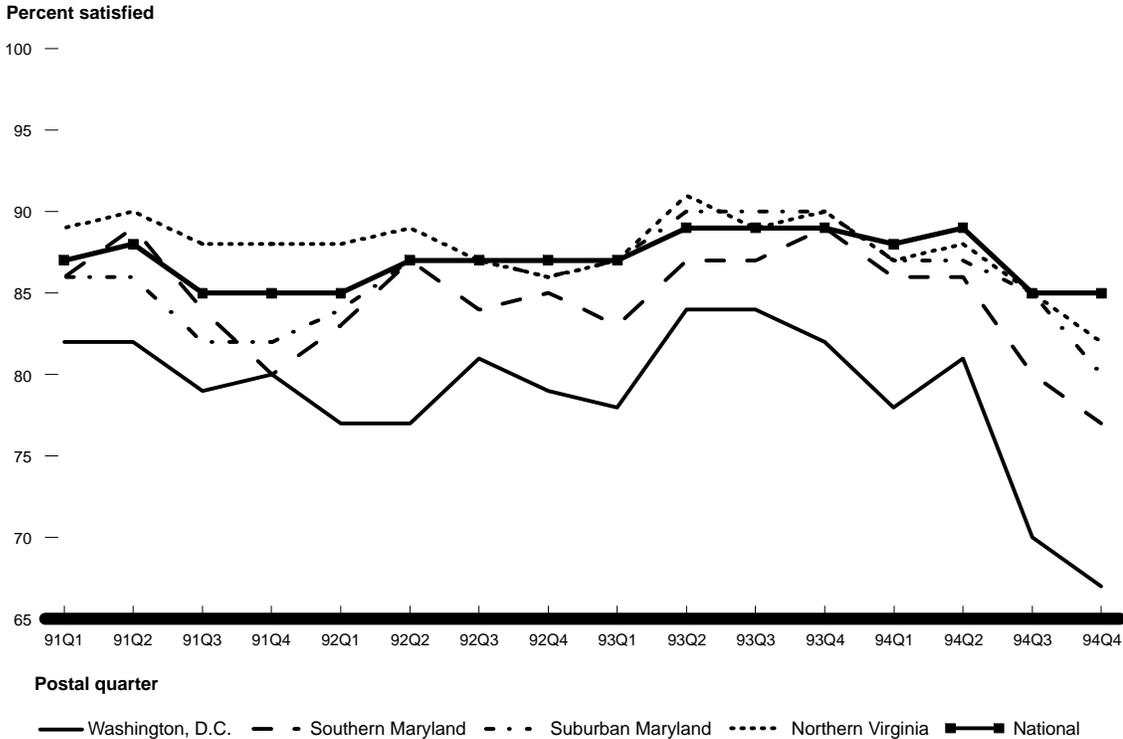
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<sup>5</sup>Recently released EXFC scores for quarter 1, 1995, show some improvement in delivery service. The national EXFC score increased from 83 in quarter 4, 1994, to 84. Scores for Washington, D.C.; Southern Maryland; and Northern Virginia increased from 70, 73, and 76 to 73, 74, and 77, respectively.

<sup>6</sup>The recently released national CSI score for quarter 1, 1995, was 85 percent. This score represents no change from the previous quarter. CSI scores for Washington, D.C.; Southern Maryland; Suburban Maryland; and Northern Virginia decreased from 67, 77, 80, and 82 to 55, 71, 72, and 74, respectively.

<sup>7</sup>CSI was at least 3 percentage points below the national average in all 16 quarters for Washington, D.C.; in 6 quarters for Southern Maryland; in 3 quarters for Suburban Maryland; and in 1 quarter for Northern Virginia. In the fourth quarter of 1994, Washington, D.C., was 18 percentage points below the national CSI average; Southern Maryland was 8 points below average; Suburban Maryland was 5 points below average; and Northern Virginia was 3 points below average.

**Figure 2: National and Washington, D.C., Area Quarterly CSI Results Since the Inception of the CSI Program**



Source: Postal Service data.

Further analysis of CSI scores showed that customer satisfaction was lower in all parts of the Washington, D.C., metropolitan area during quarter 4 of fiscal year 1994 than during comparable periods in 1991, 1992, and 1993. (A detailed discussion of mail service conditions in the Washington, D.C., metropolitan area is presented in appendix II.)

## The Causes of the Problem and Postal Service Actions

Mail service in the Washington, D.C., metropolitan area is poor for a number of reasons, including (1) the Postal Service's inability to effectively deal with the unexpected growth in mail volume, (2) mail handling process problems, and (3) labor-management problems. Over the

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past few months, the Postal Service has initiated additional actions in each of these areas in an effort to improve mail service.

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### Inability to Respond Effectively to Unexpected Mail Volume Growth

In 1994, the percentage increase in the amount of mail delivered in the Washington, D.C., metropolitan area was twice the national average. According to Postal Service officials, the Postal Service had not anticipated this growth and was unprepared to process and deliver the increased volume of mail.

Complicating the situation were several factors that worked against the Postal Service. First, according to Postal officials, local processing and delivery units experienced staffing problems because more craft people than expected accepted a retirement incentive (buyout) of up to 6 months' salary and left the Service during the 1992 restructuring. Also, staffing ceilings were put into place in anticipation of more automation equipment. These events, according to Postal officials, left the delivery units with too few people to handle the increased volume of mail. Additionally, the processing units were operating with too many unskilled, temporary employees who had been hired to replace more costly career employees who retired in 1992. Training also became an issue when some new supervisors were placed in jobs where they were not familiar with the work of the employees they were supervising. After considerable attention was focused on these problems in the spring of 1994, the Postal Service took steps to hire new, permanent employees and strengthen training for supervisors and craft personnel.

Second, to focus additional attention on customer service, separate lines of reporting authority were established for mail processing and mail delivery functions under the Executive Vice President/Chief Operating Officer during the 1992 restructuring. This realignment of responsibilities was done as part of the Postmaster General's broad strategy to make the Postal Service more competitive, accountable, and credible. This action left no single individual with the responsibility and authority to coordinate and integrate the mail processing and delivery functions at the operating levels of the organization. The primary focus of each of the function managers was to fulfill the responsibilities of his or her function. Working with the other function managers became a secondary concern. Consequently, because critical decisions affecting both mail processing and customer services could not be made by one individual at the operating level of the organization, coordination problems developed.

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In June 1994, the Postmaster General moved responsibility for processing and delivery down to the Area Vice President level, and on January 10, 1995, postal officials announced plans for establishing a position under the Mid-Atlantic Area Vice President that would be responsible for overseeing all processing and delivery functions in the Washington, D.C., metropolitan area and Baltimore area.

Time slippages in the automation program was another factor that affected the Postal Service's ability to handle the increased volume of mail. More mail than planned had to be processed manually or on mechanical letter-sorting machines. The Postal Service had expected that by 1995 almost all letter mail would be barcoded by either the Postal Service or mailers and be processed on automated equipment. However, automation fell behind schedule in 1993-1994. The new projected date for barcoding all letter mail has slipped to the end of 1997. (A detailed discussion of the Postal Service's inability to respond effectively to the unexpected mail volume growth in the Washington, D.C., metropolitan area is presented in appendix III.)

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## Mail Handling Process Problems

Delivery service in the Washington metropolitan area was also adversely influenced by various mail handling process problems, including (1) the unnecessary duplicative handling of much mail addressed to Northern Virginia, (2) overnight service areas that managers believed were geographically too large, (3) mail arriving too late for normal processing, (4) the absence of a control system for routinely pinpointing the specific causes of delays in specific pieces or batches of mail, and (5) failure of employees to follow prescribed processing procedures.

The Postal Service has taken action to address, at least in part, each of these problems. Some of the more significant actions taken include (1) reducing the amount of mail handled by more than one processing facility in Northern Virginia, (2) processing more mail at local facilities rather than transporting it to distant processing and distribution centers, (3) working with the large mailers to get them to mail earlier in the day and give advance notice when mailing unusually large volumes, (4) taking the first steps to develop a system that can pinpoint causes of delayed mail, and (5) requiring greater adherence to established operating procedures. Additionally, a number of service improvement teams are continuing to examine mail handling processes in an effort to identify other areas needing improvement.

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Examples provided by local postal officials that most clearly illustrate problems affecting the local area are discussed below.

Duplicative mail handling: Much mail sent to the Northern Virginia area was delayed because it was processed by both the Dulles and Merrifield facilities. Further delays also occurred because of the time lost transporting mail between the two facilities. Duplicative mail handling occurred because the Dulles and Merrifield facilities are jointly responsible for certain ZIP Code service areas and most facilities sending mail to Northern Virginia did not separate the mail between the two facilities. There is no easy way to split up the service areas between the two facilities geographically—it would require realigning and changing some ZIP Codes. That option had not been vigorously pursued because of the adverse reaction from customers anticipated by the Service. However, the Postal Service recently began working with major feeders of overnight mail to work out an interim solution—i.e., the feeder facilities are to sort mail more completely before sending it to the Merrifield and Dulles facilities. Additionally, the Postal Service, in commenting on a draft of this report, said that it will be installing a Remote Bar Coding System site at the Dulles processing and distribution center (P&DC) that, along with other processing changes, will virtually eliminate the need for duplicative handling of mail for some Northern Virginia ZIP Codes.

Overnight service areas that are too large: Consistent overnight delivery service in some parts of the Washington, D.C., metropolitan area is difficult to achieve because some service areas may be too large for the current collection, transportation, and delivery network. For example, mail from some of the outlying areas in the service area—e.g., Leonardtown and California, Maryland—does not arrive at the Southern Maryland processing facility until 10:00 or 11:00 p.m. This severely compresses the amount of time available for processing the mail and getting it back out to the post offices in time for delivery the next day. To address this problem, the Postal Service plans to process mail from Leonardtown and California, in addition to other Southern Maryland areas, at a closer facility in Waldorf (Charles County), Maryland. Additionally, the Postal Service is installing more “local only” collection boxes, which should reduce the amount of mail that has to be transported to distant processing and distribution centers.

Mail arriving too late for timely processing: Large quantities of mail are frequently entered into the mail stream significantly past the times established for normal processing. This would not be a problem, however,

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were it not for the expectation that deliveries would be made the next day. Managers told us they have few options other than to accept late-arriving mail and then rush to meet dispatch times. They said that to do otherwise would upset the delicate balance between providing customer service and meeting established time schedules. To help establish a more orderly workflow, the Postal Service has been actively working with large mailers in the area to get them to mail earlier in the day and also to notify the Postal Service ahead of time when large mailings are expected to arrive. (A detailed discussion of all five mail handling process problems and corrective actions taken is presented in appendix IV.)

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### Long-Term Solutions Involve Addressing Poor Labor-Management Relations

In addition to academic studies, EOS, EXFC, and CSI survey results indicated that a relationship exists between employee attitudes and service performance. Employee attitudes about postal management in most of the facilities in the Washington, D.C., area, like employee attitudes in many other big cities, were in the bottom 25 percent of units nationwide. Similarly, EXFC and CSI scores for Washington, D.C., and other big cities were also relatively low compared to other areas of the country.

Disruptive workforce management problems were more prevalent in the Washington, D.C., metropolitan area than in most other parts of the country. Postal Service data showed that employees in the Washington, D.C., metropolitan area experienced greater than average use of sick leave and a higher-than-normal use of work assignments with limited/light duties for employees who, due to physical restrictions, are unable to perform normal duties. Managers told us that excessive use of sick leave and limited/light duty assignments indicate possible abuse and result in lower productivity.

Those managers believed, and EOS tended to support the view, that excessive employee absences and unavailability for regular duties were often the result of substance abuse and poor employee attitudes. EOS data suggested that employees in the Washington, D.C., metropolitan area perceived a greater than average level of substance abuse and had more negative attitudes about postal management than employees in most other locations nationwide.

Postal management recognizes that improving employee attitudes and attendance is critical to improving delivery performance and customer satisfaction. However, the Postal Service cannot improve employee attitudes and attendance unilaterally. Successful change will require the

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support and cooperation of employees and their unions. The need for joint cooperation was pointed out in our recent report on Postal Service labor-management relations.<sup>8</sup>

The Postmaster General has initiated a number of actions to improve this relationship. For example, he recently invited all the parties representing postal employees to attend a national summit and commit to reaching, within 120 days, a framework agreement for addressing labor-management problems. The rural carriers union and the three management associations accepted the invitation. However, the leaders of the three largest postal unions had not accepted as of December 31, 1994. They said they would wait until the current round of contract negotiations is completed before making a decision on the summit. (A detailed discussion of labor-management relations is presented in appendix V.)

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## Agency Comments

The Postal Service provided written comments on a draft of this report. It recognized the need to improve service and highlighted its continuing efforts to produce significant improvements in customers' satisfaction with their mail service. The Postal Service said that it was continuing to move ahead with numerous improvements in the area's mail processing and distribution centers. For example, it cited the installation of the Remote Bar Coding System site at the Dulles P&DC to help resolve the duplicative handling of some mail addressed to Northern Virginia. It also cited efforts to begin processing more mail at the Waldorf (Charles County), Maryland facility in order to improve service in Southern Maryland. Additionally, the Postal Service said that it was looking into diagnostic technologies as a means of improving its ability to identify underlying causes of delayed mail.

The Postal Service said that new supervisors are receiving the training they need, and that the Service is continuing to hire more letter carriers and mail handlers and to place them where they are most needed. The Postal Service further said that through the outstanding work of thousands of dedicated employees, it was turning the corner in providing quality service in the Washington, D.C., metropolitan area. It said that the actions taken are beginning to produce results and cited, as an example, the improved EXFC scores attained during the first quarter of 1995.

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<sup>8</sup>U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor (GAO/GGD-94-201 A/B, Sept. 1994).

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The Postal Service agreed with our conclusion that improving labor-management relations is a key element in any long-term solution to mail service problems. It said that efforts in this area must include correcting problems that arise from a collective bargaining process that is not working. Further, it said that postal unions and postal management must work together to change this process.

Where appropriate, the Postal Service's comments have been incorporated into the text of this report. Its comments, in total, are included as appendix VI.

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As arranged with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the date of this letter. At that time, we will distribute copies of the report to the Postmaster General, other House and Senate postal oversight committees, and other interested parties. Copies will also be made available to others upon request.

Major contributors to this report are listed in appendix VII. If you have any questions about the report, please call me on (202) 512-8387.



J. William Gadsby  
Director, Government  
Business Operations Issues

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**Abbreviations**

CDVF	City delivery volume feet
CSI	Customer Satisfaction Index
EOS	Employee Opinion Survey
EXFC	External First-Class
P&DC	Processing and distribution center
ULTRA	Unit-Load Tracking Architecture

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# Background and Objectives, Scope, and Methodology

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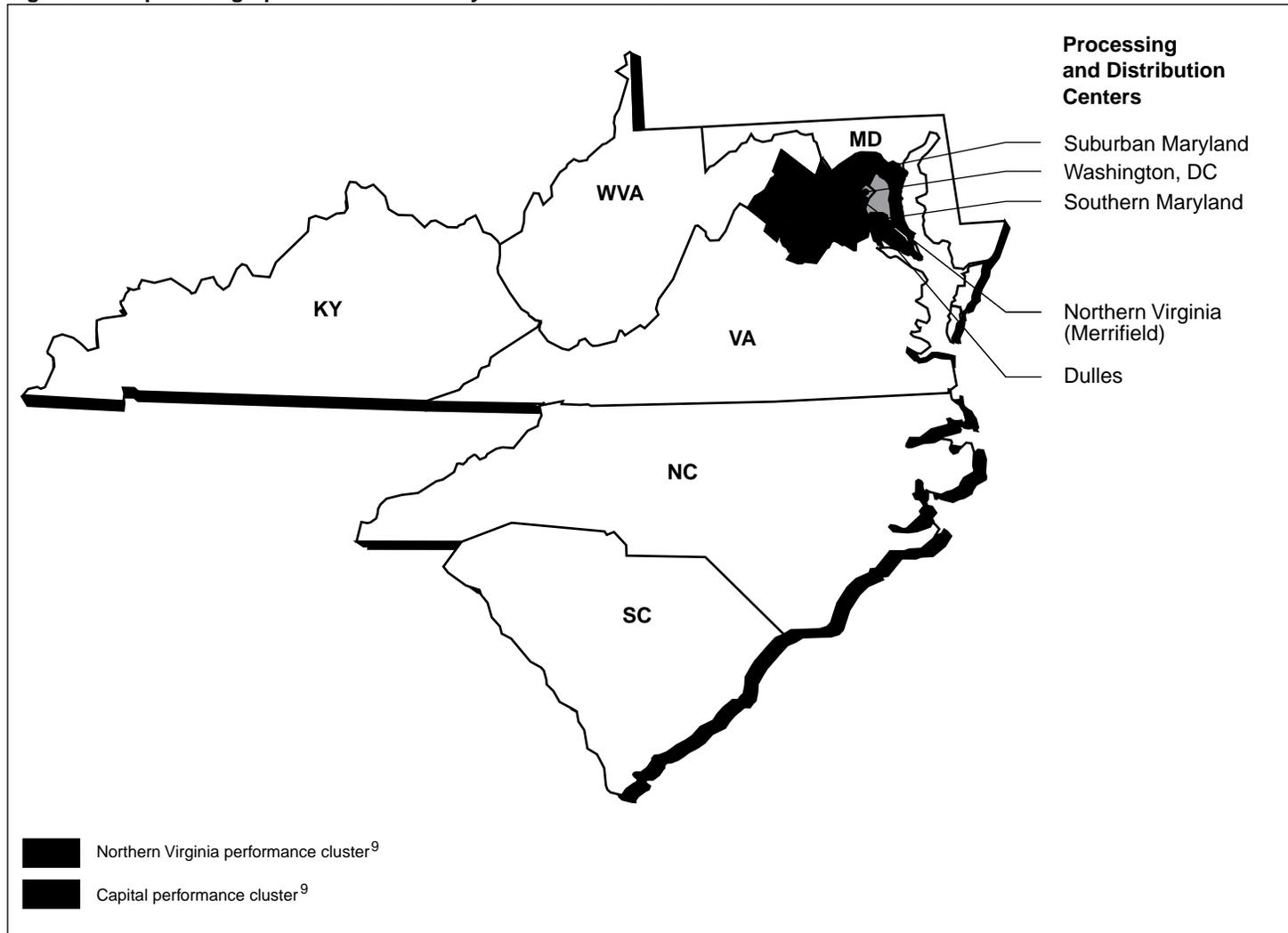
## Background

In fiscal year 1994, the Postal Service delivered about 177 billion pieces of mail nationwide. About 94 billion, or 53 percent, was First-Class Mail. Revenues for all classes of mail totaled about \$50 billion in fiscal year 1994. Revenue from First-Class Mail totaled about \$29.4 billion—approximately 59 percent of total revenue.

The Postal Service field organization comprises 10 service areas. The Mid-Atlantic Area provides service to the Washington, D.C., metropolitan area and surrounding states. (See figure I.1.)

**Appendix I  
Background and Objectives, Scope, and  
Methodology**

**Figure I.1: Map of Geographic Area Covered by the Mid-Atlantic Service Area**



Source: Postal Service.

The Mid-Atlantic area is subdivided into nine performance clusters. The Northern Virginia and Capital performance clusters provide mail service

for the Washington, D.C., metropolitan area.<sup>9</sup> The Northern Virginia cluster consists of two mail processing and distribution centers (P&DC), one of which is at Merrifield, Virginia, and one at Dulles International Airport; and the Northern Virginia customer service district.<sup>10</sup> The Capital cluster consists of three P&DCs, with one each in Capitol Heights, Maryland (Southern Maryland); Gaithersburg, Maryland (Suburban Maryland); and Brentwood (Washington, D.C.); as well as the Capital customer service district. The Mid-Atlantic Area Vice President is responsible for day-to-day management of the Mid-Atlantic Area.

Efficient collection, processing, and transportation of mail are critical to timely mail delivery and customer satisfaction. Most processing is done at P&DCs, which (1) distribute most local mail to post offices for delivery and (2) dispatch nonlocal mail to other postal facilities for further sorting and distribution. The types of mail processing operations include (1) high-speed processing on automated equipment, (2) mechanized processing on letter sorting machines, and (3) manual sorting. Automated processing is the most efficient of the three methods, and its use is increasing as more automated equipment is installed.

The Postal Service's goal is to deliver at least 95 percent of its First-Class Mail within the following timeframes: (1) overnight for First-Class Mail originating (being sent) and destinating (being received)<sup>11</sup> within the local delivery area defined by the Postal Service; (2) 2 days (generally) for First-Class Mail traveling outside the local area, but within 600 miles; and (3) 3 days for all other domestic First-Class Mail. Nationwide, during the fourth quarter of fiscal year 1994, the Postal Service delivered about 83 percent of its overnight mail, 74 percent of its 2-day mail, and 79 percent of its 3-day mail within established delivery standards.

The Postal Service has for several years sponsored measurement systems—the External First-Class Measurement System (EXFC), the Customer Satisfaction Index (CSI), and the Employee Opinion Survey (EOS)—that have allowed assessments of its delivery performance, as well as of customer and employee satisfaction. The Service uses information from these systems to identify areas needing improvement and also

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<sup>9</sup>The Northern Virginia cluster includes Arlington, Fairfax, Loudoun, Prince William, Fauquier, Culpeper, Rappahannock, Frederick, Warren, Clarke, Madison, and parts of Shenandoah, Stafford, Orange, and Page counties in Virginia. The Capital cluster includes Montgomery, Prince George's, Calvert, Charles, St. Mary's, and parts of Anne Arundel and Howard counties in Maryland, as well as the District of Columbia.

<sup>10</sup>Customer service districts, through an extensive network of local post offices, stations, and branches, provide collection, delivery, and retail services.

<sup>11</sup>"Originating" and "destinating" are terms commonly used by the Postal Service.

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publishes summary data that the Service and public can use to hold management and employees accountable for Postal Service performance.

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## Objectives, Scope, and Methodology

Our objectives were to (1) document the recent history of on-time mail delivery service problems for overnight First-Class Mail in the Washington, D.C., metropolitan area; (2) determine the reasons why mail service was below the desired level; and (3) identify any Postal Service actions to improve service. We did not review the Postal Service's delivery performance for First-Class Mail outside the local service area or for other mail classes (i.e., Express, second-, third-, and fourth-class). The Washington, D.C., metropolitan area, as used in this report, includes the Northern Virginia and Capital clusters.

To accomplish our objectives, we obtained and analyzed numerous Postal Service reports containing data on factors affecting mail processing and delivery. We examined national and local Postal Service workhour reports, financial reports, and "FLASH" reports. FLASH reports provide, among other things, detailed information on overtime, mail volume, the number of addresses where mail can be delivered, sick leave usage, limited duty workhours, and the number of hours spent on training.

The reports generally covered 4-week accounting periods for fiscal years 1991 through 1994. They included information for the nation, as well as for the Northern Virginia cluster, the Capital cluster, and the units included in these two clusters. Because of changes in accounting and reporting in fiscal year 1993, we did not use 1993 data below the cluster level.

We also obtained and analyzed numerous types of performance data for the local Washington, D.C., area and for the nation, as well as for other judgmentally selected locations. These data included delivery service scores as measured by the Postal Service's EXFC measurement system, customer satisfaction scores as measured by CSI, and employee opinions as determined by EOS. These data covered fiscal years 1991 through 1994, except for EOS, which was conducted in 1992, 1993, and 1994. In 1992, we reported that CSI was a statistically valid survey of residential customer satisfaction with the quality of service provided by the Postal Service.<sup>12</sup> We have not evaluated the validity of the EXFC and EOS survey.

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<sup>12</sup>U.S. Postal Service: Tracking Customer Satisfaction in a Competitive Environment (GAO/GGD-93-4, Nov. 1992).

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**Appendix I  
Background and Objectives, Scope, and  
Methodology**

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We interviewed (1) the Chief Operating Officer/Executive Vice President of the Postal Service; (2) the Vice President of the Mid-Atlantic Service Area; (3) the customer service managers for the Northern Virginia and Capital clusters; (4) the plant managers at Merrifield, Brentwood, and Capitol Heights; (5) Inspection Service officials responsible for audits of postal operations; and (6) various other program and operations officials at headquarters, the Mid-Atlantic area office, local P&DCS, and local delivery units. We also discussed the causes of mail delivery problems with representatives from the National Association of Letter Carriers and the American Postal Workers Union.

Additionally, we observed mail processing operations at local P&DCS and local postal delivery units. We also obtained and analyzed documentation on initiatives to improve service in the Washington, D.C., metropolitan area, although we did not evaluate the effectiveness of those initiatives. We also reviewed recent reports on mail service issued by the Inspection Service and the Surveys and Investigations Staff of the House Committee on Appropriations.

We requested comments on a draft of this report from the Postal Service. Written comments were received and are discussed on page 11 and included as appendix VI.

We did our work from September 1994 to December 1994 in the Washington, D.C., metropolitan area in accordance with generally accepted government auditing standards.

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# Several Measures Showed a History of Below-Average Service for the Washington, D.C., Metropolitan Area

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The Postal Service's goal is to deliver 95 percent of the mail on time as measured by EXFC and to achieve 100-percent customer satisfaction as measured by CSI.<sup>13</sup> To date, however, the Postal Service has fallen considerably short of those goals, both nationally and in the Washington, D.C., metropolitan area.

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## Area EXFC Scores Have Consistently Been Below the National Average

EXFC data show that mail delivery service in the Washington, D.C., area has consistently been among the worst in the nation. EXFC is administered under contract by Price Waterhouse and measures delivery time between the scheduled pickup of mail at collection boxes or post offices and the receipt of that mail in the home or business. EXFC test mailings are done in 96 metropolitan areas across the country. Results are published quarterly for overnight First-Class Mail. Within the Washington metropolitan area, EXFC delivery scores are available for Northern Virginia, Southern Maryland, and Washington, D.C.

Since EXFC was first established in 1990, delivery scores for overnight First-Class Mail in the Washington, D.C., metropolitan area have, except for the first quarter reported (fourth quarter of 1990), been below the national average, and the national average has always been below the performance goal established by the Postal Service. (See figure 1.)

Our further analysis of EXFC scores showed that mail service in the Washington, D.C., metropolitan area was not only below the national average, but also was generally among the worst in the nation. As shown in table II.1, Northern Virginia, Southern Maryland, and Washington, D.C., frequently ranked in the bottom 25 percent of the metropolitan areas where delivery performance was measured. Often, these locations were in the bottom 10 percent.

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<sup>13</sup>The Postmaster General, in remarks before the Board of Governors in November 1993, set a goal of raising customer satisfaction from a high of 89 percent in 1993 to 91 percent in 1994.

**Appendix II**  
**Several Measures Showed a History of**  
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**Table II.1: Relative EXFC Rankings for the Washington, D.C., Area**

Location	Delivery performance ranked in bottom 25 percent <sup>a</sup>		Delivery performance ranked in bottom 10 percent <sup>a</sup>	
	Number	Percent	Number	Percent
Washington, D.C.	13	76%	11	65%
Southern Maryland	15	88	8	47
Northern Virginia	15	88	8	47

Source: Postal Service data.

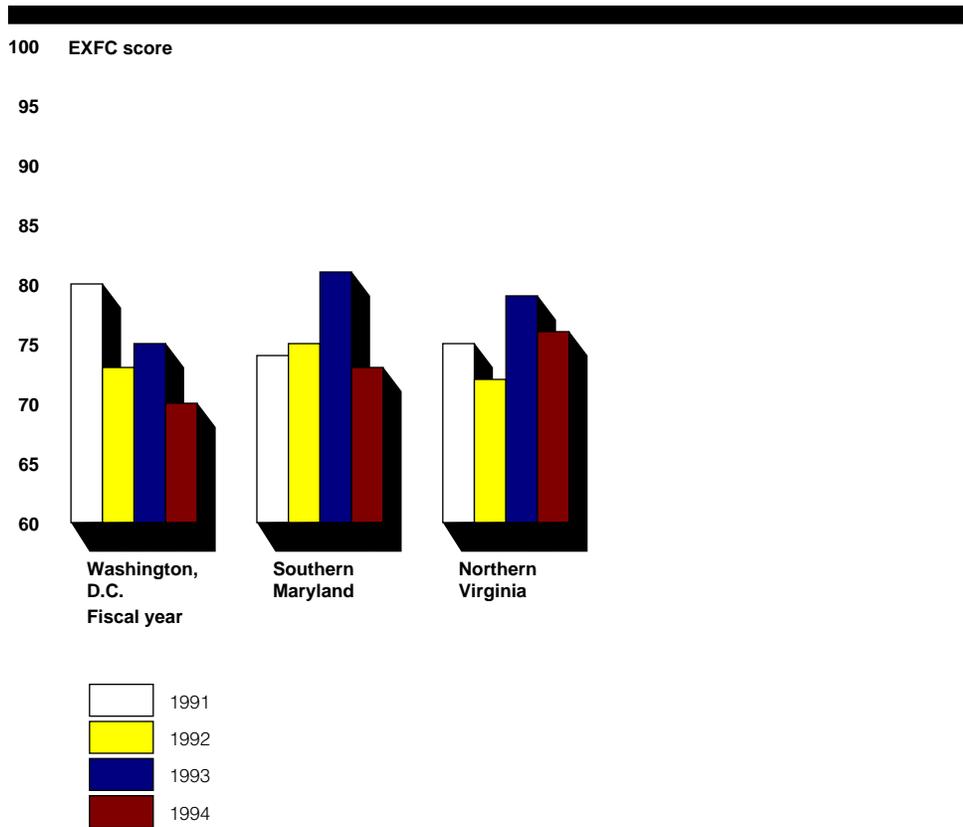
Note: EXFC data were available, by quarter, from the fourth quarter of fiscal year 1990 through the fourth quarter of fiscal year 1994—17 quarters.

<sup>a</sup>Out of a total of 17 quarters.

EXFC data also showed that Washington metropolitan area delivery service in fiscal year 1994 was generally below the levels of service provided in fiscal years 1991 through 1993. (See figure II.1.) Northern Virginia was the exception. Delivery service in Northern Virginia was better in fiscal year 1994 than it was in 1991 and 1992, but not as good as it was in fiscal year 1993.

**Appendix II**  
**Several Measures Showed a History of**  
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**D.C., Metropolitan Area**

**Figure II.1: Quarter 4 Trends of EXFC Scores for Washington Area Locations, 1991-1994**



Source: Postal Service data.

EXFC scores can be affected by the performance of neighboring P&DCs. For example, mail originating in Southern Maryland and going to the District of Columbia passes through the Southern Maryland P&DC and the Washington, D.C., P&DC (the destinating facility). The time taken is reflected in Washington, D.C.'s EXFC score, even though it may have been delayed because of a problem at the Southern Maryland P&DC. Because of the impact other locations may have on individual EXFC scores, we obtained and compared the test scores for "turnaround" mail<sup>14</sup> in Northern Virginia, Southern Maryland, and Washington, D.C., with the published EXFC scores for each of the three locations where service is measured in the Washington area. Table II.2 shows that delivery scores for turnaround

<sup>14</sup>Turnaround mail is mail that is collected, processed, and delivered within a single service area.

**Appendix II**  
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mail were higher than the published EXFC scores, but still below the 95-percent delivery performance standard.

**Table II.2: Published Overnight-First-Class Mail EXFC Delivery Scores and Turnaround Mail Scores for Washington, D.C.; Southern Maryland; and Northern Virginia, Fiscal Years 1992 Through 1994**

Postal quarter/fiscal year	Washington, D.C.		Southern Maryland		Northern Virginia	
	EXFC score	Turn-around mail score	EXFC score	Turn-around mail score	EXFC score	Turn-around mail score
1-1992	77	80	79	85	76	81
2-1992	77	77	79	86	77	84
3-1992	77	78	78	87	74	80
4-1992	73	74	75	86	72	77
1-1993	77	80	82	88	70	78
2-1993	73	76	80	88	74	80
3-1993	73	75	79	85	74	81
4-1993	75	78	81	88	79	85
1-1994	68	69	75	82	78	83
2-1994	58	64	63	74	66	74
3-1994	62	69	73	83	71	78
4-1994	70	78	73	82	76	82

Source: Postal Service data.

**Northern Virginia, Suburban Maryland, Southern Maryland, and Washington, D.C., Residents Expressed Varying Levels of Customer Satisfaction**

Customer satisfaction with mail service, as measured by CSI, varied among residents in Northern Virginia, Suburban Maryland, Southern Maryland, and Washington, D.C. In fiscal year 1991, the Postal Service developed and implemented CSI to track residential customer satisfaction. CSI is administered under contract by Opinion Research Corporation. Each quarter since it was implemented, the contractor has mailed a questionnaire to thousands of households throughout the nation asking them how they would rate their overall satisfaction with the Postal Service's performance (poor/fair/good/very good/excellent).<sup>15</sup> The Postal Service publicly discloses quarterly overall satisfaction ratings for 170 metropolitan areas, as well as the nationwide average.

The Postal Service began reporting quarterly CSI scores in the first quarter of fiscal year 1991 for 40 metropolitan areas. Since then, the survey has been expanded to 170 locations. Results from the first survey showed that,

<sup>15</sup>The questionnaire also asks customers how they would rate their satisfaction with 37 additional questions on specific service areas, from letter carrier and window clerk service to parking space availability.

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**Appendix II**  
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nationally, 87 percent of customers thought the Postal Service's overall performance was excellent, very good, or good. Since then, quarterly scores have ranged between 85 and 89 percent. The CSI score for quarter 4, 1994, was 85 percent.<sup>16</sup>

Among the 170 locations surveyed, customer satisfaction scores are reported for four locations in the Washington, D.C., metropolitan area: Northern Virginia, Suburban Maryland, Southern Maryland, and Washington, D.C. Of these locations, as shown in figure 2, residents of Northern Virginia gave the highest satisfaction rating on the overall performance of the Postal Service. In 12 of the 16 quarters since the Postal Service began reporting CSI scores, Northern Virginia's scores equalled or exceeded the national average. However, in 3 of the last 4 quarters reported, satisfaction decreased, with scores falling 1 to 3 percentage points below the national average.

Suburban Maryland's postal customers were less satisfied. In 9 of the 16 quarters since the Postal Service began reporting CSI scores, Suburban Maryland's scores fell below the national average. Customer satisfaction in Suburban Maryland decreased in the last 4 quarters—dropping from 90 percent in quarter 4, 1993, to 80 percent in quarter 4, 1994.

Southern Maryland postal customers have been less satisfied than Northern Virginia and Suburban Maryland customers. In fact, Southern Maryland's score fell below the national average in 13 of the 16 quarters since quarter 1, 1991.

Of the four local areas with CSI scores comprising the Washington, D.C., metropolitan area, Washington, D.C., itself has been rated lowest on overall performance. In all 16 quarters since the Postal Service began reporting CSI scores, Washington, D.C.'s scores were lower than the national average. In addition, its scores, like most others, began to drop in quarter 4, 1993.

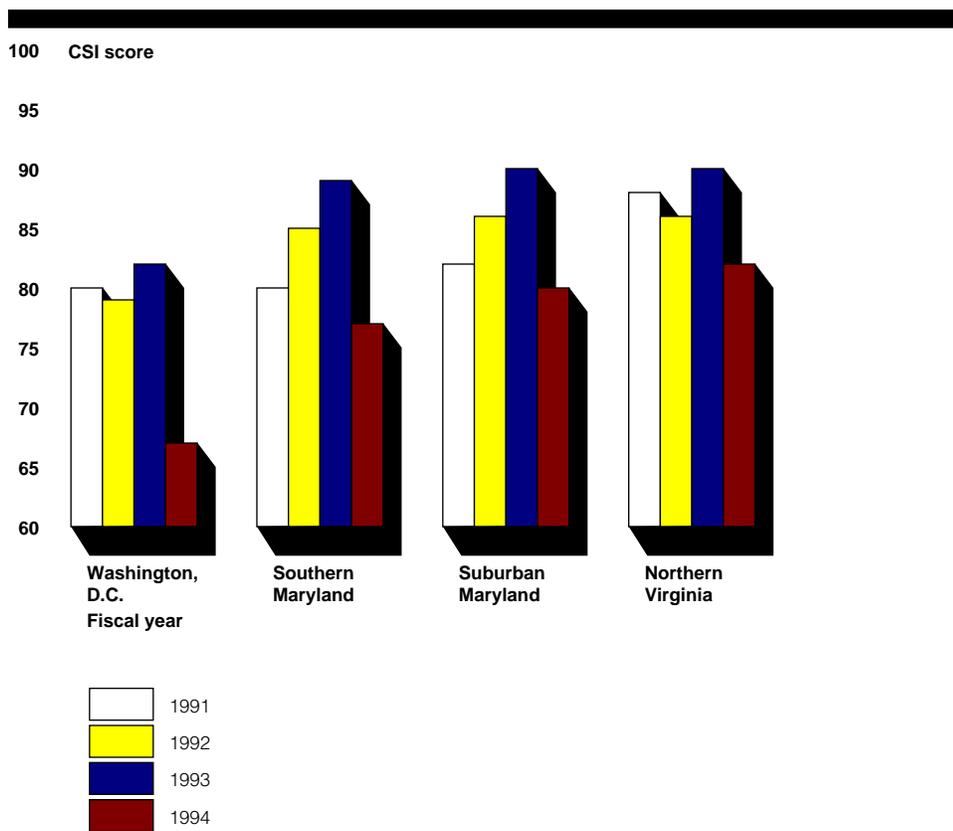
Further analysis of CSI data showed that customer satisfaction in Washington, D.C.; Southern Maryland; Suburban Maryland; and Northern Virginia was lower in quarter 4, 1994, than it was in quarter 4 of any of the preceding 3 fiscal years. (See figure II.2.)

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<sup>16</sup>The CSI score for quarter 1, 1995, remained at the 85-percent level.

**Appendix II**  
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**Figure II.2: Quarter 4 Trends of CSI Scores for Washington Area Locations, 1991-1994**



Source: Postal Service data.

# Several Factors Contributed to the Inability to Respond Effectively to Unexpected Mail Volume Growth

Postal officials cited the unexpected growth in mail volume in 1994 as one of the principal causes of the breakdown of delivery service in the Washington, D.C., metropolitan area. They said the Postal Service was unable to respond to the unanticipated growth in volume because (1) local delivery units had numerous unfilled vacancies and the workforce at the processing and distribution centers comprised many unskilled, temporary employees; and (2) an organizational change had weakened management control over the span of processing and delivery activities. Timely processing and delivery of the mail were further complicated because employee complement ceilings had been put into place in anticipation of automation. However, automation fell behind schedule in 1993 and 1994.

## Greater Than Anticipated Growth in Mail Volume

Postal officials cited an unanticipated heavy mail volume in 1994 as one of the principal causes for the slip in service performance, both nationally and locally. Nationally, mail volume grew by about 6 billion pieces between 1993 and 1994—a 3.5-percent increase.

Mail volume data, in number of pieces, were not available below the national level. At the local delivery unit level, mail volume is measured in feet. This measure, referred to as city delivery volume feet (CDVF), reflects the amount of mail delivered by carriers. The data showed that the rate of increase in the amount of mail delivered by carriers in the Northern Virginia and Capital performance clusters was about twice the rate of increase experienced nationwide. (See table III.1)

**Table III.1: Changes in CDVF Mail Volumes From Fiscal Year 1993 to Fiscal Year 1994**

	Feet in millions		
	Nationwide	Northern Virginia cluster	Capital cluster
Fiscal year 1993 volume	722.5	7.4	13.1
Fiscal year 1994 volume	760.4	8.2	14.7
Percentage increase fiscal year 1993 to 1994	5.2%	10.8%	12.2%

Source: Postal Service data.

Postal Service officials said they had not anticipated that much growth in volume either nationally or locally. Furthermore, they believed that any 1994 increase in volume could be handled without increasing the workforce size because the deployment of additional automated

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equipment would make processing and delivery more efficient. In retrospect, however, the Postal Service officials said that staffing was inadequate and that automation was able to handle only about half of the volume increase.<sup>17</sup>

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## **Local Units Experienced Employee Shortages**

According to Postal Service officials, a shortage of trained employees contributed to poor mail service in the Washington, D.C., metropolitan area. The shortage resulted from the loss of skilled employees during the restructuring and buyout, hiring decisions based on an unrealistic automation schedule, and some inadequately trained supervisors.

The Postal Service lost many skilled craft employees as a result of the 1992 restructuring and buyout. Nationally, 16,882 clerks, 11,933 city carriers, and 2,346 mail handlers took the buyout—about 5.8 percent of all employees in this group. Additionally, more than 16,000 other employees also left the Service.

In the Washington, D.C., area, 1,165 craft employees took the buyout—about 6.6 percent of the craft employees in the local area. Employees in the Washington, D.C., area who took the buyout had an average length of service of about 27 years. In testimony before the Subcommittee on Treasury, Postal Service, and General Government, House Committee on Appropriations, the Postmaster General said that in looking back at the 1992 restructuring, the Postal Service “let a few too many people go, and . . . cut too deeply in some functional areas.”

In planning the 1992 restructuring, the Postal Service had intended to eliminate approximately 30,000 overhead positions that were not involved in mail processing or delivery. However, the Postmaster General wanted to avoid a reduction-in-force, so he extended the buyout offer to clerks, carriers, mail handlers, postmasters, and others in order to open up vacancies for employees whose overhead positions were eliminated but who were either not eligible or did not want to retire. Consequently, more than 47,000 employees opted for the special retirement incentives offered in the Fall of 1992.

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<sup>17</sup>Inadequate planning and preparing for volume growth in the Washington, D.C., metropolitan area have historically been a problem for the Postal Service. In 1989, we reported that the Postal Service’s inability to handle volume growth was a factor contributing to deteriorated mail service in Northern Virginia. See *Postal Service: Progress Made in Restoring Deteriorated Northern Virginia Mail Service* (GAO/GGD-89-88, June 1989).

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This number was greater than the Postal Service had expected. However, officials viewed the loss as an opportunity to hire less costly noncareer employees—who could later be terminated more easily than career employees as more automation was moved into place.

As the downsizing/restructuring got under way in the fall of 1992, Members of Congress, mailers, and employee groups expressed considerable concern about a possible adverse impact on mail delivery service. However, when compared to the same periods the previous year, service nationwide and in Southern Maryland remained stable and even showed signs of improvement immediately following the restructuring. EXFC scores for Washington, D.C., and Northern Virginia, on the other hand, fell immediately following the restructuring in comparison to the scores received during the same period the previous year.

By quarter 2, 1994, nationwide scores and scores for Washington, D.C.; Southern Maryland; and Northern Virginia were below the scores received for quarter 2, 1993, and in July 1994, the Vice President of the Mid-Atlantic Area said that staffing had become a significant problem in the Washington, D.C., area. He noted that in December 1993, in preparation for additional automated sorting systems, the Postal Service had put in place employee complement ceilings. As a result of this action, he said, delivery units struggled with unfilled vacancies, and the processing and distribution centers had to rely on a workforce with many unskilled, temporary employees.

These problems were confirmed by local Washington, D.C., area postal officials. They said that because of the departure of many experienced carriers, clerks, and supervisors during the restructuring, the Postal Service's ability to quickly and accurately sort and deliver mail in the Washington, D.C., area was adversely affected. They also agreed with the Vice President of the Mid-Atlantic area that the shortage of career employees resulting from the employee complement ceilings put in place in late 1993, combined with the large number of unskilled, temporary employees, adversely affected their ability to provide accurate, on-time delivery service.

Reacting to the staffing problems, the Vice President for the Mid-Atlantic Area said that the Postal Service was placing emphasis on obtaining adequate numbers of employees and making sure they were in the right places at the right time. As of July 1994, the Postal Service had approximately 18,000 craft employees in the Washington, D.C.,

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metropolitan area. Between that time and October 1994, 130 new staff had been hired in Southern Maryland, including 55 letter carriers, 40 clerks, and 35 mail handlers. In Suburban Maryland, the Postal Service had hired 62 new letter carriers and 34 clerks. In Northern Virginia, 300 new employees had been hired, half of whom were letter carriers. In Washington, D.C., 168 letter carriers, 30 clerks, and 31 mail handlers had been hired.

Another staffing issue that arose from the restructuring involved a management decision that placed some employees into supervisory positions when they were not familiar with the work of the employees they were supervising. The Postal Service said it did this to avoid relocating employees outside the Washington, D.C., metropolitan area. However, this action raised additional congressional concerns about the adequacy of training for new supervisors.

The Postal Service began making changes to its training program after the restructuring and believes that its ability to train people properly, quickly, and economically is being strengthened. For example, postal officials said that the supervisory training program was being revised and a curriculum based on needs assessment was being developed. In commenting on a draft of this report, the Postal Service said that new supervisors are getting the training they need, and that the Service is continuing to hire more letter carriers and mail handlers and to place them where they are most needed.

Compounding staffing problems was the delay in expected benefits from automation. The Postal Service had expected that by 1995 virtually all letter mail would be barcoded by either the Postal Service or the mailer. However, in April 1994, it announced that the barcoding goal date had slipped to the end of 1997.

Automation increases the efficiency of mail processing by decreasing the volume that has to be sorted by relatively slower and more costly mechanized or manual processing—potentially leading to higher EXFC scores. Mechanized sorting on letter sorting machines, on the other hand, requires operators to memorize difficult sort schemes and key in ZIP Code information. This human intervention results in higher potential for mishandling mail, causing delays. With automated processing, barcoded letters are sorted in high-speed barcode sorters, often to the level of the street address, with limited human intervention. As automation becomes

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fully deployed, the Postal Service expects most mail to be already sorted by the time it gets to a carrier for delivery.

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## **Organizational Change Weakened Management Control**

Shortly after taking office in 1992, Postmaster General Runyon began a top-down restructuring of the Postal Service. This was part of a broad strategy to make the Service more competitive, accountable, and credible. One key component of the restructuring was the separation of mail processing and mail delivery at all levels of the organization below the Executive Vice President/Chief Operating Officer of the Postal Service. This action resulted in splitting accountability for processes critical to mail delivery service.

The value of separating responsibility for the mail processing function (which takes place primarily at processing and distribution centers) from the mail delivery function (which takes place primarily at local post offices) has been controversial. The separation left no single manager with the responsibility and authority to coordinate and integrate the mail processing and delivery functions in the Washington, D.C., metropolitan area. Each manager's primary focus became the fulfillment of his or her own individual responsibilities. Working with managers of other functions became secondary. Consequently, critical decisions affecting both mail processing and customer services in the Washington, D.C., area were not being made by one manager at the operating level of the organization.

For example, when we visited one post office in Northern Virginia, local postal officials complained that too much unsorted and misrouted mail was routinely sent to local post offices in order to keep the Merrifield P&DC from having a backlog of unprocessed mail. On the day of our visit, these officials showed us a container of misrouted mail from Merrifield that included not only overnight First-Class Mail but also Priority Mail. The Postmaster noted that by the time this mail could be sent back to Merrifield to be correctly sorted, it would be at least 1 day late. Since there was no one manager with jurisdiction over processing and delivery functions in the Washington, D.C., metropolitan area, resolution of conflicts between the two functions could be accomplished only through the direct involvement of the area vice president, who had responsibility for six states and Washington, D.C.

The Inspection Service also identified excessive misrouted mail as a significant problem in the Washington, D.C., area in its May 1994 report on mail conditions in the Mid-Atlantic Area. In a December 1994 Inspection

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Service report, it also cited the split in responsibilities between processing and delivery as a significant problem in the Washington, D.C., area. The report cited the absence of teamwork and cohesiveness among managers. The Inspection Service said that there needs to be a “glue” to hold the managers of the processing and delivery functions together in the Washington, D.C., metropolitan area. Additionally, representatives from the National Association of Letter Carriers and the American Postal Workers Union told us that the split in responsibilities between processing and delivery was a significant contributing factor to poor mail delivery service in the Washington, D.C., metropolitan area.

In June 1994, the Postmaster General changed the management structure to increase the levels of teamwork and accountability in the Postal Service. He took this action in response to feedback from Members of Congress, postal customers, and employees regarding the separation of the customer service function and the processing and distribution function that followed the 1992 restructuring. The Postmaster General combined the responsibility for customer service and mail processing and distribution at a lower level in the organization—from the Chief Operating Officer/Executive Vice President to the area office level. Instead of each of the 10 areas having a manager for customer service and another for mail processing and distribution, one overall manager with the rank of Vice President was put in charge of both customer service and mail processing and distribution.

On January 10, 1995, the Postal Service made an additional change designed to push accountability farther down in the organization. On that date, postal officials announced plans for establishing a position under the Mid-Atlantic Area Vice President that would oversee all processing and delivery functions in the Washington/Baltimore area.

# Several Mail Handling Process Problems Contributed to Poor Delivery Service

Several mail handling process problems contributed to the poor delivery service in the Washington, D.C., metropolitan area. These problems included (1) the unnecessary duplicative handling of much mail addressed to Northern Virginia, (2) the difficulty of meeting delivery standards in some outlying areas, (3) the arrival of mail too late for processing and delivery the next day, (4) the lack of a system for routinely pinpointing the causes of delays in specific pieces or batches of mail, and (5) the failure to follow established procedures.

## Duplicative Handling of Mail in Northern Virginia

Mail addressed to two of the seven ZIP Code service areas in Northern Virginia is often processed by both the Merrifield and Dulles processing and distribution centers and is sometimes delayed by the unnecessary additional processing. This duplicative handling occurs because the Merrifield and Dulles centers are jointly responsible for processing mail addressed to the 220 and 221 ZIP Code service areas.<sup>18</sup> This is partly a result of the way ZIP Codes were first assigned within the 220 and 221 delivery service areas.

In 1963, when the ZIP Code service areas were first established, the Dulles facility did not exist; therefore, Merrifield was responsible for all of 220 and 221. At that time, postal officials at Merrifield assigned Zip Codes using an alphabetic listing of all post offices in these two service areas. Because the assignments were made alphabetically, there was no clear geographic distinction between the 220 and 221 service areas. Subsequently, in 1992, when the Dulles facility became operational, there was no good way of isolating either the 220 or 221 service area for processing at Dulles. Therefore, both facilities assumed joint responsibility for processing mail addressed to 220 and 221. In 1991, however, a plan was approved at the headquarters staff level to restructure the ZIP Codes in these two service areas, but top management did not approve that plan because of concerns over reactions from postal customers about ZIP Code changes.

Depending on the originating point and predetermined routing schedules, mail addressed to 220 or 221 is to go to either the Merrifield or Dulles centers for processing. The receiving center is to sort the mail to identify the mail that is to be delivered within its service area and then dispatch the remaining mail to the other center for further processing. Postal officials

<sup>18</sup>There are five other ZIP Code service areas assigned to Northern Virginia—201, 222, 223, 226, and 227. This mail is not subjected to duplicative processing because the Merrifield center is exclusively responsible for all mail addressed to the 222 and 223 ZIP code service areas, and the Dulles center is exclusively responsible for all mail addressed to 201, 226, and 227.

said this procedure results in excessive transportation between the two facilities and duplicative sorting, which can also translate into delayed mail. Postal officials were unable to say precisely how much mail was subjected to this duplicative processing but said it involved substantial quantities.

As a partial solution to the problem of duplicative mail handling in the Northern Virginia area, the Postal Service has begun asking the primary feeders of overnight mail to Northern Virginia to sort that mail to a 5-digit level and transport it to the appropriate center in Northern Virginia for further processing. The Postal Service expects this change to reduce the duplicative handling of mail between the two centers, but it places more processing work on the other facilities. The Postal Service, in commenting on a draft of this report, said that it will be installing a Remote Bar Coding System site at the Dulles P&DC that it said will virtually eliminate the need for duplicative handling of mail for some Northern Virginia ZIP Codes.

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## **Delivery Standards Are Difficult to Meet in Certain Outlying Areas**

Plant managers at the Southern Maryland and Northern Virginia P&DCs believe that consistent overnight delivery is difficult to achieve in certain outlying areas. They believe an extensive 1990 effort to revise delivery standards and establish more realistic overnight delivery service areas did not go far enough. The plant manager at the Southern Maryland P&DC, in particular, believes that he has an excessively large overnight delivery service area, which he believes has an adverse impact on his EXFC scores.

In 1990, in an effort to provide better mail delivery service by improving the Postal Service's ability to consistently deliver mail within the standards, the Postal Service changed 6,389 (44 percent) of its 14,578 overnight delivery areas nationwide to 2-day service areas. Although this change relaxed the delivery standards for some areas, standards for other areas were unchanged.

Two areas in Southern Maryland that were cited by the plant manager at the Southern Maryland P&DC as examples of outlying locations where overnight deliveries were not relaxed and are, at best, challenging are Leonardtown and California, Maryland. Mail from both of these locations is processed at the Southern Maryland processing and distribution center. The plant manager at Southern Maryland said mail from Leonardtown and California often does not arrive at the Southern Maryland center for processing until 10:00 or 11:00 p.m. He said the post offices were unable to get the mail to him earlier in the day because the carriers were often

making deliveries and picking up mail until late in the evening. He said that because of the time required to process the mail through the facility, it is difficult to get the mail back out to Leonardtown and California in time for delivery the next day.

Partly to address the delivery problem to outlying areas, the Postal Service is planning to process mail from Leonardtown and California, in addition to other Southern Maryland areas, at a facility in Waldorf (Charles County), Maryland, which is closer to Leonardtown and California. The Postal Service believes that by decentralizing processing it will be better able to serve the Southern Maryland mailing public and provide more reliable, consistent service.

In addition, to improve mail flow, the Postal Service is installing more “local only” collection boxes in high-traffic locations throughout the Washington, D.C., area. The ZIP Codes covered by that service are to be clearly displayed on the collection boxes. Customers using these boxes should receive overnight service because that mail will not leave the local area for processing.

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## **Mail Arriving Too Late for Timely Processing**

Mail also arrived late at area P&DCs for reasons other than the size of the service area. Each P&DC has established an operating plan specifying critical entry times for receipt of mail in order to meet established clearance and dispatch times at the P&DC. However, area plant managers told us that large quantities of mail, from mailers and other postal facilities, frequently arrived past the critical entry times. This compressed the amount of time that P&DCs had available for processing the mail. The area managers said they have few options other than to accept the mail and then rush to meet their clearance and dispatch times. They feel that to do otherwise would upset the delicate balance between providing customer service and meeting established time schedules.

The Inspection Service identified mail arriving late at P&DC centers as one of the major contributors to delayed mail. The Inspection Service also reported that other delays occurred because bulk business mail was sometimes worked out of sequence—i.e., the latest arriving mail was being worked first instead of last. Postal officials at the Southern Maryland P&DC said local mailers routinely deposited large amounts of bulk business mail on their docks late in the day and expected deliveries to be made the next day.

To better plan for and manage its workload, Postal Service officials said customer service representatives were more actively working with major mailers in the area to get them to mail earlier in the day and also notify the Postal Service ahead of time when large mailings are expected to arrive. Additionally, some of the mail processing that was being done at P&DCs is now being shifted to local post offices. Postal Service officials believe this will expedite mail distribution to carriers and improve service to customers.

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## **Lack of an Effective System for Analyzing Delayed Mail to Identify Causes**

As of December 31, 1994, the Postal Service did not have a system that could be used to examine delayed mail and pinpoint where, in the processing and delivery stream, the mail fell behind schedule. Without being able to pinpoint problems in the mailstream, the Postal Service is forced to react to the effects of delivery problems on customer service instead of taking timely steps to avoid or reduce late deliveries.

The Postal Service has nearly 40,000 post offices, stations, and branches that collect and deliver over 570 million pieces of mail daily. Between collection and delivery, mail is transported, sorted, and delivered by over 700,000 employees working in or out of over 349 mail processing and distribution facilities. A First-Class letter traveling from coast to coast passes through a myriad of mail processing, transportation, and delivery operations.

Mail typically moves between processing steps in a distribution facility, or among facilities, in batches carried in large mail containers. The Postal Service has systems that use barcoding or other forms of automated identification of containers to assist in the control and movement of containers. However, these systems are not designed to provide operational data on a comprehensive basis that allow the Postal Service to track each mail container through the entire processing and distribution cycle. Consequently, postal management cannot track First-Class Mail that was delayed and gather related data to promptly determine when, where, and why it fell behind schedule.

One floor supervisor at the Brentwood processing facility in Washington, D.C., explained the implications of this weakness. He said that any postal employee can examine a container of mail at any point in the processing and delivery cycle and determine whether that mail is on schedule. This is possible because each P&DC has an operating plan establishing “windows” for receiving, processing, and dispatching mail. Therefore, a mail handler

can examine the postmark on a mailpiece, compare it to the mail processing timetable (operating plan), and determine whether or not the mailpiece is delayed. However, if the mailpiece is delayed, the critical factors that cannot be determined are when, where, and why the mailpiece fell behind schedule. In other words, there is no “history” of the mailpiece (or container of mailpieces) that would pinpoint breakdowns in the mailstream and allow the Service to take corrective actions to prevent future slowdowns. For example, at Southern Maryland, we noticed mail waiting to be processed that should already have been delivered. The supervisor in charge was unable to tell us if that mail was delayed before it arrived at Southern Maryland or became delayed somewhere within the plant, nor could he tell us why it was delayed.

Without a diagnostic tool for tracking delayed mail to the source of the problem, corrective actions can be made only to the extent that breakdowns in the mailstream are significant enough to either become conspicuous to postal managers—such as large volumes of mail being consistently late from a particular facility—or cause EXFC or CSI ratings to drop.

Although the Postal Service has not yet developed a system that can review the history of delayed mailpieces to identify points and causes of delays, it has taken steps to try to identify systemwide problems that could cause mail delays. For example, Postal Headquarters has set up a National Operations Management Center that allows officials to monitor mail flow across the nation and respond to performance problems and changing customer needs. Management also reports that it is identifying “pinch points,” which slow mail in the postal network, and rerouting mail when the need arises.

Postal officials recognize the need for a capability to track delayed mail. They said that since most letters and flats are now barcoded, a logical next step would be the handling of batches of mail under some form of computer-assisted tracking and control system. According to Postal technicians, since all mail moves between processing steps in a distribution center, or among centers, in batches carried in some form of container, it is possible to identify those containers and their contents with a machine-readable code that would enable computer-based systems to monitor their movements. Accordingly, the Postal Service is developing a program for the automated identification and tracking of single high-value mailpieces or batches of mail in containers. This program,

known as the Unit-Load Tracking Architecture (ULTRA), is still in an early formative stage and may take years to develop and implement.

Under the ULTRA system, unique codes would be applied to letters, parcels, sacks, trays, and containers that would allow the Postal Service to track the units through the postal system. This comprehensive system could allow definitive identification of the points and causes of processing and delivery delays. In commenting on a draft of this report, the Postal Service said that it was also looking into other diagnostic technologies as means of improving its ability to identify underlying causes of delayed mail.

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## **Failure to Follow Established Procedures**

Over the past few months, the Inspection Service reported many instances where failure to follow established mail processing procedures contributed to delays. Many instances have been identified where mail was not picked up from collection boxes; various types of mail were commingled in the same container, causing double handling and reduced cancelling efficiency; color codes designating delivery dates were not used or were used improperly; and inaccurate reports were prepared on mail conditions. For example, the Washington, D.C., P&DC was not placing color codes on a large volume of its mail. This led to mail being worked out of sequence and sometimes delayed. The Inspection Service also identified improper color coding as a significant problem in the delivery units.

The Inspection Service reported that significant progress has been made in following established procedures for collecting, separating, color coding, and properly reporting on mail conditions. According to Postal officials, these actions are being accomplished primarily through increased training and reminders to employees of the need to adhere to established procedures.

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## **Other Initiatives to Address Process Problems**

In December 1994, several service improvement teams were in place. These teams comprised both craft and management employees from a variety of functions. A major part of the teams' work is to examine mail flow processes and identify other weaknesses that may be contributing to late mail.

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# Long-Term Solutions Involve Addressing Labor-Management Relations

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Despite the potential benefits of operational changes, long-term improvements in delivery service will require labor and management to work together toward a common goal of continually improving customer service. Fundamental changes must occur in labor relations in order to increase employee commitment and reduce the conflicts between labor and management that currently exist. This is particularly true in the Washington, D.C., metropolitan area. Workforce management problems that were disruptive to mail handling operations have occurred more frequently in the Washington, D.C., metropolitan area than in most other parts of the country.

Improving employee commitment is one of the Postmaster General's corporate goals. In a recent study of labor relations, we found a negative labor climate that did not foster employee commitment. Our report<sup>19</sup> disclosed that labor-management relations problems persist on the factory floor of postal facilities. A negative labor climate can impair both productivity and product quality.

---

## Workforce Management Problems Were More Severe in the Washington, D.C., Metropolitan Area

A number of studies have documented that there is a relationship between employees' attitudes and performance. One of the most prevalent workforce management problems in the Washington, D.C., metropolitan area was running mail handling operations without a full complement of workers. Often, employees were unexpectedly absent or otherwise unavailable to do their normal work assignments. Unexpected absences often involved the use of sick leave. Employees can also be unavailable for their regular work if they have been injured or are otherwise considered by their physician to be medically incapable of performing normal duties. Some managers said that unusually high usage of sick leave and limited/light duty indicated possible abuse. Managers also said, and the EOS tends to support, that excessive employee absences and unavailability for regular duties are often brought about by substance abuse or poor employee attitudes.

Postal Service data showed that employees in the Washington, D.C., metropolitan area experienced greater than average use of sick leave and a higher than normal use of limited duty and light duty work assignments. The EOS also suggested a greater than average level of perceived substance abuse. In addition, the EOS index suggested that Washington, D.C., area

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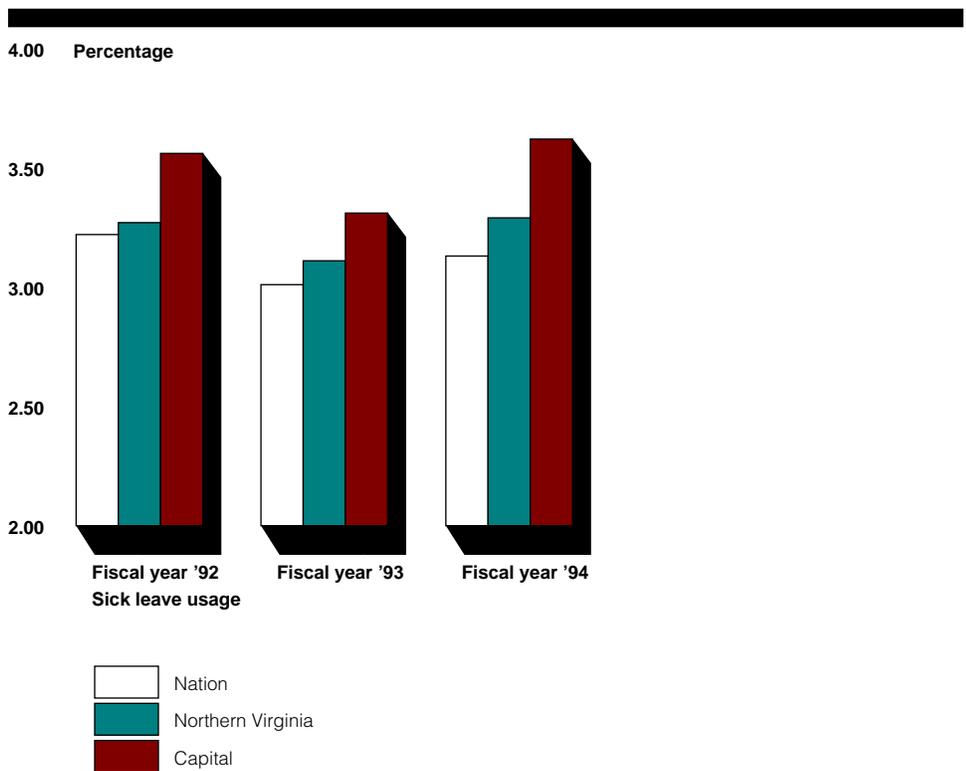
<sup>19</sup>U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor (GAO/GGD-94-201 A/B, Sept. 1994).

employee attitudes about postal management ranked among the lowest in the country.

**Sick Leave Usage**

Figure V.1 shows that sick leave usage from 1992 through 1994 for the Northern Virginia and Capital clusters was higher than the national average. The Northern Virginia sick leave usage rates, expressed as a percentage of total workhours, were 3.27, 3.11, and 3.29 during the period, while the Capital cluster rates were 3.56, 3.31, and 3.62, respectively. These usage rates were greater than the national averages, which were 3.22, 3.01, and 3.13 for the period.

**Figure V.1: Sick Leave Usage Expressed as a Percent of Total Workhours for the Nation and for the Northern Virginia and Capital Clusters**



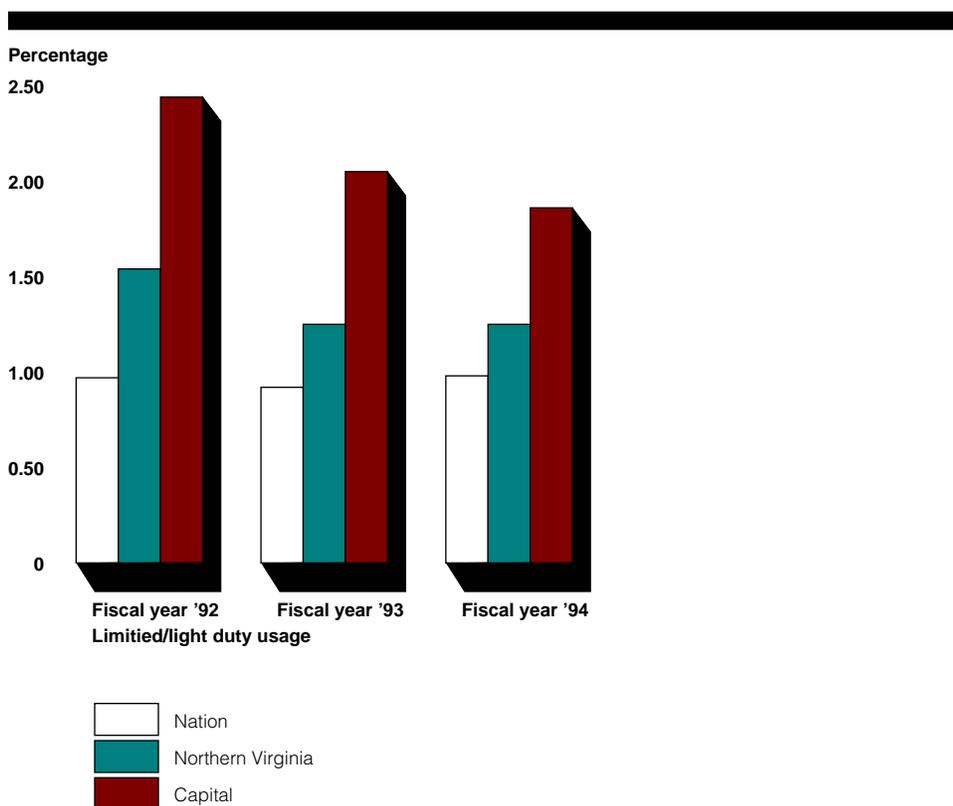
Source: Postal Service data.

**Employees Doing Limited Duty or Light Duty Work**

As figure V.2 shows, limited/light duty hours as a percent of total workhours were about twice the national average in the Capital cluster

and about one and one-quarter times the national average in the Northern Virginia cluster.

Figure V.2: Limited/Light Duty Hours Expressed as a Percent of Total Workhours for the Nation and for the Northern Virginia and Capital Clusters



Source: Postal Service data.

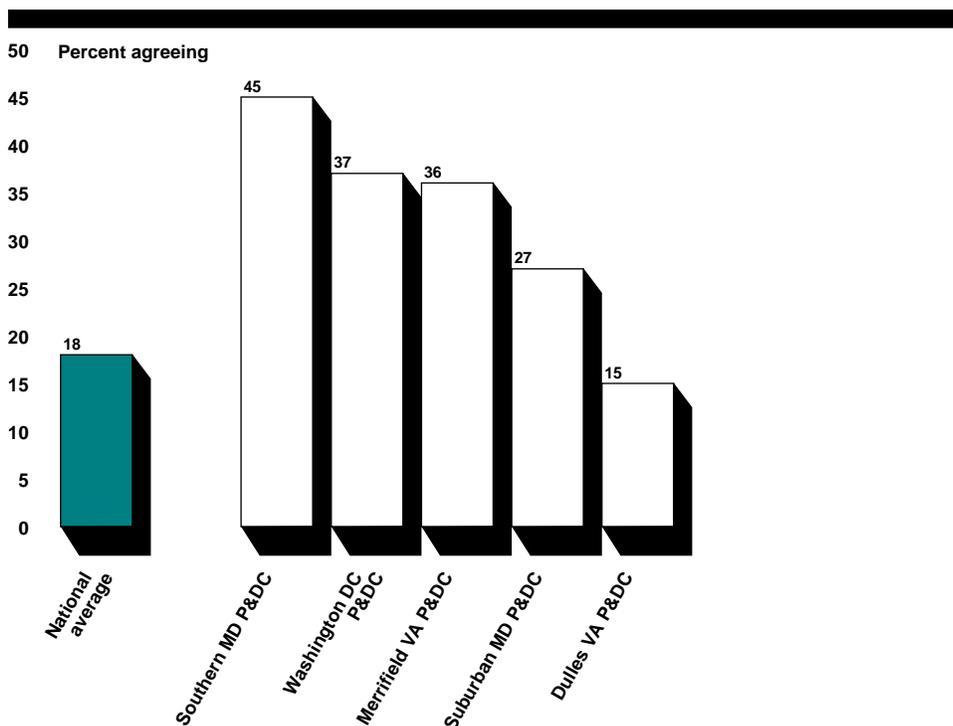
## Substance Abuse

The EOS responses suggested that many employees believed there were substance abuse problems (alcohol and drugs) in the Postal Service, which could have caused attendance problems and poor employee performance.<sup>20</sup> Locally, as shown in figure V.3, a higher than average percentage of employees in the Southern Maryland; Washington, D.C.; Merrifield, Virginia; and Suburban Maryland P&DCs believed alcohol abuse was a problem where they work.

<sup>20</sup>For our analysis, we used EOS responses from P&DCs. The responses did not include bulk mail centers or air mail facilities.

**Appendix V  
Long-Term Solutions Involve Addressing  
Labor-Management Relations**

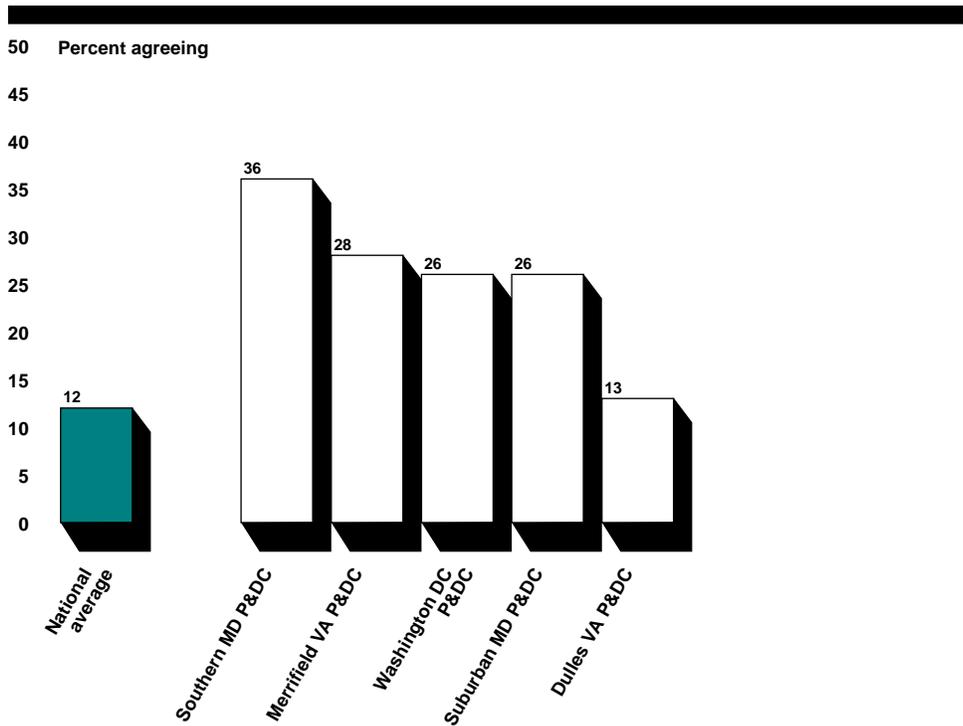
**Figure V.3: Percent of Mail Processing Employees Agreeing That Alcohol Abuse Among Employees Was a Problem Where They Work**



Source: Postal Service, 1994 Employee Opinion Survey.

Postal Service employees also perceived drug abuse as a problem in the Washington, D.C., area, as shown in figure V.4. None of the local P&DCs reported lower than average perceptions of drug abuse.

Figure V.4: Percent of Mail Processing Employees Agreeing That Drug Abuse Among Employees Was a Problem Where They Work



Source: Postal Service, 1994 Employee Opinion Survey.

Employees in delivery units generally perceived that substance abuse was much less of a problem than did employees in the P&DCs.

## Employee Attitudes

Employee attitudes can be a factor in the level of employee commitment. One measure of employee attitudes is the EOS Index—the average favorable response on 20 employee opinion survey questions. These questions deal with how managers and supervisors treat employees; respond to their problems, complaints, and ideas; and deal with poor performance and recognize good performance. As table V.1 shows, the postal workforce in the Washington, D.C., metropolitan area gave local management relatively low marks, placing most of the units in the area in the bottom 25 percent of all units nationwide.

**Appendix V**  
**Long-Term Solutions Involve Addressing**  
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**Table V.1: Capital and Northern Virginia Clusters' 1994 EOS Index Scores and Quartile Rankings**

<b>Cluster and unit</b>	<b>EOS Index<sup>a</sup></b>	<b>Quartile ranking<sup>b</sup></b>
<b>Capital Cluster</b>		
Customer Service (post offices)	36	Q4
Washington, D.C., P&DC	35	Q3
Southern Maryland P&DC	33	Q4
Suburban Maryland P&DC	33	Q4
<b>Northern Virginia Cluster</b>		
Customer Service (post offices)	39	Q4
Merrifield, Virginia, P&DC	32	Q4
Dulles, Virginia, P&DC	33	Q4

<sup>a</sup>Nationwide, the EOS Index scores for customer service units (post offices) ranged from a low of 36 percent to a high of 57 percent. Processing and distribution center (P&DC) EOS Index scores ranged from a low of 23 percent to a high of 59 percent, nationwide.

<sup>b</sup>A Q4 ranking places the unit in the bottom 25 percent of all similar facility-type units nationwide. A Q3 ranking places the unit in the bottom half of all similar facility-type units nationwide.

The Washington, D.C., area was not unlike other large, urban areas with regard to the relationship between low employee morale and low service scores. As table V.2 shows, the EOS Index scores for most units in nine other large urban areas that we judgmentally selected for comparison purposes ranked in the bottom half of all units nationwide.

**Appendix V**  
**Long-Term Solutions Involve Addressing**  
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**Table V.2: Other Large Urban Areas’  
1994 EOS Index Scores and Quartile  
Rankings**

<b>City and facility type<sup>a</sup></b>	<b>EOS Index<sup>b</sup></b>	<b>Quartile ranking<sup>b</sup></b>
Atlanta CS	42	Q3
Atlanta P&DC	37	Q3
Boston CS	38	Q4
Boston P&DC	37	Q3
Chicago CS	37	Q4
Chicago P&DC	40	Q2
Dallas CS	41	Q4
Dallas P&DC	34	Q4
North Texas P&DC	34	Q4
Los Angeles CS	44	Q3
Los Angeles P&DC	37	Q3
Miami (South Florida) CS	36	Q4
Miami P&DC	37	Q3
Ft. Lauderdale P&DC	33	Q4
South Florida P&DC	34	Q4
New York CS	41	Q4
NYC General Post Office P&DC	42	Q2
NYC Morgan P&DC	40	Q3
NYC Church St P&DC	39	Q3
NYC Bronx P&DC	36	Q3
Philadelphia CS	37	Q4
Philadelphia P&DC	37	Q3
San Francisco CS	41	Q4
San Francisco P&DC	40	Q2

<sup>a</sup>CS (customer service) is post offices within the district. P&DC is a processing and distribution center located in the customer service cluster.

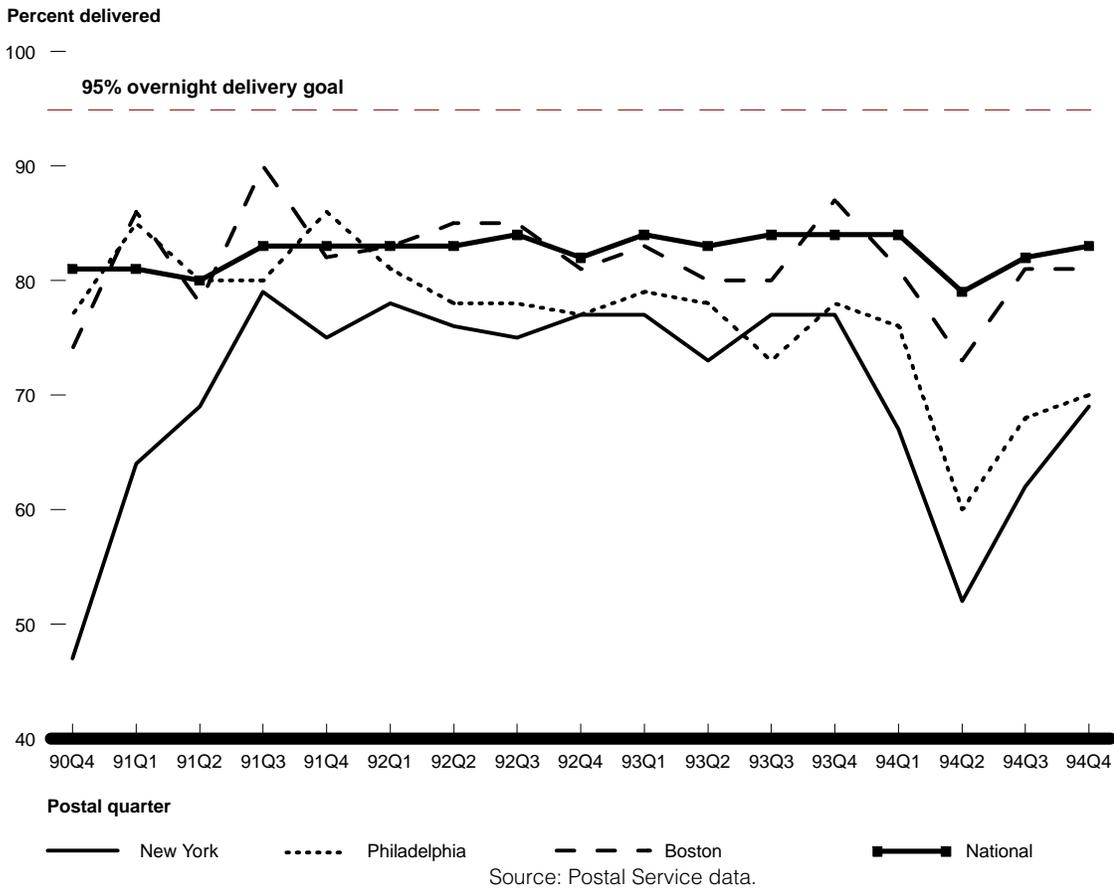
<sup>b</sup>See footnotes in table V.1.

Source: Postal Service data.

Like the EOS Index scores, the EXFC and CSI scores for these nine big cities also were relatively low compared to scores in other areas of the country. Figures V.5 through V.7 show that EXFC scores for most of the nine cities have usually fallen below the national average.

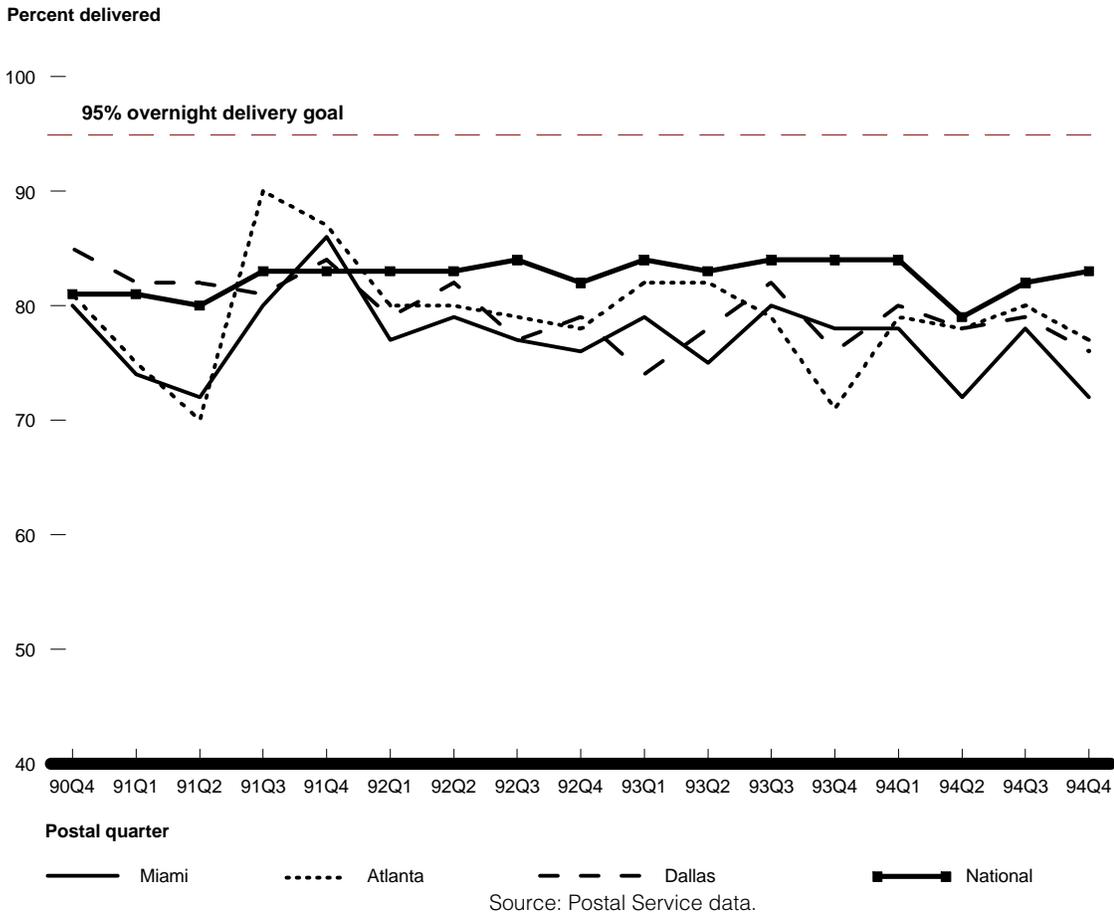
**Appendix V  
Long-Term Solutions Involve Addressing  
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**Figure V.5: History of EXFC Scores for New York, Philadelphia, and Boston Compared to the National Average**



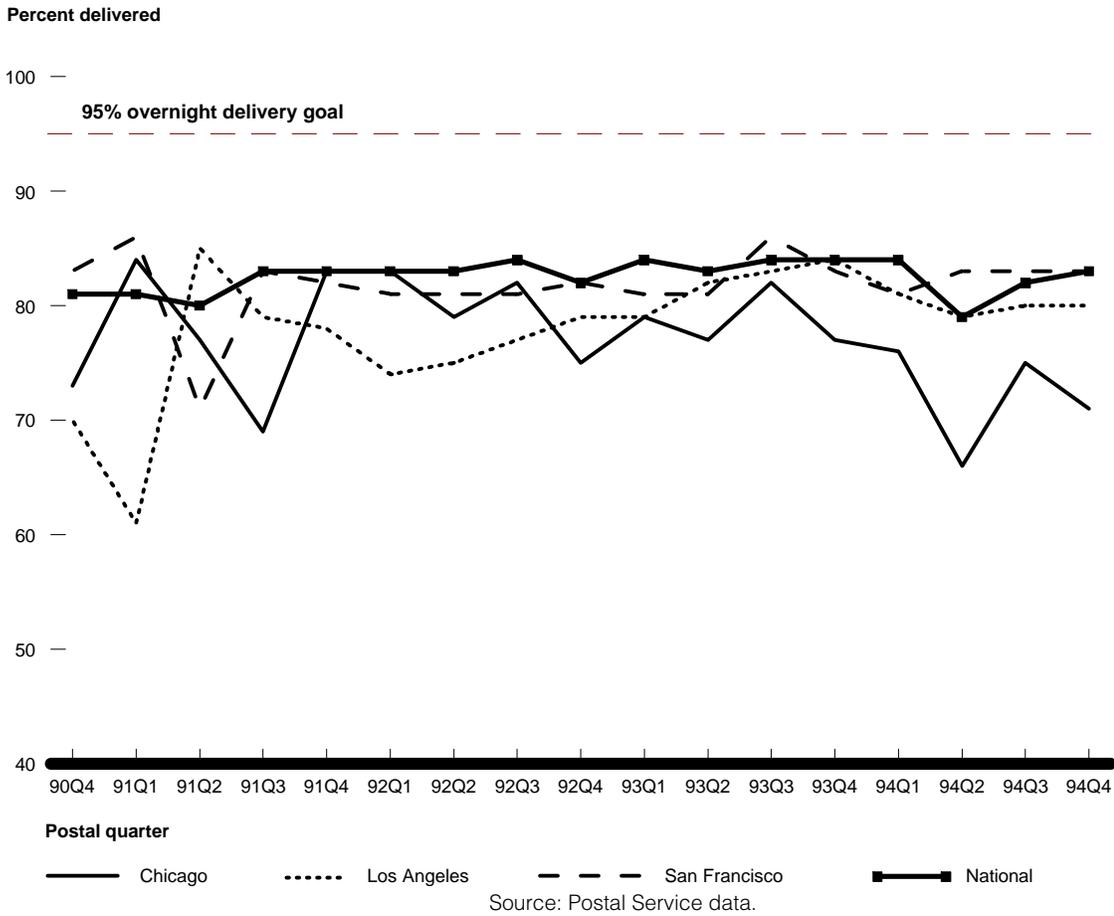
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**Figure V.6: History of EXFC Scores for Miami, Atlanta, and Dallas Compared to the National Average**



**Appendix V  
 Long-Term Solutions Involve Addressing  
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**Figure V.7: History of EXFC Scores for Chicago, Los Angeles, and San Francisco Compared to the National Average**



Figures V.8 through V.10 show that CSI scores for eight of the nine cities have also usually fallen below the national average.

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Long-Term Solutions Involve Addressing  
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**Figure V.8: History of CSI Scores for New York, Philadelphia, and Boston Compared to the National Average**



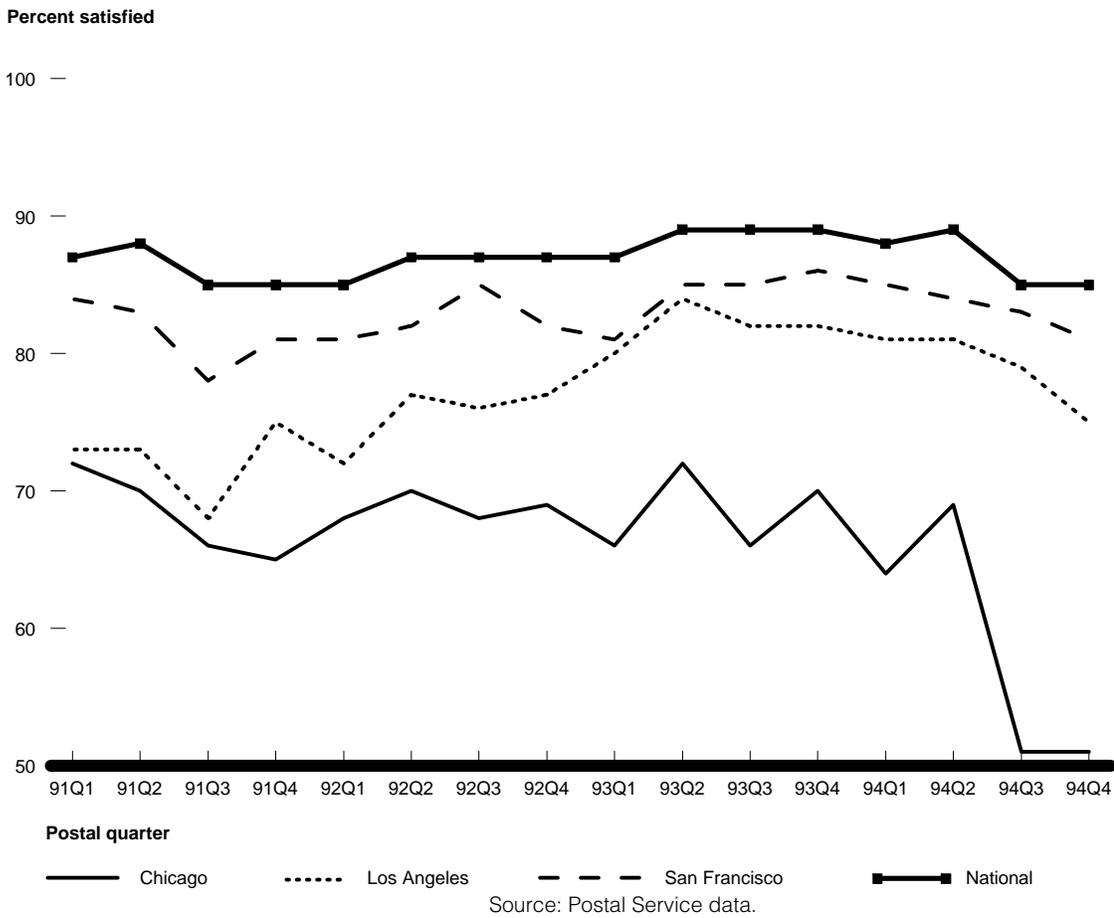
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**Figure V.9: History of CSI Scores for Miami, Atlanta, and Dallas Compared to the National Average**



**Appendix V  
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**Figure V.10: History of CSI Scores for Chicago, Los Angeles, and San Francisco Compared to the National Average**



The relationship between employee attitudes and service performance is an important factor in improving labor-management relations.

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## Improving Labor-Management Relations Is a Long-Term Proposition

We recently reported, and the Postal Service has acknowledged, that improving labor-management relations is a long-term proposition. In our recently issued report on labor-management relations,<sup>21</sup> we recommended that the Postal Service, the unions, and management associations develop a long-term agreement (at least 10 years) for changing the workroom climate for both processing and delivery functions.

Postal Service efforts to address problems in Chicago illustrate that breakthrough improvements require a long-term effort. Responding to our 1990 letter<sup>22</sup> highlighting our observations on the need for mail delivery service improvements in Chicago, the Postmaster General developed a plan for improving service. Four years later, service in Chicago remained poor.

Chicago has a long history of low EXFC scores, and in early 1994 attention was again focused on its mail delivery service problems. About 40,000 pieces of undelivered mail were found in a letter carrier's truck parked outside a post office in Chicago. The oldest envelopes bore postmarks from December 1993. A month later the Chicago police discovered more than 100 pounds of burning mail beneath a viaduct on the Chicago South Side. That same day, another 20,000 pieces of undelivered mail—some up to 15 years old—were found behind the home of a retired carrier in southwest Chicago. When CSI quantified the level of customer dissatisfaction, Chicago ranked last 15 of the 16 times the survey has been conducted.

The Postmaster General reacted by creating a 27-member Chicago Improvement Task Force to identify and correct service problems. The Postal Service reported a number of corrective actions instituted by the task force that were designed to improve mail delivery service.

Similar to the situation in Washington, D.C., the task force found operations problems as well as problems with the attitudes of employees. Despite the task force's corrective actions, Chicago has not made breakthrough improvement. Although there has been greater on-time performance, reduced delayed mail, fewer complaints, and less waiting time in line, Chicago's EXFC performance for quarter 4, 1994, remained 6 points below its score in the same quarter in the prior year and 12 points below the national average. Customer satisfaction also remained poor at 51 percent.

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<sup>21</sup>GAO/GGD-94-201 A/B.

<sup>22</sup>Letter to Postmaster General Anthony M. Frank, February 26, 1990.

Operations improvements are vital, but they will not solve all delivery service problems. Short-term gains through operational improvements may eventually succumb to the obstacle to permanent improvement—namely, a negative labor climate. Long-term improvements require substantive improvements in labor-management relations.

Since taking office in July 1992, the Postmaster General has been working to forge a labor-management partnership to change the culture in the Postal Service. His goal is to shift the Postal Service culture from one that is “operation driven, cost driven, authoritarian, and risk averse” to one that is “success-oriented, people oriented, and customer driven.” We previously reported<sup>23</sup> that the Postmaster General developed a labor-management partnership through the National Leadership Team structure, held regular leadership meetings that included all Postal Service officers and the national presidents of the unions and management associations, and changed the management reward systems to encourage teamwork and organizational success.

However, as we also previously reported, there is no overall agreement among the unions and management for change at the field operations level. They have been unable to come to terms on a clear framework or long-term strategy for ensuring that first-line supervisors and employees at processing plants and post offices buy into renewed organizational values and principles.

In his November 30, 1994, statement before the Subcommittee on Federal Service, Post Office, and Civil Service, Senate Committee on Governmental Affairs, the Postmaster General testified that the Postal Service supports our September 1994 report recommendations calling for the Service, unions, and management associations to develop a long-term agreement on objectives and approaches for demonstrating improvements in the work climate of both processing and delivery operations. At the hearing, he proposed that the Leadership Team form a task force made up of leaders of the unions and management associations and key postal vice presidents. Mr. Runyon said the task force should have a 120-day agenda “to explore [GAO’s] recommendations, set up pilot projects, and move forward now to accelerate change in our corporate attitudes and culture.” While his labor-management summit proposal received the support of the rural carriers and the three management associations, the leaders of the three largest postal unions have not yet agreed to the summit. They said

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<sup>23</sup>GAO/GGD-94-201 A/B.

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**Appendix V**  
**Long-Term Solutions Involve Addressing**  
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they are waiting until the current round of contract negotiations is completed before making a decision on the summit.

# Comments From the U.S. Postal Service

MARVIN RUNYON  
POSTMASTER GENERAL, CEO



February 9, 1995

Mr. J. William Gadsby  
Director, Government Business  
Operations Issues  
United States General Accounting Office  
Washington, DC 20548-0001

Dear Mr. Gadsby:

Thank you for providing us an opportunity to comment on the draft report entitled, D.C. Area Mail Delivery Service: Resolving Labor Relations and Operational Problems Key to Service Performance.

We appreciate the report's acknowledgment that the Postal Service has quickly addressed the problems outlined in the report. These actions are already producing improvements in our customers' satisfaction with their mail service.

As the report accurately notes, our ability to provide timely and consistent mail delivery service in the area was severely hampered by an unexpectedly large growth in mail volume -- double the national average. We faced a challenge in handling the surge with the resources that were available.

In order to provide the high level of service our customers expect, we are continuing to move ahead with numerous improvements in the area's mail processing and distribution systems. For example, we are installing a Remote Bar Coding System site at the Dulles Processing and Distribution Center which, along with other processing changes, will virtually eliminate the need for duplicative handling of mail for some Northern Virginia ZIP Codes. In Southern Maryland, we have taken steps to process local mail at the Waldorf, Maryland, facility in order to improve overnight service in that area. To help us identify and correct mail processing bottlenecks before they cause service disruptions, we are looking into other diagnostic technologies in addition to the Unit-Load Tracking Architecture system that the report mentioned.

We are continuing to hire more letter carriers and mail handlers and to place them where they are most needed. New supervisors are getting the training they need. Through a variety of aggressive initiatives we are working with employees to address the problems of absenteeism, alcohol and substance abuse. Our Employee Assistance Program is one of the best in the nation -- public or private.

The External First-Class Measurement System scores for the latest quarter show an upturn in the percentage of mail being delivered on time. The improvement in scores for the Washington, D.C., area is especially encouraging. It is a positive sign that the various area-wide corrective measures we are putting in place are beginning to produce results. We are confident that through the outstanding work of thousands of dedicated employees, we are turning the corner in providing quality service in the Washington, D.C., metropolitan area.

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**Appendix VI**  
**Comments From the U.S. Postal Service**

- 2 -

The report correctly identifies improving labor-management relations as a key element in any long term solution to improving mail service to our customers. Efforts in this area must look to correcting problems that arise from a collective bargaining process that is not working. Three of our last five labor contracts have been decided by outside arbitrators who are not accountable to postal customers. Certainly, changing this process must involve both the postal unions and postal management. We must also seek to get our employees working together more effectively and remove work rules and operating constraints to make it simpler, not harder, for employees to do their job.

Management and employees alike are frustrated with our grievance systems and our slow, complex appeals processes. By simplifying these processes, employees can receive a more fair channel of redress and poor performers can be dealt with more quickly. We must also encourage and recognize excellence through a compensation system that is based on and rewards performance, not seniority.

We appreciate the opportunity to review the report and provide you with our comments. We hope the postal unions will join us in addressing these complex issues in the coming months.

If you wish to discuss any of these comments, my staff is available at your convenience.

Best regards,

A handwritten signature in black ink, appearing to read "Marcia Lugo", with a long horizontal flourish extending to the right.

# Major Contributors to This Report

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