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COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

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Dear Mr. Forsythe:

In response to your request of August 23, 1972, we have examined certain matters discussed in a letter to you from Mr. Irving Samuels of Oaklyn, New Jersey. Our examination included discussions with Postal Service officials and a review of overtime data furnished by the Postal Service.

Mr. Samuels stated that employees at the Pennsauken, New Jersey, Post Office, a branch of the Camden Post Office, were required to work overtime because employees who had retired were not replaced. He suggested that the Postal Service could save money--and at the same time make jobs available to the unemployed--by replacing employees who retire.

The situation at the Pennsauken Post Office and others like it throughout the country were the result of the Postal Service's decision to place a freeze on the hiring of new employees, as announced by the Postmaster General in a March 28, 1972, speech. He stated that this action was being taken to reduce costs and thereby eliminate the need for a scheduled \$450 million rate increase in January 1973. He subsequently announced that, because of the economies achieved by this and other actions, the rate increase would not be made.

According to Postal Service data, Service-wide overtime costs for the first 8 weeks of fiscal year 1973 were about 78 percent higher--up from \$26.2 million to \$46.7 million--than for the same period in fiscal year 1972. The costs applicable to the Pennsauken Post Office are not shown separately but are included in the data for the Camden Post Office. Camden's overtime costs for the same period were \$20,000 in 1972 and \$120,000 in 1973--a five-fold increase.

Postal Service officials informed us that management was aware and concerned about the Service-wide increase in overtime costs and that the matter had been discussed at meetings of the Postal Service Operating Committee--a group of top headquarters and regional officials, including the Postmaster General, the Regional Postmasters General, and other senior officials.

At an Operating Committee meeting on August 15, 1972, the Postmaster General delegated to Regional Postmasters General the authority to hire new employees when it is determined that

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such action would be more economical than paying overtime. Until that time, the Postmaster General's approval was required before new employees could be hired.

We believe that the Postal Service may have incurred unnecessary costs by not providing local officials with this type of flexibility throughout the period of the freeze. On the other hand, the problem has been recognized and is being corrected. Accordingly, we plan no further work on this matter unless you desire specific information relating to the Pennsauken Post Office.

We trust that the foregoing is responsive to your request.

Sincerely yours,



Deputy Comptroller General
of the United States

The Honorable Edwin B. Forsythe
House of Representatives