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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

OCT 30 1973

The Honorable Ralph W. Nicholson
Senior Assistant Postmaster General, Finance
United States Postal Service

Dear Mr. Nicholson:

On August 26, 1971, the United States District Court for the District of Columbia entered a consent order establishing an administrative procedure for the disposition of individual claims arising from a decision whereby the former Post Office Department was held liable for the payment of overtime compensation to certain annual-rate regular postal employees for work performed outside their regular work schedules. The consent order resulted from the Groettum Case and concerns certain overtime which occurred between approximately March 4, 1966 and January 7, 1972. On September 17, 1973, the Postal Service implemented procedures for processing the Groettum-type overtime claims.

With respect to the funding of these overtime payments, Note 8 of the Notes to Financial Statements included in the Annual Report of the Postmaster General, 1971-1972, states that:

"While these claims, as yet indeterminable in total, may represent a substantial liability, it is the opinion of General Counsel that unobligated balances of prior year appropriations to the former Post Office Department would be available to fund any such liabilities relating to years prior to July 1, 1971, in whole or in part; and that to the extent such unobligated balances are insufficient for full funding, the Postal Service could request appropriations from Congress."

We believe that the unobligated balances of prior year appropriations to the former Post Office Department are available only to fund those claims relating to fiscal years 1970 and prior. The payment of claims relating to overtime incurred during fiscal year 1971 is, in our opinion, a liability of the Postal Service because, at the close of fiscal year 1971, the unobligated balance of that fiscal year's appropriations to the former Post Office Department

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did not revert to the Treasury but was transferred to and became an asset of the Postal Service. Authority for the transfer action is 39 U.S.C. 2002(a)(2), which states:

"(2) All liabilities attributable to operations of the former Post Office Department shall remain liabilities of the Government of the United States, except that upon commencement of operations of the Postal Service, the unexpended balances of appropriations made to, held or used by, or available to the former Post Office Department and all liabilities chargeable thereto shall become assets and liabilities, respectively, of the Postal Service."

On the basis that the Groettus-type overtime claims will be paid as soon as they are adjudicated and approved by the Postal Service, we are bringing this matter to your attention so as to assure that claims applicable to overtime incurred during fiscal year 1971 will be charged to and paid by the Postal Service Fund. Should the Postal Service believe that the unexpended balances of fiscal year 1970 and prior years appropriations are available for the payment of claims relating to overtime incurred in fiscal year 1971, we would appreciate your comments concerning the basis for such position.

Sincerely yours,

(Signed) William J. Anderson /Jor

John Landicho
Associate Director