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WASHINGTON, D.C. 20548

RELEASED

JAN 3 1974

B-114874

The Honorable Thaddeus J. Dulski
Chairman, Committee on Post Office
and Civil Service
House of Representatives

Dear Mr. Chairman:

Pursuant to your request of March 19, 1973, we examined the quality of mail service provided by the San Francisco, California, Post Office. On July 23, 1973, we briefed staff members of the Subcommittee on Postal Facilities, Mail, and Labor Management on the results of our examination and gave them copies of the charts (see encs. I to XVIII) used in the briefing. The Subcommittee later used this data during its hearings in San Francisco. As requested, this letter summarizes that briefing.

The San Francisco office generally had not met the Postal Service's mail delivery standards, but had improved its delivery performance after Christmas 1972. Sorting errors, which caused mail to be sent to the wrong destinations, and transportation and processing delays prevented significant quantities of first-class mail from being delivered on time. Also, while the volume of mail increased, the number of mail processing employees decreased and the post office did not receive two letter sorting machines scheduled for delivery before the 1972 Christmas mail surge. These machines were received in March 1973.

BACKGROUND

The San Francisco Post Office handles about 2.6 billion pieces of mail a year, or about 7.1 million pieces daily. During postal fiscal year 1973, the number of employees in the San Francisco office decreased from 7,575 to 7,142--a decrease of 5.7 percent--while mail volume increased by about 142 million pieces--an increase of about 5.8 percent. To

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process this increased volume, the employees worked 659,739 hours overtime, an increase of 56,404 hours, or 9.3 percent, over the overtime worked in postal fiscal year 1972. This increase in overtime was cited by postal union officials as a reason for low employee morale.

The San Francisco Post Office did not have the resources to expeditiously handle the increased mail volume in postal fiscal year 1973 because the increased workload was not anticipated in the office's budget.

The average productivity through postal fiscal year 1973 rose from 660 to 729 total distributed pieces handled each man-hour, an increase of 10.4 percent. Productivity increased even during the peak Christmas season.

San Francisco postal officials told us they were able to handle more mail with fewer employees because of increased attention to productivity and increased use of the machines on hand.

DELIVERY STANDARDS

Postal Service standards state that 95 percent of first-class mail should be delivered in 1, 2, or 3 days, depending on its destination or the distance it must travel. For example, 95 percent of intrasectional center facility mail (origin and destination within the San Francisco Sectional Center Facility area) should be delivered in 1 day. Except during the Christmas season, the San Francisco office generally met this standard.

The standard of 1-day delivery to sectional center areas surrounding the San Francisco area was not met during the sixteen 2-week periods from November 11, 1972, through June 22, 1973. Mail going in the opposite direction met the standard during two of the sixteen 2-week periods. Although the service standards were usually not met, mail service in

the San Francisco area improved after Christmas 1972. (See encs. VI to XIV.)

The standards of 2- and 3-day delivery of 95 percent of the mail going to the remainder of California and to all other States (except Alaska and Hawaii which were not included in the 2- and 3-day standards) were not usually met. From May 26 through June 22, 1973, 92 percent of the mail designated to be delivered in 2 days and 89 percent of the mail designated to be delivered in 3 days were delivered within those times. The four States designated for 2-day delivery received 98 percent of their mail within 3 days. The Postal Service reported separately on 17 of the 44 States designated for 3-day delivery. Only 10 of the 17 States received at least 95 percent of their mail within 3 days.

DELAYED MAIL

Despite increased productivity significant quantities of first-class mail were not delivered on time. For example, from November 1, 1972, through June 11, 1973, about 21.5 million pieces of first-class mail were delayed. About 60 percent of the delays--12.7 million pieces--occurred in December 1972 and represented about 5 percent of the total mail volume (all classes) processed in that month. Although a 1-day delay in mail deliveries may not be important--or even noticed--by most mailers, it could cause hardships in some cases, such as a retiree waiting for a pension check.

San Francisco postal officials said that much of the delayed mail was caused by the failure to receive additional letter sorting machines scheduled for delivery before Christmas, lack of personnel, and transportation problems.

MISSENT MAIL

The San Francisco office sent significant quantities of mail to the wrong destinations, which resulted in late deliveries. For example, if a letter being sent from

San Francisco to New York is mistakenly routed to another State, it could be delayed 5 or more days.

Mail can be missent because of

- letter sorting machine errors made by the operator or the machine,
- employee errors made when placing mail in pouches, or
- mislabeling or other employee errors when sending pouches to their destinations.

A San Francisco postal official said that about 3 percent of the first-class mail leaving San Francisco was missent. Therefore we estimated that 27 million pieces of first-class mail were missent during postal fiscal year 1973.

The Postal Service has developed a device for checking the performance of letter sorting machines, to determine built-in errors, and the performance of machine operators, to identify those with a high error rate that would indicate a need for additional training. Because the machine's built-in error rate is at least 1 percent, it is questionable whether the Postal Service will succeed in reducing the error rate experienced in machine sorting to that experienced in manual sorting--estimated by postal officials to be 1 percent or less.

CUSTOMER COMPLAINTS

From February 3 to May 25, 1973, the San Francisco office received 20,389 complaints, of which about 66.4 percent dealt with lost or delayed mail.

Several reductions in collection and delivery services were possibly related to these complaints. For example, the San Francisco office reduced the number of daily business deliveries from two to one in January 1973 and eliminated many midmorning and midafternoon collections.

EMPLOYEE MORALE

We obtained information on the status of labor/management relations at the San Francisco Post Office--specifically whether employee morale was low and, if so, why--by interviewing officials of the National Association of Letter Carriers, the American Postal Workers Union, the National Association of Post Office Mailhandlers, and the National Association of Postal Supervisors. All of these officials said that morale was low.

According to these officials, the primary reasons for low morale were

- the lack of personnel,
- excessive overtime,
- poor grievance procedures,
- concern about the Job Evaluation Program¹ under which many supervisory positions had been downgraded, and
- employee restaffing and rescheduling; for example, changing an employee's duties or work hours on short notice.

ACTIONS BEING TAKEN

At a February 1973 meeting with Postal Service district managers from around the country, top-management officials acknowledged that the Postal Service had problems. This meeting apparently enlightened the top-management officials on the situation in the field because most of the problems we found were also cited by the district managers.

¹A study of all Postal Service jobs with the intention of making postal pay equal to the pay for comparable skills in private industry.

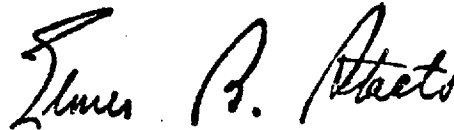
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To correct the problems the San Francisco office (1) hired 154 temporary employees between January 8 and March 3, 1973, (2) implemented an Error Analysis Program to reduce the amount of missent mail, (3) received two additional letter sorting machines in March 1973, and (4) began to concentrate its efforts on improving service.

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San Francisco postal officials generally agreed with our findings. We do not plan to distribute this report further unless you agree or publicly announce its contents.

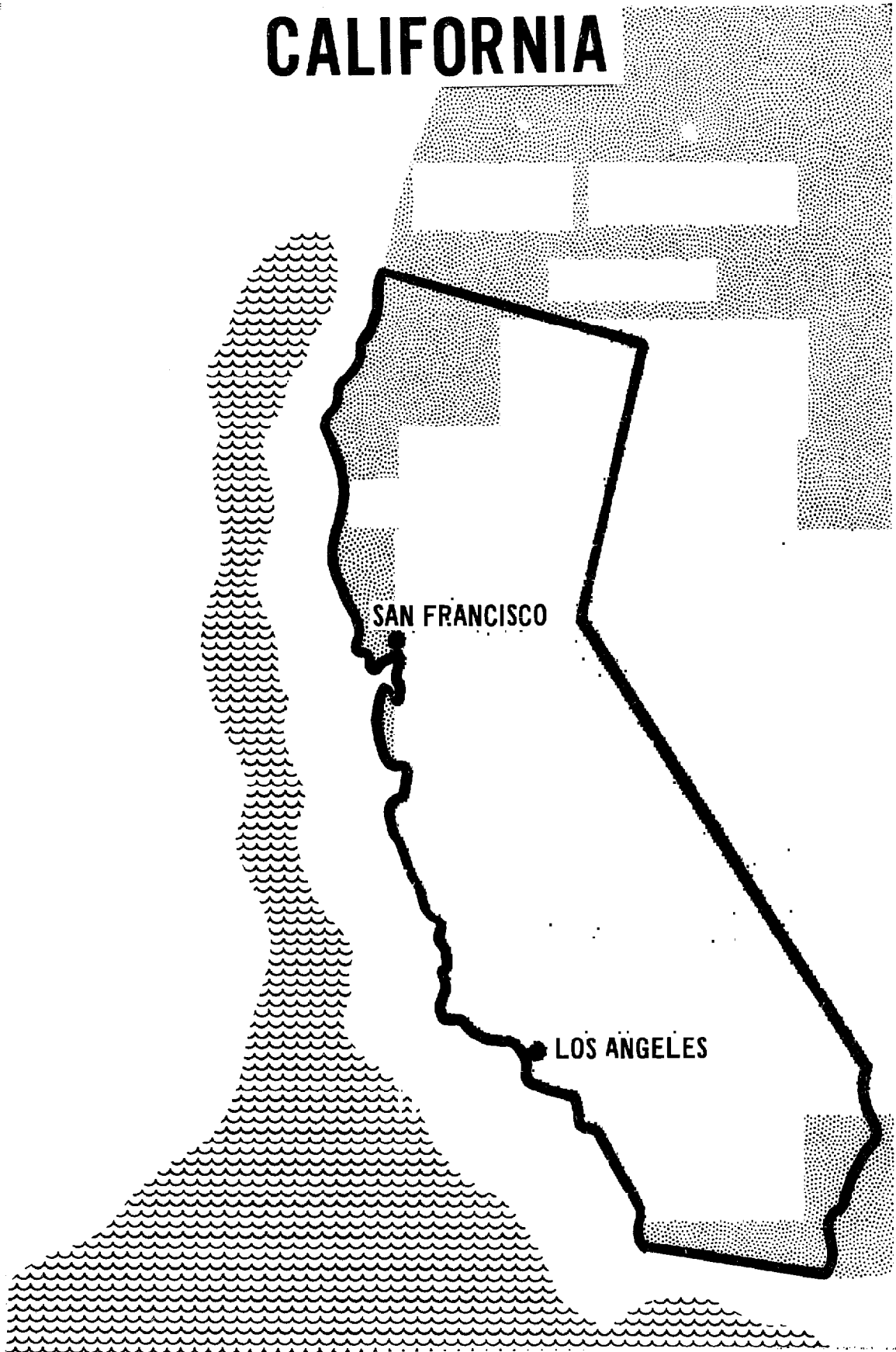
Sincerely yours,

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

Comptroller General
of the United States

Enclosures - 18

CALIFORNIA



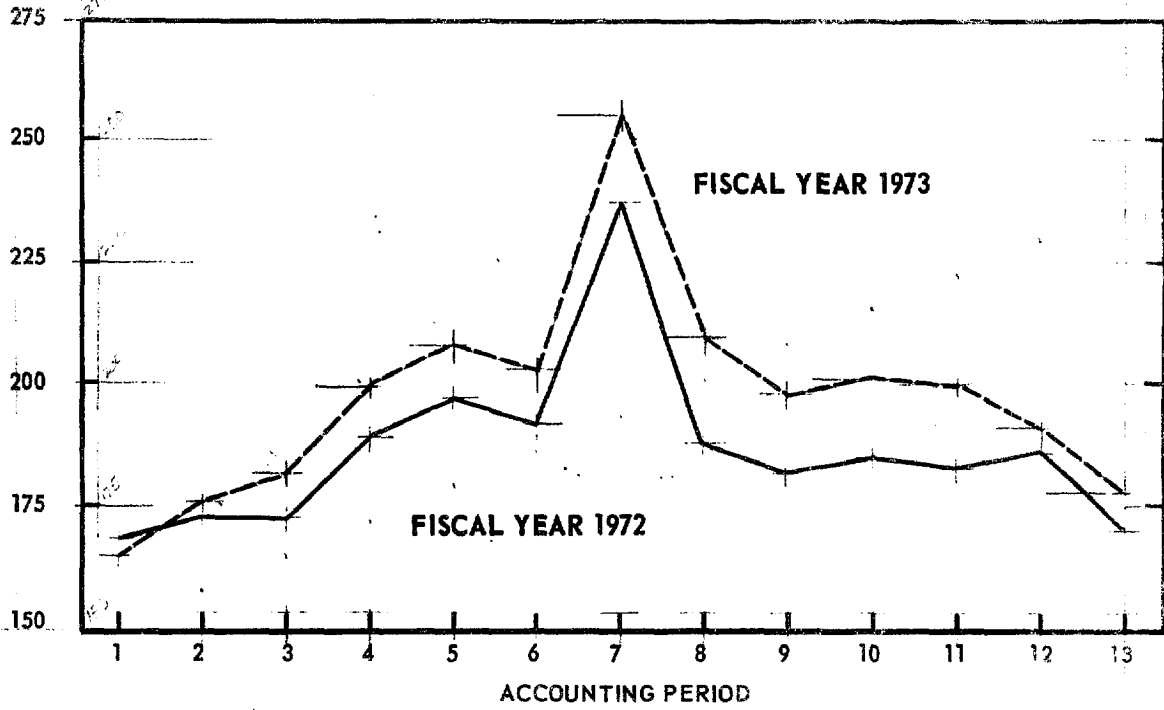
**MAIL VOLUME AND MANPOWER VARIATIONS
IN SAN FRANCISCO POST OFFICE**

DIFFERENCES BETWEEN
PFY 1972 AND PFY 1973

| | | |
|-------------|-------|-------|
| MAIL VOLUME | _____ | 5.8% |
| EMPLOYEES | _____ | -5.7% |
| OVERTIME | _____ | 9.3% |

MAIL VOLUME SAN FRANCISCO POST OFFICE

MILLIONS OF PIECES



**ANTICIPATED MAIL VOLUME INCREASE
SAN FRANCISCO POST OFFICE**

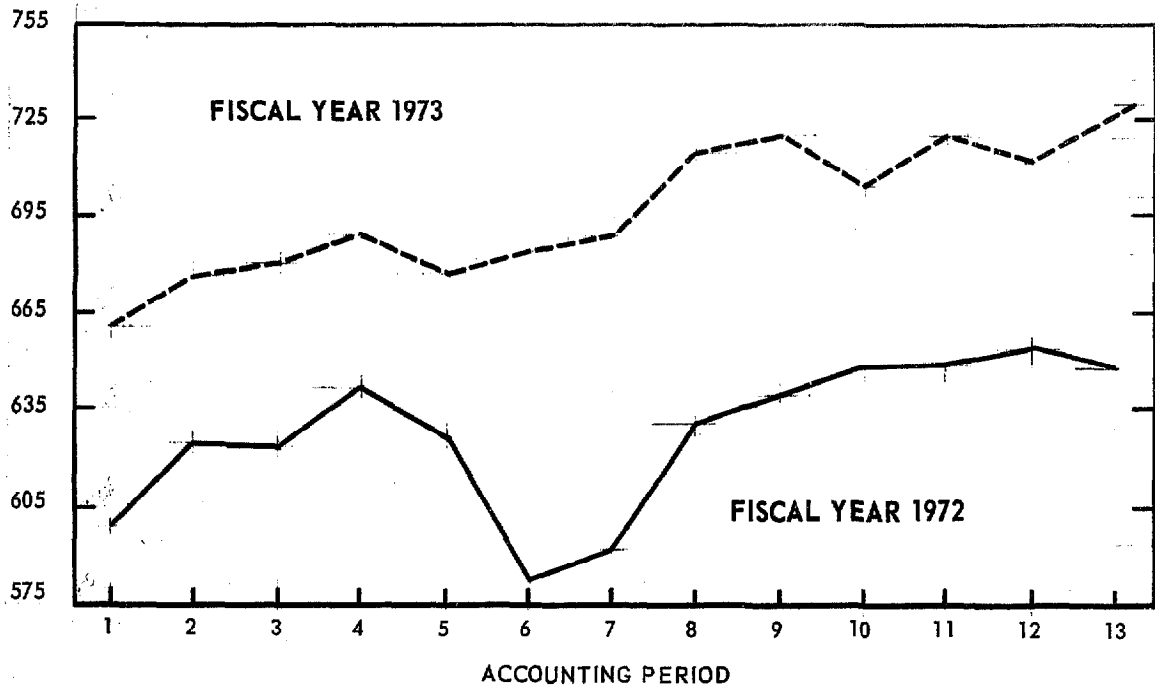
INCREASE EXPECTED BY POST OFFICE AREA ___ ___ 1.8%

INCREASE BUDGETED BY REGION ___ ___ ___ 1.8%

INCREASE ACTUALLY EXPERIENCED ___ ___ ___ 4.6%

PRODUCTIVITY MEASUREMENT FOR SAN FRANCISCO POST OFFICE

PIECES HANDLED PER MANHOUR



**DELAYED FIRST-CLASS MAIL
NOVEMBER 1972 - JUNE 11, 1973**

POST OFFICE
SAN FRANCISCO

MILLION PIECES
21.5

**LSM ERRORS RESULTING IN MISSORTED
AND MISSENT FIRST-CLASS MAIL FOR
PFY 1973 (MILLIONS)**

| | SAN FRANCISCO |
|---------------------------------|---------------|
| PIECES PROCESSED ON LSM'S _____ | 898.7 |
| PIECES MISSORTED _____ | 48.6 |
| PIECES MISSENT _____ | 27.0 |

SERVICE STANDARDS

BEFORE REORGANIZATION

AFTER REORGANIZATION

NONE

FIRST CLASS

**OVERNIGHT: INTRA-SCF & ADJOINING SCF S
DESIGNATED LOCALLY**

SECOND DAY: 6 00 MILES

THIRD DAY: NATIONWIDE

AIRMAIL

**OVERNIGHT: 600 MILES PLUS
DESIGNATED AREAS**

**SECOND DAY: NATIONWIDE CONTIGUOUS
STATES**

**OVERNIGHT DELIVERY
REQUIREMENTS**

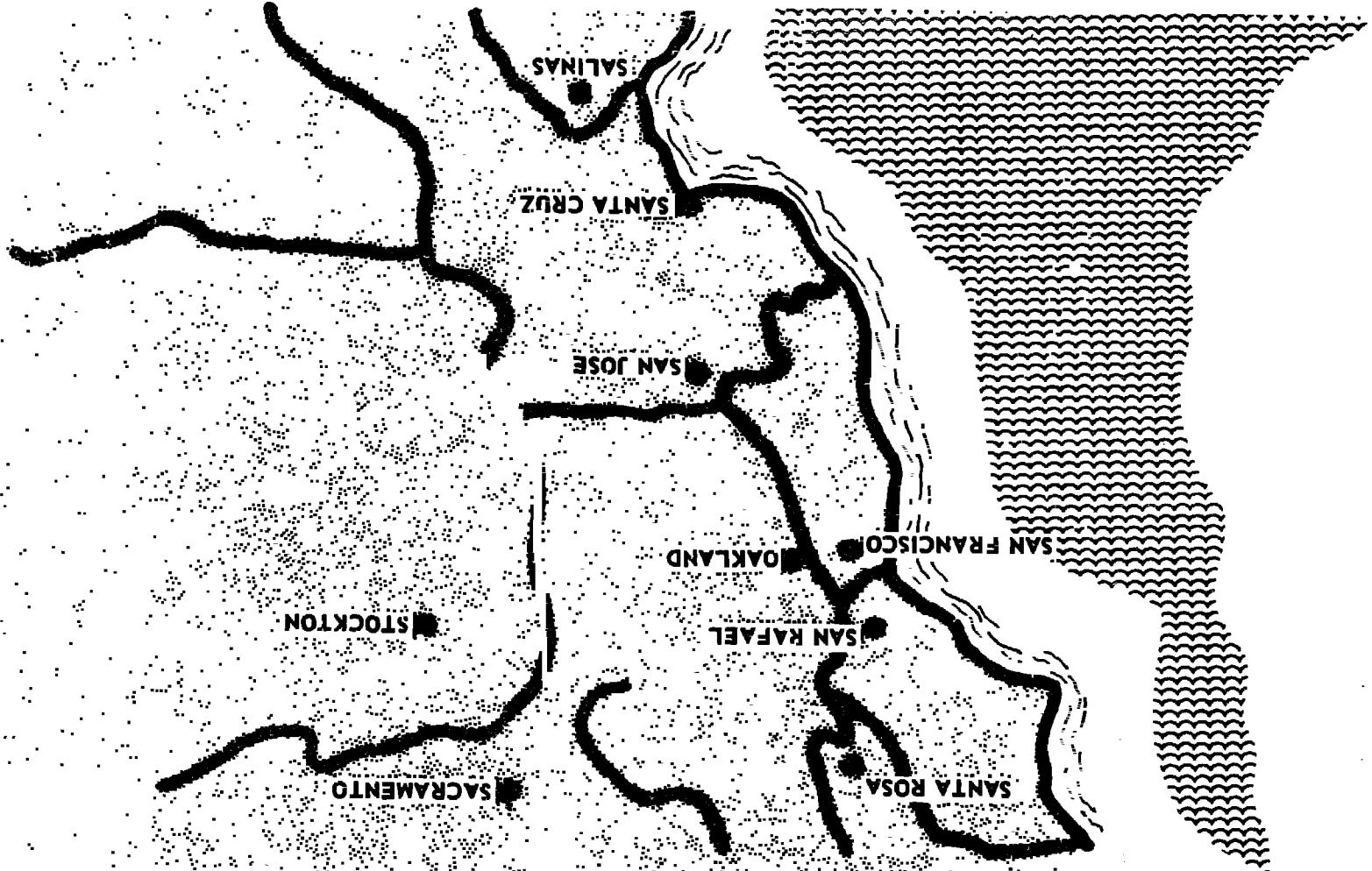
FIRST CLASS

AIRMAIL

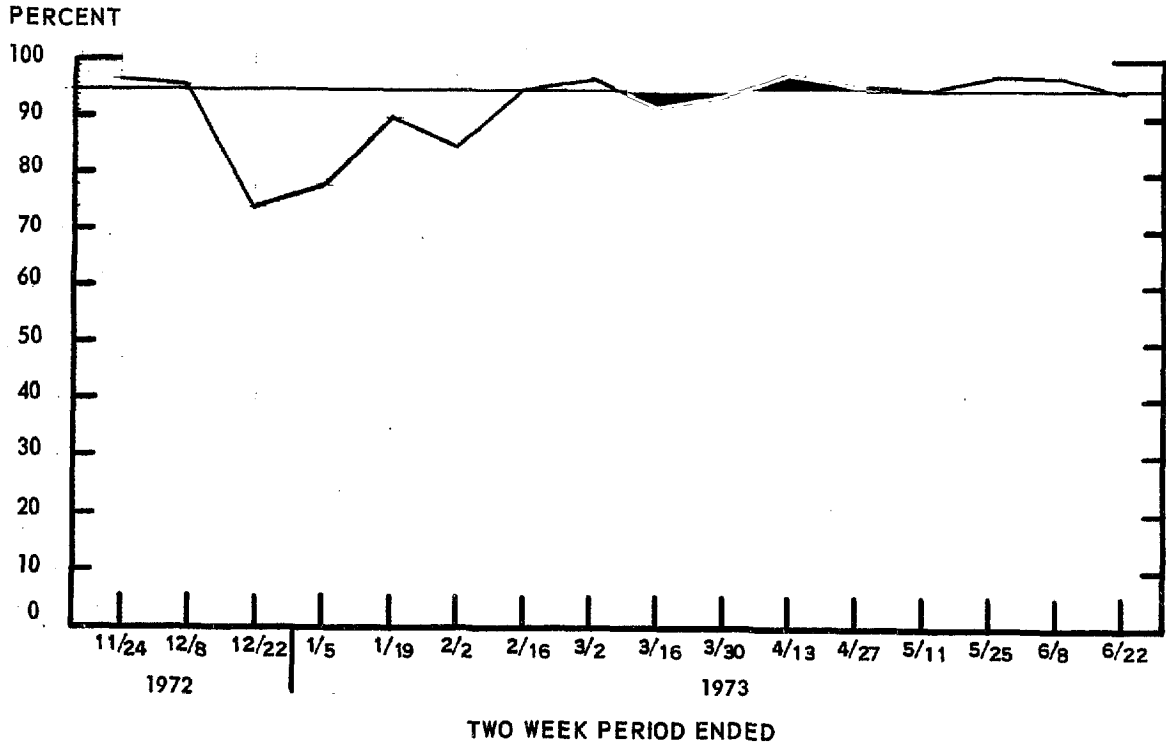
MAILED BY 5:00 P.M. AT
POST OFFICE OR COLLEC-
TION BOXES MARKED
WITH STAR

MAILED BY 4:00 P.M. AT
POST OFFICE OR
WHITE TOP COLLECTION
BOXES

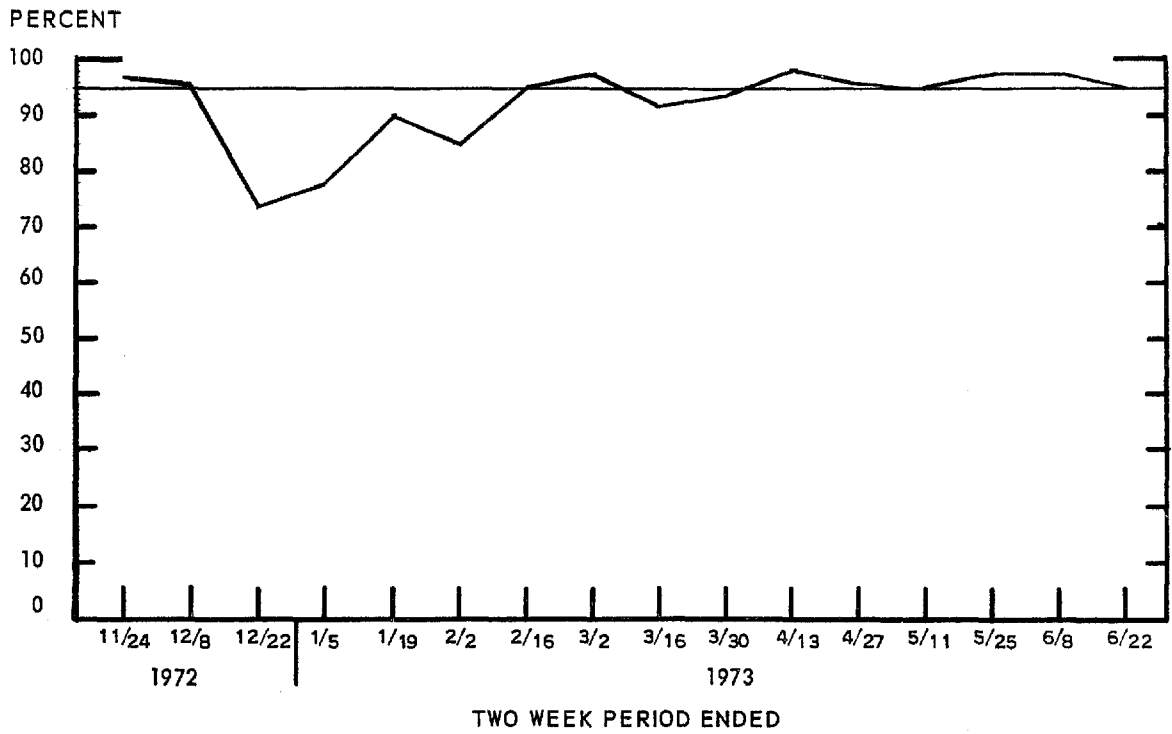
GUARANTEED OVERNIGHT DELIVERY AREAS SAN FRANCISCO



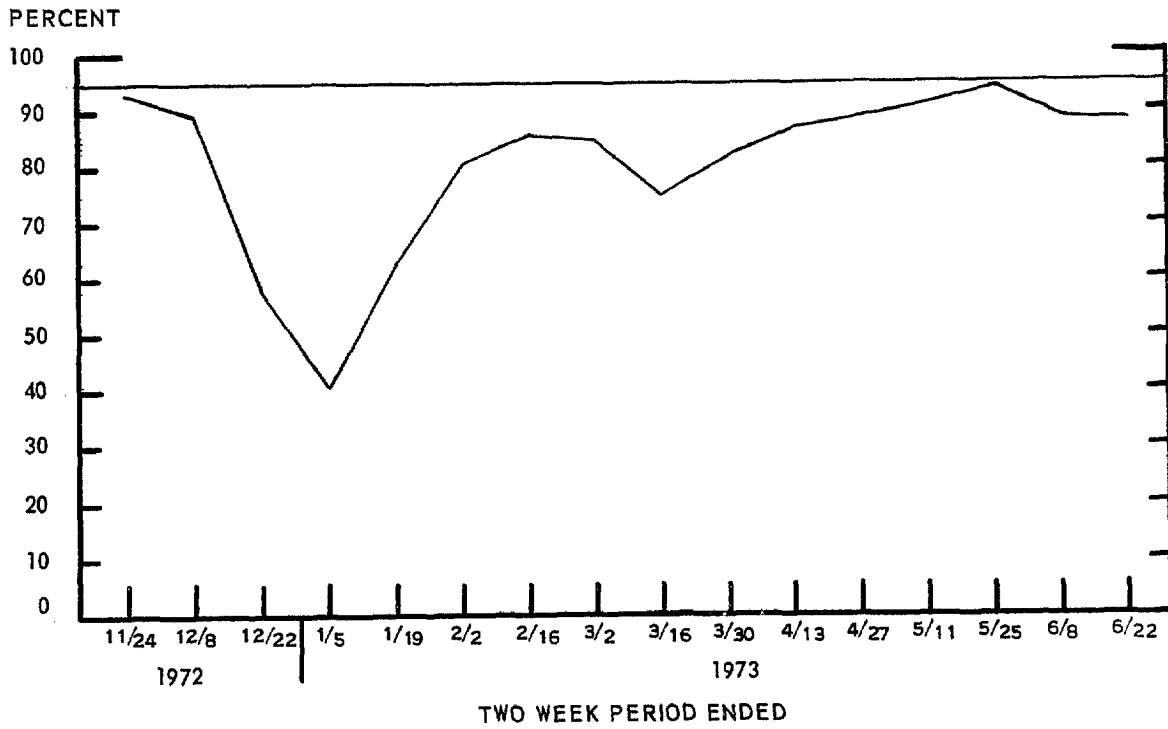
**PERCENTAGE OF MAIL DELIVERED OVERNIGHT
TO LOCAL AND INTRA-SCF AREAS FROM:
SAN FRANCISCO**



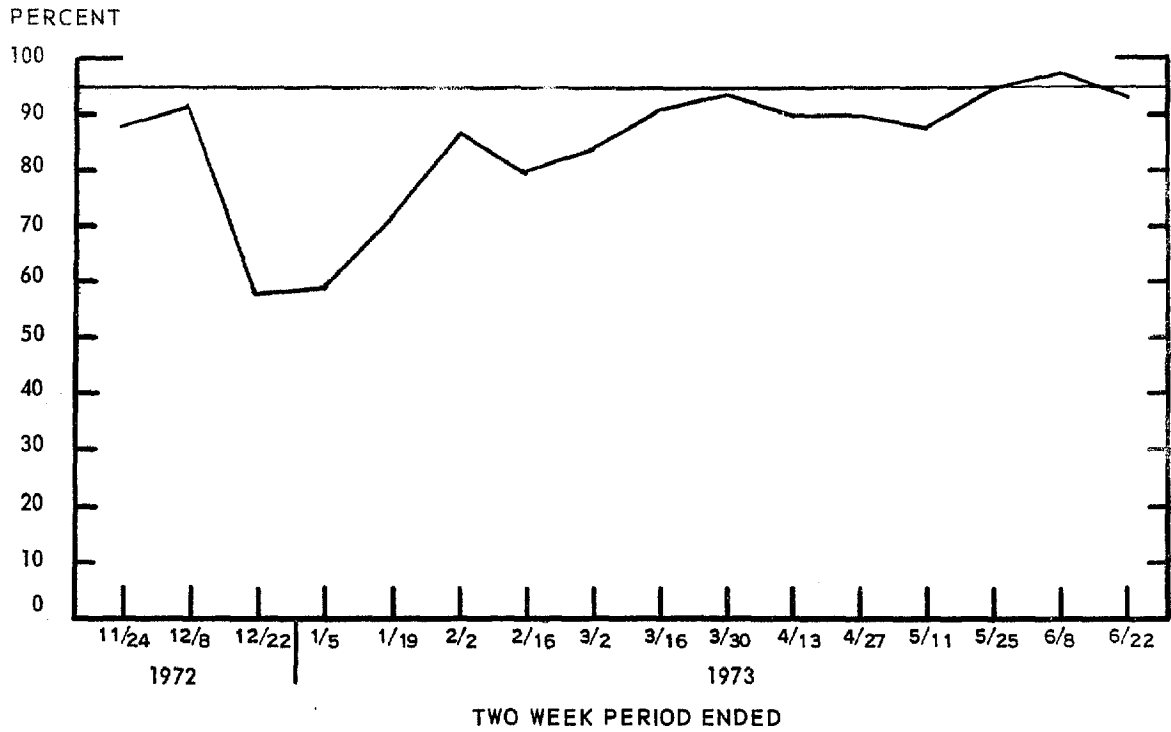
**PERCENTAGE OF MAIL DELIVERED OVERNIGHT
FROM LOCAL AND INTRA-SCF AREAS TO:
SAN FRANCISCO**



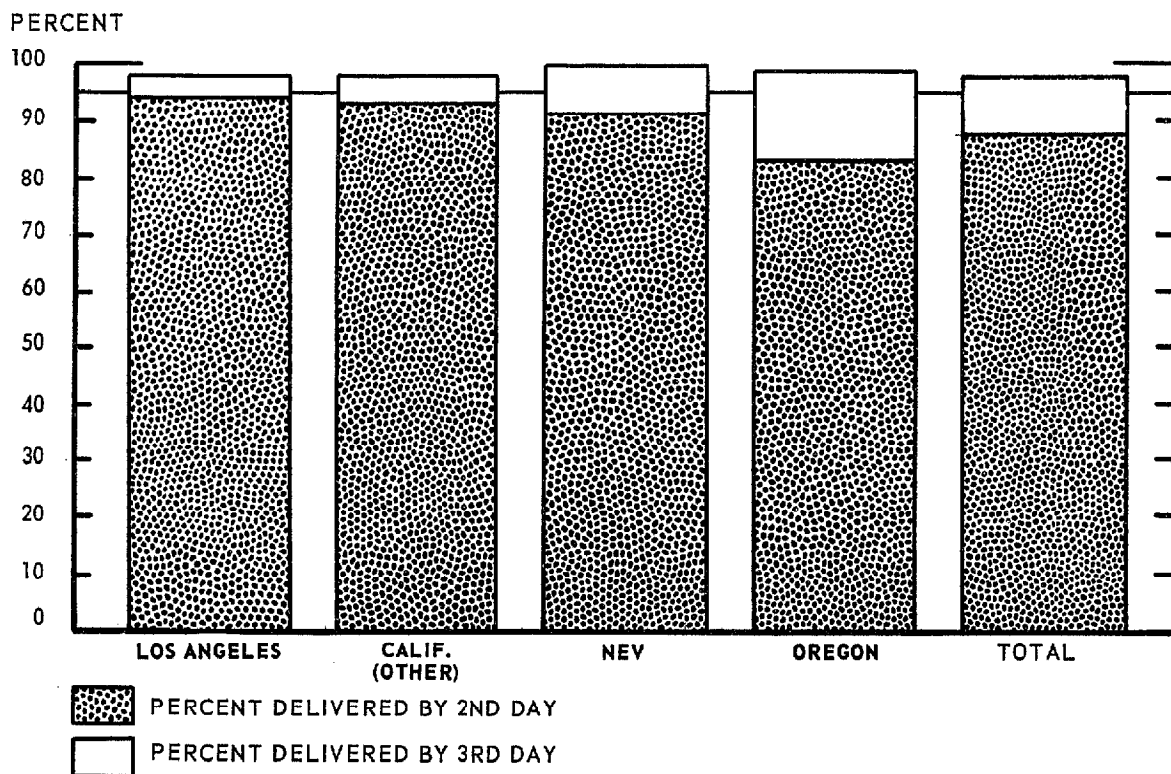
**PERCENTAGE OF MAIL DELIVERED OVERNIGHT
TO INTER-SCF AREAS FROM:
SAN FRANCISCO**



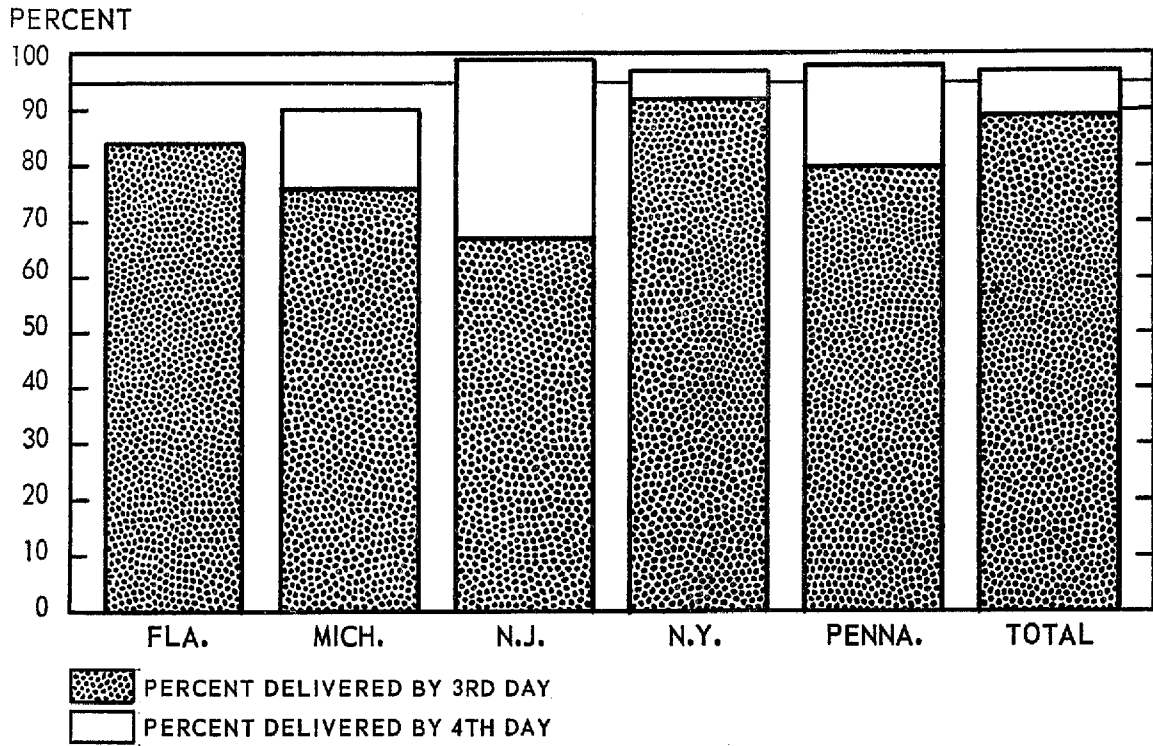
**PERCENTAGE OF MAIL DELIVERED OVERNIGHT
FROM INTER-SCF AREAS TO:
SAN FRANCISCO**



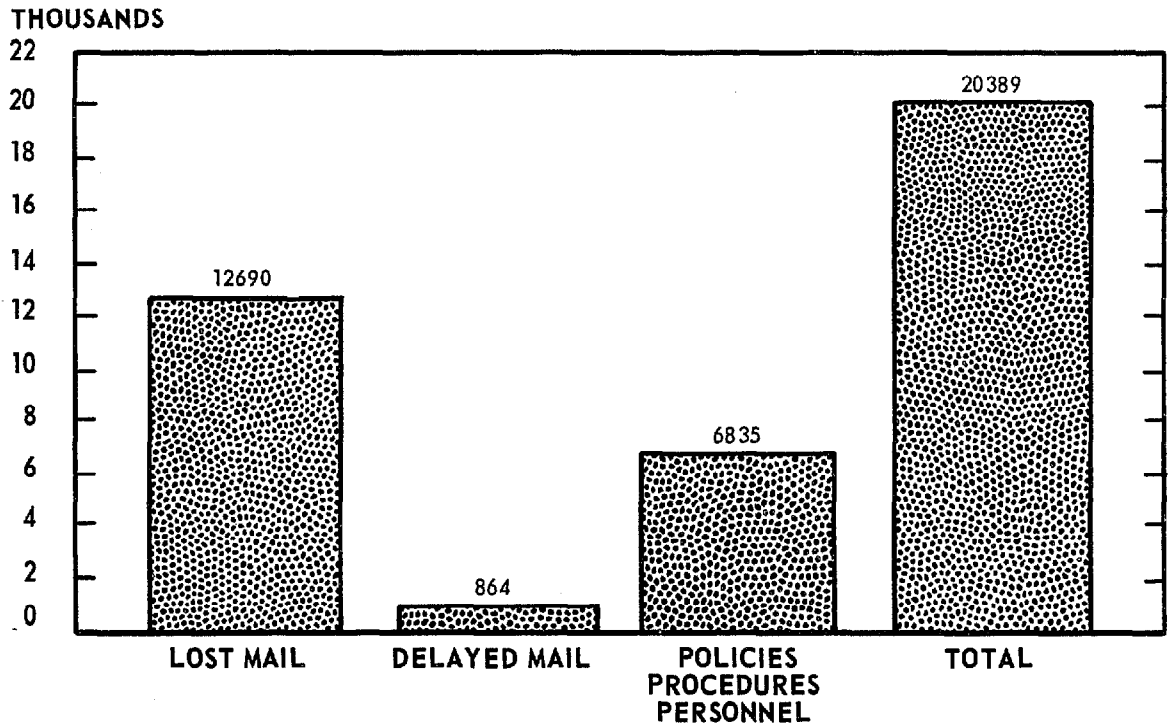
PERCENT OF MAIL DELIVERED FROM SAN FRANCISCO TO TWO DAY STANDARD DESTINATION AREAS (5/26/73 - 6/22/73)



**PERCENT OF MAIL DELIVERED FROM SAN FRANCISCO
TO THREE DAY DESTINATION STATES
(5/26/73-6/22/73)**



**CUSTOMER COMPLAINTS
FEBRUARY 3 - MAY 25, PFY '73**



LOW EMPLOYEE MORALE RESULTING FROM...

- LACK OF PERSONNEL
- EXCESSIVE OVERTIME
- POOR GRIEVANCE PROCEDURES
- JOB EVALUATION PROGRAM
- EMPLOYEE RESTAFFING AND
RESCHEDULING