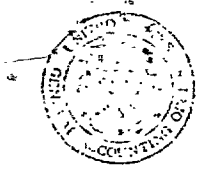


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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

SEP 1 1976

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The Honorable Paul Laxalt
United States Senate

Dear Senator Laxalt:

This is in response to your March 15, 1976, letter requesting that we independently review the Postal Service's evaluation of an alternative mail processing system proposed by Mr. John F. Stephenson of Las Vegas, Nevada.

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In brief, Mr. Stephenson proposes that

- an 8-digit code be adopted in place of the current 5-digit ZIP code, and
- the code be placed in a standardized location on envelopes.

According to Mr. Stephenson, if this were done, low-cost electronic machines could be used to sort most mail thus eliminating the need for costly manual sorting operations.

Over the years, Mr. Stephenson has advanced his position with the Postal Service both directly and indirectly through several congressional offices. The Service evaluation sent to you on March 8, 1976, which you asked us to review, is identical to others--going as far back as August 1974. As such, it represents nothing new in the way of analysis, but then neither does Mr. Stephenson offer anything additional to what he has proposed over the years.

The June 30, 1976, letter the Service sent you was more responsive. It stated that Mr. Stephenson's estimates on equipment performance and cost savings are completely beyond state-of-the-art technology and practical applications in postal facilities. This Service response was not the result of a detailed evaluation. It was written by a Service official with expertise in mail

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processing systems on the basis of his knowledge of the state-of-the-art and postal operations.

The Service has no intention of making an in-depth study of Mr. Stephenson's proposal because it is firmly convinced that, at the present time, the system he proposes is not feasible.

In discussions with your staff, we expressed our view that the Service has the responsibility for evaluating alternative mail processing proposals. Further, the Service is the only organization with the ability to evaluate these proposals from a technical standpoint.

During the course of our work we developed some information on expanded codes and standardized locations for codes--the key points in Mr. Stephenson's proposal. This information follows.

BENEFITS OF AN EXPANDED
CODE ARE UNCERTAIN

The use of an expanded code would provide for more detailed sorting of the mails. The 5-digit ZIP code now in use only permits sorting down to the local post office. Sorting beyond that point is done manually by clerks who match street addresses with one of the carrier routes operating out of a local post office.

The first three digits of the ZIP code designate the sectional center facility that services the area to which a letter is addressed. The last two digits designate the local post office responsible for the letter's delivery. The mail received by the local post office is then sorted to the letter carriers by clerks.

In its March 8, 1976, letter to you, the Service stated that it had experimented with coding systems which would sort mail to a greater depth than the postal zone (ZIP code). Numeric codes using 7 to 10 digits, as well as alphanumeric codes, have been considered.

It is possible to expand the ZIP code a sufficient number of digits to identify carrier routes. While this would seemingly simplify the process of getting the mail to the right carrier, such a system is not without its drawbacks.

The number of delivery points served by the Service is constantly increasing. Nationwide, delivery units increase at the rate of about 2 percent annually. The rate at the local level is often much higher. A new office building, apartment house, or housing development often signals the need to alter local mail delivery patterns. Moreover, the Service reevaluates each letter carrier's route annually, and wherever significant increases or decreases in the carrier's workload have occurred, his delivery route is altered. The Service estimates that about 100,000 carrier routes are altered annually.

The implications of this on the feasibility of including a carrier designation in an expanded code are clear. Each time a carrier's route is altered someone's code would change because they would be served by a different letter carrier. The extent of these changes with their attendant disruptions and irritations to postal customers would seem to prevent the inclusion of the carrier route in a code from being given serious consideration.

This is not the same as saying that the use of an expanded code per se is infeasible. In Canada, for example, the postal system uses an alphanumeric code of six digits which designates a certain geographic area. Each delivery point in the area--house, office, post office box, etc.--has this code. The system is flexible so that large mail users, office buildings, or even residences can be given their own unique code. About 258 million addresses had been given codes as of the end of March 1975. Under this system, a change in the carrier route serving a given address would have absolutely no effect on anyone's code.

According to the Service, the technology needed to make such a system work in the United States is neither simple nor low cost. The information as to which carrier serves which codes would have to be stored and each post office would need to have the capability of tapping the stored memory in order to sort the mails. The United States has about 10 times the mail volume of Canada and whether such a system would be cost-effective here can only be determined through a detailed cost/benefit study.

STANDARD LOCATION OF THE CODE
WOULD SIMPLIFY MECHANIZATION

The electronic equipment Mr. Stephenson recommends would require entry of the code in a place specified on the envelope. The Service stated that a standard location is being used by other countries and appears to simplify the automatic sorting of mail. However, the Service has avoided imposing this requirement on envelope manufacturers. We believe that whatever future system the Service uses, be it optical character readers or something else, standardizing the location of the ZIP code will simplify mechanization.

in summary although the Service's evaluations of Mr. Stephenson's proposal have been cursory, its conclusion that his proposal is not practical appears reasonable.

Sincerely yours,

Victor L. Lowe

Victor L. Lowe
Director