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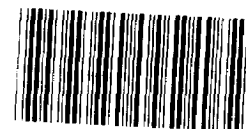
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BY THE U.S. GENERAL ACCOUNTING OFFICE
Report To The Honorable Jim Sasser
United States Senate

RELEASED

**Proposed Closing Of Postal Inspection
Service Division Office In
Chattanooga, Tennessee**

The Postal Service plans to close its Inspection Service division office in Chattanooga, which would result in the transfer of administrative functions to Atlanta and Memphis. The closing should produce savings and not harm the level of service in the Chattanooga area. Consideration given to some relevant issues associated with the closing was not adequately documented prior to the Service's final decision.



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GGD-81-65
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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

B-202561

The Honorable Jim Sasser
United States Senate

Dear Senator Sasser:

This report is in response to your June 30, 1980, letter requesting that we study a proposed reorganization of the Postal Inspection Service's division office in Chattanooga, Tennessee. As you requested, we examined the effect of the reorganization on operations, costs, and personnel.

As agreed with your office, no further distribution of this report will be made until 30 days from the date of this letter unless you publicly release its contents earlier. At that time we will send copies to the Postmaster General and make copies available to others upon request.

Sincerely yours,

A handwritten signature in black ink that reads "W. J. Anderson".

William J. Anderson
Director

GENERAL ACCOUNTING OFFICE
REPORT TO THE
HONORABLE JIM SASSER
UNITED STATES SENATE

PROPOSED CLOSING OF POSTAL
INSPECTION SERVICE DIVISION
OFFICE IN CHATTANOOGA,
TENNESSEE

D I G E S T

The Postal Inspection Service is responsible for investigating all crimes related to the delivery of mail or use of the mail service and for performing financial and program audits of postal operations.

In March 1980, the Inspection Service announced plans to consolidate activities in the Southern Region by closing its Chattanooga division office and transferring the management and administrative functions of that office to its Atlanta and Memphis division offices.

GAO found that although other Postal Service organizational elements have strict procedures for planning and approving office consolidations, the Inspection Service does not. Consideration given to some relevant issues associated with the consolidation was not adequately documented prior to the Inspection Service's decision to close the Chattanooga division office. (See p. 3.)

News of the Inspection Service's plan was leaked, and the Chattanooga division employees, many of whom would lose their jobs, first heard of the closing through rumors and an article in the local newspaper. Division employees were angered by the way the consolidation was announced and the manner in which they were subsequently treated. (See p. 6.)

If the consolidation takes place as planned, many of the support personnel and some of the inspectors will suffer adverse effects. The consolidation would likely have little impact on the local economy, and the level of service should not suffer as a result of the consolidation. (See p. 8.)

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Savings would undoubtedly result from the consolidation, but GAO questions the amount estimated by the Inspection Service--about \$700,000 annually, assuming that 28 positions could be eliminated. GAO estimated potential savings of about \$484,000 per year on the basis of eliminating 17 positions. (See p. 12.)

AGENCY COMMENTS

The Postmaster General believes that the proposed consolidation will produce savings greater than the amount estimated by GAO. He also said that the Postal Service always intended to work with the employees displaced by the consolidation and find them employment elsewhere in the Postal Service before the actual closing of the office. The Postmaster General pointed out, however, that unfortunately the "leak" of the Service's plan occurred before they were fully geared up to do this. (See app. III.)

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ABBREVIATIONS

AIC	Assistant Inspector-in-Charge
GAO	General Accounting Office
INC	Inspector-in-Charge
MSC	Management Sectional Center
TVA	Tennessee Valley Authority

CHAPTER 1

INTRODUCTION

The Inspection Service of the United States Postal Service has jurisdiction over all criminal matters which occur in the delivery of mail or use of the mail service. The Inspection Service also performs financial and program audits of postal operations to insure the integrity of financial operations, to control costs, and to promote increased efficiency. The Inspection Service is headed by the Chief Postal Inspector, who reports directly to the Postmaster General.

Prior to 1971, the Inspection Service was organized into 15 divisional offices, each covering a specific geographic area and reporting directly to the Chief Postal Inspector. In 1971, the Inspection Service was reorganized by establishing 5 regional offices and by increasing the number of divisional offices from 15 to 21. Since 1971 the activities of three division offices (Brooklyn, Denver, and Kansas City) have been consolidated into other divisions.

On March 26, 1980, the Inspection Service announced plans to transfer, effective September 30, 1980, administrative functions performed at the Chattanooga division office to the Atlanta and Memphis division offices. Inspectors assigned to domicile 1/ offices in North and South Carolina would report to the Atlanta division, and inspectors assigned to offices in Tennessee and Alabama would report to the Memphis division. Inspectors domiciled in Oklahoma, currently part of the Memphis division, would report to the Fort Worth division office. (See map in app. II.)

When the Inspection Service announced its intentions to reduce the number of division offices in the Southern Region, 149 people were assigned to the Chattanooga division. Forty-two people worked at the division office in Chattanooga--the Inspector-in-Charge, 4 Assistant Inspectors-in-Charge, 6 inspectors performing administrative and management functions, 8 field inspectors, and 23 support personnel. The remaining 107 people--71 field inspectors, 13 security police, and 23 support personnel--were located at domicile offices throughout the region. After the consolidation, the Chattanooga office would become a domicile office staffed with five field inspectors and two support personnel.

The Inspection Service believes that the consolidation would result in annual cost savings of about \$700,000 after the first year and would not adversely affect the quality of service in the area. The estimated savings result from the elimination of 28 positions in the Southern Region (see p. 12).

1/Official work location and duty station for field inspectors.

OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Senator Sasser's request, our objectives in conducting this review were to:

- Study the economic and administrative rationale of the proposed Chattanooga closing with emphasis on involved costs and benefits.
- Determine if the consolidation would adversely affect the quality of service.
- Obtain the views of all the Postal Inspection personnel who were involved in or affected by the consolidation.
- Compare procedures followed by the Inspection Service in analyzing and recommending reorganizations with procedures followed in other postal reorganizations.

To accomplish these objectives, we:

- Interviewed the Chattanooga employees involved in and/or affected by the consolidation. (We assured the employees that the information they provided would be held in confidence.)
- Interviewed other Inspection Service officials at Memphis, Tennessee; Atlanta, Georgia; and Washington, D.C..
- Obtained comments from other interested parties, including the Chattanooga Postmaster, a district judge, a probation officer, a U.S. attorney, two former Inspection Service officials, and an official of the Chattanooga Chamber of Commerce.
- Obtained and analyzed pertinent documentation associated with the planned consolidation, including the Inspection Service's calculation of savings, workload data, and correspondence with employees.
- Compared procedures for the consolidation of Management Sectional Center 1/ activities with actions taken by the Inspection Service.

1/A designated postal facility whose manager has full management responsibility for all post offices within the assigned ZIP Code areas.

CHAPTER 2

STUDY OF IMPACT ON EMPLOYEES AND WORKLOAD NOT ADEQUATELY DOCUMENTED

The Inspection Service does not require that proposed office consolidations be supported by a written plan which would demonstrate that all relevant matters were studied prior to a final decision. As a result, in reviewing Inspection Service actions which led to the decision to close the Chattanooga division office we found no written evidence showing that certain relevant issues were adequately considered before the decision was made.

INSPECTION SERVICE'S ACTIONS WHICH LED TO THE CONSOLIDATION DECISION

In 1974, the Inspection Service considered closing the Chattanooga division office. The Regional Chief Inspector of the Southern Region proposed to " * * * make three Divisions in the Southern Region, out of the present four, by eliminating the Chattanooga Division and reassigning its states to the Atlanta, Fort Worth, and Memphis Divisions." The proposal was supported by estimated savings in salaries and fringe benefits of about \$250,000 per year and the expectation that the consolidation would reduce equipment, space, and travel costs. In commenting on the proposal, the Chief Inspector stated that "While it appears that such a move is feasible and certain advantages would accrue from such a move, I do not feel this action is in order at this time." The Chief Inspector provided no reason for this decision.

When the current Regional Chief Inspector of the Southern Region was selected in January 1980, he was instructed by the Chief Inspector to reevaluate the 1974 plan. Shortly after the Regional Chief Inspector assumed his assigned duties in March 1980, he reported to the Chief Inspector that the consolidation as proposed in 1974 was feasible and cost effective. The Inspection Service officially announced on March 26, 1980, that by September 30, 1980, the administrative functions of the Chattanooga division office would be transferred to division offices in Atlanta and Memphis.

COMPARISON OF ACTIONS WITH PROCEDURES TO CONSOLIDATE MANAGEMENT SECTIONAL CENTER ACTIVITIES

The Inspection Service does not require that proposed office consolidations be supported by a written plan demonstrating that all relevant matters were studied prior to final approval. To compare the procedures followed in other postal reorganizations with those followed in the Chattanooga case, we identified actions

taken by the Inspection Service and matched the actions against issues which are required to be considered in consolidating the activities of Management Sectional Centers (MSC). 1/

We found no documentation showing that various issues associated with the Chattanooga consolidation (other than cost savings) were studied by the Inspection Service. The most relevant issues for which no documentation existed were assessments of the impact the consolidation would have on employees and workload.

Postal Service guidelines for MSC consolidations require consideration of the impact that a proposed consolidation would have on employees. Among other things, the potential for reassignments of affected employees and general morale problems are to be considered and commented on in a written justification.

The Inspection Service did not prepare a reassignment plan for the employees who would lose their jobs. In this regard, we found that the Inspection Service did not contact the Regional Postmaster General, Southern Region, to identify other Postal Service jobs which could possibly be filled by the excessed employees until after the consolidation was announced. (See p. 9.) In addition, the manner in which the consolidation was announced and the way in which the employees were informed of their rights and options adversely affected morale. (See p. 6.)

The MSC guidelines also require written evidence showing that the management and administrative workload can be performed adequately if a proposed consolidation is approved.

The Inspection Service did not study workload implications of the consolidation. Instead, the Service assumed that the administrative workload to be transferred to Atlanta and Memphis could be handled by a staff increase of two at each location and that the supervisory workload to be transferred would require no additional Assistant Inspectors-in-Charge. Inspection Service officials told us they based their assumptions on experience gained from closing the Denver and Kansas City division offices.

1/The activities performed by an MSC are quite different from those performed by an Inspection Service division office, but both types of offices perform administrative functions (i.e. supervisory and support) for remote locations and are in this sense comparable.

We cannot agree with the Inspection Service's assumption for the administrative workload. (See p. 12.) However, the Service's assumption regarding the Assistant Inspectors-in-Charge does not appear unreasonable. Currently, the ratio of field inspectors to Assistant Inspectors-in-Charge in the Atlanta and Memphis Divisions is 24 to 1 and 20 to 1, respectively. After the consolidation, the ratio would increase to 32 to 1 and 27 to 1. Although the consolidation would substantially increase the supervisory workload, postconsolidation Atlanta and Memphis ratios would still be comparable to division offices in New York (37 to 1), Los Angeles (29 to 1), and San Francisco (29 to 1). Nationwide, the average ratio of field inspectors to Assistant Inspectors-in-Charge is 24 to 1, ranging from a high of 37 to 1 in New York to a low of 17 to 1 in Seattle.

CHAPTER 3
EMPLOYEE REACTION TO
THE CONSOLIDATION

Employees of the Chattanooga division office were angered by how the consolidation was announced and by the manner in which they were informed of their rights and options. They organized and took action as a group to oppose the consolidation.

PLANS TO CONSOLIDATE
OFFICE LEAKED

Most of the Chattanooga support personnel told us that they heard rumors of a possible consolidation before they read about it in a Chattanooga newspaper. Later, they received a letter dated March 26, 1980, notifying them officially of the consolidation plan and the closing of the Chattanooga division office. Support personnel felt that since they were the ones most affected by the closing, they should have been notified before it became common knowledge, and certainly before the announcement appeared in the press.

The Chief Inspector told us that he was aware that news of the consolidation had leaked out before proper notification could be given to affected employees. He said he did all he could to prevent this and regretted very much that he had failed. He also said that as a result of the leak, the Inspection Service was forced to announce its decision earlier than intended.

Employee reaction
to the announcement

In an effort to get the Inspection Service to reconsider its decision, support employees of the division office organized and launched a campaign which enlisted the aid of concerned citizens and various governmental bodies in the Chattanooga area.

A five-page information sheet was sent to local media outlets and to municipalities in the Chattanooga area. The information sheet explained what the consolidation proposed to do and questioned whether any savings would result from the closing. Anyone opposing the consolidation was urged to write to the Postmaster General, the President, and the elected representatives of Tennessee. The City of East Ridge, Tennessee, and the Hamilton County Board of Commissioners passed resolutions protesting the closing. Several citizens also wrote letters of protest.

Throughout the entire campaign to keep the office open, the support personnel stayed together as a group. Everyone met together after working hours and collectively agreed to stay united until the matter was settled.

HOW THE EMPLOYEES WERE INFORMED OF THEIR RIGHTS AND OPTIONS

During the week of April 7, 1980, a team composed of representatives from Inspection Service Headquarters and the Southern Region visited Chattanooga and met individually with each employee.

Employees of the Chattanooga division office told us that the team was cold and uncaring and described team members as being insensitive, arrogant, and unprofessional. They said team members simply told them the office was going to be closed, notified them of the amount each of them had in the retirement system, told them about some job vacancies, and asked what they were going to do. Three of the employees told us that when they said they did not know what they were going to do, the team member interviewing them told them that they had better go out and find jobs.

The Inspector-in-Charge of the Chattanooga division office at the time of the team's visit (since retired) told us that the team acted like "Storm Troopers" when they came to Chattanooga. He said they were tactless, lacked diplomacy, and showed no sympathy toward the affected employees. He said that in his opinion the team members were very unprofessional.

We interviewed four of the team members, and they told us that they were sympathetic with the Chattanooga employees and did not intend to appear cold hearted, but that they did want to provide the Chattanooga employees with information on all options available to them, i.e., retirement, other Inspection Service jobs, jobs with other agencies, etc.

One team member told us that the Chattanooga employees gave him the impression that they did not take the closing seriously. Other team members said that the employees did not want to discuss other jobs and said the employees acted belligerently toward them.

CHAPTER 4

IMPACT OF THE CONSOLIDATION ON EMPLOYEES, COMMUNITY, AND LEVEL OF SERVICE

If the consolidation takes place as planned, there is little doubt that many of the support personnel and some of the inspectors at the Chattanooga division office would suffer some adverse affects, ranging from being transferred and having to relocate their homes, to possibly being left without employment. However, the consolidation would likely have very little impact on the local economy, and the level of services provided to the area should not suffer as a result of the consolidation.

IMPACT ON EMPLOYEES

In private, confidential interviews, we discussed the personal financial impact that the closing of the Chattanooga division office would have on each of the support personnel, the inspectors, and top management personnel.

Support staff

Twenty-one of the 23 support personnel would be excessed; that is, they would lose the positions they currently hold in the Inspection Service if the office is closed.

When the Inspection Service officially announced its consolidation plans it immediately froze all job vacancies in the Inspection Service nationwide and made those jobs available to the Chattanooga employees who would lose their jobs. However, all of the available jobs were located outside the Chattanooga area and some paid well below the employees' current salaries. None of the employees accepted the job offers. They informed us of numerous reasons why they could not relocate, such as family commitments, low mortgage payments, working spouses, and financial obligations.

The Inspection Service also attempted to find jobs for the excessed employees by notifying all Federal agencies in the Chattanooga area of the closing. The Inspector-in-Charge and other Inspection Service officials visited the Tennessee Valley Authority (TVA) to discuss the closing with TVA personnel officials. TVA expressed an interest in hiring the excessed employees, but most of the employees would apparently experience a significant decrease in salary if they took TVA jobs. We were told by support personnel that TVA's starting salaries for administrative type positions were about \$10,000 per year. As of December 1980, salaries of support personnel with the Inspection Service ranged from about \$14,600 to \$26,000.

Inspection Service officials also told us that after the consolidation was announced they met with the Regional Postmaster General and worked out an agreement to freeze Postal Service jobs in the Chattanooga area and make them available to the excessed employees. They said they dropped those plans when the Postmaster General agreed to hold the consolidation in abeyance pending the completion of our review. The Acting Supervisor of Employment and Services for the Chattanooga Management Sectional Center provided us information which showed that between March 1980 and December 1980, nine positions within a 50-mile radius of Chattanooga for which the excessed employees were qualified became available and were filled. Four of the jobs were in Chattanooga.

Inspectors

None of the 14 inspectors would lose their jobs with the Inspection Service if the office is closed. Five would remain in Chattanooga, and nine would be transferred to other offices in the Southern Region.

Some of the inspectors told us that they have lived in Chattanooga for some time and have families and homes there. Even though they would not lose their jobs, they would have to relocate and face higher mortgage rates, resulting in considerable financial loss.

We discussed with Inspection Service officials the necessity for relocating three of the nine inspectors. These inspectors would do internal audit work, and such assignments involve traveling about 75 percent of the time. It appeared to us that these inspectors could travel as easily out of Chattanooga as they could from Atlanta, Memphis, or some other location. The Assistant Chief Inspector for Administration told us that transferring these positions would have the advantages of (1) allowing the Assistant Inspector-in-Charge to interface more closely with the inspectors and (2) making travel easier by placing the inspectors in cities with better air service than Chattanooga. He emphasized that when a person joins the Inspection Service he agrees to transfer if requested by the Service. We were told, however, that a final decision to relocate these audit inspectors had not yet been made.

Top management

The Inspector-in-Charge (INC) and four Assistant Inspectors-in-Charge (AICs) would be transferred to fill existing vacancies in the Inspection Service. At the time of our visit to Chattanooga, the INC had retired and two of the AICs had already been transferred to other divisions. Inspectors from other divisions were serving temporarily in the vacant positions and would return to their permanent assignments if the office is closed.

The remaining two AICs have homes and families in Chattanooga and will likely incur significantly higher mortgage rates for their new homes when they relocate.

IMPACT ON THE LOCAL ECONOMY

The consolidation would have very little impact on the economy of the Chattanooga metropolitan area, since the total gross salaries earned by all employees of the Chattanooga office in 1979 represented only about .044 percent of the personal disposable income (gross income less taxes) for the area.

The Manager for Economic Research, Chattanooga Chamber of Commerce, told us that the 1979 personal disposable income for the Chattanooga metropolitan area was \$2.686 billion. The combined gross income of all the employees of the Chattanooga division office during that year was about \$1 million.

IMPACT ON THE LEVEL OF SERVICE

Given the nature of the operation of an Inspection Service division office, there is little reason to expect that the level of services provided to the area would be adversely affected by the consolidation.

An Inspection Service division office provides management and administrative support to field inspectors who are located at domicile offices throughout a service area. The consolidation would result in a total reduction of 14 inspector positions now authorized for the Chattanooga division office.

The duties of five inspectors--the Inspector-in-Charge and his four assistants--would be assigned to managers at the Atlanta and Memphis division offices. Six of the inspectors who would be transferred from the Chattanooga division currently perform administrative and management functions which are unique to a division office, and comparable duties are performed by inspectors assigned to the Atlanta and Memphis division offices. The remaining three inspectors serve on an audit team and travel throughout the region performing audits at selected postal facilities. Although these three inspectors would be transferred out of Chattanooga, they would continue to serve on an audit team and would perform the same work in the same locations as they would if they stayed in Chattanooga.

Conclusion

The number of inspectors performing investigative and audit work in the area will not be reduced by the consolidation. Thus, assuming that the Atlanta and Memphis division offices will provide adequate supervisory and administrative support, the services provided to the area covered by the Chattanooga division office should not be adversely affected by the consolidation.

CHAPTER 5

SAVINGS WOULD BE REALIZED

FROM THE CONSOLIDATION

The Inspection Service estimates that the consolidation will, after the first year, result in annual savings of about \$700,000 by eliminating salary expenses for 28 management, inspector, and support personnel. The Inspection Service's conclusion that the administrative workload to be transferred to Atlanta and Memphis could be handled by a staff increase of two at each location was not adequately supported. Using very conservative assumptions, however, we estimate that the consolidation should produce annual savings of at least \$484,000.

INSPECTION SERVICE
ESTIMATE OF SAVINGS

On March 26, 1980, when the Inspection Service announced its intentions to consolidate activities in its Southern Region, the Chattanooga division office was staffed with 42 people as follows.

<u>Position</u>	<u>Number</u>
Inspector-in-Charge	1
Assistant Inspectors-in-Charge	4
Inspectors	14
Support personnel	<u>23</u>
Total	<u>42</u>

The Inspection Service's estimate of savings was based on the elimination of 32 of the 42 positions at the Chattanooga Division office and the addition of 2 positions each at the Memphis and Atlanta division offices, as shown in the following table.

<u>Salary cost eliminated</u>	<u>Number</u>	<u>Amount of annual savings</u>
Inspector-in-Charge	1	\$ 50,112
Assistant Inspectors-in-Charge	4	171,488
Inspectors	6	150,000
Support personnel	<u>21</u>	<u>409,041</u>
Total	<u>32</u>	<u>\$780,641</u>

Less:

<u>Salary cost added</u>		<u>Amount of annual cost</u>
Support personnel added - Atlanta	2	\$ 42,000
Support personnel added - Memphis	<u>2</u>	<u>42,000</u>
Total	<u>4</u>	<u>\$ 84,000</u>

Net reduction of positions and annual salary costs	<u>28</u>	<u>\$696,641</u>
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The Inspection Service acknowledged that the above estimated savings will not be realized during the year in which the consolidation takes place because of associated, nonrecurring relocation costs. It estimated the maximum amount of such costs would be \$200,000.

Expected savings may be overstated

The Inspection Service could not furnish us workload studies to support its conclusion that the Chattanooga administration workload to be transferred to Atlanta and Memphis would only require a staff increase of two at each location. Inspection Service management officials told us that they are confident that only four additional support personnel would be required, stating that they based their assumption on experience gained from past consolidations.

The Southern Region Chief Inspector defended the Inspection Service's assumption. He told us that the administrative and support responsibility for the State of Oklahoma will be transferred from the Memphis division to the Fort Worth division, which will result in a reduction of the Memphis division's workload. He also told us that new computerized word processing equipment currently operating in Atlanta, and expected to become operational in Memphis in March 1981, will enable support personnel to process more work than before.

Both Inspectors-in-Charge at Atlanta and Memphis agreed that the combination of a reduction in workload for the Memphis division and the addition of the new equipment will enable the Atlanta and Memphis divisions to absorb the workload of the Chattanooga division.

Most of the Chattanooga support personnel doubted that the division's workload could be absorbed with a staff increase of two at Atlanta and Memphis. Some of the support personnel at the Atlanta division office agreed. They told us they consider it unlikely that they can handle the additional workload with just two more people. Also, two former Inspectors-in-Charge of the Chattanooga Division told us that they did not believe the division's workload could be absorbed with only four additional people.

OUR ESTIMATE OF SAVINGS

As indicated above, the Inspection Service's estimate of savings is based on the elimination of 28 positions (11 inspectors and 17 support people).

We have no basis for questioning the Inspection Service's claim that none of the 11 inspector positions will have to be replaced at Atlanta or Memphis. The positions are supervisory or peculiar to the operation of a division office, as organized by the Inspection Service. However, the Service's claim that administrative work performed by 21 people at Chattanooga can be handled by 4 additional people at Atlanta and Memphis is subject to question.

The net reduction of 17 positions was not supported by workload studies, and our discussions with the Inspection Service personnel were inconclusive as to the number of support personnel needed if the consolidation takes place. The new word processing equipment should lighten the administrative workload at Atlanta and Memphis, and a reduction in Memphis workload would most likely result from the transfer of responsibility for the State of Oklahoma to the Fort Worth division. Because the Inspection Service's workload statistics were not maintained in sufficient detail for the development of work measurement standards, we did not attempt to develop an estimate of how many positions would have to

be added at Atlanta and Memphis to absorb Chattanooga's administrative workload. However, by observing operations at Atlanta, Memphis, and Chattanooga, we identified six Chattanooga support positions with functions which would not have to be replaced at Atlanta or Memphis. These positions are the administrative officer, the secretary to the Inspector-in-Charge, the communications specialist, the procurement clerk, and two stenographers.

Making the conservative assumption that the remaining 11 support positions could not be eliminated, we estimate that annual savings of about \$484,000 would be realized from the proposed consolidation, as shown in the following table.

<u>Salary cost eliminated</u>	<u>Number</u>	<u>Amount of annual savings</u>
Inspector-in-Charge	1	\$ 50,112
Assistant Inspectors-in-Charge	4	171,488
Inspectors (overhead)	6	150,000
Support personnel	<u>6</u>	<u>112,807</u>
Total	<u>17</u>	<u>\$484,407</u>

OFFICE SPACE WILL BE EXCESS TO NEEDS AFTER CONSOLIDATION

If the administrative functions of the Chattanooga division office are transferred to Atlanta and Memphis, about 7,600 square feet of new office space now occupied by the Inspection Service will probably remain vacant for some time.

The construction plans for the new Chattanooga General Mail Facility were prepared in 1975. The plans provided about 8,800 square feet of office space for the Inspection Service's division office. Construction of the Chattanooga facility, totaling about 160,000 square feet, was completed in 1979, and the Inspection Service moved into its new space in August of that year. Seven months later, the Inspection Service announced its plan to close the Chattanooga division office.

If the division office is closed, the Inspection Service intends to retain 1,200 square feet of space for a domicile office, but the remaining 7,600 square feet would be excess to the needs of the Postal Service. Postal Service officials told us that this space will probably remain vacant due to a lack of

demand for space by Federal agencies in the area and security problems which would preclude leasing the space to a private business.

If the consolidation takes place as planned, a significant amount of office space at the Chattanooga facility will become vacant, but the Postal Service's cost of maintaining the facility should not increase.

JOB DESCRIPTIONS OF THE
CHATTANOOGA DIVISION PERSONNEL

Inspector-in-Charge: responsible for the general management of the work in the Chattanooga Division; serves as liaison between the Southern Regional Headquarters Office and the Chattanooga Division support and inspector staff.

Assistant Inspector-in-Charge: responsible to the Inspector-in-charge for ensuring that Inspection Service policies and procedures are followed and that reports are prepared in a timely and proper manner; supervises inspectors and support staff.

Inspectors performing administrative and management functions: responsible for various administrative functions, such as public information, recruiting and training inspectors, and coordinating audits and investigations conducted by inspectors in the domicile offices.

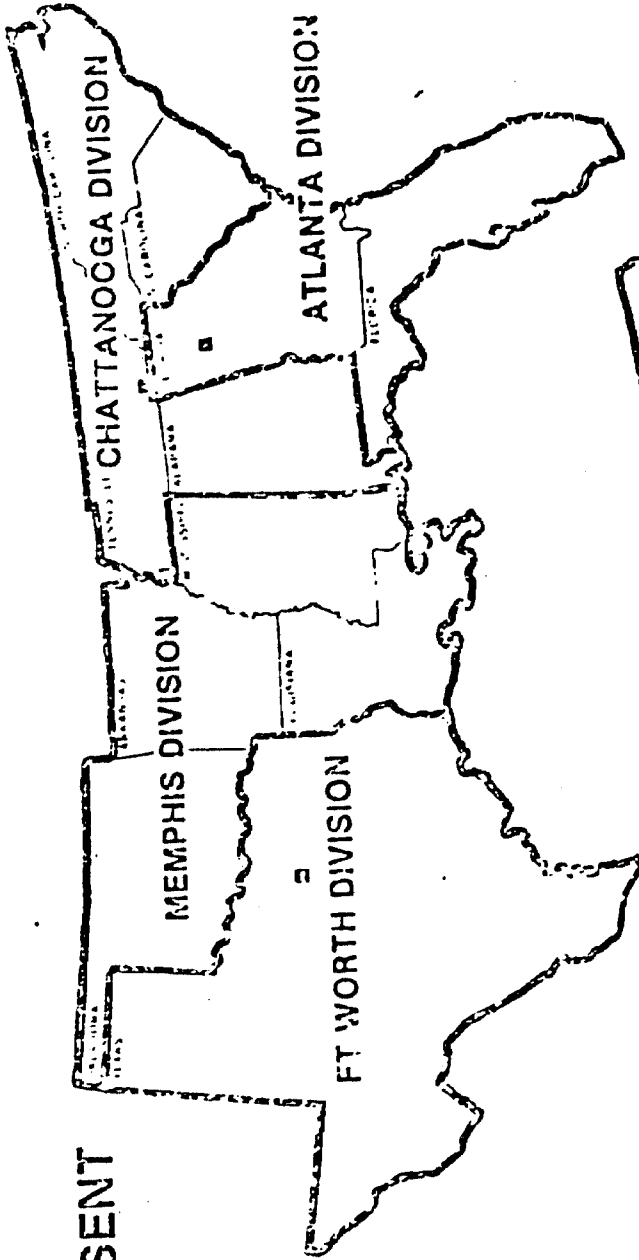
Field Inspectors: responsible for investigating all violations of Postal laws; protect the mail, postal funds, and property; and perform internal audits of Postal Service financial and nonfinancial operations.

Security Police Officers: responsible for protecting the mail, postal valuables, postal employees, vehicles, and facilities; assist in the enforcement of postal laws and regulations on postal premises and provide mobile response in emergency situations.

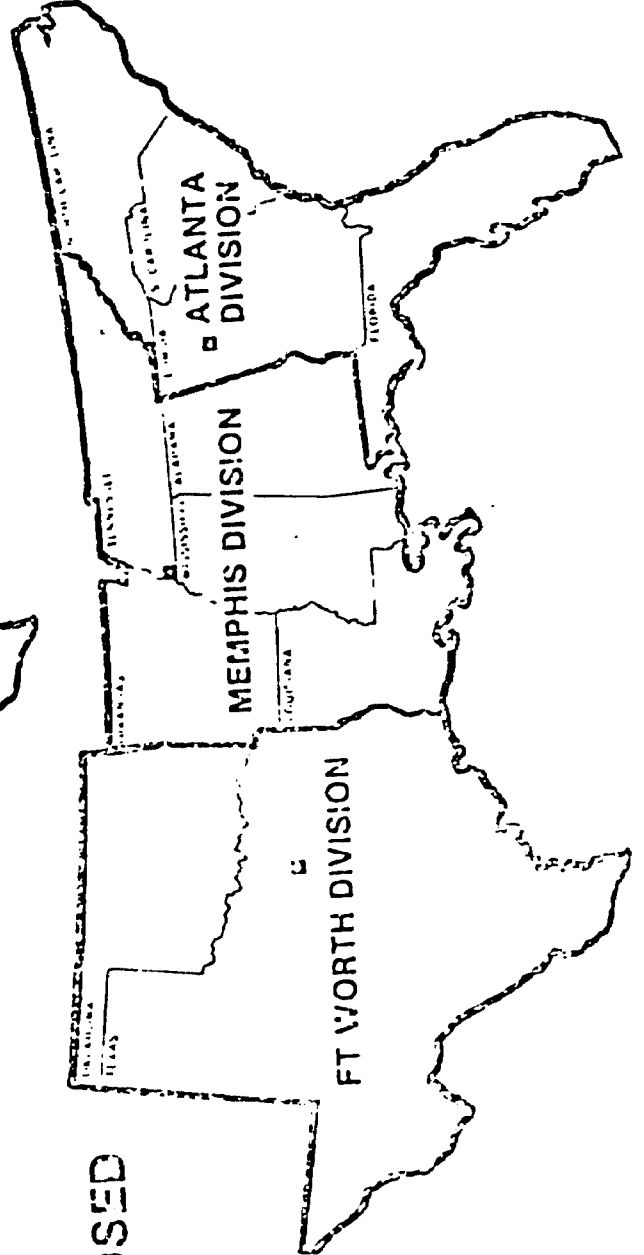
Support personnel: provide clerical support and administrative assistance to division management, inspectors, and security police officers; route cases to Inspectors; process inspection reports; and prepare monthly, quarterly, and yearly status reports.

SOUTHERN REGION CONSOLIDATION

PRESENT



PROPOSED





THE POSTMASTER GENERAL
Washington, DC 20260

April 13, 1981

Dear Mr. Anderson:

This refers to your draft report entitled "Proposed Closing of Postal Inspection Service Division Office in Chattanooga, Tennessee."

The report finds that the proposed closing should produce savings of at least \$484,000 per year with no adverse effect on service. We are pleased with this finding, although we still believe the actual savings will be much greater.

It was always our intention to work with the employees displaced by this consolidation and find them employment elsewhere in the Postal Service before the actual closing of the office. Unfortunately, the 'leak' of our plans occurred before we were fully geared up to do this. We deeply regret this occurrence and the needless anxiety it created.

We appreciate your affording us this opportunity to comment on your report.

Sincerely,

William F. Bolger

Mr. William J. Anderson
Director, General
Government Division
U.S. General Accounting Office
Washington, D.C. 20548

(223180)

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