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BY THE U.S. GENERAL ACCOUNTING OFFICE
**Report To The Honorable John Melcher
United States Senate**

RELEASED

**Quality Of Mail Service
In Bozeman, Montana**

GAO's review of Bozeman's mail service disclosed delivery and postmarking problems. However, because of data limitations, GAO could not determine specific causes and could not conclude that the findings typify the service normally provided to Bozeman postal patrons.



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Postal officials stated that GAO's work identified unknown problem areas and actions have been taken to improve service.



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

GENERAL GOVERNMENT
DIVISION

B-202907

The Honorable John Melcher
United States Senate

Dear Senator Melcher:

In response to your request we have reviewed certain operations at the Bozeman, Montana, Post Office. As agreed with your office, we directed our review toward (1) determining the impact on and changes in mail service resulting from the implementation of area mail processing (AMP) and (2) assessing employee morale. We found that specific data on the quality of Bozeman's mail service prior to the implementation of AMP does not exist and that performance statistics maintained by the Postal Service are too general to reflect the current quality of Bozeman's mail service. Consequently, we could not determine whether the quality of Bozeman's mail service has changed as a result of AMP implementation.

To provide some insight into the present quality of Bozeman's mail service, we assessed current delivery performance by reconstructing data from Postal Service records and developing our own data using a mail test (a detailed description of our scope and methodology is contained in app. I). Our analysis indicated the presence of delivery and postmarking problems, but data limitations prevented us from determining their specific causes or concluding that our findings typify the service normally provided to Bozeman postal patrons. The mail test statistics relied on (see p. 6) are applicable only to those letters, days, and locations tested and can not be projected to overall Bozeman operations.

To assess employee morale, we analyzed records and interviewed 11 post office employees, including management, union leaders, interested craft employees, and craft employees selected at random. Their general perception was that although various problems may have existed in the past, labor/management relations are improving. We agree with this assessment.

ORGANIZATION OF MONTANA POSTAL OPERATIONS

Montana is in the Service's Western region, which includes 11 contiguous western States, as well as Alaska and Hawaii. A district office in Salt Lake City, Utah, oversees the nine management sectional centers and other post offices in Montana. The Montana management sectional centers are located in Billings, Wolf Point, Miles City, Great Falls, Havre, Helena, Butte, Missoula, and Kalispell. Each is a mechanized facility providing some level of mail distribution or processing (e.g., sorting, cancellation, mail transfer, etc.) for post offices in its designated area. For example, the Butte center provides services to 40 post offices--including the Bozeman Post Office--located in its designated geographic area.

HOW AMP CHANGED BOZEMAN POSTAL OPERATIONS

Area mail processing (AMP) is a nationwide program undertaken by the Postal Service in 1971 to control costs and improve productivity without compromising service. Under the AMP concept, mail coming from and going to post offices within a particular area is processed and dispatched by a management sectional center.

On June 23, 1979, the Postal Service implemented AMP for the Bozeman Post Office. As a result, distribution and most cancellation 1/ activities for outgoing first class mail were transferred from Bozeman to Butte. Butte now machine-sorts most of the mail previously sorted by hand in Bozeman and dispatches the mail to destination post offices. Bozeman still cancels some outgoing mail and totally processes intracity mail deposited in special collection boxes. According to postal officials, AMP did not cause any significant changes in mail delivery to Bozeman residents or businesses nor cause any career postal employees to relocate or to lose their jobs.

In implementing AMP, the Bozeman Post Office established procedures so that local patrons could still obtain a Bozeman postmark. Outgoing mail placed in boxes marked "local postmark-outgoing mail" is canceled in Bozeman and then sent to Butte for sorting and dispatch. Mail placed in boxes marked "local only" is supposed to remain in Bozeman for cancellation, sorting, and delivery.

1/Distribution is the process of sorting mail by address into bins, cases, trays, or sacks to group pieces with a common destination for transportation to the post office of address. Cancellation involves placing postmarks on letters.

Prior to AMP, Bozeman sorted and dispatched mail directly to management sectional centers in Montana and to some other cities-- both in and out of State. However, most mail with destinations outside of Montana was sent to Billings for distribution. AMP, however, required Bozeman to send outgoing first class mail to Butte for processing and dispatch. Most of Bozeman's outgoing mail is trucked to Butte at 5:45 p.m., but mail ready by about 4 p.m. is sent by airline to provide additional processing time in Butte. Prior to implementation of AMP, letters deposited by about 10:30 p.m. at the Bozeman Post Office could make same-day transportation connections to Livingston and Billings. This service is no longer possible.

Occasional transportation problems are encountered in getting mail from Bozeman to Butte. Delayed-mail reports showed that airline delays (primarily caused by weather) represented nearly 70 percent of the late arrivals that resulted in delayed mail. Because air transportation has not proved to be dependable, it will be discontinued. Postal officials believe that installation of more efficient cancelling equipment will shorten Butte's processing time and eliminate the need to transport Bozeman's mail by air.

POSTAL SERVICE DELIVERY STANDARDS

The Postal Service has established the following delivery standards for first class mail.

- 1-day (overnight) delivery generally within a sectional center area and between adjoining sectional center areas.
- 2-day delivery to areas within an approximate 600-mile radius of origin or to areas or States where mail arrives at an area distribution center, generally by 12 noon on the day after mailing.
- 3-day delivery to all remaining areas within the contiguous 48 States.

The standards apply only to first class mail with the proper address and ZIP Code which is mailed before the last pickup time-- generally 5 p.m. The Postal Service's goal is to deliver 95 percent of first class mail within these standards. The map in appendix II shows the Service's delivery standard areas for the Butte sectional center. All 40 cities within the Butte service area--including Bozeman--have the same mail delivery commitments. These commitments are being reviewed because Service officials maintain that airline deregulation has severely restricted flights available for mail transportation within Montana.

The Service's Origin-Destination Information System (ODIS) provides data to assess mail delivery performance against established standards. This system measures delivery time from the date mail is postmarked to the date it reaches the last delivery unit before being placed in the addressee's mailbox. Delays, which would not be recognized by the system, can occur before postmarking and in delivery. Also, ODIS statistics reflect only the average performance within a given area.

We analyzed ODIS data from October 1977 through September 1980 and found several factors which prevented us from using it as a measure of the quality of Bozeman's mail service.

First, the way ODIS data is compiled and reported limited its usefulness for our purposes. ODIS aggregates both incoming and outgoing Bozeman mail in Butte's delivery performance data. Bozeman's outgoing mail recorded at destination post offices throughout the country is reported as originating from the Butte sectional center. Similarly, incoming Bozeman mail is reported in ODIS as destined for the Butte sectional center. As such, ODIS cannot provide specific information on Bozeman delivery performance.

Postal officials stated that Bozeman mail constitutes approximately 44 to 50 percent of Butte's volume and suggested that Bozeman problems would be visible in the overall Butte statistics. We were unable to satisfy ourselves that their estimate was correct or to develop a better estimate of our own. Also, the Service's reasoning fails to consider the heterogeneous quality of mail service at the 40 post offices comprising the sectional center area. Poor mail service in Bozeman could be offset by excellent service in Butte and the other offices.

Second, ODIS does not reflect delays which occur before postmarking or between arrival at the final processing post office and delivery. We found that mail deposited in Bozeman prior to the last scheduled pickup was not always collected and postmarked the same day it was deposited. Similarly, we found cases where incoming mail arrived at the post office but was not delivered the same day.

Finally, ODIS quarterly statistics for fiscal years 1978, 1979, and 1980 showed that the Butte sectional center met the Service's goals for 1-day delivery. However, our analysis of ODIS statistics showed that these figures were skewed in favor of local and intrasectional center mail. Mail both originating and destinating within the sectional center area was nearly always on time, thus obscuring the fact that mail to other sectional centers within the 1-day area was significantly below the national goal.

A similar problem existed with mail to and from 2-day areas. Although ODIS data indicated that 2-day mail to and from the Butte sectional center was above 90 percent ontime, our analysis showed these figures were inflated by 1-day mail which was deposited after daily collection cutoffs. ODIS considers such mail as 2-day mail, even when it is sent to 1-day areas. If this mail is excluded, then in only two quarters during the 3 years was the mail between Butte and other 2-day areas more than 90 percent on time. In almost every other quarter it was on time between 75 and 80 percent--far below the 95 percent national goal.

BOZEMAN'S MAIL SERVICE

Lacking Service assessments of Bozeman's mail service, we analyzed other post office records that could have provided some indication of the quality of mail service. We concentrated primarily on delayed mail reports and postal patron complaints. Although Service regulations require delayed mail reporting, we found some instances where mail was delayed but no report was filed. Even when reports were made the data provided was not sufficient for our purposes.

Complete Bozeman customer complaint records were not kept for the period prior to AMP but were available for the 18-month period following AMP implementation. Our analysis of these complaints showed the following:

Postal Patron Complaints (June 1979 thru November 1980)

<u>Type of complaint</u>	<u>Number of complaints</u>
Late or delayed mail	39
Properly addressed mail delivered to the wrong address	21
Properly addressed mail returned to sender as not deliverable	9
Lost mail	14
Wrong postmark	4
Concern over implementation of AMP	<u>4</u>
Total	<u>91</u>

Apart from two periods during which the number of complaints was inordinately high, customer complaints generally ranged from one to five per month over the entire 18-month period. Local Post Office officials suggested that the 23 complaints received during one peak period (August and September 1979) might reflect the visibility given local postal operations at that time by the public meeting and media coverage associated with AMP implementation in June 1979. For the other peak period (February and March 1980), 32 complaints were received. These complaints concerned problems of mail routed or delivered to the wrong box or address. Bozeman postal officials were unable to explain what might have caused these problems.

In addition to examining records, we mailed letters to test Bozeman first class mail service performance. (See app. I) Our limited test showed that the timeliness of Bozeman mail service generally fell well below Service standards. In addition, we found that Bozeman's postmark operations needed to be improved. Our mail test statistics are only applicable to those letters, days, and locations tested and can not be projected to overall Bozeman operations. Further, the problems surfaced by our test are not necessarily a result of AMP implementation.

GAO test of Bozeman's mail service

As previously stated, the Service has established a 95 percent ontime delivery goal for the 1-, 2-, and 3-day areas. Our test showed that in all cases the timeliness of delivery was well below this goal--particularly for outgoing mail. 1/

1/Postal officials told us that equipment problems during a Butte facility transfer may have negatively biased our test. Our subsequent analysis showed that only 1 day of the test (November 12, 1981) overlapped the equipment's downtime. Of the 396 total test letters we mailed, we identified only 20 (5.1 percent) which could have possibly been affected by the downtime. Even excluding those 20 letters, the test results showed that mail service to and from Bozeman was still far below the national performance standards. See Appendix I for a description of our test methodology.

Mail Test Results

<u>Delivery standard</u>	<u>Outgoing mail</u> ----Percentage of ontime delivery-----	<u>Incoming mail</u>
All areas	75.0	86.9
1-day areas	84.1	87.3
2-day areas	62.1	93.3
3-day areas	70.0	85.7

Bozeman officials told us about operational problems which may have caused outgoing or incoming mail delays. These problems include periodic failure to collect mail from some special boxes and occasional failure to distribute mail sorted to carriers before they start their routes.

A detailed analysis of our mail test data showed that outgoing mail deposited in regular boxes was delivered on time more often than mail placed in special boxes. Outgoing mail deposited in regular boxes averaged 81.5 percent on time, while mail deposited in "local-only" boxes averaged only 67 percent on time. The latter is especially poor performance for mail which is not supposed to leave the Bozeman area. Similarly, only 44 percent of mail deposited in "local postmark-outgoing mail" collection boxes was delivered on time. Bozeman officials attributed this to periodic failure to collect or process mail from these boxes.

Postmark operations need improvement

When the Service implemented AMP in Bozeman, it promised postal patrons they would still be able to obtain a local postmark. The Service established six collection boxes at four locations in Bozeman for this purpose. These boxes were designated as "local postmark-outgoing mail" or "local only." The Service intended that mail placed in these boxes would receive the same delivery service as mail placed in regular boxes.

One segment of our mail test focused on postmarking procedures. Test results showed that receiving a correct postmark was a problem whether mail was deposited in a regular or a special box.

Results of Postmark Test

	<u>Total</u>		<u>Regular boxes</u>		<u>Special boxes</u>	
	<u>No.</u>	<u>Percent</u>	<u>No.</u>	<u>Percent</u>	<u>No.</u>	<u>Percent</u>
Correct postmark	127	52.0	115	79.9	12	12.0
Errors	117	48.0	29	20.1	88	88.0
Total	244	100.0	144	100.0	100	100.0

Overall, only 52 percent of the 244 letters mailed in Bozeman received a correct postmark. About 80 percent of all mail deposited in regular boxes received a correct Butte postmark. Of the 29 regular-box letters with errors, 14 letters had no postmark, and 15 had a late postmark.

Of particular concern is the fact that only 12 percent of the 100 letters deposited in special boxes received a correct Bozeman postmark. An analysis of postmark errors for mail placed in these special collection boxes is shown in the following table.

Postmark Problems on Letters
Deposited in Special Mail Boxes

<u>Error type</u>	<u>Number of letters</u>
Butte postmark	21
No postmark	9
Wrong time or date	29
Both a Bozeman a.m. and p.m. postmark	28
Both Bozeman and Butte postmarks	1
No errors	<u>12</u>
Total	<u>100</u>

Of special significance are the 21 letters which incorrectly received a Butte postmark and the 9 with no postmark. Combined, these errors represent a 30 percent failure rate on letters where a special effort was made to obtain a local postmark. According to postal officials, failure to keep mail needing a Bozeman postmark separate from other Butte-processed mail apparently resulted in Butte cancellations.

Another major problem is indicated by the 29 letters which received postmarks with the wrong time or date. Postal officials cited three reasons for this problem. First, all mail deposited in "local only" boxes was processed the next day and automatically received a late postmark. Officials agreed that this should not have occurred but differed on what caused this problem.

Second, mail placed in "local postmark-outgoing mail" boxes was sometimes collected and canceled a day late. Apparently, Bozeman postal officials have not paid sufficient attention to planning, scheduling, and monitoring the collection and cancellation of this mail. Lastly, because of supervisory vacancies and the lack of written instructions, some clerks may not have been instructed to empty these boxes.

Wrong postmarks can seriously affect customer satisfaction and accurate mail service performance statistics. For example:

- Customers desiring a local postmark are unhappy if they do not get one.
- Customers relying on accurate postmarks to meet business or legal filing deadlines can be adversely affected.
- Because ODIS relies on postmarks, letters postmarked with a late time or date can skew the statistical data to reflect a delivery performance higher than it really is.

Conclusions

Our analysis indicated that two principal problems exist in Bozeman's mail service. First, for every delivery area, the timeliness of both incoming and outgoing mail was below the Service's 95 percent ontime delivery goal. Second, only 52 percent of our test letters--and only 12 percent of those deposited in special boxes--received a correct postmark. Delayed mail and incorrect postmarks not only reflect poor Service performance, they also cause customer dissatisfaction.

Local postal officials are taking corrective actions

Postal officials stated that our work was beneficial in identifying unknown problem areas. Corrective actions are being implemented which postal management believes will improve Bozeman mail service. These actions include

- developing written procedures for collecting mail from special boxes,
- assigning responsibility to specific postal employees to make sure these procedures are followed,
- color-coding mail collected from special boxes to insure mail needing a Bozeman postmark gets one,
- modifying mail collection schedules to assure that mail is ready for truck departures,
- implementing personnel actions to bring Bozeman Post Office supervisory staff up to full complement,
- changing employee work schedules to assure timely processing of mail deposited in special boxes, and
- taking steps to inform Bozeman postal patrons on the proper use and advantages of "local only" and "local postmark-outgoing mail" collection boxes.

Postal officials also plan to make periodic mail tests to evaluate performance. Also, Butte management officials did not object to our suggestion that delivery performance between Butte and other sectional centers be studied to determine if such performance, which is below established goals, can be improved.

EMPLOYEE MORALE

Morale in the Bozeman Post Office has been a serious concern of postal workers and managers. According to those we interviewed, problems with morale began in about 1976 with changes in management. Since then Bozeman has had various postmasters, officers-in-charge, and supervisors with differing management styles. Postal workers said that managers and supervisors began in about 1976 to stringently enforce rules that had been neglected in the past and took disciplinary actions when rules were not followed. Management officials said enforcement of the rules was essential because inspections had shown a need to improve operations in the city's mail service. Postal workers, however, maintained that they saw no need for such strict enforcement because they felt that the Bozeman Post Office was one of the most efficient postal units in the State. Further, they were concerned that the rules were not applied fairly and uniformly to all employees.

Regarding the implementation of AMP for Bozeman's mail, postal employees had known for several months prior to June 1979 that the change to AMP was being considered but believed the change would not be advantageous. They did not know the date the change would take place until 5 days before AMP was implemented. They said that they felt they had been disregarded, and morale was adversely affected.

Both the managers and the postal workers we interviewed believe that conditions are now less disruptive than in the past, and many think morale is beginning to improve. Several factors support their conclusion. First, the number of grievances filed by postal workers decreased in 1980. In fiscal year 1979 (the earliest period for which data is available), 10 grievances were filed; in fiscal year 1980 the number of grievances was reduced to 6. Second, those supervisors whose managerial style the workers considered most abrasive are no longer assigned to the Bozeman Post Office. Additionally, the present Postmaster has been in Bozeman for about 2 years, providing some continuity in managerial direction.

Many postal workers still do not support the change to AMP but at least seem able to accept it. Some recognize the change as irreversible and therefore not worth further conflict.

Conclusion

Because mail processing is labor intensive, employee morale can significantly affect the quality of mail service. Morale has been a serious concern in the Bozeman Post Office since 1976, but it seems to be improving.

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No further distribution of this report will be made until 5 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, the Montana congressional delegation, postal officials in Butte and Bozeman, and the Bozeman Chamber of Commerce. Copies will be sent to others upon request.

We would be pleased to meet with you should you have any questions on the report.

Sincerely yours,



William J. Anderson
Director

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of our review were to (1) evaluate the impact and changes Area Mail Processing (AMP) had on Bozeman, Montana's, mail service, and (2) examine and evaluate employee morale in the Bozeman Post Office. We could not assess whether the quality of Bozeman's service has increased or decreased since AMP, because no documentation of the service quality prior to AMP existed.

We interviewed officials from the Bozeman, Butte, and Missoula, Montana, Post Offices and officials from the Service's Western Regional Office in San Bruno, California. We also analyzed various Postal Service records for the period beginning approximately June 1979 and ending November 1, 1980. Among the records reviewed were

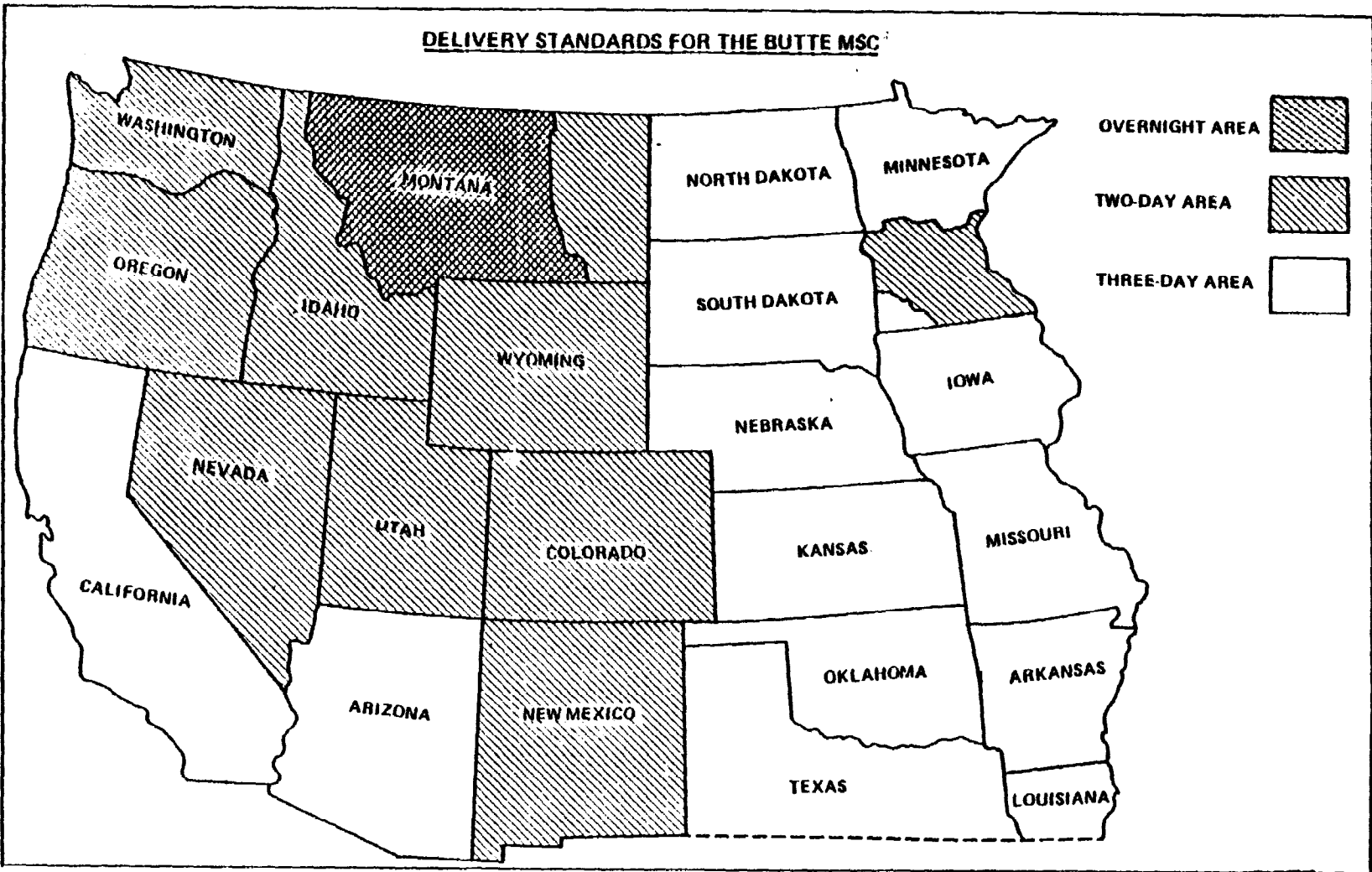
- delayed mail reports,
- transportation arrival/departure logs,
- employee personnel records,
- annual and sick leave statistics,
- union grievance records,
- postal patron complaint forms,
- Post Office and congressional correspondence files, and
- Origin/Destination Information System (ODIS) reports.

Postal officials agreed with our conclusion that most of these records were too incomplete and/or inconclusive to meet our needs. In addition, the ODIS timeliness statistics did not address Bozeman specifically and, as such, could not be used to measure the quality of service. In order to develop relevant data, we designed and conducted a limited mail test. We did not attempt to design a statistically projectable test because a completely valid test would have required a random test of mail routed through about 12,000 post offices over the course of a year.

As agreed with Senator Melcher's office, we limited our test to first class stamped letters mailed to and from Bozeman, Montana. Our mail test statistics are applicable only to those letters, days, and locations tested and can not be projected to overall Bozeman operations.

To cover the 1-, 2-, and 3-day service areas, we obtained addresses from two principal sources. For 2- and 3-day areas, we sent letters to 266 upper level General Accounting Office employees at 15 locations throughout the country. For 1- and 2-day areas, we randomly selected 236 names from a listing of nearly 3,000 Montana State University employees. We chose these names primarily because address labels were readily obtainable. We also sent test letters to 23 other Montana residents, whose addresses we obtained from other sources. In total, we mailed 525 letters over 4 days and received 412 back. Data problems reduced our useable letters to 396 for outgoing mail calculations. All letters were deposited well before the final collection time for the place and date mailed.

We asked recipients to record the date they received the letter and the time and date they mailed it back. We also asked them to return the original envelope with the test letter (of 412 letters returned, only 244 included the original envelope). We then compared the data received from recipients with our time-of-deposit data. Using Service delivery standards and policies, we computed both on time delivery and postmark statistics.



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