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**POSTAL SERVICE**

**Mail Delivery Service in the  
Washington Metropolitan  
Area**

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MAIL DELIVERY SERVICE IN THE WASHINGTON  
METROPOLITAN AREA

SUMMARY OF STATEMENT BY  
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OPERATIONS ISSUES

Mail delivery service in the Washington, D.C., metropolitan area has consistently been below the national average since the External First-Class Measurement System (EXFC) was established in 1990. During the first two quarters of fiscal year 1994, EXFC on-time delivery scores dropped significantly. Although the scores for the Washington area have gone up each quarter since quarter 2, fiscal year 1994, they were still below 1993 levels. Also, perceptions of customer satisfaction with the overall performance of the Postal Service in the Washington area as measured by the Customer Satisfaction Index (CSI) has not yet begun to recover. A number of systemic and operational problems caused the poor mail service in the Washington, D.C., metropolitan area.

First, the Postal Service was unable to deal with the unexpected growth in local mail volume in 1994 which was twice the national average. This situation was complicated by (1) inadequate staff resulting from the loss of a greater-than-expected number of skilled craft employees who retired during the 1992 downsizing and the premature staffing limits imposed by the Postal Service in anticipation of utilizing more automation equipment, and (2) the separation of lines of reporting authority for mail processing and delivery functions.

Second, the Postal Service experienced mail processing problems including (1) duplicative handling of much of the mail received in Northern Virginia, (2) overnight service areas that managers believed were geographically too large, and (3) mail arriving too late for normal processing.

The Postal Service has taken a number of actions to address the mail delivery problems including increasing staffing, recombining responsibility for processing and customer service at the operational level, eliminating some duplicative handling of mail in Northern Virginia, and processing mail at an auxiliary postal facility in Southern Maryland. These initiatives should help to improve service, but substantial, long-term improvement will require that postal management and labor unions work together to address long-standing employee relations problems that are reported to be more severe in the Washington, D.C., metropolitan area than in most other locations.

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss our report on mail delivery service in the Washington, D.C., metropolitan area.<sup>1</sup> As you know, in early 1994, service in the Washington metropolitan area began to fall noticeably, attracting the attention of customers, Congress, and the news media. As these problems persisted, you asked that we look at the causes of poor service in the Washington area as well as the Postal Service's efforts to address known problems. My testimony today highlights what we learned about the problem, its causes, and corrective actions being taken.

#### THE PROBLEM

First, I would like to highlight the severity of the problem using two visuals. Figure 1 shows on-time delivery performance as measured by the External First-Class Measurement System (EXFC),<sup>2</sup> and figure 2 shows customers' perception of the Service's overall performance as measured by the Customer

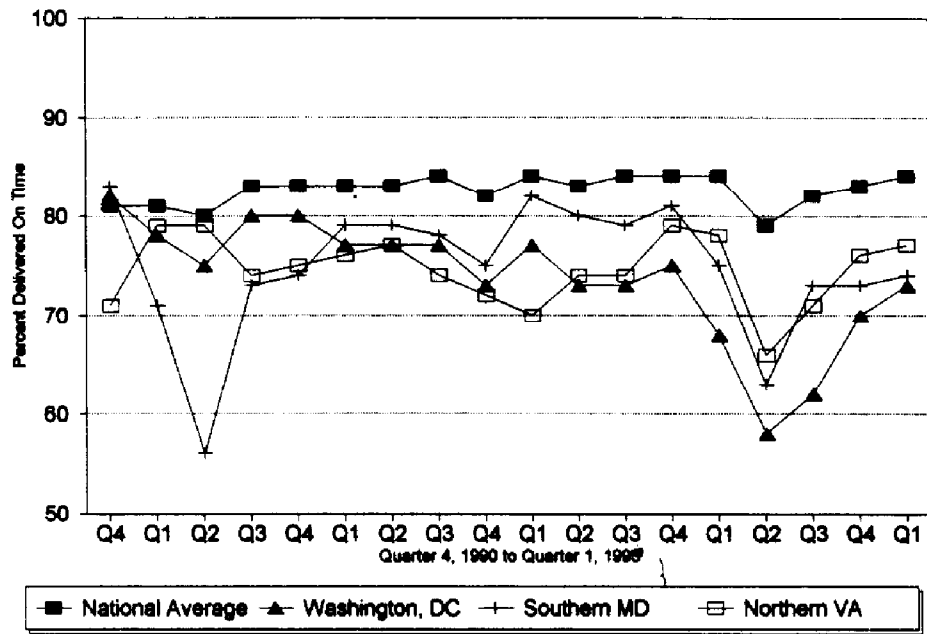
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<sup>1</sup>D.C. Area Mail Delivery Service: Resolving Labor Relations and Operational Problems Key to Service Improvement (GAO/GGD-95-77, Feb. 23, 1995).

<sup>2</sup>The EXFC is administered by Price Waterhouse and measures delivery time between the scheduled pickup of mail at collection boxes or post offices and the receipt of that mail in the home or business.

Satisfaction Index (CSI).<sup>3</sup> Data from both of these measurement systems are key to understanding the problem.

Figure 1: National and Washington, D.C. Area Quarterly EXFC First-Class Overnight Delivery Scores Since the Inception of the EXFC Program



Source: Postal Service data.

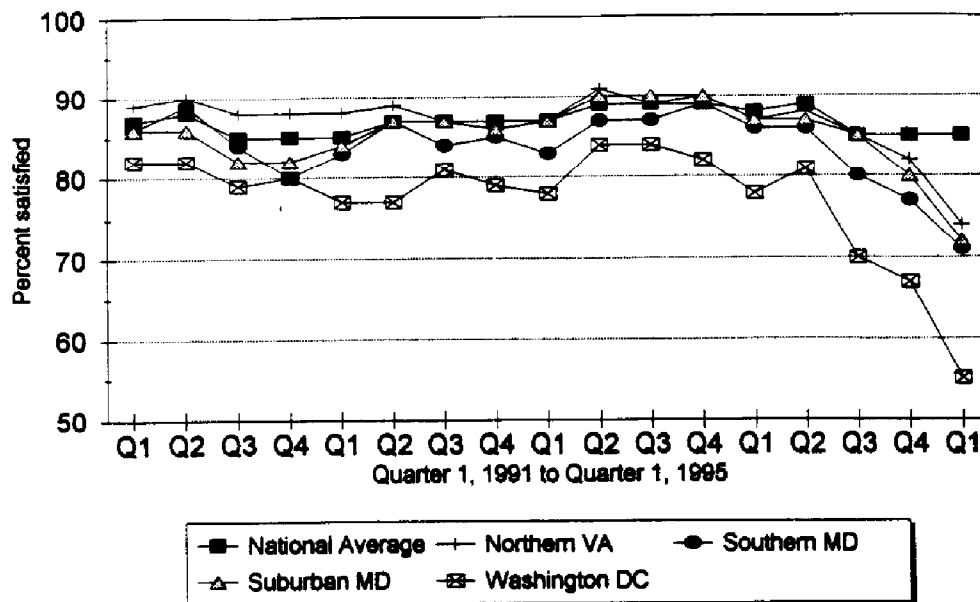
As you can see from figure 1, there are a number of messages that stand out concerning on-time mail delivery performance in the Washington area.

<sup>3</sup>The CSI is administered by the Opinion Research Corporation and measures customers' overall satisfaction with the Postal Service's performance and 37 specific aspects of service. Only CSI data on overall satisfaction are available to the public.

- First, on-time mail delivery performance for First-Class overnight mail in the Washington area has consistently been below the national average.
  
- Second, the downturn in service that started after quarter 4, fiscal year 1993, was significant.
  
- And third, on-time delivery scores for the Washington area have gone up each quarter since quarter 2, fiscal year 1994. Washington D.C.'s on-time delivery score has climbed 15 percentage points, and both Northern Virginia's and Southern Maryland's delivery scores improved by 11 percentage points. During this same time period the national average increased 5 percentage points. But, EXFC scores for Northern Virginia, Southern Maryland, and Washington, D.C., are still below the national average by 7, 10, and 11 percentage points, respectively.

Turning our attention now to figure 2, we see that customers' perceptions of the Service's overall performance in the Washington metropolitan area is well below the delivery performance reflected in figure 1 and at an all-time low for the time period shown after several quarters of decline.

Figure 2: National and Washington, D.C. Area Quarterly CSI Results Since the Inception of the CSI Program



Source: Postal Service data.

CSI results for quarter 1, fiscal year 1995 show that only 55 percent of postal customers in Washington D.C., perceived the Postal Service's overall performance as good, very good, or excellent. That is 12 percentage points below the previous quarter, and an overall decrease of 26 percentage points since quarter 2, fiscal year 1994. Customers' perceptions of service in the suburbs has also declined, although not as dramatically as in Washington D.C.

## CAUSES OF POOR SERVICE AND POSTAL SERVICE ACTIONS

Next, I would like to discuss what appear to be the major factors contributing to the poor delivery service in the Washington, D.C., metropolitan area and the Postal Service's efforts to address those problems. Poor mail service in the Washington, D.C., area is not the result of any single factor, but rather the result of many interrelated factors working together. To facilitate our discussion of these factors we have grouped them into systemic problems, operational problems, and strained labor-management relations.

### Systemic Problems

The systemic problems related to (1) the lack of sufficient numbers of experienced staff, and (2) splitting of responsibility for processing and delivering the mail. Both of these factors worked against the Postal Service as it tried to cope with higher than expected mail volumes during 1994.

As shown in table 1, the increase in mail volume in the Washington, D.C., area was more than double the percentage increase nationwide. Postal Service officials said they had not anticipated that much growth in volume either nationally or locally. They also said it is difficult to make structural

changes, such as adjusting carriers' delivery routes, to respond quickly to changes in mail volume.

Table 1: Changes in CDVF<sup>a</sup> Mail Volumes From Fiscal Year 1993 to Fiscal Year 1994

Feet in millions

	Nationwide	Northern Virginia	Washington, D.C./So. Maryland
Fiscal year 1993 volume	722.5	7.4	13.1
Fiscal year 1994 volume	760.4	8.2	14.7
Percent increase fiscal year 1993 to 1994	5.2%	10.8%	12.2%

<sup>a</sup>City Delivery Volume Feet (CDVF) reflects the amount of mail, measured in feet, delivered by carriers. Mail volume data, in number of pieces, were not available below the national level.

Source: Postal Service data.

#### Inadequate Staff

The Postal Service did not have a sufficient number of experienced, trained workers to efficiently handle the increased volume of mail. The increase in mail volume occurred at a time when the Postal Service was still trying to recover from the higher than expected number of experienced craft people who took the retirement incentive offered during the 1992 restructuring.



Simply stated, the processing units were operating with too many unskilled, temporary employees who had been hired to replace some of the career employees that retired in 1992. Also, staffing ceilings were put into place in anticipation of benefits from automation that had not yet fully materialized. The Postal Service made staffing decisions based on its expectation that virtually all letter mail would be barcoded by the end of 1995. That goal has now slipped to the end of 1997. Additionally, training became an issue when some new supervisors were placed in jobs where they were not familiar with the work of the employees they were supervising.

In an effort to address local staffing shortages, the Postal Service relaxed its staffing ceilings and hired more people to process and deliver the mail. The Postal Service hired 755 workers during the period July to October 1994 in the Washington area. Most of the new hires were carriers. More recent Postal Service data showed that since October 1, 1994, through February 3, 1995, about 850 mailhandlers, clerks, and carriers were hired for the Washington area. Also, in commenting on a draft of our report, the Postal Service said new supervisors are getting needed training.

Split Responsibility for  
Processing and Delivering Mail

Managers have told us that establishing separate lines of reporting authority for processing and delivering the mail did not enhance the Postal Service's ability to respond effectively to the increased mail volume. Separate lines of reporting authority were established for mail processing and mail delivery functions below the Executive Vice President/Chief Operating Officer during the 1992 restructuring. This action left no single individual, at the operating level, with the responsibility and authority to coordinate and integrate the mail processing and delivery functions. The primary concern of each functional manager was to fulfill his or her own responsibilities. Working with other functional managers became secondary. Consequently, critical decisions affecting both mail processing and customer services could not be made by one individual at the operating level of the organization and coordination problems developed.

In an effort to address this problem, the Postmaster General, in June 1994, combined responsibility for processing and customer service at the Area Vice President level. In addition, on January 10, 1995, postal officials announced plans for establishing a position under the Mid-Atlantic Area Vice

President that would be responsible for overseeing all processing and delivery functions in the Washington/Baltimore area.

#### Operational Problems

The local operational problems that further contributed to the poor delivery service in the Washington area included (1) the duplicative handling of much of the mail addressed to Northern Virginia, (2) overnight service areas that may be too large geographically, and (3) mail arriving too late for timely processing.

#### Duplicative Mail Handling

Much of the mail currently sent to the Northern Virginia area faces delays because it has to be processed by both the Dulles and Merrifield facilities. This duplicative handling occurs because the Dulles and Merrifield facilities are jointly responsible for the 220 and 221 ZIP Code service areas. Most processing facilities sending mail to Northern Virginia do not separate the mail between the two facilities.

The problem of duplicative handling continues, in part, because there is no easy way to geographically split up the service areas between the two facilities. It would require realigning and changing some ZIP Codes. Although that option has been

considered, it has not been pursued because of the adverse reaction expected from customers.

As an alternative solution, the Merrifield and Dulles facilities have been working with their major feeders of overnight mail to get them to sort 220 and 221 mail to a 5-digit (or post office) level and transport that mail to the appropriate center in Northern Virginia for further processing. The major feeders of overnight mail to Northern Virginia include the Richmond, Virginia; Southern Maryland; Suburban Maryland; and the Washington, D.C. processing and distribution centers. This change could reduce the duplicative handling of mail between the two Northern Virginia centers, but it places more processing work on the feeder facilities.

In commenting on a draft of our report, the Postal Service said that it will be installing a Remote Bar Coding System (RBCS) site at the Dulles facility that will virtually eliminate the need for duplicative handling of mail in Northern Virginia. It is scheduled to go on-line in July 1995.

While remote barcoding will automate and thereby speed up sorting, it will not prevent mail from going to the wrong facility to begin with or eliminate the time and costs associated with trucking the mail between the two facilities. Therefore, we are skeptical about the Service's contention that remote

barcoding will solve the problem, particularly for mail in the overnight service delivery area.

#### Overnight Service Areas That May Be Too Large

Some service areas may geographically cover an area that is too large to realistically expect consistent overnight delivery service given the existing collection, transportation, and delivery network. For example, the plant manager at the Southern Maryland processing and distribution facility said that mail from some of the outlying areas in the 206 ZIP Code service area--e.g. Leonardtown and California, Maryland--did not arrive at the Southern Maryland facility for processing until 10:00 or 11:00 p.m. This severely compressed the amount of time available for processing the mail and getting it back out to the post offices in time for delivery the next day.

To address the delivery problem in outlying areas, the Postal Service installed red collection boxes throughout the 206 ZIP Code area for collecting 206 mail and began processing that mail at a facility in Waldorf, Maryland. The Waldorf facility, because of its location, can more quickly obtain and process mail staying in the 206 area. Previously, mail had to be transported to the more distant Southern Maryland facility for processing and returned to the post offices in the 206 area for delivery.

The Postal Service believes that by decentralizing processing it will be better able to serve the mailing public and provide more reliable, consistent service. In mid-February, Postmasters in Waldorf, Leonardtown, and California told us that, based on their experience and customer feedback, this change had improved overnight delivery service.

#### Mail Arriving Too Late For Timely Processing

Mail also arrived late at area processing and distribution centers for reasons other than the size of the service area. Each processing and distribution center has established an operating plan specifying critical entry times for receipt of mail in order to meet established clearance and dispatch times. However, area plant managers told us that large quantities of mail frequently arrived past the critical entry times. In August 1994, the Inspection Service reported that mailers were depositing mail on the docks of the Washington, D.C., processing and distribution center until midnight--beyond the established critical entry time.

Area managers said they have few options other than to accept the mail, whatever time it arrives, and then rush to attempt to meet their clearance and dispatch times. They feel that to do otherwise would upset the delicate balance between providing customer service and meeting established time schedules.

To address this problem and better manage its workload, Postal Service officials told us that customer service representatives are actively working with major mailers in the area to get them to mail earlier in the day and to notify the Postal Service ahead of time when large mailings are expected to arrive.

Additionally, some of the mail processing that was being done at processing and distribution centers is now being shifted to local post offices. Postal Service officials believe this will help expedite mail distribution to carriers and improve service to customers.

#### Strained Labor-Management

##### Relations

Despite Postal Service efforts to address delivery service problems, a significant gap between scores in the Washington area and the national average still exists. To close that gap, postal management and labor unions will have to work together to address long-standing employee relations problems that seem to be more severe in the Washington area than in most other locations.

Postal Service data showed that employees in the Washington area experienced greater than average use of sick leave and a higher-than-normal use of work assignments with limited/light duties.

Managers told us that excessive use of sick leave and limited/light duty assignments indicate possible abuse and can adversely affect service. Those managers believed, and the

Postal Service's Employee Opinion Survey (EOS)<sup>4</sup> tended to support, that excessive employee absences and unavailability for regular duties were often brought about by substance abuse and poor employee attitudes. EOS data suggested that employees in the Washington, D.C. metropolitan area perceived a greater than average level of substance abuse and had more negative attitudes about postal management than most other locations nationwide.

Postal management recognizes that improving employee attitudes and attendance is critical to improving delivery performance and customer satisfaction. Successful change will require the support and cooperation of employees and their unions. The need for labor and management to work together was emphasized in a report we recently issued on labor-management relations problems in the Postal Service.<sup>5</sup>

The Postmaster General recently invited all of the parties representing postal employees to attend a national summit and commit to reaching, within 120 days, a framework agreement for addressing labor-management problems. The rural carriers union and the three management associations accepted the invitation. The leaders of the three largest postal unions had not accepted as of February 22, 1995. They said they are waiting until the

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<sup>4</sup>The EOS is administered by the Postal Service and measures employee attitudes and satisfaction levels.

<sup>5</sup>U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor (GAO/GGD-94-201 A/B, Sept. 29, 1994).



current round of contract negotiations is completed before making a decision on the summit.

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Mr. Chairman, this concludes my prepared statement. We will be pleased to respond to any questions you or your colleagues may have.

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