

## U.S. Postal Service



Highlights of [GAO-03-118](#), a report to Congress included as part of GAO's Performance and Accountability Series

## Why GAO Did This Report

In the 2001 Performance and Accountability report on the U.S. Postal Service (the Service), GAO identified financial, operational, and human capital challenges threatening the Service's ability to carry out its mission. Since then, these challenges have continued and its financial difficulties have increased, resulting in GAO's placing the Service's transformation efforts and long-term outlook on its high-risk list. The information in this report is intended to help focus attention and facilitate progress in addressing the key challenges facing the Service. This report is part of a special series on governmentwide and agency-specific issues.

## What Remains to Be Done

GAO believes the Service should:

- Work with Congress, the Presidential Commission, and stakeholders to implement the Plan and report on progress and financial impact of actions taken to support the Plan;
- Develop strategies to realign its infrastructure and workforce, to support its business model;
- Continue efforts to cut costs, improve productivity, and address long-term financial issues such as its debt and retirement-related obligations;
- Improve transparency and timeliness of financial and performance information.

[www.gao.gov/cgi-bin/getrpt?GAO-03-118](http://www.gao.gov/cgi-bin/getrpt?GAO-03-118)

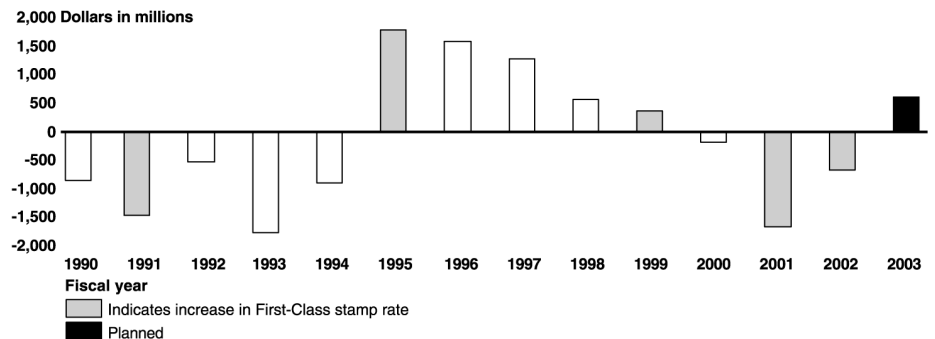
To view the full report, click on the link above. For more information, contact Bernard L. Ungar at (202) 512-2834 or [ungarb@gao.gov](mailto:ungarb@gao.gov).

## What GAO Found

The Service has made progress in addressing its challenges and has developed a Transformation Plan (the Plan) that contains steps to guide it in the future. Challenges remain, however, and leadership and sustained attention by the Service will be critical to carrying out its transformation.

- **Implement the Transformation Plan and determine business model for the 21st century.** The Service is struggling to fulfill its mission of providing affordable, high-quality, universal service while remaining self-supporting. The figure shows that despite multiple rate increases, net income has decreased. The Service's business model is at risk as mail volumes decline and competition and alternatives increase.

The Service's Net Income from Fiscal Years 1990-2003



Source: Postal Service.

- **Control costs and improve productivity under the Service's existing authority.** The Service's ability to control costs and improve productivity is key to improving its financial situation. The Service historically has had difficulty in achieving cost savings related to two costly areas—its workforce and its expansive physical infrastructure.
- **Address unresolved financial issues.** The Service's cash flow from operations has not been sufficient to fund needed capital expenditures and reduce debt pressures. Furthermore, its liabilities continue to exceed its assets, and postretirement health obligations are increasing.
- **Develop strategies to address human capital issues.** Progress is needed in realigning the Service's workforce planning and performance systems with its business model. Cooperation between labor and management will be critical to achieving transformation goals.
- **Provide complete and reliable financial and performance information in a timely and transparent manner.** The Service has not provided sufficient public information to explain its changing financial condition, outlook, and progress toward meeting its goals.