



Highlights of [GAO-03-927](#), a report to congressional requesters

Why GAO Did This Study

The U.S. Postal Service (USPS) faces major financial, operational, and human capital challenges that call for a transformation if USPS is to remain viable in the 21st century. Given these challenges, the President established a commission to examine the state of USPS and submit a report by July 31, 2003, with a proposed vision for USPS and recommendations to ensure the viability of postal services. The presidential commission has addressed worksharing (activities that mailers perform to obtain lower postage rates) in the course of its work. About three-quarters of domestic mail volume is workshered. Worksharing is fundamental to USPS operations, but is not well understood by a general audience.

To help Congress and others better understand worksharing, GAO was asked to provide information on the key activities and the rationale for worksharing and the legal basis for worksharing rates. GAO discusses USPS's and the Postal Rate Commission's rationale for worksharing but did not assess the benefits that they claimed for worksharing. GAO will issue a second report later this year on worksharing issues raised by stakeholders.

In commenting on this report, USPS and the Postal Rate Commission reemphasized the benefits of worksharing.

www.gao.gov/cgi-bin/getrpt?GAO-03-927.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Bernard L. Ungar at (202) 512-2834 or ungarb@gao.gov.

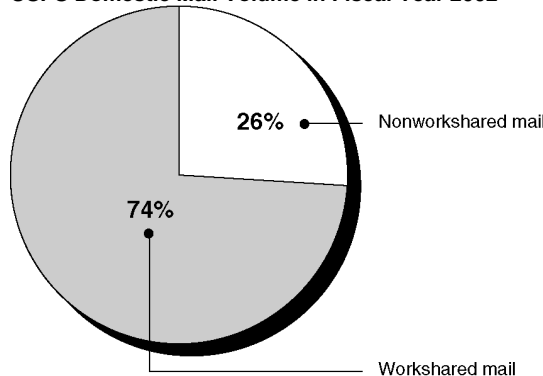
U.S. POSTAL SERVICE

A Primer on Postal Worksharing

What GAO Found

Postal worksharing activities generally involve mailers preparing, sorting, or transporting mail to qualify for reduced postage rates, that is, worksharing rates. These rates are based on what are referred to as worksharing discounts because the rates are reduced based on the costs that USPS is estimated to avoid as a result of mailer worksharing activities. Key activities include (1) barcoding and preparing mail to be sorted by USPS automated equipment, which reduces manual sorting; (2) presorting mail by ZIP Code or specific delivery location, which reduces USPS sorting; and (3) entering mail at a USPS facility that generally is closer to the final destination of the mail. Worksharing also requires mailers to perform numerous other activities, such as updating addresses to improve their accuracy.

USPS Domestic Mail Volume in Fiscal Year 2002



Source: Developed by GAO based on USPS mail volume data for fiscal year 2002.

According to USPS and the Postal Rate Commission, the rationale for worksharing is that it benefits USPS, mailers and the mailing industry, and the nation. They said worksharing benefits (1) USPS by enabling it to improve its operations and thereby help minimize its workforce and infrastructure, and by stimulating mail volume growth that generates revenues to cover rising costs; (2) mailers by reducing mail-related costs and improving delivery service, and the mailing industry that performs worksharing activities; and (3) the nation, in part by lowering business costs, and in part by the associated benefits that consumers can realize. While stakeholders generally support the concept of worksharing, they have raised differing concerns in this area. For example, the American Postal Workers Union has asserted that worksharing discounts are too large, but some mailers and members of the mailing industry have asserted that the worksharing discounts are not large enough.

The primary legal basis for worksharing rates is the requirement in law that, when recommending postage rates, the Postal Rate Commission consider mail preparation and its effect upon reducing USPS costs. Postal rate cases have established precedents clarifying the basis for worksharing rates.