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Highlights

Highlights of [GAO-04-803](#), a report to the Chairman, Committee on Governmental Affairs, U.S. Senate

Why GAO Did This Study

A key element of the ongoing postal reform deliberations before Congress is the U.S. Postal Service's (USPS) ability to carry out its mission of providing universal mail delivery and retail services at reasonable rates. Many are concerned that USPS's mission is at risk in the current operating environment of increasing competition and decreasing mail volumes. Preserving universal service, particularly in rural areas, is a goal of postal reform. GAO was asked to discuss (1) how USPS provides universal mail delivery services and access to postal services in both rural and urban areas; (2) what changes USPS is making or plans to make related to providing postal services, including changes that may affect rural areas; and (3) what are the major issues that have been raised related to how USPS provides postal services.

What GAO Recommends

To provide convenient and cost-effective services, GAO is recommending that the Postmaster General provide improved transparency and communication to Congress and other stakeholders through additional information related to its retail optimization initiative, including the criteria USPS will use to guide its decisions; USPS's process for involving stakeholders; the impact on customers; and the time frames for implementation. USPS agreed to review its communication processes, but not to specify its criteria or time frames.

www.gao.gov/cgi-bin/getrpt?GAO-04-803.

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

U.S. POSTAL SERVICE

USPS Needs to Clearly Communicate How Postal Services May Be Affected by Its Retail Optimization Plans

What GAO Found

USPS provides its customers, regardless of where they live, with services that include mail delivery at no charge and access to retail services. However, differences exist in how, when, and where USPS provides these services. These differences have always existed due to the nation's geographic diversity and changes in technology, transportation, and communications. Universal postal service is not defined by law, but appropriations legislation requires 6-day mail delivery and prohibits USPS from closing small, rural post offices. Delivery and retail decisions are made primarily by local USPS officials with overarching guidance provided by national policies and procedures. Local decisions are based on cost and service factors, including the number and location of deliveries, quality of roads, employee safety, and mail volume.

Postal Services Have Been Provided in Different Ways Over Time



Circa 1900

Sources: Minnesota Historical Society, USPS.

In the early 20th century, customers relied on their local post office to obtain postal services. Changes in technology and demographics have helped bring about the development of new ways to access postal services, such as from self-service machines or through the Internet.



2004

USPS has taken actions, and is planning future actions, to improve the efficiency of its delivery and retail networks. Overall, customers in urban and rural areas will probably not see significant changes in delivery services since most changes are focused on operational improvements. On the retail side, USPS plans to provide more cost-effective and convenient service by developing new, low-cost alternatives; moving stamp-only transactions away from post office counters; and optimizing its retail network. USPS's retail optimization involves tailoring services to communities' needs and replacing "redundant, low-value access points with alternative access methods." It remains unclear how customers in rural areas will be affected by these retail initiatives since most are planned for high-growth, high-density areas.

Generally, postal customers are satisfied with the services provided to them. The issues that have raised the greatest concerns from customers include inconsistent mail delivery and the threat of post office closings or reductions in post office hours. Also, concerns have been raised about USPS's limited communication regarding its planned changes to its networks. USPS's retail optimization could be an opportunity for USPS to reduce its costs while improving customer service. However, USPS needs to provide additional transparency and accountability mechanisms to better communicate its retail optimization plans and raise stakeholders' confidence that decisions will be made in a fair, rational, and fact-based manner.