



Highlights of [GAO-08-1022T](#), a testimony before the Subcommittee on Federal Workforce, Postal Service, and the District of Columbia, Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

GAO has issued reports on the U.S. Postal Service's (USPS) strategy for realigning its mail processing network and improving delivery performance information. These reports recommended that the Postmaster General (1) strengthen planning and the overall integration of its realignment efforts, and enhance accountability by establishing measurable targets and evaluating results, (2) improve delivery service standards and performance measures, and (3) improve communication with stakeholders by revising its Area Mail Processing (AMP) Communication Plan to improve public notice, engagement, and transparency. The 2006 postal reform act required USPS to develop a network plan by June 2008 that described its vision and strategy for realigning its network; the anticipated costs, cost savings, and other benefits of its realignment initiatives; performance measures for its delivery service standards, and its communication procedures for consolidating AMP operations.

This testimony discusses USPS's actions toward addressing GAO recommendations to (1) strengthen network realignment planning and accountability, (2) improve delivery performance information, and (3) improve communication with stakeholders. This testimony is based on prior GAO work, a review of USPS's 2008 Network Plan and revised AMP Communication Plan, and updated information from USPS officials. USPS did not have comments on this testimony.

www.gao.gov/cgi-bin/getrpt?GAO-08-1022T. To view the full product click on the above link. For more information, contact Phillip Herr at (202) 512-2834 or herrp@gao.gov.

U.S. POSTAL SERVICE

USPS Has Taken Steps to Strengthen Network Realignment Planning and Accountability and Improve Communication

What GAO Found

USPS has taken steps to respond to most of GAO's prior recommendations to strengthen planning and accountability for its network realignment efforts. In its June 2008 Network Plan, USPS clarified how it makes realignment decisions, and generally addressed how it integrates its realignment initiatives. However, USPS has not established measurable performance targets for its realignment initiatives. USPS believes that its budgeting process accounts for the cost reductions achieved through these initiatives. The Deputy Postmaster General explained that such performance targets are captured in USPS's overall annual goal of achieving \$1 billion in savings. While these measures are not as explicit or transparent as GAO had recommended, USPS is required to report annually by the end of December to Congress on, among other matters, its realignment costs and savings. Also, USPS's annual compliance reports to the Postal Regulatory Commission (PRC) will provide opportunities for further transparency of performance targets and results. USPS's Network Plan notes that to respond to declining mail volumes, USPS must increase efficiency and decrease costs across all its operations. Given USPS's challenging financial situation, effective implementation of network realignment is needed; and USPS's annual reports could help inform Congress about the effectiveness of its realignment efforts.

USPS has partially responded to GAO's recommendations to improve its delivery performance standards, measurement, and reporting, but full implementation of performance measures and reporting is not yet completed. USPS established delivery performance standards in December 2007. USPS's Network Plan stated that USPS would develop targets and measures to assess performance against these standards by fiscal year 2009. In addition, USPS has recently submitted a proposal for measuring and reporting on delivery service performance to the PRC. The PRC has requested public comment on USPS's proposal, which depends upon USPS and mailers implementing new technology. Delivery service performance is a critical area that may be affected by the implementation of the realignment initiatives.

USPS has also taken steps to address GAO's recommendations to improve communication with its stakeholders as it consolidates its AMP operations by

- modifying its Communication Plan to improve public notification and engagement,
- increasing transparency by clarifying its processes for addressing public comments, and
- making additional information available on its Web site.

Going forward, it will be crucial that USPS establishes and maintains an ongoing and open dialogue with stakeholders, including congressional oversight committees and Members of Congress who have questions or are concerned about proposed realignment changes.