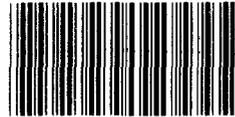




UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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GENERAL GOVERNMENT
DIVISION



118931

JULY 9, 1982

B-207622

The Honorable John L. Napier
House of Representatives

Dear Mr. Napier:

Subject: New Postal Service Regulations
Affecting Boxholders (GAO/GGD-82-74)

This is in response to your December 3, 1981, request for a review of the effectiveness and validity of the new Postal Service regulations which, among other things, limit to 1 year the period for forwarding mail for boxholders 1/.

In spite of the Service's efforts to publicize the changes in the regulations, the public's reaction was, as you know, very negative. In response to this reaction, the Service modified the regulations which made them more confusing and led to inconsistent applications at local post offices. As a result of our discussions with Service Headquarters officials about this problem, clearer, more specific instructions are being developed to ensure the proper implementation of the new regulations.

It makes sense for the Service to try to deliver mail with as few processing steps as possible while providing the same service to boxholders as is afforded other postal patrons. Complicating this endeavor, however, is the Service's proposal to provide, as part of a much larger program, the mail service it has just eliminated--indefinite forwarding of mail for boxholders--for a fee. We believe the Service should be liberal in granting exemptions from the new forwarding regulations until it makes a decision on the forwarding-for-a-fee proposal.

To reach our conclusions we examined the rationale behind the new regulations and analyzed their development and implementation. Specific tasks included reviewing records and discussing them with Postal Service Headquarters officials and visiting post offices of various sizes in the Washington, D.C., area to observe the implementation of the new regulations.

1/Boxholders include postal patrons or firms who have rented lockboxes at post offices or have paid for caller service which allows them to pick up larger volumes of mail at the post office window.

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INDEFINITE MAIL FORWARDING AND
ITS EFFECTS ON POSTAL OPERATIONS

Traditionally, the Service has gone to great lengths to deliver mail to boxholders. Until recently the Service allowed boxholders to designate where they wanted each class of mail delivered, regardless of whether it was addressed to a street address or a post office box. The only prerequisite for this indefinite forwarding privilege was that the street address and the post office box had to be served by the same post office.

In 1977, the Service discovered that much of the mail destined for delivery through post office boxes showed the street address of the recipient rather than the box number. On the basis of this finding and the knowledge that indefinite forwarding service was not available to all postal patrons, the Service proposed a revision to its regulations dealing with the delivery of mail 1/ and the indefinite forwarding privilege of boxholders.

The purpose of the proposed revision was to (1) provide a uniform time limit for forwarding mail, (2) establish a consistent procedure for delivering mail showing two addresses, and (3) encourage the use of correct ZIP Codes. It was felt that these changes would reduce operating costs even though no cost analysis was performed to document the amount of savings expected.

No action was taken to implement the proposed revision until August 1980 when the Service announced that effective September 21, 1980, boxholders would no longer have the indefinite mail-forwarding privilege. In initiating the change, the Service was convinced that, with increased mechanization, forwarding mis-addressed mail to post office boxes is far more costly than any additional cost involved in delivery to street addresses. Again, there is no documentation to support this claim.

HOW THE PUBLIC
WAS INFORMED

The regulations eliminating the indefinite forwarding of mail to boxholders appeared as a proposed revision in October 1977 but were not finalized until August 1980. The final regulations did not fully affect operations until November 1981 which gave the public more than a year to make the adjustments necessary to comply with the new regulations.

1/Under the proposal, mail would be delivered to the location shown immediately above the city/state line of the address.

In addition to a notice in the Federal Register, the Service developed the "Lockbox Forwarding Campaign" to communicate the new regulations directly to boxholders. Its objective was to stimulate voluntary compliance before the new regulations were to take effect on October 1, 1981. According to Service officials, the following techniques were used to inform the public of the new regulations:

- Two notification letters were placed in all lockboxes in February and June of 1981. The letters explained the new regulations and strongly urged boxholders to notify correspondents of their proper addresses.
- A prominent red and white 24" x 36" poster was displayed in all post office lockbox sections from June through October 1981. It stressed the importance of correct placement of the delivery address and the use of correct ZIP Codes.
- Letters were sent to print and stationery manufacturers asking them to check with clients to ensure that delivery addresses were correctly printed on their stationery.

The Service also launched a campaign to increase general public and business awareness through internal and external publications. Articles appeared in the Memo to Mailers, Postal Leader, Postal Bulletin, Communicator, and other publications.

IMPLEMENTATION OF THE NEW
FORWARDING POLICY WAS
CONFUSED AND INCONSISTENT

Realizing that adequate preparation had not been made in order to meet the October 1, 1981, enforcement date, the Service delayed implementing the new forwarding regulations until November 1, 1981. During this 1-month grace period, Service employees were to make personal contact with boxholders receiving mail addressed to their street locations and to inform them that after November 1, 1981, the mail would be delivered to the street address and not to the lockbox. If no mail receptacle was available at the street address, mail would be returned to the sender.

As a result of adverse public and congressional reaction, the Service began modifying its position before the full effects of the new regulations could be felt. In September and October 1981, the Service issued instructions specifically exempting patrons served by noncity delivery offices (offices which have rural delivery or no delivery routes emanating from them) from complying with the new regulations. In addition, the Service stipulated that if clerks knew where the patrons wanted mail delivered, and

it did not require additional processing, then the mail should be handled as in the past. (According to the Service, this would usually occur in offices with five or fewer carrier routes.)

Clarifying instructions, in themselves, were confusing or were so generally worded that confusion was created. For example, the September 17, 1981, instructions stated:

"Distribution procedures and practices * * * that are in force for lockbox and caller service mail are not affected by this regulation change."

* * * * *

"In the administration of the regulatory change, it is of paramount importance that postal managers exercise good judgment."

Postal officials and employees at postal facilities we visited in the Washington, D.C., area were implementing the new regulations in different, sometimes conflicting, ways on the basis of their interpretations of the exemptions given and the instructions received.

Application of the new regulations to caller service illustrates the inconsistent implementation. Officials at the Northern Virginia Management Sectional Center 1/ said all mail, including mail destined for delivery through caller service, should be delivered as addressed unless an exception had been granted for financial hardship. The postmaster at a post office in Northern Virginia told us that patrons or firms with caller service are exempt from the new regulations. Although there does not appear to be any specific exemption for caller service prescribed by Service Headquarters, the postmaster gave the following reasons for exempting caller service:

--Washington, D.C. Mail Classification Center Bulletin Number 4/81 stated that caller service is not affected by the regulations.

--Delivery of caller service mail to street addresses would cost more than processing it to the box section of the post office.

1/A management sectional center is a designated postal facility whose manager has full management responsibility for all post offices within an assigned ZIP Code area.

We contacted a company in Stamford, Connecticut, which has caller service, because it had complained about the new regulations. We were told that all mail for the company has traditionally been addressed to the company's street location, but the company has always picked up its mail at the Stamford Post Office where it pays for caller service. The company now has been required to either inform mailers that its address has changed to a post office box number or accept delivery at its physical location. Claiming that changing its mailing address on stationery, envelopes, business cards, etc., would cause a financial hardship, the company obtained a 1-year extension to change its address. Had the company been served by the Washington, D.C., Post Office or the Northern Virginia post office we visited, it would not have been required to change its address because officials at these locations exempt caller service customers from the new regulations.

Several instructions, both specific and implied, have been issued by postal management regarding which boxholders are exempt from the new regulations. We developed the following list of boxholders that may be exempted on the basis of various interpretations of the instructions by Service officials and employees. We assured ourselves that some boxholders in each category have been exempted from the new regulations.

--Boxholders receiving mail at noncity delivery offices (about 23,000 post offices) (Sept. 17, 1981, instructions).

--Patrons receiving caller service at city delivery offices (Sept. 17, 1981, instructions as interpreted by the Washington, D.C. Mail Classification Center).

--Boxholders receiving mail with a ZIP Code designated for the box section of the post office (Sept. 17, 1981, instructions).

--Boxholders whose names and post office box numbers are familiar to the clerks sorting the mail (Oct. 6, 1981, instructions).

--Boxholders at post offices where postal managers, in their judgment, can exempt them and continue to provide efficient delivery of mail (Oct. 6, 1981, instructions).

We discussed the confused and inconsistent implementation of the new regulations with Headquarters officials who told us that they would issue new instructions to clear up all the confusion.

PROPOSED REGULATION TO ALLOW
FOR INDEFINITE FORWARDING OF MAIL

On October 29, 1981, the Service sought public comment on several changes it was considering relating to undeliverable-as-addressed mail. One change would allow mail recipients to purchase an extended forwarding service for renewable successive 6-month periods after the 1 year now provided free by the Postal Service.

Service officials would not speculate on when this regulation would be finalized because they must first complete cost studies and submit a proposal to the Postal Rate Commission. They also told us that it is possible that these changes may never take place if adverse public reaction is too great or if unfavorable recommendations are received from the Postal Rate Commission.

CONCLUSIONS

It makes sense for the Service to try to deliver mail with as few processing steps as possible while providing the same service to boxholders as is afforded other postal patrons. The September 1980 revisions to postal regulations were aimed at accomplishing these worthwhile objectives, but their implementation resulted in confusion among mailers, recipients of mail, and postal employees who were responsible for enforcing the regulations.

Much of this confusion over the new regulations began when the Service tried to quiet public reaction by modifying the regulations. These modifications left the enforcement of the new regulations to the discretion of local postal officials who, without clear guidelines, applied them inconsistently.

The new clarifying instructions the Postal Service plans to issue could be helpful in alleviating the confusion and inconsistencies we observed in the program implementation.

Still troubling, however, is the Service's proposal to provide the mail service it has just eliminated--indefinite forwarding of mail for boxholders--for a fee. We believe the Service should be liberal in granting exemptions from the new forwarding regulations until it makes a decision on the forwarding-for-a-fee proposal.

RECOMMENDATION TO THE
POSTMASTER GENERAL

We recommend that the Postmaster General, in clarifying the new forwarding regulations, inform postal management that they should continue to be liberal in granting exemptions from the new forwarding regulations until the Service makes the decision on the forwarding-for-a-fee proposal.

AGENCY COMMENTS
AND OUR EVALUATION

In commenting on a draft of this report (see enc.) the Postmaster General said that he accepts our findings relating to the inconsistent and confusing application of the new forwarding regulations for boxholders. He stated that the Service will issue new instructions consolidating and clarifying the guidance given post offices.

The Postmaster General did not agree that the Service's forwarding-for-a-fee proposal should be tied to its new regulations which eliminate free forwarding of mail for boxholders. He stated that the forwarding-for-a-fee proposal is just that--a proposal--and its future is uncertain.

Equally uncertain, in our opinion, is how long it will take the Service to achieve compliance with the new forwarding regulations for boxholders. Many boxholders have been granted 1-year exemptions from the new regulations and these exemptions may be extended an unspecified number of 1-year periods. Many other boxholders have not yet been affected by the new regulations because of local interpretations of the regulations and the instructions issued by Service Headquarters in September and October 1981. Once these other boxholders become affected when the Service issues clarifying instructions, a new round of adverse public reaction may be forthcoming, and compliance may be hard to achieve.

Although the forwarding-for-a-fee proposal was not designed for boxholders desiring indefinite forwarding of mail, it would provide an alternative for customers who desire mail to be delivered to post office boxes regardless of how the mail is addressed. We believe that such an alternative would make the new forwarding regulations more palatable to those customers who do not want mail delivered as addressed. In these cases, the Service would be offering to continue the desired forwarding service for a fee to cover the additional cost.

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We would be pleased to meet with you and your staff should you desire additional information on this matter. As agreed with your office, copies of this report are being sent to the Postmaster General, and we will make copies available to others upon request.

Sincerely yours,

W. J. Anderson

William J. Anderson
Director

Enclosure



THE POSTMASTER GENERAL
Washington, DC 20260-0010

June 14, 1982

Dear Mr. Anderson:

This refers to your proposed report to Congressman John L. Napier on the effect that new Postal Service regulations have had on boxholders (GAO/GGD-82-74).

These new regulations basically put boxholders on the same footing as other customers in regard to the delivery and forwarding of their mail.

Most of the complaints the report discusses have arisen from our decision that mail which is addressed to a boxholder's street address should be delivered there rather than redirected to his box.

We think this requirement is reasonable and we have given boxholders over a year in which to advise their correspondents how they want mail addressed and to obtain mail receptacles or effect such other arrangements as may be needed.

Numerous boxholders have adjusted to this requirement and we have been generous in according exceptions where the new regulations caused hardship.

In applying these regulations to local circumstances, anomalies and misinterpretations have developed. This is to be expected when thousands of different post offices are trying to deal with thousands of different situations.

In the light of your findings and our own experience, we will issue new regulations, consolidating and clarifying our guidance to the field. We will try to correct the areas of confusion cited in your report, but will still leave room for local judgment in dealing with special problems. We believe this approach is in keeping with the spirit of your report's recommendation.

Our proposal for a new type of forwarding service, available for a fixed period, for first and fourth class mail, for a fee, and available to all customers, not just boxholders, is just that—a proposal. The idea for such a service developed quite independently of our regulations regarding boxholders' mail and is still in the formative stage. We have to develop cost data, marketing information, procedural details and a fee structure and then submit the matter to the Postal Rate Commission, over which we have no control. We cannot tie the implementation of our regulations on boxholders' mail to such an uncertainty.

We appreciate your affording us an opportunity to review your proposed report.

Sincerely,



William F. Bolger

Mr. William J. Anderson
Director, General Government
Division
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