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BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

How Military Postal Service Operations Can Be Improved

This report identifies opportunities for the Department of Defense and the U.S. Postal Service to improve the effectiveness of the Military Postal Service. A major finding involves the savings available by diverting low priority parcels bound for the United States from airlift to sealift.

GAO also evaluates the actions taken in response to recommendations the Subcommittee on Postal Facilities, Mail and Labor Management, House Committee on Post Office and Civil Service, made during 1976 hearings.

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UNITED STATES GENERAL ACCOUNTING OFFICE

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

IN REPLY
REFER TO:

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To the President of the Senate and the
Speaker of the House of Representatives

The Military Postal Service was established to provide a means of delivering official and personal mail to and from military members assigned overseas. This report assesses the operations and examines avenues available to make the Military Postal Service more efficient, cost effective, and responsive to user needs.

We are sending copies of this report to the Director, Office of Management and Budget; the Secretary of Defense; and the Postmaster General of the United States.

Comptroller General
of the United States

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Adequacy of evaluation
Postal service facilities
Military operations
Cost effectiveness analysis
Mail delivery
Operations problems analysis

COMPTROLLER GENERAL'S REPORT TO THE CONGRESS

HOW MILITARY POSTAL SERVICE OPERATIONS CAN BE IMPROVED

D I G E S T

Several means are available to the U.S. Postal Service and the Department of Defense (DOD) for improving Military Postal Service operations. These include

--using the least costly transportation for low priority (non-time-sensitive) parcels from overseas to the United States (see ch. 2),

--establishing mail service standards and a measurement system to assess the quality of mail service (see ch. 3), and

--improving audit and security oversight of overseas operations (see ch. 4).

The Military Postal Service

--provides mail service to the U.S. military and other individuals or groups assigned to areas not served by the U.S. Postal Service,

--is operated by the military departments under guidance provided by DOD and the U.S. Postal Service,

--employs about 4,900 military and civilian personnel worldwide,

--had operating costs in excess of $157 million during fiscal year 1978, and

--maintains over 400 military post offices.

DOD would like discretionary authority to use sealift transportation for low priority parcels from overseas. (See p. 7.) GAO estimates that during fiscal year 1978 DOD could have saved $14 million if low priority parcels had been diverted from airlift to sealift. (See p. 4.)

Tear Sheet. Upon removal, the report cover date should be noted hereon.

Both the Senate and House Committees on Appropriations recently expressed an interest in this matter.

The Postmaster General and the Secretary of Defense should work together to establish mail service standards to measure, monitor, and improve mail service. (See p. 15.)

They should also identify audit and inspection needs and decide upon the best mix of Postal Service and military resources to most effectively meet these needs. (See p. 20.)

GAO also assessed actions taken by the Postmaster General and the Secretary of Defense in response to several recommendations the Subcommittee on Postal Facilities, Mail and Labor Management, House Committee on Post Office and Civil Service, made during September 1976 hearings. (See ch. 5.)

The Subcommittee recommended, among other things, that

--the Secretary of Defense install a single manager concept for the headquarters units of the Army, Air Force, and Navy Postal Directorates (see p. 25);

--DOD and U.S. Postal Service representatives meet and begin discussions on the provisions of a new DOD/Postal Service agreement (see p. 25);

--the Seattle Postal Concentration Center be closed (see p. 25); and

--the U.S. Postal Service and DOD jointly review the needs of the military post offices and recommend improvements or replacement of equipment or facilities as may be necessary (see p. 25).

GAO found that most of the problems identified by the Subcommittee still exist and that the recommended actions have not been taken. GAO's position on these matters follows:

--Further delay by DOD in establishing a single service management agency was unwarranted (see p. 30).

--The involvement of the Office of Management and Budget should be requested to arbitrate unresolved differences preventing the renegotiation of the 1959 postal agreement (see p. 32).

--The feasibility of transferring west coast unit mail sortation responsibilities to Far East military units should be studied as an alternative to closing the Seattle Postal Concentration Center (see p. 35).

--The establishment of a single service management agency would, among other things, provide a single point of contact for resolution of equipment and facilities problems (see p. 38).

DOD and U.S. Postal Service officials generally agree with GAO's findings and recommendations. Their comments are incorporated into the report where appropriate.

Tear Sheet

Contents

		Page
DIGEST		i
CHAPTER		
1	INTRODUCTION	1
	Scope of review	2
2	SAVINGS AVAILABLE THROUGH INCREASED USE OF SURFACE TRANSPORTATION	4
	Cost savings if surface transportation were used	5
	DOD is required by law to use air for mail movement to CONUS	6
	Legislative proposals	7
	Incoming SAM from the Far East consists mostly of purchases from exchange services	8
	Mail customers have the option of choosing airlift for time-essential parcels within specified size and weight limitations	9
	Commercial air carriers cannot always handle SAM mail volumes	10
	Availability and timeliness of surface transportation	11
	Far East	11
	Europe	12
	Conclusion	13
	Recommendation	13
	Agency comments	13
3	NEED FOR PERFORMANCE STANDARDS FOR MPS MAIL	15
	Mail service tests	15
	Our tests of mail service	16
	Standards have been considered in the past	17
	Potential to expand the Postal Service performance measurement system	18
	Conclusion	18
	Recommendation	19
	Agency comments	19
4	NEED FOR IMPROVED AUDITS AND INSPECTIONS OF MPS OPERATIONS	20
	Weaknesses in MPS audit procedures	20

CHAPTER		Page
4	Audit expertise available within the military services is not being used	21
	MPS security survey procedures in need of improvement	21
	Postal Service inspection responsibilities under the postal agreement	22
	Conclusion	23
	Recommendation	24
	Agency comments	24
5	POSTAL SERVICE AND DOD ACTIONS TAKEN IN RESPONSE TO 1976 SUBCOMMITTEE RECOMMENDATIONS	25
	Need for single service management of the MPS	25
	DOD proposal for single manager assignment	26
	Potential benefits from single service management	26
	Service arguments for retaining present organization	29
	Conclusion	30
	Agency comments	30
	Status of efforts to update the postal agreement between the Postal Service and DOD	30
	Domestic level of services	31
	Postal Service and MPS cost-sharing and reimbursement issues	31
	Responsibility for postal losses	31
	Level of Postal Service sortation of outbound military mail	32
	Conclusion	32
	Recommendation	32
	Agency comments	32
	Potential to improve gateway city mail processing procedures	33
	East coast multiple gateway city operations are successful	33
	West coast operations are inefficient and uneconomical	34
	Conclusion	35
	Recommendation	36
	Agency comments	36

CHAPTER		Page
5	MPS equipment support can be improved	36
	European equipment problems	37
	Service procedures for dealing with the Postal Service on equipment matters	37
	Conclusion	38
	Recommendation	38
	Agency comments	39
APPENDIX		
I	Military Postal Service personnel and operating cost data--fiscal year 1978	40
II	Mail volumes transported from Far East locations--fiscal year 1978	41
III	Mail volumes transported from European locations--fiscal year 1978	42
IV	Costs per pound of SAM from selected overseas locations to CONUS--fiscal year 1978	43
V	Estimated savings available to DOD through diversion of CONUS destined SAM from airlift to sealift--fiscal year 1978	44

ABBREVIATIONS

CONUS	continental United States
DOD	Department of Defense
GAO	General Accounting Office
MOM	military official mail
MPS	Military Postal Service
PAL	parcel airlift
SAM	space-available mail

CHAPTER 1

INTRODUCTION

The Military Postal Service (MPS) is operated by the military departments under guidance provided by the Department of Defense (DOD) and the U.S. Postal Service. It serves the U.S. Armed Forces and other eligible individuals and groups assigned to areas where the Postal Service does not operate. The MPS is an extension of the domestic postal system and is managed in conformance with Postal Service policies as supplemented by service regulations. A joint agreement dated February 2, 1959, sets forth responsibilities for the MPS and the Postal Service and delineates the interface between the two activities.

In overseas locations, the MPS operates under authority granted by international agreements. The agreements usually permit the military departments to establish and operate military postal facilities but limit the use of such facilities to members of the Armed Forces and certain authorized civilian agencies. Under DOD Directive 4525.5, civilian departments and agencies are required to reimburse DOD for costs incident to providing such service.

Over 400 active military post office addresses are maintained to service those persons and organizations entitled to use the MPS.

DOD funds all transportation costs associated with moving mail to and from overseas locations, plus all personnel costs associated with operating overseas postal facilities. Data provided by the military services showed that during fiscal year 1978 1/ the MPS employed about 4,900 military and civilian personnel worldwide and spent in excess of $157 million to provide postal service to authorized MPS users. (See app. I.)

Postal revenue collected by military post offices from the sale of stamps and postal money orders was returned to the Postal Service. Estimated annual revenue from this source totaled over $32 million.

1/Our data covers the 1-year period ended either June 30, 1978, or September 30, 1978, dependent upon service. For reporting purposes, data has been combined and is referred to as fiscal year 1978.

In September 1976 the Subcommittee on Postal Facilities, Mail and Labor Management, House Committee on Post Office and Civil Service, held hearings on the MPS. The hearings revealed a number of basic deficiencies in the administration of the MPS. Subsequently, the Subcommittee made a number of recommendations to the Postmaster General and the Secretary of Defense to correct the deficiencies and improve the system.

In this report, we identify savings and improvements available to the Postal Service and DOD to improve MPS's efficiency and effectiveness. We also explore actions taken by the Postmaster General and the Secretary of Defense in response to the Subcommittee's recommendations.

SCOPE OF REVIEW

During our review, we met with postal officials representing the U.S. Postal Service, the Office of the Secretary of Defense, and the four military services, as well as officials of the Office of Management and Budget, and reviewed the 1976 hearings held by the Subcommittee on Postal Facilities, Mail and Labor Management, House Committee on Post Office and Civil Service. We reviewed MPS mail transportation practices and identified transportation cost savings available through diversion of low priority parcels from air to surface carriers. In addition, we evaluated audit and security oversight of MPS operations and reviewed the quality of mail service provided overseas MPS customers.

We also reviewed Postal Service and DOD efforts taken in response to the Subcommittee's recommendations pertaining to (1) establishment of a single service manager for the MPS, (2) establishment of a new postal agreement between the Postal Service and DOD, (3) the closure of the Seattle Postal Concentration Center, and (4) the need for improvement or replacement of MPS equipment and facilities.

During our review, we visited the Army/Air Force Postal Terminal Facilities, the Navy/Marine Corps Fleet Postal Facilities, and the U.S. Postal Service Concentration Centers in New York, San Francisco, and Seattle. We also reviewed MPS operations in Japan, South Korea, the Philippines, Taiwan, West Germany, Italy, and the United Kingdom.

We discussed a draft of this report with U.S. Postal Service and DOD officials and have incorporated changes as appropriate. Their comments on the draft report

conclusions and recommendations are provided at the close of each chapter.

CHAPTER 2

SAVINGS AVAILABLE THROUGH

INCREASED USE OF SURFACE TRANSPORTATION

Mail dispatched from overseas MPS activities for delivery to the continental United States (CONUS) or out-of-country destinations is transported by air. During fiscal year 1978, 66.5 million pounds of mail were dispatched to CONUS from the Far East and Europe. An additional 17.5 million pounds were transported from Far East locations to destinations outside of CONUS. (See apps. II and III.)

Our review showed that space-available mail (SAM) 1/ parcels constituted over 80 percent of the mail originating at overseas activities in the Pacific and about 70 percent of the mail moved from Europe to CONUS. The contents of such parcels often do not justify costly movement by air.

We found that surface transportation was adequately available to CONUS from a number of overseas locations at costs significantly less than air transport. If SAM parcels could have been diverted from air to surface carriers at these locations during fiscal year 1978, DOD could have saved approximately $14 million in transportation costs. This savings would be reduced depending on the volume of mail diverted to parcel airlift (PAL). 2/ However, we were unable to estimate the extent to which PAL would be elected.

1/Space-available mail consists mostly of personal parcels falling within specified size and weight limitations and mailed from or addressed to an overseas military address. SAM also includes second class publications having a time value. SAM has no priority on commercial air carriers and is moved only after all other revenue traffic has been accommodated. SAM moves by surface carrier within CONUS and by air to overseas points if under 15 pounds and by air from overseas points up to a maximum of 70 pounds and 100 inches in length and girth combined.

2/Parcel airlift service permits parcels that fall within specified size and weight limits to move by air on a space-available basis. Postal customers must pay a fee in addition to a postage surface rate to obtain PAL service. Parcel airlift differs from SAM in that the entire movement between the overseas point and the point within CONUS is via air, while SAM is airlifted only from the overseas origin to the CONUS gateway (point of entry/exit to CONUS) city.

COST SAVINGS IF SURFACE TRANSPORTATION WERE USED

Surface transportation rates from all overseas locations are significantly cheaper than commercial air and Miltary Airlift Command rates. (See app. IV.) If all SAM that moved by air from Far East locations to CONUS from July 1977 to June 1978 could have been sent by sealift, we estimate DOD could have saved over $10.1 million in transportation costs--over $5 million could have been saved on shipments from Japan alone. We estimate an additional $3.9 million could have been saved if surface transportation were used for the 16.4 million pounds of SAM dispatched from the Frankfurt Aerial Mail Terminal during fiscal year 1978. (See app. V.) If diversion is made to sealift, savings would be reduced by the volume of mail diverted to PAL service. However, the large parcels, those exceeding 30 pounds in weight or 60 inches in length and girth combined, are not eligible for PAL service. We were unable to estimate the extent to which PAL would be elected.

To ship mail or other material by surface requires that the customer purchase container space. The customer pays a set rate for the container, regardless of the volume or weight of material placed inside. Our estimates of dollar savings were based on the difference in costs for moving SAM via commercial air versus surface transportation from the Far East and Germany during fiscal year 1978.

One of the most frequent acquisitions of individuals with military post office privileges appears to be stereo systems. A typical system purchased from the 1978 Army/Air Force Exchange catalog illustrates the potential cost savings of surface transportation. The following table shows the difference in transportation costs between surface and commercial air if merchandise is shipped from the Yokota, Japan, Army/Air Force Exchange warehouse to San Francisco, California.

Item	Weight (lbs.)	Transportation costs: Commercial air carrier (note a)	Military Airlift Command (note b)	Surface (note c)
Receiver	50	$ 23.00	$ 34.00	$ 4.20
Turntable	25	11.50	17.00	2.10
Tape deck	65	29.90	44.20	5.46
Speakers (2)	69 ea.	63.48	93.84	11.59
Total		$127.88	$189.04	$23.35

a/At 46 cents per pound.

b/At 68 cents per pound.

c/At 8.4 cents per pound.

The difference amounts to $104.53. This difference rises to $165.69 if surface costs are compared to Military Airlift Command transportation costs. For the above stereo system, the serviceman would have paid SAM postage of only $23.26.

DOD IS REQUIRED BY LAW TO USE AIR FOR MAIL MOVEMENT TO CONUS

Public Law 92-469 was enacted on October 6, 1972, to provide improved mail service to military and other eligible personnel stationed overseas. The law amended title 39, section 3401(b), United States Code to (1) increase size and weight limits on military SAM, (2) extend air transportation of publications considered to have a time value (i.e., weekly publications) to additional overseas recipients, and (3) re-enact PAL service that existed under section 4560 of old title 39, but had not been carried forward by specific language into the Postal Reorganization Act of 1970. Prior to the enactment of Public Law 92-469, parcels weighing less than 5 pounds were transported by air, while those weighing between 5 and 70 pounds were sealifted, provided there was adequate sealift capability.

Section 3401(b) of title 39, as amended, pertaining to the movement of SAM reads in part:

> "(b) There shall be transported by air, between Armed Forces post offices which are located outside the 48 contiguous States of the United States or between any such Armed Forces post office and

the point of embarkation or debarkation within the United States * * * on a space available basis * * * the following categories of mail matter:"

* * * * *

"(1)(B) parcels not exceeding 15 pounds in weight and 60 inches in length and girth combined; * * * which are mailed at or addressed to any such Armed Forces post offices;"

* * * * *

"(2) parcels not exceeding 70 pounds weight and 100 inches in length and girth combined, which are mailed at any such Armed Forces post offices;
(3) parcels exceeding 15 pounds but not exceeding 100 inches in length and girth combined, including surface-type official mail, which are mailed at or addressed to any such Armed Forces post office where adequate surface transportation is not available."

The military services have taken the position (with which we agree) that the law (39 U.S.C. 3401(b)) requires all mail eligible parcels mailed from overseas locations to CONUS be moved by air. In contrast, SAM parcels moving from CONUS to overseas locations may only move by air if they weigh 15 pounds or less.

LEGISLATIVE PROPOSALS

As a part of the DOD legislative program for the 96th Congress, draft legislation has been prepared 1/ to amend the law (39 U.S.C. 3401(b)) with the intent to improve the overall efficiency, effectiveness, and economy of military postal operations. Under the amendment, personal mail and periodicals would still be moved as SAM. Other mail up to the 70-pound, 100-inch limitation would be moved as SAM only if it met several criteria and "is considered by the Secretary of Defense to require air transportation, and authorized in advance of mailing to receive it pursuant to implementing regulations adopted by the Postal Service after consulting with the Secretary." One restriction would exclude from SAM treatment parcels that included material intended

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1/The draft legislation as of November 1979 had not yet been introduced in the Congress.

for resale or commercial redistribution. Although DOD feels there is no need to dispatch all SAM by air, flexibility in selecting the transportation mode is necessary on a case-by-case basis to allow for varying conditions and availability/adequacy of surface transportation. Both the Senate and House Committees on Appropriations recently expressed an interest in this matter.

INCOMING SAM FROM THE FAR EAST CONSISTS MOSTLY OF PURCHASES FROM EXCHANGE SERVICES

During fiscal year 1978, overseas military post offices in the Far East and Europe dispatched 84 million pounds of mail. The vast majority of mail was low priority SAM parcels. For example, SAM mail volumes originating at Far East and European military post offices constituted about 80 and 70 percent, respectively, of the total volume of all mail.

The Army/Air Force Exchange and the Navy Exchange are the primary originators of SAM in the Far East. Within Japan, where both exchange services operate extensive mail order activities, about 50 percent of the 21 million pounds of SAM dispatched from that country within a recent 1-year period originated from the two mail-order activities.

Almost all of this merchandise was of foreign origin. For example, U.S. goods represented only about 14 percent of the merchandise in the Navy Exchange catalog. Audio and camera equipment, most of which was Japanese manufactured, constituted over 75 percent of the dollar value of Navy Exchange catalog purchases.

A 7-week analysis performed by military postal authorities at one of the base activities in Japan showed that as much as 68 percent of its SAM dispatches originated from base exchange outlets. Much of this merchandise was also of foreign origin. We recently addressed this issue in a report, LCD-79-213, dated June 1, 1979.

The Logistics Management Institute performed a study of the MPS during 1977 and noted that "the personal use of subsidized overseas mail transportation by military members may have gone beyond the intent of Congress." The institute reported that the Postal Service, U.S. Customs, and military mail terminal officials estimated that 50 to 60 percent of all inbound SAM from the Far East was exchange related packages. The report stated that these estimates were reinforced by the number of exchange catalogs being mailed to friends and relatives in the United States. Present estimates of incoming SAM parcels mirror the Logistics Management Institute's 1977 findings.

In addition to exchange merchandise, foreign-made goods procured on the local economy saturate military post offices in certain overseas locations. For example, in the Philippines and in Taiwan several furniture manufacturers have built large portions of their businesses around the 70-pound, 100-inch SAM limitations by manufacturing "break-down" furniture which can be shipped through the MPS.

Because most SAM parcels are not time-sensitive, in the same sense as personal mail, we believe costly air movement is not justified.

MAIL CUSTOMERS HAVE THE OPTION OF CHOOSING AIRLIFT FOR TIME-ESSENTIAL PARCELS WITHIN SPECIFIED SIZE AND WEIGHT LIMITATIONS

Under the law (39 U.S.C. 3401(c)), postal customers may pay a fee in addition to a postage surface rate to ensure air transportation, on a space-available basis, of certain parcels mailed from or addressed to any overseas military post office. This service, referred to as PAL, and the law pertaining to the service reads as follows:

> "(c) Any parcel, other than a parcel mailed at a rate of postage requiring priority of handling and delivery, not exceeding 30 pounds in weight and 60 inches in length and girth combined, which is mailed at or addressed to any Armed Forces post office * * * shall be transported by air on a space available basis on scheduled United States air carriers at rates fixed and determined by the Civil Aeronautics Board * * * upon payment of a fee for such air transportation in addition to the rate of postage otherwise applicable to such a parcel not transported by air. If adequate service by scheduled United States air carriers is not available, any such parcel may be transported by air carriers other than scheduled United States air carriers."

Although PAL costs are nominal (25 cents for parcels weighing 2 pounds or less, graduating to a maximum fee of $1 for parcels weighing over 4 pounds), the service is seldom used by overseas mailers.

An Army/Air Force Exchange Service official in the Far East estimated that less than 2 percent of PAL eligible parcels are moved via PAL, while an official in Europe placed the estimate at no more than 10 percent. We feel the reasons for the limited use of PAL are (1) customers realize

CONUS-bound mail moves by air to the gateway, regardless of mail class, and (2) the mailers generally do not consider parcels time essential so as to require air movement from the gateway to its final destination.

COMMERCIAL AIR CARRIERS CANNOT ALWAYS HANDLE SAM MAIL VOLUMES

When commercial carriers have the capability to accept SAM, mail flow to CONUS and other locations appears to be satisfactory. However, commercial carriers are often unable to provide service when they are needed the most. During peak periods, an increasing amount of commercial cargo prevents the movement of SAM mail; consequently, the Military Airlift Command must occasionally supply additional aircraft to prevent massive backlogs. This is especially true during the Christmas season.

Commercial air carriers must accept first class mail when it is offered to them by military airmail terminals, while military official mail (MOM) competes with commercial cargo on a first-in, first-out basis. In contrast, SAM moves on a space-available basis under a priority below that of passenger baggage and commercial cargo. When the combined resources of all scheduled U.S. commercial air carriers serving a location are unable to accept, store, secure, and consistently move SAM within 48 hours, it can be diverted from points of mailing into Military Airlift Command channels until the capability of the carrier is restored and the backlog is reduced to an acceptable level. During fiscal year 1978, over 9.4 million pounds of mail were diverted to the Military Airlift Command in the Far East.

European mail dispatching points do not divert nearly as much SAM to the Military Airlift Command. Only 336,000 pounds of Army/Air Force mail were tendered to the Military Airlift Command at the Frankfurt, Germany, Aerial Mail Terminal during fiscal year 1978. In contrast, Mediterranean area postal activities transported most of their mail via the Military Airlift Command; however, the volumes were relatively small.

Once mail is tendered to the Military Airlift Command, it cannot be diverted back to the commercial carrier. Postal authorities who tender mail to the Military Airlift Command have determined that the mail must be moved via that mode. Mail shipments received at a Military Airlift Command terminal for onward movement are processed and moved on a first-in, first-out basis within the assigned priority. Mail shipment priorities are commingled with other cargo priorities to achieve maximum aircraft use.

Numerous backlogs were experienced in the Far East in 1978 during a commercial airline strike and just prior to the elimination of transient mail privileges in Taiwan. Dependence on the Military Airlift Command during the strike is illustrated by the number of SAM pallets that the Fleet Mail Center at Yokohama diverted to the Military Airlift Command at Yokota Air Base between May 14 and July 16, 1978. During this period, only 2 of 74 pallets were dispatched to a commercial carrier. The added volume forced on the Military Airlift Command created delays in moving the mail out of the Fleet Mail Center. Between May 3 and August 24, 1978, 39 of 133 pallets (29 percent) remained at the Fleet Mail Center for 5 or more days because of carrier unavailability. In Taipei, 62 pallets of SAM parcels remained in the Military Airlift Command terminal an average of 4.8 days during July 1978 before receiving airlift support. Twenty-eight of the pallets were delayed 5 days or more in the Military Airlift Command terminal and one pallet destined for Hickam Air Force Base, Hawaii, was delayed 19 days.

During the latter part of 1975, SAM generation throughout the Pacific was such that the volume was exceeding the then existing capacity of scheduled U.S. commercial air carriers and the Military Airlift Command to transport parcels on a timely basis. As a result, overseas military commands requested permission to use sealift transportation for SAM parcels moving from the Far East to CONUS. Due to the exigency of the situation, the Assistant Secretary of Defense, Installations and Logistics, granted permission to the MPS to use surface transport from Japan provided total SAM parcels awaiting movement equaled 7 days' accumulation and mail levels were forecast to remain at or exceed that level for an additional 7 days or longer. A military postal official advised us these guidelines are still in use and essentially preclude the use of sealift transportation, as air carriers are generally reluctant to forecast 7 days of nonmovement. In essence, the interpretation has been that a 14-day backlog must exist prior to diversion. For sealift to be timely, diversion to surface carriers must be immediate, not subsequent to an extensive waiting period.

AVAILABILITY AND TIMELINESS OF SURFACE TRANSPORTATION

Far East

Four U.S. surface carriers provide service between the Far East and CONUS. Military Sealift Command officials in Japan stated that American carrier service to CONUS from Japan was excellent and service from other Far East countries was good.

To illustrate transit times via surface carriers, we recorded data for vessels carrying SAM over 15 pounds per parcel from the U.S. west coast to the Far East. During May 1978, 10 vessels carrying military mail departed the west coast destined to four Far East countries. The average surface mail transit times to military post offices in the four countries ranged from 17 days for Japan to 32 days for the Philippines, as shown below.

Outbound Surface Mail Shipments During May 1978

Destination	Average transit time (days) (note a)
From San Francisco to:	
Japan	17
South Korea	28
Okinawa	24
The Philippines	32
From New York to:	
Belgium	25
England	30
Germany	21
Greece	27
Italy	25
The Netherlands	24
Spain	23

a/Transit time measurement reflects elapsed days from previous surface carrier dispatch to container unloading at destination military post office.

Europe

Adequate surface transportation by American carriers is available from two northern European ports--Rotterdam and Bremerhaven. SAM mail volumes from Frankfurt, London, and Brussels could be handled out of these two ports. A Military Sealift Command official in Bremerhaven indicated that there is more than enough surface capability on American carriers to transport present SAM mail volumes to CONUS via U.S. commercial surface transportation.

We believe SAM mail from postal units throughout the Mediterranean could also be diverted from air to surface transportation.

During May 1978, 12 vessels carrying military mail departed the east coast destined to 7 overseas locations.

The average surface mail transit times to military post offices in all seven countries was 30 days or less. (See chart on p. 12.) We believe these transit times will be entirely adequate for low priority SAM movements.

CONCLUSION

All mail eligible parcels under the law (39 U.S.C. 3401(b)) must presently move by air. DOD has drafted legislation that would give the Secretary of Defense authority to determine whether the need for air transportation of otherwise eligible parcels justifies the added costs as compared to surface transportation.

Our review disclosed that sealift transportation cost only a fraction of the cost of airlift and sealift was adequately available from most overseas locations. Further, most parcels dispatched from overseas, particularly from the Far East, contained products purchased through the exchange activities, delivery of which was not as time sensitive as personal mail.

Utilization of sealift for SAM parcels during fiscal year 1978 could have resulted in the Government saving about $14 million. This savings would, however, have to be reduced by the volumes of mail diverted to PAL. Although a diversion of SAM parcels to sealift transportation could result in an increase in the use of PAL service for parcels not exceeding 30 pounds, we believe the mailer should retain the option of using air transportation if he deems his parcel time essential. We were unable to estimate the extent to which PAL would be elected.

RECOMMENDATION

We recommend that the Congress enact permanent legislation along the lines of the legislation drafted by DOD to permit the diversion of low priority parcels from airlift to sealift transportation from overseas locations. This legislation should enable DOD to significantly reduce the Government's cost of transporting parcels from overseas locations.

AGENCY COMMENTS

DOD officials favor the diversion of certain parcels from airlift to sealift transportation between overseas points and between overseas points and CONUS gateways as an economy measure. DOD has drafted legislation which would provide discretionary authority to sealift low priority parcels from overseas areas.

Officials of the Postal Service stated that since the SAM privilege benefits the troops and DOD pays for it, the Postal Service would cooperate with any tightening of the eligibility requirements which we and DOD decide are needed.

In our draft report we also suggested that the U.S. Postal Service and DOD coordinate to (1) increase the PAL fees to cover the increased cost of providing overseas air movement and (2) reimburse DOD for that portion of the increased fee that relates to such transport. The U.S. Postal Service disagreed and cited a number of reasons why it would be impractical to implement our suggestions. After a careful analysis of congressional intent and consideration of the potential impact that an increase in PAL fees would have on troop morale, we have decided not to pursue the matter at this time.

CHAPTER 3

NEED FOR PERFORMANCE STANDARDS FOR MPS MAIL

Standards are essential in measuring the quality of any service rendered. Without something to use as a measure, there is no way to accurately evaluate performance. Service that is adequate to one person might be entirely unacceptable to another.

The Postal Service has established mail service standards and a measurement system for domestic mail to judge the quality of mail service provided postal service customers. The standards vary by mail class and by origin/destination, but they contain maximum time frames ranging from 3 days for cross-country first class mail to 10 days for cross-country parcels. Similar mail service standards have never been established for mail destined to or transported from MPS overseas addresses.

The Postal Service's domestic Origin/Destination Information System measures service from point of mailing within CONUS to conclusion of processing at the gateway city. For CONUS-bound mail, the system measures service from the cancellation date at an overseas military post office to the final unit delivery within CONUS. However, only a summary of performance is provided through a particular gateway city rather than performance from an individual military post office to final destination.

MAIL SERVICE TESTS

The MPS has periodically tested and monitored mail transit times to and from overseas locations. The tests covered all classes of mail and measured various performances, including:

--CONUS postmark date to date of receipt at gateway city Military Mail Terminal or Fleet Post Office.

--CONUS postmark date to date mail was available for delivery at the overseas post office.

--Dispatch date from gateway city Military Mail Terminal or Fleet Post Office to date mail was available for delivery at the overseas post office.

--Overseas postal activity dispatch date to date of receipt in CONUS.

We found that many of the above tests duplicated one another and that the tests often did not follow set patterns to permit an overall picture of the system's effectiveness. For example, we found that both the Army and Navy were conducting tests of mail service from various points in the United States to the Military Mail Terminals and Fleet Post Offices. These tests not only duplicated one another but also duplicated Postal Service measurements. In the Pacific area, the services were performing more domestic tests than tests of mail service from the gateway cities to overseas locations. We found few tests being performed from overseas locations either to CONUS or to other overseas locations.

Results obtained from MPS testing allowed the monitoring of mail service time frames for the purpose of responding to mail patron complaints. However, they did not permit the services to monitor overall quality of MPS service.

Our tests of mail service

We performed a limited test of MPS mail service to and from various overseas locations during the latter part of 1978. We deposited two letters in a Postal Service or MPS mail box each day, Monday through Friday, for a 5- to 6-week period. Results showed many instances of mail bunching and erratic delivery.

We were unable to learn the reasons for the erratic delivery and mail bunching problems. Several factors could be involved. For one, dispatch schedules could be such that mail was accumulating at CONUS gateway cities and/or transfer points. Another possibility involved inefficiencies in mail processing by the Postal Service at the gateway or by the MPS overseas.

Our overall test results showed the following delivery time frames:

Location	Number of test letters	Percentage delivered in 1-5 days	6-8 days	9 days or longer	Mean average (days)
Washington, D.C., to:					
Seoul, Korea	40	45.0	30.0	25.0	6.62
Yokota, Japan	42	31.0	45.2	23.8	6.95
Frankfurt, Germany	40	47.5	50.0	2.5	5.70
Honolulu, Hawaii, to:					
Seoul, Korea	40	77.5	17.5	5.0	4.95
Yokota, Japan	42	85.7	14.3	-	3.79
Frankfurt, Germany, to:					
New York City	40	37.5	62.5	-	6.03
Chicago	40	45.0	55.0	-	5.80
Washington, D.C.	40	80.0	15.0	5.0	4.30
New York City to:					
Frankfurt, Germany	40	67.5	27.5	5.0	5.37
Chicago to:					
Frankfurt, Germany	40	40.0	55.0	5.0	5.83

Since our test mailings were delivered to an official address, mail deliveries were not made over weekends. This inflated our delivery time statistics but illustrated actual mail service military customers experienced.

We did not perform any specific transit time tests for parcel mail shipped between overseas locations and the United States, but we did make note of the performance experienced on a number of personal parcels mailed from the Philippines and Taiwan to Honolulu, Hawaii. Parcels shipped on a space-available basis from the Philippines averaged 14.3 days from the date of mailing to the date of receipt, while similar parcels mailed from Taiwan averaged 7.3 days.

Because there were no standards against which to measure test results, we were unable to evaluate the overall quality of MPS performance.

STANDARDS HAVE BEEN CONSIDERED IN THE PAST

The subject of standards for overseas mail was discussed during 1976 hearings on the MPS held by the Subcommittee on Postal Facilities, Mail and Labor Management, House Committee on Post Office and Civil Service. At that time, the Postal Service stated it was working with the military to develop reasonable standards for overseas mail and that it would have acceptable transit times developed in the future. As of March 1979, over 2 years later, there were still no standards.

Postal Service and MPS officials cited various reasons why it would be difficult for them to establish standards:

--International flights that carried mail were limited and schedules continuously changed.

--The volume of competing traffic, i.e., passengers, baggage, and commercial cargo, often did not permit the transport of SAM mail by a commercial carrier.

--Different standards would be needed for each country.

We believe these factors must be considered and dealt with, but they only add support to the need for standards and a measurement system, particularly between the United States and countries with large concentrations of U.S. service members.

POTENTIAL TO EXPAND THE POSTAL SERVICE PERFORMANCE MEASUREMENT SYSTEM

The Postal Service uses its Origin/Destination Information System to measure the quality of domestic mail service. The system uses sampling techniques to collect performance data which is analyzed in a variety of ways for use by management. In measuring delivery performance, the Postal Service system measures the time between mail postmark and subsequent receipt by the last delivery unit before it is delivered to the addressee. This system has never been expanded to overseas locations.

CONCLUSION

We believe time standards and a performance measurement system are needed to measure the quality of mail service provided to MPS customers. Such a system would permit a continuous monitoring of the military mail transportation system and an identification of points of delay.

An effective standard and measurement system for mail movement would establish that problems exist and then the various segments of the transportation and handling system could be monitored. We believe expansion of the Origin/Destination Information System to overseas locations is an immediate alternative for measuring the effectiveness of MPS performance.

Since the MPS operates as an extension of the Postal Service and does not gain control over mail until its arrival overseas, the Postal Service should have primary

responsibility for developing standards and a measurement system for military mails.

RECOMMENDATION

Accordingly, we recommend that the Postmaster General, in coordination with the Secretary of Defense, take action to identify reasonable transit times, develop time standards, and implement a performance measurement service. An immediate alternative would be to explore the feasibility of extending the present Postal Service Origin/Destination Information System to include mail transit times to and from overseas locations.

AGENCY COMMENTS

In commenting on our draft report, officials of the Postal Service stated that they were willing to investigate the feasibility of developing performance standards and an associated measurement system. Establishment of a system would not be without problems, however, and the Origin/Destination Information System may not be appropriate. Postal officials believe an alternative system or combination of systems can be established to satisfy both DOD and the Postal Service.

DOD officials favor the establishment of standards and a performance measurement system.

CHAPTER 4

NEED FOR IMPROVED AUDITS AND INSPECTIONS OF MPS OPERATIONS

Military internal audit and review groups and the Postal Service's Inspection Service are not providing adequate oversight of MPS operations. MPS personnel perform audits and inspections of the MPS on a preannounced basis rather than by surprise. Also, the MPS auditors' independence is often impaired and they lack formal training in criminal act detection techniques.

The postal agreement between the Postal Service and DOD established responsibilities for both departments to perform audits and inspections of military postal operations. Each military service provides its own guidance for postal audits and inspections by way of service regulations.

WEAKNESSES IN MPS AUDIT PROCEDURES

The only continuous evaluations of overseas MPS operations and activities are those conducted by MPS personnel. MPS officials are performing inspections quarterly, annually, or once every 3 years. The inspections are intended to assure that military post offices are providing adequate customer service and are functioning in accordance with Postal Service and military regulations. At varying time intervals, but at least monthly, audits of postal funds and stamp stocks are also performed by local MPS supervisory personnel or, in the case of the Navy, by an independent audit board.

At a number of locations, we found audits were being performed on a preannounced basis rather than by surprise as required under generally accepted auditing procedures for audits of cash. We also found that personnel performing the monthly or quarterly financial audits with the Army, Air Force, or Marine Corps were not always completely independent. For example, we visited a Marine Corps location where the postal officer had responsibility for auditing an authorized cash and stamp stock of $100,000. He sat in the same office as the custodian of such funds and had access to and control over the funds in the absence of the custodian.

Audit expertise available within the military services is not being used

Military audit organizations generally are not performing examinations of military postal activities. The Air Force Audit Agency initiated an operational audit of Air Force postal activities during the latter part of 1978, and DOD performed a similar type audit in Europe during 1974. These are the only audits of military postal operations that military internal audit or review groups performed in recent years.

MPS SECURITY SURVEY PROCEDURES IN NEED OF IMPROVEMENT

At the present time, MPS officials perform security inspections of mail facilities, mail operations, and mail transportation quarterly, annually, or once every 3 years. However, the individuals who conduct these inspections have not been trained to detect security weaknesses. Furthermore, we found that military investigative or policing activities seldom surveyed mail handling or transportation procedures. These agencies primarily concerned themselves with the security of buildings.

During 1975 and 1976, the Postal Service conducted free postal investigation orientation courses attended by 39 Army criminal investigative division personnel. We were advised this practice was later discontinued because of military funding shortages.

We identified security weaknesses at several overseas military installations which we visited. For example, we found installations where mail was being transported on and off base in unlocked and/or unlockable vehicles and postal facilities did not have adequate security protection, such as bars on windows.

Although the activities we visited had previously received inspection visits by MPS and military investigative agencies, these weaknesses either went undetected or corrective action was never taken. We recently reported on security weaknesses relating to the handling of registered mail (LCD-79-214, dated Apr. 19, 1979), and recommended strengthening controls and accountability over registered mail through the use of (1) security containers, (2) hand-to-hand receipt, and (3) rapid communications.

POSTAL SERVICE INSPECTION RESPONSIBILITIES UNDER THE POSTAL AGREEMENT

Under the postal agreement between the Postal Service and DOD, the Postal Service has responsibility for assigning postal representatives to conduct surveys, inspections, investigations, and audits of military postal operations, as practicable, to assure the maintenance of an efficient MPS. The Postal Service does not perform continuous oversight of MPS operations but responds to requests for assistance, most of which follow the identification of mail irregularities.

The Postal Service's Inspection Service is a major Federal law enforcement agency within the Postal Service and is primarily responsible for criminal matters infringing on the integrity and security of the mail. The Inspection Service is responsible for the investigation of all violations of some 85 Federal statutes relating to postal service; the protection of mail, postal funds, and property; and the internal audit of all Postal Service financial and nonfinancial operations, including efficiency/effectiveness type audits. The Service employs a corps of professional personnel who are specifically recruited and trained as postal inspectors. Prior to receiving an initial inspection assignment, a new inspector receives 16 weeks of intensive training at a Postal Service training facility. Following that, he receives on-the-job training until such time as he attains the journeyman level within the Service, which may be 2 or more years.

Since 1970, the Postal Service has performed four inspections or investigations in the Far East (1970, 1973, 1/ 1979) and two in Europe (1973 and 1974). In each instance, the inspections/investigations were prompted by specific requests for assistance initiated by overseas military commanders. For example, the 1973 Korea inspection was requested by the Commander, 8th U.S. Army, Korea, as a result of mail losses and other problems being experienced at that time. The inspectors examined mail handling, transportation, security, personnel, training, and customer service aspects of MPS operations, and their report identified weaknesses and corrective actions needed to improve MPS operations.

1/Two inspections were performed in 1973. One focused primarily on exchange operations in Japan while the other focused on Korea MPS operations.

Similar problems reoccurred in South Korea during 1978. The nature of the U.S. military presence in South Korea is such that none of the personnel in the country at the time of the 1973 Postal Service survey were still assigned to South Korea during 1978 since duty tours were generally limited to 1 year. In addition, those persons assigned to postal duties in South Korea often have had limited postal training or experience. For example, at one location in that country we found that over half of the 39 assigned postal personnel had received no prior postal training or experience.

In April 1978 the Army asked the Inspection Service to perform another investigation. The other military services were notified of the request and concurred in the need for assistance from the Postal Service's Inspection Service. However, the Postal Service's Inspection Service decided a survey would not be conducted unless the Army assured it that actions had been taken on recommendations contained in the 1973 report.

In October 1978 the Army reported on the actions taken, and in January 1979 joint planning of the audit took place. Finally, in April 1979--almost 1 year from the time of the original request for audit--two postal inspectors were dispatched.

CONCLUSION

Overseas MPS activities are not receiving the total benefit of audit and security expertise available within the military services and the Postal Service. Neither the Postal Service's Inspection Service nor the military services' internal audit or review groups are performing audits and inspections of MPS activities and operations with any regularity. Rather than periodic audits and inspections to ensure continued high quality service, inspections are initiated only after a problem surfaces.

MPS personnel performing the audits often lack independence and training. The same personnel who are performing audits at overseas locations are also performing postal security inspections. However, the inspectors often have not been trained in criminal act detection techniques. Military criminal investigative agencies are also performing crime prevention surveys, but these surveys tend to concentrate on building security and do not generally look at security aspects of mail handling and transportation.

Utilization of available military service and Postal Service audit and security expertise would improve the overall quality of MPS oversight and could lead to improvements in the efficiency and effectiveness of postal operations.

RECOMMENDATION

We recommend that the Postmaster General and the Secretary of Defense work together to identify MPS audit and inspection needs and decide upon the best mix of Postal Service and military resources to most effectively meet these needs.

AGENCY COMMENTS

In commenting on our draft report, postal officials stated that the Postal Service is complying with the terms of the 1959 agreement since Postal Service inspectors are assigned, as practicable, to conduct audits and investigations as requested by the MPS. However, the Postal Service is willing to further discuss MPS audit needs with military officials.

DOD officials concurred with our recommendation and stated that increased oversight assistance from the Postal Service would be beneficial to the MPS.

CHAPTER 5

POSTAL SERVICE AND DOD ACTIONS TAKEN IN RESPONSE TO 1976 SUBCOMMITTEE RECOMMENDATIONS

The Subcommittee on Postal Facilities, Mail and Labor Management, House Committee on Post Office and Civil Service, held hearings on the MPS during 1976 and recommended, among other things, that (1) the Secretary of Defense install a single manager concept for the headquarters units of the Army, Air Force, and Navy Postal Directorates, (2) the DOD and Postal Service representatives meet and begin discussions on the provisions of a new postal agreement, (3) the Seattle Postal Concentration Center be closed, and (4) the Postal Service and DOD jointly review the needs of the military post offices and recommend improvements or replacement of equipment or facilities as may be necessary.

We found that action has been slow on all of the above issues and none had been resolved at the time of our fieldwork.

NEED FOR SINGLE SERVICE MANAGEMENT OF THE MPS

The Secretary of Defense has assigned overall postal policy responsibility to the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) and has delegated responsibilities for postal operations to the individual military services. Each service establishes its own postal policies and procedures, operates its own postal activities, and maintains liaison with the Postal Service and mail transporters. To coordinate postal policy matters having a multiservice impact, a single point of contact for postal matters has been established within the Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics). However, its two staffmembers have only part-time postal responsibilities.

As a result of the Subcommittee's 1976 recommendation concerning the need for a single service manager for the MPS, DOD has drafted a proposed directive on single manager assignment outlining responsibilities, functions, and administration of a single service agency. The draft directive was forwarded to all the services for comment on November 1, 1978. The Department of the Army has endorsed the proposed organizational concept; the other services have not.

DOD proposal for single manager assignment

The DOD draft directive on single manager assignment for military postal services has designated the Secretary of the Army to be single manager for military postal operations. Under the concept, a jointly staffed single manager operating agency would be established in Washington, D.C., with responsibilities for providing technical support and surveillance of command postal operations within each service. The single manager would be the only authorized point of contact with the Postal Service on operational matters and would be responsible for operating and supervising single offices with joint staffing at the CONUS gateway city military mail concentration centers. The single manager would also have obligational authority to move military mail to and from CONUS and within overseas theaters, while the military departments would provide resources to operate their own postal facilities.

At the time of our review, the precise structure of the single manager operating agency had not yet been completely defined.

Potential benefits from single service management

We believe a number of benefits would result from single service management of the MPS. To begin with, a single service management agency should permit personnel reductions at the Washington, D.C., headquarters level through elimination of much of the overlap and duplication that exists from decentralized MPS organizations. At the time of our fieldwork, military postal headquarters elements in Washington, D.C., had a combined total staffing of 34 persons, as shown below.

Headquarters Staffing Strengths of the MPS

	Military	Civilian	Total
Army	7	13	20
Air Force	3	3	a/6
Navy	3	2	5
Marine Corps	2	1	3
Total	15	19	34

a/Does not include clerical support which is provided from a centralized typing pool.

Other management improvements could also be encouraged, including the following.

Manuals and regulations

Each service has issued its own supplement to the basic Postal Service Manual. The supplements are similar, but the services did not coordinate in their development. Thus, differences exist in a number of procedures and practices followed by the services.

A single service postal manual would be more cost effective and should eliminate a number of existing differences and highlight those that continue to be justified.

Liaison with the Postal Service

The Postal Service must coordinate operational matters with each of the four services separately. On occasion this practice has reportedly resulted in inadequate prior coordination among the services and has hampered the formulation of joint positions and coordinated efforts. It has also created liaison problems for the Postal Service.

A single service postal management agency would tend to alleviate the above types of problems.

Dual service staffing at gateway cities

Army Military Mail Terminal and Navy Fleet Post Office activities are colocated in adjacent offices in Postal Service mail concentration centers' facilities in New York, San Francisco, and Seattle. Military Mail Terminal and Fleet Post Office activities have a basic mission to provide civil and military authorities with instructions concerning separation, distribution, and dispatch of mail destined to military activities, and to maintain liaison with the Postal Service, commercial carriers, and overseas commanders to ensure that military mail is properly and expeditiously handled. As of October 1978 combined Military Mail Terminal and Fleet Post Office staffing totaled 36 on the east coast and 40 on the west coast, as shown on page 28.

Military Postal Service Staffing At Gateway City Locations

	Military			
	Officer	Enlisted	Civilian	Total
East coast				
New York, Army/Air Force (note a)	1	10	10	21
New York, Navy/Marine Corps	1	14	0	15
Total	2	24	10	36
West coast				
San Francisco, Army/Air Force	1	2	8	11
Seattle, Army/Air Force (note b)	0	0	2	2
San Francisco, Navy/Marine Corps	2	21	1	24
Seattle, Navy/Marine Corps (note b)	0	3	0	3
Total	3	26	11	40

a/Includes a staff of one enlisted person in Washington, D.C., and Chicago, Ill., and two in Florida.

b/Operated as branch offices under San Francisco.

Many of the operational activities of the military services at the gateway cities duplicate one another and can be managed under a single service manager. We believe a consolidated approach could lead to substantial personnel reductions.

Redundant overseas management and support activities

In overseas areas, military postal organizations vary widely. The Army and Air Force have established postal groups and assigned them responsibilities for handling postal matters within assigned theaters or postal regions. In contrast to this, the Navy and Marine Corps have assigned Postal responsibilities to local base commanders.

These differing organizational structures are redundant and opportunities exist for savings through consolidating these management and support organizations. For example, in South Korea and Germany the Army and Air Force both operate headquarters type postal group support activities. Under the single service management concept, these types of support activities could be consolidated and assigned a mission of assisting local Navy and Marine Corps units.

Traffic management improvements

Within Germany, we found the Army and Air Force were separately transporting mail from the Frankfurt Aerial Mail Terminal to Army/Air Force postal units in or near several locations--Kaiserslautern and Wiesbaden--using the same or similar routes. Similar situations may exist at other locations throughout the world.

Single service management would permit an evaluation of truck transportation schemes and traffic patterns and may produce efficiencies and cost savings through consolidation.

In addition to the above, single service management could encourage the development of uniform postal staffing criteria and the consolidation of military postal training programs.

Service arguments for retaining present organization

Air Force, Marine Corps, and Navy objections to single service management appear to revolve around the suspicion that a single manager from one service would be less responsive to the needs of the other services. These services feel the current decentralized structure is the most responsive to varied service mission requirements and that postal activities must remain under the direct command and control of the department concerned. Furthermore, the Air Force, Navy, and Marine Corps have taken the position that they will not be able to eliminate any headquarters' staffing positions with single service management consolidation. We do not agree with this observation, nor do we believe that a single service manager will be less responsive to the needs of the other services.

The Logistics Management Institute studied the organization and management of the MPS during 1977 and concluded deficiencies in MPS operations could be corrected through revitalization of a Defense Postal Policy Committee under the direction of the Assistant Secretary of Defense, Manpower, Reserve Affairs and Logistics. The Institute recognized that for this direction to be effective, additional resources would have to be made available within the Office of the Secretary of Defense. As a second alternative, it recommended single service management.

We agree that improvements in MPS operations are possible without single service management, but we believe single service management is a better long-range approach to solving management inefficiencies.

Conclusion

Consolidating the decentralized military postal management function into a single management organization should create a unity of mission among MPS activities and should result in improvements to the efficiency and effectiveness of the MPS. We believe further delay by the Secretary of Defense in establishing a single service management agency is unwarranted.

Agency comments

DOD officials in commenting on our draft report concurred in the need for single service management of the MPS and are currently developing a plan for implementation.

An official of the Postal Service said the Postal Service was not in the position to fully judge the desirability of the single manager concept for DOD and was neutral on this subject.

STATUS OF EFFORTS TO UPDATE THE POSTAL AGREEMENT BETWEEN THE POSTAL SERVICE AND DOD

The postal agreement between the Postal Service and DOD was signed on February 2, 1959, at a time when the Postal Service was the U.S. Post Office Department, an agency of the U.S. Government. Under the Postal Reorganization Act of 1970, an independent Postal Service was created which changed the legal status, responsibilities, and to a limited extent, the objectives of the Postal Service. However, the Reorganization Act did not result in any changes to the postal agreement with DOD.

Negotiations for an updated postal agreement recommended by the Subcommittee on Postal Facilities, Mail and Labor Management, House Committee on Post Office and Civil Service, during 1976 were begun in the fall of 1978, with the Department of the Army acting as the executive agent for DOD. Many of the minor issues discussed have already been resolved. During our review, however, we found the attainment of a new agreement was dependent upon the ability of the two agencies to reach agreement on the (1) level of domestic services provided to DOD by the Postal Service, (2) cost sharing and revenue reimbursement between the Postal Service and DOD, (3) responsibility for postal losses, and (4) level of Postal Service sortation of outbound military mail.

Domestic level of services

The Postal Service delivers mail to military barracks and bachelor quarters in bulk form. DOD would like the Postal Service to provide these quarters with locking mailboxes similar to that provided to civilian apartment houses. The Postal Service, however, has taken the position that military barracks and bachelor quarters are similar to civilian dormitories and residence halls, which receive mail in bulk form. Thus, the Postal Service believes that delivery service to military quarters should not exceed the level of service provided to similar groups of civilian residential customers.

At the time of our review, neither side appeared to be compromising on this issue.

Postal Service and MPS cost-sharing and reimbursement issues

The agreement between the Postal Service and DOD requires DOD to furnish facilities and maintenance services and pay for utilities, including telephone service, of civil post offices located on military installations. For overseas military postal facilities, the agreement requires DOD to fund all operating costs including personnel, facilities, maintenance, utilities, and transportation. The Postal Service furnishes supplies and equipment to the MPS without reimbursement. DOD funds transportation costs of all overseas mail movement, including the movement between CONUS gateway cities and overseas, plus pays for the movement of MOM and SAM between CONUS and U.S. territories and Alaska. All revenues earned from the collection of postage and fees are returned to the Postal Service, including that collected for postage on shipments of personal mail transported between overseas installations.

DOD would like to be reimbursed for expenses it incurs in providing facilities in CONUS and to keep the revenue from overseas intratheater mail operations. When we completed our fieldwork, this issue was subject to further negotiation.

Responsibility for postal losses

DOD would like to limit its responsibility for postal losses to those caused by acts of military personnel but not be responsible for losses caused by (1) theft or burglary when reasonable security measures have been taken, (2) fire, or (3) unavoidable accidents, acts of God, combat, or emergency operations. DOD would also like to be the determining official.

The Postal Service believes that DOD should assume total responsibility for losses of postal items in the possession of a military department and that the Postal Service should be the official to determine whether or not relief should be granted using the same criteria in force at civilian post offices for losses of accountable items. This issue was still to be negotiated when we completed our work.

Level of Postal Service sortation of outbound military mail

The Postal Service would like to provide sortation of outbound mail to military unit separations compatible with mechanized distribution and justified by volume. DOD would like the Postal Service to sort to a standard distribution mutually agreed upon on a class-by-class basis. At the time of our review, this issue had not been negotiated. In October 1978 the White House requested a joint Postal Service/DOD task force study on mail sorting functions. When completed, this study should be useful in negotiating this issue. The mail sortation issue has a direct tie-in with our observation on west coast gateway city military mail processing. (See p. 34.)

Conclusion

The Postal Service's and DOD's attempts to renegotiate their 1959 postal agreement have been unsuccessful.

We believe that if negotiations are not completed by December 31, 1979, assistance from the Office of Management and Budget should be sought. Officials of the Office of Management and Budget agreed with our position.

Recommendation

Accordingly, we recommend that the Postmaster General and the Secretary of Defense request the Office of Management and Budget's involvement in negotiations if differences are not resolved by December 31, 1979.

Agency comments

Officials of the Postal Service do not agree with our recommendation to seek the Office of Management and Budget's involvement in the negotiation of the postal agreement with DOD. They believe that with concerted effort a new agreement can be reached. To that end, the Postal Service has restructured internal negotiation efforts along task force lines to bring a coordinated and concentrated attack on the issues.

DOD officials are not certain when a new agreement can be consummated and believe intervention by an independent third party, such as the Postal Rate Commission or the Office of Management and Budget, might help.

POTENTIAL TO IMPROVE GATEWAY CITY MAIL PROCESSING PROCEDURES

During 1976 hearings, the Subcommittee on Postal Facilities, Mail and Labor Management, House Committee on Post Office and Civil Service, recommended that the Seattle Postal Concentration Center be closed due to a lack of mail volume. In February 1978 the Postal Service reported to the Subcommittee on Postal Personnel and Modernization, House Committee on Post Office and Civil Service, that Seattle operations had been reviewed and no conditions were found which warranted closure of the facility. We found conditions today are essentially the same as what the Subcommittee found during 1976 and believe that the Postal Service should seek solutions to increase the efficiency of Seattle operations since its volume of military mail remains low. Recent improvements in the processing of mail destined to Europe and Latin America have reduced mail transit times, improved mail service, and resulted in an overall cost savings to the Government. We believe similar processing changes may have applicability to west coast operations.

East coast multiple gateway city operations are successful

Prior to February 1978, all CONUS origin Army and Air Force mail destined to Europe, the Middle East, and Latin America was channeled through New York City. However, during 1977 the John F. Kennedy International Airport Aerial Mail Facility fell behind in processing military mail causing mail backlogs and delays. The situation grew continuously worse throughout the year and peaked during the Christmas season when the Aerial Mail Facility was inundated with large volumes of military and international mail. Mail test data showed that during the early part of 1977 over 80 percent of all first class mail was received in Europe within 6 days, but that by December of that year the percentage had dropped to less than 70, with about 8 percent taking 10 days or more in transit.

At that time, the Postal Service was sorting military mail by the five digit zip code and was additionally performing a secondary sort to the military unit level. The secondary sortation was partially responsible for the backlog.

To alleviate the immediate mail delay problem, the Postal Service ceased the performance of the secondary sort in New York and began sending mail directly to Europe. This required that the military services perform their own secondary sortation.

As a result of New York's problems, additional gateway cities were opened in Chicago and Washington, D.C., in February 1978 and a Miami gateway was opened later in the year to handle mail destined to Latin America. In conjunction with establishment of these multiple gateways, secondary sortation responsibilities were permanently transferred to overseas DOD activities.

Statistics show mail transit times have improved by up to several days with the above changes. MPS officials in Europe advised us they were able to handle the increased sortation workload without adding any additional personnel and without delaying mail deliveries by more than a few hours. New York Aerial Mail Facility officials informed us 73 positions were displaced at the New York Aerial Mail Facility through elimination of secondary sorts and the creation of multiple gateways.

West coast operations are inefficient and uneconomical

The Seattle Postal Concentration Center is responsible for processing (1) Navy and Marine Corps mail destined to fixed shore base units in Japan, Korea, and Okinawa, (2) Army and Air Force first class mail originating in the northern part of the United States, and (3) most PAL mail. The San Francisco Postal Concentration Center is responsible for processing (1) Navy and Marine Corps mail destined to mobile units in the Pacific and shore-based units in Southeast Asia, (2) Army and Air Force first class mail from the southern part of the United States, and (3) most SAM and MOM. We were advised the Postal Service employs an estimated 30 persons in Seattle and 225 persons in San Francisco to process military mail. During the 1-year period from July 1977 to June 1978, the Seattle gateway only processed about 11 percent of the total volume of Army/Air Force west coast outbound mail, including that destined to Alaska.

Mail type	Army/Air Force mail (pounds dispatched) San Francisco	Seattle	Total	Seattle percentage of total
	- - - - -(000 omitted)- - - -			
First class	1,702	912	2,614	35
Military official	2,873	604	3,477	17
Space available	5,133	a/1,235	6,368	19
Surface	11,953	-	11,953	-
Total	21,661	2,751	24,412	11

a/Includes 267,000 pounds of SAM destined to Alaska.

On the Navy/Marine Corps side, Seattle processed about 41 percent of all west coast outbound mail during the same period, as indicated in the table below.

Mail type	Navy/Marine Corps mail (pounds dispatched) San Francisco	Seattle	Total	Seattle percentage of total
	- - - - -(000 omitted)- - - -			
First class	1,091	371	1,462	25
Military official	1,953	510	2,463	21
Space available	2,853	1,127	3,980	28
Surface	2,711	3,955	6,666	59
Total	8,608	5,963	14,571	41

At the time of our review, Postal Service personnel in both cities were sorting military mail to the unit level. A Postal Service official in Seattle said that Seattle's current volume of mail does not justify unit sortation.

We found the dispatch of mail from two west coast cities benefits eligible overseas mail patrons because it affords additional air routes to the Far East. In addition, a transportation cost savings accrues to DOD from the use of Seattle because transportation rates between Seattle and the Far East are less than from San Francisco.

Conclusion

Mail processing changes made recently for mail destined to Europe and Latin America may have application to Far East destined mail. The major change to be considered is the

transferral of Seattle and San Francisco secondary sortation responsibilities to overseas military units. As a minimum it should be feasible to transfer Seattle sortation responsibilities because volumes from that location appear insufficient to justify Postal Service unit level sortation.

Recommendation

Accordingly, we recommend the Postmaster General in conjunction with the Secretary of Defense determine the feasibility of tranferring west coast unit mail sortation responsibilities to Far East military units.

Agency comments

Officials of the Postal Service and DOD concurred with our recommendation on the need to explore the transfer of the west coast unit sortation functions to Far East military units.

MPS EQUIPMENT SUPPORT CAN BE IMPROVED

The Postal Service is responsible under the 1959 postal agreement for furnishing the MPS with postal equipment and supplies necessary for the handling and dispatching of mail and for postal finance and money order service. The agreement does not set forth any equipment quality standards.

The 1976 hearings before the Subcommittee on Postal Facilities, Mail and Labor Management, House Committee on Post Office and Civil Service, disclosed that the MPS suffered from a lack of equipment or modern equipment and from a lack of proper facilities. The Subcommittee recommended that the Postal Service and DOD form a committee responsible for jointly reviewing the needs of armed forces post offices and jointly recommending improvements, as needed, to raise the equipment standards equal to that of the Postal Service's domestic service.

In February 1978 DOD reported to the Subcommittee on Postal Personnel and Modernization, House Committee on Post Office and Civil Service, that the Postal Service and DOD had identified MPS needs and that the Postal Service had provided additional equipment support to the MPS so that the unsatisfactory conditions of 1976 had been corrected. In spite of these actions, MPS field commanders, especially those in Europe, still consider the age and condition of their postal equipment to be a major problem area.

European equipment problems

European MPS officials advised us that customer service equipment, such as meter machines and scales, are old and often break down or require frequent calibration. In addition, delays of several weeks often occur for equipment replacement when machines are returned to the Postal Service for repair or replacement. Even then, many are either not properly repaired or are damaged in transit. The table below shows average replacement times and the number of machines received in damaged condition by the Air Force in Europe during 1978.

	Number of machines returned	Average replacement time (months)	Number received damaged
Meter machines	35	1.5	12
Scales	26	2.0	23
Canceling machines	16	1.0	7

According to MPS officials, customer service equipment problems could be reduced considerably if items such as meter machines could be repaired overseas rather than having to be returned to CONUS.

In addition to inadequate customer service equipment, we were advised that mail handling equipment has been unsatisfactory. Officials said they have received only a very few pieces of new sorting cases and conveyors and much of this type of equipment is unsalvageable.

Equipment problems result in slower, less efficient service to the customer, and require that MPS staff work longer and harder to accomplish their job. For example, when a postage metering machine breaks down, the postal clerks have to use stamps in its place which takes more time and is likely to result in more errors.

Service procedures for dealing with the Postal Service on equipment matters

The services have differing procedures for dealing with the Postal Service on equipment matters. Army and Navy activities deal directly with the Postal Service while the Air Force obtains its equipment through a Postal Finance and Supply Office at Travis Air Force Base, California. The Postal Finance and Supply Office is staffed by eight persons and has a mission to support all Air Force postal activities in acquiring stamps, money orders, supplies, and equipment.

Although overseas Navy activities deal directly with the Postal Service on most matters, the New York Fleet Post Office recently began acting as an intermediary between overseas Navy units and the Postal Service in establishing a postage meter machine float to replace broken meters. Since this procedure was initiated, the Navy meter machine situation has improved. A similar problem was experienced by Army units in the Far East and was solved by the intervention of the San Francisco Military Mail Terminal which is now used as a west coast intermediary. The Army in Europe is still dealing directly with the Postal Service in New York.

We did not see any evidence that the Air Force, by using the Postal Finance and Supply Office, receives any better equipment or supplies support than Army and Navy MPS activities. The Postal Finance and Supply Office could be eliminated. We offered this same opinion in our March 28, 1975 (B-182343) report.

Conclusion

MPS overseas activities are working with equipment that is old, but adequate. Although improvements have occurred since the 1976 hearings, MPS field commanders still view the state of their equipment as being a major problem. Quality standards have not been developed for MPS equipment.

In attempting to solve equipment problems, the services have each adopted their own approaches to dealing with the Postal Service. We believe the military services should report their equipment needs and problems to the Postal Service through a single service management agency liaison.

In addition, we do not believe the Air Force Postal Finance and Supply Office gives the Air Force any advantage over the other services in management of either postal supplies or equipment. We believe that this stockage point could be eliminated.

Recommendation

We recommend that the Postmaster General and the Secretary of Defense establish quality standards for equipment to be furnished the MPS by the Postal Service and jointly review existing MPS equipment and equipment needs to determine actions necessary to bring MPS equipment up to standard. One action to be explored is repairing customer service equipment overseas rather than returning it to CONUS.

To ensure that MPS equipment needs are met on a continuing basis, we recommend the Secretary of Defense establish (1) a single point of contact within the new single service management agency to act as a liaison with the Postal Service for military service equipment needs (see p. 25) and (2) a system to permit continuous monitorship of MPS equipment and equipment needs.

Agency comments

In commenting on our draft report, Postal Service officials advised us the proposed new postal agreement with the military has been revised to specify only new or serviceable equipment will be issued to the MPS in accordance with mutually determined issuance standards. They also concurred that a single service management agency liaison would alleviate many of the problems now experienced in dealing with the service activities. They also agreed to a joint Postal Service/DOD review of existing MPS equipment and equipment needs.

DOD officials concurred with our recommendations.

MILITARY POSTAL SERVICE PERSONNEL

AND OPERATING COST DATA

FISCAL YEAR 1978

	Number of personnel	Cost of operations: Personnel (note a)	Transportation (note b)	Other (note c)	Total costs
		(000 omitted)			
Army	1,815	$20,446	$35,493	$ 2,942	$ 58,881
Navy	1,447	13,832	27,491	562	41,885
Air Force	1,287	15,701	26,304	10,676	52,681
Marine Corps	375	3,724	(d)	-	3,724
Total	4,924	$53,703	$89,288	$14,180	$157,171

a/Based upon service estimates.

b/Data was supplied by the individual services and is incomplete as local command-sponsored transportation costs were not always identified.

c/Includes training, temporary duty travel, facilities leasing and maintenance costs, and service-procured postal equipment. Costs were supplied by the individual services and are incomplete because some costs were not identified.

d/Included in Navy transportation costs.

MAIL VOLUMES TRANSPORTED FROM FAR EAST LOCATIONS (IN POUNDS) FISCAL YEAR 1978

	First class	MOM	SAM (note a)	Total	Percent
	(000 omitted)				
To CONUS					
Japan (note b)	2,071	850	12,896	15,817	57.3
South Korea	813	268	4,077	5,158	18.7
The Philippines	283	499	3,304	4,086	14.8
Taiwan	59	56	1,738	1,853	6.7
Thailand	21	35	270	326	1.2
Hong Kong	11	34	137	182	.6
Indonesia	4	19	79	102	.4
Australia	8	14	53	75	.3
Total	3,270	1,775	22,554	27,599	100.0
Intertheater/Intratheater					
Japan (note b)	1,015	811	8,279	10,105	57.5
South Korea	31	75	1,276	1,382	7.9
The Philippines	152	230	2,016	2,398	13.6
Taiwan	35	62	2,638	2,735	15.6
Thailand	27	7	143	177	1.0
Hong Kong	49	29	401	479	2.7
Indonesia	3	10	39	52	.3
Australia	3	31	218	252	1.4
Total	1,315	1,255	15,010	17,580	100.0
Total	4,585	3,030	37,564	45,179	

a/Includes over 9.4 million pounds of SAM moved by the Military Airlift Command.

b/Includes Okinawa.

MAIL VOLUMES TRANSPORTED FROM

EUROPEAN LOCATIONS

(IN POUNDS)

FISCAL YEAR 1978

To CONUS (note a)

Origin	First class	MOM	SAM (note b)	Total	Percent
	(000 omitted)				
Frankfurt	4,903	2,598	16,392	23,893	61.3
London	478	786	1,940	3,204	8.2
Brussels	87	46	729	862	2.2
Athens	272	246	616	1,134	2.9
Madrid	711	332	2,397	3,440	8.9
Istanbul	22	80	96	198	.5
Rome	192	48	603	843	2.2
Sigonella	(c)	(c)	428	428	1.1
Holy Loch	155	82	274	511	1.3
Others	496	528	3,417	4,441	11.4
Total	7,316	4,746	26,892	38,954	100.0

a/We did not identify mail volumes from Europe to locations other than CONUS.

b/The volume of SAM moved by the Military Airlift Command was not identified.

c/We did not identify.

COSTS PER POUND OF SAM

FROM SELECTED OVERSEAS LOCATIONS TO CONUS

FISCAL YEAR 1978

	Commercial air to			Military Airlift Command to		Estimated surface to (note a)	
	Seattle	San Francisco	New York	West coast	New York	West coast	New York
Tokyo:							
Yokohama	$0.4280	$0.4598	-	$0.680	$ -	$0.080	$ -
Yokota	-	-	-		-	.084	-
Okinawa	.5137	.5457	-	.798	-	.100	-
Manila	.5935	.6225	-	.923	-	.079	-
Seoul	.4633	.5025	-	.780	-	.083	-
Taipei	.5402	.5751	-	.846	-	.085	-
Frankfurt	-	-	.3195	-	(b)	.084	.084

a/Customers pay a set fee for a container, regardless of the volume or weight of material placed inside. Per pound cost figures we used are based upon container rates from the Far East to CONUS and upon the average weight of mail contained within vans loaded at San Francisco, California, and destined for the Far East.

b/Rates not available.

APPENDIX IV

ESTIMATED SAVINGS AVAILABLE TO DOD THROUGH DIVERSION OF CONUS DESTINED SAM FROM AIRLIFT TO SEALIFT

FISCAL YEAR 1978

Origin	Actual airlift costs (note a)	Estimated surface costs (note b)	Estimated savings
	(000 omitted)		
Far East:			
Japan	$ 6,125	$ 1,003	$ 5,122
South Korea	2,373	338	2,035
The Philippines	2,302	263	2,039
Taiwan	1,099	145	954
Total	11,899	1,749	10,150
Europe:			
Germany	5,237	1,377	3,860
Total	$17,136	$3,126	$14,010

a/Land transport costs not included.

b/Land transport costs included where available.

Note: Costs shown do not compute based on figures in apps. II, III, and IV, because weights and rates between individual city origins and destinations were used.

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