

Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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<http://oversight.house.gov>
March 13, 2015

The Honorable Gene L. Dodaro
Comptroller General
U.S. Government Accountability Office
441 G Street NW
Washington, D.C. 20548

Dear Mr. Dodaro:

In May 2012, the United States Postal Service (USPS) announced the Post Office Structure Plan (Post Plan).¹ The USPS introduced the Post Plan in an effort to right-size its service network by adjusting window service hours for 13,000 low-volume Post Offices and by staffing small offices with part-time and non-career employees.² The Post Plan was projected to generate \$500 million in cost-reduction savings, while preserving access to postal services in rural communities.³

In September 2014, an arbitrator ruled that the USPS must reverse several of the staffing changes imposed by the Post Plan.⁴ The arbitrator's decision deemed that work transferred to non-career employees—Evaluated Postmasters and Postmaster Reliefs—constituted “clerk craft work.”⁵ According to the arbitrator, this violated prior bargaining agreements, aimed at reserving this particular work for career bargaining unit clerks.⁶ The decision required the USPS to remove certain “clerk craft work,” which was assigned to non-career employees under the Post Plan, and to transfer the work to career bargaining unit clerks.⁷

The reconfiguration described by the original Post Plan resulted in much-needed cost savings for the USPS. In 2013, the Postal Service's five-year business plan projected annual savings from the Post Plan would reach \$600 million by 2017.⁸ In its 2014 Annual Report to Congress, the USPS attributed more than \$236 million in annual savings to the Post Plan.⁹

¹ U.S. Postal Serv., Press Release, *New Strategy to Preserve the Nation's Smallest Post Offices: Modifying Retail Window Hours Could Keep Offices Open* (May 9, 2012), available at http://about.usps.com/news/national-releases/2012/pr12_054.htm (last accessed Feb. 10, 2015).

² U.S. Postal Serv., *Five-Year Business Plan* (Apr. 2013), available at <http://about.usps.com/strategic-planning/five-year-business-plan-2012-2017.pdf> (last accessed Feb. 10, 2015) [hereinafter *Five-Year Business Plan*].

³ U.S. Postal Serv., *2012 Annual Report to Cong. & Comprehensive Statement on Postal Operations*, at 7 (2012), available at <http://about.usps.com/publications/annual-report-comprehensive-statement-2012/annual-report-comprehensive-statement-2012.pdf> (last accessed Feb. 10, 2015).

⁴ *U.S. Postal Serv. v. American Postal Workers Union, AFL-CIO*, Case No. Q11C-4Q-C 12243899 (Post Plan) (Sep. 5, 2014) (Goldberg, Arb.), available at http://www.apwu.org/sites/apwu/files/resource-files/POSTPlan_Staffing_090514.pdf (last accessed Feb. 10, 2015) [hereinafter Sep. 5, 2014, Goldberg, Arb.].

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Five-Year Business Plan*, *supra* note 2, at 20.

⁹ U.S. Postal Serv., *2014 Annual Report to Cong.*, at 15 (2014).

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The September 2014 arbitrator's decision requires a significant change in the staffing model of the Post Plan.¹⁰ In light of this change, I request that GAO assess the financial implications of the September 2014 decision and resulting adjustments to the USPS staffing model. In particular, please address the following questions:

1. What effect do the requirements of the September 5, 2014, arbitration decision have on the Post Plan's organizational model and projected cost savings?
2. How do the projected annual cost savings to the USPS as a result of Post Plan implementation prior to the September 5, 2014, arbitration decision compare to the same figures following the implementation of the changes ordered by the September 5, 2014, arbitration decision?

Thank you for your attention to this important matter. Please contact Jeffrey Post or Alexa Armstrong of the Oversight Committee staff at (202) 225-5074 with any questions about this request.

Sincerely,



Jason Chaffetz
Chairman



Mark Meadows
Chairman
Subcommittee on Government
Operations

cc: The Honorable Elijah Cummings, Ranking Minority Member

The Honorable Gerald Connolly, Ranking Minority Member
Subcommittee on Government Operations

¹⁰ See Sep. 5, 2014, Goldberg, Arb., *supra* note 4.