



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

**21st Century Post Office:
Opportunities to Share Excess
Resources**

Management Advisory

February 9, 2012

Report Number DA-MA-12-003



IMPACT ON:

U.S. Postal Service Facility Management, Post Office Operations, Government Services.

WHY THE OIG DID THE AUDIT:

This is part of a series of reports addressing the 21st Century Post Office. Our objective was to assess opportunities for post offices to perform transactions for other government entities.

WHAT THE OIG FOUND:

Post offices nationwide have surplus space, window, and retail workhour capacity to perform additional government transactions. OIG estimates the interior excess space at 24 percent, including 12,356 unmanned or underused windows.

We recognize the Postal Service's need to optimize its network through consolidations and closures. However, with declining federal department budgets, management could use underused Post Office resources to maintain or expand the reach of government departments to citizens. Providing these services could save much needed resources, expand public access to government services, and provide revenue to the Postal Service.

The agencies we researched have initiatives to expand their access to the

public. While there has been emerging national consensus to reduce facility costs government-wide by consolidating and co-locating functions, the Postal Service has not yet expanded its strategic vision to share surplus capacity with other government entities.

WHAT THE OIG RECOMMENDED:

We recommended the vice president, Delivery and Post Office Operations, and the vice president, Channel Access, develop and implement a strategy to share surplus Post Office resources with appropriate federal, state, and municipal government agencies.

WHAT MANAGEMENT SAID:

Management agreed to develop and implement a strategy to share surplus Postal Service resources with appropriate federal agencies. However, they did not agree with part of the recommendation to share resources with state and municipal agencies.

AUDITORS' COMMENTS:

Overall management's comments were responsive to the recommendation, and corrective actions should resolve the issues. It was not our intention to imply that the Postal Service has legal authority to offer government services to state and municipal agencies.

[Link to review the entire report](#)



February 9, 2012

MEMORANDUM FOR: DEAN GRANHOLM
VICE PRESIDENT, DELIVERY AND POST OFFICE
OPERATIONS

KELLY M. SIGMON
VICE PRESIDENT, CHANNEL ACCESS

E-Signed by Michael A. Magalski
VERIFY authenticity with e-Sign
A rectangular box containing a handwritten signature in grey ink and a small yellow question mark icon in the top right corner.

FROM: Michael A. Magalski
Deputy Assistant Inspector General
for Support Operations

SUBJECT: Management Advisory – 21st Century Post Office:
Opportunities to Share Excess Resources
(Report Number DA-MA-12-003)

This report presents the results of our review of the opportunities to share excess Post Office™ resources with other government agencies (Project Number 11YG026DA000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Monique Colter, director, Facilities, Environmental, and Sustainability, or me at 703-248-2100.

Attachments

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Introduction

This report presents the results of our review to determine whether the U. S. Postal Service can perform additional government transactions (Project Number 11YG026DA000). This is part of a series of reports addressing the 21st Century Post Office. The U. S. Postal Service Office of Inspector General (OIG) reviewed excess Post Office resources and likely synergies with other federal, state, and local government entities. We also solicited the opinions of postmasters nationwide to gain insight at the community level. This self-initiated review addresses strategic risk associated with the changing demands for the 21st Century Post Office. See [Appendix B](#) for additional information about this audit.

The Postal Service has experience with intergovernmental collaboration as it shares space in federal buildings and conducts transactions for other federal entities. Increasing this type of relationship could expand citizen access and bring greater efficiencies to the Postal Service and federal, state, and municipal government operations.

Conclusion

The Postal Service would benefit from sharing Post Office resources with other government entities while generating revenue and reducing costs. Excess floor space and potential labor resources could be used to perform transactions with other government agencies, which could expand the reach of government departments to citizens.

Surplus Post Office Resources Exist Nationwide

Post offices nationwide have surplus floor space, retail window, and workhour capacity to perform additional government transactions. As mail volume has dropped 20 percent from its peak in 2006, the floor space needed to provide postal services has also decreased. In a recent audit,¹ we estimated excess facility space at 67 million square feet (SF), or 24 percent of interior space. This excess space includes available retail windows at many post offices across the nation. Our analysis of retail windows indicate that 48,977 of 61,333 of them are staffed by clerks, resulting in 12,356 unmanned or underused windows nationwide. Analysis also shows increasing terminal workhour² availability to perform additional tasks. In fiscal year (FY) 2011, post offices used more than 20 million terminal workhours in excess of those needed for Post Office transactions. We recognize the Postal Service's need to optimize its network through consolidations and closures. However, with declining federal department budgets, management could use these underutilized resources to maintain or expand the reach of government departments to citizens using post offices.

¹ *Nationwide Facility Optimization* (Report Number DA-AR-11-009, dated August 26, 2011).

² The hours that computer terminals are available at retail locations for customer service window and passport transactions.

The Postal Service currently provides a small number of non-postal government services, such as accepting passport applications, offering Selective Service registration forms, and renting excess space to other government agencies. Our review of a limited number of federal, state, and municipal government entities highlights existing electronic government (e-Gov) initiatives and places an emphasis on lowering costs and expanding public access to government services.

Because of the Postal Service's extensive presence in communities throughout the nation, these initiatives could lead to mutually beneficial inter-governmental partnerships between the Postal Service and other government entities. Providing government services in Postal Service locations could save much needed resources, expand public access to government, and provide revenue to the Postal Service.

Declining mail volume combined with increasing alternatives to window transactions has contributed to the surplus capacity that post offices are experiencing. While the Postal Service's *Vision 2013* includes a strategy to leverage strengths by building on the reach and capability of the network, it does not expand its vision to take advantage of surplus Post Office capacities to perform additional governmental services.

Postmasters nationwide support capitalizing on surplus resources. In an OIG survey of 90 postmasters, 74 (82 percent) believe the public would be willing to turn to the Postal Service to transact other government business. This support bolsters the likelihood that management in the field and management stakeholders would more broadly support expanding its current non-postal service transactions as a means of using surplus resources. See [Appendix B](#) for more detailed audit information.

Recommendation

To take advantage of surplus Post Office resources, we recommend the vice president, Delivery and Post Office Operations and the vice president, Channel Access:

1. Develop and implement a strategy to share surplus Post Office resources with appropriate federal, state, and municipal government agencies.

Management's Comments

Postal Service management agreed with our recommendation to develop and implement a strategy to share surplus Postal Service resources with appropriate federal agencies. However, management did not agree with part of the recommendation to share Postal Service resources with state and municipal agencies. Specifically, management disagreed with the implied finding that the Postal Service has legal authority to offer government services to state and municipal agencies. Pending legislation in the Senate, S .1789, would provide this authority that the Postal Service supports.

Management did not agree that the amount of vacant space in Postal Service facilities is 67 million SF or 24 percent of interior space. Specifically, they disagreed with the excess space calculation from a prior OIG report³ and that this space is readily suited to accommodate self-service government services kiosks.

Finally, management disagreed that 20 million excess terminal workhours identified in the report could be used to provide or assist government services. The Postal Service contends that excess terminal workhours did not measure the availability of labor resources but rather the amount of time that terminals are not in use. Also, they contend that the metric for measuring labor hours is Window Service, Labor Distribution Code (LDC) 45 for employees doing clerk/window functions.

The Postal Service asserts that it is already offering services in retail locations to other federal agencies to facilitate their e-Gov initiatives. Additionally, the Postal Service will develop and implement a strategy for providing services to state and municipal agencies once it has the statutory authority. See [Appendix D](#) for management comments in their entirety.

According to subsequent correspondence regarding a target implementation date from management, the Postal Service will continue to offer services in retail locations to other federal agencies through FY 2012.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendation, and corrective actions should resolve the issues identified in the report.

Management disagreed with the part of our recommendation to share Postal Service resources with state and municipal agencies. Consequently, we propose that the Postal Service wait until Congress passes legislation, which would provide this authority, before taking any actions concerning non-federal agencies. It was not our intention to imply that the Postal Service has legal authority to offer government services to state and municipal agencies.

Management also disagreed with the excess space calculation from a prior OIG report and questioned whether this space was readily suited to accommodate self-service government services kiosks. According to the prior report, we did not determine whether the excess space identified was usable, in part because Postal Service systems do not identify usable areas. Postal Service realty management policies and systems should be updated to define usable areas. Therefore, we relied on private industry standards in defining usable space as within the interior walls. Of the excess space identified, there is potential usable space that is accessible to the public. According to commercial realty standards,⁴ usable areas are generally measured from inside the permanent walls to the middle of partitions and our calculations reflect these standards.

³ *Nationwide Facility Optimization* (Report Number DA-AR-11-009, dated August 26, 2011).

⁴ *Building Owners and Management Association Standards*, www.boma.org.

Finally, Postal Service management disagreed with the number of excess terminal hours used in the report and contended that excess terminal hours did not measure the availability of labor resources, but rather the amount of time that terminals are not in use. They also contended that the metric for measuring labor hours is LDC 45 for employees doing clerk/window functions.

To support the number of excess terminal hours used in the report, we used the Postal Service's Retail Data Mart report titled, *Window Operations Survey (WOS) - Earned Actual/Staffing*. The Postal Service asserts excess terminal hours do not measure the availability of labor resources but rather the amount of time a terminal is not in use. Research revealed that excess terminal hours are defined as the difference between earned resources and actual resources, exclusively at the retail counter.

We opted to use terminal hours over LDC 45 hours, because LDC 45 hours only include clerks that work the window at larger sized facilities. Postmasters and LDC 47⁵ clerks work the retail window, but their hours are not accounted for in LDC 45. Postmasters at level 18 and below offices (which is 79 percent of all postmasters) are required to perform craft work. Additionally clerks at smaller offices do not use LDC 45, their hours go into LDC 47. We decided to use excess terminal hours in lieu of using strictly LDC 45 hours to better reflect the excess resources associated with all employee types who work the retail window. Excess terminal hours indicate potential labor resources available to perform additional government transactions.

The OIG considers this recommendation significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. This recommendation should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Monique Colter, director, Facilities, Environmental, and Sustainability, or me at 703-248-2100.

⁵ LDC 47 – All non-supervisory hours used in customer service activities.

Appendix A: Additional Information

Background

Collaborating With Other Government Agencies

Congress has long viewed the Postal Service as the federal government agency that the public sees most frequently, and it has supported cooperation between the Postal Service and other government entities. Accordingly, the Postal Service cooperates with some federal agencies by providing facilities and non-postal services if it reduces overall costs to the government and there is no interference with postal operations. For example, the Postal Service currently has interagency agreements to provide non-postal government services, such as accepting passport applications, offering Selective Service registration forms, and renting excess space to other government agencies.⁶ In addition, the Postal Service also has experience in colocating functions with other government entities. Specifically, the Mansfield, OH, federal building hosts a Post Office and U.S. Social Security Administration (SSA), Internal Revenue Service (IRS), and U.S. Department of Labor offices.

e-Government

The e-Gov Act of 2002⁷ promotes e-Gov services and processes by establishing a broad framework of measures that require using Internet-based information technology to enhance citizens' access to government information and services, among other purposes. e-Gov provides the Postal Service with an opportunity to use its existing broadband reach to host Internet technologies, such as kiosks or window access terminals.

Civilian Property Realignment Act (CPRA)

CPRA is a proposed bill⁸ to reduce the operating and maintenance costs of federal civilian real properties through the disposal of unneeded properties and realignment of other real properties by consolidating, colocating, and reconfiguring space; and through the realization of other operational efficiencies. A Board⁹ will recommend co-locations, and any co-locations involving Postal Service property will include a minimum 5-year lease.

⁶ The Postal Service is lessor to the U.S. General Services Administration (GSA) on 105 leases as of September 2011.

⁷ Public Law 107-347.

⁸ H.R. 1734.

⁹ The CPRA establishes a Board as an independent entity of the federal government. The Board shall identify opportunities for the federal government to significantly reduce its inventory of federal civilian real property and opportunities for federal civilian property to colocate into Postal Service property, as applicable.

Objective, Scope, and Methodology

Our objective was to assess opportunities for post offices to perform transactions for other government entities. To answer our objective, we researched:

- The existence and availability of Post Office resources, specifically, excess floor space, retail windows, and excess terminal workhours.
- Federal, state, and local government entities that could provide mutually beneficial synergy and services that the Postal Service's customer base is most likely to need.

In addition, at the 2011 Annual Conference of the National League of Postmasters, we surveyed postmasters representing every region of the country to gain insight on the viability of prospective partnerships at the community level. Ninety of the postmasters attending responded to our survey.

We conducted this review from April 2011 through January 2012 in accordance with the Council of the Inspectors General on Integrity and Efficiency, *Quality Standards for Inspection and Evaluation*. We discussed our observations and conclusions with management on November 21 and 29, 2011, and included their comments where appropriate. We did not assess the reliability of Postal Service system data used.

Prior Audit Coverage

We did not identify any prior work that directly relates to the review's objectives.

Appendix B: Detailed Information

Surplus Post Office Resources Exist Nationwide

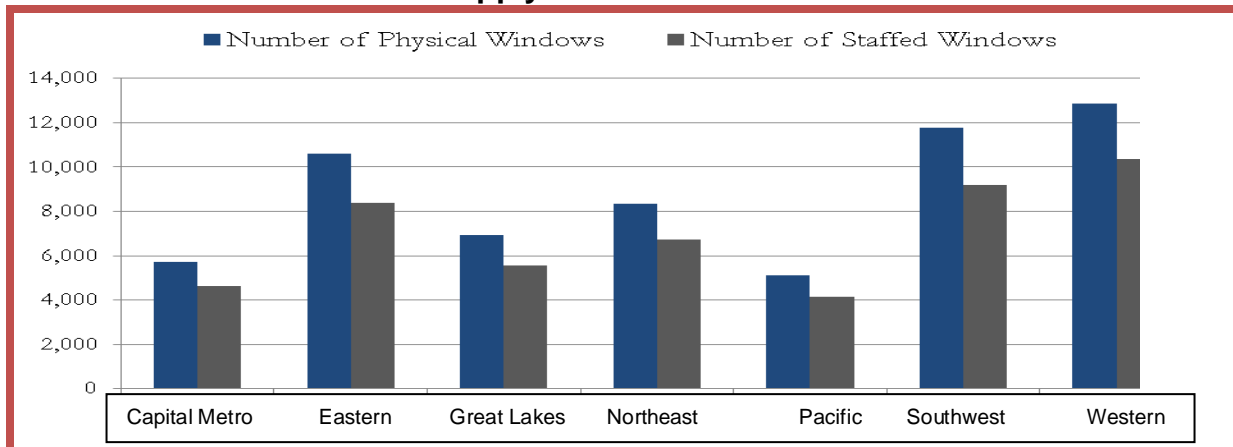
Floor Space

As mail volume has dropped 20 percent from its peak in 2006, the space needed to provide postal services has also decreased. In August 2011, we reported that excess facility space was about 67 million SF, or 24 percent of interior space. This estimate includes excess space at post offices and stations that are conducive to kiosk placement. In addition, secure space is available to satisfy additional floor space requirements. The GSA leases more than 9,000 properties for federal agencies at an annual cost of about \$5 billion. In numerous facility optimization area office audits,¹⁰ we reported that post offices are near many of these properties. Sharing Post Office space with federal entities has the potential to lower overall federal lease costs.

Retail Windows

We also analyzed retail operations to assess the diminishing demand at the retail window. We compared the number of physical windows to the number of windows needed to conduct window transactions¹¹ at post offices. Our analysis shows the Postal Service can readily provide transactional space to other government entities. Nationally, the Postal Service has 61,333 retail windows; however, only 48,977 of these were staffed by window clerks. The remaining 12,356 retail windows are either unmanned or underused. Chart 1 depicts the supply vs. demand of retail window stations by Postal Service area offices as of July 2011.

Chart 1: Area Office Supply vs. Demand of Retail Window Stations

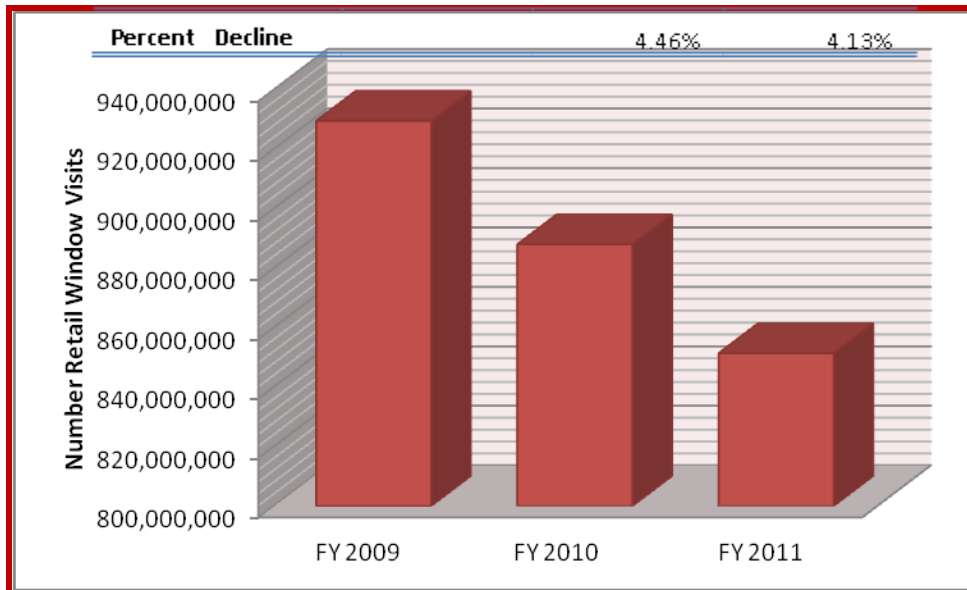


¹⁰ *Facility Optimization: Pacific Area Districts* (Report Number DA-AR-11-006, dated May 13, 2011); *Facility Optimization: Former Southeast Area Districts* (Report Number DA-AR-11-007, dated May 13, 2011); *Facility Optimization: Great Lakes Area* (Report Number DA-AR-11-005, dated April 22, 2011); *Facility Optimization: Southwest Area* (Report Number DA-AR-11-003, dated March 1, 2011); *Facility Optimization: Capital Metro Area* (Report Number DA-AR-11-004, dated February 25, 2011); *Facility Optimization: Eastern Area* (Report Number DA-AR-11-002, dated February 11, 2011); and *Facility Optimization: Western Area* (Report Number DA-AR-11-001, dated February 7, 2011).

¹¹ Earned retail windows are based on the number of transactions conducted at each facility.

To further evaluate demand at retail windows, we looked at the decrease in retail visits since FY 2009. As depicted in Chart 2, the Postal Service has experienced more than a 4-percent decline in window visits each year since FY 2009.

Chart 2: Retail Window Visits FYs 2009 - 2011



The declining trend for Post Office transactions means that additional physical windows would potentially increase over time.

Terminal Workhours

We further analyzed terminal workhours to assess the availability of resources to conduct or witness other government transactions. In FY 2011, according to the WOS *Earned/Actual Staffing Report*, post offices used more than 20 million terminal workhours in excess of the hours needed to complete transactions.¹² Excess hours have increased since FY 2009, indicating the Postal Service has an oversupply of terminal workhours it could use to conduct other government transactions.

Table 1: Excess Terminal Workhours FYs 2009 - 2011¹³

FY	Actual Terminal Workhours	Earned Terminal Workhours	Excess Terminal Workhours
2009	52,000,247	46,580,214	5,420,033
2010	58,116,182	43,906,885	14,209,297
2011	60,045,817	40,004,943	20,040,874

While the opportunity for using terminal hours exists, Postal Service employees would need training before they could provide certain services. For example, Postal Service

¹² Post offices earn terminal workhours hours based on the standard time for transactions that occur at the retail window.

¹³ Source: Retail Data Mart, WOS, *Earned Actual Staffing Report*.

employees currently receive online training for conducting passport services. Employees could use this training for other services as well, minimizing training expenses.

The Postal Service Could Service Government Entities

Our review included five federal, two state, and two municipal government agencies. We selected the following agencies for review to assess potential synergies for mutually beneficial partnerships.

Table 2: Government Agencies Reviewed

Federal Agencies	
SSA	IRS
U.S. Department of Veterans Affairs (VA)	U.S. Small Business Administration (SBA)
Federal Emergency Management Agency (FEMA)	
State and District Agencies	
Maryland Motor Vehicle Administration (MVA)	District of Columbia Department of Motor Vehicles (DMV)
Local Agencies	
Fairfax Water Authority	City of Baltimore Bureau of Revenue Collections

Each of the agencies selected offers services the Post Office could deliver through either a kiosk or a computer terminal since:

- The five federal agencies all have ongoing e-Gov initiatives.
- The two state/district agencies offer services through kiosks or computer terminals in their branch offices.
- The two local agencies offer online bill payment options.

See [Appendix C](#) for specific details on each governmental entity studied.

Postmasters Support Marketing Surplus Post Office Resources

Survey Results

Postmasters have firsthand knowledge of the demographic and social aspects of their communities. We surveyed 90 postmasters nationwide to obtain their feedback on the feasibility of offering non-postal government services in their respective communities. They also provided specific feedback on which services their communities need most.

Of the 90 postmasters completing surveys, 87 (97 percent) were willing to be trained to offer additional governmental services, and 74 of the 90 (82 percent) believed customers would be willing to use a kiosk to access other government services in Post Office lobbies.

Only eight participants did not believe their customers would be willing to use kiosks. Their reasons fell into two categories:¹⁴

- The education level in the communities make it unlikely that customers would be willing to use the technology. One participant estimated that only 25 percent of people in the community had access to a computer, or Internet service at home.
- The post offices were located in rural areas that would need satellite Internet service to connect the kiosk.

More than 50 percent of survey participants expressed community interest in the services the government agencies listed in Table 3 provide.

Table 3: Government Entities Cited

Government Entity	Number of Respondents	Percentage
SSA	75	83%
State government services	59	66%
VA	56	62%
IRS	50	56%
Local government services	49	54%

Thus, our survey shows that postmasters nationwide agree it is operationally feasible for post offices to offer non-postal government services in their respective communities to expand public access.

Financing Options

Except as provided by law, it is Postal Service policy to charge compensatory fees for services performed on behalf of other agencies when these services involve significant ongoing costs to the Postal Service.¹⁵ For example, through its interagency agreement with the U.S. Department of State, the Postal Service collects an acceptance fee for each passport application it processes in a Post Office. While the Department of State sets the passport application fee,¹⁶ mutual agreement between the Postal Service and the Department of State determines the acceptance fee. For FYs 2009 through 2011, the Postal Service received an average in excess of \$210 million in revenue for rendering passport services. There were 7.3 million and 6.8 million passport applications submitted in post offices in FYs 2009 and 2010, respectively. Customers were generally charged \$25 for processing passport applications; however, additional fees were charged for passport photos and expedited applications. The Postal Service could potentially gain greater revenue than realized by processing passport applications if it negotiated similar arrangements with state MVAs, which charge application and renewal fees for driver's licenses and vehicle registrations.

¹⁴ Eight postmasters do not believe customers would use kiosks, and another eight did not respond to the question.

¹⁵ *Administrative Support Manual* Issue 13, Section 421.12, Fees, published July 1999, updated through January 2011.

¹⁶ The fee is set with legislative approval.

The cost of placing a kiosk or computer access terminal in a Post Office lobby will consist of the cost of the hardware, the cost of maintaining and servicing the hardware, and the value of the space needed for placement. The Postal Service could cover these costs by (1) leasing the needed square footage to a participating partner; or (2) collecting revenue on a consignment basis, where it collects either a convenience fee or a transaction fee. If Postal Service employees provide additional services related to online access transactions, management should also consider the costs for labor, marketing, and training.

Office visits and the expected kiosk or computer terminal usage will vary significantly, depending on the size of the community served by the Post Office and the distance between the postal facility and the nearest partner entity. These factors will be important when negotiating a compensation arrangement with the partner government entity. In smaller post offices, with low expected traffic, a space lease arrangement might be more prudent. Post offices in high-traffic or urban areas might be more suited to the convenience fee model.

21st Century Post Office Scenarios

The following example presents a contrasting view of a 21st Century Post Office through the eyes of a customer. In both scenarios, a disabled veteran, just home from Afghanistan, lost his wallet and needs to secure a new driver's license and Social Security card to apply for veterans benefits. Additionally, he is unemployed and has a good idea for starting a small business. He resides in southeast Washington, DC.

Scenario 1 - The Status Quo

In Scenario 1, this veteran has to walk and make multiple transfers on public transportation to his local Social Security Office, traveling about 1 hour. He completes an application for a Social Security Card (Form SS-5), presents his military identification card, which is an acceptable form of proof for both citizenship and identity, and then the clerk verifies the identifying documents. The clerk processes the application and tells the veteran that a replacement card will be mailed to his address within the standard 10 business days. He then returns home and awaits the arrival of his Social Security card. The entire trip to and from the social security office and the time spent processing his application takes about 3 hours, and he spent about \$6.20 in traveling expenses.

Upon receipt of his Social Security card, the veteran goes to the DMV to obtain a duplicate driver's license. Again, the veteran has to walk and make multiple transfers on public transportation to get to his local DMV service location, traveling about 1 hour. This location is very crowded with a line of people outside, so he waits about 35 minutes to get inside. Once inside, he waits in another line to get a customer assistance number and fills out the required form. A clerk verifies his identity, and then he pays the fee with his credit/debit card. When the clerk calls the veteran's customer assistance number, the veteran proceeds to the next available window and receives a duplicate driver's license immediately.

Next, he goes to the VA to obtain his current health and benefits information. Again, the veteran has to walk and make multiple transfers on public transportation to his local Vet Center, traveling about 1 hour. While there, he is able to access and update his current health and benefits information, taking about 45 minutes. Now, he needs to go to his local SBA district office to get information. He walks and takes public transportation to the SBA district office, traveling another 15 minutes. He speaks with a clerk who recommends a couple of programs for which he might be eligible, taking about 45 minutes. Finally, his trip home takes another 30 minutes. The entire trip to and from the DMV, Vet Center, and SBA district office and the time spent waiting in lines and conducting business has taken about 7 hours. The cost is about \$8.20 in travel expenses.

Scenario 2 - Government Service Center

In Scenario 2, the same veteran returns home and is lucky enough to live in a community where his local Post Office has a government service center that offers many government services via a computer terminal/kiosk that is linked to the SSA, DMV, VA, and the SBA.

He walks and catches one bus to the Post Office, traveling about 20 minutes to get there. He sits at the computer terminal, logs onto the SSA's website, and completes an application for a Social Security Card (Form SS-5). He then has a Postal Service clerk verify his identity. The clerk inputs a code letting SSA know that she is authorized to verify the identifying documents. Next, the clerk prints and mails the application to the closest SSA office, and a replacement card is mailed to the veteran within the standard 10 business days.

Because the terminal is also linked to the SBA, the veteran navigates to the SBA's website and searches for financing options for the small business he wants to start. He identifies the criteria that applies and searches business loans, grants, and alternative financing options. The search returns 16 loan programs, three seed and venture capital options, and seven grants. He prints the information to review at his leisure.

Upon receipt of his Social Security card, the veteran returns to the Post Office and logs onto the computer terminal to obtain a duplicate driver's license from the DMV's website. He fills out all the required fields. The clerk verifies his identity because the veteran does not know his previous driver's license number. The veteran pays the fee with his credit/debit card and reviews the information for accuracy, and then prints the confirmation page. He will receive his driver's license in the mail within 10 days. Next, he logs onto the VA's MyHealthVet portal, so he can access his current health and benefits information. He was able to handle all of his business within 1 hour instead of 1 to 2 days, which included taking public transportation to and from several different agencies. His transportation costs have been minimized as well.

Appendix C: Governmental Opportunities Studied

Social Security Administration

The SSA is facing a tremendous workload as it begins to deal with the 80 million baby boomers expected to retire over the next 20 years. Notably, the Government Accountability Office has issued several reports emphasizing the need for the SSA to undertake plans to improve its delivery of services to the public.

SSA has only 1,300 field offices to service the entire nation. In anticipation of the expected increased workload, the SSA began several e-Gov initiatives. Some of these initiatives are compatible with the public service functions of the Postal Service and could be administered at Postal Service facilities. For example, SSA's Capital Asset Plan and Business Case Summaries¹⁷ detail the following plans:

Citizen Access Routing Enterprise (CARE through 2020)

CARE through 2020 is a services contract that provides a call center network solution and a national 800 number network. It will provide interactive voice response automation and call center agent services via SSA's national toll-free number. CARE through 2020 is an Internet protocol-based network designed for future initiatives such as Web Callback, "Click to Talk,"¹⁸ Web collaboration, and Web Chat, providing the public with additional methods for communicating with SSA.

Ready Retirement

Ready Retirement is a multifaceted online system for retirement related information and services. This program uses public education, simplified enrollment, and streamlined adjudication to make the retirement application process more efficient. The public education aspect offers new tools that encourage the public to consider their savings, other income, life expectancy, and health insurance needs when deciding when to take benefits. Simplified enrollment involves simplifying the retirement claims process and streamlining the adjudication process, which improves efficiency by introducing additional online services that require less human intervention.

By providing access to these systems in post offices throughout the country, the SSA could greatly expand its public access. The Postal Service could also increase traffic to host locations and, in turn, increase the number of potential customers for some of its services.

¹⁷ Capital Asset Plan and Business Case Summaries are documents that establish policy for planning, budgeting, acquisition, and management of federal capital assets.

¹⁸ SSA is piloting a video service delivery project in its field offices that will enable staff to interview customers in remote locations via video equipment.

Internal Revenue Service

The IRS provides taxpayers the option of obtaining personal, face-to-face tax assistance at 401 taxpayer assistance centers (TACs) nationwide. The IRS acknowledges that the locations of most TACs have not changed significantly since FY 2000 and that it has not kept pace with shifts in population and demographics. Currently, 35 percent of the U.S. population does not live within 30 minutes of a TAC. This represents more than 100 million taxpayers who do not have convenient access to a TAC.

In a recent audit, the U.S. Department of Treasury Inspector General for Tax Administration recommended that the IRS identify opportunities to better align the TACs with taxpayer needs and complete the evaluative process in the Geographic Footprint Initiative.¹⁹ This would include a cost-benefit analysis, return-on-investment analysis, taxpayer impact assessment, stakeholder input, and communication plan. The IRS responded that it plans to work to identify opportunities to better align the TACs with taxpayer needs on a case-by-case basis, as leases expire and or events occur that require unplanned relocations.

The IRS also stated that partnering with the Postal Service is an option worth exploring. The IRS noted that the advantages of partnering with the Postal Service included sharing space at locations well known to the majority of local populations plus having a relatively secure building space. With the availability of wireless laptops now used by TAC assistors in volunteer program sites, this option is more feasible than it was before the existence of this technology.

Partnering with the Postal Service presents an opportunity for the IRS to establish a presence in underserved communities throughout the nation. Subleasing underused windows at post offices or training window clerks to provide certain types of assistance could be a mutually beneficial opportunity.

U.S. Department of Veterans Affairs

The VA provides a wide range of benefits including, disability, education and training, vocational rehabilitation and employment, home loan guaranty, dependant and survivor benefits, medical treatment, life insurance and burial benefits. The VA began several e-Gov initiatives, some of which are compatible with the public service functions of the Postal Service and could be implemented at Postal Service facilities.

¹⁹ The IRS developed the Geographic Footprint Initiatives to identify opportunities to better align taxpayer needs with resource allocations using demographic variables to determine the optimal placement of the TACs.

For example, the VA has implemented the following initiatives:

eBenefits

The President's Commission on Care for America's Returning Wounded Warriors was established by Executive Order 13426 in March 2007. The Executive Order recommended the creation of a My eBenefits (also known as eBenefits) web portal. The portal serves wounded, injured, and ill service members, veterans, their families, and their caregivers. It provides a single sign-on, central access point to online benefits and related services. True to its mission, the eBenefits portal is a one-stop shop for benefits-related online tools and information.

My HealthVet

My HealtheVet is the VA's next-generation health information system, designed to support more personalized care for veterans, more sophisticated clinical tools for doctors and nurses, and more advanced communication with health care partners. My HealtheVet builds on decades of VA expertise in health care information technology to support the strategic goals of the department, meet interagency obligations, take advantage of new developments in technology to address weaknesses in the current system, and, most importantly, improve the safety and quality of health care for veterans. My HealtheVet is the VA's award-winning e-health website, offering veterans, active duty soldiers, and their dependents and caregivers 'anywhere, anytime' Internet access to VA health care information and services. Launched nationwide in 2003, My HealtheVet is a free, online personal health record that empowers veterans to become informed partners in their health care. With My HealtheVet, America's veterans can access trusted, secure, and current health and benefits information and record and store important health and military history information at their convenience.

These examples present the Postal Service with additional opportunities to increase traffic and to partner with the VA to establish a presence in underserved communities throughout the nation. Subleasing underused windows or other space at post offices for online access or training window clerks to provide certain types of assistance could be a mutually beneficial opportunity.

Federal Emergency Management Agency

FEMA has 7,474²⁰ employees across the country helping citizens and first responders to ensure that the nation works together to build, sustain, and improve the capability to prepare for, protect against, respond to, recover from, and mitigate all hazards. Employees work at FEMA Headquarters, the 10 regional offices, the National Emergency Training Center, the Center for Domestic Preparedness/Noble Training Center, and other locations to support the larger emergency management team. FEMA teams with federal partners; state, tribal and local officials; the private sector; non-profits and faith-based groups; and the general public.

²⁰ As of October 8, 2011.

FEMA also began several e-Gov initiatives. Some of these initiatives are compatible with the public service functions of the Postal Service and could be implemented at Postal Service facilities. For example, FEMA has implemented the following:

[Achieving Data Interoperability with Emergency Data eXchange Language \(EDXL\)](#)

EDXL is a set of technical rules governing how incident related information should be packaged for exchange. The development and adoption of EDXL messaging standards will allow people to seamlessly share and use information about incidents. A call center, or kiosk located in a Post Office could connect customers to this messaging system.

[Mitigation eGrants System](#)

FEMA developed the Mitigation eGrants system to meet the intent of the e-Gov initiative.²¹ FEMA's Mitigation eGrants system reduces the time and paperwork involved in the application process and, at full development, will manage the grant process through the entire grant lifecycle, from submission of an application to grant closeout.

This presents the Postal Service with another opportunity to increase traffic and to partner with FEMA to establish a presence in underserved communities throughout the nation. Subleasing underused windows at post offices or training window clerks to provide certain types of assistance could be a mutually beneficial opportunity.

[U.S. Small Business Administration](#)

Since its founding on July 30, 1953, the SBA has delivered millions of loans, loan guarantees, contracts, counseling sessions, and other forms of assistance to small businesses. SBA also has several e-Gov initiatives. Our review shows that some of these initiatives are compatible with the public service functions of post offices and could be implemented at Postal Service facilities. For example, the SBA has implemented the following:

[E-Tran](#)

E-Tran is an SBA loan guaranty origination/servicing solution that leverages Internet technology to reduce the turnaround time on loan guaranty requests. *E-Tran* is integrated into SBA software products and enables customers to submit electronically and provides increased efficiency for loan guaranty origination and servicing processes.

[Historically Underutilized Business Zones \(HUBZone\)](#)

HUBZone was enacted into law as part of the Small Business Reauthorization Act of 1997. The program encourages economic development in HUBZones through the

²¹ Authorized by Public Law 106-107, the Federal Financial Assistance Management Improvement Act, passed on November 20, 1999.

establishment of preferences. The HUBZone program promotes economic development and employment growth in distressed areas by providing access, including electronic access, to more federal contracting opportunities.

Subleasing space for self-service kiosks, underused windows at post offices for customer outreach, or training window clerks to provide certain types of assistance could be mutually beneficial to the SBA and post offices.

[District of Columbia DMV](#)

The DMV develops, administers, and enforces the vehicular laws of the district with an emphasis on driver education and driver safety. Other district agencies work with the DMV to make the city a clean, safe, and efficient area for transportation. The mission of the DMV is to provide excellent customer service and to promote public safety by ensuring the safe operation of motor vehicles. Our review shows that post offices can host some e-Gov initiatives. For example:

[DMVs Website](#)

The DMV's website is part of the district's e-Gov initiative putting government documents and services online, thereby making them more accessible and convenient. The DMV's goal is to design a service delivery system that recognizes the value of the customer's time. The DMV recommend that customers should check the DMV's website for forms and documents before visiting a service location. In some cases, the website allows customers to 'skip the trip' to the service locations by completing some transactions online.

[Registration Renewals](#)

The DMV currently processes approximately 150,000 vehicle registrations annually, with 60 percent of those conducted in person. However, with the availability of online and mail services, it is not necessary for customers to register their vehicle in person.

Post Offices have the space and window resources available that could host either a kiosk or a computer to allow customers access to these online DMV services.

[Maryland MVA](#)

The Maryland MVA provides driver and vehicle services that promote Maryland's mobility and safety. To reduce congestion at all branch offices, the MVA offers alternative access to driver and vehicle services through self-service kiosks and the Internet. The MVA's newest generation of self-service kiosks are convenient, accept cash or credit payments, and are able to transact and print renewal stickers. If these kiosks are colocated in post offices, customers can conveniently complete MVA transactions and mail any required documentation in one spot.

[Fairfax Water Authority](#)

The Fairfax Water Authority is the largest drinking water utility in Virginia, serving more than 1.5 million customers and calculates both water and sewer charges on a quarterly basis. Post offices could provide access to the utility's online bill payment system and payment services.

[City of Baltimore Bureau of Revenue Collections](#)

The City of Baltimore Bureau of Revenue Collections allows customers to pay for many services online using either a credit card or a checking account. Services include alarm and property registration, metered water, and traffic citations. Customers can make online payments 24 hours a day, 7 days a week via credit card with a convenience fee. Customers without online access at home could use digital resources at post offices at minimal cost.

Appendix D: Management's Comments

KELLY M. SIGMON
VICE PRESIDENT, CHANNEL ACCESS



January 12, 2012

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SUBJECT: 21st Century Post Office: Opportunities to Share Excess Resources
Draft Management Advisory - Report Number DA-MA-12-DRAFT

The Postal Service disagrees with a number of findings. First, it disagrees that the amount of vacant space is 67 million SF or 24 percent of interior space. The finding is based on an incorrect calculation.¹ Moreover, the Postal Service disagrees that this space is readily suited to accommodate self-service government services kiosks. The decline in First-Class Mail volume has resulted in a substantial amount of vacant space. However, the vacant space is in the workroom and support areas and not accessible to the public. To convert the space into public space would incur sizable facilities costs. Any costs associated with this remodeling would need to be part of the reimbursement for Postal Services' expenses.

The Postal Service disagrees with the finding that the excess terminal workhours metric indicates that there were labor resources that are available "to conduct or witness other government transactions."² In discussions with the Office of Inspector General in preparation for this report, the Postal Service made clear that the data regarding excess terminal workhours did not measure the availability of labor sources but rather the amount of time that terminals are not in use. Clerks perform a wide range of functions that do not involve transactions at the terminals. The metric that measures labor hours is LDC 45 for employees doing clerk/window functions. There is no data that supports the finding that there are 20 million excess workhours that could be used to provide or assist government services. Also, it is worth noting that the Postal Service is continuously reducing staffed workhours at post offices to align with earned work hours. In FY2009 to FY2011, the Postal Service reduced LDC 45 workhours by 12,029,790. The Postal Service can still provide government services as long as it is adequately compensated for its labor costs.

¹ Please see Management Response to *Nationwide Facility Optimization* (Report Number DA-AR-11-2009, dated August 26, 2011) and the referenced responses therein.

² See report page 6.

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Finally, the Postal Service disagrees with the implied finding that the Postal Service has the legal authority to offer government services to state and municipal agencies. Pursuant to 39 U.S.C. §411, the Postal Service has the authority to provide services to federal agencies. It lacks statutory authority to provide services to state and local governments. Pending legislation in the Senate, S. 1789, would provide this authority. The Postal Service supports this provision.

Recommendation

To take advantage of surplus Post Office resources, we recommend the vice president, Delivery and Post Office Operations and the vice president, Channel Access:

1. Develop and implement a strategy to share surplus Post Office resources with appropriate federal, state, and municipal government agencies.

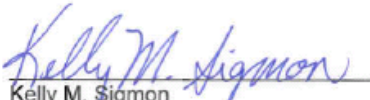
Management Response

We agree with the recommendation to work with other federal agencies in order to provide government services to federal agencies. As stated above, we disagree with the findings that there is readily useable excess space and excess labor that could be shared with the federal agencies. We further disagree with the recommendation to develop and implement a strategy to work with state and municipal government agencies until the Postal Service is granted the legal authority to do so.

Over the last several years, a number of federal agencies approached the Postal service about providing some variation of enrollment and/or proofing services. In 2011, the Postal Service actively pursued an opportunity to pilot a self-service kiosk with Department of State. The Postal Service was also approached by the Internal Revenue Service to assist in qualifying individuals and reducing fraud in the payment of the earned income tax credit. Both agencies appreciated the benefits the Postal Service could offer, but neither was ready to move forward with the implementations. The Postal Service has also discussed the enrollment and/or proofing service with the Social Security Administration, Department of Agriculture, Department of Homeland Security as well as others. The Postal Service is willing to provide government services but realizes that other agencies need to progress further in developing their eGovernment strategies before it can assist in their efforts to enhance citizen's access to government information and services.

Target Implementation Date

The Postal Service is already pursuing the offering of services in its retail locations to other federal agencies to facilitate their eGovernment initiatives. It will develop and implement a strategy for providing services to state and municipal agencies once it has the statutory authority to do so.


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