

# GAO Highlights

Highlights of [GAO-25-107630](#), a report to congressional requesters

## Why GAO Did This Study

USPS plays a critical role in the nation's communications and commerce. In fiscal year 2024, USPS delivered 112 billion pieces of mail and packages. However, for years USPS has struggled financially. As part of its 10-year strategic plan, USPS is redesigning its mail processing and delivery network to improve its service performance and financial viability. MPFRs are a key element of this effort, as they allow USPS to evaluate whether potential consolidations of mail processing facilities will result in cost savings and operational improvements.

GAO was asked to review the MPFR process. This report addresses (1) USPS's process for reviewing proposed consolidations to mail processing facilities, and the number of such reviews that USPS has initiated; and (2) the extent to which the cost and savings analysis that USPS conducts as part of the MPFR process aligns with selected best practices.

GAO reviewed MPFR policies and guidance, as well as other USPS documents; compared USPS's MPFR cost and savings analysis with eight selected GAO best practices for cost estimates; and interviewed USPS officials and relevant employee union leadership about the MPFR process.

## What GAO Recommends

GAO is making four recommendations, including that USPS include all cost-influencing assumptions and estimating methodologies, as well as analyses for sensitivity, risk, and uncertainty, in the MPFR process. USPS disagreed with the four recommendations. GAO maintains that its recommendations are warranted.

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## U.S. POSTAL SERVICE

# Reviews of Proposed Facility Consolidation Costs Met Some Best Practices but Could More Robustly Analyze Risks

## What GAO Found

The U.S. Postal Service (USPS) uses a multistep process—called Mail Processing Facility Reviews (MPFR)—to review proposed consolidations to mail processing facilities. As part of that process, USPS provides public notice and an opportunity for public input on proposed consolidations. USPS also analyzes the effects that proposed consolidations may have on costs and savings, USPS employees, and mail service performance. Since starting the MPFR process in July 2023, USPS has initiated 59 reviews. In May 2024, USPS announced it was pausing all in-process MPFRs until January 2025. According to USPS's announcement, this decision was in part a response to concerns from the public and Congress about the effects of facility consolidations. During this pause, USPS announced changes in scope for 16 MPFRs.

GAO found that the cost and savings analysis (cost estimate) USPS conducts as part of the MPFR process aligned with (i.e., fully or substantially met) four selected best practices but did not align with (i.e., partially met, minimally met, or did not meet) four others.

### Extent to Which U.S. Postal Service's (USPS) Cost Estimate for Mail Processing Facility Reviews Aligned with Selected Best Practices

Selected best practice for developing a cost estimate	GAO assessment
Provides evidence that the cost estimate was reviewed and accepted by management.	Fully met
Contains few, if any, minor mistakes.	Substantially met
Includes all relevant costs.	Partially met
Captures the source data used.	Minimally met
Describes in sufficient detail the calculations performed and the estimating methodology used.	Not met
Documents all cost-influencing ground rules and assumptions.	Not met
Includes a risk and uncertainty analysis.	Not met
Includes a sensitivity analysis.	Not met

Fully met
  Substantially met
  Partially met
  Minimally met
  Not met

Source: GAO analysis of USPS and GAO information. | GAO-25-107630

Specifically, GAO found that USPS's MPFR documentation lists few ground rules and assumptions related to costs and does not explain how USPS determined the assumptions. Nor does MPFR documentation describe some methodologies used in the analysis. Without such documentation, decision-makers and oversight groups may have concerns about the credibility of cost estimates and may not have complete information for decision-making and oversight. Additionally, USPS's MPFR documentation does not include an assessment of how different assumptions affected the underlying cost estimate (i.e., a sensitivity analysis). Moreover, MPFR documents include uncertainty ranges related to the cost estimates but do not explain how USPS determined the ranges (i.e., a risk and uncertainty analysis). Without analyses of sensitivity, risk, and uncertainty, USPS cannot determine the degree of confidence it has in expected cost savings from proposed consolidations. These analyses are particularly important given that USPS's facility consolidations are taking place in a rapidly changing USPS operational environment.