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REPORT BY THE U.S.

# General Accounting Office

## The Postal Service Can Substantially Reduce Its Cleaning Costs

The United States Postal Service can achieve considerable savings in cleaning its buildings by making greater use of contract cleaners. Because of benefits and higher wages, cleaning costs are almost two times higher with postal custodians than with contractors. The productivity of postal and contract custodians is about equal. Conversion to more contract cleaning will be a complex and sensitive task because of restrictions in the present labor agreement on use of contractors and the impact on Postal custodians. The Postal Service is revising its cleaning requirements. Those revisions should lead to improved productivity of both its custodians and contractors.



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

ACCOUNTING AND FINANCIAL  
MANAGEMENT DIVISION

B-209976

The Honorable William F. Bolger  
Postmaster General, United States  
Postal Service

Dear Mr. Bolger:

We have completed our review of Postal Service cleaning operations, where we compared what it costs the Postal Service to use in-house staff versus contract cleaners to clean comparable Postal buildings of 10,000 square feet or less. We conducted this comparison in three of the five Postal regions. We also estimated how much the Postal Service could save if it began using contract cleaners in larger buildings of more than 10,000 square feet. In addition, we looked at opportunities to increase cleaning productivity.

In buildings of 10,000 square feet or less, the Postal Service currently uses contractors to clean about 26 million square feet and Postal custodians to clean about 22 million square feet. It costs \$1.88 per square foot to use Postal custodians as compared with 77 cents for the contractors. That works out to an average difference of \$1.11 per square foot, a difference that is the result of the benefits and higher wages Postal custodians receive. The two groups' productivity and quality of cleaning are comparable.

The Postal Service saves several million dollars annually by using contractors in the three regions we reviewed and could save about \$15 million more by cleaning all its buildings of 10,000 square feet or less in those regions with contractors, or by otherwise reducing its cleaning costs per square foot to the average cost of contract cleaners. To accomplish the latter, the Postal Service's options would be to lower the wages of its custodians or to vastly increase their productivity above that of contractors. We believe comparable cost savings per square foot are possible in the other two regions as well.

The Postal Service now only rarely uses contract cleaners in its buildings of more than 10,000 square feet. We could not, therefore, make a direct comparison of the contract and custodian costs in those buildings, whose space totals 144 million square feet. However, we believe that although the savings would be less dramatic than in the smaller buildings, the Postal Service would save an average of 20 to 34 percent by converting to contract cleaning in its larger buildings.

Cleaning costs can also be reduced by adopting new methods and procedures that increase productivity. The current cleaning requirements and practices set forth in the Postal Service Housekeeping Handbook, which both the Postal and contract cleaners follow, have remained largely unchanged for over 12 years. The handbook is being revised to allow local managers flexibility in establishing cleaning frequencies and to encourage the use of modern equipment and cleaning products. Officials expect these revisions to lead to some reductions in the frequency of certain cleaning tasks and in lower cleaning costs.

The sooner Postal Service management can reduce its costs to that of contract cleaning, the sooner it can begin reaping the savings described above. We recognize this is a sensitive and complex task for two reasons. First, it will have a real impact on inhouse custodians. Second, converting to more contract cleaning will require changes to restrictions covered by the present labor agreement that limit contract cleaners to 4 hours of work per day and preclude them from cleaning space presently cleaned by Postal custodians. If the union does not agree with the changes, it can take the matter to arbitration. If the Postal Service is unsuccessful in implementing these changes under the present labor agreement, it should, in the next labor agreement, negotiate additional flexibility to use contract cleaners.

#### RECOMMENDATIONS

We recommend that you take action, within the framework of existing and prospective national collective bargaining agreements, to (1) convert, where economical, to contract cleaning or otherwise reduce cleaning costs to a level comparable to that of cleaning done under contract and (2) update the housekeeping cleaning requirements and practices to reflect the use of new cleaning methods and procedures.

#### AGENCY COMMENTS

We received your comments on the draft version of this report and noted that you agreed to take action on our recommendations. Details of our review and a copy of your letter are in appendixes I through IV.

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

Copies of this report are being sent to the above congressional committees as well as to others who have an interest in postal activities. Copies are also being sent to the Director, Office of Management and Budget.

Sincerely yours,

  
W. D. Campbell  
Acting Director

GREATER USE OF CONTRACT CLEANERSCOULD SAVE THE POSTAL SERVICE MILLIONSANNUALLY IN CLEANING COSTSBACKGROUND

In fiscal 1981, the Postal Service spent about \$336 million to clean Postal space. Most of this money--about \$288 million--was paid in salaries and benefits to approximately 13,600 full- or part-time Postal custodians. These custodians bargain for their wages and benefits, and by law are guaranteed compensation comparable to the private sector. About \$25 million was paid to supervisory and other building-services-related positions. The remaining \$23 million was paid to self-employed individuals and businesses who competitively bid on Postal Service cleaning contracts. In 1981 the Postal Service administered about 8,700 cleaning service contracts.

This study compares the cost of routine cleaning of interior Postal space by both Postal custodians and contractors, and discusses opportunities to increase cleaning productivity. It is another in a series of studies we have made using this cost comparison approach.

OBJECTIVES, SCOPE, AND METHODOLOGY

We performed this review because we believed the Postal Service could save money in cleaning its facilities. We issued a report in August 1981 indicating that the cost of using in-house staff rather than contract cleaners to clean Federal office space was substantially higher. 1/

In this review, we judgmentally selected three of the five Postal regions for review--the western, central, and southern regions. We chose the central region because our previous study showed it was a high cost area. We chose the western region because preliminary work had already been done there, and the southern region extended our geographic coverage. From 7 of the 11 procurement offices having the most contract cleaners in these regions, we obtained complete data on wages, amount of space cleaned, and hours worked from each of their cleaning service contracts. All together, we collected information from 2,696 Postal Service cleaning contracts covering 21 States.

From Postal Service records as of May 1982, we obtained the same data for Postal custodians. We computed costs and

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1/"GSA's Cleaning Costs are Needlessly Higher Than In The Private Sector" (AFMD-81-78, Aug. 24, 1981).

productivity using this data. (See app. II.) Our actual cost and productivity comparison was limited to the approximately 25 percent of Postal space in buildings of 10,000 square feet or less because contractors seldomly clean larger space. <sup>1/</sup> However, using data provided by the Postal Service and cleaning contract officials at the General Services Administration and the Department of Labor, we estimated the cost of cleaning larger buildings. (See app. II.)

We also met with Postal procurement officers, contract specialists, and maintenance managers to discuss the comparability of contract cleaning quality. We interviewed headquarters, regional, and local Postal officials about the benefits and problems of cleaning with Postal custodians versus contract cleaners and discussed the status of changes being made to their cleaning procedures. In addition, we discussed our findings with officials of the American Postal Workers Union. Our field review was conducted between February and May 1982 in accordance with generally accepted governmental auditing standards.

#### CLEANING COSTS ARE HIGHER USING POSTAL CUSTODIANS

The Postal Service spends over twice as much per square foot to clean facilities of 10,000 square feet or less with in-house custodians than with contractors. The average annual square foot cost for Postal custodians was about \$1.88 compared to about 77 cents for Postal contractors--a difference of about \$1.11 at the three regions we reviewed. (See table below.) Because contractors are seldomly used to clean buildings over 10,000 square feet (see p. 7), we limited our comparison to space of 10,000 square feet or less.

#### Cleaning Costs Per Square Foot

	<u>Western</u>	<u>Central</u>	<u>Southern</u>	<u>Weighted average</u>
Postal custodians	\$1.88	\$1.88	\$1.88	\$1.88
Postal contract cleaners (note a)	<u>.90</u>	<u>.76</u>	<u>.69</u>	<u>.77</u>
Difference	\$ <u>.98</u>	\$ <u>1.12</u>	\$ <u>1.19</u>	\$ <u>1.11</u>

a/Excludes costs for exterior cleaning; for example, sidewalks and parking areas.

1/In fiscal 1981 the Postal Service was responsible for cleaning approximately 192 million square feet of space. About 48 million square feet of this space was located in buildings of 10,000 square feet or less.

Our figures are not perfect comparisons. For example, costs can vary because some buildings--typically older ones--are more difficult to clean and thus require more time to clean. The tasks performed by custodians differ somewhat too. Postal custodians, for example, clean lock boxes and sometimes perform some maintenance work and other non-cleaning functions. Contract cleaners generally do not. We found from Postal Service records that these other responsibilities required from 3 to 10 percent of the custodians' time and we adjusted for this to the extent possible. Notwithstanding these variances, the figures reflect the relative differences in cost that prevailed between Postal custodians and contractors in the regions visited.

We asked key Postal procurement and maintenance officials in the regions and headquarters if any problems regarding quality of work or security might arise if greater use were made of contract cleaners. Most of the officials we interviewed believed that using contractors to clean Postal space did not create serious problems. However, officials in the headquarters office of maintenance management indicated there might be safety problems if contract cleaners are used in large, mechanized facilities.

Cost difference  
is due to high Postal custodian wages

The difference in cleaning costs can be attributed to the benefits and higher wages Postal custodians receive. Postal custodians, on the average, earn over twice as much as the average contract cleaner. In the 21 States we gathered data from, Postal contract cleaners were paid an average of \$4.44 per hour, and Postal custodians, nationwide, were paid an average of \$10.89 per hour. <sup>1/</sup> Ninety-five percent of the contractor wages fell between \$3.85 and \$6.85 per hour; Postal custodian wages ranged from \$9.61 to \$12.52 per hour. Of the 2,696 contracts we reviewed, only 4 provided for paying wages over \$12.52 per hour.

Postal Service executives and Postal union officers are aware that a wage difference exists. Moreover, this already large difference--\$6.45 per hour--will probably continue because the present labor contract provides for annual cost-of-living increases and other salary additions. The current union agreement, by which Postal custodian wages are set, expires in July 1984.

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<sup>1/</sup>Postal finance records indicate that Postal custodians earn an average of \$12.90 per hour in wages and benefits for hours actually worked (sick leave, vacation, and holidays excluded). Since the majority of contract cleaners are self-employed and do not receive these benefits, the \$12.90 per hour average might actually be more directly comparable.



The table below compares the average contract cleaner wage rates to Postal Service wages in each of the three regions we reviewed.

Average Hourly Wage Rates By Region (note a)

	<u>Western</u>	<u>Central</u>	<u>Southern</u>	<u>Weighted average</u>
Postal custodians	\$10.89	\$10.89	\$10.89	\$10.89
Postal contract cleaners	<u>5.18</u>	<u>4.41</u>	<u>3.96</u>	<u>4.44</u>
Difference	\$ <u>5.71</u>	\$ <u>6.48</u>	\$ <u>6.93</u>	\$ <u>6.45</u>

a/We obtained Postal custodian wages (including benefits) from May 1982 Postal records. The average hourly wage earned by Postal contract cleaners was calculated using wage data (including fringe benefits where provided) from 2,696 cleaning service contracts we reviewed covering February to May 1982.

Potential cost savings are substantial

The significance of the \$1.11 per square foot difference in cleaning costs is substantial when applied to the space Postal custodians clean in buildings of 10,000 square feet or less. Based on data we compiled and other data the Postal Service's office of maintenance management provided, we estimate that, nationwide, Postal custodians clean about 22 million square feet of interior space in buildings with 10,000 square feet and less. <sup>1/</sup> If the Postal Service could reduce its costs by \$1.11 per square foot for the space cleaned by its custodians, it could save around \$15 million annually just in the three regions we reviewed.

We believe comparable savings per square foot are possible in the other two regions (east and northeast) as well. Data from our prior report on GSA cleaning costs <sup>2/</sup> indicates that contractor wages--the key factor in determining cost--in these two regions would be lower than in two of the three regions we reviewed.

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<sup>1/</sup>Postal Service officials told us that Postal custodians and Postal contractors together clean about 48 million square feet of space in buildings of 10,000 square feet or less. Based on our analysis of the amount of space cleaned by Postal contractors in the three regions, we estimate that, nationwide, contractors clean about 26 million of this 48 million square feet.

<sup>2/</sup>"GSA's Cleaning Costs Are Needlessly Higher than in the Private Sector" (AFMD-81-78, Aug. 24, 1981).

Contract cleaning could also  
save in large buildings

We believe significant cost reductions can also be achieved by using contract cleaners in Postal buildings larger than 10,000 square feet. Our analysis indicates that contractor costs would in most locations be less, although in a few locations they might be more.

Contractor square foot cost for cleaning small buildings would not be fully applicable for cleaning large buildings, primarily because productivity in the larger buildings would be slightly higher and because many contractors would have to pay higher wages in complying with the Service Contract Act. 1/ Postal contractors of any appreciable size must pay wages in accordance with the act, and these wages vary significantly across the United States. Accordingly, we estimated contract costs by applying the service contract wages in the locations we reviewed and in 15 major cities, adding general factors for contractor profit, overhead, fringe benefits, and other employee cost.

Our analysis showed that contractor costs at the locations we reviewed with the lowest service contract wage might be around \$5.22 per hour, and \$12.92 per hour at the location with the highest service contract wage. Average contractor costs for the locations we reviewed and for 15 major cities across the United States might be from \$7.15 to \$8.58 per hour; a 20- to 34-percent reduction from Postal Service costs. Applied to the 144 million square feet of space in large buildings cleaned by in-house custodians, such reductions could yield savings of \$45 million to \$77 million annually. 2/

This analysis is imperfect since it does not account for the many variables and economic factors, such as borrowing costs and location, that would actually affect contractor costs. Also, one could argue that the factors for contractor profit and overhead should be adjusted--either up or down. Nonetheless, our analysis suggests a range of savings that could be expected by using contract cleaners in lieu of Postal custodians.

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1/This act requires contracts and bid specifications to state the minimum wages to be paid to employees of contractors and subcontractors furnishing services to Federal agencies. The Department of Labor sets minimum wage rates for Government contractors in accordance with the act.

2/According to information supplied by the Postal Service's office of maintenance management, the Postal Service spends about \$227 million annually to clean large buildings. Twenty percent of \$227 million equals \$45 million.

PRODUCTIVITY OF BOTH CONTRACTORS AND  
POSTAL CUSTODIANS CAN BE INCREASED

Productivity improvement is a clearly recognized means of reducing costs, and the Postal Service can save additional money if cleaning productivity is increased. We compared the productivity of Postal contract cleaners in the three regions reviewed (as measured by interior square feet cleaned per hour) to that of Postal custodians. We found that both cleaned about 1,500 square feet of interior space per hour (for space up to and including 10,000 square feet). We believe, however, that both groups could be more productive.

In our earlier review of Federal office cleaning, we found that both GSA and its contractors would be more productive if work standards were improved. GSA's standards had not been changed significantly since the mid-1960s, and modern equipment and cleaning products have greatly reduced the time necessary for cleaning. Our analysis of certain tasks, such as vacuuming, showed that with new equipment, up to about a third of the time specified by GSA standards could be saved.

Similar opportunities exist for the Postal Service to increase the productivity of its custodians and contractors. Like those of GSA, Postal Service cleaning requirements and procedures, which Postal and contract custodians follow, are dated. They were established over 12 years ago and, according to Postal maintenance officials, remain largely unchanged. Postal officials, however, said they were revising their Housekeeping Handbook to allow local maintenance management the flexibility to establish cleaning frequencies and to encourage use of modern equipment and cleaning products. The officials said the new practice may reduce the frequency of certain tasks (such as dusting) and lower cleaning costs. To realize full productivity potential, cleaning requirements must be revised to reflect the production possible with modern equipment and cleaning products.

POSTAL PROCEDURES AND LABOR AGREEMENT  
HAVE INHIBITED USE OF CONTRACT CLEANERS

Widespread use of cleaning service contracts is inhibited by both the Postal Service's contracting procedures and its labor agreement with the American Postal Workers Union. Postal contracting procedures limit the use of contract cleaners, and the labor contract requires Postal management to notify the union before changing those restrictions or using more subcontracting. Federal statutes require binding arbitration to resolve any conflicts between Postal management and the union.

Restrictive contracting procedures in the Postal Service's Administrative Support Manual are the foremost roadblock to greater use of contract cleaners. These procedures limit contract cleaners

to 4 hours work (or less) per day and preclude them from cleaning space presently cleaned by Postal custodians. Section 535.261a provides that:

"Cleaning services contracts may be authorized for cleaning offices, branches, or stations, (1) if the average daily workload does not exceed 4 hours and (2) provided the work is not presently being performed by field service maintenance employees."

These restrictions not only preclude the Postal Service from using the less costly contract cleaners to clean most Postal space; they occasionally promote inefficient and costly use of Postal personnel. For example, Postal custodians on occasion are responsible for cleaning two or more small branches or stations daily, and thus must be compensated for their travel expenses between locations as well as for nonproductive travel time.

Most Postal officials we spoke with were in favor of removing these restrictions on contract cleaners. The Postal Service has the authority within its labor agreement to change the Administrative Support Manual. However, the manual is, in effect, part of the labor agreement; therefore, changes cannot be implemented unilaterally without notifying the union. Article 19 of the labor agreement provides the criteria for implementing changes:

"Those parts of all handbooks, manuals, and published regulations of the Postal Service that directly relate to wages, hours, or working conditions as they apply to employees covered by this Agreement, shall contain nothing that conflicts with this Agreement, and shall be continued in effect except that the Employer shall have the right to make changes that are not inconsistent with this Agreement, and that are fair, reasonable, and equitable.

"Notice of such proposed changes that directly relate to wages, hours, or working conditions will be furnished to the Unions at the national level at least sixty (60) days prior to issuance. At the request of the Unions, the parties shall meet concerning such changes. If the Unions, after the meeting, believe the proposed changes violate the National Agreement (including this Article), they may then submit the issue to arbitration in accordance with the arbitration procedure within sixty (60) days after receipt of the notice of proposed change."

The labor agreement further restricts management's ability to subcontract even if doing so is less costly. Article 32 requires the Postal Service to notify the union when subcontracting is being considered, and states that any such contracting must be discussed with the union before a final decision is reached. As with changing the Administrative Support Manual, if Postal management and the union cannot agree, binding arbitration would apply.

ACTIONS NEEDED TO REDUCE CLEANING COSTS

There is no quick cure for the large wage disparity between Postal custodians and contractors. Postal wages are guaranteed by a labor agreement which is effective until July 1984. Moreover, this agreement provides for annual cost-of-living increases as well as other salary additions. Thus, the large gap between Postal and contractor wages is likely to continue.

A faster, and perhaps more practical, alternative than narrowing the wage difference is for the Postal Service to convert as quickly as possible to contract cleaning. The Postal Service can expand the use of contract cleaning within the restrictions of the present labor agreement by amending its Administrative Support Manual. Such an amendment would authorize cleaning service contracts in postal offices, branches, and stations where the average daily workload exceeds 4 hours and where work is presently being performed by Postal custodians.

We recognize that these amendments cannot be implemented unilaterally. We understand that the American Postal Workers Union must be given advance notification and, if these changes are requested, they must be discussed with the union. The union need not agree with the changes but can proceed to arbitration if it believes the changes either violate the labor agreement or are unfair, unreasonable, or inequitable.

If unsuccessful in implementing these changes to its manual under the present labor agreement, the Postal Service can negotiate for greater flexibility to use contract cleaners in its next labor agreement. The Postal Service would undoubtedly encounter substantial opposition from the American Postal Workers Union.

CONCLUSIONS AND RECOMMENDATIONS

Clearly the Postal Service has the potential to substantially reduce its cleaning costs by using contract cleaners. Conversion would, however, be a complex and sensitive task because of the restrictions in the present labor agreement and the potential union opposition. Nonetheless, the Postal Service should take what action it is able to under the present labor agreement. If not fully successful, it should negotiate for additional flexibility to use contract cleaners in the next labor agreement. Potential savings can also be realized by adopting new methods and procedures that increase productivity.

We recommend that the Postmaster General take action, within the framework of existing and prospective national collective bargaining agreements, to

- convert where economical to contract cleaning or otherwise reduce in-house cleaning costs to a level comparable to that of contractor cleaning and

--update the housekeeping cleaning practices and requirements to reflect the use of new cleaning methods and procedures.

#### AGENCY COMMENTS

In commenting on our draft report, the Postal Service said it would, within the framework of existing and prospective national collective bargaining agreements, seek to cut its cleaning costs wherever practicable and continue to update its housekeeping practices as new cleaning methods and procedures are adopted.

#### BUDGETARY IMPACT OF OUR RECOMMENDATIONS

The Postal Service could save money by implementing our recommendations to increase its use of contract cleaners. Because the Postal Service's operating costs are funded primarily off-budget, savings would be reflected in the off-budget fund and as such would not represent a budgetary savings. <sup>1/</sup> That is, the overall Postal Service appropriation would not be affected. If, however, these savings reduced the net operating costs of the off-budget fund, this could result in a reduction in the reimbursement from the appropriation. Such a reduction in the appropriation may be considered a budgetary savings.

Historically, we have taken the position that excluding financing activities from the budget not only understates the budget totals but also removes those activities from the full discipline of the budget process. In the past we have recommended that the Postal Service Fund, as well as the off-budget financing activities, be returned to budget status.

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<sup>1/</sup>Currently, Postal Service operating costs are funded off-budget under the Postal Service Fund account (55-75) 18-4020 in the Other Advancement and Regulation of Commerce (376) budget sub-function. Appropriations for payment to the Postal Service Fund are provided in account (32-10) 18-1001 in the 376 budget sub-function to reimburse the Postal Service for loss of revenue associated with carrying certain categories of mail at free and reduced rates.

ESTIMATE OF CONTRACTOR CHARGESFOR SELECTED LOCATIONS(By hourly wage, applying service contract wage rates)

	<u>Wages at location reviewed</u>		<u>Average wage</u>	
	<u>Low</u> <u>(note a)</u>	<u>High</u> <u>(note b)</u>	<u>Locations reviewed</u>	<u>15 major cities</u> <u>(note c)</u>
Hourly wage	\$3.65	\$9.04	\$5.00	\$6.00
FICA/FUCA (10% base)	.36	.90	.50	.60
Fringe benefits (10% base) (note d)	.37	.90	.50	.60
General and Administrative expenses (10% base) (note e)	.37	.90	.50	.60
Profit (10% of total) (note e)	<u>.47</u>	<u>1.18</u>	<u>.65</u>	<u>.78</u>
	<u>\$5.22</u>	<u>\$12.92</u>	<u>\$7.15</u>	<u>\$8.58</u>

a/Bowie County, Texas, and Red River County, Arkansas.

b/San Francisco.

c/Dallas, Los Angeles, San Francisco, Seattle, Denver, Kansas City, Detroit, Cleveland, Chicago, New York, Boston, Washington, D.C., Philadelphia, Atlanta, and Miami.

d/Includes 2 weeks vacation, 9 holidays, and 25 cents per hour for health and welfare (the average from Department of Labor Service Contract Act Wage Determinations for locations reviewed).

e/Median of factors used by the General Services Administration in negotiated cleaning contracts.

METHODOLOGY FOR COMPUTINGPRODUCTIVITY RATESAND SQUARE FOOT COSTSCOMPUTATION OF PRODUCTIVITY RATES

Productivity rates for contractor and postal custodians were computed by dividing the interior square feet cleaned by the hours spent cleaning. The required information on space cleaned and hours worked was obtained from Postal Service records except for information on space cleaned by contract custodians which was obtained from contracts.

Formula: 
$$\frac{\text{Interior square footage cleaned}}{\text{Hours spent cleaning}} = \text{Productivity rate}$$

Example: 
$$\frac{3,410 \text{ square feet}}{2.27 \text{ hours}}$$

Productivity Rate: 
$$\frac{3,410}{2.27} = 1,500 \text{ square feet per hour}$$

COMPUTATION OF CLEANING COSTS PER SQUARE FOOT

Cleaning costs per square foot were computed applying the formula used in the custodial industry and by the General Services Administration.

Formula: 
$$\frac{\text{Hourly wage rate} \times \text{yearly work hours (2,080)}}{\text{Productivity rate} \times \text{daily work hours}}$$
  
= cost per square foot

Example: 
$$\frac{\$10.89 \text{ (wages)} \times 2,080 \text{ (hours)}}{1,500 \text{ square feet per hour} \times 8 \text{ hours}}$$
  
= cost per square foot

$$\frac{\$22,651}{12,000} = \$1.88 \text{ per square foot}$$

Hourly wage data was obtained from contracts for contractor custodians and from Postal Service records for Postal custodians. The Postal custodian wage is an average, including paid benefits, divided by 2,080 hours (40 hours x 52 weeks).





THE POSTMASTER GENERAL  
Washington, DC 20260-0010

October 19, 1982

Dear Mr. Anderson:

This refers to your proposed report entitled, "The Postal Service Can Substantially Reduce Its Cleaning Costs" (GAO/AFMD-82-103).

We agree that the Postal Service's cleaning costs could be reduced by doing more cleaning on contract, rather than in-house, and by adopting new methods and procedures that increase productivity.

As the report recognizes, converting cleaning that is presently being done in-house to contract cleaning is an extremely complex and sensitive task because of restrictions in our present labor agreement. The adoption of new methods and procedures that increase productivity is something that we are now doing and the results will be reflected in future cleaning costs.

As recommended, we will, within the framework of existing and prospective national collective bargaining agreements, seek to cut our cleaning costs wherever practicable, and we will continue to update our housekeeping practices as new cleaning methods and procedures are adopted.

Sincerely,

A handwritten signature in dark ink, appearing to read "W. F. Bolger".

William F. Bolger

Mr. William J. Anderson  
Director, General Government  
Division  
U.S. General Accounting Office  
Washington, D. C. 20503



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