

# CRS Report for Congress

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## Changing Postal ZIP Code Boundaries

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# Changing Postal ZIP Code Boundaries

## Summary

Ever since the ZIP Code system for identifying address locations was devised in the 1960s, some citizens have wanted to change the ZIP Code to which their addresses are assigned. Because ZIP Codes are often not aligned with municipal boundaries, millions of Americans have mailing addresses in neighboring jurisdictions. This can cause higher insurance rates, confusion in voter registration, misdirected property and sales tax revenues for municipalities, and property value effects. Some communities that lack a delivery post office complain that the need to use mailing addresses of adjacent areas robs them of a community identity.

Because the ZIP Code is the cornerstone for the U.S. Postal Service's (USPS's) mail distribution system, USPS long resisted changing ZIP Codes for any reason other than to improve the efficiency of delivery. Frustrated citizens frequently have turned to Members of Congress for assistance in altering ZIP Code boundaries. In the 101<sup>st</sup> Congress, a House subcommittee heard testimony from Members, city officials, and the Government Accountability Office (GAO) that USPS routinely denied local requests for adjusting ZIP Code boundaries in a peremptory manner. It considered three bills that would allow local governments to determine mailing addresses for their jurisdictions.

Since then, USPS has developed a "ZIP Code Boundary Review Process" that promises "every reasonable effort" to consider and if possible accommodate municipal requests to modify the last lines of an acceptable address and/or ZIP Code boundaries. The process places responsibility on district managers, rather than local postmasters, to review requests for boundary adjustment, to evaluate costs and benefits of alternative solutions to identified problems, and to provide a decision within 60 days. If the decision is negative, the process provides for an appeal to the manager of delivery in USPS headquarters, where a review based on whether or not a "reasonable accommodation" was made is to be provided within 60 days.

The boundary review process, coupled with a more flexible attitude on the part of USPS than was formerly the case, offers enhanced possibilities of accommodating community desires. One accommodation that can often be made is to allow the alternative use of more than one city name in the last line of the address, while retaining the ZIP Code number of the delivery post office. This can help with community identity problems, though not with problems such as insurance rates or tax remittances being directed by ZIP Code.

Members of Congress who are contacted by constituents desiring a ZIP Code accommodation should first ensure that the constituents are aware of the boundary review process requirements. Constituents should be made aware that simply having approached a local postmaster and having been told that an adjustment would be disruptive and impractical is not part of the process. The local postmaster has no power to make changes and may be unaware of the headquarters instructions to make "every reasonable effort" to reach an accommodation.

This report will be updated only if there is a change in the ZIP Code process.

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# Changing Postal ZIP Code Boundaries

Citizens often turn to Members of Congress for assistance in securing changes to ZIP Code boundaries, usually because their mailing addresses do not correspond to the geographical and political boundaries of their jurisdictions. This report explains why ZIP Code boundaries often are not aligned with political jurisdiction boundaries, describes the kinds of problems that occur because of the misalignment, and discusses efforts by the Postal Service and Congress to address these problems.

## Background

The Post Office Department began dividing large cities into delivery zones in 1943, inserting two digits between the city and the state in the lower address line. In 1963, the whole country was divided into five-digit postal delivery codes, termed ZIP Codes by the Post Office, that corresponded to the post offices where final sorting of mail was done and from which letter carriers were dispatched to make deliveries. The term itself, originally trademarked and always capitalized, was an acronym for “Zoning Improvement Plan.” Mass mailers were required to use ZIP Codes in 1967, and today their use is virtually universal.

Almost all mail is now automatically sorted, and the basis for it is a code that has now expanded to 11 digits, allowing mail to be directed to a unique delivery point or mail box. Most customers still know only their five-digit codes. The first three direct mail to a large regional sorting facility, where mail is sorted for distribution to a specific delivery post office, identified by the fourth and fifth digits. For example, the ZIP Code for Alturas, the county seat of Modoc County in the northeastern corner of California, is 96101. The 961 directs mail to the processing facility in Reno, Nevada, which is the distribution point for some California post offices such as Alturas, Cedarville (96104), Fort Bidwell (96112), and Likely (96116), distinguished by the last two digits of the code. Reno is also the processing facility for ZIP Codes in Nevada beginning with 894, 895, and 897.

## ZIP Codes Are Widely Used by Others

The Postal Service has always contended that the ZIP Code system’s only purpose is to facilitate the efficient and orderly delivery of the mail. Nevertheless, ZIP Code information is readily available to the public, and both private and governmental entities have found it a convenient and accessible tool for many purposes unrelated to mail delivery. Postal Service competitors like FedEx and UPS use the ZIP Code. But the ZIP Code also has been adopted by non-delivery entities as a geographic locator, providing a convenient if imperfect means of targeting populations for performing demographic research, setting insurance rates, estimating housing values, remitting state tax revenues back to localities, and directing advertising messages.

Because ZIP Codes are based on the location of delivery post offices, they often do not correspond to political jurisdiction boundaries. This means that millions of Americans receive their mail from a post office in an adjacent town, village, or neighborhood, and their mailing address reflects the name and ZIP Code of that post office rather than the jurisdiction where they actually live. This situation was not uncommon when ZIP Codes were first assigned 40 years ago, and it has become more common since then, particularly in rapidly growing suburban areas. The boundaries of many jurisdictions have changed with growth, annexation, and the incorporation of new communities on the outskirts. At the same time, USPS has sought to reduce rather than expand the number of post offices as its retail business model has changed, and in order to concentrate expensive labor-saving investments rather than duplicate them in nearby facilities.

### **Problems Caused by Misalignment with Municipal Boundaries.**

The widespread use of ZIP Codes for non-postal purposes has exacerbated problems for those citizens whose mailing addresses do not match their actual town or city of residence, and frequently for the municipalities as well. A sample of the problems that have been brought to congressional attention includes:

- Higher automobile insurance rates for drivers who live in the suburbs but are charged city rates based on their ZIP Code.
- Residents who are confused about where to vote in municipal elections because they do not distinguish between their voting and mailing addresses.
- Sales tax revenues rebated by states to the cities where they are collected are often misdirected because they are collected by merchants with ZIP Codes in different jurisdictions, or by merchants who mail their products to customers knowing only their Zip Codes.
- Citizens being sent jury duty notices when they are not eligible to serve based on their actual residence.
- Emergency service vehicles being misdirected by confusion over what town a call has come from, based on mailing address information.
- Homeowners in an expensive neighborhood complaining that their housing values are diminished because their mailing addresses place them in a less prestigious community.

In addition, many communities lack a delivery post office and complain that the need to use mailing addresses from neighboring towns robs them of their community identity. For example, even though Haddon Township, NJ, is an incorporated municipality with a 2000 population of 14,651 people, it has no delivery post office and its residents receive mail from seven different nearby post offices, each with a

different ZIP Code. The mailing address of the Haddon Township Municipal Building is 135 Haddon Avenue, Westmont, NJ 08108.<sup>1</sup>

## Congressional Hearing Registers Concern

These problems and others were aired in a 1990 hearing of a House postal subcommittee.<sup>2</sup> Ten Members of Congress described ZIP Code alignment problems in their districts, and statements were received from many local governments, as well as the National League of Cities. The hearing considered three bills (H.R. 2380, H.R. 2902, and H.R. 4827) that would allow local governments, rather than the Postal Service, to determine local addresses or ZIP Code boundaries, as a solution to the widespread problems.

USPS expressed strong opposition to these bills and said that depriving USPS of control over “the most basic tool of the postal trade — the mailing address” would be “disastrous.”<sup>3</sup> A USPS boundary survey found that more than 11 million deliveries were served by carriers who cross municipal boundaries, and estimated that if delivery boundaries were realigned to match municipal boundaries, 1,600 new postal facilities and 10,500 new carriers would be needed.<sup>4</sup> Also to be considered was the availability of additional ZIP Codes in certain large areas. At the end of 1989, 924 of the 1,000 possible three-digit combinations had already been assigned; in 20 areas, 90 or more of the 100 possible ZIP Codes had already been assigned; and in Houston, all 100 possible ZIP Codes had been used.<sup>5</sup>

These arguments may have proved persuasive because the legislation never advanced, nor have similar bills introduced in later Congresses. However, USPS also earned some criticism because of its “peremptory denials” of local suggestions and an approach to local suggestions that was variously characterized as “cold and haughty,” “cursory,” “unresponsive,” “stonewalling,” and “uncaring.”<sup>6</sup> The Government Accountability Office (GAO, then the General Accounting Office) examined postal case files on 26 municipal requests for ZIP Code changes, only 2 of which were approved by USPS. GAO reported that USPS could not only do a better job of providing facts and reasoning to explain its decisions in individual cases, it also could “do more to ... resolve problems caused by conflicts between municipal and ZIP Code boundaries.”<sup>7</sup>

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<sup>1</sup> See [<http://www.haddontwp.com/township.php>].

<sup>2</sup> U.S. Congress, House Committee on Post Office and Civil Service, Subcommittee on Postal Operations and Service, *ZIP Code Boundaries*, hearing on H.R. 2380, H.R. 2902, and H.R. 4827, 101<sup>st</sup> Cong., 2<sup>nd</sup> sess., June 7, 1990 (Washington: GPO, 1990). Hereafter cited as “ZIP Code Boundary Hearing.”

<sup>3</sup> ZIP Code Boundary Hearing, p. 105.

<sup>4</sup> ZIP Code Boundary Hearing, p. 92.

<sup>5</sup> ZIP Code Boundary Hearing, p. 92.

<sup>6</sup> ZIP Code Boundary Hearing, pp. 3, 38, 49, 95, 97.

<sup>7</sup> U.S. General Accounting Office, *Conflicts Between Postal and Municipal Boundaries*, (continued...)

## Postal Service Attempts To Resolve Problems

### Current USPS Process for Realigning ZIP Codes.

In the years since the 1990 hearing and GAO's investigation, USPS has made a concerted effort to develop a process for the regular review of ZIP Code boundaries. Under Section 439 of the *Postal Operations Manual*, postmasters are responsible for reviewing ZIP code assignments in their areas and proposing changes if operational and financial conditions justify them. Increased growth in a geographic area is the most common precipitating factor in such changes. A rule of thumb is that the establishment of 25,000 new deliveries,<sup>8</sup> or 50 carrier routes, is the threshold for review of the need for a ZIP Code change and possibly a new delivery station. Because changes are invariably sensitive locally, and often involved considerable coordination and investment, approval from the area (regional) office and headquarters is required before changes can take effect.

Most of the analysis required is based on operational considerations, but one of the questions postmasters must address asks whether municipal boundaries will be crossed, and another asks whether municipal officials have been asked to comment on the revised boundaries. The guidance requires that "officials should consider municipal boundaries and customer interests in all zone splits. If a ZIP Code that is being considered for adjustment crosses municipal boundaries, consult municipal offices before submitting the proposal, and consider all reasonable solutions."<sup>9</sup>

Proposed changes must be sent to the area office by December in order for a change to take place in July of the following year. Changes are made once per year, on July 1, because mail volume is at a low point then. Concentrating changes on this date is also advantageous to large mailers, who generate most of the mail volume, because they can make the necessary changes to their mailing lists in one operation before the heavy autumn mailings begin.

### Process for Considering Community or Municipality Suggestions.

While the requirement for a regular review of ZIP Code boundaries has long existed because it is an operational necessity, the process for considering requests from municipalities and community groups for ZIP Code changes dates to March 1991, not long after the congressional hearing referenced above. It has taken some time for the process to become a settled practice and for USPS to adopt a willingness to consider requests for boundary adjustments that are based solely on "community identity" concerns. A key event was a November 18, 1999, directive to the vice presidents in charge of each of the nine postal areas from John E. Potter (now

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<sup>7</sup> (...continued)

GAO/T-GGD-90-47, June 7, 1990, pp. 14-16, 23.

<sup>8</sup> "Deliveries" would be a fraction of population growth in an area, since most delivery points are households with multiple occupants.

<sup>9</sup> U.S. Postal Service, *Postal Operations Manual*, Section 439.211, Washington, DC, Nov. 29, 2001.

Postmaster General, then senior vice president for operations) and Deborah Wilhite, senior vice president for government relations and public policy. The memorandum noted that a review of correspondence with the public on the issue of ZIP Code changes “has indicated a need for general improvement.” The memorandum then reemphasized in emphatic language the expectation that USPS would give careful, objective consideration to community wishes, even if they are based only on “identity” considerations.

As indicated when the Review Process was first implemented in 1991, “just saying no” does not make identity issues go away. In fact, growth and the increasing use of ZIP Codes as database links and demographic tools tend to make them worse over time. **If you receive a municipal identity request and a reasonable means of full or partial accommodation can be identified, offer it, apply the customer survey process, and move on.** Requests can be denied, but only based on appropriate, objective reasons that are consistent with the Review Process....

(P)ostal policy is to offer any reasonable administrative or operational accommodation that can correct, or alleviate, the municipal identity concerns. **The objective is to find ways to say “yes,” not excuses for saying “no.”** Do not deny a request out of concern that “other communities will want the same thing.” Others *will* make requests.... In the case of identity, customers measure the Postal Service by its impact on their daily lives. When mailing identities generate negative effects on our customers’ properties, households and associations, even when caused by third-party actions, they are perceived as “bad service” and intrusive bureaucracy. (Emphasis in original.)

### **What the Process Requires.**

The boundary review process requires municipality and community groups that desire a ZIP Code change to submit the request *in writing* to the manager of the district (there are 80 districts), with any rationale and justification. The local postmaster is not the decision maker; his or her only responsibility is to forward any requests received to the district level and provide information if requested for the evaluation. District managers are to identify all relevant issues and potential solutions to them, quantify the specific operational impacts and feasibility of the request, meet with proponent groups to discuss issues and explain potential alternatives, and provide a determination within 60 days. If the proposal is denied, the district manager must advise the proponent in writing, giving the specific reasons for denial. The response must be based on the results of the analysis and must advise the proponent of the appeal process.

If the request is feasible, the process then requires a formal survey of all of the customers who would be affected by the proposed change. This is an important step, because it might reveal that the proponent group was an activist minority and most customers would prefer not to notify their correspondents, change their magazine subscriptions, replace their stationery, go to a different post office to pick up left-notice mail, or perhaps to identify with a different “community identity.” A simple majority of the survey respondents is adequate for approval.

Finally, there is a process in place for customers to appeal to headquarters an adverse USPS determination of a community's request for a change in ZIP Code boundaries when "municipal identity" issues are involved. Any proponent may appeal an adverse decision to the manager of delivery operations, except in cases where a potential accommodation was not implemented because a majority of affected customers did not support it in the survey.

Within delivery operations at headquarters, an operations specialist who works full time on boundary review appeals takes over the case file and investigates to determine whether the district provided "reasonable accommodation" to the proposed change. Having knowledge of situations all over the country, and a variety of accommodations that have been implemented, the operations specialist is in a good position to judge whether the district manager has fully applied the spirit and letter of the 1999 guidance (made available to proponents on request) to "find ways to say 'yes.'" The manager of delivery operations must make a final decision on the appeal within 60 days.

There is some evidence that the boundary review process is having some positive effect. USPS has not kept statistics on resolutions in recent years, but it did report that in 1991, the first year, accommodations were reached in 64% of the first 28 reviews to be completed.<sup>10</sup> Steve Burkholder, mayor of Lakewood, CO, and point person for the National League of Cities on the issue, told CRS that he believed USPS was open to constructive dialogue and sincerely interested in resolving problems, and that if other cities followed the boundary review procedure, a reasonable accommodation could often be reached.<sup>11</sup>

## **Possible Accommodations To Resolve ZIP Code Complaints**

The most common form of request to the Postal Service (and to Members of Congress) is for "a new ZIP Code" for a specific area. Most customers do not realize that a new, unique ZIP Code usually accompanies the creation of a new delivery post office. They also do not realize that a delivery post office (as opposed to a retail station) is a major investment, requiring lots of space, loading docks, sorting equipment, access to major transportation routes, and negotiations with several unions over work assignments. However, USPS believes that such requests "are fundamentally identity issues" and are made because customers perceive a new ZIP Code as "the only means of achieving postal identity."<sup>12</sup> In fact, other options are often available and much simpler to achieve.

Sometimes, when excess capacity exists, fairly minor adjustments in carrier routes can be made that will solve at least part of a community's boundary problem. It is complicated to make changes in the status quo, and therefore a disincentive

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<sup>10</sup> U.S. Postal Service, *Comprehensive Statement on Postal Operations, 1991* (Washington, 1992), p. 47.

<sup>11</sup> Telephone interview, June 14, 2006.

<sup>12</sup> USPS Internal Memorandum to Vice Presidents, Area Operations, "Proper Treatment of Appeals, ZIP Code Boundary Review Process," Nov. 18, 1999, p. 2.

exists to do so, but sometimes it can be accomplished without unacceptable disruption.

A compromise solution that does not involve changing USPS delivery structure is to allow customers to use an alternative city name in the last line of their address, while not changing the ZIP Code. For example, the rapidly growing city of Windsor Heights, IA, still lacks its own post office, but USPS sorting machines will accept the use of “Windsor Heights, IA, 50311” rather than requiring that customers in that area use “Des Moines, IA 50311,” which is where their post office is located. USPS will also accept Windsor Heights as a valid city name for ZIP Codes 50312 and 50322 — post offices in Des Moines and Urbandale, respectively, that deliver the rest of the mail to Windsor Heights residents.<sup>13</sup> When a large portion of the mail was sorted manually, this option could have caused mis-sorting and delayed mail, but today almost all mail is sorted by computer. It should be noted that this alternative can help ameliorate community identity issues, but not issues arising from use of ZIP Codes for demographic “redlining.”

Another option that can address community identity concerns is for municipalities and individuals to use a community designation on the second line (above the street designation) of their address. Since USPS sorting technology pays attention only to the last two lines, this does not disrupt delivery and does not require special permission.

Finally, USPS routinely works with large mailers to improve their address files, sorting in some cases to 11 digits rather than the ZIP Code’s 5 digits. If mailers care, it should not be difficult to refine municipal mailing lists to conform to political jurisdictions and eliminate errors based on crude use of the five-digit code.

## **What Can a Member of Congress Do?**

When a Member’s office receives a request for assistance in persuading USPS that a new ZIP Code or a new post office is needed in a certain area, the most important thing to ascertain at the outset is the underlying reason for the request. If the constituents are complaining about poor delivery service, then the Postal Service is likely to take the complaints seriously, determine if they have merit, and look for causes if they do. USPS is a customer service organization, and realizes it cannot ignore allegations of shortfalls in service expectations. If indeed population growth or obsolescence of a delivery facility are leading to service problems, USPS wants to know it and to resolve the problems, including any that may be traced to the condition of a delivery facility or confusion over ZIP Code boundaries. Although Congress does not appropriate money for postal construction projects, and there is no role for Congress in the process by which facilities investments are given priority, a Member can expect that a referral of service complaints to the USPS government relations staff will get attention and a response, though quite possibly no more than the citizens would get by bringing their complaints to USPS directly.

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<sup>13</sup> ZIP Codes can be accessed online at [<http://zip4.usps.com/zip4/citytown.jsp>].

More likely, the request has nothing to do with delivery service, but rather stems from community identity issues, and concern centers on the ZIP Code. Constituents are frequently unaware of the boundary review process. In many cases, constituents or municipal officials have approached a letter carrier or local postmaster and been told that an adjustment would be disruptive and impractical. The local postmaster has no power or incentive to make changes and may be unaware of the headquarters instructions to make “every reasonable effort” to reach an accommodation.

When informed of the boundary review process, and of the availability of a formal appeal if a satisfactory accommodation is not reached, municipal officials and community groups should feel empowered to take the steps that the process requires. While in the past USPS tended to brush off complaints based on community identity issues, there is considerable evidence that this is no longer the case. Its internal policies (as described above) quite firmly state that a cursory, negative response is no longer permissible. Even if an accommodation cannot be reached, the requirement to fully explain the reasons why based on a comprehensive review of operational and cost data is insisted on by headquarters. A full explanation at least defuses the argument that the constituents are dealing with an uncaring, unresponsive bureaucracy that can only be brought to heel through congressional pressure.

Occasionally, Members will be requested to introduce legislation to force USPS to align ZIP Code boundaries in a certain way, often to correspond to municipal boundaries. Legislation of this nature has never succeeded in the past, and constituents should not expect that such legislation would receive serious consideration. Even behind-the-scenes pressure is less effective on the Postal Service than it can be with other, less independent agencies. USPS receives no appropriations from Congress for its operations,<sup>14</sup> and the Postal Reorganization Act of 1970<sup>15</sup> has several provisions designed to shield it from political interference.

Finally, constituents should not be advised that they may simply substitute their preferred city name before the ZIP Code in an address line, without receiving USPS permission to do so. USPS computers have internal checks that compare the ZIP Code with the proper city name, and if the two do not match, default sequences come in to play and mail will very likely be directed to the wrong delivery post office, certainly causing delay and possibly causing the mail to be returned as undeliverable.

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<sup>14</sup> For more explanation, see CRS Report RS21025, *The Postal Revenue Forgone Appropriation: Overview and Current Issues*, by Nye Stevens.

<sup>15</sup> P.L. 91-375; 84 Stat. 719; 39 U.S.C. 101 et seq.