

CRS Report for Congress

Changing Postal ZIP Code Boundaries

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Summary

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

Because ZIP Codes are the cornerstone of the U.S. Postal Service's (USPS's) mail distribution system, USPS has long resisted changing them 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 101st Congress, a House subcommittee heard testimony from Members, city officials, and the General Accounting Office (GAO, now the Government Accountability Office) 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 modify ZIP Code boundaries. The process places responsibility on district managers, rather than local postmasters, to review requests for boundary adjustments, to evaluate costs and benefits of alternative solutions to identified problems, and to provide decisions within 60 days. If a decision is negative, the process provides for an appeal to the manager of delivery at 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 an 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.

A congressional constituent desiring a ZIP Code accommodation should be made aware of the boundary review process requirements. The constituent should be informed that simply having approached a local postmaster and 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 process for altering ZIP Code boundaries.

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Changing Postal ZIP Code Boundaries

Constituents 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 geographic and political boundaries of their municipalities' jurisdictions.¹ This report explains why ZIP Code boundaries often are not aligned with geographic political jurisdiction boundaries, describes the kinds of problems that occur because of the misalignment, and discusses efforts by the U.S. Postal Service (USPS) 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 first required to use ZIP Codes in 1967, and today their use is ubiquitous.

Almost all mail is sorted by machines, and the basis for sorting is a ZIP Code, which 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 Outside USPS

The Postal Service has 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

¹ This report originally was written by Nye Stevens, who has retired from CRS. Readers may contact Wendy Ginsberg with questions on ZIP Code issues.

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 post offices in adjacent towns, villages, or neighborhoods, and their mailing addresses reflect the name and ZIP Code of those post offices rather than the jurisdictions 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 postal patrons whose mailing addresses do not match their actual towns or cities of residence, and frequently for the municipalities as well. The following is a sample of the problems that have been brought to congressional attention:

- higher automobile insurance rates for drivers who live in the suburbs but are charged city rates based on their ZIP Codes;
- 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 often being 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;
- individuals being sent jury duty notices when they are not eligible to serve based on their actual residences;
- emergency service vehicles being misdirected by confusion over what town a call has come from, based on mailing address information; and

- homeowners in expensive neighborhoods complaining that their housing values are diminished because their mailing addresses place them in less prestigious communities.

In addition, a community may 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,² NJ, is an incorporated municipality with a 2006 estimated population of 14,484 people, it has no delivery post office, and its residents receive mail from six 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 08108.³

Congressional Hearing Registers Concern

These problems and others were aired in a 1990 hearing of a House postal subcommittee.⁴ 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 have allowed 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.”⁵ A USPS boundary survey found that more than 11 million deliveries⁶ 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.⁷ 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 already had been assigned;

² U.S. Census Bureau, “Population Finder,” at [http://factfinder.census.gov/servlet/SAFFPopulation?_event=Search&_name=Haddon+Township&_state=04000US34&_county=Haddon+Township&_cityTown=Haddon+Township&_zip=&_sse=on&_lang=en&pctxt=fph].

³ Haddon Twp., N.J., *Phone and E-mail Directory*, see [<http://www.haddontwp.com/township.php?page=townshipdirectory>].

⁴ 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, 101st Cong., 2nd sess., June 7, 1990 (Washington: GPO, 1990). Hereafter cited as “ZIP Code Boundary Hearing.”

⁵ *Ibid.*, p. 105.

⁶ A “delivery” occurs when the object sent through the mail is brought to its designated destination.

⁷ *Ibid.*, p. 92.

in 20 areas, 90 or more of the 100 possible ZIP Codes already had been assigned; and in Houston, all 100 possible ZIP Codes had been used.⁸

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.”⁹ 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 not only could do a better job of providing facts and reasoning to explain its decisions in individual cases, but also could “do more to ... resolve problems caused by conflicts between municipal and ZIP Code boundaries.”¹⁰

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*, the manager of the district’s Address Management System (AMS) is responsible for reviewing ZIP Code assignments in his or her 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,¹¹ or 55 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 involve considerable coordination and investment, approval from the district manager, the manager of operations programs support, the manager of processing and distribution, and the district manager of customer service and sales is needed before the proposal can be sent to the area (regional) office. If the area manager of delivery programs support reviews and approves the proposal, he or she then sends it to the Office of Address Management (headquarters) in Tennessee for final review before changes can take effect.¹²

⁸ Ibid.

⁹ ZIP Code Boundary Hearing, pp. 3, 38, 49, 95, and 97.

¹⁰ U.S. General Accounting Office, *Conflicts Between Postal and Municipal Boundaries*, GAO/T-GGD-90-47, June 7, 1990, pp. 14-16 and 23.

¹¹ Deliveries are a fraction of the population growth in an area because most delivery points are households with multiple occupants.

¹² U.S. Postal Service, *Postal Operations Manual*, Section 439.51 (Washington: USPS, July 19, 2007).

Most of the analysis required is based on operational considerations, but one of the questions a manager of the district's AMS must address is whether municipal boundaries will be crossed, and another is 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."¹³

Proposed changes must be sent to the area office by December 15 for a change to take place in July of the following year. Changes are made on or around July 1, because mail volume is at a low point then. Concentrating changes around this time is advantageous for a variety of operational purposes — especially for 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 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 emphatically reemphasized the expectation that USPS would give careful, objective consideration to community wishes, even if they were based solely 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

¹³ U.S. Postal Service, *Postal Operations Manual*, Section 439.211.

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.)¹⁴

What the Process Requires

The boundary review process requires any municipality and community group seeking 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 request received to the district level and provide any additional information requested by USPS for the evaluation. The district manager is to identify all relevant issues and potential solutions to them, quantify the specific operational impacts and feasibility of the request, meet with the group of proponents 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 group in writing, giving the specific reasons for denial. The response must be based on the results of the analysis and must advise the proponent group 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 adopt 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 of various 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 a proponent on request) to “find ways to say ‘yes.’” The manager of delivery operations must make a final decision on the appeal within 60 days.

¹⁴ USPS has continued efforts to notify its employees of the new ZIP Code policy, which also was posted on the USPS internal website in 2006. In December 2006, USPS sent an additional e-mail reminder of the new policy to the service’s delivery and retail departments.

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.¹⁵ Steve Burkholder, the former mayor of Lakewood, CO, and former 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 often could be reached.¹⁶

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 postal patrons may not realize that a new, unique ZIP Code usually accompanies the creation of a new delivery post office. They also may 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.”¹⁷ 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 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 addresses, 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 customers in that area to 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

¹⁵ U.S. Postal Service, *Comprehensive Statement on Postal Operations, 1991* (Washington: 1992), p. 47.

¹⁶ Information provided by telephone on June 14, 2006. CRS made a follow-up call to the National League of Cities (NLC) on January 25, 2008. NLC stated that it had no further comments on the issue.

¹⁷ USPS Internal Memorandum to Vice Presidents, Area Operations, “Proper Treatment of Appeals, ZIP Code Boundary Review Process,” November 18, 1999, p. 2.

mail to Windsor Heights residents.¹⁸ 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.”¹⁹

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 addresses. 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 is 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.

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

¹⁸ ZIP Codes can be accessed online at [<http://zip4.usps.com/zip4/citytown.jsp>].

¹⁹ “Redlining” is the practice of withholding financial services from a geographic area based on the residents’ race or economic level. For more information, see Jack M. Gettentag and Susan M. Wachter, *Redlining and Public Policy* (New York: NYU Press, Graduate School of Business Administration, 1980).

has no power or incentive to make changes and may be unaware of the headquarters instructions to find “reasonable solutions to external municipal requests.”²⁰

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, the organization’s 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 explain fully 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 asked to introduce legislation to force USPS to establish ZIP Code boundaries in statute. Only once has such piece of legislation become law. The Postal Accountability and Enhancement Act of 2006 (P.L. 109-435; 120 Stat. 3261) required USPS to assign “a single unified ZIP Code to serve, as nearly as practicable, each of the following communities:

1. Auburn Township, Ohio.
2. Hanahan, South Carolina.
3. Bradbury, California.
4. Discovery Bay, California.”

Those ZIP Codes are currently active, according to USPS.²¹ Behind-the-scenes pressure, however, may be less effective on the Postal Service than it can be with other, less independent agencies. USPS does not rely upon appropriations from Congress for its operations,²² and the Postal Reorganization Act of 1970²³ has several provisions designed to shield it from political interference (39 U.S.C. 101 (g)).

Finally, a constituent should not be advised that he or she may simply substitute the 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; if the two do not match, default sequences come into play, and mail very likely will be directed to the wrong delivery post office, certainly causing delay and possibly causing the mail to be returned as undeliverable.

²⁰ U.S. Postal Service, *Postal Operations Manual*, Section 439.321.

²¹ E-mail response from USPS, January 16, 2008.

²² For further detail, see CRS Report RS21025, *The Postal Revenue Forgone Appropriation: Overview and Current Issues*, by Kevin R. Kosar.

²³ 84 Stat. 719.