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Subcommittee on Government Operations
Committee on Oversight and Reform
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Waiting on the Mail: Postal Service Standard Drops in Baltimore
and the Surrounding Area

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Good morning, Chairman Connolly, Ranking Member Hice, members of the Subcommittee, and the Maryland delegation. Thank you for inviting me here today to discuss our work related to the Postal Service's delivery performance in Baltimore, Maryland.

The mission of the OIG is to ensure the efficiency, accountability, and integrity of our nation's Postal Service through independent oversight under the authority of the Inspector General Act. We take our mission very seriously. Our office conducts audits and evaluations of postal programs and operations to determine their efficiency and effectiveness. On the investigations side, we detect fraud and misconduct and deter postal crimes.

Baltimore Service Performance

The Postal Service has reported it had a successful peak holiday season nationwide with no significant issues, although it has not reported on how it did in specific locations such as Baltimore, which has been challenged with timely mail delivery for years. Because of those challenges, last May, Congressmen Mfume and Ruppersberger asked us to review mail delivery and customer service operations in the Baltimore area.

In response to their request, we initiated an audit focused on nine delivery units in Baltimore.[1] To determine the extent of the service problems, we reviewed postal data and found many products in Baltimore had not met performance targets in over a year. Looking at the number of missing mail inquiries, we found Baltimore was well above the national average and the second worst of the major metropolitan areas.

As part of this audit, we visited nine delivery units in Baltimore last June and found delayed mail at each, totaling almost a million pieces. One of the main drivers of these delays was employee shortages, largely due to increased use of authorized COVID-19 leave during the spring of 2021. While the Postal Service faced external challenges with employee availability due to the pandemic, we identified some opportunities for the Postal Service to improve hiring and retention. This included offering more locations for new employee training and filling vacant positions in a timely manner.

Postal management agreed with all seven of our recommendations. The Postal Service took action to address four of the recommendations, and as a result we closed them. The Postal Service has also taken some actions to address the remaining three, but

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[1] United States Postal Service Office of Inspector General (USPS OIG), *Mail Delivery and Customer Service Operations, Select Baltimore Units, Baltimore Maryland,* Report No. 21-194-R22, November 4, 2021, https://www.uspsoig.gov/sites/default/files/document-library-files/2021/21-194-R22.pdf.

upon review, we have determined further action or documentation is needed. The recommendations and their status are shown in Table 1.

Table 1: Recommendations Related to Baltimore Delivery Units

Recommendation	Status
Develop and implement a process to ensure managers complete the removal process for part-time city carriers that are no longer employed and identify part-time city carriers who should be taken off the rolls.	Closed
Develop and implement a plan to hire and retain enough carriers to consistently reach and maintain authorized complement.	Closed
Open another city carrier training academy to efficiently train new carriers as they are hired.	Open
Develop and implement a plan to analyze available data and establish thresholds for key metrics to determine when the Baltimore postmaster should request additional resources from outside the Baltimore region to help deliver mail.	Closed
Develop and implement a plan, including employee training, to ensure all delayed mail is reported daily in the Customer Service Daily Reporting System and monitor for accuracy.	Open
Develop a list of at-risk delivery units and require them to use available technology to provide pictures or video to support the accuracy of delayed mail reported in the Customer Service Daily Reporting System.	Closed
Develop and implement a plan to monitor and ensure compliance with package scanning and handling procedures.	Open

We also initiated an audit on Baltimore's mail processing facility to identify issues that could affect the timeliness of mail delivery.[2] We found the plant had many manager and supervisor vacancies due to a hiring freeze. In addition, broken equipment required employees to manually transfer mail between floors using elevators, adding two hours per day to move the mail. These problems, along with supervision, communication, and coordination issues, resulted in mail being brought to the docks after scheduled truck departure times. As a result, around 36 percent of the trucks dispatched from this facility left later than planned or were trucks added to transport the mail that was brought late to the loading dock. This resulted in increased costs and higher probability of the mail not being delivered on time. During this audit, we also found missing load and departure scans. Missing scans can lead to inaccurate information, making it difficult for the Postal Service to measure performance and make operational decisions.

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[2] USPS OIG, *Efficiency of Operations at the Baltimore MD, Processing and Distribution Center,* Report No. 21-237-R22, December 16, 2021, https://www.uspsoig.gov/sites/default/files/document-library-files/2021/21-237-R22.pdf.

Postal management was responsive to four of our five recommendations, but they disagreed with our recommendation to prioritize and track the replacement of the broken equipment. Postal management said the Baltimore plant was a top priority for its Processing Facility modernization plan, and therefore could be updated, expanded, or replaced as part of that plan. The Postal Service did not, however, provide a timeline or state any specific actions that would be completed. Table 2 displays the recommendations related to the Baltimore Processing Facility and their status. For all the open recommendations, the Postal Service has provided documentation on what actions it has taken to address these recommendations. We are in the process of analyzing this information to see which recommendations can be closed and which need additional actions.

Table 2: Recommendations Related to Baltimore Processing Facility

Recommendation	Status
Fill Manager of Distribution Operations and Supervisor of Distribution Operations vacancies according to the authorized complement	Open
Control unscheduled leave by analyzing absences and discussing attendance with employees, when warranted.	Open
Prioritize and track the replacement of the tray management system to ensure it is replaced according to the current schedule.	In Resolution
Develop a plan to have adequate supervision and coordination for the timely transporting of processed mail to the dock area for dispatch.	Open
Provide additional training to employees to further increase load scan scores to meet or surpass the scanning goal.	Open

Service Performance Website

We know that information about delivery performance is important to all postal customers in Baltimore, as well as the rest of the country. In response to these concerns, we developed a service performance website that shows delivery performance across the country over time.[3] Users can filter the information by geographic area, mail class, and fiscal quarter, as well as pivot between the Postal Service's former and current service performance targets. We have received positive feedback from postal customers about this site and will continue to look for new ways to provide similar transparency.

As shown on the site, Baltimore had low service scores that were largely below the national average for several years. Then around July 2020, Baltimore's service

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[3] USPS OIG website, https://www.uspsoig.gov/service-performance.

performance scores began to decline and did not start to improve until April 2021. The most recently released data shows service performance in Baltimore steadily improved through this past September, although it has remained below the national average. The Postal Service should soon release service performance data for the first quarter in FY 2022, which will include this past October through December.

OIG Focus on Service Performance

Another way we have focused on service issues is by strategically structuring our resources to perform groupings of audits in specific geographic locations, similar to the work we performed here in Baltimore. This allows us to provide a more comprehensive look at mail processing and delivery issues at each location. We recently finished our work in Portland, Oregon, and have begun work in Columbus, Ohio and San Diego, California.

In addition, we have prioritized work related to national service issues. For example, this past fall, we published a report on nationwide service performance and identified the most common causes of service failures were a shortage of employees due to the COVID-19 pandemic, insufficient operational and transportation capacity, and facilities not always properly sorting mail and parcels.[4]

Another recent report looked at the Postal Service's preparedness for the holiday season and found that it had addressed some of the conditions that led to the previous year's problems.[5] We observed operations and monitored performance data throughout the peak holiday season and will issue a report this spring on how the Postal Service performed.

We have other ongoing projects related to service performance. For example, we will report on how the Postal Service manages its delivery operations, with a focus on undelivered routes. We are also reviewing the 10 lowest performing mail processing plants, including the Baltimore and Linthicum facilities, to determine the root causes of the service problems.

In addition, we know there is some concern about the impacts of planned postal changes on mail service in Baltimore as well as the rest of the country. We currently have a project looking at how the Postal Service developed its forecasts as well as how it will measure the success of its *Delivering for America* plan. And, as the Postal Service

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[4] USPS OIG, *Nationwide Service Performance*, Report No. 21-120-R21, September 20, 2021, https://www.uspsoig.gov/sites/default/files/document-library-files/2021/21-120-R21.pdf.
[5] USPS OIG, *Fiscal Year 2022 Peak Mailing Season Preparedness*, Report No. 21-206-R22, November 19, 2021, https://www.uspsoig.gov/sites/default/files/document-library-files/2021/21-206-R22.pdf.

continues to roll out its plan, we will monitor and evaluate its effectiveness and success, as well as any impacts on mail delivery.

Budget

We are one of the leanest IG offices, with about one OIG employee for every 640 Postal Service employees. Even with those limited resources, in FY 2021 we returned over $15 in impact for every $1 invested in our budget. While we receive our appropriation from Congress, the annual funding that enables us to do our work comes from the Postal Service, not the U.S. Treasury.

Over the past 10 years, our budget has not grown meaningfully and has not kept up with rising costs, including mandated increases to salary and FERS employer contributions. Without additional funding to support these increases, we have had to reduce the number of FTEs available to support our work by 14 percent since 2012. Because of these steadily declining resources, we have had less capacity to focus even on the highest priority work.
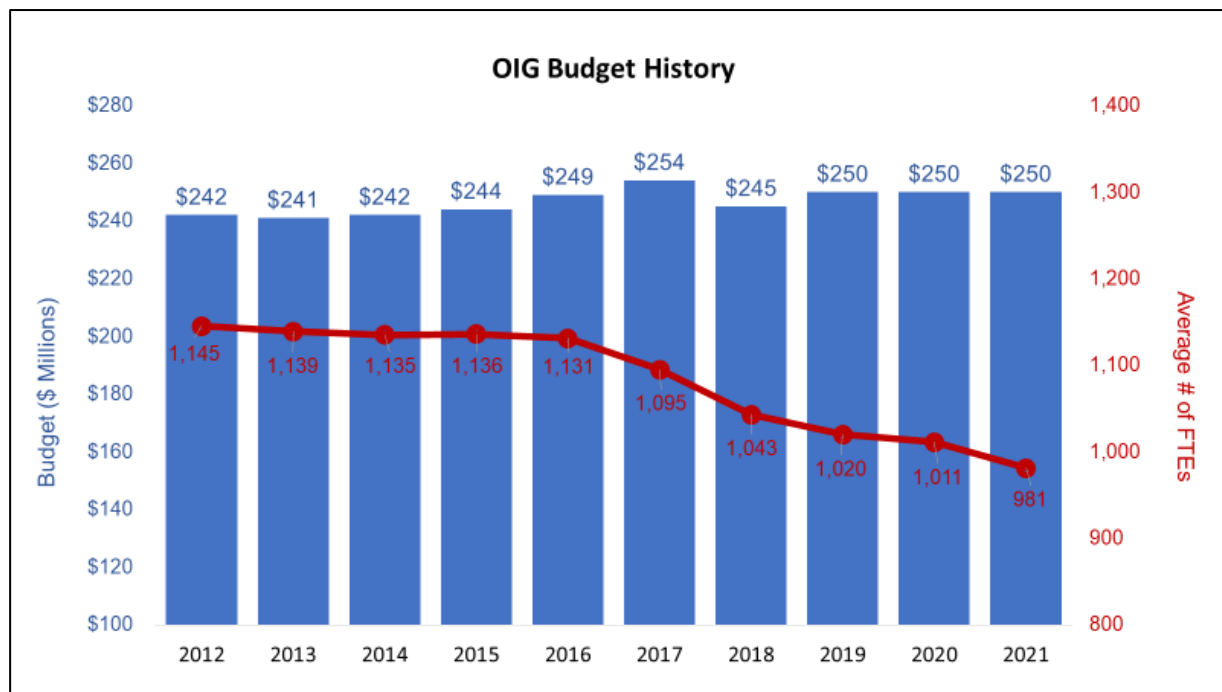
The $263 million included in the President's budget is based on our FY 2022 budget submission from the fall of 2020. This was before the Postal Service announced its plans to make significant changes, which will increase the need for oversight.

The Postal Service is in the process of modifying its large and complex mail processing network. It has already made some changes to its surface transfer centers, the facilities

where mail and parcels are consolidated onto trucks. The Postal Service also plans to rearrange its network so that some facilities are dedicated to parcel sortation and other facilities focus on processing letters, flats, and containers. In addition, the Postal Service has said it is taking steps to modernize its network, looking at which plants should be updated, expanded, or eliminated. These types of sizable, multifaceted network changes have the potential to cause service disruptions.

In conjunction with the mail processing network changes, the Postal Service is altering how it moves mail between postal facilities, including moving a portion of the mail from air to ground transportation. As part of this effort, the Postal Service has implemented slower service standards for a portion of First-Class Mail and Periodicals and plans to do the same for First-Class Package Services. While the goal of this change is to increase service reliability and save costs, postal customers and the Postal Regulatory Commission have expressed concern the Postal Service may not reap the full financial and service reliability benefits.

The Postal Service is also planning to make around $40 billion in investments over the next 10 years. It has already entered into a contract to purchase new delivery vehicles, has added over 50 annexes, and purchased and deployed 112 new package sorting machines. Investments of this size require careful oversight.

While the Postal Service has designed these initiatives to enhance its financial stability, there is always a risk that implementation of complex, widespread changes will cause regional or national service issues. In addition, it is possible the initiatives will not benefit the Postal Service as much as planned. These risks are very real — our work has revealed that historically, when the Postal Service implements network changes, it has not always been able to improve service or realize the projected cost savings.[6]

Oversight of the Postal Service's planned initiatives, especially near real-time oversight, is essential. While we have already begun projects related to these postal plans and restructured our current resources to prioritize quick service-focused reports, our scope is limited with our current level of funding. Additional funds will allow us to expand our capacity, namely increase the number of FTEs, to quickly respond to ongoing service challenges and provide near real-time monitoring of service across the country. As a result, the Senate Committee on Appropriations has proposed an increase to our FY 2022 budget to $266 million, and we plan to request additional funds in our FY 2023 budget.

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[6] USPS OIG, *Operational Window Change Savings,* Report No NO-AR-19-001, October 15, 2018, https://www.uspsoig.gov/sites/default/files/document-library-files/2018/NO-AR-19-001.pdf

An example of what we can do with additional funds is the oversight of election and political mail we provided during the fall of 2020. In the weeks leading up to, and the week of, the general election, we sent 500 OIG employees to nearly 2,000 postal facilities nationwide to monitor election mail. Using an OIG-created app, we were able to provide near real-time information on our observations to the Postal Service, enabling them to quickly resolve any problems we identified. Using this same technology, we were also able to keep Congress informed. While this effort was successful, and we may do something similar for the upcoming elections, it took significant resources and resulted in other investigative and audit projects being put on hold.

With increased funding, we can provide similar monitoring across the country as the Postal Service rolls out its planned changes. This type of near real-time monitoring and quick response reporting ultimately benefits postal customers, as it allows the Postal Service to promptly fix the issues we identify.

Conclusion

We understand how important the Postal Service and timely mail delivery is to its customers in Baltimore and across the country. We have restructured our resources to prioritize oversight of service performance and could do even more with additional funds. We appreciate the opportunity to discuss our work, and I am happy to answer your questions.