Audit Report

Service Performance – First-Class Single Piece Letter Mail

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Highlights

Objective

Our objective was to evaluate service performance for First-Class Single Piece (FCSP) letter mail nationally and in 17 selected districts. This report responds to a congressional request regarding concerns of low service performance in these districts in the last month leading up to the November 2020 general election. The U.S. Postal Service Office of Inspector General (OIG) addressed issues on election mail service performance in a prior report. This audit focuses on overall service performance for FCSP letter mail in fiscal year (FY) 2020 through March 31, 2021.

During the COVID-19 pandemic, the Postal Service delivered critical items such as medications, stimulus payments, Election Mail, and Social Security checks. While the Postal Service played an important role during the pandemic, its operations were not immune from the pandemic's impact and concerns about on-time delivery performance increased as the pandemic progressed.

"While the Postal Service played an important role during the pandemic, its operations were not immune from the pandemic's impact and concerns about on-time delivery performance increased as the pandemic progressed."

The Postal Service uses an internal measurement system to evaluate its on-time service performance and assigns root causes for failures that do not meet established delivery standards. Service standards are determined by the class of mail, where it originates, and its destination. In prior audits, we noted the Postal Service has struggled to meet mail service performance standards and had opportunities to improve operational efficiency and cost-cutting efforts. Additionally, the Postal Regulatory Commission's annual independent assessment of the Postal Service's service performance for FY 2017 through FY 2020 found that the Postal Service failed to meet FCSP letter mail service performance due to issues in processing, transit, and last mile operations.

The OIG reviewed three related core functions vital to meeting the service performance target for FCSP letter mail nationally: mail processing, transportation, and delivery operations. Specifically, we conducted our review at 19 processing and distribution centers (plants) and 34 delivery units in the 17 districts outlined in the congressional request.

Finding

Nationwide service performance for FCSP letter mail dropped throughout 2020, after the onset of the COVID-19 pandemic. Service performance scores began FY 2020 above 90 percent before significantly declining between July and December 2020 to a low of 67.43 percent at the end of December. Service performance scores started improving in January 2021 after the 2020 peak season, reaching 84.55 percent by the end of March 2021. Service performance at the 17 selected districts trended comparably with the national scores for FCSP letter mail but were lower, some far lower, than the national scores.

We found the service performance scores declined due to internal and external network impacts in mail processing, transportation, and delivery operations including employee availability challenges, increased package volumes, and a loss of transportation capacity. Specifically:

- Some processing facilities did not have sufficient operating capacity to receive, process and stage mail when package volumes were high, resulting in bottlenecks and delays in processing and transporting the mail.

- Some processing facilities were not able to adequately staff letter machines or dock operations or did not have a sufficient number of experienced employees, resulting in decreased efficiency.

- To alleviate bottlenecks within the network, some processing facilities worked mail offloaded to them from other facilities. Working this mail required additional resources to process and transport the offloaded mail.

- Implementation of the Surface Transfer Center (STC) redesign, a Postal Service initiative to reduce transportation costs and improve service through route optimization, also impacted the ability of some facilities to move the mail. The STCs contributed to dock congestion which resulted in late trips to plants.

- Late trips declined, critically late trips increased, and mail continued to arrive late to the 19 plants from other processing facilities. As a result, facility processing schedules were not aligned to match the transportation schedules.

- Constraints in mail processing and transportation, including the air network, prevented timely and consistent mail arrival to the delivery units. Delivery units used overtime to sort, case, and deliver mail.

Completed Mitigation Efforts

Despite these challenges, we found that Postal Service management modified normal operations in mail processing, transportation, and delivery operations to try to mitigate missed service commitments. In fact, many of the 19 plants reported they generally had no issues processing FCSP letter mail each day, but their service scores were impacted by FCSP letter mail coming from other facilities that had already missed its service commitment standard prior to arrival.

In their efforts to maintain operations in the plants and delivery units, management implemented various solutions to move the mail through the network. Some plants were more successful than others at maintaining operations and service scores. For example, some plants utilized overtime and/or management staff to complete mail processing and handling operations, while others shifted employees from letter sorting operations to work packages.

Network precision and synergy is critical to effective, timely mail processing operations across the country. Facilities that struggled with increased package volume, bottlenecks, and employee availability can impact service performance in downstream operations and at other facilities. In addition, if transportation is not available to move mail between facilities on schedule, large-scale service degradation can quickly occur.

Moving Forward

In late March 2021, the Postal Service published its 10-Year Plan, *Delivering for America*, which outlined its commitment to make operational changes moving forward. The plan establishes 13 key goals to achieve financial stability and service excellence. Management also communicated this plan verbally to its stakeholders. The plan includes numerous initiatives that are aligned to achieve the financial, service, and other key outcome goals. Many of these initiatives are for service improvement for the 2021 peak season, including efforts to increase package processing capacities, address transportation challenges, and improve employee retention and availability.

To further improve service performance scores across the network, management should focus on quickly identifying and addressing issues at the locations that are the source of the service delays. Monitoring key performance indicators, by setting sufficient thresholds, throughout the network can identify underperforming facilities and bottlenecks and allow management to promptly take action to address these hotspots and mitigate service delays.

Employee availability impacted operations and the Postal Service's ability to meet service commitments. As management proceeds with their hiring efforts, they should ensure mail processing peak season hiring plans address potential COVID-19 pandemic impacts on the job market to hire a sufficient number of employees and fully train them in time for 2021 peak season.

> *"Network precision and synergy is critical to effective, timely mail processing operations across the country."*

While these initiatives and other Postal Service Headquarters Logistics & Processing Operations actions may address the challenges experienced last year, many of these initiatives require implementation within the coming months for a positive impact on the 2021 peak season. Implementing various initiatives concurrently is challenging, and combined with any continuing employee availability challenges, could have unintentional negative impacts on the quality and timeliness of mail delivery. Before implementing operational adjustments prior to 2021 peak season that will impact their network, the Postal Service should fully study and analyze the collective impact planned changes will have on mail service. These changes should also be clearly communicated, in writing, throughout the Postal Service's management structure to ensure consistent implementation.

Recommendations

We recommended the Chief Logistics & Processing Operations Officer and Executive Vice President instruct management to:

- Develop a risk-based operational tool, with appropriate thresholds, to identify and remediate underperforming facilities or bottlenecks within the network, so they may be promptly addressed, and service delays mitigated.

- Ensure mail processing peak season hiring plans include potential impacts from the COVID-19 pandemic on the job market.

- Conduct a service impact analysis for any peak season changes that incorporates ongoing effects of the COVID-19 pandemic, expected peak season volumes, and strategies to mitigate potential operational issues.

- Develop and implement a strategy to communicate, in writing, clear guidance on any significant operational adjustments implemented prior to the 2021 peak season to ensure message clarity and consistent application throughout the agency.

Transmittal Letter

September 3, 2021

MEMORANDUM FOR: ISSAC S. CRONKHITE
CHIEF LOGISTICS & PROCESSING OPERATIONS
OFFICER AND EXECUTIVE VICE PRESIDENT

FROM: Amanda Stafford
Deputy Assistant Inspector General
for Retail, Delivery and Marketing

SUBJECT: Audit Report – Service Performance - First-Class Single
Piece Letter Mail (Report Number 21-047-R21)

This report presents the results of our audit of the U.S. Postal Service's Service Performance for First-Class Single Piece Letter Mail.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Rita F. Oliver, Director, Delivery and Retail Operations, or me at 703-248-2100.

Attachment

cc: Corporate Audit Response Management
Postmaster General

Results

Introduction/Objective

This report responds to a December 7, 2020, congressional request regarding concerns of low service performance in 17 districts in the last month leading up to the November 2020 general election. The U.S. Postal Service Office of Inspector General (OIG) addressed issues related to election mail service performance in a prior report.[1] This audit focuses on overall service performance for First-Class Single Piece (FCSP) letter mail in fiscal year (FY) 2020 through March 31, 2021. Our objective was to evaluate service performance for FCSP letter mail nationally and in 17 selected districts. See Appendix A for additional information about this audit.

Background

During the COVID-19 pandemic, the Postal Service delivered critical items such as medications, stimulus payments, Election Mail, and Social Security checks. While the Postal Service played an important role during the pandemic, its operations were not immune from the pandemic's impact and concerns about on-time delivery performance increased as the pandemic progressed.

Historically, the Postal Service established service targets that specify timeliness goals for delivering mail. Beyond the self-selected targets, the 2006 Postal Accountability and Enhancement Act required the Postal Service to establish an initial set of service standards for Market Dominant products such as FCSP letter mail in 2007. Service standards – the time a customer can expect for a mailpiece to be delivered – are set by the class of mail, where it originates, and its destination.[2]

The Postal Service uses an internal measurement system to evaluate its on-time service performance and assigns root causes for failures that do not meet established delivery standards. To evaluate the annual service performance for products such as FCSP letter mail, the Postal Regulatory Commission (PRC) compares the percentage of mailpieces that achieve the stated service standard against targets established by the Postal Service.

In prior audits, the OIG noted that the Postal Service struggled to meet mail service performance standards and had opportunities to improve operational efficiency and cost-cutting efforts. Additionally, the PRC's annual independent assessment of the Postal Service's service performance for FY 2017 through FY 2020 found the Postal Service failed to meet FCSP letter mail service performance due to issues in processing, transit, and last mile operations.

The OIG reviewed three related core functions vital to meeting the service performance target for FCSP letter mail nationally: mail processing, transportation, and delivery operations. Specifically, we conducted our review in the 17 districts outlined in the congressional request (see Figure 1), and at 19 processing and distribution centers (plants or P&DCs) (see Figure 2) and 34 delivery units.

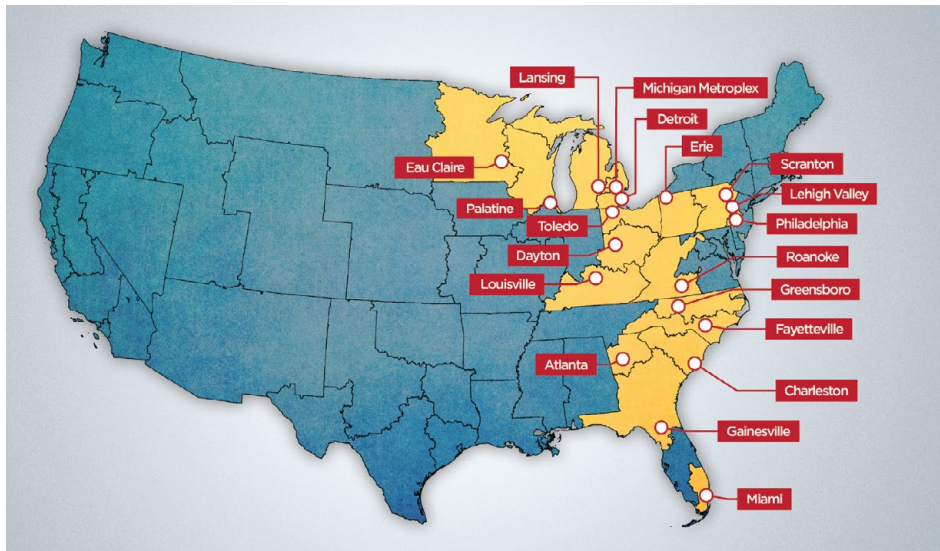**Figure 1. Map of 17 Districts in Congressional Request**
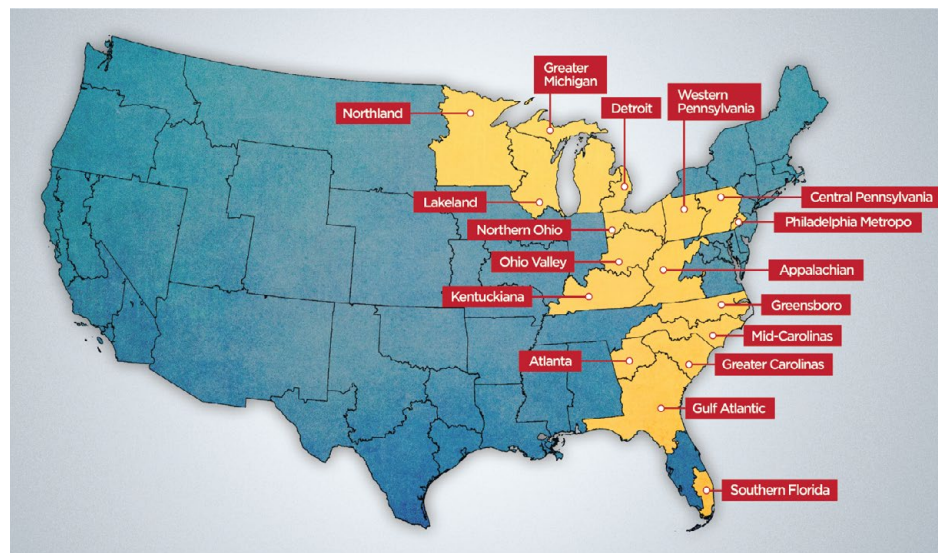
Source: OIG analysis.

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[1]   OIG, *Service Performance of Election and Political Mail During the November 2020 General Election* (Report Number 20-318-R21, March 5, 2021).
[2]   PRC *Annual Compliance Determination (ACD) Report, FY 2020*, March 29, 2021.

## Figure 2. Map of 19 Processing Plants

Source: OIG analysis.

Finding #1: Significant Impacts to First-Class Single Piece Letter Mail

Nationwide service performance for FCSP letter mail dropped significantly throughout 2020, starting with the onset and during the COVID-19 pandemic. Service performance scores began FY 2020 above 90 percent nationally before significantly declining between July and December 2020 to 67.43 percent. Service performance scores began improving in January 2021, after the 2020 peak season,[3] reaching 84.55 percent by the end of March 2021. In 2020, the FCSP letter mail service performance composite[4] target was 96 percent. However, on May 6, 2021,[5] the Postal Service significantly reduced the target to 84.88 percent – a reduction of over 11 percent, retroactive to October 2020. Management made this reduction to ensure that FY 2021 targets were meaningful and accounted for the ongoing and unprecedented impact of the COVID-19 pandemic.

Our detailed review of service performance in 17 selected districts and at 19 plants were lower but trended similarly. Service performance scores at the 17 districts began FY 2020 at 92.13 percent, declining to 60.82 percent in December 2020, and rebounded to 84.41 percent in March 2021. Service performance scores for the 19 plants we visited tracked closely with the districts, but their scores trended lower over the 18-month period. The plants began FY 2020 at 91.38 percent, before declining to 50.33 percent in December 2020. Like the districts, service performance at the 19 plants improved after the 2020 peak season, reaching 81.03 percent in March 2021 (see Figure 3).

Figure 3. National, District and Plant FCSP Letter Mail Service Performance Compared to the National Target from October 2019 through March 2021
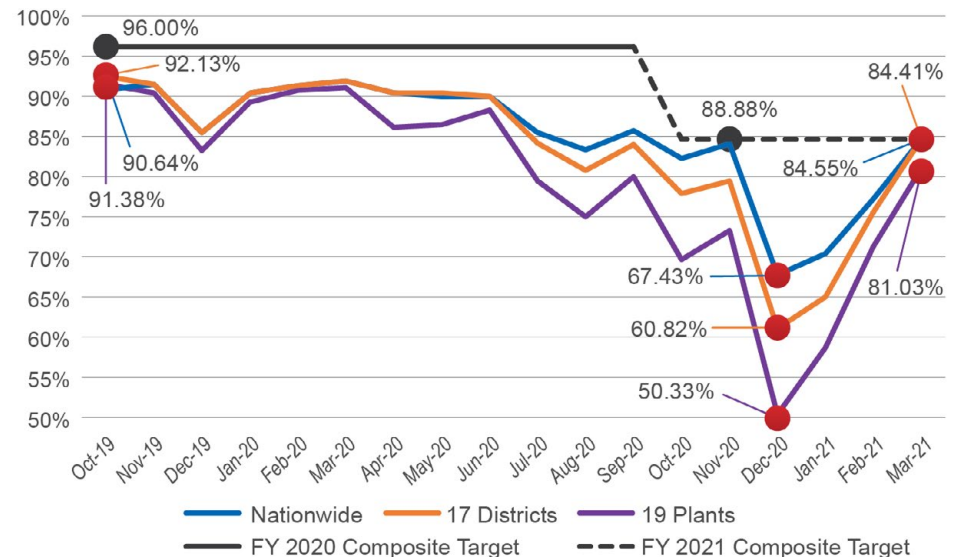
Source: OIG analysis of Postal Service data from Informed Visibility (IV).

While some plants were able to minimize the impact on their service performance scores, others were not as successful, with scores dropping below 60 percent

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3   The Postal Service's peak season lasts about eight weeks, starting on or around Thanksgiving Day in November and ending on or around Martin Luther King, Jr. Day in January. Peak season 2020 was from November 28, 2019 – January 20, 2020.
4   This category represents the weighted average of the performance of First-Class Single Piece Mail.
5   The Postal Service Board of Governors approved a significant decrease in the service performance composite target score for FCSP letter mail on May 6, 2021.

in multiple months during the 18-month period of our review. For example, the Detroit plant struggled with service performance scores at the beginning of the pandemic, in the month prior to the November 2020 general election, and again during peak season. Their service performance scores fell below 60 percent in April, May, October, and December of 2020, as well as in January of 2021. The Toledo plant also suffered significant service performance score declines, with scores below 30 percent in August and December of 2020 and January 2021 (see Appendix C for all locations). Further, while service performance was disrupted from operational changes beginning in July 2020, as reported in a previous OIG report,[6] more systemic issues continued to impact service, as noted below.

Causes of Service Failures

Service performance scores for all Plants we visited in the 17 districts were impacted by the COVID-19 pandemic. The most significant impacts generally occurred during December 2020 when service performance scores for six of the 17 districts and 13 of the 19 plants fell below 60 percent (see Appendices B and C).

Our analysis showed service performance scores declined due to internal and external network impacts in mail processing and transportation operations including significant increases in package volumes outpacing capacity, staffing challenges in number and experience, changes in workloads due to redirections of mail volume to other facilities, late trips and other transportation issues, and implementation of the new surface transportation centers as noted below.

Package Volume Increases Outpaced Capacity

Nationally, the Postal Service experienced a ▮ percent increase in total package volume from April 2020 through March 2021 when compared to same period last year (SPLY). These increases impacted Postal Service operations, as packages are generally larger and heavier than other mail shapes. Packages are frequently shipped in bulkier transportation equipment and require more labor and space per piece for the Postal Service to process, transport, and deliver — straining the Postal Service's resources for other mail types.

By March 2021, the national package volume offloaded[7] from private companies increased by ▮▮▮▮ packages, from approximately ▮▮▮▮ to ▮▮▮▮ , or ▮▮▮ percent compared to March 2020. However, package volume changes were more pronounced at some of the 19 plants, with some individual plants experiencing as much as a ▮▮ percent increase in package volumes. Management at seven of the 19 plants stated they did not have sufficient operating capacity to receive, process and stage mail due to the increase in packages. Other plants in the 17 selected districts experienced similar volume changes for the same period.

Our analysis of Postal Service package volume data confirmed that as package volume increased significantly, FCSP letter mail service performance scores declined. This inverse relationship occurred uniformly across all levels, impacting service performance scores nationwide, for the 17 selected districts and 19 plants. For example, nationwide, December 2020 package volumes surged by ▮▮▮▮ from the previous month, and FCSP letter mail service performance declined by 16.49 percentage points. According to senior Postal Service officials, by mid-December, the Postal Service received ▮▮▮▮ more packages a day than they had the ability to process.

> The ▮▮▮▮ plant experienced a ▮▮ percent increase in package volume from November to December 2020 and FCSP letter mail service performance declined from 63 to 46 percent. Management stated the additional volume and late transportation impacted their ability to meet the service performance target.

FCSP service performance decline was even more pronounced at the 19 plants, during December 2020, where our analysis showed package volume increasing by ▮▮▮▮ (or ▮▮▮▮) packages from the previous month, and FCSP letter mail service performance declined to 50.33 percent. As package volume

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6   *Deployment of Operational Changes* (Report Number 21-014-R2, November 6, 2020).
7   During the COVID-19 pandemic some private shipping companies had to scale back their services and/or impose volume limits on customers. Much of this additional volume, offloaded by private companies, was absorbed by the Postal Service, as they did not refuse packages tendered to it for delivery.

declined, the service score increased to 58.63 and 71.47 percent in January and February 2021, respectively (see Figure 4).

Figure 4. Package Volume Compared to FCSP Letter Mail Service Performance at the 19 Plants from October 2019 through March 2021
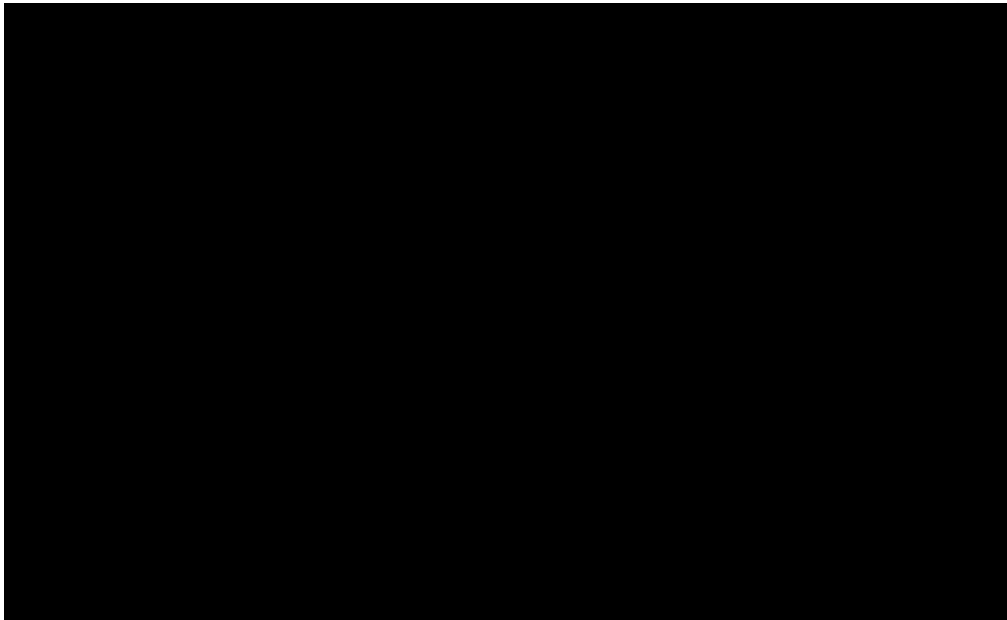
Source: OIG analysis of Enterprise Data Warehouse (EDW) Web Management Operating Data System (webMODS), and IV.

Staffing Challenges — Sufficient Number and Experience

Some processing facilities were not able to adequately staff letter machines or dock operations, or did not have enough experienced employees, resulting in decreased efficiency. We analyzed letter machine utilization at these facilities which indicated there was adequate capacity for processing letter mail on existing machines. However, many of the letter machines were not operating as efficiently when compared to SPLY, which can be caused by not having sufficient employees to operate the machines. In FY 2020, FCSP letter mail service performance scores were impacted by low employee availability. Nationwide the average employee availability from April 2020 to March 2021 was 78 percent, a decrease of 3 percent compared to SPLY. At the 19 plants, the average employee availability decreased 5.20 percent compared to SPLY (see Table 1). In addition, our review showed that employee leave usage increased 19 percent nationally and 20 percent at the 19 plants from April 2020 through March 2021 when compared to SPLY.

Toledo plant management stated some letter processing machines were staffed with only one employee, when at least two employees were needed to operate the machines efficiently. Management at the Detroit plant added that they had gridlock at the facility due to a lack of certified employees to operate power equipment to move mail to the dock.

Table 1. Processing & Distribution Centers' Average Employee Availability

Facility Name	April 2019 – March 2020	April 2020 - March 2021	Difference
Atlanta P&DC	74.79%	70.92%	-3.87%
Charleston P&DC	78.24%	75.42%	-2.82%
Dayton P&DC	76.86%	69.50%	-7.36%
Detroit P&DC	74.23%	63.67%	-10.56%
Eau Claire P&DC	84.11%	79.25%	-4.86%
Erie P&DC	83.41%	77.08%	-6.33%
Fayetteville P&DC	74.37%	74.17%	-0.20%
Gainesville P&DF	80.38%	78.00%	-2.38%
Greensboro P&DC	75.72%	70.83%	-4.89%

Facility Name	April 2019 – March 2020	April 2020 - March 2021	Difference
Lansing P&DC	80.39%	75.25%	-5.14%
Lehigh Valley P&DC	80.37%	74.50%	-5.87%
Louisville P&DC	75.62%	68.67%	-6.95%
Miami P&DC	78.63%	73.00%	-5.63%
Michigan Metroplex P&DC	74.18%	63.83%	-10.35%
Palatine P&DC	77.15%	68.58%	-8.57%
Philadelphia P&DC	77.45%	71.00%	-6.45%
Roanoke P&DC	81.54%	78.25%	-3.29%
Scranton P&DC	80.64%	80.92%	0.28%
Toledo P&DC	80.19%	76.58%	-3.60%
Overall Average	**78.33%**	**73.13%**	**-5.20%**

Source: OIG analysis of Postal Service employee availability data from Time and Attendance Collection System (TACS).

Management at 14 of 19 plants indicated that employee absenteeism, increased leave usage, and a less experienced workforce impacted their ability to process mail timely. While employee availability at the 19 plants generally remained above the Postal Service's Pandemic Influenza Plan's 60 percent threshold to maintain essential operations[8], some plants were more affected by pandemic-related leave than others. During 2020, three of the plants we reviewed had employee availability that dropped below the 60 percent threshold in April. Two of these

three plants, Detroit, and Michigan Metroplex, declined to 45.09 percent and 67.07 percent, respectively during this time (see Appendix D).

Although only these three plants fell below the employee availability 60 percent threshold and for only a single month, management at 12 of the 19 plants and headquarters indicated this threshold was not adequate to maintain operations, especially when facilities had elevated volumes. The 16 plants that maintained employee availability above 60 percent still experienced service performance declines despite remaining above the threshold. For example, in December 2020, only two of the plants we reviewed saw employee availability fall below 70 percent; however, volume increases during that month coupled with employee availability issues and other challenges resulted in 13 of the 19 plants with service performance below 60 percent (see Appendices C and D).

To address employee absenteeism, management supplemented their workforce with non-career employees to replace staff on COVID-19 related leave or to support peak season operations. The Postal Service, along with its labor unions, executed a Memoranda of Understanding to exceed the current caps[9] to hire the number of non-career employees needed to replace a career employee who was out on COVID-19 related leave. However, despite hiring additional employees for the 2020 peak season, some mail processing facilities still had staffing constraints because new hires were sometimes quarantined for illness or virus exposure and the newly hired non-career staff did not always receive adequate training for the jobs they needed to perform.

Due to flight cancellations and delays, the Postal Service increased reliance on its surface network to transport mail. However, the surface network was also directly impacted by COVID-19 reductions in truck driver availability. In conversations with Postal Service managers, they emphasized the ongoing national shortage of truck drivers not only impacted the Postal Service but also their Highway Contract Routes (HCR)[10] suppliers, which further impacted on-time service performance. Management also stated they did not have enough Postal Vehicle Service (PVS) drivers to transport the mail to other plants and delivery units due to the high

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8   The employee availability threshold of 60 percent was previously discussed in the OIG report, *Mail Service During the Early Stages of the COVID-19 Pandemic*, (Report Number 20-275-R21, dated January 4, 2021).
9   The non-career hiring cap is a percentage of the number of career staff in each district.
10 A route of travel served by a postal contractor to carry mail in bulk over highways between designated points.

volume of sick leave calls from drivers. Our analysis indicated there were PVS employee availability issues at 12 plants[11] with only 84 percent availability from October 2020 through March 2021. The OIG previously reported on the ongoing PVS driver shortages and management's action to hire drivers.[12]

Postal Service Headquarters Logistics and Processing Operations managers stated they also continue to face challenges with hiring non-career staff. For example, management informed us that in one location where they need to hire 250 non-career employees for the 2021 peak season they will only be able to hire about 50 employees based on historical hiring experiences. While Logistics and Processing Operations officials can address some of these localized issues by moving some operations to a nearby location or other measures, management noted concern about the ongoing challenges with external hiring conditions (e.g., not enough applicants, not being able to match the sign on bonuses offered by competitors, the nationwide trucker shortage, and ongoing use of COVID-19 leave). The OIG is evaluating peak season hiring in a separate audit project.

Offloaded Volume

When mail processing facilities faced challenges such as employee availability or insufficient capacity, management could offload or divert mail to another facility for processing to reach service standard achievement (see Figures 5-6). However, these attempts to alleviate bottlenecks within the network resulted in some processing facilities having to allocate additional resources to process and transport the offloaded mail. For example, they would have additional trips moving the offloaded mail from the original site, increasing the number of unplanned trailers at their dock doors, and using dock space to unload and stage this mail for processing. Depending on the type of mail, they would run extra volume on their machines or use manual work hours to sort the offloaded mail for dispatch. Finally, they often added offloaded volumes to their own outbound transportation trips, further increasing the use of trailer space and potentially causing the use of extra trips to move this mail. We found 18 of 19 plants we reviewed had processed additional mail volume that was offloaded from other plants to their facilities.

Figures 5 and 6. Offloaded Volumes at the Roanoke Plant, Roanoke VA
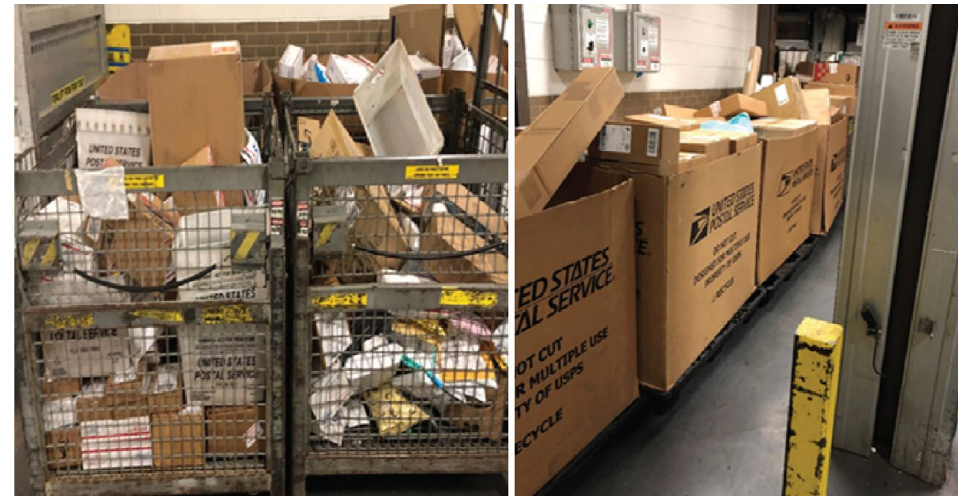
Source: OIG photos taken February 2, 2021 at 11 p.m.

Furthermore, in some cases, the plants also noted this incoming volume had already missed its processing window before entering their facility. Many of the 19 plants reported they generally had no issues processing FCSP letter mail each day, but that their service scores were impacted by FCSP letter mail coming from other facilities that had already missed its service commitment standard prior to arrival. Management at three plants stated that facility operations were impacted because the additional offloaded volumes led to gridlock within the facility, which required them to move staff from other operations to process the additional volume.

Late Trips and Other Transportation Impacts

Per the FY 2020 ACD, the Postal Service stated that the policy change to reduce late and extra trips[13] led to a decline in service performance in late summer 2020. While late trips slightly declined over SPLY, mail continued to arrive late to the 19 plants from other processing facilities. Our analysis confirmed that the Postal Service's transportation network had on-time trip failures to plants and

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11 The data showed only 12 of the 19 plants we reviewed had PVS drivers.
12 *Transportation Network Optimization and Service Performance* (Report Number 20-144-R20, dated June 5, 2020).
13 After his appointment, the Postmaster General implemented operational and organizational changes in July and August 2020: One of the changes, the elimination of late and extra trips to transport mail was designed to

delivery units. Specifically, there were 217,892 late trips at the 19 plants from April 2020 through March 2021, a 1 percent decrease from SPLY (see Table 2). Several locations actually had a marked increase in late trips during this period.

Table 2. Late Transportation Trips

Facility Name	April 2019 – March 2020	April 2020 - March 2021	Late Trips Difference
Atlanta P&DC	35,199	27,311	-7,888
Charleston P&DC	4,607	4,619	12
Dayton P&DC	6,599	5,439	-1,160
Detroit P&DC	15,753	18,185	2,432
Eau Claire P&DC	814	496	-318
Erie P&DC	1,413	1,244	-169
Fayetteville P&DC	4,849	4,513	-336
Gainesville P&DF	1,348	1,062	-286
Greensboro P&DC	24,369	30,000	5,631
Lansing P&DC	2,591	2,346	-245
Lehigh Valley P&DC	12,328	17,362	5,034
Louisville P&DC	15,032	12,596	-2,436
Miami P&DC	21,602	24,941	3,339
Michigan Metroplex P&DC	16,904	19,938	3,034
Palatine P&DC	10,972	6,923	-4,049
Philadelphia P&DC	35,719	31,343	-4,376
Roanoke P&DC	2,576	5,037	2,461
Scranton P&DC	3,396	2,022	-1,374
Toledo P&DC	3,526	2,515	-1,011
Total	**219,597**	**217,892**	**-1,705**

Source: OIG analysis of Postal Service data from Surface Visibility (SV).

Service performance declines occurred because facility processing schedules were not aligned to match the transportation schedules. Management at 8 of 19 plants stated late mail arrivals from other mail processing facilities impacted their operations. For example, ▇▇▇▇ plant management stated that trucking companies refused to come to the ▇▇▇▇ plant because of the long lines (six hour wait or longer). Therefore, the mail was already delayed upon arrival,[14] which impacted service performance.

While regular late trips declined slightly in FY 2020 compared to SPLY,[15] critically late HCR trips at the 19 plants increased by 138 percent during the same period. Critically late trips can significantly impact service performance, as longer delays can cause mail to miss critical processing windows, as facility processing schedules need to be aligned to the transportation schedules. The OIG is reviewing the causes for the increase in critically late trips in a separate audit.

Further, Postal Service Headquarters Logistics & Processing Operations officials stated the reduction in air carrier capacity impacted service performance. Management indicated that beginning in April 2020, the commercial airlines reduced flights due to the COVID-19 pandemic and the Postal Service lost approximately 75 percent of the lift capacity they previously had on these

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eliminate unnecessary late and extra trips. This initiative would require mail to be transported on regular routes or held until the next regular route is available.

14 The Postal Service considers mail to be delayed when it is not processed in time to meet the established delivery day.

15 OIG analyzed the SV system's identified reason codes for late transportation trips for FYs 2019 and 2020. The top three reasons for late trips were contractor failures, late processing, and dock congestion both nationally and at the 19 plants.

The Philadelphia plant manager stated that loss of air capacity on commercial air networks also impacted on-time service performance because mail was returned, without notice, back to the plant when space was unavailable on a plane, which then had to be reassigned to the surface transportation network. The Miami plant manager stated they received late arriving mail due to weather, transportation, and late ███████ flights; however, they extended their operating window to process the late arriving mail.

commercial air networks. As a result, the Postal Service had to move mail from the air cargo network[16] to surface transportation which impacted achieving the FCSP letter mail service performance.

Overall, our analysis showed the Postal Service moved ███████ packages from air cargo network to the surface network from May 2020 through March 2021. Postal Service Headquarters officials emphasized that a shortage of truck drivers, which is occurring nationally, was another issue hampering their ability to move mail timely. This shortage affects the Postal Service[17] and their contract suppliers, further impacting on-time service performance. Management indicated Logistics and Processing Operations Division Directors are working with suppliers to address contractor challenges.

Surface Transfer Center Redesign

Implementation of the Surface Transfer Center (STC) redesign—a Postal Service initiative to reduce transportation costs and improve service through route optimization—also impacted the ability of some facilities to process mail. This redesign required multiple originating plants to send their mail volumes for consolidation into a single trip to another facility. Management at the Greensboro, Louisville, and Philadelphia plants stated they did not have enough dock space to process the amount of cross docked[18] volume received due to the STC redesign. These three plants were aggregate sites (received mail from several mail processing facilities for consolidation, loading and transport in the surface network) or a receiving site (processed mail for other facilities) in the STC network.

The redesign also resulted in an increased number of trailers arriving and departing at these facilities and an increase in the amount of mail on their dock waiting to be consolidated onto another trailer. However, management at the Charleston plant stated that at times, there were no drivers to transport consolidated mail volume from their plant. Therefore, mail was staged in the facility until a driver, or a truck was available to move and load the mail on the trucks. These delays increased dock congestion and contributed to late trips to other plants. We observed mail processing and dock operations at the Greensboro plant as FCSP letter mail was processed and prepared for dispatch. However, the mail missed its scheduled transportation due to dock congestion (see Figures 7 and 8).

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16 The Postal Service's 10-Year plan, *Delivering for America* proposes modifying First-Class Mail standards to shift 43 percent of volume from air to surface transportation. The Postal Service anticipates these modifications will move volume from unreliable air transportation to more reliable ground transportation, which will support their proposed goal of 95 percent on-time delivery across mail and shipping product classes.
17 *Transportation Network Optimization and Service Performance* (Report Number 20-144-R20, dated June 5, 2020). OIG reported in FY 2019, the Postal Service had a PVS driver shortage of 1,247 drivers (12 percent) nationwide. The related report recommendation was closed June 2020 as management indicated they had established hiring incentives. As of April 2, 2021, the nationwide shortage of PVS drivers decreased from the shortage of 1,247 to 913 drivers or 27 percent.
18 Cross-docking entails the transport of mail that has not and will not be processed in the facility. Mail or equipment may be transported directly between two vehicles, between a vehicle and a staging area, or between two staging areas. The staging areas may be on the platform or inside the facility.

Figures 7 and 8. FCSP Letter Mail that Missed Scheduled Transportation at the Greensboro Plant, Greensboro, NC
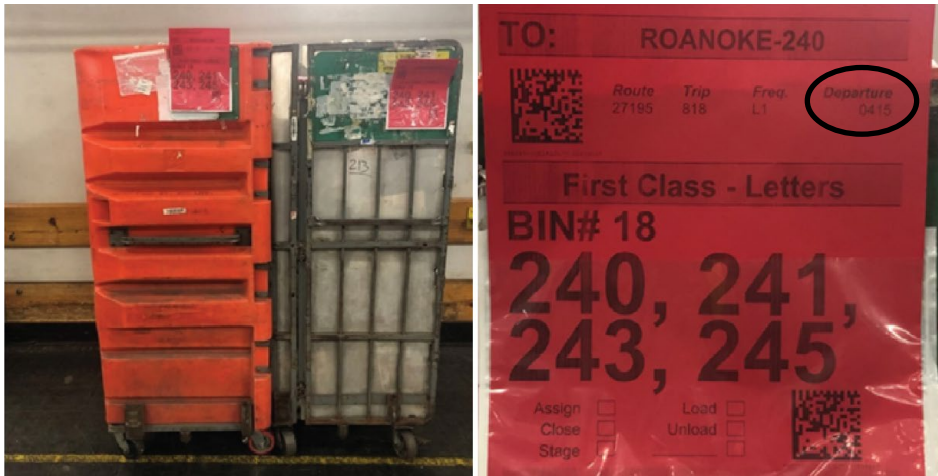
Source: OIG photos taken February 9, 2021 after transportation departure at 4:27 a.m.

Downstream Impacts: Delivery Unit Congestion

We noted some delayed and undelivered mail at delivery units[19], resulting from late arriving mail, extra trips, inaccurate mail mix, missent mail, or high volumes of unworked mail[20] (see examples in Figures 9-10). For example, we observed one delivery unit needed to sort and case high volumes of unworked mail coming from the plant that was not processed to the level agreed upon in the integrated operating plan. To mitigate these conditions, delivery unit management used overtime to sort this unworked mail and requested carriers to return to the delivery unit from street delivery to collect late arriving mail and then resume street delivery. Delivery unit management also deployed additional employees with late arriving mail to connect with the carriers already performing street delivery to deliver this late arriving mail on their routes.

Figures 9-10. Trays of Unworked Mail Received and Staged at the Acworth Carrier Annex, Acworth, GA

Source: OIG photos taken February 2, 2021 at 9:37 a.m.

Completed Mitigation Efforts

Postal Service management modified normal operations in mail processing, transportation, and delivery operations to mitigate missed service commitments. In their efforts to maintain operations in the plants and delivery units, management implemented various solutions to move the mail through the network. Some plants were more successful than others at maintaining operations and service scores. For example, some plants utilized overtime and/ or management staff to complete mail processing and mail handling operations, while others shifted employees from letter sorting operations to work package operations.

As stated earlier in our report, the Postal Service reduced its FCSP letter mail service performance composite target from 96 percent to 84.88 percent – a reduction of over 11 percentage points. The service target reduction was retroactive to October 2020. The change was approved by the Board of

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19 However, by our site visits in February 2021, many of the selected delivery units had recovered from previous backlogs.
20 Unworked mail is mail that was expected to be processed and sorted by the plant in the route's line of travel. The mail arrived at the delivery unit requiring clerks and carriers to prepare the mail in the route's line of travel.

Governors on May 6, 2021 to ensure that the FY 2021 targets were meaningful and accounted for the ongoing and unprecedented impacts of the COVID-19 pandemic.

Network precision and synergy is critical to effective, timely mail processing operations across the country. Facilities that struggled with increased volumes, bottlenecks and employee availability can impact service performance in downstream operations and in other facilities. For example, if one site does not have sufficient resources to clear their mail, it could delay mail destined for additional sites, which impacts their service performance. In addition, if transportation is not available to move the mail between facilities on schedule, large-scale service degradation can quickly occur. Therefore, it is important that management has the appropriate tools and operating thresholds to identify and promptly address underperforming facilities or bottlenecks within the network to mitigate service delays.

Moving Forward

In late March, the Postal Service published its 10-Year Plan, Delivering for America, which outlined their commitment to make operational changes moving forward. The plan establishes 13 key goals to achieve financial stability and service excellence. Management also communicated this plan verbally to its stakeholders. The plan includes numerous initiatives that are aligned to achieve financial, service, and other key outcome goals. Many of these initiatives are for service improvement for the 2021 peak season, including efforts to increase package processing capacities, address transportation challenges, and improve employee retention and availability.

To further improve service performance scores across the network, management should focus on quickly identifying and addressing issues at the locations that are the source of the service delays. Monitoring key performance indicators, by setting sufficient thresholds, throughout the network can identify underperforming facilities and bottlenecks and allow management to promptly take action to address these hotspots and mitigate service delays.

Employee availability impacted operations and the Postal Service's ability to meet service commitments. The Postal Service also plans to align the workforce with the operating plans, reduce overtime demand, and improve employee engagement and retention. As management proceeds with their hiring efforts, they should ensure mail processing peak season hiring plans address potential impacts from the COVID-19 pandemic on the job market to hire a sufficient number of employees and fully train them in time for 2021 peak season.

While these initiatives and other Postal Service Headquarters Logistics and Processing Operations actions may address the challenges experienced last year, many of these initiatives require implementation within the coming months to have a positive impact on the 2021 peak season. Implementing various initiatives concurrently is challenging, and combined with any continuing employee availability challenges, could have unintentional negative impacts on the quality and timeliness of mail delivery. Before implementing operational adjustments prior to 2021 peak season that will impact their network, the Postal Service should fully study and analyze the collective impact planned changes will have on mail service. These changes should also be clearly communicated, and in writing, throughout the Postal Service's management structure to ensure consistent implementation.

"To further improve service performance scores across the network, management should focus on quickly identifying and addressing issues at the locations that are the source of the service delays."

Recommendation #1

We recommended the **Chief Logistics & Processing Operations Officer and Executive Vice President** develop a risk-based operational tool with appropriate thresholds to identify and remediate underperforming facilities or bottlenecks within the network, so they may be promptly addressed, and service delays mitigated.

Recommendation #2

We recommended the **Chief Logistics & Processing Operations Officer and Executive Vice President** ensure mail processing peak season hiring plans include potential impacts from the COVID-19 pandemic on the job market.

Recommendation #3

We recommended the **Chief Logistics & Processing Operations Officer and Executive Vice President** conduct a service impact analysis for any peak season changes that incorporates ongoing effects of the COVID-19 pandemic, expected peak season volumes, and strategies to mitigate potential operational issues.

Recommendation #4

We recommended the **Chief Logistics & Processing Operations Officer and Executive Vice President** develop and implement a strategy to communicate, in writing, clear guidance on any significant operational adjustments implemented prior to 2021 peak season to ensure message clarity and consistent application throughout the agency.

Management's Comments

Management disagreed with recommendation 1 and agreed with recommendations 2 and 3. Management partially agreed with the findings and recommendation 4. Management stated that the map in Figure 1, which includes the 17 districts in the congressional request, and Figure 2, which mapped boundaries, are inaccurate as they do not reflect the Postal Service's May 2021 organizational restructure.

Regarding recommendation 1, management stated that Headquarters Division Support monitors all sites' service performance and mail conditions daily and has existing tracking systems and reports to track and monitor the movement of containers and regularly scheduled transportation. Each morning they report service achievement of all products and mail type categories in daily snapshots and weekly, quarterly, and yearly performance trends to identify opportunity and potential "hot spots" or areas. They communicate this information to respective field managers and provide additional follow-up through daily communications, teleconferences, and onsite reviews. Management requested closure of this recommendation with the issuance of the report.

Regarding recommendation 2, management stated that they base staffing plans, which extend through peak season, on expected workload and productivity and other complement factors, including attrition and availability. Since the beginning of the pandemic, the Postal Service has continually monitored its impacts on the workforce. When necessary, the Postal Service has addressed staffing needs through proactive agreements with national labor organizations allowing the hiring of non-career employees above the historic limits. The target implementation date is October 30, 2021.

Regarding recommendation 3, management stated that they forecasted FY 2022 peak volume utilizing advanced analytics from January 2021, including processed and delayed volumes during the FY 2021 peak season, along with the expected volume growth factor. The intent of this analysis was to determine the volume that facilities needed to process daily to meet service standards and reduce delayed inventory. Additionally, they selected sites with capacity shortfalls for deploying new package sorters prior to the start of the FY 2022 peak season. Planned actions will mitigate current and future operational issues. Further, specific strategies for impacts related to unplanned volume, weather, and employee-related impacts due to pandemic influences have been developed. Management requested closure of this recommendation with issuance of the final report.

Regarding recommendation 4, management stated the Postal Service has an annual action plan and peak season readiness tracking tool that lists each of the activities that Processing and Logistics Operations are required to complete for peak preparedness. This will be implemented prior to 2021 peak. Additionally, they are utilizing the peak workstream planning approach to facilitate collaboration across the different functional groups within the Postal Service for planning, identifying risks and mitigating issues for a successful peak. Furthermore, the implementation of a new leadership structure over the past nine months provides a separate line of sight from craft to officer for Processing

and Logistics, creating an environment strongly focused on specific segments of operations. Target implementation date is October 30, 2021.

See Appendix E for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations and corrective actions identified should resolve the issues identified in the report.

Regarding management's concern that the maps in Figures 1 and 2 do not reflect the restructure implemented in May 2021, the OIG received the congressional request in December 2020, and the maps in Figures 1 and 2 represent the district structure at the time we received the congressional request. The audit scope period was October 2019 through March 31, 2021, based on that request. On March 3, 2021, the Postmaster General announced the district restructuring from 67 to 50 districts and indicated that this organizational change had a final implementation of May 2021, which fell after our scope period.

Regarding management's disagreement with recommendation 1, we recognize the Postal Service may have existing tracking systems and reports to monitor the movement of containers and regularly scheduled transportation. However, management did not identify the postal tracking systems or provide supporting documentation to show underperforming facilities or bottlenecks within the

network. Regarding management's partial agreement with recommendation 4, we noted they did not identify the portion of the recommendation they disagree with, nor did they provide examples of the annual action plan or Peak Season Readiness Tracking Tool referred to in their response. Although management outlined some steps they are taking to prepare for peak season, the OIG believes these actions do not directly address the recommendation. As stated in the report, implementing significant operational adjustments, combined with any continuing employee availability challenges, could have unintentional negative impacts on the quality and timeliness of mail delivery. Therefore, any potential significant changes implemented should be clearly communicated, in writing, throughout the Postal Service's management structure to ensure consistent implementation in core operational program functions.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed. We view the disagreement on recommendation 1 as unresolved and will work with management through the audit resolution process. Based on the documentation provided by management, we consider recommendation 3 to be closed with the issuance of this report.

Appendices

Click on the appendix title below to navigate to the section content.

Appendix A: Additional Information

Scope and Methodology

The scope of our audit was to evaluate service performance for FCSP Letter Mail nationally and in 17 districts from October 1, 2019 to March 31, 2021. We judgmentally selected 53 sites (19 plants and 34 delivery units) from the 17 districts[21] using various data elements, including FCPS service performance composite scores, number of delivery routes and late transportation trips.

To accomplish our objective, we:

- Obtained and analyzed various data elements, including service performance composite scores for FCSP letter mail, FCSP letter mail and package volume, letter mail sorting equipment inventory, productivity and utilization, employee availability, leave hours, overtime, late and extra transportation trips.

- Judgmentally selected and performed site observations and conducted on-site and virtual interviews with management at 19 plants and 34 delivery units in February and June 2021, to discuss challenges in achieving the FCSP letter mail service performance target, implementation of continuity of operations plans, organizational changes, STC redesign, operational changes and the impact initiatives identified in the Postal Service's 10-Year plan, *Delivering for America* will have on operations.

- Reviewed Postal Service's mail processing and delivery operations policies, procedures, and related documents and tools to identify guidance, systems, and FCSP letter mail targets and performance scores.

- Reviewed the Postal Service's 10-Year Plan and related initiatives, the FY 2020 Annual Report to Congress, and the PRC ACD reports for FY 2017 through FY 2020.

- Interviewed Postal Service Headquarters Logistics and Processing Operations officials regarding FCSP letter mail service performance failures, current efforts to increase capacity, updated operating plans, transportation failures, late and extra trips, and HCR and PVS driver shortages, and peak season planning.

- Interviewed the Strategic Planning group and reviewed documents pertaining to 10-Year Plan and related initiatives, and ACD report relative to service improvements that may impact the 2021 peak season, and to obtain a better understanding of the development, implementation, and communication of these initiatives.

We conducted this performance audit from December 2020 through September 2021 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on July 14, 2021 and included their comments where appropriate.

We assessed the reliability of any computer-generated data for the purpose of this report and found it generally reliable. Specifically, we assessed the reliability of IV, Web End-of-Run System Address Management System, SV, EDW, webMODS, eFlash, Web-based Complement Information System, Workforce System, TACS, and Mail and Image Reporting System by testing the completeness and reasonableness of the data and interviewing Postal Service officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

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21 On December 7, 2020, the OIG received a congressional request from multiple members of the House of Representatives to review mail service declines occurring in Postal Service districts prior to the 2020 general election.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact (in millions)
U.S. Postal Service Volume, Performance, and Financial Changes since the Onset of the COVID-19 Pandemic	Examine changes in Postal Service mail volume, on-time service performance for mail delivery, and revenue and expenses from January through December 2020 since the COVID-19 pandemic.	GAO-21-261	4/29/2021	None
Peak Season Air Transportation	Assess the Postal Service's efforts to reduce Peak Season air transportation operational costs while maintaining service during FY 2019 and FY 2020.	20-215-R21	2/25/2021	$8
Service Performance of Election and Political Mail During the November 2020 General Election	Evaluate the Postal Service's service performance of Election and Political Mail during the November 2020 general election and evaluate the handling of mail for the Georgia Senate runoff election held January 5, 2021.	20-318-R21	3/5/2021	None
Mail Service During the Early Stages of the COVID-19 Pandemic	Evaluate mail service during the early stages of the COVID-19 pandemic.	20-275-R21	1/4/2021	None
Deployment of Operational Changes	Provide our evaluation of operational changes to management with recommendations for corrective actions.	21-014-R21	11/6/2020	None
Operational Changes to Mail Delivery	Address specific concerns related to Postal Service changes put in place after the Postmaster General was sworn in on June 15, 2020, and their effect on operations; whether the changes complied with internal policies and legal requirements, and sufficient notice was provided to Congress and customers; and whether the Postmaster General complied with ethical requirements.	20-292-R21	10/19/2020	None
Processing Readiness of Election and Political Mail During the 2020 General Elections	Evaluate the Postal Service's readiness for timely processing of Election and Political Mail for the 2020 general elections.	20-225-R20	8/31/2020	None
U.S. Postal Service's Processing Network Optimization and Service Impacts	Determine if the Postal Service's processing network is operating at optimal efficiency and meeting service standards.	19XG013NO000-R20	6/16/2020	$385

Report Title	Objective	Report Number	Final Report Date	Monetary Impact (in millions)
Transportation Network Optimization and Service Performance	Assess opportunities to optimize the Postal Service's transportation network and meet service performance goals.	20-144-R20	6/5/2020	$199
Assessment of the U.S. Postal Service's Service Performance and Costs	Analyze service performance and cost trends of the Postal Service over the last five years.	NO-AR-19-008	9/17/2019	None

Appendix B: Districts' Monthly First-Class Single Piece Letter Mail Service Performance Scores

District	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
Appalachian	94.03%	93.90%	88.67%	92.54%	93.27%	93.42%	93.96%	93.17%	92.59%	88.70%	86.64%	85.60%	81.76%	81.52%	64.47%	67.97%	77.84%	86.24%
Atlanta	89.74%	89.54%	83.37%	88.67%	89.65%	90.59%	90.97%	89.61%	88.02%	84.01%	79.71%	78.95%	71.78%	74.18%	42.99%	50.39%	76.11%	80.26%
Central Pennsylvania	93.29%	91.71%	86.39%	91.47%	93.02%	92.61%	92.69%	92.39%	91.74%	78.08%	74.75%	83.53%	72.95%	65.40%	37.20%	49.30%	58.09%	83.65%
Detroit	90.45%	88.51%	78.83%	89.13%	89.66%	89.02%	62.98%	69.06%	83.35%	66.01%	56.99%	74.29%	61.07%	73.62%	45.58%	53.88%	74.92%	81.26%
Greater Michigan	93.38%	92.78%	84.68%	91.48%	92.28%	92.67%	88.95%	89.83%	91.34%	86.57%	83.37%	87.82%	82.58%	86.16%	70.85%	75.07%	84.77%	88.11%
Greater South Carolina	93.68%	93.22%	88.17%	92.23%	92.72%	93.49%	93.75%	93.37%	92.41%	89.74%	85.06%	84.22%	76.54%	73.48%	68.13%	70.81%	83.33%	85.57%
Greensboro	92.65%	92.26%	83.88%	89.35%	91.03%	92.02%	92.85%	91.67%	90.29%	88.83%	84.77%	83.92%	71.35%	73.39%	52.45%	59.54%	77.41%	84.27%
Gulf Atlantic	91.96%	90.77%	83.82%	90.30%	90.78%	91.32%	91.53%	90.91%	89.89%	86.90%	85.04%	83.64%	77.88%	80.48%	66.47%	68.78%	80.02%	81.97%
Kentuckiana	92.77%	92.70%	88.66%	92.44%	92.93%	92.96%	93.19%	91.66%	91.33%	87.42%	85.55%	86.62%	84.23%	86.42%	65.62%	74.52%	78.00%	86.06%
Lakeland	92.48%	91.99%	87.16%	90.24%	91.61%	92.39%	92.70%	92.23%	91.56%	87.48%	85.58%	87.12%	84.57%	85.86%	71.08%	75.37%	81.32%	86.40%
Mid-Carolinas	89.62%	90.13%	76.59%	85.40%	85.10%	91.69%	92.37%	89.95%	90.01%	85.16%	84.89%	86.30%	75.27%	79.50%	64.28%	67.32%	79.46%	84.68%
Northern Ohio	93.06%	93.25%	88.26%	92.85%	93.27%	93.29%	90.73%	90.91%	91.71%	79.58%	65.69%	82.54%	76.72%	73.96%	40.10%	47.22%	54.63%	83.35%
Northland	91.27%	91.06%	85.39%	88.08%	90.65%	91.28%	92.48%	92.98%	90.35%	87.77%	85.26%	84.68%	84.13%	84.53%	71.20%	75.28%	81.50%	86.14%
Ohio Valley	91.54%	90.32%	85.84%	90.31%	89.65%	89.83%	90.54%	91.41%	90.10%	81.48%	81.33%	81.92%	78.43%	81.92%	61.77%	67.71%	77.81%	84.05%
Philadelphia Metropolitan	92.92%	92.01%	86.65%	90.12%	92.05%	92.01%	91.17%	90.83%	89.87%	84.15%	81.23%	81.87%	69.46%	75.40%	57.01%	56.27%	59.02%	77.72%
South Florida	89.76%	90.38%	82.90%	88.97%	89.72%	90.57%	89.45%	88.74%	88.47%	82.23%	81.31%	84.40%	79.02%	80.60%	68.90%	71.82%	79.83%	81.61%
Western Pennsylvania	94.70%	94.54%	91.93%	94.33%	93.93%	94.50%	94.52%	94.28%	93.83%	90.89%	90.35%	91.72%	87.33%	89.03%	77.14%	74.99%	86.47%	91.80%

Source: OIG analysis of Postal Service data from IV.

Appendix C: Processing & Distribution Centers' Monthly First-Class Single Piece Letter Mail Service Performance Scores

District	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
Atlanta (GA) P&DC	89.17%	88.75%	83.03%	87.78%	89.00%	89.93%	90.23%	87.88%	85.34%	82.27%	74.63%	72.75%	59.93%	65.45%	22.14%	40.56%	71.76%	75.69%
Charleston (SC) P&DF	93.14%	93.26%	86.16%	91.68%	92.66%	93.18%	93.19%	93.01%	91.67%	88.41%	83.83%	75.08%	58.59%	53.20%	67.04%	69.86%	83.60%	86.11%
Dayton (OH) P&DC	88.93%	85.58%	80.50%	86.70%	86.38%	88.34%	90.04%	90.04%	87.05%	76.71%	79.71%	76.89%	76.66%	75.74%	60.21%	66.90%	75.81%	79.71%
Detroit (MI) P&DC	89.36%	86.36%	79.11%	86.87%	87.08%	86.65%	45.09%	33.13%	77.23%	61.86%	63.44%	70.06%	55.79%	70.79%	32.57%	34.32%	71.12%	79.04%
Eau Claire (WI) P&DF	90.11%	89.38%	84.48%	87.01%	89.67%	89.20%	92.72%	92.02%	90.24%	90.14%	88.60%	86.82%	79.35%	74.85%	59.32%	69.65%	77.66%	80.45%
Erie (PA) P&DF	94.65%	94.26%	89.06%	93.02%	94.10%	93.97%	93.78%	94.23%	93.35%	89.86%	86.59%	89.75%	84.00%	87.19%	71.62%	75.91%	85.44%	90.88%
Fayetteville (NC) P&DC	89.15%	89.63%	80.22%	87.97%	87.42%	92.62%	93.05%	91.06%	90.24%	88.66%	87.77%	87.21%	66.62%	81.05%	62.01%	67.82%	75.28%	84.15%
Gainesville (FL) P&DF	90.81%	86.71%	79.94%	86.53%	85.95%	87.46%	87.96%	87.09%	84.93%	84.25%	82.48%	83.10%	71.95%	73.43%	58.10%	65.78%	78.49%	79.40%
Greensboro (NC) P&DC	92.49%	91.91%	81.95%	88.18%	90.51%	91.59%	92.67%	91.70%	89.47%	88.30%	81.28%	78.79%	64.63%	62.81%	46.03%	53.01%	70.53%	81.36%
Lansing (MI) P&DC	91.89%	91.23%	82.04%	89.82%	90.55%	90.12%	88.61%	89.69%	89.92%	86.24%	87.75%	87.90%	81.40%	85.06%	66.38%	76.70%	83.78%	86.89%
Lehigh Valley (PA) P&DC	94.10%	92.17%	86.59%	92.12%	93.51%	92.48%	93.39%	92.04%	91.52%	79.28%	77.88%	85.91%	75.18%	64.43%	35.16%	49.03%	54.48%	82.20%
Louisville (KY) P&DC	92.67%	92.59%	88.67%	92.05%	92.98%	93.06%	93.26%	91.14%	90.61%	86.07%	81.91%	85.12%	81.24%	84.04%	58.72%	72.24%	77.12%	85.85%
Miami (FL) P&DC	88.82%	90.07%	83.34%	88.51%	88.84%	90.44%	90.00%	88.95%	88.45%	80.04%	79.15%	83.88%	77.59%	79.74%	68.31%	71.70%	79.88%	81.21%
Michigan Metroplex (MI) P&DC	90.75%	89.08%	78.62%	89.75%	90.41%	89.67%	67.07%	79.29%	84.86%	66.84%	54.98%	75.23%	62.09%	74.19%	47.83%	58.99%	75.77%	81.74%
Palatine (IL) P&DC	90.09%	88.97%	83.10%	88.24%	90.59%	90.39%	91.32%	89.97%	90.49%	80.94%	77.66%	80.95%	78.44%	82.95%	47.57%	72.33%	76.18%	83.06%
Philadelphia (PA) P&DC	92.98%	92.05%	87.28%	90.15%	92.17%	92.10%	91.32%	90.84%	89.83%	84.27%	82.21%	82.15%	68.79%	75.70%	57.29%	56.90%	60.19%	77.72%
Roanoke (VA) P&DC	92.71%	92.80%	87.08%	90.79%	91.67%	91.12%	92.66%	90.72%	90.45%	85.63%	81.30%	75.26%	69.53%	67.88%	45.89%	58.19%	69.36%	77.73%
Scranton (PA) P&DC	94.54%	93.61%	88.58%	93.05%	93.82%	94.43%	94.52%	93.61%	92.80%	78.59%	73.68%	87.05%	77.54%	66.13%	33.56%	48.30%	50.00%	82.12%
Toledo (OH) P&DC	90.58%	89.07%	80.35%	89.21%	90.87%	89.27%	72.34%	76.63%	86.04%	49.79%	29.41%	67.43%	73.81%	71.72%	26.81%	28.25%	63.70%	68.23%

Source: OIG analysis of Postal Service data from IV.

Appendix D: Processing & Distribution Centers' Monthly Employee Availability

Facility Name	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
Atlanta P&DC	77%	76%	75%	75%	74%	76%	68%	72%	72%	69%	72%	70%	70%	71%	72%	71%	70%	74%
Charleston P&DC	80%	79%	84%	81%	78%	78%	77%	77%	75%	68%	74%	74%	74%	74%	81%	74%	78%	79%
Dayton P&DC	77%	80%	79%	77%	75%	78%	75%	74%	70%	65%	68%	65%	68%	68%	68%	69%	71%	73%
Detroit P&DC	77%	76%	79%	76%	72%	68%	46%	63%	66%	65%	65%	64%	66%	64%	66%	65%	66%	68%
Eau Claire P&DC	85%	86%	89%	82%	88%	88%	82%	80%	78%	79%	78%	77%	82%	65%	84%	82%	81%	83%
Erie P&DC	86%	85%	84%	84%	82%	83%	84%	80%	74%	71%	75%	77%	79%	74%	74%	75%	82%	80%
Fayetteville P&DC	74%	73%	79%	76%	74%	77%	76%	77%	75%	73%	71%	71%	72%	72%	73%	77%	76%	77%
Gainesville P&DF	80%	82%	83%	81%	77%	74%	74%	78%	81%	79%	80%	82%	79%	70%	80%	75%	80%	78%
Greensboro P&DC	78%	77%	77%	75%	73%	73%	73%	73%	71%	71%	72%	71%	69%	68%	71%	68%	69%	74%
Lansing P&DC	82%	84%	87%	79%	79%	78%	69%	77%	74%	78%	78%	78%	74%	71%	77%	74%	76%	77%
Lehigh Valley P&DC	83%	81%	81%	82%	81%	74%	71%	75%	76%	74%	76%	75%	75%	73%	73%	74%	72%	80%
Louisville P&DC	78%	78%	79%	76%	74%	73%	66%	69%	69%	68%	69%	69%	70%	66%	73%	68%	64%	73%
Miami P&DC	81%	81%	79%	78%	79%	78%	72%	73%	74%	69%	70%	75%	73%	74%	76%	73%	74%	73%
Michigan Metroplex P&DC	78%	79%	77%	74%	71%	71%	49%	62%	60%	61%	62%	63%	64%	63%	71%	70%	70%	71%
Palatine P&DC	79%	79%	80%	77%	78%	76%	56%	64%	68%	67%	71%	70%	69%	66%	75%	72%	71%	74%
Philadelphia P&DC	79%	80%	78%	77%	79%	77%	72%	74%	73%	70%	69%	71%	72%	71%	71%	72%	65%	72%
Roanoke P&DC	84%	85%	87%	80%	81%	80%	80%	78%	76%	77%	78%	77%	80%	80%	83%	75%	75%	80%
Scranton P&DC	83%	79%	80%	84%	85%	84%	85%	84%	80%	74%	72%	78%	83%	81%	82%	83%	83%	86%
Toledo P&DC	80%	81%	82%	82%	85%	84%	79%	78%	77%	70%	74%	77%	78%	74%	82%	76%	77%	77%

Source: OIG analysis of Postal Service employee availability data from Time and Attendance Collection System.

Appendix E: Management's Comments

Isaac S. Cronkhite
Chief Logistics and Processing Operations Officer
and Executive Vice President

UNITED STATES POSTAL SERVICE

August 19, 2021

JOSEPH WOLSKI
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Management Response: Service Performance – First-Class Single
Piece Letter Mail (Report Number 21-047-DRAFT)

Postal Management would like to thank the Office of Inspector General (OIG) for
the opportunity to address the findings related to the Draft Report.

Postal Management partially agrees with the findings. The Figure 1 map, which
includes the 17 Districts in the Congressional Request, is inaccurate as it does not
reflect the restructure implemented in May 2021. Figure 2 mapped boundaries are also
incorrect as a result of the aforementioned restructure.

Recommendation [1]:
We recommended the **Chief Logistics & Processing Operations Officer and
Executive Vice President** develop a risk-based operational tool with appropriate
thresholds to identify and remediate underperforming facilities or bottlenecks within the
network, so they may be promptly addressed, and service delays mitigated.

Management Response/Action Plan:
Management disagrees with this recommendation. HQ Division Support monitors the
service performance and mail conditions of all sites daily. We have existing tracking
systems and reports to track and monitor the movement of containers and regularly
scheduled transportation. Each morning, we provide reported service achievement of
all products and mail type categories in daily snapshots, weekly, quarterly, and yearly
performance trends to identify opportunity and potential "hot spot" sites or areas. We
communicate this information to respective field managers and provide additional
follow-up through daily communications, teleconferences, and onsite reviews.

Management requests closure of this recommendation with issuance of the final
report.

Target Implementation Date: Currently in place - Complete

Responsible Official:
N/A

Recommendation [2]:
We recommended the **Chief Logistics & Processing Operations Officer and
Executive Vice President** ensure mail processing peak season hiring plans include
potential impacts from the COVID-19 pandemic on the job market.

Management Response/Action Plan:
Management agrees with this recommendation. The staffing plans, which extend through Peak Season, are based on expected workload, productivity expectations, and other complement factors including attrition and availability. Since the beginning of the pandemic, the Postal Service has continually monitored the workforce impacts of COVID-19. When necessary, the Postal Service has addressed staffing needs through proactive agreements with the national labor organizations allowing the hiring of non-career employees above the historic limits.

Target Implementation Date: 10/30/2021

Responsible Official:
Sr Director Strategic Planning & Implementation

Recommendation [3]:
We recommended the **Chief Logistics & Processing Operations Officer and Executive Vice President** conduct a service impact analysis for any peak season changes that incorporates ongoing effects of the COVID-19 pandemic, expected peak season volumes, and strategies to mitigate potential operational issues.

Management Response/Action Plan:
Management agrees with this recommendation. Analysis was conducted in January 2021. FY 2022 peak volume was forecasted utilizing advanced analytics from January 2021, including processed and delayed volumes during the FY 2021 peak season, along with the expected volume growth factor. The intent of this analysis was to determine the amount of volume that needed to be processed daily by facilities to meet service standards and reduce delayed inventory. Daily projections were compared with the facility daily package sorters capacity to identify facilities with high capacity shortfalls. Sites with capacity shortfalls were selected for the deployment of new package sorters prior to the start of the FY 2022 Peak Season. Planned actions, as a result of this analysis, will mitigate current and future operational issues.

We have developed specific strategies for impacts related to unplanned volumes, weather and employee related impacts due to pandemic influences. These strategies include specific COOP, offload, and routing plans to rapidly adjust operations and recover service quickly.

Management requests closure of this recommendation with issuance of the final report. Documentation to support closure is included with our response.

Target Implementation Date: Complete

Responsible Official:
N/A

Recommendation [4]:
We recommended the **Chief Logistics & Processing Operations Officer and Executive Vice President** develop and implement a strategy to communicate, in writing, clear guidance on any significant operational adjustments implemented prior to 2021

peak season to ensure message clarity and consistent application throughout the agency.

Management Response/Action Plan:

Management partially agrees with this recommendation. USPS has an annual action plan and peak season readiness tracking tool that lists each of the activities that Processing and Logistics Operations are required to complete for peak preparedness. This will be implemented prior to 2021 peak. We closely track the completion of these activities for mail processing, seasonal peak annex and surface transport center facility readiness, complement hiring and onboarding, facility and equipment maintenance readiness, and logistics planning and acquisition of vehicle (truck, tractor and trailers) resources necessary to provide service and meet customer expectations. Logistics has developed key strategies using scan data to advance the flow of mails and improve load utilization, leveraging the Surface Transfer Center network.

We are utilizing the peak workstream planning approach to facilitate collaboration across the different functional groups within USPS in planning, identifying risks and mitigating issues for a successful peak. Since everyone on the team is involved throughout the process, they can make necessary adjustments for a more seamless outcome. Each team member sees the product evolve and can contribute to ensure its optimum quality. We have weekly cross functional telecons, inclusive of the Executive Leadership Team, to review progress and completion of activities and the assigned task. This provides an additional level of accountability and follow up to ensure the success of our plans and strategies.

Furthermore, the organization has undergone the implementation of a new leadership structure over the past 9 months that provides a separate line of sight from craft to officer for Processing and Logistics, creating an environment strongly focused on specific segments of operations. This approach separates and aligns processing and logistic operations under their own structure. In addition, it drives a deeper and more narrow scope of accountability of operational areas leading to improved service and efficiency of operations.

Target Implementation Date: 10/30/2021

Responsible Official:
Sr Director Strategic Planning & Implementation

Isaac S. Cronkhite

cc: Manager, Corporate Audit Response Management

OFFICE OF
INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

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