



Highlights of [GAO-08-996](#), a report to congressional requesters

Why GAO Did This Study

The U.S. Postal Service (USPS) pay for performance (PFP) program for managers includes quantitative performance indicators. PFP ratings are the basis for salary increases and lump sum awards for nearly 750 Postal Career Executive Service (PCES) executives and about 71,700 other participants, mostly Executive and Administrative Schedule (EAS) employees. GAO was requested to provide information about USPS's PFP system. This report (1) describes the key features of USPS's PFP system, (2) provides information on the weight of its performance indicators in determining PFP ratings, and (3) identifies opportunities for USPS to incorporate delivery performance indicators into its PFP system. GAO obtained USPS documents and data, interviewed USPS officials, and primarily based its assessment on laws related to timely delivery and interviews with senior USPS officials.

What GAO Recommends

The Postmaster General should incorporate new delivery performance indicators into its PFP program—such as indicators that cover Standard Mail and bulk First-Class Mail—once the necessary measurement systems are successfully implemented, including the actions that mailers must take to permit meaningful performance measurement. USPS agreed with the recommendation and stated that it is committed to incorporating new delivery performance measures into PFP.

To view the full product, including the scope and methodology, click on [GAO-08-996](#). For more information, contact Phillip R. Herr at (202) 512-2834 or herrp@gao.gov.

U.S. POSTAL SERVICE

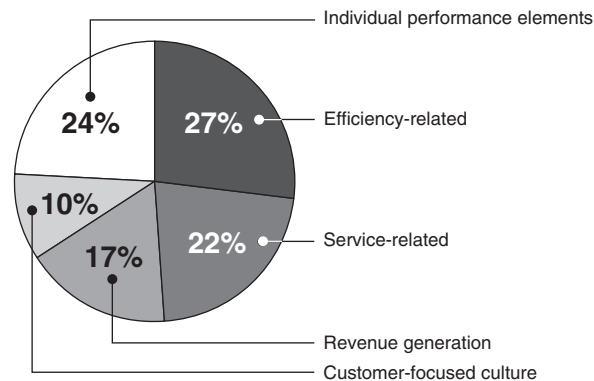
New Delivery Performance Measures Could Enhance Managers' Pay for Performance Program

What GAO Found

Key features of the PFP program are quantitative corporate and unit indicators of performance and individual performance elements that are used to rate participants and provide the basis for awards. Quantitative performance targets are established for corporate and unit indicators. Corporate indicators apply to all participants and include measures of timely delivery, productivity, revenue, and net income, among others. Unit indicators apply to selected groups of participants and vary according to the groups' responsibilities and span of control. Individual performance elements are tailored to the participant group and, within some groups, to individuals. Individual performance elements may be defined by narrative standards or may be quantitative indicators defined with specific target performance levels. The overall PFP rating is based on results of corporate and unit indicators and individual performance elements and is used to determine the salary adjustment and any lump sum award.

PFP indicators related to three USPS strategic goals—increasing efficiency, improving service, and generating revenues—collectively account for two-thirds of the average participant's rating (see fig.). However, indicator weights vary considerably by participant group, based on the responsibilities and span of control of various positions.

Percentage of Overall PFP Rating, by Type of Indicator: Average for All PFP Participants, Fiscal Year 2008



Source: USPS.

As USPS implements requirements of the postal reform law for measuring delivery performance, it will have opportunities to incorporate new indicators into its PFP program, notably for timely delivery of Standard Mail (49 percent of mail volume in fiscal year 2007) and bulk First-Class Mail (25 percent of volume). Once new delivery performance measurement systems are fully implemented and mailers' participation is sufficient to generate representative data, USPS will be able to incorporate new delivery performance indicators into its PFP program. These new indicators would create a more "balanced scorecard" that uses service performance metrics for the mail that is measured to support personal and unit accountability.