



Office of Inspector General | United States Postal Service

# Deployment of Operational Changes

Report Number 21-014-R21 | November 6, 2020



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# Highlights

## Objective

On October 19, 2020, we issued a report to the U.S. Postal Service Board of Governors that addressed specific questions asked by Members of Congress regarding modifications to Postal Service staffing and policies, mail service impacts, compliance with applicable laws and regulations, communication with Congress and customers, and the Postmaster General's compliance with financial conflict of interest laws and regulations (*Operational Changes to Mail Delivery* - Report Number 20-292-R21). The objective of this report is to provide our evaluation of those operational changes to management with recommendations for corrective actions.

In July and August 2020, newly appointed Postmaster General DeJoy implemented the following three operational and organizational changes:

- *Elimination of late and extra trips to transport mail:* Started July 10, 2020, this initiative was to eliminate all late and extra trips outside of regularly scheduled transportation service.
- *Organization Restructure:* On August 7, 2020, the Postmaster General announced a reorganization of field operations and headquarters functions to align functions based on core business operations.
- *Expedited Street Afternoon Sortation (ESAS):* This initiative began as a pilot program at 384 facilities nationwide on July 25, 2020, and was designed to eliminate excessive pre- and post-tour overtime.

In addition to these three changes, Postal Service operations executives deployed 57 initiatives to achieve fiscal year (FY) 2021 financial targets and reduce workhours, one of which matched the Postmaster General's strategies (Late/Extra Trips). These operational change initiatives were developed to achieve an estimated 64 million workhour savings.

Termed "Do It Now FY Strategies," these initiatives outlined changes from current operations in each function including mail processing, vehicle and maintenance, and post office operations (delivery and retail). They included eliminating pre-tour overtime in city delivery operations, elimination of certain mail processing

operations on Saturday, and alignment of clerk workhours to workload. These initiatives were generated from and executed by operations executives, and were discussed at an introductory meeting with the new Postmaster General on July 7, 2020.

As we have noted in a series of reports, the Postal Service has struggled in recent years to meet mail service performance standards, which it measures based on mail speed and reliability. In FY 2019, it met annual performance targets for only seven of 22 mail products (32 percent). Our recent reports have also noted that the Postal Service has numerous opportunities for greater efficiencies and cost savings.

## Issues

The Postal Service's implementation of operational changes and initiatives in June and July 2020 resulted in a significant drop in the quality and timeliness of mail delivery. We found the implementation of these initiatives was:

- Communicated primarily orally which resulted in confusion and inconsistent application of operational changes across the country.
- Implemented without completing a study or analysis of the impact of the changes on mail service, even though critical employee availability issues were being felt as pandemic cases rose following the July 4 holiday weekend.

The collective results of these initiatives, combined with the ongoing employee availability challenges resulting from the pandemic, negatively impacted the quality and timeliness of mail delivery nationally. The Postal Service's mail service performance significantly

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***“The collective results of these initiatives, combined with the ongoing employee availability challenges resulting from the pandemic, negatively impacted the quality and timeliness of mail delivery nationally.”***

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dropped beginning in July 2020, directly corresponding to implementation of the operational changes and initiatives.

Most notably, service performance indicators declined significantly in July 2020, for all mail products we reviewed:

- First-Class Single Piece declined from 90.1 to 79.7 (10.4 percentage points).
- First-Class Presort declined from 92.2 to 82.9 (9.3 percentage points).
- First-Class Packages declined from [REDACTED] to [REDACTED] percentage points).
- Priority Mail declined from [REDACTED] to [REDACTED] percentage points).

We also noted:

- Delayed mail reported in Postal Service systems for mail processing facilities increased 21 percent, from 2 billion pieces for the week ending July 10, 2020 to 2.4 billion pieces for the week ending July 31, 2020.
- Delayed mail, which is self-reported at post offices, increased 143 percent, from 4.7 million for the week ending July 10, 2020, to 11.4 million for the week ending July 31, 2020.

To further evaluate these impacts, we conducted a non-statistical mail test of 300 mailpieces in August 2020. Our results showed [REDACTED] percent of Priority Letter Flats, 24 percent of Certified Letters, and 14 percent of First-Class Letters [REDACTED].

We also observed operations at five mail processing and eight delivery facilities in August 2020 and found delayed mail at all five mail processing facilities and significant amounts of delayed mail at seven of the eight delivery units. According to management at these facilities, the increased delayed mail was due to COVID-19 impacts, such as employee availability, increases in package volume, local directives to reduce overtime and a requirement for carriers to stop mail delivery at 8 p.m., and the restrictions on extra trips.

According to Postal Service officials, the service impacts caused by the operational changes were temporary. Based on our review of data from the first week of September, we noted service had improved from the July lows as follows:

- First-Class Single Piece improved from 79.7 to 86.8 (7.1 percentage points) but was still below the target of 96.
- First-Class Presort improved from 82.9 to 88.6 (5.7 percentage points) but was still below the target of 96.
- First-Class Packages improved from [REDACTED] to [REDACTED] percentage points) [REDACTED].
- Priority Mail improved from [REDACTED] to [REDACTED] percentage points) [REDACTED].

## Communications With Congress and Customers

We also found the Postal Service's communication with Congress and customers was lacking in completeness and clarity. Although information was generally accurate, the Postal Service's did not:

- Fully respond to questions and document requests made by members of Congress in July 2020.
- Share information on many of the specific initiatives implemented beyond those the Postmaster General initiated directly or was specifically asked about by members of Congress.
- Indicate that some of the initiatives that started prior to the arrival of the Postmaster General were being accelerated to more quickly achieve projected savings.
- Broadly communicate the planned changes with mailing industry customers or coordinate on potential service impacts.

## Looking Forward

According to Postal Service officials, the service impacts caused by the operational changes will not impact election mail for the upcoming 2020 election. The Postal Service has established processes for handling election mail and efforts have been ongoing to train and prepare their employees on Election Mail policies and procedures. Training includes proper postmarking, proper handling and processing, and recognition and use of Tag 191, which identifies ballots. The Postal Service is now also subject to preliminary orders from at least four federal district courts imposing additional requirements on the handling of election mail.

On August 18, 2020, the Postmaster General announced that he would cease removal and reconfiguration of mail processing equipment and postpone collection box removals until after the 2020 election to avoid the appearance of any impact on Election Mail. The ESAS pilot in Delivery Operations was also cancelled on that day.

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***“On August 18, 2020, the Postmaster General announced that he would cease removal and reconfiguration of mail processing equipment and postpone collection box removals until after the 2020 election to avoid the appearance of any impact on Election Mail .”***

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In a September 21, 2020, memo to officers, executives, and managers, the Chief Retail and Delivery and Chief Logistics and Processing Operations officers disclosed that beginning October 1, 2020, the Postal Service would make additional resources available in all areas of operations, including collection, processing, delivery, and transportation to satisfy increased demand and unforeseen circumstances. They also provided clarifying guidance in the areas of overtime, hiring, retail hours, collection boxes, late and extra trips, mail processing, and election mail.

## Recommendations

We recommended the Postmaster General instruct management to:

- Conduct a service impact analysis to identify risks and mitigating strategies considering the effects of the pandemic and expected volumes during the upcoming election and peak season, prior to implementing further cost-cutting strategies.
- Suspend ongoing and additional cost-reduction efforts until after the election and holiday mailing season and after an analysis of service impacts has been completed.
- Develop and implement a strategy to communicate in writing to all employees the status of ongoing and suspended operational changes to promote message clarity, alignment, and saturation.
- Develop and implement a communication strategy to inform Congress and customers of planned and ongoing operational changes that may impact mail service.

# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

November 6, 2020

**MEMORANDUM FOR:** LOUIS DEJOY  
POSTMASTER GENERAL  
UNITED STATES POSTAL SERVICE

E-Signed by MARK DUDA  
Verify the identity with e-Sign Desktop  
**MARK DUDA**

**FROM:** Mark Duda  
Assistant Inspector General for Audit

**SUBJECT:** Deployment of Operational Changes  
(Report Number 21-014-R21)

This report presents the results of our evaluation of recent operational changes to mail delivery. This responds to numerous congressional requests regarding concerns that modifications to U.S. Postal Service staffing and policies had an adverse effect on Postal Service operations, which led to slower and less reliable mail delivery.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Rita F. Oliver, Acting Deputy Assistant Inspector General for Retail, Delivery and Marketing, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management  
Chief Retail and Delivery Officer  
Chief Logistics and Processing Operations Officer

# Results

## Introduction/Objective

This report presents the results of our evaluation of operational changes to mail delivery (Project Number 21-014). On October 19, 2020, we issued a report to the U.S. Postal Service's Board of Governors that addressed specific questions asked by Members of Congress regarding modifications to Postal Service staffing and policies, mail service impacts, compliance with applicable laws and regulations, communication with Congress and customers, and the Postmaster General's compliance with financial conflict of interest laws and regulations (*Operational Changes to Mail Delivery* - Report Number 20-292-R21). The objective of this report is to provide our evaluation of those operational changes to management with recommendations for corrective actions. See [Appendix A](#) for additional information about this review.

## Background

On May 6, 2020, the Postal Service's Board of Governors (Board) announced its selection of Louis DeJoy to serve as the 75th Postmaster General. Postmaster General DeJoy assumed office on June 15, 2020. Shortly, thereafter, in

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***“We issued a report to the U.S. Postal Service’s Board of Governors that addressed specific questions asked by Members of Congress regarding modifications to Postal Service staffing and policies, mail service impacts, compliance with applicable laws and regulations, communication with Congress and customers, and the Postmaster General’s compliance with financial conflict of interest laws and regulations.”***

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July and August, public reports emerged concerning changes at the Postal Service (see [Figure 1](#)). In his remarks at the August 7, 2020, Board meeting, Mr. DeJoy outlined his strategy for a transformative process for the Postal Service. He announced implementation of an organizational realignment to refocus the Postal Service's business into three core areas as well as other initiatives. He also noted that the Postal Service's financial position was dire, stemming from substantial declines in mail volume, a broken business model, and a management strategy that has not adequately addressed these issues. Given the current situation, he noted it was critical that the Postal Service review operations and make necessary adjustments.

After his appointment, the Postmaster General implemented the following three operational and organizational changes in July and August 2020:

- **Elimination of late and extra trips to transport mail:** This initiative was started July 10, 2020, and was designed to eliminate unnecessary late<sup>1</sup> and extra trips.<sup>2</sup> This initiative would require mail to be transported on regular routes or held until the next regular route is available. Since implementation in July, late and extra trips have declined significantly (see [Figure 2](#)).

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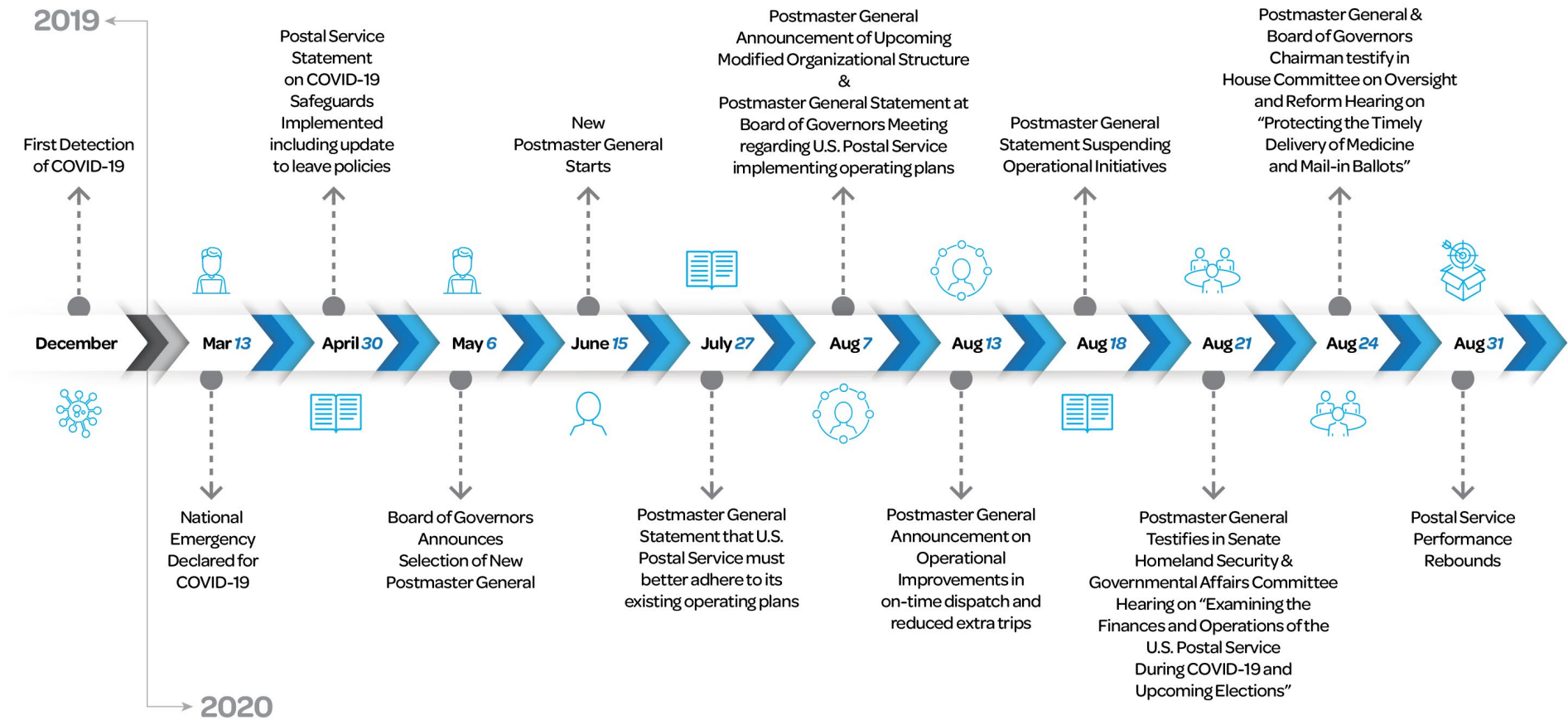
***“The Postal Service’s financial position was dire, stemming from substantial declines in mail volume, a broken business model, and a management strategy that has not adequately addressed these issues.”***

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<sup>1</sup> **Late trips** occur when various conditions cause a delay in the arrival or departure of transportation beyond the scheduled times, and result in costly delays and contract penalties.

<sup>2</sup> **Extra trips** occur when mail processing operations do not process mail timely or mail volume is above normal or expected levels, managers may have to call extra trips to transport this mail.

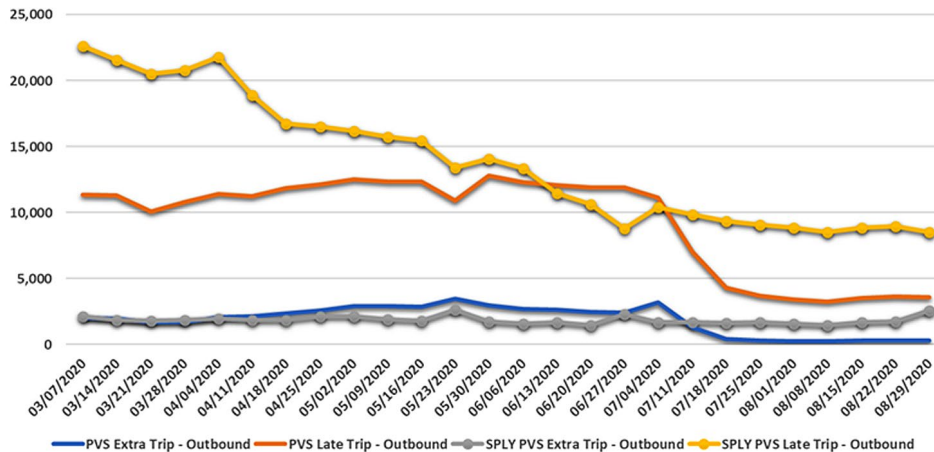
**Figure 1. Postmaster General Event Timeline**



Source: U.S. Postal Service Office of Inspector General (OIG) analysis of various media outlets.



**Figure 2. Postal Vehicle Service (PVS) Late & Extra Trips Compared to the Same Period Last Year (SPLY)**



Source: OIG analysis data obtained from Surface Visibility (SV).

- Organization Restructure:** On August 7, 2020, the Postmaster General announced a reorganization of field operations and headquarters functions to align functions based on core business operations. He stated the organizational change would capture operating efficiencies by providing clarity and economies of scale that will allow the Postal Service to reduce their cost base and capture new revenue. The new business organizational structure is focused on three operating units and their core missions – Retail and Delivery Operations, Logistics and Processing Operations, and Commerce and Business Solutions. The reorganization also reduced the number of geographic areas from seven to four and reorganized the associated reporting structures.
- Expedited Street Afternoon Sortation (ESAS):** This initiative began as a pilot program at 384 facilities nationwide on July 25, 2020, and was scheduled to run through August 28, 2020. In a letter dated July 16, 2020, the Postal Service informed the National Association of Letter Carriers (NALC) of the new ESAS delivery initiative pilot. The pilot program, which was designed to improve efficiency by reducing morning office time, allow earlier carrier

leave times and promote carrier safety, was terminated on August 18, 2020 by the Postmaster General based on concerns with the scale and impact of site selection. The OIG understands that the NALC has pursued a grievance with respect to the pilot. The initiative may be revisited in the future as part of the overall delivery strategy.

In addition to these three initiatives, Postal Service operations executives launched 57 strategies to achieve FY 2021 financial targets and reduce workhours, one of which matched the Postmaster General’s strategies (Late/ Extra Trips). These operational change initiatives were developed to achieve an estimated 64 million workhour savings. Termed “Do It Now FY Strategies,” these initiatives outlined changes from current operations in each function including mail processing, vehicle and maintenance, and post office operations (delivery and retail). They included strategies such as eliminating pre-tour overtime in city delivery operations, elimination of certain mail processing operations on Saturday, and alignment of clerk workhours to workload. These initiatives were generated from and executed by operations executives, and were discussed at an introductory meeting with the new Postmaster General on July 7, 2020. See [Appendix B](#) for a complete listing of initiatives.

As we have noted in a series of reports, the Postal Service has struggled in recent years to meet mail service performance standards, which it measures based on mail speed and reliability. In fiscal year (FY) 2019, it met annual performance targets for only seven of 22 mail products (32 percent). Our recent reports have also noted that the Postal Service has numerous opportunities for greater efficiencies and cost savings.

### Issue #1: Implementation of Operational Changes

The Postal Service’s implementation of operational changes and initiatives in June and July 2020 resulted in a significant drop in the quality and timeliness of mail delivery. We found the implementation of these initiatives was:

- Communicated primarily orally which resulted in confusion and inconsistent application of operational changes across the country.

- Implemented without completing a study or analysis of the impact of the changes on mail service, even though critical employee availability issues were being felt as COVID-19 pandemic cases rose following the July 4 holiday weekend.

### Insufficient and Inconsistent Communication of Operational Changes

We found that these operational changes and initiatives were communicated primarily orally which resulted in confusion and inconsistent application of operational changes across the country. We noted that except for two documented Stand-up Talks — one in the Southern Area and another in the Appalachian District — there was no written documentation or instructions concerning the implementation of all of these initiatives. Based on discussions with management at the 13 sites we visited, we noted:

- Field management received information about the changes primarily through teleconferences.
- Employees were confused with the new overtime changes and why these changes were occurring.
- Two delivery units were told no deliveries after 20:00 (8:00pm) while other units did not indicate this change.
- Three delivery units were directed to stop bringing carriers in early (before-tour overtime) while other units did not indicate this change.
- Three facilities were told there was a hiring freeze on Executive Administrative Schedule (EAS) positions while other facilities did not indicate this change.

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***“These operational changes and initiatives were communicated primarily orally which resulted in confusion and inconsistent application of operational changes across the country.”***

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- One delivery unit indicated that if the mail was not ready in the morning, carriers were directed to leave the mail behind.
- One delivery unit indicated if mail arrived from the plant late, routes were to leave on time even if mail had to be delayed.

In a September 21, 2020, memo to officers, executives, and managers, the Chief Retail and Delivery and Chief Logistics and Processing Operations provided guidance to address confusion about overtime, hiring, retail hours, collection boxes, late and extra trips, mail processing and election mail. While we agree with the intent of the guidance, we note that such instructions should have been made prior to the implementation of such widespread operational initiatives. Consequently, we believe a strategy to communicate to all employees in writing regarding the status of ongoing and suspended operational changes is necessary to promote message clarity, alignment, and saturation across the organization.

### Inadequate Service Impact Analysis Conducted

The Postal Service did not conduct an analysis of the impact of the operational initiatives on mail service performance. Specifically, while the Postal Service provided an estimate of workhour savings for many of the initiatives, it did not complete a study or analysis of the impact on mail service prior to implementation. Further, the Postal Service did not pilot test or otherwise consider the impact of the changes even though critical employee availability issues were being felt as pandemic cases rose following the July 4 holiday weekend. While these initiatives undertaken individually may not have been significant, launching all of these efforts at once, in addition to the changes instituted by the Postmaster General, had a significant impact on service performance. According to the Chief

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***“The Postal Service did not pilot test or otherwise consider the impact of the changes even though critical employee availability issues were being felt as pandemic cases rose following the July 4 holiday weekend.”***

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Operating Officer, these 57 strategies constituted “transformational changes” in Postal Service operations and had to be implemented quickly to fully realize the workhour savings in FY 2021.

In addition, although some concerns were raised by Area officials regarding potential service impacts, these initiatives were broadly implemented across all geographic areas. One executive noted “achieving service and efficiencies are not mutually exclusive – we are expected to do both.” When discussing these changes, the Chief Operating Officer noted that changing mail processing machine schedules was key and should have been done in tandem with the changes to transportation. He stated that he did expect a temporary service impact due to the significant changes made collectively within a short period of time but expected a sharp recovery. In addition, the Chief Retail and Delivery Officer was not aware of any analysis of the initiatives except for ESAS. Specifically, an analysis was conducted after the pilot period of 30 days and it was decided to terminate that pilot program.

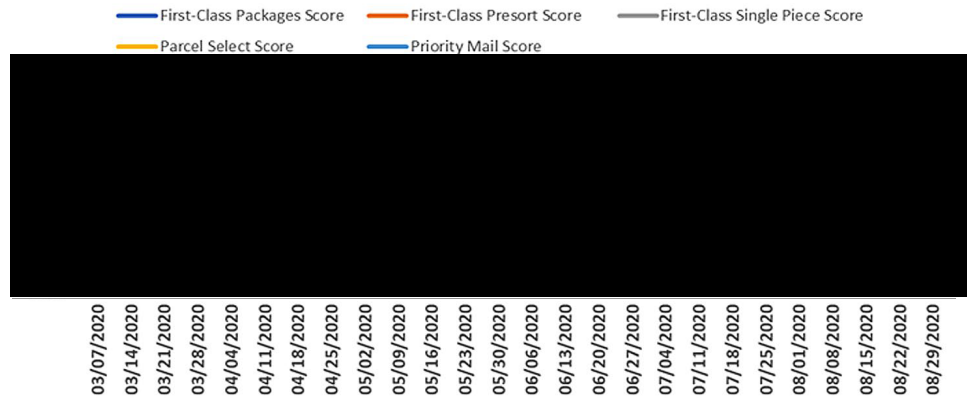
### Impact on Service Performance

The collective results of the operational changes and initiatives, combined with the ongoing employee availability challenges resulting from the COVID-19 pandemic, negatively impacted the quality and timeliness of mail delivery nationally. Our analysis of service standards and service performance targets found that the performance indicators declined significantly for all mail products we reviewed, beginning in July 2020, as noted below and in Figure 3.

- First-Class Single Piece declined from 90.1 to 79.7 (10.4 percentage points), below the target of 96.
- First-Class Presort declined from 92.2 to 82.9 (9.3 percentage points), below the target of 96.
- First-Class Packages declined from [REDACTED] to [REDACTED] percentage points), [REDACTED]

- Priority Mail declined from [REDACTED] to [REDACTED] percentage points), [REDACTED]

**Figure 3. Service Performance Product Score Comparison March 7 through August 29, 2020**



Source: OIG analysis of service performance targets nationwide.

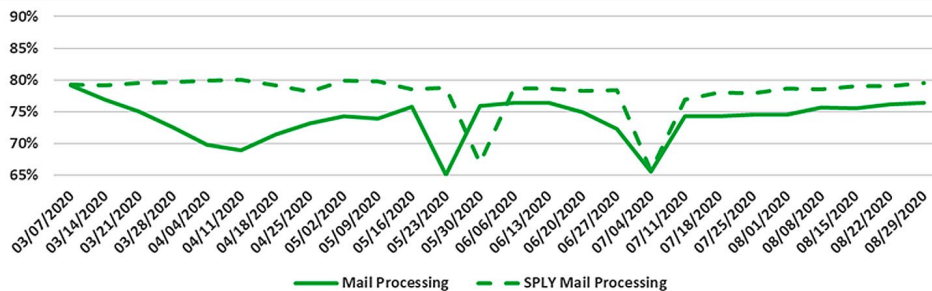
To better understand the factors that impacted service nationally, we reviewed Transportation, Customer Service, and Delivery Operations measures nationwide. Specifically, we analyzed mail and package volume, delayed mail in both mail processing and in delivery operations, employee availability, and customer inquiries. Our analysis of these relevant data sources showed:

- While mail volumes were generally lower from March – August 2020 than the SPLY, package volume increased significantly during this period (see [Appendix C](#)).
- Delayed mail inventory<sup>3</sup> at mail processing plants heading next to the delivery units increased about 21 percent, from about 2 billion pieces for the week ending July 10, 2020, to about 2.4 billion pieces for the week ending July 31, 2020. Afterward, at the end of August, the delayed mail volume at the plants returned to rates seen earlier in the year.

<sup>3</sup> Delayed Inventory provides a count of committed mail pieces not processed and finalized in time to be dispatched on time to meet the programmed delivery day. The delayed inventory volume under the following processing categories were excluded from our calculations: cancellation, forwarded mail, international, and unknown.

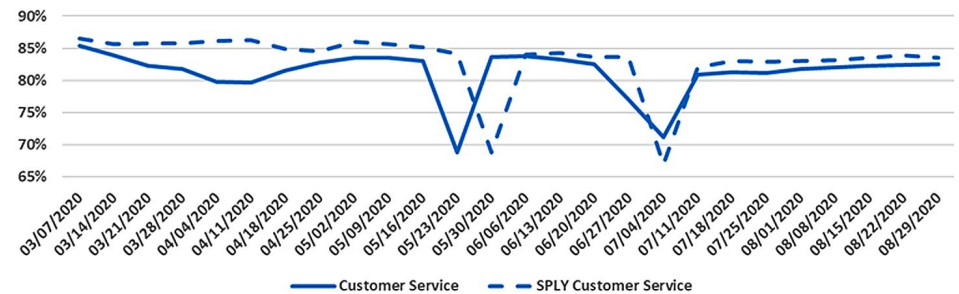
- Delayed mail in post offices, stations, and other facilities, was higher than the SPLY values and even exceeded the average of peak values. It gradually increased with a significant increase of about 143 percent, from about 4.7 million for the week ending July 10, 2020, to about 11.4 million for the week ending July 31, 2020. Afterwards, the volume significantly decreased through the week ending August 28, 2020 (see [Appendix D](#)).
- Reduced employee availability has continued to impact postal operations since the start of the COVID-19 pandemic in March 2020. Specifically, employee availability for all operational functions was generally worse in 2020<sup>4</sup> during the period analyzed than compared to the SPLY. In both 2019 and 2020, mail processing operations had the worst employee availability when compared to Delivery (City) and Customer Service Operations. In addition, mail processing operations experienced the greatest percent change in employee availability from the SPLY when compared to the other functions (see Figures 4, 5 and 6).

**Figure 4. Mail Processing Employee Availability for Current Period and SPLY**



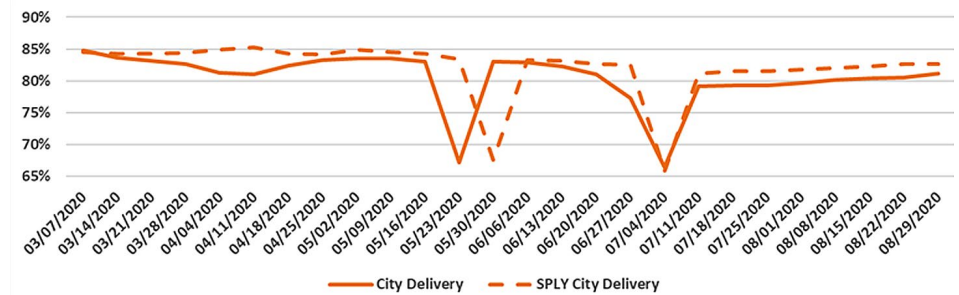
Source: OIG analysis data extracted from the Postal Service's Enterprise Data Warehouse (EDW).

**Figure 5. Customer Service Employee Availability for Current Period and SPLY**



Source: OIG analysis data extracted from the Postal Service's EDW.

**Figure 6. City Delivery Employee Availability for Current Period and SPLY**

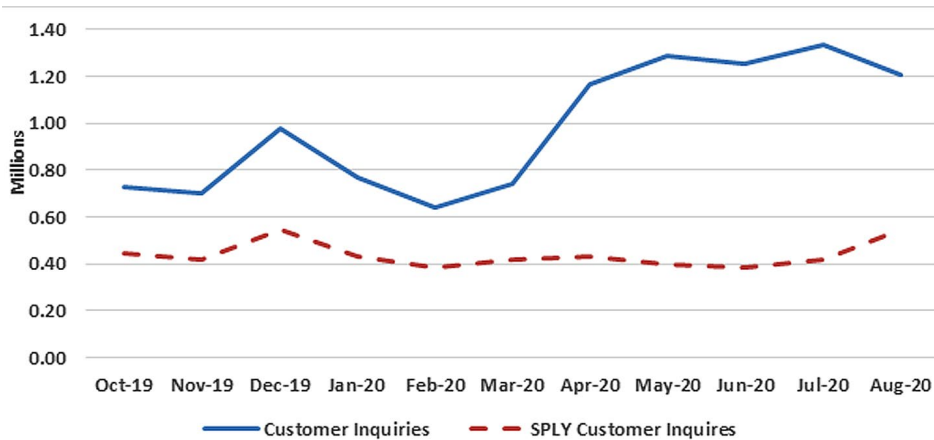


Source: OIG analysis data extracted from the Postal Service's EDW.

- Customer inquiries submitted were higher than SPLY values. Inquiries increased 79 percent nationwide from March 2020 through July 2020. Afterward, customer inquiries have started to decrease (see [Figure 7](#)).

4 Includes the Memorial Day and July 4, 2020, holidays.

**Figure 7. Total Customer Inquiries Submitted October 2019 – August 2020**



Source: OIG analysis of Enterprise Customer Care (eCC) archive/ Customer 360 (C360).

### OIG Mail Test

To test the timeliness of mail delivery for Certified Mail First-Class letters, Priority Mail envelopes, and First-Class letters, we conducted a non-statistical mail test<sup>5</sup> of 300 mail pieces<sup>6</sup> in August 2020. Our results showed:

- Twenty-four percent of Certified Mail First-Class Letters were not delivered within the service window of one to three days.
- Fourteen percent of First-Class Letters were not delivered within the service window of one to three days.
- [REDACTED] percent of Priority Mail envelopes [REDACTED] (plus an extra day for coronavirus impact).
- Six letters (3 percent) – three Certified Mail and three First-Class – were not delivered as of September 22, 2020, more than 24 days after they were sent.

<sup>5</sup> The mailings all originated from Upper Marlboro, MD 20772, and were sent to 21 states and Puerto Rico. The mailings included ZIP Code zones 1 through 8.

<sup>6</sup> Total mail pieces included: 100 Certified Mail First-Class letters sent on August 28, 2020; 100 Priority Mail envelopes sent on August 27 – 28, 2020; 100 First-Class letters sent on August 27, 2020.

<sup>7</sup> Delivery Point Sequenced letter mail is bar-coded letter mail sorted at the processing plants and delivery units into the carrier's line-of travel.

### OIG Observations

We observed operations at five mail processing and distribution centers (P&DC) and eight delivery facilities in August 2020. OIG observations, analysis, and discussions with management identified mail delays at all five P&DCs on the days of our site visits. For example, the Cardiss Collins P&DC in Chicago had approximately 230,000 delayed Delivery Point Sequenced letter<sup>7</sup> volume on August 18, 2020. In addition, on August 20, 2020, auditors observed about 141,900 delayed standard mailpieces at the Philadelphia P&DC (see Figure 8). According to management at all five P&DCs, they've encountered mail delays due to COVID-19 related issues, such as employee availability and package volume increases. In addition, management at the Cardiss Collins P&DC indicated that the restrictions on late and extra trips and local protests have also disrupted their operations.

**Figure 8. Delayed Mail at Philadelphia P&DC**



Source: OIG observation of about 141,900 delayed standard mailpieces on August 20, 2020.

Seven of the eight delivery facilities visited also had significant amounts of delayed mail. For example, auditors observed about 17,000 pieces of delayed Delivery Point Sequenced letter mail at the Kingessing Post Office in

Philadelphia on August 19, 2020 (see Figure 9). In addition, auditors observed about 20,000 pieces of delayed mail, including First-Class Mail, at the Patterson Post Office in NJ. Management indicated that the delayed mail was caused primarily by employee availability and increases in package volume related to COVID-19. However, some management officials in Van Nuys Post Office in CA and Union City Post Office in NJ noted that local directives instructing carriers to not deliver mail after 8 p.m. and reduced overtime also impacted delayed mail. According to the Chief Operating Officer, the decrease in mail delivery quality and timeliness was exacerbated by the operational changes to the transportation schedules. However, management at the Tarzana, CA Post Office and the Patterson, NJ Post Office noted the recent operational changes helped improve efficiency by adhering to the 24-hour clock to include staffing, sortation, and on-time mail distribution to carriers.

**Figure 9. Delayed Mail at the Kingsessing Post Office, Philadelphia, PA**



Source: OIG observation of delayed mail on August 19, 2020.

According to Postal Service officials, the service impacts caused by the operational changes were temporary. Based on our review of data from the first week of September, we noted service had improved from the July lows as follows:

- First-Class Single Piece improved from 79.7 to 86.8 (7.1 percentage points) but was still below the target of 96.
- First-Class Presort improved from 82.9 to 88.6 (5.7 percentage points) but was still below the target of 96.
- First-Class Packages improved from [REDACTED] to [REDACTED] percentage points) [REDACTED]
- Priority Mail improved from [REDACTED] to [REDACTED] percentage points) [REDACTED]

#### **Recommendation #1**

We recommend the **Postmaster General** instruct management to develop and implement a strategy to communicate in writing to all employees the status of ongoing and suspended operational changes to promote message clarity, alignment, and saturation.

#### **Recommendation #2**

We recommend the **Postmaster General** instruct management to conduct a service impact analysis to identify risks and mitigating strategies considering the effects of the pandemic and expected volumes during the upcoming election and peak season, prior to implementing further cost-cutting strategies.

#### **Recommendation #3**

We recommend the **Postmaster General** instruct management to suspend ongoing and additional cost-reduction efforts until after the election and holiday mailing season and after an analysis of service impacts has been completed.

## Issue #2: Communications With Congress and Customers

Although information provided by the Postal Service was generally accurate, the responses to Congress and the public on the extent and impacts of operational changes were incomplete. These conditions occurred because the Postal Service stated that their responses to Congress were based on their understanding that Congress was inquiring about directives issued by the Postmaster General, and not ongoing, routine matters.

The information provided by the Postal Service did not respond fully to information requests made by Congress, share information on many initiatives implemented, or indicate that some of the initiatives, started prior to the arrival of the Postmaster General, had accelerated. In addition, the Postal Service did not broadly communicate the planned changes with mailing industry customers or coordinate on potential service impacts.

### Responses to Congressional Requests

Based on our review of Congressional exchanges between members of Congress and the Postal Service between July 17 and August 14, 2020, we determined the Postal Service did not respond fully to information requests made by the members of Congress related to the Postmaster General's operational changes and the impacts the changes had on service performance. For example, we noted:

- In response to a July 17, 2020, letter from Senator Peters and a July 20, 2020, letter from Representatives Maloney, Connolly, Lynch, and Lawrence about the operational changes published in several national publications, the Postal Service stated that neither document originated from Postal Service Headquarters and should not be treated as official statements of Postal Service policy. The correspondence did not include a requested full explanation of each operational change that would be implemented, with a timeline and justification for each. Further the letter did not state whether the documents reflect the views and plans of the Postmaster General, nor indicate what effect these changes will have on the Postal Service's service performance and its ability to meet service standards, which measure its ability to deliver mail on time to all customers.
- In an email exchange between Senator Carper's staff and Postal Service Government Relations staff beginning July 21, 2020, the Postal Service did not acknowledge service impacts or answer the staffer's questions. For example, citing a recent surge in constituent complaints about mail delays and lack of delivery in Delaware, Senator Carper's staff asked the Postal Service whether "something happen[ed] in the mail system ... to cause this problem" and "broadly, has something happened" to cause an increase in complaints. Postal Service Government Relations staff replied that "broadly speaking, the internet and social media happened," and "operationally we're not seeing anything that has really changed in the last two or three weeks."
- In response to a July 30, 2020, letter from Senators Peters, Schumer, Carper, and Klobuchar, the Postal Service did not respond to most of the specific questions and document requests including:
  - Clarification on whether the Postmaster General directed the changes and his position on them.
  - Postal Service Headquarters communications and written directives to employees and area and district leadership regarding these changes.
  - Listings of all processing centers and post offices that have implemented operational changes.
  - Nationwide service performance data and Daily Mail Condition Reports for the past month from each location that has implemented operational changes.
  - Analysis conducted on the operational changes including potential-effect on service performance, cost of implementation, and cost savings.
  - Explanation for why the Postal Service did not consult meaningfully with any stakeholders, including unions, mailing industry stakeholders, or others, before implementing these operational changes and whether these operational changes, or any other potential operational changes, were discussed with administration officials outside the Postal Service.

- In response to an August 6, 2020, letter from House Speaker Pelosi and Senate Minority Leader Schumer, the Postal Service did not provide the requested documentation of the operational changes made or planned by the Postmaster General, since the beginning of his term.
- In response to an August 6, 2020, letter from 85 members of Congress about the previous responses from Postal Service about the operational changes, the Postal Service did not respond to concerns about the lack of an explanation for why these Postal Service officials issued these directives, or how they came to believe these policies should be implemented in their offices. In addition, an explanation was not given for why the Postal Service did not issue a directive to all Postal Service offices and employees explaining the validity and applicability of the operational changes reported by national publications.

We also noted that the Postal Service was fully responsive to several congressional requests related to election mail during this time period. In addition, following the Postmaster General's testimony before the Senate Committee on Homeland Security and Governmental Affairs on August 21, 2020, and the House Committee on Oversight and Reform on August 24, 2020, the Postal Service provided some of the information to Congress that had been requested in previous correspondence. For example, calendar year 2020 service performance data is now being provided weekly to these committees and briefing slides were provided documenting some of the transportation impacts of the operational changes.

### Information Sharing

The Postal Service did not share with Congress information on many of the additional cost-reduction actions initiated during the last several months. Instead they only discussed the operational changes that the Postmaster General implemented directly and the initiatives specifically asked about by members of Congress or that had been reported in the media. For example, the operational changes and initiatives addressed in the correspondence included elimination of late and extra trips, the organization restructure, ESAS pilot, machinery reductions, post office hour changes, and collection box removals. Despite inquiries about all operational changes, the Postal Service did not include in

their correspondence many of the “Do It Now FY Strategies” started in June and July 2020 by headquarters officials. Specifically, initiatives eliminating pre-tour overtime in city delivery operations, elimination of certain mail processing operations on Saturday, and alignment of clerk workhours to workload were not disclosed.

The lack of transparency over operational changes, and uncertainty about future operational performance have resulted in litigation in multiple states and concerns from the American public about the reliability of mail delivery. In addition, the future Business Plan being developed by the Postmaster General to transform the Postal Service may face additional scrutiny and skepticism by Congress and other stakeholders, which could impact the ability of some of those strategies to be implemented.

### Recommendation #4

We recommend the **Postmaster General** develop and implement a communication strategy to inform Congress and customers of planned and ongoing operational changes that may impact mail service.

### Looking Forward

According to Postal Service officials, the service impacts caused by the operational changes will not impact election mail for the upcoming 2020 election. The Postal Service has established processes for handling election mail and efforts have been ongoing to train and prepare their employees on Election Mail policies and procedures. Training includes proper postmarking, proper handling and processing, and recognition and use of Tag 191, which identifies ballots. The Postal Service is now also subject to preliminary orders from at least four federal district courts imposing additional requirements on the handling of election mail.

On August 18, 2020, the Postmaster General announced that he would cease removal and reconfiguration of mail processing equipment and postpone collection box removals until after the 2020 election to avoid the appearance of any impact on Election Mail. The ESAS pilot in Delivery Operations was also cancelled on that day.



In a September 21, 2020, memo to officers, executives, and managers, the Chief Retail and Delivery and Chief Logistics and Processing Operations officers disclosed that beginning October 1, 2020, the Postal Service would make additional resources available in all areas of operations, including collection, processing, delivery, and transportation to satisfy increased demand and unforeseen circumstances.

## Management's Comments

Management disagreed with the findings and partially agreed with the recommendations. They stated they did not agree with the report's assumptions that all of the initiatives were transformational or extraordinary measures that would likely impact service or contributed to the service declines in mid-summer of 2020.

The Postal Service notes that several of the report's recommendations were overbroad in certain respects and would hinder the ability of postal management to optimize efficiencies and reduce costs. Management stated it would be counterproductive to impose further and unnecessary bureaucracy that would make it more difficult to adopt basic practices to increase efficiencies and reduce costs.

Management stated that it takes its responsibilities with regard to congressional oversight very seriously and believes that the information provided to Congress was complete and responsive to the inquiries received. They also believe they have effectively communicated with customers.

Regarding Recommendation 1, management agreed to develop a communication plan to leverage written communication channels reinforced by other mediums that include digital, verbal and/or other methods to reach intended target audiences and assist in tracking normal developed communications. Additionally, management will work with operational stakeholders to determine a mechanism that best captures employee sentiment and provides a feedback loop and measures message penetration and saturation such as click through rate or site usage analytics. The target implementation date is January 31, 2021, for the communication plan and March 31, 2021, for the communication feedback mechanism.

Regarding Recommendation 2, management agrees in part, noting that the recommendation provides no parameters regarding what is meant by cost-cutting strategies. Management has already established various operational policies and extraordinary measures to ensure the timely delivery of Election Mail and will engage in necessary contingency planning to ensure effective service performance during peak season. Management also agrees to undertake an impact analysis on any strategic initiatives that it deems likely to have significant service impacts. The target implementation date is November 30, 2020, to ensure FY 2021 project plans include milestones that denote potential operational impacts and risk assessment with key stakeholders, and December 20, 2020, to complete a historical service impact analysis and brief the executive leadership team as part of the Annual Compliance Process.

Regarding Recommendation 3, management partially agreed with the suspension as it relates to the Postmaster General's August 18 press release and the guidance document issued on September 21, 2020. Management noted that it has already suspended these initiatives and believes the recommendation is overly broad and not practical to preclude the Postal Service from taking any cost-cutting measures for the remainder of the year.

Regarding Recommendation 4, management agreed to develop a communications strategy to inform Congress and customers about future strategic initiatives. In subsequent correspondence, management stated the target implementation date is January 1, 2021.

See [Appendix E](#) for management's comments in their entirety.

## Evaluation of Management's Comments

The OIG considers management's comments generally responsive to the recommendations in the report.

Regarding the characterization of the operational initiatives as transformational, we stand by our conclusion that the collective impact of these changes resulted in service degradation. While we recognize that there were annual initiatives to reduce costs, those from previous years were not deployed with the same speed and consistency as those in June and July 2020. Further, it is reasonable to

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conclude that these operational initiatives should have been fully analyzed and evaluated ahead of deployment to understand the impact of implementation, particularly given the ongoing challenges resulting from the COVID-19 pandemic, including reduced employee availability, increased package volume, and a heightened focus on voting by mail with the upcoming general election.

Regarding suspension of the initiatives, we recognize the Postal Service may need to deploy cost-cutting measures after the election, but continue to believe the Postal Service should complete a thorough evaluation of the impact of such efforts on service, given the projected holiday peak season volume and the impacts of the COVID-19 pandemic. We will continue to monitor service performance scores as part of our ongoing work.

Regarding the Postal Service's communication with Members of Congress, we continue to believe that the Postal Service should have provided more complete information to promote transparency and understanding of Postal Service operations. The Postal Service's communication strategy should include additional processes and procedures to inform Congress and customers about future strategic initiatives that could affect service performance.

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.

# Appendices

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

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# Appendix A: Additional Information

## Scope and Methodology

Our scope of this was a nationwide review of the impact of Postal Service operational changes made from June 15, 2020 to September 4, 2020 on mail delivery services. On October 19, 2020, we issued a report to the Board that addressed specific questions asked by Members of Congress regarding modifications to Postal Service staffing and policies, mail service impacts, compliance with applicable laws and regulations, communication with Congress and customers, and the Postmaster General's compliance with financial conflict of interest laws and regulations (*Operational Changes to Mail Delivery - Report Number 20-292-R21*). This report outlines our evaluation of those operational changes to management and contains recommendations for corrective actions. To perform this review we:

- Interviewed Postal Service officials responsible for the development and implementation of the Postmaster General strategic initiatives and the 57 “Do It Now FY Strategies” and reviewed documentation related to them to obtain a better understanding of their development, implementation, rationale, and communication of these strategies.
- Obtained and analyzed reductions in mail sorting equipment from the Mail and Image Reporting System, reviewed documentation related to the removals, and interviewed Headquarters Processing Operations officials.
- Analyzed service performance nationwide for Priority Mail, First-Class single piece, First-Class presort, First-Class package, and Parcel Select mail classes to determine how service performance has trended since the recent Postmaster General operational plans were implemented.
- Reviewed Transportation, Customer Service, and Delivery Operations measures nationwide, including but not limited to:
  - Customer Complaints (eCC/C360)
  - Mail Volume
  - Informed Delivery
  - Distribution Uptime (DUT)
  - Delayed Mail in Plants
  - Delayed Mail in Units
  - PVS Late & Extra Trips
  - Last Mile Failures
  - Employee Availability
- Judgmentally selected sample sites by analyzing service performance metrics for Last Mile Failure rates from March 7, 2020 – August 8, 2020, and delayed mail in the Customer Service Daily Reporting System from July 2020.
- Conducted site visits at 13 selected delivery units and P&DCs nationwide to identify the causality of service impacts due to the new operational changes put in place by Postmaster General DeJoy. Specifically, we observed and conducted interviews with delivery unit and P&DC management, to determine the operational changes made by the Postal Service and the impacts on mail delivery service.
- Conducted a test mailing of 300 Certified Mail First-Class letters, Priority Mail envelopes, and First-Class letters. The mailings all originated from Upper Marlboro, MD. 20772, and were sent to 21 states and Puerto Rico. The mailings included ZIP Code zones 1 through 8.
- Reviewed correspondence and documentation sent to Congress related to the operational changes made by the Postal Service to verify the accuracy and completeness of the response provided.
- Interviewed representatives from labor unions.

We conducted this review from August through November 2020, in accordance with the Council of the Inspectors General on Integrity and Efficiency, *Quality Standards for Inspection and Evaluation*. We shared our observations and conclusions with management on September 23, 2020 and October 14, 2020, and included their comments where appropriate.

We assessed the reliability of any computer-generated data for the purposes of this report and found it generally reliable. Specifically, we assessed the reliability of eFlash, C360, Customer Service Daily Reporting System (CSDRS), Informed Visibility, SV, Scan Point Management System, and EDW by performing logical tests of these system's data by identifying duplicates to ensure no entity existed

more than once within the data, except when intended, looked for data conflicts, or non-compliance with pre-defined data constraints, checked totals compared to previous representative time periods, and looked for gaps in fields where we would expect sequential ordering.

## Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Operational Changes to Mail Delivery</i>	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 comply with internal policies and legal requirements and sufficient notice of the change was provided to Congress and customers; and whether the Postmaster General complied with ethical requirements.	20-292-R21	10/19/2020	\$0
<i>Processing Readiness of Election and Political Mail During the 2020 General Elections</i>	Evaluate the U.S. Postal Service's readiness for timely processing of Election and Political Mail for the 2020 general elections.	20-225-R20	8/31/2020	\$0
<i>Assessment of Overtime Activity</i>	Assess U.S. Postal Service controls over managing overtime.	20-209-R20	8/25/2020	\$667,098,942
<i>U.S. Postal Service's Processing Network Optimization and Service Impacts</i>	Determine if the U.S. Postal Service's processing network is operating at optimal efficiency and meeting service standards.	19XG013NO000-R20	6/16/2020	\$385,597,500
<i>Transportation Network Optimization and Service Performance</i>	Assess opportunities to optimize the U.S. Postal Service's transportation network and meet service performance goals.	20-144-R20	6/05/2020	\$199,558,680
<i>Assessment of the U.S. Postal Service's Service Performance and Costs</i>	Analyze service performance and cost trends of the Postal Service over the last five years.	NO-AR-19-008	9/17/2019	\$0

# Appendix B: “Do It Now FY Strategies”

Function	Initiative Title	Start Date	Status <sup>8</sup>
<b>Function 1 Operations - Mail Processing</b>	Supervision: Achieve Earn Hours Mail Processing Variance (MPV)	7/20/2020	Ongoing
	Automated Distribution Letters and Flats: Eliminate Saturday 918 in Applicable Plants <sup>9</sup>	7/20/2020	Implemented
	Mechanized Distribution Letters and Flats: Eliminate Saturday Carrier Route (CRRT) Flats	7/20/2020	Implemented
	Mechanized Distribution Other: ██████████ Universal Sorting System (USS) Operations	7/20/2020	Ongoing
	Manual Distribution: Manual Letter Case Reduction	7/20/2020	Suspended
	Manual Distribution: Manual Flat Case Reduction	7/20/2020	Suspended
	Mail Processing Other Direct Operations: Improve Transportation SweepSide Assignment (TSA) Printer Usage	7/20/2020	Ongoing
	Tour turnover Agreement at Miami International Service Center (MIA ISC)	7/20/2020	Ongoing
	Improve Automated Guided Vehicle (AGV) utilization	7/21/2020	Ongoing
	<b>Function 2A Operations - Delivery Services, Rural Delivery</b>	Office - Address Rural Carriers Assistant Starting Time	7/23/2020
Office - Set Leave Time For The Street Expectations		7/23/2020	Ongoing
Office - Manage New Employees For First 10 Weeks		7/23/2020	Ongoing
Street - Appropriately Assigning Auxiliary Assistance		7/23/2020	Ongoing
Street - Review Delivery Management System For Stationary Events		7/22/2020	Ongoing
██████████ - Rural Carrier Assistant Start Time		7/20/2020	Ongoing
██████████ - Management Expectations For ██████████		7/20/2020	Ongoing
Office - Require Delivery Point Sequence To The Street		7/27/2020	Ongoing
██		7/22/2020	Ongoing
Street - Reduction In Rural Miles Leveraging Technology		7/22/2020	Just Starting
██		7/22/2020	Ongoing

<sup>8</sup> This column reflects the status of Functions 1 and 3 initiatives as of September 18, 2020, and Functions 2 and 4 initiatives as of September 21, 2020.

<sup>9</sup> The project plan actions were intended for those sites that had not implemented yet. Any further implementations were put on hold with the PMG’s announcement on August 18.

Function	Initiative Title	Start Date	Status
<b>Function 2B Operations - Delivery Services, City Delivery</b>	District Approval - 8 Hours - 40 Hours	7/20/2020	Suspended
	Start Times No Earlier < 30 Minutes Of Distribution Uptime	7/20/2020	Ongoing
	Eliminate Pre-tour Overtime	7/22/2020	Ongoing
	Postal Form 1813- Leave Time Expectation	7/22/2020	Ongoing
	Office Efficiency Indicator Daily Target	7/20/2020	Ongoing
	Tracking Loading Time	7/22/2020	Ongoing
	Daily Stationary Time - Employees Discussion	8/5/2020	Ongoing
	[REDACTED]	7/20/2020	Ongoing
	[REDACTED] - Management Expectation	7/20/2020	Ongoing
	60-Day FY 2020 Strategies	7/21/2020	Ongoing
<b>Function 3A Operations - Vehicle Services</b>	Complement - Hire to Authorized	7/13/2020	Ongoing
	Phase 2 Strategies FY 2020	8/24/2020	Ongoing
	Complement - Utilize Flexible Work (i.e., Part-time flexible (PTFs))	7/20/2020	Ongoing
	Utilization - Eliminate Unauthorized Extras <sup>10</sup>	7/13/2020	Suspended
	Utilization - Eliminate Underutilized Trips	6/11/2020	Suspended
	Utilization - Eliminate Late Trips	7/13/2020	Suspended
	Utilization - Eliminate Underutilized Lease Trailers	7/13/2020	Suspended
	Utilization - Review Spotter Schedules	7/20/2020	Suspended

<sup>10</sup> The Postal Service noted the utilization projects have not had any further activity since the re-organization announcement on August 7.

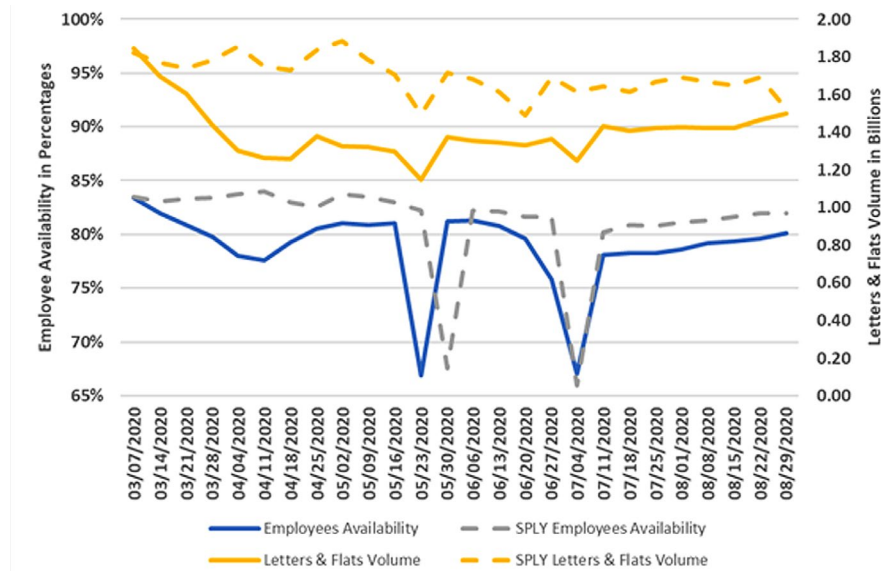
Function	Initiative Title	Start Date	Status
<b>Function 3B Operations - Plant &amp; Maintenance Equipment</b>	Inventory Savings From Reduced Equipment Sets	7/22/2020	Suspended
	Utilities Savings From Reduced Equipment Sets	7/20/2020	Suspended
	Phase 2 Strategies FY 20 / Update EAS Staffing - (Maintenance Supervisor) (Work with Org Design) and Craft Staffing	7/22/2020	Suspended
	Phase 2 Strategies FY 20 / Office - (Maintenance Series Handbook MS-1) Savings - Reduced Staffing Levels	7/22/2020	Suspended
<b>Function 4 Operations - Customer Services</b>	Match Earned vs. Scheduled vs. Actual	7/22/2020	Ongoing
	Higher Level Approval With District Manager For Non Scheduled Day	7/22/2020	Ongoing
	Match Schedule To First Truck (Within 15 Mins)	7/22/2020	Ongoing
	██████████ Parcel Distribution - ██████████	7/22/2020	Ongoing
	██████████ Productivity	7/22/2020	Ongoing
	Retail - Match Schedule Earned vs. Scheduled vs. Actual	7/22/2020	Ongoing
	Retail - Add/Expand Lunch Breaks Based on Workload	7/22/2020	Ongoing
	Small Offices - Level 18 Postmaster- Perform Up to 15 Hours/Week Clerk Work	7/20/2020	Ongoing
	Small Offices - Add/Expand Lunch Breaks Based on Workload	7/22/2020	Ongoing
	Align Bids Jobs With Customer Service Variance Earned Workhours	7/22/2020	Ongoing
	Increase Delivery Point Sequence Percent - Reduce Manual Mail - Station Input	8/14/2020	Ongoing
	Eliminate Pre-Tour Overtime (Delivery)	8/14/2020	Ongoing
	New Employees Process Parcels	8/14/2020	Suspended
	Align Retail Workhours to Customer Demand/Reduce Full Window Service/Split Work Week	8/14/2020	Ongoing
	Align Retail Workhours to Customer Demand/Conduct Modified Level 2 Reviews and Complete Actions From Reviews	8/14/2020	Ongoing

Source: OIG created.



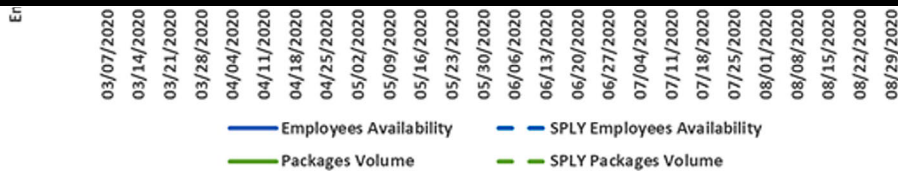
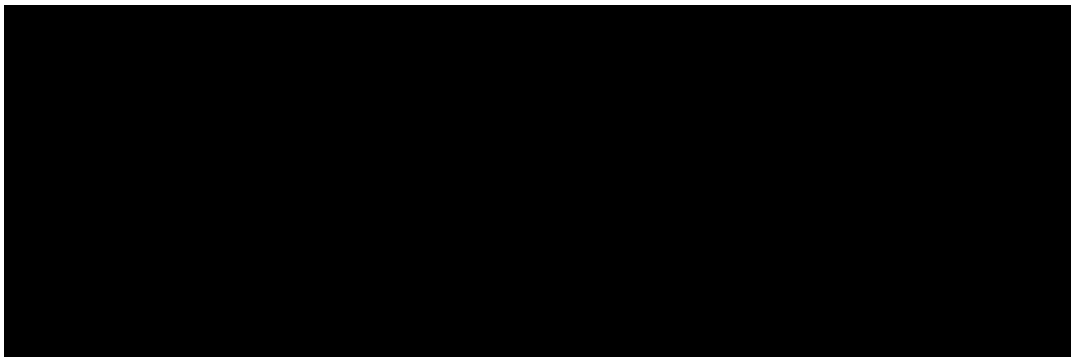
# Appendix C: Total Mail Volume

## Total Letter and Flat Volume Compared to Employee Availability



Source: OIG analysis data obtained from eFlash and EDW.

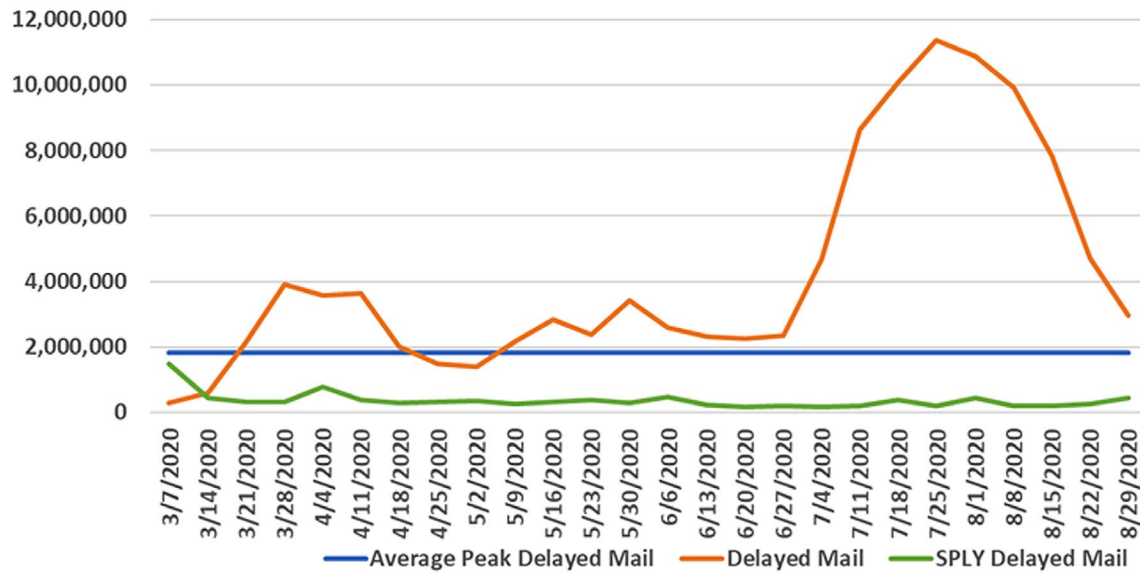
## Total Package Volume Compared to Employee Availability



Source: OIG analysis data obtained from eFlash and EDW.

# Appendix D: Delayed Mail

Nationwide Delayed Mail at Post Offices, Stations, and Other Facilities



Source: OIG analysis data obtained from the CSDRS.

# Appendix E: Management's Comments



October 29, 2020

JOSEPH WOLSKI  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Deployment of Operational Changes (Project Number 21-041)

Pursuant to your request, this is the Postal Service's written response to the findings and recommendations contained in the above referenced audit report. We thank you for the opportunity to provide you with this response.

At the outset, the main shortcoming of the report is that it lumps numerous operational initiatives together and then makes two broad assumptions that are not empirically supported. First, the report assumes that all of the initiatives were transformational or extraordinary measures that would likely impact service. As discussed in greater detail below that is not the case. Second, the document assumes that each of the initiatives covered in the report contributed to the service declines in mid-summer of 2020. This is also not empirically supported as discussed in more detail below. What is most problematic, however, is that these flawed assumptions factor directly into the recommendations in the report, several of which are therefore overbroad in certain respects.

As to the first assumption, we have stated previously that the so-called "Do It Now" initiatives were developed as part of an annual interactive process wherein operations executives work together to develop "nuts and bolts" tactics to increase efficiencies and reduce costs. The process takes place every year. These efforts are critical to achieving the Postal Service's statutory mission of providing prompt, reliable universal postal services in an efficient and self-sustaining manner, particularly as mail volumes decline. The Postal Service has therefore sought for years to pursue efforts to continuously improve our operational practices in order to reduce workhours to align with reduced demand for the mail. In 2019, the process yielded more than 35 initiatives. In 2018, there were 53 initiatives and in 2017 there were 44. There is nothing transformational or extraordinary about the "Do It Now" initiatives even when considered in their totality. And contrary to the assertions made in the report, the Chief Operating Officer has no recollection of in any way suggesting these initiatives were transformational, rather than basic operational tactics.

In fact, the "Do It Now" initiatives included tactics that are aptly described as prudent management practices focused on day to day operational discipline to ensure that workhours are better aligned to mail volumes. These "Do It Now" initiatives included routine measures such as saving on utilities, managing "new" employees for their first ten weeks and hiring to authorized complement. Also included in the initiatives were tactics like

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utilizing flexible work, reviewing spotter schedules and enhancing productivity. These and other initiatives are all good business practices but hardly “transformational” or “strategic” in nature. Instead they are just the normal “blocking and tackling” necessary to achieve certain business goals to help the Postal Service meet its financial plan. None of these routine efforts, if properly implemented, should impact service; rather, their intended effect is to either enhance the Postal Service’s efficiency while meeting service levels, or to improve service.

This is also true of the initiative related to late and extra trips. First, the report is incorrect when it indicates that the Postal Service has pursued an initiative beginning in July to “eliminate” late and extra trips. This is made clear by the guidance issued by the Vice President of Logistics on July 14, 2020, which was designed to clarify any confusion that may have existed regarding the scope of this effort following the meeting on July 10, 2020. That guidance made it clear that late and extra trips were not prohibited but could be used when reasonably necessary to facilitate prompt delivery and ensure service performance. Overall, this effort—to better adhere to the operating plan by only using late and extra trips when necessary—reflected a further emphasis on efforts that the Postal Service had been pursuing for years to improve discipline in the transportation network, and to therefore improve service. Striving to run a logistics network on time is not a transformational concept but rather an essential operational practice, particularly given the inter-connected nature of the Postal Service network.

The second flaw in the report is that it assumes that all of the covered initiatives contributed to the service declines. The Report broadly asserts that the “collective results of the operational changes and initiatives, combined with the ongoing employee availability challenges resulting from the COVID-19 pandemic, negatively impacted the quality and timeliness of mail delivery nationally.” The report goes on to provide granular data showing a decline in service beginning in July of 2020. However, the report provides no context or analysis as to what specifically caused the service decline. There is no attempt to analyze to the proportionate role of factors such as the pandemic and employee availability as compared to the initiatives covered in the report. There is also no attempt to analyze the proportional impact of any of the stated initiatives on service.

A review of the initiatives would show that they would not be intended or expected to have any significant impact upon service. While the Postal Service recognizes that implementation of the late and extra trips policy had a temporary and unintended impact on service performance in July, after which there was a sharp recovery in August after the Postal Service made the necessary operational adjustments, that issue goes to the Postal Service’s *execution* of the initiative, which we recognize was not as effective as it should have been. It does not go to the decision to reemphasis operational discipline in the first place.

Moreover, one of the Postmaster General’s initiatives mentioned in the report was the organizational redesign which will assuredly address some of the specific concerns raised by the OIG related to effectively communicating and implementing operational initiatives. The new organizational structure separates operational scope and authority amongst core operating units umbrellaed under single authority. This will undoubtedly lead to streamlined communications and more orderly and effective implementation consistent with the recommendations contained in the report.

This leads to the main concern we have with the recommendations – which appear to apply to all of the referenced initiatives. Appropriate due diligence needs to be undertaken in any operational endeavor to insure optimal results. However, not all initiatives require the same level of due diligence and formal analysis. The initiatives covered in this report do not require the type of formalized analysis the OIG appears to be recommending and would needlessly hinder the ability of postal management to optimize efficiencies and reduce costs where appropriate. In this regard, there is a fundamental difference between truly strategic initiatives on the one hand, and routine operational initiatives on the other, in terms of the level of pre-implementation analysis that should logically be conducted, as well as the level of stakeholder communication.

However, here is where the report misses the mark by lumping all of the covered initiatives into the strategic bucket. Given the Postal Service's statutory mandate to operate in a business-like manner, which is particularly imperative given our precarious financial situation, it would be counterproductive to impose further and unnecessary bureaucracy that would make it more difficult for management to adopt basic practices to increase efficiencies and reduce costs.

The report also states that while that the information the Postal Service provided to Congress was accurate, it was somehow incomplete and unclear. The report further criticizes the level of information provided by the Postal Service to customers. We respectfully disagree with both criticisms as again they are based upon the assumptions contained in the report as to nature of the covered initiatives. The Postal Service, of course, takes its responsibilities with regard to congressional oversight very seriously. We believe that the information the Postal Service provided to Congress was complete and responsive to the inquiries received. We also believe we have effectively communicated with our customers. OIG's suggestions to the contrary based wholly on its views of the initiatives as being strategic and transformational, which as noted above we do not agree with.

Recommendation 1:

We recommend the Postmaster General instruct management to develop and implement a strategy to communicate in writing to all employees the status of ongoing and suspended operational changes to promote message clarity, alignment, and saturation.

Management Response/Action Plan:

Management generally agrees with the recommendation to develop and implement a strategy to communicate with employees regarding operational changes it deems significant and appropriate for such communications. In this regard, we agree that effective execution of any initiative, no matter how routine, requires that all relevant employees have a clear understanding of what is expected. We also would reemphasize, as mentioned previously, that the organization redesign will dramatically improve management's ability to effectively communicate with the appropriate clarity, alignment and saturation.

Corporate Communications will work with internal operational stakeholders to develop a communication plan to leverage written communication channels reinforced by other mediums that include digital, verbal and/or other methods to reach intended target audiences and assist in tracking normal communications developed by the ELT. Communication messages will focus on specific changes and will primarily be one-way

communication for information purposes. Additionally, Corporate Communications will work with operational stakeholders to determine a mechanism that best captures employee sentiment and provides a feedback loop, and measures message penetration and saturation such as click through rate or site usage analytics.

Target Implementation Date:

- a) January 2021 – Communication Plan Final Draft for ELT Review
- b) March 2021 – Communication Feedback Mechanism

Responsible Official:

Vice President, Corporate Communications

Recommendation 2:

We recommend the Postmaster General instruct management to conduct a service impact analysis to identify risks and mitigating strategies considering the effects of the pandemic and expected volumes during the upcoming election and peak season, prior to implementing further cost-cutting strategies.

Management Response/Action Plan:

Management agrees in part and disagrees in part with this recommendation as it is overly broad and provides no parameters regarding what is meant by "cost-cutting strategies." For the reasons noted above, conducting extensive pre-implementation analyses may not be a necessary or prudent use of resources for routine operational efforts that are not logically designed or expected to impact service.

Management has already established various operational policies and extraordinary measures to ensure the timely delivery of Election Mail. Management also will, as it does in the normal course of business, engage in necessary contingency planning to ensure effective service performance during peak season. And, more generally, management agrees to undertake an impact analysis on any strategic initiatives that it deems likely to have significant service impacts.

Target Implementation Date:

- a) November 2020 – Strategic Planning Office will ensure FY21 project plans include milestones that denote potential operational impacts and risk assessment with key stakeholders.
- b) December 20, 2020 – Enterprise Analytics will complete Historical Service Impact analysis and brief ELT as part of the Annual Compliance Process before the Postal Regulatory Commission (PRC).

Responsible Officials

Senior Vice President, Finance and Strategy  
Vice President, Enterprise Analytics

Recommendation 3:

We recommend the Postmaster General instruct management to suspend ongoing and additional cost-reduction efforts until after the election and holiday mailing season and after an analysis of service impacts has been completed.

Management Response/Action Plan:

Management agrees in part and disagrees in part with this recommendation for the reasons already set forth in this response. It is not practical to preclude the Postal Service from taking any cost cutting measures for the remainder of the year. The recommendation again is overly broad. That said, management agrees with this recommendation in part, to the extent it recommends suspension through the election of the initiatives described in the Postmaster General's August 18 press release, and the guidance document issued on September 21, 2020. In that regard, the Postal Service has already implemented the portion of this recommendation with which we agree.

Recommendation 4:

We recommend the Postmaster General develop and implement a communication strategy to inform Congress and customers of planned and ongoing operational changes that may impact mail service.

Management Response/Action Plan:

Management generally agrees with this with this recommendation to develop a communications strategy to inform Congress and our customers about future strategic initiatives.

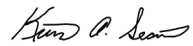
The Postal Service already has in place processes and strategies to inform stakeholders of strategic operational changes that may impact service. Government Relations regularly briefs the oversight committees on significant service impacts and changes that affect the United States Postal Service. Mail Classification provides industry alerts to ensure our customers are aware of significant operational changes to operations about which they need to be aware. We are committed to redoubling our efforts to utilize and improve our processes to ensure that we are transparent as we can be, recognizing that we are in a competitive environment and that we must be careful to safeguard commercially sensitive and other protected information.

Given the complexity of postal operations, it is always possible that an operational initiative "may" have unintentional impacts on service, but we do not believe it would be practical or particularly useful to our stakeholders to proactively communicate about all routine operational matters.

- 6 -

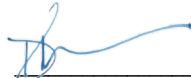
Target Implementation Date:  
Ongoing.

Responsible Official:  
Vice President, Government Relations



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Kristin Seaver  
Chief Retail and Delivery Officer



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David E. Williams  
Chief Logistics and Processing Operations Officer

cc: Louis DeJoy, Postmaster General  
Thomas J. Marshall, General Counsel and EVP  
Manager, Corporate Audit Response Management



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