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Analysis of the Postal Service's FY 2025 Annual Performance Report and FY 2026 Performance Plan

July 29, 2026

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CHAPTER I. INTRODUCTION

In FY 2025, the Postal Service did not meet any of the four performance goals: High-Quality Service, Excellent Customer Service, Safe Workplace and Engaged Workforce, and Financial Health. Specifically, in FY 2025, the Postal Service met only two of eight targets for the Excellent Customer Experience goal and missed all public performance indicator targets for the High-Quality Service, Safe Workplace and Engaged Workforce, and Financial Health goals.

A. Background

The Postal Service is required to submit to the Commission an annual performance report for the previous fiscal year and an annual performance plan for the current fiscal year.[1] On December 29, 2025, the Postal Service filed its fiscal year (FY) 2025 *Annual Report to Congress* in Docket No. ACR2025.[2] The FY 2025 Annual Report contains the Postal Service's FY 2025 annual performance report (FY 2025 Report) and FY 2026 annual performance plan (FY 2026 Plan).[3]

The FY 2025 Report and FY 2026 Plan discuss the Postal Service's performance goals, which are:

- High-Quality Service
- Excellent Customer Experience
- Safe Workplace and Engaged Workforce
- Financial Health

The FY 2025 Report discusses the Postal Service's progress in meeting its performance goals during FY 2025. The FY 2026 Plan describes the Postal Service's plans for meeting its performance goals in FY 2026.

Each performance goal has one or more performance indicators, which are metrics the Postal Service uses to measure outcomes and assess whether it has achieved the performance goals. *See* 39 U.S.C. § 2801(4). For example, the performance indicators for the High-Quality Service performance goal measure the percentage of various categories of

[1] 39 U.S.C. §§ 2803, 2804, 3652(g); 39 C.F.R. § 3050.43.

[2] United States Postal Service Fiscal Year 2025 *Annual Report to Congress*, Library Reference USPS-FY25-17, December 29, 2025, ZIP folder "USPS-FY25-17.zip," PDF file "ARC FY 25_Final.pdf" (FY 2025 Annual Report).

[3] FY 2025 Annual Report at 37-59. This Analysis cites to pages from the FY 2025 Annual Report when referring to the FY 2025 Report and FY 2026 Plan.

mail delivered on time. Figure I-1 lists the four performance goals and their corresponding performance indicators in FY 2025.

Figure I-1
FY 2025 Performance Goals and Performance Indicators

Source: FY 2025 Annual Report at 38.

For each performance indicator, the Postal Service sets a target in the annual performance plan and provides the results in the annual performance report for that fiscal year. *See* FY 2025 Annual Report at 38. Table I-1 lists the four performance goals, their corresponding performance indicators, results from FY 2022 through FY 2025, and targets for FY 2025 and FY 2026.

Table I-1
Performance Goals and Performance Indicators, Targets, and Results

Performance Indicator	Targets FY 2026	Targets FY 2025	Results FY 2025	Results FY 2024	Results FY 2023	Results FY 2022
High Quality Service[a]						
Single-Piece First-Class Mail						
2-Day	87.00%	87.00%	83.19%	86.44%	90.68%	91.34%
3-5-Day	81.50%	80.00%	72.76%	72.61%	83.52%	83.62%
Presorted First-Class Mail						
Overnight	94.00%	94.00%	93.10%	93.30%	94.75%	94.92%
2-Day	92.00%	92.00%	91.81%	91.40%	93.68%	93.36%
3-5-Day	90.75%	88.00%	87.83%	86.66%	92.10%	91.49%
First-Class Mail Letter and Flat Composite	89.00%	88.00%	86.15%	86.47%	91.43%	91.00%
USPS Marketing Mail and Periodicals Composite	94.00%	94.00%	93.09%	93.53%	94.20%	92.86%
Market Dominant Composite	92.00%	91.40%	90.22%	90.55%	93.18%	92.14%
Excellent Customer Experience						
Customer Experience Composite Index	78.52	79.41	77.90	77.80	76.93	72.72
Business Service Network	98.00%	98.00%	97.91%	97.77%	98.87%	98.20%
Point of Sale	88.94%	87.96%	88.69%	88.01%	87.10%	86.34%
Delivery	75.50%	80.94%	74.24%	75.26%	75.85%	73.91%
Customer Care Center	85.00%	85.00%	84.80%	85.39%	84.52%	70.75%
Customer 360	48.15%	48.15%	47.45%	46.29%	42.21%	38.44%
Business Mail Entry Unit	96.00%	96.00%	96.31%	95.21%	96.89%	96.48%
usps.com	76.95%	76.95%	73.62%	75.53%	72.79%	73.62%
Safe Workplace and Engaged Workforce						
Total Accident Rate	13.25	13.25	13.36	14.14	13.48	12.39
Grand Mean Engagement Score[b]	N/A	N/A	3.56	3.50	3.47[c]	3.50[c]
Engagement Score[b]	72.00	72.00	71.00	70.00	N/A	N/A
Engagement Survey Response Rate	N/A	N/A	17%	19%	17%	25%
Financial Health						
Controllable Income (Loss) $ in billions	($1.80)	($1.09)	($2.70)	($1.80)	($2.26)	($0.47)

Note: For the applicable fiscal year, red numbers indicate target was not met. Green numbers indicate target was met. Black numbers are those for which no comparisons are available. For the Total Accident Rate, which measures annual accident frequency, a lower result is better.

N/A – Not used as a performance indicator for that fiscal year.

[a] Table I-1 lists targets and results for public performance indicators measuring High-Quality Service for Market Dominant products. The Postal Service filed under seal information for non-public performance indicators measuring High-Quality Service for certain Competitive products. FY 2025 Annual Report at 38 n.1.

[b] In FY 2025, the Postal Service changed the performance indicator for measuring an engaged workforce from the Grand Mean Engagement Score to the Engagement Score.

[c] FY 2022 and FY 2023 Grand Mean Engagement Scores were recalculated for comparability purposes.

Source: FY 2025 Annual Report at 38; Notice of the United States Postal Service of Filing Its Responses to Questions 1-5, 13-15 of Chairman's Information Request No. 12 -- First Response Set, February 20, 2026, question 14 (February 20 Response to CHIR No. 12); Docket No. ACR2024, United States Postal Service Fiscal Year 2024 *Annual Report to Congress*, Library Reference USPS-FY24-17, December 30, 2024, ZIP folder "USPS-FY24-17.ARC.Files," file "FY 2024 Annual Report_Final.pdf," at 49-51 (FY 2024 Annual Report); Docket No. ACR2024, Postal Regulatory Commission, *Analysis of the Postal Service's FY 2024 Annual Performance Report and FY 2025 Performance Plan*, July 23, 2025, at 3 (FY 2024 Analysis).

B. FY 2026 Plan and FY 2025 Report

Each year, the Commission must evaluate whether the Postal Service met its performance goals established in the annual performance plan and annual performance report. 39 U.S.C. § 3653(d). Also, the Commission "may provide recommendations to the Postal Service related to the protection or promotion of public policy objectives set out in [Title 39]." *Id.*

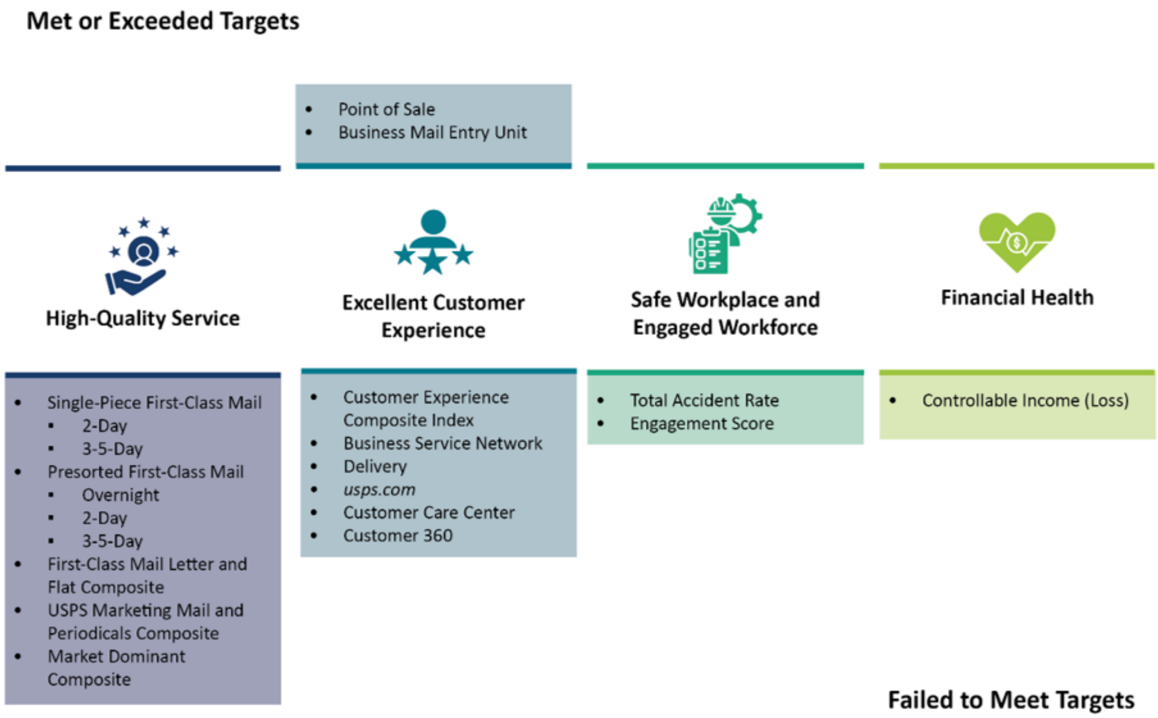
1. Evaluation of Performance Goals

The Commission evaluates whether the Postal Service met each performance goal by comparing targets and results for each performance indicator measuring progress toward that goal. It considers the Postal Service to have met a performance goal if the result of each performance indicator for that performance goal meets or exceeds the target established in the applicable performance plan. FY 2024 Analysis at 4. If the Postal Service misses any target for a particular performance goal, the Commission considers the Postal Service to have not met that performance goal.

For each performance goal, the Commission compared FY 2025 targets and results for each performance indicator. Table I-1 and Figure I-2 show which performance indicators met or exceeded targets and which ones failed to meet targets. Based on this comparison, the Commission finds that in FY 2025:

- The Postal Service did not meet the Excellent Customer Experience performance goal because it met only two of eight performance indicator targets.
- The Postal Service did not meet the High-Quality Service, Safe Workplace and Engaged Workforce, and Financial Health performance goals because it missed all public performance indicator targets.

Figure I-2
FY 2025 Performance Indicators That
Met, Exceeded, or Failed to Meet Targets



Source: FY 2025 Annual Report at 38.

Chapter III discusses the Postal Service's explanations for why it did not meet the High-Quality Service, Excellent Customer Experience, Safe Workplace and Engaged Workforce, and Financial Health performance goals, as well as its plans and timelines for achieving each performance goal in FY 2026.

2. Summary of Key Observations and Recommendations

When evaluating whether the Postal Service met its performance goals, the Commission may provide recommendations[4] related to protecting or promoting public policy objectives in Title 39. 39 U.S.C. § 3653(d). The Commission observations and recommendations are organized by each performance goal, detailed in Chapter III, and include the following:

High-Quality Service:

- The Commission finds that the Postal Service failed to meet the High-Quality Service performance goal for FY 2025, with none of the targets for the eight public performance indicators achieved.
- Commission analysis confirms that applying the Sunday/Holiday exclusion produced a meaningful but uneven increase in annual FY 2025 High-Quality Service results, by as much as 1.99 percentage points. The reported improvement in FY 2025, Quarter 4 results appears attributable, at least in part, to the Sunday/Holiday exclusion rather than improvements in on-time delivery.
- The Commission recommends that the Postal Service:
    - In the FY 2027 annual performance plan (FY 2027 Plan), provide greater transparency regarding the specific factors and methodologies used to establish performance targets, including whether and how the Postal Service considered lengthened service standards and the Sunday/Holiday exclusion when setting FY 2027 targets.
    - If transit alignment or "temporary" disruptions continue to be reasons for missing the High-Quality Service goal in FY 2026, then (1) explain what it means to be "temporary" with specific start and end dates for each disruption; (2) identify the facilities and operations affected by temporary disruptions; and (3) quantify the duration of each disruption and the resulting impact on FY 2026 High-Quality Service results.
    - Describe whether and how the FY 2025, Quarter 4 span of control changes contributed to service performance improvements in FY 2026.
    - Explain how the Average Days Late and Efficiency Index Package Productivity performance metrics helped the Postal Service progress toward meeting the High-Quality Service performance goal in FY 2026.
    - Provide quantitative analysis evaluating the effect of the Phase 1 and Phase 2 service standard changes on FY 2026 High-Quality Service results that reflect the full-year impact of the Sunday/Holiday exclusion.

[4] Appendix A lists the Commission's findings, observations, and recommendations.

  - Continue its efforts to accurately quantify the effects on service performance caused by extraordinary events outside of its control, and quantify the impact of extraordinary events on FY 2026, Quarters 3 and 4 results in the FY 2026 annual performance report (FY 2026 Report) or FY 2026 Annual Compliance Report (ACR). The Postal Service should also file supporting materials that include a detailed description of the data and methodology used to quantify the impact of extraordinary events.
  - Continue to make proactive plans to provide High-Quality Service during peak seasons, as well as measure and monitor its efforts to optimize peak season performance and evaluate their efficacy to better ascertain what efforts are the most impactful.
  - Increase efforts to address Critically Late Trips whose causes are within its direct control.
  - If it misses FY 2026 targets for the High-Quality Service performance indicators, describe initiatives designed to be reasonably likely to enable the Postal Service to meet FY 2027 targets in the FY 2027 Plan.
  - Continue to study the reasons for service performance issues in the lowest performing Areas/Districts.
- For FY 2026, the Postal Service should address the impact of any service standard or SPM Plan changes on data comparability, and either explain the basis for comparability or propose a method to assess performance over time.

Excellent Customer Experience:

- The Commission finds that the Postal Service did not meet the Excellent Customer Experience performance goal in FY 2025 because it met two targets but missed six targets.
- The Commission finds that the Postal Service provided satisfactory explanations for missing FY 2025 targets. To promote transparency and accountability, for each target that is not met in FY 2026, the FY 2026 Report must identify specific reasons why and describe plans to meet FY 2027 targets.
- The Commission finds that based on FY 2025 results and the Postal Service's explanations, FY 2026 targets for the Excellent Customer Experience performance indicators are reasonable. To improve transparency, the Commission recommends that the Postal Service provide the rationale for setting FY 2027 targets in the FY 2027 Plan or FY 2026 ACR.

- The Commission recommends that the Postal Service continue its efforts to improve the Net Promoter Score (NPS) for each performance indicator in FY 2026, particularly for Delivery, *usps.com*, and C360. For each NPS that declines in FY 2026, the FY 2026 Report should explain why and describe plans for improvement in FY 2027.
- In FY 2025, the Postal Service appears to have effectively used the heatmap and social media tools to help improve customer experience and respond to customer questions and issues. The Commission encourages the Postal Service to use the heatmap proactively to address issues before they escalate or generate other customer inquiries or complaints. Also, the Postal Service should continue using X, Facebook, Instagram, and other social media platforms to help customers and improve customer experience.
- The Commission finds that the Postal Service appeared to effectively leverage Artificial Intelligence tools to help customers and improve customer experience in FY 2025. The Commission recommends that the Postal Service proceed with its plans to resume offering the Facebook ChatBOT and explain in the FY 2026 ACR how the Virtual Agent Assistant improved customer experience in FY 2026.

Safe Workplace and Engaged Workforce:

- The Commission finds the Postal Service did not meet the Safe Workplace and Engaged Workforce goal in FY 2025 because it missed targets for both the Total Accident Rate and Engagement Score. FY 2026 targets for both performance indicators are reasonable.
- In FY 2025, the Postal Service appears to have taken appropriate actions to reduce the number of motor vehicle accidents and, by extension, improve the Total Accident Rate.
- The Commission finds that employee engagement levels measured by the Postal Pulse survey either improved or remained the same between FY 2024 and FY 2025.
- The Commission recommends:
  - If the Postal Service does not meet FY 2026 targets for the Total Accident Rate or Engagement Score, the FY 2026 Report should provide a detailed explanation why and identify significant factor(s) contributing to missing the target.
  - If the accident rate per million miles driven increases in FY 2026, the Postal Service should investigate and address the root causes and provide an explanation in the FY 2026 Report or ACR.
  - The Postal Service explain to employees the concrete and measurable changes or improvements made based on survey feedback, which could improve Positive Response Rates for statements related to employee feedback and opinions, as well as the Engagement Survey Response Rate.

Financial Health:

- The Commission finds that the Postal Service did not meet the Financial Health performance goal in FY 2025.
- The Commission expects the Postal Service to report on the Delivering For America (DFA) Plan's effects on Financial Health and labor productivity in all Annual Reports through the first year after the DFA Plan's completion.
- The Commission recommends that the Postal Service:
  - Continue reporting Controllable Income (Loss) and non-controllable expenses in all future annual performance plans and reports, regardless of whether the performance goal was met.
  - Continue monitoring and reporting on Total Factor Productivity (TFP), labor productivity, and related trends in future reports and explain the reasons for any changes in TFP and/or labor productivity in FY 2026.

C. Procedural History

Since Docket No. ACR2013, the Commission has evaluated whether the Postal Service met its performance goals in reports separate from the *Annual Compliance Determination* (ACD).[5] By issuing separate reports, the Commission provides a more in-depth analysis of the Postal Service's progress toward meeting its performance goals and plans to improve performance in future years. The Commission continues this current practice by issuing its analysis of the FY 2026 Plan and FY 2025 Report separately from the FY 2025 ACD.[6]

In conducting this review, the Commission designated a Public Representative and invited comments on whether the Postal Service met its performance goals and satisfied applicable statutory and regulatory requirements.[7] It also sought input on public policy recommendations, strategic initiatives, and other relevant matters. *Id*.

[5] *See* Docket No. ACR2013, Postal Regulatory Commission, *Review of Postal Service FY 2013 Performance Report and FY 2014 Performance Plan*, July 7, 2014; Docket No. ACR2014, Postal Regulatory Commission, *Analysis of the Postal Service's FY 2014 Program Performance Report and FY 2015 Performance Plan*, July 7, 2015; Docket No. ACR2015, Postal Regulatory Commission, *Analysis of the Postal Service's FY 2015 Annual Performance Report and FY 2016 Performance Plan*, May 4, 2016; Docket No. ACR2016, Postal Regulatory Commission, *Analysis of the Postal Service's FY 2016 Annual Performance Report and FY 2017 Performance Plan*, April 27, 2017 (FY 2016 Analysis); Docket No. ACR2017, Postal Regulatory Commission, *Analysis of the Postal Service's FY 2017 Annual Performance Report and FY 2018 Performance Plan*, April 26, 2018; Docket No. ACR2018, Postal Regulatory Commission, *Analysis of the Postal Service's FY 2018 Annual Performance Report and FY 2019 Performance Plan*, May 13, 2019; Docket No. ACR2019, Postal Regulatory Commission, *Analysis of the Postal Service's FY 2019 Annual Performance Report and FY 2020 Performance Plan*, June 1, 2020; Docket No. ACR2020, Postal Regulatory Commission, *Analysis of the Postal Service's FY 2020 Annual Performance Report and FY 2021 Performance Plan*, June 2, 2021 (FY 2020 Analysis); Docket No. ACR2021, Postal Regulatory Commission, *Analysis of the Postal Service's FY 2021 Annual Performance Report and FY 2022 Performance Plan*, June 30, 2022 (FY 2021 Analysis); Docket No. ACR2022, Postal Regulatory Commission, *Analysis of the Postal Service's FY 2022 Annual Performance Report and FY 2023 Performance Plan*, June 28, 2023 (FY 2022 Analysis); Docket No. ACR2023, Postal Regulatory Commission, *Analysis of the Postal Service's FY 2023 Annual Performance Report and FY 2024 Performance Plan*, July 2, 2024, at 3 (FY 2023 Analysis); FY 2024 Analysis.

[6] *See* Docket No. ACR2025, *Annual Compliance Determination*, March 27, 2026 (FY 2025 ACD).

[7] Notice Requesting Comments on the Postal Service FY 2025 Annual Performance Report and FY 2026 Annual Performance Plan, January 7, 2026, at 3 (Order No. 9422).

Several Chairman's Information Requests (CHIRs) were issued seeking clarification of the FY 2026 Plan and FY 2025 Report.[8] The Postal Service responded to all information requests.[9] The Public Representative filed comments.[10] No reply comments were filed.

The Commission analyzes the FY 2026 Plan and FY 2025 Report in the following chapters:

- Chapter II analyzes the FY 2026 Plan and FY 2025 Report for compliance with the legal requirements of 39 U.S.C. §§ 2803 and 2804.
- Chapter III evaluates whether the Postal Service met its four performance goals in FY 2025 and contains related observations and recommendations for each performance goal.

[8] Chairman's Information Request No. 6, January 29, 2026 (CHIR No. 6); Chairman's Information Request No. 12, February 13, 2026 (CHIR No. 12); Chairman's Information Request No. 14, February 26, 2026 (CHIR No. 14); Chairman's Information Request No. 16, March 5, 2026 (CHIR No. 16); Chairman's Information Request No. 18, March 12, 2026 (CHIR No. 18); Chairman's Information Request No. 19 and Notice of Filing Under Seal, March 20, 2026 (CHIR No. 19); Chairman's Information Request No. 20, March 27, 2026 (CHIR No. 20); Chairman's Information Request No. 21, April 2, 2026 (CHIR No. 21); Chairman's Information Request No. 23, April 10, 2026 (CHIR No. 23); Chairman's Information Request No. 24, April 17, 2026 (CHIR No. 24); Chairman's Information Request No. 25, April 22, 2026 (CHIR No. 25); Chairman's Information Request No. 26, May 5, 2026 (CHIR No. 26).

[9] Notice of the United States Postal Service of Filing Its Responses to Chairman's Information Request No. 6 and Notice of Filing Materials Under Seal, February 5, 2026 (Response to CHIR No. 6); February 20 Response to CHIR No. 12; Notice of the United States Postal Service of Filing Its Responses to Questions 6-12 of Chairman's Information Request No. 12 -- Second Response Set, February 27, 2026 (February 27 Response to CHIR No. 12); Notice of the United States Postal Service of Filing Its Responses to Chairman's Information Request No. 14, March 5, 2026 (Response to CHIR No. 14); Notice of the United States Postal Service of Filing Its Responses to Chairman's Information Request No. 16, March 12, 2026 (Response to CHIR No. 16); Notice of the United States Postal Service of Filing Its Responses to Chairman's Information Request No. 18 and Notice of Filing Materials Under Seal, March 19, 2026 (Response to CHIR No. 18); Notice of the United States Postal Service of Filing Its Responses to Questions 1-6, 8-16 of Chairman's Information Request No. 19 and Notice of Filing Materials Under Seal -- First Response Set, March 27, 2026 (March 27 Response to CHIR No. 19); Notice of the United States Postal Service of Filing Its Responses to Question 7 of Chairman's Information Request No. 19 -- Second Response Set, April 3, 2026 (April 3 Response to CHIR No. 19); Notice of the United States Postal Service of Filing Its Responses to Questions 1-3, 11 of Chairman's Information Request No. 20 and Notice of Filing Materials Under Seal -- First Response Set, April 3, 2026 (April 3 Response to CHIR No. 20); Notice of the United States Postal Service of Filing Its Responses to Questions 4-10, 12-13 of Chairman's Information Request No. 20 -- Second Response Set, April 9, 2026 (April 9 Response to CHIR No. 20); Notice of the United States Postal Service of Filing Its Responses to Chairman's Information Request No. 21 and Notice of Filing Materials Under Seal, April 10, 2026 (Response to CHIR No. 21); Notice of the United States Postal Service of Filing Its Responses to Questions 1, 3, 5-6 of Chairman's Information Request No. 23--First Response Set, April 17, 2026 (April 17 Response to CHIR No. 23); Notice of the United States Postal Service of Filing Its Responses to Chairman's Information Request No. 25, April 23, 2026 (Response to CHIR No. 25); Notice of the United States Postal Service of Filing Its Responses to Questions 2, 4 of Chairman's Information Request No. 23 -- Second Response Set, April 28, 2026 (April 28 Response to CHIR No. 23); Notice of the United States Postal Service of Filing Its Responses to Chairman's Information Request No. 24, April 29, 2026 (Response to CHIR No. 24); Notice of the United States Postal Service of Filing Its Responses to Chairman's Information Request No. 26, May 22, 2026 (Response to CHIR No. 26). The Postal Service filed motions for late acceptance, which are granted. *See* Motion of the United States Postal Service for Late Acceptance of the Responses to Questions 6-12 of Chairman's Information Request No. 12, February 27, 2026; Motion of the United States Postal Service for Late Acceptance of the Responses to Chairman's Information Request No. 19, April 3, 2026; Motion of the United States Postal Service for Late Acceptance of the Responses to Chairman's Information Request No. 20, April 9, 2026; Motion of the United States Postal Service for Late Acceptance of the Responses to Chairman's Information Request No. 21, April 10, 2026; Motion of the United States Postal Service for Late Acceptance of the Responses to Chairman's Information Request No. 23, April 28, 2026; Motion of the United States Postal Service for Late Acceptance of the Responses to Chairman's Information Request No. 24, April 29, 2026; Motion of the United States Postal Service for Late Acceptance of the Responses to Chairman's Information Request No. 26, May 22, 2026.

[10] Public Representative Comments on the FY 2025 Annual Performance Report and FY 2026 Annual Performance Plan, March 27, 2026 (PR Comments). The Public Representative filed a motion to extend the comment deadline. Public Representative Motion for Extension of Comment Deadline, February 17, 2026. The Motion was granted. *See* Order Granting Motion to Extend Comment Deadline, February 25, 2026 (Order No. 9465).

- Chapter IV discusses the Postal Service's strategic initiatives and its DFA Plan.[11]

[11] United States Postal Service, *Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence*, March 23, 2021 (Initial DFA Plan). On September 30, 2024, the Postal Service issued an updated strategic plan that describes progress made during the past 3 years and summarizes major strategies driving the Postal Service toward financial stability and sustained service excellence. United States Postal Service, *Delivering for America 2.0 Fulfilling the Promise*, September 30, 2024, available at https://about.usps.com/what/strategic-plans/delivering-for-america/assets/dfa-2-0-fulfilling-the-promise-2024.pdf (DFA Plan).

CHAPTER II. COMPLIANCE WITH LEGAL REQUIREMENTS

A. Legal Requirements

This chapter evaluates whether the FY 2026 Plan and FY 2025 Report complied with 39 U.S.C. §§ 2803 and 2804, respectively. The Postal Service's annual performance plan must cover "each program activity set forth in the Postal Service budget,"[12] and must:

- Establish performance goals that define the performance level to be achieved by a program activity
- Express the performance goals in an objective, quantifiable, and measurable form unless an alternative form is used[13]
- Briefly describe the operational processes, skills and technology, and the human, capital, information, or other resources needed to meet the performance goals
- Establish performance indicators to measure or assess each program activity's relevant outputs, service levels, and outcomes
- Provide a basis for comparing actual program results with established performance goals
- Describe the means to be used to verify and validate measured values

39 U.S.C. § 2803(a). The annual performance plan may aggregate, disaggregate, or consolidate program activities, provided that doing so does not omit or minimize the significance of any program activity constituting a major function or operation. *Id.* § 2803(c).

[12] A "program activity" is "a specific activity related to the mission of the Postal Service[.]" 39 U.S.C. § 2801(5).

[13] *See* 39 U.S.C. § 2803(b). The Postal Service may use an alternative form if it determines that it is not feasible to express the performance goals for a particular program activity in an objective, quantifiable, and measurable form. *Id.* The alternative form must either: (1) include separate descriptive statements of a minimally effective program and a successful program, with sufficient precision and in such terms to allow for an accurate, independent determination of whether the program activity's performance meets the criteria of either descriptive statement; or (2) "state why it is infeasible or impractical to express a performance goal in any form for the program activity." *Id.* § 2803(b)(1), (b)(2).

The Postal Service's annual performance report must:

- Evaluate whether the Postal Service has met the performance goals previously established by the annual performance plan for that fiscal year
- "[S]et forth the performance indicators established in the Postal Service performance plan, along with the actual program performance achieved compared with the performance goals expressed in the plan for that fiscal year"[14]
- Include "actual results for the three preceding fiscal years"
- Evaluate the annual performance plan for the current fiscal year (in this case, the FY 2026 Plan) relative to the performance achieved toward those goals in the year covered by the annual performance report (in this case, the FY 2025 Report)
- If the Postal Service does not meet a performance goal, explain why the goal was not met and describe plans and schedules for achieving the performance goal[15]
- Include summary findings of program evaluations completed during the fiscal year covered by the report

39 U.S.C. § 2804(b)(1), (c), (d).

These statutory requirements were explained in detail in the FY 2023 Analysis. FY 2023 Analysis at 15-24. CHIR No. 6 was issued to help evaluate compliance with 39 U.S.C. §§ 2803 and 2804. CHIR No. 6, questions 1-4.

B. Comments

The Public Representative concludes that the FY 2026 Plan complies with 39 U.S.C. § 2803. PR Comments at 5. He states that the FY 2025 Report appears to comply with 39 U.S.C. § 2804 for the High Quality Service, Safe Workplace and Engaged Workforce, and Financial Health performance goals. *Id*. For the Excellent Customer Experience goal, he observes that the Postal Service changed the response options for its customer surveys in FY 2023 but concludes that its reasons for doing so were well-supported. *Id*. He states he has not identified any obvious anomalies in the FY 2024 or FY 2025 results that the revisions could have caused. *Id*. Thus, he believes that Excellent Customer Experience results are "reasonably comparable across fiscal years." *Id*.

[14] 39 U.S.C. § 2804(b)(1). If performance goals are specified in an alternative form by descriptive statements of a minimally effective program activity and a successful program activity, the annual performance report must describe results of these program activities in relation to these categories, including whether the performance failed to meet the criteria of either category. *Id.* § 2804(b)(2); *see id.* § 2803(b).

[15] *Id.* § 2804(d)(3)(A) and (B). If the performance goal is impractical or infeasible, the annual performance report must explain why and recommend further action. *Id.* § 2804(d)(3)(C).

C. Commission Analysis

With respect to the public and non-public performance indicators, the Commission finds that the FY 2026 Plan complies with section 2803, and the FY 2025 Report complies with all but one requirement in section 2804.

The sections below discuss compliance issues in detail. Appendix B includes checklists for compliance with the major requirements of 39 U.S.C. §§ 2803 and 2804 to help the Postal Service's efforts to ensure that the FY 2027 Plan and FY 2026 Report comply next year.

1. FY 2026 Plan

The FY 2026 Plan complies with 39 U.S.C. § 2803 for the following reasons:

First, the FY 2026 Plan explains that FY 2026 targets for each performance indicator are aligned with the FY 2026 Integrated Financial Plan (IFP), which includes the Postal Service's planned revenue and expenses for FY 2026. FY 2025 Annual Report at 37. The Postal Service notes that each fiscal year, it "develops a budget and plan intended to be sufficient to meet its targeted financial and nonfinancial performance outcomes." *Id.* It sets all performance indicator targets "to be achievable given the planned expenses in the IFP." *Id.* Thus, the FY 2026 Plan complies with section 2803(a) by identifying the program activities in the FY 2026 IFP (planned revenue and expenses) and linking them to the targets set for each performance indicator.

Second, the FY 2026 Plan "establish[es] performance goals to define the level of performance to be achieved by a program activity[.]" 39 U.S.C. § 2803(a)(1). In the FY 2026 Plan, the Postal Service establishes four performance goals and sets targets for each public performance indicator the Postal Service will use to evaluate performance during FY 2026. *See* FY 2025 Annual Report at 38. The Postal Service uses non-public performance indicator(s) to measure progress toward the High-Quality Service performance goal, and the corresponding FY 2026 target(s) were included in a non-public annex filed with the FY 2025 ACR.[16]

Third, the FY 2026 Plan "express[es] [performance] goals in an objective, quantifiable, and measurable form" by setting quantitative, numerical targets, such as percentages and dollar amounts. 39 U.S.C. § 2803(a)(2). The FY 2026 targets are expressed as numbers such as a percentage or dollar amount. *See* FY 2025 Annual Report at 38.

Fourth, the FY 2026 Plan "briefly describe[s] the operational processes, skills and technology, and the human, capital, information, or other resources required to meet the performance goals" by explaining what resources are necessary to meet each goal. 39 U.S.C. § 2803(a)(3). For example, to meet the High-Quality Service performance goal in FY 2026,

[16] *See id.* n.1; Library Reference USPS-FY25-NP30, December 29, 2025, PDF file "NONPUBLIC FY25-NP30,Sctn4,CompRptPln.pdf."

the Postal Service states that it will continue to implement changes to network processing and transportation, prepare for the peak season, invest in infrastructure, and stabilize and empower its workforce. FY 2025 Annual Report at 42-43.

Fifth, the FY 2026 Plan "establish[es] performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity[.]" 39 U.S.C. § 2803(a)(4). Each performance goal has at least one performance indicator that evaluates outputs, service levels, and outcomes. For example, the Safe Workplace and Engaged Workforce performance goal uses two performance indicators to measure workplace safety and employee engagement outcomes. *See* FY 2025 Annual Report at 49-51.

Sixth, the FY 2026 Plan "provide[s] a basis for comparing actual program results with the established performance goals[.]" 39 U.S.C. § 2803(a)(5). The FY 2026 Plan lists the performance indicators that will provide a basis for comparing FY 2026 results with the targets set in the FY 2026 Plan. *See* FY 2025 Annual Report at 38.

Seventh, the FY 2026 Plan "describe[s] the means to be used to verify and validate measured values" by explaining how it verifies and validates targets and results for each performance indicator using objective measurement systems. 39 U.S.C. § 2803(a)(6); FY 2022 Analysis at 17. For example, the Postal Service explains that it uses an internal Service Performance Measurement (SPM) system "that measures and reports service performance from the time mail is in the Postal Service's possession to when a USPS employee delivers it to a home, business, or PO Box." FY 2025 Annual Report at 39.

The Commission finds that the FY 2026 Plan complies with 39 U.S.C. § 2803(a). To comply with 39 U.S.C. § 2803(a) next year, the FY 2027 Plan must identify all program activities in the FY 2027 IFP and link each program activity to at least one performance goal or indicator. To comply with other requirements of section 2803, the FY 2027 Plan must include the information described above for FY 2026.

2. FY 2025 Report

The FY 2025 Report complies with 39 U.S.C. § 2804 for the High-Quality Service, Excellent Customer Experience, and Financial Health performance goals. For the Safe Workplace and Engaged Workforce goal, the FY 2025 Report does not comply with 39 U.S.C. § 2804(d)(3) because it does not explain why it did not meet FY 2025 targets for workplace safety and employee engagement.

a. Comparable FY 2025 Targets and Results

In the FY 2024 Analysis, the Commission stated that to comply with section 2804(b)(1), "the FY 2025 Report must set forth the same performance indicators and targets as the FY 2025 Plan" and compare FY 2025 targets and results for each performance indicator. FY 2024 Analysis at 17. Also, the FY 2025 Report must include comparable FY 2025 targets and results. *Id*. If it does not, the FY 2025 Report must address the lack of comparability by explaining either of the following: (1) how to compare results between the current and former methodologies; or (2) why making this comparison is not feasible.[17]

The FY 2025 Report includes the same performance indicators and targets set in the FY 2025 Plan except for Controllable Income (Loss).[18] For the Controllable Income (Loss) target, the Postal Service acknowledges a rounding error and confirms that the FY 2025 target is the same as the one set in the FY 2025 Plan. February 20 Response to CHIR No. 12, question 14. The Postal Service confirms that the FY 2025 target and result for each performance indicator are comparable. Response to CHIR No. 6, question 1.a.

The Commission finds that the FY 2025 Report complies with 39 U.S.C. § 2804(b)(1) because the FY 2025 Report either includes the same performance indicators and targets set in the FY 2025 Plan or explains why the target changed. Also, FY 2025 targets and results for each performance indicator are comparable.

*To comply next year, the FY 2026 Report must set forth the same performance indicators and targets as the FY 2026 Plan. Also, the FY 2026 result for each performance indicator must be comparable to the corresponding FY 2026 target set in the FY 2026 Plan. If a comparable FY 2026 result is not provided, the FY 2026 Report must address the lack of comparability by explaining **either** of the following:*

1. *How to compare results between the current and former methodologies; **or***
2. *Why making this comparison is not feasible.*

b. Comparable 3-Year Results

In the FY 2024 Analysis, the Commission stated that "[t]o comply with 39 U.S.C. § 2804(c) next year, the FY 2025 Report must include comparable results for each performance indicator for FYs 2022, 2023, 2024, and 2025." FY 2024 Analysis at 19. For the Safe Workplace and Engaged Workforce performance goal, the Commission directed that the FY 2025 Report "provide comparable FY 2022 through FY 2025 Grand Mean Engagement Score results recalculated based on the six questions that overlap between the former and current Postal Pulse surveys." *Id*. If comparable results are not provided, the Commission directed the Postal Service to identify each performance indicator with non-comparable results and address the lack of comparability in the FY 2025 Report. *Id.*

The FY 2025 Report complies with 39 U.S.C. § 2804(c) for each performance goal. For the Safe Workplace and Engaged Workforce performance goal, the FY 2025 Report shows recalculated Grand Mean Engagement Scores from FY 2022 through FY 2025 for comparability purposes. FY 2025 Annual Report at 38 n.7.

[17] *Id*. In this analysis, "methodology" refers to the formula or steps for calculating results. A methodology change occurs when the Postal Service changes the formula or steps for calculating targets and results.

[18] *Compare* FY 2025 Annual Report at 38, *with* FY 2024 Annual Report at 39.

The FY 2025 Report complies with 39 U.S.C. § 2804(c) for each performance goal. To comply with 39 U.S.C. § 2804(c) next year, the FY 2026 Report must include comparable results for each performance indicator for FYs 2023, 2024, 2025, and 2026. To be comparable, results for each fiscal year must be calculated and expressed using the same methodology.

If comparable results from FY 2023 through FY 2026 are not provided for any performance indicator, the FY 2026 Report must:

1. *Identify each performance indicator with non-comparable results from FY 2023 through FY 2026;* ***and***
2. *Address the lack of comparability by explaining* ***either*** *of the following:*
    a. *How to compare results from FY 2023 through FY 2026 between the current and former methodologies;* ***or***
    b. *Why making this comparison is not feasible.*

For the Safe Workplace and Engaged Workforce performance goal, the FY 2026 Report must show recalculated Grand Mean Engagement Scores from FY 2023 through FY 2026.

The FY 2026 Report must include all information necessary to evaluate compliance with the requirements of 39 U.S.C. §§ 2803 and 2804, including section 2804(c). The Postal Service may satisfy this requirement by either: (1) including the information itself in the text of the FY 2026 Report or FY 2026 ACR; or (2) including cross-references identifying the documents containing this information in the text of the FY 2026 Report.

c. Goals Not Met

To meet a performance goal, the Postal Service must meet or exceed **all** targets for that goal. If any target is missed, the Postal Service did not meet the performance goal. In that case, the FY 2025 Report must explain why the Postal Service did not meet the goal and describe plans and timelines for achieving the goal. 39 U.S.C. § 2804(d)(3).

In FY 2025, the Postal Service did not meet any of the four performance goals. The FY 2025 Report provides the requisite explanations, plans, and timelines for each performance goal except Safe Workplace and Engaged Workforce. *See* FY 2025 Annual Report at 41, 44-47, 54-55. In the FY 2025 Annual Report, the Postal Service does not explain why it missed the FY 2025 target for the Total Accident Rate (13.25). *See* FY 2025 Annual Report at 49-50. Multiple CHIRs sought the explanation required by section 2804(d)(3)(A) regarding why the Postal Service missed the FY 2025 target, but the Postal Service did not provide any responsive answers.[19]

[19] CHIR No. 14 sought the explanation required by section 2804(d)(3)(A). CHIR No. 14, question 4.a. In response, the Postal Service did not provide an explanation and instead asserted that based on the most recent Total Accident Rate data filed in a CHIR response, it would have "met

The Commission finds that the FY 2025 Report does not comply with 39 U.S.C. § 2804(d)(3)(A) because it does not explain why the Safe Workplace and Engaged Workforce performance goal was not met. To comply next year, for each FY 2026 target that is not met, the FY 2026 Report must both explain why and describe plans and schedules for meeting the FY 2027 target.

d. Other Annual Performance Report Requirements

The FY 2025 Report meets other requirements of 39 U.S.C. § 2804. First, it "review[s] the success of achieving the [FY 2025] performance goals" by stating whether the Postal Service met targets for each performance indicator in FY 2025. 39 U.S.C. § 2804(d)(1); *see* FY 2025 Annual Report at 38. Second, the FY 2025 Report "evaluate[s] the performance plan for the current fiscal year [FY 2026] relative to the performance achieved towards the performance goals in the fiscal year covered by the report [FY 2025]" by comparing FY 2026 targets with FY 2025 results for each performance indicator the Postal Service will use during FY 2026. *See* 39 U.S.C. § 2804(d)(2).

The FY 2025 Report "include[s] the summary findings of those program evaluations completed during the fiscal year covered by the report." 39 U.S.C. § 2804(d)(4). "[P]rogram evaluations" are "assessment[s], through objective measurement and systematic analysis, of the manner and extent to which Postal Service programs achieve intended objectives." *Id.* § 2801(6). The FY 2025 Report evaluates how programs helped the Postal Service meet targets in FY 2025 by, for example, explaining that the Postal Service exceeded the FY 2025 Business Mail Entry Unit target by enhancing training and leveraging technologies to improve employee proficiency and customer experience. FY 2025 Annual Report at 45.

The Commission finds that the FY 2025 Report complies with 39 U.S.C. §§ 2804(d)(1), (2), and (4).

3. Non-Public Performance Indicators

The annual performance plan may include a non-public annex covering program activities or parts of program activities relating to the avoidance of interference with criminal prosecution or matters otherwise exempt from public disclosure under 39 U.S.C. § 410(c). 39 U.S.C. § 2803(d). In FY 2025, the Postal Service measured progress toward the High-Quality Service performance goal using non-public performance indicator(s) for some Competitive products and filed data as part of the non-public annex of the ACR. FY 2025 Annual Report at 38 n.1. The Postal Service filed information on non-public performance

the total accident rate target for FY 2025 [of 13.25] with an updated rate of 13.33." Response to CHIR No. 14, question 4.a. However, because the Total Accident Rate yields the annual accident frequency per 100 employees, a lower result is a better number. Thus, CHIR No. 18 inquired about the Postal Service's assertion that the updated FY 2025 Total Accident Rate of 13.33 would have met the FY 2025 target of 13.25. CHIR No. 18, question 8. In response the Postal Service acknowledged that the updated rate (13.33) "did not meet the exact Total Accident Rate target for FY 2025," but states that it improved compared to FY 2024 and was "within the Postal Service's internally measured statistical range for the FY 2025 target, even though it did not meet the target exactly." Response to CHIR No. 18, question 8. CHIR No. 23 again asked the Postal Service to provide a detailed explanation for why the Postal Service missed the FY 2025 Total Accident Rate target. CHIR No. 23, question 5. In response, the Postal Service asserts that it missed the target by less than one percentage point, and "no meaningful data exists to explain why the Postal Service did not meet the FY 2025 Total Accident Rate target." April 17 Response to CHIR No. 23, question 5.a-b.

indicator(s) in Library Reference USPS-FY25-NP30 and identified this library reference in the FY 2025 ACR.[20]

Requirements in 39 U.S.C. §§ 2803 and 2804 apply both to public and non-public performance indicators. *See* FY 2024 Analysis at 21. In the FY 2024 Analysis, the Commission directed the Postal Service to file the following information for each non-public performance indicator under seal with the FY 2025 ACR: (1) comparable FY 2025 targets and results; (2) comparable results from FY 2022 through FY 2025 (or explanations addressing lack of comparability); and (3) measurable FY 2026 targets for each non-public performance indicator the Postal Service plans to use in FY 2026. *Id.* It stated that for each FY 2025 target that is not met, the Postal Service must explain why and describe plans for meeting the FY 2026 target. *Id.* The Postal Service responded to comparability questions in its Response to CHIR No. 6, questions 3, 4.

Based on information and CHIR responses filed under seal, the Commission finds that with respect to the non-public performance indicator(s), the FY 2026 Plan and FY 2025 Report comply with 39 U.S.C. §§ 2803 and 2804, respectively.

To comply with 39 U.S.C. §§ 2803 and 2804 next year, for the Competitive products' non-public performance indicator(s), the Postal Service must file under seal with the FY 2026 ACR:

1. *Comparable FY 2026 targets and results*
2. *Comparable results from FY 2023 through FY 2026 (or explanations addressing lack of comparability)*
3. *Measurable FY 2027 targets for each non-public performance indicator the Postal Service plans to use in FY 2027*

The FY 2026 ACR should continue to identify the library reference that contains this information. If the Postal Service does not meet the FY 2026 target for any non-public performance indicator, the Postal Service must explain why and describe the plans and schedules for meeting the FY 2027 target.

4. Performance Indicator Changes

The Commission previously recommended that the Postal Service describe any performance indicator or methodology changes in the *Annual Report to Congress* and analyze the impact of methodology changes on results. *See* FY 2016 Analysis at 18. The Commission also recommended that the Postal Service provide the rationale for making these changes. FY 2024 Analysis at 22. A change in performance indicator occurs when the Postal Service changes the metric for measuring progress toward a performance goal. For example, in FY 2017, the Postal Service changed the employee safety performance indicator

[20] *See* Docket No. ACR2025, United States Postal Service, *FY 2025 Annual Compliance Report*, December 29, 2025, at 3-4 (FY 2025 ACR).

from the Occupational Safety and Health Administration Illness and Injury Rate to the Total Accident Rate. FY 2016 Analysis at 20.

To ensure meaningful comparisons across fiscal years, the Commission recommends that the Postal Service continue to limit the number of changes to performance indicators and methodologies for calculating targets and results. If the Postal Service plans to add or change any performance indicators or methodologies, the Commission recommends that the Annual Report to Congress continue to describe these changes, provide the rationale for making them, and analyze the impact of these changes on results.

The Commission recommends that the Postal Service not change performance indicators, methodologies, or targets once they are set for a given fiscal year. To help ensure compliance with 39 U.S.C. § 2804(c), if the Postal Service changes a performance indicator or the methodology for calculating targets or results, the Commission recommends that the Postal Service maintain the same performance indicator or methodology for at least 3 consecutive fiscal years unless the change is clearly not beneficial or effective.

CHAPTER III. EVALUATION OF PERFORMANCE GOALS

In this chapter, the Commission discusses each performance goal individually. It evaluates whether the Postal Service met the performance goals in FY 2025 as required by 39 U.S.C. § 3653(d). The Commission also makes related observations and recommendations for each performance goal.

A. High-Quality Service

1. Key Observations and Recommendations

The Commission finds that the Postal Service failed to meet its High-Quality Service performance goal for FY 2025, with none of the targets for the eight public performance indicators achieved. For FY 2026, the Postal Service should address the impact of any service standard or SPM Plan changes on data comparability, and either explain the basis for comparability or propose a method to assess performance over time.

Commission analysis confirms that applying the Sunday/Holiday exclusion produced a meaningful but uneven increase in annual FY 2025 High-Quality Service results, by as much as 1.99 percentage points. Because the Sunday/Holiday exclusion was not applied until the second half of FY 2025, the impact on FY 2025 annual results was likely understated. The reported improvement in FY 2025, Quarter 4 results appears attributable, at least in part, to the Sunday/Holiday exclusion rather than improvements in on-time delivery.

The Commission recommends that the Postal Service:

- *In the FY 2027 Plan, provide greater transparency regarding the specific factors and methodologies used to establish performance targets. The FY 2027 Plan should also explain whether and how the Postal Service considered lengthened service standards and the Sunday/Holiday exclusion when setting FY 2027 targets.*
- *If transit alignment or "temporary" disruptions continue to be reasons for missing the High-Quality Service goal in FY 2026, then (1) explain what it means to be "temporary" with specific start and end dates for each disruption; (2) identify the facilities and operations affected by temporary disruptions; and (3) quantify the duration of each disruption and the resulting impact on FY 2026 High-Quality Service results.*

- *Describe whether and how the FY 2025, Quarter 4 span of control[21] changes contributed to service performance improvements in FY 2026.*
- *Explain how the two new National Performance Assessment (NPA) metrics--Average Days Late and Efficiency Index Package Productivity--helped the Postal Service progress toward meeting the High-Quality Service performance goal in FY 2026.*
- *Provide quantitative analysis evaluating the effect of the Phase 1 and Phase 2 service standard changes on FY 2026 High-Quality Service results. The analysis should reflect the full-year impact of the Sunday/Holiday exclusion, consistent with the parallel reporting required by Order No. 8761.[22]*
- *Continue its efforts to accurately quantify the effects on service performance caused by extraordinary events outside of its control. The Postal Service should report on its progress and quantify the impact of extraordinary events on FY 2026, Quarters 3 and 4 results in the FY 2026 Report or FY 2026 ACR. The Postal Service should also file supporting materials that include a detailed description of the data and methodology used to quantify the impact of extraordinary events.*
- *Continue to make proactive plans to provide High-Quality Service during peak seasons, as well as measure and monitor its efforts to optimize peak season performance and evaluate their efficacy to better ascertain what efforts are the most impactful.*
- *Increase efforts to address Critically Late Trips (CLTs) whose causes are within its direct control.*
- *If it misses FY 2026 targets for the High-Quality Service performance indicators, describe initiatives designed to be reasonably likely to enable the Postal Service to meet FY 2027 targets in the FY 2027 Plan. The Commission reiterates its recommendation that the Postal Service report how the DFA Plan (as a whole and for applicable distinct initiatives) affected the High-Quality Service performance indicator results.*
- *Continue to study the reasons for service performance issues in the lowest performing Areas/Districts.*

[21] Span of control identifies the ratio of employees who report to each supervisor. United States Postal Service, Office of Inspector General, Report No. 19SMG011HR000-R20, *Management Structure at the Postal Service*, March 18, 2020, at 5, available at https://www.uspsoig.gov/sites/default/files/reports/2023-01/19SMG011HR000-R20.pdf (OIG Report No. 19SMG011HR000-R20). In this chapter, span of control refers to the number of facilities managed by a single mail processing division and the number of mail processing divisions under the purview of each processing region.

[22] Docket Nos. RM2024-9 and PI2025-2, Interim Order Regarding Proposed Service Performance Measurement Changes, March 28, 2025, at 37 (Order No. 8761); *see* Docket Nos. RM2024-9 and PI2025-2, Order Conditionally Granting Motion for Reconsideration of Order No. 8761, April 30, 2025 (Order No. 8823).

2. Background

In FY 2025, the Postal Service measured service performance using internal SPM, which measures and reports data from the time a mailpiece is in the Postal Service's possession to the time when the mailpiece is delivered to a home, business, or P.O. Box. FY 2025 Annual Report at 39. For most Market Dominant products, the Postal Service sets a service standard for the number of days allowed for delivery of a mailpiece to be on time. *See, e.g.*, FY 2022 Analysis at 25. Service performance results are expressed as the percentage of mail meeting the applicable service standard. *See id.*

The Postal Service uses the percentage of selected and combined mail products delivered on-time to assess whether its performance meets the High-Quality Service performance goal.[23] To evaluate progress toward the High-Quality Service performance goal in FY 2025, the Postal Service used eight public performance indicators measuring service performance for Market Dominant products:

- Single-Piece First-Class Mail, 2-Day
- Single-Piece First-Class Mail, 3-5-Day
- Presorted First-Class Mail, Overnight
- Presorted First-Class Mail, 2-Day
- Presorted First-Class Mail, 3-5-Day
- First-Class Mail Letter and Flat (FCLF) Composite
- USPS Marketing Mail and Periodicals Composite
- Market Dominant Composite

The Single-Piece First-Class Mail performance indicators measure the performance of Single-Piece First-Class Mail letters, postcards, and flats throughout the fiscal year. FY 2025 Annual Report at 39. Results are expressed as the estimated percentage of Single-Piece First-Class Mail delivered on-time by service standard (2-Day and 3-5-Day, respectively). *Id.*

The Presorted First-Class Mail performance indicators measure the performance of commercial Presorted First-Class Mail letters, postcards, and flats delivered throughout the

[23] The Postal Service also reports service performance on all Market Dominant products in the ACR. *See* 39 U.S.C. § 3652(a)(2)(B)(i). Service performance measurement reporting in the ACR is independent of service performance measurement reporting in annual performance plans and annual performance reports under 39 U.S.C. §§ 2803 and 2804. The reporting of these service performance measurements in the FY 2025 Annual Report does not meet the same class- or group-specific granular reporting criteria as the service performance measurements required in the Commission's rules for purposes of the ACR. *See* 39 C.F.R. §§ 3055.20 through 3055.24. For instance, the Single-Piece First-Class Mail and the Presorted First-Class Mail performance indicators in the FY 2025 Annual Report combine service performance results for different products. By contrast, the ACR requires the Postal Service to disaggregate service performance results by mail subject to the Overnight, 2-Day, or 3-Day, 4-Day, and-5-Day service standards (as well as in the aggregate for the 3-to-5-day service standards and in the aggregate for all service standards combined) by First-Class Mail product. *See, e.g.*, 39 C.F.R. § 3055.20(a).

fiscal year. *Id.* Results are expressed as the estimated percentage of total Presorted First-Class Mail delivered on time by service standard (Overnight, 2-Day, and 3-5-Day). *Id.*

The FCLF Composite performance indicator represents the weighted average of the performance of Single-Piece First-Class Mail and Presorted First-Class Mail across all service standards, weighted by volume. *Id.*

The USPS Marketing Mail and Periodicals Composite performance indicator measures the percentage of all USPS Marketing Mail and Periodicals mailpieces that were delivered within the applicable service standard during the fiscal year. *Id.* This performance indicator is a composite measuring USPS Marketing Mail letters and flats, as well as Periodicals. *Id.* Approximately two-thirds of the volume in this composite indicator consists of USPS Marketing Mail letters; the remainder is made up of USPS Marketing Mail flats and Periodicals. *Id.*

The Market Dominant Composite is a composite indicator measuring the percentage of First-Class Mail; USPS Marketing Mail; Periodicals; Bound Printed Matter (BPM) letters and flats; and parcels of Media Mail, Library Mail, and BPM that were delivered within their applicable service standards during the fiscal year.[24]

The Postal Service also provided non-public performance data for certain Competitive products. *See* FY 2025 Annual Report at 38 n.1.

In FY 2025, the Postal Service failed to meet any of its eight targets for the public Market Dominant performance indicators. *Id.* at 40. The Postal Service explains that it did not meet FY 2025 service performance targets because of several factors, including transit realignment, span of control positioning, alignment of service standards and the Regional Transportation Initiative (RTO), and environmental disruptions. *Id*. at 41.

To improve High-Quality Service in FY 2026, the Postal Service reports that it plans to continue implementing the DFA Plan. *Id*. at 42. To meet FY 2026 targets, the Postal Service states that it will continue to implement changes to its processing network, transportation operations; remediate temporary disruptions to operations; prepare for the peak season; invest in infrastructure; and stabilize and empower its workforce. *Id.* at 42-43.

[24] *Id*. Since FY 2020, the Commission has expressed concerns regarding the use of highly aggregated composites to measure High-Quality Service performance. *See, e.g.*, FY 2023 Analysis at 41-42; FY 2024 Analysis at 32-33. The Commission explained that "[s]uch composites are subject to being affected by changes in weights arising from changes in the mail mix." FY 2024 Analysis at 32. It recommended that the Postal Service develop more granular performance indicators to supplement the composites and provide more transparency into service performance at the product, shape, or class level. *Id*. at 33. However, the Postal Service declined to develop more granular performance indicators for FY 2025 and states that it does not plan to develop more granular indicators for FY 2026. February 20 Response to CHIR No. 12, question 2.b. It explains that "[m]ore granular indicators are publicly available on both the Postal Service's external service performance dashboard as well as in the quarterly Service Performance Measurement reports filed with the Commission." *Id*. The Commission reiterates the importance of granular data, but acknowledges the Postal Service's explanation for not developing more granular performance indicators for the Annual Performance Report and Performance Plan.

3. Comments

The Public Representative comments that none of the performance indicators met their targets in FY 2025. PR Comments at 7. He observes that Single-Piece First-Class Mail, 2-Day and 3-5-Day were the furthest from meeting their targets, and generally service performance was better for Presorted First-Class Mail and USPS Marketing Mail compared to Single-Piece First-Class Mail. *Id*. at 8, 11. Regarding Presorted First-Class Mail, he observes that results for the 3-5-Day performance indicator lag behind results for the Overnight and 2-Day indicators. *Id*. at 11.

For quarterly results, he states that results generally met or exceeded targets only in FY 2025, Quarters 3 and 4. *Id*. at 8. He points out that scores for Single-Piece First-Class Mail were considerably better in FY 2025, Quarters 3 and 4, but still failed to meet targets. *Id*.

Regarding service performance targets, the Public Representative comments that they generally increased between FY 2022 and FY 2024, but were lowered for almost every performance indicator in FY 2025, particularly for Single-Piece First-Class Mail. *Id.* at 6. He observes that Presorted First-Class Mail targets, which had lesser declines, were still well above targets for Single-Piece First-Class Mail. *Id*. He notes that performance targets for the USPS Marketing Mail and Periodicals Composite has plateaued at 94.00 percent and were considerably higher than Single-Piece First-Class Mail targets. *Id*.

Also, the Public Representative states that he believes service performance is "closely intertwined" with the DFA Plan. *Id*. at 11. He comments that based on recent testimony from the Postmaster General at a congressional hearing, the processing and transportation network changes have two phases: building the network and operating the network. *Id*. He expresses concern about building the network and points to several Office of Inspector General (OIG) reports describing flaws in the design of the network and facilities. *Id*. at 13. Regarding operating the network, he references other OIG reports describing operational issues such as implementing the Local Transportation Optimization initiative in New Orleans, as well as lack of equipment and failing to complete scans needed to support operational planning and mail tracking. *Id*. at 12-14. He urges the Postal Service to avoid any further instances of inherent design flaws adversely impacting service performance long-term within the redesigned network. *Id*. at 14. He also comments on the Postal Service's preparation for the peak season, which is discussed below. *See* Chapter III, Section A.4.b.(5)(a), *infra*.

4. Commission Analysis

As explained above, in FY 2025, the Postal Service failed to meet any of its eight targets for the public performance indicators related to Market Dominant products that measure progress toward the High-Quality Service performance goal.

As such, the Commission finds that the High-Quality Service performance goal was not met in FY 2025.

a. Observations on Results and Targets

FY 2025 results. The Postal Service states that it continued to implement the DFA Plan in FY 2025, which included vacating surplus facilities, investing in new facilities, improving processing capacities, aligning operations with evolving demands of the marketplace, improving employee working conditions, and continuing insourcing activities. FY 2025 Annual Report at 40. Table III-1 shows FY 2025 targets and results from FY 2024 and FY 2025.

Table III-1
Public High-Quality Service Performance Indicators
Comparison of FY 2025 Targets and Results and FY 2024-FY 2025 Results (%)

High-Quality Service Performance Indicator	FY 2025			FY 2024	
	Target	Result	Percentage Point Gap	Result	Difference from FY 2025[a]
Single-Piece First-Class Mail					
2-Day	87.00%	**83.19%**	-3.81	**86.44%**	-3.25
3-5-Day	80.00%	**72.76%**	-7.24	**72.61%**	0.15
Presorted First-Class Mail					
Overnight	94.00%	**93.10%**	-0.90	**93.30%**	-0.20
2-Day	92.00%	**91.81%**	-0.19	**91.40%**	0.41
3-5-Day	88.00%	**87.83%**	-0.17	**86.66%**	1.17
First-Class Mail Letter and Flat (FCLF) Composite	88.00%	**86.15%**	-1.85	**86.47%**	-0.32
USPS Marketing Mail and Periodicals Composite	94.00%	**93.09%**	-0.91	**93.53%**	-0.44
Market Dominant Composite	91.40%	**90.22%**	-1.18	**90.55%**	-0.33

[a] This column calculates the difference between FY 2025 and FY 2024 results.

Source: FY 2025 Annual Report at 38, 40.

As Table III-1 shows, none of the eight FY 2025 performance indicator targets were met despite the Postal Service lowering all targets compared to FY 2024. The Single-Piece First-Class Mail indicators show the largest differences between results and targets with the 2-Day service standard observing a 3.81 percentage point gap and the 3-5-Day service standard observing a 7.24 percentage point gap between its target and result. However, Single-Piece First-Class Mail, 3-5-Day, along with Presorted First-Class Mail, 2-Day and 3-5-Day, show small gains in FY 2025 performance indicator results relative to FY 2024. *See* Table III-1, Delta FY 2025 column. Similar to results from FY 2024, FY 2023, and FY 2022, the performance indicators with fewer days to delivery exhibited better performance than the ones with more days to delivery. *See, e.g.*, FY 2024 Analysis at 30. Within First-Class Mail, the Presorted categories outperformed their Single-Piece analogs.

In recent years, the Commission has looked to quarterly indicator results to attempt to evaluate service performance throughout the fiscal year. *See, e.g.*, FY 2024 Analysis at 31-32. Historically, results during the second half of a given fiscal year (Quarters 3 and 4) tended to outperform results from the first half of the fiscal year (Quarters 1 and 2), largely owing to seasonal trends.[25] Table III-2 compares FY 2025 targets with quarterly FY 2025 results.

Table III-2
Public High-Quality Service Performance Indicators FY 2025 by Quarter (%)

High-Quality Service Performance Indicator	FY 2025 Target	FY 2025			
		Q1	Q2	Q3	Q4
Single-Piece First-Class Mail					
2-Day	87.00%	81.91%	81.81%	85.78%	86.27%
3-5-Day	80.00%	64.19%	66.76%	79.22%	78.90%
Presorted First-Class Mail					
Overnight	94.00%	93.04%	92.69%	93.55%	93.14%
2-Day	92.00%	90.67%	89.57%	94.63%	92.25%
3-5-Day	88.00%	85.29%	82.96%	92.39%	91.88%
First-Class Mail Letter and Flat (FCLF) Composite	88.00%	83.50%	82.54%	90.57%	88.89%
USPS Marketing Mail and Periodicals Composite	94.00%	92.58%	91.39%	94.43%	94.17%
Market Dominant Composite	91.40%	89.02%	87.50%	92.86%	91.96%

Source: FY 2025 Annual Report at 40; Response to CHIR No. 6, question 5.a.

The Public Representative comments that results were higher during FY 2025, Quarters 3 and 4 because volume spikes and weather-related disruptions may not occur as often compared to FY 2025, Quarters 1 and 2. PR Comments at 8. He posits that "service performance in Quarters 3 & 4 may be more indicative of the maximum service performance capability for Market Dominant products." *Id*. The Commission observes that although results showed improvement during the second half of FY 2025, that was also the time period when the Postal Service relaxed service standards by implementing the Phase 1 service standard changes and the Sunday/Holiday exclusion effective April 1, 2025, which the Commission has found contributed to the observed improvements in Quarter 3 and Quarter 4 results. These changes and their impact on the service performance results are discussed in more detail below. *See* Chapter III, Section A.4.b.(3), *infra*.

Table III-2 shows a general conformity to the normal pattern of seasonal variation because the results from the second half of the fiscal year outperform the results from the first half. However, increases in service performance indicator results as the fiscal year progresses do

[25] *See, e.g.,* Docket No. ACR2019, *Annual Compliance Determination*, March 25, 2020, at 105. That pattern was disrupted in FY 2020, coinciding with the COVID-19 pandemic, but stabilized in FY 2022. FY 2022 Analysis at 34-35.

not necessarily signify that improvement will be maintained into the next fiscal year. For each performance indicator, results for FY 2025, Quarters 1 and 2 were outperformed by their FY 2024 counterparts. *See* FY 2024 Analysis at 31.

FY 2026 targets. FY 2026 targets are shown in Table III-3, along with historical targets since FY 2014.

Table III-3
Public High-Quality Service Performance Indicators
Comparison of Targets (%)

High-Quality Service Performance Indicator	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2014-FY 2020
Single-Piece First-Class Mail							
2-Day	87.00%	87.00%	93.00%	93.00%	90.25%	87.81%	96.50%
3-5-Day	81.50%	80.00%	90.28%	90.28%	90.00%	68.64%	95.25%
Presorted First-Class Mail							
Overnight	94.00%	94.00%	95.00%	95.00%	94.75%	93.99%	96.80%
2-Day	92.00%	92.00%	95.00%	95.00%	93.00%	89.20%	96.50%
3-5-Day	90.75%	88.00%	93.00%	92.20%	90.50%	84.11%	95.25%
First-Class Mail Letter and Flat (FCLF) Composite[a]	89.00%	88.00%	92.50%	92.50%	91.00%	84.88%	96.00%
USPS Marketing Mail and Periodicals Composite[a]	94.00%	94.00%	94.36%	93.37%	91.50%	86.62%	91.80%[b]
Market Dominant Composite	92.00%	91.40%	93.08%	93.00%	91.25%	85.86%	N/A[c]

[a] The Postal Service did not begin using FCLF Composite and USPS Marketing Mail and Periodicals Composite until FY 2017. Docket No. ACR2017, Library Reference USPS-FY17-17, December 29, 2017, PDF file “USPS-FY17.17.Annual Report.pdf,” at 15 (FY 2017 Annual Report).

[b] The FY 2017 USPS Marketing Mail and Periodicals Composite target was 91.00. FY 2017 Annual Report at 14.

[c] The Postal Service did not begin using the Market Dominant Composite as a performance indicator until FY 2021. *See* Docket No. ACR2020, Notice of the United States Postal Service of Supplements to Annual Compliance Report Folders 17 and NP30—Errata, May 14, 2021. *See also* Docket No. ACR2020, Library Reference USPS-FY20-17, December 29, 2020, PDF file “FY2020.Annual.Report.USPS.FY20.17.pdf,” at 34 (FY 2020 Annual Report).

Source: FY 2025 Annual Report at 38; FY 2024 Annual Report at 39; Docket No. ACR2023, Library Reference USPS-FY23-17, December 29, 2023, ZIP folder “USPS.FY23.17_ARC.Files,” file “FY2023.Annual.Report.to.Congress.pdf,” at 39 (FY 2023 Annual Report); Docket No. ACR2022, Library Reference USPS-FY22-17, December 29, 2022, folder “USPS-FY22_17.zip,” folder “FY22.17.ARC.Files.zip,” file “FY 2022 Annual Report to Congress.pdf,” at 33 (FY 2022 Annual Report); Docket No. ACR2021, Library Reference USPS-FY21-17, December 29, 2021, folder "USPS-FY21-17.zip" folder "USPS-FY21-17" folder "FY21.17.Annual.Report.zip" file “FY 2021 Annual Report to Congress.pdf,” at 33 (FY 2021 Annual Report); FY 2020 Annual Report at 33; Docket No. ACR2019, Library Reference USPS-FY19-17, December 27, 2019, file “FY19.Annual.Report.USPS.FY19.17.pdf,” at 20 (FY 2019 Annual Report); Docket No. ACR2018, Library Reference USPS-FY18-17, December 28, 2018, file “USPS.FY18.17_Annual Report to Congress.pdf,” at 17 (FY 2018 Annual Report); FY 2017 Annual Report at 14; Docket No. ACR2016, Library Reference USPS-FY16-17, file “FY16.17 2016 Annual Report.pdf,” December 29, 2016, at 15 (FY 2016 Annual Report).

Table III-3 shows that FY 2026 targets are the same or higher compared to FY 2025 targets. Four FY 2026 performance indicator targets (Single-Piece First-Class Mail, 2-Day; Presorted First-Class Mail, Overnight and 2-Day; and USPS Marketing Mail and Periodicals Composite) remain constant compared to the FY 2025 targets. The remaining four FY 2026 targets

(Single-Piece First-Class Mail, 3-5-Day; Presorted First-Class Mail, 3-5-Day; FCLF Composite; and Market Dominant Composite) increased between 0.6 and 2.75 percentage points; however, they are still lower compared to both FY 2024 and FY 2023 targets.

Although they equal or modestly exceed FY 2025 targets, every FY 2026 target remains below the corresponding FY 2024 target. The largest gap is for the Single-Piece First-Class Mail, 3-5-Day target (81.50 percent), which is 8.78 percentage points lower than the FY 2024 target of 90.28 percent. *See* Table III-3, *supra*. This reduction is especially notable considering that FY 2026 targets reflect the lengthened service standards and Sunday/Holiday exclusion implemented in FY 2025 Quarters 3 and 4. *See* Chapter III, section 4.b.(3), *infra*.

The Postal Service explains that it considers several factors when setting targets, including "historical performance, evaluation of previous impacts, operational capabilities, transportation planning, and operational initiatives being implemented to improve performance and drive service delivery." Response to CHIR No. 16, question 1. It states that it developed FY 2026 targets to be ambitious while aligning with expected capabilities, which will communicate the Postal Service's continued commitment to High-Quality Service. *Id*. It asserts that the targets and expected results are "moving in the right direction as [its] redesigned network continues to be implemented and come online." *Id*. While the CHIR response mentions considerations such as historical performance, operational capabilities, and transportation planning, it does not explain how it evaluated these factors when setting FY 2026 targets. A more detailed explanation of how these considerations are weighted and applied could improve stakeholder confidence in the target-setting process.

In the FY 2027 Plan, the Commission recommends that the Postal Service provide greater transparency regarding the specific factors and methodologies used to establish performance targets. The FY 2027 Plan should also explain whether and how the Postal Service considered lengthened service standards and the Sunday/Holiday exclusion when setting FY 2027 targets.

The Postal Service provides supporting workpapers for service performance results in Library Reference USPS-FY25-29.[26] Similar to FY 2024, in FY 2025, the Postal Service provided a basic calculation of the High-Quality Service indicators in Library Reference USPS-FY25-17.[27] However, the Commission maintains that workpapers containing a more detailed calculation of the performance indicators would provide increased transparency.

b. Explanations for Missing FY 2025 Targets

The Postal Service provides four reasons for failing to meet FY 2025 High-Quality Service targets: "transit realignment; span of control positioning; alignment of Service Standards and [RTO]; and the effect of environmental disruptions." FY 2025 Annual Report at 41.

[26] Library Reference USPS-FY25-29, December 29, 2025.

[27] Library Reference USPS-FY25-17, December 29, 2025, ZIP folder "USPS-FY25-17.zip," folder "High-Quality Service Workpapers," file "FY25 High Quality Service Scores.xlsx."

These reasons are almost identical to those the Postal Service provided in the FY 2025 ACR. *See* FY 2025 ACR at 20-22. Below, the Commission evaluates the Postal Service's reasons for missing its targets in FY 2025 and discusses other factors that impeded performance.

(1) Transit Realignment

In FY 2023, per the DFA Plan, the Postal Service began to upgrade its network of processing facilities by consolidating facilities and moving processing operations to a hub and spoke model consisting of RPDCs and LPCs.[28] An RPDC is a multi-purpose distribution center that processes mail and packages originating in its service area. OIG Report No. 25-107-R26 at 3. RPDCs share common designs, layouts, and processing equipment, and each one is associated with one or more LPCs that primarily sort letters and flats for delivery carriers. *Id*. LPCs connect RPDCs to delivery operations, sorting letter and flat mail to carrier route or delivery walk sequence and serving as transfer centers to aggregate product on its way to delivery.[29]

According to the Postal Service, one reason for missing FY 2025 targets was transit realignment. FY 2025 Annual Report at 41. It explains that as it continued upgrading its network and implementing new service standards, it "experienced temporary shifts in mail processing flows, operations, and transportation." *Id*. It states that it also adjusted dispatch locations to open several new processing facilities and support existing ones by completing overdue capital investments and repairs. *Id*. It notes that during the transition period, it adjusted transportation schedules, staffing, facilities, and contracts, "which ultimately introduced temporary service deviations and led to some transit failures." *Id*. The Postal Service asserts that the final network upgrade will improve transportation efficiency along with the revised service standards that took effect in July 2025. *Id*.

CHIR No. 18 sought details on the "temporary" service disruptions identified in the FY 2025 Annual Report. Question 1 asked the Postal Service to identify the time periods during which the temporary shifts occurred and concluded; the facilities and operations affected; and the resulting impact on service performance. CHIR No. 18, question 1. In its response, the Postal Service declined to identify discrete time periods and specific affected facilities, as well as quantify the service performance impacts or failures attributable to transit realignment. Response to CHIR No. 18, question 1.a.-d. It states that it does not believe that it is feasible to isolate various impacts of temporary shifts, service disruptions, and adjustments to mail processing flows and operations "in a way that would permit it to identify the disruptions or to quantify with any degree of certainty their effect on transit failures and service performance." *Id*.

[28] United States Postal Service, Office of Inspector General, Report No. 25-107-R26, *The OIG's Oversight of the U.S. Postal Service's Delivering for America Plan - Volume 3*, January 20, 2026, at 3, available at https://www.uspsoig.gov/sites/default/files/reports/2026-01/25-107-r26.pdf (OIG Report No. 25-107-R26).

[29] FY 2023 Annual Report at 42. Although the processing network continues to send mail to delivery units, some delivery units have been consolidated into Sorting and Delivery Centers (S&DCs) equipped with larger package processing machines. OIG Report No. 25-107-R26 at 3.

The Postal Service's reliance on the term "temporary" is problematic for several reasons. It has cited to "temporary" network disruptions as one of the reasons for not meeting the High-Quality Service goal during the last two fiscal years. *See* FY 2024 Annual Report at 41-42; FY 2025 Annual Report at 41. A condition that recurs across two consecutive fiscal years is not "temporary" in any ordinary sense of the word. However, the Postal Service has neither defined "temporary" nor identified the conditions under which it would consider its network to be free from temporary disruptions.

In Response to CHIR No. 18, the Postal Service did not identify start or end dates of "temporary" disruptions and was unable to identify specific affected facilities or quantify the service performance impact attributable to transit realignment. Response to CHIR No. 18, question 1. Without this data, neither the Commission nor the Postal Service's stakeholders can determine whether the disruptions are subsiding, persisting, or worsening. This obscures accountability because the Commission cannot meaningfully evaluate service performance results against targets, which impedes its ability to evaluate whether the Postal Service met the High-Quality Service goal in FY 2025.

In the FY 2026 Annual Report or FY 2026 ACR, the Commission recommends that if transit alignment or "temporary" disruptions continue to be reasons for missing the High-Quality Service goal, the Postal Service should (1) explain what it means to be "temporary" with specific start and end dates for each disruption; (2) identify the facilities and operations affected by temporary disruptions; and (3) quantify the duration of each disruption and the resulting impact on FY 2026 High-Quality Service results.

(2) Span of Control

The Postal Service asserts that another reason for not meeting the High-Quality Service performance goal in FY 2025 was span of control positioning. It states that the network processing and transportation changes are complex and require "significant oversight to execute effectively." FY 2025 Annual Report at 41. It explains that at the beginning of FY 2025, there were 13 mail processing divisions, some of which had almost 40 processing facilities. *Id*. According to the Postal Service, this structure "diminish[ed] the span of oversight necessary to effectively transition facilities through the network transformation." *Id*. In January 2025, the Postal Service added 4 mail processing divisions to the original 13, creating "smaller, more nimble divisions" in which division directors and support positions have fewer facilities under their purview. *Id*. Some existing divisions were renamed to align with the revised structure. *Id*. The Postal Service asserts that this change "provid[ed] greater engagement in plant operations and change management at the local level…." *Id*.

In July 2025, the Postal Service added a third Central processing region, "reducing the size and span of each of the existing regions." *Id*. In August 2025, the Postal Service reestablished the Chief Operating Officer (COO) "to align core lines of operations in support of driving service and performance excellence." *Id*. It also created the Chief Performance Officer (CPO) position to drive performance, network, and service improvements by providing actionable information to the field via new data dashboards, helping with network planning exercises, and providing on-site support in critical regions. *Id*. at 42; Response to CHIR No. 18, question 4.a. The Postal Service explains that the CPO connects both operational and customer-facing functions to ensure that the customer voice is integrated when evaluating service and improvement efforts. *Id*. No further span of control changes are currently planned for FY 2026. Response to CHIR No. 26, question 1.a.-b.

The Postal Service has a structured NPA process "to ensure proposed metrics align with and drive business objectives to deliver high-quality service in a financially sustainable manner." Response to CHIR No. 18, question 4.b. The NPA is a web-based system that collects performance-related metrics from source systems across the Postal Service. *Id*. question 5.a. The Postal Service uses these metrics to create balanced scorecards used to monitor the performance of individual units and the entire network.[30] It explains that the NPA "is a stand-alone program which supports the Pay for Performance (PFP) program and Performance Evaluation System (PES)." Response to CHIR No. 18, question 5.a.

The Postal Service made several NPA changes for FY 2026 that include two new metrics, adjustments to business rules for existing metrics, and revised scorecard compositions. *Id*. question 4.b. The first new metric, Average Days Late, includes all classes and service standards of network products and is measured using a value weighted equally between mail (letters and flats) and packages. *Id*. It is calculated as the average of total days late for mail or packages divided by the number of total late mailpieces or packages. *Id*. Average Days Late measures "the actual value and improvement compared to the Same Period Last Year (SPLY)." *Id*.

The second new metric, Efficiency Index (EI) Package Productivity, evaluates each facility's ability to improve package productivity by maximizing machine throughputs to move the maximum number of packages through the network as quickly and efficiently as possible. *Id*. EI Package Productivity % achievement to target is calculated as the relative percentage of EI Package Productivity Opportunity from the NPA package equipment target. *Id*.

The FY 2025 Quarter 4 span of control changes could be positive steps toward remediating service performance issues that the Postal Service experienced in FY 2025. Adding four new mail processing divisions and a third Central processing region reduced the geographic span of each management portfolio, resulting in directors of each processing division or region overseeing fewer facilities. A narrower span of control could help directors to more easily identify and remedy issues and disruptions associated with the facilities they manage. The Postal Service should monitor the impact of its span of control changes during FY 2026 and, should the Postal Service find that a narrower span of control significantly improves quality of service, consider reviewing periodically to identify areas of success and areas of opportunity for improvement.

[30] The Postal Service filed NPA data for FY 2025 and FY 2026 in a CHIR response. Response to CHIR No. 18, question 3, ZIP folder "PUBLIC Supporting Materials_CHIR 18_ACR 2025_3.19.2026.zip," folder "Question 03_CHIR 18_ACR 2025," Excel files "FY25 Indicators - Targets Weights Depths PUBLIC.xlsx" and "FY26 Indicators - Targets Weights Depths PUBLIC.xlsx."

In the FY 2026 Report or FY 2026 ACR, the Commission recommends that the Postal Service describe whether and how the FY 2025, Quarter 4 span of control changes contributed to service performance improvements in FY 2026. Also, the Postal Service should explain how the two new NPA metrics--Average Days Late and Efficiency Index Package Productivity--helped the Postal Service progress toward meeting the High-Quality Service performance goal in FY 2026.

(3) Alignment of Service Standards and RTO

According to the Postal Service, another reason for missing service targets was the alignment of service standards and RTO. FY 2025 Annual Report at 41. In Docket No. N2024-1, the Postal Service proposed significant operational changes to its processing and transportation networks, including the creation of a nationwide hub-and-spoke network of RPDCs and LPCs designed to consolidate and reduce transportation lanes (links) among facilities. *See* Docket No. N2024-1, Advisory Opinion at 5, 97. The Postal Service also proposed implementing a nationwide RTO initiative that would result in delayed processing of outgoing mail volume from Post Offices located in 5-Digit ZIP Codes where at least one Post Office is more than 50 miles (driving distance) from the servicing RPDC. *Id*. at 5, 96. To align with these operational initiatives, the Postal Service also proposed revising service standards for First-Class Mail, Periodicals, USPS Marketing Mail, and Package Services.[31]

In FY 2025, the Postal Service implemented these service standard changes in two phases, with Phase 1 effective on April 1, 2025, and Phase 2 effective on July 1, 2025.[32] During Phase 1, the Postal Service implemented the RTO initiative by adding one service expectation day to certain volume in Leg 1 (*i.e.*, from collection to originating processing facility) for items originating in ZIP Codes covered by RTO.[33] It also began excluding Sundays and holidays as transit days for volume entered on a Saturday or the day before a holiday (Sunday/Holiday exclusion).[34] The Sunday/Holiday exclusion applies to all areas and is not limited to those subject to the RTO. *Id*. question 3.b.

During Phase 2, which began on July 1, 2025, the Postal Service implemented the rest of the service standard changes. 90 Fed. Reg. at 10,858. Among other changes, the Postal Service expanded by 4 hours each of the existing service standard bands within Leg 2 (*i.e.*, from originating processing facility to destinating processing facility) for First-Class Mail so that such mail can travel farther to plants that are a greater distance from the originating plant

[31] *Id*. at 5, 192-94. These changes were part of the Postal Service's request for an advisory opinion on planned changes in the nature of postal services that would generally affect service on a nationwide or substantially nationwide basis. Docket No. N2024-1, United States Postal Service Request for an Advisory Opinion on Changes in the Nature of Postal Services, October 4, 2024. The Commission's role regarding N-case proceedings is advisory in nature, and the Commission issued its Advisory Opinion on the Postal Service's proposed operational and service changes on January 31, 2025. *See* Docket No. N2024-1, Advisory Opinion.

[32] Service Standards for Market-Dominant Mail Products, 90 Fed. Reg. 10,857 (Feb. 28, 2025) (codified at 39 C.F.R. pt. 121).

[33] *Id*. at 10,857-10,858, 10,865-10,866. These changes affected First-Class Mail (excluding eligible Presorted First-Class Mail pieces) and Periodicals. *Id*. at 10868.

[34] Notice of the United States Postal Service of Filing Its Responses to Chairman's Information Request No. 3 and of Filing Materials Under Seal, February 5, 2026, question 3 (Response to CHIR No. 3).

within the Leg 2 bands.[35] The Postal Service states that its adjusted service "standards are expected to remain consistent throughout all of FY 2026." Response to CHIR No. 26, question 1.a.-b.

In a CHIR response, the Postal Service clarifies that to calculate FY 2025 High-Quality Service results, the performance of mail and packages was measured using the service standards and business rules effective at the time of processing to determine whether they were delivered on-time. Response to CHIR No. 3, question 3. The Postal Service then aggregated on-time mailpieces over the entire fiscal year and divided by the total number of mailpieces to determine on-time service performance. *Id*. Mail and packages between September 1, 2024 and March 31, 2025, were measured against pre-existing service standards effective in FY 2024. *Id*. question 3.e. Mail and packages between April 1, 2025 and June 30, 2025, were measured against the Phase 1 service standard changes and applied the Sunday/Holiday exclusion. *Id*. question 3.b., f. Mail and packages between July 1, 2025 and September 30, 2025, were measured against both the Phase 1 and Phase 2 service standard changes. *Id*. question 3.g.

In the FY 2025 Report, the Postal Service explains that these service standard changes were necessary to optimize transportation operations under the RTO initiative by allowing the Postal Service to dispatch earlier from postal processing facilities, expanding the logistics network, and enhancing customer service for mail and shipping products. FY 2025 Annual Report at 41. It asserts that the service standard and operational changes "were needed to optimize transportation operations in a financially sustainable manner." *Id*.

To evaluate the effect of the Sunday/Holiday exclusion on High-Quality Service results, the Commission analyzed service performance scores calculated with and without applying the exclusion for FY 2025 annual and quarterly (Quarters 3 and 4) results, which are shown in Table III-4.

[35] *Id*. at 10,858, 10,865-66. These changes affected First-Class Mail, Periodicals, USPS Marketing Mail, and Package Services. *Id*. at 10,869-10,871. Generally for Periodicals, the Postal Service adds 1 day to the applicable First-Class Mail service standard. *Id*. at 10,868-10,871. Generally for USPS Marketing Mail and Package Services, the Postal Service adds 2 days to the applicable First-Class Mail service standard. *Id*. at 10,868-10,871.

Table III-4
Comparison of FY 2025 Results With and Without Applying the Sunday/Holiday Exclusion

High-Quality Service Performance Indicator	Annual		Q3		Q4	
	Applied	Not Applied	Applied	Not Applied	Applied	Not Applied
Single-Piece First-Class Mail						
2-Day	83.19%	82.52%	85.78%	84.07%	86.27%	83.86%
3-5-Day	72.76%	70.77%	79.22%	75.29%	78.90%	75.73%
Presorted First-Class Mail						
Overnight	93.10%	93.09%	93.55%	93.54%	93.14%	93.13%
2-Day	91.81%	90.97%	94.63%	93.46%	92.25%	90.59%
3-5-Day	87.83%	87.28%	92.39%	91.25%	91.88%	90.61%
First-Class Mail Letter and Flat (FCLF) Composite	86.15%	85.41%	90.57%	89.12%	88.89%	87.19%
USPS Marketing Mail and Periodicals Composite	93.09%	92.91%	94.43%	94.07%	94.17%	93.72%
Market Dominant Composite	90.22%	89.81%	92.86%	92.05%	91.96%	91.00%

Note: Applied means the Postal Service calculated service performance scores by excluding Sundays and holidays as transit days for volume entered on a Saturday or the day before a holiday from on-time performance calculations. Not Applied means that the Postal Service included Sundays and holidays when calculating service performance scores for all mailpieces.

Source: FY 2025 Annual Report at 40; Response to CHIR No. 6, question 5.a., b.

In the FY 2025 ACD, the Commission found that applying the Sunday/Holiday exclusion "produces a meaningful but uneven increase in reported service performance scores." FY 2025 ACD at 81. Similarly, Table III-4 shows that for FY 2025 annual results, applying the Sunday/Holiday exclusion increased the Single-Piece First-Class Mail, 3-5-Day result by 1.99 percentage points. Results for the other High-Quality Service performance indicators were less affected because each one increased by less than 1 percentage point. However, because the Sunday/Holiday exclusion was not applied until the second half of FY 2025, the impact on FY 2025 annual results was likely understated. Results for FY 2025, Quarters 3 and 4 are a more accurate predictor of how the exclusion will impact FY 2026 annual results.

Applying the Sunday/Holiday exclusion also increased measured performance for FY 2025, Quarters 3 and 4 service performance results. The largest impact was on quarterly Single-Piece First-Class Mail, 3-5-Day results, which increased by 3.93 percentage points in FY 2025, Quarter 3 and by 3.17 percentage points in FY 2025, Quarter 4. Single-Piece First-Class Mail, 2-Day results increased by 1.71 percentage points in FY 2025, Quarter 3 and by 2.41 percentage points in FY 2025, Quarter 4.

For Presorted First-Class Mail, FCLF Composite, USPS Marketing Mail and Periodicals Composite, and Market Dominant Composite, the impact was less evident, yet still apparent, with results for FY 2025, Quarters 3 and 4, increasing by 1.7 percentage points or less. Moreover, FY 2025, Quarter 4 results for Single-Piece First-Class Mail, 2-Day and 3-5-Day, as well as Presorted First-Class Mail, 3-5-Day, exceeded FY 2024, Quarter 4 results; however, without the Sunday/Holiday exclusion, those FY 2025, Quarter 4 results would have fallen compared to FY 2024, Quarter 4.[36] Thus, the reported improvement in FY 2025, Quarter 4 results appears attributable, at least in part, to the Sunday/Holiday exclusion rather than improvements in on-time delivery.

Besides the quantitative effect on service performance scores, the Phase 1 and Phase 2 service standard changes raise potential comparability issues. CHIR No. 12 asked the Postal Service whether and how service standard changes implemented from FY 2022 through FY 2025 affected the comparability of performance indicator results during that period. CHIR No. 12, question 1. The Postal Service responds that from FY 2022 through FY 2025, High-Quality Service performance indicators and results have remained constant in that "they comprise the same types of mail, and they reflect the percentage of mail in measurement that met allotted service standards." February 20 Response to CHIR No. 12, question 1.a.-b. It acknowledges that implementing service standard changes affects results for Market Dominant products, but states that other factors also affected results. *Id*. It asserts that because of these variables, it "is unable to propose a way for the Commission to compare High-Quality Service [p]erformance indicator results to reflect contextual factors in any given fiscal year with any reasonable degree of certainty." *Id*.

Although the methodology for calculating High-Quality Service results was consistent between FY 2022 and FY 2025, recent service standard changes complicate year-over-year comparisons. These changes include implementing new, lengthened service standards for First-Class Mail and Periodicals in FY 2022; changes in critical entry times (CETs) for certain Periodicals categories in FY 2023; and the Phase 1 and Phase 2 service standard changes in FY 2025. *See* FY 2024 Analysis at 28. The mid-year timing of the Phase 1 and Phase 2 changes also complicate FY 2025 annual results, which aggregate performance measured against three sets of service standards: the pre-existing FY 2024 standards through March 31, 2025; the Phase 1 changes and Sunday/Holiday exclusion from April 1, 2025 through June 30, 2025; and the Phase 1 and Phase 2 changes from July 1, 2025 to September 30, 2025. Response to CHIR No. 3, question 3.e.-g. Another change took effect on September 1, 2025, when the Postal Service implemented 5-Digit ZIP Code service performance measurement under the revised SPM Plan, although that change affected only the final month of FY 2025.[37]

[36] *See* Table III-4; FY 2024 Analysis at 31, Table III-3.

[37] See *id*. question 3; Docket Nos. PI2025-5, PI2025-2, and RM2024-9, United States Postal Service Notice of Deferred Implementation of Revisions to Service Performance Measurement Plan Document and Motion to Rescind Additional Reporting Requirements, July 1, 2025.

The integrity of the internal SPM system is also at issue. In Order No. 8761, the Commission identified potentially serious issues regarding whether SPM in its current form remains capable of producing accurate, reliable, and representative service performance data and results, given recent changes to SPM intended to implement the Postal Service's changes to its operations and service standards. *See* Order No. 8761 at 37. The Commission is currently exploring these issues in Docket Nos. RM2024-9 *et al.* and has implemented interim reporting requirements to verify that SPM remains capable of producing accurate, reliable, and representative results.[38]

In the FY 2026 Annual Report, the Postal Service should provide quantitative analysis evaluating the effect of the Phase 1 and Phase 2 service standard changes on FY 2026 High-Quality Service results. The analysis should reflect the full-year impact of the Sunday/Holiday exclusion, consistent with the parallel reporting required by Order No. 8761.

For FY 2026, the Postal Service should address the impact of any service standard or SPM Plan changes on data comparability. If comparability has been affected, the Postal Service should propose a way for the Commission to compare FY 2026 High-Quality Service performance indicator results to results from prior fiscal years. If the Postal Service asserts that comparability is unaffected, the Postal Service should fully explain the basis and supporting evidence for this assertion.

(4) Environmental Disruptions

The Postal Service states that, "[g]iven the complexity and scale of our operations across the United States," it is "unavoidable" that Postal Service operations would be negatively impacted due to severe weather. FY 2025 Annual Report at 41. The Postal Service has attributed decreased service performance to natural disasters and extreme weather events for several years. *See, e.g.,* FY 2021 Annual Report at 35; FY 2022 ACD at 112-13; FY 2023 Annual Report at 42; FY 2024 Annual Report at 42.

In the FY 2024 Analysis, the Commission recommended that the Postal Service "more accurately quantify the effects of, and diagnose service failures caused by, outside factors, such as weather disruptions and the St. Louis shutdown." FY 2024 Analysis at 38. In FY 2025, the Postal Service states that it developed a process to accurately quantify the effects on service performance caused by extraordinary events outside of its control.[39] It notes that it "only began tracking the impacts of such extraordinary events on the service performance of market dominant products at the start of FY 2026, and, therefore, does not have any responsive data for FY 2025." Response to CHIR No. 16, question 2. It plans to continue enhancing and refining its extraordinary event process. *Id*.

[38] *Id.* at 22-23, 37-39, 40-41. Subsequent orders partially modified and amplified these reporting requirements. *See* Order No. 8823; Docket Nos. RM2024-9, PI2025-2, and PI2025-5, Interim Order Regarding Further Proceedings on Planned Service Performance Measurement Changes, June 27, 2025, at 23-24 (Order No. 8942); Docket Nos. RM2024-9, PI2025-2, and PI2025-5, Order Deferring Reporting Requirements from Order No. 8942 (Order No. 9015).

[39] February 27 Response to CHIR No. 12, question 6.a.-b.; *see* Docket No. PI2025-6, United States Postal Service Notice of Filing Changes to Service Performance Measurement Plan Document, September 9, 2025.

In a CHIR response, the Postal Service filed responsive data for FY 2026, Quarters 1 and 2.[40] The data provide both an overall summary and a detailed view of the volume, by mail class, impacted by events determined to be outside the Postal Service's control. Overall, FY 2026, Quarter 2 (January 1, 2026 through March 31, 2026) observed higher percentages of impacted volumes for all mail classes compared to Quarter 1 (October 1, 2025 through December 31, 2025). *Id*. For example, the Postal Service reports that 16 percent of measured Presorted First-Class Mail volumes were impacted in Quarter 2; in comparison, 1 percent of measured Presorted First-Class Mail volumes were impacted in Quarter 1. *Id*. Many of the identified impact events include severe weather events such as blizzard conditions, flooding, freezing, severe thunderstorms, tornados, winter storms, and other winter weather. Thus, the concentration of impacted mail volumes in Quarter 2, which spans from January 1 to March 31, coincides with many winter weather events. The provided data also break down impacted originating and destinating volumes by ZIP Code, division, district, area, region, and state for each Market Dominant Mail Class and quarter. The regional data show the Central and Eastern Processing Regions consistently reporting higher levels of volumes being impacted compared to the Western Processing Region. The Commission will continue to monitor this data.

The Commission recommends that the Postal Service continue its efforts to accurately quantify the effects on service performance caused by extraordinary events outside of its control. The Postal Service should report on its progress and quantify the impact of extraordinary events on FY 2026, Quarters 3 and 4 results in the FY 2026 Report or FY 2026 ACR. The Postal Service should also file supporting materials that include a detailed description of the data and methodology used to quantify the impact of extraordinary events.

(5) Other Factors Affecting Service Performance

In FY 2025, other factors affecting High-Quality Service results were peak season performance and CLTs.

(a) Peak Season Performance

The Public Representative comments on the Postal Service's preparation for peak season. PR Comments at 14. Based on Quarter 1 volumes for FYs 2024, 2025, and 2026, the Public Representative states that Quarter 1 "is generally considered the peak quarter for delivery volumes[,]" with First-Class Mail and USPS Marketing Mail accounting for almost 97 percent of total Market Dominant volume during those periods. *Id*. He observes that First-Class Mail volume has declined each year between FY 2024 and FY 2026 (9.2 percent overall), and USPS Marketing Mail volumes declined by 10.9 percent between FY 2025 and FY 2026. *Id*. at 14-15.

Regarding Competitive products, he states that volumes were stable between FY 2024 and FY 2025 but declined by almost 13 percent between FY 2025 and FY 2026. *Id*. at 15. He

[40] Response to CHIR No. 26, question 2, folder PUBLIC Supporting Materials_CHIR 26_ACR 2025_5.22.2026.zip folder PUBLIC Supporting Materials folder Question 02_CHIR 26_ACR 2025 Excel file "FY26Q1_2_Force_Majeure.xlsb."

notes that Parcel Select volumes declined by more than 37 percent, which the Public Representative surmises was due to a reduction of Amazon package volumes. *Id*. He supports the Postal Service's efforts to mitigate service performance issues during peak season but cautions that future peak seasons "may not feature such prolific volume spikes." *Id*. at 16. Thus, he recommends that for peak season volume, the Postal Service should balance the need for sufficient resources to handle volumes with the potential cost of remediation efforts. *Id*.

As a result of the FY 2020 and FY 2021 peak season challenges, the Postal Service began to implement a variety of operational changes.[41] For the FY 2025 peak season (which occurred in FY 2025, Quarter 1 from approximately November 9, 2024, through January 10, 2025), the Postal Service continued to engage in proactive planning and implementation spanning multiple functions.[42] The Postal Service stated that it implemented FY 2025 peak season initiatives as planned in areas such as staffing, space management, mail processing, and transportation.[43] However, the Postal Service asserted that it cannot determine the impact of any discrete initiatives on service performance, even though it believes the implemented initiatives positively affected service performance. Docket No. ACR2024, Response to CHIR No. 21, question 2.a.-b.

In its self-initiated audit of service performance during FY 2025 peak mailing season, the OIG notes that the Postal Service "implemented both year-round and peak-specific initiatives during the peak season." OIG Report No. 25-036-R25 at 5. The Postal Service utilized processing and transportation initiatives to try moving the mail through the system in a timely manner to meet service targets. *See id.* at 9-13. However, the OIG found that the Postal Service did not always use the processing methods effectively, and further, "the air and surface networks became overloaded during peak season, and a high number of unanticipated extra trips as well as cancellations contributed to the Postal Service spending more than expected on transportation." *Id.* at 10. Moreover, despite the Postal Service "retroactively lowering the target for on-time delivery for many of the mail products[,]" the Postal Service failed to meet targets in most product lines. *Id.* at 5. Specifically, the Postal Service added an additional scheduled day for delivery of package products without notifying customers,[44] failed to effectively communicate delivery expectations in networks undergoing network changes, and encountered delays in mail volume due to ineffective use

[41] In FY 2020 and FY 2021, as a result of the COVID-19 pandemic, unprecedented package volume contributed to decreased Market Dominant service performance during the Postal Service's peak season and subsequent months. *See* FY 2021 ACD at 117. Additionally, for FY 2021, the traditional Quarter 1 peak season volume continued into Quarter 2. FY 2021 Analysis at 43; *cf.* FY 2021 ACD at 117-19.

[42] United States Postal Service, Office of Inspector General, Report No. 25-036-R25, *Service Performance During the Fiscal Year 2025 Peak Mailing Season*, July 21, 2025, at 3 n.3, 5, available at https://www.uspsoig.gov/reports/audit-reports/service-performance-during-fiscal-year-2025-peak-mailing-season (OIG Report No. 25-036-R25). As defined by the OIG, the FY 2025 peak season covers Thanksgiving through New Year's Eve in calendar year 2024, which occurs in FY 2025 Quarter 1. OIG Report No. 25-036-R25 at 1.

[43] Docket No. ACR2024, Notice of the United States Postal Service of Filing Its Responses to Questions 1-15 of Chairman's Information Request No. 21 and Application for Non-Public Treatment, April 15, 2025, question 2.a.-b. (Docket No. ACR2024, Response to CHIR No. 21).

[44] The OIG explains that "[t]his means that Postal Service reporting shows packages met service standards, even when they actually took an extra day to make it to their destination. For example, a package with a three-day standard that took four days to arrive would show up as having met service or been delivered on time." OIG Report No. 25-036-R25 at 6.

of network performance initiatives. *Id.* at 6-13. The OIG also observed that service performance scores decreased for most products compared to the FY 2024 peak season. *Id.* at 6.

For the FY 2026 peak season, the Postal Service notes that its efforts over the past four years to modernize facilities, increase capacities, and streamline its network put it in a position to prepare for peak season "without the need for significant numbers of temporary annexes or employees." FY 2025 Annual Report at 42. Further, the Postal Service states that, as part of its DFA Plan, activation of additional processing capacity will occur prior to the FY 2026 peak season. *Id.* at 43. Specifically, the Postal Service plans to "expand the network's package processing and cross-docking capabilities, concentrate volume for efficient intraregional transportation, and maximize processing capabilities within [its] facilities." *Id.* Lastly, the Postal Service notes that its FY 2026 peak season initiatives incorporated lessons learned from its FY 2025 peak season performance, and it "made dynamic, data driven decisions throughout the FY 2026 season based on 'real-time' conditions as needs arose." February 27 Response to CHIR No. 12, question 8.a.

During the FY 2025 peak season, the Postal Service reports approximately 17.4 billion pieces of mail delivered from November 9, 2024, through January 3, 2025, which is less than the number of mailpieces delivered in FY 2024 peak season (18.3 billion). *Id.*; Docket No. ACR2024, Response to CHIR No. 21, question 2. The Postal Service considers its forecasted volumes for November and December of FY 2025 to be accurate compared to the actual volumes. Docket No. ACR2024, Response to CHIR No. 21, question 2. In comparison, during the FY 2026 peak season, the Postal Service reports approximately 16.4 billion pieces of mail delivered from November 8, 2025, through January 2, 2026. Response to CHIR No. 24, question 1.a. The Postal Service reports that the actual volumes for November and December of FY 2026 were 1.3 percent above the forecasted volumes, and thus, the Postal Service considers its forecasted volumes to be accurate compared to the actual volume. *Id.* question 1.b.

The Commission recommends that the Postal Service continue to make proactive plans to provide High-Quality Service during peak seasons. The Commission recommends that the Postal Service measure and monitor its efforts to optimize peak season performance and evaluate their efficacy to better ascertain what efforts are the most impactful.

(b) Critically Late Trips

The Postal Service tracks surface trips that arrive more than 4 hours late, referred to as CLTs.[45] The Postal Service reports that more than half of CLTs were caused by contractors in FY 2022, FY 2023, FY 2024, and FY 2025.[46] In FY 2025, the total number of CLTs increased,

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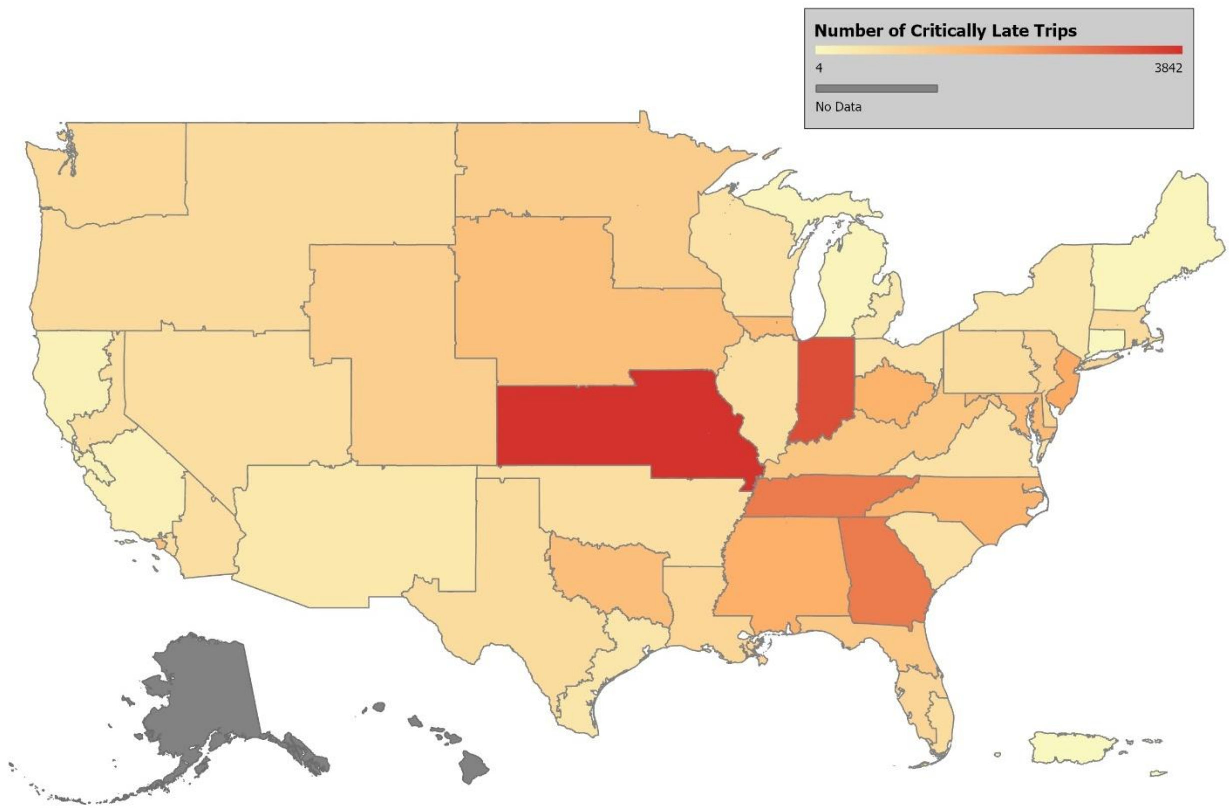
[45] FY 2023 ACD at 102; *see* Docket No. ACR2015, Responses of the United States Postal Service to Questions 1-20 of Chairman's Information Request No. 22, November 15, 2016, question 12.b.i.

[46] *See* FY 2023 ACD at 105, Figure V-8; Docket No. ACR2024 United States Postal Service Responses to Questions 1-22 of Chairman's Information Request No. 1, January 17, 2025, question 3, Excel file "ChIR No. 1 Q3 CLT FY 20245 SV.xlsb" (Docket No. ACR2024, Response to CHIR No. 1); Response to CHIR No. 2, question 13, Excel file "FY25 ChIR No 2 Q13 - CLT SV.xlsb."

and specifically, the categories of CLTs caused by contractors and Postal Service-caused CLTs observed increases. *See id.*; Docket No. ACR2024, Response to CHIR No. 1, question 3, Excel file "ChIR No. 1 Q3 CLT FY 2024 SV.xlsb."

Figure III-1 shows the number of CLTs by District in FY 2025.

Figure III-1
FY 2025 First-Class Mail Number of Critically Late Trips, By District



Source: Library Reference "USPS-FY25-29: Service Performance of Market Dominant Products," ZIP folder “USPS-FY25-29.zip,” Excel file “ACR2025 EOY CLT FY25 Q3-Q4.xlsb,” tab “CLT FY 24,” with “District” column.

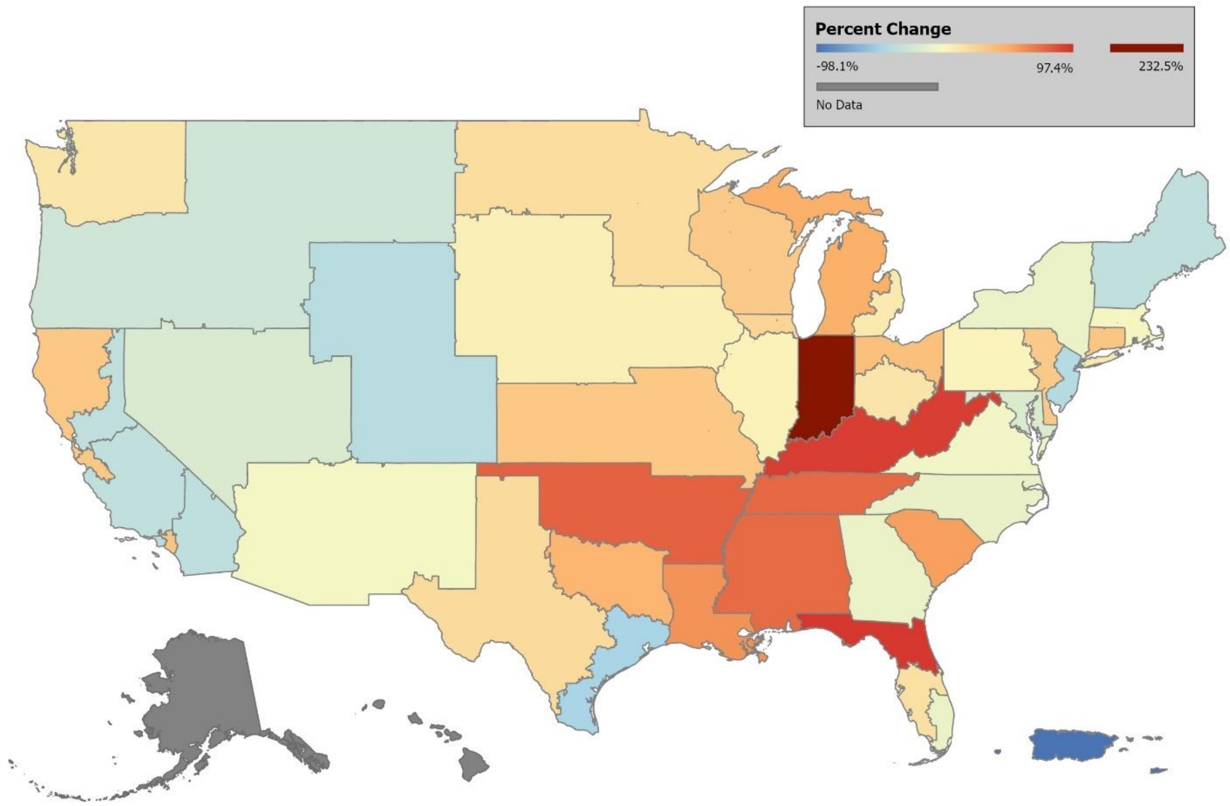
In FY 2025, the Central area suffered from the highest number of CLTs compared to other areas, and specifically, the Indiana and Kansas-Missouri districts within the Central area experienced the highest number of CLTs with 3,401 and 3,842 CLTs in FY 2025, respectively. Library Reference USPS-FY25-29, ZIP folder "USPS-FY25-29," Excel file "ACR2025 EOY CLT FY25 Q3-Q4.xlsb." For both the Indiana and Kansas-Missouri districts, approximately 80 percent of their total FY 2025 CLTs were incurred in Quarters 1 and 2.[47] For the Indiana district, the OIG notes that the Postal Service began moving operations to its new Indianapolis RPDC in April 2024.[48] The OIG finds that although the Postal Service successfully implemented "several initiatives to support the launch of the Indianapolis RPDC[,]" service performance observed a notable decline between November 2024 and February 2025. OIG Report No. 25-093-R26 at 4. Transportation at the Indianapolis RPDC faced challenges including "delays in unloading trailers, trips departing on time, and use of extra trips." *Id.* at 6.

Difficulties with CLTs in the Central area persist year over year as highlighted in Figure III-2, which shows a comparison of CLTs between FY 2024 and FY 2025 at the district level. FY 2025 represents the third consecutive year that the Central area suffered from the highest number of CLTs compared to the other areas.

[47] *Id.*; Docket No. ACR2024, Second Response of the United States Postal Service to Commission Requests for Additional Information in the FY 2024 Annual Compliance Determination, June 26, 2025, ZIP folder "Public.June.26.ACD.Responses.zip," Excel file "ACR2024 CLT Directive Response (6-26-25).xlsb."

[48] United States Postal Service, Office of Inspector General, Report No. 25-093-R26, *Network Changes: Effectiveness of the New Regional Processing and Distribution Center in Indianapolis, IN*, February 2, 2026, at 3, available at https://www.uspsoig.gov/reports/audit-reports/network-changes-effectiveness-new-regional-processing-and-distribution-center (OIG Report No. 25-093-R26).

Figure III-2
FY 2024-FY 2025 Percent Change in First-Class Mail
Number of Critically Late Trips, By District



Note: As discussed in Section A.4.b.(3), *supra*, the Postal Service made mid-year changes to the service standards and SPM Plan, including implementing the Sunday/Holiday exclusion. The Commission has expressed concerns that "these changes could render comparability over time more difficult to interpret for the public and the Commission." FY 2025 ACD at 81 (citing Order No. 8761 at 22). It could also influence CLT calculations and, thus, make their comparisons over time difficult to interpret.

Source: Docket No. ACR2024, Library Reference "USPS-FY24-29: Service Performance of Market Dominant Products," December 30, 2024, ZIP folder "USPS-FY24-29 Files.zip," Excel file "ACR2024 EOY CLT FY24 Q3-Q4.xlsb," tab "CLT FY 24" with "District" column and Docket No. ACR2025, Library Reference "USPS-FY25-29: Service Performance of Market Dominant Products," December 29, 2025, ZIP folder "USPS-FY25-29.zip," Excel file "ACR2025 EOY CLT FY25 Q3-Q4.xlsb," tab "CLT FY 24," with "District" column.

The percentage change of CLTs varies by district; however, all districts in the Central area and more than half of districts in the Southern area observed increases in CLTs from FY 2024 to FY 2025. In total, 28 districts, which is more than half of the districts in Figure III-2, encountered increases in CLTs. The total number of CLTs in FY 2025 increased by approximately 9 percent compared to FY 2024. The Postal Service identified methods it employs to study service performance in under-performing areas at a local level, which include daily reviews of performance, division-specific service analysis, weekly regional calls, and onsite support in critical locations. *See* Docket No. ACR2024, Response to CHIR No. 21, question 1.a.i.

As mentioned, more than half of CLTs were caused by contractors in FY 2025; thus, in order to address CLTs related to supplier performance, the Postal Service states that it has continued a “robust review and accountability process” in which Logistics Directors conduct monthly reviews focusing on top suppliers. Library Reference USPS-FY25-29, PDF file "USPS-FY25-29_Preface.pdf" at 18. More granularly, field managers and directors at the Division-level receive a weekly report that identify the specific lanes that have consistent CLTs. *Id.* Moreover, the Postal Service has utilized the “Freight Auction” market to analyze supplier data in an effort to bolster timely departures and arrivals. *Id.* The Postal Service has also expanded its network visibility platforms, allowing it to more accurately evaluate supplier arrival times at Postal Service facilities. *Id.*

Although contractor failure remains the largest reason for delays in trips, the number of CLTs attributed to processing failures and other issues within the Postal Service’s direct control rose in FY 2025 and account for more than one third of total CLTs.[49] For the second consecutive year, Postal Service-caused CLTs increased by more than 40 percent. *See id.*; Docket No. ACR2024, Response to CHIR No. 1, question 3, Excel file "ChIR No. 1 Q3 CLT FY 2024 SV.xlsb;" FY 2023 ACD at 105, Figure V-8. The Postal Service indicates that its efforts to address CLTs whose causes are within its control include "actively implementing and evolving initiatives to enhance on-time departures and transit times, focusing on operational clearance, supplier performance, and employee training and development." Response to CHIR No. 12, question 11. The Postal Service also states that throughout FY 2025 it continued to place significant emphasis on Operating Plan Precision (OPP) and Trips-on-Time. *Id.* However, the national OPP score decreased by 10 percentage points from FY 2024 to FY 2025, falling from 94.1 percent to 84.04 percent, respectively.[50] The Postal Service cites "temporary transitional challenges" due to network and operational changes as a driving factor for the decrease in national OPP score and emphasizes that it "ended Q4 of FY 2025 with a score of 88.84 as compared to a score of 77.26 in Q1 of FY 2025." April 3 Response to CHIR No. 20, question 1. As such, the Commission urges the Postal Service to continue reviewing and monitoring its initiatives to address CLTs related to Postal Service-controlled issues, especially if "temporary" challenges due to network and operational changes persist.

The Commission recommends that the Postal Service increase efforts to address CLTs whose causes are within its direct control.

[49] *See* Notice of the United States Postal Service of Filing Its Responses to Questions 1-10, 12-21, 23-36, 38-49 of Chairman’s Information Request No. 2 and of Filing Materials Under Seal -- First Response Set, January 23, 2026, question 13, Excel file “FY25 ChIR No. 2 Q13 - CLT SV.xlsb.”

[50] Docket No. ACR2024, Library Reference USPS-FY24-29, December 30, 2024, PDF file "USPS-FY24-29 Preface.pdf," at 24; Library Reference USPS-FY25-29, ZIP folder "USPS-FY25-29.zip," PDF file "FY25-29 Divisions Report.pdf," at 3.

c. Plans for Improving High-Quality Service in FY 2026

To meet FY 2026 targets, the Postal Service reports that it will continue implementing elements of its DFA Plan "with the expectation of more successful execution." FY 2025 Annual Report at 42-43. These efforts generally involve implementing changes to processing and transportation across the network; remedying temporary disruptions to operations; preparing for the peak season; investing in infrastructure; and stabilizing and empowering the workforce. *See id.* at 42*.*

The Postal Service states that it will continue its rollout of the redesigned network by activating more RPDCs, LPCs, and S&DCs in FY 2026. *Id.* Concurrently, it will continue redesigning its transportation and logistics operations to eliminate waste and efficiently integrate with network operations. *Id.* It notes that it is developing and deploying standard work instructions to support achieving operational excellence. *Id*.

To prepare for the FY 2026 peak season, the Postal Service plans to activate additional processing capacity; expand the network's package processing and cross-docking capabilities; concentrate volume to make intraregional transportation more efficient; and maximize processing capabilities within its facilities. *Id.* at 43. Also, the Postal Service states that it will continue to make significant capital investments in its infrastructure in FY 2026. *Id.* These include additional automated package sorting equipment and the continued expansion of the Postal Service's Battery Electric Vehicle fleet, including the accompanying charging infrastructure. *Id.* The Postal Service reports that it has made infrastructure investments totaling more than $17 billion to date, with plans to invest more than $40 billion over the course of the DFA Plan. *Id.* These investments will go towards, among other things, modernizing its delivery vehicle fleet; updating processing facilities; improving operational technology, support, and software; and expanding package capacity. *Id.*

Regarding its workforce, the Postal Service notes that it has "invested in employee recruitment, retention, and skill development, while promoting clear career paths and diversity." *Id*. In this vein, it agreed to contract terms with multiple labor unions to provide cost certainty and stability. *Id*. It states that it plans to continue scaling the Postal Vehicle Operator program by insourcing transportation operations that were previously outsourced. *Id.* The Postal Service's progress toward the Safe Workplace and Engaged Workforce performance goal is discussed below. *See* Chapter III, Section C., *infra*.

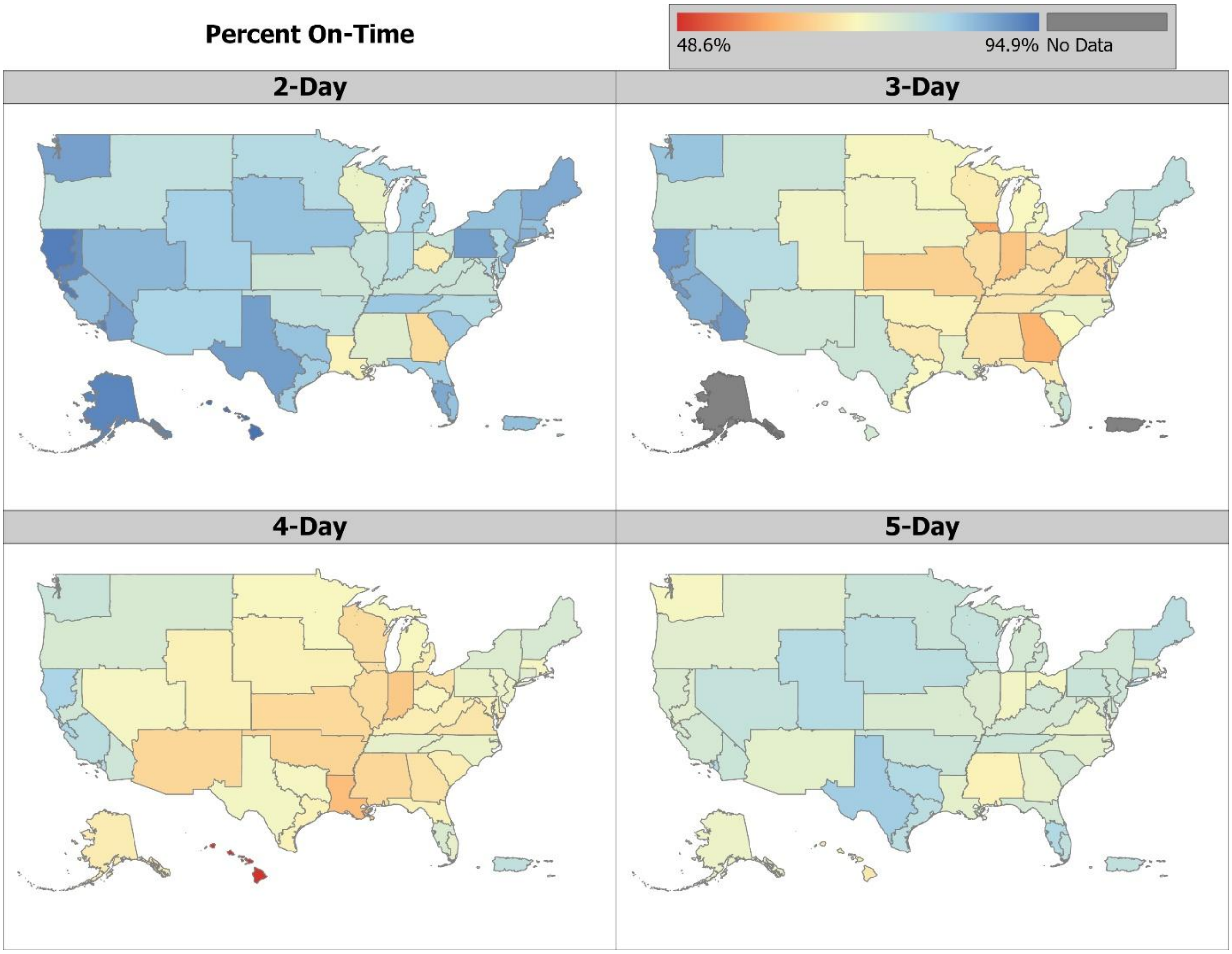
The Commission observes that the framework, language, and supporting initiatives in the FY 2026 Plan are almost identical to the FY 2025 Plan. *Compare* FY 2025 Annual Report at 42-43 *with* FY 2024 Annual Report at 42-43. Considering that the Postal Service did not meet FY 2025 targets for any of the public High-Quality Service performance indicators, the Commission is skeptical that continuing to execute the same plan will produce different results in FY 2026.

If the Postal Service misses FY 2026 targets for the High-Quality Service performance indicators, the Commission recommends that the FY 2027 Plan describe initiatives designed to be reasonably likely to enable the Postal Service to meet FY 2027 targets. The Commission reiterates its recommendation that the Postal Service report how the DFA Plan (as a whole and for applicable distinct initiatives) affected the High-Quality Service performance indicator results.

d. Service Performance by District

In the annual performance report and performance plan, the Postal Service reports High-Quality Service results at the national level. However, there are differences in service performance across districts. For example, Figures III-3, III-4, and III-5 show geographic variation in on-time service performance at the district level for Single-Piece First-Class Mail, 2-, 3-, 4-, and 5-Day Letters/Postcards; Single-Piece First Class Mail, 3-5-Day Letters/Postcards; and Outside County Periodicals, respectively.

Figure III-3
FY 2025 On-Time Service Performance, By District
Single-Piece First-Class Mail, 2-, 3-, 4-, and 5-Day Letters/Postcards



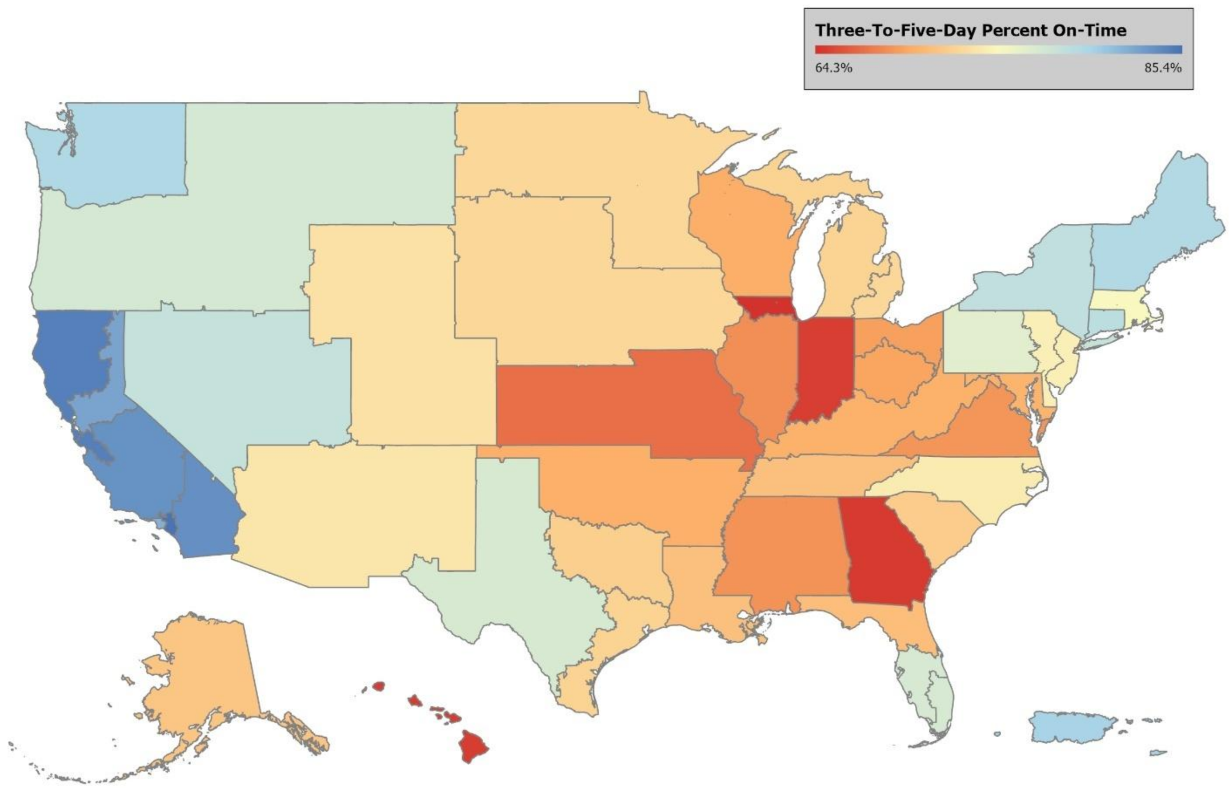
Source: United States Postal Service, FY 2025 Quarter 4 - Quarterly Performance Measurement Data, November 10, 2025, ZIP folder "QuartPerf_FY25_Q4.zip," ZIP folder "FY25 Q4 SPM Reports by Service Standard Reports.zip," Excel file "SPFC LC 254 Scores Report.xls," tab "SPFC LC YTD."

Figure III-3 highlights the district-level service performance differences between 2-, 3-, 4-, and 5-Day Single-Piece First-Class Mail Letters/Postcards.[51] Figure III-4 highlights the district-level service performance for 3-5-Day Single-Piece First-Class Mail Letters/Postcards. FY 2025 national results for the Single-Piece First-Class Mail, 2-Day and 3-5-Day performance indicators did not meet their respective targets. *See* FY 2025 Annual Report at 40. Notably, both performance indicators have the largest percentage point differences between FY 2025 targets and results, which fell short by 3.81 percentage points for 2-Day and by 7.24 percentage points for 3-5-Day. *Id.* Figure III-3 emphasizes the

[51] The maps are derived from the complete dataset of 2-, 3-, 4-, and 5-Day Single-Piece data rather than data from each day by district.

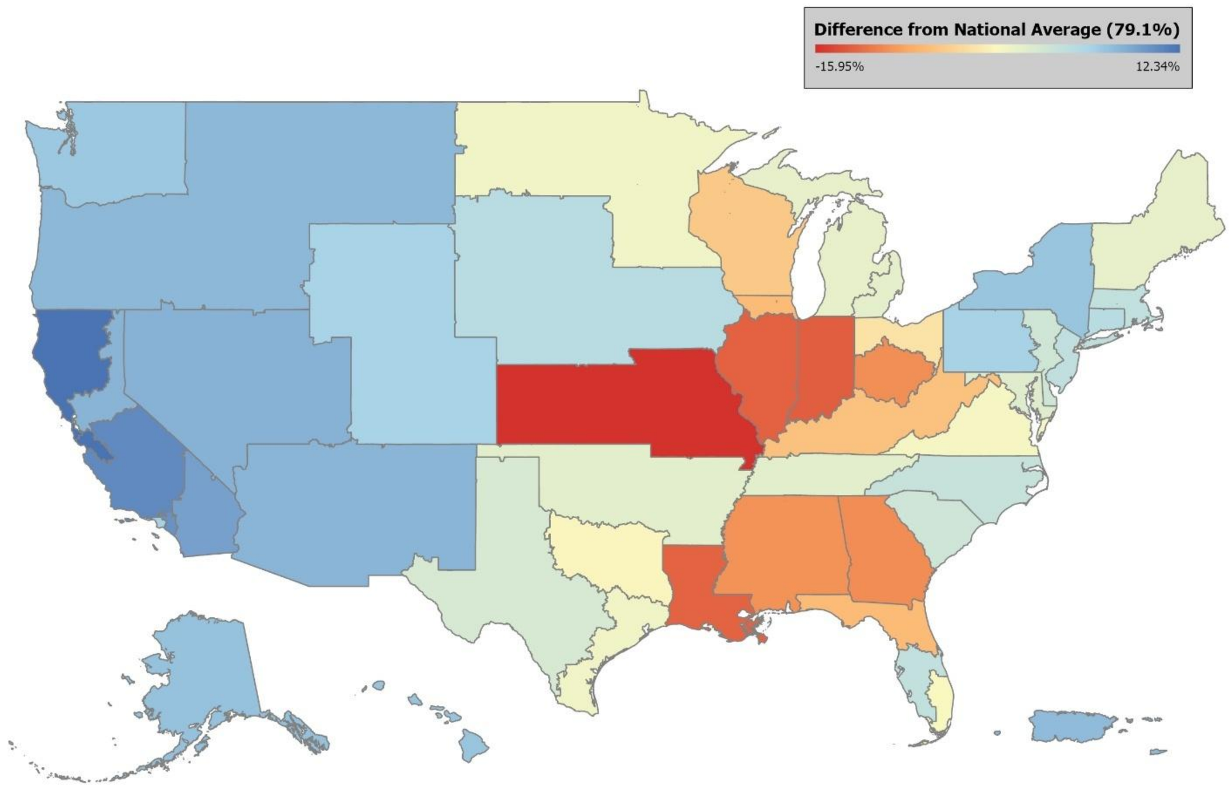
discrepancy with on-time service performance as the number of days in the service standard increase. Districts have noticeably better on-time performance for 2-Day compared to 4-Day. For example, the Indiana district reports a 2-Day performance score of 81.6 percent on-time and a 4-Day score of 64.6 percent. For the 3-5-Day service standard, Figure III-4 shows that more than half of the mapped districts have less than a 75 percent on-time score.

Figure III-4
FY 2025 On-Time Service Performance, By District
Single-Piece First-Class Mail, 3-5-Day Letters/Postcards



Source: United States Postal Service, FY 2025 Quarter 4 - Quarterly Performance Measurement Data, November 10, 2025, ZIP folder “QuartPerf_FY25_Q4.zip,” ZIP folder “FY25 Q4 SPM Reports.zip,” ZIP folder “First-ClassMail.zip,” Excel file “SPFC LC 254 Scores Report.xls,” tab “SPFC LC YTD.”

Figure III-5
FY 2025 On-Time Service Performance, By District
Outside County Periodicals



Source: Response to CHIR No. 16, question 3, Excel file "ChIR No. 16 Q3 Response.xlsx," tab "Data" and United States Postal Service, FY 2025 Quarter 4 - Quarterly Performance Measurement Data, November 10, 2025, ZIP folder "QuartPerf_FY25_Q4.zip," ZIP folder "FY25 Q4 SPM Reports.zip," ZIP folder "Periodicals.zip," Excel file "Periodicals 254 Scores Report.xls," tab "PER YTD."

For Outside County Periodicals, Figure III-5 shows lower on-time service performance in the central and southern geographic areas and higher service performance in the western area compared to the national average. In the annual performance report, the Postal Service reports Periodicals service performance as part of the USPS Marketing Mail and Periodicals performance indicator. *See* FY 2025 Annual Report at 40. The Postal Service states that the USPS Marketing Mail and Periodicals performance indicator is a weighted composite comprised of approximately two-thirds USPS Marketing Mail letters, with the remainder being USPS Marketing Mail Flats and Periodicals. *Id.* at 39. With the composite highlighting the performance of USPS Marketing Mail letters, it is difficult to determine the Periodicals' performance separately. Disaggregating Periodicals service performance demonstrates a notable difference from the composite, ultimately showing the need to improve Periodicals' performance in FY 2026, despite USPS Marketing Mail and Periodicals performing better than other High-Quality performance indicators in FY 2025.

The Commission continues to recommend that the Postal Service explore ways to better balance service performance scores across the nation. It is likely that significant gains in national scores could be made by focusing efforts on low-performing Areas and/or Districts. Thus, the Commission recommends the Postal Service continue to study the reasons for service performance issues in the lowest performing Areas/Districts.

B. Excellent Customer Experience

1. Key Observations and Recommendations

The Commission finds that the Postal Service did not meet the Excellent Customer Experience performance goal in FY 2025 because it met two targets but missed six targets.

The Commission finds that the Postal Service provided satisfactory explanations for missing FY 2025 targets. To promote transparency and accountability, for each target that is not met in FY 2026, the FY 2026 Report must identify specific reasons why and describe plans to meet FY 2027 targets.

The Commission finds that based on FY 2025 results and the Postal Service's explanations, FY 2026 targets for the Excellent Customer Experience performance indicators are reasonable. To improve transparency, the Commission recommends that the Postal Service provide the rationale for setting FY 2027 targets in the FY 2027 Plan or FY 2026 ACR.

The Commission recommends that the Postal Service continue its efforts to improve the Net Promoter Score (NPS) for each performance indicator in FY 2026, particularly for Delivery, usps.com, and C360. For each NPS that declines in FY 2026, the FY 2026 Report should explain why and describe plans for improvement in FY 2027.

In FY 2025, the Postal Service appears to have effectively used the heatmap and other social listening tools to help improve customer experience (CX). The Commission encourages the Postal Service to use the heatmap proactively to address issues before they escalate or generate other customer inquiries or complaints.

In FY 2025, the Postal Service appears to have used social media tools effectively to respond to customer questions and issues. The Commission encourages the Postal Service to continue using X, Facebook, Instagram, and other social media platforms to help customers and improve CX.

The Commission finds that the Postal Service appeared to effectively leverage Artificial Intelligence (AI) tools to help customers and improve CX in FY 2025. The Commission recommends that the Postal Service proceed with its plans to resume offering the Facebook ChatBOT and explain in the FY 2026 ACR how the Virtual Agent Assistant (VAA) improved CX in FY 2026.

2. Background

The Postal Service measures CX by conducting surveys of residential, small/medium business, and large business customers.[52] In FY 2025, the Postal Service measured CX using the following eight surveys:

- Business Service Network (BSN)
- Point of Sale (POS)
- Delivery
- Customer Care Center (CCC)
- Customer 360 (C360)
- Business Mail Entry Unit (BMEU)
- *usps.com*
- Large Business Panel

Each survey measures a customer touchpoint or interaction between the customer and the Postal Service. The surveys were described in detail in the *FY 2022 Analysis*. *See* FY 2022 Analysis at 50-53.

In FY 2025, the Postal Service used eight performance indicators or metrics to track progress toward the Excellent Customer Experience performance goal. Seven of those performance indicators correspond directly to one of the CX surveys.[53] Results are calculated as the percentage of customers who responded “Very Satisfied” or “Satisfied” to a question about overall satisfaction on the particular survey. FY 2025 ACR at 28.

The Postal Service used results of the seven CX survey performance indicators to calculate the CX Composite Index, which is the eighth performance indicator tracking progress toward the Excellent Customer Experience performance goal. *See* FY 2025 Annual Report at 44. While each survey measures CX based on specific touchpoints or interactions with the Postal Service, the CX Composite Index measures overall CX across the most frequently used customer-facing channels. *Id.* at 43.

The CX Composite Index is a weighted aggregate based on results of the CX survey performance indicators. *Id.* Figure III-6 shows how each CX survey was weighted to calculate the FY 2025 CX Composite Index result.

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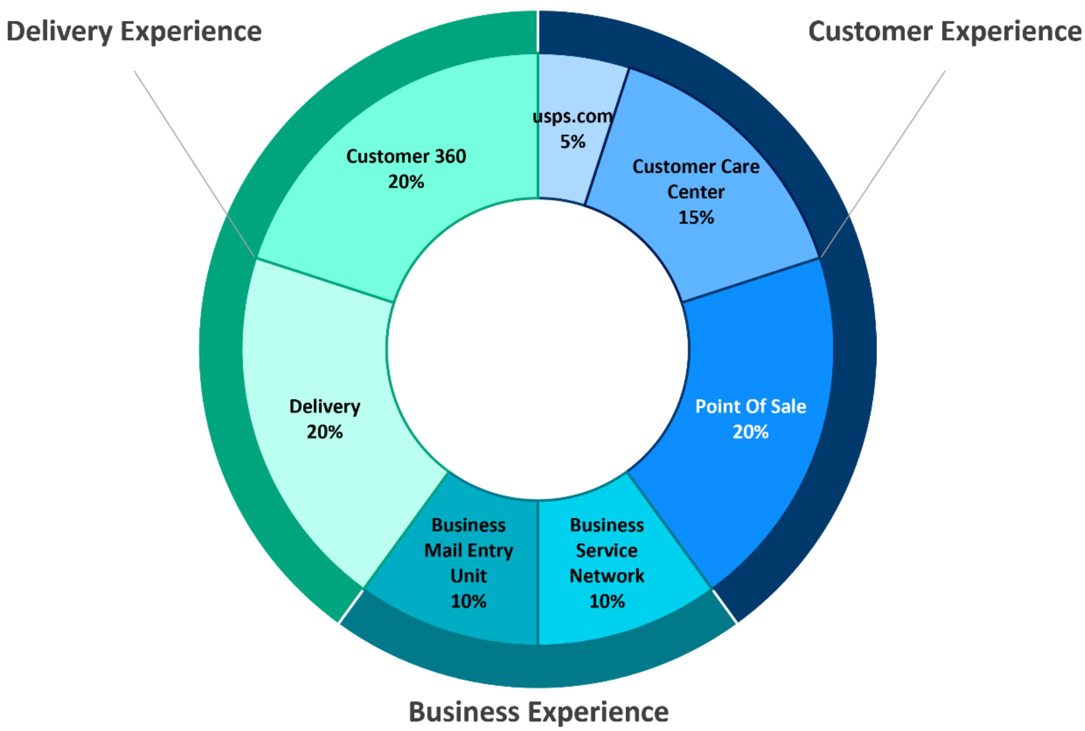
[52] Residential customers live in U.S. households that receive mail delivery. Small/medium business customers have fewer than 250 employees at one location. Large business customers have 500 or more employees. Library Reference USPS-FY25-38, December 29, 2025, PDF “USPS-FY24-38 Preface.pdf,” at 3, 5.

[53] *See* FY 2025 Annual Report at 44. The Postal Service does not use the Large Business Panel survey as a performance indicator because it asserts that business CX is already measured by the BSN and BMEU surveys. FY 2022 Analysis at 53 n.76.

Figure III-6
Customer Experience Composite Index
Weights of Performance Indicators in FY 2025



Source: FY 2025 Annual Report at 43-44.

The FY 2025 CX Composite Index result was 77.90, which did not meet the FY 2025 target (79.41). *See* FY 2025 Annual Report at 44*.* The Postal Service explains that the target was not met because five performance indicators missed their respective FY 2025 targets: CCC, BSN, *usps.com*, C360, and Delivery. *Id.* at 44*.* It provides explanations for missing the FY 2025 target for each performance indicator. *Id*. at 44-47; FY 2025 ACR at 30-44.

To improve progress toward meeting the Excellent Customer Experience performance goal in FY 2026, the Postal Service states it will improve its measurement of CX by ensuring that survey questions accurately measure both customer sentiment and customer satisfaction attributes. FY 2025 Annual Report at 47. It notes it will prevent undesirable customer experiences by providing its employees with actionable data to help them resolve customer pain points. *Id*.

3. Comments

The Public Representative comments that the FY 2025 CX Composite Index result was slightly better compared to FY 2024, but missed the FY 2025 target by 1.51 percentage points. PR Comments at 31. He points out that similar to past years, the primary reason for missing the FY 2025 CX Composite Index target was the Delivery survey, which was almost 7 percentage points below its target. *Id*. He expresses concerns about the widening gap in satisfaction between residential and small/medium business customers. *Id*. at 27.

The Public Representative comments that both the POS and BMEU surveys met their FY 2025 targets and improved from FY 2024. *Id*. at 20, 28. He observes that both the BSN and C360 surveys missed their FY 2025 targets, but improved compared to FY 2024. *Id*. at 21-22. By contrast, he states that both the CCC survey and *usps.com* surveys missed their targets and declined compared to FY 2024. *Id*. at 24, 29. The Public Representative agrees with the Postal Service's explanation that the decline in the CCC result was largely caused by customer dissatisfaction with the Interactive Voice Response (IVR) system. *Id*. at 24. To improve the *usps.com* result, he recommends that the Postal Service identify the key issues driving increased customer dissatisfaction with the *usps.com* website. *Id*. at 29-30.

4. Commission Analysis

In FY 2025, the Postal Service exceeded POS and BMEU targets, but missed targets for the CX Composite Index, BSN, CCC, C360, *usps.com*, and Delivery performance indicators. *See* FY 2025 Annual Report at 43-47.

The Commission finds that the Postal Service did not meet the Excellent Customer Experience performance goal in FY 2025 because it met two targets but missed six targets.

In the sections below, the Commission analyzes targets and results and compares the Postal Service’s measurement of CX to several metrics used in the public and private sector: the NPS, social media customer service, and AI tools.

a. Analysis of Targets and Results

(1) FY 2025 Targets and Results

For each performance indicator, Table III-5 shows results from FY 2022 through FY 2025 and compares FY 2025 targets and results.

Table III-5
Excellent Customer Experience Performance Indicators
Comparison of FY 2025 Targets and FY 2022–FY 2025 Results

Performance Indicator	FY 2025 Targets	Difference Between FY 2025 Target and Result	Results			
			FY 2025	FY 2024	FY 2023	FY 2022
Customer Experience Composite Index	**79.41**	-1.51	77.90	77.80	76.93	72.72
Business Service Network	**98.00%**	-0.09	97.91%	97.77%	98.87%	98.20%
Point of Sale	**87.96%**	0.73	88.69%	88.01%	87.10%	86.34%
Delivery	**80.94%**	-6.70	74.24%	75.26%	75.85%	73.91%
Customer Care Center	**85.00%**	-0.20	84.80%	85.39%	84.52%	70.75%
Customer 360	**48.15%**	-0.70	47.45%	46.29%	42.21%	38.44%
usps.com	**76.95%**	-3.33	73.62%	75.53%	72.79%	73.62%
Business Mail Entry Unit	**96.00%**	0.31	96.31%	95.21%	96.89%	96.48%

Note: Red text indicates target was not met. Green text indicates target was met.

Source: FY 2025 Annual Report at 44; FY 2024 Analysis at 58.

Table III-5 shows that in FY 2025, BSN, CCC, and C360 results missed their respective FY 2025 targets by less than 1 percentage point. The FY 2025 *usps.com* and Delivery results were furthest from their targets, missing them by 3.33 and 6.70 percentage points, respectively. Because these five performance indicators missed their respective FY 2025 targets, the CX Composite Index result also missed its target by 1.51 percentage points. FY 2025 Annual Report at 44.

Also, Table III-5 shows that between FY 2022 and FY 2025, the BSN and BMEU performance indicators continued to have the highest customer satisfaction results compared to the other Excellent Customer Experience performance indicators and were the only results that exceeded 95 percentage points. Results for the CX Composite Index, POS, and C360 performance indicators have steadily improved during this time period.

The Postal Service explains that it missed the FY 2025 Delivery result because weather and other natural disasters impacted its ability to "meet the challenging delivery target." FY 2025 Annual Report at 46. However, it states that the result steadily improved during the second half of FY 2025. *Id*. The Public Representative acknowledges that weather conditions likely influenced the FY 2025 Delivery result, but points out that there are other factors within the Postal Service's control that could have affected customers' delivery experiences in FY 2025. PR Comments at 26-27.

The Commission observes that the Delivery survey asks customers questions unrelated to the speed and timeliness of delivery, such as whether mail and packages are delivered to the correct address; delivery personnel exercised care in delivering the mail; and letter carriers are friendly and courteous.[54] The Postal Service could improve the Delivery result by focusing on factors within its control by, for example, encouraging letter carriers and delivery personnel to have positive attitudes and ensure care and accuracy when delivering mail and packages.

The Postal Service explains that it missed the FY 2025 *usps.com* target because "not all the website issues have had quick fixes," which was reflected in the decline between FY 2024 and FY 2025. FY 2025 Annual Report at 45. The Public Representative finds the Postal Service's explanation for missing the FY 2025 *usps.com* target inadequate. PR Comments at 29. In a CHIR response, the Postal Service clarifies that it likely missed the target "due to a slight decline in task accomplishment scores between FY 2025 and FY 2024 (down 1.98 percentage points)." March 27 Response to CHIR No. 19, question 8.a. It states that some users indicated that they experienced issues on the website, such as web pages not loading, error messages, and button responsiveness. *Id*. It asserts that it addressed these website issues through content changes, bug fixes, and user experience updates. *Id*.

The Commission finds that the Postal Service provided satisfactory explanations for why it missed FY 2025 targets. The Commission will continue to monitor Excellent Customer Experience performance indicator results, especially for the Delivery and usps.com surveys, which had the largest gap between the FY 2025 target and result and declined from FY 2024. To promote transparency and accountability, for each target that is not met in FY 2026, the FY 2026 Report must identify specific reasons why and describe plans to meet FY 2027 targets.

(2) FY 2026 Targets

The Postal Service explains that it evaluates and sets each Excellent Customer Experience target by considering past performance and whether the prior year's target was met. Response to CHIR No. 21, question 1.b. In general, the Postal Service increases targets for performance indicators that met targets in prior years. *Id*. question 1.a. However, the Postal Service explains that it also considers operational capabilities as well as upcoming strategies and initiatives to realistically evaluate its ability to improve its performance and meet a higher target. *Id*. question 1.b. For example, if the Postal Service meets a target during the prior fiscal year, it may still maintain the same target the next year due to factors such as excessively high workload and costs. *Id*.

Conversely, for performance indicators that missed targets in the prior year, the Postal Service "evaluates whether the target is still achievable under current business conditions." *Id.* question 1.a. In some cases, if the Postal Service misses a target but determines that it is still achievable, it leaves the prior year's target in place. *Id*. If it determines that a target is unattainable under current conditions, it adjusts the following year's target to be challenging, but achievable.

[54] Library Reference USPS-FY25-38, folder "USPS-FY25-38.zip," folder "Customer Surveys," file " CX_Surveys_FY25.docx," at 26.

Table III-6 shows FY 2026 Excellent Customer Experience targets for each performance indicator, alongside FY 2025 targets and results.

Table III-6
Excellent Customer Experience Performance Indicators
FY 2026 Targets and FY 2025 Targets and Results

Performance Indicators	Targets		FY 2025 Results
	FY 2026	FY 2025	
Customer Experience Composite Index	78.52	79.41	77.90
Business Service Network	98.00%	98.00%	97.91%
Point of Sale	88.94%	87.96%	88.69%
Delivery	75.50%	80.94%	74.24%
Customer Care Center	85.00%	85.00%	84.80%
Customer 360	48.15%	48.15%	47.45%
usps.com	76.95%	76.95%	73.62%
Business Mail Entry Unit	96.00%	96.00%	96.31%

Note: Red text indicates target was not met. Green text indicates target was met.

Source: FY 2025 Annual Report at 44, 47.

Table III-6 shows that FY 2026 targets are generally consistent with the Postal Service's process for setting targets. For POS and BMEU, which met their respective FY 2025 targets, FY 2026 targets are the same or higher. Although the BMEU target remained at 96 percent, this is already a high target and does not need to be raised. FY 2026 BSN, CCC, and C360 targets were the same as FY 2025 even though the FY 2025 targets were not met. However, these performance indicators missed FY 2025 targets by less than 1 percentage point, and FY 2026 targets are consistent with positive trends shown in results from FY 2022 through FY 2024. *See* Table III-5, *supra*.

The Public Representative finds that FY 2026 targets for each performance indicator are reasonable or appropriate except for the *usps.com* survey, which met its target only once during the past 4 fiscal years. *Id*. at 20-32. The Postal Service explains that the FY 2025 target was likely not met due to some users encountering error messages and experiencing issues with loading web pages and pressing buttons. March 27 Response to CHIR No. 19, question 8.a. It states that it will address these issues by identifying their root causes and fixing them through content changes, bug fixes, and user experience updates. *Id*. The Commission observes that the Postal Service's plans to improve the website appear designed to address user issues experienced in FY 2025, which should help the Postal Service meet the FY 2026 target.

The Public Representative also observes that the FY 2026 Delivery target (75.50), which missed the FY 2025 target by 6.70 percentage points, is significantly more achievable. PR

Comments at 27. The Commission agrees and observes that the FY 2026 target is consistent with results from FY 2023 through FY 2025, which ranged from 74.24 to 75.85 percentage points. *See* Table III-5, *supra*.

The Commission finds that based on FY 2025 results and the Postal Service's explanations, FY 2026 targets for the Excellent Customer Experience performance indicators are reasonable. It recommends that the Postal Service continue to consider the prior year's result and past performance when setting the subsequent year's target. To improve transparency, the Commission recommends that the Postal Service provide the rationale for setting FY 2027 targets in the FY 2027 Plan or FY 2026 ACR.

b. Net Promoter Score

In FY 2025, the Postal Service continued to use the NPS on all CX surveys. FY 2025 ACR at 28. The NPS is a benchmarking tool for customer satisfaction that provides insights about customer loyalty by measuring customers' willingness to recommend a business to a friend or acquaintance. *Id*. The NPS measures customer perception on a scale of 0 (Not at All Likely) to 10 (Extremely Likely) based on a single question: "How likely is it that you would recommend [Organization X/Product Y/Service Z] to a friend or colleague?"[55] Depending on their response, customers fall into one of three categories:

- **Promoters,** who respond with a score of 9 or 10 and are typically loyal and enthusiastic customers.
- **Passives**, who respond with a score of 7 or 8, are satisfied with the company, service, or product but not happy enough to be considered Promoters.
- **Detractors**, who respond with a score of 0 to 6, are unhappy customers who are unlikely to buy from the company again and may even discourage others from buying from that company.

Id.

Table III-7 shows FY 2025 NPS results and the percentages of Promoters and Detractors for each CX survey for the Postal Service. The Commission explained how to calculate the NPS in the *FY 2022 Analysis*. FY 2022 Analysis at 66-70.

[55] Bain & Company, *Measuring Your Net Promoter Score*, available at https://www.netpromotersystem.com/about/measuring-your-net-promoter-score/.

Table III-7
FY 2025 Net Promoter Scores
Promoters and Detractors

Customer Experience Survey	Percentage of Promoters (9-10)[a]	Percentage of Detractors (0-6)[a]	FY 2025 Net Promoter Scores[b]
Business Service Network	88.9%	2.8%	**86.1**
Point of Sale	80.9%	10.8%	**70.1**
Delivery[c]	53.4%	26.4%	**27.0**
Customer Care Center[c]	62.5%	22.6%	**39.9**
Customer 360	34.1%	54.0%	**-19.9**
Business Mail Entry Unit	90.5%	3.1%	**87.4**
usps.com	55.8%	26.3%	**29.4**

[a] The percentages of Promoters and Detractors were calculated by the Commission based on disaggregated CX survey results provided by the Postal Service.

[b] Some FY 2025 scores do not equal the percentage of Promoters minus the percentage of Detractors due to rounding.

[c] The NPS results are composite scores derived from results of two more specific surveys. The Delivery NPS is an unweighted composite of the residential and small/medium business customer surveys. The CCC NPS is an unweighted composite of the IVR and Live Agent surveys.

Source: Commission calculation using Postal Service survey responses provided in Library Reference USPS-FY25-38, folder "USPS-FY25-38.zip," folder "Customer Surveys.zip," Excel file "CX_Question_Response_Counts_FY25.xlsx."

Similar to FY 2024, the BSN and BMEU surveys had the highest NPS and were the only ones with an NPS that was higher than 86. The POS survey had the third highest NPS of 70.1. The NPS for the *usps.com* and Delivery surveys were lower (29.4 and 27.0, respectively). Each of the CX surveys had a higher percentage of Promoters than Detractors except for the C360 survey, which had the only NPS expressed as a negative number (-19.9). The C360 survey also had the highest percentage of Detractors (54.0 percent). Although the C360 NPS improved from FY 2024 to FY 2025, the C360 survey continues to be the only performance indicator where Detractors outnumber Promoters.

Table III-8 compares NPS results for each CX survey between FY 2022 and FY 2025.

Table III-8
Net Promoter Scores, FY 2022–FY 2025

Customer Experience Survey	FY 2022	FY 2023	FY 2024	FY 2025
Business Service Network	88.0	91.2	87.8	86.1
Point of Sale	70.3	72.7	68.7	70.1
Delivery[a]	35.0	39.4	28.5	27.0
Customer Care Center[a]	25.7	47.9	24.2	39.9
Customer 360	-27.9	-20.7	-21.2	-19.9
Business Mail Entry Unit	88.9	90.2	86.6	87.4
usps.com	33.9	34.5	32.2	29.4

[a] The NPS results are composite scores derived from results of two more specific surveys. The Delivery NPS is an unweighted composite of the residential and small/medium business customer surveys. The CCC NPS is an unweighted composite of the IVR and Live Agent surveys.

Source: Library Reference USPS-FY25-38, folder "USPS-FY25-38.zip," folder "Customer Surveys.zip," Excel file "CX_Question_Response_Counts_FY25.xlsx;" FY 2024 Analysis at 63.

Table III-8 shows that the NPS for each performance indicator worsened between FY 2023 and FY 2024. In the FY 2024 Analysis, the Commission stated that it "will monitor the Postal Service's efforts to reverse these declines." FY 2024 Analysis at 64. Between FY 2024 and FY 2025, the NPS improved for four of the seven indicators (POS, CCC, C360, BMEU). Although the BSN NPS declined slightly, it was still the second highest compared to the other indicators.

The Postal Service appears to have reversed several of the FY 2024 declines, especially for CCC. However, the Delivery and *usps.com* NPS both declined again in FY 2025 and reached their lowest level between FY 2022 and FY 2025. The Commission observes that the NPS peaked in FY 2023 for both performance indicators, which was due in part to the Postal Service focusing on key drivers of overall satisfaction: task accomplishment (*usps.com*) and mail and packages delivered to the correct address and received by the expected date (Delivery).[56] To improve scores in FY 2026, the Commission encourages the Postal Service to implement initiatives that address key drivers of overall satisfaction.

The Commission recommends that the Postal Service continue to use the NPS to measure and assess CX. The Commission acknowledges the Postal Service's efforts in reversing FY 2024 NPS declines for four of the seven performance indicators. However, it is concerned about the Delivery and usps.com NPS results, which declined for a second consecutive year, as well as the C360 NPS. The Commission recommends that the Postal Service continue its efforts to improve the NPS for each performance indicator in FY 2026, particularly for Delivery, usps.com, and

[56] *See* Docket No. ACR2023, United States Postal Service, *FY 2023 Annual Compliance Report*, December 29, 2023, at 64-65.

C360. For each NPS that declines in FY 2026, the FY 2026 Report should explain why and describe plans for improvement in FY 2027.

c. Social Media Customer Service

Social media customer service offers support through social media channels.[57] It allows businesses to respond to customer inquiries quickly and communicate with customers on their most used channels. *Id.* The Postal Service states that during FY 2025, it continued to leverage social media to engage with customers who prefer interacting on social media rather than more traditional forms of communication such as email, chat, and telephone. FY 2025 ACR at 53. To evaluate customer perceptions and improve CX, the Postal Service uses social media mainly to conduct social listening and respond to customer inquiries, which are each described below.

(1) Social Listening

Social listening is a process companies use for analyzing online conversations about its brand and industry to find out more about its customers.[58] It includes monitoring social media channels for instances that mention the company brand or offers feedback. In FY 2025, the Postal Service states that the Social Business Intelligence (SBI) team continued to use social listening to monitor what people were saying about the Postal Service on various social platforms. FY 2025 ACR at 53. It notes that social listening helped the Postal Service understand "what overarching issues may be concerning to customers, such as delivery issues, operational issues, confusion about products or services and issues at the local [P]ost [O]ffice . . . ." *Id.* The SBI team then compiled and analyzed data obtained from social listening to communicate lessons learned across the Postal Service to help specific groups solve problems at the root, before they become larger and less manageable. *Id*.

In FY 2025, the Postal Service continued to use the social media heatmap as part of its social listening efforts.[59] The social media heatmap geographically displays comments left on the Postal Service's official Facebook and X accounts and from online review websites.[60] The heatmap generated data showing social media activity in specific 5-Digit ZIP Codes and the corresponding activity of customers who either contacted support or commented on a specific postal issue.[61] It mapped approximately 30 ratings applications such as Google and Yelp to understand how individual retail offices were performing. Docket No. ACR2024,

[57] Mozhdeh Rastegar-Panah, *9 tips for providing great social media customer service*, Zendesk (August 13, 2025), available at https://www.qualtrics.com/experience-management/customer/social-media-customer-service/.

[58] *Social Listening: Definition, Tools, and Strategies for Business Growth*, Coursera (April 30, 2026), available at https://www.coursera.org/articles/social-listening.

[59] The social media heatmap is described in detail in the FY 2022 Analysis at 72-75.

[60] *See* United States Postal Service, *Temperature check: Social media gauges customer service*, USPS News Link (October 27, 2022), available at https://link.usps.com/2022/10/27/temperature-check/.

[61] Docket No. ACR2024, Notice of the United States Postal Service of Filing its Responses to Questions 1-8 of Chairman's Information Request No. 14, March 11, 2025, question 4.c.ii. (Docket No. ACR2024, Response to CHIR No. 14); *see* March 27 Response to CHIR No. 19, question 10.a.

Response to CHIR No. 14, question 4.c.ii. The heatmap is available to anyone with a Postal Service email address. FY 2025 ACR at 53.

In FY 2025, the Postal Service undertook efforts to improve the heatmap's ease of use and access by allowing users to map out data based on Congressional district and by each Manager of Post Office Operations. March 27 Response to CHIR No. 19, question 9.a. It used heatmap data to improve CX in several ways. First, before visiting a retail facility, customer service leadership accessed heatmap data to obtain specific feedback received directly from customers, such as their top concerns and related comments. *Id*. question 11.a. Second, the Postal Service considers online reviews from heatmap data when selecting Post Offices under the 5-Star Banner Program, which recognizes Post Offices with retail employees that provide excellent customer service.[62]

Third, the Postal Service uses heatmap data to provide positive reinforcement to employees that provide quality customer service. March 27 Response to CHIR No. 19, question 11.a. District and Area newsletters regularly display online review scores with direct quotes from appreciative customers, along with photos of those named. *Id*. For example, a February 2025 Link article commended the Berea, Kentucky Post Office for providing outstanding customer service during Christmas peak season.[63]

The Postal Service states that it "will use the heatmap as needed to identify any customer service areas that may require specific attention." March 27 Response to CHIR No. 19, question 11.b. The Commission encourages the Postal Service to use the heatmap proactively instead of "as needed." For example, if customers report or comment on package delivery issues for a particular area, the heatmap can alert the Postal Service to contact the relevant local processing facility or Post Office to address the issues before they escalate or generate other customer inquiries or complaints.

Besides the social media heatmap, the Postal Service has a social intelligence team that focuses on crisis management, brand protection, and better CX. March 27 Response to CHIR No. 19, question 12. This team conducts daily comprehensive reviews of Postal Service-related social media and communicates findings to internal stakeholders. *Id.* The social intelligence team also prepares reports on specific topics or issues as required, such as natural disasters. *Id*.

Social listening continues to be an important tool for companies to improve CX by monitoring what customers are saying about the company on social media. In FY 2025, the Postal Service appears to have effectively used the heatmap and other social listening tools to help improve

[62] *Id.*; *see* Katie Howard, *USPS spotlights Post Offices that deliver for customers*, USPS News Link (Feb. 24, 2025), available at https://news.usps.com/2025/02/24/usps-spotlights-post-offices-that-deliver-for-customers/.

[63] United States Postal Service, *On the map: A Post Office receives praise, a postmaster gears up for Valentine's Day and an art director recalls a fateful meeting*, USPS News Link (February 7, 2025), available at https://news.usps.com/2025/02/07/on-the-map-2/. Link is the daily newsletter for Postal Service employees.

CX. The Commission encourages the Postal Service to use the heatmap proactively to address issues before they escalate or generate other customer inquiries or complaints.

(2) Responding to Customer Inquiries

In FY 2025, Social Media Associates (SMAs) continued responding to customer inquiries and concerns on X and Facebook. FY 2025 ACR at 54. The Postal Service also expanded its social media capabilities to allow customers to request help via Instagram. *Id.* SMAs worked directly with customers to resolve their inquiries directly with the customer by coordinating with other departments, such as postmasters, local Post Offices, and District managers. *Id*. The Postal Service states that SMAs leveraged their experience resolving customer issues to recognize and address common issues customers face at the local and national levels. *Id*.

In September 2025, the Postal Service states that it changed social media inquiry software vendors and began using Sprout Social. *Id.*; April 3 Response to CHIR No. 20, question 4. Sprout Social aggregates customer inquiries received on X, Facebook, and Instagram onto one platform to enable a more efficient resolution of customer issues. FY 2025 ACR at 54. The Postal Service reports early success partnering with Sprout Social: in FY 2026, Quarter 1, it responded to 63,560 customer inquiries and resolved them with a more than 93 percent success rate. *Id.*; Response to CHIR No. 21, question 3.a.-b. However, because of the change in software vendors, it states that it is "unable to access any data generated by [the] previous vendor, which includes all data from FY 2025 . . . ." April 9 Response to CHIR No. 20, question 4. The Postal Service did provide data from October 2025 through April 2026. *See id*. questions 4, 6, 7.

Figure III-7 shows the reported number of inquiries that SMAs received, responded to, and resolved, as well as the average length of time for responding to customer inquiries from October 2025 through April 2026.

Figure III-7
Social Media Associates
Reported Inquiries and Responses
October 2025 to April 2026

Daily, each Social Media Associate averaged **110-130 responses** and closed **50 cases.**

Average Response Time:
2 Hours and 22 Minutes

Customer Inquiries[a] Responded to:
168,748

Cases[b] Received:
81,567

Cases Closed[c] or Resolved[d]:
81,373

[a] An inquiry occurs when a customer asks a question, requests information, or posts a comment on X, Facebook, or Instagram.

[b] An inquiry becomes a case when it requires the SMA to perform detailed research to determine a resolution.

[c] A case is closed when, after research, the situation is deemed non-actionable, or the SMA liaised with the Local Post Office, who is now addressing the concern directly with the customer.

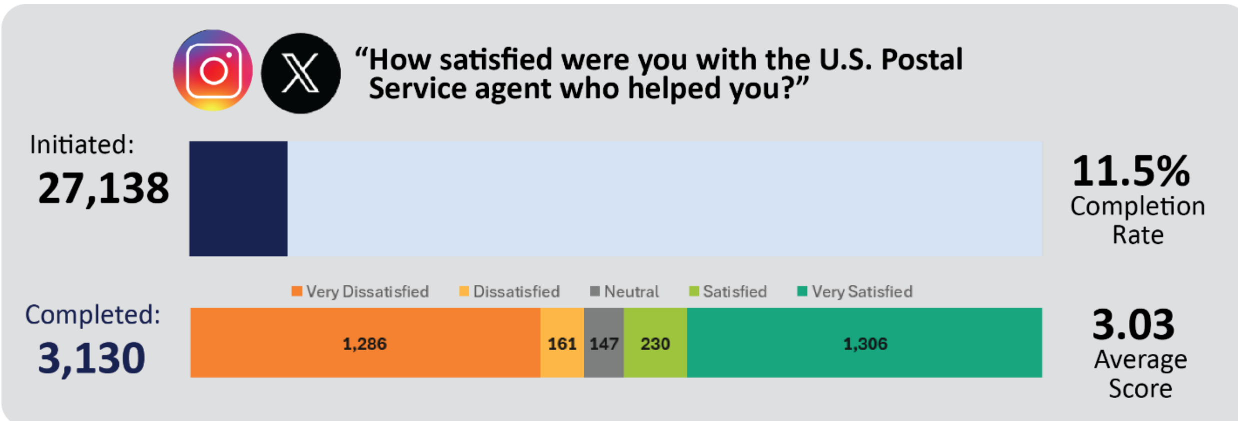
[d] A case is resolved after the SMA researches the inquiry, reaches out to all available sources to determine the best course of action for resolving the issue, and the SMA and customer agree that the customer's concern has been resolved.

Source: FY 2025 ACR at 54; April 3 Response to CHIR No. 20, questions 4-5; Response to CHIR No. 21, question 2; Response to CHIR No. 24, questions 3.b., 4.a.

Customers who submit a question, concern, or inquiry via X or Instagram receive a satisfaction survey after their inquiry is closed or resolved. April 9 Response to CHIR No. 20, questions 6.b., 7.b. The survey asks the customer "How satisfied were you with the U.S. Postal Service agent who helped you?" on a scale of 1 (Very Dissatisfied) to 5 (Very Satisfied). *Id*. question 6.b. The Postal Service was unable to administer satisfaction surveys to customers who submit inquiries or issues via Facebook and interact with a SMA. *Id*. question 9.

Because customer survey results are aggregated across all social media platforms, the Postal Service states it is unable to provide disaggregated data for each platform. *See id.* question 4. Figure III-8 shows social media customer satisfaction survey data for X and Instagram from October 2025 through April 2026.

Figure III-8
Customer Satisfaction Survey Results
X and Instagram
October 2025–April 2026



Source: April 9 Response to CHIR No. 20, question 6.b.; Response to CHIR No. 24, question 5.

The Postal Service's transition to Sprout Social appears to be a positive development that facilitates responding to social media customer inquiries. It previously responded to customer inquiries on X and Facebook on each individual platform. Aggregating inquiries from all social media platforms on a single interface should enable SMAs to address customer inquiries more efficiently, which would improve CX.

However, two aspects of the transition are troubling. First, because the Postal Service switched vendors in September 2025, it cannot access data generated by the previous vendor, including all FY 2025 social media data. April 9 Response to CHIR No. 20, question 4. The absence of FY 2025 data hinders the Commission's ability to evaluate the Postal Service's progress toward the Excellent Customer Experience performance goal. Also, the Postal Service has used social media to respond to customer inquiries since FY 2021. *See* FY 2021 Analysis at 81-83. Without data from past fiscal years, it will be difficult to apply lessons learned and identify trends over time. Going forward, before transitioning to a new vendor or software, the Postal Service should obtain all relevant data from the outgoing system to ensure continuity and allow ongoing evaluations of social media CX.

Second, the Postal Service states it is unable to provide disaggregated survey data for each social media platform. April 9 Response to CHIR No. 20, question 6.b. Disaggregated data would allow the Postal Service to identify CX disparities across X, Facebook, and Instagram and address issues specific to each platform. For example, in the FY 2024 Analysis, the Commission identified a gap between the Facebook ChatBOT and X average satisfaction scores, which the Postal Service attributed to a technical issue with the ChatBOT. *See* FY 2024 Analysis at 69. Without disaggregated data, neither the Postal Service nor the Commission can evaluate whether CX differs across social media platforms.

In FY 2025, the Postal Service appears to have used social media tools effectively to respond to customer questions and issues. The Commission acknowledges the Postal Service's efforts to expand its social media capabilities by adding Instagram and switching to a new software vendor. The Commission encourages the Postal Service to continue using X, Facebook, Instagram, and other social media platforms to help customers and improve CX. The Commission recommends that the Postal Service consider obtaining disaggregated customer satisfaction data for each social media platform if available.

d. Artificial Intelligence Tools

In FY 2025, the Postal Service continued to use AI tools to improve CX and its relationship with customers. It used the Artificial Intelligence Virtual Agent (AIVA) to handle package tracking requests from the CCC. In FY 2025, the AIVA handled 2,856,794 customer calls with a 58.14 percent overall satisfaction score. Customers were also able to submit inquiries via the Facebook ChatBOT. April 9 Response to CHIR No. 20, question 8.a. Because the Postal Service switched social media inquiry vendors, it was unable to provide FY 2025 customer survey data.

The Postal Service discontinued using the AIVA (for package tracking requests) and Facebook ChatBOT. The Postal Service explains that the AIVA was designed to support the CCC IVR system by handling passport and package tracking inquiries. April 3 Response to CHIR No. 20, question 11.a.i. The IVR software was "upgraded from an on-premises solution to a cloud-based solution . . . to offer inherent natural language capabilities" for CCC customers. *Id*. As a result, the CCC no longer needs the AIVA to handle package tracking inquiries, and those inquiries are being migrated to the IVR system. *Id*.

Also, the Postal Service stopped offering the Facebook ChatBOT customer service option in September 2025 when it switched software vendors. April 9 Response to CHIR No. 20, question 8.a. It states that it is currently redeveloping the Facebook ChatBOT option and "anticipate[s] resuming this offering in the near future." *Id*.

For FY 2026, the Postal Service is developing a VAA tool to help CCC live agents find relevant information quickly. *Id*. question 12.a. The VAA is able to retrieve information from approximately 800 knowledge articles explaining how to address many customer concerns. *Id*. Live agents use the VAA by entering natural language prompts to retrieve summarized results from the articles and help other agents with escalated customer inquiries and concerns. *Id*. The VAA eliminates the need to search through multiple articles with search terms, which allows agents to resolve customer inquiries more efficiently. The Postal Service deployed the VAA in November 2025. *Id*. question 12.b.

The Commission finds that the Postal Service appeared to effectively leverage AI tools to help customers and improve CX in FY 2025. The Commission recommends that the Postal Service proceed with its plans to resume offering the Facebook ChatBOT because it provides customers more options for requesting help. The Commission encourages the Postal Service to continue using the VAA and other AI tools to continue improving CX and responding to customer inquiries more efficiently. The Commission recommends that the FY 2026 ACR explain how the VAA and other AI tools helped improve CX in FY 2026.

C. Safe Workplace and Engaged Workforce

1. Key Observations and Recommendations

The Commission finds the Postal Service did not meet the Safe Workplace and Engaged Workforce goal in FY 2025 because it missed targets for both the Total Accident Rate and Engagement Score. FY 2026 targets for both performance indicators are reasonable.

In FY 2025, the Postal Service appears to have taken appropriate actions to reduce the number of motor vehicle accidents (MVAs) and, by extension, improve the Total Accident Rate. If the accident rate per million miles driven increases in FY 2026, the Commission recommends that the Postal Service investigate and address the root causes and provide an explanation in the FY 2026 Report or ACR.

The Commission finds that employee engagement levels measured by the Postal Pulse survey either improved or remained the same between FY 2024 and FY 2025. To improve Positive Response Rates for statements related to employee feedback and opinions, the Commission recommends that the Postal Service explain to employees the concrete and measurable changes or improvements made based on survey feedback.

To obtain an accurate picture of employee engagement, the Commission recommends that the Postal Service continue its efforts to improve the Engagement Survey Response Rate. To improve the FY 2026 Engagement Survey Response Rate, the Commission recommends that the Postal Service communicate to employees any concrete changes or improvements made in response to survey feedback.

2. Background

In FY 2025, the Postal Service used two performance indicators to evaluate progress toward the Safe Workplace and Engaged Workforce performance goal. The Total Accident Rate measured progress toward improving employee safety. The Engagement Score assessed overall engagement levels of survey respondents.

a. Total Accident Rate

In FY 2025, the Postal Service continued to use the Total Accident Rate as a performance indicator to measure progress toward improving employee safety. FY 2025 Annual Report at 49. The Total Accident Rate is calculated by multiplying the total number of recorded accidents during the year by 200,000, which is the average number of annual workhours per employee (2,000) multiplied by 100 to standardize accident rates. *Id.* This number is then divided by the annual number of exposure hours. *Id.* The Total Accident Rate formula is:

$$\frac{Total\ Number\ of\ Accidents\ x\ 200{,}000}{Exposure\ Hours}$$

Id.

The Total Accident Rate yields an annual accident frequency per 100 employees. A lower result is a better outcome. The Total Accident Rate uses the same formula as the Occupational Safety and Health Administration (OSHA) Illness and Injury Rate and includes recordable and non-recordable industrial accidents and motor MVAs.[64] Recordable accidents are those that result in the need for medical care, days away from work, or restricted duty. *Id.* Non-recordable accidents result in property damage or first aid treatment only. *Id.*

The FY 2025 Total Accident Rate was 13.36, which was better than FY 2024 but did not meet the FY 2025 target of 13.25. *See* FY 2025 Annual Report at 38. The Postal Service explains that it significantly reduced the number of total accidents and MVAs throughout the year. *Id*. at 49. It attributes this reduction to the increased focus on motor vehicle safety, along with targeted awareness campaigns focused on the top causes of accidents.[65]

The FY 2026 Total Accident Rate target is 13.25, which is the same as the FY 2025 target. *See* FY 2025 Annual Report at 49. To meet this target, the Postal Service states it will continue to enhance the OSHA Scorecard and the Safety and Health Management Tool, as well as monitor, track, and act on more serious accidents to proactively address severe injuries and reduce expenses related to workers' compensation claims. *Id.* at 50.

b. Engagement Score

Each year, the Postal Service administers the Postal Pulse survey to all employees to measure the engagement levels at the Postal Service.[66] Figure III-9 is a copy of the FY 2025 Postal Pulse survey.

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[64] *Id.*; Docket No. ACR2023, Responses of the United States Postal Service to Questions 1-19 of Chairman's Information Request No. 21, March 29, 2024, question 7 (Docket No. ACR2023, Response to CHIR No. 21).

[65] *Id.*; Response to CHIR No. 14, question 3.b.

[66] Between FY 2016 and FY 2023, the Postal Pulse survey was based on the Gallup Q12 employee engagement survey. *See* FY 2016 Analysis at 51-52. In FY 2025, the Postal Service used a new vendor to administer the survey because of a printing error that disrupted the FY 2023 survey administration. *See* FY 2024 Analysis at 72.

Figure III-9
FY 2025 Postal Pulse Survey

133411

Postal Pulse Survey

Please see
Privacy Act Statement
on the reverse side of this form.

Survey Instructions

For each survey question, choose your level of agreement with the statement. Fill in the circle completely. You may use a pen or pencil.

We value your feedback. Please answer every question. Mail your completed survey using the enclosed Business Reply Envelope.

Thank you for your feedback!

Correct Mark

Incorrect Marks

Access Code UTCPTGGHGS

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
1. I am proud to work at the Postal Service.	○	○	○	○	○
2. I intend to stay with the Postal Service for at least the next 12 months.	○	○	○	○	○
3. I would recommend the Postal Service as a great place to work.	○	○	○	○	○
4. My work gives me a sense of personal accomplishment.	○	○	○	○	○
5. I know what is expected of me at work.	○	○	○	○	○
6. I have the resources to do my job effectively.	○	○	○	○	○
7. My job makes good use of my skills and abilities.	○	○	○	○	○
8. I am given opportunities to grow and develop in my current role.	○	○	○	○	○
9. I understand how my job contributes to the success of the organization.	○	○	○	○	○
10. My opinions matter.	○	○	○	○	○
11. I feel that I am a part of a team.	○	○	○	○	○
12. My team is committed to doing high quality work.	○	○	○	○	○
13. My manager or supervisor has created an environment on our team where people feel their work is valued.	○	○	○	○	○

Over Please →

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
14. My manager or supervisor recognizes my accomplishments.	○	○	○	○	○
15. My manager or supervisor gives me regular feedback on my performance.	○	○	○	○	○
16. My manager or supervisor supports my skill and career development.	○	○	○	○	○
17. My manager or supervisor recently met with me one-on-one.	○	○	○	○	○
18. I am comfortable reporting a safety issue.	○	○	○	○	○
19. Safety hazards are addressed when reported.	○	○	○	○	○
20. My leadership communicates a clear vision for the future related to the Delivering for America plan.	○	○	○	○	○
21. My leadership explains how operational changes affect me and/or my facility/work unit.	○	○	○	○	○
22. The Postal Service is committed to equal employment opportunities.	○	○	○	○	○
23. I believe feedback from this survey will be used to make improvements.	○	○	○	○	○

133411

Please mail your completed survey to Perceptyx no later than Friday, May 16, 2025, using the postage-paid business reply envelope provided.

Privacy Act Statement: Your Information and survey responses will be used to administer the USPS Postal Pulse Survey in support of research and development efforts via personnel assessment instruments for workforce analysis. Collection is authorized by 39 U.S.C. 401, 410, 1001, and 1005.

Providing responses to the USPS Postal Pulse Survey is voluntary, but if not provided your feedback and responses will not be included in the employee survey results. We do not disclose your information to third parties without your consent, except to act on your behalf or request, or as legally required. This includes the following limited circumstances: incident to legal proceedings involving the Postal Service; for law enforcement purposes; to a congressional office on your behalf; to agents or contractors when necessary to fulfill a business function; to a U.S. Postal Service auditor; to labor organizations as required by applicable law; to government agencies in connection with decisions as necessary; to the Equal Employment Opportunity Commission (EEOC) when requested in connection with the investigation of a formal complaint; and to the Merit Systems Protection Board or Office of Special Counsel for the purpose of litigation. For additional information regarding our privacy policies, visit www.usps.com/privacypolicy.

PPS 2025

Source: Library Reference USPS-FY25-38, folder USPS-FY25-38.zip, folder Employee Engagement, PDF file “FY2025_Postal_Pulse_Survey.pdf” (FY 2025 Postal Pulse Survey).

As Figure III-9 shows, the Postal Pulse survey asks participants to rate their level of agreement with 23 statements concerning their work environment based on a 5-point scale ranging from Strongly Disagree to Strongly Agree. In FY 2025, the Postal Pulse survey was administered from April 8, 2025 through May 16, 2025 to the Postal Service workforce, which consists of bargaining-unit and non-bargaining unit employees.[67] Non-bargaining unit employees received the survey link via postal email when the survey began and continued receiving weekly reminders until they responded or when the survey closed. FY 2025 Annual Report at 51. Bargaining-unit employees receive a paper copy of the survey at their work unit and, if available, via postal email. *Id.*

The Postal Service uses Postal Pulse survey results to calculate the Engagement Score and the Engagement Survey Response Rate. The Engagement Score assesses overall engagement levels of survey respondents, while the Engagement Survey Response Rate

[67] FY 2025 Annual Report at 51. Bargaining-unit employees are represented by a labor organization or union that negotiates with the Postal Service for wages, hours, and other terms and conditions of employment. “Bargaining unit employee,” United States Postal Service, Glossary of Postal Terms (Publication 32), July 2013, available at https://postalpro.usps.com/node/1035.

shows the level of participation among the entire employee population. *Id.* at 50. The Engagement Score was calculated based on the average percentage of respondents that Agree or Strongly Agree with the four statements shown in Figure III-10.

Figure III-10
Engagement Score Statements

Source: FY 2025 Annual Report at 51.

The FY 2025 Engagement Score was 71 percent, which did not meet the target (72 percent) but was better than the FY 2024 score (70 percent). *See id.* at 38. The FY 2025 Engagement Survey Response Rate was 17 percent, which fell slightly below the FY 2024 rate (19 percent). *Id.*

The FY 2026 Engagement Score target is 72 percent. *Id.* at 51. To meet the target, the Postal Service states it will recruit to fill critical positions such as pre-career and frontline supervisors; reinforce the standard onboarding process; and ensure supervisors receive necessary training, equipment, and support. *Id*.

3. Comments

Regarding a Safe Workplace, the Public Representative comments that the FY 2025 Total Accident Rate improved from FY 2024 and barely missed the target, which he states is commendable. PR Comments at 32. He observes that the Postal Service experienced a 6.1 percent reduction in MVAs, which almost reverses the increase in MVAs between FY 2023 and FY 2024. *Id*. at 33. He is encouraged by the Postal Service's efforts to direct drivers and managers to complete regular training and to follow best practices when driving. *Id*. The Public Representative states that he is confident in the Postal Service's ability to meet the FY 2026 target because the Postal Service barely missed the FY 2025 target and has demonstrated success in reducing all accident types. *Id.* at 33-34.

Also, the Public Representative comments that he "observed a dearth of information regarding the progress of Project Safe Delivery." *Id*. at 34. He points out that members of Congress and law enforcement have critiqued the Postal Service for the perceived lack of transparency regarding this initiative. *Id*. He points out two OIG reports identifying several areas of concern related to mail theft. *Id*. He recommends that the Commission inquire into Project Safe Delivery to determine the Postal Service's progress in FY 2025. *Id*.

Regarding an Engaged Workforce, the Public Representative observes that the FY 2025 Postal Pulse survey differs from the FY 2024 survey because it deletes three statements and rewords two statements. PR Comments at 37. He questions why references to the DFA Plan were removed in some statements. *Id*. He comments that the FY 2025 Engagement Score fell short of the target, but represents a one percentage point increase compared to FY 2024. *Id*. at 40. However, he points out that the Engagement Score would only have been 60 percent if the other statements were included. *Id*. He states that statements related to organizational cohesion and manager-employee relations showed year-over-year improvement and encourages the Postal Service to continue to promote cohesion and cooperation among team members and between managers and the employees they supervise. *Id*. at 41.

4. Commission Analysis

In FY 2025, results for both the Total Accident Rate and Engagement Score fell slightly below targets. *See* FY 2025 Annual Report at 38.

The Commission finds that the Postal Service did not meet the Safe Workplace and Engaged Workforce performance goal in FY 2025 because it missed targets for the Total Accident Rate and Engagement Score.

In the sections below, the Commission examines issues related to workplace safety and employee engagement and makes observations and recommendations for improving performance in future years.

a. Safe Workplace

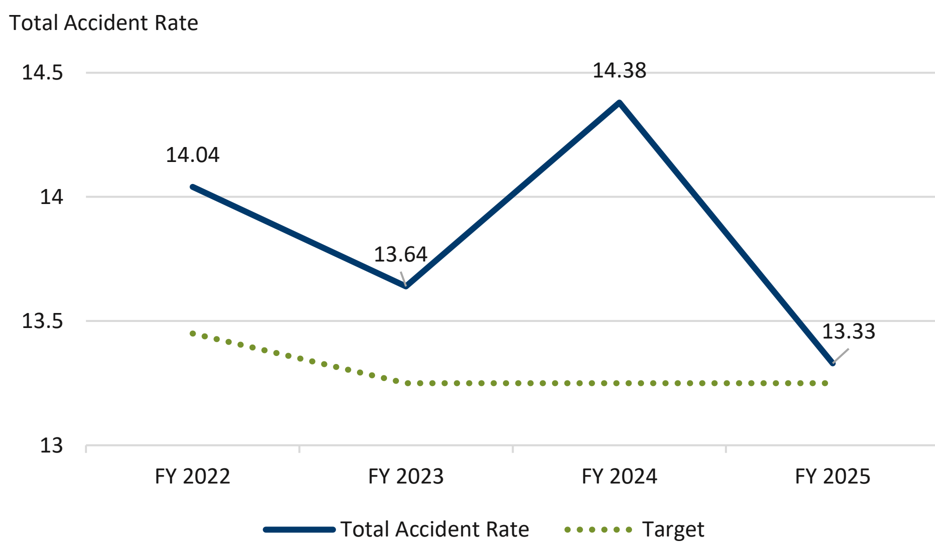
In this section, the Commission discusses the Total Accident Rate performance indicator, MVAs, and injuries caused by crimes against Postal Service employees.

(1) Total Accident Rate

The Postal Service explains that the Total Accident Rate is a live data point that changes over time due to late reporting, change in severity, or other factors. February 20 Response to CHIR No. 12, question 13. It states that "[e]ach reported rate is a snapshot in time and is subject to change as the situation changes" for several reasons. *Id*. The Total Accident Rate is a dynamic metric subject to retroactive adjustment. The Total Accident Rate published in a previous *Annual Report to Congress* changes when an accident is reported after the fiscal year in which it occurred, or when a previously non-recordable incident (a "near miss" not included in the Total Accident Rate) "may have changed as a medical condition or injury was identified at a later date[]" and becomes recordable (and thus included in the Total Accident Rate). *Id*. In either case, incorporating the accident into the calculation changes the Total Accident Rate for the fiscal year in which the accident occurred.

These fluctuations explain why Total Accident Rate results differ among *Annual Reports to Congress*. To obtain recent data, CHIR No. 14 asked the Postal Service to provide results using the most current data available, which are shown in Figure III-11.

Figure III-11
Total Accident Rate Results and Targets
FY 2022–FY 2025
(as of March 5, 2026)

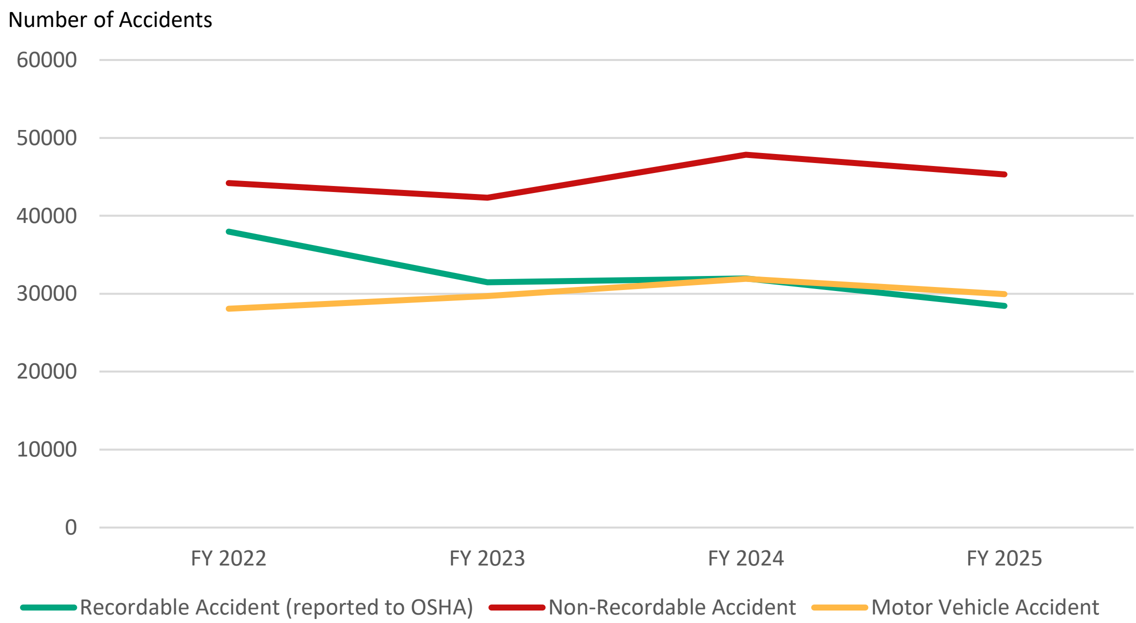


Source: Response to CHIR No. 14, question 1; FY 2025 Annual Report at 38; FY 2022 Annual Report at 33.

Figure III-11 shows that the Total Accident Rate worsened between FY 2023 and FY 2024 but improved in FY 2025 to 13.33, marking its best performance in 4 years. The FY 2025 result fell slightly short of the FY 2025 target (13.25).

The Total Accident Rate is based on the number of MVAs and recordable and non-recordable accidents. Figure III-12 shows the number of accidents by category (Recordable, Non-Recordable, and MVA) from FY 2022 through FY 2025 as of March 5, 2026.

Figure III-12
Number of Accidents by Category
FY 2022–FY 2025
(as of March 5, 2026)



Source: Response to CHIR No. 14, question 2. The number of MVAs and recordable/non-recordable accidents may differ from the numbers reported in past *Annual Reports to Congress* and CHIR responses because these numbers are obtained from a dynamic database that reflect coding changes or additional claims submitted after the end of the fiscal year. *See* FY 2021 Annual Report at 43 n.2.

Figure III-12 shows that the number of accidents declined for each accident category between FY 2024 and FY 2025. The number of MVAs declined by 6.11 percent; and the number of recordable and non-recordable accidents declined by 11.01 and 5.31 percent, respectively.

In FY 2024, a “significant factor” in not meeting the target was the increase in MVAs. FY 2024 Annual Report at 49. In the FY 2024 Analysis, the Commission recommended that the Postal Service "closely monitor and focus on initiatives to improve motor vehicle safety." FY 2024 Analysis at 80. The Postal Service explains that it increased its focus on MVA safety by requiring drivers to conduct specific activities such as focused observations, mirror station exercises, and refresher trainings. Response to CHIR No. 14, question 3.a. The Commission observes that these efforts appear to have been effective because the Postal Service saw improvement both in the Total Accident Rate and number of MVAs between FY 2024 and FY 2025.

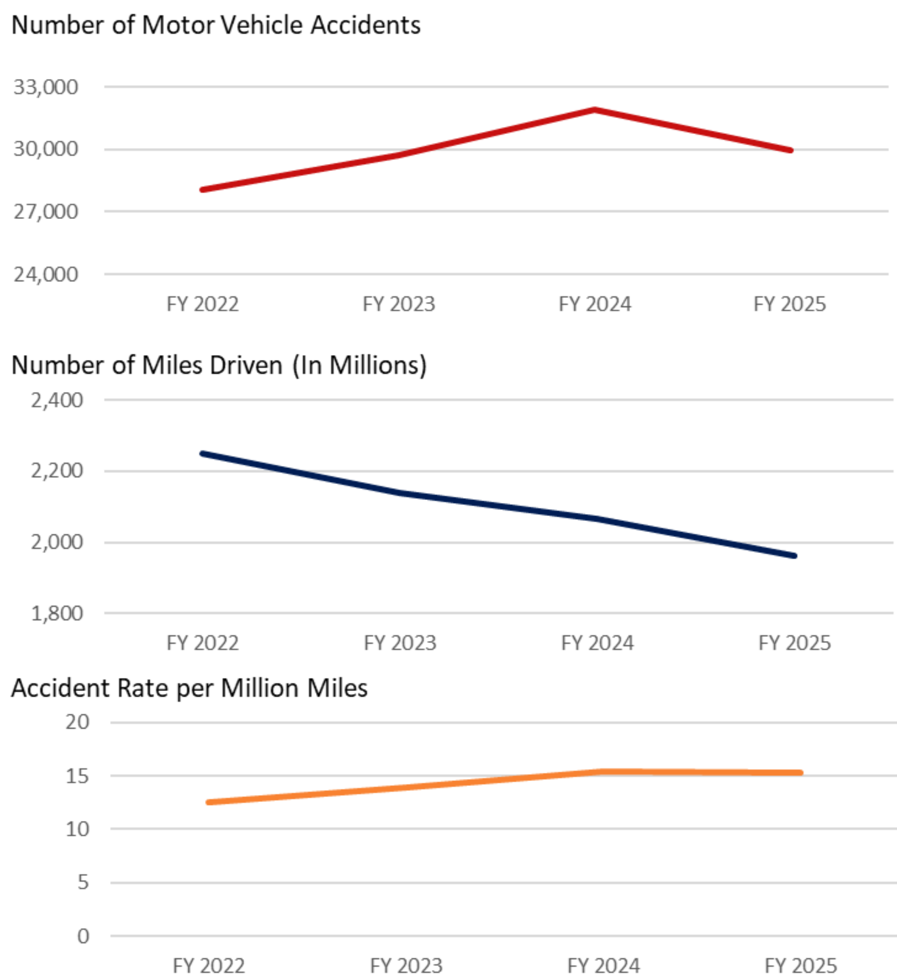
The FY 2026 Total Accident Rate target is 13.25, which is the same as FY 2025. FY 2025 Annual Report at 49. The Postal Service explains that it set this target based on its goal for continuous improvement and after considering current process capabilities. Response to CHIR No. 14, question 5. To meet the target, the Postal Service states it plans to focus on top accident causes and "leading indicators of efficacy" such as hazard identification and abatement; near miss reporting; safety and health committees; and employee engagement. Response to CHIR No. 14, question 6. It explains that tracking and reporting on these indicators enable it to focus more on accident prevention and less on accident investigation. *Id*.

In FY 2025, the Postal Service appears to have taken appropriate actions to reduce the number of MVAs and, by extension, improve the Total Accident Rate. The Commission finds that the FY 2026 target is achievable considering that in FY 2025, the Total Accident Rate improved, and number of accidents declined in each category. The Postal Service's plans for meeting the FY 2026 target and improving overall workplace safety appear reasonably designed to help address and prevent the top accident causes.

(2) Motor Vehicle Accidents

Figure III-13 shows the number of MVAs, miles driven, and the accident rate per million miles driven as of March 12, 2026.

Figure III-13
Postal Service Motor Vehicle Accidents, Miles Driven,
Accident Rate Per Million Miles Driven
FY 2022–FY 2025
(As of March 12, 2026)



Source: Response to CHIR No. 16, question 4. The total number of accidents and number of MVAs may differ from the numbers reported in past *Annual Reports to Congress* and CHIR responses because these numbers are obtained from a dynamic database that reflect coding changes or additional claims submitted after the end of the fiscal year. *See* FY 2021 Annual Report at 43 n.2.

Figure III-13 shows that the number of MVAs rose from 28,082 in FY 2022 to a peak of 31,923 in FY 2024 before declining to 29,974 in FY 2025, representing a net increase in MVAs between FY 2022 and FY 2025. The number of miles driven declined from approximately 2.25 billion in FY 2022 to approximately 1.96 billion in FY 2025.

Of greater concern, the accident rate per million miles driven increased from 12.48 in FY 2022 to 15.29 in FY 2025. Although the rate declined modestly from 15.45 in FY 2024 to 15.29 in FY 2025, the overall trend from FY 2022 to FY 2025 remains negative. CHIR Nos. 19 and 25 asked the Postal Service to explain why the accident rate per million miles driven has increased despite the decline in number of miles driven and relatively stable MVA counts. CHIR No. 19, question 13; CHIR No. 25, question 1. The Postal Service did not provide a responsive answer; it states "the overall number of miles driven from FY 2022 to FY 2025 has decreased, which has caused the accident rate per million miles driven to increase, despite relatively stable MVA counts." *See* March 27 Response to CHIR No. 19, question 13; Response to CHIR No. 25, question 1.a.-b.

The increase in accident rate per million miles driven is troubling because it indicates that each mile driven has become progressively more likely to result in an accident. When evaluated together, the MVA data suggest that the reduction in driving activity drove the decline in total MVAs observed in FY 2025, rather than measurable improvements in the underlying safety of driving operations. If the accident rate per million miles continues to increase, it may indicate that the Postal Service's driving operations are not becoming safer over time.

If the accident rate per million miles driven increases in FY 2026, the Commission recommends that the Postal Service investigate and address the root causes and provide an explanation in the FY 2026 Report or ACR. The Commission also recommends that the Postal Service evaluate whether its current driver safety initiatives are effectively improving driver safety on a per-mile basis.

(3) Crime-Related Injuries

In FY 2023, the Postal Service and Postal Inspection Service launched Project Safe Delivery, a joint initiative designed to directly respond to crimes against Postal Service employees and the mailstream.[68] Project Safe Delivery focuses on three key areas: protecting the mailstream and employees by installing High Security Collection Boxes (HSBCs) and electronic locking mechanisms (eLocks); preventing incidents through education and awareness; and enforcing the laws protecting the mailstream via investigative actions and law enforcement surge activities.

In FY 2024 and FY 2025, the Commission continued to monitor the Postal Service's progress in reducing injuries caused by crimes committed against letter carriers and other

[68] Docket No. ACR2023, Responses of the United States Postal Service to Questions 1-5 of Chairman's Information Request No. 27, April 30, 2024, question 3 (Docket No. ACR2023, Response to CHIR No. 27); *see* FY 2023 Analysis at 96-100.

Postal Service employees. In the FY 2024 Analysis, the Commission recommended that the Postal Service discuss actions taken and results achieved under Project Safe Delivery in FY 2025. FY 2024 Analysis at 82. In a CHIR response, the Postal Service reports that the total number of injuries caused by crimes against Postal Service employees decreased between FY 2024 and FY 2025 by 11.66 percent. Response to CHIR No. 14, question 7.a. It states that in FY 2025, it continued installing eLocks, conducting surge operations, and providing trainings related to robbery investigations and workplace violence. *Id*. question 7.b.

The Project Safe Delivery website serves as the primary resource for stakeholders, employees, and the public to track the Postal Service's efforts to reduce postal-related crimes.[69] Currently the website shows enforcement data, such as quarterly arrest figures and recent prison sentences. *Id*. Because enforcement is only one aspect of Project Safe Delivery, the Commission observes that the website could be improved by also showing preventative data such as deploying eLocks and HSBCs.[70] While enforcement addresses crimes after they occur, preventative data demonstrate steps taken to mitigate risk and maintain a safe workplace before crimes occur. This addition would enhance transparency and provide a comprehensive view of how Project Safe Delivery both prevents and responds to postal-related crimes.

Based on data reported, it appears that Project Safe Delivery was successful in reducing crimes against Postal Service employees in FY 2025. The Commission recommends that the Postal Service describe its efforts to reduce injuries caused by crimes against Postal Service employees in the FY 2026 Report or FY 2026 ACR.

b. Engaged Workforce

The sections below discuss changes to the Postal Pulse survey, the Engagement Score, and Engagement Survey Response Rate.

(1) Postal Pulse Survey Changes

The Postal Service made several changes to the Postal Pulse survey between FY 2024 and FY 2025 by removing three statements and rewording two statements. These changes are shown in Figure III-14, with changes indicated in bold.

[69] United States Postal Inspection Service*, Project Safe Delivery*, available at https://www.uspis.gov/psd.

[70] For example, in a CHIR response, the Postal Service states that in FY 2025, it installed 7,033 eLocks and 2,014 High Security eLocks and deployed 27,795 HSBCs. Response to CHIR No. 21, question 5.a.

Figure III-14
Postal Pulse Survey Changes
FY 2024 and FY 2025

FY 2024	Question No.	FY 2025
My manager or supervisor has created an environment on our team where people feel **they belong**.	13	My manager or supervisor has created an environment on our team where people feel **their work is valued**.
I was made to feel welcome by my manager or supervisor.	14	Removed
Safety is a priority to my manager or supervisor.	20	Removed
I understand the reasons for the changes taking place related to the Delivering for America plan.	23	Removed
I understand how the **changes taking place related to the Delivering for America plan** will impact me and my job.	24 / 21	**My leadership** explains how **operational changes** affect me and/or my facility/work unit.

Source: Library Reference USPS-FY25-38, folder “Employee Engagement,” Excel file “FY2025_Postal_Pulse_Survey_Data_Summary.xls” (FY 2025 Postal Pulse Spreadsheet), tabs “FY2024 Survey Responses” and “FY2025 Survey Responses.”

The Public Representative recommends that the Commission ask the Postal Service to explain the reasons for the survey changes. PR Comments at 38. He observes that statements 23 and 24 from the FY 2024 survey eliminated references to the DFA Plan. *Id*. at 38-39. He asserts that considering the Postal Service is almost 5 years into implementing the DFA Plan, management must clearly and effectively communicate with employees to ensure "they understand why the Postal Service is changing its operations and what impact, if any, it might have on their careers (for example, a facility relocation)." *Id*. at 39.

In a CHIR response, the Postal Service explains that it removed statements 14 and 20 because their responses were highly correlated to those of similar statements about management's ability to address safety hazards and create an environment where people feel they belong. March 27 Response to CHIR No. 19, question 16. It also changed the focus of statement 13 from a sense of belonging to the feeling of contributing valuable work. *See* Figure III-14, *supra*. According to the Postal Service, it made this change to be "consistent with broader efforts in the private sector and the federal government to increase focus on merit, engagement, and contribution." Response to CHIR No. 24, question 6.a. It asserts that employees who feel that their work is valued will also feel welcome to their teams, which is why it removed former statement 14 on feeling welcome. *Id*. question 6.b.

For statements 23 and 24 related to the DFA Plan, the Postal Service observes that approximately 27 percent responded neutrally, which may indicate that many respondents found the meaning of these items to be unclear. March 27 Response to CHIR No. 19, question 16. It observes that responses to statements 23 and 24 were highly correlated, which indicates that "both questions measured essentially the same construct." *Id*. Thus, it removed statement 23 and revised statement 24 "to clarify its meaning and enhance actionability." *Id*.

The Commission finds that the Postal Service's explanation for the survey changes are reasonable and appear designed to improve survey quality and feedback. Removing duplicative statements could improve the Engagement Survey Response Rate by reducing survey fatigue, which occurs when respondents are no longer interested in completing a survey because there are too many questions. Responses to statements removed from the FY 2025 survey are correlated with responses to other statements that remain on the survey, which allows the Postal Service to streamline the survey without losing valuable insights.

With respect to the removal of statement 23 and revision to statement 24, substantial neutral responses in employee surveys rarely mean that the employees have no opinion. Rather, as the Postal Service observes, neutral responses regarding the employees' understanding of the changes related to the DFA Plan may signal that employees found the question to be ambiguous (for example, if employees do not know what counts as if they "understand" or are uncertain if an operational change is related to the DFA Plan, they may select the neutral option). A neutral response may also signal that some employees lacked information to confidently agree or disagree, did not see the changes affecting them yet, or did not feel safe expressing disagreement. Revised statement 24 appears more likely to generate actionable findings and key takeaways by focusing on how leadership explains the impact of operational changes on the employee, their facility, or their work unit rather than their understanding of the DFA Plan.

However, the FY 2025 survey changes raise two issues. First, the Postal Service did not identify or explain the survey changes in the FY 2025 Report. *See* FY 2025 Annual Report at 50-51. The Commission has consistently urged the Postal Service to identify, document, and explain any changes to survey questions and methodology to preserve the integrity and comparability of performance measurement. *See, e.g.,* FY 2025 Analysis at 43. Failing to do so hinders transparency and can create inconsistencies in data analysis and comparisons across different time periods. Also, if changes are made without explanation, employees may feel that their feedback is not valued or considered when the opposite is true: the Postal Service changed some survey questions in response to survey results and feedback.

Second, as the Public Representative notes, survey results appear to indicate continued employee confusion or lack of understanding of the DFA Plan. The DFA Plan has driven major organizational and operational changes the Postal Service has made during recent years. Understanding reasons for the DFA Plan changes could make employees feel more engaged and motivated by helping them see how their roles contribute to broader objectives, which contributes to a positive work environment. The Commission observes that the FY 2025 survey retained the question on whether leadership communicates a clear vision for the future related to the DFA Plan, should the Postal Service continue it. This question could help the Postal Service identify areas where it could improve DFA Plan communications, as well as evaluate the level of confidence employees have in leadership.

The Commission finds that the Postal Service's explanation for the FY 2025 Postal Pulse survey changes are reasonable and appear designed to improve survey quality and feedback. The Commission recommends that if the Postal Service makes other changes to the survey statements or methodology, it should describe these changes and explain why they were made in the annual performance report. The Commission also recommends that the Postal Service communicate a clear vision of the DFA Plan to help employees understand how DFA Plan changes will affect their work environment.

(2) Engagement Score

For the Postal Pulse survey, FY 2024 and FY 2025 results for each statement are expressed as the percentage of respondents who had a Positive Response Rate by selecting Agree or Strongly Agree. The Engagement Score is the average Positive Response Rate to the four statements shown in Figure III-10. Figure III-15 compares FY 2024 and FY 2025 Positive Response Rates.[71]

[71] The Postal Service began using the Engagement Score as a performance indicator in FY 2024. It provided comparable Grand Mean Engagement Scores from FY 2022 through FY 2025. *See* FY 2025 Annual Report at 38 n.7.

Figure III-15
Postal Pulse Positive Response Rates
FY 2024 and FY 2025

* Statement was reworded in FY 2025. *See* Figure III-14, *supra*. FY 2024 data reflects Positive Response Rates for the prior version of the question.

Source: FY 2025 Postal Pulse Spreadsheet, tab "Mean Scores;" Docket No. ACR2024, Library Reference USPS-FY24-38, Excel file "FY2024_Postal_Pulse_Survey_Data_Summary.xlsx," tab "Percentage Agreement" cells M15 and M26.

The Public Representative observes that the FY 2025 Engagement Score of 71 percent fell just short of the target, but represented an improvement from FY 2024. PR Comments at 40. He comments that if the Engagement Score were calculated based on all survey statements, it would only have been 60 percent in FY 2025. *Id*. He states that statements related to organizational cohesion demonstrated year-over-year improvement, and statements related to management-employee relations "showed noticeable improvement." *Id*. at 41. He encourages the Postal Service to continue promoting cohesion and cooperation both among team members and between managers and the employees they supervise. *Id*.

Figure III-15 shows that Positive Response Rates for each statement either improved or remained the same between FY 2024 and FY 2025. The highest Positive Response Rate (more than 75 percent) relate to work expectations, organizational pride, intent to stay, understanding job contributions, and reporting safety issues. Statements on manager-employee meetings and commitment to high quality work showed the greatest improvement by increasing three percentage points in FY 2025. The Positive Response Rate for statements related to managers and the work unit also improved by one to two percentage points.

Statements related to employee feedback (statement 23) and opinions (statement 10) had the lowest Positive Response Rates (37 and 38 percent, respectively). Although the Positive Response Rates for these statements improved slightly from FY 2024, they were at least 10 percentage points lower compared to other statements. As previously discussed, the Postal Service made changes to the survey after considering feedback and results from the FY 2024 survey. However, the low Positive Response Rates related to employee feedback and opinions indicate that these changes and their rationale were not effectively communicated to employees.

The FY 2026 Engagement Score target is 72, which is the same as the FY 2025 target. *See* FY 2025 Annual Report at 38. The Public Representative comments that the FY 2026 target is achievable based on FY 2025 results. The Commission observes that FY 2025 Positive Response Rates were the same or better compared to FY 2024, and the Postal Service fell just short of the FY 2025 target. Thus, the FY 2026 target appears reasonable and achievable.

The Commission finds that employee engagement levels measured by the Postal Pulse survey either improved or remained the same between FY 2024 and FY 2025. To improve Positive Response Rates for statements related to employee feedback and opinions, the Commission recommends that the Postal Service explain to employees the concrete and measurable changes or improvements made based on survey feedback. The Commission finds the FY 2026 Engagement Score target reasonable and achievable.

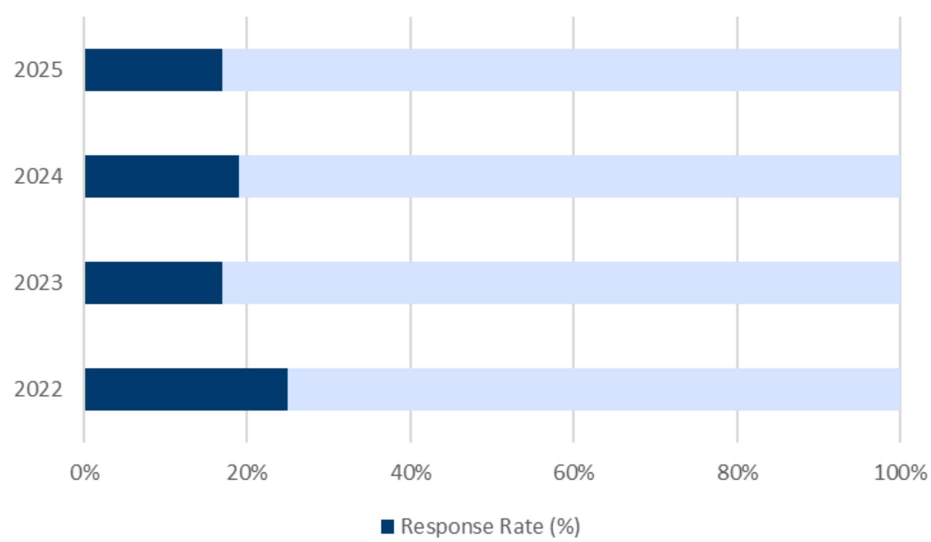
To facilitate the Commission's and commenters' review of employee engagement, the Commission recommends that the Postal Service continue to file the Postal Pulse survey and data on the number of respondents, mean scores, Positive Response Rates, and disaggregated *survey responses for the past three fiscal years in the ACR. The Postal Service should file the following data from FY 2023 through FY 2026 with Docket No. ACR2026, Library Reference USPS-FY26-38: (1) a copy of the Postal Pulse survey administered in FY 2026; (2) the number of bargaining unit and non-bargaining unit employees who received the survey; (3) the number of bargaining unit and non-bargaining unit employees that responded to at least one question on the survey; (4) mean scores for the FY 2023 survey; Positive Response Rates for the FY 2024, FY 2025, and FY 2026 surveys; and (5) the number of responses received for each question, disaggregated by each of the possible responses.*

(3) Engagement Survey Response Rate

The Engagement Survey Response Rate measures the Postal Pulse survey level of participation among the entire employee population. FY 2025 Annual Report at 50. The result is calculated by dividing the total number of employees who responded to at least one question by the total number of employees who received the survey.[72] The FY 2025 Engagement Survey Response Rate was 17 percent, which was two percentage points lower compared to FY 2024. *See* FY 2025 Annual Report at 38.

Figure III-16 compares the Engagement Survey Response Rates from FY 2022 through FY 2025.

Figure III-16
Postal Pulse Engagement Survey Response Rates
FY 2022–FY 2025



Source: FY 2025 Annual Report at 38.

[72] *See* Docket No. ACR2024, Notice of the United States Postal Service of Filing its Responses to Questions 1-7 of Chairman's Information Request No. 6 and Application for Non-Public Treatment (USPS-FY24-NP36), February 6, 2025, question 6.

Figure III-16 shows that the Engagement Survey Response Rate declined in FY 2023, improved slightly in FY 2024, but dropped to 17 percent in FY 2025. The Public Representative comments that the Engagement Survey Response Rate "has declined precipitously over the last several years…." PR Comments at 39. He observes that statements with the lowest Positive Response Rates related to employee opinions and feedback, which indicate that employees who did respond to the survey "had largely negative views of whether their input would truly be meaningful." *Id*. at 40. He states that similar to past years, bargaining-unit employees were underrepresented in the survey results, with only 14.5 percent responding to at least one question on the survey. *Id*.

In FY 2025, the Postal Service took several steps to improve the Employee Response Rate. It released a video message from the Postmaster General (PMG) encouraging employees to participate in the survey.[73] It also communicated directly with employees via weekly emails, text reminders, postcards, and standup talks and asked managers to encourage their employees to respond to the survey. Response to CHIR No. 16, question 10.b. To encourage bargaining-unit employees to take the survey, the Postal Service provided them with a letter from the Deputy PMG encouraging them to respond. *Id*.

The Public Representative raises valid concerns about the low response rates and representation of bargaining-unit employees in the survey results. The Commission acknowledges that factors outside of the Postal Service control could have affected the response rate.[74] The Commission finds that the Postal Service took appropriate steps during FY 2025 to encourage survey participation. *See* Response to CHIR No. 16, question 10.b.

To improve the Engagement Survey Response Rate in FY 2026, the Postal Service states it will continue the efforts made in FY 2025, including sending employees a video from the PMG, as well as sending managers response rates within the first week the survey is administered. *Id*. For work units administering paper surveys, managers will also receive emails asking them to certify that they received a complete survey package and distributed them to employees in the work unit. *Id*.

The Commission finds that the PMG video message encouraging survey participation is a positive first step in improving the Engagement Survey Response Rate. To encourage survey participation, the Commission recommends that the video message also identify concrete changes or improvements made in response to survey feedback and results so that employees feel that their opinions matter.

[73] *See* United States Postal Service, *New PMG video promotes the Postal Pulse*, March 9, 2026, available at https://news.usps.com/2026/03/09/new-pmg-video-promotes-the-postal-pulse/.

[74] *See* American Postal Workers Union, *Just Say 'No!' to the Postal Pulse!*, March 11, 2026, available at https://apwu.org/news/just-say-no-to-the-postal-pulse/.

To obtain an accurate picture of employee engagement, the Commission recommends that the Postal Service continue its efforts to improve the Engagement Survey Response Rate. The Postal Service appears to have taken appropriate steps in FY 2025 to encourage survey participation. To improve FY 2026 Engagement Survey Response Rate, the Commission recommends that the Postal Service communicate to employees any concrete changes or improvements made in response to survey feedback.

D. Financial Health

1. Key Observations and Recommendations

The Commission finds the Postal Service did not meet its Financial Health performance goal in FY 2025.

The Commission recommends that the Postal Service continue reporting Controllable Income (Loss) and non-controllable expenses in all future performance plans and reports, regardless of goal achievement.

The Commission expects the Postal Service to report on the effects of the DFA Plan on Financial Health and labor productivity in all Annual Reports through the first year after the DFA Plan's completion.

The Commission recommends continued monitoring and explanation of Total Factor Productivity (TFP), labor productivity, and related trends in future reports. The Postal Service should explain the reason for any changes in TFP and/or labor productivity in FY 2026.

2. Background

In FY 2025, the Postal Service used one performance indicator to measure progress toward the Financial Health performance goal: Controllable Income (Loss).[75] The results for the Controllable Income (Loss) performance indicator are calculated as the Postal Service's total revenue less controllable expenses. *Id.* The Postal Service explains that it uses Controllable Income (Loss) as the Financial Health performance indicator instead of Net Income (Loss) because net income includes the impact of factors (such as interest rate changes) that Postal Service management cannot control or influence.[76]

[75] FY 2025 Annual Report at 52. The Commission notes that controllable losses are shown in parentheses.

[76] *Id*. In past analyses, the Commission suggested that the Postal Service consider adding Net Income (Loss) as a performance indicator. *See* FY 2024 Analysis at 94; FY 2023 Analysis at 117; FY 2022 Analysis at 108. In FY 2025, the Postal Service declined to incorporate Net Income (Loss) as a performance indicator because Net Income (Loss) would include "the effects of factors (such as interest rate changes) that cannot be controlled or influenced by management." FY 2025 Annual Report at 52. However, Net Income (Loss) includes significant non-controllable expenses related to legacy benefit obligations that have a material impact on the Postal Service's overall financial position. These expenses affect the Postal Service's liquidity and constrain its ability to make needed investments in its network and infrastructure, and they are therefore useful indicators to consider in gauging the Postal Service's overall financial health.

Revenue includes funds received from the sale of postage, mailing, and shipping services; Post Office Box rentals; the sale and lease of property; and interest and investment income. FY 2025 Annual Report at 54. Controllable expenses consist of salaries and benefits; the Federal Employees Retirement System (FERS) normal costs; transportation; depreciation; supplies and services; and rent, utilities, and other controllable expenses. *See id.* at 54-55. Controllable expenses exclude non-controllable expenses, which are expenses that the Postal Service asserts do not reflect short-term operational decisions and are subject to large fluctuations that are outside of the Postal Service's control.[77]

In FY 2025, the Postal Service did not meet its target for Controllable Income (Loss).[78] The Postal Service's total Controllable Income (Loss) for FY 2025 was $(2.7) billion, which missed the FY 2025 Controllable Income (Loss) target of $(1.09) billion by approximately $1.6 billion.[79] The Postal Service explains that revenue was $1.5 billion less than planned. FY 2025 Annual Report at 54. Controllable expenses were $0.1 billion more than planned. *Id.* at 53. Reasons for the missed FY 2025 target and plans for meeting the FY 2026 Controllable Income (Loss) target of $(1.8) billion are discussed in more detail below. *Id.* Generally Accepted Accounting Principle (GAAP) measures such as Net Income (Loss) also show bleak assessments of the Postal Service's financial health. *Id.* Net Income (Loss) was recorded at $(9.0) billion in FY 2025 and predicted to be $(8.1) billion in FY 2026. *Id.*

Consistent with historical practice, the Commission published a separate financial analysis of the Postal Service's FY 2025 financial results and 10-K statement.[80] That analysis provides a detailed evaluation of the Postal Service's financial status by examining volume, revenue, and cost trends, as well as the Postal Service's sustainability, liquidity, activity, and financial solvency. The Commission also maintains a dashboard providing snapshots of the Postal Service financial situation by fiscal year, along with trends for balance sheet, income and volume, revenue and volume by class, and revenue and volume by product.[81]

[77] *See id*. at 52. Non-controllable expenses include amortization of the Postal Service's unfunded liabilities for its participation in FERS and the Civil Service Retirement System (CSRS), retiree health benefits (RHB) top-up payments, and non-cash expenses related to changes in liability for participating in the federal workers' compensation program. *See id*.

[78] *Id.* at 53. Projections of Controllable Income (Loss) are based on planned revenues and expenditures for every program activity included in the Postal Service's IFP. The FY 2025 Controllable Income (Loss) target was aligned with the FY 2025 IFP, December 13, 2024, available at *https://about.usps.com/what/financials/integrated-financial-plans/fy2025.pdf* (FY 2025 IFP).

[79] *See* FY 2025 Annual Report at 53. Although the FY 2025 Report lists the FY 2025 Controllable Income (Loss) target as $(1.10) billion, the Postal Service confirms that the target is $(1.09) billion. January 20 Response to CHIR No. 12, question 14.

[80] *See Financial Analysis of United States Postal Service Financial Results and 10-K Statement Fiscal Year 2025*, May 21, 2026 (FY 2025 Financial Analysis).

[81] This dashboard is available on the Commission's website, www.prc.gov, by selecting *Reports and Data* then *Financial Report Dashboard*. The direct link to the dashboard is: *https://app.powerbigov.us/view?r=eyJrIjoiYWJkYjFiNDAtMjMzNC00NmRkLTkzYTYtYzA4YWQ4MWI3MDA2IiwidCI6IjljZDM1YmZmLTExNGItNDIwMS1iYTNhLWZkYjJlMDM3MzVjOSJ9*.

3. Comments

The Public Representative comments that the Postal Service is projecting a smaller Controllable Income (Loss) in FY 2026 of $(1.8) billion compared to the FY 2025 result of $(2.7) billion. PR Comments at 49. However, he observes that even if the Postal Service meets the FY 2026 target, it would only return its financial situation to where it was in FY 2024. *Id*. He states that despite purported cost-cutting efforts, the Postal Service is projecting revenue and controllable expenses to increase by the same amount over a 2-year period. *Id*.

Regarding the FY 2026 IFP, the Public Representative observes that to meet the Total Revenue target, the Postal Service appears to rely on a $3.1 billion increase in Shipping and Packages revenue. *Id*. However, he points out that during FY 2026, Quarter 1, volume declined by 12.9 percent, and Competitive mail revenues decreased by $1.7 billion compared to FY 2025, Quarter 1. *Id*. He states that the Postal Service's last-mile delivery capacity auction that began in FY 2026, Quarter 2 may impact projected Shipping and Packages volume and revenue. *Id*. He "questions whether the expected increase in Shipping and Packages revenue continues to be realistic in light of the [FY 2026, Quarter 1] results and current economic conditions." *Id*.

The Public Representative states that focusing on controllable vs. non-controllable loss will be "insignificant if the Postal Service lacks sufficient short-term liquidity or long-term sustainability." *Id*. at 51. He points out that the Postal Service's projected FY 2026 non-controllable expenses exceed $6 billion in addition to a FY 2026 Controllable Income (Loss) target of $(1.8) billion, and, thus, he concludes that even if it meets the Financial Health performance goal in FY 2026, the Postal Service would still be far from financially healthy. *Id*.

Regarding TFP and labor productivity, the Public Representative comments that a long-term view of TFP is more accurate than a year-over-year comparison. *Id*. at 54. However, he notes that TFP and labor productivity are trending downward, likely because the DFA Plan is still being implemented. *Id*. He concludes that unless the Postal Service can successfully activate RPDCs without causing major disruptions, TFP numbers may worsen before they improve. *Id*. at 55.

4. Commission Analysis

In FY 2025, the Postal Service fell short of its Financial Health performance goal, reporting a Controllable Income (Loss) of $(2.7) billion compared to its target of $(1.09) billion. *See* FY 2025 Annual Report at 53.

The Commission finds that the Postal Service did not meet the Financial Health performance goal in FY 2025.

Below, the Commission provides observations and recommendations related to the Postal Service's explanations for its failure to meet the Financial Health performance goal in FY 2025. The Commission also provides discussion and recommendations concerning the Postal Service's plans to meet the Financial Health performance goal in FY 2026 as well as operational efficiency metrics.

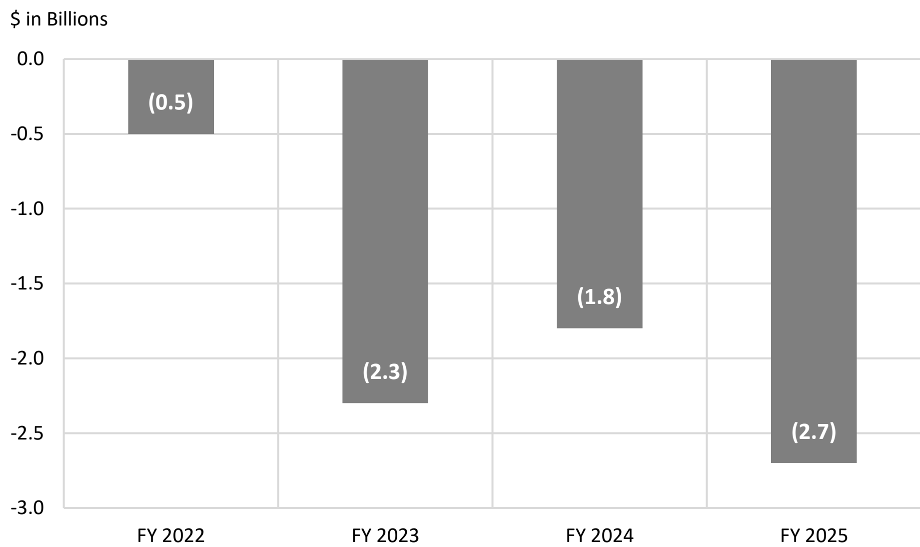
a. FY 2025 Performance Report

The FY 2025 Report provides an explanation of the principal components used to calculate Controllable Income (Loss). *See* FY 2025 Annual Report at 52. It includes a table showing revenue and expenses and describes certain categories of revenue and controllable expenses. *Id.* at 53. The Postal Service explains how and why the FY 2025 Controllable Income (Loss) target was not met and provides its rationale for the FY 2026 target. *Id.* at 54-55. Additionally, the FY 2025 Report discusses non-controllable expenses, which improves the transparency and usefulness of the report by assisting interested persons to better understand how the Postal Service calculates targets and results and its stated reason for missing the performance goal. *See id.* at 52, 55.

The Commission recommends that the Postal Service continue to include information on Controllable Income (Loss) and non-controllable expenses in future annual performance plans and annual performance reports regardless of whether the performance goal was met.

The Postal Service also provides the Controllable Income (Loss) results from FY 2022 through FY 2025, as well as a table listing the components of Controllable Income (Loss) and Net Income (Loss), which is adapted as Table III-9. *See* Figure III-17*;* FY 2025 Annual Report at 53.

Figure III-17
Controllable Income (Loss) Results
FY 2022–FY 2025



Source: FY 2025 Annual Report at 38. Results are rounded to the nearest tenth.

Table III-9
Integrated Financial Plan
Revenue and Expenses ($ in Billions)
Results and Targets, FY 2022–FY 2026

	Results			FY 2025		FY 2026
	FY 2022	FY 2023	FY 2024	Target	Result	Target
Revenue						
First-Class Mail	24.0	24.5	25.4	25.8	25.8	26.1
USPS Marketing Mail	16.0	15.1	15.4	15.4	15.7	15.6
Shipping and Packages	31.3	31.6	32.3	34.6	32.6	35.7
International Mail	1.7	1.6	1.4	1.4	1.3	0.7
Periodicals	1.0	0.9	0.9	0.9	0.9	0.9
Other[a]	4.8	5.6	5.1	4.8	5.1	4.8
Total Revenue	**78.8**	**79.3**	**80.5**	**82.9**	**81.4**	**83.8**
Controllable Expenses						
Salaries and benefits[b]	52.8	54.4	55.7	57.1	57.5	57.9
FERS normal cost	4.5	4.8	4.9	5.1	5.1	5.1
Transportation	10.3	10.1	8.8	8.2	8.4	8.4
Depreciation	1.7	1.8	2.0	2.2	2.2	2.5
Supplies and services	3.2	3.4	3.4	3.6	3.4	3.6
Rent, utilities and other[c]	6.8	7.1	7.5	7.8	7.5	8.1
Total Controllable Expenses	**79.3**	**81.6**	**82.3**	**84.0**	**84.1**	**85.6**
Controllable Income (Loss)	**(0.5)**	**(2.3)**	**(1.8)**	**(1.09)**	**(2.7)**	**(1.8)**
Non-Controllable Expenses						
Impact of Postal Service reform legislation[d]	57.0	—	—	—	—	—
FERS unfunded liability amortization	(1.6)	(2.1)	(2.3)	(2.4)	(2.2)	(2.3)
CSRS unfunded liability amortization	(2.3)	(3.0)	(3.2)	(3.4)	(3.1)	(3.3)
RHB top-up payment	—	—	—	—	—	(0.7)
Workers' compensation fair value and other non-cash adjustments	3.4	0.9	(2.2)	—	(1.0)	—
Total Non-Controllable Expenses	**56.5**	**(4.2)**	**(7.7)**	**(5.8)**	**(6.3)**	**(6.3)**
Net Income (Loss)	**56.0**	**(6.5)**	**(9.5)**	**(6.9)**	**(9.0)**	**(8.1)**

Note: The sum of columns may not equal total due to rounding. FY 2025 Annual Report at 53 n.1.

[a] Includes investment and interest income, gain or loss on sale, and income from the out-lease of property. *Id.* at 53 n.2.

[b] Includes salaries, health benefits expenses for active employees, and workers' compensation cash outlays. *Id.* at 54.

[c] Rent, utilities, and other includes interest expense. *Id.* at 53 n.3.

[d] Represents the one-time non-cash benefit due to the reversal of $57.0 billion for past due retiree health benefit (RHB) obligations that were canceled by the enactment of the Postal Service Reform Act (PSRA). *Id.* at 53 n.4. With the PSRA, RHB normal cost and amortization payments will be 0 for FY 2022 and future years. RHB top-up payments, a new payment, are expected to begin in FY 2026. *Id.* at 53 n.5.

Source: FY 2025 Annual Report at 53.

The Postal Service states that it has "made great strides in creating a more efficient, customer-oriented, and operationally focused organization[,]" but that, nevertheless, the impacts of these changes take time to be fully realized. FY 2025 Annual Report at 52. It attributes its financial losses in FY 2025 to several factors, including declines in mail volume, a "high liability to asset ratio," legacy pension costs, and inflation. *See id.*

With respect to revenue, the Postal Service's $81.4 billion in FY 2025 revenue was $1.5 billion below the plan in the FY 2025 IFP. *Id.* at 54. This shortfall was driven primarily by worse-than-anticipated revenue from Shipping and Packages and International Mail. *See id.* Although Shipping and Packages revenue grew modestly from FY 2024, the growth was less than planned because of "strong market competition and a fall in demand for Parcel Select." *Id*. In a CHIR response filed under seal, the Postal Service explains why revenue from International Mail was less than planned in the FY 2025 IFP. Response to CHIR No. 21, question 7.

At the same time, FY 2025 Controllable Expenses were $84.1 billion, which was $0.1 billion above the FY 2025 IFP. FY 2025 Annual Report at 53. This was primarily due to compensation and benefits expenses that were $0.4 billion more than plan, which the Postal Service attributes to "changes in the mix of career and pre-career employees and the wage and rate paid, which was offset by a decrease in total work hours by 11.8 million." *Id.* at 54. Moreover, transportation expenses were higher than expected ($0.2 billion above plan), as the Postal Service continues its "efforts to realign and streamline [its] transportation system," which included a shift of mail back onto air transportation in the second half of FY 2025. *Id.*

With respect to costs, the Postal Service continues to face a challenging operating environment. Its labor costs, which represent the majority of its cost base, are subject to binding collective bargaining agreements that limit near-term flexibility and "the obligation to participate in federal benefits programs." *See, e.g., id.* at 53-54. The Postal Service also points to its universal service obligation as a constraint on its ability to affect controllable expenses and rapidly adjust its network and service levels in response to volume declines. *See id.* at 54. Furthermore, the Postal Service continued to implement its DFA Plan initiatives in FY 2025 and notes that although "total volume was higher and revenue was lower than [its] IFP targets for FY 2025, both total volume and total revenue exceeded the targets originally set forth in the [DFA P]lan." *Id*.

The Commission observes that the continued gap between the DFA Plan's financial projections and Financial Health results raises significant concerns about whether the financial trajectory described in the DFA Plan 2.0 is realistic. Originally, the DFA Plan projected positive net income beginning in FY 2023 or FY 2024. Initial DFA Plan at 7. However, in a recent review of the DFA Plan, the OIG remarks that the Postal Service did not breakeven as intended by FY 2023. OIG Report No. 25-107-R26 at 9. Since FY 2023, the Postal Service has reported net losses every fiscal year, with a FY 2025 Net Income (Loss) of $(9.0) billion and a projected $(8.1) billion loss in FY 2026. *See* FY 2025 Annual Report at

53. The DFA Plan 2.0, published in September 2024, acknowledged that the Postal Service has only "halved [its] projected loss" and now projects a loss of approximately $80 billion in cumulative losses. DFA Plan at 22.

The Postal Service asserts that "[i]mplementing DFA Plan initiatives improved the Postal Service’s ability to meet the Financial Health performance goal (controllable income) in FY 2025 by increasing revenue and cost savings." Response to CHIR No. 21, question 6.a. However, the OIG found that "[t]he DFA cost improvement initiatives attempted to address the losses and were successful in certain curtailments, but other costs did not meet initial goals." OIG Report No. 25-107-R26 at 9-10. This pattern underscores the need for the Postal Service to demonstrate that individual DFA Plan initiatives are producing measurable, attributable financial benefits. Therefore, the Commission expects that the Postal Service will continue to evaluate how the DFA Plan initiatives individually and together make positive contributions to financial health and productivity.

The Commission expects that in all future Annual Reports through the first year following completion of the DFA Plan, the Postal Service will report the effects of the DFA Plan on: (1) the Postal Service’s Financial Health performance indicator results; and (2) labor productivity.

b. FY 2026 Performance Plan

In FY 2026, the Postal Service anticipates a reduced but still substantial Controllable Income (Loss) of $(1.8) billion. FY 2025 Annual Report at 55. The FY 2026 plan projects a $2.4 billion revenue increase, driven primarily by an increase in Shipping and Packages revenue. *Id.* The Postal Service estimates that Shipping and Packages revenue will increase by $3.1 billion from FY 2025. *Id*. It asserts that continued e-Commerce growth, further market penetration of its ground products, and the reevaluation of lower revenue per piece Parcel Select and USPS Ground Advantage contracts are expected to drive FY 2026 package revenue growth. Response to CHIR No. 18, question 9. However, this revenue growth is expected to be offset by a $1.5 billion increase in controllable expenses, mostly due to expected increases in depreciation; supplies and services; rent, utilities, and other expenses; and contractual wage increases for salaries and benefits. *See* FY 2025 Annual Report at 55.

In the DFA Plan, the Postal Service stated that because it has little or no control over some key expenses, “it is important to focus on controllable income or loss rather than uncontrollable factors that are required when using [GAAP].” DFA Plan at 22-23. The OIG notes that "the difference between controllable losses and net losses from operations is significant, demonstrating the growing disparity of costs that can be controlled by Postal Service management." OIG Report No. 25-107-R26 at 10. To ensure the DFA Plan delivers on its promise of achieving financial stability, the Postal Service must aggressively pursue opportunities to grow profitable revenue streams, rationalize its cost structure, and improve efficiency.

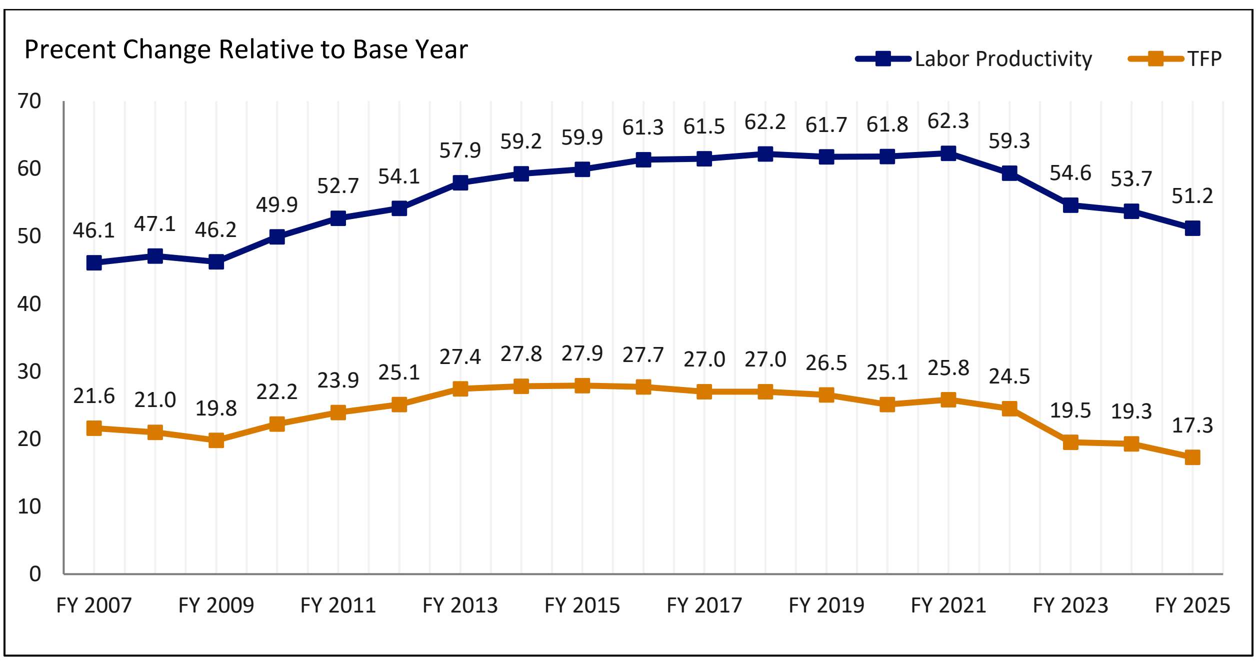
In improving efficiency, the Postal Service needs to place renewed focus on productivity and efficiency improvements throughout processing, transportation, and delivery operations. As the Postal Service implements network redesign efforts, it must aggressively pursue opportunities to eliminate excess costs, better align capacity with shifting volumes, and fully capture economies of scale and density.

c. Operational Efficiency

In terms of operational efficiency, TFP is a comprehensive measure of the efficiency with which the Postal Service uses resources (inputs) to handle workload and create outputs. FY 2025 Annual Report at 56. TFP measures the change in the relationship between workload processed and inputs (resource usage) over a period of time.[82] Resource usage consists of labor, materials (including purchased transportation), and capital assets. *Id*. An increase in TFP indicates the Postal Service is operating more efficiently. FY 2025 Annual Report at 56.

The Postal Service also measures labor productivity, which "measures the efficiency of labor" such that an increase in labor productivity "indicates that more workload is being handled per unit of labor." *Id*. Results for TFP and labor productivity are shown in Figure III-18.

Figure III-18
Total Factor Productivity and Labor Productivity Results FY 2007–FY 2025



Source: FY 2025 Annual Report at 57; April 17 Response to CHIR No. 23, question 6. The base year is FY 1971.

[82] See *Financial Analysis of United States Postal Service Financial Results and 10-K Statement Fiscal Year 2024*, May 8, 2025, Appendix B at 116.

For the fourth consecutive year, both the TFP and labor productivity measures declined. In FY 2025, TFP declined by 1.7 percent compared to FY 2024, which the Postal Service attributes to decreases in mail and package volumes and the impact of its investment in the redesign and modernization of the organization as described in the DFA Plan. FY 2025 Annual Report at 56. In FY 2025, labor input, which is the largest component of resource usage, decreased 0.1 percent compared to FY 2024, which the Postal Service attributes to decreases in pre-career clerk positions and pre-career city delivery carriers. *Id.* at 57. However, it states that these decreases were partially offset by increases in career mail handlers, career rural carriers, and Vehicle Service Drivers. *Id.*

Also, the Postal Service acknowledges that its "recent increase in capital investments has negatively impacted TFP in the short-term." *Id.* at 56. The Postal Service takes the position that if capital resource usage had not changed from FY 2024 to FY 2025, then TFP would have declined by 1.6 percent instead of 1.7 percent, as capital's contribution to resource usage growth was 0.1 percent.[83] The Postal Service maintains that had it "failed to make these investments, the organization would still be on a path to declining productivity and performance." FY 2025 Annual Report at 56.

In FY 2025, labor productivity also declined by 1.7 percent compared to FY 2024. *Id.* CHIR No. 21 asked the Postal Service to explain how implementing the DFA Plan initiatives impacted labor productivity in FY 2025. CHIR No. 21, question 6.b. In response, the Postal Service states that "[i]t is not possible to quantify the impact of DFA implementation on labor productivity. Identifying the impacts would require distinguishing effects of DFA from other factors impacting the Postal Service's labor usage." Response to CHIR No. 21, question 6.b. Moreover, overall workload decreased by 1.8 percent in FY 2025, with a 3.8 percent decrease in weighted mail volume being a key driver. FY 2025 Annual Report at 56. Decreases in Priority Mail, Parcel Select Mail, and First-Class Single-Piece letters drove the 3.8 percent decrease in weighted mail volume and were only partially offset by increases in USPS Ground Advantage. *Id.* at 57.

The Postal Service states that TFP is best used to evaluate productivity over a multi-year period rather than in single years in isolation. *Id.* This perspective aligns with the Commission view that individual year TFP fluctuations may be noisy, but sustained TFP trends are informative regarding the Postal Service's overall efficiency. *See, e.g.,* FY 2022 Analysis at 110. During the past several years, TFP and labor productivity have both declined significantly. TFP declined from 25.8 percent in FY 2021 to 17.3 percent in FY 2025. *See* FY 2025 Annual Report at 57. Similarly, labor productivity declined from 62.3 percent in FY 2021 to 51.2 percent in FY 2025. *See id.*; April 17 Response to CHIR No. 23, question 6. The declining results for both metrics relative to previous years are concerning, as they suggest the Postal Service is struggling to adjust its cost base and resource usage in line with declining mail volumes. Additionally, labor input does not decline in direct

[83] Response to CHIR No. 3, question 1.a. (citing Library Reference USPS-FY25-17, ZIP folder "USPS-FY25-17.zip," folder "TFP Materials," Excel file "FY2025 TFP Summary Tables (Public) linked.xlsx," tab "Workload & Input," cell D21).

proportion with workload, and thus, as volume declines the Postal Service loses some economy of scale by processing fewer total mailpieces. Reversing these negative trends will be challenging but critical to achieving financial sustainability. Declining TFP would require careful monitoring.[84]

The Commission observes that the four consecutive years of declining TFP and labor productivity coincide directly with the Postal Service's implementation of the DFA Plan. The Postal Service attributes FY 2025 declines mainly to volume losses and the short-term effects of capital investments. *See* FY 2025 Annual Report at 56. However, it asserts that quantifying the impact of DFA Plan implementation on labor productivity is not possible. Response to CHIR No. 21, question 6.b. This inability to isolate productivity impacts from DFA Plan initiatives is troubling because the DFA Plan expressly identifies processing, transportation, and delivery efficiency gains as some of the mechanisms for restoring financial stability. *See, e.g.*, DFA Plan 2.0 at 23. If productivity changes cannot be linked to specific initiatives, the Commission cannot meaningfully evaluate whether the substantial capital investments associated with network design ($40 billion) are yielding the efficiency gains contemplated under the DFA Plan. *See* OIG Report No. 25-107-R26 at 6; FY 2025 Annual Report at 5.

The Commission recommends that the Postal Service continue monitoring and reporting TFP and labor productivity trends. The Commission recommends that future annual performance reports continue to include information on TFP, labor productivity, and other productivity measures. In addition, the Postal Service should explain the reason for any changes in TFP and/or labor productivity in FY 2026.

[84] Further analysis of the TFP and labor productivity can be found in the FY 2025 Financial Analysis Appendix B at 131-33.

CHAPTER IV. STRATEGIC INITIATIVES

This chapter discusses the Postal Service's implementation of the Commission's recommendations aimed at enhancing transparency for the Postal Service's strategic initiatives presented in the FY 2025 Report and FY 2026 Plan as well as the Commission's recommendations regarding the FY 2026 Report and FY 2027 Plan.

A. Background

The Postal Service must prepare a strategic plan describing “general goals and objectives, including outcome-related goals and objectives, for the major functions and operations of the Postal Service[.]” 39 U.S.C. § 2802(a)(2). On September 30, 2024, the Postal Service issued *Delivering for America 2.0 - Fulfilling the Promise*, an updated strategic plan that describes progress made during the past 3 years and summarizes major strategies driving the Postal Service toward financial stability and sustained service excellence *See* DFA Plan. The DFA Plan 2.0 outlined thirteen strategic areas of focus to achieve financial sustainability and service excellence, which the Postal Service refers to as “strategic initiatives.” *See* FY 2025 Annual Report at 58-59; FY 2024 Analysis at 98-104. The FY 2025 strategic initiatives are shown in Figure IV-1.

The Postal Service explains that “[e]ach strategic initiative has a specific set of measures to track performance against desired” outcomes in the DFA Plan. FY 2025 Annual Report at 58. For each strategic initiative, the Postal Service identified the related performance goal(s) and FY 2026 targets. February 20 Response to CHIR No. 12, question 15.a. As discussed in Chapter III, *supra*, the Postal Service did not meet any performance goals in FY 2025.

B. Transparency Regarding the Postal Service's Strategic Initiatives

No commenters discuss the strategic initiatives. In the FY 2024 Analysis, the Commission recommended that the FY 2025 Report and FY 2026 Plan:

- Continue to identify the strategic initiatives implemented in FY 2025 and show how each one relates to the performance goals and performance indicators.
- Describe the Postal Service’s progress toward completing each strategic initiative during FY 2025 in the PSRA progress reports or other public documents containing this information.
- Identify and describe each strategic initiative the Postal Service will use in FY 2026, and provide performance measures and targets, if applicable.

- Explain in detail how the strategic initiatives were refined or changed between FY 2025 and FY 2026.

FY 2024 Analysis at 104. The Postal Service provided the recommended information. The FY 2025 Report and FY 2026 Plan identify each strategic initiative used in FY 2025 and align each one with one or more performance goals. *See* FY 2025 Annual Report at 59. Each strategic initiative is described in the DFA Plan 2.0.[85] The FY 2025 Report and FY 2026 Plan show that the Postal Service has refined each strategic initiative and will use the same ones in FY 2026. FY 2025 Annual Report at 59. For each FY 2026 strategic initiative, the Postal Service filed performance measures and targets in a CHIR response. February 20 Response to CHIR No. 12, question 15.a.

The Postal Service described FY 2025's progress toward completing each strategic initiative in progress reports required by the PSRA. Section 207 of the PSRA requires the Postal Service to submit semi-annual reports to the President, the Commission, the Senate Committee on Homeland Security and Governmental Affairs, and the House Committee on Oversight and Reform describing the Postal Service's operations and financial condition.[86] The Postal Service must file PSRA reports with the Commission every 6 months in June and December of each fiscal year beginning December 2, 2022, and ending December 2, 2027. PSRA § 207(a), (d). The PSRA report filed in June covers Quarters 1 and 2 of the applicable fiscal year, and the PSRA report filed in December covers Quarters 3 and 4 of the applicable fiscal year. *See id.* § 207(a). The PSRA Reports for FY 2025 cover Quarters 1 and 2 (FY 2025 PSRA Report, Quarters 1 and 2) and Quarters 3 and 4 (FY 2025 PSRA Report, Quarters 3 and 4).[87]

In each PSRA report, the Postal Service must report its progress on 15 postal areas, such as actual mail and package volume growth and the effect of pricing changes on product volume for Market Dominant and Competitive products. PSRA § 207(b). Most of these areas align with the strategic initiatives. Figure IV-1 describes the Postal Service progress toward each strategic initiative in FY 2025 based on information reported by the Postal Service.

[85] Docket No. ACR2024, Notice of the United States Postal Service of Filing its Responses to Questions 1-8 of Chairman's Information Request No. 14, March 11, 2025, question 7.

[86] Postal Service Reform Act of 2022 § 207(a) (PSRA), available at https://www.govinfo.gov/content/pkg/COMPS-16858/pdf/COMPS-16858.pdf.

[87] United States Postal Service, Delivering for America, Responses of the United States Postal Service to the Reporting Requirements Specified in the Postal Service Reform Act of 2022, FY 2025 1st and 2nd Quarter, June 2, 2025, available at https://prc.arkcase.com/api/prc-dockets/filing/downloadFile?fileId=241357&inline=true (FY 2025 PSRA Report, Quarters 1 and 2); United States Postal Service, Delivering for America, Responses of the United States Postal Service to the Reporting Requirements Specified in the Postal Service Reform Act of 2022, FY 2025 3rd and 4th Quarter, December 4, 2025, available at https://prc.arkcase.com/api/prc-dockets/filing/downloadFile?fileId=249985&inline=true (FY 2025 PSRA Report, Quarters 3 and 4).

Figure IV-1
Strategic Initiatives, Descriptions, and FY 2025 Progress
As Reported by the Postal Service

Strengthened Public Service Mission	
(Description) • Reaffirm the Postal Service's commitment to public service by recognizing its permanent obligation to ensure 6-day universal mail and package delivery[a]	**(FY 2025 Progress)** • Aligned organizational structure to increase accountability to support its mission (see **Organization Structured for Success**)
Bold Approach to Growth, Innovation, and Continued Relevance	
• Update product and pricing strategies with innovative sales and marketing initiatives; deploy advanced customer integration platforms to promote seamless engagement with customers and partners; refine sales and marketing departments	• Launched Priority Mail Next Day in more than 60 markets to offer American retailers and online sellers a new overnight shipping option[b] • Developed a technology initiative with Adobe to make direct mail more accessible and easier to integrate with digital marketing[c]
Service Standards That Foster Excellence and Reliability	
• Align service standards to move mail and packages together over an improved ground transportation network as the law requires	• In April 2025: ○ Changed service standards to implement the Retail Transportation Initiative (RTO) by adding one service day to certain volume in Leg 1 (from collection to originating processing facility) for mailpieces originating in ZIP Codes covered by the RTO ○ Excluded Sundays and holidays as transit days for mail and packages with a start-the-clock on Saturdays or the day before a holiday • In July 2025, changed service standards to accelerate the movement of mail in Leg 2 (from originating processing facility to destinating processing facility) by expanding the drive times for each of the travel bands that establish the delivery expectation days for First-Class Mail by 4 hours[d]

Fully Optimized Surface and Air Transportation Network	
• Adjust air and surface transportation network to maintain high service standards and reduce operational costs	• In FY 2025, reduced overall air network costs and achieved a net reduction in overall network transportation costs compared to FY 2024[e] • Renegotiated primary air transportation contract to reduce air volume by 7 percent and spending by 43 percent in FY 2025, Quarter 1
Environmental Stewardship	
• Commit to environmental sustainability by establishing an Environmental Council, setting firm emission reduction targets, and optimizing logistics and processing transportation to reduce wasteful trips and inefficient practices	• Continued accepting deliveries of left-hand drive commercial off-the-shelf Battery Electric Vehicles and Next Generation Delivery Vehicles • Deployed more than 35,000 new vehicles, including 8,500 battery-powered vehicles, on the road[f]
Best-In-Class Mail and Package Processing	
• Redesign processing network and distribution centers by consolidating multiple processing facilities and facility types into large regional processing and distribution centers (RPDCs) and local processing centers (LPCs)[g]	• Activated 13 RPDCs and 58 LPCs at the end of FY 2025 • Refined Processing Operations to include a Central Processing Region composed of 5 divisions • Reduced processing and delivery work hours through efficiency improvements and reduced transportation costs
Best-In-Class Delivery Operations	
• Centralize delivery unit service hubs into sorting and delivery centers (S&DCs) to expand carrier and route originations, as well as improve the geographic reach and speed of mail and package deliveries[h]	• Activated 133 S&DCs nationwide at the end of FY 2025, reaching more than 19 million customers 6 or 7 days per week • Received more than 7,000 state-of-the-art delivery vehicles • Reviewed rural routes to increase route efficiency and reduce costs and mileage
Modern and Transformed Network of Post Offices	
• Modernize the Postal Service's retail footprint to enhance customer experience and strengthen its brand • Upgrade lobbies and expand self-service retail technologies to offer expedited access to key services during extended hours	• Equipped 2,600 retail facilities with enhanced self-service kiosks[i] • Offered Smart Lockers to secure mail and packages at 700 locations • Launched prototype for a modernized, upgraded retail lobby in Athens, GA[j]

Stable and Empowered Workforce	
• Invest in employee recruitment, retention, and skill development; update facilities to make workplaces safer; deploy new training for field supervisors and managers	• Converted 41,448 pre-career employees to career status[k] • Hosted 50 career conferences with 7,100 attendees and trained more than 5,300 front-line supervisors • Decreased workhours by 12 million, a 1.1 percent reduction compared to FY 2024
Organization Structured for Success	
• Restructure organization to enhance operational efficiency, role clarity, and overall performance • Refine structure to better align with strategy, focusing on individual business units such as processing, delivery, retail, logistics, sales, marketing, and environmental sustainability	• Created a new Chief Performance Officer position to assess the health of operations against quality service standards • Reinstated the Chief Operating Officer role to oversee coordination and drive operational performance access Retail and Delivery as well as Processing and Distribution
More Rational Approach to Pricing	
• Price Market Dominant products to judiciously grow revenues to cover increasing costs • Improve operating and delivery network to create new Competitive postal products, pricing them to gain additional revenue	• Increased prices for certain Market Dominant products[l] • Increased prices for certain Competitive products and shipping services[m] • Implemented time-limited peak season price increases for certain commercial and retail package services[n]
Financial Stability and Investment	
• Improve financial sustainability by investing in processing, delivery, and transportation equipment	• Invested approximately $14.5 billion between FY 2021 through FY 2025 to modernize the postal network and complete deferred maintenance • Allocated $7.6 billion toward modernizing the delivery vehicle fleet and $5.8 billion toward modernizing processing facilities
Sensible and Prudent Legislative and Administrative Support	
• Advocate for Congressional action to lower retiree benefits, streamline oversight, revise pricing models, and secure statutorily mandated appropriations	• No legislation passed in FY 2025 • Sought administrative and legislative reforms, including changes in retiree pension benefit funding rules for the Civil Service Retirement System benefits, diversification of pension assets, raising the statutory debt ceiling, and workers' compensation administration reform

Source: FY 2025 Annual Report at 4, 21, 40, 43, 46, 56; FY 2025 ACD at 137; FY 2025 PSRA Report, Quarters 3 and 4 at 15-16, 18, 22; United States Postal Service, Office of Inspector General, Report No. 25-107-R26, *The OIG's Oversight of the U.S. Postal Service's Delivering for America Plan - Volume 3*, January 20, 2026, at 3-4, 8-9, available at https://www.uspsoig.gov/sites/default/files/reports/2026-01/25-107-r26.pdf (OIG Report No. 25-107-R26).

[a] Delivery must be made at least 6 days a week. 39 U.S.C. § 101(b).

[b] United States Postal Service, *Product with a Purpose*, The Eagle Magazine, Volume 5, Issue 1, (October 2025) at 7, available at https://about.usps.com/resources/eaglemag/the-eagle-vol-5-1-final.pdf.

[c] United States Postal Service, *An Express Route to an Expanded Medium*, The Eagle Magazine, Volume 5, Issue 2 (January 2026) at 4-5, available at https://about.usps.com/resources/eaglemag/the-eagle-vol-5-2-final.pdf.

[d] Notice of the United States Postal Service of Filing its Responses to Chairman's Information Request No. 3 and of Filing Materials Under Seal, February 5, 2026, question 3.

[e] Estimated savings from transitioning from air to surface transportation were redacted in the PSRA reports.

[f] United States Postal Service, *USPS is delivering its new fleet,* Link (December 1, 2025), available at https://news.usps.com/2025/12/01/usps-is-delivering-its-new-fleet/.

[g] RPDCs are larger, new, or renovated processing facilities equipped to handle substantial truck traffic, aggregate large volumes of mail and packages, and perform a high volume of selected mail and package processing functions as well as cross-docking operations. LPCs are mail and package processing centers that send mail and packages to their final destination or delivery unit.

[h] S&DCs serve as centralized hubs to expand carrier and route originations by aggregating small delivery units into larger, fully renovated, and equipped delivery units.

[i] United States Postal Service, *Postal Service Modernizes Lobbies to Enhance Customer Experience*, (September 30, 2025), available at https://about.usps.com/newsroom/national-releases/2025/0930-postal-service-modernizes-lobbies-to-enhance-customer-experience.htm; United States Postal Service, *USPS is modernizing retail lobbies to improve the customer experience,* Link (October 14, 2025), available at https://news.usps.com/2025/10/14/usps-is-modernizing-retail-lobbies-to-improve-the-customer-experience/.

[j] United States Postal Service, *S&DC retail lobbies are getting a major makeover,* Link (October 6, 2025), available at https://news.usps.com/2025/10/06/sdc-retail-lobbies-are-getting-a-major-makeover/; United States Postal Service, *We's Mod About You*, The Eagle Magazine, Volume 4, Issue 3 (April 2025), at 4-6, available at https://about.usps.com/resources/eaglemag/the-eagle-vol-4-3-final.pdf.

[k] The Postal Service uses the term "pre-career" to refer to part-time workers. Docket No. ACR2022, Responses of the United States Postal Service to Questions 1-30 of Chairman's Information Request No. 7, February 3, 2023, question 29.a.b. (Docket No. ACR2022, Response to CHIR No. 7). "Through the collective bargaining process, the Postal Service negotiated a provision that provides a path to career employment for all pre-career employees who remain in [the Postal Service's] employ for 24 months. The current agreements allow pre-career employees, who stay employed with the Postal Service for two years, to be automatically converted to career status . . . ." *Id*.

[l] Docket No. R2025-1, Order on Price Adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, May 30, 2025 (Order No. 8867).

[m] Docket No. CP2025-1, Order Concerning Changes in Rates of General Applicability and Classifications for Competitive Products, January 16, 2025 (Order No. 8635); Docket No. CP2025-7, Order Approving Changes in Rates and Classifications of General Applicability for Competitive Products, July 2, 2025 (Order No. 8947).

[n] Docket No. CP2024-631, Order Approving Price Adjustments for Domestic Competitive Products, October 3, 2024 (Order No. 7465).

In the FY 2026 Report and FY 2027 Plan, the Commission recommends that the Postal Service:

- *Continue to identify the strategic initiatives implemented in FY 2026 and show how each one relates to the performance goals and performance indicators.*
- *Describe the Postal Service's progress toward completing each strategic initiative during FY 2026 in the PSRA progress reports or other public documents containing this information.*
- *Identify and describe each strategic initiative the Postal Service will use in FY 2027, and provide performance measures and targets, if applicable.*
- *Explain in detail how the strategic initiatives were refined or changed between FY 2026 and FY 2027.*

Appendix A: Commission Findings and Recommendations

Chapter II – Compliance with 39 U.S.C. §§ 2803 and 2804:

- *The Commission finds that the FY 2026 Plan complies with 39 U.S.C. § 2803(a). To comply with 39 U.S.C. § 2803(a) next year, the FY 2027 Plan must identify all program activities in the FY 2027 IFP and link each program activity to at least one performance goal or indicator. To comply with other requirements of section 2803, the FY 2027 Plan must include the information described above for FY 2026.*
- *The Commission finds that the FY 2025 Report complies with 39 U.S.C. § 2804(b)(1) because the FY 2025 Report either includes the same performance indicators and targets set in the FY 2025 Plan or explains why the target changed. Also, FY 2025 targets and results for each performance indicator are comparable.*
- *To comply next year, the FY 2026 Report must set forth the same performance indicators and targets as the FY 2026 Plan. Also, the FY 2026 result for each performance indicator must be comparable to the corresponding FY 2026 target set in the FY 2026 Plan. If a comparable FY 2026 result is not provided, the FY 2026 Report must address the lack of comparability by explaining* ***either*** *of the following:*
    1. *How to compare results between the current and former methodologies;* ***or***
    2. *Why making this comparison is not feasible.*
- *The FY 2025 Report complies with 39 U.S.C. § 2804(c) for each performance goal. To comply with 39 U.S.C. § 2804(c) next year, the FY 2026 Report must include comparable results for each performance indicator for FYs 2023, 2024, 2025, and 2026. To be comparable, results for each fiscal year must be calculated and expressed using the same methodology.*
- *If comparable results from FY 2023 through FY 2026 are not provided for any performance indicator, the FY 2026 Report must:*
    1. *Identify each performance indicator with non-comparable results from FY 2023 through FY 2026;* ***and***
    2. *Address the lack of comparability by explaining* ***either*** *of the following:*
        a. *How to compare results from FY 2023 through FY 2026 between the current and former methodologies;* ***or***
        b. *Why making this comparison is not feasible.*

- *For the Safe Workplace and Engaged Workforce performance goal, the FY 2026 Report must show recalculated Grand Mean Engagement Scores from FY 2023 through FY 2026.*
- *The FY 2026 Report must include all information necessary to evaluate compliance with the requirements of 39 U.S.C. §§ 2803 and 2804, including section 2804(c). The Postal Service may satisfy this requirement by either: (1) including the information itself in the text of the FY 2026 Report or FY 2026 ACR; or (2) including cross-references identifying the documents containing this information in the text of the FY 2026 Report.*
- *The Commission finds that the FY 2025 Report does not comply with 39 U.S.C. § 2804(d)(3)(A) because it does not explain why the Safe Workplace and Engaged Workforce performance goal was not met. To comply next year, for each FY 2026 target that is not met, the FY 2026 Report must both explain why and describe plans and schedules for meeting the FY 2027 target.*
- *The Commission finds that the FY 2025 Report complies with 39 U.S.C. §§ 2804(d)(1), (2), and (4).*
- *Based on information and CHIR responses filed under seal, the Commission finds that with respect to the non-public performance indicator(s), the FY 2026 Plan and FY 2025 Report comply with 39 U.S.C. §§ 2803 and 2804, respectively.*
- *To comply with 39 U.S.C. §§ 2803 and 2804 next year, for the Competitive products' non-public performance indicator(s), the Postal Service must file under seal with the FY 2026 ACR:*
    1. *Comparable FY 2026 targets and results*
    2. *Comparable results from FY 2023 through FY 2026 (or explanations addressing lack of comparability)*
    3. *Measurable FY 2027 targets for each non-public performance indicator the Postal Service plans to use in FY 2027*
- *The FY 2026 ACR should continue to identify the library reference that contains this information. If the Postal Service does not meet the FY 2026 target for any non-public performance indicator, the Postal Service must explain why and describe the plans and schedules for meeting the FY 2027 target.*
- *To ensure meaningful comparisons across fiscal years, the Commission recommends that the Postal Service continue to limit the number of changes to performance indicators and methodologies for calculating targets and results. If the Postal Service plans to add or change any performance indicators or methodologies, the Commission recommends that the Annual Report to Congress continue to describe these changes, provide the rationale for making them, and analyze the impact of these changes on results.*

- *The Commission recommends that the Postal Service not change performance indicators, methodologies, or targets once they are set for a given fiscal year. To help ensure compliance with 39 U.S.C. § 2804(c), if the Postal Service changes a performance indicator or the methodology for calculating targets or results, the Commission recommends that the Postal Service maintain the same performance indicator or methodology for at least 3 consecutive fiscal years unless the change is clearly not beneficial or effective.*

Chapter III – Evaluation of Performance Goals:

High-Quality Service:

- *The Commission finds that the Postal Service failed to meet its High-Quality Service performance goal for FY 2025, with none of the targets for the eight public performance indicators achieved. For FY 2026, the Postal Service should address the impact of any service standard or SPM Plan changes on data comparability, and either explain the basis for comparability or propose a method to assess performance over time.*
- *Commission analysis confirms that applying the Sunday/Holiday exclusion produced a meaningful but uneven increase in annual FY 2025 High-Quality Service results, by as much as 1.99 percentage points. Because the Sunday/Holiday exclusion was not applied until the second half of FY 2025, the impact on FY 2025 annual results was likely understated. The reported improvement in FY 2025, Quarter 4 results appears attributable, at least in part, to the Sunday/Holiday exclusion rather than improvements in on-time delivery.*

The Commission recommends that the Postal Service:

- *In the FY 2027 Plan, provide greater transparency regarding the specific factors and methodologies used to establish performance targets. The FY 2027 Plan should also explain whether and how the Postal Service considered lengthened service standards and the Sunday/Holiday exclusion when setting FY 2027 targets.*
- *If transit alignment or "temporary" disruptions continue to be reasons for missing the High-Quality Service goal in FY 2026, then (1) explain what it means to be "temporary" with specific start and end dates for each disruption; (2) identify the facilities and operations affected by temporary disruptions; and (3) quantify the duration of each disruption and the resulting impact on FY 2026 High-Quality Service results.*
- *Describe whether and how the FY 2025, Quarter 4 span of control changes contributed to service performance improvements in FY 2026.*

- *Explain how the two new National Performance Assessment (NPA) metrics--Average Days Late and Efficiency Index Package Productivity--helped the Postal Service progress toward meeting the High-Quality Service performance goal in FY 2026.*
- *Explain how the two new National Performance Assessment (NPA) metrics--Average Days Late and Efficiency Index Package Productivity--helped the Postal Service progress toward meeting the High-Quality Service performance goal in FY 2026.*
- *Provide quantitative analysis evaluating the effect of the Phase 1 and Phase 2 service standard changes on FY 2026 High-Quality Service results. The analysis should reflect the full-year impact of the Sunday/Holiday exclusion, consistent with the parallel reporting required by Order No. 8761.*
- *Continue its efforts to accurately quantify the effects on service performance caused by extraordinary events outside of its control. The Postal Service should report on its progress and quantify the impact of extraordinary events on FY 2026, Quarters 3 and 4 results in the FY 2026 Annual Report or FY 2026 ACR. The Postal Service should also file supporting materials that include a detailed description of the data and methodology used to quantify the impact of extraordinary events.*
- *Continue to make proactive plans to provide High-Quality Service during peak seasons, as well as measure and monitor its efforts to optimize peak season performance and evaluate their efficacy to better ascertain what efforts are the most impactful.*
- *Increase efforts to address Critically Late Trips (CLTs) whose causes are within its direct control.*
- *If it misses FY 2026 targets for the High-Quality Service performance indicators, describe initiatives designed to be reasonably likely to enable the Postal Service to meet FY 2027 targets in the FY 2027 Plan. The Commission reiterates its recommendation that the Postal Service report how the DFA Plan (as a whole and for applicable distinct initiatives) affected the High-Quality Service performance indicator results.*
- *Continue to study the reasons for service performance issues in the lowest performing Areas/Districts.*

Excellent Customer Experience:

- *The Commission finds that the Postal Service did not meet the Excellent Customer Experience performance goal in FY 2025 because it met two targets but missed six targets.*
- *The Commission finds that the Postal Service provided satisfactory explanations for missing FY 2025 targets. The Commission will continue to monitor Excellent Customer Experience performance indicator results, especially for the Delivery and usps.com surveys, which had the largest gap between the FY 2025 target and result and declined from FY 2024. To promote transparency and accountability, for each target that is not*

met in FY 2026, the FY 2026 Report must identify specific reasons why and describe plans to meet FY 2027 targets.

- *The Commission finds that based on FY 2025 results and the Postal Service's explanations, FY 2026 targets for the Excellent Customer Experience performance indicators are reasonable. It recommends that the Postal Service continue to consider the prior year's result and past performance when setting the subsequent year's target. To improve transparency, the Commission recommends that the Postal Service provide the rationale for setting FY 2027 targets in the FY 2027 Plan or FY 2026 ACR.*
- *The Commission recommends that the Postal Service continue to use the NPS to measure and assess CX. The Commission acknowledges the Postal Service's efforts in reversing FY 2024 NPS declines for four of the seven performance indicators. However, it is concerned about the Delivery and usps.com NPS results, which declined for a second consecutive year, as well as the C360 NPS. The Commission recommends that the Postal Service continue its efforts to improve the NPS for each performance indicator in FY 2026, particularly for Delivery, usps.com, and C360. For each NPS that declines in FY 2026, the FY 2026 Report should explain why and describe plans for improvement in FY 2027.*
- *Social listening continues to be an important tool for companies to improve CX by monitoring what customers are saying about the company on social media. In FY 2025, the Postal Service appears to have effectively used the heatmap and other social listening tools to help improve CX. The Commission encourages the Postal Service to use the heatmap proactively to address issues before they escalate or generate other customer inquiries or complaints.*
- *In FY 2025, the Postal Service appears to have used social media tools effectively to respond to customer questions and issues. The Commission acknowledges the Postal Service's efforts to expand its social media capabilities by adding Instagram and switching to a new software vendor. The Commission encourages the Postal Service to continue using X, Facebook, Instagram, and other social media platforms to help customers and improve CX. The Commission recommends that the Postal Service consider obtaining disaggregated customer satisfaction data for each social media platform if available.*
- *The Commission finds that the Postal Service appeared to effectively leverage AI tools to help customers and improve CX in FY 2025. The Commission recommends that the Postal Service proceed with its plans to resume offering the Facebook ChatBOT because it provides customers more options for requesting help. The Commission encourages the Postal Service to continue using the VAA and other AI tools to continue improving CX and responding to customer inquiries more efficiently. The Commission recommends that the FY 2026 ACR explain how the VAA and other AI tools helped improve* CX *in FY 2026.*

Safe Workplace and Engaged Workforce:

- *The Commission finds that the Postal Service did not meet the Safe Workplace and Engaged Workforce performance goal in FY 2025 because it missed targets for the Total Accident Rate and Engagement Score.*
- *In FY 2025, the Postal Service appears to have taken appropriate actions to reduce the number of MVAs and, by extension, improve the Total Accident Rate. The Commission finds that the FY 2026 target is achievable considering that in FY 2025, the Total Accident Rate improved, and number of accidents declined in each category. The Postal Service's plans for meeting the FY 2026 target and improving overall workplace safety appear reasonably designed to help address and prevent the top accident causes.*
- *Based on data reported, it appears that Project Safe Delivery was successful in reducing crimes against Postal Service employees in FY 2025.*
- *The Commission finds that the Postal Service's explanation for the FY 2025 Postal Pulse survey changes are reasonable and appear designed to improve survey quality and feedback.*
- *The Commission finds that employee engagement levels measured by the Postal Pulse survey either improved or remained the same between FY 2024 and FY 2025, and the FY 2026 Engagement Score target appears reasonable and achievable.*
- *The Postal Service appears to have taken appropriate steps in FY 2025 to encourage Postal Pulse survey participation.*

The Commission recommends that:

- *If the accident rate per million miles driven increases in FY 2026, the Postal Service should investigate and address the root causes and provide an explanation in the FY 2026 Report or ACR. The Commission also recommends that the Postal Service evaluate whether its current driver safety initiatives are effectively improving driver safety on a per-mile basis.*
- *The Postal Service describe its efforts to reduce injuries caused by crimes against Postal Service employees in the FY 2026 Report or FY 2026 ACR.*
- *If the Postal Service makes other changes to the survey statements or methodology, it should describe these changes and explain why they were made in the annual performance report. The Commission also recommends that the Postal Service communicate a clear vision of the DFA Plan to help employees understand how DFA Plan changes will affect their work environment.*
- *To improve Positive Response Rates for statements related to employee feedback and opinions, the Postal Service should explain to employees the concrete and measurable changes or improvements made based on survey feedback.*

- *To facilitate the Commission's and commenters' review of employee engagement the Postal Service should continue to file the Postal Pulse survey and data on the number of respondents, mean scores, Positive Response Rates, and disaggregated survey responses for the past three fiscal years in the ACR. The Postal Service should file the following data from FY 2023 through FY 2026 with Docket No. ACR2026, Library Reference USPS-FY26-38: (1) a copy of the Postal Pulse survey administered in FY 2026; (2) the number of bargaining unit and non-bargaining unit employees who received the survey; (3) the number of bargaining unit and non-bargaining unit employees that responded to at least one question on the survey; (4) mean scores for the FY 2023 survey; Positive Response Rates for the FY 2024, FY 2025, and FY 2026 surveys; and (5) the number of responses received for each question, disaggregated by each of the possible responses.*
- *To obtain an accurate picture of employee engagement and improve the FY 2026 Engagement Survey Response Rate, the Postal Service should communicate to employees any concrete changes or improvements made in response to survey feedback.*

Financial Health:

- *The Commission finds that the Postal Service did not meet the Financial Health performance goal in FY 2025.*
- *The Commission recommends that the Postal Service continue to include information on Controllable Income (Loss) and non-controllable expenses in future annual performance plans and annual performance reports regardless of whether the performance goal was met.*
- *The Commission expects that in all future Annual Reports through the first year following completion of the DFA Plan, the Postal Service will report the effects of the DFA Plan on: (1) the Postal Service's Financial Health performance indicator results; and (2) labor productivity.*
- *The Commission recommends that the Postal Service continue monitoring and reporting TFP and labor productivity trends. The Commission recommends that future annual performance reports continue to include information on TFP, labor productivity, and other productivity measures. In addition, the Postal Service should explain the reason for any changes in TFP and/or labor productivity in FY 2026.*

Chapter IV – Strategic Initiatives:

In the FY 2026 Report and FY 2027 Plan, the Commission recommends that the Postal Service:

- *Continue to identify the strategic initiatives implemented in FY 2026 and show how each one relates to the performance goals and performance indicators.*
- *Describe the Postal Service's progress toward completing each strategic initiative during FY 2026 in the PSRA progress reports or other public documents containing this information.*
- *Identify and describe each strategic initiative the Postal Service will use in FY 2027, and provide performance measures and targets, if applicable.*
- *Explain in detail how the strategic initiatives were refined or changed between FY 2026 and FY 2027.*

Appendix B: Checklists for Compliance with Major Legal Requirements

Figure B-1
FY 2027 Plan Checklist for Compliance
with Major Requirements of 39 U.S.C. § 2803(a)

CHECKLIST ITEMS

Does the FY 2027 Plan:

Title 39 Section 2803(a)

- ☐ Identify all program activities in the FY 2027 IFP?
- ☐ Link each program activity to at least one performance goal or performance indicator?

Title 39 Section 2803(a)(1)

- ☐ Set FY 2027 targets for each performance indicator that the Postal Service will use to evaluate performance during FY 2027?
- ☐ If applicable, explain why a FY target was not set for a performance indicator?

Title 39 Section 2803(a)(2)

Identify FY 2027 targets that are **either** of the following:

- ☐ Objective, quantifiable, measurable,

OR

- ☐ Use an "alternative form" under 39 U.S.C. § 2803(b)?

Title 39 Section 2803(a)(3)

- ☐ Describe the operational processes, skills and technology, and the human, capital, information, or other resources required to meet each performance goal?

Title 39 Section 2803(a)(4)

- ☐ For each performance goal, establish at least one performance indicator to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity?

Title 39 Section 2803(a)(5)

- ☐ Provide a basis for comparing actual program results with the established performance goals?

Title 39 Section 2803(a)(6)

- ☐ Explain how the Postal Service verifies and validates targets and results for each performance indicator using objective measurement systems?

Note: The statutory requirements apply to both public and non-public performance indicators. The FY 2027 Plan and FY 2026 Report must include all information necessary to evaluate compliance with 39 U.S.C. §§ 2803 and 2804, which may be satisfied by either: (1) including the information itself in the text of the FY 2027 Plan or FY 2026 Report; or (2) including cross-references identifying the documents containing this information in the text of the FY 2027 Plan or FY 2026 Report. Further information appears in Chapter II, Sections C.1. and C.3., *supra*.

Figure B-2
FY 2026 Report Checklist for Compliance
with Major Requirements of 39 U.S.C. § 2804

CHECKLIST ITEMS

Does the FY 2026 Report:

Title 39 Section 2804(b)(1)

☐ Set forth the FY 2026 result for each performance indicator that is comparable to the corresponding FY 2026 target set in the FY 2026 Plan?

If a comparable FY 2026 result is not provided, doe the FY 2026 Report address the lack of comparability by explaining **either** of the following:

☐ How to compare results between the current and former methodologies **OR** ☐ Why making this comparison is not feasible?

Title 39 Section 2804(c)

☐ For each performance indicator, provide results across FYs 2023-2026 the are comparable (calculated and expressed using the same methodology for each fiscal year)?

If comparable results across FYs 2023-2026 are not provided, does the FY 2026 Report:

☐ Identify each performance indicator with non-comparable results across FYs 2023-2026?

☐ Address the lack of comparability by explaining **either** of the following:

☐ How to compare results across FYs 2023-2026 between the current and former methodologies **OR** ☐ Why making this comparison is not feasible?

Title 39 Section 2804(d)(3)

For each FY 2026 target that is not met, does the FY 2026 Report **both**:

☐ Explain why? **AND** ☐ Describe plans and schedules for meeting the FY 2027 target?

Note: The statutory requirements apply to both public and non-public performance indicators. The FY 2027 Plan and FY 2026 Report must include all information necessary to evaluate compliance with 39 U.S.C. §§ 2803 and 2804, which may be satisfied by either: (1) including the information itself in the text of the FY 2027 Plan or FY 2026 Report; or (2) including cross-references identifying the documents containing this information in the text of the FY 2027 Plan or FY 2026 Report. Further information appears in Chapter II, Sections C.2. and C.3., *supra*.

HELP US IMPROVE THIS REPORT

In connection with Section 2 of the Plain Writing Act of 2010, the Postal Regulatory Commission is committed to providing communications that are valuable to our readers.

We would like to hear your comments on what you find useful about our Analysis of the Postal Service's FY 2025 Annual Performance Report and FY 2026 Performance Plan and how we can improve its readability and value.

Please contact the Commission's Office of Public Affairs and Government Relations to provide your feedback.

Postal Regulatory Commission
Office of Public Affairs and Government Relations

901 New York Avenue, NW
Suite 200
Washington, DC 20268

Phone: 202-789-6800
Email: PRC-PAGR@prc.gov