

United States Postal Service

Fiscal Year 2022 Annual Report to Congress

Fiscal Year 2022 Annual Report

Fiscal Year 2022 Comprehensive
Statement on Postal Operations

Fiscal Year 2022 Performance Report

Fiscal Year 2023 Performance Plan



Contents

Report Structure and Purpose	1
Fiscal Year 2022 Annual Report	1
Letter from the Postmaster General and USPS Board of Governors Chairman	2
United States Postal Service Board of Governors	4
USPS Executive Leadership Team (ELT)	10
USPS Organizational Chart	12
FY 2022 Comprehensive Statement on Postal Service Operations.	14
USPS History and Mission Statement.	14
Commitment to Diversity	15
Overview of Postal Service Operations	15
Key Financial and Operating Statistics	25
Executive Compensation	31
FY 2022 Performance Report and FY 2023 Performance Plan	32
Corporate-wide Goals and Targets	32
High-Quality Service	34
Excellent Customer Experience.	37
Safe Workplace and Engaged Workforce.	41
Financial Health	44
Strategic Initiatives	52
Additional Information	54

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Report Structure and Purpose

This document consists of the following four reports:

- The Fiscal Year (FY)¹ 2022 Annual Report, including a statement from the United States Postal Service (USPS) Postmaster General and USPS Board of Governors Chairman on our² operations.
- The FY 2022 Comprehensive Statement on Postal Service Operations.
- The FY 2022 Annual Performance Report.
- The FY 2023 Annual Performance Plan.

This document's purpose is to provide Postal Service information to stakeholders. The document fulfills the requirements of the following articles of Title 39 in the United States Code (U.S.C.):

- 414(f), on the reporting of financial information related to special postage stamps (p. 20).
- 416(f), on the reporting of information related to semipostal stamps (p. 20).
- 2401(e), on the submission of a Comprehensive Statement (p. 14).
- 2402, on the submission of an Annual Report (pp. 1–13).
- 2803, on the submission of an Annual Performance Plan (pp. 32–53).
- 2804, on the submission of an Annual Performance Report (pp. 32–53).
- 3652(g), on the submission of the Comprehensive Statement, Annual Performance Report and Annual Performance Plan (pp. 14–53).
- 3686(d), on the reporting of executive compensation in excess of Federal Level Executive 1 (p. 31).

¹ All references to a specific year or "the year" refer to the Postal Service fiscal year ending Sept. 30, 2022. Specific month and year references pertain to the calendar dates.

² The terms "we," "us" and "our" refer to the United States Postal Service.

FY 2022 Annual Report

Financial and Operational Highlights

	Totals at Sept. 30			Percent Change	
	FY 2022	FY 2021	FY 2020	FY 2022	FY 2021
<i>(in millions, except percentages)</i>					
Total mail and package volume ¹	127,258	128,842	129,171	(1.2)%	(0.3)%
Total revenue with investment and interest income	\$ 78,812	\$ 77,069	\$ 73,225	2.3%	5.2%
Total expenses ²	\$ 79,741	\$ 81,999	\$ 82,401	(3.0)%	(0.5)%
Impact of Postal Service reform legislation ³	\$ 56,975	\$ —	\$ —	0.0%	0.0%
Net income (loss)	\$ 56,046	\$ (4,930)	\$ (9,176)	(1,236.8)%	(46.3)%
Purchases of property and equipment	\$ 1,796	\$ 1,872	\$ 1,810	(4.1)%	3.4%
Debt	\$ 10,000	\$ 11,000	\$ 14,000	(9.1)%	(21.4)%
Capital contributions of U.S. Government	\$ 16,132	\$ 13,132	\$ 3,132	22.8%	319.3%
Deficit since 1971 reorganization	\$ (32,766)	\$ (88,812)	\$ (83,840)	(63.1)%	5.9%
Total net deficiency	\$ (16,634)	\$ (75,680)	\$ (80,708)	(78.0)%	(6.2)%
<i>(in actual units indicated, unaudited)</i>					
Number of career employees	516,760	516,636	495,941	0.0%	4.2%
Number of pre-career employees	118,609	136,531	148,092	(13.1)%	(7.8)%
Total delivery points	164,904,092	163,139,167	161,374,152	1.1%	1.1%
Change in delivery points served	1,764,925	1,765,015	1,472,840	0.0%	19.8%

¹ The Postal Service has reclassified the totals for certain mail categories in prior years to conform to classifications used in the current year. These reclassifications are required by Postal Service regulatory requirements and are included in this document for consistency among publicly-available information.

² Includes interest expense.

³ Represents the one-time non-cash benefit due to the reversal of \$57.0 billion for past due retiree health benefit obligations that were canceled by the enactment of the Postal Service Reform Act (PSRA).

Letter from the Postmaster General and USPS Board of Governors Chairman

The United States Postal Service plays a vital role in the daily lives of Americans in every community across the nation. We are an engine of the economy and connect people to one another by fulfilling our core mission — delivering mail and packages to nearly 165 million addresses six days a week, while covering our costs through the sale of postal products and services.

Our status is unique: We are an independent agency of the executive branch, yet we are expected to operate like a business. We do not receive tax revenues, in general, to support normal operations and must compete for customers. In fact, our organization was not initially set up for the new business lines in which we must now compete — and we are adapting our sales and marketing efforts to operate more effectively in this highly competitive landscape. Our success depends on a culture of operational precision, world-class performance, outstanding service, and innovation.

To put the organization on solid footing in 2022 after years of losses and underinvestment — and chronic operational and service underperformance — we continued to pursue the objectives and initiatives set forth in the Delivering for America plan that we launched in March 2021.

Delivering for America outlines our vision to transform the Postal Service into a high-performing organization, and this year we made significant progress on our short-term and long-term strategies. We have made great strides toward aligning the organization's operational and financial efforts with a profitable future. While we are pleased to report this year's progress, our focus remains on continuing to address the financial deficit we are facing and stabilizing the organization's future — a future where we will continue to serve the nation affordably, reliably, and with precise operational accuracy.

With Delivering for America, USPS is well on its way to create a best-in-class processing and delivery operations network. We have launched a program to construct modern, streamlined facilities to simplify movement of mail and packages — investing almost \$6.6 billion in core postal infrastructure — and we will invest \$40 billion outlined in the plan's 10-year horizon.

And in a milestone that lifted a \$57.0 billion burden from the Postal Service, we saw enactment of postal reform legislation after more than a decade-long effort.

Since January 2022, we've installed 110 new package sorting machines across the nation, which brings the organization's total to 249 new processing machines since the launch of the plan. The new equipment, combined with increased operational precision, has expanded our daily package processing capacity to 60 million. The average time to deliver a mail piece or package across the entire postal network is now at an impressive 2.5 days.

We placed an initial Next Generation Delivery Vehicle delivery order, which will expand our ability to electrify our postal fleet — offering greener, more environmentally sustainable performance with substantially lower fuel costs.

Additional work in the area of sustainability resulted in route optimization efforts that have avoided more than 124 million pounds of carbon dioxide equivalent emissions and realized more than \$123 million in savings.

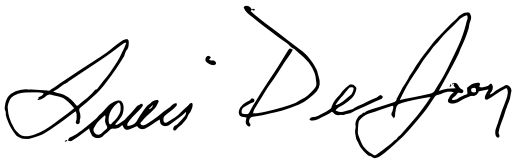
We are strengthening and stabilizing our workforce, making the Postal Service more than a great place to work, but a preferred employer offering a full career path, not simply a job. We have converted more than 111,000 pre-career employees to career status since October 2020, in part by improving their training and employee experience in the first 90 days of onboarding. We have also improved front-line supervisor training, expanded career planning programs, and made a better working environment with modern facilities and new equipment.

While there was welcome relief as the worst of the COVID-19 pandemic passed in 2022, there were continued effects on all sectors of the economy. These impacts — including greater demand for package delivery services and reduced demand for First-Class Mail delivery — continue to inform our strategic investments and competitive posture in the marketplace.

This Annual Report to Congress details the steps we

have taken to reorient the Postal Service business model and operational structure, and implement best practices and investments in service, people, and infrastructure. The Delivering for America plan is focused on growth and designed to build capacity and introduce product and service offerings needed to compete in, and better serve, the growing e-commerce delivery marketplace.

We are quite clearly not the organization we were two years ago during the challenging 2020 peak season amidst a global pandemic. We are now becoming structured for precision of execution, as was successfully demonstrated to the nation during our historic delivery of 668 million COVID-19 test kits to 78 million households, on average delivered in one day. Even with this evidence of progress, it is important to acknowledge that headwinds remain, such as inflationary pressures on our fixed costs, and that legacy challenges will not be resolved overnight.



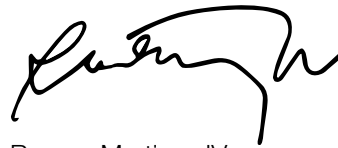
Louis DeJoy
Postmaster General and Chief Executive Officer

We are becoming an organization better positioned to meet the country's evolving mailing and shipping needs in a financially self-sufficient manner. The pace of change is steady and measurable, but it will take time. Our Delivering for America journey is off to a strong, promising start, and we are committed to building on each and every successful step along the way. We will strive to become not only America's preferred delivery provider, but the most used delivery service — as well as the best run federal agency in the nation.

The more than 635,000 women and men of the Postal Service are working diligently to provide the reliable, secure, affordable, and universal service that our nation thrives on. We thank them for their dedication to our customers and for delivering to America every day.

We trust that this report enhances your understanding and support of our public service mission.

Thank you for your interest in the United States Postal Service.



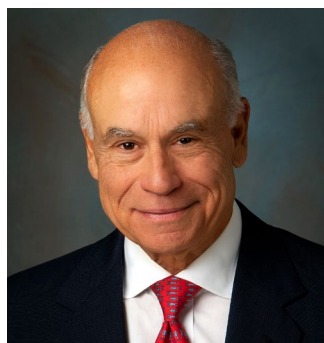
Roman Martinez IV
Chairman, Board of Governors

United States Postal Service Board of Governors

The Board of Governors of the United States Postal Service is comparable to the board of directors of a publicly held corporation. The Board³ consists of up to nine Governors appointed by the President of the United States with the advice and consent of the Senate.

The Governors select the Postmaster General, who becomes a member of the Board, and those 10 select the Deputy Postmaster General, who also serves on the Board. The Postmaster General serves at the pleasure of the Governors for an indefinite term, and the Deputy Postmaster General serves at the pleasure of the Governors and the Postmaster General.

As of September 30, 2022, the Board consisted of nine appointed Governors, the Postmaster General, and the Deputy Postmaster General.



**Roman Martinez IV,
USPS Board of
Governors Chairman**

Roman Martinez IV was appointed to the Postal Service Board of Governors by President Donald J. Trump and was confirmed by the Senate on August 1, 2019.

Martinez will serve for the remainder of a seven-year term that expires on December 8, 2024. On January 12, 2022, he was unanimously elected by his fellow Governors to serve as the 25th Chairman of the Board of Governors. Previously, he was unanimously elected by his fellow Governors to serve as the Vice Chairman of the Board of Governors on February 9, 2021. Since October 3, 2019, he has also chaired the Board's Audit and Finance Committee, and he has served on the Election Mail Committee since February 1, 2022.

Martinez began his career as an investment banker in 1971 at Kuhn Loeb & Company, which merged with Lehman Brothers in 1977. He became a partner there in 1978 and worked as Managing Director in investment banking until his retirement in 2003.

Throughout his career, he was involved in most aspects of investment banking, including public and private financings, mergers and acquisitions, corporate restructurings and overall corporate financial advice. Since 2003, he has served on the board of directors for

several companies, including Cigna Corporation, Orbital ATK and Bacardi Limited.

Martinez has been actively involved with non-profit organizations, including serving as vice chairman of the Investment Advisory Council of the State Board of Administration of Florida, which required confirmation by the Florida Senate. He also serves on the Board of Trustees of New York-Presbyterian Hospital, on the Board of Overseers of the International Rescue Committee, and as a member of the Council on Foreign Relations. From 2005 to 2017, he served on the Board of Trustees of the German Marshall Fund of the United States.

A graduate of Boston College, Martinez also obtained a Master of Business Administration degree from The Wharton School of the University of Pennsylvania.



**Anton G. Hajjar,
Vice Chairman**

Anton G. Hajjar was appointed to the Postal Service Board of Governors by President Joseph R. Biden and was confirmed by the Senate on May 28, 2021. Hajjar will serve

for the remainder of a seven-year term that expires on December 8, 2023. On January 12, 2022, he was unanimously elected by his fellow Governors to serve as Vice Chairman of the Board of Governors. He currently serves on the Board's Compensation and Governance Committee and Operations Committee.

Hajjar previously served as the general counsel of the American Postal Workers Union, AFL-CIO. Before this position, he represented unions and workers while he was of counsel at Murphy Anderson PLLC, and as a principal at O'Donnell, Schwartz & Anderson, PC.

Hajjar has also been an advisor and pro bono attorney in employment discrimination cases, many involving Arab- and Muslim-Americans. He continues to serve as a legal advisor to the American-Arab Anti-Discrimination Committee.

In 2002, Hajjar was elected to the membership of the American Law Institute (ALI). He was elected to the

³ All "Board" and/or "BOG" references in this document refer to The Board of Governors of the United States Postal Service.

ALI Council (its governing board) in May 2010. He was an Advisor to the now completed Restatement of the Law, Employment Law and is an Advisor to the Principles for a Data Economy -- Data Rights and Transactions. He also served on the members' consultative group on the Restatement of the Law, Charitable Nonprofit Organizations and is currently on the members' consultative groups of the Restatement of the Law, Consumer Contracts; Restatement of the Law, Corporate Governance; and Restatement of the Law Fourth, Property.

Hajjar is a graduate of Fordham University and Tulane University Law School, where he was a member of the Tulane Law Review. He also clerked for the Hon. Judge John Minor Wisdom of the United States Court of Appeals for the Fifth Circuit.



**Robert M. Duncan,
Governor**

Robert M. Duncan was nominated to the Postal Service Board of Governors by President Donald J. Trump and was confirmed by the Senate in August 2018.

The Senate confirmed

Duncan for a second term in December 2019. His current term expires Dec. 8, 2025. Duncan served as the 23rd Chairman of the Board of Governors from September 2018 to February 2021. He currently serves on the Board's Audit and Finance, Compensation and Governance and Strategy and Innovation Committees.

Duncan's federal government service began in 1989, with an appointment to the President's Commission on Executive Exchange. Duncan was assistant director of the White House Office of Public Liaison under President George H.W. Bush. Duncan served as a member of the Board of Directors of the Tennessee Valley Authority from 2006 to 2012 and as the Board's Chairman from 2009 to 2010. In 2017, he was named the 17th Chairman of the President's Commission on White House Fellowships.

Outside of government service, Duncan served as Chairman of the Republican National Committee from 2007 to 2009. Duncan was also President and CEO of the American Coalition for Clean Coal Electricity from 2012 to 2016, and Chairman and CEO of a community bank in Kentucky, from which he retired in 2021. He is

currently the Chairman of the Board of Trustees at Alice Lloyd College, a private four-year liberal arts college in Pippa Passes, Kentucky. Internationally, he taught democracy to former communist leaders through the International Republican Institute, and he helped found the U.S. China High Level Political Party Leaders Dialogue.

Duncan holds degrees from University of the Cumberlands and the University of Kentucky College of Law, and he has completed various executive education programs.



**Derek Kan,
Governor**

Derek Kan was appointed to the Postal Service Board of Governors by President Joseph R. Biden and confirmed by the Senate on May 12, 2022. Kan will serve for a term expiring

December 8, 2028. He currently serves on the Board's Compensation and Governance Committee.

Kan currently serves as Chief Business Officer for Deliverr Inc., an e-commerce fulfillment company. In this role, he leads business operations and strategy. Before this role, Kan held a number of high-level positions in the federal government, including Deputy Director of the White House Office of Management and Budget, and Undersecretary at the U.S. Department of Transportation. Kan was also a member of the White House Coronavirus Task Force and Operation Warp Speed.

Before his recent public service, Kan held various positions focused on emerging technologies, including General Manager for Lyft. Earlier in his career, Kan was a policy advisor to the former Senate Majority Leader and was a Presidential Management Fellow at the White House Office of Management and Budget.

Kan currently serves on the Board of Directors of Toll Brothers, the nation's largest luxury homebuilder. He previously served as a member of the Board of Directors of Amtrak from January 2016 through May 2019.

Kan received a B.S. degree from the University of Southern California, an M.Sc. from the London School of Economics, and an MBA from the Stanford Graduate

School of Business, where he was an Arjay Miller Scholar.



**Amber McReynolds,
Governor**

Amber F. McReynolds was appointed to the Postal Service Board of Governors by President Joseph R. Biden and was confirmed by the Senate on May 13, 2021. McReynolds will serve

for the remainder of a seven-year term that expires on December 8, 2026. She currently chairs the Board's Election Mail Committee and serves on the Strategy and Innovation Committee.

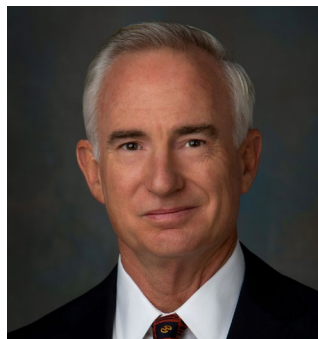
McReynolds is a leading expert on election administration and policy. Her professional career has been focused on strengthening democratic institutions with a goal of improving the voting experience for all: first as an election official, serving as the Director of Elections for the City and County of Denver, Colorado; then as a thought leader and founding CEO for the National Vote at Home Institute and Coalition; and now serving as a senior advisor and supporting various nonpartisan organizations across the United States.

As the former Director of Elections for the City and County of Denver, Colorado, McReynolds led the implementation of a first-in-the-nation ballot tracking, reporting, and communication program to increase accountability and enhance security for mail ballots. Her efforts garnered national and international awards and helped to shape Colorado's vote-by-mail expansion in 2013. In 2018, *Governing Magazine* named her as a Top Public Official of the Year for her work to improve the voting process. She was also recognized as a 2020 Top Women in Business in Colorado.

McReynolds is the co-author of the book *When Women Vote*. She serves on the National Election Task Force on Election Crises, the National Council on Election Integrity. She also serves as an advisory board member for the Massachusetts Institute of Technology (MIT) Election and Data Science Lab, as a board member to the Election Reformers Network, as a board member for Represent Women, as a board member for City Year Denver, and on various advisory boards for other national organizations focused on improving election administration. McReynolds also served on the 2021

Colorado Independent Redistricting Commission.

McReynolds is a graduate of the University of Illinois at Urbana-Champaign and the London School of Economics and Political Science. She is also a Certified Election Registration Administrator.



**Donald L. Moak,
Governor**

Donald L. Moak was appointed to the Postal Service Board of Governors by President Donald J. Trump and was confirmed by the Senate on June 18, 2020. Moak will serve

for the remainder of a seven-year term that expires on December 8, 2022. He currently chairs the Board's Compensation and Governance Committee and serves on the Audit and Finance Committee.

Moak is a co-founder and Chief Executive Officer of The Moak Group, a public affairs, advocacy, and business consulting firm. He brings to the board, extensive experience within the corporate, labor, and political worlds. Throughout his career, Moak has also been a leader for change in the air transportation industry and international policy.

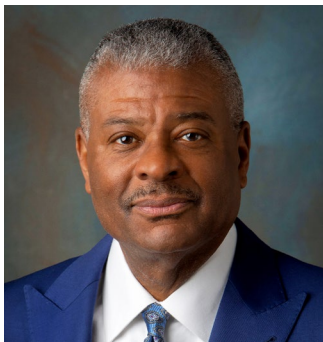
During his time as a pilot, pilot leader, and association leader, he helped ensure the future of American aviation and aviation jobs. He advocated for numerous policy changes related to international and domestic aviation policy and was a prominent spokesperson for aviation safety and effective aviation policy.

Moak began his career in government service when he attended the United States Marine Corps Officer Candidate School in 1977. He served as a Marine Corps and Navy fighter pilot, retiring from military service in 2001 after holding the ranks of Captain in the United States Marine Corps and Commander in the United States Navy.

After his time on active duty, Moak worked as a B-767 Delta Air Lines captain and served as president and chief operating officer of the Air Line Pilots Association. He also served on both the AFL-CIO Executive Council and Financial Oversight Committee for the AFL-CIO Transportation Trades Department; had a seat on the Federal Aviation Administration (FAA) NextGen Advisory Committee (NAC); and was a member of the FAA

Management Advisory Council (MAC) on management, policy, spending, and regulatory matters.

Moak is a graduate of the University of West Florida.



**Ronald A. Stroman,
Governor**

Ronald Stroman was appointed to the Postal Service Board of Governors by President Joseph R. Biden and confirmed by the Senate on May 12, 2021, for a term that expired

on December 8, 2021. On May 13, 2021 he was confirmed by the Senate to a second term expiring on December 8, 2028. He serves on the Board's Audit and Finance, Operations, and Election Mail Committees.

Stroman served as the 20th Deputy Postmaster General (DPMG), the second-highest ranking postal executive, from March 2011 until his retirement in June 2020. Since leaving the Postal Service, he worked as a senior fellow at the Democracy Fund and served as the lead for President Biden's transition team for the Postal Service.

While serving as DPMG, Stroman was directly responsible for the Postal Service functions of Government Relations and Public Policy, International Postal Affairs, Sustainability, and the Judicial Officer Department. In this role, he facilitated relationships with Congress, and with federal, state, and local agencies as the Postal Service pursues its core business strategies. He also had the lead role in working with the Universal Postal Union and the Department of State on international postal policy. During his tenure as DPMG with Postmaster General Pat Donahoe, Stroman lead Corporate Communications and Consumer and Industry Affairs. He was appointed to head election mail efforts during his time as DPMG.

Stroman had more than 30 years of professional experience in government, legislative affairs and leadership before becoming DPMG. From 1978 to 1984, he was an attorney with the Department of Housing and Urban Development. He then moved into a position as counsel on the Judiciary Committee of the U.S. House of Representatives. He also worked for the Committee on Government Operations and became a minority staff director and counsel for the House Committee on Oversight and Government Reform.

In 1997, Stroman took a director's position with the U.S. Department of Transportation. In 2001, he joined the General Accounting Office as managing director for the Office of Opportunity and Inclusiveness. He returned to the House in 2009, where he served as staff director, Committee on Oversight and Government Reform, before joining the Postal Service. Stroman earned his Juris Doctorate from Rutgers University Law Center.



**Daniel Tangherlini,
Governor**

Daniel Tangherlini was appointed to the Postal Service Board of Governors by President Joseph R. Biden and confirmed by the Senate on May 12, 2022.

Tangherlini will serve for a term expiring December 8, 2027. He currently serves on the Board's Operations and Election Mail Committees.

Tangherlini has an extensive background in public administration, business, finance, and corporate governance. He has served in leadership roles in the public, nonprofit and private sectors. His interest is in bringing increased equity and efficiency to business, philanthropy, and government through the thoughtful application of technology, process, and systems reform.

He is currently a managing director with the Emerson Collective, a private philanthropic and investment firm dedicated to removing barriers to opportunity so that people can live to their fullest potential. He served as its first chief financial officer until the fall of 2020.

Before joining Emerson, Tangherlini was the president of the technology start-up Seamless Docs Federal. He also founded an urban systems consulting practice, City's Garage. Before that, he was the chief operating officer of Artemis Real Estate Partners, a real estate private equity firm with commercial real estate investments across the United States. Before Artemis, Tangherlini served as administrator of the General Services Administration (GSA), having been nominated to serve in the position by President Barack Obama and confirmed by the U.S. Senate. As the agency head of GSA, beginning in 2012, he identified creative ways to leverage unused government assets, particularly real property, including launching a series of high-value

property exchange and redevelopment proposals such as the Federal Bureau of Investigations (FBI) Headquarters (Washington, DC), Volpe Transportation Research Center (Massachusetts) and Moffett Federal Airfield (California). He also launched a technology advisory practice to serve other government agencies called 18F.

Tangerlini served as the chief financial officer at the U.S. Department of the Treasury from 2009 to 2013 (also a Senate-confirmed position), concurrently serving as the assistant secretary for management. Before his role at Treasury, he managed operations, budget development and performance management of District of Columbia agencies when he served as the city administrator and deputy mayor from 2006 to 2009. While city administrator, he also served as vice chair of the board of directors for the District of Columbia Water and Sewer Authority (now DC Water). In 2006, he served as the interim general manager of the Washington Metropolitan Area Transit Authority, having previously served on its board of directors. From 2000 to 2006, he served as director of the District of Columbia Department of Transportation and from 1998 to 2000, as chief financial officer of the Metropolitan Police Department. From 1997 to 1998, he served in the Office of Policy at the U.S. Department of Transportation, and from 1991 to 1997, he served in various capacities at the U.S. Office of Management and Budget.

Tangerlini received a B.A. and M.A. in public policy studies from the University of Chicago, and an MBA from the Wharton School of Business at the University of Pennsylvania.



**William D. Zollars,
Governor**

William D. Zollars was appointed to the Postal Service Board of Governors by President Donald J. Trump and was confirmed by the Senate on June 18, 2020. Zollars will serve

for the remainder of a seven-year term that expires on December 8, 2022. He currently chairs the Board's Operations Committee and serves on the Strategy and Innovation Committee.

Zollars first served his country in 1970, when he enlisted in the Army National Guard. During his years in private industry, he led large organizations in three different Fortune 500 companies and served on the board of directors of four different Fortune 500 companies.

As chairman, president, and chief executive officer of YRC Worldwide, Inc., Zollars, led one of the largest and most recognizable global transportation service providers from 1999-2011. While at YRC, Zollars was a direct participant in the postal delivery process by providing consolidation and de-consolidation services on behalf of the USPS. Before that, Zollars was president of Yellow Transportation Inc., a position he accepted in 1996 as part of a major management transition for the company. From 1994-1996, Zollars was senior vice president of Ryder Integrated Logistics, a \$1.5 billion division of Ryder System, Inc., based in Miami, Florida. Previously, he spent 24 years in various executive positions at Eastman Kodak, including assignments in London, Toronto, and Tokyo.

Zollars has actively worked for nearly 20 years on public boards in the healthcare, technology, real estate, and transportation industries. He currently serves on the boards of ProLogis Inc., C2FO, Restone Logistics, and Main Street Data, an Agtech company.

Zollars is a graduate of the University of Minnesota with a Bachelor of Arts in economics and is a member of Phi Beta Kappa.



**Louis DeJoy,
USPS Postmaster
General and Chief
Executive Officer**

Louis DeJoy is the 75th Postmaster General of the United States and the Chief Executive Officer (CEO) of the world's largest postal

organization by mail volume delivered.

Appointed by the Governors of the Postal Service, DeJoy began his tenure as Postmaster General in June 2020. Prior to joining the Postal Service, he spent more than 35 years growing and managing a successful nationwide logistics company.

As chairman and CEO of New Breed Logistics, DeJoy spent decades in collaboration with the U.S. Postal Service, Boeing, Verizon, Disney, United Technologies, and other public and private companies to provide supply chain logistics, program management, and transportation support. New Breed Logistics was a contractor to the U.S. Postal Service for more than 25 years, supplying logistics support for multiple processing facilities. The company received Quality Supplier Awards from the Postal Service on four separate occasions.

In 2014, New Breed merged with XPO Logistics, with DeJoy serving as CEO of XPO Logistics' supply chain business in the Americas before his retirement in December 2015. He then joined the company's board of directors, where he served until 2018.

As Postmaster General, DeJoy has committed to creating a long-term, viable operating model for the Postal Service that will ensure the organization can fulfill its public service mission while remaining self-sustaining. Since August 2020, DeJoy has served as a member of the Board of Governors' Strategy and Innovation Committee.

DeJoy is a member of the Board of Trustees at Elon University in North Carolina and the Fund for American Studies in Washington, DC. He received his Bachelor of Business Administration from Stetson University.



**Doug Tulino,
Deputy Postmaster
General and Chief
Human Resources
Officer**

Douglas Tulino was appointed to serve as the Deputy Postmaster General of the United States in May 2021.

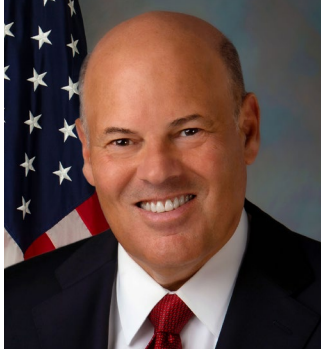
He will continue to serve as Chief Human Resources Officer (CHRO), emphasizing a commitment to the Postal Service workforce and to initiatives in the 10-year plan, Delivering for America, which are designed to make the Postal Service a great place to work for all employees.

As Deputy Postmaster General, Tulino will ensure the organization's culture, talent, labor relations, and leadership development are all contributing to the successful implementation of the Delivering for America plan. He will also play a key leadership role in ongoing stakeholder outreach.

As CHRO, he oversees all aspects of Human Resources (HR) for the Postal Service's 653,000-member workforce. He is responsible for Labor Relations, HR Management, Organizational Development, Compensation and Benefits, Learning and Development, Recruiting and Hiring, and HR Technology.

Tulino holds a Bachelor of Business Administration and Industrial Relations from Kent State University in Ohio.

USPS Executive Leadership Team (ELT)



**Postmaster General and
Chief Executive Officer
Louis DeJoy**



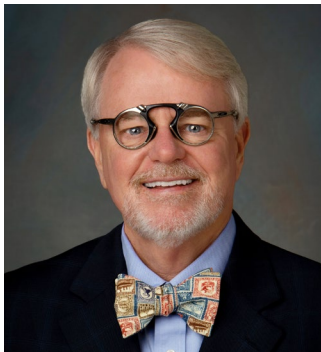
**Deputy Postmaster
General and Chief
Human Resources
Officer Douglas Tulino**



**Chief Retail and
Delivery Officer and
Executive V.P.
Joshua Colin, Ph.D.**



**Chief Processing and
Distribution Officer and
Executive V.P.
Isaac Cronkite**



**Chief Logistics Officer
and Executive V.P.
Kelly Abney**



**Chief Commerce and
Business Solutions
Officer and Executive
V.P. Jacqueline Krage
Strako**



**Chief Technology
Officer and Executive
V.P. Scott Bombaugh**



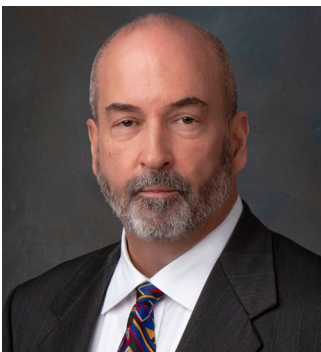
**Chief Information
Officer and Executive
V.P. Pritha Mehra**



**Chief Customer and
Marketing Officer and
Executive V.P.
Steve Monteith**



**Chief Financial Officer
and Executive V.P.
Joseph Corbett**



**General Counsel and
Executive V.P.
Thomas Marshall**



**Finance and Strategy
Senior V.P.
Luke Grossmann**























USPS Organizational Chart

Executive Leadership Team (ELT): 12 (shaded)

Officers — non ELT: 35



**POSTMASTER GENERAL
& CHIEF EXECUTIVE OFFICER**
Louis DeJoy

 Deputy Postmaster General & Chief Human Resources Officer Douglas Tulino	 Chief Retail & Delivery Officer & Exec. VP Joshua Colin	 Chief Processing & Distribution Officer & Exec. VP Isaac Cronkhite	 Chief Logistics Officer & Exec. VP Kelly Abney	 Chief Commerce & Business Solutions Officer & Exec. VP Jacqueline Krage Strako
 VP Human Resources Simon Storey	 VP Delivery Operations Angela Curtis	 VP Processing & Maintenance Operations Mike Barber	 VP Transportation Strategy Peter Routsolias	 VP Facilities Benjamin Kuo
 VP Labor Relations A/Thomas Blum	 VP Retail & Post Office Operations Elvin Mercado	 VP Regional Processing Operations Eastern Dane Coleman	 VP Logistics Robert Cintron	 VP Business Solutions Robert Raines Jr.
 VP Organization Development Jenny Utterback	 VP Area Retail & Delivery Operations Atlantic A/Scott Raymond	 VP Regional Processing Operations Western Todd Hawkins		 VP Business Development Shibani Gambhir
	 VP Area Retail & Delivery Operations Southern Timothy Costello			
	 VP Area Retail & Delivery Operations Central Eric Henry			
	 VP Area Retail & Delivery Operations WestPac Eduardo Ruiz			



Chief Postal Inspector
Gary Barksdale



VP Government Relations & Public Policy
Peter Pastre



VP Corporate Affairs
Judy de Torok



VP Corporate Communications
Jeffery Adams



Judicial Officer
Alan Caramella



Chief Technology Officer & Exec. VP
Scott Bombaugh



Chief Information Officer & Exec. VP
Pritha Mehra



Chief Customer and Marketing Officer & Exec. VP
Steven Monteith



Chief Financial Officer & Exec. VP
Joseph Corbett



General Counsel & Exec. VP
Thomas Marshall



VP Engineering Systems
Linda Malone



VP Chief Information Security Officer
Heather Dyer



VP Customer Experience
Marc McCrery



SVP Finance & Strategy
Luke Grossmann



VP Enterprise Analytics
Jeffrey Johnson



VP Technology Applications
Garrett Hoyt



VP Marketing
Sheila Holman



VP Controller
Cara Greene



VP Innovative Business Technology
Gary Reblin



VP Network & Compute Technology
William Koetz



VP Sales
Shavon Keys



VP Supply Management
Mark Guilfoil



VP Product Solutions
Thomas Foti



VP Pricing & Costing
Sharon Owens

FY 2022 Comprehensive Statement on Postal Service Operations

USPS History and Mission Statement

Our history

The United States Postal Service has a storied history as the institution of our government guaranteeing safe and secure communication among and between the government and the American people.

Many are familiar with our history, which began with the Second Continental Congress and Benjamin Franklin in 1775 and continued in 1787 when the Postal Clause of the U.S. Constitution empowered Congress to establish Post Offices and post roads. Congress exercised those powers with the passage of the Post Office Act of 1792, which made postal services a permanent fixture of the federal government. The act included provisions to facilitate freedom of the press, ensure the privacy of personal correspondence, and expand the nation's

physical infrastructure, all vital to our nation's growth and prosperity.

These principles and objectives endure. While radio, television, and the internet have irrevocably altered our information-gathering habits, postal correspondence remains the most secure and resilient form of communication, providing the American people with a delivery infrastructure vital to our national security.

USPS retains the largest physical and logistical infrastructure of any non-military government institution, providing an indispensable foundation supporting an ever-changing and evolving nationwide communication network. Capitalizing on its expertise in scheduling and high-volume sorting, USPS also serves a vital role in enabling digital commerce.

Our mission

In April 2020, the Board of Governors adopted the following mission statement for the Postal Service to conduct long-range planning and set strategic policy:

- To serve the American people and, through the universal service obligation, bind our nation together by maintaining and operating our unique, vital, and resilient infrastructure.
- To provide trusted, safe, and secure communications and services between our government and the American people, businesses and their customers, and the American people with each other.
- To serve all areas of our nation, making full use of evolving technologies.

To meet this mission we will:

- Remain an integral part of the United States government, providing all Americans with universal and open access to our unrivaled delivery and storefront network.
- Maintain and enhance our reputation and role as a trusted face of the federal government in every

community and provide all levels of government with access to our network and services.

- Provide frequent, reliable, safe, and secure delivery of mail, packages, and other communications to all Americans.
- Use technology, innovation, and where appropriate, private sector partnerships, to optimize and adapt our network, operations, and business model to meet the changing needs of our customers and delivery recipients, while maintaining our core mission.
- Operate in a modern, efficient, and effective manner that allows us to minimize what we charge for our services, consistent with meeting, in a fair way, our obligations to our current and retired employees and other stakeholders.
- Remain an employer of choice, able to attract, retain, and develop high-quality employees who possess the skills necessary to excel in a rapidly changing business environment.

Commitment to Diversity

USPS recognizes the value of a diverse workforce and is one of the leading employers of traditionally underrepresented racial groups and women. The Postal Service defines diversity as “the richness of cultures, perspectives, experiences, and backgrounds.”

Diversity at all levels of the organization drives a culture of inclusion and innovation and directly impacts the bottom line. At the direction of the Executive Diversity Council, the Postal Service is focused on strengthening succession planning and increasing diversity in our leadership positions through our developmental programs and Corporate Succession Planning program. Preparing our future leaders remains a top priority and a key element of the Delivering for America plan.

In FY 2022, the Postal Service accomplished the following in pursuit of improving diversity through our leadership programs:

- Expanded the program offerings for the Managerial Leadership Program (a development program for managers and potential future managers targeted at building managerial skills) by redesigning the program to incorporate self-paced, virtual, and in-person learning components.
- Announced three program offerings for the Advanced Leadership Program in May 2022. This program is intended to prepare high-performing, high-potential leaders in our Corporate Succession Planning program for their first executive assignment.
- Offered the Executive Leadership program to a group of diverse high-potential executives. This program is intended for executives with up to four years of experience in an executive role and is designed to bolster the executive’s skills in working through change, motivating others, and building a work environment of trust.

Currently, historically underrepresented racial groups account for 53 percent of the total workforce and women account for 46 percent. Further, historically underrepresented racial groups comprise 38 percent and women comprise 36 percent of senior USPS management positions.⁴

More than a quarter of Postal Service workers are Black or African American (29 percent), 13 percent are Hispanic, and 8 percent are Asian. In contrast, according to 2020 Census Bureau data of the national

workforce, Black Americans make up 13 percent, Hispanic Americans 18 percent, and Asian Americans 6 percent.⁵

The Postal Service is also a leading employer of veterans, with just under 10 percent of its workforce comprised of veterans’ preference eligible employees, which alone is nearly double the national rate of 5.6 percent for veterans, according to the Bureau of Labor Statistics.⁶

In 2022, the Postal Service was ranked a Top Employer by *Professional Woman’s Magazine*, *HISPANIC Network Magazine*, *Black EOE Journal*, and *U.S. Veterans Magazine*. The Postal Service was also recognized as a Top 20 Government Employer in the *Equal Opportunity Magazine* and *Woman Engineer Magazine*.

Overview of Postal Service Operations

After the passage of the Postal Reorganization Act (PRA), the United States Postal Service began operations July 1, 1971, succeeding the cabinet-level Post Office Department. The PRA established the Postal Service as an “independent establishment of the executive branch of the Government of the United States.”

According to Title 39 U.S.C. subsection 101(a), “The United States Postal Service shall be operated as a basic and fundamental service provided to the people by the Government of the United States, authorized by the Constitution, created by an Act of Congress, and supported by its people. The Postal Service shall have as its basic function the obligation to provide postal services to bind the Nation together through the personal, educational, literary, and business correspondence of the people. It shall provide prompt, reliable, and efficient services to patrons in all areas and shall render postal services to all communities.”

In 2022, Congress passed the PSRA that, among other things, amended Title 39 U.S.C. subsection 101(b) ensuring the Postal Service maintained delivery service “at least six days a week, except during weeks that include a Federal holiday, in emergency situations such

⁴ Senior management is defined as Officer, Executive, and Payband level positions.

⁵ Labor force characteristics by race and ethnicity, 2020. Retrieved Oct. 04, 2022, from Labor force characteristics by race and ethnicity, 2020: BLS Reports: U.S. Bureau of Labor Statistics.

⁶ Employment Situation of Veterans – 2021, Table 5. Employed persons 18 years and over by industry, class of worker, sex, veteran status, and period of service, 2021 annual averages. (Last Modified Date: April 21, 2022). Retrieved Oct. 04, 2022, from <https://www.bls.gov/news.release/pdf/vet.pdf#page=17>.

as natural disasters, or in geographic areas where the Postal Service has established a policy of delivering mail fewer than six days a week as of the date of enactment of the PSRA of 2022.” Additionally, the PSRA established the requirement for the Postal Service to maintain an integrated network for the delivery of market-dominant and competitive products.

Although the Postal Accountability and Enhancement Act (PAEA) classifies the services offered as Market Dominant and Competitive “products,” the term “services” is often used in this report for consistency with other descriptions of services the Postal Service offers.

USPS Services and Postal Rates

To fulfill its universal service obligation, USPS provides services to patrons in all areas and communities in the United States. The Postal Service serves rural areas, communities, and small towns and uses a variety of transportation methods to move mail through this large network, including both surface and air transportation. As a self-funded organization, the Postal Service generally receives no tax dollars for its operating expenses and relies on the sale of postage, products, and services to fund its operations.

Services are sold at approximately 31,100 Postal Service-managed Post Offices, stations, and branches, plus approximately 2,500 additional Contract Postal Units, Community Post Offices, and Village Post Offices. A large network of commercial outlets also sells stamps and services on behalf of the Postal Service. Customers can also purchase stamps and services on the web at *usps.com*. Mail deliveries are made to nearly 165 million city, rural, PO Box, and highway contract route delivery points.

Services include the following:

- **First-Class Mail** — This category includes letters, cards and large envelopes destined for either domestic or international (up to 3.5 ounces) delivery. Large envelopes may weigh up to 13 ounces to domestic destinations and less than 15.994 ounces if mailed internationally. It contains correspondence, bills or statements of account, payments and other mailable content.
- **Marketing Mail** — This category includes advertisements and marketing packages weighing less than 16 ounces and meeting the criteria of not being required to be mailed using First-Class Mail service because of their content. Marketing Mail is typically used for direct advertising to multiple delivery addresses. Every Door Direct Mail is a category of Marketing Mail; it enables customers to prepare direct mailings without names and addresses for distribution to all business and residential customers on individual carrier routes.
- **Periodicals** — This category encompasses the Periodicals class of mail offered for distribution of newspapers, magazines and newsletters that have a required frequency. Customers must receive prior USPS authorization to use this service.
- **Shipping and Packages** — This category includes the following services:
 - **First-Class Package Service — Commercial**, an option for shippers of packages that weigh less than 1 pound.
 - **First-Class Package Service — Retail**, for shipment of boxes, thick envelopes, or tubes of 13 ounces or less.
 - **Package Services** for merchandise or printed matter, such as library and media mail weighing up to 70 pounds.
 - **Parcel Services**, which describes Parcel Select and Parcel Returns services, including “last-mile” products, and USPS Marketing Mail Parcels, which provide commercial customers with a means of package shipment.
 - **Priority Mail**, which is offered as a service both within the U.S. and abroad with domestic, day-specified (non-guaranteed) delivery.
 - **Priority Mail Express**, which provides overnight to 2-day delivery, with money-back guaranteed service including tracking, proof of delivery and basic insurance up to \$100. Priority Mail Express delivery is offered to many major U.S. markets for delivery 365 days a year.
- **USPS Connect** — The Postal Service has launched USPS Connect, a set of four delivery solutions that leverages ongoing network improvements, new equipment, new pricing, and enhanced operational precision to meet evolving business needs. To help businesses meet growing consumer demand for affordable, fast local, regional, and national deliveries and returns, USPS Connect offers these options:

Operations

Over this past year, the Postal Service continued to align its organizational structure to improve line of sight and drive operational precision, increasing accountability in support of its mission and strategy, and to focus on what it does best: collect, process, move, and deliver mail and packages. In FY 2022 the headquarters Logistics and Processing Operations Office was realigned to support organizational priorities. The result was two distinct offices: the Processing and Distribution Office and the Logistics Office. This change, however, did not alter the field structure, as illustrated in Figures 1 and 2 below.

The Postal Service’s organizational structure is centered around four operating units:

- **Retail and Delivery Operations** — Focused on accepting and delivering mail and packages efficiently and with a high level of customer satisfaction.

- **Processing and Distribution** — Focused on executing operating plans for all processing and distribution operations, processing facilities, and distribution network.
- **Logistics** — Focused on operating a work-class transportation network and developing cost-and service-enhancing processes through plants, and delivery operations.
- **Commerce and Business Solutions** — Focused on leveraging Postal Service infrastructure to enable growth.

As part of the operational realignment and to better serve the American public, the Postal Service adjusted its Retail and Delivery Operations areas and districts (Figure #1), as well as its Logistics and Processing Operations regions and divisions (Figure #2).

Figure #1: Retail and Delivery Operations Areas and Districts

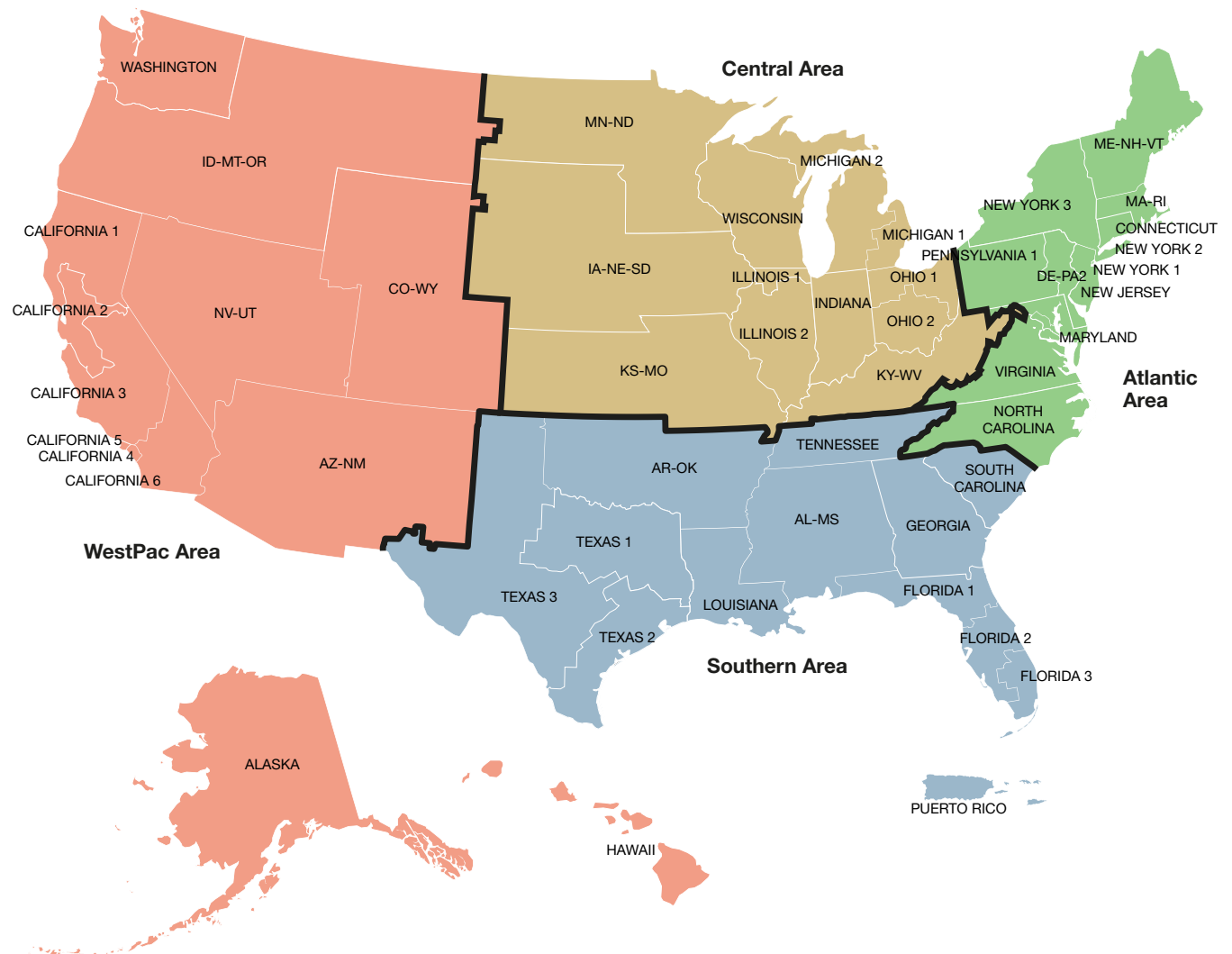
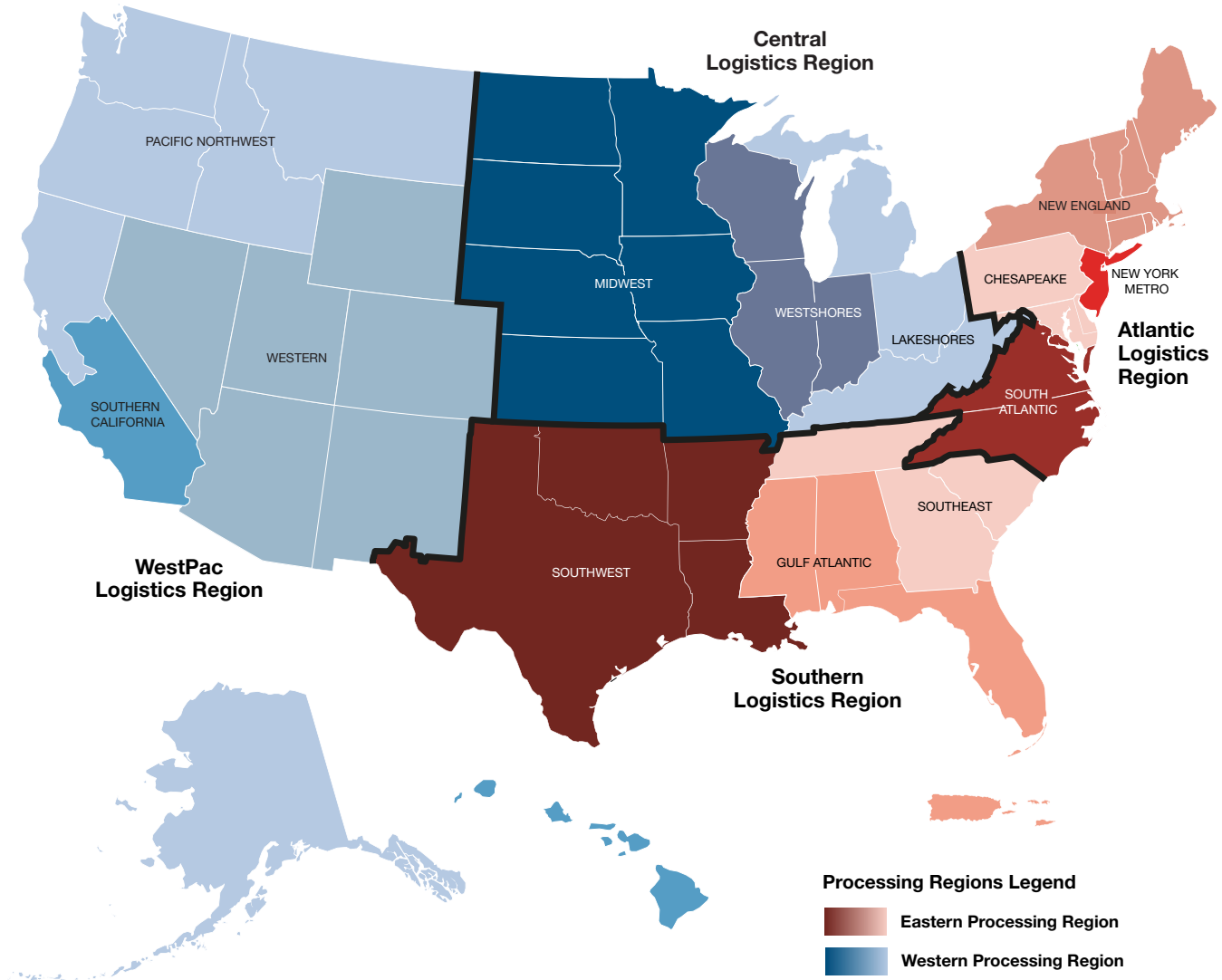


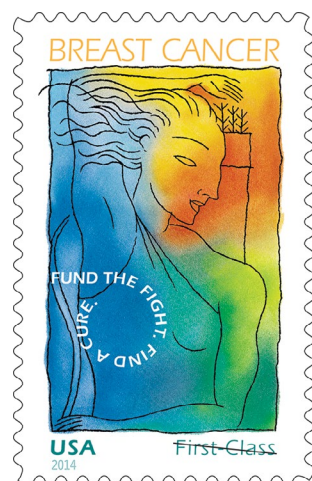
Figure #2: Logistics and Processing Operations Regions and Divisions



Semipostal Stamps

Semipostal stamps are congressionally mandated either directly or through the discretionary authority granted to the U.S. Postal Service through the Semipostal Authorization Act, Public Law 106-253. Under this act, the U.S. Postal Service may issue and sell semipostal fundraising stamps to advance such causes as it considers to be “in the national public interest and appropriate.” The law specified that the U.S. Postal Service can issue up to five new semipostal fundraising stamps over a 10-year period.

In FY 2022, funds generated from semipostal stamps relate to the date range of October 1, 2021, to September 30, 2022. Additionally, funds paid, to the organizations, relate to the date range of April 1, 2021, to March 31, 2022. The Postal Service sold four semipostal stamps, the congressionally mandated Breast Cancer Research semipostal stamp, the congressionally mandated Save Vanishing Species semipostal stamp, and under the U.S. Postal Service’s discretionary authority the Alzheimer’s semipostal stamp and the Healing PTSD semipostal stamp.



The Breast Cancer Research semipostal stamp generated approximately \$1.7 million in funds in excess of the postage value in FY 2022. The Postal Service did not deduct any costs in connection with these stamps in FY 2022. The Postal Service distributed approximately \$1.2 million (70 percent) to the National Institutes of

Health within the Department of Health and Human Services and approximately \$0.5 million (30 percent) to the Breast Cancer Research Program within the U.S. Department of Defense.



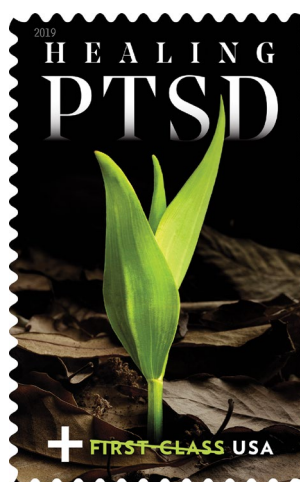
The Save Vanishing Species semipostal stamp generated approximately \$0.7 million in funds in excess of the postage value in FY 2022. The Postal Service did not deduct any costs in connection

with these stamps in FY 2022. The Postal Service distributed approximately \$0.6 million to the U.S. Fish and Wildlife Service to support its Multinational Species Conservation Fund.



The Alzheimer's semipostal stamp generated approximately \$0.2 million in funds in excess of the postage value in FY 2022. The Postal Service did not deduct any costs in connection with these stamps in FY 2022. The Postal Service distributed

approximately \$0.2 million (100 percent of the payment amount due) in funds to the National Institute on Aging within the U.S. Department of Health and Human Services.



The Healing PTSD semipostal stamp generated approximately \$0.4 million in funds in excess of the postage value in FY 2022. The Postal Service did not deduct any costs in connection with these stamps in FY 2022. The Postal Service distributed approximately \$0.4 million (100 percent of the payment amount due) in

funds to the U.S. Department of Veteran's Affairs.

Environmental Affairs and Corporate Sustainability

Sustainability is a core commitment of the Postal Service. As the organization invests in new technology, it will champion sustainable and environmentally focused solutions. At the Postal Service, environmental stewardship means continuously advancing the organization's sustainability goals and environmentally focused solutions that reduce greenhouse gas emissions, energy, fuel, and waste. The following cross-functional initiatives are examples of postal stewardship that benefit customers, employees, and the environment:

Environmental Compliance Reviews

The Postal Service conducts environmental compliance reviews (ECRs) at its facilities to evaluate site-level compliance with all applicable environmental regulations and Postal Service policy. ECRs are the foundation of the Postal Service's compliance program. These reviews follow a standardized protocol to assess site compliance and they provide a platform to directly engage employees to assist with compliance implementation. When necessary, the Postal Service mandates corrective actions and provides compliance assistance to ensure completion.

Solar Power

The Postal Service is committed to increasing conservation efforts with the installation of on-site renewable energy projects at multiple facilities, including our newest site at the Springfield, MA, mail processing center. This facility will have a 2.53 megawatts direct current on-site solar photovoltaic system to produce renewable energy for the facility's usage. The system consists of 6,106 solar photovoltaic panels which will generate an estimated 2,960,000 kilowatt-hours per year. The system will save approximately \$56,000 per year in electricity costs and will reduce the USPS' annual carbon footprint by 2,100 metric tons of carbon dioxide per year.

Water and Energy Utility Management and Reporting

To promote visibility, transparency, and accuracy in water, energy, and greenhouse gas reporting, the Postal Service established the Utility Management System to capture cost and consumption data. This includes utility invoices for electricity, natural gas, water, sewer, propane, steam, heating oil, and backflow testing management. This system also provides detailed facility profiles, invoice payment, auditing, rate optimization, tax recoupment, rebate/refund checks, historical

energy data, and user-friendly reports. The system currently has 5,916 facilities with 19,244 accounts. We are expanding the system to include another 3,300 facilities to optimize our ability to control costs and environmental impacts.

Greenhouse Gas (GHG) Calculation Tool

While implementing the route optimization focus outlined in the Delivering for America plan, the Postal Service saw the need to quantify the associated carbon dioxide equivalent (CO₂e) emissions of miles driven on highway contract routes, thereby allowing the Postal Service to measure the environmental benefits of route optimization projects. Environmental Affairs and Corporate Sustainability worked with Logistics to create a GHG calculator to determine the CO₂e emissions avoided by various routes optimization projects. To accomplish this, USPS converted the miles of highway contracting routes eliminated to the pounds of CO₂e emissions avoided using USPS data and nationally recognized methodologies. In total, the FY 2021 routes optimization efforts avoided the equivalent of over 58.8 million pounds of CO₂e emissions. This is an important effort as USPS values transparency and accountability in our environmental reporting.

Packaging

Our USPS Priority Mail and Priority Mail Express paper packaging meets Sustainable Forestry Initiative® or Forest Stewardship Council® certification standards. This means the paper is sourced through a careful chain of custody that ensures the pulp comes from sustainably managed forests. Using recycled content materials helps extend the life of the earth's precious natural resources thereby reducing impacts to the environment. Our USPS Priority Mail and Priority Mail Express packaging contains an average of 84 percent recycled content for all packaging types and 98 percent recycled content for paper and cardboard packaging.

USPS BlueEarth

The Postal Service helps customers reduce waste, increase recycling, and improve their carbon footprints through its three USPS BlueEarth programs:

- USPS BlueEarth *Secure Destruction* is a cost-effective, secure, and convenient way to manage mail containing personal protected information. It's designed specifically for business mailers who use the Intelligent Mail barcode. This technology enables

the Postal Service to identify, intercept, and securely shred undeliverable-as-addressed First-Class letters and flats with personal protected information that would otherwise be returned to the sender.

- USPS BlueEarth *Federal Recycling Program* provides a convenient mail-back option for federal agencies and their employees to properly dispose of items such as small electronics and phones. The program is easy to manage, free to federal agencies, supplements existing sustainability programs, and provides measurable results that are available through online reports at *FedRecycling.com*.
- USPS BlueEarth *Carbon Accounting* enables large business customers to measure and manage carbon impacts across their supply chains. This proprietary service follows the most widely accepted accounting methods to calculate shipping or mailing items' GHG emissions based on their characteristics, such as product type, size, weight, processing, distribution, and transportation. This no-fee service provides reports that detail GHG emissions associated with the Postal Service's entire delivery process.

National Recycling Operation

This program transports materials — primarily paper, cardboard, and plastic — from USPS facilities to central hubs for recycling. The Postal Service encourages recycling initiatives across the organization to increase recycling performance and improve the organization's bottom line. The Postal Service is "Putting its Stamp on a Greener Tomorrow" by taking sustainable actions and integrating environmental business practices into day-to-day operations. Additional information on the Postal Service's sustainability efforts is available in the 2022 Annual Sustainability Report at usps.com/green.

Commitment to a Safe and Secure Network

The United States Postal Inspection Service (USPIS) is the law enforcement, crime prevention, and security arm of the Postal Service. Our Postal Inspectors, Postal Police Officers, and support personnel protect postal employees, customers, facilities, and the nation's mail from physical attack or criminal misuse.

USPIS aggressively investigates allegations of mail theft and related financial crimes with specific attention on criminals that target the organization's most vulnerable customers, such as the elderly or victims of natural disaster. Additionally, the Postal Inspectors work to prevent the flow of illicit drugs through the mail and

arrest individuals who send synthetic opioids, illicit drugs, and other dangerous substances through the U.S. Mail.

In FY 2022, USPIS conducted the second phase of its Southwest Border Initiative, which began in FY 2021, to intercept drug parcels at high-traffic points along the southern border. USPIS continues to locate and seize drug shipments and identify and disrupt Transnational Criminal Organizations by cooperating with international law enforcement and Foreign Post partners. USPIS bolstered its drug enforcement resources with local police officers trained and deputized as USPIS Task Force Officers (TFOs). In FY 2022, USPIS deployed over 120 TFOs supporting our Contraband Interdiction and Investigation efforts for combating drugs in the mail.

In preparation for the 2022 mid-year election, USPIS joined the Department of Justice Election Crime Task Force to respond to and investigate all reports of election-related threats and crimes. USPIS also conducted election mail training, participated in a Cybersecurity and Infrastructure Security Agency National Election Exercise to better prepare for future election cycles, and established Election Security Coordinators in every USPIS division.

In FY 2022, USPIS also launched Project Safe Delivery, a prevention and enforcement initiative to combat mail theft and violent attacks on postal employees. To date, Project Safe Delivery has resulted in numerous arrests and increased security for USPS employees and facilities.

Earlier this year, the Postal Service led a White House initiative to mail COVID-19 test kits to over 78 million U.S. households. USPIS played an essential role by leading efforts to secure and prevent the theft of these test kits. Postal Inspectors also safeguarded key Parcel Supporting Annexes (PSAs), with USPIS local divisions providing on-site security by Postal Police Officers and Postal Inspectors.

Facility security remains a high priority for the Postal Inspection Service and was a special point of focus in FY 2022. In support of the Delivering for America plan to redesign and reorganize the USPS distribution network, Postal Inspectors conducted risk assessments and provided security recommendations for new and existing distribution centers.

To learn more about USPIS, visit <https://www.uspis.gov>.

COVID-19 Test Kits Initiative

At the beginning of January 2022, the Postal Service committed to the shipment of over 500 million rapid at-home COVID-19 test kits to households across the nation. Through a partnership with the White House, Health and Human Services, and the Defense Logistics Agency, the Postal Service designed and launched a Postal website where individuals are able to order test kits for free.

Test kit deliveries have been made available for every U.S. household, including those in U.S. territories through the Postal Service. Test kits were also shipped

to U.S. military and diplomatic addresses overseas. The program was intended to ensure that individuals have rapid at-home COVID-19 tests available, as the need to test arises. In March 2022, after having delivered more than 270 million tests, or approximately 68 million packages, to households across all states, tribes, and territories, the initiative was expanded to provide a second round of free test kits to be ordered.

The partnership with the White House for the COVID-19 test kit initiative exceeded the initial delivery expectations.

The Fiscal Year (FY) 2022 highlights for COVID-19 test kits are:

- Designed and launched an **easy-to-use consumer website**.
 - ~263 million webpage views (on *usps.com*).
- Stood up **48 pick and pack fulfillment centers** across the nation to manage inventory and enable deliveries.
- Over **668 million tests** were delivered.
 - ~167 million packages delivered; each package contains 4 tests.
- Over **78 million households** were delivered to.
- On average, once packaged, test kit orders took **1.2 Days** to deliver.

“The United States Postal Service is proud to fulfill its mission of service to the nation by delivering COVID test kits as a part of this important public health initiative of the Biden administration,” said Postmaster General Louis DeJoy.



Continuity and Preparedness

The Postal Service Continuity and Preparedness group ensures that plans, procedures, and protocols are in place to respond to emergencies that could disrupt postal operations and provides the tools and resources that enable resumption of operations quickly, safely, and efficiently. The Continuity and Preparedness team coordinates actions with senior leaders and field management when employees and property are affected by natural disasters or national emergencies. This was evident in the Postal Service's ability to re-establish service quickly in response to wildfires in the west (for example, the Bolt Creek Wildfire), historic flooding in Kentucky, and to both Hurricanes Fiona and Ian during FY 2022.

The Postal Service remains committed to employees' safety while resuming mail delivery as soon as possible after disruptions, which would not be possible without the Continuity and Preparedness team and the resilience of USPS employees and its networks. The Postal Service takes its mission of providing universal service across the nation seriously, and strives to keep communities connected even during local, regional, or national disruptions to service.



Key Financial and Operating Statistics

Financial History Summary

(in millions)

	FY 2022	FY 2021	FY 2020
Operating results			
Total revenue ¹	\$ 78,620	\$ 77,041	\$ 73,133
Operating expenses			
Compensation and benefits ²	51,520	50,085	48,730
Retirement benefits ³	8,362	7,376	6,964
Retiree health benefits	—	5,110	4,660
Workers' compensation	(2,119)	(580)	2,903
Transportation	10,281	9,652	8,814
Other operating expenses	11,526	10,201	10,116
Total operating expenses	\$ 79,570	\$ 81,844	\$ 82,187
Loss from operations before the impact of Postal Service reform legislation	\$ (950)	\$ (4,803)	\$ (9,054)
Impact of Postal Service reform legislation ⁴	56,975	—	—
Income (loss) from operations	\$ 56,025	\$ (4,803)	\$ (9,054)
Investment and interest income (expense), net	21	(127)	(122)
Net income (loss)	\$ 56,046	\$ (4,930)	\$ (9,176)
Financial position			
Cash and cash equivalents ⁵	\$ 19,607	\$ 23,858	\$ 14,358
Property and equipment, net	15,147	14,778	14,567
All other assets ⁶	11,361	7,769	6,979
Total assets	\$ 46,115	\$ 46,405	\$ 35,904
Retiree health benefits	—	56,975	51,865
Workers' compensation liability	14,729	18,174	20,074
Debt	10,000	11,000	14,000
Retirement benefits	18,162	14,915	11,583
All other liabilities	19,858	21,021	19,090
Total liabilities	\$ 62,749	\$ 122,085	\$ 116,612
Total net deficiency	\$ (16,634)	\$ (75,680)	\$ (80,708)

¹ Includes non-operating income such as sale of land and buildings, sale of miscellaneous equipment, and sale of motor vehicles.

² Excludes Federal Employees Retirement Systems (FERS) normal costs, amortization of unfunded retirement benefits, retiree health benefits (in both FY 2021 and FY 2020), and workers' compensation.

³ Includes FERS normal costs and amortization of unfunded retirement benefits.

⁴ Represents the one-time non-cash benefits due to the reversal of \$57.0 billion for past due retiree health benefit obligations that were canceled by the enactment of the PSRA.

⁵ Cash and cash equivalents are unrestricted.

⁶ Includes restricted cash of \$4.0 billion, \$449 million, and \$354 million, on September 30, 2022, 2021, and 2020, respectively.

Revenue, Pieces and Weight Statistics

(in millions of units indicated, unaudited)

	FY 2022	FY 2021	FY 2020
First-Class Mail¹			
Revenue	\$ 24,036	\$ 23,264	\$ 23,781
Number of pieces	48,940	50,664	52,628
Weight, pounds	2,469	2,551	2,644
Marketing Mail²			
Revenue	\$ 16,002	\$ 14,589	\$ 13,909
Number of pieces	67,092	66,198	64,004
Weight, pounds	5,421	5,560	5,715
Shipping and Packages³			
Revenue	\$ 31,308	\$ 32,008	\$ 28,529
Number of pieces	7,186	7,585	7,325
Weight, pounds	13,344	14,717	14,163
International Mail			
Revenue	\$ 1,713	\$ 2,202	\$ 2,408
Number of pieces	354	417	742
Weight, pounds	247	310	432
Periodicals			
Revenue	\$ 959	\$ 942	\$ 1,024
Number of pieces	3,400	3,679	4,006
Weight, pounds	1,055	1,160	1,283
U.S. Postal Service Mail⁴			
Number of pieces	268	279	441
Weight, pounds	79	97	110
Free Matter for the Blind⁵			
Number of pieces	18	20	25
Weight, pounds	7	9	10
Other services – revenue ⁵	\$ 4,489	\$ 4,004	\$ 3,472
Postal Service totals			
Operating revenue	\$ 78,507	\$ 77,009	\$ 73,123
Number of pieces	127,258	128,842	129,171
Weight, pounds	22,622	24,404	24,357

Note: The Postal Service has reclassified the totals for certain mail categories in prior years to conform to classifications used in the current year. Prior period amounts for certain service categories include reclassifications of amounts among service categories to conform to current period presentation. These reclassifications are immaterial for each affected category and have no effect on total operating revenue or pieces for the period. These reclassifications are required by Postal Service regulatory requirements and are included in this document for consistency among publicly-available information.

¹ Excludes First-Class Mail Parcels.

² Excludes Marketing Mail Parcels.

³ See Shipping and Packages and Other Services Statistics table on the following page.

⁴ No revenue is received or recorded for this category of mail.

⁵ By law, the Postal Service is required to offer below-cost postage prices to certain categories of mailers including blind individuals. Congress agreed to reimburse the Postal Service for revenue it had forgone by offering these below-cost postage prices.

Shipping and Packages and Other Services Statistics

(in millions of units indicated, unaudited)

	FY 2022	FY 2021	FY 2020
Priority Mail Express			
Revenue	\$ 770	\$ 820	\$ 697
Number of pieces	27	29	24
Weight, pounds	28	34	29
First-Class Packages			
Revenue	\$ 7,811	\$ 7,385	\$ 6,227
Number of pieces	1,960	2,055	1,848
Weight, pounds	739	787	696
Priority Mail			
Revenue	\$ 12,323	\$ 13,511	\$ 11,831
Number of pieces	1,201	1,405	1,274
Weight, pounds	3,217	3,717	3,385
Parcel Select Mail (including USPS Connect Local) and Marketing Mail Parcels			
Revenue	\$ 9,303	\$ 9,224	\$ 8,740
Number of pieces	3,453	3,507	3,536
Weight, pounds	8,194	8,932	8,713
Parcel Return Service Mail			
Revenue	\$ 242	\$ 234	\$ 202
Number of pieces	70	72	72
Weight, pounds	170	173	181
Package Services			
Revenue	\$ 859	\$ 834	\$ 832
Number of pieces	475	517	571
Weight, pounds	996	1,074	1,159
Total shipping and packages			
Revenue	\$ 31,308	\$ 32,008	\$ 28,529
Number of pieces	7,186	7,585	7,325
Weight, pounds	13,344	14,717	14,163
Other services			
Certified Mail			
Revenue	\$ 637	\$ 615	\$ 598
Number of articles	166	169	168
Return Receipts			
Revenue	\$ 285	\$ 262	\$ 280
Number of articles	112	110	120
USPS Tracking			
Revenue	\$ 1	\$ 1	\$ 1
Number of articles	2	3	1,565
PO Box Services revenue	\$ 1,377	\$ 1,207	\$ 1,095
Money Orders			
Revenue	\$ 167	\$ 147	\$ 146
Number of articles	66	71	77
Insurance			
Revenue	\$ 88	\$ 105	\$ 93
Number of articles	13	17	17
Shipping and mailing supplies			
Revenue	\$ 110	\$ 122	\$ 135
Number of articles	44	49	60
Miscellaneous other services revenue	\$ 1,824	\$ 1,545	\$ 1,124
Total other services revenue	\$ 4,489	\$ 4,004	\$ 3,472

Note: The Postal Service has reclassified the totals for certain mail categories in prior years to conform to classifications used in the current year. Prior period amounts for certain service categories include reclassifications of amounts among service categories to conform to current period presentation. These reclassifications are immaterial for each affected category and have no effect on total operating revenue or pieces for the period. These reclassifications are required by Postal Service regulatory requirements and are included in this document for consistency among publicly-available information.

Post Offices and Delivery Points

(in actual units indicated, unaudited)

	FY 2022	FY 2021	FY 2020
Post Offices, stations and branches			
Postal Service-managed			
Post Offices	26,269	26,362	26,362
Stations, branches, and carrier annexes	4,863	4,885	4,968
Total Postal Service-managed	31,132	31,247	31,330
Contract Postal Units ¹	1,665	2,009	2,094
Village Post Offices ¹	411	542	590
Community Post Offices ¹	433	425	437
Total offices, stations, and branches	33,641	34,223	34,451
Residential delivery points			
City	85,428,477	84,775,116	84,233,373
Rural	47,549,887	46,475,650	45,320,604
PO Box	16,102,394	16,020,228	16,015,289
Highway Contract	3,144,943	3,106,794	3,050,749
Total residential delivery	152,225,701	150,377,788	148,620,015
Business delivery points			
City	7,832,792	7,818,805	7,789,025
Rural	1,794,225	1,766,055	1,736,436
PO Box	2,968,262	3,093,299	3,146,028
Highway Contract	83,112	83,220	82,648
Total business delivery	12,678,391	12,716,379	12,754,137
Total delivery points	164,904,092	163,139,167	161,374,152
Change in delivery points served	1,764,925	1,765,015	1,472,840

¹ In FY 2022 the data was sourced from the Contract Postal Unit Technology (CPUT) system to align with the Postal Regulatory Commission's directive, in its FY 2022 Annual Compliance Determination Report, that such data be drawn from the same source as that used for the Postal Service's FY 2022 Annual Compliance Report.

Number of Routes by Type of Delivery

(in actual units indicated, unaudited)

Route	FY 2022	FY 2021	FY 2020
City	142,328	142,207	142,018
Rural	81,615	81,288	79,900
Highway Contract Route	9,642	9,676	9,661
Total	233,585	233,171	231,579

Postal Vehicle Inventory

(in actual units indicated, unaudited)

Vehicle type	FY 2022	FY 2021	FY 2020
Delivery and collection (0.5-2.5 tons)	216,456	212,327	207,945
Mail transport (tractors and trailers)	4,500	4,158	5,719
Mail transport (5-11 tons)	2,148	2,167	2,782
Administrative and other	6,366	6,482	6,697
Service (maintenance)	4,500	4,611	5,464
Inspection Service and law enforcement	2,562	2,623	2,934
Total	236,532	232,368	231,541

Real Estate Inventory

(in actual units indicated, unaudited)

Real estate inventory	FY 2022	FY 2021	FY 2020
Owned properties	8,484	8,460	8,440
Owned interior square feet	194,603,528	194,097,968	193,867,670
Leased properties	22,951	22,986	23,050
Leased interior square feet	88,752,123	85,449,683	78,860,472
GSA ¹ /other government properties	291	290	291
GSA ¹ /other government interior square feet	1,729,970	1,729,484	1,732,001

¹ General Services Administration.

Real Estate Inventory Actions

(in actual units indicated, unaudited)

Real estate inventory actions	FY 2022	FY 2021	FY 2020
Lease actions (alternate quarters, new leases and renewals)	5,095	5,593	5,414
Property disposals ¹	5	3	5
New construction ²	82	98	98
Repair and alteration projects	51,890	53,237	61,483
Repair and alteration expense project totals (in thousands, rounded)	\$ 273,000	\$ 270,000	\$ 268,000
Repair and alteration capital projects	3,662	4,119	4,312
Repair and alteration capital project totals (in thousands, rounded)	\$ 513,000	\$ 553,000	\$ 555,000

¹ Total partial and complete property sales does not include non-property sales such as right-of-ways/easements, sale of rights, defaults, installment payments, etc.

² Includes the build-out of pre-existing spaces that the Postal Service did not previously own, the new construction of leased or owned space, and the expansion of existing spaces.

Employee Complement

(actual numbers, unaudited)

	FY 2022	FY 2021	FY 2020
Headquarters (HQ) and HQ-related employees			
Headquarters	7,251	6,416	3,477
Headquarters – field support units	2,403	2,761	3,425
Inspection Service	2,307	2,358	2,399
Inspector General	1,012	1,016	1,017
Total HQ and HQ-related employees	12,973	12,551	10,318
Field employees			
Area offices	46	129	923
Postmasters/installation heads	13,599	12,662	13,667
Supervisors/managers	23,720	22,663	25,189
Professional administration and technical personnel	1,996	2,309	4,792
Clerks (including nurses)	127,735	129,113	119,171
Mail handlers	47,268	46,866	36,721
City delivery carriers	170,391	172,894	167,934
Motor vehicle operators	9,865	9,417	9,189
Rural delivery carriers – full-time	77,199	75,134	74,255
Building and equipment maintenance personnel	27,098	27,867	28,675
Vehicle maintenance employees	4,870	5,031	5,107
Total field employees	503,787	504,085	485,623
Total career employees	516,760	516,636	495,941
Pre-career employees			
Casuals	69	188	10,261
Postal support employees	25,842	31,346	25,778
Non-bargaining temporary	319	332	341
Rural part-time	47,081	54,110	58,747
Postmaster relief and leave replacements	1,707	1,838	1,959
City carrier assistant	35,036	37,653	38,079
Mail handler assistant	8,555	11,064	12,927
Total pre-career employees	118,609	136,531	148,092
Total employees	635,369	653,167	644,033

Executive Compensation

Federal law (U.S.C. 3686(d) of Title 39) requires the Postal Service to provide compensation and benefits to employees at a level comparable to the private sector. The Postal Service will continue to pursue this goal for all its employees. In addition, the organization supports, develops, and provides a wide range of tools and development resources that assist employees in reaching their full potential.

The Postal Service Board of Governors establishes executive officer compensation and benefits, subject to the requirements and limitations of federal law. Although Postal Service governing law provides that executives should be compensated at a level comparable to the private sector, the Postal Service does not have the resources to achieve this level of compensation. Compensation for executive officers remains significantly below that of similarly ranked senior executives in the private sector.

In most circumstances, the Postal Service cannot compensate its executives more than the rate for Level 1 of the Executive Schedule, which was \$221,400 in calendar year (CY) 2021. Under certain programs, bonuses or other rewards can be awarded, which raise the level of compensation beyond this limit; however, compensation is still limited by federal law.

Performance-based payments for FY 2020 were paid in CY 2021. Performance-based payments were determined by the Postal Service Board of Governors.

In accordance with legal reporting requirements, the following table reports executives compensated in excess of Federal Executive Level 1 in CY 2021. The second column of the table reports the total compensation in excess of Federal Executive Level 1, including salary and bonus or other payment. The third column lists only the amount of bonus or other payments included in that figure. The terms “bonus or other payment” in the third column of the table are statutory terms that represent various amounts which are a part of an executive’s total compensation; these amounts are predicated on the Postal Service’s maintenance of a performance appraisal system that makes meaningful distinctions based on relative performance.

Executive Compensation Disclosure

Executive Name	CY 2021 Reportable Excess Earnings	CY 2021 Bonus or Other Payment
Louis DeJoy	\$ 84,632	\$ —
Isaac S. Cronkhite	84,948	23,955
Thomas J. Marshall	81,050	30,237
Jacqueline M. Strako	79,457	18,465
Joseph Corbett	78,761	27,865
Pritha Mehra	78,224	27,328
Scott R. Bombaugh	74,864	23,968
Douglas A. Tulino	72,863	14,829
Steven W. Monteith	64,663	13,767
Luke T. Grossmann	57,180	26,550
Joshua D. Colin	50,590	24,829
Peter Routsolias	33,383	35,683
Abelardo P. Munoz Jr.	32,240	32,329
Angela H. Curtis	30,740	30,829
Timothy R. Costello	30,431	30,520
Salvatore N. Vacca	28,740	28,829
Elvin Mercado	28,265	38,573
Eduardo H. Ruiz	27,561	35,520
Michael L. Barber	24,740	24,829
Robert Cintron	24,740	24,829
Michael J. Elston	23,895	24,469
Simon M. Storey	23,598	23,687
Dane A. Coleman	22,240	22,329
Linda M. Malone	22,240	22,329
Sheila B. Holman	21,013	35,683
Gary R. Barksdale	14,740	14,829
Jeffrey C. Johnson	14,740	14,829
Gary C. Reblin	14,654	14,743
Sharon D. Owens	14,350	14,591
William E. Koetz	10,319	33,720
Kelly M. Sigmon	9,744	17,195
Marc D. McCrery	8,619	22,539
Tom A. Samra	8,254	38,146
Katherine S. Attridge	7,792	23,507
Steven A. Darragh	6,647	22,144
Jennifer D. Utterback	5,553	23,406
Mark A. Guilfoil	4,585	14,043
Thomas J. Foti	3,920	18,746
Felipe Flores Jr.	3,126	19,287
Rajinder Sanghera	1,834	17,023
Lorraine G. Castellano	1,831	17,020
Stephen R. Hardin	1,627	19,304
Todd S. Hawkins	1,627	19,304
Cara M. Greene	1,344	13,653
Eric E. Henry	996	26,280
Larry J. Belair	927	16,804
Jeffery A. Adams	654	20,689
Robert H. Raines Jr.	571	23,098
Vinay K. Gupta	476	19,608

Note: Legislation requires reporting compensation in the last full calendar year. This timeframe does not align with the Postal Service’s fiscal year, which is from October to September.

FY 2022 Performance Report and FY 2023 Performance Plan

Corporate-wide Goals and Targets

The Postal Service is a self-supporting, independent federal establishment of the U.S. government and continues to serve an indispensable role as a driver of commerce and provider of delivery services that connect Americans to one another — reliably, affordably, and securely — and to every residential and business address.

To provide a roadmap for a more efficient, valuable, and relevant organization that will meet the evolving needs of the nation and customers now and for years to come, the Postal Service issued its 10-year Delivering for America plan in March 2021. It outlines the following 12 strategic areas of focus to achieve financial sustainability and service excellence:

- Strengthen value of mail and sustain public service mission, including 6-day mail delivery.
- Implement service standards that achieve service excellence 95 percent of the time.
- Innovate and launch USPS Connect.
- Modernize delivery vehicle fleet, and with Congressional support, implement electric fleet by 2035.
- Implement best-in-class processing operations.
- Implement best-in-class delivery operations.
- Implement a modern, transformed network of retail Post Offices.
- Implement a fully optimized surface and air transportation network.
- Stabilize and empower workforce to include reducing pre-career turnover.
- Align organizational structure to support effectiveness.
- Support legislative and administrative actions.
- Implement a more rational pricing approach including a judicious implementation of new and existing pricing authorities.

These strategies position the Postal Service to successfully meet the evolving mailing and shipping needs of the nation and become the preferred delivery service provider for the American public.

To assess efforts in implementing these strategies, the organization measures performance through progress against these corporate performance outcomes:

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

For each of these, the following subsections describe both the measures used to assess organizational progress in the FY 2022 Performance Report, the FY 2022 actual outcomes, the FY 2023 targets, and the plans to achieve them.

These targets are aligned with the FY 2023 Integrated Financial Plan (IFP), which includes planned revenue and expenses for FY 2023. Every fiscal year, USPS develops a budget and plan intended to be sufficient to meet its targeted financial and nonfinancial performance outcomes. The Postal Service sets all corporate-wide targets to be achievable given the planned expenses in the IFP.

The following table shows targets for FY 2022-FY 2023 and actual corporate performance from FY 2019-FY 2022.

FY 2022-FY 2023 Targets and FY 2019–FY 2022 Actuals for Corporate-wide Performance Outcomes

Corporate Performance Outcome: High Quality Service¹

Measure	FY 2023 Target	FY 2022 Actual	FY 2022 Target	FY 2021 Actual	FY 2020 Actual	FY 2019 Actual
Single-Piece First-Class Mail Two-Day	93.00	91.34	90.25	86.44	91.47	92.05
Single-Piece First-Class Mail Three-to-Five-Day	90.28	83.62	90.00	63.20	78.83	80.88
Presort First-Class Mail Overnight	95.00	94.92	94.75	93.38	94.72	95.46
Presort First-Class Mail Two-Day	95.00	93.36	93.00	88.29	92.77	94.10
Presort First-Class Mail Three-to-Five-Day	92.20	91.49	90.50	80.87	89.89	91.95
First-Class Mail Letter and Flat Composite (FCLF)	92.50	91.00	91.00	82.69	89.73	91.36
Marketing Mail and Periodicals Composite	93.37	92.86	91.50	87.12	88.38	88.73
Market Dominant Composite ^{2,3,4}	93.00	92.14	91.25	85.30	89.00	89.86

Corporate Performance Outcome: Excellent Customer Experience

Measure	FY 2023 Target	FY 2022 Actual	FY 2022 Target	FY 2021 Actual	FY 2020 Actual	FY 2019 Actual
Customer Experience Composite Index ⁵	74.39	72.72	72.99	68.49	72.40	69.04
Business Service Network (BSN)	98.00	98.20	97.33	97.89	97.33	96.68
Point of Sale (POS)	87.46	86.34	87.46	84.39	87.46	87.77
Delivery	80.94	73.91	80.94	70.41	80.94	80.40
Customer Care Center (CCC)	69.88	70.75	63.02	61.85	60.03	46.94
Customer 360 (C360)	40.05	38.44	40.05	33.34	40.05	37.45
usps.com	73.41	73.62	73.41	67.13	73.41	72.94
Business Mail Entry Unit (BMEU)	96.29	96.48	96.72	95.66	96.72	96.00

Corporate Performance Outcome: Safe Workplace and Engaged Workforce

Measure	FY 2023 Target	FY 2022 Actual	FY 2022 Target	FY 2021 Actual	FY 2020 Actual	FY 2019 Actual
Total Accident Rate	13.25	12.39	13.45	13.48	13.09	14.19
Grand Mean Engagement Score	3.33	3.31	3.38	3.36	3.29	3.36
Engagement Survey Response Rate	N/A	25	N/A	25	33	38

Corporate Performance Outcome: Financial Health⁶

Measure	FY 2023 Target	FY 2022 Actual	FY 2022 Target	FY 2021 Actual	FY 2020 Actual	FY 2019 Actual
Controllable Income (Loss) (\$ in billions)	0.50	(0.47)	(4.10)	(2.39)	(3.75)	(3.42)
Deliveries per Total Work Hours, Percent Change	N/A	N/A	N/A	N/A	0.90	(0.60)

Note: N/A indicates that either no data was collected or no target was set for the relevant indicator and year.

¹ The Postal Service is providing nonpublic service performance data for certain competitive products as part of the Nonpublic Annex in the Annual Compliance Report (ACR) proceeding conducted by the Postal Regulatory Commission (PRC).

² Market Dominant Composite includes all First-Class Mail, Marketing Mail, Periodicals, Flats, Bound Printed Matter Parcels, Marketing Mail Parcels, and Library/Media Mail.

³ The FY 2019-FY 2021 actual scores are sourced from the Service Performance Measurement (SPM) system.

⁴ The FY 2019-FY 2021 actuals are provided for comparability purposes only. Market Dominant Composite was introduced in FY 2021.

⁵ In FY 2019-FY 2022, the Customer Experience Composite Index is based on survey responses from the following touchpoints: Business Service Network, Point of Sale, Delivery, Customer Care Center, C360, usps.com, and Business Mail Entry Units. For more information regarding comparability, refer to USPS Response to Question 4 from the 2020 ACR Chairman Information Request No. 2, dated Jan. 14, 2021.

⁶ The FY 2022 Integrated Financial Plan (IFP) information contained in this document will be revised if needed upon approval by the Postal Service Board of Governors.

High-Quality Service

The Postal Service is committed to “bind the Nation together through the personal, educational, literary, and business correspondence of the people. [We] shall provide prompt, reliable, and efficient services to patrons in all areas and shall render postal services to all communities” (U.S.C. Title 39). This forms the core of USPS operations.

The Postal Service operates a highly complex network of distribution and delivery facilities interconnected by multiple modes of transportation across the country. The organization measures service performance at the product level against specific service standards on a continuous basis.

Service Performance Measurement (SPM) is an internal measurement system that measures and reports service performance from the time mail is deposited in a Postal Service facility to when a USPS employee delivers it to a home, business, or PO Box.

The annual service performance indicators are reported as a cumulative score throughout the year and are volume weighted. Service performance during the first half of the year — when mail volume is highest — sets the pace for the remainder of the year.

In FY 2022 the Postal Service measured service performance in the following categories:

Single-Piece First-Class Mail. The measures for this category represent the performance of single-piece First-Class Mail letters, postcards and flats throughout the fiscal year. The indicators show the estimated percent of total mail by service standard (Two-Day and Three-to-Five-Day) that was delivered to customers on time.

Presort First-Class Mail. The measures for this category represent the performance of commercial presorted First-Class Mail letters, postcards, and flats delivered throughout the fiscal year. The indicators show the estimated percent of total mail by service standard (overnight, Two-Day and Three-to-Five-Day) that was delivered on time.

First-Class Mail Letter and Flat (FCLF) Composite. This category represents the weighted average of the performance of single-piece First-Class Mail and Presort First-Class Mail across all service standards, weighted by volume.

Marketing Mail and Periodicals Composite. This category is a composite indicator of the percent of all

Marketing Mail and Periodicals that was delivered within the service standard established during the year. This includes Marketing Mail letters, Marketing Mail flats, and Periodicals. Approximately two-thirds of mail volume in this composite is Marketing Mail letters, while the remainder is Marketing Mail flats and Periodicals.

Market Dominant Composite. The Market Dominant Composite includes letters and flats of all First-Class Mail, Marketing Mail, Periodicals, Bound Printed Matter and all parcels of Library Mail, Media Mail and Bound Printed Matter. The score for this category is generated by dividing the total volume (of all classes, shapes and service standards) by the number of pieces delivered on time and is reported as a cumulative year-to-date score.

FY 2022 Performance Report

The following table includes both FY 2022 Actuals (unmitigated) and FY 2022 Targets for the High-Quality Service measures.

Measure	FY 2022 Actual	FY 2022 Target	Delta (PP) ¹	FY 2022 Target (Met/Not Met)
Single-Piece First-Class Mail Two-Day	91.34	90.25	1.09	Met
Single-Piece First-Class Mail Three-to-Five-Day	83.62	90.00	(6.38)	Not Met
Presort First-Class Mail Overnight	94.92	94.75	0.17	Met
Presort First-Class Mail Two-Day	93.36	93.00	0.36	Met
Presort First-Class Mail Three-to-Five-Day	91.49	90.50	0.99	Met
First-Class Mail Letter and Flat Composite (FCLF)	91.00	91.00	—	Met
Marketing Mail and Periodicals Composite	92.86	91.50	1.36	Met
Market Dominant Composite	92.14	91.25	0.89	Met

¹ PP refers to the percentage point difference between FY 2022 Actuals and FY 2022 Targets.

The Postal Service far exceeded the FY 2021 actual performance and most of the FY 2022 Targets set, further demonstrating its commitment to delivering high quality service to its customers and the American people.

Although the Postal Service did not attain the target of 90.00 for Single Piece First-Class Mail Three-to-Five Day on-time performance in FY 2022, it still achieved 83.62 percent of all pieces making the service standard, which is a five year high and more than a full point higher than at any of the prior four years. The primary variables that account for this product missing the established service standard can be attributed to ongoing network transportation changes and additional processing requirements for this product which prohibit its ability to mitigate potential failures or disruptions.

The Postal Service worked aggressively to implement the elements of the Delivering for America plan to achieve its long-term goal of 95 percent on-time service performance relative to service standards once the plan is fully implemented. To achieve better service throughout the network in the interim, Postal Service management implemented the following actions:

- Conducted a thorough review of processing locations and implemented site-specific operating plans to improve end-to-end service performance and operational efficiency.
- Proactively planned for the FY 2022 peak season, hiring over 40,000 seasonal, delivery, and plant personnel.
- Expanded its facility footprint by leasing 13 million additional square feet in more than 100 multi-year annexes and other locations.
- Installed new processing equipment to accommodate growing parcel volumes.
- Expanded Surface Transportation Centers (STCs) to add several hundred thousand square feet for improved workflow.

The Postal Service Board of Governors reconstituted the Election Mail Committee in August 2021 to oversee, review, and monitor the Postal Service’s preparations for the 2022 primary and general elections and made recommendations to the Board on this and related issues. This follows the Postal Service’s success of the 2020 election season and reaffirmed the Postal Service’s commitment to the election process.

The Postal Service accomplished all of this while packaging and delivering more than 167 million orders containing more than 668 million COVID-19 test kits to American households, a process that was developed in house within a matter of weeks in conjunction with the

White House, with an average days to deliver of just 1.2 days.

Reference the FY 2022–FY 2023 Targets and FY 2019–FY 2022 Actuals for Corporate-wide Performance Outcomes table on page 33 for historical performance.

FY 2023 Performance Plan

For FY 2023, Market Dominant service performance will be measured against service standards of Two-Day and Three-to-Five-Day for Single-Piece First-Class Mail. For Presort First-Class Mail, service performance will be measured relative to Overnight, Two-Day, and Three-to-Five Day service standards.

The following table states the FY 2023 Targets.

Measure	FY 2023 Target
Single-Piece First-Class Mail Two-Day	93.00
Single-Piece First-Class Mail Three-to-Five-Day	90.28
Market Dominant Composite	93.00
First-Class Mail Letter and Flat Composite (FCLF)	92.50
Presort First-Class Mail Overnight	95.00
Presort First-Class Mail Two-Day	95.00
Presort First-Class Mail Three-to-Five-Day	92.20
Marketing Mail and Periodicals Composite	93.37

On October 1, 2021, the Postal Service implemented new service standards for First-Class Mail and Periodicals. These service standard changes are a part of the Delivering for America plan and will increase delivery reliability, consistency, and efficiency for customers. With the implementation of these service standard changes, the Postal Service is modifying its ground transportation network to deliver more First-Class Mail, further benefiting its customers.

The Postal Service will continue implementing elements of the Delivering for America plan which include:

- Transforming its processing facilities and transportation networks.
- Preparing for the peak season.
- Investing in new vehicles, equipment, systems, and facilities.
- Stabilizing and empowering our workforce.

Transforming its processing facilities and transportation networks. The Postal Service has a legacy network of nonstandard, outdated, and often poorly located processing facilities. This network consists of 427 middle-mile facilities with different names and acronyms including Processing and

Distribution Centers (P&DCs), National Distribution Centers (NDCs), Peak Season Annexes (PSAs), Terminal Handling Services (THS), and STCs. The organization also operates 1,088 service hubs across the country to transport mail and packages to delivery units. This array of facilities is inefficient and unable to provide the high-quality service the Postal Service is committed to providing. In FY 2023, the Postal Service will continue implementing region-by-region modernization efforts to transform this legacy network into standardized Regional Processing and Distribution Centers (RPDCs), Local Processing Centers (LPCs), and Sorting and Delivery Centers (S&DCs).

In order to successfully accomplish the COVID-19 Test Kit project we implemented commercial best practices for national distribution and delivery. The successful experience of the project helps validate the concepts of the newly aligned network evident by the packaging, processing, and delivering more than 668 million COVID-19 tests to the American people during FY 2022. The test kit initiative proved that a limited set of strategically placed sites can deliver to most American homes in less than two days.

In FY 2023, the Postal Service will continue to deploy new S&DCs in targeted regions which will combine delivery operations from smaller delivery units into larger, standardized, and optimally located delivery units that will enable advanced parcel automation, infrastructure for installing Electric Delivery vehicles, and optimized local transportation trips to and from the processing facilities. In many cases, S&DCs will be co-located with LPCs or RPDCs. Existing Post Offices will retain retail counters and PO Boxes in current locations.

In FY 2023, the Postal Service will also begin standing up new or major retrofitted facilities where existing facilities cannot be utilized due to space constraints, location, or current conditions. In addition, management will undertake a major effort to reduce the backlog of maintenance, repairs, and alterations on the remaining facilities. In the regions selected for launch of these new facilities and operating schemes, the Postal Service will start moving mail and packages together to and from these regions around the nation. While this process began in FY 2022, it is multi-year modernization plan with the goal to stand up these new RPDCs, LPCs, and SDCs region by region over the next eight to nine years.

Preparing for the peak season. The consequence of the problems experienced during the 2020 peak season were the result of many years of underinvestment in the

network and workforce. In order to regain the public's confidence in the Postal Service, leadership made significant changes to the 2021 peak season planning efforts to include the following steps:

- Expanding its facility footprint by leasing 8.5 million additional square feet across 52 Peak Season or Package Support Annexes and processing facilities to handle peak volumes.
- Procuring and installing additional package sortation machines, 137 of which have been done since January 2022.
- Deploying new technology, including more than 6,000 computer tablets distributed to workroom floors over the last 12 months to better equip supervisors with tracking and moving mail and packages expeditiously.
- Securing reliable transportation, whether in house or contracted via a new go-anywhere transportation system, for timely reactions to deviations from plan, including the ability to schedule extra trips for volume, weather, cancellations, or other reasons.
- Once again hiring upwards of 28,000 additional seasonal employees to accommodate the delivery needs of customers.

Investing in new vehicles, equipment, systems, and facilities. As the Postal Service continues to streamline the redesign of the Processing, Distribution, Transportation, and Delivery Network, significant capital investments will begin or continue in FY 2023 including:

- New delivery vehicles.
- Replace and repair inadequate facilities, then streamline operations and reduce transportation to and from those sites.
- Modernizing our fragmented and antiquated technologies, including software, computing performance, and new e-commerce technology.
- Expanding our package capacity by acquiring new sortation equipment and modernizing our distribution centers.
- Redesign our Retail and Delivery network, including expansion and replacement of many space-deficient Delivery Units (DUs).
- Operational technologies that will grow our enterprise analytics and real-time data collection capabilities.

As the most consumer facing and expensive investment, the new delivery vehicles will play a critical role in improving service and reliability. The majority of the delivery fleet is approaching 30 years old, well past the intended life expectancy. Replacing nearly 200,000 of the current 236,532 vehicles will be one of the most dramatic modernizations in decades, including the incorporation of Electric Vehicles, 10,000 of which have already been ordered. The improved efficiency, reliability, and safety will contribute to improved service performance by minimizing impacts due to break downs and reducing delivery trips allowing mail and packages to be delivered on time. Redesigning and rebalancing of the processing network is the most efficient and enduring way to improve reliability and predictability for Postal Service customers.

Additionally, the Postal Service will integrate mail and package movement with processing functions in a logical sequence to simplify the network and identify the right locations to process products in a complete manner. These efforts will result in increased processing capacities and overall productivity.

The Postal Service will also improve its delivery footprint to align with emerging market demand. By aggregating more DUs into larger facilities in the right locations, the organization will grow its same-day and next-day reach by providing businesses with greater access to direct entry of their shipments. The Postal Service will add additional automated package sorting equipment to improve capacity in large DUs, thereby optimizing efficiencies, resiliency, and customer service offerings.

Stabilizing and empowering our workforce. The Postal Service understands its service performance success depends on investing in the workforce and strives to be an “employer of choice” that hires, develops, and retains the most capable and diverse set of employees. The Delivering for America plan focuses heavily on improving collaboration and engagement within the workplace and strengthening the employee experience through the following measures:

- Converting its pre-career employees to career status.
- Empowering its frontline supervisors with better tools, more resources, and a new training program tailored to their unique needs.
- Developing its workforce to help individuals advance into new roles through defined career paths, training tracks, and hiring fairs to backfill vacancies.

- Creating a culture of organizational focus, transparency, and accountability through engaged and collaborative leaders that inspire and engage their employees.
- Building a diverse pipeline of talented candidates through its Executive Diversity Council.

Reference the FY 2022–FY 2023 Targets and FY 2019–FY 2022 Actuals for Corporate-wide Performance Outcomes table on page 33 for historical performance.

Excellent Customer Experience

An excellent customer experience is foundational to the Postal Service’s success. To evaluate USPS customer satisfaction with the services provided, customers are surveyed at every primary interaction point, referred to as “touchpoints.” The Customer Experience (CX) Composite Index provides a comprehensive view of the customer’s experience across the most frequently used customer-facing channels. The CX Composite Index is comprised of seven component surveys: Business Service Network (BSN), Point of Sales (POS), Delivery, Customer Care Center (CCC), Customer 360 (C360), *usps.com*, and Business Mail Entry Unit (BMEU).

To calculate the FY 2022 CX Composite Index score, each customer touchpoint’s raw overall satisfaction score is multiplied by its respective weighting and the total is summed. This total represents the CX Composite Index score for the year. There were no methodology changes in FY 2022 that affected the measurement of key metrics in the CX Composite Index.

The following describes each component of the CX Composite Index:

BSN Survey. The BSN provides nationwide support to qualified business customers on service issues, information, and requests. The BSN survey measures businesses’ satisfaction with the overall experience provided by the BSN. The national weighting of the BSN score used to calculate the CX Composite Index is 10 percent.

POS Survey. The POS survey measures customers’ overall satisfaction with their experiences at retail locations. The national weighting of the POS score used to calculate the CX Composite Index is 15 percent.

Delivery Survey. The Delivery survey measures the overall satisfaction of residential and small/medium business customers’ delivery experience, including both street address and PO Box deliveries. The national

weighting of the Delivery score used to calculate the CX Composite Index is 20 percent.

CCC Survey. The CCC survey measures customer satisfaction for customers who call the Customer Care Center. The national weighting of the CCC score used to calculate the CX Composite Index is 20 percent.

C360 survey. The C360 survey measures satisfaction with issue resolution for customers who file service requests with the Postal Service. The national weighting of the C360 score used to calculate the CX Composite Index is 20 percent.

usps.com Survey. The *usps.com* survey measures customer satisfaction with the USPS website. The national weighting of the *usps.com* score used to calculate the CX Composite Index is 5 percent.

BMEU Survey. The BMEU survey measures business customers' overall satisfaction with their experience at the BMEU. The national weighting of the BMEU score used to calculate the CX Composite Index is 10 percent.

All FY 2022 survey results and methodology for each component and the CX Composite Index are comparable to FY 2021.

FY 2022 Performance Report

The following table includes both FY 2022 Actuals and FY 2022 Targets for the Excellent Customer Experience metrics.

Measure	FY 2022 Actual	FY 2022 Target	Delta (PP) ¹	FY 2022 Target (Met/Not Met)
CX Composite Index	72.72	72.99	(0.27)	Not Met
BSN	98.20	97.33	0.87	Met
POS	86.34	87.46	(1.12)	Not Met
Delivery	73.91	80.94	(7.03)	Not Met
CCC	70.75	63.02	7.73	Met
C360	38.44	40.05	(1.61)	Not Met
<i>usps.com</i>	73.62	73.41	0.21	Met
BMEU	96.48	96.72	(0.24)	Not Met

¹ PP refers to the percentage point difference between FY 2022 actuals and FY 2022 Targets.

In FY 2022, the Postal Service improved its overall CX Composite Index score of 72.72 percent from the previous year's 68.49 percent. Despite improvements in all seven CX touchpoints from their FY 2021 scores, the CX Composite Index score target of 72.99 percent was not met, due to four component surveys missing their

respective FY 2022 Targets: POS, Delivery, C360, and BMEU.

One positive and significant year-over-year trend to note is the *usps.com* touchpoint, which improved by 6.49 percentage points from FY 2021. CCC also improved year-over-year by 7.73 percentage points. This is the third consecutive year that scores for both CCC and BSN have improved.

In FY 2022, the Postal Service played a critical role through the ongoing pandemic in delivering COVID-19 test kits to the American public. The CX team supported this initiative by ensuring the public had access to key information, establishing protocols, and implementing enabling technologies, including the creation of a dedicated FAQ page available on our *usps.com* website and establishing an Integrated Voice Response (IVR) path for customers calling the (800) ASK-USPS toll-free number with special queues to provide information to customers. A dedicated group of customer service agents were trained on how to handle these customer inquiries. Between the program launch date of January 20, 2022, and September 26, 2022, 37,261 calls were offered to our agents, 98 percent of which were answered, on average, within 32 seconds.

Additionally, the CX team created special paths within its customer relationship management tool (Customer 360) on *usps.com*, that provided customers the ability to report issues around our ordering and delivery processes. To date, the USPS has received and fulfilled over 160 million orders. Overall, this program has been successful and continues to showcase the Postal Services ability to deliver for America during times of crisis and need.

The Postal Service continued to ask the overall satisfaction question in each component survey in 2022. All FY 2022 CX Composite Index scores are thus comparable to FY 2021 and FY 2020 actual scores.

The following sections address FY 2022 actual scores, FY 2022 targets, accomplishments achieved throughout the year, and other related information for each CX touchpoint metric.

BSN Survey. In FY 2022, the Postal Service achieved a score of 98.20 percent, exceeding the target of 97.33 percent by 0.87 percentage points. This score represented a 0.31 percentage point improvement compared to FY 2021. The BSN continued the requirement to obtain the customer's satisfaction of the resolution prior to closing a service request,

reinforcing our focus on customer value, and addressing their issues and concerns before closing the loop on requests. In addition, the BSN team continued to share BSN score reports with retail and delivery Areas, focusing on improvement plans that were created for Districts with low scores.

The BSN also distributed Customer Experience training to all BSN representatives throughout the year and refreshed Job Aids for standard work processes to improve consistency in service delivery.

POS Survey. In FY 2022, the Postal Service achieved an overall satisfaction score of 86.34 percent, 1.12 percentage points lower than the target of 87.46 percent. This score represents a 1.95 percentage point increase compared to FY 2021. Despite strong overall satisfaction improvements in FY 2022, the COVID-19 pandemic continued to pose a challenge for retail locations which contributed to POS falling just short of the FY 2022 target. As employee behavior was observed to be a key driver in overall satisfaction, many of the FY 2023 initiatives for training and recognition focus on continuing the improvements in customer interactions at retail locations.

In FY 2022, the Postal Service continued its Self-Service Kiosk (SSK) Prepaid Acceptance Pilot, which provides contactless transactions for customers who require a receipt when mailing a prepaid package and recognized an increase in the volume of SSK Prepaid Acceptance transactions. In addition, the Postal Service relocated underutilized SSKs to new locations to improve utilization of the tools and mitigate long customer wait times in line. The 82 Phase I SSK sites chosen for relocation had a utilization rate of 19.31 percent. Since the deployment of this initiative, the actual nationwide SSK utilization rate is 27.63 percent.

Delivery Survey. In FY 2022, the Postal Service achieved a score of 73.91 percent, 7.03 percentage points lower than the target of 80.94 percent. This score represents a 3.5 percentage point increase compared to FY 2021. In FY 2022, the Neighbor Post Box project was suspended due to supply chain issues with the vendor. This program was designed to replace existing Centralized Box Units (CBU) with Neighborhood Post (NP) Boxes. NP Boxes have much larger compartments than CBUs and can accommodate more and/or larger customer packages. We expect the total quantity of boxes to be available in Q2 of FY 2023.

Additionally, the Smart Locker Project, which began as

a pilot in FY 2021 with 10 lockers located in Northern Virginia, was expanded in FY 2022, with 54 additional Smart Lockers across the four postal areas. The technology piece for the Smart Lockers has been finalized and the additional Smart Lockers are expected to be in use by the end of Q1 in FY 2023.

The pilots mentioned above address “Failed First Attempts” which have a direct impact on Overall Satisfaction (OSAT) and packages received by expected date and contributed to missing our target delivery score.

CCC Survey. In FY 2022, the Postal Service achieved a score of 70.75 percent, 7.73 percentage points higher than the target of 63.02 percent. This score represented a 8.90 percentage point increase compared to FY 2021. To achieve this, the Postal Service implemented multiple customer experience improvements including making it easier for customers to provide their tracking numbers on the phone and expanding capabilities in the Visual Interactive Voice Response (IVR) System to allow more customers to self-serve. Visual IVR shows the IVR interaction on the customer’s smart phone while the customer concurrently hears the audible instructions. It also allows customers to enter data on their smart phone, which helps increase accuracy for data elements such as tracking numbers, addresses, and names.

Additionally, in FY 2022, the Postal Service added the ability for customers to enroll in automatic updates, including receiving a follow-up phone call or receiving an email to receive updates for package tracking. This enhancement reduced the number of service requests being created unnecessarily prior to the packages expected delivery date. This enabled the Customer Experience organization to focus efforts on resolving customer inquiries faster without spending time on package inquiries that are not yet expected to be delivered. CCC agents continued to provide high levels of service to customers throughout the year, driven by a continued focus on coaching and training agents.

C360 Survey. In FY 2022, the Postal Service achieved a score of 38.44 percent, 1.61 percentage points lower than our target of 40.05 percent. This score represented a 5.10 percentage point increase compared to FY 2021. While we did make improvements in C360 OSAT during FY 2022, successful resolution continued to be a key driver for not meeting the target score. Due to widespread transition of new and often inexperienced C360 users coming onboard, a resolution outcome

for the customer cannot always be achieved. The organization is currently developing strategies that will allow inquiries to be routed to targeted C360 users best able to successfully resolve a customer inquiry.

In FY 2022, the Postal Service provided scenario-based training by creating and publishing new Knowledge Articles with local Post Office users in mind, provided “Back to Basics” training to all employees using the C360 platform to resolve customer inquiries, and provided training to the field and the Consumer Affairs Teams, stressing the need to solve service requests on “day one” as often as possible. The organization is also tracking Initial Contact and Overdue Service requests.

Additionally, as new Congressional staffers were onboarded during the year, the Consumer Affairs Manager for the associated District worked with the Consumer Advocate to get the new staffers access and new user training for the Congressional Inquiry Portal, a platform for Congressional staffers to log inquiries through C360. Additional refresher training was also offered to all staffers already using the Congressional Inquiry Portal to give them a better understanding of the system.

The Postal Service’s Customer Relationship Management (CRM) platform, Customer360, was upgraded from the Classic interface to a new Lightning interface, providing the more than 53,000 users with a more modern, easy to use, and efficient experience. All users including Customer Care Agents, Consumer Affairs, and Local Post Office teams were trained on this interface to support a smooth transition and consistent delivery of care to customers reaching out with inquiries.

usps.com Survey. In FY 2022, the Postal Service achieved a score of 73.62 percent, 0.21 percentage points higher than the target of 73.41 percent. This score represented a 6.49 percentage point increase compared to FY 2021. The *usps.com* team published content throughout the year to support awareness and adoption of new services focused on same-day and next-day delivery for business customers, including USPS Connect Local Directory and the USPS Connect eCommerce Program. A majority of FY 2022 was focused on creating seamless customer experiences and enabling users to order COVID-19 test kits through *usps.com*. The ordering portion of the site was visited approximately 263 million times. The *usps.com* team conducted usability and accessibility tests to ensure an easy ordering process experience for users with

poor or limited vision and for users requiring assistive technology. The team’s efforts surrounding the online ordering process have been mentioned in the media as an exemplary customer experience.

BMEU Survey. In FY 2022, the Postal Service achieved a score of 96.48 percent, 0.24 percentage points lower than our target of 96.72 percent. This score represented a 0.82 percentage point increase compared to FY 2021. Although customers cited positive employee attitudes, courtesy, and knowledge about postal products, services, and systems as the three primary drivers of satisfaction, the target score was not achieved in FY 2022. The BMEU team discovered that issue resolution was a contributing factor and is primarily due to the customers’ experience with USPS functions outside of BMEU.

In FY 2022, the Postal Service continued to leverage the successful strategies and initiatives that it used in FY 2021 to improve customer service. These initiatives included the Customer Centric Certification Program and the in-person Leadership Conference, which resulted in 0.98 percent increase of the BMEU OSAT from FY 2021 to FY 2022, implementing training, updating job aids, and coaching and mentoring employees that serve BMEU customers. Additionally, the BMEU Corporate Strategy and Structure realigned its organization and clearly defined employee roles and responsibilities to improve service to customers.

Reference the FY 2022–FY 2023 Targets and FY 2019–FY 2022 Actuals for Corporate-wide Performance Outcomes table on page 33 for historical performance.

FY 2023 Performance Plan

The following table includes the FY 2023 Targets for the Excellent Customer Experience metrics.

Measure	FY 2023 Target
CX Composite Index	74.39
BSN	98.00
POS	87.46
Delivery	80.94
CCC	69.88
C360	40.05
<i>usps.com</i>	73.41
BMEU	96.29

In FY 2023, delivering excellent customer experiences across multiple channels will continue to be a priority for the Postal Service. This includes improving the way we engage with customers, making it easier for our employees to deliver excellent customer service, enhancing how we measure customer experiences in a timely manner, and providing a consistent customer experience across all channels.

In FY 2023, the Postal Service will include the same touchpoints with slight modifications to the weights attributed to these touchpoints. The POS survey weight will increase from 15 percent to 20 percent, and the CCC survey weight will decrease from 20 percent to 15 percent. These modifications will allow the CX Composite Index score to more accurately reflect the interactions with postal customers.

The Postal Service will continue to improve the measurement of customer experience by ensuring questions accurately measure both customer sentiment and attributes of customer satisfaction across the CX surveys. Furthermore, we plan to influence change across all USPS customer-facing channels in FY 2023.

The Postal Service will continue to produce scenario-based training in the form of C360 Knowledge Articles to guide users through the investigation and resolution of customer inquiries. The organization will also continue to leverage the successful strategies and initiatives that it used in prior years to improve customer service, including its Customer Centric Certification Program, providing in-person conferences, updating job aids, and coaching and mentoring employees that serve BMEU customers. Weekly OSAT meetings will be held with vital Districts to ensure employees understand how to foster positive, cross-functional relationships and exceptional customer service. Additionally, efforts will be made to educate customers to complete the BMEU surveys based on their experience with the BMEU and not with an experience within the retail or delivery operations.

The Postal Service will empower its workforce to prevent undesirable customer experiences by providing actionable data to help them resolve customer pain points and improve customers' experience.

Reference the FY 2022–FY 2023 Targets and FY 2019–FY 2022 Actuals for Corporate-wide Performance Outcomes table on page 33 for historical performance.

Safe Workplace and Engaged Workforce

Employee Safety

Employee safety is a top priority for the Postal Service. Accident prevention is the guiding principle for both occupational safety and health-related activities and is the underlying philosophy of the USPS Safety program. To avoid accidents and occupational diseases, USPS has adopted standard requirements for safety and health protection in the workplace and established compliance protocols to ensure effective implementation.

Risk assessment and management are fundamental to preventing and controlling risks to safety and health in the workplace. This includes accounting for all relevant risks, checking the efficacy of safety measures, and regularly documenting and reviewing outcomes.

In FY 2022, the Postal Service continued to respond to pandemic-related risks and implemented controls to protect employees and reduce viral spread. The Postal Service marshalled all possible resources to meet the challenges posed by the pandemic. Early in the pandemic, the organization established a dedicated USPS COVID-19 Command Response leadership team to direct employee, operational, business, and customer continuity efforts during this extraordinary time. The Postal Service followed guidance from the Centers for Disease Control and Prevention as well as other public health authorities and continues to provide employees with up-to-date information. USPS will continue to protect employees in the workplace as they serve the American people.

The Postal Service's safety performance is measured by a total accident rate. The formula for calculating the total accident rate is the number of recorded accidents in the year multiplied by 200,000 (calculated by the average annual 2,000 work hours per employee multiplied by 100 to standardize accident rates). This number is then divided by the annual number of exposure hours.

The total accident rate formula is:

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

This rate uses the same calculation developed by the Occupational Safety and Health Administration (OSHA) for its Illness and Injury (I&I) rates metric, which has been expanded to include accidents that do not

result in medical expenses, days away from work, or restrictions from performing full duty. Using the total accident rate is an industry best practice that enables the Postal Service to design targeted prevention strategies to decrease accidents and reduce the impact on employees and the organization.

FY 2022 Performance Report

In FY 2022, the total accident rate was 12.39, surpassing the target of 13.45. The following table includes both the FY 2022 Actual and FY 2022 Target for the corporate safety metric.

Measure	FY 2022 Actual	FY 2022 Target	Delta	FY 2022 Target (Met/Not Met)
Total Accident Rate	12.39	13.45	(1.06)	Met

The Postal Service was able to meet its FY 2022 target by continuing the Safety Intervention and Recognition Program that tracked district/division level performance each month. In addition, the organization implemented quarterly business reviews focusing on facility level interventions by the field support staff.

The addition of new visualizations and data analytical tools provided immediate access to data and allowed each manager/supervisor insight into the accident trends in their facilities.

The Postal Service will continue to enhance the Safety and Health Management Tool to provide regular reporting and trend analysis information to field leadership. Focusing on Action Planning within the tool will provide greater success in preventing accidents from recurring. By addressing the root and primary causes of each accident, the Postal Service will be able to implement activities, training, and accident prevention protocols.

The following table shows accidents by type in FY 2022 and FY 2021.

Accident Count by Type

Accident Type	FY 2022	FY 2021	Percent Change
OSHA I&I	29,543	30,694	-3.75%
Non-Recordable	41,984	49,151	-14.58%
Motor Vehicle ¹	27,697	27,760	-0.23%
Total	71,527	79,845	-10.42%

¹ Motor vehicle accidents are included in both the OSHA I&I and non-recordable accident counts.

Reference the FY 2022–FY 2023 Targets and FY 2019–FY 2022 Actuals for Corporate-wide Performance Outcomes table on page 33 for historical performance.

FY 2023 Performance Plan

The FY 2023 target for the total accident rate is 13.25. The Postal Service will continue proactive safety and prevention efforts to achieve the target. Outreach efforts will be concentrated on the most frequent workplace hazards (such as dog bites, distracted driving, extreme weather events, and slip, trip, and fall injuries) and will target at-risk groups.

The following table states the FY 2023 Target.

Measure	FY 2023 Target
Total Accident Rate	13.25

In support of the Delivering for America plan, the Postal Service will continue to foster safety as a core value throughout the organization. Specifically, the Postal Service will consider the safety of employees in all aspects of the organization, such as new facilities, new equipment, new vehicles and modified work practices.

In addition, the Postal Service will continue to enhance the Occupational Safety and Health Scorecard, and the Safety and Health Management Tool to meet the needs of our operational partners to provide increased visibility into accident prevention opportunities.

The Postal Service will continue to empower employees to become more involved in their own safety through the identification, recording and reporting of safety concerns in real time and will provide timely communications of safety and health information to the workforce.

Reference the FY 2022–FY 2023 Targets and FY 2019–FY 2022 Actuals for Corporate-wide Performance Outcomes table on page 33 for historical performance.

Employee Engagement

The Postal Service aims to engage employees so that teams, individuals, and leaders thrive and perform at high levels. Research shows that higher levels of employee engagement correlate to healthier work environments, more successful teams, and positive business outcomes for organizations.

To measure the level of engagement at the Postal Service, the organization administers the Postal Pulse survey to all employees annually. Postal Pulse results include the grand mean score and survey response rate. The grand mean score assesses overall engagement levels of respondents, and the response rate shows the level of participation among the entire employee population.

FY 2022 Performance Report

In FY 2022, the Postal Pulse survey grand mean score was 3.31, which is lower than the target of 3.38. The response rate was 25 percent, the same as in FY 2021.

The following table shows the FY 2022 actual and target grand mean scores.

Measure	FY 2022 Actual	FY 2022 Target	Delta	FY 2022 Target (Met/Not Met)
Engagement Score	3.31	3.38	(0.07)	Not Met

This year, the Postal Pulse survey was administered from June 14, 2022, through July 15, 2022. Non-bargaining employees received the survey link via Postal email on June 14, and each subsequent week until they responded or until July 15 if they did not respond. The Postal Pulse survey was administered to bargaining-unit employees using three methods: a paper survey distributed at the work unit, a paper survey mailed to the employee's home address, and via postal email, if available. All employees were invited to respond to the survey on-the-clock.

Employees were also encouraged to complete the survey through other communication channels including email, scanner alerts, stand-up talks, and internal employee communications. The methodology of the survey calculations remains consistent since 2015.

Since the pandemic, many U.S. organizations have experienced an increase in turnover and a decrease in employee engagement and satisfaction. This has been variously described as the "great resignation" and "quiet quitting." As a reaction to the pandemic, employees seem to be re-evaluating whether their work is meaningful to them and making the decision not to exert extra effort at work to have a better work-life balance. Companies with lower-paying jobs, such as in the service industry, are struggling to hire enough workers.

We believe this change in the U.S. workforce contributed to the decrease in our engagement scores this fiscal year. Prior to the pandemic, we experienced steady increases in engagement from 2015 to 2019. Although engagement decreased during the height of the pandemic, the decrease was consistent with trends observed across the U.S., and it rebounded to pre-pandemic levels the following year.

Reference the FY 2022–FY 2023 Targets and FY 2019–FY 2022 Actuals for Corporate-wide Performance Outcomes table on page 33 for historical performance.

FY 2023 Performance Plan

The FY 2023 metric target will be a grand mean engagement score of 3.33. The following table states the FY 2023 Target.

Measure	FY 2023 Target
Grand Mean Engagement Score	3.33

Grand mean scores over the past seven years have ranged from 3.16 to 3.36. Over the span of four survey administrations from 2016-2019, the scores increased by 0.01 each year. The proposed target score of 3.33, an increase of 0.02 from FY 2022, is optimistic, yet realistic.

Many of the FY 2022 programs to improve engagement were newly initiated under the Delivering for America plan and expected to lay the foundation for elevating employee engagement. Engagement initiatives have focused on two major groups of employees: front-line supervisors and newly hired pre-career employees.

For front-line supervisors, the number of authorized positions were increased to align with earned staffing, and an aggressive internal recruitment campaign was conducted to facilitate filling vacant positions. The USPS Supervisor Program was revised to ensure new supervisors are equipped with the most up-to-date training, including critical knowledge and skills that are keys to successful performance. New mobile tablets were deployed to front-line supervisors in mail processing to put technology at their fingertips while they are on the workroom floor, and a new Front-Line Supervisor Tool Kit webpage was deployed on the postal intranet to provide quick access to the most frequently used systems, forms, and references.

For newly hired employees, the onboarding process was standardized and documented to ensure new employees are welcomed and receive the training, equipment, and information they need to be successful. Enhancements to the onboarding programs were piloted to gauge the impact of revised schedules and peer mentors in improving engagement and retention of new employees. These pilots have demonstrated success with higher engagement and retention scores, and we plan to continue expanding the program over the next fiscal year. In September 2022, the Welcome to USPS (W2USPS) New-Hire Orientation was updated and streamlined to equip new hires with critical information about the organization and their job, as well as shorten the timeframe between a job offer and report-for-duty date.

In FY 2023, we will continue to expand these programs with the expectation of improved employee engagement. Recent aggressive recruitment campaigns for external pre-career hiring and internal supervisor promotions will result in a lot of new employees and newly promoted employees at all levels across the organization. Newly hired employees will experience updated, streamlined W2USPS Orientation in order to move quickly to their job training and work assignment. Newly promoted supervisors will experience the updated, enhanced USPS Supervisor Program and begin their new assignments better prepared, with access to the online Front-Line Supervisor Tool Kit to easily find the systems they need from day one. Front-line supervisors who are better trained and equipped to perform their job will be able to foster a more engaging work environment for their employees.

In addition, we will increase communications around the survey in an effort to improve the response rate. Communications will include internal employee publications spotlighting the positive impact of engagement and leveraging survey results to improve the work environment. We will include guidance regarding what managers can do to improve engagement, such as scheduling one-on-one meetings with employees and increasing employee recognition. In preparation for the next survey administration, we will provide advance notification to prepare managers to encourage employees to respond.

Reference the FY 2022–FY 2023 Targets and FY 2019–FY 2022 Actuals for Corporate-wide Performance Outcomes table on page 33 for historical performance.

Financial Health

As a self-funded organization, the Postal Service generally receives no tax dollars for its operating expenses and relies on the sale of postage, products, and services to fund its operations. The Postal Service continues to face long-term systemic challenges to its business model, including declines in mail volume and growth in legacy pension costs.

In recent years, we have made great strides in creating a more efficient, customer-oriented, and operationally focused organization. Nonetheless, it takes time to realize the impacts of these changes and our organization continues to face financial challenges, including a high liability to asset ratio and a projected net loss for FY 2023 of \$4.5 billion.

The COVID-19 pandemic continued to impact the

Postal Service's financial health in FY 2022. The surge of package volume in 2020 and 2021 abated, though volumes remained above pre-pandemic levels. Mail volumes continued to decline, however Marketing Mail volumes rebounded slightly from their depressed levels at the start of the pandemic.

Additionally, inflation had a significant impact on expenses. Workers received cost of living adjustments at historic highs, and prices increased for goods and services on which the Postal Service relies. Increases in fuel prices have led to a rise in transportation costs. Inflation also significantly impacted USPS FERS and Civil Service Retirement System (CSRS) amortization expenses, since the increase in cost-of-living adjustment impacted both current and future pension benefit payouts.

Our Delivering for America plan included a correction of decades of overpayment of CSRS benefits by USPS; according to modern actuarial and accounting standards, a far greater share of these benefits should have been paid by the U.S. Treasury. This correction could be accomplished by an instruction to the Administration to the Office of Personnel Management. This reform would eliminate CSRS amortization expenses entirely; in FY 2022 the expense was \$2.3 billion, and FY 2023 projected expense will be \$3.1 billion.

The PSRA of FY 2022 canceled the Postal Service's obligation to make Retiree Health Benefit (RHB) normal cost and amortization payments. As a result, normal cost and amortization expenses to fund the Postal Service Retiree Health Benefits Fund (PSRHBF) were zero for FY 2022 and will be for future years. PSRHBF top-up payments, a new payment, are expected to begin in FY 2026.

Controllable Income (Loss)

The Postal Service's financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). Controllable income (loss) is a non-GAAP measure defined as total revenue less controllable expenses. Controllable expenses are divided into several categories: salaries and benefits, Federal Employees Retirement System (FERS) normal cost, PSRHBF normal cost⁸ (controllable), transportation, depreciation, supplies and services, and rent, utilities, and other. Projections of controllable income (loss) are based on planned revenues and expenditures for every program activity included in the Postal Service's Integrated Financial Plan (IFP). Controllable income (loss) should not be considered a substitute for net income (loss) and other GAAP reporting measures.

The Postal Service uses controllable income (loss), rather than net income (loss), as its principal indicator to assess its financial performance, as net income includes the effects of factors (such as interest rate changes) that cannot be controlled or influenced by management.

Non-Controllable Expenses

Those expenses excluded from controllable income (loss) are non-controllable expenses, which are not reflective of short-term operational decisions and are subject to large fluctuations outside the organization's control.

Non-controllable expenses include revaluations of the PSRHBF normal cost⁸ based on requests for payment from the Office of Personnel Management (OPM), the amortization of the Postal Service's unfunded PSRHBF liabilities⁹, the amortization of unfunded liabilities for the Postal Service's participation in FERS and CSRS, and non-cash expenses related to changes in the liability for participation in the federal workers' compensation program. These items are excluded from the calculation of controllable income (loss). In FY 2022, the organization also excluded the non-cash impact of the PSRA, which eliminated our liability because of past-due payments to the PSRHBF.

Fluctuations in non-controllable expenses are caused by changes in inflation, interest rates, and actuarial assumptions. The Postal Service can only marginally influence these expenses over the long term by changing the number of employees or compensation rates, but this effect is small and gradual compared to the effect of external factors. For example, a one percent increase in the discount rate would cause a decrease in the September 30, 2022, workers' compensation liability and related expense by approximately \$1.3 billion. Similarly, a one percent decrease in the discount rate would cause an increase in the September 30, 2022, workers' compensation liability and related expense by approximately \$1.6 billion.

The following table includes revenue, controllable income (loss), and net income (loss) and shows planned revenues and expenses by category for FY 2023 and FY 2022, as well as actual data for FY 2019-FY 2022.

⁸ PSRHBF normal cost was expensed from FY 2017 through FY 2021.

⁹ PSRHBF unfunded liability amortization was expensed from FY 2017 through FY 2021.

Revenue and Expenses

(in billions, unaudited)¹

	FY 2023 Plan (IFP)	FY 2022 Actual	Actual vs Plan	FY 2022 Plan (IFP)	FY 2021 Actual	FY 2020 Actual	FY 2019 Actual
First-Class Mail	\$ 24.9	\$24.0	\$(0.2)	\$24.2	\$23.3	\$23.8	\$24.4
Marketing Mail	16.4	16.0	0.8	15.2	14.6	13.9	16.4
Shipping and Packages	31.9	31.3	0.7	30.6	32.0	28.5	22.8
International	1.8	1.7	(0.5)	2.2	2.2	2.4	2.5
Periodicals	1.0	1.0	0.0	1.0	1.0	1.0	1.2
Other ²	5.2	4.8	0.5	4.3	4.0	3.6	4.0
Total Revenue	\$81.2	\$78.8	\$1.3	\$77.5	\$77.1	\$73.2	\$71.3
Salaries and Benefits	54.0	52.8	0.6	52.2	51.4	50.0	48.9
FERS Normal Cost	4.6	4.5	0.1	4.4	4.1	3.8	3.5
PSRHBF Normal Cost (controllable) ³	—	—	(4.3)	4.3	3.9	4.0	4.0
Transportation	10.0	10.3	0.7	9.6	9.7	8.8	8.2
Depreciation	1.8	1.7	—	1.7	1.7	1.7	1.7
Supplies and Services	3.4	3.2	—	3.2	2.9	3.1	2.8
Rent, Utilities, and Other ⁴	6.9	6.8	0.6	6.2	5.8	5.6	5.6
Controllable Expenses	\$80.7	\$79.3	\$(2.3)	\$81.6	\$79.5	\$77.0	\$74.7
Controllable Income (Loss)	\$0.5	\$(0.5)	\$3.6	\$(4.1)	\$(2.4)	\$(3.8)	\$(3.4)
Impact of Postal Service reform legislation ⁵	—	57.0	57.0	—	—	—	—
PSRHBF Normal Cost Actuarial Revaluation ³	—	—	—	—	(0.3)	0.1	0.2
PSRHBF Unfunded Liability Amortization	—	—	1.0	(1.0)	(0.9)	(0.8)	(0.8)
FERS Unfunded Liability Amortization	(1.9)	(1.6)	(0.2)	(1.4)	(1.4)	(1.3)	(1.1)
CSRS Unfunded Liability Amortization	(3.1)	(2.3)	(0.4)	(1.9)	(1.9)	(1.8)	(1.6)
Workers' Comp. Fair Value and Other Non-Cash Adjustments	—	3.4	3.4	—	2.0	(1.6)	(2.1)
Non-Controllable Items	\$(5.0)	\$56.5	\$60.8	\$(4.3)	\$(2.5)	\$(5.4)	\$(5.4)
Net (Loss) Income	\$(4.5)	\$56.0	\$64.4	\$(8.4)	\$(4.9)	\$(9.2)	\$(8.8)

¹ Numbers are rounded for additive purposes.

² Includes investment and interest income, gain or loss on sale, and income from the out-lease of property.

³ Total PSRHBF normal cost is the sum of PSRHBF normal cost (Controllable) and PSRHBF Normal Cost Revaluation.

⁴ Includes interest expense.

⁵ Represents the one-time non-cash benefit due to the reversal of \$57.0 billion for past due retiree health benefit obligations that were canceled by the enactment of the PSRA. With the PSRA, PSRHBF normal cost and amortization payments will be zero for FY 2022 and future years. PSRHBF top-up payments, a new payment, are expected to begin in FY 2026.

FY 2022 Performance Report

In FY 2022, Net Income (Loss) was \$56 billion; without the non-cash impact of the PSRA and non-cash adjustments to workers' compensation, Net Income (Loss) would have been \$(4.4) billion. This adjusted net loss is \$4.0 billion better than the \$(8.4) billion net loss planned in the FY 2022 IFP.

This \$4.0 billion improvement to plan includes:

- A decrease of \$4.3 billion in controllable PSRHBF normal costs, which were eliminated by the PSRA.

- A decrease of \$1.0 billion in PSRHBF unfunded liability amortization, which was eliminated by the PSRA.
- A net \$(0.7) billion impact to revenue and controllable expenses, excluding controllable PSRHBF normal cost. This loss was driven by a \$(1.6) billion impact to revenue and controllable expenses due to increased inflation, which, in the short-term, impacts expenses more than it impacts the Postal Service's ability to generate revenue through increased pricing authority.

- A \$(0.4) billion increase to CSRS unfunded liability amortization expense. These expenses are a result of historically unfair allocation of CSRS pension responsibilities between the Postal Service and the U.S. Treasury. Re-apportioning CSRS assets in line with modern actuarial and accounting standards, as outlined in the Delivering for America plan, would eliminate these payments entirely.
- A \$(0.2) billion increase to FERS unfunded liability amortization expense, primarily due to the impact of increased inflation on wages and pension benefits.

Controllable Income (Loss) was \$(0.5) billion, which was \$3.6 billion better than the FY 2022 target of \$(4.1) billion. The following table includes both the FY 2022 Actual and FY 2022 Target for the Controllable Income (Loss) metric.

Measure	FY 2022 Actual	FY 2022 Target	Delta	FY 2022 Target (Met/Not Met)
Controllable Income (Loss) (\$, billions)	\$(0.5)	\$(4.1)	\$3.6	Met

The major factors that affect the organization's controllable loss include overall customer demand, the mix of postal services and contribution associated with those services, the Postal Service's ability to manage its cost structure in line with the shifting volume mix, an increasing number of delivery points, legacy pension costs and inflation.

Revenue includes funds received from the sale of postage, mailing and shipping services; PO Box rentals; gain or loss on sale and income from the leasing of property; and interest and investment income. The Postal Service's FY 2022 total revenue of \$78.8 billion exceeded our planned revenue by \$1.3 billion.

The following is a description of revenue sources:

First-Class Mail primarily consists of single-piece and presorted letters and postcards. Revenue from First-Class Mail was \$24.0 billion, lower than the planned amount by \$0.2 billion, mainly due to lower-than-expected volume recovery from the pandemic loss.

Marketing Mail consists of mail that weighs less than 16 ounces and that is not required to use First-Class Mail service. Marketing Mail is typically used for direct advertising to multiple delivery addresses. Marketing Mail may include advertising, newsletters, catalogs, small marketing parcels, and other printed matter. Revenue

from Marketing Mail was \$16.0 billion, exceeding the planned amount by \$0.8 billion, primarily due to higher-than-expected volume recovery from the pandemic loss.

Shipping and Packages consist largely of Competitive services that can be priced to reflect current market conditions. These include Priority Mail and Priority Mail Express, last mile and network services such as Parcel Select and Parcel Return, First-Class Mail Package Service, and certain other package delivery services. Revenue from Shipping and Packages was \$31.3 billion, an increase of \$0.7 billion above the planned amount, due to pricing initiatives and volumes from mailing of COVID-19 test kits.

International Mail includes services that enable both domestic and international customers to send mail and packages through either standard or express delivery options to other countries. Most International Mail revenue is generated from outbound services that allow customers in the U.S. to send mail and packages to other countries. Revenue from International Mail was \$1.7 billion, \$0.5 billion less than plan.

Periodicals Mail is a class of mail comprised primarily of newspapers, magazines and other periodic publications whose primary purpose is transmitting information to an established list of subscribers or requesters. Revenue from Periodicals was \$1.0 billion, in line with plan.

Other revenue includes ancillary services, such as Certified Mail, PO Box services, Return Receipt services, money order and passport services, and interest income. Other revenue was \$4.8 billion, exceeding the plan amount by \$0.5 billion.

Controllable Expenses. The Postal Service's ability to affect its amount of controllable expenses is limited by various legal requirements, including the universal service obligation, collective bargaining agreements, and the obligation to participate in federal benefits programs. Inflation also had a significant impact on controllable expenses in FY 2022.

Salaries and benefits expenses include salaries, health benefit expenses for active employees, and workers' compensation cash outlays. These expenses were \$52.8 billion, \$0.6 billion more than the FY 2022 plan. This was primarily due to the impact of high inflation; cost-of-living adjustments (COLA) in August 2021, February 2022, and August 2022 were some of the highest ever.

FERS normal cost expense is the expense the organization incurs to fund retirement benefits for active employees. The normal cost of \$4.5 billion was \$0.1 billion more than the planned amount because the salaries on which FERS normal cost is based were higher than planned.

Transportation expenses include the contractual costs incurred to transport mail and other products between Postal Service facilities, including highway, air, and international transportation contracts, plus contract delivery services. Transportation expenses do not include the compensation and benefits of employees responsible for transporting mail and other products between facilities or to delivery points. The non-personnel costs of transportation to delivery points, excluding contract delivery services, are included in rent, utilities, and other expenses. Total transportation expenses were \$10.3 billion, \$0.7 billion more than plan. This was primarily because of the increase in fuel expenses for the transportation contracts and inflationary pressures in the trucking industry due to supply imbalances.

Depreciation expense allocates the cost of long-lived assets to the periods in which they are used. These assets include items such as buildings, equipment, vehicles, leasehold improvements, and capitalized software. Depreciation expense in FY 2022 was \$1.7 billion, in line with the IFP estimate.

Supplies and services expenses include minor equipment, spare parts, furniture, services, cost of sales, office supplies, and cleaning supplies and personal protective equipment. Supplies and services expenses in FY 2022 were \$3.2 billion, in line with plan.

Rent, utilities, and other expenses include the cost of leasing buildings, utilities, building repairs and alterations, vehicle fuel, information technology, interest expense, and all other miscellaneous items. These items collectively cost \$6.8 billion, which was \$0.6 billion above plan, primarily due to price of fuel and extending leases for Package Support Annexes (PSAs) for COVID-19 test kits.

Reference the FY 2022–FY 2023 Targets and FY 2019–FY 2022 Actuals for Corporate-wide Performance Outcomes table on page 33 for historical performance.

FY 2023 Performance Plan¹⁰

In FY 2023, the Postal Service anticipates a \$0.5 billion controllable income, resulting from a projected \$2.4 billion increase in revenue which is offset by a projected

\$1.4 billion increase in controllable expenses compared to FY 2022.

Revenue. Revenue from mail is expected to increase by \$1.3 billion. In July 2022, the Postal Service implemented price increases of about 6.8 percent on these products, while underwater products (products that do not cover their costs) received an additional 2 percent increase. These price increases include the additional rate authority provided by PRC Order 5763, issued in November 2020. The increased prices are expected to offset the loss of revenue due to continued electronic diversion.

Shipping and Packages revenue is estimated to increase by \$0.6 billion. Consumers are expected to increase in-store shopping and the use of pickup services instead of online shopping. Moreover, competitors are increasing their efforts to capture sources of revenue. Furthermore, supply chain shortages and a potential global recession could negatively impact consumer buying trends. For these reasons, realizing the planned shipping and revenue gain will require aggressive management action. International revenue is expected to increase \$0.1 billion, while revenue from other sources is expected to increase by about \$0.4 billion.

Controllable Expenses. Total controllable expenses in FY 2023 are projected to be \$80.7 billion. This target includes the projected impact of management initiatives to balance work hours and transportation costs, both of which are planned to be lower than in FY 2022. Salaries and benefits expenses are planned to increase by \$1.2 billion in FY 2023 due to wage increases from contractual general increases and high COLA based on increased inflation. The cost-of-living adjustment issued in August 2022 (the full impact of which will be reflected in FY 2023) was equivalent to approximately \$2,455 per year for most career employees. Salary and benefit expenses are expected to increase despite a planned reduction in work hours.

FERS normal cost expense is expected to increase by \$0.1 billion over FY 2022 due to increased wages. PSRHBF normal cost (controllable) expenses have been canceled by the PSRA.

¹⁰ The FY 2023 IFP information contained in this document will be revised if needed upon approval by the Postal Service Board of Governors.

Transportation expenses are estimated to decrease by \$0.3 billion, largely due to lower air transportation costs resulting from a decrease in package volumes, a shift of assigned transportation from air to surface, and increased usage of lower-cost commercial carriers. An increase in surface transportation rates is expected to limit this reduction. Depreciation expenses are expected to increase by \$0.1 billion compared to FY 2022. Supplies and services are expected to increase by \$0.2 billion and rent, utilities, and other expenses are expected to increase by \$0.1 billion, due to increased expenses to support modernization investments, as well as inflationary pressures including fuel. Rent is also expected to increase due to an increased investment in annexes for processing packages.

Non-Controllable Expenses. OPM calculates both FERS and CSRS amortization payments to allow the Postal Service to pay down its unfunded liability obligations to the FERS and CSRS programs. These expenses depend on actuarial assumptions, including interest and inflation rates, over which the organization has no control. FY 2022 planned expenses for FERS and CSRS amortization were \$1.4 billion and \$1.9 billion; the actual charged amounts in FY 2022 were \$1.6 billion and \$2.3 billion, due to the impact of inflation on current and projected benefit payouts. The FY 2023 IFP projects FERS and CSRS amortization expenses to be \$1.9 billion and \$3.1 billion, respectively.

GAAP requires the Postal Service to record its September 30, 2022, workers' compensation liability based on the prevailing interest rates on that date. The adjustment is a function of events taking place in the economy and outside the organization's control. The Postal Service does not plan for this adjustment in its IFP, and therefore assumes no change in relevant discount rates, mortality rates, inflation rates, and other underlying determinants. In FY 2022, the Postal Service recorded a \$3.4 billion net non-cash workers' compensation expense.

Reference the FY 2022–FY 2023 Targets and FY 2019–FY 2022 Actuals for Corporate-wide Performance Outcomes table on page 33 for historical performance.



Measures of Productivity¹¹

Total Factor Productivity (TFP) measures how efficiently the organization uses its resources. An increase in TFP indicates that the ratio of work completed to the resources used is increasing, and the organization is operating more efficiently. Work completed depends on three primary components: the number of delivery points, mail volume weighted by product type, and miscellaneous output (such as other services the organization provides, including passport services).

Labor productivity measures the efficiency of labor. An increase in the labor productivity index indicates that more workload is being handled per unit of labor. A decrease in labor productivity indicates labor is less efficient in workload generated per unit of labor. In FY 2022, labor productivity decreased 1.7 percent.

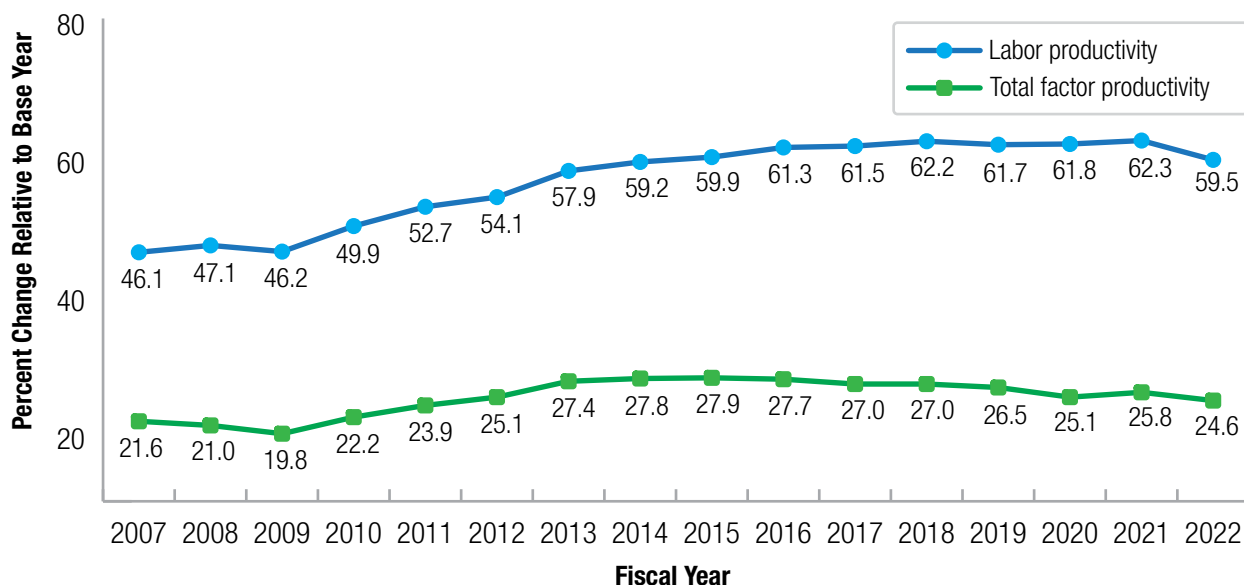
TFP had increased significantly between FY 2009 and FY 2015 but began declining in FY 2016. Following a 0.7 percent increase in FY 2021, TFP declined 0.9 percent in FY 2022. The decrease can largely be attributed to a decrease in labor productivity as we focused on stabilizing our operations to drive

operational precision as part of the Delivering for America plan. The price of labor input increased 6.5 percent from FY 2021. Additionally, the price of capital decreased 11.3 percent from FY 2021, and the price of materials increased 14.6 percent from FY 2021. Since labor accounts for a substantial percentage of total input, the price of labor has the greatest effect on TFP. Postal inflation, which is the difference between the change in the price of resource usage and the change in TFP, was 8.2 percent.

For both TFP and labor productivity, resource usage is based on the constant dollar amounts of labor, capital, and materials used. Because some productivity improvements take years for the effects to be realized, it is more informative to consider changes in TFP and labor productivity over a period of years, rather than year-to-year.

The following chart¹² shows the cumulative percent change in TFP and labor productivity each year relative to the index year (FY 1971) since FY 2007.

Total Factor Productivity and Labor Productivity, Percent Change by Year Relative to Base Year (FY 1971)



¹¹ FY 2022 TFP and Labor Productivity is preliminary until the CRA report is released in early 2023.

¹² FY 2020 TFP and labor productivity were recast after the final Cost and Revenue Analysis (CRA) was issued in Feb. 2021.



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UNITED STATES POSTAL SERVICE
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96

100

UNITED STATES POSTAL SERVICE

101

106

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Strategic Initiatives

The Postal Service established strategic goals as described in the Delivering for America plan. To help achieve these goals, the organization has implemented a portfolio of strategic initiatives and a rigorous portfolio management process. This process is based on well-established methods to apply strategic and financial rigor to decision making and navigate significant organizational changes.

Each strategic initiative has a specific set of measures to track performance against desired Delivering for America outcomes. The Postal Service continuously refines the initiatives within the portfolio based on performance achieved to date, market conditions, feedback from customers and the PRC, and input from employees.

For more information regarding the Delivering for America initiatives and the progress of the Delivering for America plan, visit about.usps.com/what/strategic-plans/delivering-for-america.

The following table shows how the strategic initiatives implemented in FY 2022 and planned for FY 2023 align to the corporate-wide performance outcomes.

FY 2022 and FY 2023 Strategic Initiatives Matrix

FY 2022 DFA Strategic Initiatives	FY 2022 Corporate Outcomes Supported				Change from FY 2022 to FY 2023	FY 2023 DFA Strategic Initiatives	FY 2023 Corporate Outcomes Supported			
	High-Quality Service	Excellent Customer Experience	Safe Workplace and Engaged Workforce	Financial Health			High-Quality Service	Excellent Customer Experience	Safe Workplace and Engaged Workforce	Financial Health
Strengthen value of mail and sustain public service mission		X		X	Refined	Strengthen value of mail and sustain public service mission		X		X
Implement service standards	X			X	Refined	Implement service standards	X			X
Innovate and launch USPS Connect	X			X	Refined	Innovate and launch USPS Connect	X			X
Optimize surface and air transportation network	X	X		X	Refined	Optimize surface and air transportation network	X	X		X
Modernize delivery vehicle fleet			X	X	Refined	Modernize delivery vehicle fleet			X	X
Implement best-in-class processing operations	X			X	Refined	Implement best-in-class processing operations	X			X
Implement best-in-class delivery operations	X	X	X	X	Refined	Implement best-in-class delivery operations	X	X	X	X
Modernize retail Post Offices		X	X	X	Refined	Modernize retail Post Offices		X	X	X
Stabilize and empower workforce			X		Refined	Stabilize and empower workforce			X	
Align organizational structure				X	Refined	Align organizational structure				X
Implement a more rational pricing approach				X	Refined	Implement a more rational pricing approach				X
Support legislative and administrative actions				X	Refined	Support legislative and administrative actions				X

Note: The strategic initiatives identified in the Delivering for America plan are subject to change by the USPS Board of Governors as changes in strategy become necessary or business conditions warrant.

Additional Information

For more information on Postal Service products and services visit *usps.com*.

For additional information on USPS strategies, programs, and policies, visit *about.usps.com*.

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Year References

Unless otherwise noted, all references to a specific year or “the year” refer to the Postal Service fiscal year ending September 30. However, specific month and year references pertain to the calendar dates.

