KATHERINE S. ATTRIDGE
VICE PRESIDENT, LABOR RELATIONS

UNITED STATES
POSTAL SERVICE

January 24, 2022

Mr. Ivan D. Butts
National President
National Association of Postal Supervisors
1727 King Street, Suite 400
Alexandria, VA 22314-2753

Dear Mr. Butts:

Your correspondence dated December 13, 2021, to Doug Tulino, Deputy Postmaster General and Chief Human Resources Officer, has been forwarded to my office for response. Your letter includes a request that the Postal Service forego the implementation of the National Performance Assessment (NPA) and Pay for Performance (PFP) systems for Fiscal Year (FY) 2021, or, alternatively, mitigate the NPA by adjusting certain indicators to a national score of 4.72, and provide all Executive Administrative Schedule (EAS) employees with a three percent salary increase.

You stated that this request is consistent with a recommendation NAPS made on April 16, 2021. Your April 16, 2021, request did not include a request for NPA mitigation, only a recommendation to forego the NPA altogether and provide an across-the-board increase to all EAS employees. Nonetheless, we have reviewed both requests.

In your letter, you requested that the NPA indicators' Total Operating Expense (TOE) Percent to Plan, Customer Experience Index, and Employee Utilization be adjusted due to circumstances outside of the control of field non-bargaining employees, including the COVID-19 pandemic, peak season, and the Postal Service's restructuring. You also noted several other indicators that you state are outside employees' control, including Controllable Income, Competitive Composite, Scanning Visibility, Grievance Backlog, and Cost Reduction.

The Postal Service is confident that the NPA scores associated with the above-referenced indicators for FY2021 accurately reflect the performance of the organization and do not require additional mitigation to account for the circumstances cited by NAPS. I will address each of these indicators in turn:

Total Operating Expense (TOE) Percent to Plan

In the enclosure to your letter, NAPS claims that there were many factors outside employees' control that negatively affected the TOE score, most notably, the COVID-19 pandemic. You state that the $10 billion grant that the U.S. Treasury provided to the Postal Service was more than sufficient to offset COVID-related expenses and stated that, had the Postal Service properly allocated the funds for those expenses, the TOE indicator would have achieved a cell value of two through four. To the contrary, the Postal Service did apply an appropriate portion of the Treasury's $10 billion grant toward offsetting operating expenses; this is noted in the Postal Service's Form 10-K.

NAPS also claims that the United States Postal Service Board of Governors was overly optimistic and unrealistic in setting the target and thresholds for the TOE indicator. The Postal Service contends that an expectation that the organization's operating expenses should not exceed the amount it budgets for (i.e., 0.0 percent) is an eminently reasonable goal. Unlike FY2020, which began prior to the COVID-19 pandemic, the Postal Service considered potential impacts of the pandemic when planning operating expenses for FY2021.

Customer Experience Index

NAPS argues that the Customer Experience Index indicator was negatively impacted by poor service performance during the 2020 general election, FY2021 peak season, and substandard commercial airline transportation performance. As conceded by NAPS, "it is impossible to quantify how each respective event, factor and circumstance. . . negatively impacted the final rating of each respective NPA indicator," if it did at all. The Customer Experience Index is based on customer surveys and could just have easily been impacted by positive customer experiences with individuals employed by the organization.

Employee Utilization

NAPS claims that the Employee Availability, a component of the Employee Utilization indicator, was negatively impacted due to employee leave usage associated with the Families First Coronavirus Response Act and the American Rescue Plan Act of 2021. However, leave for those purposes was excluded from the measurement for this indicator, thus there was no measurable effect.

More broadly, NAPS' request for mitigation on the above-referenced indicators does not take in account the Postal Service's exceptional performance with respect to other indicators. For example, Controllable Income has a revenue component, which experienced substantial growth due to the surge in e-commerce driven by the pandemic. This is also reflected in the performance of the Revenue % Plan indicator, which was almost nine percent greater than planned, resulting in the achievement of the highest cell value of 10.

Consistent with the mitigation the Postal Service undertook in FY2020, if the Postal Service were to adjust the NPA cell values due to the pandemic, all indicators would need to be analyzed. If the cell values for Controllable Income and Total Revenue % Plan were adjusted to account for the impacts of the pandemic, the NPA National composite score for FY2021 would decrease.

Perhaps most importantly, following the April 16, 2021, recommendation from NAPS, the Postal Service took steps to revise the NPA scorecards in the consultation process, in part to account for some of the impacts of the unusual circumstances cited in your letter. Those steps included modification of all NPA scorecards and establishment of a national scorecard for all field non-bargaining employees, to ensure employee pay was not negatively impacted in locations that were particularly affected. As a result, we informed NAPS in May 2021 that all field EAS employees were projected to receive a PFP award based on preliminary data. The May projection was a cell value four. The Postal Service and field non-bargaining employees were able to maintain this level of performance through the remainder of FY2021, which resulted in a

PFP increase for all field non-bargaining employees. Therefore, the Postal Service respectfully declines to adjust the FY2021 rating of four for the NPA, and the 2.5 percent merit increase for all field non-bargaining employees will remain unchanged.

Sincerely,

Katherine S. Attridge

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cc: Mr. Tulino
Mr. Nicholson