NATIONAL ASSOCIATION OF POSTAL SUPERVISORS

National Headquarters
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December 17, 2021

NAPS Newsbreak

NAPS Requests Postal Service to Adjust FY2021 Pay-for-Performance Payout

The National Association of Postal Supervisors has requested the U.S. Postal Service to set its FY 2021 pay-for-performance payout for all EAS employees at 3 percent, or one-half percent above the initial USPS payout projection.

The annual pay adjustment of the 50,000 supervisors and managers covered under the USPS Executive and Administrative Schedule (EAS) is set by a pay-for-performance system called the USPS National Performance Assessment (NPA).

NAPS President Ivan Butts, in a December 13, 2021 letter to Deputy Postmaster General Doug Tulino, requested the USPS to adjust the ratings of certain NPA National Scorecard indicators from their end-of-year cell rating because of eight major events, factors and circumstances that worsened the NPA scorecard results. These events, factors and circumstances included the COVID-19 pandemic, USPS and Congressional liberal leave policies, the 2020 general election, the FY2021 peak season, USPS restructuring, employee availability, and commercial airline on-time performance.

Without mitigation, NAPS President Butts said, USPS performance will be inaccurately assessed and EAS employees paid at levels less than they deserve. Last year the Postal Service mitigated the NPA payout because of similar events, factors and circumstances.

The NAPS mitigation request is attached here.

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Office of
National President

Ivan D. Butts
National Headquarters

December 13, 2021

Mr. Douglas Tulino
Deputy Postmaster General & Chief Human Resources Officer
475 L'Enfant Plz SW RM 9021
Washington DC 20260-4000

Re: NAPS National Mitigation of USPS FY2021 NPA

Dear Doug;

The National Association of Postal Supervisors (NAPS) is compelled to mitigate the FY2021 USPS National Performance Assessment (NPA) National Scorecard on behalf of our 26,000 plus active NAPS members. NAPS maintains its original position, as stated in our April 16, 2021 correspondence to your office, by then NAPS National President Brian J. Wagner, that the Postal Service forego the implementation the NPA and Pay-For-Performance (PFP) system for FY2021 and provide all EAS with a 3% FY2021 PFP increase.

NAPS submits for mitigation the following events, factors, and circumstances that have negatively impacted numerous FY2021 NPA indicators and the subsequent final FY2021 NPA National Scorecard.

Events, Factors, and Circumstances impacting FY2021 NPA:

- COVID-19 Pandemic
- Legislation related to COVID leave
- USPS Liberal Leave Policy
- 2020 General Election
- FY2021 Peak Season
- USPS Restructuring
- Employee availability
- Commercial Airline On-Time Performance

Based on the enclosed mitigation documentation, NAPS requests the respective ratings of the NPA indicators highlighted in yellow in **Exhibit 1** below be adjusted accordingly from their actual End-of-Year (EOY) cell rating. Specifically, TOE % to Plan be increased by two-cells, the Customer Experience and Employee Utilization indicators both be mitigated by a one-cell increase, raising the final USPS FY2021 NPA National Scorecard rating from 4.20 to 4.7, rounding to a NPA rating of five (5). As such, this five (5) mitigated NPA final rating will coincide with a Cell 5 on the FY2021 PFP matrix (3%

increase in EAS compensation). NAPS estimates that the mitigated NPA National Scorecard rating of five (5) from a pre-mitigating rating of four (4) will increase the EAS PFP compensation by only .5% or $16.5 million in total EAS FY2021 compensation.

Exhibit 1

NAPS FY2021 USPS NPA Mitigation Recommendation

Indicator	Actual EOY Cell	Mitigated EOY Cell	Wt. Factor	Actual EOY Scorecard	Mitigated EOY scorecard
Controllable Income	7	7	14.50%	1.02	1.02
Total Revenue % to Plan	10	10	10.50%	1.05	1.05
TOE % to Plan	0	2	10.50%	0.00	0.21
Market Dominant Composite	4	4	6.00%	0.24	0.24
Competitive - Composite	6	6	10.00%	0.60	0.60
Scanning Visibility	2	2	6.00%	0.12	0.12
Customer Experience Index	2	3	10.50%	0.21	0.32
Total Accidents	5	5	10.50%	0.53	0.53
Employee Utilization Index	2	3	21.50%	0.43	0.65
			100.00%	**4.2**	**4.72**
			PFP Est	2.50%	3.00%

NAPS is requesting the Postal Service again review our April 16, 2021 correspondence and the attached analysis and rationale to provide full and fair consideration to NAPS' FY2021 NPA mitigation submission and request for final National Scorecard rating of five (5) and PFP pay increase of 3%.

In Solidarity,

Ivan D. Butts

Ivan D. Butts
National President

CC: Katherine Attridge

NAPS National Mitigation for FY2021 NPA

NAPS is aware due to numerous delays in providing Field and USPS Headquarter reporting EAS employees with final FY2021 NPA goals, the USPS Board of Governors (BOGs) elected in the first calendar quarter of 2021 to modified the respective NPA system to a National NPA Scorecard for all EAS. Therefore, the opportunity for unit mitigation was eliminated and no longer available to field EAS.

Exhibit 2 below references the tentative final results of the FY2021 NPA National Scorecard as 4.20. This rounds to a Cell 4 or a 2.5% payout on the PFP pay matrix, as further reflected in **Exhibit 3**, below. The 2.5% estimated PFP payout is less than NAPS' request for a 3% FY2021 PFP for all EAS. In NAPS' respective April 16, 2021 correspondence, we fully explained our position as to why a 3% FY2021 PFP increase was fair and reasonable for all EAS.

Exhibit 2

NPA National Scorecard - September YTD	Goal	September YTD Score	September YTD Cell	New Weight	Weighted Rating
Controllable Income	-5.65	-2.39	7	14.5%	1.02
Total Revenue FPR % Plan	0.00	8.71	10	10.5%	1.05
Total Operating Expense (TOE) % Plan	0.00	3.81	0	10.5%	0.00
Market Dominant Composite	85.86	85.30	4	6.0%	0.24
Competitive Composite	90.72	91.81	6	10.0%	0.60
Scanning Visibility	97.95	97.15	2	6.0%	0.12
Customer Experience - Delivery	86.33	70.41	0		
Customer Experience - C360 Rate	55.00	33.34	0		
Customer Experience - C360 Imp	10.00	-16.75	0		
Customer Experience - BSN	97.2	97.89	8		
Customer Experience - BMEU	96.73	95.66	0		
Customer Experience - POS	90.42	84.39	1		
Customer Experience - CCC	60.03	61.85	5		
Customer Experience - USPS.com	73.41	67.13	3		
Customer Experience Index	5	2.10	2	10.5%	0.21
Total Accidents Rate - National	13.75	13.49	5		
Total Accidents Imp	-10.00	3.47	0		
Total Accidents	5		5	10.5%	0.53
Employee Availability Rate	94.82	90.91	1		
Employee Availability Imp	1.12	-2.04	0		
Employee Availability	5		1		
Employee Retention	50.48	48.03	4		
Grievance - Step 3 + B	0.05	1.63	0		
Grievance - Case Pending	0.00	35.86	0		
Grievance - Cost Reduction	0.00	13.50	0		
Grievance Index	5		0		
Employee Utilization	5		2	21.5%	0.43
Functional Effectiveness	5			0.0%	0.00
National Composite Score					4.20

Exhibit 3

PFP Cell	1	2	3	4	5	6	7	8	9	10
FY2021 EAS Base Pay Salary Increase	0.00%	0.00%	2.00%	2.50%	3.00%	4.00%	5.00%	6.00%	7.50%	9.00%
% increase to next Cell	0.00%	0.00%	0.00%	25.00%	20.00%	33.33%	25.00%	20.00%	25.00%	20.00%

NAPS will address how the following events, factors and circumstances impacted various FY2021 NPA Indicators in support of NAPS' claim that the final FY2021 NPA National Scorecard be mitigated to a rating of five (5), further resulting in a Cell 5 on the PFP pay matrix and a three percent (3.0%). Events, Factors, and Circumstances impacting FY2021 NPA and National Scorecard:

- COVID-19 Pandemic
- Legislation related to COVID leave

- USPS Liberal Leave Policy
- 2020 General Election
- FY2021 Peak Season
- USPS Restructuring
- Employee availability
- Commercial Airline On-Time Performance

COVID-19 Pandemic in FY2021

The COVID pandemic impacted the following FY2021 NPA Indicators:

- Total Operating Expense (TOE) % to Plan
- Controllable Income
- Employee Utilization (Employee Availability - Employee Retention)

As referenced in NAPS' April 16, 2021 correspondence, the COVID-19 pandemic continued to impact FY2021 Postal Service expenses, operations, service performance, and employee availability, ultimately impacting the final FY2021 NPA goals. In FY2020, the USPS mitigated the FY2020 NPA to account for the pandemic. FY2021 fared no better as a result of the ongoing COVID pandemic which continues to impact the USPS operations in FY2022.

The COVID pandemic's continued impact on the Postal Service is apparent by the USPS November 5, 2021 notice to its Officers stating the COVID-19 Contingency Telework Policy was being extended again with a return-to-work date of January 6, 2022. This COVID telework was approved throughout all of FY2021 and continues well past the USPS' first-quarter of FY2022. Though the Postal Service will continue to monitor the situation and evaluate its COVID-19 Contingency Telework policy as it pertains to its overall return to workplace strategy; such continued telework policy extensions proves without a doubt that the pandemic continues to impact USPS business, postal operations and expenses.

More importantly, the COVID pandemic has impacted the USPS FY2021 financial and service performances by the mere fact the USPS had to spend billions in additional funds related to COVID prevention and protection of its employees and facilities. Furthermore, the USPS provided a liberal COVID leave policy to employees that was compounded by Congress passing legislation to provide additional COVID leave to all impacted and potentially impacted postal employees. Thousands of postal employees took advantage of this legislative COVID leave to quarantine themselves or care for family members with COVID or provide support related to the COVID pandemic.
A reasonable person in leadership can easily deduce that thousands of employees unavailable to work will adversely affect USPS service performance to the American public. Furthermore, in its effort to provide daily customer service with even below standard levels during the COVID pandemic, required a diminished the USPS to use excessive amounts of overtime and penalty overtime to compensate for a diminished workforce's ability to serve the American public. Those USPS employees who were unable to work due to the COVID pandemic were paid via legislation as a result of the Families First Coronavirus Relief Act (FFCRA) and American Rescue Plan Act (ARPA). Therefore, thousands of postal employees were reluctant to return to work sooner as they were being paid to stay home. The cost of this COVID leave is reflective below.

USPS Liberal Leave Policy & Legislation Related to COVID Leave

Families First Coronavirus Relief Act (FFCRA) and American Rescue Plan Act (ARPA)

The Families First Coronavirus Relief Act (FFCRA) required the Postal Service to provide up to 80 hours of Emergency paid sick leave for specific reasons related to COVID-19 which expired on December 31, 2020. This expiration occurred after the end of the USPS FY2021 1st quarter. The FFCRA was in effect at the start of the FY2021 on October 1, 2021. FFCRA has had a negative impact on the proposed FY2021 Employee Availability NPA Indicator, which is 40% of the 15% of the NPA indicator--Employee Utilization.

In March 2021, the American Rescue Plan Act (ARPA) was signed into law by President Joe Biden. The ARPA created a new type of leave for postal employees, which consists up to 600 hours of Emergency Federal Employee Leave (EFEL) for qualifying COVID-19-related reasons. The estimated amount of EFEL leave hours the USPS claims was used by postal employees was 11 million hours. Using a $25 per hour reimbursement rate, the USPS was received $275 million from Congressional legislation. However, NAPS contends that the actual cost to the USPS was approximately $412.5 million as the replacement hours that were necessary to process and deliver the mail paid at the overtime and penalty overtime rate. Therefore, the USPS incurred additional labor expenses of $137.5 million of which they were not reimbursed.

As a result of the ARPA Emergency Federal Employee Leave (EFEL) legislation and prior 80 hours of COVID leave approved under FFCRA, NAPS estimates COVID leave along with the additional overtime and penalty overtime expenses to replace unavailable employees cost the USPS approximately millions of dollars in additional employee labor costs. It must be noted that even though the USPS received some reimbursement of COVID related leave, not having 11 million actual postal employees available to process and deliver the mail negatively impacted USPS service performance. Reimbursement of funds is not the same of having actual postal employees working to serve the American public.

Like FFCRA, the ARPA (EFEL) negatively impacted the FY2021 Employee Availability NPA Indicator and subsequently the main NPA indicator of Employee Utilization. It also affected Total Operating Expenses (TOE) % to Plan & Controllable Income NPA indicators.

Though Congress approved a $10 billion grant to the USPS to cover COVID related expenses, there is no indication these funds were used by the Postal Service to offset all COVID leave and operating expenses. Furthermore, the $10 billion grant by Congress is approximately 12.5% of the USPS total operating budget. Based on the fact that the **Total Operating Expense (TOE) % to Plan** NPA indicator was 3.81% above Plan on the NPA National Scorecard, a rating of zero (0). NAPS contends the respective results on this NPA indicator would be much higher on the National Scorecard with a rating of two (2) through four (4) if the USPS properly allocated all Congressional grant funds to all related COVID expenses.

Not only did COVID impact the **Total Operating Expense (TOE) % to Plan** NPA indicator, it consequently impacts the **Controllable Income** NPA indicator. These two NPA indicators impact the other. When TOE % to Plan is negatively impacted, so is Controllable Income. Therefore, when COVID resulted in additional USPS expenses and reduced employee availability by increasing overtime costs, these factors also harmed the Controllable Income NPA indicator.

To add insult to injury, NAPS further contends the USPS Board of Governors (BOG) where overly optimistic and more importantly unrealistic in their goal setting of the **Total Operating Expense (TOE) % to Plan** NPA indicator thresholds. This is also reflective in Postmaster General Louis DeJoy's remarks to Congress and the media that the USPS had sent unrealistic goals for the past eight years. The correlation of TOE % to Plan having achieved at +3.81%, which equates to an NPA rating of zero (0) compared to Controllable Income at final NPA rating of seven (7), clearing shows that total non-operating expenses to plan were more reasonably established by the USPS BOG than TOE % to Plan.

2020 General Election and FY2021 Peak Season

It is also apparent by reports in the media, Congressional hearings in late 2020 (FY2021) and the USPS own admission to Congress that additional funds were spent above the USPS operating Plan to ensure mail-in ballots were delivered on time. Just as critical was the USPS inability to meet the needs of its FY2021 Peak Season of package volume requiring additional funds and labor costs to have long-delayed mail delivered during Peak Season and well into January 2021. As such, these two factors negatively impacted the FY2021 NPA indicators of TOE % Plan and Controllable Income.

Further reflected in **Exhibit 2** above, the final End-of-Year (EOY) **Total Operating Expense (TOE) % to Plan** NPA indicator score was a zero (0) or 3.81% above Plan. The USPS target for this indicator was a Cell 5 (0.00) as shown in **Exhibit 4** below. NAPS contends the COVID pandemic was outside the control of EAS, including the necessary additional operating costs necessary to continue USPS operations during this pandemic. As such, these additional costs negatively contributed to this NPA's indicator rating of zero (0).

In theory, NAPS estimates that the Postal Service's Plan TOE was $70 billion for FY2021. Without the impacts of COVID on employee availability and costs to keep employees and the general public safe, an excessively high-volume Peak Season, extra costs required during the 2020 general election, and poor airline performance, the TOE % to Plan NPA indicator rating may have been at a minimum of 1.5% or better resulting in an NPA rating of two (2) or higher compared to the final rating of zero (0). The cost difference between 3.81% vs. 1.5% above Plan is approximately, $1,617,000,000 (42,667,000,000 - $1,050,000,000).

In 2021, Congress passed legislation to provide the USPS with a $10 billion grant to cover COVID related expenses. NAPS contends the $10 billion COVID grant was more than sufficient to offset all necessary COVID related expenses incurred by the USPS in FY2021 and therefore the FY2021 NPA indicator; TOE % to Plan could be mitigated to 1.5% or higher as a final NPA rating from anywhere from two (2) to four (4).

Exhibit 4

FY2021 INDICATORS - TARGETS

	FY2021 NPA INDICATORS	EOY SCORE	0	1	2	3	4	FY2021 Target 5
1	Controllable Income	**-2.36**		-8.95	-8.12	-7.30	-6.47	**-5.65**
2	Total Revenue % to Plan	**8.74**		-2.500	-1.875	-1.250	-0.625	**0.000**
3	TOE % to Plan	**3.81**		2.00	1.50	1.00	0.50	0.00

Customer Experience Index

Due to the lack of employee availability during the COVID pandemic, the USPS restructuring and reduction-in-force (RIF), negative news media about the USPS inability to deliver mail-in ballots on time during the 2020 General Election, poor service performance during the FY2021 Peak Season and substandard commercial airline transportation performance to transport the mail in a timely manner to destinations across the country, the Customer Experience Index NPA indicator was negatively impacted in FY2021.

Postmaster General Louis DeJoy went on record in the media and in testimony on Capitol Hill to let the entire country know that commercial airlines did not deliver on their required and expected performance for the USPS. As such, mail delays were rampant across the country. When you also factor in that USPS employee availability was at an all-time low due to the COVID pandemic and the USPS inability to have enough staff to process and deliver the mail. Postmaster General DeJoy testified under oath to Congress that the USPS had unrealistic service performance goals that could not be met under the current USPS infrastructure.

Factor in the USPS major restructuring of its operations and disrupting EAS positions during a pandemic and coming off a poor Peak Season created uncertainty and inefficiencies of operations during a time when customers were relying on the USPS to deliver much need family, personal and business supplies. The USPS restructuring and ultimate Reduction-in-Force (RIF) impacted EAS morale and their ability to focus critical attention on the needs of the postal customer. Again, resulting in a negative impact on the Customer Experience Index NPA indicator.

Unstable commercial airline performance

As Postmaster General DeJoy testified in Congressional hearings and in the news, the USPS experienced substandard performance by the commercial airline industry contracted to transport mail in a timely manner to destinations across the country. Commercial airline performance was less than 50% on time during FY2021. NAPS contends the poor airline industry performance negatively impacted the following FY2021 NPA indicators.

- Competitive Composite
- Scanning Visibility
- TOE % to Plan
- Controllable Income

EAS should not be penalized in receiving proper annual USPS compensation because of a third-party's inability (commercial airlines) to perform at a contracted level. Any EAS compensation should be based on what is within the control of EAS. Commercial airline performance is outside EAS control. Therefore, NAPS further contends its position that the USPS mitigate the FY2021 National NPA Scorecard to a level to provide all EAS with a 3% PFP payout.

Employee Utilization Index

There are many factors that go into the Employee Utilization Index NPA indicator. They include "employee availability" and "grievances". As explained above, the COVID pandemic along with legislation and the USPS liberal leave policy contributed negatively to the Employee Utilization Index NPA indicator. Furthermore, mandates by USPS leadership that EAS employees process and carry mail was in violation of union National Agreements costs the USPS hundreds of millions of dollars in grievance settlements. These grievance settlements also negatively impacted this respective NPA indicator and the National Scorecard.

Summary of NAPS FY2021 NPA Mitigation

EAS should not be penalized by having their annual pay based on the events, factors, and circumstances factors outside their control.

- COVID-19 Pandemic
- Legislation related to COVID leave
- USPS Liberal Leave Policy

- 2020 General Election
- FY2021 Peak Season
- USPS Restructuring
- Employee availability
- Commercial Airline On-Time Performance

It is apparent that the above events, factors and circumstances, which were outside the control of EAS, negatively impacted the FY2021 USPS NPA program. Ultimately, they impacted the final PFP rating system to which EAS are compensated.

Individually, it is impossible to actually quantify how each respective event, factor and circumstance above negatively impacted the final rating of each respective NPA indicator as shown in Exhibit 2 above. Furthermore, as these events, factors and circumstances were simultaneously happening, they further compound the ability for NAPS and even the Postal Service to actually quantify the negative impact they had on the final FY2021 NPA National Scorecard rating.

As NAPS previously referenced in **Exhibit 1** (shown again below) NAPS recommends the three (3) highlighted in yellow NPA indicators below be mitigated to the their respective EOY rating as shown in red to reflect a National NPA Scorecard rating of 4.72 rounded to a five (5) and a Cell 5 on the PFP matrix for a 3% PFP payout.

Exhibit 1

NAPS FY2021 USPS NPA Mitigation Recommendation

Indicator	Actual EOY Cell	Mitigated EOY Cell	Wt. Factor	Actual EOY Scorecard	Mitigated EOY scorecard
Controllable Income	7	7	14.50%	1.02	1.02
Total Revenue % to Plan	10	10	10.50%	1.05	1.05
TOE % to Plan	0	2	10.50%	0.00	0.21
Market Dominant Composite	4	4	6.00%	0.24	0.24
Competitive - Composite	6	6	10.00%	0.60	0.60
Scanning Visibility	2	2	6.00%	0.12	0.12
Customer Experience Index	2	3	10.50%	0.21	0.32
Total Accidents	5	5	10.50%	0.53	0.53
Employee Utilization Index	2	3	21.50%	0.43	0.65
			100.00%	**4.2**	**4.72**
			PFP Est	2.50%	3.00%