



United States Postal Service®

Fiscal Year 2023

Annual Report to Congress

Fiscal Year 2023 Annual Report

Fiscal Year 2023 Comprehensive Statement on Postal Operations

Fiscal Year 2023 Performance Report

Fiscal Year 2024 Performance Plan





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Report Structure and Purpose

This document consists of the following four reports:

- Fiscal Year (FY)¹ 2023 Annual Report, including a statement from the United States Postal Service (USPS, Postal Service) Postmaster General and USPS Board of Governors Chairman on our² operations.
- FY 2023 Comprehensive Statement on Postal Service Operations.
- FY 2023 Annual Performance Report.
- FY 2024 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 (pp. 25).

- 416(f), on the reporting of information related to semipostal stamps (pp. 25).
- 1003(a), on the reporting of executive compensation in excess of Federal Level Executive 1 (p. 36-37).
- 2401(e), on the submission of a Comprehensive Statement (pp. 18-41).
- 2402, on the submission of an Annual Report (pp. 4-17).
- 2803, on the submission of an Annual Performance Plan (pp. 42-67).
- 2804, on the submission of an Annual Performance Report (pp. 42-67).
- 3652(g), on the submission of the Comprehensive Statement, Annual Performance Report, and Annual Performance Plan (pp. 18-67).

¹ All references to a specific year or "the year" refer to the Postal Service fiscal year ending Sept. 30, 2023. However, 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 2023 Annual Report

Financial and Operational Highlights

Totals at Sept. 30 and Percent Change

<i>(in millions, except percentages)</i>	FY 2023	FY 2022	FY 2021	FY 2023 Percent Change	FY 2022 Percent Change
Total mail and package volume	116,146	127,444	128,842	(8.9)	(1.1)
Total revenue with investment and interest income	\$ 79,324	\$ 78,812	\$ 77,069	0.6	2.3
Total expenses ¹	\$ 85,802	\$ 79,741	\$ 81,999	7.6	(2.8)
Impact of Postal Service reform legislation ²	\$ —	\$ 56,975	\$ —	0.0	0.0
Net (loss) income	\$ (6,478)	\$ 56,046	\$ (4,930)	(111.6)	(1,236.8)
Purchases of property and equipment	\$ 3,000	\$ 1,796	\$ 1,872	67.0	(4.1)
Debt	\$ 13,000	\$ 10,000	\$ 11,000	30.0	(9.1)
Capital contributions of U.S. Government	\$ 16,132	\$ 16,132	\$ 13,132	0.0	22.8
Deficit since 1971 reorganization	\$ (39,244)	\$ (32,766)	\$ (88,812)	19.8	(63.1)
Total net deficiency	\$ (23,112)	\$ (16,634)	\$ (75,680)	38.9	(78.0)

<i>(in actual units indicated, unaudited)</i>	FY 2023	FY 2022	FY 2021	FY 2023 Percent Change	FY 2022 Percent Change
Number of career employees	525,469	516,760	516,636	1.7	0.0
Number of precareer employees	114,623	118,609	136,531	(3.4)	(13.1)
Total delivery points	166,577,596	164,904,092	163,139,167	1.0	1.1
Change in delivery points served	1,673,504	1,764,925	1,765,015	(5.2)	0.0

¹ Includes interest.

² 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) in FY 2022.

Letter from the Postmaster General and USPS Board of Governors Chairman

The United States Postal Service is an American institution like no other. We have served our nation from its earliest days, and we remain an indispensable part of everyday life, delivering mail, packages, prescriptions, checks, and more to 167 million addresses six days a week.

We are working hard to ensure that we can continue.

Significant economic and social changes have severely impacted the business model of the Postal Service and it has been difficult to recover. Americans' use of First-Class Mail dropped precipitously in the past two decades, along with the rise in digital communications. Yet, a concomitant increase in online commerce has meant more packages than ever going through the USPS network. These tectonic shifts in the mailing and shipping industry since the turn of the millennium have required nothing less of the Postal Service than a dramatic institutional pivot in response.

Our answer was Delivering for America, which we released in March 2021. This comprehensive, 10-year plan addressed these shifts and set a blueprint for the future based on operational precision, workforce development, world-class performance, and financial sustainability. The plan preserves the Postal Service's unique status as an independent federal agency that generally receives no tax dollars to support its operations — while positioning us to better compete in the marketplace.

We made significant progress toward these goals this year. We've taken major steps to refurbish our facilities and design a new operational model that will help us better manage an integrated flow of mail and packages. Along these lines, we have installed more than 300 new sorting machines, increasing daily package processing capacity to 70 million — an increase of approximately 10 million over last year.

Additionally, we continued to reduce the Postal Service's carbon footprint by making sure our trucks are fully loaded, optimizing routes, and concentrating our services on ground shipping over air transportation.

We are readying to deploy over 106,000 new vehicles to modernize our aging fleet between now and 2028 — including at least 66,000 battery electric vehicles.

Other achievements this year include introducing a new streamlined shipping option, USPS Ground Advantage, which provides customers with a simple, reliable, and more affordable way to ship packages, and continuing our efforts to convert more than 155,000 precareer employees to career status, helping to stabilize our workforce.

We are proud of our progress in service and operations in 2023 but are ever mindful of the challenges we continue to face, including the financial deficit that has dogged USPS for years and a legacy of disinvestment in this organization. Our results also may be affected by risks and uncertainties we cannot control, including unexpected inflation, institutional barriers to our network improvements and the effects of COVID-19 on our business. We are also cognizant of other risks to our ability to meet our performance goals, such as cybersecurity threats, and regulatory, governance or legislative changes that could affect operations.

Nevertheless, we are keeping our eyes on the prize: the fulfillment of Delivering America's promise to create a world-class, financially self-sustaining organization within the next decade. The wind has not always been at our back, but we are resolutely staying the course.

One thing remains constant in this time of change: The 640,000 individuals of the Postal Service continue to work diligently to bind the nation together. We thank them for delivering for America every day in a spirit of dedication and service, and we thank you for your support of the United States Postal Service.



Louis DeJoy
Postmaster General and Chief Executive Officer



Roman Martinez IV
Chairman, Board of Governors

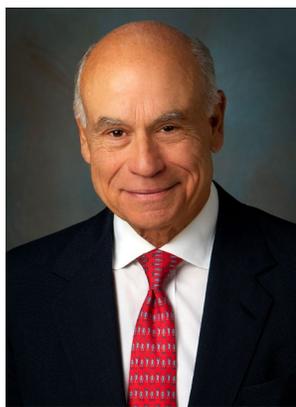
United States Postal Service Board of Governors

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, 2023, 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. On November 10, 2022, he was unanimously reelected by his fellow Governors to continue serving as 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 nonprofit 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 from The Wharton School of the University of Pennsylvania.

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

Anton G. Hajjar, USPS Board of Governors 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, Operations, and Election Mail Committees.

Hajjar previously served as the general counsel of the American Postal Workers Union, AFL-CIO. Before this position he represented unions and workers while serving as 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 ALI Council (its governing board) in May of 2010. He was an advisor to the now completed Restatement of the Law, Employment Law and is an advisor to 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 December 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 Compensation and Governance Committee.

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 chief executive officer of the American Coalition for Clean Coal Electricity from 2012 to 2016, and chairman and chief executive officer 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. He taught democracy to former communist leaders through the International Republican Institute internationally, 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 Audit and Finance and Compensation and Governance Committees.

Kan currently serves as a Vice President at Shopify, after its acquisition of Deliverr, an e-commerce fulfillment company where he was chief business officer. Before this role, Kan held several 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 also served as a member of the White House Coronavirus Task Force and was involved in 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 home builder. He previously served as a member of the board of directors of Amtrak from January 2016 through May 2019.

Kan received a Bachelor of Science from the University of Southern California, a Master of Science from the London School of Economics, and a Master of Business Administration from the Stanford Graduate School of Business, where he was an Arjay Miller Scholar.

Amber F. 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 is a member of the Operations Committee.

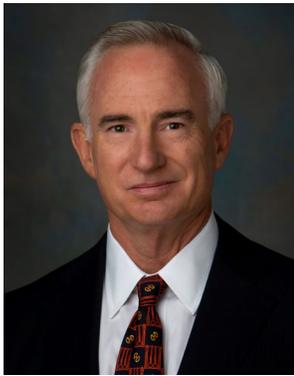
McReynolds is a leading expert on election administration and policy. Her professional career has been focused on strengthening democratic institutions with a goal of improving the voting experience for all: first as an election official, serving as the Director of Elections for the City and County of Denver, Colorado; then as a thought leader and founding chief executive officer for the National Vote at Home Institute and Coalition; and now serving as an elections consultant and advisor supporting various nonpartisan organizations and local government 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*, and regularly delivers speeches on how to improve and strengthen election processes and improve the voting experience. She serves on the National Election Task Force on Election Crises and 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 for Represent Women; and serves 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 served the remainder of a seven-year term that expired on December 8, 2022, and he is currently in his holdover year. He will continue to serve under his current appointment until December 8, 2023, unless he or a successor is nominated, confirmed, and appointed prior to that date. 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 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 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 expires 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 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 pursued 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 led 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 Audit and Finance Committee.

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 effectiveness to business, philanthropy, and government through the thoughtful application of technology, process and systems reform.

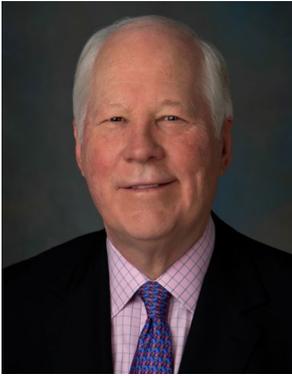
He is currently a managing director with the Emerson Collective, a private philanthropic and investment firm dedicated to removing barriers to opportunity so that people can live to their fullest potential. He served as its first chief financial officer until the fall of 2020.

Before joining Emerson, Tangherlini was the president of the technology start-up Seamless Docs Federal. He also founded an urban system 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 in Washington, DC; Volpe Transportation Research Center in Massachusetts; and Moffett Federal Airfield in California. He also launched a technology advisory practice to serve other government agencies called 18F.

Tangherlini 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.

Tangherlini received a Bachelor of Arts and Master of Arts in public policy studies from the University of Chicago, and a Master of Business Administration from the Wharton School of Business of 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 served the remainder of a seven-year term that expired on December 8, 2022, and he is currently in his holdover year. He will continue to serve under his current appointment until December 8, 2023, unless he or a successor is nominated, confirmed, and appointed before that date. He currently chairs the Board's Operations Committee.

Zollars first served his country in 1970, when he enlisted in the Army National Guard. During his years in private industry, he led 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 to 2011. While at YRC, Zollars was a direct participant in the postal delivery process by providing consolidation and deconsolidation services on behalf of the Postal Service. 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 to 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 C2FO, Restone Logistics, and Main Street Data, an Agtech company. He previously served on the board of ProLogis Inc. until May 2023.

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 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.

Douglas 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 640,000-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 Cronkhite



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



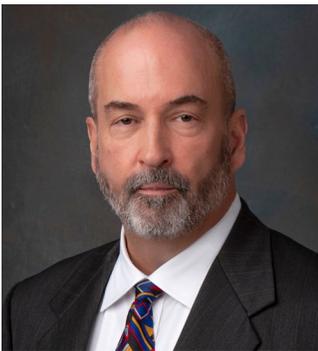
Chief Customer and
Marketing Officer
and Executive V.P.

Steven 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



Postmaster General and Chief Executive Officer
Louis DeJoy



Deputy Postmaster General & Chief Human Resources Officer
Douglas Tulino



Chief Commerce & Business Solutions Officer & Exec. VP
Jacqueline Krage Strako



Chief Customer and Marketing Officer & Exec. VP
Steven Monteith



Chief Financial Officer & Exec. VP
Joseph Corbett



Chief Information Officer & Exec. VP
Pritha Mehra



VP Human Resources
Simon Storey



VP Labor Relations
Thomas Blum



VP Organization Development
Jenny Utterback



VP Customer Experience
Marc McCrery



VP International & Managing Director
Robert Raines Jr.



VP Marketing
Sheila Holman



VP Product Solutions
Thomas Foti



VP Sales
Shavon Keys



VP Sales Intelligence & Support
Shibani Gambhir



Finance & Strategy Senior V.P.
Luke Grossman



VP Controller
Cara Greene



VP Pricing & Costing
Sharon Owens



VP Supply Management
Mark Guilfoil



VP Chief Data & Analytics Officer
Stephen Dearing



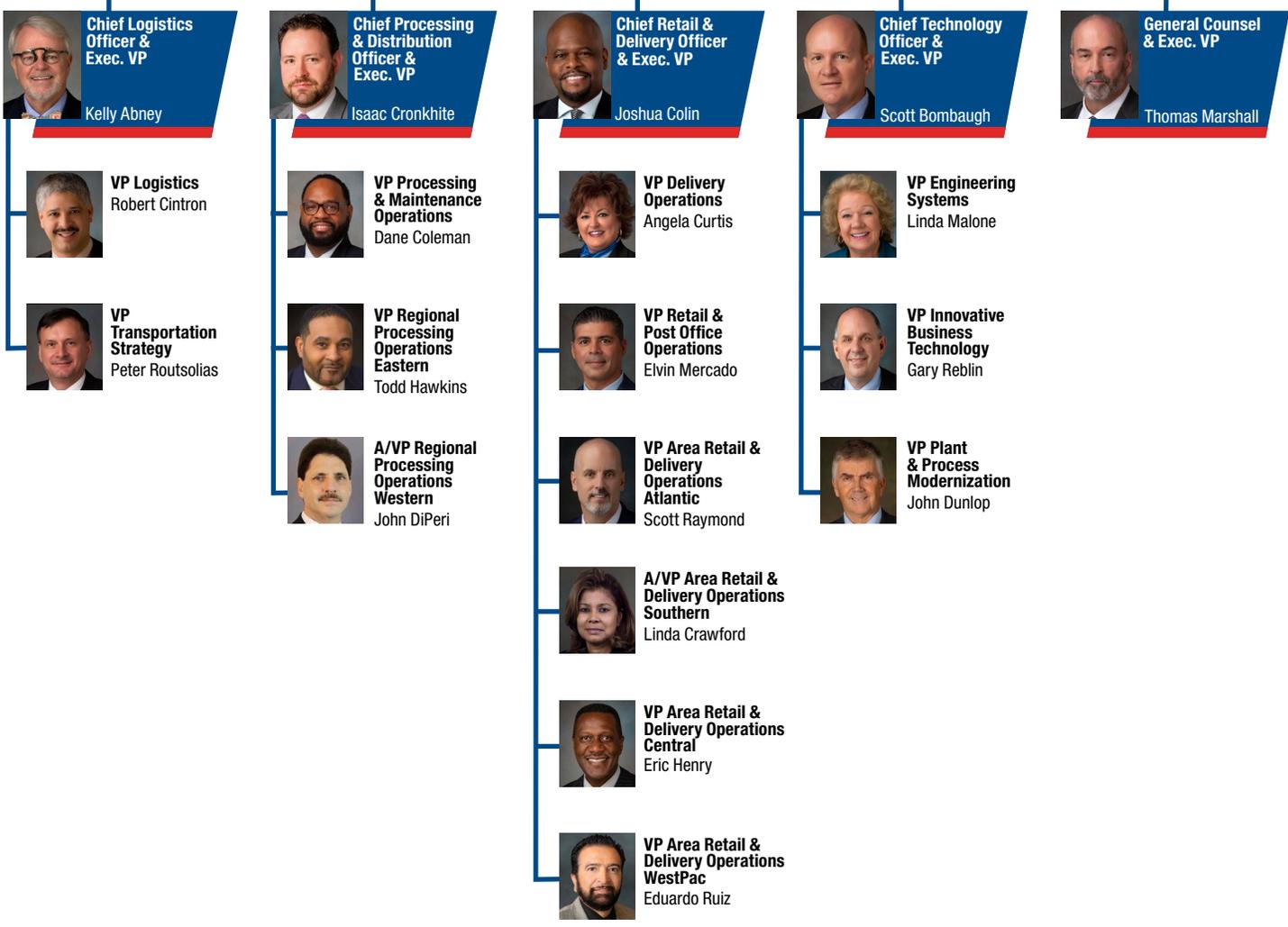
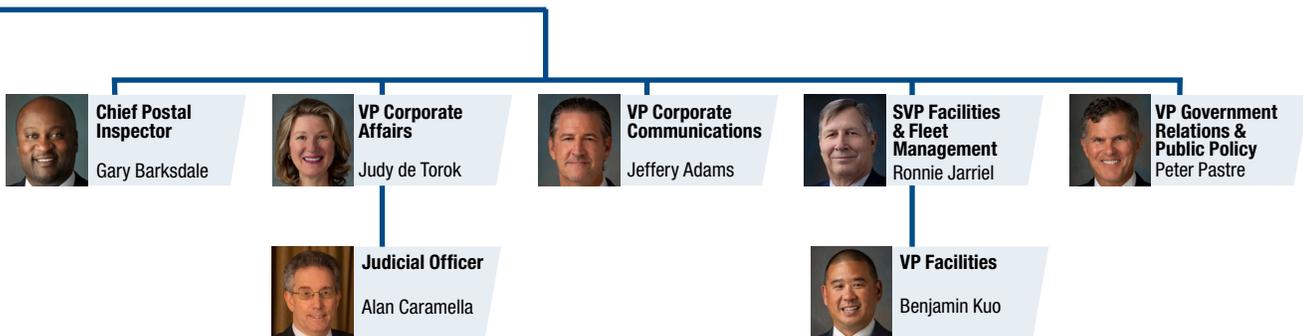
VP Chief Information Security Officer
Heather Dyer



VP Network & Compute Technology
William Koetz



A/VP Technology Applications
Angela Lawson



Blue and red background = Executive Leadership Team (12 Members)

Version as of end of FY 2023



FY 2023 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 dedicated to 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 Postal Service 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

Diversity has been a longstanding value and tradition of the Postal Service. We have grown alongside the country, and we aspire to maintain a workforce that represents the diverse communities we serve. We are focused on the recruitment, hiring, development, and advancement of a diverse, talented workforce at all levels of our organization.

In FY 2023, the Postal Service accomplished the following in pursuit of improving diversity in our leadership ranks and overall workforce:

- The Executive Diversity Committee and the National Steering Committee met regularly and continued to focus on increasing diversity in leadership through leadership development programs and succession planning.
- Strengthened our outreach and strategic partnerships with colleges, universities, and other agencies aimed at attracting current college students and recent graduates that represent underrepresented groups.
- Partnered with veteran agencies to advertise, recruit, and hire members from our military communities.
- Expanded the program offerings for our Leadership Programs to include four Managerial Leadership Programs and six Advanced Leadership Programs. These programs are intended to prepare high-performing, high-potential leaders in our Corporate Succession Planning program for their first executive assignment by developing them in a variety of managerial and executive competencies.
- Continued to build a bench of diverse leaders outside of our core leadership programs by expanding management and leadership training opportunities to include four self-paced and virtual learning programs.

Currently, historically underrepresented racial groups account for 53 percent of the total workforce and women account for 45 percent. Further, historically underrepresented racial groups comprise 39 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 or Latino, and 7 percent are Asian. In contrast, according to 2021 Census Bureau labor force statistics from the Current Population Survey, Black Americans make up 13 percent, Hispanic Americans 18 percent, and Asian Americans 7 percent.⁵

The Postal Service workforce is comprised of just under 10 percent of veterans' preference eligible employees, which is nearly double the national rate of 5.6 percent for veterans, according to the Bureau of Labor Statistics.⁶

In 2023, 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 *Equal Opportunity Magazine*, *Careers & the disABLED Magazine*, and *Woman Engineer Magazine*.

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

⁵ *Labor force characteristics by race and ethnicity, 2021*. Retrieved September 18, 2023, from *labor force characteristics by race and ethnicity, 2021: BLS Reports: U.S. Bureau of Labor Statistics*.

⁶ *Employment Situation of Veterans – 2022, Table 5. Employed persons 18 years and over by industry, class of worker, sex, veteran status, and period of service, 2022 annual averages (Last Modified Date: March 21, 2023)*. Retrieved September 18, 2023, from <https://www.bls.gov/news.release/vet.t05.htm>.

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 Postal Service Reform Act (PSRA) that, among other things, amended Title 39 U.S.C. subsection 101(b) to ensure the Postal Service maintained delivery service “at least six days a week, except during

weeks that include a Federal holiday, in emergency situations such 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.

In accordance with the provisions of the law, the Postal Service fulfills its legal mandate to provide universal services at fair and reasonable prices by offering a variety of postal services to its many customers. 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, the Postal Service provides services to patrons in all areas and communities in the United States. The Postal Service serves cities, 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 2,780 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 167 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:
 - **USPS Ground Advantage**, which is the Postal Service's new shipping offering that simplifies our package options by combining three products – USPS Retail Ground, Parcel Select Ground, and First-Class Package Services – into one simplified ground solution. USPS Ground Advantage provides a simple, reliable, and more affordable way to ship packages weighing up to 70 pounds in 2 to 5 business days across the continental United States.
 - **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 included. Priority Mail Express delivery is offered to many major U.S. markets for delivery 365 days a year.
- **USPS Connect** — To help businesses meet growing consumer demand for affordable, fast local, regional, and national deliveries and returns, the USPS Connect suite of products offers these options:
 - **USPS Connect Local**, which allows for local businesses to quickly reach local customers. USPS Connect Local offers affordable next-day service in all locations, with same-day delivery, Sunday delivery, and pickup options in select locations. This offering also includes USPS Connect Local Mail, an affordable First-Class Mail option for documents up to 13 ounces.
 - **USPS Connect Regional**, which provides regional entry and next-day delivery of Parcel Select packages and Parcel Select Lightweight packages. Businesses can reach a majority of the population next-day with regional hub and plant destination entry, or next-day and two-day with regional destination Network Distribution Center entry.
 - **USPS Connect National**, which provides delivery solutions for businesses of all sizes. Businesses can benefit from the Postal Service's new mail processing equipment and reconfigured network to receive reliable delivery of packages through Priority Mail Express, Priority Mail, First-Class Package Service, Parcel Select Ground, and Retail Ground.
 - **USPS Connect Returns**, which includes services for businesses to offer their customers convenient returns, with free enroute pickup by their carrier or drop-off at a nearby Post Office location. Businesses can access returns information on *usps.com*.
- **International Mail** — This category offers international mail and shipping services with individual customer contracts

and agreements with foreign postal administrations. Priority Mail Express International and Priority Mail International services compete in the e-commerce cross-border market to about 180 countries. In addition, First-Class Package International Service offers competitive solutions to both retail and commercial mailers for shipping to many countries. Global Express Guaranteed is a co-branded service with FedEx to about 180 countries.

- **Other** — This broad category includes PO Box services, money orders, and USPS Extra Services. PO Box services provide customers an additional method for private and convenient mail delivery. Money orders offer customers a safe, convenient, and economical method for payment remittance. Money orders are available for amounts up to \$1,000, can be purchased and cashed at most Post Offices, or deposited or negotiated at financial institutions. USPS Extra Services offer a variety of service enhancements that provide security, proof of delivery, or loss recovery. These services include Certified Mail, Registered Mail, Signature Confirmation, Adult Signature, and insurance up to \$5,000. Extra Services are available online, at Post Offices or at USPS self-service kiosks.

Market Dominant services include, but are not limited to, First-Class Mail, Marketing Mail, Periodicals, Bound Printed Matter parcels, Marketing Mail parcels, and Library/Media Mail.

Market Dominant prices are established to be fair, equitable, and affordable. Prices and fees are reviewed and approved by the Postal Service Board of Governors and are subject

to a review process by the Postal Regulatory Commission (PRC). Price increases for Market Dominant services are generally subject to a price cap based on the Consumer Price Index for All Urban Consumers (CPI-U) with some additional pricing flexibility and authority.⁷

In FY 2023, the retail price for a First-Class Mail 1-ounce stamp was raised \$0.06 to \$0.66 and continued to be one of the lowest letter-mail postage rates among industrialized countries.

Competitive services, such as Priority Mail, Priority Mail Express, USPS Ground Advantage, Parcel Select, Parcel Return Service, and some types of International Mail, are not limited by a price cap. By law, the price for each Competitive service must cover its “attributable costs” (meaning the Postal Service’s costs attributed to such service through reliably identified causal relationships). Further, Competitive services collectively must contribute an appropriate share to the institutional costs of the Postal Service. In general, the Postal Service attempts to set its prices for Competitive services to maximize profitable revenue. The FY 2023 average price increases varied by Competitive services product.

For more information on postal services and products, visit usps.com.

⁷ For additional information regarding the Postal Service’s pricing authority, please reference PRC Order 5763, issued in November 2020.

Operations

Since the beginning of the Delivering for America plan (DFA), the Postal Service has 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.

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 world-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

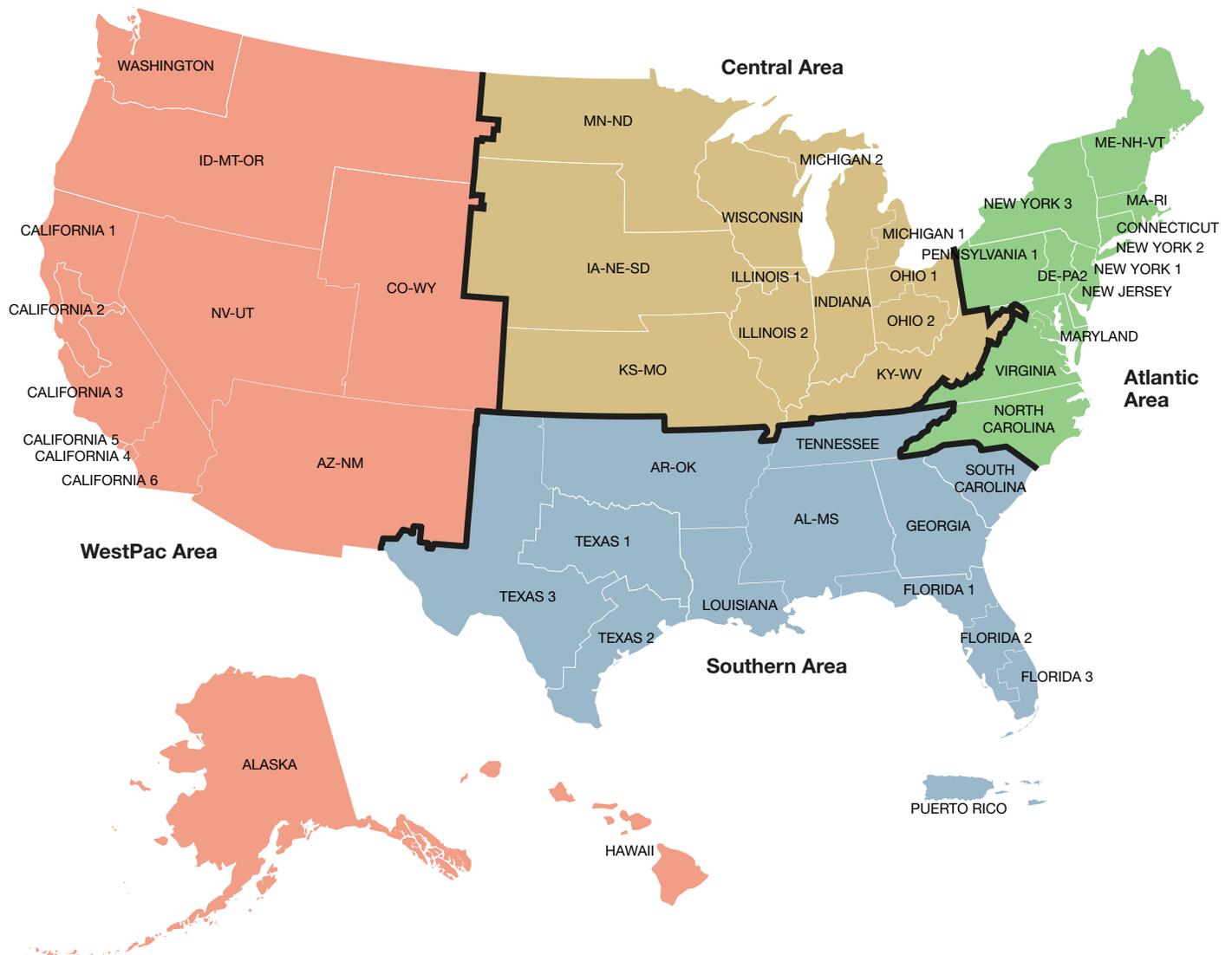
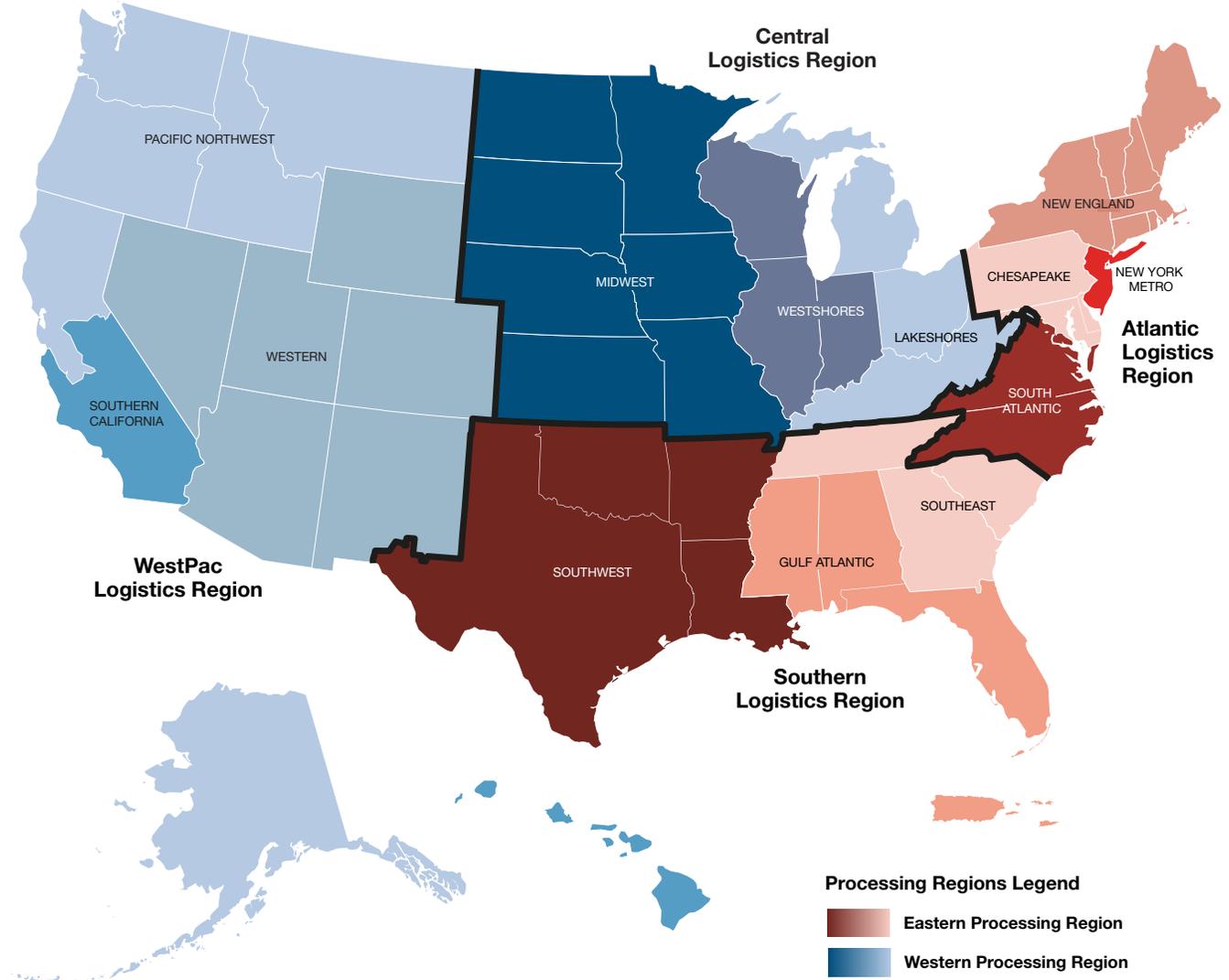


Figure #2: Logistics and Processing Operations Regions and Divisions



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.

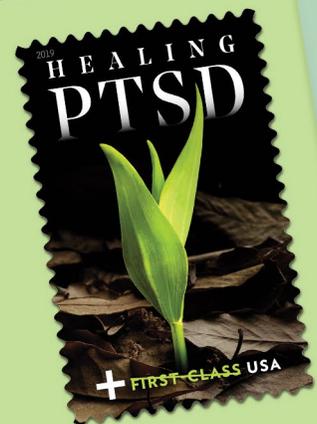
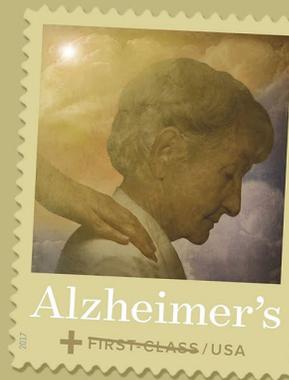
In FY 2023, funds generated from semipostal stamps relate to the date range of October 1, 2022, to September 30, 2023. Additionally, funds paid, to the organizations, relate to the date range of April 1, 2022, to March 31, 2023. The Postal Service sold four semipostal stamps: the congressionally mandated **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 \$1.4 million in funds in excess of the postage value in FY 2023. The Postal Service did not deduct any costs in connection with these stamps in FY 2023. The Postal Service distributed approximately \$1.0 million (70 percent) to the National Institutes of Health within the Department of Health and Human Services and approximately \$0.4 million (30 percent) to the Breast Cancer Research Program within the U.S. Department of Defense.

The Save Vanishing Species semipostal stamp generated approximately \$0.5 million in funds in excess of the postage value in FY 2023. The Postal Service did not deduct any costs in connection with these stamps in FY 2023. The Postal Service distributed approximately \$0.6 million (100 percent of the payment amount due based on the time of payment) to the U.S. Fish and Wildlife Service to support its Multinational Species Conservation Fund.

The Alzheimer’s semipostal stamp generated approximately \$0.1 million in funds in excess of the postage value in FY 2023. The Postal Service did not deduct any costs in connection with these stamps in FY 2023. The Postal Service distributed approximately \$0.1 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 \$0.3 million in funds in excess of the postage value in FY 2023. The Postal Service did not deduct any costs in connection with these stamps in FY 2023. The Postal Service distributed approximately \$0.3 million (100 percent of the payment amount due) in funds to the U.S. Department of Veteran’s Affairs.



Environmental Affairs and Corporate Sustainability

The Delivering for America plan provides the foundation for the Postal Service to continuously improve the sustainability of our operations and the environmental benefits of the organization's transformation will increase as we move forward with the plan. A new network of processing and distribution facilities will concentrate our operations and optimize our transportation systems to make a notable impact on our carbon footprint. We are also leading the charge in vehicle electrification, and under DFA, we will deploy the federal government's largest fleet of battery electric-powered vehicles in 2024.

Every improvement to our operations — from new facilities to improved transportation utilization and delivery route refinements — helps us to reduce our carbon footprint. As stewards of the largest mailing operation in the world and one of the country's biggest organizations, we appreciate the impact we have on the communities we serve six, and often, seven days a week. That is why, each day, we strive to find new ways — both big and small — to make our operations cleaner, greener, and more environmentally focused.

This year, we strengthened our commitment to sustainability with the creation of the Environmental Council. Chaired by Postmaster General Louis DeJoy, this new body is a champion for environmental excellence that will guide the environmental strategy for the Postal Service for the next 10 years.

With a focus on three core areas — Climate Action, Circular Economy, and Environmental Awareness — the Environmental Council has already brought a fresh focus to our environmental efforts and reinforced our commitment to reduce greenhouse gas emissions, energy, fuel, and waste at every level of our operations to ensure we are the most environmentally-friendly way to mail and ship to the nation's 167 million addresses.

Climate Action

The Postal Service is focused on reducing its environmental impact by managing greenhouse gas emissions and expanding environmentally focused fleet and facilities. We will:

- Shift from air transportation to expanded use of ground transportation.
- Optimize delivery routes to minimize truck usage.
- Replace outdated vehicles with zero emissions and reduced emissions alternatives.

Circular Economy

We are prioritizing the reduction, reuse, and recycling of the products and materials we purchase to keep them in circulation to minimize waste and demand for natural resources. We will:

- Increase our use of packaging that uses recycled content and ensure that all of our packaging can be recycled or reused.
- Increase the percentage of our procured products and services that can be reused, refurbished, or recycled, contain recycled content, are biobased, and are energy and water efficient.
- Reuse and recycle more paper, cardboard, and shrink wrap.

Environmental Awareness

We will deliver environmental communication to our employees, our communities, and federal, state, and local entities. We will:

- Use communication tools to increase the environmental awareness of our employees, our communities, and federal, state, and local entities.
- Ensure we properly adhere to federal, state, local, and organizational environmental policies.
- Provide on-site and online training and tools.

Additional information on the Postal Service's sustainability efforts is available 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.

The Postal Service's highest priority is the safety of our employees. In May 2023, USPIS broadened the scope of Project Safe Delivery, a prevention and enforcement initiative first launched in FY 2022 to combat mail theft and violent attacks on postal employees. Postal inspectors and other support staff conducted several "surge" operations in major cities across the U.S. where they conducted intensive two-week prevention and enforcement actions to increase the security of the organization's employees, safeguard postal property, advance ongoing investigations, and disrupt organized mail theft and robbery activity. USPIS personnel conducted over 1,500 mail theft prevention activities and almost 900 violent crime prevention activities. Since the expansion of Project Safe Delivery, postal inspectors have made 472 mail theft and 88 robbery arrests.

USPIS continues to work tirelessly to locate and seize drug shipments and identify and disrupt Transnational Criminal Organizations, relying on close collaboration with both domestic and international law enforcement and Foreign Post partners. In FY 2023, USPIS conducted the third phase of its Southwest Border Initiative to intercept drug parcels at high traffic points along the southern border, resulting in the seizure of 136 kilograms of methamphetamine, 92 kilograms of fentanyl, 19 kilograms of cocaine, and over \$543,000 in illicit proceeds. A similar operation in the Caribbean, in collaboration with Puerto Rico Police Department, led to seizures of approximately 485 kilograms of cocaine, three kilograms of fentanyl, over \$537,000 in illicit proceeds, and 24 firearms. USPIS's Contraband Interdiction and Investigation efforts continue to expand the Task Force Officer (TFO) program, utilizing trained TFOs as a force multiplier to address contraband in the mail.

The Inspection Service also aggressively investigates allegations of mail theft and related financial crimes, with specific attention on criminals who target the Postal Service's most vulnerable customers, such as the elderly or victims of natural disaster. As a member of the COVID-19 Fraud Enforcement Task Force (CFETF), USPIS worked with federal law enforcement partners to combat pandemic-related fraud. This included investigating fraudulent Paycheck Protection Program and Economic Injury Disaster loans, leading to over 270 arrests, and reported victim losses of approximately \$2.3 billion. USPIS also created messaging to educate the public on COVID-19 scams.



USPIS plays a critical role in supporting the Delivering for America plan to achieve financial sustainability and service excellence. A top priority for USPIS during FY 2023 aimed at reducing lost revenue by combating the use of counterfeit postage and stamps. Postal inspectors notified and advised large and commercial mailers of increases in the sale and use of counterfeit postage and continued to advise customers that it is a federal offense to use counterfeit postage. Working jointly with U.S. Customs and Border Protection, postal inspectors worked to identify and seize counterfeit stamps before entering the United States.

In FY 2023 these efforts resulted in the seizure of over 2.6 million individual counterfeit stamps.

To learn more about USPIS, visit uspis.gov.

COVID-19 Test Kits Initiative

Since January 2022, the Postal Service has been committed to the shipment of 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.

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. USPS has successfully delivered more than 750 million tests since the inception of this initiative.

In September 2023, the initiative was expanded to provide a fifth round of free test kits to be ordered by every U.S. household. USPS is committed to the continued partnership with the White House for the COVID-19 test kit initiative.

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 coordinates actions with senior leaders and field management when employees and property are affected by natural disasters or national emergencies.

The Postal Service's commitment to resuming safe mail delivery as soon as possible after disruptions would not be possible without the Continuity and Preparedness team and the resilience of USPS employees and its networks. This was evident in the Postal Service's ability to re-establish service quickly in response to the historic winter weather across the west, to mercury spills in Michigan and Las Vegas, to Hurricanes Idalia and Hilary, and to Typhoon Mawar (Guam) during FY 2023. The Postal Service takes its mission of providing universal service across the nation seriously, striving to keep communities connected and deliver a sense of normalcy even during local, regional, or national disruptions to services.



Key Financial and Operating Statistics Financial History Summary

Financial History Summary

<i>(in millions)</i>	FY 2023	FY 2022	FY 2021
Operating results			
Total revenue ¹	\$ 78,383	\$ 78,620	\$ 77,041
Operating expenses			
Compensation and benefits ²	52,853	51,520	50,085
Retirement benefits ³	10,001	8,362	7,376
Retiree health benefits	—	—	5,110
Workers' compensation	538	(2,119)	(580)
Transportation	10,111	10,281	9,652
Other operating expenses	11,884	11,526	10,201
Total operating expenses	\$ 85,387	\$ 79,570	\$ 81,844
Loss from operations before the impact of Postal Service reform legislation	(7,004)	(950)	(4,803)
Impact of Postal Service reform legislation ⁴	—	56,975	—
Income (loss) from operations	\$ (7,004)	\$ 56,025	\$ (4,803)
Investment and interest income (expense), net	526	21	(127)
Net (loss) income	\$ (6,478)	\$ 56,046	\$ (4,930)
Financial position			
Cash and cash equivalents ⁵	\$ 8,055	\$ 19,607	\$ 23,858
Investments ⁶	11,988	—	—
Property and equipment, net	16,254	15,147	14,778
All other assets ⁷	8,992	11,361	7,769
Total assets	\$ 45,289	\$ 46,115	\$ 46,405
Retiree health benefits	—	—	56,975
Workers' compensation liability	13,956	14,729	18,174
Debt	13,000	10,000	11,000
Retirement benefits	22,736	18,162	14,915
All other liabilities	18,709	19,858	21,021
Total liabilities	\$ 68,401	\$ 62,749	\$ 122,085
Total net deficiency	\$ (23,112)	\$ (16,634)	\$ (75,680)

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 FY 2021), and workers' compensation.

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

⁴ 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 in FY 2022.

⁵ Cash and cash equivalents are unrestricted.

⁶ Excess cash and restricted cash, available and not immediately necessary for operations, is invested in U.S. Treasury securities with maturity dates of two years or less. Includes short-term investments of \$8.8 billion and restricted investments of \$3.2 billion on September 30, 2023.

⁷ Includes restricted cash of \$1.6 billion, \$4.0 billion, and \$449 million, on September 30, 2023, 2022, and 2021, respectively.

Revenue, Pieces and Weight Statistics

<i>(in millions of units indicated, unaudited)</i>	FY 2023	FY 2022	FY 2021
First-Class Mail¹			
Revenue	\$ 24,505	\$ 23,990	\$ 23,264
Number of pieces	45,979	48,960	50,664
Weight, pounds	2,361	2,470	2,551
Marketing Mail²			
Revenue	\$ 15,076	\$ 15,996	\$ 14,589
Number of pieces	59,410	67,092	66,198
Weight, pounds	4,653	5,428	5,560
Shipping and Packages³			
Revenue	\$ 31,641	\$ 31,317	\$ 32,008
Number of pieces	7,057	7,232	7,585
Weight, pounds	13,472	13,486	14,717
International Mail			
Revenue	\$ 1,571	\$ 1,712	\$ 2,202
Number of pieces	322	355	417
Weight, pounds	226	247	310
Periodicals			
Revenue	\$ 918	\$ 955	\$ 942
Number of pieces	2,993	3,400	3,679
Weight, pounds	883	1,055	1,160
U.S. Postal Service Mail⁴			
Number of pieces	365	386	279
Weight, pounds	63	81	97
Free Matter for the Blind⁵			
Number of pieces	20	19	20
Weight, pounds	8	7	9
Other services – revenue⁵	\$ 4,475	\$ 4,537	\$ 4,004
Postal Service totals			
Operating revenue	\$ 78,186	\$ 78,507	\$ 77,009
Number of pieces	116,146	127,444	128,842
Weight, pounds	21,666	22,774	24,404

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

<i>(in millions of units indicated, unaudited)</i>	FY 2023	FY 2022	FY 2021
Priority Mail Express			
Revenue	\$ 713	\$ 767	\$ 820
Number of pieces	24	27	29
Weight, pounds	24	28	34
First-Class Packages			
Revenue	\$ 5,848	\$ 7,811	\$ 7,385
Number of pieces	1,367	1,962	2,055
Weight, pounds	534	750	787
Priority Mail			
Revenue	\$ 11,252	\$ 12,330	\$ 13,511
Number of pieces	1,079	1,202	1,405
Weight, pounds	2,908	3,236	3,717
Parcel Select Mail (including USPS Connect Local) and Marketing Mail Parcels			
Revenue	\$ 10,411	\$ 9,308	\$ 9,224
Number of pieces	3,642	3,496	3,507
Weight, pounds	8,566	8,305	8,932
Parcel Return Service Mail			
Revenue	\$ 211	\$ 242	\$ 234
Number of pieces	63	70	72
Weight, pounds	149	170	173
Package Services			
Revenue	\$ 893	\$ 859	\$ 834
Number of pieces	435	475	517
Weight, pounds	908	997	1,074
USPS Ground Advantage¹			
Revenue	\$ 2,313	\$ —	\$ —
Number of pieces	447	—	—
Weight, pounds	383	—	—
Total shipping and packages			
Revenue	\$ 31,641	\$ 31,317	\$ 32,008
Number of pieces	7,057	7,232	7,585

<i>(in millions of units indicated, unaudited)</i>	FY 2023	FY 2022	FY 2021
Weight, pounds	13,472	13,486	14,717
Other services			
Certified Mail			
Revenue	\$ 664	\$ 624	\$ 615
Number of articles	159	163	169
Return Receipts			
Revenue	\$ 299	\$ 278	\$ 262
Number of articles	112	110	110
USPS Tracking			
Revenue	\$ 1	\$ 1	\$ 1
Number of articles	3	2	3
PO Box Services revenue	\$ 1,462	\$ 1,377	\$ 1,207
Money Orders			
Revenue	\$ 186	\$ 167	\$ 147
Number of articles	63	66	71
Insurance			
Revenue	\$ 69	\$ 88	\$ 105
Number of articles	8	13	17
Shipping and mailing supplies			
Revenue	\$ 116	\$ 110	\$ 122
Number of articles	44	44	49
Miscellaneous other services revenue	\$ 1,678	\$ 1,892	\$ 1,545
Total other services revenue	\$ 4,475	\$ 4,537	\$ 4,004

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 *The Postal Service launched its new USPS Ground Advantage service offering in July 2023, retiring USPS Retail Ground, USPS Parcel Select Ground, and USPS First-Class Package Services.*

Post Offices and Delivery Points

(in actual units indicated, unaudited)	FY 2023	FY 2022	FY 2021
Post Offices, stations, and branches			
Postal Service-managed			
Post Offices	26,261	26,269	26,362
Stations, branches, and carrier annexes	4,857	4,863	4,885
Total Postal Service-managed	31,118	31,132	31,247
Contract Postal Unit	1,651	1,665	2,009
Village Post Offices	350	411	542
Community Post Offices	374	433	425
Total offices, stations, and branches	33,493	33,641	34,223
Residential delivery points			
City	86,046,287	85,428,477	84,775,116
Rural	48,571,058	47,549,887	46,475,650
PO Box	16,164,282	16,102,394	16,020,228
Highway Contract	3,175,593	3,144,943	3,106,794
Total residential delivery	153,957,220	152,225,701	150,377,788
Business delivery points			
City	7,849,391	7,832,792	7,818,805
Rural	1,836,691	1,794,225	1,766,055
PO Box	2,850,724	2,968,262	3,093,299
Highway Contract	83,570	83,112	83,220
Total business delivery	12,620,376	12,678,391	12,716,379
Total delivery points	166,577,596	164,904,092	163,139,167
Change in delivery points served	1,673,504	1,764,925	1,765,015

Number of Routes by Type of Delivery

(in actual units indicated, unaudited)

Route	FY 2023	FY 2022	FY 2021
City	142,979	142,328	142,207
Rural	81,726	81,615	81,288
Highway Contract Route	9,639	9,642	9,676
Total	234,344	233,585	233,171

Postal Vehicle Inventory

(in actual units indicated, unaudited)

Vehicle type	FY 2023	FY 2022	FY 2021
Delivery and collection (0.5-2.5 tons)	225,310	216,456	212,327
Mail transport (tractors and trailers)	5,440	4,500	4,158
Mail transport (5-11 tons)	2,335	2,148	2,167
Administrative and other	6,430	6,366	6,482
Service (maintenance)	4,470	4,500	4,611
Inspection Service and law enforcement	2,518	2,562	2,623
Total	246,503	236,532	232,368

Real Estate Inventory

(in actual units indicated, unaudited)

Real estate inventory	FY 2023	FY 2022	FY 2021
Owned properties	8,500	8,484	8,460
Owned interior square feet	195,316,449	194,603,528	194,097,968
Leased properties	22,873	22,951	22,986
Leased interior square feet	86,479,853	88,752,123	85,449,683
GSA ¹ /other government properties	289	291	290
GSA ¹ /other government interior square feet	1,689,201	1,729,970	1,729,484

¹ General Services Administration.

Real Estate Inventory Actions

(in actual units indicated, unaudited)

Real estate inventory actions	FY 2023	FY 2022	FY 2021
Lease actions (alternate quarters, new leases, and renewals)	4,832	5,095	5,593
Property disposals ¹	5	5	3
New construction ²	77	82	98
Repair and alteration projects	54,742	51,890	53,237
Repair and alteration expense project totals (in thousands, rounded)	\$ 320,193	\$ 273,000	\$ 270,000
Repair and alteration capital projects	3,749	3,662	4,119
Repair and alteration capital project totals (in thousands, rounded)	\$ 652,569	\$ 513,000	\$ 553,000

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

<i>(actual numbers, unaudited)</i>	FY 2023	FY 2022	FY 2021
Headquarters (HQ) and HQ-related employees			
Headquarters	7,666	7,251	6,416
Headquarters – field support units	2,839	2,403	2,761
Inspection Service	2,290	2,307	2,358
Inspector General	970	1,012	1,016
Total HQ and HQ-related employees	13,765	12,973	12,551
Field employees			
Area offices	46	46	129
Postmasters/installation heads	13,691	13,599	12,662
Supervisors/managers	26,611	23,720	22,663
Professional administration and technical personnel	1,979	1,996	2,309
Clerks (including nurses)	127,003	127,735	129,113
Mail handlers	45,131	47,268	46,866
City delivery carriers	175,011	170,391	172,894
Motor vehicle operators	10,967	9,865	9,417
Rural delivery carriers – full-time	78,266	77,199	75,134
Building and equipment maintenance personnel	27,930	27,098	27,867
Vehicle maintenance employees	5,069	4,870	5,031
Total field employees	511,704	503,787	504,085
Total career employees	525,469	516,760	516,636
Precareer employees			
Casuals	64	69	188
Postal support employees	22,878	25,842	31,346
Non-bargaining temporary employees	243	319	332
Rural part-time employees	49,105	47,081	54,110
Postmaster relief and leave replacements	1,725	1,707	1,838
City carrier assistants	33,371	35,036	37,653
Mail handler assistants	7,237	8,555	11,064
Total precareer employees	114,623	118,609	136,531
Total employees	640,092	635,369	653,167



Executive Compensation

Federal law (U.S.C. 1003(a) of Title 39) requires the Postal Service to provide compensation and benefits to employees at a level comparable to the private sector, subject to certain limitations, and exceptions to those limitations, set forth in that section and elsewhere in the statute. The Postal Service Board of Governors establishes executive compensation and benefits, consistent with the requirements, limitations, and exceptions of the aforementioned federal law, which significantly limits the Postal Service's ability to achieve comparability with the private sector for our executives.

Such limitations are likewise specified in section 1003(a) of Title 39 which states that no officer or employee shall be paid compensation at a rate in excess of the rate for Level I of the Executive Schedule under section 5312 of title 5. However, two exceptions are granted under the Postal Accountability and Enhancement Act of 2006 (PAEA) to allow the Postal Service to exceed this limit under certain circumstances. The first exception, which is contained in section 3686(b)(1) of Title 39, provides for bonuses or other rewards so long as the employees total compensation does not exceed the salary of the United States Vice President (Vice President), as of the end of the calendar year in which

the bonus or award is paid. The second exception, which is contained in section 3686(c) of Title 39, allows the Postal Service to pay up to 12 officers or employees of the Postal Service in critical senior executive or equivalent positions total compensation in an amount not to exceed 120 percent of the total annual compensation payable to the Vice President as of the end of the calendar year in which such payment is received.

In accordance with legal reporting requirements, the following table reports executives compensated in excess of Federal Executive Level 1 in Calendar Year (CY) 2022. 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 2022 Reportable Excess Earnings	CY 2022 Bonus or Other Payment	Executive Name	CY 2022 Reportable Excess Earnings	CY 2022 Bonus or Other Payment
Louis DeJoy	\$ 86,623	\$ —	Mark A. Guilfoil	15,399	23,399
Jacqueline M. Strako	85,524	23,267	Jennifer D. Utterback	15,233	26,961
Isaac Cronkhite	85,509	23,252	Peter R. Pastre	14,002	24,245
Douglas Tulino	84,936	11,371	Shibani S. Gambhir	13,258	35,270
Joshua D. Colin	84,577	22,320	Judith A. de Torok	13,068	24,632
Thomas J. Marshall	83,473	31,604	Jeffery A. Adams	13,036	24,861
Pritha Mehra	83,473	31,604	Sheila B. Holman	12,501	17,600
Joseph Corbett	83,473	31,604	William E. Koetz	11,346	23,264
Scott R. Bombaugh	81,473	29,604	Thomas J. Foti	10,462	22,078
Steven Monteith	79,473	27,604	Robert H. Raines Jr.	10,220	25,187
Luke T. Grossmann	63,962	32,678	Steven A. Darragh	9,658	24,623
Simon M. Storey	27,812	28,001	Benjamin Kuo	9,098	13,998
Michael J. Elston	27,812	28,001	Cara M. Greene	6,425	17,208
Angela H. Curtis	27,062	27,251	Gail M. Hendrix	5,829	26,261
Robert Cintron	25,812	26,001	Marc D. McCrery	5,515	17,105
Michael L. Barber	25,812	26,001	Kevin A. Calamoneri	5,214	20,799
Dane A. Coleman	25,312	25,501	Shavon L. Keys	4,929	16,806
Timothy R. Costello	23,812	24,001	Steve M. Dearing	4,689	28,417
Linda M. Malone	23,812	24,001	Jason R. DeChambeau	3,814	24,245
Eduardo H. Ruiz	23,812	24,001	Rajinder Sanghera	3,657	18,623
Eric Henry	23,036	36,035	John J. DiPeri	3,504	18,961
Elvin Mercado	22,812	23,001	Felipe Flores Jr.	2,886	18,590
Todd S. Hawkins	21,662	30,754	Larry J. Belair	2,636	17,612
Gary R. Barksdale	21,230	21,418	Vernal D. Webster Jr.	2,188	17,777
Garrett M. Hoyt	20,171	33,328	Lorraine G. Castellano	2,158	17,123
Heather Dyer	19,354	32,696	Sharon M. Young	1,596	17,433
Sharon D. Owens	17,812	18,001	Michael Melendrez	1,110	19,659
Jeffrey C. Johnson	17,812	18,001	Keith E. Weidner	637	18,145
Gary C. Reblin	17,812	18,001	Emil J. Dzuray Jr.	576	22,866
Peter Routsolias	17,010	17,890	Leslie E. Johnson-Frick	211	22,150

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 2023 Performance Report and FY 2024 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 precareer 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.

For additional information on our progress towards the Delivering for America Two-Year Progress Report at about.usps.com/what/strategic-plans/delivering-for-america/.

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 2023 Performance Report, the FY 2023 actual outcomes, the FY 2024 targets, and the plans to achieve them.

These targets are aligned with the FY 2024 Integrated Financial Plan (IFP), which includes planned revenue and expenses for FY 2024. 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 tables show actual corporate performance from FY 2020-FY 2023 and targets for FY 2023-FY 2024 for each measure.

FY 2023-FY 2024 Targets and FY 2020–FY 2023 Actuals for Corporate-wide Performance Outcomes

Corporate Performance Outcome: High Quality Service¹

Measure	FY 2024 Target	FY 2023 Actual	FY 2023 Target	FY 2022 Actual	FY 2021 Actual	FY 2020 Actual
Single-Piece First-Class Mail Two-Day	93.00	90.68	93.00	91.34	86.44	91.47
Single-Piece First-Class Mail Three-to-Five-Day	90.28	83.52	90.28	83.62	63.20	78.83
Presort First-Class Mail Overnight	95.00	94.75	95.00	94.92	93.38	94.72
Presort First-Class Mail Two-Day	95.00	93.68	95.00	93.36	88.29	92.77
Presort First-Class Mail Three-to-Five-Day	93.00	92.10	92.20	91.49	80.87	89.89
First-Class Mail Letter and Flat Composite (FCLF)	92.50	91.43	92.50	91.00	82.69	89.73
Marketing Mail and Periodicals Composite	94.36	94.20	93.37	92.86	87.12	88.38
Market Dominant Composite ^{2,3,4}	93.08	93.18	93.00	92.14	85.30	89.00

Corporate Performance Outcome: Excellent Customer Experience

Measure	FY 2024 Target	FY 2023 Actual	FY 2023 Target	FY 2022 Actual	FY 2021 Actual	FY 2020 Actual
Customer Experience Composite Index ⁵	78.96	76.93	75.27	72.72	68.49	72.40
Business Service Network (BSN)	98.00	98.87	98.00	98.20	97.89	97.33
Point of Sale (POS)	87.46	87.10	87.46	86.34	84.39	87.46
Delivery	80.94	75.85	80.94	73.91	70.41	80.94
Customer Care Center (CCC)	85.00	84.52	69.88	70.75	61.85	60.03
Customer 360 (C360)	46.00	42.21	40.05	38.44	33.34	40.05
usps.com	78.07	72.79	73.41	73.62	67.13	73.41
Business Mail Entry Unit (BMEU)	96.29	96.89	96.29	96.48	95.66	96.72

Corporate Performance Outcome: Safe Workplace and Engaged Workforce

Measure	FY 2024 Target	FY 2023 Actual	FY 2023 Target	FY 2022 Actual	FY 2021 Actual	FY 2020 Actual
Total Accident Rate	13.25	13.48	13.25	12.39	13.48	13.09
Grand Mean Engagement Score	3.31	3.29	3.33	3.31	3.36	3.29
Engagement Survey Response Rate	N/A	17	N/A	25	25	33

Corporate Performance Outcome: Financial Health⁶

Measure	FY 2024 Target	FY 2023 Actual	FY 2023 Target	FY 2022 Actual	FY 2021 Actual	FY 2020 Actual
Controllable (loss) Income (\$ in billions)	(0.75)	(2.26)	0.50	(0.47)	(2.39)	(3.75)
Deliveries per Total Work Hours, Percent Change	N/A	N/A	N/A	N/A	N/A	0.90

Note: N/A indicates that no target was set, and no data was collected for the relevant measure 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 2020-FY 2023 actual scores are sourced from the Service Performance Measurement (SPM) system.

⁴ FY 2020-FY 2023 actuals are provided for comparability purposes only. Market Dominant Composite was introduced in FY 2021.

⁵ In FY 2020-FY 2023, 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 January 14, 2021.

⁶ The FY 2023 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 Postal Service 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 2023 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 2023 Performance Report

The following table includes both FY 2023 Actuals (unmitigated) and FY 2023 Targets for the High-Quality Service measures.

Measure	FY 2023 Actual	FY 2023 Target	Delta (PP ¹)
Single-Piece First-Class Mail Two-Day	90.68	93.00	(2.32)
Single-Piece First-Class Mail Three-to-Five-Day	83.52	90.28	(6.76)
Presort First-Class Mail Overnight	94.75	95.00	(0.25)
Presort First-Class Mail Two-Day	93.68	95.00	(1.32)
Presort First-Class Mail Three-to-Five-Day	92.10	92.20	(0.10)
First-Class Mail Letter and Flat Composite (FCLF)	91.43	92.50	(1.07)
Marketing Mail and Periodicals Composite	94.20	93.37	0.83
Market Dominant Composite	93.18	93.00	0.18

Note: Pursuant to sec. 210(c) of the PSRA, the Postal Service developed in FY 2023 a publicly available, interactive "Performance Dashboard" providing information on Market Dominant products that is updated on a weekly basis. By the end of FY 2023, this Dashboard featured performance scores for Market Dominant products searchable by product and by class. Subsequent to the end of FY 2023, the Postal Service added performance scores for nonprofit and Reply Mail.

¹ PP refers to the percentage point difference between FY 2023 Actuals and FY 2023 Targets.

The Postal Service continued implementing the elements of the Delivering for America plan to achieve its long-term goal of 95 percent on-time performance across all mail types. The targets set for FY 2023 were aggressive, and far exceeded the Postal Service's FY 2022 performance, continuing to demonstrate its commitment to delivering high quality service to the American people.

Despite many challenges presented throughout the year, the Postal Service exceeded its targets for both the Marketing Mail and Periodicals Composite and the Market Dominant Composite, achieving scores of 0.83 and 0.18 percentage points respectively above plan and 1.34 and 1.04 percentage points above FY 2022 performance. This demonstrates significant year over year improvement.

The Postal Service did not achieve the aggressive First-Class Mail Letter and Flat Composite target and accompanying Single-Piece and Presort components for FY 2023. Despite this, the Postal Service still generally shows continued improvement from FY 2022. While the First-Class Mail Letter and Flat Composite target was not achieved, the actual FY 2023 performance of 91.43 represents an improvement from FY 2022 performance.

Although the Postal Service did not attain the target of 90.28 for Single Piece First-Class Mail Three-to-Five Day on-time performance in FY 2023, it still achieved 83.52 percent of all pieces making the service standard, remaining relatively in line with its FY 2022 performance which was a five-year high and more than a full point higher than at any of the prior four years. The additional processing requirements for this product prohibit its ability to mitigate potential failures or disruptions, attributing to this product missing its target. The Single Piece First-Class Mail Two-Day product also missed its FY 2023 target. This product incurs challenges by requiring additional handling and processing compared to First-Class Presort Two-Day mail and as such maintains a slim recovery window. Any delays or impacts in any processing or transportation leg will often result in the piece missing service standard, and this product was impacted by longer cycle times at the Surface Transportation Centers (STCs).

Presort First-Class Mail Two-Day and Presort First-Class Mail Three-to-Five Day also follow similar trends to First-Class composite with improvement from FY 2022 but fell short of their aggressive individual targets. The continuous improvement validates the actions being taken by Postal Service leadership and field managers are producing positive results. Presort First-Class Overnight mail is the smallest volume component of Presort First-Class Mail. The lower volume subjects this product to higher volatility, particularly as a portion of this product uses the air network which can be negatively affected by weather and flight delays or cancellations. The reliance on the air network contributed to the overall product's comparative FY 2023 performance.

The Postal Service continued to work aggressively in FY 2023 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. Postal leadership continued to refine site-specific operating plans to improve operational efficiency, resulting in better service throughout the network.

The proactive planning and implementation for the FY 2023 peak season resulted in the Postal Service's ability to control costs while continuing to provide high quality service to our mailers and the American public. Conversions of non-career to career employees contributed to the stabilization of our workforce, reducing the necessity for hiring over 40,000 seasonal delivery and plant personnel as in previous years to just over 23,000 seasonal hires in FY 2023. Additionally, the facility footprint expansion efforts undertaken in FY 2022 resulted in the Postal Service's need to acquire only 27 locations of temporary peak space, totaling just under 1 million square feet.

However, the organization did not meet its aggressive target for the Single Piece First-Class Mail, Presort First-Class

Mail, and FCLF Composite service standards and attributes service impacts to the ongoing network transportation changes, including accelerated diversion of volume from air to surface transportation, STC expansion complications, and foreseen speed bumps in the rollout of Postal processing, logistics, and delivery network redesign.

The Delivering for America plan outlines a future state where the bulk of mail volumes will travel via surface transportation, remedying underutilization of trucks and realigning processing and transportation schedules across the network.

We have already begun to address some of these key shortcomings, including optimizing truck routes, eliminating superfluous trips, and improving tracking of each mailpiece as it travels through our network. However, meeting our service standards via surface relies heavily on precise execution. The Postal Service experienced disruptions such as traffic, weather, and mechanical breakdowns that resulted in late arrivals, late departures, and missed connections. These disruptions placed mail and packages at risk for service failures and contributed to missing service targets.

The Postal Service continued to expand STC operations in FY 2023 to add several hundred thousand square feet for improved workflow. The majority of these facilities were contractor-staffed, managed, and operated, resulting in a heavy reliance on contractor preparation for their successful launch. Due to shortcomings with adequate staffing and unanticipated complications with readiness, a number of these sites required intervention from Postal Service management and further impacted our ability to meet our service targets. Due in part to these challenges, Postal Service Management has made strategic decisions to insource some of these contract operations, ensuring full Postal control of processing and dispatch. This insourcing began at the end of FY 2023 and will continue with additional sites and operations in FY 2024.

In FY 2023, we began to come online with our redesigned facilities and redesigned network. The Delivering for America

plan developed and matured our future network model to aggregate processing facilities into both Regional Processing and Distribution Centers (RPDCs) and newly designed Local Processing Centers (LPCs). LPCs are designed to connect RPDCs to delivery operations with the primary mission of sorting letter and flat mail to carrier route or delivery walk sequence and serving as a transfer center to aggregate product on its way to delivery. Creating the LPC operation as a separate and distinct functional unit from the network RPDC function will allow the Postal Service to standardize operations across regions and provide specific management focus on local letter and flat operations. This concept leverages the existing investment in people, equipment, and buildings, while allowing a transformation in the regional mail flow that captures significant operational and logistics savings.

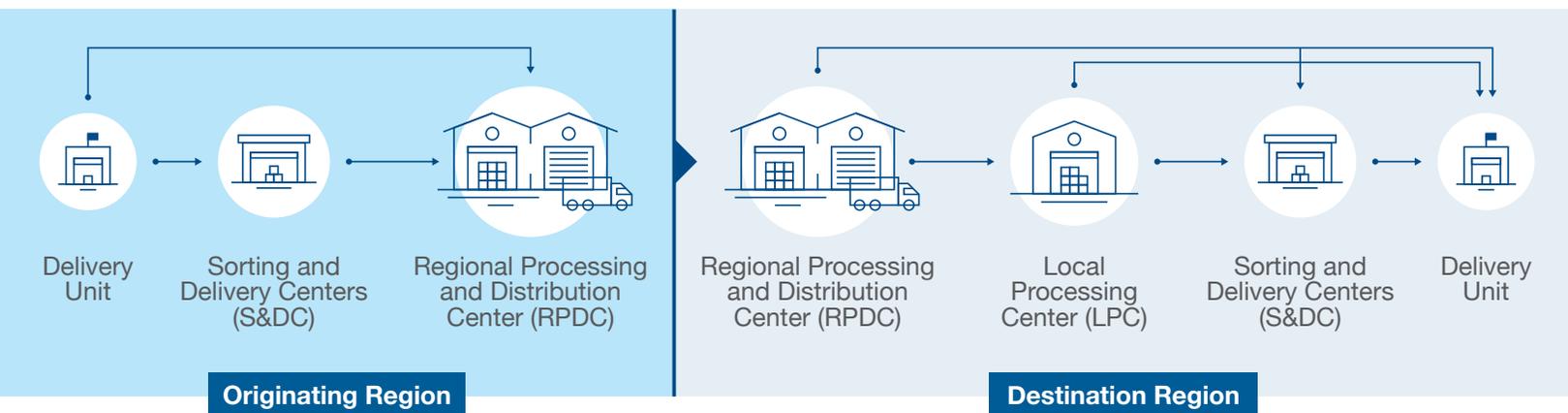
The size and span of the changes occurring are unprecedented, and as forecasted when developing our Performance Plan for FY 2023 we experienced roadblocks with the concurrent transition of our future network model. The first RPDC was implemented in July and was done so in isolation to collect lessons learned for future implementations and minimize national impacts.

However, concurrently LPCs that are associated with the RPDC were also activated, as was the necessary transportation to support these facilities and the first Sort & Delivery Centers (S&DCs). These multiple activations further resulted in service impacts in FY 2023.

Reference the FY 2023–FY 2024 Targets and FY 2020–FY 2023 Actuals for Corporate-wide Performance Outcomes table on page 39 for historical performance.

FY 2024 Performance Plan

For FY 2024, 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 2024 targets.

Measure	FY 2024 Target
Single-Piece First-Class Mail Two-Day	93.00
Single-Piece First-Class Mail Three-to-Five-Day	90.28
Market Dominant Composite	93.08
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	93.00
Marketing Mail and Periodicals Composite	94.36

Note: Pursuant to sec. 210(c) of the PSRA, the Postal Service has developed a publicly available, interactive "Performance Dashboard," providing information on Market Dominant products that is updated on a weekly basis. In FY 2024, the Postal Service added performance scores for nonprofit and Reply Mail, with plans to add performance scores for election and political mail later in the Fiscal Year.

The Postal Service has a clear vision and path to long term success as outlined in the Delivering for America plan and will continue to follow that path with the FY 2023 Service Performance Plan which includes:

- Transforming its processing facilities and transportation networks.
- Preparing for the peak season.
- Investing in its infrastructure.
- Stabilizing and empowering our workforce.

Transforming its processing facilities and transportation networks.

The Postal Service will continue its rollout of a redesigned, well-integrated, and logically sequenced network by activating more RPDCs, S&DCs, and transfer hubs in FY 2024. This facility strategy will optimize site locations to create larger delivery units, collapse carrier routes from smaller units, retain PO Boxes and Retail in current locations, provide S&DCs with volumes earlier, and streamline trips to and from the processing facilities. Aggregating larger facilities in locations aligned with emerging market demand allows the Postal Service to enhance its affordable same-day and next-day USPS Connect Local and Regional offerings to businesses through improved access to the direct entry of their shipments. Concurrently, the Postal Service will continue redesigning its transportation and logistics operations to eliminate waste and efficiently integrate with network operations. The Postal Service is developing and deploying standard work instructions that are designed to support operational excellence.

Preparing for the peak season. The work done over the previous two years has set the Postal Service up for peak success. The Postal Service will continue to utilize the facilities and processing capabilities brought on in the last two years, which have positioned the Postal Service to prepare for peak without the need for huge numbers

of temporary facilities or employees. The Postal Service will augment space and employees where necessary, but the number of temporary facilities and employees will significantly reduce from prior years as a result of the stabilization in workforce efforts made in FY 2023.

Investing in its infrastructure. Providing high quality service requires the organization have the automation, IT systems, equipment, and processes in place to drive high performance. In support of the network redesign, the Postal Service will continue to make significant capital investments in FY 2024. These investments include additional automated package sorting equipment to larger Delivery Units (DUs) and the continued expansion of the Postal Service Battery Electric Vehicle (BEV) fleet, including the accompanying necessary charging infrastructure. The Postal Service plans to replace nearly 200,000 of the current 236,000 vehicles, the majority of which are significantly past their intended life expectancy. As part of the Delivering for America plan, the Postal Service will acquire and incorporate over 66,000 BEVs over the next five years including the 45,000 units that have already been ordered.

Stabilizing and empowering our workforce. The Postal Service remains committed to investing in the future of the workforce, striving to be an "employer of choice" that hires, develops, and retains the most capable and diverse set of employees.

The FY 2024 Service Performance Plan focuses heavily on improving collaboration and engagement within the workplace and strengthening the employee experience through the continuation of the following measures from FY 2023:

- Converting our precareer employees to career status after two years of service.
- Empowering our frontline supervisors with better tools, more resources, and a training program tailored to their unique needs.
- Developing our workforce to help them 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 our Executive Diversity Council.

Combined, these efforts will allow for more efficient processing, transportation, and delivery of the mail to improve overall service performance.

Reference the FY 2023–FY 2024 Targets and FY 2020–FY 2023 Actuals for Corporate-wide Performance Outcomes table on page 39 for historical performance.



Excellent Customer Experience

An excellent customer experience is foundational to the Postal Service's success. To evaluate our customer's 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: Customer Care Center (CCC), Business Service Network (BSN), *usps.com*, Bulk Mail Entry Unit (BMEU), Point of Sales (POS), Delivery, and Customer 360 (C360).

To calculate the FY 2023 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 2023 that affected the measurement of key metrics in the CX Composite. However, in FY 2023 the composite weight for the CCC survey decreased from 20 percent to 15 percent, and the composite weight for the POS survey was increased from 15 percent to 20 percent. These modifications allow the Composite Index score to reflect the interactions more accurately with Postal customers.

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 20 percent in FY 2023.

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 15 percent in FY 2023.

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 2023 survey results and methodology for each component and the CX Composite Index are comparable to FY 2022.

FY 2023 Performance Report

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

Measure	FY 2023 Actual	FY 2023 Target	Delta (PP ¹)
CX Composite Index ²	76.93	75.27	1.66
BSN	98.87	98.00	0.87
POS	87.10	87.46	(0.36)
Delivery	75.85	80.94	(5.09)
CCC	84.52	69.88	14.64
C360	42.21	40.05	2.16
<i>usps.com</i>	72.79	73.41	(0.62)
BMEU	96.89	96.29	0.60

¹ PP refers to the percentage point difference between FY 2023 Actuals and FY 2023 Targets.

² The FY 2023 Target for the CX Composite Index was incorrectly published using the FY 2022 weighted methodology in the FY 2022 Annual Report to Congress and has been corrected to reflect the FY 2023 weighted methodology outlined.

In FY 2023, the Postal Service improved its overall CX Composite Index score of 76.93 percent from the previous year's 72.72 percent, exceeding the FY 2023 target of 75.27 percent by 1.66 percentage points. This large improvement in the composite score is as a result of improved scores across all CX touchpoints with the exception of the *usps.com* survey. Three component surveys did not meet their respective FY 2023 targets: POS, Delivery, and *usps.com*.

Two CX touchpoints showed especially strong improvements in their FY 2023 scores compared to FY 2022. CCC improved its composite score (IVR and Live Agent combined) by 13.77 percentage points and C360 improved its Overall Satisfaction (OSAT) score by 3.77 percentage points. This is the second consecutive year that these two touchpoints have shown significant improvement in their OSAT scores.

The Postal Service continued to ask the overall satisfaction question in each component survey in 2023. All FY 2023 CX Composite Index scores are thus comparable to FY 2022 actual scores.

The following sections address FY 2023 actual scores, FY 2023 targets, accomplishments achieved throughout the year, and other related information for each CX touchpoint metric.

BSN Survey — In FY 2023, the Postal Service achieved a score of 98.87 percent, exceeding the target of 98.00 percent by 0.87 percentage points. This score represented a 0.67 percentage point improvement compared to FY 2022. The Headquarters (HQ) Business Customer Support and Service (BCSS) team focused on customer satisfaction with the resolution of service requests for BSN managed

accounts. The BCSS team completed quarterly Customer Experience training with BSN representatives across the nation and refreshed Job Aids for standard work processes to improve consistency in service delivery. BSN representative training included service request research, tools, and resolution methods. The BSN also continued the requirement to obtain the customer's satisfaction of the resolution prior to closing a service request. This was critical to improving the customer experience, and combined with sharing BSN survey results and customer comments from the survey reinforced the Postal Service's commitment to customer satisfaction. This was especially evident with our large commercial mailers as evident by the improvement in OSAT and open-text feedback in the BSN survey.

POS Survey — In FY 2023, the Postal Service achieved an overall satisfaction score of 87.10 percent, 0.36 percentage points lower than the target of 87.46 percent. This score represents a 0.76 percentage point increase compared to FY 2022. Despite falling just short of the FY 2023 target, the Postal Service has continued to promote continuous improvement in POS OSAT. In fact, this is the second consecutive year that POS has improved its OSAT score. Many of the FY 2023 initiatives for training focused on continuing the improvements in customer interactions at retail locations.

In FY 2023, the Postal Service continued efforts to reduce wait times in line, a common pain-point identified in the POS survey and Retail Customer Experience evaluations among customers. An internal Self-Service Kiosk (SSK) music video was created to educate employees on the SSKs and their ease of use, allowing Sales and Service Associates to provide additional lobby experience to customers and help reduce wait times. In addition, the Postal Service began providing motivational messaging through the Retail Systems Software (RSS) to Sales and Service Associates to encourage positive customer interactions. The Postal Service also experienced an increase in the volume of SSK Prepaid Acceptance transactions, completing approximately 26.2 million prepaid acceptance scans at SSKs, 2.3 million more than recorded in FY 2022. This shift from traditional retail counter transactions helped mitigate long customer wait times in line and helped improve the customer experience.

Delivery Survey — In FY 2023, the Postal Service achieved a score of 75.85 percent, 5.09 percentage points lower than the target of 80.94 percent. This score represents a 1.94 percentage point increase compared to FY 2022. This is the second consecutive year that Delivery has improved its OSAT score. In FY 2023, Delivery operations continued to help improve customer experience with delivery performance by leveraging available technology, including hand-held scanning devices, to increase efficiency. This included identifying optimal lines of travel and placing

customer deliveries in the most efficient delivery sequence. In particular, the Postal Service focused on driving more consistent delivery times for Rural patrons, contributing to the 1.94 percentage point increase compared to FY 2022. Additionally, the deployment of over 6,000 new vehicles and the installation of over 100,000 telematics devices improved operational reliability and vehicle availability for our carriers, contributing to improved efficiency downstream in the delivery process. Provisions were made to increase the usage of rural carrier annuitants (former Postal employees currently receiving benefits from USPS) and limit work hours for newly onboarded employees to raise employee retention.

CCC Survey — In FY 2023, the Postal Service achieved a score of 84.52 percent, 14.64 percentage points higher than the target of 69.88 percent. This score represented a 13.77 percentage point increase compared to FY 2022. This is the fifth consecutive year the CCC has improved its OSAT score. To achieve this, the Postal Service implemented initiatives to target customer experience improvements via the Interactive Voice Response (IVR) System and CCC agents.

The Postal Service implemented features to improve the visual IVR experiences by enhancing Service Request (SR) creation capabilities, including Daily Mail Service. This SR offering provides a self-service option for customers to report anomalies without needing to speak with a CCC agent, helping to reduce agent call volumes. In FY 2023, 219,430 Daily Mail Service SRs were created through the IVR system. The Postal Service also implemented features which encouraged customers to provide the reason for their call prior to being transferred to an agent, even if they chose to not utilize our self-service features.

In FY 2023, CCC agents continued to provide high levels of service to customers throughout the year, driven by a continued focus on coaching and training agents. This training included a focus on encouraging agents to remind customers to take the post-call survey. This effort contributed to a 178 percent increase in the survey “take rate,” increasing to 2.9 million responses over 1.1 million responses in FY 2022 and resulted in higher satisfaction scores across the enterprise.

C360 Survey — In FY 2023, the Postal Service achieved a score of 42.21 percent, 2.16 percentage points higher than our target of 40.05 percent. This score represented a 3.77 percentage point increase compared to FY 2022. This is the second consecutive year that C360 has improved its OSAT score. To improve issue resolution, multiple collaborative meetings were held between HQ and all Areas to enhance sharing, communication, and reporting. Best practice reporting and actionable data from Customer Insights 2.0 aided facilities in identifying specific employees who require additional coaching and training on how to provide proper and timely resolution of customer issues.

Additionally, the Postal Service introduced a new mandate that requires all new C360 users complete scenario-based training prior to gaining access to the system. With each new enhancement introduced, new, detailed Knowledge Articles were published via multiple channels, including email, Chatter, and an internal website, to ensure the user population received and understood all updates. Bi-weekly “Office Hours” were also instituted to allow users to dial-in to virtual calls to ask and receive answers to their questions in real time. The C360 user survey was directly and positively impacted as a result, denoting an increase in satisfaction for the knowledgeable score from 48.51 percent in Quarter 1 to 58.27 percent in Quarter 3.

In FY 2023, the Postal Service ensured that all users of the Congressional Portal, a platform for Congressional staffers to log inquiries through C360, had a complete understanding of the system and found it user-friendly. This included updating Job Aids for the Congressional Portal and providing them to Consumer Affairs Managers to help users better navigate the system. Postal Service Government Relations workers were also trained and provided read-only access to the Portal to track the progress of Congressional inquiries when appropriate, allowing an opportunity to proactively handle constituent concerns or service issues.

usps.com Survey — In FY 2023, the Postal Service achieved a score of 72.79 percent, 0.62 percentage points lower than the target of 73.41 percent. This score represented a 0.83 percentage point decrease compared to FY 2022. An increase in *usps.com* user volume during Quarter 1 of FY 2023 impacted server availability and delayed packages, negatively impacting OSAT scores tied to tracking tasks and contributed to the Postal Service not meeting its FY 2023 target. Despite this, *usps.com* continued to adapt to new technologies, and utilized various analytic tools aimed at better understanding the customer experience. This data was shared across the organization to facilitate decision-making.

The Postal Service also used Google Optimize to conduct A/B tests on the customer experience in order to understand customer preferences on the home page and promote Informed Delivery. This testing allowed the organization to engage with a smaller subset of users and helped determine that adopting a “sign in” button within Informed Delivery would drive additional site traffic. The Postal Service also continued to expand on site enhancements made in FY 2022 and the *usps.com* team conducted usability and accessibility tests on various applications to provide recommendations focused on improving the navigation and structure of the site and drive a better customer experience.

BMEU Survey — In FY 2023, the Postal Service achieved a score of 96.89 percent, 0.60 percentage points higher than our target of 96.29 percent. This score represented

a 0.41 percentage point increase compared to FY 2022. In FY 2023, the Postal Service implemented initiatives to increase cross-functional participation and awareness across all BME channels. National Information Sessions were offered weekly to managers, supervisors, mailing standard specialist, and craft employees on a wide variety of topics including Seamless Acceptance, eInduction, and Full Service and Mailer Scorecard assessment reductions. The average attendance for each of these sessions increased by approximately 100 employees compared to FY 2022.

Additional bi-weekly national leadership meetings were also offered to managers, supervisors, and mailing standard specialists and further weekly team huddles were held at the Area level to discuss customer solutions. These offerings helped the BMEU achieve a 48.5 percent reduction in Mail Scorecard Assessments.

Additionally, the Postal Service continued to leverage the successful Customer Centric Certification Program (C3P) that it used in FY 2022 to improve customer service. This course, which was designed to enhance the current BME knowledge, skills, and abilities of BME management and craft employees, required all participants to pass knowledge checks to certify completion. 97.0 percent of Executive Administrative Schedule (EAS) employees and 86.4 percent of craft employees have passed C3P in FY 2023.

Reference the FY 2023–FY 2024 Targets and FY 2020–FY 2023 Actuals for Corporate-wide Performance Outcomes table on page 39 for historical performance.

FY 2024 Performance Plan

The following table includes the FY 2024 Targets for the Excellent Customer Experience metrics.

Measure	FY 2024 Target
CX Composite Index	78.96
BSN	98.00
POS	87.46
Delivery	80.94
CCC	85.00
C360	46.00
usps.com	78.07
BMEU	96.29

In FY 2024, 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.

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 2024.

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 2023–FY 2024 Targets and FY 2020–FY 2023 Actuals for Corporate-wide Performance Outcomes table on page 39 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.

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 2023 Performance Report

In FY 2023, the total accident rate was 13.48, not meeting the target of 13.25. The following table includes both the FY 2023 Actual and FY 2023 Target for the corporate safety metric.

Measure	FY 2023 Actual	FY 2023 Target	Delta
Total Accident Rate	13.48	13.25	0.23

The Postal Service continued the utilization of visualizations and data analytical tools that provided immediate access to data and allowed each manager/supervisor insight into the accident trends in their facilities.

New filters were added to enhance these tools and the Safety and Health Management Tool based on organizational structure changes to make it easier for each operational unit to locate their data.

In addition, the organization developed new standard accident reports that are automatically sent out to leadership weekly. These reports are designed to inform individual units of trends within their units and assess progress toward their goal.

However, the Postal Service did not meet its aggressive FY 2023 goals. The target for FY 2023 was 1.5 percent lower than FY 2022. This created challenges due to operational changes as part of network redesign efforts. These considerations have been taken into account for the FY 2024 targets.

The following table shows accidents by type in FY 2023 and FY 2022.

Accident Count by Type

Accident Type	FY 2023	FY 2022	Percent Change
OSHA I&I	30,135	29,316	2.79%
Non-Recordable	43,624	41,103	6.13%
Motor Vehicle ¹	29,171	26,870	8.56%
Total	73,759	70,419	4.74%

¹ Motor vehicle accidents are included in both the Occupational Safety and Health Administration for Illnesses and Injury (OSHA I&I) and non-recordable accident counts.

Reference the FY 2023–FY 2024 Targets and FY 2020–FY 2023 Actuals for Corporate-wide Performance Outcomes table on page 39 for historical performance.

FY 2024 Performance Plan

The FY 2024 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 focused on identifying hazards and unsafe behavior and concentrated on the most frequent workplace hazards (such as safe driving and slip, trip, and fall injuries) and will target at-risk groups to prevent accidents and injuries.

The following table states the FY 2024 Target.

Measure	FY 2024 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.

The Postal Service will continue to take a proactive approach to safety protocols and practices as the organization continues to implement its new facilities and processes.

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 and injury prevention opportunities.

As part of the National Performance Assessment process, the DPMG/CHRO has added a focus on OSHA I&I rates as part of the functional effectiveness scorecard. HR will be monitoring, tracking, and acting on more serious accidents involving the need for medical care, days away from work and restricted duty. With this focus, we can proactively address severe injuries and reduce expenses related to workers' compensation claims.

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 2023–FY 2024 Targets and FY 2020–FY 2023 Actuals for Corporate-wide Performance Outcomes table on page 39 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 2023 Performance Report

In FY 2023, the Postal Pulse survey grand mean score was 3.29, which is lower than the target of 3.33. The response rate was 17 percent, which is lower than the FY 2022 response rate of 25 percent.

The following table shows the FY 2023 actual and target grand mean scores. The methodology of the survey calculations remains consistent since 2015.

Measure	FY 2023 Actual (%)	FY 2023 Target (%)	Delta
Engagement Score	3.29	3.33	(0.04)

This year, the Postal Pulse survey was administered from April 25, 2023, through May 28, 2023. Non-bargaining employees received the survey link via Postal email on April 25, and each subsequent week until they responded or until May 28 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. Approximately two weeks into the survey administration, a printing error caused by the survey vendor was discovered that necessitated a re-administration of the paper survey. As soon as the error was discovered, participants were instructed not to complete the paper survey due to privacy concerns, and responses received via the paper survey in the first administration were discarded. The second administration of the paper survey was conducted from June 27, 2023, through July 28, 2023. All employees were invited to respond to the survey on-the-clock.

Employees were encouraged to complete the survey through multiple communication channels including email, scanner alerts, stand-up talks, and internal employee communications. Weekly meetings were also conducted to support the administration and to encourage responses.

The response rate this year was severely depressed by the vendor printing error that resulted in the need to halt the paper administration and redistribute the paper surveys. Multiple survey administrations can create survey fatigue among respondents, which results in lower response rates. In addition, the printing error in the first paper survey may have degraded employees' trust in the confidentiality of the survey results, which likely further depressed the response rate.

Many of the FY 2022 programs to improve employee engagement were expanded in FY 2023 to build upon previous initiatives focused on two major groups of employees: front-line supervisors and newly hired precareer employees.

For front-line supervisors, two programs were implemented to enable supervisors to be more successful. The Supervisor Apprentice Program pilot was launched in May 2023 with 34 participants. This six-month program is intended to create a pipeline of qualified candidates to fill full-time supervisor positions, and includes formal classroom training, on-the-job training, practical application of new skills, and coaching and mentoring opportunities for prospective supervisors.

Successful participants will outpace non-competitively to an EAS-17 level Supervisor or Relief Supervisor position at the conclusion of the program.

In July 2023, over 2,000 relief supervisor positions were authorized nationwide. The relief positions are intended to provide operational coverage for vacancies and supervisors out on leave, to enable supervisors to have more regular work hours, and to achieve a more stable work-life balance while also reducing the use of overtime and acting supervisors. Additionally, a new training course, Delivering the New Employee Experience, was implemented to educate frontline supervisors on how to cultivate an engaging work environment for new employees. As of September 2023, over 32,000 employees have completed this new course.

For newly hired employees, pilot programs first initiated in 2021 were expanded further to provide welcome kits to new hires, revise schedules, monitor workhours of new hires, and provide peer mentors. These pilots have demonstrated success with higher engagement and retention scores.



Aggressive recruitment campaigns for external precareer hiring and internal supervisor promotions also resulted in an increased volume of new employees and fewer supervisor vacancies across the organization. As of September 2023, over 117,000 new employees have experienced updated, streamlined Welcome to USPS (W2USPS) Orientation which enabled them to move quickly to their job training and work assignment. The organization also experienced a decrease in the supervisor vacancy rate from 9.5 percent to 7.2 percent over the past fiscal year. In FY 2023, programs to improve engagement were expanded.

Reference the FY 2023–FY 2024 Targets and FY 2020–FY 2023 Actuals for Corporate-wide Performance Outcomes table on page 39 for historical performance.

FY 2024 Performance Plan

The FY 2024 metric target will be a grand mean engagement score of 3.31. The following table states the FY 2024 Target.

Measure	FY 2024 Target
Grand Mean Engagement Score	3.31

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 3.31, an increase of 0.02 from the FY 2023 actual score, is optimistic, yet realistic.

We will also take additional steps to attempt to improve the response rate in FY 2024.

New FY 2024 initiatives will be launched to create electronic probationary forms to reinforce supervisor interactions and timely performance discussions with new employees and will implement probationary forms for rural carriers. These initiatives are aligned with recent recommendations to revise probationary forms to encourage more interactions

between supervisors and their employees, with the goal of increasing retention by further enhancing the new employee experience.

In FY 2023, the Postal Service launched a standardized approach for Career Conferences which were hosted nationwide to promote upward mobility, educate employees about available job opportunities, and support employee growth and development. The organization continued hosting virtual job fairs to educate craft employees about supervisor job opportunities and to share techniques for applying to available positions. Newly promoted supervisors experienced the updated, enhanced USPS Supervisor Program and began 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.

We will continue to expand these initiatives in FY 2024. As more frontline supervisor and relief supervisor positions are filled and new supervisors are trained, facilities will be sufficiently staffed, and supervisors will be equipped and enabled to foster a more engaging environment for employees.

In FY 2024, the Postal Service will increase efforts to educate all levels of management on how to interpret survey scores and leverage survey results to improve the work environment. The organization also intends to re compete its employee survey contract, which is up for renewal in FY 2024. We plan to use this opportunity to make a fresh start with the survey, ensure the survey measures the elements that will help us gauge the effectiveness of our employee engagement initiatives, and identify opportunities for improvement.

Reference the FY 2023–FY 2024 Targets and FY 2020–FY 2023 Actuals for Corporate-wide Performance Outcomes table on page 39 for historical performance.



UNITED STATES POSTAL SERVICE
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UNITED STATES POSTAL SERVICE

PRIORITY MAIL

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 2024 of \$6.3 billion. Inflation continued to impact the prices of goods and services such as transportation, cost of living adjustments, and our Federal Employees Retirement System (FERS) and Civil Service Retirement System (CSRS) amortization expenses.

Our Delivering for America plan included a correction of decades of overpayment of CSRS benefits by USPS; according to modern actuarial 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 from the Administration to the Office of Personnel Management. This reform would eliminate CSRS amortization expenses entirely; in FY 2023 the expense was \$3.0 billion, and FY 2024 projected expense will be \$3.2 billion.

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, FERS normal cost, 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 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).

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, 2023, workers' compensation liability and related expense by approximately \$1.2 billion. Similarly, a one percent decrease in the discount rate would cause an increase in the September 30, 2023, workers' compensation liability and related expense by approximately \$1.4 billion.

The following table includes revenue, controllable income (loss), and net income (loss) and shows planned revenues and expenses by category for FY 2024 and FY 2023, as well as actual data for FY 2020-FY 2023.

Revenue and Expenses

<i>(in billions, unaudited¹)</i>	FY 2024 Plan (IFP)	FY 2023 Actual	FY 2023 Actual vs FY 2023 Plan	FY 2023 Plan (IFP)	FY 2022 Actual	FY 2021 Actual	FY 2020 Actual
First-Class Mail	\$ 25.0	\$ 24.5	\$ (0.4)	\$ 24.9	\$ 24.0	\$ 23.3	\$ 23.8
Marketing Mail	14.6	15.1	(1.3)	16.4	16.0	14.6	13.9
Shipping and Packages	33.7	31.6	(0.3)	31.9	31.3	32.0	28.5
International	1.5	1.6	(0.2)	1.8	1.7	2.2	2.4
Periodicals	0.9	0.9	(0.1)	1.0	1.0	1.0	1.0
Other ²	6.0	5.6	0.4	5.2	4.8	4.0	3.6
Total Revenue	\$ 81.7	\$ 79.3	\$ (1.9)	\$ 81.2	\$ 78.8	\$ 77.1	\$ 73.2
Salaries and Benefits	55.1	54.4	0.4	54.0	52.8	51.4	50.0
FERS Normal Cost	5.0	4.8	0.2	4.6	4.5	4.1	3.8
PSRHBF Normal Cost (controllable) ³	—	—	—	—	—	3.9	4.0
Transportation	9.6	10.1	0.1	10.0	10.3	9.7	8.8
Depreciation	2.0	1.8	—	1.8	1.7	1.7	1.7
Supplies and Services	3.3	3.4	—	3.4	3.2	2.9	3.1
Rent, Utilities, and Other ⁴	7.5	7.1	0.2	6.9	6.8	5.8	5.6
Controllable Expenses	\$ 82.5	\$ 81.6	\$ 0.9	\$ 80.7	\$ 79.3	\$ 79.5	\$ 77.0
Controllable (Loss) Income	\$ (0.8)	\$ (2.3)	\$ (2.8)	\$ 0.5	\$ (0.5)	\$ (2.4)	\$ (3.8)
Impact of Postal Service reform legislation ⁵	—	—	—	—	57.0	—	—
PSRHBF Normal Cost Actuarial Revaluation ³	—	—	—	—	—	(0.3)	0.1
PSRHBF Unfunded Liability Amortization	—	—	—	—	—	(0.9)	(0.8)
FERS Unfunded Liability Amortization	(2.3)	(2.1)	(0.2)	(1.9)	(1.6)	(1.4)	(1.3)
CSRS Unfunded Liability Amortization	(3.2)	(3.0)	0.1	(3.1)	(2.3)	(1.9)	(1.8)
Workers' Comp. Fair Value and Other Non-Cash Adjustments	—	0.9	0.9	—	3.4	2.0	(1.6)
Non-Controllable Items	\$ (5.5)	\$ (4.2)	\$ 0.8	\$ (5.0)	\$ 56.5	\$ (2.5)	\$ (5.4)
Net (Loss) Income	\$ (6.3)	\$ (6.5)	\$ (2.0)	\$ (4.5)	\$ 56.0	\$ (4.9)	\$ (9.2)

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 2023 Performance Report

In FY 2023, Net (Loss) Income was \$(6.5) billion. This adjusted net loss is \$2.0 billion worse than the \$(4.5) billion net loss planned in the FY 2023 IFP. This loss includes:

- A net \$(2.8) billion impact to revenue and controllable expenses driven by a \$1.8 billion reduction in Market Dominant mail revenue and a \$0.4 billion increase in Salaries and Benefits driven mainly by retroactive application of wage inflation that exceeded our plan and high levels of full time employees required to stabilize our performance.
- A \$0.2 billion increase in FERS unfunded liability amortization expense.
- A \$0.1 billion decrease in CSRS unfunded liability amortization expense compared to plan. These expenses are a result of a 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 standards, as outlined in the Delivering for America plan, would eliminate these payments entirely.
- A positive \$0.9 billion non-cash adjustment to workers' compensation liability.

Controllable (Loss) Income was \$(2.3) billion, which was \$(2.8) billion worse than the FY 2023 target of \$0.5 billion.

The following table includes both the FY 2023 actual and FY 2023 target for the Controllable (Loss) Income metric.

Measure	FY 2023 Actual	FY 2023 Target	Delta
Controllable (Loss) Income (\$, billions)	\$ (2.3)	\$ 0.5	\$ (2.8)

The major factors that affect the organization's controllable loss include softer Market Dominant mail volume leading to less revenue, 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 significant inflation in excess of our forecast.

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 2023 total revenue of \$79.3 billion was \$1.9 billion below our planned revenue.

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 \$24.5 billion, lower than the planned amount by \$0.4 billion, mainly due to higher-than-expected volume loss due to electronic diversion.

Marketing Mail consists of mail that weighs less than 16 ounces 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 \$15.1 billion, below the planned amount by \$1.3 billion, primarily due to higher-than-expected volume loss due to electronic diversion and a pessimistic advertisement market.

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 \$31.6 billion, below the planned amount by \$0.3 billion, due to strong market competition.

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 \$1.6 billion, \$0.2 billion less than planned.

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 \$0.9 billion, \$0.1 billion less than 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 \$5.6 billion, exceeding the plan amount by \$0.4 billion.

Though our overall volumes and revenues were less than our performance plan targets for FY 2023, both mail and packages exceeded the targets originally set forth in the Delivering for America plan. Domestic mail volume exceeded the target set in the plan by 7.1 billion pieces, or 7.0 percent, while domestic mail revenue exceeded the target by \$3.2 billion, or 8.5 percent. Domestic package volume exceeded the target by 0.2 billion, or 3.4 percent, while domestic package revenue was above the target of \$29.9 billion by \$1.8 billion, or 6.0 percent.

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 2023.

Salaries and benefits expenses include salaries, health benefit expenses for active employees, and workers' compensation cash outlays. These expenses were \$54.4 billion, \$0.4 billion more than the FY 2023 plan. This was primarily due to the impact of high career conversions resulting in higher salary rate.

FERS normal cost expense is the expense the organization incurs to fund retirement benefits for active employees. The normal cost of \$4.8 billion was \$0.2 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 \$10.1 billion, \$0.1 billion more than plan. This was primarily because of inflationary pressures in the trucking industry and increases in fuel expenses for the transportation contracts.

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 2023 was \$1.8 billion, in line with plan.

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 2023 were \$3.4 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 \$7.1 billion, which was \$0.2 billion more than plan.

Reference the FY 2023–FY 2024 Targets and FY 2020–FY 2023 Actuals

for Corporate-wide Performance Outcomes table on page 39 for historical performance.

FY 2024 Performance Plan⁸

In FY 2024, the Postal Service anticipates a \$0.8 billion controllable loss, resulting from a projected \$2.4 billion increase in revenue with an additional increase in expenses of \$0.9 billion compared to FY 2023.

Revenue — Revenue from mail is expected to be flat compared to FY 2023. In July 2023, the Postal Service implemented price increases of about 5.4 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 \$2.1 billion from FY 2023. In July 2023, the Postal Service announced the launch of its new shipping offering, USPS Ground Advantage.

The enhanced ground solution provides a simple, reliable, and more affordable way to ship packages in two-to-five business days across the continental United States. The Postal Service strives to integrate our ground transportation model efficiently and effectively to the magnificence of our last mile delivery operations and to offer the most compelling ground shipping offering in the market. The Postal Service is ready to compete for an increased share of the growing package business.

International revenue is expected to decline by \$0.1 billion, while revenue from other sources is expected to increase by about \$0.4 billion.

Controllable Expenses — Total controllable expenses in FY 2024 are projected to be \$82.5 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 2023. Salaries and benefits expenses are planned to increase by \$0.7 billion in FY 2024 due to wage increases from contractual general increases and COLA based on increased inflation. The cost-of-living payment issued in August 2023 (the full impact of which will be reflected in FY 2024) was equivalent to approximately \$998 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 \$0.2 billion.

⁸ 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 \$0.5 billion, largely due to optimizing transportation routes as we implement our planned network changes, lower air transportation costs resulting from shifts of assigned transportation from air to surface and increase usage of lower-cost commercial carriers. An increase in surface transportation rates is expected to limit this reduction.

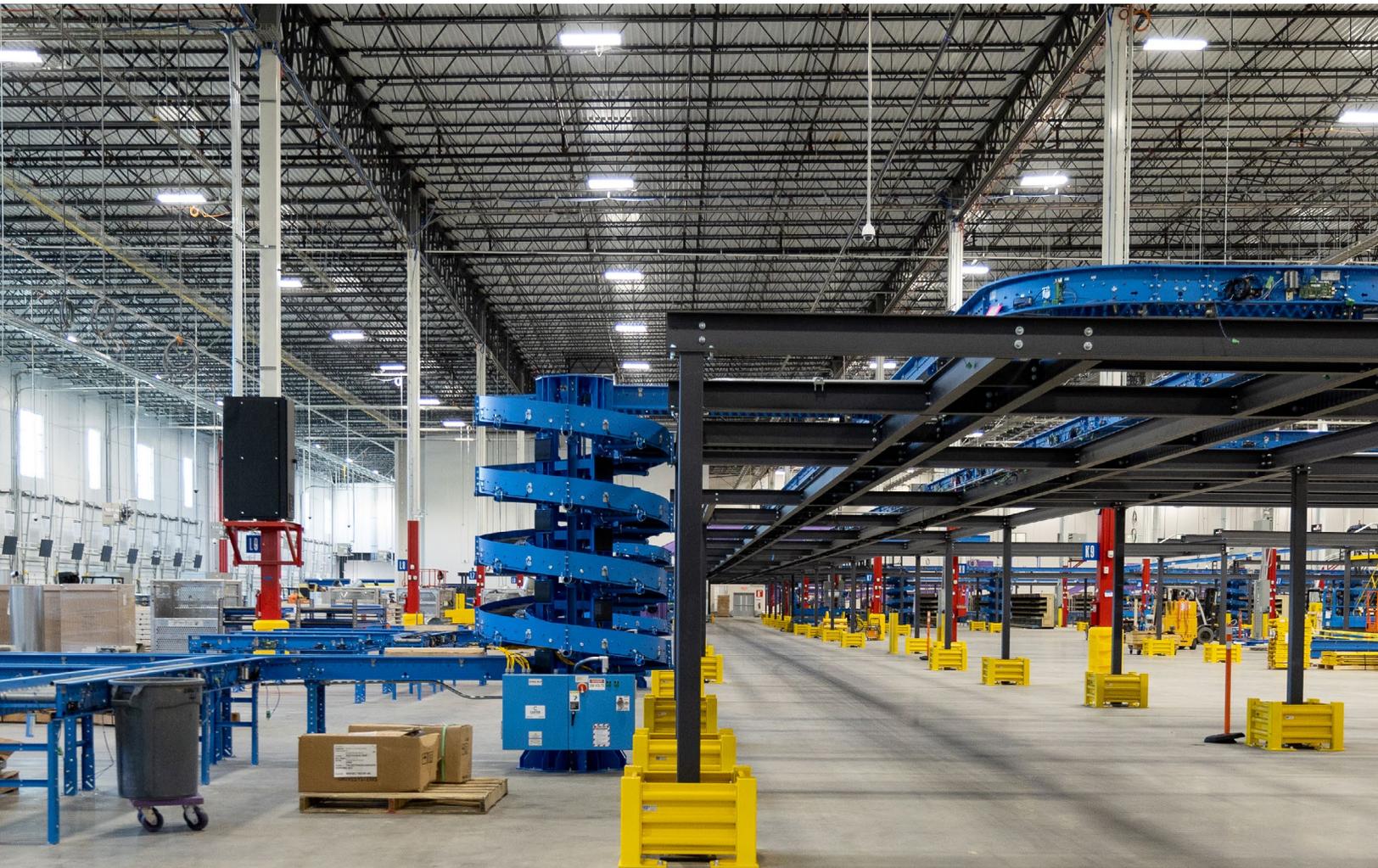
Depreciation expenses are expected to increase by \$0.2 billion compared to FY 2023. Supplies and services are expected to decrease by \$0.1 billion and rent, utilities, and other expenses are expected to increase by \$0.4 billion, due to increased expenses to support modernization investments, as well as inflationary pressures. Rent is also expected to increase due to an increased investment in annexes for processing packages.

Non-Controllable Expenses — The U.S. Office of Personnel Management 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 2023 planned expenses for FERS and CSRS amortization were \$1.9 billion and \$3.1 billion; the actual charged amounts in FY 2023 were \$2.1 billion and \$3.0 billion. The FY 2024 IFP projects FERS and CSRS amortization expenses to be \$2.3 billion and \$3.2 billion, respectively.

GAAP requires the Postal Service to record its September 30, 2023, 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 2023, the Postal Service recorded a \$0.9 billion net non-cash workers' compensation expense.

Reference the FY 2023–FY 2024 Targets and FY 2020–FY 2023 Actuals for Corporate-wide Performance Outcomes table on page 39 for historical performance.



Measures of Productivity⁹

Total Factor Productivity (TFP) is a comprehensive measure of operational efficiency with which the USPS uses resources to create output. 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, or workload, 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 2023, labor productivity decreased 2.9 percent compared to FY 2022.

TFP had increased significantly between FY 2009 and FY 2015 but began declining in FY 2016. Following a 1.0 percent decline in FY 2022, TFP declined 4.0 percent in FY 2023. The decrease can partially be attributed to a decrease in labor productivity as we continued to focus on stabilizing operations and to drive operational precision as part of the Delivering for America plan and to the decline in workload.

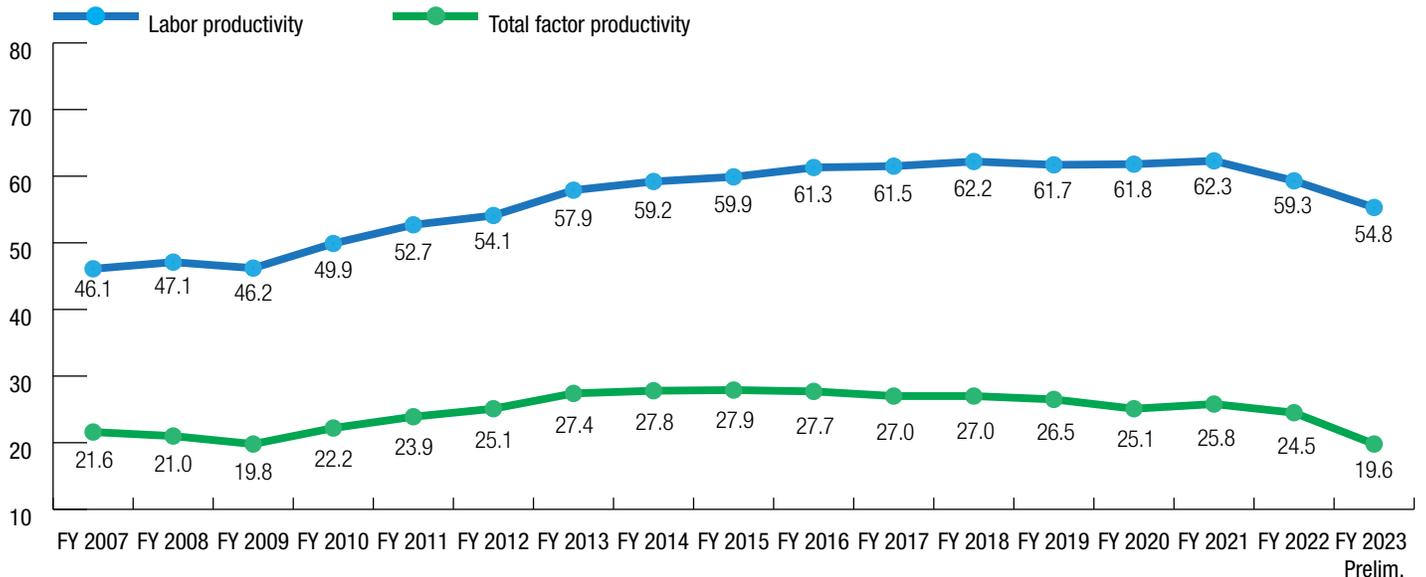
In FY 2023, workload decreased 4.7 percent. Weighted Mail Volume, the largest component of workload, decreased 8.1 percent from FY 2022.

This change in Weighted Mail Volume was most significantly driven by decreases in Priority Mail, USPS Marketing Mail Letters, and First-Class Package Service Mail, which were partially offset by increases in Parcel Select Mail and Single-Piece Parcel Post. Miscellaneous output also decreased 10.1 percent and delivery points increased 1.2 percent from FY 2022.

FY 2023 resource usage decreased 0.7 percent from FY 2022. Labor input, the largest component of resource usage, decreased 1.9 percent from FY 2022. The 1.9 percent decrease in labor input was driven by decreases in the Non-Career Clerks, Full-Time Clerks, and Non-Career City Delivery Carriers categories, which were partially offset by increases in the labor categories of Career Rural Carriers and Other. Additionally, capital input decreased 5.3 percent, and materials input increased 4.1 percent from FY 2022.

Some productivity improvements take years for the effects to be realized, and as a result it is more informative to consider changes in TFP and labor productivity over a period of years, rather than year-to-year.

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



⁹ FY 2023 TFP and Labor Productivity is preliminary until the Cost and Revenue Analysis report is released in early 2024.



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 continues to implement the initiatives outlined in the plan as refined to align with the new FY 2024 target outcomes.

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 2023 and planned for FY 2024 align to the corporate-wide performance outcomes.

FY 2023 and FY 2024 Strategic Initiatives Matrix

FY 2023 DFA Strategic Initiative	FY 2023 CORPORATE OUTCOMES SUPPORTED				CHANGE FROM FY 2023 TO FY 2024	FY 2024 DFA Strategic Initiatives	FY 2024 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	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.





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