

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING
(PROPOSAL TEN)

Docket No. RM2020-2

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO QUESTIONS 1-5 OF CHAIRMAN'S INFORMATION REQUEST NO. 1**
(January 2, 2020)

The United States Postal Service hereby provides its response to the above listed questions of Chairman's Information Request No. 1, issued December 19, 2019.

The questions are stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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1. In Library Reference USPS-RM2020-2/1, folder "Constructing the Analysis Data Set," Excel file "April WSC Data.xlsx," please confirm that the data on the post offices in the Executive and Administration Schedule (EAS) system cover the total population of post offices in the EAS system, and not a sample extracted from the total population. If not confirmed, please explain.

RESPONSE:

Confirmed.

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2. Please consider the following table derived from data provided in this proceeding. The columns under "No. of Post Offices" display the number of post offices in the data set that have Workload Service Credits (WSCs) below the Lower Zone of Tolerance (ZOT) or above the Upper ZOT.

Grade	Workload Service Credits (WSCs)			No. of Post Offices	
	Lower ZOT Limit	Grade's Defining Range	Upper ZOT Limit	Below Lower ZOT	Above Upper ZOT
EAS-18		0–2075	2292		
EAS-18B	1869	2076–5500	6049		0
EAS-20	4951	5501–13000	14299	14	2
EAS-21	11701	13001–26000	28599	3	1
EAS-22	23401	26001–68200	75020	5	1
EAS-24	61381	68201–167200	183919	3	
EAS-26	150481	167201–			

Source: Bradley Study at 22, Table 7; *id.* at 27, Table 12; Library Reference USPS-RM2020-2/1, folder "Constructing the Analysis Data Set," Excel file "April WSC Data.xlsx."

The Bradley Study states "in rare instances, an office's workload increase or decrease could be so large that it skips the Zone of Tolerance and immediately has its pay grade changed." Bradley Study at 1-2.

- a. Please describe the process by which the pay grade of an office changes when the WSCs increase or decrease beyond the grade's ZOT.
- b. What is the delay between the reporting of WSCs and the change in the applicable pay grade?
- c. Does the change in the pay grade occur in a particular month of a given Fiscal Year or can it occur in any month?
- d. Please confirm that post offices included in the "Below Lower ZOT" column should be in the grade-level immediately below their reported grade-level. If not confirmed, please reconcile these numbers with the quoted material from the Bradley Study.
- e. Please confirm that post offices included in the "Above Upper ZOT" column should be in the grade-level immediately above their reported

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grade-level. If not confirmed, please reconcile these numbers with the quoted material from the Bradley Study.

- f. Please confirm that for each EAS grade-level, all WSCs should fall into either the Lower ZOT range, the Grade's Defining Range, or the Upper ZOT range, *i.e.*, these three ranges should contain the entire set of WSCs pertaining to each grade-level. If not confirmed, please explain how the exceptions to the stated classification rule can be reconciled with the quoted material from the Bradley Study.

RESPONSE:

- a. When a post office's WSCs fall outside the Zone of Tolerance for its current grade, a management review of the office can be initiated. The WSC level calculated in the Form 150 does not automatically determine a Postmaster's grade. That determination is made by a subsequent management review of the office's information.
- b. The management approval process to complete a Form 150 analysis takes at least 15 days and can take longer.
- c. Generally, it can occur in any month. However, consideration of a change in pay grade occur when there is a Postmaster vacancy, after a three-year management review, or after it is initiated by a Postmaster. In other words, a review occurs whenever an office becomes vacant or at least once every three years. A review is also done whenever an individual Postmaster believes the revenue or workload of the office has increased or decreased to such a degree that the level of the office may be affected.

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- d. Not confirmed. When a post office's WSCs fall outside the Zone of Tolerance for its current grade, it does not automatically shift to a different pay grade. Instead a management review of the post office is initiated and must be completed before a change in pay grade is made. The extremely small number of post offices that fall outside their current EAS grade's Zone of Tolerance is entirely consistent with (and is directly addressed) in the Bradley Study. First, the potential impact of these offices on the estimation of the logit models is specifically addressed in the Bradley study (e.g., see pages 26 to 30). That is, the offices with WSCs that fall materially beyond their WSC levels are removed from the analysis data set and the logit models are re-estimated without them. Second, when the Postmaster variabilities are calculated, the EAS grades indicated by the estimated logit model are used in the calculation. Thus, the small number of offices that may appear misclassified in the raw WSC data are appropriately classified for the variability calculation.
- e. Not confirmed. When a post office's WSCs fall outside the Zone of Tolerance for its current grade, it does not automatically shift to a different pay grade. Instead a management review of the post office is initiated and must be completed before a change in pay grade is made. The extremely small number of post offices that fall outside their current EAS grade's Zone of Tolerance is entirely consistent with (and is directly addressed) in the Bradley Study. First, the potential impact of these offices on the estimation of the logit models is specifically addressed in the Bradley study (e.g., see pages 26 to 30). That is, the offices with WSCs that fall

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materially beyond their WSC levels are removed from the analysis data set and the logit models are re-estimated without them. Second, when the Postmaster variabilities are calculated, the EAS grades indicated by the estimated logit model are used in the calculation. Thus, the small number of offices that may appear misclassified in the raw WSC data are appropriately classified for the variability calculation.

- f. Not confirmed. Please see the answers to parts d. and e. above.

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3. At page 1, the Bradley Study states:

“If a post office’s workload is above the top of what is required for its current grade, it will be placed in the upper [ZOT], to see if the workload increase is sustained for two years. If so, then the pay grade will be changed and the Postmaster’s salary increased. Similarly, if a post office’s workload is below the bottom of what is required for its current grade, it will be placed in the lower [ZOT] to see if the workload decrease is sustained for two years. If so, the pay grade will be changed.”

- a. Please confirm that if a post office’s workload is below the bottom of what is required for its current grade and sustained for two years both the pay grade and the Postmaster’s salary will decrease. If not confirmed, please explain.
- b. Is it possible for a Postmaster’s salary to change within a grade-level, *i.e.*, is it possible that a Postmaster’s actual salary be different from the minimum salary of the applicable grade-level? If yes, please list the factors that determine Postmaster salary changes within a grade-level and provide appropriate figures illustrating the frequency of such an occurrence.
- c. Please state whether the Postal Service considered using other variables in addition to WSCs, or instead of WSCs.
- d. If other variables were considered, please explain why they were rejected.
- e. If logistic regressions of the PS Form 150 specific to this proposal were run using variables other than WSCs, please provide copies of each SAS program, output, and log.

RESPONSE:

- a. At the end of the management review process initiated by the Form 150 data, if it is determined that post office should move down an EAS grade, then the Postmaster’s salary will decrease.

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- b. Yes. Salary increases above that minimum are determined by longevity and merit, and are not dependent on WSCs. That is why it is appropriate to use the minimum salary to estimate the models used to calculate the Postmaster variabilities.
- c. The Postal Service considered only WSC as the explanatory variable in the logistic equations. This is because WSCs solely determine a Post Office's EAS grade.
- d. Not Applicable
- e. Not Applicable

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4. Please confirm that the Postal Service performs monthly collection of data from the electronic PS Form 150.

RESPONSE:

Confirmed.

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5. Please explain why the computation of variability is based on only the April 2019 WSC data.

RESPONSE:

The computation of variability is based solely on the April 2019 data because the data used to estimate the logistic models are cross-sectional in nature. The variation in WSC and EAS grades occurs across post offices, but only to a negligible extent through time. There is virtually no change in the number of Postmasters or EAS grades on a month-to-month basis, so adding additional months would essentially be just repeating the same observations and would not be adding any additional information to the estimation.

This point is demonstrated on page 41 of the Bradley Report that showed that the change in the number of Postmasters in the EAS system over a full year (April 2018 to April 2019) was only seven out of over 13,000. This means that the average monthly change is less than one Postmaster.