

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

ANNUAL COMPLIANCE REVIEW, 2016

Docket No. ACR2016

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-4 OF CHAIRMAN'S INFORMATION REQUEST NO. 7

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 7, issued on January 17, 2017.

Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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January 25, 2017

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1. If a performance goal has not been met, the *FY 2016 Report* must explain and describe: (1) why the goal was not met; and (2) the “plans and schedules” for achieving the performance goal. See 39 U.S.C. § 2804(d)(3).
 - a. The Postal Service did not meet the FY 2016 target for the Occupational Safety and Health Administration illness and injury rate (OSHA I&I Rate) performance indicator. *FY 2016 Annual Report* at 15, 20. Please explain why the target was not met.
 - b. The Postal Service states that in FY 2017, it will replace the OSHA I&I Rate performance indicator with a new performance indicator called Total Accidents Rate to measure employee safety. *FY 2016 Annual Report* at 15 n.9, 20. Please describe the “plans and schedules” for meeting the FY 2017 target for Total Accidents Rate. See 39 U.S.C. § 2804(d)(3)(B). Please provide timelines for plans that extend beyond FY 2017.¹

RESPONSE:

a.

The FY 2016 target for OSHA I&I rate was a dual metric including targets for both actual performance and rate of improvement. Although the target for the actual rate was not met, the performance improvement rate was exceeded. The OSHA I&I rate calculation takes into consideration the total number of accidents and exposure hours. In FY 2016, there was a reduction in accidents but an increase in exposure hours. The year ended with an OSHA I&I rate of 6.25 which reflected a 6 percent improvement over the prior year.

¹ The Commission stated that “to fully comply with section 2804(d)(3), the Postal Service should provide timelines for its plans to achieve performance goals if timelines fall outside of the fiscal year covered by the annual performance plan.” Docket No. ACR2015, Analysis of the Postal Service’s FY 2015 Annual Performance Report and FY 2016 Performance Plan, May 4, 2016, at 15 (*FY 2015 Analysis*).

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b.

For FY 2017 the Postal Service has set a Total Accidents Rate target to reduce all accidents regardless of severity; "all accidents" covers a broader range of activity and includes both recordable accidents tracked under the OSHA I&I category and non-recordable accidents. Roadmaps have been developed to focus on motor vehicle accident prevention through improved driver training and increased supervisory observations. A strategic plan has been established to engage front line operations in safety efforts and accident prevention. Through the implementation of new programs designed to focus on leading safety indicators, accident rates will decrease. Specific plans and schedules for meeting the FY 2017 Total Accidents Rate target are as follows:

Safety Ambassador Program – designed to take the best practice of our safety captain program and expand it to include recognized hazards during the Peak mailing season. The program assigned a safety point of contact in our lower performing offices for all new hires and other employees. The lessons learned will be added to a national safety ambassador program for yearlong implementation. (Implementation: Quarter 1)

Lean Safety – utilizing the Lean Six Sigma process, we have added a focus on safety to all activities. The A3 process has been amended and a new lean safety program focusing on training, hazard abatement and employee involvement has been rolled out in large facilities. (Implementation: Quarter 1)

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Model Safety Office – designed to assess the safety culture and safety performance in every facility. The program will rank each facility and develop improvement plans for those at-risk offices. (Implementation: Quarter 2)

Hazard Identification Training – new training being rolled out through the Learning Management System. The training will educate employees and supervisors on how to identify workplace hazards and the methods for abating those hazards.

(Implementation: Quarter 2)

CARE – Counseling At Risk Employees. Accident trends reveal that our newer employees, accident repeaters, and employees with risky behavior are most likely to have accidents. The CARE program opens a quarterly dialogue between employees and managers with a sole focus on discussing safety concerns and accident prevention.

(Implementation: Ongoing)

Employee Recognition – designing a program to recognize safe behaviors and to celebrate innovation in accident prevention. (Implementation: Quarter 3)

Driver Training – redesigning the driver training program to expand opportunities for new drivers to become more skillful. Testing will be added to the program to assess the suitability of each employee to perform duties as a professional driver. (Implementation:

Quarter 4)

Automation Efforts – working with the Postal Service's Engineering and Information Technology departments to automate outdated safety activities such as hazard reporting, vehicle inspections, and workplace/driver observations. The automation will

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not only streamline the work for our employees and supervisors but will add visibility into trends so new programs can be developed proactively. (Implementation: Quarter 3)

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2. 39 U.S.C. § 2804(c) requires annual performance reports to “include actual results for the three preceding fiscal years.” The Commission previously found that “actual results” under section 2804(c) must also be comparable across the three preceding fiscal years. FY 2015 *Analysis* at 17. To comply with section 2804(c), the *FY 2016 Report* must provide comparable results for each performance indicator for, at a minimum, fiscal years 2013, 2014, 2015, and 2016. See *id.* The Commission explained that the Postal Service can meet this requirement by providing all results using the same methodology, or by explaining how results can be compared between old and new methodologies. *Id.*
- a. In FY 2016, the Postal Service replaced Deliveries per Work Hour (DPWH) with Deliveries per Total Work Hours % SPLY (DPTWH) as a performance indicator for the Sustain Controllable Income performance goal. FY 2016 *Annual Report* at 15 n.11, 12; 22.
- i. Please provide comparable results for the DPTWH performance indicator for fiscal years 2013, 2014, and 2015.
- ii. If comparable results cannot be provided, please explain how to compare results between the old methodology (DPWH) and the new methodology (DPTWH).
- b. The Postal Service states that in FY 2017, it will replace the OSHA I&I Rate performance indicator with a new performance indicator called Total Accidents Rate to measure employee safety. FY 2016 *Annual Report* at 15 n.9, 20. For the FY 2017 Annual Performance Report (*FY 2017 Report*) to comply with section 2804(c), the Postal Service must provide comparable results for each performance indicator for, at a minimum, fiscal years 2014, 2015, 2016, and 2017. See FY 2015 *Analysis* at 17.
- i. Please confirm that the *FY 2017 Report* will provide comparable Total Accidents Rate results for fiscal years 2014, 2015, 2016, and 2017.
- ii. If comparable results cannot be provided, please confirm that the *FY 2017 Report* will explain how to compare results between the old methodology (OSHA I&I Rate) and the new methodology (Total Accidents Rate).

RESPONSE:

a.i.

The comparable Deliveries per Total Workhour % SPLY scores for FY 2013, 2014, and 2015 are as follows:

2013: +1.0 percent

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2014: +0.6 percent

2015: +0.2 percent

a.ii.

Not applicable.

b.i.

Partially confirmed. The OSHA I&I Rate is subsumed within the broader Total Accidents Rate, since the new measurement tracks both recordable (*i.e.*, OSHA I&I category) accidents as well as less severe, non-recordable accidents; the two measurement systems also use the same calculation formula. Because the Postal Service did not implement the Total Accidents Rate measure in fiscal years 2014-2016, the FY 2017 Annual Performance Report will not provide comparable results for those years and 2017.

b.ii.

Not confirmed. The Postal Service appreciates the Commission's interest in having the ability to compare results under the old and new measurement systems for employee safety. However, the Postal Service has made the determination to use the new Total Accidents Rate measure because it believes this new measure will result in improved safety for postal employees. Considering the agency's financial situation, management has determined that limited resources should support the new methodology only, despite the fact that this approach impacts the ability to compare safety-related results from prior years.

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3. The Postal Service states that “[e]mployee engagement is measured through the Postal Pulse survey, which was conducted during the second quarter of FY2016.” FY 2016 *Annual Report* at 21.
- a. Please confirm that the Postal Service used the Postal Pulse survey score (grand mean engagement score) as the performance indicator for measuring employee engagement in FY 2016.
 - i. If confirmed, please provide comparable Postal Pulse survey score results for fiscal years 2013, 2014, 2015, and 2016. If comparable results cannot be provided for one or more fiscal years, please explain how to compare employee engagement results between the Voice of the Employee and the Postal Pulse survey for those fiscal year(s). See FY 2015 *Analysis* at 54-56.
 - ii. If not confirmed, please describe the performance indicator for measuring employee engagement in FY 2016. Also, please provide comparable results for fiscal years 2013, 2014, 2015, and 2016, for this performance indicator.
 - b. Please confirm that the Postal Service will use the Postal Pulse survey score (grand mean engagement score) as the performance indicator for measuring employee engagement in FY 2017.
 - i. If confirmed, please provide a comparable FY 2017 target for the Postal Pulse survey score.²
 - ii. If not confirmed, please describe the performance indicator the Postal Service will use to measure employee engagement in FY 2017. Also, please provide a comparable FY 2017 target for that performance indicator.

RESPONSE:

a.

Partially confirmed. In FY 2016, the Postal Service used both the Postal Pulse’s Grand Mean Engagement score, and the employee survey response rate, as the key performance indicators for measuring employee engagement.

² In its FY 2015 *Analysis*, the Commission recommended that the Postal Service administer the Postal Pulse survey during FY 2016 and then set a FY 2017 target and provide the basis for selecting that target. FY 2015 *Analysis* at 53.

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a.i.

As previously noted, the Postal Pulse's Grand Mean Engagement score is not directly comparable to VOE scores, as the questions contained in the two survey instruments are too different to be comparable.

a.ii.

Employee survey response rate was a measurement used for employee engagement in FY 2016; the goal for 2016 was 35 percent. The actual results for survey response rate for the years listed are in the table below. The survey response rate decreased in 2016 due to a modality change: surveys were mailed to employees' homes for the first time in 17 years. Since returning to an onsite, on-the-clock implementation of the Postal Pulse survey, the response rate for Quarter 1 of FY 2017 was 49 percent, which compares favorably with response rates for prior years, as shown in the table below.

Year	Response Rate
2013	52%
2014	51%
2015	47%
2016	30%

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b.

Partially confirmed. As noted previously, the Postal Service will use both the Grand Mean Engagement Score and survey response rates to measure employee engagement in 2017.

b.i.

A specific numeric target for the Grand Mean Engagement score has not been set. Instead, the Postal Service is focusing on acceleration of employee engagement training, and increasing action planning effectiveness, for postal managers. The expectation is that more fully trained managers will create an improved work environment, leading to steady continuous improvement in the area of employee engagement.

b.ii.

The survey response rate target for 2017 is 51 percent. In addition, the Postal Service has established a goal of training 41,000 managers, in employee engagement and action planning, by the end of Fiscal Year 2018.

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4. The Postal Service states that it “[d]elivered the Postal Pulse survey to 600,000 career and non-career employees.” FY 2016 *Annual Report* at 21. In Docket No. ACR2015, in response to a CHIR, the Postal Service submitted a copy of the Postal Pulse survey that was sent to employees in FY 2015.³ Please confirm that the same Postal Pulse-related information was sent to employees in FY 2016. If not confirmed, please submit a copy of the Postal Pulse survey and related materials that were sent to employees in FY 2016.

RESPONSE:

Confirmed.

³ Docket No. ACR2015, Responses of the United States Postal Service to Questions 1-6 of Chairman's Information Request No. 3, January 21, 2016, question 5.a, file "ChIR.3.Q.5.PP.Survey.pdf."