

Mailers Hub News

December 2024 Summary *From the December 2, 16, and 30 issues*

[December 2] Designing Targets for “Success”

Judging by the performance targets he sets for the Postal Service, if Postmaster General Louis DeJoy were in charge of defining performance success for major league sports, he would consider a run scored if second base is passed or a touchdown is made if the ball is advanced farther than the 30-yard line; he’d lower the basket to six feet from the floor, and enlarge the hockey goal to eight feet wide. By those measures, even mediocre performance would be defined as having met the established criteria for success.

In his real job as head of the Postal Service, he’s doing the same thing, repeatedly easing any measure that defines the provision of timely service, and lowering standards so that, even if his agency provides only slow, mediocre service, the relaxed standards and targets he sets can still let his publicists claim success in providing “world-class service.”

For all market-dominant mail, the Postal Service has established *service standards* (see 39 CFR 121) described in days from origin to destination, then sets *targets* for the attainment of those standards, described in percentages.

Product	FY 2024 Target (%)	FY 2024 Actual (Nation)	FY 2025 Target (%)	Change FY24/FY25 (%age pts)
First-Class Mail				
Single-Piece Letters/Cards				
Two-Day	93.00	86.90	87.00	-6.00
Three-to-Five Day	90.28	73.20	80.00	-10.28
International				
Outbound Single-Pc	91.84	72.30	80.00	-11.84
Inbound Letter Post	91.84	67.00	80.00	-11.84
Flats				
Overnight	95.00	78.60	80.00	-15.00
Two-Day	93.55	76.20	80.00	-13.55
Three-to-Five Day	92.00	69.10	80.00	-12.00
Presort Letters/Postcards				
Overnight	95.00	93.50	94.00	-1.00
Two-Day	95.00	91.50	92.00	-3.00
Three-to-Five Day	93.00	86.80	88.00	-5.00
Periodicals				
Within County	87.29	83.30	84.00	-3.29
Outside County	87.29	83.00	84.00	-3.29
Package Services				
Media Mail/Library Mail	90.00	96.70	97.00	+7.00
BPM Parcels	90.00	99.10	99.20	+9.20
BPM Flats	90.00	73.20	80.00	-10.00
Marketing Mail				
Carrier Route	94.62	93.00	94.00	-0.62
H/D & Saturation Letters	94.62	95.90	96.00	+1.34
H/D & Sat. Flats/Parcels	94.62	90.90	92.00	-2.62
Letters	94.62	95.20	95.20	-1.42
Flats	94.62	85.10	86.00	-6.62
Mixed Letters	94.62	92.00	93.00	-1.62
Mixed Flats/Parcels	94.62	84.20	85.00	-9.62
EDDM – Retail	94.62	81.90	83.00	-11.62
Parcels	94.62	98.80	98.90	+4.28
Special Services*				
Ancillary Services	90.00	83.60	84.00	-6.00
Internat’l Ancillary Svcs	90.00	99.90	99.90	+9.90
Address List Services	90.00	N/A	90.00	±0.00
Money Orders	90.00	100.00	99.90	+9.90
Post Office Box Service	90.00	86.90	87.00	-3.00
Stamp Fulfillment Svcs	90.00	99.00	99.10	+9.10

* Targets for certain products under Special Services are not required due to a semi-permanent reporting exception.

In the chart at left, the targets for domestic First-Class Mail are for the specific day-based service standards shown. However, the service standards for Periodicals (1-28 days), Marketing Mail (2-27 days), and Package Services (2-26 days) vary based on preparation, time of entry, and the locations of and the distance between the origin and destination. For Special Services, the targets vary based on the nature of the service and the standard established for how quickly it’s to be performed or rendered. The targets are the “goal lines” defining achievement of the applicable service standard.

As the chart shows, Postal Service performance missed all of the FY 2024 targets for First-Class Mail and Periodicals, and most of the targets for Marketing Mail; in all, 72% (21 of 29) of the targets were missed. Such results do not reflect a “high-performing” organization or one whose operations are run with “precision,” as the PMG often boasts.

However, in another example of how it wants to mask such poor performance, the Postal Service has simply lowered its official performance targets for Fiscal Year 2025, filed with the Postal Regulatory Commission on November 29, nearly two months after the fiscal year actually began.

As can be seen in the chart, the target for every product and service that missed the FY 2024 target has been *lowered* for FY 2025. The only higher targets are for the seven products and services that *did* hit their FY 2024 targets. Notably – or perhaps not, given DeJoy’s ambitions to build the parcel business and his repeated degradations of service expectations for First-Class Mail – the FY 2025 targets for parcel products are *higher* than those for letter and flat mail.

Putting these targets in practical terms for commercial producers of letter and flat products and their customers, if only four out of five First-Class Mail letters with a 3-to-5-day service standard actually get delivered within that timeframe, the USPS can

claim its performance met targets. The same would be true if four of five First-Class Mail flats met any applicable target. In most academic scoring, 80% would barely escape a “C” but, in Louis DeJoy’s lower-the-goalposts thinking, his agency would have been successful.

Persons with an understanding of what’s being done may find it deceitful for the PMG to build a set of standards and targets that enable poor performance to be obscured. However, fortunately for DeJoy, politicians, the media, and the public will take at face value his eventual claims of how USPS service in FY 2025 has “improved” over the preceding year; that he simply changed the scoring rules won’t be noticed, only the final score.

[December 16] *How to Turn Allies into Enemies*

For someone familiar with politics, Postmaster General Louis DeJoy showed a complete absence of tact and political finesse at his December 5 appearance before the Senate Homeland Security and Governmental Affairs Committee. Aside from his contempt for what he sees as their interference, it was apparent from the outset that he wasn’t interested in dealing with the panel’s questions and simply didn’t want to be there.

As might have been expected, his prepared remarks were a repetition of his familiar themes – the condition of the Postal Service upon his arrival and the steps he’s taking under his 10-Year Plan to correct those many problems.

The senators didn’t waste time getting to the back-home issues that concerned them, including local post offices, complaints about slow delivery, and changes to rural collections tied to DeJoy’s Regional Transportation Optimization plan.

This was apparent in the opening question from Chairman Gary Peters (MI):

“How does the slowdown of rural mail, if implemented, comply with the Postal Service’s obligation to provide service – and prompt service – to all communities.”

DeJoy responded by trying to separate collection from delivery: “Delivery won’t be affected ... We’re talking about the collection process for single-piece First-Class Mail only.” Despite this early statement, the senators failed to accept his disassociation of collection from the larger idea of service to rural customers.

The exchange with Sen Jon Ossoff is where things began to get really heated. Ossoff had had words with DeJoy last April, a time when service in Georgia was sixty percentage points or more below the national average. At that time, DeJoy assured Ossoff that service would be “where we need to be” in sixty days.

Ossoff then asked “it’s been 233 days” and service “is now 75%” so “are we where we need to be?” DeJoy answered that “That’s where we’re going to be for a little bit.” Repeating “are we where we need to be?” Ossoff was told “we’re where we’re going to be.” Pressing, Ossoff repeated his question a third time, to which DeJoy offered percentages about early, on-time, and day-late delivery, which would be the case “during our transition.” Ossoff shot back, saying that “for my constituents in Georgia, mail being on time 75% of the time is not where we need to be.”

The exchange with Sen Josh Hawley was worse. He started by noting that 754 of the 926 post offices in his state, serving 50% of Missouri’s population, were beyond fifty miles from a planned regional processing and distribution center and, as a result, were impacted by the RTO initiative.

DeJoy retreated to his talking points, claiming 88% of mail originates with 50 miles of an RPDC, and again claiming there were “tens of thousands of trucks running around with nothing in them.” He needs to cut costs, he said, and didn’t believe RTO was punitive; rather, he was making changes that should have been made twenty years ago.

When Hawley asked about the PRC case, DeJoy stated

“...they had their testimony yesterday ... they started with negative connotations on The Plan which makes me question their understanding of the condition we’re in and the things we need to do, but we will take it, like every input we get, we take it seriously and make adjustments, but I think there’s an overwhelming propensity for us to move forward, and that what’s you should expect.”

But Hawley responded with what DeJoy should expect:

“I hate this plan and I’m going to do everything I can to kill it. ... I just want you to know I’m going to go to the mat on this, and I’m going to work with everybody I can across this dais to protect delivery to rural America, and if I have to go down with the ship, I’ll go down with the ship, but I’m going to do everything I can to kill it.”

As noted earlier, even though he’s a political person, and has political allies in both Congress and the previous (and upcoming) administrations, Louis DeJoy continues to show no understanding of how to behave in a political setting or how to deal with incumbent politicians.

The worst result of his appearance, however, is that he’s achieved something rare: earning the opposition of senators from his own party, and engendering bipartisan agreement – not in favor of his Plan, but in opposition to it. By giving attitude to legislators who are upset with what he’d told them he would do, but hasn’t; by not reflecting

before speaking; and by his body language and answers that show a somewhat arrogant indifference to the setting, DeJoy incentivized his opponents, and threatened the future of his Plan – or at least the network changes it proposes.

Of course, how many other senators will join Hassan, Ossoff, and Hawley remains to be seen – they have a lot of work to do over the next five weeks if they’re going to kill The Plan. Regardless, most of the panel will still be in the Senate for the next Congress, and politicians have long memories.

[December 30] *USPS Proposes Elimination of BPM, Higher Weight for Marketing Mail*

In filings with the Postal Regulatory Commission on December 20, the Postal Service proposed to eliminate Bound Printed Matter as a classification of market-dominant mail and, separately, to increase the weight limit for Marketing Mail, ostensibly to accommodate most of what is currently sent as BPM.

In the Bound Printed Matter filing, docketed as MC2025-948, the USPS stated

“This request is an effort by the Postal Service to simplify, streamline, and rationalize some of our market-dominant products and their pricing. This request would remove both the Bound Printed Matter Flats (BPM Flats) and Bound Printed Matter Parcels (BPM Parcels) products from the market-dominant product list. With their removal, the Package Services class will contain only two products, Alaska Bypass and Media/Library Mail.

“The Postal Service also filed today a notice changing the weight limit for Marketing Mail, raising the maximum weight for the Marketing Mail Flats product to 20 oz., for all other flat-shaped pieces within Marketing Mail to 24 oz., and for the Marketing Mail Parcels product to 15 pounds. ... The maximum weight for all Marketing Mail letter-shaped pieces will remain at 15.999 oz., i.e. letter-shaped pieces in Marketing Mail must still weigh less than 16 oz.

“The increase in maximum weights in Marketing Mail is necessary for it to accommodate pieces currently sent as BPM Flats and BPM Parcels after those products are removed. ...

“Of course, appropriate prices, price categories, and requirements for the new, heavier weight Marketing Mail pieces do not yet exist, and so the Postal Service asks that these companion filings be made effective only upon the Commission’s approval of new and expanded Marketing Mail prices in a future rate case, which the Postal Service plans for implementation no earlier than July 2025. ...”

In its filing, the Postal Service stated that just over half of current BPM volume consists of “catalogs, directories, and other advertising or promotional material” that “would meet the content restrictions for Marketing Mail, but for the one-pound weight limit.” Accordingly, it added,

“... if the Postal Service were to increase the maximum weight of Marketing Mail to accommodate the catalog, advertising, and other promotional material currently sent as Bound Printed Matter, as it proposes to do, the BPM products would become duplicative. Removing them, and their associated prices and price structure, would simplify and streamline the overall structure of prices and products”

Presumably, the rest of BPM volume consisting of books would be mailable as Media/Library Mail or under one of the competitive product package categories. The USPS noted that it “would retain pricing flexibility within both Marketing Mail and Media/Library Mail to accommodate any market needs that might arise for those products with the removal of Bound Printed Matter”

In its BPM filing, the Postal Service stated how it planned to amend the rate structure for Marketing Mail to accommodate items now sent as BPM:

“For pieces now sent as BPM Flats and BPM Parcels to be sent as Marketing Mail and Media Mail, it will, as discussed, be necessary to make changes to the Marketing Mail weight limit. However, there are differences between the available price categories for BPM Flats and BPM Parcels and the available price categories for Marketing Mail.

“To accommodate all BPM pieces containing catalogs, advertising, and other promotional material within Marketing Mail, the Postal Service intends to make appropriate changes to the Marketing Mail pricing structure in a future rate case, the Commission’s approval of which will, as requested above, make effective the changes to the market-dominant product list the Postal Service proposes here and the changes to Marketing Mail weight limitations it proposes in companion Docket No. MC2025-958.

“Specifically, and to simply matters as much as possible, the Postal Service intends to create in Marketing Mail those price categories and structures that currently exist for BPM Parcels and BPM Flats but do not now exist in Marketing Mail.

“For BPM Flats, this means the addition only of a price category for nonpresorted, single-piece flats. ... Marketing Mail already has price categories for Carrier Route Flats at all dropship levels, and it has price categories for presorted flats at all presort levels and dropship levels. ... There is a second, parallel table for nonprofit prices. ... To accommodate the nonpresorted, single-piece BPM Flats in Marketing Mail, the Postal Service would add a ‘Nonpresorted Flats’ price category with no volume minimum.

“Creating the necessary price categories and structures within Marketing Mail for BPM Parcels is somewhat more involved. There is less overlap between the current prices categories and structures than there is between Marketing Mail and BPM Flats. Indeed, none of these current price categories for BPM Parcels currently exist in Marketing Mail Parcels.

“The Postal Service would, therefore, create these price categories within Marketing Mail Parcels ... and it would create ... the same price tables that now exist for BPM Parcels for both commercial and nonprofit pieces. This new group of prices the Postal Service intends to call *Heavy Printed Matter*, and it would apply to parcels formerly sent as BPM Parcels and flats heavier than 20 oz. (or 24 oz., as permitted by regulation), which will be sent as parcels. ...

“In addition to these prices, the Postal Service also intends to create appropriate size requirements for Heavy Printed Matter parcels. The appropriate size requirements – a maximum of 108 combined length and girth – currently apply only to non-profit machinable parcels and irregular parcels. The Postal Service would apply these requirements to Heavy Printed Matter parcels as well.”

The separate filing to amend the weight and size standards for Marketing Mail was docketed as MC2025-958. Both filings are available from the PRC website under the December 20 daily listing.

Some users of Bound Printed Matter may oppose the proposal because of its potential impact on their mailing practices and costs, and those parties likely will make their objections known during the course of the PRC’s review of the filings. In turn, this may cause conflicting opinions for mailer associations and affect their positions on the proposals.

From the standpoint of simplifying the Postal Service’s product offerings, however, folding BPM into Marketing Mail makes sense. The idea had circulated during the “reclassification” efforts in the 1990s but was never pursued.

Importing the current BPM rate structure as-is into Marketing Mail is another matter. Given the hundreds of price cells already in Marketing Mail, adding BPM might be an opportunity to do simplification there as well. Of course, for those in USPS HQ responsible for assembling the next price filing, expected in early April for mid-July implementation, their plate may be full enough already.

[December 30] PRC Issues Order on USPS Flats Plan

They say there are only two certainties in life: death and taxes. For the Postal Service, there seems to be a third: inefficiency in processing flats.

The chronic misery for both the USPS and the companies that produce and mail flats is the unending search for the ever-elusive solution – the best ways to presort, package, containerize, and process the mailpieces – all in an effort to yield full cost coverage at affordable rates.

Frustration over the inefficiency of flats processing led to a provision in the 2022 *Postal Service Reform Act* that required the PRC, in conjunction with the USPS Office of Inspector General, to conduct a study evaluating USPS flats processing and issue a report containing the findings no later than a year after the law’s enactment. That report was submitted to Congress and the Postmaster General on April 6, 2023. As explained by the PRC in its order, the law further required the Postal Service

“... to develop and implement a plan to remedy each inefficiency identified in the Commission’s flats study or provide an explanation why remedying such inefficiency is not practicable. Prior to implementing the plan, the Postal Service must provide the public with an opportunity to comment on the plan and the Commission must approve the plan. On August 16, 2023, the Postal Service published a draft plan and sought public comments on the plan. On October 6, 2023, the Postal Service submitted its Flats Plan to the Commission for approval. ...”

Following its review of the plan

“The Commission found that, as submitted, the Flats Plan presented a high-level proposal that lacked both important details and analytical support needed to evaluate the plan and determine whether it sufficiently and effectively addresses the inefficiencies identified by the Commission in the Flats Operations Study Report. The Commission stated that it intended to seek additional information from the Postal Service to enable evaluation of the Flats Plan prior to issuing its approval. ...”

On December 27, the Postal Regulatory Commission issued an order on the latest Postal Service plan for flats processing. Most of the 163-page order was devoted to a review of the elements of the final USPS plan, the commission’s analysis of them, and an evaluation of what the Postal Service proposed to ameliorate the six “pinch points” the PRC had identified regarding flats processing: “(1) bundle processing; (2) automated processing; (3) manual sorting; (4) allied operations; (5) transportation; and (6) last mile/delivery.”

After reviewing the USPS actions regarding bundle breakage and bundle processing, the PRC stated

“... the Postal Service has explained that there are currently no ongoing plans for technological improvements to MPE used to process bundles. Instead, the Postal Service focuses its efforts on harmonizing mail preparation standards with the capabilities of bundle processing machines.”

Regarding USPS steps to reduce flats processing costs,

“... the FY 2023 increase in flats unit attributable costs has been the highest in 8 years. This demonstrates that despite the Postal Service’s claims that FSS would lead to reductions in cost, the unit attributable costs of flats products continue to increase, and at an even greater pace than between FY 2015 and FY 2022. The Commission concludes that considering the

observed increase in transportation unit cost for flats and their unit attributable cost, it is unlikely that the cost savings reported by the Postal Service are or will be fully realized. Additionally, as the Commission analysis shows, the reported savings have not been able to reverse the trend of increasing flats unit attributable costs. ...”

The commission’s findings regarding service were no better.

“... The Commission finds that the expected improvements to service performance have not materialized to the degree the Postal Service believes, and that other operational issues, such as bundle breakage and manual sorting delays, are likely to have contributed to the service performance results. ...”

Looking at flats’ financial performance also offered no good news:

“The USPS Marketing Mail Flats and both Periodicals products have not covered their attributable costs since before FY 2008, and in FY 2023, the cost coverage for each of these products was below 65.0 percent.”

The order also noted the disconnect between workhours and decreased volume:

“... despite constant volume declines, workhours increased in FY 2021 and FY 2022. In FY 2023 workhours decreased by 5.1 percent, but still remains slightly above the FY 2020 level. Total volume processed on AFSMs in FY 2023 is, however, approximately 1.8 billion pieces, or 17.3 percent, below the FY 2020 level. This means that, despite a decrease in workhours in FY 2023, the Postal Service requires more workhours to process fewer flats pieces compared to FY 2020. Therefore, it continues to be clear that the main problem with labor productivity is that workhours do not keep pace with declines in volume. ...”

“The Commission finds that the Flats Plan successfully addresses only a number of inefficiencies identified in the Flats Operations Study Report, including:

- Bundle breakage issues related to bundle integrity, bundle sorting equipment, sacks, co-mail/non-identical mailpiece bundles, the recording of bundle irregularities, and the lack of effective communication of bundle breakage data with mailers.
- Productivity issues and increasing mail processing costs associated with FSS processing.
- Allied operations issues related to the preparation of broken, loose, and reject bundles for individual flats processing and difficulties projecting workload.
- Transportation and delivery issues related to insufficient drive times for PVS and HCR, and inefficient flats processing at DDU’s.

“The Commission also finds that the Flats Plan does not address or only partially addresses several other inefficiencies identified in the Flats Operations Study Report, including:

- Bundle Breakage issues related to mailers using materials which are not permitted, the tracking of bundles that do not receive scans on bundle sorters, and missing bundles in the bundle breakage dataset.
- Decreases in AFSM productivity.
- Inaccurate measurement of manual flats sorting due to unreliable volume and workhour data.
- Data quality issues related to inaccuracies in productivity values and the misallocation of workhours on automated machines.
- The inability to track the impact of flats initiatives on flats costs.

“Nonetheless, the Commission finds that the Flats Plan, as submitted and clarified by the Postal Service, conforms to the relevant statutory requirements insofar as it addresses several, of the identified inefficiencies. Accordingly, the Commission approves the Flats Plan, in part, and requires the Postal Service submit a supplemental plan to address inefficiencies not addressed or partially addressed by the current Flats Plan. The Commission requests the Postal Service submit its supplemental flats plan not later than 180 days after issuing this Order.”

Whether the USPS revisions will resolve the first report’s shortcomings remains to be seen.

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