The OIG's Oversight of the U.S. Postal Service's Delivering for America Plan – Volume 3

WHITE PAPER

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Table of Contents

Office of Inspector General (OIG) Perspective

The *Delivering For America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence* (DFA plan), released in March 2021, outlines the U.S. Postal Service's 10-year strategy to transform into a high-performing, financially sustainable organization. With the release of *Delivering For America 2.0: Fulfilling the Promise* in September 2024, the Postal Service provided a blueprint for its path forward.

We, the U.S. Postal Service Office of Inspector General (OIG), have provided essential oversight of the Postal Service for nearly 30 years, and since the release of the DFA plan, have integrated an independent and objective review of its implementation into our work. This is the third in our series of DFA oversight reports in which we focused on two core areas outlined in the DFA plan: achieving service excellence and attaining financial stability. The Postal Service has completed some key initiatives as outlined in the timeline by calendar year in Figure 1.

Figure 1. Key DFA Event Timelines

	2021	2022	2023	2024	2025
SERVICE PERFORMANCE	• Issued DFA plan • Slowed First Class Mail (FCM) and Periodicals service standards from 1–3 days to 1–5 days • Shifted some mail from air to ground transportation	• Activated Sorting & Delivery Centers (S&DC) in two locations • Shifted more mail from air to ground transportation	• Activated the first Regional Processing and Distribution Centers (RPDC) and Local Processing Centers (LPC) • Piloted Local Transportation Optimization across regions • Rolled out USPS Ground Advantage	• Issued DFA 2.0 plan and requested Advisory Opinion • Activated additional RPDCs, LPCs, and S&DCs in multiple locations	• Postal Regulatory Commission (PRC) issued analysis of DFA • Moved FCM service standards from 3– to 5–digit ZIP Code model • Activated additional RPDCs, LPCs, and S&DCs in multiple locations
FINANCIAL OUTCOMES	• Next Generation Delivery Vehicle (NGDV) contract awarded • 5.5% price increase for stamps • PRC instituted new pricing framework allowing price increases above Consumer Price Index • Spent $1.9 billion capital investment for network modernization	• Placed first order for NGDVs • 3.4% price increase of stamps • Legislation provided $3 billion for electric vehicles (EV) and ended retiree health prefunding, canceling $57 billion in obligations • Spent $1.8 billion capital investment for network modernization	• Awarded charging station infrastructure contracts • Began Installing charging stations to support vehicles at S&DCs • 10.0% price increase for stamps • Spent $3 billion capital investment for network modernization	• Deployed first EVs to delivery units • 10.6% price increase for stamps • Spent $4.2 billion capital investment for network modernization	• 6.8% price increase for stamps • Spent $3.6 billion capital investment for network modernization

Source: OIG analysis of DFA plan, DFA 2.0, and other U.S. Postal Service and OIG reports as of November 19, 2025.

Overall, our analysis of progress toward key initiatives shows mixed results. While the Postal Service (USPS) has made meaningful investments in infrastructure, fleet modernization, and pricing reforms, service performance has been inconsistent, and financial outcomes have fallen short of break-even targets.

As the Postal Service's transformation is ongoing, our oversight will continue to focus on whether these efforts deliver measurable improvements in reliability, customer experience, and fiscal health that would ensure the Postal Service remains a vital, self-sustaining part of the nation's infrastructure.

Service Performance

The Postal Service began its transformation journey under the DFA plan with a focus on improving service reliability. One of the primary goals was to achieve 95 percent on-time delivery for all mail and packages. The Postal Service developed key strategies in its DFA plan to transform its mail and package processing and delivery facilities, the transportation network, and its service goals. While the Postal Service has made meaningful strides — modernizing infrastructure, introducing new logistics models, and recalibrating service performance goals — the journey has not been without challenges. Persistent delivery delays and declining service have complicated implementation. Additionally, the rollout of new processing and delivery centers has progressed more slowly than anticipated.

Network Modernization

Before the DFA plan was issued in 2021, the Postal Service had an aging network of processing facilities that was out of step with the demands of a package-reliant nation, increasing the urgency for significant infrastructure upgrades and operational transformation. To address operational and logistics inefficiencies, the Postal Service consolidated facilities, moving processing operations to a hub and spoke model, rather than having many uniquely situated processing centers. In 2023, the first regional processing and distribution center (RPDC) was activated. An RPDC is a multi-purpose distribution center with common designs, layouts, and processing equipment. Each RPDC will process mail and packages originating in its service area and have one or more associated local processing centers (LPC) to primarily sort letters and flats for delivery carriers. The processing network will continue to send mail to delivery units for delivery, but some of these delivery units were also consolidated into larger, package-processing-equipped sorting and delivery centers (S&DC). The progress of facility rollout is reflective of the Postal Service's successes and challenges: As of mid-2025, more than four years into its DFA plan, the Postal Service had opened 13 of 60 (22 percent) planned RPDCs and 58 of 190 (31 percent) planned LPCs.

RPDC and LPC rollouts have been plagued by unexpected gridlock, especially during high volume seasons, like we reported in *Mail Conditions at South Houston Local Processing Center* and in *Service Performance During the Fiscal Year 2025 Peak Mailing Season*, for the Indianapolis RPDC. Some of this gridlock is related to the rollout of new processing equipment. In *Planning and Deployment of the Matrix Regional Sorter*, we identified issues with the maintenance and efficiency estimates of the new, high-cost machines, which affected the expected operational savings.

On the delivery side, S&DC rollout has been more positive. In our audit, *Measuring Performance of Sorting and Delivery Centers*, we found that S&DCs performed better than the nationwide average for delivery units when comparing key operational metrics. As of 2025, the Postal Service had already deployed 101 of 150 planned S&DCs. There are still opportunities for improvement, though, with our audit identifying that rural routes, especially, were not being adjusted to reflect longer drive times from the S&DC to the beginning of the route and back. Most of the operational challenges we have identified at S&DCs stemmed from challenges associated with modernizing its delivery fleet and deploying chargers for electric delivery vehicles, which are discussed later in this report.

Transportation

Alongside the processing network's slow changes and the steady rollout of S&DCs, there have been rapid changes to the transportation operations of the Postal Service. While these changes have saved the Postal Service money, they have slowed service. A major milestone came in September 2024, when the Postal Service renegotiated its primary air transportation contract — valued at $10 billion. This new agreement and change of supplier reduced air volume by 7 percent and cut spending by 43 percent in the first quarter of FY 2025. However, performance tracking remained an issue due to unreliable reporting. Specifically, inaccurate or misrepresented air carrier performance scores conceal issues and distort decision making, undermining accountability and efficiency, as reported in *Assessment of Changes to Air Transportation Contracts*.

A signal that the Postal Service was moving away from its reliance on third-party air carriers was the introduction of a new package product in July 2023, USPS Ground Advantage, to capitalize on its use of ground transportation. However, since ground transportation is slower than air, the expected delivery window for USPS Ground Advantage packages is longer than the other package products (see Table 1).

Table 1. Delivery Windows for USPS Ground Advantage and Priority Mail

Product	Shipping Speed
USPS Ground Advantage	2-5 days
Priority Mail	2-3 days
Priority Mail Express	1-3 days

Source: Service Standards published on USPS.com as of November 20, 2025.

While Priority Mail and Priority Mail Express products still exist, Priority Mail has faced declining volume as USPS Ground Advantage volume has increased, and Priority Mail Express has consistently missed performance targets. This service decline in Priority Mail Express costs the Postal Service more than just customer goodwill; our *Priority Mail Express: Michigan 1 District* report identified refund costs of about $600,000 stemming from delayed mail. Even with USPS Ground Advantage having slower shipping speeds, the product still fell short of performance targets through early 2024.

Similar to the RPDC concept, the Postal Service implemented the Regional Transfer Hub (RTH) initiative in September 2024. These hubs aimed to speed up mail consolidation and dispatch. One of the initiative's goals was financial: to decrease the number of trips needed to move mail across the country, thereby reducing transportation costs. By March 2025, 18 RTHs were active. In *Network Changes: Regional Transfer Hubs,* we found that the Postal Service was not adequately tracking operations or measuring success of these facilities, and that service performance of First-Class Mail (FCM) and USPS Ground Advantage flowing through RTHs was generally below targets.

In addition to major changes in long-distance transportation, the Postal Service rolled out local transportation changes. In 2023, the Postal Service launched Local Transportation Optimization (LTO) in Richmond, VA. In particular, the LTO pilots were initiated to address operational deficiencies by assessing the impacts of consolidating local transportation operations, which was initially expected to be feasible within the current service standards. The goal of this initiative was to reduce trips and increase mail volume per trip. However, it faced challenges: service performance for FCM declined, especially in rural areas, and customer complaints rose. Additionally, the Postal Service struggled with service performance at impacted offices and saw transportation costs increase by over $7 million early in the rollout, as detailed in *Network Changes: Local Transportation Optimization*. Based on the LTO pilots, the Postal Service determined that service standard changes were necessary, and changes in the operational approach were needed to optimize transportation operations in a financially stable manner. LTO was revised and expanded to become Regional Transportation Optimization and had been applied in 158 out of 165 planned regions as of September 2025.

Service

The way mail travels and the facilities the mail is processed through have undergone extensive change. To reflect these changes, the Postal Service has adjusted service expectations by changing service standards and targets. A service standard refers to how long a specific class of mail will take to travel between two points, and a service target refers to how often the Postal Service expects mail to meet the service standard. In the original DFA plan, the Postal Service aimed to have a 95 percent on-time target for all mail products.

The first change enacted by the Postal Service after launching its DFA plan was to extend the delivery window for FCM letters and flats from a one-to-three-day standard to a one-to-five-day standard. In 2025, it further modified service standards by transitioning to a more granular 5-digit ZIP Code pairing model. Specifically, these changes added time for certain mail classes originating more than 50 miles from the nearest RPDC, while reducing time for mail traveling within 50 miles of an RPDC. In *Delivering for America: First-Class Mail and Priority Mail Service Performance Update*, we found the Postal Service struggled to achieve FCM and Priority Mail service standards and deliver mailpieces on time even with the additional days added to standards.

The Postal Service also must plan for seasonal events to ensure timely mail and package delivery. For example, while it exceeded targets for delivering Election and Political Mail during the 2024 general election, other high volume time frames, like during 2025's peak season, saw service lag. In *Service Performance During the Fiscal Year 2025 Peak Mailing Season*, we found the Postal Service did not meet five of the six service targets during peak season. Service performance could remain suppressed as the network continues to evolve, and facilities continue to transition to processing different types of mail.

The Postal Service has modernized its infrastructure, introduced new logistics models, and recalibrated service performance goals, projecting $36 billion in savings over 10 years through reductions in transportation, processing, and facility costs. In the short term, however, these efforts have brought trade-offs, such as slower service, missed targets, and a network still in transition. Recognizing these challenges, the new postmaster general has emphasized the importance of service and the need to continue modernization with a stronger focus on execution, ensuring that transformation delivers not only cost savings but also reliable service for the American public.

Financial Stability

Over the last few decades, the steady decline of mail volume, the substantial liability of health and retirement benefit programs, and an increasingly expensive universal service obligation[1] have strained the Postal Service's financial sustainability. Its financial sustainability goals have evolved over the first four years of the DFA plan, with the Postal Service originally projecting to break even in FY 2023. Later, the agency forecasted it would break even by FY 2030 and accumulate $80 billion in losses from FY 2021 to FY 2030.

The DFA plan had three key sections relating to financial stability: (1) expend $40 billion in capital investments, (2) generate enough revenue to cover operating costs through price increases and cost improvement initiatives, and (3) pursue legislative changes to decrease the financial burden of specific obligations. Throughout the first four years of the plan, some of its initiatives have been successfully implemented, but the effects of those initiatives have not fully met the desired outcomes.

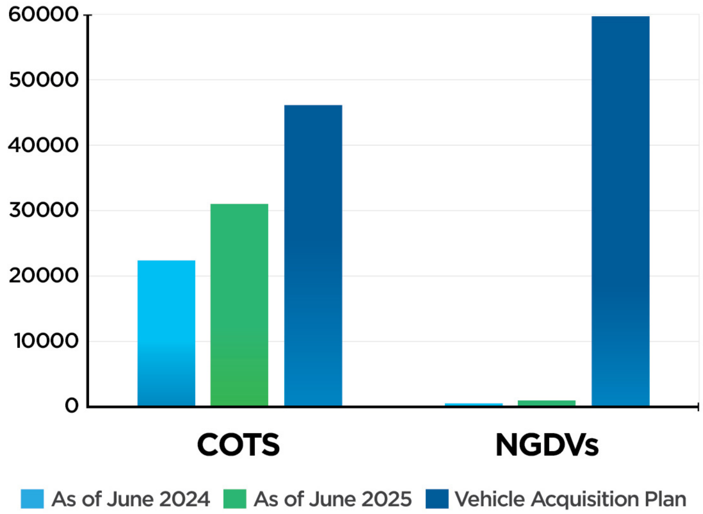
Investing in the Postal Service's Future

After years of neglect and lack of investment, the DFA plan targeted a fix to the Postal Service's operational infrastructure by investing $40 billion in its network, technology, and people. The Postal Service began expending funds to complete the capital investments gradually, with approximately $14.5 billion spent from FY 2021 through FY 2025 to modernize its network and complete deferred maintenance. These investments are intended to prevent future costs from aging infrastructure and vehicles, as well as provide a more stable workforce.

Vehicles

While section one describes the significant investments being made in the processing network, a portion of the necessary capital investments includes replacing the Postal Service's aging mail delivery fleet. The Postal Service's plan was to buy specialty-made Next Generation Delivery Vehicles (NGDV) over 10 years, while also continuing to use and purchase commercial-off-the-shelf (COTS) vehicles. In February 2021, the Postal Service awarded a contract to begin modernizing its delivery vehicle fleet and subsequently developed a plan to acquire 106,480 delivery vehicles between FY 2023 and FY 2028. This consisted of 60,000 NGDVs, of which 45,000 would be electric vehicles (EV), and 46,000 COTS vehicles, of which at least 21,000 would be EVs. See Figure 2 for the progression of the acquisition plan.

Figure 2. Acquired COTS and NGDVs as of June 2025



Source: OIG analysis of Postal Service Fleet Management Information System (FMIS) data, and OIG and Postal Service documentation.

1 The universal service obligation is a set of requirements that ensures all citizens within a country, regardless of geographic location, have access to a basic level of postal services at an affordable price, and with a consistent level of quality.

As part of the planned COTS vehicle acquisition, the Postal Service had acquired 7,465 of the 9,250 planned E-Transits, as of June 2025. Acquisition of the remaining 1,785 vehicles (19 percent) was to be completed by May 2025 (according to the Postal Service's April 2024 plan) but was not fulfilled, as noted in the *Fleet Modernization: E-Transit Vehicle Acquisition Update* report.

To support these new delivery vehicles, in February 2023, the Postal Service awarded contracts for more than 14,000 charging stations to be delivered through February 2026. The Postal Service prepared facilities for the receipt and deployment of the EVs by ensuring operations and equipment (charging stations, electrical power capabilities, and parking lot updates) were available and functioning. However, in *Fleet Modernization – Charging Station Deployment Timelines*, we found the Postal Service encountered delays in deploying charging stations and related infrastructure nationwide. The Postal Service noted challenges contributed to these delays, such as weather, utility-specific equipment standards, and utility coordination. In our recent reports about facility preparedness for EVs — *Fleet Modernization: Facility Preparedness for Electric Vehicles at the South Atlanta Sorting and Delivery Center*, *Fleet Modernization: Facility Preparedness for Electric Vehicles at the Terre Haute Sorting and Delivery Center*, and *Fleet Modernization: Facility preparedness for Electric Vehicles at the Topeka Sorting and Delivery Center* — we found that supplier-provided charging station data were incomplete, limiting monitoring of equipment and defective chargers. We also identified issues with construction, security, safety, and design planning. As of March 2025, 3,900 charging stations were in place to support EVs at S&DCs (27.9 percent of total planned).

Workforce

The Postal Service, in its FY 2025 10-K report, described its continued effort to stabilize the workforce by bringing more career employees on through employee conversion, as pre-career employee positions have historically experienced high turnover rates, which can lead to increased labor costs for recruiting and hiring. In addition, converting from pre-career to career status improves operational precision. Between FY 2021 and FY 2025, the Postal Service converted about 286,000 pre-career employees. See Table 2 for the Postal Service's workforce.

Table 2. Postal Service Workforce

Fiscal Year	Career	Pre-Career	Total Employees	Pre-career Conversion
FY 2021	516,500	136,500	653,000	68,000
FY 2022	516,750	118,500	635,250	50,000
FY 2023	525,000	115,000	640,000	56,000
FY 2024	533,000	106,000	639,000	57,500
FY2025	531,000	93,000	624,000	54,500
Total				**286,000**

Source: Postal Service 10-K reports.

The Postal Service has focused on right-sizing its mail processing network to align the workforce with operating plans and expects to capture workhour reductions associated with mail volume declines. Although workhours and overtime have been reduced in the last few years, the reductions were less than planned. Specifically, the Postal Service planned to reduce more than 28 million workhours in mail processing facilities from FY 2022 through FY 2024 but was short by 10.8 million hours, which amounted to a savings shortfall of at least $174 million, as we reported in *Efforts to Reduce Workhours in Mail Processing*. Similarly, overtime hours have been trending downward but did not meet goals, as discussed in *Postal Service Management of Overtime Hours*. Specifically, from FY 2021 through FY 2024, the Postal Service reduced total overtime hours from 172.9 million to 117.8 million; however, in FY 2024 it used 5.7 million (or 5 percent) more overtime hours than planned, and opportunities exist for the Postal Service to further reduce overtime hours. As the Postal Service continues to face financial challenges, it is critical that it maximizes its effort to cut costs, including for workhours and overtime.

Raising Revenue

The Postal Service has successfully raised revenue by increasing prices, despite declining volumes. This Illustrates that the elasticity models developed by the Postal Service are working. With mail volume deteriorating significantly following the COVID-19 pandemic, the Postal Service addressed the volume loss by pursuing a more rational pricing approach on its Market Dominant [2] and Competitive products.[3] The goal was to increase Market Dominant revenue by $44 billion through price increases and raise $24 billion over a 10-year period by increasing Competitive product volume. To address Market Dominant volume declines, the Postal Service was authorized additional pricing flexibility by the Postal Regulatory Commission (PRC) that allowed it to raise rates over the Consumer Price Index for All Urban Consumers.[4] Starting in FY 2021, the Postal Service began implementing these new price increases and raised stamp prices by 5.5 percent in FY 2021 and 3.4 percent in FY 2022. These new price increases helped mitigate the impact of volume decline of Market Dominant mail and resulted in an increase in Market Dominant revenue[5] of $2.2 billion in FY 2022. As the Market Dominant price increases were implemented, Competitive revenue and volume grew organically, and revenue increased by $8.5 billion from FY 2019 to FY 2022, a 36.6 percent increase.

In FY 2023 and FY 2024, the Postal Service instituted semiannual price increases. These price increases dramatically increased the price of stamps by 10 percent in FY 2023 and 10.6 percent in FY 2024. To continue growth of Competitive volume, the Postal Service introduced USPS Ground Advantage package delivery that provided a simple and affordable option to its package delivery network in 2023. As Priority Mail volume and the COVID-19 surplus of package delivery began to deteriorate, the USPS Ground Advantage option helped alleviate the decline and increase Competitive revenue by about $161 million and $501 million in FYs 2023 and 2024, respectively. However, the revenue raised did not fully offset the historically high inflation on expenses, which was most acute in the compensation and retirement expense categories experienced during the first three years of the DFA plan, as reported in the *State of the U.S. Postal Service Financial Condition*.

Legislative Changes

The Postal Service has made strides to increase revenue and make necessary investments into its operations. However, many of the Postal Service's significant costs are uncontrollable[6] due to legislative restrictions. For example, retirement and workers' compensation costs represent significant shares of the Postal Service's overall expenses — 11.5 percent and 3 percent, respectively, in FY 2025.

To address the retiree health benefit and pension funding obligations that the Postal Service owed, the Postal Service Reform Act (PSRA)[7] was passed in April 2022. This law allowed the Postal Service to remove the requirement to prefund retiree health benefits and eliminate all previous prefunding obligations. The Postal Service recorded a one-time, non-cash gain of

2 The PRC determines the classification of Market Dominant and Competitive products and maintains a list of 39 CFR 3040.102. In FY 2024, Market Dominant products included First-Class Mail Periodicals, Marketing Mail, Media Mail, Library Mail, Special Service, and some types of international mail.
3 Competitive products generally refer to packages. In FY 2024, its products included USPS Ground Advantage, Priority Mail, Priority Mail Express, Parcel Select, and Parcel Return Service.
4 A monthly measure of the average change over time in the prices paid by consumers for a basket of consumer goods and services. It's a key indicator of inflation in the United States.
5 When calculating Market Dominant and Competitive Revenue, we excluded Ancillary Services, Special Services and Other Revenue.
6 The Postal Service must pay these costs through revenue, but it does not control annual cost of living adjustments, the funds' investment strategy, actuarial assumptions, or contribution rates. Excludes workers' compensation non-cash expense and the amortization of unfunded pension liabilities.
7 117th Congress, Public Law 117-108, An Act to Provide Stability to and Enhance the Services of the United States Postal Service, and for Other Purposes (Postal Service Reform Act of 2022), April 6, 2022, https://www.congress.gov/117/plaws/publ108/PLAW-117publ108.pdf.

$57 billion to its net income in FY 2022 and adjusted its net-deficiency[8] from $75.7 billion in FY 2021 to $16.6 billion in FY 2022. The PSRA's financial provisions were intended to improve the Postal Service's ultimate financial sustainability. While this temporarily alleviated the Postal Service's financial burden, it did not change the fact that the Postal Service is responsible for funding healthcare costs for its retirees as the costs are incurred.

As noted in *Postal Retirement Funds in Perspective: Historical Evolution and Ongoing Challenges*, the Postal Service estimates its combined annual agency costs for retirement funds, and retiree health benefits will increase to nearly $18 billion in FY 2032, compared to $10 billion in FY 2023. Because the Postal Service must draw on its revenues to cover shortfalls in its retirement funds, increasing retirement costs can divert money away from making improvements to the Postal Service's network. It is, therefore, important for postal stakeholders and policymakers to consider potential strategies to mitigate future costs, through such measures as reform of the Postal Service's Civil Service Retirement System (CSRS)[9] allocations and diversification of retirement investments.

The DFA 2.0 plan also encapsulated additional reforms, including the diversification of its pension assets, an increase to its debt limit, and adoption of private sector best practices for workers' compensation. Workers' compensation best practices were also identified in our report on *Increasing Costs in Workers' Compensation at the Postal Service*. As of September 30, 2025, the DFA 2.0 reforms and the request for an administrative or legislative change to CSRS amortization payments remain outstanding. See Figure 3 for the status of legislative and administrative reforms.

Figure 3. USPS Legislative and Administrative Financial Reform Initiatives

Source	Legislative and Administrative Initiative	Desired Outcome
DFA	Reform of prefunding obligation of retiree health benefits and medicare integration	✓ Expect savings of $40-$50 billion over a decade
DFA	Established the Postal Service Health Benefits Program	✓ Operates within Federal Health Benefits Program but with medicare integration
DFA	CSRS reform	✗ Potential to save USPS $2-3 billion per year and up to $34.6 billion over 10 years
DFA 2.0	Diversification of pension assets	✗ Ability to invest in market-based instruments to allow greater flexibility
DFA 2.0	Debt limit increase above $15 billion	✗ Access the capital necessary to achieve mission
DFA 2.0	Workers' compensation reform	✗ Adopt private sector practices

✓ **Complete:** reform passed in PSRA ✗ **Incomplete:** reform not passed

Source: OIG analysis of the Postal Service 10-K reports and DFA 2.0.

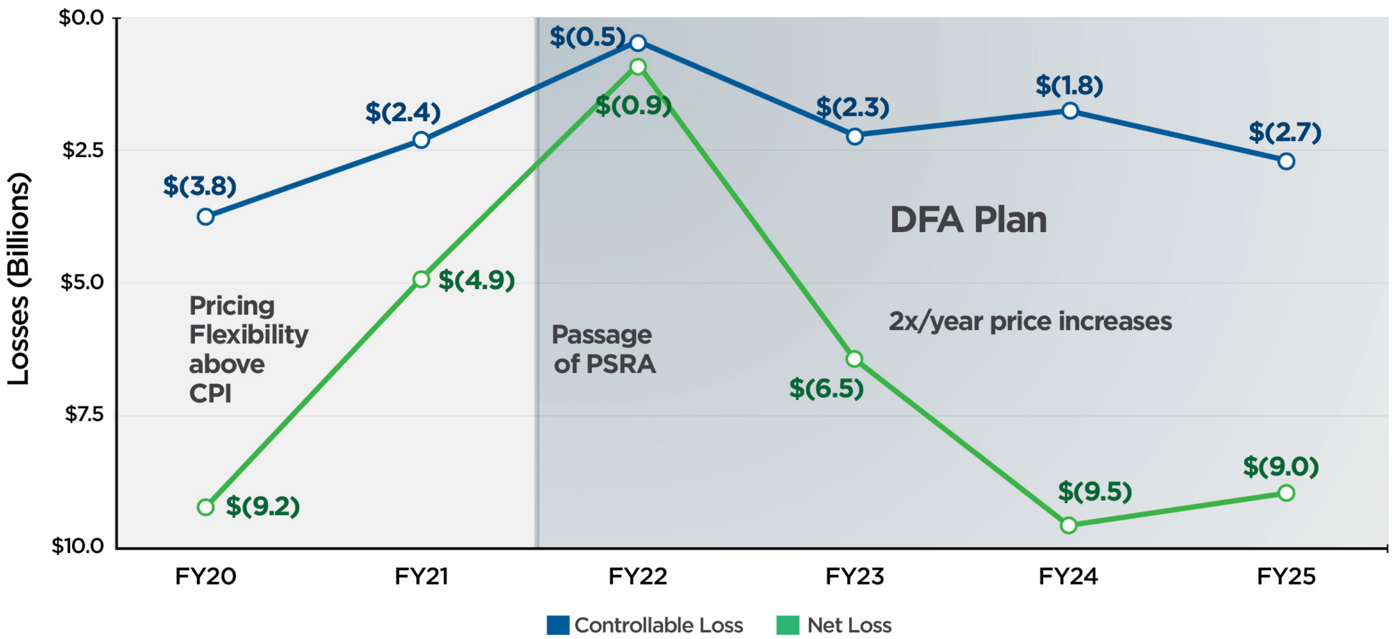
Under the DFA plan, the Postal Service sought to break even by FY 2023, but due to the impacts of high inflation on labor and the inability to achieve CSRS reform, it missed this target by $6.5 billion in FY 2023 and $9.5 billion in FY 2024. The DFA cost improvement initiatives attempted to address the losses and were

8 Net Capital (Deficiency) is a measure of assets compared to liabilities and can illustrate if an enterprise owes more than it owns.
9 The Office of Legal Counsel of the Department of Justice opined March 26, 2024, that the Postal Service "is required to pay the full cost of CSRS benefits attributable to USPS's actions to increase its employees' pay since July 1, 1971, including with respect to increases in benefits accrued during those employees' years of service at the Post Office Department."

successful in certain curtailments, but other costs did not meet initial goals. Relatedly, the post-pandemic rise in inflation increased the Postal Service's compensation and benefits expense[10] from $50.1 billion in FY 2021 to $55.8 billion in FY 2025, despite decreasing workhours over the same period.

Overall, Postal Service operating costs increased from $81.8 billion to $89.8 billion from FY 2021 to FY 2025 (a 9.8 percent increase). The Postal Service's preferred method for analyzing its financial condition is its controllable income or loss, which examines only costs that can be managed during normal business operations, such as salaries and transportation. As seen in Figure 4, the difference between controllable losses and net losses from operations is significant, demonstrating the growing disparity of costs that can be controlled by Postal Service management.

Figure 4. Net Loss and Controllable Loss FY 2020 Through FY 2025*



*Note: Net loss for FY 2022 was calculated to exclude the one-time, $57 billion non-cash benefit provided in the PRSA legislation.
Source: OIG Analysis of the Postal Service 10-K reports.

The Postal Service has achieved successes with the passage of the PSRA, investments in its infrastructure, and increasing revenue through price increases, as noted above, and in greater detail in *The Financial History of the U.S. Postal Service* and its accompanying digital story. This report detailed how the last two decades of historical events, legislative enactments, and operational performance have shaped the U.S. Postal Service's financial results. It concluded that, ultimately, future retirement and other obligations will need to be funded. Despite significant changes and challenges, the Postal Service needs to achieve financial sustainability to continue its mission of providing critical service to the American public.

10 This includes employee compensation, and the Postal Service's contributions for current employee healthcare premiums, Social Security, and Thrift Saving Plan.

Conclusion

Four years into its 10-year DFA plan, the Postal Service continues to face challenges with reliable service, network reconfiguration, financial sustainability, and rising personnel costs. While the Postal Service has reduced transportation costs and raised revenue through price increases and legislative reforms have yielded benefits, persistent service performance issues, cost overruns, and delayed implementation of key initiatives continue to challenge outcomes. As the Postal Service moves quickly toward the halfway mark in plan implementation, stakeholders will be looking for assurances that its further implementation will result in critical financial sustainability for the future.

Postal Service Response

Management provided comments to the report, which can be reviewed in their entirety in Appendix B. In summary, management stated that the report fails to meet its purpose, lacking context from management responses to the audits referenced and how the Postal Service has responded to prior OIG recommendations to correct or mitigate any execution issues that the OIG identified. Management stated several prior recommendations were acted upon swiftly and fully resolved, including the majority of the recommendations from the 18 audits cited in the report. Management also stated several other recommendations are actively in progress by the Postal Service to correct identified opportunities.

Additionally, management does not believe this report achieves its purpose of enabling readers to evaluate the Postal Service's progress, as it fails to provide all necessary context or acknowledge that the operational elements of the plan are not only comprehensive, but also holistic in nature. By isolating incomplete components and presenting outdated audit findings, it gives a narrow and misleading view. Management also noted that the OIG attempted to discuss service excellence and financial sustainability separately within the report, but the Postal Service's initiatives are aimed at supporting both goals and the distinction creates a misleading picture of the overall strategy.

OIG Evaluation

In the report, the OIG recognized Postal Service achievements and key events since the execution of the DFA plan, including new and activated processing facilities, shifting more mail from air to ground, rolling out the new USPS Ground Advantage product, vehicle acquisitions, price increases, investment in network modernization, and legislative reforms. However, we also noted that these initiatives have had challenges.

While we organized the report to focus on the goals of the DFA plan by grouping initiatives into service performance and financial outcomes, we focused on the progress of the major initiatives in the plan as a whole, which can support both financial and performance at the Postal Service. As the Postal Service's transformation continues and it moves toward the halfway mark in the plan implementation, our oversight will continue to focus on whether these efforts help the organization to be high-performing and financially sustainable, as well as provide transparency to the myriad of stakeholders who rely on the Postal Service to deliver their mail and packages in a timely and efficient manner.

Appendices

Appendix A: Additional Information

Scope and Methodology

Our report is based on our oversight work performed from June 2021 to October 2025 and the Postal Service's operations through FY 2025. Our objective was to evaluate the Postal Service's progress of the DFA plan. To achieve our objective, we completed the following:

- Reviewed the DFA plan initiatives as they relate to the Postal Service's service, financial impact, fleet modernization, and labor management goals.
- Reviewed Postal Service's reports to Congress and other documentation for Postal Service's progress and updated statistics.
- Identified and reviewed OIG's oversight reports and white papers related to the DFA plan and analyzed trends and observations impacting the Postal Service's service, financial impacts, fleet modernization, and labor management.

We conducted this evaluation from June 2025 through January 2026, in accordance with the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation. Those standards require that we collect and analyze evidence consistent with objectives related to the program, policy, or entity being evaluated. They also require evidence to sufficiently and appropriately support evaluation findings and provide a reasonable basis for conclusions. We believe that the evidence obtained sufficiently and appropriately supports our findings and conclusions based on our objective. We discussed our observations and conclusions with management on December 19, 2025, and included its comments where appropriate.

Related OIG Products

1. *Postal Retirement Funds in Perspective: Historical Evolution and Ongoing Challenges*, Report Number RISC-WP-24-002, January 8, 2024.
2. *Mail Conditions at South Houston Local Processing Center*, Report Number 24-050-1-R24, April 10, 2024.
3. *State of the U.S. Postal Service Financial Condition*, Report Number 23-167-R24, June 21, 2024.
4. *Fleet Modernization – Charging Station Deployment Timelines*, Report Number 23-170-R24, July 16, 2024.
5. *Planning and Deployment of the Matrix Regional Sorter*, Report Number 24-049-R24, September 5, 2024.
6. *Measuring Performance of Sorting and Delivery Centers*, Report Number 24-040-R24, September 25, 2024.
7. *Priority Mail Express: Michigan 1 District*, Report Number 24-135-R25, December 16, 2024.
8. *Network Changes: Local Transportation Optimization*, Report Number 24-142-R25, December 18, 2024.
9. *Fleet Modernization – Facility Preparedness for Electric Vehicles at the Topeka Sorting and Delivery Center*, Report Number 24-056-R25, January 8, 2025.
10. *Efforts to Reduce Workhours in Mail Processing*, Report Number 24-114-R25, April 10, 2025.
11. *Fleet Modernization: Facility Preparedness for Electric Vehicles at the Terre Haute Sorting and Delivery Center*, Report Number 24-166-R25, April 14, 2025
12. *Delivering for America: First-Class Mail and Priority Mail Service Performance Update*, Report Number 25-028-R25, May 7, 2025
13. *Fleet Modernization: Facility Preparedness for Electric Vehicles at the South Atlanta Sorting and Delivery Center*, Report Number 24-158-R25, June 12, 2025.
14. *Assessment of Changes to Air Transportation Contracts*, Report Number 25-022-R25, dated June 23, 2025.
15. *Service Performance During the Fiscal Year 2025 Peak Mailing Season*, Report Number 25-036-R25, July 21, 2025.
16. *Network Changes: Regional Transfer Hubs*, Report Number 25-061-R25, September 24, 2025.
17. *Fleet Modernization: E-Transit Vehicle Acquisition Update*, Report Number 25-063-R25, September 16, 2025.
18. *Increasing Costs in Worker's Compensation at the Postal Service*, Report Number 25-092-R25, September 25, 2025.
19. *Postal Service Management of Overtime Hours*, Report Number 25-069-R25, September 30, 2025.
20. *Financial History of the U.S. Postal Service*, Report Number 25-094-R25, October 7, 2025.

Appendix B: Management's Comments

LUKE THOMAS GROSSMANN
CHIEF FINANCIAL OFFICER
EXECUTIVE VICE PRESIDENT

UNITED STATES
POSTAL SERVICE

January 9, 2026

LAURA LOZON

SUBJECT: Management Response: *The OIG's Oversight of the U.S. Postal Service's Delivering for American Plan - Volume 3* (25-1077-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the findings and conclusions contained in the draft audit report, *The OIG's Oversight of the U.S. Postal Service's Delivering for American Plan - Volume 3.*

Through the implementation of our *Delivering for America Plan* in March 2021 and our subsequent *Delivering for America 2.0 – Fulfilling the Promise Plan* in September 2024, we are continuing down the 10-year path to reverse years of financial and operational deterioration by comprehensively and systematically transforming the Postal Service into a modern, high-performing organization centered on financial stability and sustained service excellence. The OIG continues to examine certain discrete aspects of our various Delivering for America initiatives through audits and white papers, including this series of updates on oversight of the Plan. While this third edition purportedly aims to provide oversight of progress towards our 10-year plan via an expressed focus on service excellence and financial stability, the report does not effectively achieve this purpose.

As discussed in our previous response regarding the OIG's reports in this series, this report both fails to include relevant context from management responses to the audits referenced in the report and fails to describe how the Postal Service has addressed prior OIG recommendations to correct or mitigate any execution issues that the OIG identified. In numerous instances the Postal Service disagreed with the recommendations or findings, but that is not represented in the report. In numerous other instances, those prior recommendations were acted upon swiftly and fully resolved, although you would not gather that from this report. Specifically, within this third edition, the OIG refers to 18 audits containing 90 recommendations, 68 of which are now closed due to resolution and 22 of which are actively in progress, without mentioning how the Postal Service is actively working to address the OIG's recommendations and/or implement changes accordingly.

Ultimately, the report does not achieve its stated purpose of enabling readers to evaluate our progress, as it fails to provide all necessary context or acknowledge or recognize that the operational elements of the Plan are not only comprehensive, but also holistic in nature. Isolating and dissecting certain discrete component parts of the individual initiatives during implementation (and even then, incompletely) and cobbling them together into a purported compendium report does not fairly portray the success of the Plan even to date, let alone over the longer term. Instead, this report merely summarizes discrete OIG audit findings, and ultimately provides a narrow, conflicting, and outdated perspective on how the Postal Service is currently performing against the Plan. Although the OIG attempted to discuss service excellence and financial sustainability separately within this report, the Postal Service's initiatives are aimed at supporting both goals. This artificial distinction creates a misleading picture of our overall strategy. Our initiatives are not categorized into "cost saving" and "service excellence" – they are designed to promote a balanced approach to achieving both.

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- 2 -

Our *Delivering for America* and *Delivering for America 2.0 - Fulfilling the Promise Plans* both recognize and reinforce the importance that the Postal Service plays in American life today and will continue to play in the future. It is the best and only comprehensive path towards achieving service excellence and financial stability, thereby enabling us to achieve our statutory mandate of financial stability and sustained service excellence.

We are a very different Postal Service from where we were four years ago. We now have a unified vision for our operations, are developing a streamlined, modern network, and have developed clear targets for success. While this report claims to discuss the progress towards implementing the *Delivering for America Plan*, that cannot be done without also fully accounting for the remarkable achievements we have had since the Plan's inception.

As we previously stated, the transformation of the Postal Service will take time by necessity, and in any endeavor of this magnitude, execution challenges will arise. The OIG has identified certain such issues through its reports, and the Postal Service is committed to addressing opportunities that arise as appropriate and adapting our processes to ensure that our Plan initiatives are implemented in a successful manner.

Ultimately, the Postal Service believes this report misrepresents the implementation of the *Delivering for America Plan*, further refined in our update, *Delivering for America 2.0 - Fulfilling the Promise*, as it fails to provide the full context as discussed above. In the future, the Postal Service hopes that these reports will provide a more holistic approach to describing *Delivering for America's* initiatives rather than citing outdated, closed recommendations, excluding relevant context from management responses and recent related actions, and omitting the Postal Service's successes.

E-SIGNED by LUKE.T GROSSMANN
on 2020-01-09 13:49:50 EST

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