



OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

Passport to Excellence

RARC Report

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**PRIORITY
★ MAIL ★**

P

USPS P

NAME
OFFICE ADDRESS
CITY, STATE ZIP

SHIP
TO:

PASSPORT



*United States
of America*

BOARDING PASS

BOARDING PASS

Flight:
Gate:
Date:

Flight:
Gate:
Date:
Time:
From:
To:
Class:
Seat:

BOARDING PASS



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Executive Summary

Passport services are important to the U.S. Postal Service, both financially and strategically. Financially, the Postal Service earns revenue from both new and renewal passport applications. For new passports, the Postal Service clerks, called acceptance agents, “execute” applications for customers. The acceptance agents review, certify, and send passport applications to the Department of State (DOS) for processing. The Postal Service earns \$25 for each passport executed, totaling \$135.8 million in revenue during fiscal year (FY) 2015. The Postal Service also offers three ancillary services that bring the total amount of passport-related revenue over \$200 million annually: 1) photo services, to take the requisite passport pictures; 2) money orders, which customers can use to pay DOS passport processing fees; and 3) Priority Mail, to send renewal applications to DOS. Perhaps more importantly, the Postal Service’s success in passport services is strategically significant because it could establish post offices as a hub for other revenue-generating government services, such as identity verification.

This is a vital time for postal passport services, as DOS expects a rise in new and renewal applications because of expiring passports, heightened security rules, and an improving economy. However, the Postal Service’s volume of applications executed has been trending downward. In FY 2014, the Postal Service executed its lowest share of applications in

a decade, falling below 40 percent of all applications received by DOS. The U.S. Postal Service Office of Inspector General (OIG) set out to explore reasons behind this downward trend and to see if there are opportunities to slow or reverse it.

The OIG conducted four types of analysis, starting with customer sentiment analysis, exploring both Twitter and the Postal Service’s customer surveys from FY 2015. This informed the next stages of analysis, which included analyzing the Postal Service’s FY 2015 transactional data, analyzing a representative sample of passport post offices to test the accuracy of reported hours and appointment information, and conducting primary research, including interviews with representatives from Postal Service Headquarters, DOS, and acceptance agents.

Based on this four-step analytical approach, the OIG identified three areas of customer service ripe for improvement: the clarity of information provided to customers, the accuracy of offerings on *usps.com*, and the consistency of service standards across facilities. The OIG suggests opportunities for the Postal Service to make simple changes that could increase the number of passports executed, create a better experience for all customers, and ultimately imbue confidence that the Postal Service is well positioned to provide other government services.

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Observations

Introduction

The U.S. Postal Service offers passport services across the country, leveraging its network of clerks and post offices to provide this critical service for the Department of State (DOS) and American travelers. Passports are important both financially and strategically.

The Postal Service's Passport Acceptance Facilities (PAFs) examined, certified, and shipped (a process DOS refers to as passport "execution") over 5.4 million new passport applications in fiscal year (FY) 2015.¹ Customers also sent millions of renewal passport applications through the mail. The Postal Service also receives revenue from ancillary passport services, such as money orders to pay DOS, postage for renewals, and passport photos for both new and renewal types of applications. All accounted for, the revenue from passport execution and passport-related services totals about \$216 million annually.² Passports are also of strategic importance to the Postal Service. Successful provision could serve as an example of the Postal Service utilizing its network to help the government serve Americans, while also generating non-postal revenue. The Postal Service could use this example to demonstrate its ability to offer other needed services, such as identity verification, which could further provide much needed revenue streams.

Although the revenue from passport services is significant, the amount of new passport applications that go through PAFs has generally decreased since 2007.³ The U.S. Postal Service Office of Inspector General (OIG) set out to explore why the Postal Service's market share of execution service is shrinking, in light of projections from DOS that the number of passport applications will continue to increase for years to come. The OIG examined the passport process and customer ease-of-use through four types of analysis: customer sentiment classification, transactional data, a field test, and interviews.

The OIG analysis indicates that the Postal Service could reverse its downward trend and process more passport applications if it made simple improvements to its current customer service experience and deployed standardized procedures based on best practices. These changes would allow the Postal Service to provide more efficient and effective customer services, which could lead to more passport revenue, a better customer experience overall, and could position it to offer other governmental services.

Brief Background on Postal Passport Acceptance

DOS's Bureau of Consular Affairs allows select post offices, public libraries, municipal government offices, and clerks of court to offer passport execution. DOS also has a small number of its own passport offices in major cities around the country. The Postal Service has had a formal agreement with DOS since 1975 to provide passport services, and it operated about 72 percent of all PAFs in FY 2015.⁴ DOS and Postal Service Headquarters work together to determine when and where post offices become PAFs. In FY 2015, the Postal Service had 5,312 PAFs.⁵

When post offices are selected to become PAFs, they train some of their clerks to accept passport applications. The acceptance agents check new applications to ensure the right documents are present, certify the identity of each applicant, and ship them to DOS. This process

-
- 1 The Postal Service confirmed that it processed 5,432,275 passports in FY 2015, charging a \$25 execution fee for each passport.
 - 2 In FY 2015, the Postal Service earned \$135.8 million in execution fees and \$40.9 million in fees from passport photo services. DOS told the OIG that around 35 percent, or 5.1 million, of all applications it received in FY 2015 were renewal applications. If these were sent through the Postal Service's Priority Mail Flat Rate Envelopes, which retail for \$6.45 that would add \$32.9 million of revenue to passport-related revenue. If 50 percent of new and renewal applicants purchased a money order through the Postal Service, the largest single retail provider of money orders, that adds an additional \$6.6 million. The total number of money orders associated with passports was not available. The OIG chose 50 percent for illustrative purposes. Customers are already at the post office and DOS only accepts payment by check or money order — many customers may not remember to bring their checkbook. For more details on the Postal Service's money orders, please see the OIG report *Modernizing the Postal Money Order*, <http://www.uspsoig.gov/document/modernizing-postal-money-order>. These four sources (execution fees, passport photo fees, Priority Mail revenue, and money order revenue) total \$216.2 million.
 - 3 Although not all PAFs are postal-managed, for purposes of this paper, PAF refers to postal PAFs.
 - 4 This number was calculated by dividing the total amount of PAFs in DOS's records (7,375) by the number of postal PAFs that made at least one passport transaction in FY 2015 (5,312). According to DOS, private couriers, who cannot offer execution services like PAFs, only make up about 2-3 percent of applications hand delivered to regional DOS offices.
 - 5 The Postal Service lists 5,091 current postal PAFs listed in the Postal Service's Retail Data Mart, but 5,312 post offices had a passport transaction last year.

earns the Postal Service \$25 per application, a price set by DOS and agreed to by the Postal Service. Meeting with an acceptance agent is necessary for all first-time adult and minor applications for a passport book and/or passport card.⁶ The Postal Service estimates it takes, on average, 13 minutes to execute a passport.⁷

Table 1: FY 2015 Postal Passport Business at a Glance

	New Passports	Renewal Passports
Passport applications through Postal Service	5.4 million	5.1 million*
Post offices offering passport services	Over 5,000 PAFs	Over 30,000 Postal-managed retail offices
Passport fees received by Postal Service	\$25 execution fee \$15 photo services fee (optional) \$1.25 per money order (optional)	\$15 photo services fee (optional) \$6.45 Priority Mail Flat Rate Envelope** \$1.25 per money order (optional)
Passport revenue earned by Postal Service	\$135.8 million	OIG estimate of over \$30 million from postage and over \$6 million from money orders
Postal Service revenue from passport photo services	\$40.9 million	

Source: OIG Analysis of Postal Service Data and DOS Passport Fees.

* OIG estimate, assuming that 35 percent, or 5.1 million, of all applications received by DOS in FY 2015 were renewal applications, and were sent using the Postal Service.

** Sending the renewal application in a trackable package is suggested by DOS, but is not technically a requirement.

In addition to new passport applications, the Postal Service provides service related to renewal applications. Passport renewals do not require a trip to a PAF; applicants can send their renewal application directly to DOS. However, the Postal Service assumes its customers send the large majority of passport renewal applications through the mail. DOS recommends that customers send passports in tracked, flat packages, which are higher revenue mailpieces for the Postal Service than First Class letters. For both new and renewal applications, some PAFs offer photo services for \$15 per person. Also, both new and renewal applications require applicants to send DOS's payment for a passport by check or money order. All post offices sell money orders.

The partnership between DOS and the Postal Service is mutually beneficial because these passport services generate revenue and additional foot traffic for post offices, and DOS is able to take advantage of the Postal Service's vast retail network.

⁶ Passport cards can be used to travel within the Western Hemisphere and are less expensive than passport books. Both products require customers to pay a \$25 execution fee to the Postal Service.

⁷ The Postal Service costing data stated a 13-minute execution time, which does not include photo services.

State of the Market

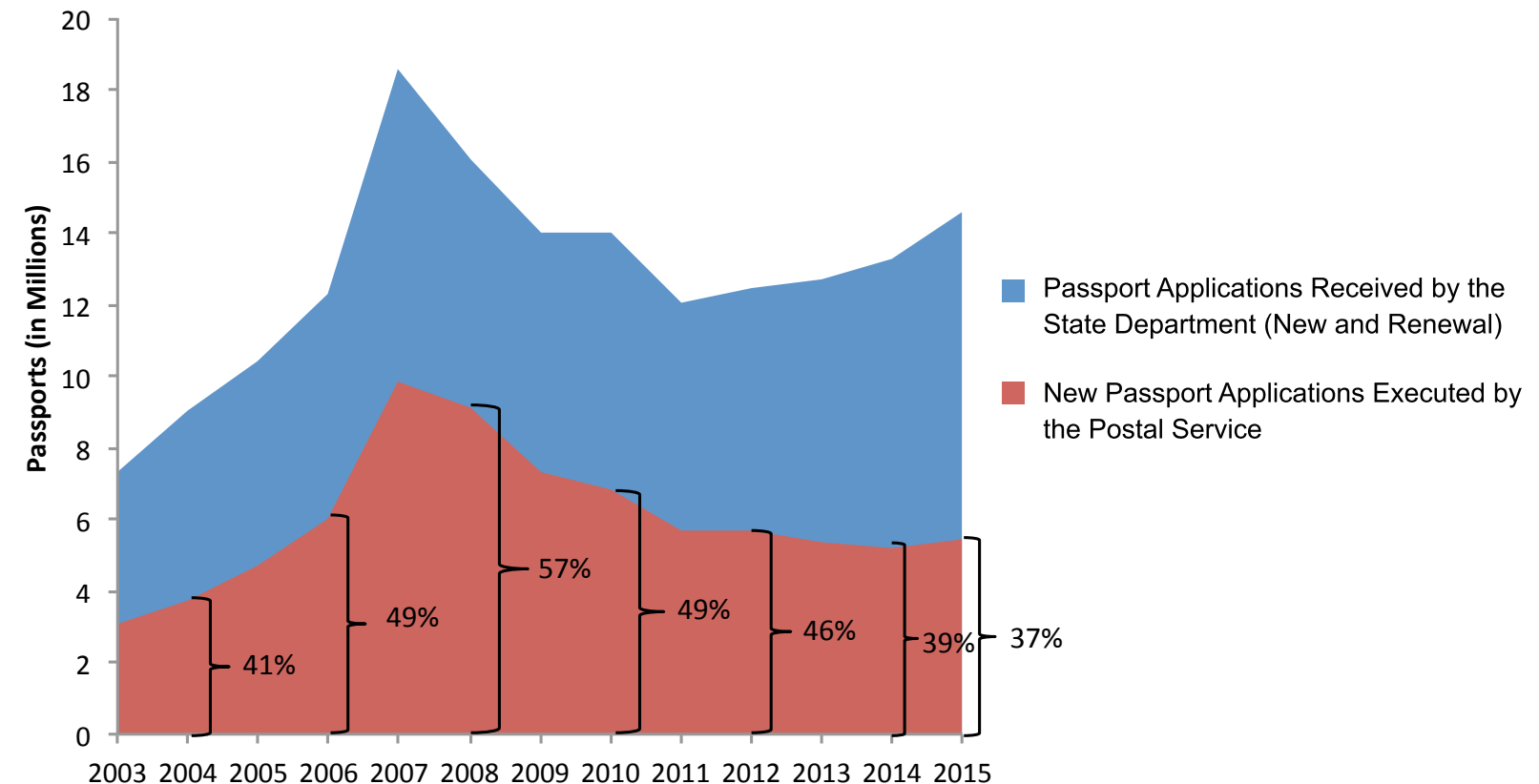
Historical Review

Although the Postal Service operates nearly three fourths of all PAFs, the postal share of passports executed is the lowest it has been in a decade. DOS provided information showing the number of passports executed at PAFs has grown by 3.5 percent since FY 2013, while the amount executed by non-postal PAFs during the same period grew by 18.5 percent.

Figure 1: Postal Share of Passport Applications

The Postal Service's Share of Passports Is Declining

FY 2014 was the first time in a decade that the Postal Service's share of passport applications dropped below 40 percent of all passport applications. The Postal Service's market share of passports has declined since 2008.



Some of the increase in DOS-processed applications (in blue) can be attributed to passport renewals. Despite requests from the OIG, DOS could not provide the OIG with an accurate breakdown of renewals versus new applications. Therefore, the blue section includes renewal applications that were not executed at any PAF.

Source: OIG Analysis of Postal Service and DOS Data.

As Figure 1 demonstrates, the demand for passports has fluctuated widely over the past decade. In 2004, the Department of Homeland Security (DHS) announced the Western Hemisphere Travel Initiative (WHTI), stating travelers would need a passport to travel to Mexico, the Caribbean, and Canada.⁸ This caused a surge in passport demand, which peaked when the law took effect in 2007. Passport sales then fell from 2007 until 2011, likely because of the Great Recession. Despite the growth of passport applications received by DOS since FY 2011, the number of new passports executed by the Postal Service has stagnated and its market share has generally been declining.

⁸ U.S. Department of Homeland Security, "Western Hemisphere Travel Initiative", <http://www.cbp.gov/travel/us-citizens/western-hemisphere-travel-initiative>.

Market Growth Projection

DOS projects that growth will continue because of three factors: more renewal applications, heightened security measures, and an improving economy. First, over 18 million new and renewal passports were issued in FY 2007 due to WHTI, and, nearly 10 years later, these passports are expiring and will most likely be renewed. DOS received 14.6 million new and renewal passport applications in FY 2015, and officials said they expect to issue 17 million passports in FY 2016.⁹ Although the Postal Service estimates most renewals are sent through the mail, it has more competitors in this arena, as many stores offer passport photos and customers can send renewal applications, using Postal Service products through other shipping businesses. For example, in February 2016, UPS announced it plans to expand its current passport photo offerings to all of its United States stores because of the anticipated increase in renewals.¹⁰

Second, certain states may also experience unusually high demand due to the implementation of the REAL ID Act, which requires states to adopt stronger security measures for driver's licenses to serve as identification at certain federal facilities.¹¹ DHS announced that after January 22, 2018, the Transportation Security Administration will no longer accept driver's licenses and identification cards issued by noncompliant states, for domestic, commercial air travel.¹² Several states are either not in compliance with this Act or have extensions that are expiring in 2016. New Mexico provides an example of what could happen in several states across the nation; the state was noncompliant with the REAL ID Act from January 10, 2016 until DHS granted the state an extension in February 2016. News reports from November 2015 listed wait times of several months for passport appointments at PAFs across the state, since passports are a valid form of identification in noncompliant states.¹³ Washington, Illinois, Missouri, and Minnesota are currently noncompliant with the REAL ID Act, and [Figure 2](#) illustrates the next potential wave of states that may experience increased passport demand.¹⁴

9 Julia Preston, "Passport Expiring Soon? Renew it Now, State Dept. Says," *The New York Times*, January 26, 2016, http://www.nytimes.com/2016/01/31/travel/passport-renewal.html?_r=0.

10 Ahiza Garcia, "UPS Expands Passport Renewal Services," *CNN Money*, February 16, 2016, <http://money.cnn.com/2016/02/16/news/companies/ups-passport-renewal-services/>.

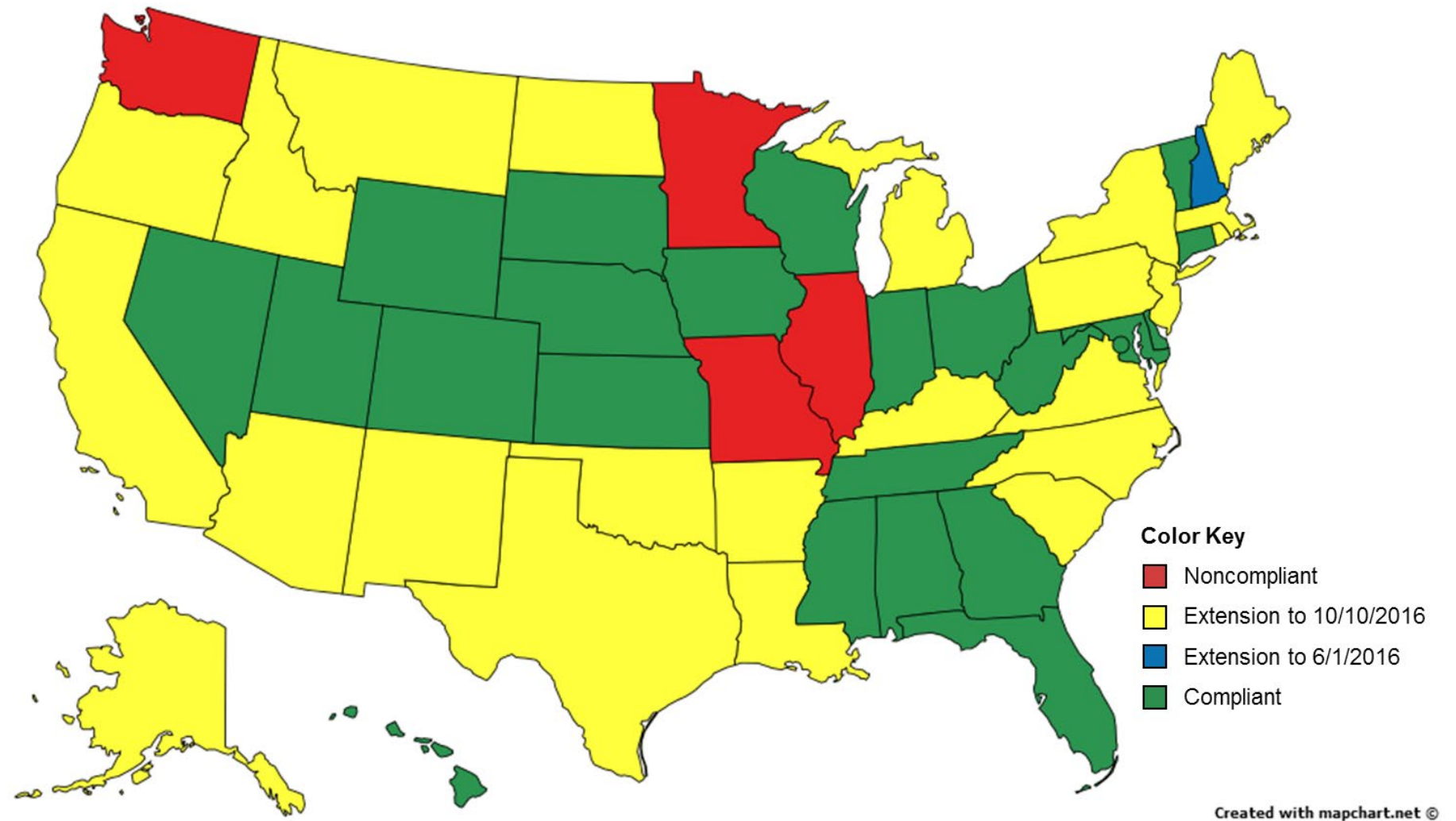
11 REAL ID Act of 2005, Pub. L. 109-13 (2005).

12 U.S. Department of Homeland Security, "Statement By Secretary Jeh C. Johnson On The Final Phase Of REAL ID Act Implementation," January 8, 2016, <http://www.dhs.gov/news/2016/01/08/statement-secretary-jeh-c-johnson-final-phase-real-id-act-implementation>.

13 Matt Howerton, "Passport Appointments Booked Until Feb. 2016," KOAT Albuquerque, <http://www.koat.com/news/passport-appointments-booked-until-feb-2016/36421504>.

14 Department of Homeland Security, "REAL ID Enforcement in Brief," <http://www.dhs.gov/real-id-enforcement-brief>.

Figure 2: State Compliance with Real ID Act



Source: OIG Analysis of Department of Homeland Security's REAL ID Program.

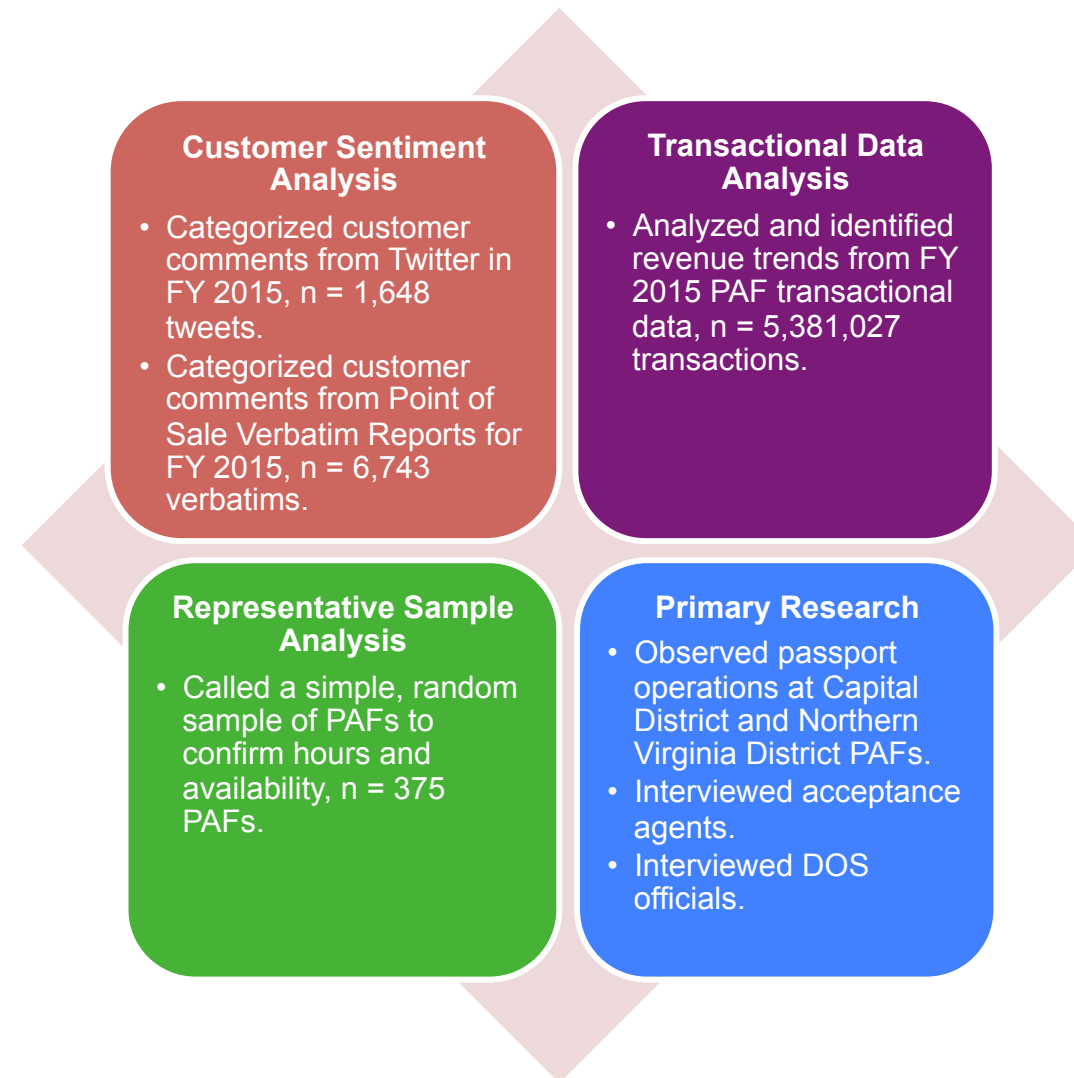
Finally, an improving economy giving travelers more disposable income for vacations abroad means that the demand for passport applications is likely to continue increasing over the coming years.

Because of the anticipated growth, this is an important time to assess the Postal Service's passport offerings and ensure they are meeting customer expectations.

Assessing the State of PAFs: A Four-Step Approach

Since DOS establishes the steps of applying for a passport, which are the same at all types of PAFs, the OIG hypothesized the postal decline in market share might have its roots in the customer experience. In order to explore the customer experience, the OIG took a four-step analytical approach. This section explains the OIG's methodology, outlined in [Figure 3](#), and corresponding findings from the analysis. A subsequent section then synthesizes the overarching themes uncovered.

Figure 3: Methodology



Source: OIG.

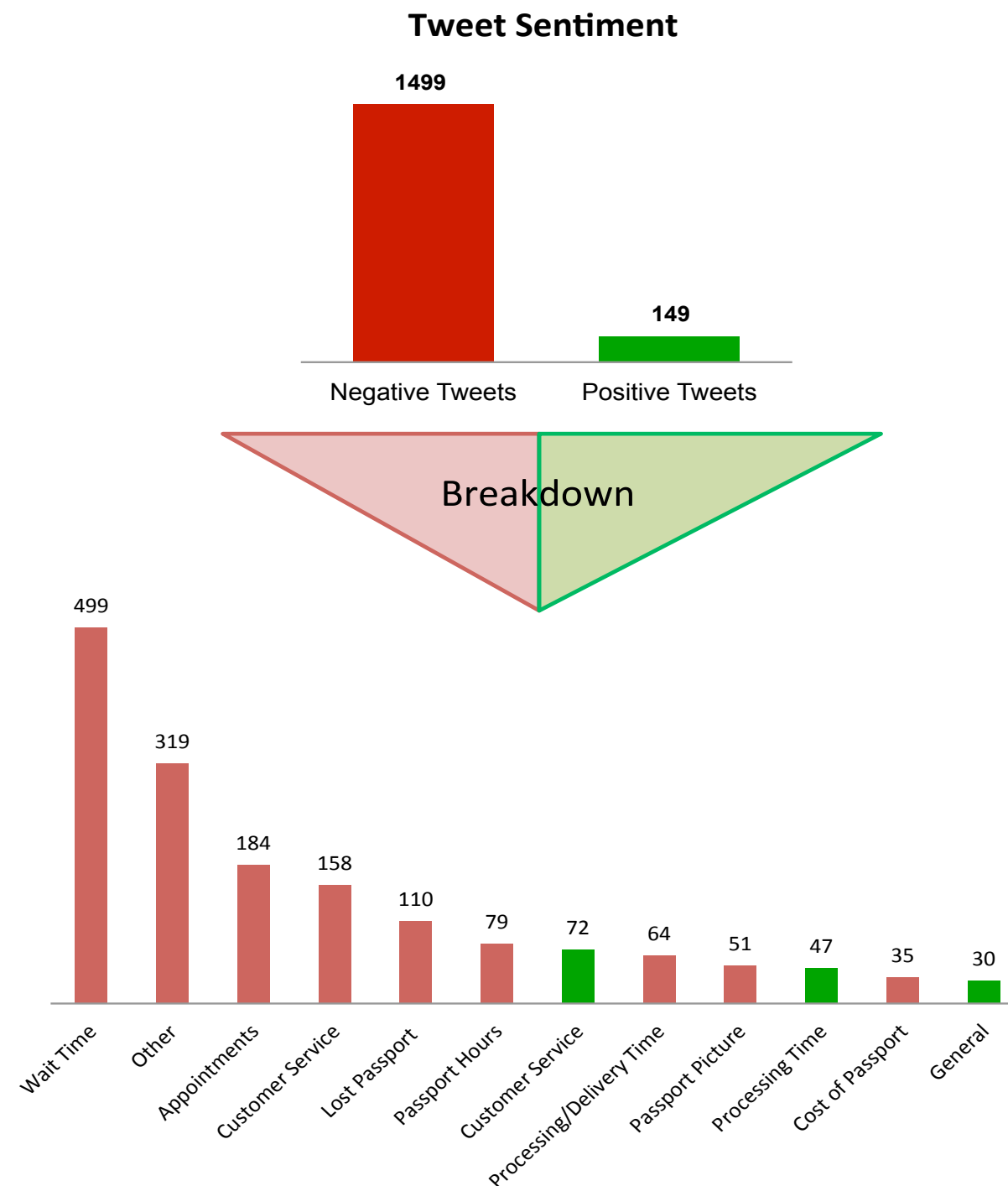
Customer Sentiment Analysis

The OIG looked at two different sources, Twitter and customer service reports collected by the Postal Service, to get a sense of what customers experienced when they went to a PAF to apply for a passport. From this analysis, the OIG was able to uncover many important insights into the customer experience.

First, the OIG collected and analyzed Twitter data related to passports to assess and categorize customer comments.¹⁵ The OIG analyzed all tweets from FY 2015 that mentioned “passport” and any combination of “post,” “postal,” or “USPS.” This search resulted in 1,648 tweets for analysis. [Figure 4](#) provides a summary of the tweets.

¹⁵ Twitter allows users to post statements about any topic, as long as the post remains under 140 characters in length.

Figure 4: The Vast Majority of Tweets Were Negative



Source: OIG Analysis of Tweets Compiled through Topsy and Ebiquity.

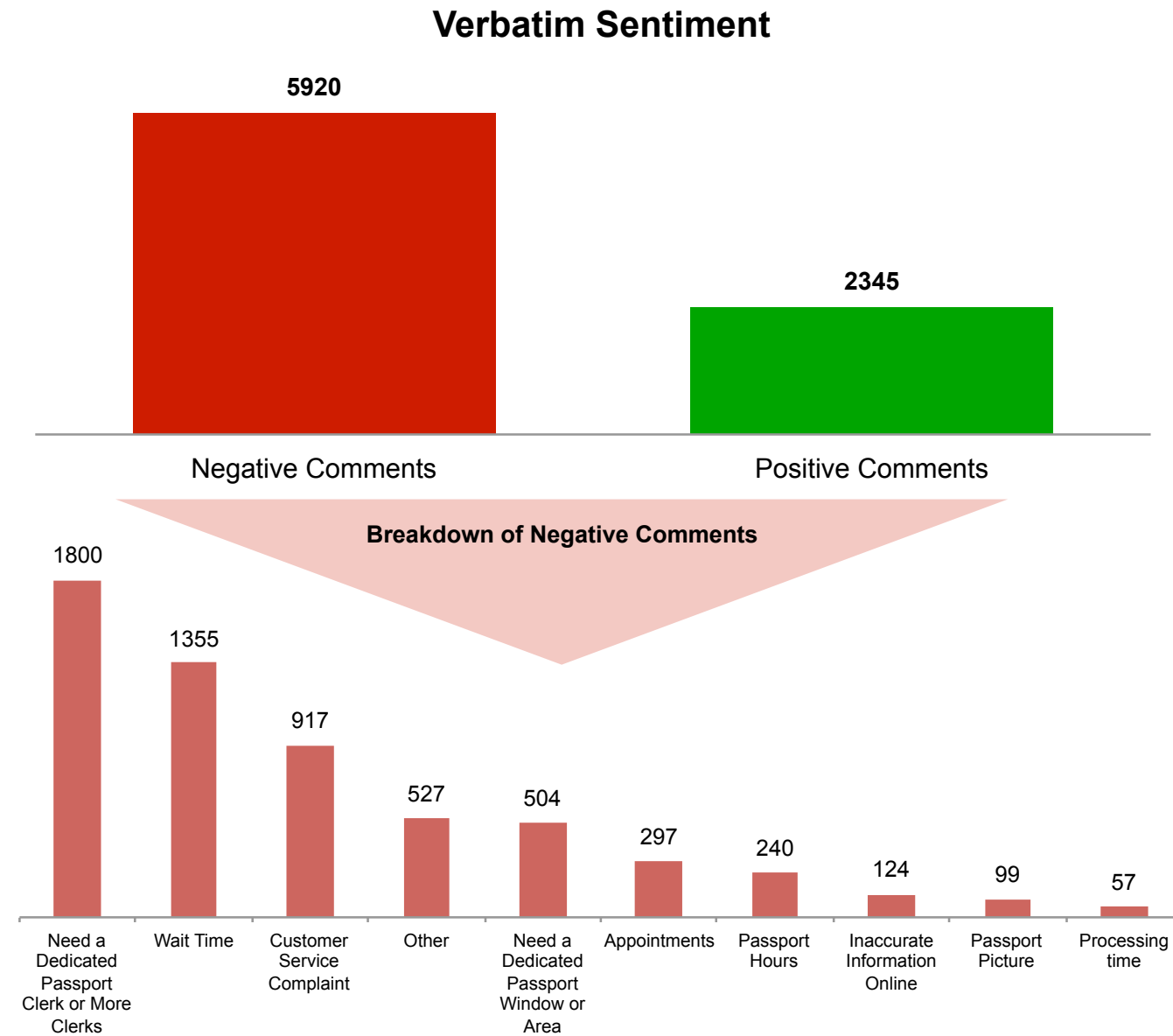
Note: The “Other” column includes complaints about the passport experience in general, as well as one-off, specific complaints. Customer service complaints dealt with the actions of a specific clerk or acceptance agent.

Wait time accounted for a plurality of all tweets, at about 30 percent, with customers noting low staff availability and the limited number of trained acceptance agents. There were also many complaints regarding post offices not meeting set appointments, long backlogs in appointment availability, and offhanded rejections of applications.

On the other hand, the customer service experience was also a major factor in the positive Twitter comments. Customers applauded specific employees or PAFs for being particularly helpful in executing a passport. In most of the other positive comments, customers complimented the total turnaround time for a passport, not just the wait time at a PAF.

For the second part of customer sentiment analysis, the OIG analyzed the Postal Service's Point of Sale Verbatim Reports (verbatim) from FY 2015. Verbatims include written feedback from customers who were invited to fill out an online survey listed on their receipt. The OIG analyzed all verbatims that mentioned the keyword "passport," categorizing 6,743 responses based on their content. Because these surveys did not have a 140-character limit, like tweets, many of the customer verbatims included multiple complaints and compliments. The team categorized each separate sentiment individually, leading to 8,265 sentiment data points.

Figure 5: Verbatims Had More Positive Reviews, but Were Still Typically Negative



Source: OIG Analysis of Postal Service Point of Sale Verbatim Reports.

Note: The positive comments were general and often times couched within a broader comment. Because of this, the OIG did not categorize these comments separately. The "Other" category includes comments totaling under 50 complaints, such as the cost of a passport or photo services.

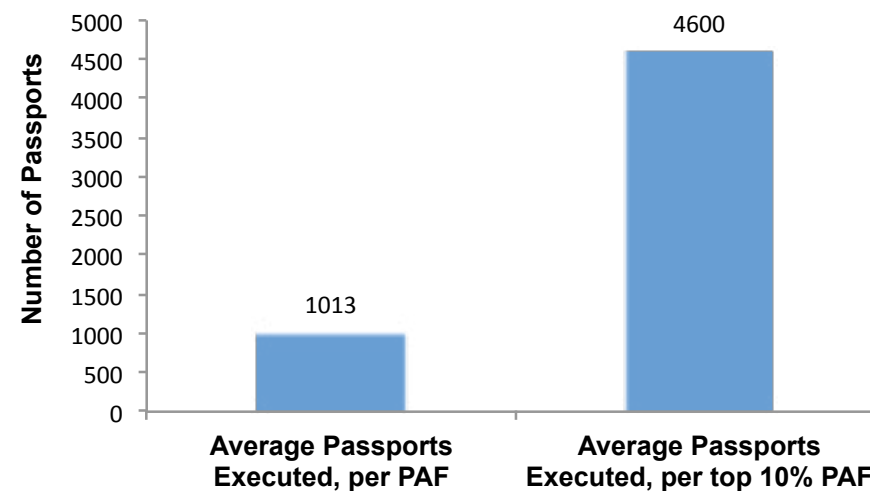
The verbatims included far more positive comments, proportionally, than the Twitter comments, but, like the Twitter comments, many of the positive comments were to specific acceptance agents or PAFs, complimenting exemplary service. Many of the negative comments mentioned long wait times; customers frequently noted that the wait would be shorter if more clerks were trained to execute passports.

The customer sentiment analysis also revealed complaints regarding wait time and low staff availability from customers who were at the post office for other mail services. Although these individuals were not part of the passport process, they were negatively impacted by it. Passport execution frequently contributed to long wait times for all customers, rather than just those customers waiting for passport service.

Transactional Data Analysis

While the customer sentiment analysis allowed the OIG to identify the positive and negative customer service experiences, the transactional data analysis of all passport execution transactions in FY 2015 allowed the team to identify revenue trends across PAFs by varying times of year. The analysis compiled hourly and weekly data to identify customer demand trends and differences between high and low volume passport post offices by district. The OIG also reviewed data on passport trainees.¹⁶

Figure 6: Average Number of Passports Executed in FY 2015



Source: OIG Analysis of the Postal Service's FY 2015 Transactions.

The top PAFs, based on the number of transactions over a year, far outperform the overall average; nationally, each PAF executed an average of 1,013 passports annually in FY 2015. *The average was over four times higher for PAFs in the top 10 percent*, by volume of passports executed annually. Even with advantageous locations, hours, and resources, these PAFs likely have different processes that allow them to execute passports at a much higher rate.¹⁷

The OIG analyzed data on passport execution fees processed by PAFs in FY 2015 to determine if there were any trends in the time of day, week, or month that passports are sold. Each postal PAF has its own hours and appointment requirements, as these are local management decisions. The OIG found that although only 44 percent of PAFs have Saturday hours, the PAFs that are open on Saturday, often at reduced hours, execute a much higher daily average number of passports than all open PAFs do Monday through Friday.¹⁸

¹⁶ Trainee analysis is included in [Appendix C](#) because the Postal Service indicated its employee database may be unreliable due to employee turnover and clerks changing post offices.

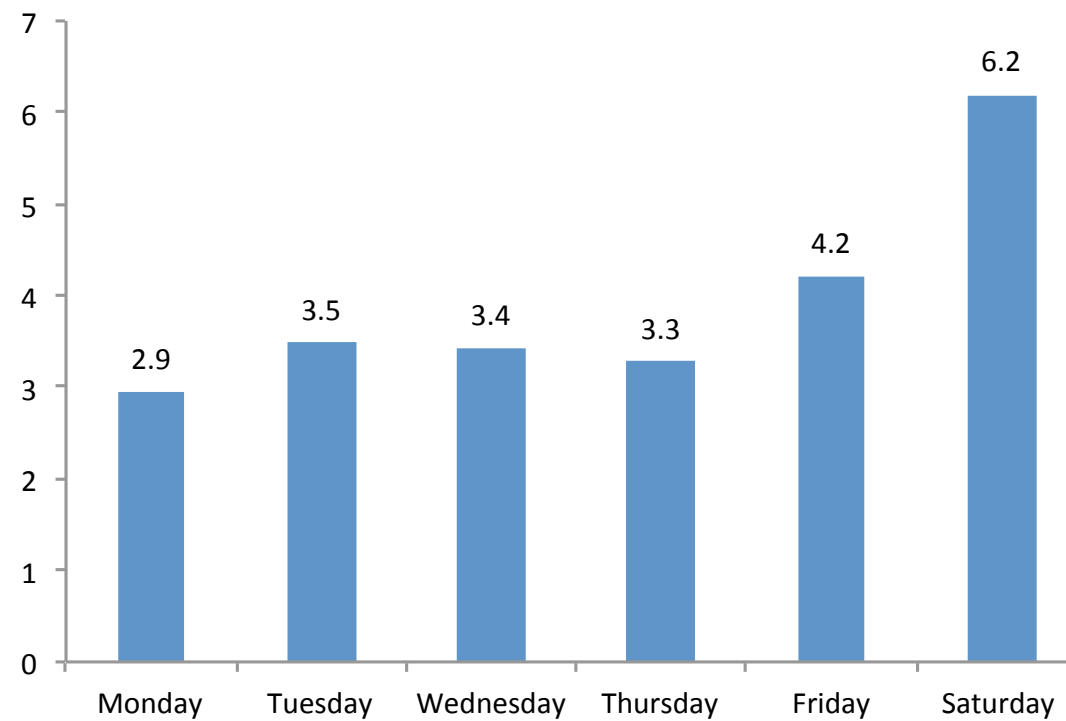
¹⁷ For a preliminary OIG analysis of trends between high and low volume postal PAFs, see [Appendix D](#).

¹⁸ The facilities database is unreliable, as shown by the OIG's sample analysis, but Saturday openings are likely over, not under, reported. According to the OIG's analysis, PAFs executed 13.6 percent of passports on Saturdays in FY 2015.

Figure 7: FY 2015 Average Passports Processed per Open PAF, by Day of Week

**The Most Passports, per Open PAF, Are Executed on Saturday,
but the Majority of PAFs Are Closed Saturday**

Only 44 percent of PAFs are open on Saturday, but the PAFs that are open execute more passports than the average of all other days. This suggests that PAFs could be missing significant Saturday demand.



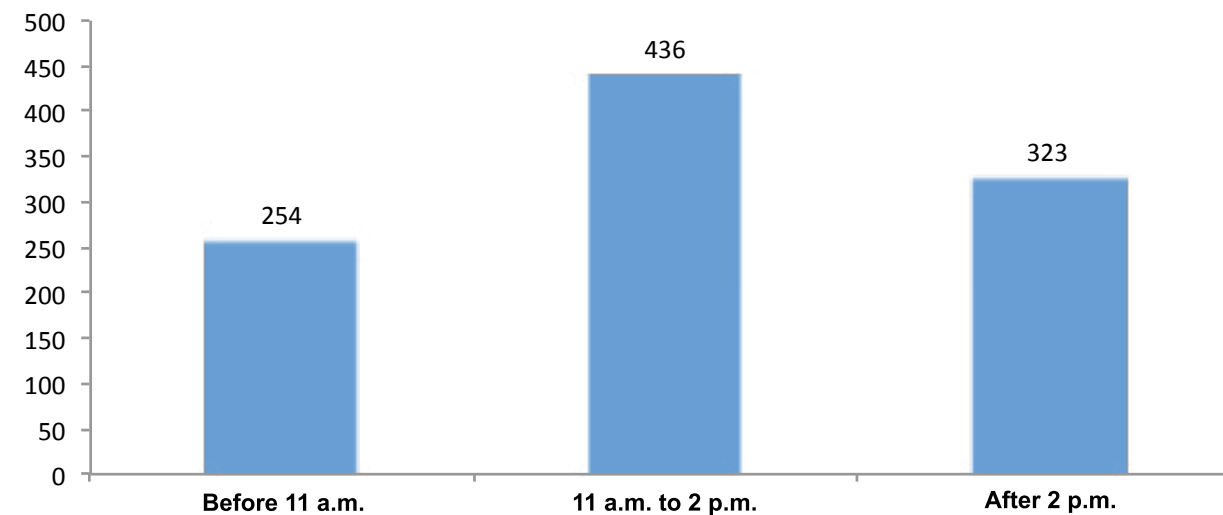
Source: OIG Analysis of the Postal Service's FY 2015 Transactions.

The Postal Service's transactional data was split into three categories of time; transactions occurring before 11 a.m., from 11 a.m. to 2 p.m., and after 2 p.m.

Figure 8: FY 2015 Average Annual Passports Executed per Postal Passport Office

Most Passports Are Executed During Lunch Hours

On average, the most passports are executed from 11 a.m. to 2 p.m., even though many PAFs close for lunch.



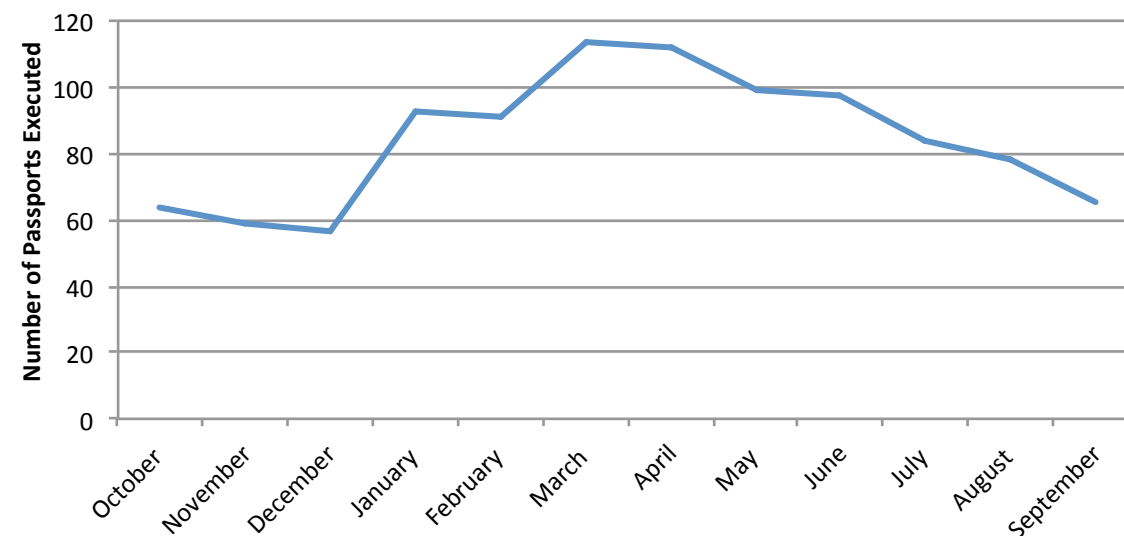
Source: OIG Analysis of the Postal Service's Transactional Data.

The analysis also explored the volume of passport executions by month to note patterns in seasonality and revealed that March and April were the busiest periods for applications. The Postal Service could use this data to best allocate resources and anticipate consumer demand. This could also help local PAFs make staffing decisions and decisions about when to host passport fairs.

Figure 9: FY 2015 Average Monthly Passports Executed per PAF

Passport Sales Are Seasonal

March and April are the busiest months for passport execution, while December is the least busy month.



Source: OIG Analysis of Postal Service Transactional Data.

Representative Sample Analysis

The Postal Service has a facilities database that postmasters are supposed to update regularly because it feeds *usps.com*'s "Find Locations" tool used by consumers.¹⁹ The Find Locations tool gives customers a list of post offices, including PAFs, by ZIP Code, their passport hours, and their appointment information. The Postal Service also uses this database to report active PAFs' hours and appointment information to DOS, which then updates its own PAF locator tool.²⁰

Upon analyzing responses from the customer sentiment analysis, the OIG realized that hours posted online for passport services might not always be accurate. Consequently, the OIG randomly selected a sample of 375 PAFs to call and verify the accuracy of the passport information provided on *usps.com*. The OIG's findings from the sample can be extrapolated to the entire population of PAFs.²¹

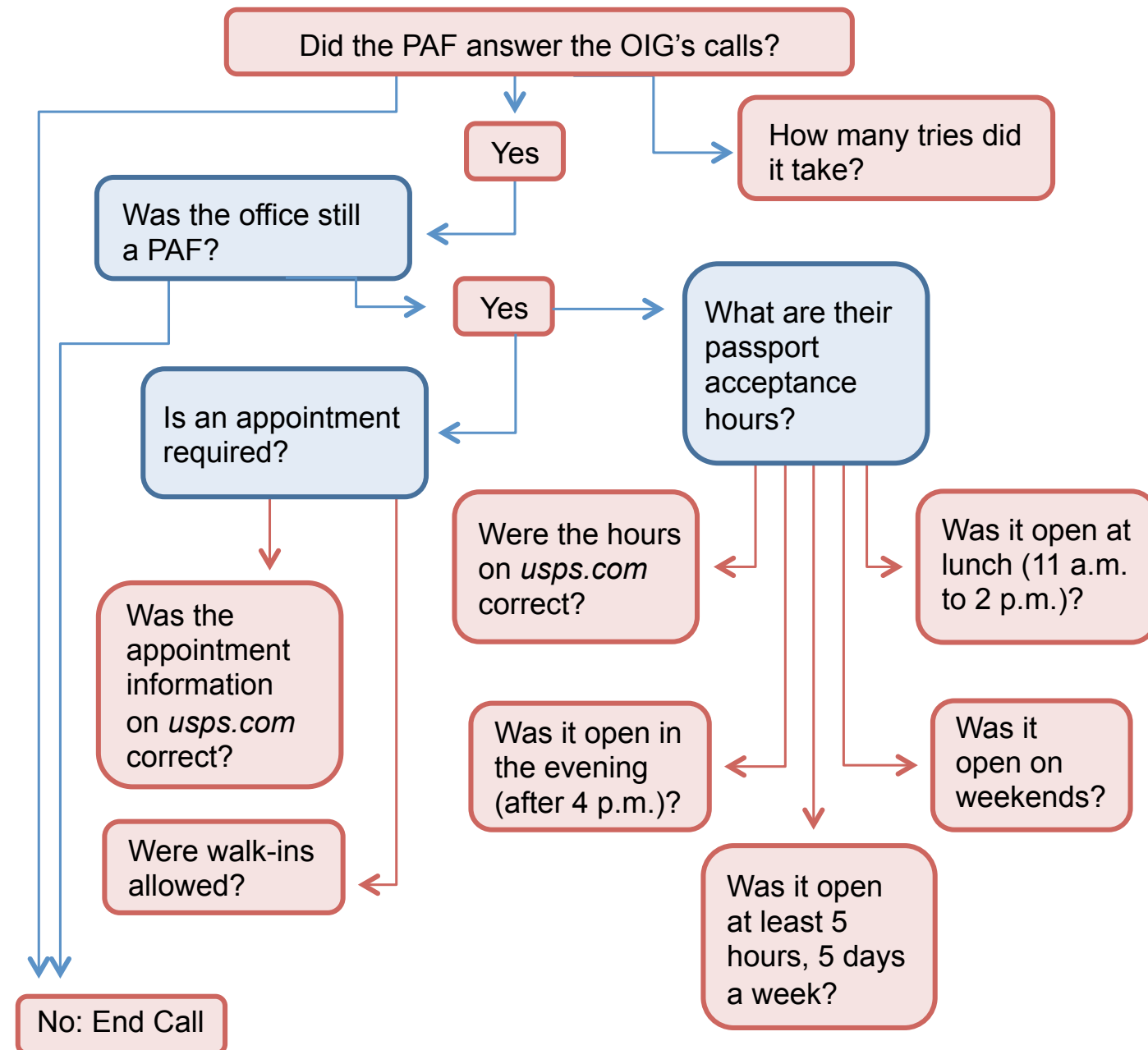
If a PAF did not answer the phone or there was a busy signal on the first call attempt, the OIG called the PAF again, on a different day, during a different time. The team only called PAFs during the passport hours posted on the Find Locations tool. The calls tested for a number of conditions, detailed in [Figure 10](#). To test each condition, the OIG asked the clerk if the office offered passport services, and, if it did, what the passport hours were and whether an appointment was needed. The OIG was specifically looking for two types of information. First, the team was looking to understand how much information on the Find Locations tool was accurate. Second, the team was hoping to compare different conditions, like open hours and appointment necessity, to see if there were statistically significant differences in revenue generation.

¹⁹ U.S. Postal Service, "Find Locations," <http://tools.usps.com/go/POLocatorAction!input.action>.

²⁰ DOS, "Passport Acceptance Facility Search Page," <https://iafdb.travel.state.gov/>.

²¹ The OIG chose this sample size and selection method to ensure that the findings would be representative of all PAFs, with a confidence interval of +/- 5 percent at a confidence level of 95 percent. The standard deviation of the sample was very large, signifying that the number of passports processed at PAFs varies greatly.

Figure 10: OIG Calls to PAFs



Blue boxes indicate the questions the OIG asked PAF clerks.

Red boxes indicate analysis completed using the data collected during the calls.

Source: OIG.

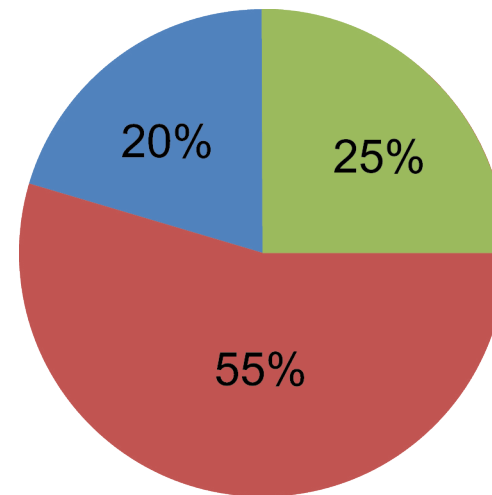
Accuracy Analysis

The main reason for this analysis was to test whether the passport hours given by the PAF were correct on *usps.com*'s Find Locations tool. Figure 11 shows the findings from this analysis.

Figure 11: Hour Accuracy on *usps.com*

Most Post Offices Had the Wrong Passport Hours Listed Online

■ Accurate Hours ■ Wrong Hours ■ Unconfirmed Hours



The OIG's sample showed that a majority of PAFs had the wrong hours listed for passport services on the Postal Service's website.

Source: OIG Analysis of Sample Data.

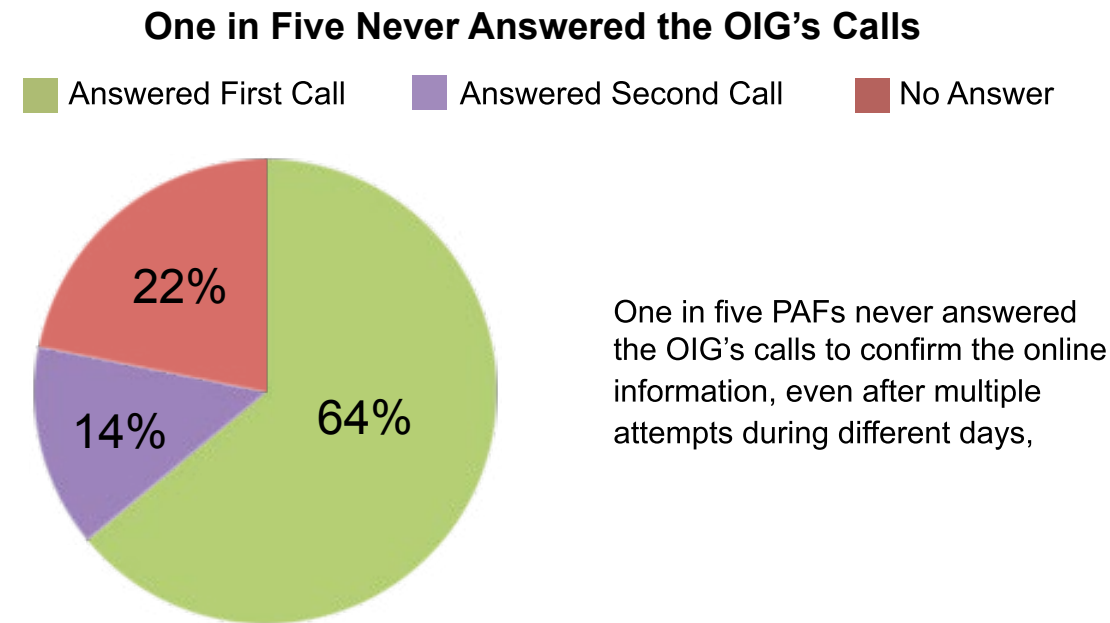
Some of the PAFs in the wrong hours category did not have set passport hours at all. Instead, the clerk asked when the customer wanted to come in, and would tell the acceptance agent to work during those hours.

The OIG observed that the customer service quality varied dramatically when calling PAFs from its sample. While many clerks inquired about the type of passport application (new vs. renewal, adult vs. minor) and provided pertinent information regarding required documentation, overall there was not a consistent standard with which clerks communicated information about the passport process. The OIG spoke with some clerks who suggested customers go elsewhere to get a passport (to a local clerk of court, for example).

As demonstrated in [Figure 12](#), 22 percent of PAFs did not answer the OIG's telephone calls during listed passport hours.²² Some offices had a busy signal on both calls and 2 percent had a recorded message with passport hours, which allowed the OIG to confirm hours even though a clerk did not answer.

²² The OIG called each PAF that did not answer, at least twice, during different periods of the day.

Figure 12: Answer Rate of OIG Calls



Source: OIG Analysis of Sample Data.

The low answer rate is problematic, since 72 percent of the unreachable PAFs require passport appointments, according to the Find Locations tool. Scheduling an appointment requires a conversation over the phone or in-person. When appointment-based PAFs do not answer their phones, customers must make a separate, initial trip to the post office, just to schedule an appointment.

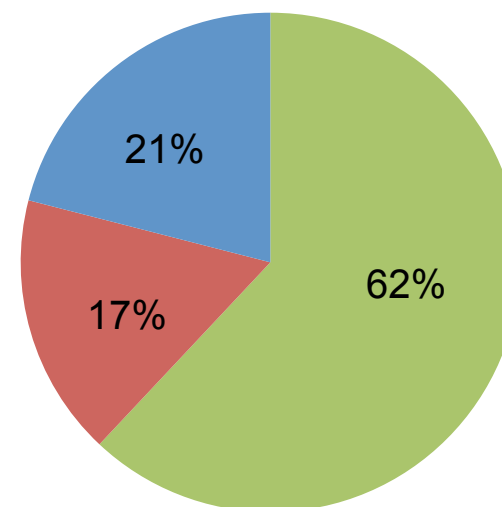
Also concerning, the passport appointment information on the Find Locations tool is not reliable. The tool indicates if a PAF requires customers to set an appointment to have a passport executed. However, 17 percent of the sample PAFs had incorrect information online. These PAFs either stated online that customers must make appointments, when, in reality, customers can walk in to execute their applications, or vice versa. This is important, since if customers think walk-in appointments are accepted, they might make a trip to the post office with their application but still not be able to process it that day. The Postal Service made recent changes to its website in response to an October 2015 audit. While the audit was happening, Postal Service Headquarters recognized the need to improve the appointment information on *usps.com* and implemented a number of changes in June 2015, including providing customers with the facility phone number of PAFs that require an appointment.²³

²³ OIG, *Optimization of Passport Facilities*, Report Number SM-AR-16-001, October 20, 2015, <http://www.uspsoig.gov/sites/default/files/document-library-files/2015/SM-AR-16-001.pdf>.

Figure 13: Appointment Information Accuracy on *usps.com*

Many PAFs Had Incorrect Information Online about Whether an Appointment Was Needed

Correct Incorrect Unconfirmed



Source: OIG Analysis of Sample Data.

Some PAFs did not offer appointments or walk-ins exclusively, but had a system with elements of both. For instance, a few post offices reported that although they do not take appointments in advance, upon opening, a clerk assigns appointment timeslots to all the customers present, and they can then return for their passport timeslot later in the day. Other offices said they make appointments only on busy days of the week, like Saturday. A number of other PAFs do not take appointments at all, but still suggested calling ahead to ensure that trained staff is available. These policies accommodate PAFs' staffing concerns over the needs of customers.

Overall, the findings from the sample demonstrated that the Postal Service's locator tool has inaccurate information, and the sample indicated inconsistency in service among PAFs. When customers visit *usps.com* to access passport information, there is a significant chance they will receive the wrong information, which could cause a delay in the passport process and frustrate customers or cause them to seek alternative, non-postal PAFs.

Revenue Analysis

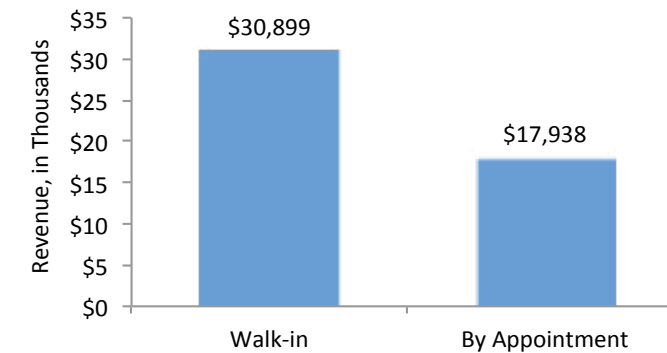
Based on the transactional data analysis, the OIG hypothesized that PAFs that had (1) walk-in appointments; (2) were open at least 5 hours a day, 5 days a week; and (3) were open during lunch hours might be more financially successful than PAFs that did not meet these three conditions.²⁴ As part of its sample analysis, the OIG calculated the mean revenue of different subsets in the sample, to find any statistically significant differences between the revenue of PAFs that met or did not meet each condition. The questions asked by the OIG, detailed in [Figure 10](#), allowed the OIG to map whether or not each PAF was open during specific hours or accepted walk-ins. The descriptive statistics for the full representative sample are available in [Appendix B](#), but the significant findings are detailed in [Figure 14](#).

²⁴ The OIG used unpaired t-tests to ensure the statistical significance of the difference between the means compared in this paper (p-value < 0.05).

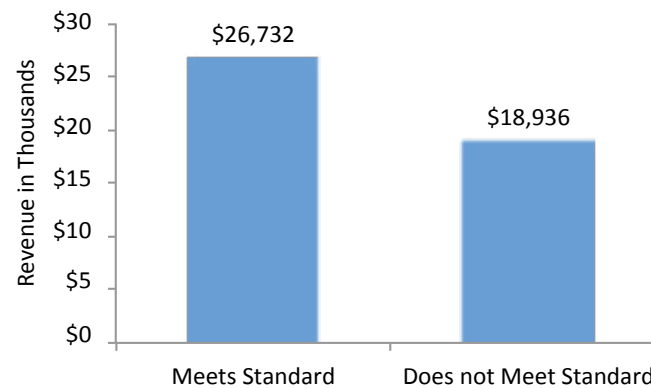
Figure 14: Significant Differences between PAFs

PAFs with walk-ins brought in 42 percent more revenue in FY 2015 than PAFs that required appointments.

Average Revenue of PAFs, Based on Walk-in Versus Appointments



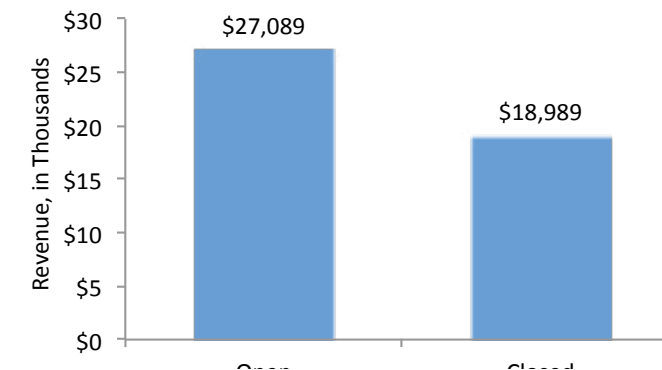
Average Revenue of PAFs, Based on 5 Hours a Day, 5 Days a Week Standard



Thirty-five percent of the OIG's sample did not meet the standard operating procedure requiring 5 hours of passport services a day, 5 days a week. The PAFs that met the standard had an average revenue 41 percent higher than their noncompliant counterparts.

Thirty-eight percent of PAFs were closed for some part of lunch hours, which are, on average, the busiest time of day for PAFs. PAFs open during lunch had 43 percent higher average revenue than those closed.

Average Revenue of PAFs, Based on Lunch Hours, 11 a.m.-2 p.m.



Source: OIG Analysis of Sample Data.

In summary, the OIG's analysis confirmed the hypothesis about each of the three conditions. These findings could help the Postal Service create best practices or guidelines that support the goal of making each PAF more efficient and profitable.

Post offices do not appear in mapping search engines when a customer searches the term “passport.”

Primary Research

In conjunction with customer sentiment analysis and observations gleaned from the transactional and sample data, the OIG conducted primary research. The approach followed the customer journey to submit a passport to DOS, starting with a search online for passport services, examining the Postal Service’s and DOS’s passport websites, and, finally, visiting Capital District and Northern Virginia District PAFs.²⁵ The OIG also conducted a series of interviews with DOS and Postal Service Headquarters personnel to understand current operations and strategy.

The Customer Journey

The OIG used search engines, mapping websites, DOS’s passport websites, and the Postal Service’s passport website to understand what customers unfamiliar with the process encounter. For customers searching online, the Postal Service will probably not be the first result they find. Instead, private, concierge passport couriers frequently come up first. This could create customer confusion, as concierge couriers are easily mistaken for PAFs. Concierge couriers have distinct expedited service offerings, which DOS does not allow PAFs to offer.²⁶ Passport couriers provide expedited service, for a substantial fee, to clients who need a passport very quickly or seek assistance in handling passport and visa services at the same time. However, couriers can only submit an application to DOS once an acceptance agent has certified it in-person, at a PAF. Although couriers are able to expedite the DOS turnaround time for an application, customers may not realize that they will still need to visit and pay an execution fee to a PAF before DOS can process it.

Customers searching through mapping software might not be able to find their nearest PAF. For example, a search for “passport” on Google Maps, MapQuest, and the iPhone’s Maps application brings up Bureau of Consular Affairs offices, passport couriers, and drug stores that take passport photos. Post offices do not appear in the results.

Simply interpreting the passport application requirements can also be confusing for customers. Applying for a passport requires applicants to bring six documents, which are listed in the first four pages of the DOS passport application, the DS-11.²⁷ A mistake in any of these documents means the customer will need to fix the problem or gather missing documents and come back to a PAF to apply another time. It is understandable that customers find this process difficult: DOS estimates it takes an applicant over an hour and a half to gather and fill out the necessary information.²⁸ The required documents are in [Figure 15](#).

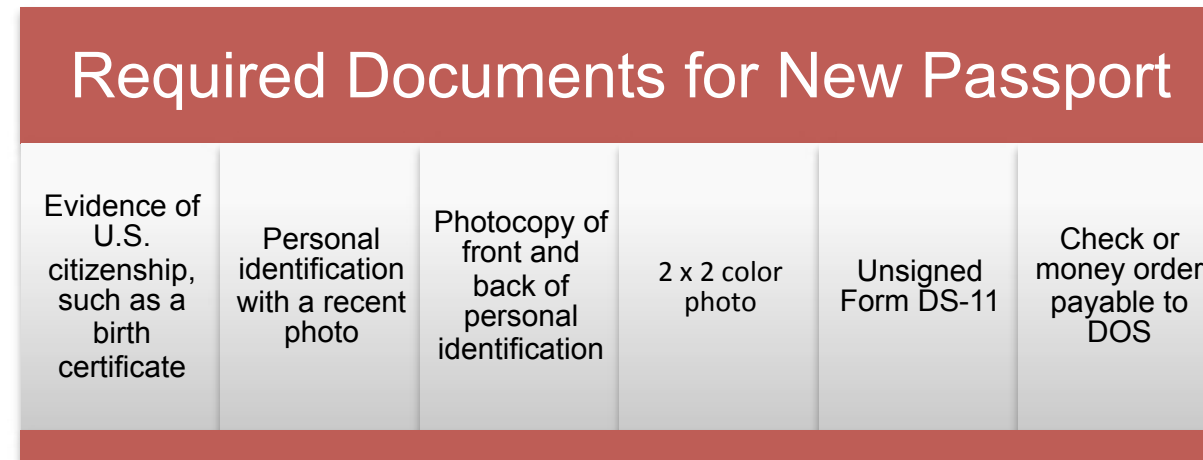
25 U.S. Postal Service, “Passports,” <http://www.usps.com/international/passports.htm>; Department of State, *DS-11: Application for a U.S. Passport*, <http://www.state.gov/documents/organization/212239.pdf>; Department of State, “How to Apply for a Passport,” <http://travel.state.gov/content/passports/en/passports/apply.html>.

26 The Postal Service offers DOS’s expedited services, which moves up the passport processing time from 6 weeks to 3 weeks. Concierge couriers move up the processing time to 8 days. DOS also told the OIG that allowing PAFs to offer the same service would interfere with the “market” rates that the private couriers set for their services.

27 These documents include evidence of U.S. citizenship, personal identification with a recent photo, a copy of personal identification, a 2 x 2 color photo, an unsigned Form DS-11, and a check or money order payable to DOS. DOS, *DS-11: Application for a U.S. Passport*.

28 Ibid.

Figure 15: Required Documents



Source: DOS, *DS-11: Application for a U.S. Passport*.

Passport acceptance agents are not allowed to hang signs with passport instructions in PAFs under current postal guidelines.

How and what to pay for passports is also not clear to many customers. The price of a passport varies from \$55 to \$245.66, and the only place to find this information is on a DOS-hosted passport website.²⁹ Having a passport executed at a PAF also requires multiple forms of payment. Customers must send a money order or check to DOS, but the PAF also collects a separate execution fee when the application is turned in. Unless an applicant uses the online DOS tool or they call ahead and speak to an acceptance agent, they will probably not know the costs or payment methods until they check out at a PAF.

After analyzing the online experience, the OIG visited PAFs in the Capital District and Northern Virginia District to continue researching the customer journey. OIG trips to PAFs revealed that confusion with the passport application process is a significant customer service issue. Passport acceptance agents interviewed by the OIG remarked that customers arriving unprepared or with incomplete documentation experienced significant frustration and delays in the application process. An acceptance agent at a Northern Virginia District passport center said that one of her biggest challenges was dealing with frustrated customers who do not have the right documents when they get to the counter. Indeed, during visits to PAFs, the OIG observed customers at the passport counter having to get out of line to re-complete forms and copy identification documents. The OIG also witnessed customers leaving without completing their applications because they brought the wrong documents.

The OIG also noticed a lack of signage and communication in the local PAFs. The Postal Service has specifications for signage used for passports: no handwritten or locally produced signs may be hung in regard to passports, but a sign with passport hours and one advertising passport services is allowed.³⁰ In the OIG's visits, the team observed one PAF with a locally-produced sign informing customers of the requirement to make a copy of both sides of photo identification — likely resulting from a large number of customers making mistakes. A clerk at another PAF corroborated the need for more signage. He used to have a sign describing that two payments were necessary for an application, one to DOS and one to the Postal Service, but removed it due to noncompliance. Signage could also clarify rules for acceptance agents or any clerk in the retail area; one agent asked the OIG in what color ink applications should be completed.

²⁹ DOS, "How to Apply for a Passport." Many factors contribute to the cost, including type of passport, DOS processing time, delivery standard, and acceptance facility fee.

³⁰ U.S. Postal Service, *Administrative Support Manual*, Section 422.266, January 22, 2015.

The PAFs that the OIG visited also did not have signage posted concerning passport renewal applications, which are an important source of revenue for the Postal Service because of the associated postage. Interviews with Postal Service Headquarters personnel uncovered that there are no official renewal signs. Customers may make an appointment or wait in line only to discover they could have submitted the forms directly to DOS via Priority Mail, without speaking to an agent. Signage would streamline operations and clarify customer questions before they become frustrated or waste time.

The Postal Service's Current Operations and Strategy

The second goal of the OIG's primary research was to understand the strategy and operations of PAFs, on a national and local level. The Postal Service must balance geographic coverage and convenience of passport services with financial considerations. The costs associated with a post office becoming a PAF include training clerks to be passport acceptance agents, annual clerk recertification, sometimes buying separate computer systems, and some PAFs creating dedicated passport areas. According to Postal Service Headquarters, these costs make it unrealistic to have all post offices provide passport services; about 17 percent of post offices acted as a PAF for some part of FY 2015.³¹ Therefore, the Postal Service's goal is to offer better quality service at its successful PAFs rather than open new locations.³²

Unlike some postal offerings and procedures, PAF operations and prioritization are largely decentralized and result in service that varies widely from office to office. Currently, the Postal Service shares a small number of passport-specific standards of practice (SOPs) with PAF employees through the Administrative Support Manual (ASM). These are mainly focused on managers submitting changed passport hours to headquarters and identifying the ID number and names of passport acceptance agents.³³ Other rules within the ASM are copied from the Passport Agent's Reference Guide (PARG), which outlines training guidelines provided by DOS.

The current SOPs are not widely enforced and are not comprehensive enough to ensure each PAF will be successful. Without rules dictating operations, some PAFs have taken measures to ensure their success through three endeavors: appointment centers, passport fairs, and passport centers. Although anecdotally beneficial, the Postal Service does not collect data to measure success, disseminate data about how these efforts might increase revenue at other PAF locations, or use it for strategic planning purposes.

Appointment Centers

Some postal district managers created an appointment-setting system in heavily trafficked areas of the country. These appointment centers require customers to call a single phone line to schedule an appointment at a number of local PAFs. The appointment centers keep an updated spreadsheet of all scheduled appointments and send it to the PAFs daily. The OIG called seven appointment centers in its sample analysis, but only one answered the phone. The others had answering machines that asked customers to leave a message in order to receive a call from an appointment center employee in 2 business days.

³¹ The Postal Service has 31,606 total Postal Service-managed offices. U.S. Postal Service, "Postal Facts," <http://about.usps.com/who-we-are/postal-facts/size-scope.htm>.

³² Kelly Sigmon, Vice President of Retail and Customer Service Operations, U.S. Postal Service, in discussion with the OIG, October 27, 2015.

³³ This information is important because the Postal Service is required to report it to DOS under the guidelines in 22 CFR §51.22(f), "Passport Agents and Passport Acceptance Agents."

Although the Postal Service attributes revenue growth to passport centers, it does not keep an updated list of passport centers or track their success.

Passport Fairs

Passport fairs are locally hosted events where the Postal Service brings in additional acceptance agents and allows walk-ins for extended weekend hours in order to execute a large number of passports. Interviews confirmed that headquarters only specifies the minimum number of public announcements about each fair. Otherwise, the planning and promoting of a passport fair resides with local post office management. Any template for planning would result from previous practical knowledge or from directly contacting another location that has hosted a fair in the past.

While analyzing transactional data, the OIG asked the Postal Service for a list of upcoming and past passport fairs so that it might measure the fairs' profitability. Postal Service Headquarters could not provide a list of upcoming fairs because they do not keep a record of upcoming or past fairs. DOS also did not have a list of upcoming fairs, although the representatives confirmed that they wanted to be informed by local offices when fairs were planned. Postal Service Headquarters has not created specific instructions or best practices on passport fairs.

Passport Centers

Postal Service Headquarters has overseen the conversion of a few, high-volume PAFs into passport centers. These centers have a dedicated lobby area; more acceptance agents; lobby assistants, that check the application materials of each customer before they are processed; and extended hours. In an interview with the OIG, the Postal Service attributed the 5 percent increase in the number of passports it executed in FY 2015, compared to FY 2014, on its strategic focus to enhance passport centers. However, the OIG found that the Postal Service does not keep an updated list of passport centers or analyze their outputs compared to other PAFs. Consequently, the OIG was unable to analyze passport centers in the transactional data analysis discussed in a previous section. As with passport fairs, headquarters does not collect or track data on passport centers and has not established best practices for the operation of passport centers. The Postal Service also does not make efforts to share best practices among PAFs.

Findings: Common Problems in the Customer Experience

The OIG's analysis ultimately identified areas for improvement in postal passport customer service. While some customer concerns stem from factors over which the Postal Service has little control, such as DOS application processing time, others are due to inadequate communication of passport application requirements. Regardless, customers arrive with expectations about what the experience will be like, and when those are not met — whether because of cost, lengthy application processing time, or confusion over needed forms — customers tend to blame the Postal Service. The OIG looked holistically at the research and analysis and found three areas that often led to a negative customer experience: confusion, incorrect information, and inconsistency.

The passport application process is confusing for customers. The OIG's analysis demonstrated that customers are confused by the complex details of the application process, but also have problems with simple information, such as finding local PAFs. Information about the application process is not provided by the Postal Service online, in PAFs, or over the phone. The analysis also suggested that some customers do not immediately associate the Postal Service with a location that processes passport applications. Customer confusion not only hurts the customer experience but also hinders the efficiency of acceptance agents.

PAF hours and appointment availability on *usps.com* are often incorrect. Although inaccurate passport hours and information online received only a small amount of complaints in the sentiment analysis, many of the wait time and appointment complaints seemed to stem from misleading information online. The OIG's analysis of its sample demonstrated that *usps.com*'s Find Locations tool is unreliable for information about passport hours and appointments.

The customer experience is inconsistent across PAFs. Although a number of customers reported positive experiences, there are customer service problems in many PAFs. The priority given to passports within the post office is often a local management decision. Because of different management styles and a lack of SOPs, postal employee responses to OIG calls and visits varied widely.

While there are benefits to providing local managers autonomy to administer passport services, the decentralized structure limits the ability to monitor or share best practices. Although the freedom to innovate can sometimes lead to exemplary customer experiences, the Postal Service does not share how PAFs can duplicate success, even though the Postal Service collects data that would unlock this information. Like other businesses managing a product or service, the Postal Service could strive to create equally great customer experiences at each PAF.

These customer concerns lead to opportunities for the Postal Service to retain and attract customers by excelling in its provision of passport services.

Potential Strategies for Improving the Passport Experience

To address the aforementioned concerns, the OIG identified several opportunities to improve the postal passport offerings and service, detailed in [Table 2](#).

Table 2: Strategies for Improving the Passport Experience

Source of Customer Concern		Suggested Remediation Strategies	Improvement to Customer Experience
Customer Confusion	It is difficult to find information about postal passport offerings online.	<ul style="list-style-type: none"> • Increase visibility of the Postal Service as a passport provider online. • Develop a postal website with passport application instructions 	Provides clarity to passport applicants.
	PAFs do not provide consistent passport information over the phone.	<ul style="list-style-type: none"> • Provide a phone script that includes required passport documentation 	
	There is limited or no clear signage in PAFs describing the necessary forms and steps needed to apply for a passport.	<ul style="list-style-type: none"> • Post signage that simply details documents needed, application instructions, price, and processing options for new passport applications. • Give customers the option of having application instructions emailed or mailed to them when they schedule an appointment. 	
	There are no instructions for mailing renewal applications in post offices.	<ul style="list-style-type: none"> • Hang clear signage in all post offices detailing how to send a renewal application 	
Inaccurate Information Online	The retail hours for passport services at PAFs and the process for applying (i.e. appointment vs. walk-in) are often inaccurate on <i>usps.com</i> . Some PAFs that require appointments are unreachable by phone.	<ul style="list-style-type: none"> • Ensure that accurate passport hours, including lunch breaks without passport availability (if applicable), are online and regularly updated by PAFs. • Create an online appointment system for customer use. 	Improves accuracy and utility of <i>usps.com</i>.
Inconsistent Service	Standards of practice are not enforced and could be strengthened.	<ul style="list-style-type: none"> • Analyze existing data sets to create standard, postal-specific guidelines that could optimize PAF operation. 	Creates a consistent, positive passport experience.
	The Postal Service does not collect data on best practices that could guide PAFs.	<ul style="list-style-type: none"> • Collect and analyze data from premiere PAFs and successful passport fairs to identify and share best practices. 	

Source: OIG.

Opportunity to Provide Clarity to Passport Applicants

The Postal Service has the opportunity to reinvigorate communication to customers about the passports process from start to finish. Providing more information could help customers apply with more efficiency, success, and realistic expectations. This information should be presented in a consistent manner at multiple points throughout the application process. The OIG created the following six, specific suggestions.

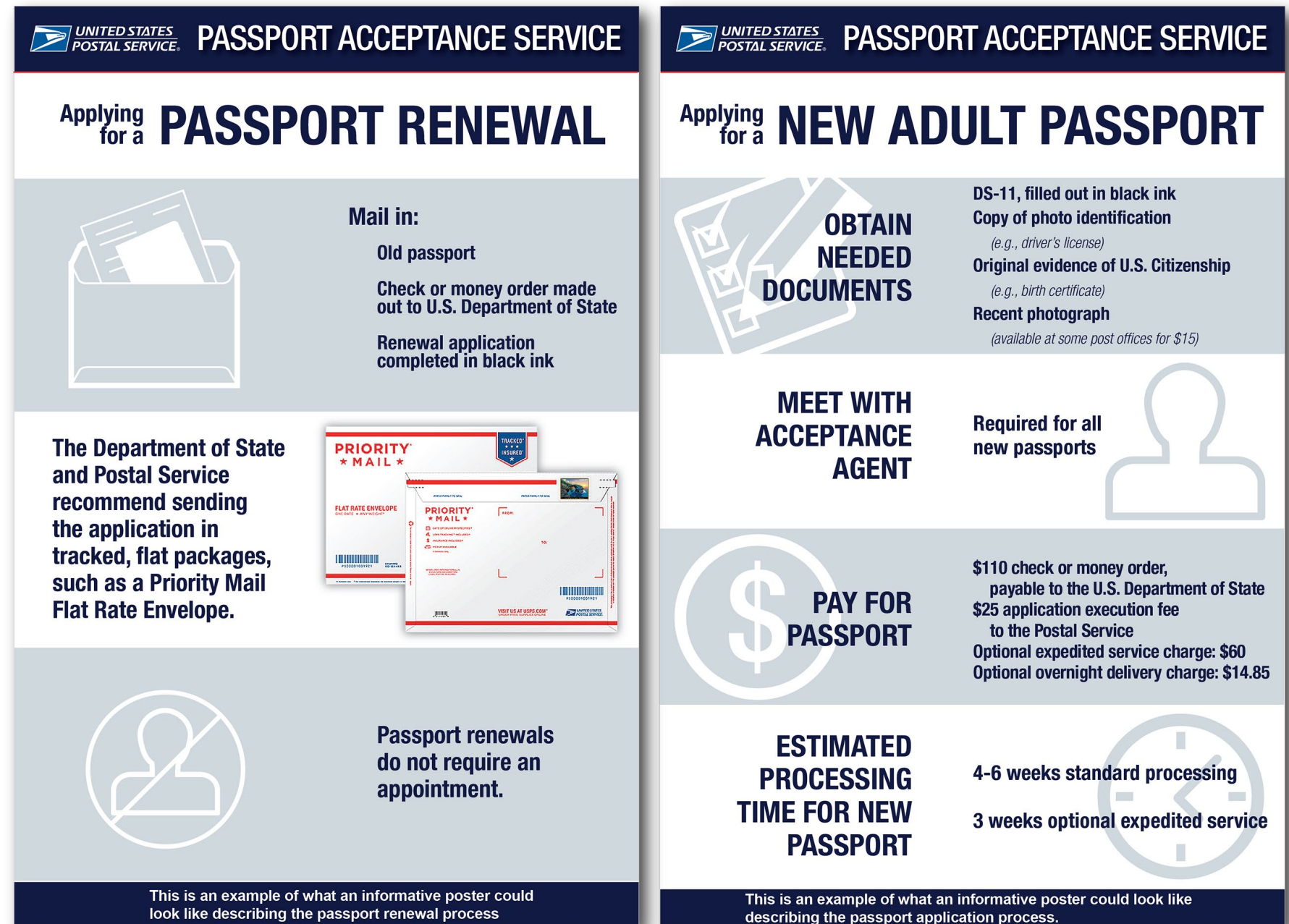
1. Improve online visibility as a passport service provider. Customers searching online, especially Digital Natives, may use mapping services or their smartphone to find locations with passport services. Therefore, conveniently and quickly finding postal PAFs is essential to reach many potential customers. Reliably and regularly updating its facilities database of PAFs is a critical first step to creating a stronger presence online. The Postal Service could also reach out to online and mobile map developers, like Google, to ensure that post offices appear in the results of customer mapping searches for “passport.” Search engines would have an incentive to update this information, since each seeks to have the most accurate, pertinent information.
2. Provide passport application instructions on *usps.com*. Proactively alerting customers to specific documentation requirements could forestall customer confusion and frustration when applying in-person at a post office. The Postal Service would need to update and verify this information with DOS, as changes in the process occur. The information could be thematically coordinated with signage placed in physical post offices to create a unified online and in-person passport experience.³⁴ The Postal Service should provide more detailed passport application information on its website, such as the required documents, as well as postal PAF-specific instructions.³⁵ Informing customers upfront that they may need to make an appointment and that there may be a long wait during busy times of the week would help applicants be prepared.
3. Create a script for clerks and acceptance agents for passport-related phone calls. This script would standardize the information communicated to customers regarding passport documentation. Providing consistent information to customers could also help speed up the application process, as well as avoiding individuals coming to a PAF unprepared. This change could improve wait times for all customers.
4. Email or mail the application information to customers. This would serve as a reminder for the passport appointment and provide another opportunity for customers to see the application instructions. This is standard practice in service-oriented businesses, including airlines and doctors’ offices. The more times the customer is presented with the instructions, the more likely he or she is to successfully complete the application process in one try.
5. Post simple signs noting necessary documents, expected processing time, and price of passports. Any sign would need to be approved by DOS and updated if the application process changes.³⁶ To identify main problem areas, the Postal Service might consider asking its seasoned acceptance agents what problems they encounter most often on applications. The Postal Service could hire a graphic design firm, as it has in the past, to make the passport signage. An OIG-created mock-up of passport application signs is included in [Figure 16](#).

³⁴ DOS could confirm all information before it went live, and the Postal Service would be responsible for updating information if DOS changed its policy.

³⁵ The Postal Service has a webpage specifically dedicated to passport services, but much of the information on the application process simply directs users to the DOS website; see <http://www.usps.com/international/passports.htm>.

³⁶ The ASM would also likely need to be updated to reflect that DOS-approved signage is allowed in facilities.

Figure 16: Potential Signage for New and Renewal Applications



Source: OIG.

6. Hang signs with renewal-specific instructions. Specific signage dedicated to passport renewals could be created for all post offices and replicated online, since renewal applications can be sent through any post office. The Postal Service could also coordinate with DOS to require, rather than suggest, the use of a Priority Mail Flat Rate Envelope for passport renewal applications sent through the Postal Service.³⁷ This would help prevent clogs in the postal sorting machines, helping to ensure the timely arrival of passport renewal applications, in good condition.

³⁷ The Postal Service corrected *usps.com* to reflect Small Flat Rate Envelopes are not to be used for passports, based on the OIG's suggestion.

Information on the Postal Service's website, in the clerk script, and in the PAF or post office should be consistent in providing all necessary information about the application process. Although the initial provision of more information will incur costs, this investment will likely pay off. The Postal Service could greatly reduce the number of applicants coming in unprepared, saving acceptance agents time and customers frustration.

Opportunity to Improve Accuracy and Utility of *usps.com*

Customers are frustrated by incorrect information on *usps.com* and PAFs not answering their phones to take appointments or confirm passport information. This may drive customers to find non-postal PAFs. If the Postal Service made two adjustments to its processes and Find Locations tool, the customer experience would improve.

1. Ensure PAFs' passport hours and appointment information are up to date. Postmasters are currently responsible for updating the facilities database when their location's passport hours change, but many are not updating the system. In an October 2015 audit, the OIG recommended that the Postal Service reiterate to Facilities Database Coordinators their responsibility to review and update PAF data and implement a policy that requires local coordinators to review facility information after submission of facility change forms to ensure the timeliness and accuracy of the changes.³⁸ The Postal Service could ensure higher accuracy by prompting each PAF manager to update or confirm the hours weekly, along with doing internal checks to verify the accuracy of PAF hours.
2. Create an online appointment system accessible by customers through a mobile browser or on a computer. An online system would allow customers to schedule an appointment at their leisure, choosing between nearby facilities with a click. This would lead to fewer calls to post offices, and allow clerks to focus on serving customers in the store. Creating a customer-empowering appointment tool might save the Postal Service money by decreasing the need for passport-specific appointment centers. Customers without Internet access could still call their local post office for passport information, but giving the option of online appointments could lead to higher customer satisfaction while saving time for postal employees.

Opportunity to Create a Consistent, Positive Passport Experience

Currently, postmasters decide the priority given within their office to passport services offered. Headquarters could help PAFs provide a consistent customer service experience in two ways.

1. Provide updated, enforced SOPs. Doing so would uphold the autonomy of postmasters, while giving them more tools to run a successful passport business. The Postal Service could re-examine the SOPs in the ASM to decide whether it will enforce them or should replace them with guidelines that are more flexible. In particular, the Postal Service should decide whether to keep its rule that PAF's should be open at least 5 hours a day, 5 days a week. This SOP is not a DOS requirement, and is not currently enforced.

If the Postal Service opts for a flexible hourly standard, it could provide guidance or service standards based on nearby PAF hours. If one PAF is open 9 a.m.-1 p.m., the Area VP might suggest another PAF be open 1 p.m.-5 p.m., ensuring more hourly availability to customers. If the Postal Service is going to keep the hourly standard, it should make sure all PAFs are going to follow it. Area VPs could also explore alternative hours to better meet customer demand for passport services, such as offering passport services in the evening on certain days of the month.

³⁸ OIG, *Optimization of Passport Facilities*, Report Number SM-AR-16-001, October 20, 2015, <http://www.uspsoig.gov/sites/default/files/document-library-files/2015/SM-AR-16-001.pdf>.

2. Determine and disseminate best practices to PAFs. The Postal Service could apply product management techniques to analyze the data it collects to identify telling information, such as sales trends by area or district. For example, headquarters could recommend that post offices looking to become a PAF offer service from 11 a.m. to 2 p.m., the most trafficked time. While there are undoubtedly many factors that affect annual revenue for any individual PAF, the data available could help the Postal Service create best practice suggestions.

Postal Service headquarters could also provide a guide to postmasters on hosting passport fairs, to provide turnkey solutions that manage seasonal demand.³⁹ Creating a customer centric approach would mean providing area-specific information about when passport services are in the highest demand, both by time of day and time of month, to ensure optimal staffing.

Conclusion

The Postal Service is the nation's largest provider of PAFs by location, but, in recent years, it has experienced a declining trend in application execution volume. The Postal Service could improve its passport operations, and potentially increase passport volume, if it strategically managed passports as an independent offering within its product portfolio. Postal Service Headquarters should dedicate the resources and attention necessary to support passports and employ a classic marketing strategy used by product managers in a variety of industries.

Although DOS sets the price for passport execution fees, the Postal Service needs to review the other aspects of its passport marketing mix from a customer-centric framework. The Postal Service could explore the evolving challenges and opportunities of customer demand, embrace an effective promotion strategy, and determine an optimal distribution of passport services nationwide. With these principles in mind, the OIG identified three areas where simple, common-sense changes could improve the customer service experience of applying for a passport: through clear communication about the application process, the assurance of accurate postal-provided information on *usps.com* and over the phone, as well as clear SOPs and best practices that empower postmasters to create successful PAFs.

The Postal Service faces the challenge of providing geographically diverse passport services that are available to all Americans, while also offering passport services in the most financially efficient manner. Even so, the Postal Service should embrace the techniques that successful businesses employ to drive consistent, quality customer service. The suggestions in this paper could improve customer service and create a streamlined passport application process, which could allow the Postal Service to garner a higher share of this growing market. Improving its passport offerings is strategically important as well. Its ability to successfully execute passports could open the door to offering more revenue-generating, governmental services.

Management's Comments

Management expressed concerns that the OIG's analysis of the Postal Service's market share for passports may not have taken into consideration that the number of passport renewals has been increasing in recent years. Otherwise, the Postal Service saw merit in and agrees with the essence of the OIG's findings.

See [Appendix E](#) for management's comments in their entirety.

³⁹ The Postal Service used to host fairs outside of post offices, but an OIG audit noted that personally identifiable information was not being properly protected. Now the Postal Service only hosts fairs at post offices. OIG, *Passport Personally Identifiable Information*, Report Number HR-MA-14-007, May 15, 2014, <http://www.uspsaig.gov/sites/default/files/document-library-files/2015/hr-ma-14-007.pdf>.

Evaluation of Management's Comments

In regards to [Figure 1](#), which charts the Postal Service's share of passport applications over the past 12 years, the OIG notes that some of the increase in applications received by DOS can be attributed to renewal applications. DOS was unable to provide the OIG with a breakdown of new and renewal passport applications. The Postal Service also was unable to provide this information. However, the OIG argues that irrespective of renewals, the decline in the share of new passport applications executed by the Postal Service since 2008 is evident. This is further illustrated by DOS's data on the number of applications processed by non-postal PAFs versus postal PAFs between 2013-2015, as noted on [page 5](#).

Appendices

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Appendix A: Customer Sentiment Research by DOS

DOS conducts customer surveys and complaint information from consumers. The data in this section are findings pulled from two separate DOS reports. Both reports include findings from all types of PAFs, not just postal PAFs. The first report is a categorization of all complaints received about passport service by DOS. These include complaints from customers at 810 PAFs. The second report includes the findings from a survey given to customers at premier acceptance facilities, during a pilot hosted by DOS during 2014.

The first report found that the most common complaints to DOS regarding passports were, in order from most to least, when the passport photo used was not the photo the applicant intended to be used, customer service, and policies and procedures. The report notes the specific facilities with the most complaints. Out of the top 1 percent of most complained about facilities (totaling eight facilities), six are postal PAFs, and one is a postal-managed “mega center,” a unique office opened primarily to handle passport traffic. The most complaints at these post offices came from processing times, switched passport photos, and facility information accuracy on the DOS website.

The second report summarizes customer priorities for acceptance facilities. Customers were asked to rate the importance of certain attributes of an acceptance facility from one to ten, with ten being very important. *Customers’ top five preferences, beginning with the most preferred, were walk-in appointments, photo services onsite, weekend hours, evening hours, and the accessibility of the office.* The least prioritized item, which still rated above a seven, was a designated area to fill in the passport forms. The findings from this survey show that customers have high expectations for acceptance facilities. *Respondents said they were most likely to choose a facility based first on location, and second on whether the location allowed customers to walk in, without an appointment.*

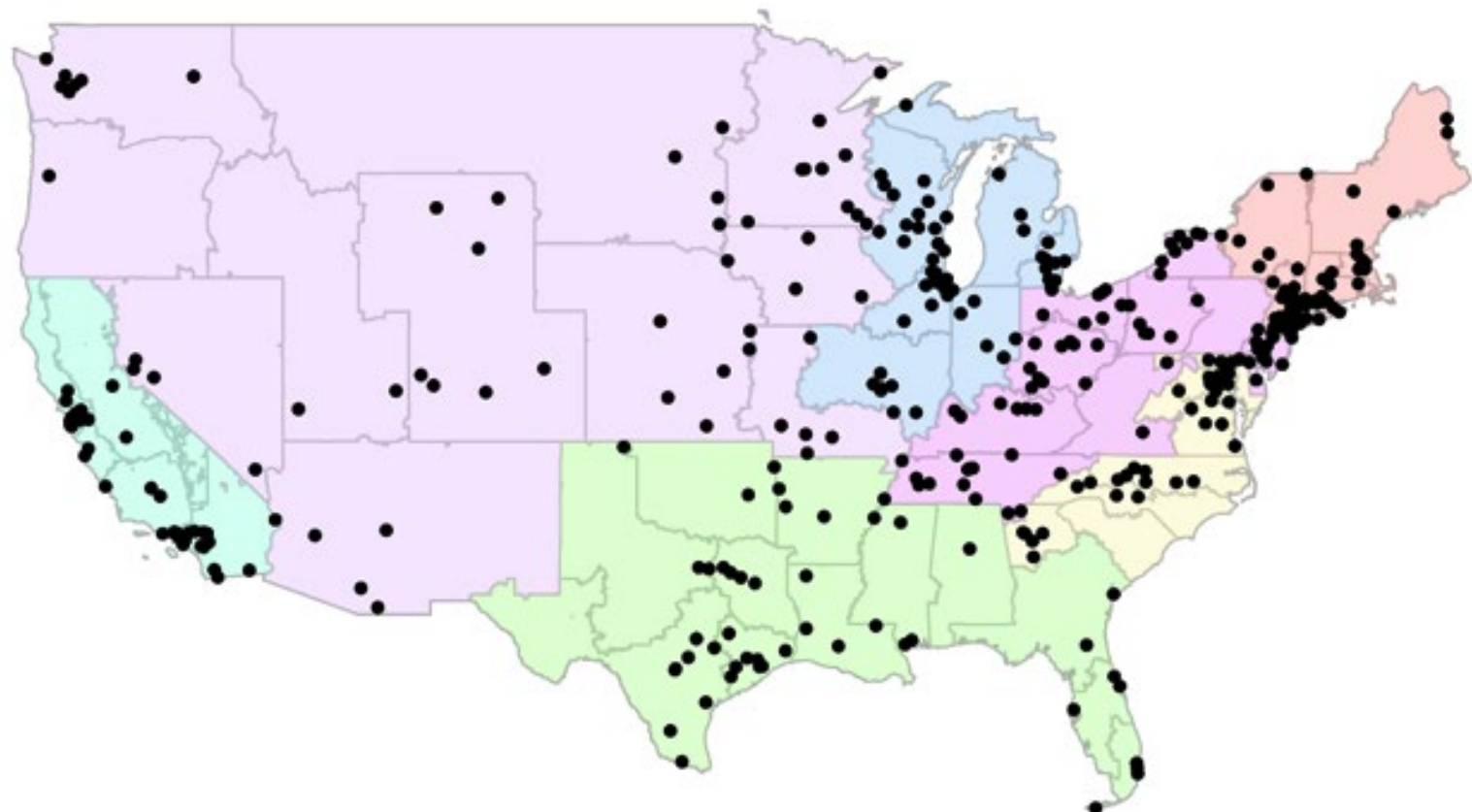
Appendix B: The OIG Sample Set

The OIG randomly selected 375 PAFs from a list of all PAFs that had a passport transaction in 2015. The OIG eliminated PAFs that, according to the *usps.com*'s locator, no longer offered passport services, and added new ones from the randomly ordered list of PAFs. The OIG team called each PAF during the *usps.com*-stated hours. The OIG asked the clerk who answered the phone three questions:

1. what the post office's passport hours were,
2. if an appointment was necessary,
3. and, if so, when the next available appointment was.

A mapping of each PAF location in the sample is provided below in Figure 17.

Figure 17: Mapping of OIG PAF Sample



Source: OIG Sample Locations.

The full descriptive statistics for the sample are provided in the following tables. In the body of the report, the OIG team only included the statistics where the outcome of the variable tested had a statistically significant correlation with revenue.

Table 3: OIG Sample — Comparison of FY 2015 Mean Revenues, by Conditions⁴⁰

Conditions Tested by OIG	PAFs that Meet the Condition	PAFs that Do Not Meet the Condition
Does PAF have any weekend hours?	\$27,348.88 (n = 112)	\$21,649.85 (n = 169)
Is PAF open for lunch (11 a.m. to 2 p.m.)?	\$27,089.31 (n = 173)	\$18,989.25 (n = 107)
Does PAF have evening hours (after 4 p.m.)?	\$22,617.65 (n = 17)	\$17,937.66 (n = 154)
Does PAF have walk-in applications?	\$30,899.42 (n = 130)	\$17,937.66 (n = 154)
Is PAF open 5 hours a day/5 days a week?	\$26,731.81 (n = 180)	\$18,935.85 (n = 106)
*Mean revenue for the total sample (n = 375) was \$27,312.13		

Source: OIG Analysis of Sample Data.

40 Some PAFs would not give exact times passport services were offered. That is why the total sample size varies from 280-284 offices.

Table 4: Additional Sample Attributes

Other Information about the Sample	Number of Post Offices
The PAF did not answer on the OIG's first call, but answered upon calling back, or listed their hours on their message machine	30
Received a busy signal on first OIG call, but was able to get through in a follow-up call	23
The PAF did not answer the phone, after at least 2 call attempts, and the OIG did not get through	60
On at least 2 call attempts, the OIG received a busy signal, and did not get through	22
The OIG was not able to reach the PAF by phone, but the PAF required an appointment, according to <i>usps.com</i>	54
Inaccurate hours are listed on <i>usps.com</i> , including those that no longer process passports and those without set hours	206
Inaccurate appointment information is listed on <i>usps.com</i>	48
PAFs that stated they are not currently processing passports (but are still listed in <i>usps.com</i>)	14

Source: OIG Analysis of Sample Data.

Appendix C: Acceptance Agent Analysis

The OIG analyzed Postal Service data on postal employees trained as passport acceptance agents. The goal of this analysis was to ascertain the average number of Acceptance Agents working at postal PAFs that execute the highest volume of passports annually, versus postal PAFs that execute the lowest volume of passports annually. To ensure representation from each region of the country, the highest and lowest volume postal PAFs were selected from each district, rather than the highest and lowest percentages from the overall list of postal PAFs.

According to the data available, the average number of employees that received passport training at the highest volume PAFs was 4.8, versus 1.5 for the lowest volume PAFs. However the data included a number of PAFs that executed passports in FY 2015, but did not have any employees listed as receiving the required annual training. The Postal Service told the OIG that the high turnover of clerks moving between postal PAFs may account for some PAFs without listed trainees for FY 2015. This indicates that the data on training for Acceptance Agents is unreliable, and thus the OIG could not confirm the accuracy of the analysis.

Table 5: Acceptance Agent Analysis

	Highest Volume PAFs	Lowest Volume PAFs
Average number of trained acceptance agents per PAF	4.8	1.5
Average number of annual passport applications executed per acceptance agent	1,837.2	29.9

Source: OIG Analysis.

Appendix D: High and Low Volume Post Office Attributes

The OIG team also compared the highest volume postal PAFs with the lowest volume PAFs. The OIG separated the data by district, identifying the facility with the highest volume of passports processed and the facility with the lowest number of passports processed. The transactional database lists a number of post offices that used to be PAFs, but no longer offer passport services. This can falsely underrepresent the productivity of low volume PAFs. To compensate, the OIG first looked online to see if the PAF was listed in the *usps.com* facility locator and DOS’s PAF locator. There are 67 retail districts, and one of the districts had a tie between the two highest volume facilities. The OIG called each facility to verify the hours listed on *usps.com*’s facility locator feature and to verify if an appointment was necessary.

Out of the 68 high volume post offices, only 38 PAFs answered the OIG’s calls. Out of the 67 low volume PAFs, 56 answered the calls, but only 38 actually offered passport services. Because of the low answer rate, these findings cannot be extrapolated out to represent all high and low revenue PAFs. Examining the trends in revenue and processes, though, can shed light on potential best practices. For this analysis, the OIG included information for two groups, all high and low volume post offices, and just the ones that answered the calls and verified their information. All descriptive attributes are only calculated for PAFs that answered the phone.

There are a number of findings from this exercise. The mean and medians between the high revenue and low revenue offices were spectacularly different. High volume offices had over 200 times the revenue, on average, of low revenue offices. High volume PAFs provide services above and beyond low volume PAFs. The high volume PAFs are more frequently open at night, on weekends, and during lunch. They are also more likely to have walk-in appointments available.

Table 6: Mean Revenues of High and Low PAF Sample

	High Volume PAFs	Low Volume PAFs
Mean revenue for all identified PAFs	\$217,583.82 (n = 68)	\$1,149.25 (n = 67)
Mean revenue for PAFs responsive to the OIG’s calls	\$212,130.26 (n = 38)	\$1,611.84 (n = 38)

Source: OIG Analysis.

Table 7: FY 2015 Mean Revenue Comparison of High and Low Volume PAFs

Conditions tested by OIG	High Volume PAFs		Low Volume PAFs	
	PAFs that met condition	PAFs that did not meet condition	PAFs that met condition	PAFs that did not meet condition
Does PAF have any weekend hours?	\$242,580.21 (n = 24)	\$159,930.36 (n = 14)	\$1,222.22 (n = 8)	\$1,710.71 (n = 28)
Is PAF open for lunch (11 a.m. to 2 p.m.)?	\$221,537.90 (n = 30)	\$163,984.38 (n = 8)	\$2,046.15 (n = 13)	\$1,378.26 (n = 23)
Does PAF have evening hours (after 4 p.m.)?	\$215,038.64 (n = 11)	\$210,945.37 (n = 27)	\$0.00 (n = 0)	\$1,611.84 (n = 38)
Does PAF have walk-in applications?	\$212,210.48 (n = 31)	\$211,775.00 (n = 7)	\$1,551.56 (n = 13)	\$1,573.81 (n = 21)

Source: OIG Analysis.

Table 8: Additional Attributes

Other Information about the Sample	Number of High Volume Post Offices	Number of Low Volume Post Offices
The post office did not answer on our first call (rang for a while, or straight to message machine)	37	11
Received a busy signal on first our call	8	9
The post office did not answer ever, after at least 2 call attempts	30	11
Received an additional busy signal after repeated calls	5	3
Inaccurate hours are listed on <i>usps.com</i>	18	50
Inaccurate appointment information is listed on <i>usps.com</i>	5	6
Post offices that stated they are not currently processing passports, but say they are on <i>usps.com</i>	0	17
Post offices that violate the 5 hours a day/5 days a week guideline	5	20

Source: OIG Analysis.

Appendix E: Management's Comments

KELLY M. SIGMON
VICE PRESIDENT, RETAIL AND CUSTOMER SERVICE OPERATIONS



April 6, 2016

RENEE SHEEHY
DIRECTOR, RISK ANALYSIS RESEARCH CENTER
U.S. POSTAL SERVICE OFFICE OF INSPECTOR GENERAL

SUBJECT: Passport to Excellence (Final Review Draft)

Thank you for the opportunity to respond to the March 18, 2016 Final Review Draft of the White Paper "Passport to Excellence". While we agree with the paper's general concepts of increasing passport revenue, improving customer service and realizing potential benefits beyond that of the passport program - we also believe it is important to identify those elements within the report that have already been implemented or that are being targeted for implementation - as well as those items that we may not concur with.

The basis of the OIG White Paper uses the underlying premise that the USPS market share for passports has been stagnant or steadily declining over the past several years. It appears that the data used in the analysis may not have taken into consideration that the number of Passport renewals has likewise been increasing over the same time span. Assuming that renewals were not extrapolated from the application data helps to understand why the USPS Market Share trend may appear to be in the negative - when in actuality - the trending may be heading in a positive direction. YTD FY16 Passport Services and Fees revenue through March shows that the Postal Service has a 17.4% gain over SPLY.

Despite some differences in how the data sources may be interpreted, the OIG Executive Summary suggests that only simple changes are necessary for the USPS to realize an improvement in the passport experience of its customers and the overall performance of the program. The detailing of those opportunities is displayed on Page 25 - Table 2 of the OIG report and is outlined in three basic strategies: Reducing customer confusion, ensuring accurate online information and providing consistent service. The Postal Service feels each of these strategies bears some merit and agrees with the essence of the concepts.

In terms of reducing confusion for customers, the Postal Service has made recent changes to its website, and will be updating signage at all PAFs. It will also be providing a scripted response for employees who answer customer's passport questions via the phone as suggested in the White Paper. To stay in alignment with the Department of States preferred method of relaying passport application information, the Postal Service has a link on its usps.com Website directing customers to the DOS site for further assistance.

Regarding the need for accurate online PAF information, the USPS requires all PAF's to review and certify their facility information on a semi-annual basis. This is twice as often as any non-retail location would be required to validate accuracy of information. Changes can only be made by the Headquarter Program Office if site modifications are needed. Upcoming updates to FDB will provide even more visibility of services to Passport customers. In addition, Postal Service Headquarters implemented a number of changes to the online appointment process in June of 2015 - following earlier OIG recommendations.

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Finally, the USPS has been standardizing its practices and enforcing the guidelines for optimizing PAF operations. This closely aligns with the third OIG strategy. An updated Passport Guide for Managers was recently posted to the Internal USPS Retail Website and a revised version of the Passport Fair Guide is currently in the making. The Postal Service has started to track both revenue and performance data from recent Passport Fairs and has already recorded results from the approximately 470 Passport events that have been conducted in FY16 through March.



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