Examining Trends in the Postal Service's Workforce Composition

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EXAMINING TRENDS IN THE POSTAL SERVICE'S WORKFORCE COMPOSITION REPORT NUMBER: RISC-RI-24-007

Examining Trends in the Postal Service's Workforce Composition

The United States has experienced a tightening labor market in recent years, making it challenging for organizations to recruit and retain the talent they need. Meanwhile, declining mail volume and a growing parcel business have impacted the Postal Service's staffing needs. What has this environment meant for the Postal Service's workforce?

ver much of the last decade, the United States has experienced a tightening labor market, making it more challenging for organizations to hire and retain the employees they need. As 2023 ended, the national unemployment rate hovered at 3.7 percent, near its lowest point in five decades. There were more job openings than unemployed people in all but two U.S. states, and the civilian labor force participation rate remained below its pre-pandemic level. Defined as the percentage of the noninstitutional workforce population working or actively looking for work, a low labor force participation rate points to fewer available workers to fill open positions. Meanwhile, as the labor market tightened, workers gained substantial leverage. To remain competitive, organizations have had to raise wages and accommodate employees' demands for a more flexible workplace, including the option to work remotely.

With a workforce of roughly 637,000 that is present in every American city, the Postal Service is acutely affected by the state of the country's labor market and the challenges it can pose to hiring and retaining top talent. In addition, the agency's business has changed in recent years. Declining mail volume and a growing share of parcels in the mail mix have also impacted the composition of the Postal Service's workforce. This paper examines how the Postal Service's workforce has evolved. Specifically, the objectives of this paper are to:

- Show how the size of the Postal Service's workforce has changed over the last five fiscal years, between 2019-2023.
- Determine whether the Postal Service is experiencing staffing shortages and identify the workforce segments and the geographic locations where shortages may exist.

By analyzing trends across crafts and different parts of the country, this paper will offer insight into staffing challenges encountered by the Postal Service and shed light on the organization's possible hiring needs. See Appendix A for more information about the project's scope, objectives, and methodology.

Overall Growth in the Postal Service's Workforce

The size of the Postal Service's workforce grew overall between FY 2019-2023, with some crafts adding employees, and other crafts ending the period with fewer employees than when it began.

Overall, the Total Number of Postal Service Employees Grew Between FY 2019-2023

The Postal Service added a total of 8,105 employees between FY 2019-2023, a 1.3 percent increase over the five-year period. At the end of FY 2023, the Postal Service had 636,966 employees onboard.

The largest single-year increase occurred between FY 2019-2020 (+10,964 employees), while the largest decrease occurred between FY 2021-2022 (-17,281 employees). During the COVID-19 pandemic, the Postal Service ramped up hiring because many of its employees were unavailable to work. The agency enacted a liberal leave policy to support employees who were sick or otherwise impacted by the virus. As the pandemic receded, the pace of hiring slowed.

USPS Added Clerks and Mail Handlers Between FY 2019-2023, But Lost Carriers and Maintenance Employees

At the end of FY 2023, five crafts made up nearly 90 percent of the Postal Service's workforce. Crafts can include both career and pre-career employees:

- City carriers
- Rural carriers
- Mail handlers
- Clerks
- Building and equipment maintenance

The number of mail handlers and clerks increased between FY 2019-2023, but the Postal Service shed rural carriers, building and equipment maintenance employees, and a small number of city carriers.

Figure 1. Total USPS Employees (FY 2019-2023)

The Postal Service added 8,105 employees between FY 2019-2023, a 1.3 percent increase. Hiring accelerated during the COVID-19 pandemic, due to employee unavailability.



Figure 2. Job Descriptions of USPS Employees in Five Crafts

Five crafts made up roughly 90 percent of the Postal Service's workforce in FY 2023. Crafts can include career and pre-career employees.

- **City carriers** deliver and collect mail on foot or by vehicle in an assigned area.
- Rural carriers prepare, deliver, and collect mail along a rural route using a vehicle, and they provide customers on the route with a variety of services, including selling stamps and money orders.
- Mail handlers load, unload, and move mail and packages from trucks and sorting equipment, and they perform other duties related to mail processing.
- Clerks work in post offices where they serve customers and sell postal products and services, and they work in plants where they help to process mail.
- Building and equipment maintenance employees provide custodial services at USPS facilities and maintain mail processing equipment.

Source: OIG analysis of USPS job descriptions

In percentage terms, the number of mail handlers increased the most, rising 18.8 percent. The steep increase was due to a growing number of packages in the mail mix, and updated equipment in processing plants that depends more heavily on mail handlers. The building and equipment maintenance craft experienced the largest decline, falling by 6.1 percent between FY 2019-2023. Meanwhile, the number of rural carriers fell by 3.1 percent, city carriers slipped by less than half of one percent, while the number of clerks rose by 1.9 percent. According to the Postal Service, the number of clerks grew, in part, due to Covid-19 test kit activity. The agency also stated that it has had a particularly difficult time retaining pre-career city and rural carriers since the onset of the COVID-19 pandemic.

Figure 3. Change in the Number of USPS Craft Employees (Career and Pre-Career Combined FY 2019-2023)

Between FY 2019-2023, USPS added mail handlers and clerks, but shed rural carriers and building and equipment maintenance employees. The city carrier complement was largely unchanged.



Source: OIG analysis of USPS data

Except for mail handlers, every craft saw the number of career employees increase and the number of pre-career employees shrink between FY 2019-2023.¹ City carriers diverged the most, with the career workforce growing by 5.2 percent, and the pre-career workforce contracting by 20.8 percent. According to the Postal Service, the trend toward more career employees was due to converting pre-career employees to career status. As part of its *Delivering for America* 10-year plan, the Postal Service committed to stabilizing the workforce. To help achieve this goal, the Postal Service converted many pre-career employees to career status. Today, over 300 sites only hire career carriers in lieu of pre-career city carrier assistants.

Table 1. Change in USPS Craft Employees(Career vs. Pre-Career FY 2019-2023)

Every craft added more career employees than pre-career employees between FY 2019-2023. Most crafts saw the size of their pre-career workforce shrink.

Craft	FY 2019-2023 Career Change	FY 2019-2023 Pre-Career Change
Mail	36,939 → 45,131	7,137 → 7,241
Handler	+22.2%	+1.5%
Rural	73,169 → 78,268	58,222 → 49,103
Carrier	+7.0%	-15.7%
City	166,345 → 175,011	42,121 → 33,371
Carrier	+5.2%	-20.8%
Clerk	122,648 → 128,489 +4.8%	25,961 → 22,905 -11.8%
Building / Equipment Maintenance	29,858 → 28,039 -6.1%	No pre-career employees

Source: OIG analysis of USPS data

A Majority of Retail and Delivery Districts Lost Employees Between FY 2019-2023, While Most Processing Divisions Gained Employees

Retail and delivery facilities are organized into 50 districts, spread across the country. Some states have just one district, while other states have multiple districts.^{II} Districts primarily employ mail carriers and customer service clerks. For a map of the Postal Service's districts, see Figure 4.

The Postal Service's processing facilities are organized into 13 divisions, which mostly employ mail handlers and mail processing clerks. Both districts and divisions have building and equipment maintenance employees. For a map of the Postal Service's divisions, see Figure 4.

Examining how many districts and divisions gained or lost employees can reveal how the overall change in the size of the Postal Service's workforce was spread across its network. The OIG found that a majority of districts (33/50) lost employees between FY 2019-2023. In contrast, a majority of divisions (11/13) added to their workforce. This was driven by an overall decline in the number of carriers and retail and customer service clerks, and an overall increase in the number of mail handlers and processing clerks. Among the Postal Service's 50 **districts**, Puerto Rico grew the most on a percentage basis between FY 2019-2023, with the size of its workforce increasing by 20.1 percent. The Hawaii district experienced the next largest increase on a percentage basis, growing by 13.3 percent. The New York 1 district saw the biggest decline in employees on a percentage basis, shrinking by 9.2 percent. New York 1 includes every borough of New York City except Queens.

Across the agency's 13 **divisions**, Gulf Atlantic processing saw the most growth between FY 2019-2023 on a percentage basis, with its workforce increasing by 23.2 percent. The Gulf Atlantic division includes Alabama, Florida, Mississippi, and Puerto Rico. The Pacific Northwest processing division experienced the largest contraction, with the number of employees decreasing by 3.9 percent.

For analysis of the districts and divisions that gained or lost employees in each craft, see Appendix B.

Signs of Surplus & Shortage in the Postal Service's Workforce

Organizations in the United States continue to face a tight labor market, with many struggling to recruit and retain the employees they need. In a March 2024 survey of small business owners conducted by the National Federation of Independent Businesses, 37 percent reported having job openings they could not fill.^{III} A 2023 survey of federal employees suggests that government may also be struggling with a labor shortage: More than one in three respondents did not believe that their workload is reasonable, potentially signaling that agencies do not have enough employees onboard.^{IV}

The Postal Service must compete for talent with government and the private sector alike, and there is evidence that the agency does not always have enough employees onboard to achieve its mission.

Recent OIG audits and reports from local media outlets highlighted how staffing shortages at some postal facilities hurt service performance, contributing to mail delays.

Figure 4. Map of the Postal Service's Districts and Divisions

Retail and delivery facilities are organized into 50 districts, spread across the country (below, top). Its processing facilities are organized into 13 divisions (below, bottom).



Source: USPS 2023 Annual Report to Congress

For example, a December 2023 OIG audit of service performance in Colorado mountain towns found below average on-time delivery, with hiring and retention challenges partially to blame. Similarly, 2023 audits of postal facilities in Delaware, Florida, Maine, Minnesota, and Tennessee, as well as an audit of the Richmond, Virginia RPDC released in 2024, all found evidence of staffing shortages adversely impacting service performance.

In addition to a competitive job market, staffing shortages can be caused by a slow hiring process and an inability to retain employees, two areas where the Postal Service has encountered challenges. However, the agency recently reduced the time it takes to hire new employees, with average nationwide time to hire shrinking by 35 percent between FY 2021-2023. While the Postal Service's Delivering for America 10-year plan outlined steps to reduce pre-career employee turnover by half, an April 2023 OIG analysis found that high turnover persists. Additionally, unlike many private sector organizations and the rest of the federal government, Postal Service employees' base rate of pay does not adjust according to their locality, which means that the Postal Service does not adjust its employees' pay based on local labor market conditions or the cost of living. This can make the agency a highly attractive employer in parts of the country where the labor market is weak and the cost of living is low, but pose challenges to recruiting and hiring in areas of the country where the local labor market is tight and the cost of living is high. Implementing locality pay could result in significant changes to wages in some

parts of the country, and the Postal Service has highlighted the challenges of agreeing on a locality pay system with its unions.^v

Measuring Labor Surplus and Shortage at the Postal Service

One way the Postal Service determines whether it is adequately staffed is by comparing the number of career employees on roll with the number of career employees that are authorized or earned. "On roll" refers to the number of employees in the Postal Service's workforce, while both "authorized" and "earned" refer to the number of employees the Postal Service believes it must have on roll to meet its staffing needs.vi Fewer employees on roll than authorized/ earned could point to a labor shortage, while more employees on roll than authorized/ earned could suggest a labor surplus. The Postal Service updates its authorized/earned calculations on at least a weekly basis based on a host of factors, including mail volume, number of routes, workload, and future attrition. The OIG did not evaluate the Postal Service's methodology for calculating the number of authorized/earned employees.

One way the Postal Service evaluates its precareer employee staffing levels is to compare the number of pre-career employees on roll with the size of the pre-career employee cap. The cap, negotiated with labor unions, is the maximum number of pre-career employees the Postal Service is contractually allowed to have on roll. The cap represents a ceiling and does not necessarily reflect the total number of pre-career employees the Postal Service believes it needs to be fully staffed. However, substantially fewer pre-career employees on roll than the cap allows could signal a staffing shortage, particularly if the number of career employees on roll also trails the number that are authorized/earned.

To more closely determine how many pre-career employees it needs to be fully staffed, the Postal Service also calculates an "authorized" number for its pre-career workforce. The number of authorized pre-career employees needed is determined based on a combination of factors including the number of career employees on roll, workload, and route composition, among other factors.

The OIG requested "authorized staffing" data from the Postal Service for FY 2023 to evaluate whether there were surpluses or shortages in the pre-career workforce, but the Postal Service was only able to provide this data for pre-career city carriers (CCAs). The agency told the OIG that it only began to calculate an "authorized" number for precareer processing clerks and mail handler assistants late in FY 2023. Additionally, the Postal Service stated that pre-career rural carrier staffing was complex, with precareer authorized staffing levels determined by each district's route composition and the number of part-time flexible career rural carriers on roll, among other factors. The Postal Service noted complications involved in providing the "authorized" data for the pre-career rural carrier workforce, so the OIG was unable to complete analysis of its rural, pre-career staffing.

To assess whether the Postal Service experienced a labor shortage in FY 2023, this paper compared the number of career employees on roll with the number of career employees that were authorized/earned. To evaluate how the size of the Postal Service's pre-career workforce compared to the number the agency was contractually allowed to employ, this paper compared pre-career employees on roll to the number allowed by the cap. Given the data limitations described above, except for the pre-career city carrier workforce, the OIG decided to only report pre-career on roll versus cap instead of pre-career on roll versus authorized.

Some Crafts Had a Surplus of Employees in FY 2023, While Other Crafts Had a Shortage

- City carriers: The number of career city carriers on roll exceeded authorized/ earned by just over half of one percent in FY 2023. The Postal Service supplements its career city carrier workforce with pre-career city carrier assistants (CCAs), and the number of CCAs on roll was 23.7 percent below the cap.^{vii}
- Rural carriers: The Postal Service had less than one percent fewer career rural carriers on roll than were authorized/earned in FY 2023, but 43 percent fewer pre-career rural carrier associates than the cap allowed.^{viii}
- Mail handlers: There were 2.6 percent fewer career mail handlers on roll than authorized/earned in FY 2023, while the number of pre-career mail handlers on roll trailed the cap by 19.8 percent.
- Clerks: The number of career processing clerks on roll exceeded authorized/ earned by 1.3 percent in FY 2023, while pre-career processing clerks on roll trailed the cap by 11.2 percent. The total number of retail and customer service clerks on roll in FY 2023 was 3.3 percent larger than the number authorized/earned.^{ix}

 Building and equipment maintenance: Building and equipment maintenance employees work in districts and divisions, and all are career-level employees. In FY 2023, the number of building and equipment maintenance employees on roll trailed the number that were authorized/earned by 2.9 percent (see Table 2).

Table 2. Labor Surpluses, Shortages, andDistance from the Cap, by Craft

No craft had a substantial surplus or shortage of career employees on average in FY 2023. The largest deficit was 2.9 percent (building and equipment maintenance), and the largest surplus was 1.3 percent (career processing clerks). The number of pre-career employees trailed the cap by double digits in every craft.

Craft	Career: Surplus / Shortage	Pre-Career: % Below Cap	
City Carrier	+0.6%	-23.7%	
Rural Carrier	-0.6%	-43.0%	
Mail Handler	-2.6%	-19.8%	
Building / Equipment Maintenance	-2.9%	No pre-career employees	
Clerk: Processing	+1.3%	-11.2%	
Career + Pre-Career Surplus / Shortage			
Clerk: Retail and Customer Service	+3.3	%	

Source: OIG analysis of USPS data

Across the U.S., Labor Shortages at the Postal Service Vary by Region

To shed light on workforce staffing levels geographically, the OIG compared the number of employees on roll with the number earned, authorized, or allowed by the cap in every district and division. We found that most districts and divisions had a surplus of career city carriers and career clerks, but a shortage of career rural carriers and career mail handlers. As expected, in nearly every district and division, the number of pre-career employees trailed the cap, regardless of craft.

• City carriers:

Career: The number of career city carriers on roll exceeded authorized/earned in 30 districts and trailed it in 20. On roll outpaced authorized/earned by as much as 21.3 percent in the Puerto Rico district (amounting to a surplus of 178 career city carriers) and lagged it by as much as 5.0 percent in the California 5 district (a shortage of 221 career city carriers). All six California districts, all three Florida districts, both Illinois districts and two out of three districts in Texas registered a shortage. Notably, of the 10 districts with the highest cost of living, five are in California, suggesting that high cost of living may be associated with employee shortages. In districts with fewer career city carriers on roll than authorized/earned, the average deficit was 1.5 percent. Districts with more city carriers on roll than authorized/earned had a surplus of 3.5 percent on average.

Pre-Career: In FY 2023, the number of precareer city carrier assistants on roll was smaller than the number allowed by the cap in all 50 districts.^x The gap between on roll and cap was as small as 4.6 percent in the Florida 2 district, and as large as 77.8 percent in the California 1 district. California 1 includes Silicon Valley, one of the nation's most expensive places to live. Indeed, cost of living was higher in districts with larger gaps between on roll and cap than in districts with smaller gaps. The Postal Service also saw larger than average deficits in many Midwestern districts. In fact, nine of 12 districts located in the Postal Service's "Central Area" had deficits that were larger than average. By contrast, no district located in the Postal Service's "Southern Area" registered an above average deficit.

The OIG found that districts with a shortage of career city carriers relied more heavily on CCAs than districts with a surplus. For example, districts with a shortage of career city carriers had a CCA complement that was 5.0 percentage points closer to the cap than districts with a surplus of career city carriers.

Figure 5. Percentage of CCAs On Roll Compared to Cap

The number of CCAs on roll was closer to the cap in districts with a shortage of career city carriers than in districts with a surplus.



Source: OIG analysis of USPS data

Rural carriers

Career: Of the 49 districts that employ career rural carriers, 20 districts had a surplus, 28 had a deficit, and one had the same number on roll as authorized/earned. The California 6 district had the largest surplus of career rural carriers at 8.8 percent (amounting to 52 career rural carriers). After the California 5 district, which had just seven rural carriers on roll, the Idaho-Montana-Oregon district had the largest deficit at 5.1 percent (amounting to 80 career rural carriers). In districts with a deficit, the average shortage was 2.0 percent. In districts with parity or a surplus, on roll topped authorized/ earned by an average of 2.4 percent.

Pre-career: Rural carrier associates (RCAs) make up the bulk of the Postal Service's pre-career rural carrier workforce. In FY 2023, all but one district had fewer RCAs on roll than the cap allowed. After the Alaska district, with a gap to cap of 70.9 percent but just three RCAs on roll, the largest deficit was 61.1 percent in the New York 2 district (amounting to 83 RCAs). No district had a deficit smaller than 21 percent. RCAs on roll exceeded the cap in just one district, Puerto Rico, by 3.2 percent. As was the case with pre-career city carriers, average cost of living was higher in districts with larger gaps between on roll and cap than in districts with smaller gaps.



Mail handlers:

Career: The number of career mail handlers on roll lagged authorized/earned in all 13 divisions in FY 2023. Deficits ranged from just over half of one percent in the Southwest Processing division, to 5.4 percent in the Western Processing division. In most of the Postal Service's divisions, the number of career mail handlers on roll began to catch up with or even exceed authorized/earned in the second half of FY 2023. In April of FY 2023, the Postal Service significantly reduced the number of authorized/earned career mail handlers to account for a changing workload. This had the effect of bringing the number on roll closer into line with the number that were authorized/earned.

Pre-career: In addition to its career mail handlers, the Postal Service employs pre-career mail handler assistants (MHAs). The number of mail handler assistants trailed the cap in 12 of 13 divisions in FY 2023, lagging it by as much as 50.8 percent in the Pacific Northwest processing division. The Gulf Atlantic processing division was the only division in which the number of MHAs on roll exceeded the cap, doing so by 2.0 percent or 20 employees. In divisions with fewer MHAs on roll than the cap allowed, the average gap was 22.0 percent.

It might be expected that divisions with the largest shortages of career mail handlers would have the smallest gaps between the number of pre-career MHAs on roll and the cap. After all, divisions might attempt to compensate for a shortage of career employees by hiring a larger number of precareer MHAs. However, this was not always the case in FY 2023. Of the seven divisions with a larger than average shortage of career mail handlers, only four had either a smaller than average deficit–from-cap of MHAs, or a surplus (Gulf Atlantic, South Atlantic, Southeast, and Southern California).

Building and equipment maintenance:

The Postal Service changed the organizational structure for some building and equipment maintenance employees (field maintenance staff), moving them out of the division complement and into the district complement. Because the Postal Service has not yet modified its authorized/earned calculations to reflect this change, we cannot compare on roll vs. authorized/earned at the district/division level in FY 2023.



Clerks

Retail and Customer Service Clerks:

33 districts had more retail and customer service clerks on roll than authorized/ earned in FY 2023, while 17 districts had fewer.^{xi} The gap ranged from a surplus of 35.4 percent or 511 clerks in the New York 1 district, to a shortage of 3.1 percent or 50 clerks in the Wisconsin district. In districts with more clerks on roll than authorized/earned, the average surplus was 6.4 percent, while the average deficit in districts with a shortage was 1.6 percent.

Geographically, just one district in the Eastern part of the United States registered a deficit (Delaware-Pennsylvania 2), while shortages were found in six districts in the Postal Service's Central area, five districts in the Southern area, and five districts in the Western Pacific area.

Processing Clerks: In FY 2023, nine of the Postal Service's divisions had more career processing clerks on roll than authorized/ earned, while four had a deficit. New York Metro division had the largest surplus at 5.4 percent (239 clerks) while the Southern California division had the biggest deficit at 1.6 percent (64 clerks). In divisions with more processing clerks on roll than authorized/ earned, the average surplus was 2.2 percent. In the four divisions with fewer career processing clerks on roll than authorized/ earned, the average deficit was marginal at just over half of one percent. In many divisions, surpluses widened, and deficits shrank in the second half of the fiscal year.

The Postal Service also employs precareer mail processing clerks, and 11 of 13 divisions had fewer on roll than the cap allowed. The largest deficit was 36.1 percent in the Western division. Two of the Postal Service's divisions exceeded the cap: Chesapeake, by 16.8 percent or 123 employees, and Southeast, by 7.7 percent or 50 employees. Under certain circumstances, the Postal Service is contractually permitted to exceed the pre-career employee cap.

In divisions with fewer pre-career processing clerks on roll than the cap allowed, the average deficit was 14.6 percent. In divisions that exceeded the cap, the average surplus was 12.2 percent.

Districts and Divisions with Shortages Used More Overtime

The OIG evaluated whether districts and divisions with a labor shortage used more overtime than those with a surplus in FY 2023. We found this to be the case for every craft except rural carriers.

For example, in districts with a shortage of career city carriers, overtime accounted for 17.2 percent of the total work hours logged by the career and pre-career city carrier workforce on average, compared to 16.3 percent in districts with a surplus. Similarly, in districts with a shortage of retail and customer service clerks, overtime constituted 12.3 percent of total work hours on average, compared to 9.9 percent in districts with a surplus. For career processing clerks, the share of overtime was 6.0 percent in divisions with a shortage, versus 5.7 percent in divisions with a surplus. Meanwhile, five of the seven divisions with a larger than average shortage of career mail handlers also had above average overtime use. Rural carriers marked the lone exception: Districts with a shortage of career rural carriers used a fraction less overtime (8.5 percent of total work hours) than districts with parity or a surplus (8.6 percent).xii

USPS Workforce Strategies

In its *Delivering for America* 10-year plan, the Postal Service pledged to be an "employer of choice that hires, develops, and retains the most capable and diverse employees." To achieve this goal, the agency experimented with new technology that would make it easier for applicants to apply for jobs on their mobile devices, added multimedia content to the job application process to provide applicants with a more complete picture of what each job entails, and took steps to reduce turnover in the pre-career workforce. Measures aimed at reducing turnover included automatically converting pre-career city carrier assistants, postal support employees (PSEs), and mail handler assistants to career status after 24 months of service, piloting a mentoring program, capping the number of hours that newly hired pre-career employees can work, and requiring supervisors to have performance discussions with pre-career employees during their first 30, 60, and 80 days of employment.

Despite the Postal Service's efforts, work remains to be done. An April 2023 OIG audit found that many pre-career employees continue to struggle with a heavy workload, threatening the Postal Service's retention goals. Additionally, an OIG audit released in April 2024 found that the Postal Service faces challenges getting people to apply for certain pre-career positions. As a follow-up to this research insights paper, the OIG plans to conduct additional research on the Postal Service's workforce challenges.

Figure 6. Difference Between on Roll and Authorized/Earned/Cap in Every District and Division

Most districts and divisions had a surplus of career city carriers and career clerks, but a shortage of career rural carriers and career mail handlers. As expected, in nearly every district and division, the number of pre-career employees trailed the cap, regardless of craft.



Note: Each dot represents a district or division.

A Possible Future Retirement Wave

The Postal Service is facing a possible retirement wave, with many employees currently eligible to retire or approaching retirement eligibility. While not every employee will retire as soon as they are eligible, and the Postal Service's staffing needs may change over time, a retirement wave could cause workforce challenges.

A Potential Retirement Wave in All Five Crafts

A substantial number of employees are approaching retirement eligibility in all five crafts analyzed by the OIG (city carriers, rural carriers, clerks, mail handlers, and building and equipment maintenance).xiii

As of November 2023, across all five crafts combined, 19.8 percent of employees were currently eligible to retire, an additional five percent will be eligible in the next year, and 13.1 percent on top of that will be eligible within the next five years. Altogether, over half – 52.8 percent – will be eligible to retire within the next decade.

Figure 7. Retirement Eligibility Across Five Crafts Combined

A substantial number of USPS employees are either currently eligible to retire or approaching retirement eligibility. Altogether, 52.8 percent of the employees analyzed by the OIG will be eligible to retire within the next decade.



These numbers exceed the federal government overall. At the end of FY 2023, 14 percent of the federal workforce was eligible to retire, 2.8 percent more will be eligible in the next year, and 13 percent on top of that will be eligible within the next five years. In total, 45.1 percent of federal employees will be eligible to retire in the next decade.^{xiv} Of the nearly 159 million civilian, noninstitutionalized people employed in the United States in 2023 who were at least 18 years old, 23.6 percent were 55 years old or older.

Additional key findings include:

- As of November 2023, nearly one in three building and equipment maintenance employees were currently eligible to retire, while the number of currently eligible city and rural carriers, clerks, and mail handlers was between 17.0 and 22.1 percent.
- In every craft, at least one in three employees will be eligible to retire within the next five years, and roughly 50 percent or more of employees will be eligible to retire within the next 10 years.

For a retirement eligibility timeline by craft, see Table 3.

Table 3. Retirement Eligibility by Craft

All five crafts face a potential retirement wave. In every craft, at least 17 percent of employees are currently eligible to retire, at least one in three will be eligible within five years, and roughly 50 percent or more will be eligible in the next decade.

Craft	Currently Eligible	Eligible Within 5 Years	Eligible Within 10 Years
City Carrier	17.0%	33.3%	47.8%
Rural Carrier	17.6%	39.9%	58.0%
Clerk	22.1%	40.2%	54.3%
Mail Handler	20.4%	36.1%	49.7%
Building / Equipment Maintenance	31.9%	53.8%	67.4%

Source: OIG analysis of USPS data

Most Districts and Divisions Face Substantial Retirements

A significant number of the Postal Service's 50 districts and 13 divisions are susceptible to a retirement wave. In 58 of 63 districts and divisions (92.1 percent), at least onethird of all craft employees will be eligible to retire within the next five years.^{xv}

For a retirement eligibility timeline by district/division and craft, see Table 4.

Table 4. Retirement Eligibility byDistrict/Division and Craft

In 46 percent of districts, at least one in three city carriers will be eligible to retire within the next five years. That number rises to 79.6 percent of divisions for mail handlers, 87.8 percent of districts for rural carriers, 93.7 percent of districts/divisions for clerks, and 100 percent of districts/divisions for building and equipment maintenance employees.

Craft	Percent of Districts / Divisions with At Least 1/3 Eligible in the Next 5 Years
City Carrier	46.0%
Rural Carrier	87.8%
Mail Handler	79.6%
Building / Equipment Maintenance	100%
Clerk	93.7%
All Five Crafts Combined	92.1%

Source: OIG analysis of USPS data

Conclusion

The Postal Service's business has changed in recent years. Declining mail volume and a growing share of parcels in the mail mix have impacted the composition of the Postal Service's workforce. In addition, the U.S. labor market has experienced dramatic swings, cratering in the early days of the COVID-19 pandemic, then tightening considerably, as organizations struggled to recruit, hire, and retain employees. In 2023, the U.S. unemployment rate neared its lowest point in five decades. With a workforce of roughly 637,000 that is present in every American city, the Postal Service is acutely affected by the state of the country's labor market.

Despite the tight labor market, the OIG found that no craft had a substantial shortage or surplus of career employees on average in FY 2023. Across all five crafts, the largest deficit was 2.9 percent (building and equipment maintenance employees), and the largest surplus was 1.3 percent (career processing clerks).xvi Regarding the pre-career workforce, the number of employees on roll trailed the cap by double digits in every craft. While the Postal Service does not always aim to hire the maximum number of pre-career employees the cap allows, some crafts had yawning deficits. For example, pre-career city carriers on roll trailed the cap by 23.7 percent, and precareer rural carriers lagged the cap by 43 percent on average in FY 2023. These employees have been particularly difficult for the Postal Service to retain since the onset of the COVID-19 pandemic. Staffing levels can affect how the Postal Service delivers on

its mission, with recent OIG audits of several USPS facilities finding evidence of labor shortages impacting service performance.

Examining the Postal Service's 50 districts and 13 divisions individually tells a more nuanced story. In every craft, some districts or divisions had substantially larger shortages or surpluses than the Postal Service as a whole. Additionally, even when the Postal Service had a surplus or shortage in a craft, some districts and divisions bucked the trend. For example, although the Postal Service had a slight surplus of career city carriers in FY 2023, 20 districts registered a shortage. Similarly, 20 districts had a surplus of career rural carriers, despite the Postal Service registering a small shortage overall.

Some districts and divisions showed more signs of a labor shortage than others. For example, the California 5, Illinois 1, Indiana, Ohio 1, and Washington districts all had fewer career employees on roll than authorized/ earned and a larger-than-average gap between pre-career employees and the cap in multiple crafts. Among the Postal Service's divisions, signs of a shortage were most common at Lakeshores, New England, Pacific NW, Southern California, and Western. Differences across the Postal Service's districts and divisions could owe, in part, to local labor market conditions. For example, the OIG found evidence that could suggest districts with a higher cost of living have a harder time maintaining a full employee complement. Internal factors, such as workload and employee satisfaction with supervisors, can also impact retention, resulting in differences across districts and divisions.

The OIG also found that districts and divisions with a labor shortage (except rural carriers) used more overtime on average than those with a surplus.

Finally, data show that the Postal Service may face a retirement wave, with large numbers of employees approaching retirement eligibility in all five crafts, potentially creating additional workforce challenges for the Postal Service going forward.

As a follow-up to this research insights paper, the OIG plans to conduct additional research on the Postal Service's workforce challenges.

Summary of Management's Comments

Postal Service management comments state that this paper inaccurately describes the pre-career employee cap as a staffing target, rather than as the maximum number of pre-career employees USPS is contractually allowed to employ.

Postal Service management also asserts that the OIG chose to "improperly and arbitrarily" compare the number of pre-career employees on roll to the cap because data limitations made it unfeasible to compare the number of pre-career employees on roll to the number that were authorized.

Postal Service management states that while the paper accurately measures how the staffing mix between career and precareer employees changed between FY 2019-2023, it does not sufficiently explain why.

According to Postal Service management's comments, this paper incorrectly states that there is a contractual cap for the pre-career rural carrier workforce. Moreover, USPS management asserts that this paper does not acknowledge that the Postal Service has reduced the time it takes to hire new employees.

Finally, Postal Service management states that establishing a locality pay system would be difficult to achieve in the collective bargaining process, and implementing locality pay could prove disruptive in areas where labor shortages do not exist.

Evaluation of Management's Comments

Contrary to the assertion in Postal Service management's comment letter, the OIG does not state in this report that the pre-career employee cap represents a hiring target. Rather, in multiple places, the OIG explains that the pre-career employee cap represents a hiring *ceiling* rather than a hiring *target*. For instance, the OIG describes the cap the same way as Postal Service's management comments: "The cap represents a ceiling and does not necessarily reflect the total number of pre-career employees the Postal Service believes it needs to be fully staffed" (See page 7). Moreover, on page 7, this report states that "the cap, negotiated with labor unions, is the maximum number of pre-career employees the Postal Service is contractually allowed to have on roll".

Where the OIG does compare the number of pre-career employees on roll with the number allowed by the cap, we note that the comparison is intended to "evaluate how the size of the Postal Service's precareer workforce compared to the number the agency was contractually allowed to employ" (Page 8). Further, in an acknowledgement that the cap represents a hiring ceiling rather than a hiring target, the report makes clear that it was not unexpected to find that the Postal Service had fewer pre-career employees on roll than the cap allowed, stating "[a]s expected, in nearly every district and division, the number of precareer employees trailed the cap, regardless of craft". Finally, rather than describing more pre-career employees on roll than the cap allows as a labor surplus, and fewer on roll than the cap allows as a labor shortage, this paper reports "distance from cap" when comparing on roll to the cap (See Table 2).

As noted in the report and in the Postal Service's comment letter, data limitations (described on page 8) prevented the OIG from comparing the number of pre-career employees on roll with the number that were authorized (except for pre-career city carriers). Nevertheless, comparing on roll to cap provides insight into the Postal Service's staffing levels, including how much more hiring each district and division is contractually allowed to do. Further, while the cap does not represent a hiring target, it could still shed light on the Postal Service's hiring needs. For example, in districts/divisions with fewer career employees on roll than authorized/ earned, a significant gap between the number of pre-career employees on roll and cap could signal a need to staff up the workforce. Conversely, in districts/divisions with a surplus of career employees, a large gap between on roll and cap may be less cause for concern.

This report provides some explanation for why the staffing mix between career and pre-career employees changed between FY 2019-2023 (data found in Table 1). Based on conversations with Postal Service management, the OIG notes that the shift was attributed to the agency's efforts to hire more career employees and convert many pre-career employees to career status (see pages 3-4). The Postal Service's management comments provide additional reasons for the shift between career and pre-career employees.

Regarding the report's reference to a cap for the pre-career rural carrier workforce, the figures in the report reflect Postal Service management's description of contractual language of the allowable RCA to FTR ratio, as stated to the OIG in interviews and in writing as part of information gathering for this report. We have added a footnote to the report to clarify this point. The Postal Service's statement that "There is no contractual Cap in the rural craft" does not align with previous communications between the OIG and USPS.

Concerning improvements in the Postal Service's nationwide average time to hire, following receipt of USPS management's comment letter, we amended this report to note the Postal Service's progress in this regard.

Finally, concerning locality pay, this report notes potential impacts associated with lack of a locality pay system. However, this report does not take a position for or against the implementation of a locality pay system. The report also references two issues raised by the Postal Service in its management comments: that the establishment of locality pay could result in significant changes to wages in some parts of the country, and that the Postal Service previously highlighted the challenges of agreeing on a locality pay system with its unions. OFFICE OF INSPECTOR GENERAL | UNITED STATES POSTAL SERVICE

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EXAMINING TRENDS IN THE POSTAL SERVICE'S WORKFORCE COMPOSITION REPORT NUMBER: RISC-RI-24-007

Appendix A: Additional Information

Objective, Scope, and Methodology

The objectives of this paper are to:

- 1. Present a snapshot showing how the size of the Postal Service's workforce has changed in the last five years.
- 2. Determine whether the Postal Service is experiencing staffing shortages and identify the workforce segments and geographic locations where those shortages exist.

The scope of this report is from FY 2019 to FY 2023.

To accomplish our objectives, the OIG analyzed Postal Service workforce data and held interviews with members of the Postal Service's Workforce Planning, Insights & Analytics team.

Data about the size of the Postal Service's workforce between FY 2019-2023, and overtime, on roll, and authorized/earned/ cap data for FY 2023 were downloaded from the Postal Service's WORKFORCE

Prior Coverage

dashboard. The Postal Service provided retirement eligibility data to the OIG.

To calculate the number of employees on roll, authorized/earned/allowed by the cap, and use of overtime in FY 2023, the OIG took the average value across 26 pay periods. To determine whether the Postal Service had a labor shortage or surplus in FY 2023, the OIG compared the average career employee on roll value to the average career authorized/earned value. To evaluate how the size of the Postal Service's pre-career workforce compared to the number of pre-career employees the agency was contractually allowed to employ, the OIG compared the average pre-career employee on roll value to the average cap value.

This research was conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation. We discussed our observations and conclusions with management on May 9, 2024 and included their comments where appropriate.

Title	Objective	Report Number	Final Report Date	Monetary Impact
Postal Service's Non- Career Employee Turnover Follow-Up	To assess the Postal Service's ongoing actions to reduce non-career turnover rates.	22-180-R23	April 18, 2023	\$14.5 million
Peak Season Hiring	To assess whether the U.S. Postal Service effectively hired bargaining employees for the peak season periods of 2019 through 2021.	20-316-R21	September 23, 2021	\$O
First-Line Supervisor Recruitment and Retention	To assess whether the Postal Service is effectively hiring and retaining first-line supervisors.	19SMG008HR000-R20	April 13, 2020	\$16.4 million

Appendix B: Change in the Number of Employees between FY 2019-2023, by District/Division and Craft

- The number of city carriers increased in 32/50 districts and decreased in 18. The Puerto Rico district saw the largest increase, at 25.3 percent.
 New York 1 experienced the largest decline, at 9.7 percent. The California 1, Kansas-Missouri, and Minnesota-North Dakota districts all saw their number of city carriers shrink by more than 5 percent.
- The rural carrier workforce grew in 16 districts, declined in 32 districts, and was unchanged in one district. Hawaii boosted its rural carrier workforce by 14.9 percent, the largest increase among the Postal Service's 50 districts. The Alaska district experienced the largest decline, shrinking by 31.8 percent. The rural carrier complements in California 5, lowa-Nebraska-South Dakota, Maryland, Michigan 1, Minnesota-North Dakota, New York 2 and 3, Ohio 1, and Virginia all contracted by more than 10 percent between FY 2019-2023.
- Seven districts added clerks, while
 43 districts saw the number of clerks
 decline. The Puerto Rico district registered
 the largest increase, at 14.9 percent.
 California 5, which encompasses the Los
 Angeles area, had the largest decline
 at 14.4 percent. The Postal Service's

divisions also employ clerks, and 12/13 saw increases between FY 2019-2023. The number of clerks grew by a high of 24.6 percent in the Gulf Atlantic processing division, while the Pacific Northwest processing division was the only division that shed clerks.

- The number of building and equipment maintenance employees rose in 13 districts, fell in 36 districts, and was unchanged in one district. All 13 divisions lost building and equipment maintenance employees between FY 2019-2023.^{xvii}
- Mail handlers increased in all 13 divisions, led by Gulf Atlantic processing which grew by 39.4 percent. While mail handlers primarily work in divisions, some districts also employ a small number. Of the districts that had mail handlers on board in FY 2023, seven added to their total between FY 2019-2023, 17 saw a reduction, and eight districts were unchanged.

Appendix C: Management's Comments



career PTFs in lieu of pre-career employees in numerous facilities across the country. From the beginning of FY 2019 to the end of FY 2023 (the scope of this report) the amount of F-2B PTFs increased by approximately 5675. This directly impacts the percent change in Table 2 but again the report does not provide clarifying analysis. This also directly impacts the data portrayed in Table 1 of the report. Earlier in the report the OIG alludes to the challenges the Postal Service has had retaining employees. The direct hiring of career PTFs as well as the 24month conversions are strategies the Postal Service deployed to improve the retention rate. This report states: "Rural carrier associates (RCAs) make up the bulk of the Postal Service's pre-career rural carrier workforce. In FY 2023, all but one district had fewer RCAs on roll than the cap allowed." There is no contractual Cap in the rural craft and referencing a contractual cap in this statement is incorrect. RCA staffing is determined at a unit-by-unit level dependent on various factors such as operational needs, route classification mix, as well as contractual obligations. Additionally, precareer staffing needs vary between "formula" offices and "non-formula" offices. Although the staffing mix change in Table 2 is correct in the chart, the report fails to provide analysis on the "why," making this table in its current form misleading to the reader. The Postal Service has implemented a new engineered rural evaluation system (RRECS) during this evaluation period that has drastically changed the make-up of route classifications nationally and thus the supplemental staffing necessary to cover routes. From August 2019 to September 2023 the percent of "H" routes increased from approximately 6.47 percent to 17.67 percent of total regular routes and "J" routes during that same time period increased from approximately 9.92 percent to 17.06 percent. This change in route classification mix directly impacts the pre-career employees needed to effectively cover operations. Additionally, more and more offices have been converted to "formula" offices where PTF rural carriers are hired in lieu of RCAs. From August 2019 to September 2023 the amount of PTFs on rolls more than doubled increasing by 2171. These PTFs replaced RCAs in formula offices at a rate of 4 to 1 which was not factored in or considered when reporting staffing shortages/surplus in this report. Although the Mail Handler and Processing Clerks staffing mix change in Table 2 is correct in the chart, the report fails to provide analysis on the "why," making this table in its current form misleading to the reader. During the time frame of this report, 2019-2023, the Postal Service has seen a drastic change in mail volumes (data below). With traditional letter and flat volumes declining and packages increasing, the Postal Service has had to adapt processing operations with ongoing

network modernization as well as a change in the mix of machine sets within processing operations that rely more heavily on Mail Handlers than Processing Clerks. Additionally, this report makes mention of the twenty-four-month conversion agreement but falls short in analyzing the impact this had on the percent change in career versus pre-career.

	2023	2022	2021	2020	2019
Annual operating revenue 🛈	\$78.2 B	\$78.8 B	\$77 B	\$73.1 B	\$71.1 B
Career employees* (i)	525,469	516,750	516,636	495,941	496,934
Mail volume ①	116.2 B	127.3 B	128.9 B	129.2 B	142.6 B
First-Class Mail volume ①	46 B	48.9 B	50.7 B	52.6 B	54.9 B
First-Class Single Piece Mail volume** ①	11.8 B	12.9 B	13.9 B	15.2 B	16.5 B
	2023	2022	2021	2020	2019
Shipping/Package volume*** 1)	7.1 B	7.2 B	7.6 B	7.3 B	6.2 B
Marketing mail volume 🛈	59.4 B	67.1 B	66.2 B	64.1 B	75.7 B

Hiring Speed

On page 8, this report makes the comment, <u>"In addition to a competitive job market</u>, staffing shortages can be caused by a slow hiring process and an inability to retain employees, two areas where the Postal Service has encountered challenges."

Recent audits by OIG have indicated, "The Postal Service generally improved its practices for timely hiring external applicants." The above remark regarding hiring speed is unsupported and contrary to the OIGs own findings. The nationwide average time to hire decreased from 49 days in FY 2021 to 32 days (a 35 percent decrease) in FY 2023. The current average for FY 2024 is 25 days. *See Audit 23-145-R24, Postal Service Hiring Practices.*

Locality Pay

The OIG bases statements regarding locality pay on the 2014 White Paper from the OIG "Locality Pay", Report Number: RARC-WP-14-008, February 7, 2014, <u>https://www.uspsoig.gov/reports/white-papers/locality-pay</u>. Attached is the Postal Service's response to this report that challenged the OIG's assumptions in that report that did not include any statistics to support the recommendation.

Additionally, this white paper provides data on employee complement and changes in complement in those specific areas such as an increase in one employee category while a decrease in the other. There isn't an overall decrease in the number of employees and thus overall retention is not an issue. And some of those areas have a strong labor market as well as others that have a weak market. Locality pay would disrupt those areas that do not have labor shortages.

As a reminder, compensation for our bargaining unit employees is established through our statutory mandated collective bargaining process. It is not provided based on federal government pay nor consistent with EVERY employer in the private sector. As setting of wages is established in collective bargaining with the unions and in pay consultation with our management associations, establishing a cost-saving locality pay system would be practically impossible to achieve in bargaining. It would likely require freezing wages of employees in some areas and also reducing salaries of employees in lower-cost areas, to provide higher wages to employees in other



Endnotes

- i The Postal Service does not employ pre-career building and equipment maintenance employees.
- ii For example, "Maryland District" covers the entire state of Maryland, while California (a much more populous state) has six districts.
- iii https://www.nfib.com/foundations/research-center/monthly-reports/jobs-report/
- iv https://www.opm.gov/fevs/reports/governmentwide-reports/governmentwide-reports/governmentwide-management-report/2023/2023-governmentwide-management-report.pdf
- v U.S. Postal Service Office of Inspector General, "Locality Pay", Report Number: RARC-WP-14-008, February 7, 2014, https://www.uspsoig.gov/reports/white-papers/locality-pay.
- vi Some crafts use the term "authorized", while other crafts use the term "earned."
- vii By comparison, the shortage of CCAs was 14 percent when comparing on roll with authorized.
- viii Rural carrier associates (RCAs) account for most of the Postal Service's pre-career rural carrier workforce, but the agency also employs a much smaller number of pre-career assistant rural carriers (ARCs). A cap limits how many RCAs the Postal Service may employ, but not the number of ARCs. However, ARCs may only be used under certain circumstances. While ARCs supplement the rural carrier workforce, this research insight only evaluates the number of RCAs on roll and how it compares to the cap. In referring to a "cap" for pre-career rural carriers, the OIG based its calculations on the Postal Service's statements to the OIG that contractual language allows for a one-to-one RCA to FTR ratio.
- ix The Postal Service calculates a combined authorized/earned number for career and pre-career retail and customer service clerks.
- x When comparing on roll with authorized, the OIG found that 33 districts had a shortage of CCAs in FY 2023, while 17 districts had a surplus.
- xi The Postal Service calculates a combined authorized/earned number for career and pre-career retail and customer service clerks.
- xii This finding could potentially be explained by the unique pay system for rural carriers. Unlike city carriers, who are paid hourly, rural carriers receive a flat salary based on the "evaluated" time for their routes and do not necessarily receive overtime if they work longer than their route evaluation specifies.
- xiii Retirement eligibility data is as-of November 2023.
- xiv The federal retirement eligibility data applies to non-seasonal full-time permanent employees in executive branch agencies.
- xv This includes city and rural carriers, clerks, mail handlers, and building and equipment maintenance employees.
- xvi Retail and customer service clerks registered a surplus of 3.3 percent, but the Postal Service calculates a combined authorized/ earned number for career and pre-career employees in this craft.
- xviiThe Postal Service implemented an organizational change in 2023 that resulted in a small number of building and equipment maintenance employees – field maintenance staff – moving out of the division complement. To make the comparison between FY 2019 and 2023 as similar as possible, the OIG conducted a separate analysis that added these employees back into the 2023 division complement. After doing so, we found that 11 of 13 divisions lost building and equipment maintenance employees between FY 2019-2023.

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