Office of Inspector General | United States Postal Service

## Audit Report

# Customer Service, City Delivery and Vehicle Operations - Workload and Workforce Performance Indicators

Report Number 19RG005DR000-R20 | October 24, 2019




# Table of Contents

# Highlights

## Objective

Our objective was to assess U.S. Postal Service Workload and Workforce Performance Indicators for Customer Service, City Delivery, and Vehicle Operations for fiscal years (FY) 2014 to 2018.

In FY 2018, the Postal Service delivered more than 140 billion letters and flats and 6 billion packages to more than 158 million delivery points. It made these deliveries on over 231,000 routes using more than 208,000 postal-owned delivery vehicles; however, letter and flat mail volume is declining even as package volume continues to grow due to the surge in ecommerce.

This changing mail mix, along with increases in some workload factors, has impacted Postal Service Customer Service, Delivery, and Vehicle Operations. Another issue impacting both Customer Service and Delivery Operations at the delivery unit level is the rise in drop shipments. More commercial mailers are taking advantage of worksharing, which allows for mail and packages to be taken directly to delivery units for sorting and delivery. In FY 2018, commercial mailers dropped off 45 percent of the total package volume directly to delivery units. While worksharing can ease the burden on mail processing operations, it does not reduce workload or the cost of delivery operations.

Customer Service, Delivery, and Vehicle Operations all play critical roles in the Postal Service's commitment to deliver mail to its customers. There are more than 29,000 delivery units that operate six days a week to ensure mail is delivered.

Customer Service Operations supports delivery services by receiving, sorting, and distributing mail. More than 50,000 Customer Service clerks and about 13,000 non-career Postal Support Employees receive and sort mail from both mail processing facilities and external mailers. Clerks manually sort and distribute non-route sequenced letter and flat mail to carriers.

In Delivery Operations, the Postal Service uses over 168,000 city letter carriers and over 70,000 rural carriers to deliver mail. These carriers are assisted by more than 42,000 City Carrier Assistants and over 53,000 Rural Carrier Assistants. Carriers case non-route sequenced mail, retrieve route sequenced letters and flats, collect packages from staging areas, and load their vehicles for delivery. These carriers then deliver the mail daily to the nearly 158 million delivery points. This report does not address rural delivery operations.

More than 5,200 vehicle maintenance employees work in fleet management, performing maintenance and repairing postal-owned vehicles at over 300 vehicle maintenance facilities in 32 geographical territories nationwide.

## What the OIG Found

Overall the amount of mail delivered by the Postal Service has declined by more than 9 billion pieces, from 155.5 billion pieces in FY 2014 to 146.4 billion pieces in FY 2018 (5.87 percent). Although total mail volume has decreased, package volume, city delivery routes, city delivery points, and vehicles in service have increased during the same period.

Correspondingly, while overall workhours increased during this period, overtime (OT) in Customer Service, City Delivery, and Vehicle Operations showed notable increases between FY 2014 and FY 2018 with total OT increasing by 20 percent during this period. Furthermore, actual OT exceeded planned OT by more than 31 million hours for this five-year period. In addition, OT and penalty overtime (POT) workhours were 12 percent of total workhours in FY 2014 and 13 percent in FY 2018.

Analysis of key indicators over the five year period showed:

- Workhours in Customer Service operations increased by 23.6 million hours (17.4 percent). Customer Service workhours have generally increased along with workload between FY 2014 and FY 2018. Although all workhours increased, straight time increased by only 16.1 percent while OT and POT increased by 26.5 percent and 102 percent, respectively.
- City Delivery Operations workhours increased by 34.3 million hours (8.6 percent). Although all workhours increased, straight time increased by 7.4 percent while OT and POT increased by 13.5 percent and 70.4 percent, respectively.

- Productivity declined in two functional areas. The number of Customer Service mailpieces processed per hour declined from 1,141 pieces per workhour in FY 2014 to 915 in FY 2018, while City Delivery Operations mailpieces delivered fell from 391 to 339 per hour during the same five-year period.

OIG analysis of OT workhours in the 67 districts for the period reviewed showed 56 districts with an increase in OT in Customer Service Operations and 48 districts with an increase in OT in City Delivery Operations. Our analysis showed that some districts were more successful in managing workhours to the change in workload. For example:

- The top 10 districts with the highest Customer Service package volume growth – ranging between 15 to 25 percent – had corresponding Customer Service OT usage ranging from 5 to 14 percent, with seven of the 10 districts experiencing double digit OT growth.
- The top 10 districts with the highest City Delivery package volume growth - ranging from 15 to 27 percent – had OT usage ranging from 9 to 17 percent and 9 of the 10 districts experienced City Delivery OT usage in excess of 10 percent.

However, our analysis showed that other districts increased workhours despite a more stable or declining workload.

- Eight of the top 10 districts with minimal increases in or declining Customer Service package volumes between FY 2017 and FY 2018, still experienced OT usage ranging from 7 to 14 percent and all 10 districts used POT in FY 2018.
- Ten districts experienced City Delivery package volume loss between FY 2017 and FY 2018. Of these, only four reduced workhours, but this reduction was less than the rate of volume loss. All 10 districts had OT usage of 10 percent or more and all used POT.

Management officials indicated that Customer Service and City Delivery workhours increased for a variety of reasons including:

- Volume fluctuations from external mailers
- Mail delays from mail processing centers
- Delayed carrier start times
- Employee availability (absences)
- Extended routes due to delayed route adjustments
- Significant delivery point growth in some districts
- Significant weather events that impacted some districts

The workload for vehicle operations also increased from FY 2014 to FY 2018. Our analysis indicated that while total workhours grew only slightly, vehicle maintenance experienced an increase in both OT and POT from FY 2014 to FY 2018. Total vehicle maintenance service workhours increased by 1 percent, between FY 2014 and FY 2018 while OT hours increased by 36 percent and POT increased by 21 percent.

VMF officials indicated workhours increased due to:

- Lack of technicians
- Inability to contract work out to local garages when needed
- Additional work performed for delinquent scheduled maintenance
- Additional shuttling and towing
- More total direct labor maintenance on older model vehicles

Moving forward, the Postal Service must have a continued focus to better manage workhours to workload to improve the operational efficiency of Customer Service, City Delivery, and Vehicle Operations.

## What the OIG Recommended

We recommended the Vice President, Delivery Operations:

- Develop a detailed action plan, including measurable targets, to better manage OT and POT workhours in Customer Service, City Delivery, and Vehicle Operations.

# Transmittal Letter

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

October 24, 2019

**MEMORANDUM FOR:** KEVIN L. MCADAMS
VICE PRESIDENT, DELIVERY AND RETAIL OPERATIONS


**FROM:** Janet M. Sorensen
Deputy Assistant Inspector General
for Retail, Delivery, & Marketing

**SUBJECT:** Audit Report – Customer Service, City Delivery, and Vehicle Operations – Workload and Workforce Performance Indicators (Report Number 19RG005DR000-R20)

This report presents the results of our audit of the Customer Service, City Delivery, and Vehicle Operations Workload and Workforce Performance Indicators (Project Number 19RG005DR000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Rita F. Oliver, Director, Delivery, or me at 703-248-2100.

Attachment

cc: Corporate Audit Response Management
Postmaster General

# Results

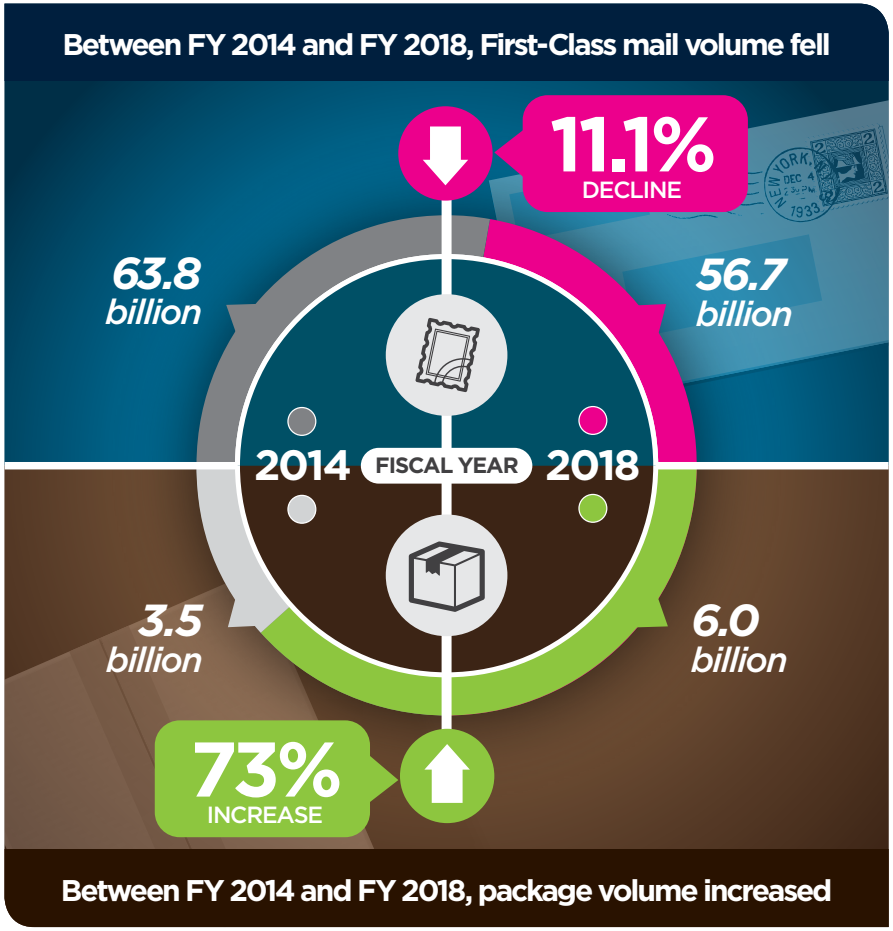
## Introduction/Objective

This report presents the results of our self-initiated audit to assess the workload and workforce performance indicators for Customer Service, City Delivery, and Vehicle Operations (Project Number 19RG005DR000). See Appendix A for additional information about this audit.

## Background

In fiscal year (FY) 2018, the U.S. Postal Service delivered more than 140 billion letters and flats and 6 billion packages to more than 158 million delivery points. It made these deliveries on over 231,000 routes[1] using more than 208,000 postal-owned delivery vehicles.[2]

Between FY 2014 and FY 2018, First-Class mail volume fell from 63.8 billion to 56.7 billion, a decline of 11.1 percent. Standard mail volume also fell during this time period, from 80.3 billion pieces in FY 2014 to 77.3 billion in FY 2018, a decline of 3.7 percent. However, package volumes rose from 3.5 billion in FY 2014 to 6.0 billion in FY 2018, an increase of about 73 percent. City Delivery package volume,[3] a subset of the overall package volume in Customer Service Operations,[4] grew from 1 billion pieces in FY 2014 to 1.6 billion in FY 2018, an increase of 63 percent. Customer service packages were 2.24 percent of total mailpieces in FY 2014 and increased to 4.12 percent of total mailpieces in FY 2018. Although package volume increased by double digits throughout most of this five-year period, the growth rate slowed between FY 2017 and FY 2018 to about 8 percent for Customer Service operations and 3.5 percent for City Delivery Operations (see Table 1).




1 Our review did not include rural routes, highway contract routes or other forms of delivery.
2 The total number of Postal Service vehicles increased from 211,398 in FY 2014 to 232,901 in FY 2018, an increase of 10 percent. The largest increase occurred between FYs 2015 and 2016 when the Postal Service placed new vehicles into service to supplement its aging fleet of delivery vehicles.
3 City delivery volume is a subset of Customer Service package volume and represents package volume that is delivered on city delivery routes.
4 Customer Service package volume includes all packages received in a delivery unit for distribution to city and rural carriers and for delivery to customers, no matter the method of delivery. This includes packages for the Post Office Box section and caller service packages.

**Table 1. Analysis of Nationwide Total Mailpieces and Package Volume**

| FY | Total Mailpieces[5] | Customer Service Package Volume | Customer Service Package Volume as Percentage of Total Mailpieces | City Package Volume | City Package Volume as Percentage of Total Mailpieces |
|---|---|---|---|---|---|
| 2014 | 155,532,000,000 | 3,480,587,570 | 2.24% | 1,014,262,152 | 0.65% |
| 2015 | 154,322,000,000 | 4,177,038,777 | 2.71% | 1,186,091,133 | 0.77% |
| 2016 | 154,342,000,000 | 4,919,122,466 | 3.19% | 1,446,696,817 | 0.94% |
| 2017 | 149,590,000,000 | 5,583,696,084 | 3.73% | 1,601,194,266 | 1.07% |
| 2018 | 146,402,000,000 | 6,035,958,306 | 4.12% | 1,656,212,825 | 1.13% |
| Change FYs 2014 to 2015 | -0.78% | 20.01% | | 16.94% | |
| Change FYs 2015 to 2016 | 0.01% | 17.77% | | 21.97% | |
| Change FYs 2016 to 2017 | -3.08% | 13.51% | | 10.68% | |
| Change FYs 2017 to 2018 | -2.13% | 8.10% | | 3.44% | |
| Change FYs 2014 to 2018 | -5.87% | 73.42% | | 63.29% | |

Source: Annual Report to Congress and eFlash.

The increase in City Delivery package volume resulted in an increase in the number of packages delivered on each route; the average number of packages per City Delivery route rose from 7,180 in FY 2014 to 11,553 in FY 2018, an increase of almost 61 percent. While the number of City Delivery routes also rose between FY 2014 and FY 2018, the increase was more modest, a total increase of 1.5 percent for the five-year period (see Appendix B).

This changing mail mix, along with increases in some workload factors, has impacted the Postal Service's Customer Service, City Delivery,[6] and Vehicle Operations. Another issue impacting both Customer Service and Delivery Operations at the delivery unit level is the rise in drop shipments.[7] More commercial mailers are taking advantage of worksharing, which allows packages to be taken directly to delivery units for sorting and delivery. In FY 2018, commercial mailers dropped off 45 percent of the total package volume received at delivery units. While worksharing can ease the burden on mail processing operations, it does not reduce the workload or costs for delivery operations.

5 Includes First-Class Mail, Standard mail, Shipping and packages services, International Mail, Periodicals, and Free Matter For the Blind.

6 The National Labor Agreement between the Postal Service and the National Rural Letter Carriers' Association (NRLCA) is currently conducting an industrial engineering study of time standards that are included in the rural carriers' evaluated pay. Since the study will review information obtained from the mail count that sets the number of hours assigned to accomplish each route's evaluated hours, we will not review the management of rural delivery operations at this time.

7 Plant-verified drop shipment allows for origin verification and postage payment of shipments transported by the mailer (or third party) to destination offices where it is received as mail.

Customer Service, Delivery, and Vehicle Operations all play critical roles in the Postal Service's commitment to deliver mail to its customers. There are more than 29,000 delivery units that operate six days a week to ensure mail is delivered. To keep these operations running, the Postal Service uses:

- Over 50,000[8] Customer Service clerks and over 13,000 Postal Support Employees (PSE) who receive and sort mail from postal processing facilities or commercial mailers who drop their mail at the delivery unit for delivery to customers.
- More than 168,000 city letter carriers and over 42,000 City Carrier Assistants (CCA) in City Delivery Operations who prepare non-route sequenced mail, retrieve route sequenced letters and flats, collect packages from staging areas, and load their vehicles for delivery every day.
- More than 5,200 vehicle maintenance employees in fleet management who perform maintenance and repair on postal-owned vehicles at over 300 vehicle maintenance facilities in 32 geographical territories nationwide.

Customer Service Operations used to support delivery operations receive mail from Postal Service processing centers and drop shipment mailers. Letters generally arrive in Delivery Point Sequence (DPS) from processing centers.[9] Flats can also be sorted into delivery sequence at the processing centers using the Flat Sequencing System (FSS).[10] Letters and flats that arrive at the delivery unit in delivery point sequence are ready to be delivered and do not require clerks or carriers to manually sort or case it. Non-DPS and non-FSS letters and flats — including residual[11] and reject[12] letters and flats — require manual processing by the clerks and casing by the carriers before delivery. The Customer Service operation uses full-time clerks and part-time PSEs. Clerks and PSEs sort mail and distribute packages in hampers for each carrier route. Clerks and PSEs also stage DPS and FSS mail for the carriers to pick up as they load their vehicles for street delivery.

Carriers in Delivery Operations case non-route sequenced mail in delivery point sequence, retrieve DPS, FSS and packages from staging areas and load vehicles in preparation for delivery. Once carriers load their vehicles, the "out for delivery" barcode is scanned, and street delivery begins using a mobile delivery device (MDD) or intelligent mail device (IMD) to track information for the customer and internal purposes.

To accomplish delivery services, the Postal Service uses three different groups of delivery personnel: city, rural, and contract delivery services. Rural carriers and contract routes are fixed, the route is evaluated, and a payment amount for delivering the mail on that route is established. This amount is paid regardless of mail volume or amount of time needed to deliver that route on any particular day. City carriers are paid hourly and their routes are designed to be completed in eight hours based on the carrier's individual ability to complete the route in the allotted time. There is one regular or full-time carrier for every eight-hour route. In addition, one city carrier technician is usually assigned to every five routes. These full-time employees provide relief rotation to regular carriers. Further, CCAs are part-time carriers who provide auxiliary assistance on routes and are assigned to units based on the number of routes per unit to cover incidental leave, auxiliary routes or additional duties as assigned. City carriers typically deliver routes in high density metropolitan areas primarily on foot or in vehicles. City routes can be adjusted based on changes in volume or delivery points. These adjustments can reduce or increase the number of routes at the delivery unit.

The Postal Service delivers almost 150 billion mailpieces annually using one of the largest vehicle fleets in the country. In FY 2018 the Postal Service operated more than 232,000 postal-owned vehicles.[13] About 208,000 of these vehicles are used for delivery and mail collection. These vehicles are driven daily by employees between local post offices and neighborhood delivery and pick-up points. The Postal Service typically uses employee-owned vehicles to deliver and transport mail on some rural routes, although some rural carriers are provided

8 This number is the sum of the occupational codes that included distribution in the job title from the Postal Service's *New On Rolls and Paid Employees Statistics Report* (NORPES).
9 The arrangement of mail into delivery order by using the delivery point code and other data elements.
10 Machines used to sort flat mail into carrier route sequence.
11 Mailpieces remaining after completion of a presort sequence. Residual mail lacks the volume set by standard to require or permit preparation to a particular destination.
12 Mailpieces rejected from mail processing equipment whenever a ZIP Code, barcode or other needed information cannot be determined.
13 In FY 2014 the Postal Service owned 211,264 vehicles. The number of vehicles increased to 232,602 by FY 2018.

with a postal-owned vehicle on their route. To maintain its fleet and ensure safe, dependable, and economical performance of these vehicles, the Postal Service uses more than 300 vehicle maintenance facilities (VMF) nationwide. Postal Service VMFs perform preventive and corrective maintenance to keep vehicles available and operational for moving the mail. The Postal Service also has contracts with commercial garages throughout the country for maintenance and repair when there is not a VMF located in a reasonable distance.

## Finding #1: Overtime Workhours Increased More Than Workload

Overall, the amount of mail delivered by the Postal Service has declined by more than 9 billion pieces, from 155.5 billion delivered in FY 2014 to 146.4 billion delivered in FY 2018 (5.87 percent). Although total mail volume has decreased, package volumes, city delivery routes, city delivery points and vehicles in service have increased during the same period. Correspondingly, while overall workhours increased during this period, overtime (OT) in Customer Service, City Delivery, and Vehicle Operations showed notable increases between FY 2014 and FY 2018, with total OT increasing by 20 percent during this period. Furthermore, actual OT exceeded planned OT by more than 31 million hours for this five-year period. In addition, OT and penalty overtime (POT) workhours were 12 percent of total workhours in FY 2014 and 13 percent in FY 2018. Analysis of key indicators over the five-year period showed:

- City routes increased by 1.5 percent and the cost per city route increased by about 9 percent. Residential city delivery points increased by 2 percent, from 81.7 million to 83.3 million and business delivery points increased 1.5 percent from 7.5 million to 7.7 million between FY 2014 and FY 2018 (see Appendix C).
- Workhours in Customer Service operations increased by 23.6 million hours (17.4 percent). Customer Service workhours have generally increased along with workload between FY 2014 and FY 2018. Although all workhours increased, straight time increased by only 16.1 percent while OT and POT increased by 26.5 percent and 102 percent, respectively (see Appendix D).

> *"Workhours in Customer Service operations increased by 23.6 million hours (17.4 percent)."*

- City Delivery Operations workhours increased by 34.3 million hours (8.6 percent). Although all workhours increased, straight time increased by 7.4 percent while OT and POT increased by 13.5 percent and 70.4 percent, respectively (see Appendix E).
- Productivity declined in two functional areas. The number of Customer Service mailpieces processed per hour declined from 1,141 pieces per workhour in FY 2014 to 915 in FY 2018, while the number of City Delivery Operations mailpieces delivered fell from 391 to 339 per hour during the same five-year period (see Table 2).

**Table 2. Analysis of Mail Volume and Workhours FY 2014 to FY 2018**

| Fiscal Year | Total Mail Volume (millions) | Customer Service Workhours | City Delivery Workhours | Vehicle Workhours | Mailpieces per Customer Service Workhours | Mailpieces per City Delivery Workhours |
|---|---|---|---|---|---|---|
| 2014 | 155,532 | 136,266,074 | 397,979,256 | 9,241,318 | 1,141 | 391 |
| 2015 | 154,322 | 149,653,522 | 408,290,728 | 9,344,701 | 1,031 | 378 |
| 2016 | 154,342 | 161,082,828 | 422,216,423 | 9,284,519 | 958 | 366 |
| 2017 | 149,590 | 161,250,014 | 428,450,085 | 9,197,613 | 928 | 349 |
| 2018 | 146,402 | 159,954,649 | 432,298,713 | 9,121,013 | 915 | 339 |
| Increase/Decrease | -5.87% | 17.38% | 8.62% | -1.30% | | |
| **Total Variances calculated from FY 2014 to FY 2018** | **(9,130)** | **23,688,575** | **34,319,457** | **(120,305)** | | |

Source: Annual Report to Congress and Enterprise Data Warehouse (EDW) General Ledger Labor Distribution Report.

With changes in workload and productivity declines, Customer Service, City Delivery, and Vehicle Operations showed notable increases in the use of OT workhours along with the growth in package volume and vehicles in service. Between FY 2014 and FY 2018, actual OT significantly exceeded planned OT by over 31 million hours. Over the last five years:

- Customer Service Operations used 10.4 million more workhours than planned.
- City Delivery Operations used 20.9 million more workhours than planned.
- Vehicle Operations used about 514,000 more workhours than planned.

The variance for both Customer Service and City Delivery Operations was higher in FY 2018 than in any of the previous four years (see Table 3).

**Table 3. Customer Service, City Delivery, and Vehicle Operations Variance**

| FY | Actual Overtime Hours Over Planned Hours[14] | | |
|---|---|---|---|
| | Customer Service (F4) | City Delivery (F2) | Vehicles (F3) |
| 2014 | 2,205,501 | 5,810,655 | 117,907 |
| 2015 | 1,773,311 | 4,731,180 | 66,439 |
| 2016 | 1,212,424 | 2,615,141 | 150,175 |
| 2017 | 1,495,534 | 621,801 | 131,550 |
| 2018 | 3,731,094 | 7,089,103 | 48,456 |
| **Five-Year Total** | **10,417,864** | **20,867,880** | **514,527** |

Source: eFlash and EDW General Ledger Labor Distribution Report.

14 Actual OT minus Planned Hours.

Postal Service Headquarters establishes annual planned OT hours along with a targeted percentage of OT hours for operations. The OIG analyzed OT workhours in the 67 districts for the five-year period. The results showed 56 districts with an increase in OT in Customer Service Operations and 48 with an OT increase in City Delivery Operations that did not meet Postal Service's planned OT hours (see Appendix F and Appendix G).

Further OIG analysis showed that some districts were more successful in managing workhours to the change in workload. For example:

- The top 10 districts with the highest Customer Service package volume growth – ranging between 15 to 23 percent – had corresponding Customer Service OT usage ranging from 5 to 14 percent, with seven of the 10 districts experiencing double digit OT growth (see Appendix H).

*"OIG analysis showed that some districts were more successful in managing workhours to the change in workload."*

- The top 10 districts with the highest City Delivery package volume growth - ranging from 15 to 27 percent – had OT usage ranging from 8 to 15 percent and 9 of the 10 districts experienced City Delivery OT usage in excess of 10 percent (see Appendix I).

However, our analysis showed that other districts increased workhours despite a declining workload.

- Eight of the top 10 districts with minimal increases in or declining Customer Service package volumes between FY 2017 and FY 2018, still experienced OT usage ranging from 7 to 14 percent and all 10 districts used POT in FY 2018 (see Appendix J).
- Ten districts experienced City Delivery package volume loss between FY 2017 and FY 2018. All 10 districts had OT usage of 10 percent or more and all used POT (see Appendix K).

Management officials indicated that Customer Service and City Delivery workhours increased for a variety of reasons including:

- Volume fluctuations from external mailers
- Mail delays from mail processing centers
- Delayed carrier start times
- Employee availability (absences)
- Extended routes due to delayed route adjustments
- Significant delivery point growth in some districts
- Significant weather events that impacted some districts

Area and district management informed the OIG that for Customer Service and City Delivery workhour increases, package growth in addition to staffing challenges were the main reasons that OT and POT hours increased. Such staffing challenges included non-career shortages resulting from conversion of some part-time employees to full-time, and the inability to hire and retain non-career employees in certain geographical areas or areas with very low unemployment.

*"Area and district management informed the OIG that for Customer Service and City Delivery workhour increases, package growth in addition to staffing challenges were the main reasons that OT and POT hours increased."*

Area officials indicated that some districts were better able than others to manage workhours when workload volumes fluctuated. The districts with more success took actions that resulted in better alignment of workhours to workload, including consolidating or

adding routes as needed, providing additional training, daily monitoring of employees, and adjusting carrier start times as necessary. For example, some districts in the Capital Metro Area adjusted carrier start times when volume significantly increased or consolidated routes when volume decreased. Some Northeast Area districts were able to better manage routes by monitoring workload and shifting resources as needed to better match workhours to changes in workload. Some Pacific Area districts managed workhours to workload by reviewing routes and training supervisory staff to match earned complement to workload. Select districts in the Southern Area focused on matching workhours to workload by actively managing non-career employees and focusing on efficiencies at the route level.

The workload for vehicle operations also increased from FY 2014 to FY 2018.

Our analysis indicated that while total workhours grew only slightly, vehicle maintenance experienced an increase in both OT and POT from FY 2014 to FY 2018. Total vehicle maintenance service workhours increased by 1 percent, between FY 2014 and FY 2018 while OT hours increased by 36 percent and POT increased by 21 percent (see Appendix L). Eight territories increased their OT hours by 100 percent or more during this period, while only four territories decreased their OT hours.

Area management stated that OT workhour increases occurred due to a variety of factors, including:

- Lack of technicians
- Inability to contract work out to local garages when needed
- Additional work performed for delinquent scheduled maintenance
- Additional shuttling and towing
- More total direct labor maintenance on older model vehicles

Management in those Area's and territories that were successful in managing workload to workhours stated they achieved this success by:

- Being proactive in hiring technicians
- Limiting unnecessary services during maintenance
- Performing necessary services during preventative maintenance inspections
- Performing more-in house maintenance and contracting less when fully staffed
- Maintaining experienced managers

Moving forward, the Postal Service must have a continued focus on better managing OT and POT workhours to improve the operational efficiency of Customer Service, City Delivery, and Vehicle Operations.

### Recommendation #1

The **Vice President, Delivery Operations**, develop a detailed action plan, including measurable targets, to better manage OT and POT workhours in Customer Service, City Delivery, and Vehicle Operations.

## Management's Comments

Management disagreed with the finding and recommendation in our report. Management stated that the analysis does not support the finding or provide a compelling enough case to show that costs to workhours have increased compared to workload changes. Management stated that they had fundamental concerns with the analysis in the report. Specifically, management stated the following:

- The OIG's analysis makes an assumption that all mail piece types carry the same weighted time factors. Further, the report did not acknowledge differences in cost per piece for package growth and the loss of efficiencies associated with First-Class and Standard Mail volumes in City Delivery and Customer Service.

- The OIG significantly overstated Customer Service workhours associated with the distribution of mail by combining all Labor Distribution Codes (LDC) instead of focusing on LDC 43 - Manual Distribution. They further indicated that the number of career and non-career clerks that manually sort/distribute the mail is inaccurate because all Customer Service LDC workhours were included.
- The report failed to recognize the purpose for the increase in the vehicle count and stated that the explanation to supplement an aging fleet of delivery vehicles is inaccurate. Management stated the increase was driven by the need to purchase over 3,500 additional vehicles as part of a memorandum of understanding to place vehicles on rural routes by 2015.
- The report did not address how the cost to maintain the vehicle fleet includes a combination of in-house plus contract labor, and noted the 1 percent increase in workhours is far less than the workload demand of a 10 percent increase in vehicles.

Regarding recommendation 1, management stated that they have well established processes and programs designed to better manage OT/POT. In addition, new and improved programs are being implemented like the Delivery Management System Dashboard. Management stated that they continue to look for ways to improve performance and manage workhours to target.

Management stated that the methodology used to calculate a potential cost of $308 million was not provided to allow Postal Management the opportunity to review and validate.

See Appendix M for management's comments in their entirety.

## Evaluation of Management's Comments

The OIG considers management's comments unresponsive to recommendation 1.

Regarding management's disagreement with recommendation 1, the OIG performed a detailed analysis of nationwide data including packages, letter and flat mail, delivery vehicles, delivery points, and delivery routes. In addition, we performed an extensive analysis of workhours for all 67 districts. As part of our analysis, we correlated changes in overtime to changes in package volume in order to determine locations where workhour changes did not correspond to package volume changes (see Appendices H - K). Overall, we noted total OT increased by 20 percent and actual OT exceeded planned OT by more than 31 million hours between FY 2014 and FY 2018. Of note, the use of OT for Customer Service and City Delivery Operations was higher in FY 2018 than in any of the previous four years. Our analysis showed some districts were more successful than others in managing workhours, indicating that existing and improved programs do not fully address ongoing operational inefficiencies, necessitating further action to better manage OT and POT workhours. As such, the OIG believes that the audit analysis supports the finding and recommendation to better manage OT and POT workhours.

While we recognize management is implementing the DMS Dashboard and will continue to look for ways to improve performance and manage workhours to target, they did not provide specific corrective actions or target implementation dates to address our recommendation.

Regarding the concern about the number of career and non-career clerks, this information was presented in the background and intended to show the total number of Customer Service clerks on the rolls. Further analysis of Customer Service clerk assignments shows that of the more than 60,000 clerks discussed, more than 50,000 are in mail distribution, approximately 84 percent. We adjusted the information in our final report to address this concern.

The OIG was aware that older delivery vehicles were being moved to rural routes; however, these vehicles continue to be serviced at Postal Service Vehicle Maintenance Facilities and those hours were included in our analysis of workhour and workload trends. The OIG met with Postal Service Headquarters and regional managers in vehicle operations numerous times during the course of this audit.

Regarding management's comments related to monetary impact, this report contained no monetary impact. The $308 million cited in management's comments is actually monetary impact associated with a prior OIG audit of OT in a different Postal Service functional area.

We consider management's comments unresponsive and view the disagreement as unresolved until we coordinate a resolution with management. The recommendation requires OIG concurrence before closure. The OIG request written confirmation when corrective actions are completed. All recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

# Appendices

Click on the appendix title below to navigate to the section content.

# Appendix A: Additional Information

## Scope and Methodology

Our objective was to assess the workload and workforce performance indicators for Customer Service, City Delivery, and Vehicle Operations for FYs 2014 through 2018.

To accomplish our objective, we:

- Reviewed data for workload performance indicators which included Customer Service and City Delivery package volume, City Delivery points, City Delivery routes and vehicles, and data for workforce performance indicators which included workhours, OT, and POT.
- Reviewed applicable policies and procedures related to key performance indicators for managing Customer Service, Delivery, and Vehicle Operations.
- Reviewed prior OIG and Government Accountability Office audit reports related to data and performance indicators we reviewed.
- Identified workhour changes when workload changed throughout the seven areas of Operations (Capital Metro, Eastern, Great Lakes, Northeast, Pacific, Southern, and Western.)
- Interviewed managers of Operations Support; and district managers of Operations Program Support, Human Resources, Finance, and Vehicle Maintenance Management at the area, district, regional, and headquarters levels.
- Collected, documented, analyzed, and summarized data for all performance indicators used by the seven areas of operations.
- Ranked, grouped, and compared performance indicators and identified similarities and differences for all seven Postal Service areas of operations.
- Reviewed trends for each performance indicator over a five-year period and reviewed year to year trends and identified patterns and anomalies.

We conducted this performance audit from November 2018 through October 2019, in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on August 19, 2019 and included their comments where appropriate.

We assessed the reliability of computer-generated data from the Postal Service's EDW, eFlash and SEAM database by reviewing related documentation and correspondence, testing user controls to determine effectiveness, gaps and/or redundancy between systems, and interviewing knowledgeable Postal Service personnel. We determined the data were sufficiently reliable for the purposes of this report.

## Prior Audit Coverage

| Report Title | Objective | Report Number | Final Report Date | Monetary Impact (in millions) |
|---|---|---|---|---|
| *Management of Overtime in the Northeast Area* | Assess management of overtime in the Northeast Area. | HR-AR-17-014 | 9/14/2017 | $308 |

# Appendix B: Statistics for City Delivery Package Volume and Routes

## Average Number of Packages Per City Route, FYs 2014 – 2018

| FY | City Package Volume | Percentage Change | City Delivery Routes | Percentage Change | Packages per Route | Percentage Increase |
|---|---|---|---|---|---|---|
| 2014 | 1,014,262,152 | | 141,271 | | 7,180 | |
| 2015 | 1,186,091,133 | 16.9% | 143,051 | 1.3% | 8,291 | 15.5% |
| 2016 | 1,446,696,817 | 22.0% | 144,571 | 1.1% | 10,007 | 20.7% |
| 2017 | 1,601,194,266 | 10.7% | 143,937 | -0.4% | 11,124 | 11.2% |
| 2018 | 1,656,212,825 | 3.4% | 143,358 | -0.4% | 11,553 | 3.9% |
| 2014-2018 | | 63.3% | | 1.5% | | 60.9% |

Source: eFlash and Postal Service Annual Report to Congress.

## Average Cost Per City Route, FYs 2014 – 2018

| FY | No. of City Delivery Routes | City Delivery Costs | Cost per Route | Percentage Change |
|---|---|---|---|---|
| 2014 | 141,271 | $18,302,991,908 | $129,559.44 | |
| 2015 | 143,051 | $18,710,341,444 | $130,794.90 | 0.95% |
| 2016 | 144,571 | $19,211,868,883 | $132,888.82 | 1.60% |
| 2017 | 143,937 | $19,508,307,312 | $135,533.65 | 1.99% |
| 2018 | 143,358 | $20,202,682,869 | $140,924.70 | 3.98% |
| 2014 - 2018 | | | | 8.77% |

Source: Postal Service Annual Report to Congress and Financial Performance Report.

# Appendix C: Statistics for City Delivery Package Volume, Routes, and Vehicles

| Indicators | FY | | | | | Percentage Growth | |
|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 | FYs 2014 to 2018 | FYs 2017 to 2018 |
| City Package Volume (in millions) | 1,014 | 1,186 | 1,447 | 1,601 | 1,656 | 63.3% | 3.4% |
| City Routes | 141,271 | 143,051 | 144,571 | 143,937 | 143,358 | 1.50% | -0.40% |
| Packages per Route | 7,180 | 8,291 | 10,007 | 11,124 | 11,553 | 60.9% | 3.9% |
| City Delivery Residential Points | 81,650,586 | 82,020,625 | 82,411,214 | 82,855,611 | 83,279,977 | 2.00% | 0.50% |
| Average Points per Route | 578 | 573 | 570 | 576 | 581 | 0.52% | 0.87% |
| Cost per Route | $129,559.44 | $130,794.90 | $132,888.82 | $135,533.65 | $140,924.70 | 8.77% | 3.98% |
| City Delivery Business Points | 7,592,773 | 7,633,285 | 7,664,927 | 7,690,284 | 7,709,827 | 1.50% | 0.30% |
| Average Points per Route | 54 | 53 | 53 | 53 | 54 | | |
| Number of Vehicles | 211,264 | 214,993 | 227,896 | 230,939 | 232,602 | 10% | 1% |

Source: Postal Service Annual Report to Congress, and EDW.

# Appendix D: Customer Service Workhours

| FY | Straight Time Workhours | Overtime | Penalty Overtime | Total Workhours |
|---|---|---|---|---|
| 2014 | 123,365,676 | 12,426,528 | 473,870 | 136,266,074 |
| 2015 | 135,668,186 | 13,397,911 | 587,425 | 149,653,522 |
| 2016 | 146,912,037 | 13,627,177 | 543,614 | 161,082,828 |
| 2017 | 147,078,952 | 13,658,695 | 512,367 | 161,250,014 |
| 2018 | 143,284,204 | 15,713,421 | 957,024 | 159,954,649 |
| % Difference FYs 2014 to 2015 | 9.97% | 7.82% | 23.96% | 9.82% |
| % Difference FYs 2015 to 2016 | 8.29% | 1.71% | -7.46% | 7.64% |
| % Difference FYs 2016 to 2017 | 0.11% | 0.23% | -5.75% | 0.10% |
| % Difference FYs 2017 to 2018 | **-2.6%** | **15.0%** | **86.8%** | **-0.8%** |
| % Difference FYs 2014 to 2018 | **16.1%** | **26.5%** | **102.0%** | **17.4%** |

Source: EDW General Ledger Labor Distribution Report.

# Appendix E: City Delivery Workhours

| FY | Straight Time | Overtime | Penalty Overtime | Total Workhours |
|---|---|---|---|---|
| 2014 | 347,760,353 | 46,877,928 | 3,340,975 | 397,979,256 |
| 2015 | 357,100,237 | 47,351,240 | 3,839,251 | 408,290,728 |
| 2016 | 369,328,238 | 48,894,825 | 3,993,360 | 422,216,423 |
| 2017 | 374,794,636 | 49,278,623 | 4,376,826 | 428,450,085 |
| 2018 | 373,421,026 | 53,184,171 | 5,693,516 | 432,298,713 |
| % Difference FYs 2014 to 2015 | 2.69% | 1.01% | 14.91% | 2.59% |
| % Difference FYs 2015 to 2016 | 3.42% | 3.26% | 4.01% | 3.41% |
| % Difference FYs 2016 to 2017 | 1.48% | 0.78% | 9.60% | 1.48% |
| % Difference FYs 2017 to 2018 | **-0.4%** | **7.9%** | **30.1%** | **0.9%** |
| % Difference FYs 2014 to 2018 | **7.4%** | **13.5%** | **70.4%** | **8.6%** |

Source: EDW General Ledger Labor Distribution Report.

# Appendix F: Customer Service Planned to Actual Overtime Hours Variances

| | | | Planned to Actual Overtime Hours Variance | | | | | |
|---|---|---|---|---|---|---|---|---|
| # | Area | District | 2014 | 2015 | 2016 | 2017 | 2018 | 5-Year Total |
| 1 | EASTERN | PHILADELPHIA METROPOLITAN | (110,624) | (114,609) | (207,812) | (147,532) | (180,092) | (760,669) |
| 2 | NORTHEAST | TRIBORO | (32,512) | (117,020) | (88,746) | (151,679) | (189,849) | (579,806) |
| 3 | CAPITAL METRO | CENTRAL PENNSYLVANIA | (64,819) | (74,428) | (154,281) | (80,329) | (137,039) | (510,896) |
| 4 | EASTERN | OHIO VALLEY | (76,397) | (69,411) | (124,758) | (90,942) | (137,696) | (499,204) |
| 5 | EASTERN | NORTHERN OHIO | (76,352) | (74,960) | (123,381) | (65,948) | (133,028) | (473,669) |
| 6 | PACIFIC | LOS ANGELES | (121,584) | (84,482) | (110,505) | (77,731) | (66,419) | (460,721) |
| 7 | PACIFIC | SAN FRANCISCO | (60,894) | (59,442) | (94,400) | (93,687) | (111,602) | (420,025) |
| 8 | SOUTHERN | HOUSTON | (74,005) | (61,154) | (92,606) | (80,815) | (106,136) | (414,716) |
| 9 | NORTHEAST | NEW YORK | 4,260 | (112,048) | (21,366) | (115,478) | (147,323) | (391,955) |
| 10 | WESTERN | COLORADO/WYOMING | (76,877) | (38,236) | (115,555) | (19,356) | (113,297) | (363,321) |
| 11 | SOUTHERN | SOUTH FLORIDA | (75,805) | (679) | (8,208) | (129,826) | (142,528) | (357,046) |
| 12 | EASTERN | TENNESSEE | (50,917) | (39,203) | (119,923) | (47,330) | (97,687) | (355,060) |
| 13 | EASTERN | WESTERN PENNSYLVANIA | (80,951) | (68,399) | (115,544) | (26,080) | (56,757) | (347,731) |
| 14 | SOUTHERN | RIO GRANDE | (105,789) | (57,065) | (44,051) | (68,027) | (61,082) | (336,014) |
| 15 | EASTERN | SOUTH JERSEY | (51,268) | (41,721) | (75,251) | (52,183) | (113,499) | (333,922) |
| 16 | NORTHEAST | GREATER BOSTON | (95,395) | (132,648) | (75,430) | 46,549 | (72,112) | (329,036) |
| 17 | SOUTHERN | SUNCOAST | (35,664) | (13,175) | 22,070 | (127,174) | (125,445) | (279,388) |
| 18 | EASTERN | WESTERN NEW YORK | (39,993) | (43,185) | (64,779) | (16,432) | (55,863) | (220,252) |
| 19 | WESTERN | ARIZONA | (44,422) | (13,991) | (54,194) | 4,669 | (97,073) | (205,011) |
| 20 | WESTERN | PORTLAND | (54,761) | (40,708) | (27,847) | (26,960) | (54,280) | (204,556) |
| 21 | PACIFIC | BAY-VALLEY | (14,964) | (5,950) | (64,773) | (49,866) | (59,796) | (195,349) |

| | | | Planned to Actual Overtime Hours Variance | | | | | |
|---|---|---|---|---|---|---|---|---|
| # | Area | District | 2014 | 2015 | 2016 | 2017 | 2018 | 5-Year Total |
| 22 | CAPITAL METRO | ATLANTA | (30,677) | (36,148) | (3,953) | (45,213) | (77,262) | (193,253) |
| 23 | NORTHEAST | WESTCHESTER | (26,652) | (54,718) | (20,610) | 12,204 | (86,238) | (176,014) |
| 24 | WESTERN | SEATTLE | (45,485) | (35,511) | 10,083 | (28,197) | (66,111) | (165,221) |
| 25 | NORTHEAST | LONG ISLAND | 7,680 | (31,745) | 3,205 | (59,393) | (83,447) | (163,700) |
| 26 | WESTERN | NEVADA-SIERRA | (30,399) | (22,814) | (34,592) | (16,227) | (56,398) | (160,430) |
| 27 | GREAT LAKES | CHICAGO | (18,449) | (40,834) | (5,847) | 4,998 | (99,192) | (159,324) |
| 28 | NORTHEAST | CONNECTICUT VALLEY | 29,583 | (34,473) | 27,861 | (16,355) | (153,215) | (146,599) |
| 29 | EASTERN | KENTUCKIANA | (14,150) | (14,681) | (58,204) | (9,955) | (25,522) | (122,512) |
| 30 | CAPITAL METRO | GREENSBORO | (5,295) | (42,941) | 2,627 | (25,112) | (50,173) | (120,894) |
| 31 | CAPITAL METRO | BALTIMORE | (26,203) | (40,396) | 5,705 | (25,322) | (29,028) | (115,244) |
| 32 | PACIFIC | SAN DIEGO | (59,299) | (8,628) | (13,821) | (6,273) | (22,152) | (110,173) |
| 33 | WESTERN | SALT LAKE CITY | (23,169) | (19,301) | (20,827) | (1,199) | (44,622) | (109,118) |
| 34 | CAPITAL METRO | GREATER SOUTH CAROLINA | (37,442) | (21,543) | 7,870 | (750) | (51,431) | (103,296) |
| 35 | GREAT LAKES | GREATER INDIANA | (76,195) | (57,286) | 42,404 | 32,509 | (38,259) | (96,827) |
| 36 | PACIFIC | SANTA ANA | (14,837) | 16,188 | (22,758) | (25,621) | (46,224) | (93,252) |
| 37 | CAPITAL METRO | MID-CAROLINAS | (41,111) | (20,849) | 21,868 | (13,046) | (36,762) | (89,900) |
| 38 | NORTHEAST | NORTHERN NJ | (56,819) | 30,761 | 30,158 | 1,205 | (94,881) | (89,576) |
| 39 | GREAT LAKES | LAKELAND | (28,435) | (2,656) | (398) | (34,529) | (18,786) | (84,804) |
| 40 | SOUTHERN | GULF ATLANTIC | (75,117) | 40,644 | 37,106 | (46,606) | (30,035) | (74,008) |
| 41 | WESTERN | NORTHLAND | (14,463) | (22,727) | (17,414) | 19,986 | (29,770) | (64,388) |
| 42 | CAPITAL METRO | CAPITAL | (22,982) | (23,899) | (8,286) | 47,312 | (49,980) | (57,835) |
| 43 | NORTHEAST | CARIBBEAN | 18,759 | (22,628) | (1,045) | (11,774) | (35,380) | (52,068) |
| 44 | CAPITAL METRO | RICHMOND | (19,205) | (13,083) | 46,171 | (25,503) | (33,463) | (45,083) |
| 45 | WESTERN | MID-AMERICA | (9,973) | (3,449) | 25,238 | (8,609) | (44,825) | (41,618) |

| | | | Planned to Actual Overtime Hours Variance | | | | | |
|---|---|---|---|---|---|---|---|---|
| # | Area | District | 2014 | 2015 | 2016 | 2017 | 2018 | 5-Year Total |
| 46 | WESTERN | ALASKA | (23,437) | (7,419) | (4,172) | 3,745 | (5,895) | (37,178) |
| 47 | WESTERN | DAKOTAS | (30,160) | (18,915) | 27,816 | 13,331 | (18,767) | (26,695) |
| 48 | PACIFIC | SACRAMENTO | (31,783) | (6,852) | (2,980) | 8,446 | 9,432 | (23,737) |
| 49 | GREAT LAKES | GREATER MICHIGAN | (8,957) | (33,262) | 24,999 | 26,951 | (26,934) | (17,203) |
| 50 | WESTERN | HAWKEYE | (18,448) | 5,907 | 26,912 | (1,128) | (29,718) | (16,475) |
| 51 | GREAT LAKES | DETROIT | (36,773) | (49,433) | 605 | 60,727 | 10,978 | (13,896) |
| 52 | CAPITAL METRO | NORTHERN VIRGINIA | 35,699 | (67,246) | 2,914 | 25,693 | (9,326) | (12,266) |
| 53 | SOUTHERN | FORT WORTH | (9,618) | 18,140 | (4,309) | 2,590 | (15,414) | (8,611) |
| 54 | SOUTHERN | DALLAS | 6,791 | 6,328 | 25,007 | (16,990) | (26,972) | (5,836) |
| 55 | SOUTHERN | ALABAMA | (5,050) | 22,841 | 27,268 | (32,754) | (17,538) | (5,233) |
| 56 | PACIFIC | SIERRA COASTAL | (50,337) | 22,384 | 8,099 | 17,530 | (161) | (2,485) |
| 57 | GREAT LAKES | GATEWAY | (21,129) | (39,283) | 94,333 | 14,966 | (42,270) | 6,617 |
| 58 | SOUTHERN | MISSISSIPPI | (29,892) | 29,484 | 17,544 | (7,744) | 2,005 | 11,397 |
| 59 | GREAT LAKES | CENTRAL ILLINOIS | (30,513) | (28,508) | 21,522 | 41,979 | 11,646 | 16,126 |
| 60 | PACIFIC | HONOLULU | (11,733) | (8,501) | (4,449) | 24,540 | 19,590 | 19,447 |
| 61 | SOUTHERN | LOUISIANA | 7,968 | 46,069 | 21,093 | (27,631) | (13,282) | 34,217 |
| 62 | NORTHEAST | NORTHERN NEW ENGLAND | 8,867 | (44,986) | 67,593 | (1,994) | 7,371 | 36,851 |
| 63 | EASTERN | APPALACHIAN | (9,275) | 13,535 | (36,800) | 47,532 | 22,588 | 37,580 |
| 64 | WESTERN | CENTRAL PLAINS | 3,721 | 26,586 | 56,724 | 9,073 | (34,778) | 61,326 |
| 65 | SOUTHERN | ARKANSAS | 499 | 44,319 | 36,294 | (13,828) | (5,864) | 61,420 |
| 66 | SOUTHERN | OKLAHOMA | 1,026 | 36,530 | 31,098 | (2,813) | (4,204) | 61,637 |
| 67 | NORTHEAST | ALBANY | 7,101 | 4,202 | 59,264 | 9,872 | (1,822) | 78,617 |
| **Total** | | | **(2,205,501)** | **(1,773,311)** | **(1,212,424)** | **(1,495,534)** | **(3,731,094)** | **(10,417,864)** |

Source: eFlash and EDW General Ledger Labor Distribution Report.

# Appendix G: City Delivery Planned to Actual Overtime Hours Variances

| | | | Planned to Actual Overtime Hours Variance | | | | | |
|---|---|---|---|---|---|---|---|---|
| # | Area | District | 2014 | 2015 | 2016 | 2017 | 2018 | 5-Year Total |
| 1 | GREAT LAKES | ALASKA | (5,251) | (15,496) | 24,611 | 14,289 | 629,406 | 647,559 |
| 2 | GREAT LAKES | SAN DIEGO | (74,893) | 78,328 | 177,109 | 282,728 | 77,505 | 540,777 |
| 3 | SOUTHERN | CENTRAL PLAINS | 31,888 | 41,322 | 11,669 | 30,708 | 417,246 | 532,833 |
| 4 | EASTERN | SUNCOAST | (115,003) | 133,810 | (23,262) | 270,410 | 230,759 | 496,714 |
| 5 | EASTERN | CAPITAL | 35,565 | (9,447) | 101,383 | 254,710 | (30,491) | 351,720 |
| 6 | PACIFIC | HONOLULU | 22,333 | 22,733 | 74,099 | 128,688 | 46,681 | 294,534 |
| 7 | WESTERN | SANTA ANA | (21,372) | 62,991 | 166,381 | 156,629 | (80,951) | 283,678 |
| 8 | EASTERN | DAKOTAS | (44,166) | 7,837 | 51,350 | 6,565 | 118,459 | 140,045 |
| 9 | PACIFIC | NORTHERN VIRGINIA | 81,665 | (65,321) | 48,038 | 68,139 | (42,466) | 90,055 |
| 10 | PACIFIC | ATLANTA | 12,492 | (89,538) | 52,678 | 101,454 | 3,564 | 80,650 |
| 11 | SOUTHERN | APPALACHIAN | 33,888 | (6,201) | 32,698 | 42,555 | (42,016) | 60,924 |
| 12 | SOUTHERN | OKLAHOMA | 26,435 | 43,211 | 5,638 | (41,677) | 11,538 | 45,145 |
| 13 | GREAT LAKES | KENTUCKIANA | 43,795 | (3,270) | 32,382 | 38,619 | (70,424) | 41,102 |
| 14 | NORTHEAST | ARKANSAS | 15,203 | 31,647 | 13,403 | (20,524) | (8,353) | 31,376 |
| 15 | SOUTHERN | RICHMOND | 39,371 | 48,117 | 92,126 | (110,744) | (41,132) | 27,738 |
| 16 | WESTERN | BALTIMORE | (11,092) | (78,153) | 65,605 | 37,090 | 2,241 | 15,691 |
| 17 | WESTERN | MISSISSIPPI | (3,792) | 10,248 | (11,607) | (3,433) | 23,523 | 14,939 |
| 18 | GREAT LAKES | CARIBBEAN | (50,370) | (33,420) | (5,532) | 45,796 | 56,479 | 12,953 |
| 19 | WESTERN | MID-CAROLINAS | 14,763 | (25,216) | (16,341) | (384) | 36,080 | 8,902 |
| 20 | PACIFIC | ALABAMA | 27,003 | 85,617 | (87,280) | (22,576) | (16,844) | (14,080) |
| 21 | SOUTHERN | SACRAMENTO | (73,369) | (40,563) | 26,688 | 99,618 | (44,953) | (32,579) |

| | | | Planned to Actual Overtime Hours Variance | | | | | |
|---|---|---|---|---|---|---|---|---|
| # | Area | District | 2014 | 2015 | 2016 | 2017 | 2018 | 5-Year Total |
| 22 | EASTERN | GREATER SOUTH CAROLINA | (26,163) | (44,131) | (3,541) | 52,530 | (16,520) | (37,825) |
| 23 | EASTERN | RIO GRANDE | (67,741) | (42,705) | (71,734) | 103,189 | 22,258 | (56,733) |
| 24 | NORTHEAST | GREATER MICHIGAN | (52,850) | (11,730) | (19,942) | 23,000 | (2,822) | (64,344) |
| 25 | WESTERN | GREENSBORO | 18,028 | (112,428) | 28,207 | 25,436 | (24,506) | (65,263) |
| 26 | EASTERN | SALT LAKE CITY | (10,132) | 9,689 | (77,578) | 52,086 | (40,920) | (66,855) |
| 27 | SOUTHERN | WESTERN NEW YORK | (24,821) | (2,991) | 76,400 | 34,284 | (150,757) | (67,885) |
| 28 | CAPITAL METRO | MID-AMERICA | (25,018) | 6,732 | 33,573 | (433) | (108,458) | (93,604) |
| 29 | EASTERN | GATEWAY | (112,932) | (46,102) | (17,320) | 48,860 | 27,808 | (99,686) |
| 30 | WESTERN | NORTHERN NEW ENGLAND | (6,327) | (52,258) | (5,374) | (30,108) | (33,611) | (127,678) |
| 31 | PACIFIC | DALLAS | 45,250 | 21,784 | (6,741) | (41,171) | (155,619) | (136,497) |
| 32 | EASTERN | FORT WORTH | (15,254) | 7,394 | (688) | (48,219) | (82,681) | (139,448) |
| 33 | GREAT LAKES | NEVADA-SIERRA | (14,609) | (4,141) | (21,291) | (10,416) | (102,322) | (152,779) |
| 34 | CAPITAL METRO | ALBANY | (39,417) | (50,855) | 3,345 | (19,323) | (47,103) | (153,353) |
| 35 | WESTERN | LOUISIANA | (56,939) | (21,958) | (19,714) | 19,774 | (75,738) | (154,575) |
| 36 | PACIFIC | GULF ATLANTIC | (83,117) | (6,259) | (47,599) | (21,142) | (25,251) | (183,368) |
| 37 | NORTHEAST | TENNESSEE | 47,788 | (58,366) | (65,049) | 10,278 | (134,506) | (199,855) |
| 38 | NORTHEAST | NORTHLAND | (54,481) | 51,075 | (15,234) | 24,134 | (253,022) | (247,528) |
| 39 | GREAT LAKES | PORTLAND | (20,111) | (9,203) | (11,061) | (60,776) | (163,155) | (264,306) |
| 40 | NORTHEAST | SIERRA COASTAL | (137,301) | (130,317) | (3,744) | 109,429 | (121,343) | (283,276) |
| 41 | CAPITAL METRO | NORTHERN NJ | (355,643) | 19,517 | 236,486 | (70,309) | (125,477) | (295,426) |
| 42 | CAPITAL METRO | WESTCHESTER | (59,146) | (119,452) | 920 | (28,942) | (89,521) | (296,141) |
| 43 | WESTERN | SEATTLE | (51,358) | (82,494) | (59,741) | 21,180 | (126,950) | (299,363) |
| 44 | EASTERN | NORTHERN OHIO | (85,754) | (109,524) | 28,629 | 9,788 | (168,250) | (325,111) |
| 45 | WESTERN | HAWKEYE | (44,291) | (787) | 1,871 | (15,193) | (267,125) | (325,525) |

| | | | Planned to Actual Overtime Hours Variance | | | | | |
|---|---|---|---|---|---|---|---|---|
| # | Area | District | 2014 | 2015 | 2016 | 2017 | 2018 | 5-Year Total |
| 46 | NORTHEAST | CENTRAL PENNSYLVANIA | (64,660) | (106,946) | (63,185) | (48,385) | (205,686) | (488,862) |
| 47 | PACIFIC | SOUTH JERSEY | (27,608) | (134,690) | (65,211) | (67,338) | (222,382) | (517,229) |
| 48 | NORTHEAST | WESTERN PENNSYLVANIA | (125,171) | (103,803) | (32,442) | (66,001) | (201,236) | (528,653) |
| 49 | WESTERN | HOUSTON | (140,504) | (88,656) | (167,318) | 112,345 | (256,837) | (540,970) |
| 50 | CAPITAL METRO | GREATER INDIANA | (200,923) | (64,738) | (113,130) | (37,173) | (138,849) | (554,813) |
| 51 | EASTERN | LONG ISLAND | (98,078) | (262,037) | (154,856) | (65,112) | (56,518) | (636,601) |
| 52 | NORTHEAST | NEW YORK | (197,338) | (249,710) | (24,405) | (62,915) | (103,096) | (637,464) |
| 53 | SOUTHERN | ARIZONA | (52,592) | (2,815) | (61,852) | 84,578 | (607,104) | (639,785) |
| 54 | WESTERN | LOS ANGELES | (316,772) | (178,137) | (107,809) | 60,634 | (108,801) | (650,885) |
| 55 | SOUTHERN | OHIO VALLEY | (109,332) | (111,046) | (85,572) | (75,967) | (303,838) | (685,755) |
| 56 | SOUTHERN | CENTRAL ILLINOIS | (186,931) | (132,445) | (96,755) | (109,413) | (179,032) | (704,576) |
| 57 | CAPITAL METRO | CHICAGO | (43,132) | (116,162) | (125,600) | (194,228) | (298,975) | (778,097) |
| 58 | SOUTHERN | SOUTH FLORIDA | (218,960) | 117,716 | (187,553) | (147,593) | (346,585) | (782,975) |
| 59 | SOUTHERN | CONNECTICUT VALLEY | (230,857) | (254,488) | 13,703 | (172,376) | (281,338) | (925,356) |
| 60 | PACIFIC | LAKELAND | (613,583) | (66,065) | (95,327) | (91,848) | (93,093) | (959,916) |
| 61 | WESTERN | COLORADO/WYOMING | (65,860) | (11,868) | (82,019) | 55,116 | (863,529) | (968,160) |
| 62 | SOUTHERN | SAN FRANCISCO | (174,411) | (242,912) | (238,153) | (123,723) | (258,913) | (1,038,112) |
| 63 | NORTHEAST | TRIBORO | (402,451) | (489,408) | (265,806) | (202,320) | (125,135) | (1,485,120) |
| 64 | NORTHEAST | BAY-VALLEY | (228,913) | (427,269) | (303,477) | (148,304) | (415,911) | (1,523,874) |
| 65 | GREAT LAKES | DETROIT | (309,950) | (267,101) | (364,667) | (293,000) | (400,896) | (1,635,614) |
| 66 | CAPITAL METRO | PHILADELPHIA METROPOLITAN | (238,154) | (329,539) | (385,057) | (301,626) | (470,622) | (1,724,998) |
| 67 | CAPITAL METRO | GREATER BOSTON | (517,229) | (618,787) | (403,566) | (293,748) | (160,987) | (1,994,317) |
| | | **TOTAL** | **(5,810,655)** | **(4,731,180)** | **(2,615,141)** | **(621,801)** | **(7,089,103)** | **(20,867,880)** |

Source: eFlash and EDW General Ledger Labor Distribution Report.

# Appendix H: Customer Service Operations Highest Package Volume Workhours to Workload

| Area | District | 2017 To 2018 Percentage Volume Change | 2018 Overtime as Percentage of Total Workhours | 2018 Penalty Overtime as Percentage of Total Workhours |
|---|---|---|---|---|
| Northeast | Caribbean | 23% | 10% | 1.2% |
| Northeast | Westchester | 19% | 12% | 1.2% |
| Southern | Houston | 18% | 14% | 1.0% |
| Eastern | Central Pennsylvania | 17% | 11% | 0.8% |
| Northeast | Albany | 17% | 6% | 0.4% |
| Eastern | Appalachian | 16% | 5% | 0.1% |
| Eastern | Western New York | 15% | 9% | 0.9% |
| Western | Nevada-Sierra | 15% | 12% | 0.5% |
| Northeast | Northern New England | 15% | 8% | 0.4% |
| Capital Metro | Greater South Carolina | 15% | 11% | 0.2% |

Source: eFlash and EDW General Ledger Labor Utilization Report.

# Appendix I: City Delivery Operations Highest Package Volume Workhours to Workload

| Area | District | 2017 to 2018 Percent Volume Change | 2018 Overtime as Percentage of Total Workhours | 2018 Penalty Overtime as Percentage of Total Workhours |
|---|---|---|---|---|
| Northeast | Westchester | 27% | 13% | 2.5% |
| Eastern | Appalachian | 26% | 11% | 0.3% |
| Western | Nevada-Sierra | 20% | 10% | 0.6% |
| Western | Dakotas | 18% | 8% | 0.4% |
| Northeast | Caribbean | 18% | 10% | 2.3% |
| Great Lakes | Greater Michigan | 17% | 10% | 1.2% |
| Northeast | Albany | 17% | 12% | 1.4% |
| Southern | Houston | 16% | 15% | 1.7% |
| Northeast | Northern New England | 15% | 13% | 1.9% |
| Capital Metro | Richmond | 15% | 14% | 2.0% |

Source: eFlash and EDW General Ledger Labor Utilization Report.

# Appendix J: Customer Service Operations Lowest Package Volume Workhours to Workload

| Area | District | 2017 To 2018 Percentage Volume Change | 2018 Overtime as Percentage of Total Workhours | 2018 Penalty Overtime as Percentage of Total Workhours |
|---|---|---|---|---|
| Capital Metro | Richmond | 2% | 10% | 0.6% |
| Capital Metro | Capital | 2% | 11% | 0.6% |
| Northeast | New York | 1% | 14% | 1.2% |
| Western | Seattle | 1% | 7% | 0.3% |
| Pacific | Sacramento | 1% | 8% | 0.4% |
| Pacific | San Diego | 0% | 9% | 0.4% |
| Great Lakes | Chicago | -3% | 13% | 0.3% |
| Eastern | Philadelphia Metropolitan | -3% | 14% | 1.0% |
| Pacific | Santa Ana | -7% | 11% | 0.2% |
| Pacific | Los Angeles | -8% | 12% | 0.5% |

Source: eFlash and EDW General Ledger Labor Utilization Report.

# Appendix K: City Delivery Operations Declining Package Volume Workhours to Workload

| Area | District | 2017 to 2018 Percentage Volume Change | 2018 Overtime as Percentage of Total Workhours | 2018 Penalty Overtime as Percentage of Total Workhours |
|---|---|---|---|---|
| Western | Arizona | -2% | 10% | 0.3% |
| Pacific | Sacramento | -3% | 11% | 0.9% |
| Pacific | San Francisco | -3% | 14% | 4.6% |
| Pacific | San Diego | -3% | 10% | 0.6% |
| Western | Mid-America | -4% | 10% | 1.2% |
| Great Lakes | Chicago | -5% | 15% | 0.9% |
| Southern | Suncoast | -6% | 10% | 0.4% |
| Pacific | Los Angeles | -9% | 12% | 1.3% |
| Pacific | Santa Ana | -11% | 11% | 0.4% |
| Northeast | New York | -80% | 14% | 2.7% |

Source: eFlash and EDW General Ledger Labor Utilization Report.

# Appendix L: Vehicle Operations Workhours to Workload

**Vehicle Growth by District, FYs 2017 - 2018**

| Highest Percentage Growth (Top 10) | | Lowest Percentage Growth (Bottom 10) | |
|---|---|---|---|
| District (Area) | Percentage Growth | District (Area) | Percentage Growth |
| Capital (Capital Metro) | 13.7% | New York (Northeast) | -13.8% |
| Baltimore (Capital Metro) | 9.1% | Alaska (Western) | -4.9% |
| Dallas (Southern) | 7.2% | Los Angeles (Pacific) | -3.3% |
| Louisiana (Southern) | 5.5% | Westchester (Northeast) | -3.3% |
| Central Pennsylvania (Eastern) | 5.1% | Portland (Pacific) | -3.1% |
| Oklahoma (Southern) | 4.6% | Kentuckiana (Eastern) | -2.4% |
| Albany (Northeast) | 4.6% | Salt Lake City (Western) | -2.3% |
| Caribbean (Northeast) | 4.5% | Seattle (Western) | -2.3% |
| Northern New Jersey (Northeast) | 4.3% | Sacramento (Pacific) | -1.9% |
| Nevada-Sierra (Western) | 3.1% | Dakotas (Western) | -1.9% |

Source: SEAM Vehicle Utilization Report.

## Vehicle Service Workhours, FYs 2014 - 2018

| Fiscal Year | Number of Vehicles | Straight Time | Overtime | Penalty Overtime | Total Workhours |
|---|---|---|---|---|---|
| 2014 | 211,398 | 9,241,318 | 711,481 | 7,233 | 9,960,032 |
| 2015 | 215,020 | 9,344,701 | 836,581 | 13,098 | 10,194,380 |
| 2016 | 228,105 | 9,284,519 | 898,194 | 10,745 | 10,193,458 |
| 2017 | 231,144 | 9,197,613 | 941,742 | 9,852 | 10,149,207 |
| 2018 | 232,901 | 9,121,013 | 967,379 | 8,752 | 10,097,144 |
| **% Difference FY 2014 to 2015** | **1.7%** | **1.1%** | **17.6%** | **81.1%** | **2.4%** |
| **% Difference FY 2015 to 2016** | **6.1%** | **-0.6%** | **7.4%** | **-18.0%** | **0.0%** |
| **% Difference FY 2016 to 2017** | **1.3%** | **-0.9%** | **4.8%** | **-8.3%** | **-0.4%** |
| **% Difference FY 2017 to 2018** | **0.8%** | **-0.8%** | **2.7%** | **-11.2%** | **-0.5%** |
| **% Difference FY 2014 to 2018** | **10.2%** | **-1.3%** | **36.0%** | **21.0%** | **1.4%** |

Source: EDW General Ledger Labor Utilization Report.

# Appendix M: Management's Comments

KEVIN L. MCADAMS
VICE PRESIDENT, DELIVERY & RETAIL OPERATIONS

UNITED STATES POSTAL SERVICE

October 2, 2019

LAZERICK C. POLAND
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Customer Service, City Delivery, and Vehicle Operations - Workload and Workforce Performance Indicators (Report Number DR-AR-19-DRAFT)

This response is in reference to Report Number DR-AR-19-DRAFTCustomer Service, City Delivery and Vehicle Operations – Workload and Workforce Performance Indicators.

The numerous changes made to the draft of this audit at the suggestion of Postal Management following the Exit Conference are much appreciated. However, Management continues to note other discrepancies that exist in the OIG's interpretation of postal workload, workhour performance and the data used in the analysis of both.

Workload is difficult to measure, as each mail type and delivery point requires different amounts of workhours to handle or serve. Since the report is lacking a clear high-level description of what overall success looks like, it is not clear whether USPS is matching workhour usage to the declining mail and increasing package volumes.

Instead, the findings and comments in the audit focus more on overtime usage compared to plan. USPS disagrees with this approach because overtime is just one type of hour. Matching usage to workload is about the number of workhours used, as opposed to the type of hour used. USPS attempts to minimize costs by using the appropriate mix of hours based on the management of complement and an assessment of the relative cost of each hour type.

**City Delivery**
While the OIG highlights the drop in First Class Mail and Standard Mail volume that occurred between FY 2014 and FY 2018, it fails to disclose that a significant percentage of the First-Class Mail/Standard Mail decline would have been related to either Delivery Point Sequenced (DPS) letters, Flat Sequenced System (FSS) mail, Enhanced Carrier Route Walk Sequenced (ECR-WS) bundles and/or other Every Door Direct Mailings (EDDM). These types of mail typically require little additional time for F2 (City Delivery) and likewise incremental amounts for F4 (Customer Service). From a F2 perspective, any additional office time would have been earned by utilizing the 18-8 and 70 percent to standard. Street time and existing economies of scale, long established delivery patterns and methods that require carriers to have mail prepared for delivery upon arrival at the delivery point would result in little to no additional street time to be needed to handle this volume. The OIG gives little attention to the loss of efficiencies associated with First-Class and Standard Mail volumes in F2 and F4.

The audit also calls out the growth in City Delivery package volume and the resulting increase in the number of packages delivered on each route and the average number of packages per City Delivery route rising from 7,180 in FY 2014 to 11,553 in FY 2018 (Almost 61 percent). With 302 delivery days, 7,180 packages provide an average daily package count of 36. At 11,553 packages, that average jumps to 57 packages per route. Each package over base, is factored as an additional 90 seconds of street time. Thus 21 packages X 90 seconds could be worth 31.5 minutes additional street time per route –a notable increase and something the OIG did not fully factor into their analysis.

475 L'ENFANT PLAZA SW
WASHINGTON DC 20260-1600
(202) 268-6500
FAX: (202) 268-3331
www.USPS.COM

**Customer Service**
On the inside cover of the audit the number of career and non-career clerks that manually sort/distribute mail is inaccurate. Customer Service F4 consist of multiple Labor Distribution Codes (LDCs) - ranging from LDC 41 through LDC 48. It appears the OIG included employees from all Customer Service LDCs rather than those just from LDC 43. LDC 43 is specifically associated with the distribution of mail. There are currently less than 20,000 employees assigned to LDC 43 – a difference of more than 50K from what was referenced in this OIG report.

The OIG uses 'Total Mail Volume' as the common denominator throughout the audit. Footnote #7 on Page 2 defines Total Mail Pieces as the combination of all First-Class Mail, Standard Mail, Shipping and packages services, International mail, Periodicals, and Free Matter for the Blind. Combining all mail piece types into a total piece count to determine workhour productivity is not a sound analysis as mail processing times vary with each mail piece type - thus using a total piece count divided by work hours doesn't accurately capture workload and performance.

The OIG minimized the impact on Workhours from an increasing package volume. The distribution of parcels takes a significantly greater amount of time than other mail types. In fact, distribution of parcels in 2018 accounted for more than 52 percent of LDC 43 workhours. In comparison, letter and flat distribution – when combined - accounted for just 18 percent of the LDC 43 Workhours in 2018.

Table 2 attempts to show a correlation between Total Mail Volume, Customer Service Workhours and a decline in productivity from 2014 to 2018. It appears however, that the OIG significantly overstated Customer Service Workhours by combining all F4 LDC Workhours – even including those associated with window service activities. LDC 43 is specifically assigned to mail distribution and represented less than 30 percent of total F4 in 2018. Workhours from this Labor Distribution Code should have been the basis for the analysis meant to trend efficiencies. In addition, using Total Mail Volume further compromised the credibility of the results by assuming the distribution of all mail types require the same amount of time.

Table 3 appears to reflect all F4 Planned Workhours to actual Overtime rather than workhours associated with only LDC 43 Distribution. Utilizing all F4 Workhours as the basis for analysis greatly skews the results.

Appendix D represents all F4 Workhours versus those specifically associated with LDC 43 Distribution. This discrepancy of combining all F4 Workhours was referenced earlier.

Appendix H and Appendix J only display percentages and not volumes making it difficult to validate the data.

**Fleet Operations**
While the OIG provided an accurate account of workhour increases in their report for Fleet Operations for the period of FY 2014 through FY 2018, they failed to recognize the purpose for the increase in the vehicle count. The OIG's explanation for the increase in the number of vehicles, to supplement an aging fleet of delivery vehicles, is inaccurate. Had the OIG given minimal due diligence by conducted interviews with Headquarters management as part of its overall review, they would have known the increase was driven by the need to purchase over 3,500 additional vehicles as part of a Memorandum of Understanding (MOU) to place 30,000 additional RHD vehicles on rural routes by 2015.

The OIG likewise did not address how the cost to maintain the USPS fleet always includes a combination of in-house labor plus contract labor. Contract labor may increase when the hiring of postal employees becomes a challenge. The one percent increase in workhours over this period is far less than the workload demand of a ten percent increase in vehicles as the finding in this report would indicate.

Finally, the methodology used to calculate a potential cost of $308M was not provided to allow Postal Management the opportunity to review and validate. To even imply that package volume and letter volume have the same workload impact is unreasonable and could only result in a faulty analysis and a skewed conclusion.

**Recommendation 1:**
The Vice President, Delivery & Retail Operations, develop a detailed action plan including measurable targets to better manage overtime and penalty overtime work hours in Customer Service, City Delivery and Vehicle Operations.

**Management Response: Management Disagrees**
Postal Management has well established processes and programs designed to better manage overtime/penalty overtime such as the 1994 Scheduler, OT Admin, Control Form Utilization (ex. 1017 A & B, 3996) and Scanning Exceptions. In addition, new and improved programs are being implemented like the Delivery Management System (DMS) Dashboard. These efforts were not acknowledged in the audit, but have successfully shown to reduce workhours and increase efficiencies.

Postal Management has fundamental concerns with the analysis used by the OIG in this report starting with the assumption that all mail piece types carry the same weighted time factors. OIG uses this interpretation and ineffectively carries it through the report as the basis for declining Customer Service/City Delivery workload performance and workhour productivity. The audit likewise fails to acknowledge differences in the cost per piece for package growth and the loss of efficiencies associated with First-Class and Standard Mail volumes in both Function 2 (City Delivery) and Function 4 (Customer Service). In terms of Customer Service, the OIG significantly overstated workhours associated with the distribution of mail by combining all F4 Labor Distribution Codes instead of focusing on LDC 43.

Postal Management contends that the OIG's skewed analysis does not support their findings nor provide a compelling enough case to show that costs to workhours have increased in comparison to workload changes. Postal Management will continue to look for ways to improve performance and manage workhours to target.

**Target Implementation Date:**
N/A

**Responsible Official:**
Vice President, Delivery and Retail Operations

Kevin L. McAdams


**OFFICE OF**
# INSPECTOR GENERAL
**UNITED STATES POSTAL SERVICE**

Contact us via our Hotline and FOIA forms.
Follow us on social networks.
Stay informed.

1735 North Lynn Street
Arlington, VA 22209-2020
(703) 248-2100

For media inquiries, contact Agapi Doulaveris
Telephone: 703-248-2286
adoulaveris@uspsoig.gov