



Office of Inspector General | United States Postal Service

RISC Report

The Truck Driver Shortage: Implications for the Postal Service

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Executive Summary

In 2021, the U.S. economy experienced strained supply chains and labor shortages that were a painful reality for consumers and businesses alike. One factor in these supply-chain challenges was a shortage of truck drivers. The trucking industry has reported a shortage for decades. The American Trucking Associations estimated a shortage of 80,000 truck drivers in 2021, an increase from 60,800 drivers in 2018.

The truck driver shortage has also impacted the U.S. Postal Service, which relies on a large surface-transportation network. The Postal Vehicle Service (PVS) is internally operated by USPS, with over 9,000 employees driving local routes, generally under 50 miles. These routes move mail among processing facilities, inner-city delivery offices, and local businesses and mailers. USPS also uses competitive fixed-price contracts to transport mail in bulk along highway contract routes (HCRs) between plants, post offices, or other designated points. As of September 2021, USPS had contracts with about 1,750 HCR suppliers.¹

The U.S. Postal Service Office of Inspector General (OIG) conducted research to assess how the truck driver shortage impacts the Postal Service. We also sought to identify best practices that may help the Postal Service further mitigate challenges posed by the driver shortage. In addition to reviewing Postal Service policies and data, the OIG interviewed subject matter experts (SMEs), including academics, associations, trucking companies (carriers), and shippers, to understand how the industry more broadly is working to mitigate the shortage.

Impacts on PVS and HCR Operations

The Postal Service has had a shortage of over 1,000 PVS drivers since at least 2018. The shortage necessitates more overtime hours for the drivers currently on-roll. In fiscal year (FY) 2021, the Postal Service spent about \$1.3 billion

on PVS operations. Wage competition is a primary challenge in PVS driver recruitment efforts.

The truck driver shortage also has contributed to increased costs for HCRs. Overall payments to HCR suppliers increased approximately 25 percent from FY 2018 to 2021, from about \$3.8 to \$4.7 billion. The costs per mile for HCR routes increased 18 percent from October 2017 to September 2021. There are likely additional reasons for the rising costs, but the shortage appears to be a significant contributor. The truck driver shortage also creates performance challenges for HCRs. Postal Service management said the shortage contributes to HCR suppliers omitting service for trips — that is, failing to provide services as expected under the contract — potentially because the HCR supplier did not have a driver available.

Strategies to Mitigate the Impact of the Shortage

One way the Postal Service is working to mitigate the impact of the PVS driver shortage is through marketing efforts to improve recruitment. USPS has also launched a pilot program to train motor vehicle operators already driving lighter mail trucks, such as straight trucks, to drive larger tractor-trailers. SMEs told the OIG that beyond offering higher wages, dedicated routes and the ability to go home at night are attractive aspects of a job for many drivers. Therefore, these attributes of PVS driving could be relatively attractive compared to some other industry positions. Companies are also targeting recruitment efforts to attract younger drivers, as well as women drivers, who have not traditionally been a significant percentage of the truck driver labor force. SMEs also described how focusing on the driver experience is a powerful way to improve driver recruitment and retention. Improving the driver experience can also help companies maintain loyalty from contracted carriers in a tight labor market.

¹ HCR suppliers in this paper refers to contractors for Local Distribution Transportation routes, generally under 300 miles, and longer-haul, Processing Network Transportation routes. The Postal Service also contracts with nearly 5,500 HCR suppliers for Contract Delivery Service (CDS), which provides last-mile delivery service. CDS was not included in the scope for this paper.

The Postal Service is also seeking to expand its HCR supplier base — which decreased by about a third between FYs 2018 and 2021 — to mitigate the impacts of the shortage. SMEs told the OIG about best practices to become a shipper of choice for carriers, which could be part of the Postal Service's strategy to attract new carriers that do not have a history of transporting mail into its supplier base. One best practice is to regularly communicate with carriers, including providing transparency around performance metrics. Awards and incentive programs for high performers can also encourage carrier loyalty.

Finally, the Postal Service is working to improve truck utilization to mitigate the impacts of the shortage. Fuller trucks can result in fewer trips and get the most out of the drivers available. SMEs described technologies to better coordinate loads and unloads and optimize driver time. For example, shippers and carriers are using apps and geofencing to better align facility operations with truck arrival times. Real-time data can help manage tighter capacity and improve the driver experience. Taken together, the best practices noted above could help the Postal Service mitigate the impacts of the driver shortage, which is essential to control costs and ensure capacity is available for highway transportation of mail.

Observations

Introduction

During the COVID-19 pandemic, the U.S. economy has experienced strained supply chains and labor shortages. These disruptions have been a painful reality for consumers and businesses alike. One factor contributing to the recent supply chain disruptions is a national shortage of truck drivers, recently estimated at 80,000 drivers. The shortage of truck drivers is consequential not only for the national economy, but also for the U.S. Postal Service, which relies on a large surface transportation network, including USPS-employed drivers and contracted carriers.

The U.S. Postal Service Office of Inspector General (OIG) conducted research to assess how the national truck driver shortage impacts USPS. The research also sought to identify best practices that may help the USPS further mitigate challenges posed by the driver shortage. In addition to reviewing USPS policies and data, the OIG conducted 19 interviews with academics, associations, trucking companies (carriers), and shippers to understand how the industry more broadly is working to mitigate the shortage. See [Appendix A](#) for more details on this project's objectives, scope, and methodology.

The shortage of truck drivers is consequential not only for the national economy, but also for the U.S. Postal Service, which relies on a large surface transportation network, including USPS-employed drivers and contracted carriers.

Background on the Truck Driver Shortage

Since at least the early 2000s, the trucking industry has warned of a shortage of truck drivers.² The American Trucking Associations (ATA) — the largest U.S. trade association for the trucking industry — estimated a shortage of 80,000 drivers in 2021, an increase from 60,800 in 2018.³ The truck driver shortage worsened during the pandemic, as some drivers left the industry over health concerns. Additionally, driving schools closed during the pandemic, which impacted the labor supply during a period of increasing demand for freight.⁴ Even if these pandemic-related pressures subside, experts indicate the tight market for drivers is likely to continue. The ATA predicts that if the current trend continues, the shortage could surpass 160,000 drivers in 2030.⁵ Beyond the pandemic-related challenges to recruiting and retaining drivers, there are several other factors that contribute to the shortage, including the following:

- Federal regulations require drivers to be 21 years old to cross state lines and require drivers to pass pre-employment and random drug screenings.
- Federal regulations strictly limit the amount of time drivers can be on duty, including driving time, which can mean multiple drivers are required for expedited, long-haul freight.
- Truck drivers have an older average age (48) than other blue-collar workers, which leads to a high number of retirements.⁶
- Driving trucks, particularly on overnight long-haul routes, is a less desirable lifestyle for many people compared to other occupations.

2 Some stakeholders in the trucking sector dispute the use of the term “shortage” in referring to the labor supply challenges in the industry. While these disagreements may be important for policy solutions, stakeholders generally acknowledge that there is a problem with recruiting and retaining drivers in the long-haul trucking sector. U.S. Department of Transportation, “Driving Automation Systems in Long-Haul Trucking and Bus Transit,” January 2021, <https://rosap.ntl.bts.gov/view/dot/54595>, p. 36.

3 The U.S. Census Bureau has estimated that more than 3.5 million people work as truck drivers. A 2021 U.S. Department of Transportation report estimated the current size of the long-haul trucking workforce as approximately 300,000 to 500,000 workers. U.S. Department of Transportation, “Driving Automation Systems in Long-Haul Trucking and Bus Transit,” January 2021, p. 26.

4 Jill Quinn, “Hiring drivers in difficult times,” *Commercial Carrier Journal*, November 23, 2021, <https://www.cjdigital.com/workforce/article/15281554/how-to-hire-truck-drivers-in-difficult-times>.

5 ATA, “Driver Shortage Update 2021,” October 25, 2021, https://www.trucking.org/sites/default/files/2021-10/ATA%20Driver%20Shortage%20Report%202021%20Executive%20Summary.FINAL_.pdf and ATA, “Truck Driver Shortage Analysis 2019,” July 2019, <https://www.trucking.org/sites/default/files/2020-01/ATAs%20Driver%20Shortage%20Report%202019%20with%20cover.pdf>.

6 U.S. Department of Transportation, “Driving Automation Systems in Long-Haul Trucking and Bus Transit,” January 2021, pp. 9-10, 27.

The truck driver shortage is most acute in long-haul (in other words, non-local) trucking, specifically with for-hire carriers in the truckload sector.⁷ For-hire carriers provide transportation services for customers, as opposed to private or in-house carriers, which are set up by companies such as manufacturers or retailers to solely serve their own needs. The truckload sector includes carriers that contract an entire trailer to a single customer, compared to less-than-truckload carriers, which generally haul smaller quantities of freight and combine loads from several different customers on a single truck.

The Truck Driver Shortage’s Impacts on the Postal Service

Truck drivers are an essential part of the Postal Service’s transportation network. The Postal Service relies on thousands of employees and contractors to move millions of mailpieces each day across the nation’s highways, between processing facilities, and to post offices. National challenges with driver recruitment and retention have implications for costs and performance of the Postal Service’s transportation network.

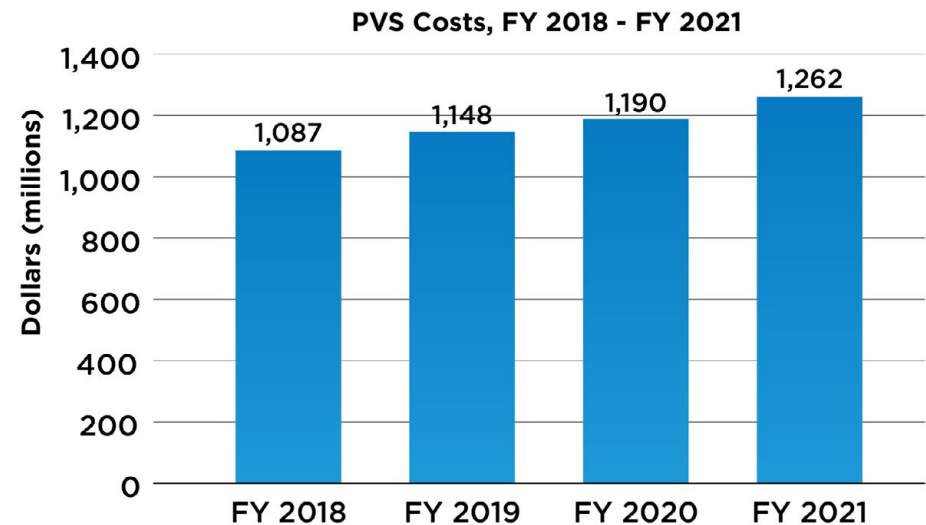
The Postal Service’s Surface Transportation Network

The Postal Service’s surface transportation network is segmented into two broad categories. First, the short-haul network connects postal facilities that are fewer than 300 miles apart. The short-haul network is operated both by Postal Vehicle Service (PVS) drivers, who are USPS employees, and contracted Highway Contract Route (HCR) suppliers. Second, the long-haul network connects postal facilities generally more than 300 miles apart and is operated exclusively by HCR suppliers.⁸

PVS operations are internally operated by the Postal Service and move mail between processing facilities, inner-city delivery offices, and local businesses and mailers. PVS routes are generally under 50 miles. At the end of fiscal year (FY) 2021, the Postal Service employed 9,173 PVS drivers. In FY 2021, the

Postal Service spent \$1.3 billion on PVS operations.⁹ Figure 1 shows annual PVS costs from FY 2018 to FY 2021.

Figure 1: Annual PVS Costs from FY 2018 to FY 2021



Source: Subtotal of labor costs for LDCs 30, 31, and 34 from the Enterprise Data Warehouse and PVS fuel expenses from the Corporate Energy Interface.

The Postal Service also uses competitive fixed-price contracts to transport mail in bulk along HCRs between plants, post offices, or other designated points. As of September 1, 2021, the Postal Service had contracts with nearly 1,500 HCR suppliers for Local Distribution Transportation (LDT) and nearly 250 suppliers for Processing Network Transportation (PNT). LDT suppliers provide transportation for local operations, from a processing plant to a post office for example, while PNT suppliers provide longer-haul transportation of mail.¹⁰ In FY 2021, the Postal Service spent about \$5.4 billion on highway transportation, which includes

⁷ ATA, “Driver Shortage Update 2021,” October 25, 2021.

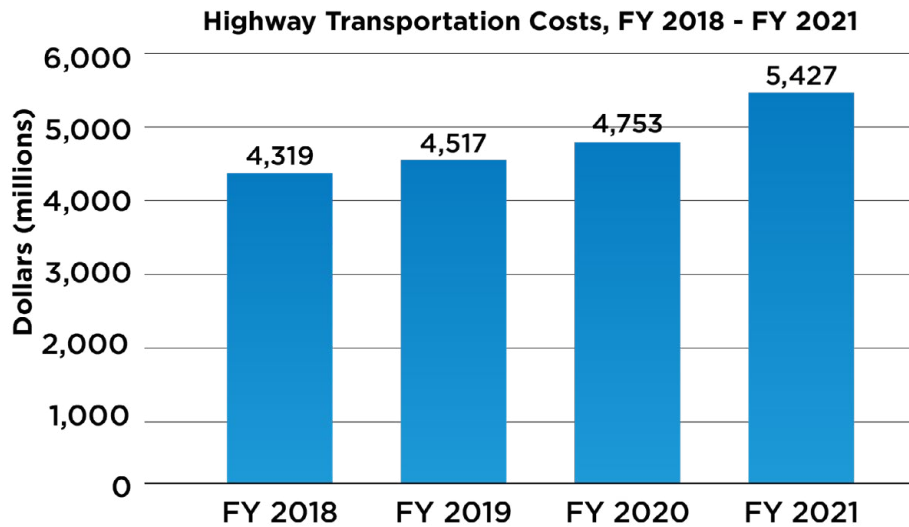
⁸ USPS, “Direct Testimony of Stephen B. Hagenstein on Behalf of the United States Postal Service (USPS-T-3),” Postal Regulatory Commission Docket No. N2021-1, <https://www.prc.gov/docs/116/116646/N2021-1%20USPS-T-3.pdf>, p. 10.

⁹ We scoped our analysis to FYs 2018 to 2021 because the Postal Service began noting the impact of the truck driver shortage in its FY 2018 Report on Form 10-K.

¹⁰ The Postal Service also contracts with nearly 5,500 HCR suppliers for Contract Delivery Service (CDS), which provides last-mile delivery service. CDS was not included in the scope for this paper. Therefore, references in this paper to HCR suppliers refer to LDT and PNT suppliers, and the paper focuses on LDT and PNT suppliers, not CDS suppliers. However, to show the overall increase in highway transportation costs, Figure 2 includes CDS costs.

all HCR costs, fuel costs, trailer leasing costs, and service-wide surface costs.¹¹ See Figure 2.

Figure 2: Annual Highway Transportation Costs from FY 2018 to FY 2021



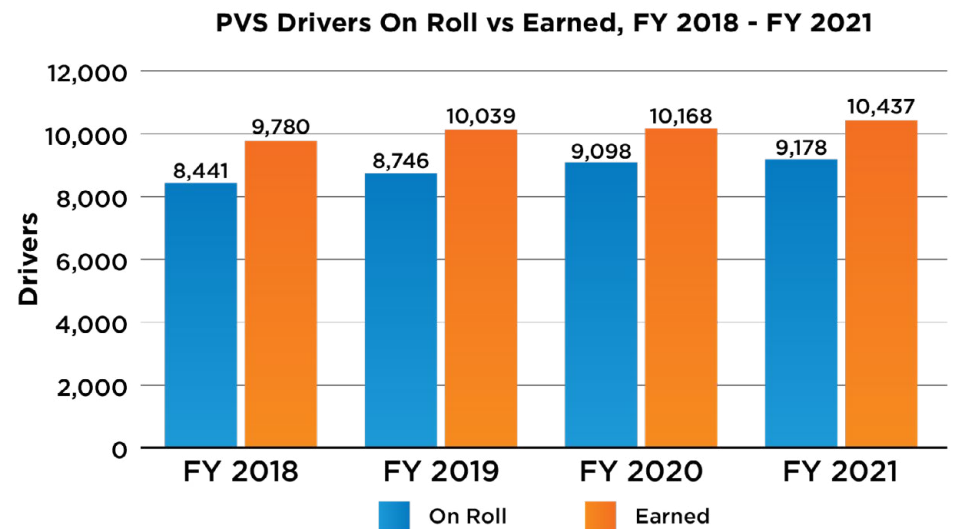
Source: USPS FY 2019 and FY 2021 Reports on Form 10-K.

Impacts on PVS

While the national truck driver shortage is concentrated in the long-haul, for-hire sector, there has been a shortage of over 1,000 PVS drivers for several years. As of December 2021, there was a shortage of 1,360 PVS drivers, with 9,163 drivers on roll but 10,523 earned. See Figure 3. Drivers on roll represent the current staffing of PVS drivers, whereas the number of earned positions reflects how

many PVS drivers the Postal Service estimates it must employ to meet staffing needs.¹² Postal Service management indicated that wage competition is a primary challenge in the agency’s PVS driver recruitment efforts, saying some geographic areas are particularly challenging for recruiting.¹³ Management also stated that while the PVS driver shortage does not impact service performance, it increases reliance on overtime and schedule adjustments at the local level when drivers are in short supply.¹⁴ Representatives from the American Postal Workers Union (APWU) — which represents PVS drivers — communicated, while overtime has long been the way to supplement the shortage of drivers, reliance on driver overtime has grown more dramatic recently.¹⁵

Figure 3: Annual PVS Driver Shortage from FY 2018 to FY 2021



Source: Teradata and PVS Dashboard.

¹¹ Service-wide surface costs include unplanned expenses at the national level, outside the normal day-to-day network.

¹² Earned positions are estimated through Zero Base reviews. Transportation management at Processing and Distribution Centers nationwide are required to complete annual Zero Base reviews to optimize PVS operations. These reviews examine and identify recommendations regarding staffing, scheduling, and vehicle usage.

¹³ In an interview with the OIG, Postal Service management identified the following states where hiring drivers is particularly challenging: California, Michigan, Minnesota, Missouri, Nevada, New Jersey, New York, Oregon, Texas, and Wisconsin.

¹⁴ A November 2021 OIG audit report notes that the Postal Service should have limited critically late trips resulting from PVS operations as these trips generally travel within a 50-mile radius of postal facilities. USPS OIG, “Trips Operating More Than Four Hours Late,” Report Number 21-116-R22, November 8, 2021, <https://www.uspsoig.gov/sites/default/files/document-library-files/2021/21-116-R22.pdf>, p. 8.

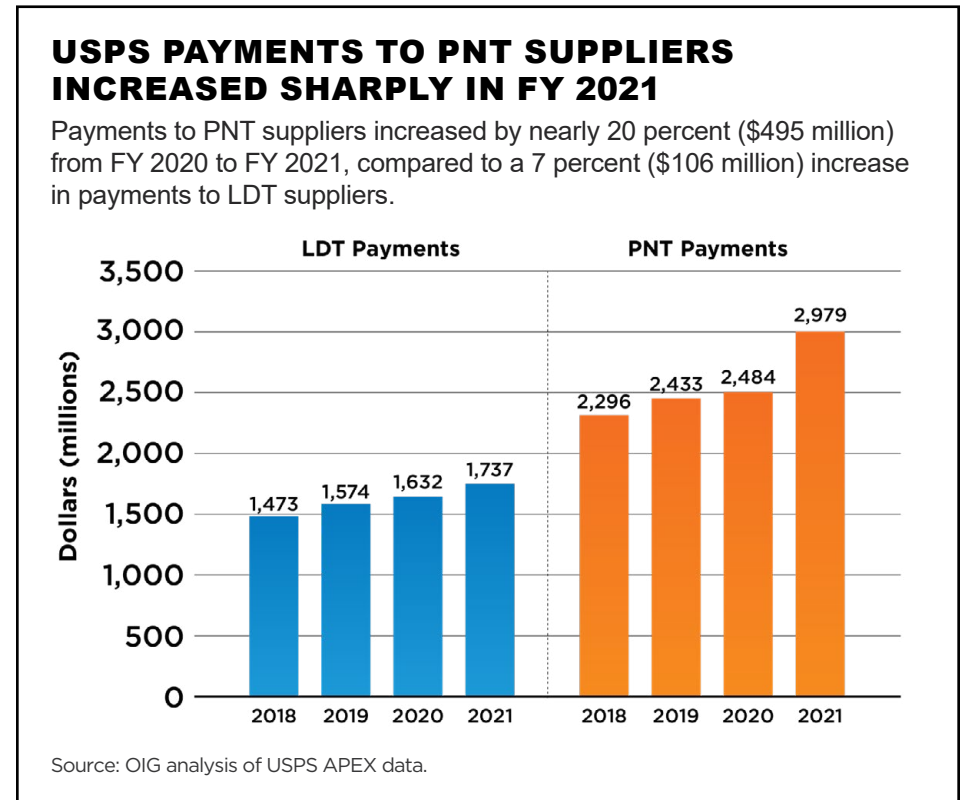
¹⁵ According to OIG analysis of Time and Attendance Control System data, there were 3,846,611 overtime hours for function 3A (Vehicle Services) employees in FY 2021, 11 percent more than FY 2020 (3,454,554), 6 percent more than FY 2019 (3,645,339), and 16 percent more than FY 2018 (3,329,070). Note that these data include overtime for other employees in Vehicle Services beyond drivers.

An important aspect of the truck driver shortage is the industry’s high driver turnover rate. While the Postal Service has a long-standing shortage of PVS drivers, its rate of driver turnover has remained relatively constant since FY 2018. PVS operations have had an average annual driver turnover rate of 14 percent between FYs 2018 and 2021. The PVS turnover rate is lower than rates for private fleets, which are in-house truck fleets associated with a larger parent company. Private fleets had an average annual turnover rate around 17 percent from calendar years 2018 to 2021.¹⁶ In comparison to private fleets, turnover rates are significantly higher for large, for-hire truckload fleets (90 percent in 2020) and smaller, for-hire truckload fleets (69 percent in 2020).¹⁷

Impacts on HCRs

Postal Service management indicated the national truck driver shortage has impacted the performance of HCR operations. Specifically, there has been an increase in HCR suppliers omitting service — that is, failing to fully provide the services outlined in their contract.¹⁸ Additionally, the truck driver shortage has had a financial impact on highway transportation costs, as reported in USPS’s Form 10-K, FYs 2018 to 2020.¹⁹ In FY 2021, the Postal Service’s highway transportation costs increased significantly. Total payments to LDT and PNT suppliers increased by \$601 million (or nearly 15 percent) from the previous year, with PNT supplier payment alone comprising of \$495 million (or 82 percent) of the increase. See Figure 4.

Figure 4: Payments to LDT and PNT Suppliers, FYs 2018 to 2021



In addition to overall payments to HCR suppliers, Postal Service management noted that the shortage has contributed to increasing costs per mile for HCRs. To compete for limited resources, the Postal Service must pay more per mile. The costs per mile have increased for both LDT (+14 percent) and PNT routes (+22 percent) from October 2017 to September 2021. See Figure 5.²⁰

¹⁶ National Private Truck Council, “2021 Benchmarking Survey Report,” <https://www.nptc.org/benchmarking/benchmarking-report/>.

¹⁷ ATA, “Small Carrier Churn Rate Dipped Slightly at the End of 2020,” March 29, 2021, <https://www.trucking.org/news-insights/turnover-remained-unchanged-large-truckload-fleets-fourth-quarter>.

¹⁸ According to OIG analysis of Surface Visibility data, there were 662,114 omitted trips in FY 2021, 83 percent more than FY 2020 (362,695), and 27 percent more than FY 2019 (522,760). Note that these data may include omitted trips for CDS routes, and the data do not identify trips that were specifically omitted due to HCR driver availability.

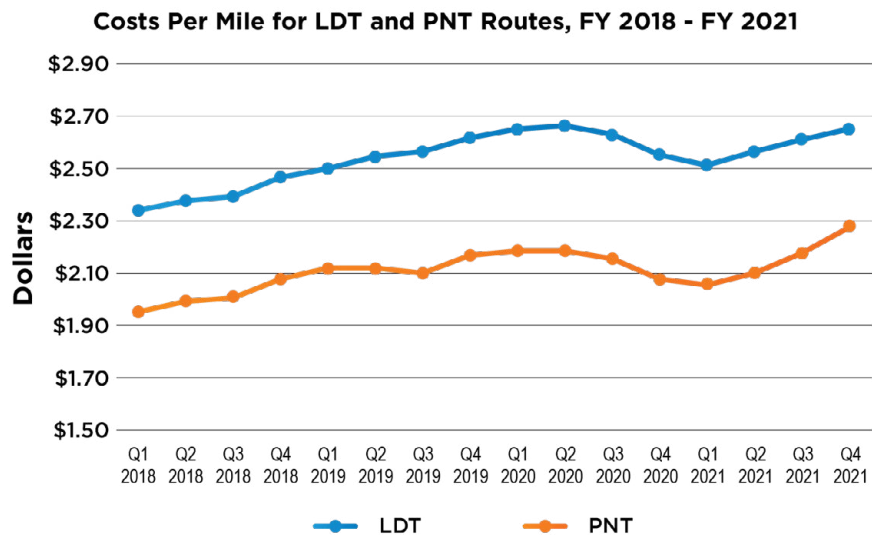
¹⁹ For example, in its FY 2020 Report on Form 10-K, the Postal Service stated: “The increase in ground transportation costs was largely driven by higher unit costs per mile due to supplier cost pressures resulting in part from a national shortage of truck drivers, as well as higher average fuel costs.” USPS, 2020 Report on Form 10-K, November 13, 2020, <https://about.usps.com/what/financials/10k-reports/fy2020.pdf>, p. 22.

²⁰ Costs per mile calculations are based on the Postal Service’s monthly contracted costs and miles for LDT and PNT routes, as reported in the October 2017 to September 2021 HCR paybooks, and do not reflect actual costs or miles driven.

Figure 5: LDT and PNT Contracted Costs Per Mile from FY 2018 to FY 2021

LONGER-HAUL CONTRACTS COST LESS PER MILE THAN LOCAL CONTRACTS

Combined LDT and PNT costs per mile increased from \$2.04 in October 2017 to \$2.41 in September 2021 (+18%). LDT costs per mile increased \$0.32 (+14%) from October 2017 to September 2021. PNT costs per mile increased \$0.41 (+22%) over the same period.



Note: Quarters are reported according to USPS's October to September fiscal year. Calculations are based on USPS's monthly contracted costs and miles for LDT and PNT routes and do not reflect actual costs or miles driven. Source: OIG analysis of USPS HCR paybooks.

While factors beyond the driver shortage have likely contributed to the rising costs noted above, the trends align with management's statement that the shortage is increasing the costs per mile for HCR operations. For example, package volume changed during the scope of the project, including increasing 19 percent in FY 2020 during the first year of the COVID-19 pandemic. On the supplier side, representatives from the National Star Route Mail Contractors Association (NSRMCA) — the association of HCR suppliers — stated that recruiting and retaining drivers has become more challenging recently. Recruitment and retention challenges have contributed to increasing rates of suppliers giving up contracts with the Postal Service because they are unable to profitably service the contracts. The shortage has also heightened worries among suppliers about their ability to bid for and service new contracts based on driver costs. Beyond the shortage of drivers, a supplier warned that they are facing increasing equipment shortages, such as a shortage of trailers, and that this could impact its service for the Postal Service.

Potential Ways to Mitigate the Effects of the Driver Shortage

We spoke with more than a dozen industry subject matter experts (SMEs) on ways carriers and shippers are working to mitigate the effects of the driver shortage. The strategies communicated provide valuable insights for the Postal Service as the shortage continues, especially as USPS shifts air transportation mail volume to its surface network as part of its 10-year plan.²¹ The strategies fall into four categories: driver recruitment and retention, focusing on the driver experience, shipper-carrier relationships, and optimization.

Driver Recruitment and Retention

The driver shortage has contributed to challenges in recruiting and retaining drivers for both the PVS and the Postal Service's HCR suppliers. SMEs discussed strategies to recruit and retain drivers more effectively, reflecting best practices in a tight labor market for truck drivers. The strategies relate to wages and benefits, external and internal driver recruitment, and recruiting younger drivers and women drivers.

²¹ USPS, "Delivering for America," March 2021, https://about.usps.com/what/strategic-plans/delivering-for-america/assets/USPS_Delivering-For-America.pdf, p. 30.

Wages and Benefits

Nationally, industry average earnings for long-distance truck drivers increased by 20 percent from FY 2018 to FY 2021.²² SMEs said the shortage is inextricably linked to increasing wages. As the supply of available drivers has not kept up with the demand for drivers, drivers can command a higher wage. The SMEs interviewed predict a worsening shortage will contribute to continued wage inflation. In addition, trucking industry surveys show that driver compensation is a top concern among carriers.²³ Unsurprisingly, HCR suppliers indicated they are increasing driver wages to remain competitive in attracting drivers, and some are offering large sign-on bonuses and expanding other benefits, such as retirement and insurance. Wage inflation from an ongoing shortage could therefore contribute to continued increases in transportation costs for the Postal Service.

These economic pressures also indicate that the Postal Service could face increasing competition in attracting PVS drivers, especially in markets where labor supply is especially tight. However, additional aspects of the job, such as schedule and equipment preferences, influence driver retention. For example, SMEs stated that many drivers prefer dedicated and consistent schedules and driving on weekdays rather than weekends. In addition, the ability for drivers to sleep in their own homes can be attractive. The PVS network has predictable schedules and local routes, and these aspects of the PVS job may give USPS a competitive advantage when recruiting new drivers. For example, USPS's 2018-2021 collective bargaining agreement with the APWU requires that PVS drivers normally receive two consecutive days off. In addition, USPS contracts for HCR service on specific days, which helps suppliers schedule drivers, who prefer a predictable schedule. Therefore, the Postal Service's schedule practices could indirectly help suppliers recruit and retain drivers.

The PVS network has predictable schedules and local routes, and these aspects of the PVS job may give USPS a competitive advantage when recruiting new drivers.

External and Internal Driver Recruitment

The Postal Service recruits PVS drivers both externally and internally. Postal management indicated that recruiting drivers has posed a challenge over the last couple of years, reflecting difficulties related to the COVID-19 pandemic in the broader labor market. In recent months, USPS has increased its efforts to hire drivers quickly. As part of its internal recruitment, USPS lists driver positions among its "Top Jobs" on USPS Careers, an internal job board, advertises driver positions at internal job fairs, and notifies existing USPS employees of these opportunities. To recruit externally, USPS advertises openings on trucking industry job boards, social media platforms, and banners hanging from postal facilities. In addition, USPS advertises at gas pumps as well as community and military fairs.

The Postal Service has a national hiring campaign to recruit PVS drivers and, according to postal management, the initiative has thus far yielded promising results. The initiative involves advertising on flyers and the side of USPS vehicles. To recruit PVS drivers internally from its existing workforce, the Postal Service is partnering with SAGE Driving School on a pilot to train Motor Vehicle Operators (MVOs) and other current employees to become Tractor Trailer Operators (TTOs).

Best Practices for External Recruitment

SMEs also noted best practices for recruiting drivers externally. These include strategies for where to promote job opportunities. For example, effective places for advertisements include truck stops, truck driver forums online, social media platforms, and on the side of vehicles to establish awareness and promote the brand. The Postal Service already advertises on its trucks, and SMEs indicated that clearly and prominently marketing the positive aspects of driving postal routes could be an effective strategy going forward. Attractive aspects of PVS driving include the regular and local routes, good benefits, stable employment, and returning home each night. Further promoting awareness of these qualities of the job can help differentiate the Postal Service from firms competing for the

²² According to the U.S. Bureau of Labor Statistics (BLS), the average weekly earnings among truck drivers has increased from \$944 in October 2017 to \$1,136 in September 2021. The average annual wage for Heavy and Tractor-Trailer Truck Drivers was \$48,710 as of May 2020. See BLS, "Employment, Hours, and Earnings from the Current Employment Statistics survey (National)," Average weekly earnings of production and nonsupervisory employees, general freight trucking, long-distance, seasonally adjusted, <https://beta.bls.gov/dataViewer/view/timeseries/CES4348412030> and BLS, "Occupational Employment and Wage Statistics," <https://www.bls.gov/oes/current/oes533032.htm>.

²³ American Transportation Research Institute, "Critical Issues in the Trucking Industry – 2021," October 2021, <https://truckingresearch.org/wp-content/uploads/2021/10/ATRI-Top-Industry-Issues-2021.pdf>, p. 9.

same pool of potential drivers. Reducing the barriers to entry, such as training drivers on the job rather than requiring experience, could also help with external recruitment.²⁴ However, there is a cost risk that new employees could leave for a driving job with another organization soon after completing training.²⁵

Best Practices for Internal Recruitment

Several SMEs suggested that creating a pipeline to recruit and train drivers from the existing employee base is a best practice, especially for a large organization like the Postal Service. Such programs are similar to the Postal Service's TTO pilot noted above. However, some companies have a wider scope of internal recruitment, to train a larger set of employees. For example, an executive from Walmart stated the company recently created a driver academy, to which current store associates can apply.²⁶ Previously, a store associate would need to leave the company to get three years of truck-driving experience before returning to drive trucks. A benefit of programs like this is to provide a clear career path for junior employees. SMEs noted that employees with internal career paths, like Walmart's driver academy, are more likely to stay with the organization, as they first drive smaller package vehicles and then drive larger tractor-trailers after training. The APWU shared that extending driver career paths to a wider variety of employees could help with the shortage. A representative from the American Transportation Research Institute highlighted the importance of offering apprenticeship positions as a path towards a driver position.

Recruiting Younger Drivers and Women Drivers

The truck driver workforce has been trending older in recent years and has historically been mostly men. Amidst intense competition to hire drivers, younger

drivers and women drivers could, therefore, represent new segments from which to recruit and train drivers.

Recruiting Younger Drivers

The average truck driver in the United States is 48 years old, older than the average age for other blue-collar jobs. As more and more truck drivers near retirement, SMEs suggested that not enough younger drivers are joining the industry. Carriers struggle to recruit younger drivers in part because young people seem less attracted to the driver lifestyle and less likely to drive for the same organization for the entirety of their career. In addition, the Federal Motor Carrier Safety Administration prohibits drivers younger than 21 years old from driving interstate routes. A strategy to address these challenges is to assign intrastate opportunities to drivers under 21 years old and pair these drivers with mentors. Another approach is to assign prospective young drivers to work in the warehouse or yard until they can drive interstate routes.²⁷ For example, an SME suggested actively engaging prospective drivers through local community colleges or through a workforce partnership.

Recruiting Women Drivers

Women drivers have not constituted a large portion of the trucking industry. In 2021, women drivers represented 8 percent of truck drivers in the U.S.²⁸ Women comprised 5 percent of the PVS driver workforce between FYs 2018 and 2020, increasing to 6 percent in FY 2021. SMEs identified several ways to recruit women drivers.²⁹ For example, women drivers' perceptions of the job could be improved by demonstrating the trucking industry uses modern technology and is

Younger drivers and women drivers could represent new segments from which to recruit and train drivers.

24 The Postal Service requires that external hires for tractor-trailer operator positions have prior driving experience and a Class A commercial driver's license (CDL) and does not provide CDL training for external truck driver hires, according to management.

25 It may be possible to use retention agreements to recoup costs if an employee leaves USPS service soon after training.

26 Walmart's driving academy involves attending an external driving school and later participating in an apprenticeship with a Walmart driver.

27 The Biden Administration has made apprenticeships a priority in developing a pipeline of well-trained drivers. See The White House, "FACT SHEET: The Biden-Harris Administration Trucking Action Plan to Strengthen America's Trucking Workforce," December 16, 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/12/16/fact-sheet-the-biden-%E2%81%A0harris-administration-trucking-action-plan-to-strengthen-americas-trucking-workforce/>.

28 BLS uses the occupation title "driver/sales workers and truck drivers." See BLS, "Labor Force Statistics from the Current Population Survey," <https://www.bls.gov/cps/cpsaat11.htm>.

29 The American Transportation Research Institute's (ATRI) report, *Predicting Truck Crash Involvement: 2018 Update*, found that women drivers were generally less likely to be involved in truck crashes, which "demonstrate[s] the value of industry efforts to recruit and retain more female drivers." See ATRI, "Predicting Truck Crash Involvement: 2018 Update," July 2018, <https://truckingresearch.org/wp-content/uploads/2018/08/ATRI-Crash-Predictor-2018-Update-07-2018.pdf>.

a welcoming work environment for women. Also, an SME stated that marketing the independent lifestyle and equal pay for men and women could appeal to prospective women drivers. Targeted marketing can highlight stories of women drivers and their experiences in the position. Finally, promoting women drivers' safety, in the vehicle, at facilities, and during training, helps recruit and retain these drivers.

Focusing on the Driver Experience

Beyond wages and benefits, focusing on improving the driver experience is another way that carriers are working to better recruit and retain drivers. Likewise, shippers that ensure positive experiences for drivers at their facilities are preferred partners for carriers and drivers. SMEs identified three strategies for focusing on the driver experience: collecting driver feedback, working to encourage positive interactions with drivers at processing facilities, and ensuring driver access to amenities.

Collecting Driver Feedback

A first step to improving the driver experience is understanding their current experience. Transportation executives from two major shippers both stated that they track driver feedback and experience, using it to make improvements. Driver feedback helps management assess if and where drivers are having a poor experience at facilities, enabling them to correct the issue. These shippers mentioned a variety of methods they use to collect driver feedback, including facility ratings and written feedback via smartphone applications, biannual driver surveys, as well as annual focus groups with drivers.

In addition to shippers collecting feedback from drivers, some carriers collect similar information on driver experiences at shipper facilities. In the apps provided to drivers, some carriers set up geofences — a virtual boundary line around shipper facilities.³⁰ The apps automatically request drivers rate their experience at the facility when they cross the geofence. They will flag shippers with a low rating, pointing out drivers' opinions of those facilities. Digital brokers such as Uber Freight and Convoy — which use technology to help shippers secure freight

— also enable carriers and drivers to see information about shipper and facility performance.

Positive Driver Interactions

SMEs stated that poor treatment of drivers by staff at facilities is a top industry challenge with driver retention. One survey found that a lack of respect for drivers was the second most important reason, behind pay, as to why fleets are having trouble finding and retaining drivers.³¹ SMEs emphasized that positive engagement with drivers can lower turnover rates for carriers and boost the quality of life for the driver. Specific to the postal context, NSRMCA representatives and HCR suppliers indicated that negative experiences between HCR drivers and postal facility employees occur and are detrimental to driver morale, exacerbating their challenges with driver retention.

Poor treatment of drivers by staff at facilities is a top industry challenge with driver retention.

Beyond retention challenges for carriers, shippers have other incentives to treat drivers well and encourage positive collaboration at facilities. Making the driver experience a priority can help increase contracted carriers' loyalty to shippers, which can be valuable in a tight market. One major shipper shared that they include reports of negative staff interactions with drivers in employee performance evaluations. If necessary, corrective action is taken with the employee or with the facility.

Access to Amenities

Ensuring drivers have access to amenities such as bathrooms or vending machines is important in maintaining positive shipper-carrier relationships and can help with driver retention. Access to amenities is particularly important in instances when drivers spend a long time waiting at facilities before being able to unload or load their trailers. SMEs stated that some companies provide lounges for drivers where they can go if they need to wait for an extended period.

³⁰ Vesna Brajkovic, "Driver Retention: Get Shippers on your Side," *Heavy Duty Trucking*, October 21, 2021, <https://www.truckinginfo.com/10154458/driver-retention-get-shippers-on-your-side>.

³¹ Jason Cannon, "What do drivers want?," *Commercial Carrier Journal*, January 15, 2021, <https://www.ccdigital.com/business/article/14940151/ccj-survey-reveals-what-truck-drivers-want-concerns>.

Ensuring drivers have access to amenities such as bathrooms or vending machines is important in maintaining positive shipper-carrier relationships.

In interviews with the OIG, HCR suppliers mentioned that drivers are instructed at some Postal Service facilities to wait by their vehicle and do not have access to restrooms within the facility. They also noted specific instances of HCR drivers waiting in lines outside facilities without access to bathrooms in November and December 2020, during peak season. Another HCR supplier indicated that because of the COVID-19 pandemic, all the facilities they cover have placed portable toilets outside of facilities and denied

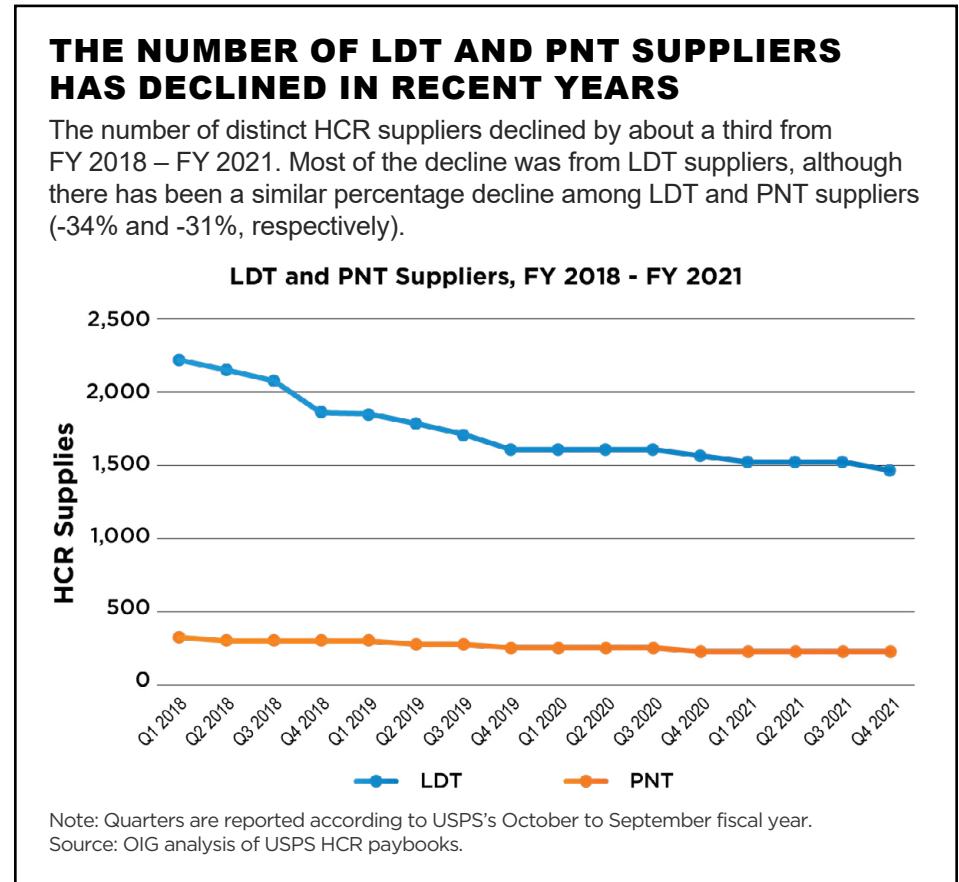
drivers access to facility restrooms. A representative from NSRMCA said these issues can impact if a driver decides to come back next season. Postal Service management stated that driver access to facility amenities is determined by facility managers at the local level.

Beyond focusing on the driver experience, strategies to strengthen relationships with carriers can help mitigate the effects of the driver shortage.

Relationships with Carriers

Postal Service management shared that a strategy they are pursuing to mitigate the effects of the driver shortage is to expand the number of HCR suppliers they work with. Some suppliers lack enough drivers to accept new contracts or additional trips, and Postal Service management indicated the agency needs to broaden its supplier base by bringing in commercial transportation suppliers that do not have prior experience with the Postal Service. The total number of contracted HCR suppliers has trended downward in recent years, decreasing by about a third between FY 2018 and FY 2021.³² See Figure 6.

Figure 6: Total LDT and PNT Suppliers, FYs 2018 to 2021



³² Counts of LDT and PNT suppliers are from the Postal Service's monthly HCR paybook from October 2017 to September 2021. Some data for LDT and PNT suppliers were unavailable for July 2019 and July 2020, and data from those months were interpolated.

With demand for trucking services remaining high amidst the ongoing driver shortage, drivers and carriers have their choice of firms with which to work. As a result, SMEs stated it is important that shippers follow best practices for maintaining strong relationships with carriers. These strategies could be relevant to the Postal Service's efforts to get the most capacity out of its current suppliers and attract new carriers into its supplier base who do not have a history of working with USPS. SMEs indicated that transparency and communication, along with awards and incentives, are best practices for shippers to maintain positive working relationships with carriers. Strong partnerships can also make a difference in carrier loyalty and morale and, in turn, help suppliers better recruit and retain drivers.

Transparency and Communication

A strategy to be a preferred shipper among carriers is to promote transparency and communication, including around performance expectations and opportunities for improvement. SMEs shared the following best practices:

- **Giving carriers access to performance data and clear Key Performance Indicators (KPIs):** For example, an executive at one shipper indicated that the company makes performance and cost statistics available via carrier scorecards that are online and refreshed weekly. He said this is beneficial because it allows carriers to see how they are performing. HCR suppliers stated that access to some transportation data tracked by the Postal Service internally, such as departure and arrival scans, would be helpful for their operations. For instance, it could assist them to better understand when there are problems with service performance or utilization. Postal Service-generated performance metrics are not currently available for suppliers to view on-demand. However, management indicated that the Integrated Logistics Ecosystem, a logistics platform currently under development, will provide a gateway, or portal, for suppliers to view their performance metrics on-demand.

- **Regular communication with carriers:** An example is to schedule quarterly business reviews with top carriers to go over KPIs, hear their current challenges, and present current priorities or updates. NSRMCA shared that some HCR suppliers generally only hear from the Postal Service when there are problems that need corrective action. One HCR supplier indicated that they proactively initiated monthly meetings with local facility management, and that these have been productive. Several HCR suppliers stated that they often identify opportunities to improve operations, such as reducing the number of trucks on an underutilized route or rerouting trips. However, there are not always effective communication channels with the Postal Service, and these suggestions go unheeded. Likewise, if truck drivers are treated poorly by dock workers, there may be little opportunity for carriers to provide feedback to the Postal Service management above the facility level.

Awards and Incentives

SMEs indicated that recognizing high performing carriers is an effective avenue to maintain positive relationships. Awards for high performing carriers and other incentives can help driver morale and create carrier loyalty when capacity is tight. For example, Walmart presents Carrier of the Year awards. A representative from Walmart stated it holds social engagements with carriers at company headquarters, which the carriers appreciate. He also noted that it prioritizes its carriers that perform well when awarding spot routes.³³

NSRMCA representatives also mentioned that recognizing high performers can build morale that trickles down to drivers and helps with retention. The Postal Service previously presented an Eagle Spirit award to top carriers, but it has not provided the award since 2018. The Postal Service does have a Supplier Performance Awards Program, which annually recognizes suppliers involved in Supply Chain Management.³⁴

³³ Spot routes are one-off trips that a carrier buys when volume exceeds its contract-carriers' capacity.

³⁴ USPS, "Supplier Performance Awards," <https://about.usps.com/suppliers/performance-awards.htm>.

Potential Barriers to Working with USPS

Postal Service management and postal stakeholders described some unique challenges of contracting with USPS. The contracting challenges could impact driver recruitment and retention and create barriers to expanding the supplier base. These include compliance with the McNamara-O’Hara Service Contract Act of 1965 (SCA), screening and badge requirements, and certain equipment and technology requirements.³⁵

SCA Compliance

HCR suppliers are in a unique circumstance compared to many other segments of the trucking industry because their contracts with the Postal Service are subject to the SCA. The SCA requires federal contractors and subcontractors performing services on contracts more than \$2,500 to pay service employees no less than the wage rates and fringe benefits found prevailing in the locality.³⁶ The U.S. Department of Labor issues wage determinations on the wage rates, fringe benefits, and work rules that it determines to be prevailing for truck drivers in a given locality. According to postal management, as a practical matter the SCA limits carrier competition for USPS business mainly to companies that are willing to work exclusively in the public sector. The SCA’s administrative requirements — including pay and labor requirements that differ from the commercial trucking sector — may discourage new carriers from working with the Postal Service. In March 2021, USPS requested an exemption from the Service Contract Act. The request was denied by the Department of Labor in October 2021, which found that USPS did not provide sufficient support that the SCA’s requirements are negatively affecting USPS’s ability to engage contractors.

NSRMCA representatives also stated that the SCA presents challenges, and that they believe the wage determinations are below real commercial market wages.³⁷

Despite the wage determinations being a minimum rather than a cap, NSRMCA representatives indicated that they believe the Postal Service often treats the determinations as a maximum wage rate. As a result, NSRMCA and HCR suppliers stated they frequently charge the Postal Service under a separate line item to cover driver wages above the wage determination rate.

Screening and Badge Requirements

The Postal Service is obligated to maintain the security of the mail and preserve the public’s trust. The security clearance process is designed to prevent ineligible or unsuitable applicants from having access to the mail, postal assets, and/or facilities, including contracted drivers who handle and transport mail. HCR suppliers noted that USPS’s driver screening requirements are stricter than is typical in the trucking industry. Specifically, the screening process for drivers to be granted authorized access to postal facilities includes a requirement for five years of U.S. residency and Selective Service registration.³⁸ HCR suppliers believe these requirements may limit the potential driver pool for HCR suppliers compared with commercial carriers, particularly drivers who recently immigrated and are able to legally work for other carriers that do not contract with USPS.

Equipment and Technology Requirements

For safety and ease in loading and unloading, the Postal Service requires all trailers at its docks to have doors that roll up. However, many trailer doors used by carriers swing open rather than roll up. See [Figure 7](#). According to Postal Service management, swing doors requires postal employees to enter the yard and open them before the truck can back up to the dock. The roll-up door requirement creates a barrier to entry for some carriers in working with USPS because the suppliers must already possess or must invest in trailers with roll-up doors.

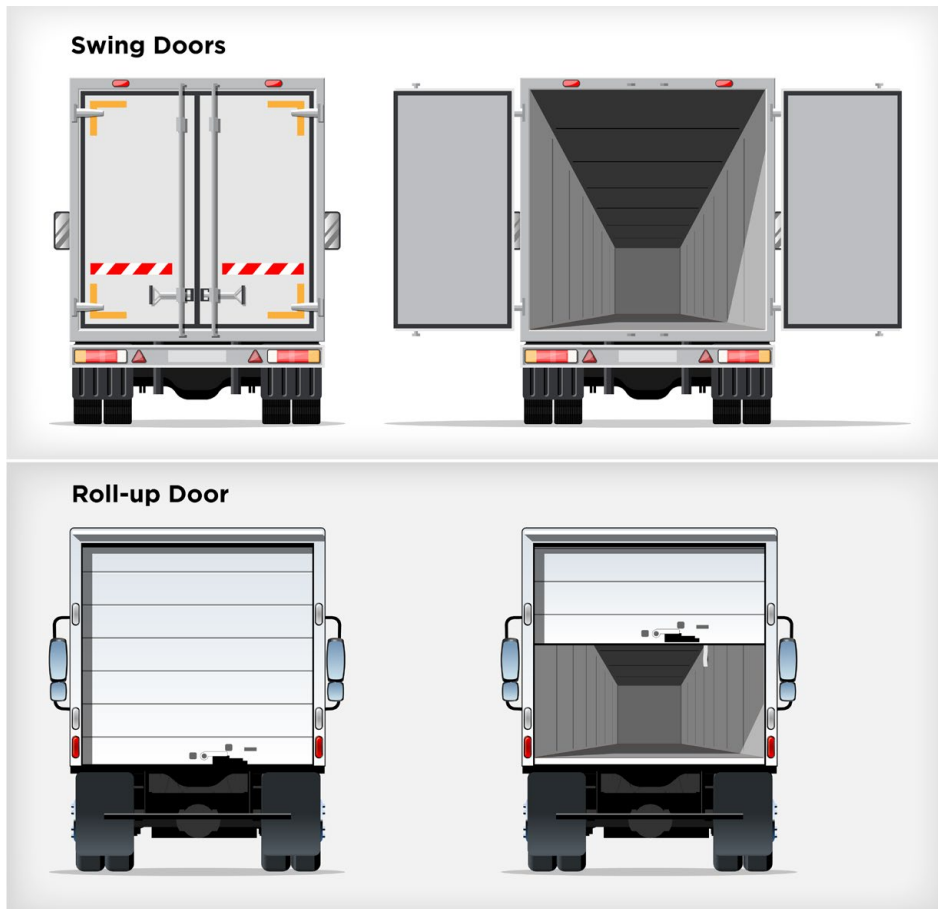
³⁵ 41 U.S.C. §§ 6701-6707

³⁶ Department of Labor, “McNamara-O’Hara Service Contract Act (SCA),” <https://www.dol.gov/agencies/whd/government-contracts/service-contracts>.

³⁷ The OIG did not independently assess how DOL’s wage determinations or HCR suppliers’ wages for drivers compare to commercial driver wage rates.

³⁸ The Postal Service could theoretically alter these requirements if desired. However, the requirements are derived from overall federal suitability standards, and it may not be possible to modify them if it would result in deviations from the suitability determination process used by the rest of the federal government.

Figure 7: Swing vs Roll-Up Doors



Source: USPS OIG.

The Postal Service also requires a specific GPS system for HCR suppliers, which could be a barrier to attracting new suppliers. NSRMCA indicated that there are a

variety of GPS systems or applications that carriers already use that can provide the required data without requiring a specific system. Postal Service management stated that prior to requiring a specific GPS system in 2017, data in different formats from various vendors and GPS providers created challenges. The decision to go with a single vendor allowed USPS to set and control costs, have some control over inventory, and ensure it received data from one source rather than numerous sources.³⁹ Discussions with SMEs indicate that shippers and carriers could benefit from more interoperability between technology platforms. For example, SMEs highlighted an effort by the Consumer Brand Association's Contactless Delivery Task Force to publish a list of standards for data elements that should be collected in a software-agnostic, replicable process for freight pickup and delivery workflows.⁴⁰ An agnostic approach, where possible, could aid USPS's efforts to expand its HCR supplier base by allowing USPS to receive the required data from additional existing systems that are currently used by different carriers.⁴¹

Optimization

Improving efficiency is another strategy to mitigate the effects of the driver shortage, by more fully leveraging the supply of drivers available and to help offset increasing highway transportation costs. SMEs pointed to two areas where improving efficiency can help companies overcome the shortage: maximizing drive time and improving trailer utilization. With limited drivers available, it is especially important that drivers spend their available time on the road rather than waiting at facilities. In fact, an MIT researcher estimated that an additional 18 minutes per day on the road per driver would end the driver shortage.⁴² Consequently, shippers and carriers alike are looking for ways to limit dwell time.

With limited drivers available, it is especially important that drivers spend their available time on the road rather than waiting at facilities.

³⁹ Management also noted that using a single vendor also reduced the venue size of opportunity for data breach by eliminating hundreds of providers access through our firewall.

⁴⁰ Consumer Brands Association, "Contactless Pickup and Delivery Standard," <https://contactless-standard.org/media/contactless-standard.pdf>.

⁴¹ The OIG did not assess whether the benefits of adopting a software-agnostic approach, thereby potentially attracting more HCR suppliers, outweighed potential costs from USPS foregoing the requirement of a single GPS system.

⁴² "Industry and Labor Perspectives: A Further Look at North American Supply Chain Challenges," 117th Cong. 3 (2021) (Testimony of David HC Correll), <https://transportation.house.gov/imo/media/doc/2021-11-17%20Hearing%20Testimony%20-%20David%20HC%20Correll%20UPDATED.pdf>.

Optimization strategies can reduce the overall impact of the driver shortage on postal operations by increasing utilization.⁴³ In April 2021, USPS stated that the average utilization of surface transportation capacity was 42 percent. As a result, USPS believes it has ample capacity to absorb volume into its surface network.⁴⁴ To accomplish this, USPS anticipates that the added days from recent changes in service standards and the redesigned surface transportation network create opportunities to consolidate trucks and improve truck utilization.⁴⁵ USPS management stated that the service standard changes allow for efficiency-increasing measures, such as (a) increasing the use of transfers via aggregation sites and surface transfer centers, (b) combining trailer loads for one destination with loads for other destinations (load sequencing), and (c) routing “multi-stop” lanes where USPS could pick up volume from multiple origins along the line of travel.⁴⁶

Coordination Technology and Applications

SMEs provided insights into technologies that shippers and carriers are deploying to improve coordination to optimize driver time. Many SMEs pointed to how technology can better coordinate loads and unloads. For example, shippers and carriers are using apps and geofencing to better align facility operations with truck arrival times. Mobile applications allow drivers to access schedule and facility information for their routes so they know exactly where to go upon arrival.⁴⁷ In addition, GPS on these applications can send alerts to facility staff about estimated times of arrival, or when a truck is within a certain number of miles. One large retailer indicated that it uses GPS, road speed, departure time, and other factors to more precisely determine when a truck will arrive. Appropriate staff at the store are updated with these estimates, as well as when the truck is

10 minutes away and when it is in the parking lot through push notifications to their smartphone. In this way, the technology allows facility staff to better align resources based on actual arrival times, to help improve the efficiency of loading or unloading.⁴⁸

Some companies are testing contactless delivery apps to make the delivery process as seamless as possible. The goal is to eliminate chokepoints in the pickup and delivery process through scanning and information sharing via apps. For instance, a driver can scan to enter facilities and digitize aspects of the process that require paper records. These technologies can also serve as a reliable source for both the carrier and the shipper on when events occurred, to help resolve disputes about performance, for instance. Finally, apps can collect driver feedback on facilities or ratings of their experience, as discussed above.

Drop and Hook

SMEs also mentioned the best practice of using “drop and hook” freight, in which a driver drops a full container at a facility and hooks their tractor to a pre-loaded trailer at the same facility. The benefit of this practice is the driver and the facility staff have more flexibility to coordinate pickups and drop offs. With the added flexibility, shippers can mitigate some effects of the driver shortage by increasing trailer utilization and ensuring drivers spend as much time available on the road — therefore getting the most out of the drivers available. Representatives from the APWU, an HCR supplier, and NSRMCA stated that drop and hook freight would be preferable, if possible. Postal Service management stated that many facilities do not have the yard space for the extra equipment.

43 The OIG discussed issues of excessive load/unload time and stand-by time in PVS operations in a September 2019 audit. See USPS OIG, “Postal Vehicle Service Zero Base Reviews,” Report No. NL-AR-19-005, September 27, 2019, <https://www.uspsig.gov/sites/default/files/document-library-files/2019/NL-AR-19-005.pdf>, p. 5.

44 USPS, “Direct Testimony of Robert Cintron on Behalf of the United States Postal Service (USPS-T-1),” Postal Regulatory Commission Docket No. N2021-1, <https://www.prc.gov/docs/116/116652/N2021-1%20Cintron%20Testimony%20USPS-T-1.pdf>, p. 10.

45 The OIG discussed how service standards work in a September 2021 white paper. See USPS OIG, “A Primer on Service Standards,” Report No. RISC-WP-21-008, September 27, 2021, <https://www.uspsig.gov/sites/default/files/document-library-files/2021/RISC-WP-21-008.pdf>.

46 USPS, “Delivering for America,” March 2021, https://about.usps.com/what/strategic-plans/delivering-for-america/assets/USPS_Delivering-For-America.pdf, p. 30 and USPS, “Direct Testimony of Robert Cintron on Behalf of the United States Postal Service (USPS-T-1),” Postal Regulatory Commission Docket No. N2021-1, <https://www.prc.gov/docs/116/116652/N2021-1%20Cintron%20Testimony%20USPS-T-1.pdf>, pp. 27-28.

47 Examples include company-specific apps, such as Schneider’s Compass app for Schneider company drivers, or Walmart’s NTransit app for drivers whose company has certified with Walmart. Publicly available apps, such as Dock411, provide drivers with facility information and shippers can manage their facility profiles. In addition, digital brokers, such as Convoy and UberFreight, connect shippers with carriers.

48 The Postal Service captures GPS data and has predictive functions incorporated into its Surface Visibility and Informed Visibility (IV) platforms. A recent OIG white paper noted plant management were interested in more predictive capabilities for processing operations in IV. There could also be benefits from better access to real-time data for surface transportation staff. See USPS OIG, “Improving Operational Efficiency Using Informed Visibility,” September 17, 2021, Report No. RISC-WP-21-009, <https://www.uspsig.gov/sites/default/files/document-library-files/2021/RISC-WP-21-009.pdf>, p. 16.

Conclusion

Truck drivers are an essential part of the Postal Service's mission, ensuring that millions of mailpieces are transported across the nation every day. The ongoing national truck driver shortage is, therefore, hugely consequential to postal operations. USPS has had a prolonged shortage of over 1,000 drivers for its local PVS routes. The PVS driver shortage necessitates more overtime hours for the drivers currently on-roll. The national truck driver shortage is also contributing to higher costs per mile and performance challenges for HCRs. Identifying ways to mitigate the impacts of the shortage will be important going forward, especially as USPS works to shift more mail volume out of its air network and into its surface transportation network.

The Postal Service runs national marketing campaigns to recruit drivers, including advertising openings on trucking industry job boards, social media platforms, and banners hanging from postal facilities. While driver turnover in the PVS is relatively low — around 14 percent annually — USPS management stated that wage competition still makes it a challenge to recruit drivers to close the existing shortage. Beyond wages, many drivers are also attracted to jobs that offer dedicated routes and the ability to go home at night. Continuing to highlight these aspects of the job in marketing materials is therefore important going forward. Recruitment efforts can also focus on targeting younger drivers and women

drivers to bolster the workforce. Focusing on the driver experience is another powerful way to improve driver recruitment and retention. Strategies for doing so can include collecting driver feedback, encouraging positive interactions between drivers and facility staff, and ensuring driver access to basic facility amenities, including for contracted drivers.

The Postal Service is also working to expand the HCR supplier base to mitigate the effects of the truck driver shortage. Best practices for maintaining relationships with carriers could be an important part of that effort, particularly to attract new carriers into its supplier base who do not have a history of working with the Postal Service. Strategies in this regard include regular and transparent communication with carriers about performance, as well as awards and incentives for high performers.

Finally, the Postal Service is taking steps to improve truck utilization, which can help mitigate the effects of the shortage. Some shippers and carriers are deploying technologies, including apps on smartphones, to better coordinate loads and unloads and optimize driver time. For example, shippers and carriers are using geofencing to better align facility operations with truck arrival times. Taken together, the best practices noted above could help the Postal Service mitigate the current and future impacts of the driver shortage.

Appendices

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Appendix A: Additional Information

Objectives, Scope, and Methodology

The objectives of our research were:

- Assess the extent to which the shortage of truck drivers in the U.S. impacts the Postal Service.
- Identify Postal Service initiatives to attract truck drivers and industry best practices that may help the Postal Service further mitigate challenges posed by the driver shortage.

The scope for the paper was FY 2018 to FY 2021.

Our research included the following methods:

Interviews with Subject Matter Experts

We conducted 19 interviews with subject matter experts in the trucking industry. The interviewees included academics (3) and executives with large shippers (2), highway contract route suppliers (4), trucking and supply chain industry associations (7), a labor union (1), a trucking technology company (1), and a third-party logistics company (1). The following is the list of organizations interviewed:

- Leadership and executives from four HCR suppliers
- American Postal Workers Union
- American Transportation Research Institute
- American Trucking Associations
- Council for Supply Chain Management Professionals
- The Coca-Cola Company
- Consumer Brands Association
- Coyote Logistics

- Massachusetts Institute of Technology's MIT FreightLab
- National Star Route Mail Contractors Association
- Owner-Operator Independent Drivers Association Foundation
- University of Pennsylvania
- Vector Software
- Walmart
- Wayne State University
- Women in Trucking Association

Interviews with the Postal Service

We conducted four interviews with Postal Service leadership and management in Logistics, Transportation Strategy, and National Human Resources.

Secondary Research and Data Analysis

We conducted secondary research on the background of the truck driver shortage and industry best practices to mitigate its effects. We also conducted the following data analysis:

- Analyzed Postal Service data on actual overall payments to LDT and PNT suppliers from the Accounts Payable Excellence (APEX) system.
- Analyzed data on planned mileage, costs per mile, and the number of LDT and PNT suppliers and routes (collected from the Postal Service's HCR paybooks).
- Analyzed data on PVS operations, including PVS drivers on roll vs earned (from USPS's PVS driver dashboard), function 3A (Vehicle Services) employee overtime (from USPS's Time and Attendance Control System), and driver turnover rate (from USPS's Enterprise Data Warehouse).

We relied on interviews with Postal Service management and other postal stakeholders to assess the impact of the shortage. We present relevant descriptive statistics but did not conduct analyses to allocate the specific impact of the shortage on Postal Service costs and performance.

We conducted our research 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 February 11, 2022, and included their comments where appropriate.

Prior Coverage

| Report Title | Objective | Report Number | Final Report Date | Monetary Impact (in millions) |
|--|---|-----------------------------------|-------------------|-------------------------------|
| <i>Fiscal Year 2022 Peak Mailing Season Preparedness</i> | Evaluate the U.S. Postal Service's preparedness for the fiscal year (FY) 2022 peak mailing season. | Report Number 21-206-R22 | 11/19/2021 | \$0 |
| <i>Transportation Network Optimization and Service Performance</i> | Assess opportunities to optimize the U.S. Postal Service's transportation network and meet service performance goals. | Report Number 20-144-R20 | 6/5/2020 | \$199,558,680. |
| <i>U.S. Postal Service Transportation Network Operations and Cost Optimization Practices</i> | Analyze practices and cost trends and identify risk areas within the Postal Service's transportation network. | Report Number 19XG002NL000-R20 | 11/7/2019 | \$30,790,152 |
| <i>What's Driving Postal Transportation Costs?</i> | Estimate how much transportation costs should have been expected to increase over the past 10 years as a result of: (1) the change in volume, encompassing both the decline in letter and flat mail and the increase in parcel volume; and (2) the general increase in transportation related input costs across the country, including the impact of things such as fuel costs and driver wages. | Report Number RARC-WP-19-002 | 3/18/2019 | \$0 |

Appendix B: Management's Comments



March 2, 2022

JENNIFER MYKIJEWYCZ
DIRECTOR, OPERATIONS CENTRAL
RESEARCH AND INSIGHTS SOLUTION CENTER

SUBJECT: Management Response: The Truck Driver Shortage: Implications for
the Postal Service – White Paper (2021RISC011)

Thank you for the opportunity to review and comment on the Office of Inspector
General's (OIG's) white paper: The Truck Driver Shortage: Implications for the Postal
Service.

Logistic Management agrees in general with the white paper report. We appreciate
the OIG's efforts to assess how the truck driver shortages impact the Postal Service.

This report and/or management's response contain information which, in
management's opinion, constitutes proprietary or commercially sensitive business
information, or other sensitive information (including grafts, Figure 1 and Figure 5),
that may be exempt from disclosure under FOIA.

Robert
Cintron

Digitally signed by
Robert Cintron
Date: 2022.03.02
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Robert Cintron
Vice President, Logistics

cc: Manager, Corporate Audit Response Management



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