



Office of Inspector General | United States Postal Service

## White Paper

# First-Line Supervisors in the U.S. Postal Service

Report Number 19SMO005HR000-R20 | December 9, 2019



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# Highlights

## Executive Summary

Due to the impact of first-line supervisors on U.S. Postal Service operations, the Office of Inspector General (OIG) sought to gain an understanding of the structure, footprint within the organization, and investments made in first-line supervisors. As such, key human capital and performance data related to first-line supervisors was examined to assess patterns of historical performance, evaluate comparability across various categories, and identify relationships between first-line supervisors and key performance metrics. This white paper provides the results of our assessment, including analyses of key operational, performance, and cost metrics that impact Postal Service operations.

## Background

The Postal Service delivers mail to more addresses, in a larger geographical area, than any other post in the world. On average, each day in fiscal year (FY) 2018, the Postal Service processed and delivered 493 million pieces to 159 million delivery points, while serving about 4 million customers in its delivery and retail locations. To meet this demand, the Postal Service has a network of over 620,000 employees at more than 34,000 facilities nationwide.

Like any organization, employees are instrumental in ensuring the Postal Service meets its goals and objectives – ultimately getting mail to customers. With labor costs (including compensation and benefits, unfunded retirement benefits, retiree health benefits, and worker compensation) constituting about 76 percent of the Postal Service’s operating expenses, employee management has a significant impact on both the operations and financial condition of the organization. To effectively manage a workforce of the Postal Service’s size, there needs to be a strong organizational structure and appropriate investments made in the supervisor ranks.

In general, a supervisor is responsible for the productivity and actions of a small group of employees. Within the Postal Service, supervisors play a significant role in ensuring that customers receive quality service and that mail and parcels are received on time and in good condition. To drill-down further, a first-line supervisor has direct responsibility for ensuring that employees accomplish their work. For this white paper, a first-line supervisor is defined as the first layer of management directly above the craft employee.

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***“For this white paper, a first-line supervisor is defined as the first layer of management directly above the craft employee.”***

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## Conclusion

As of September 28, 2018, there were 22,827 first-line supervisors at the Postal Service. For the purposes of our work, we focused only on customer service, distribution, maintenance, and transportation operations supervisors located in delivery/retail and processing facilities. This includes 18,433 permanent supervisors and 4,394 acting supervisors<sup>1</sup> detailed into the position for a limited period to perform supervisory duties and responsibilities. Of these 22,827 first-line supervisors:

- Seventy-two percent (16,531 of 22,827) were customer service supervisors who managed customer service and delivery operations, and
- Twenty-eight percent (6,296 of 22,827) were processing supervisors who managed processing and distribution operations.

Postal Service first-line supervisors are at the core of bringing operations together, maintaining financial viability, managing a geographically dispersed workforce, and promoting trust of the customers. In FY 2018, the Postal Service's first-line supervisor workhours made up three percent of the total workhours incurred; however, they managed 76 percent of the total workhours, and 84 percent of total overtime hours incurred. This translates to the first-line supervisor directly managing over \$21.6 billion in incurred workhours and an additional \$4.5 billion in total overtime costs in FY 2018.

As first-line supervisors have a significant impact on employees, from engagement to grievance activity, having the right organizational structure and a sufficient span of control is imperative. As the number of first-line supervisors have increased over a five-year period, the number of employees they manage has slightly decreased over that period. This indicates that first-line supervisors are managing fewer employees, reducing and possibly strengthening the overall span of control.

Following the issuance of this white paper, the OIG plans to conduct further audit work to assess strategies and programs in place related to first-line supervisor hiring and retention, training and development, and performance.

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***“As first-line supervisors have a significant impact on employees, from engagement to grievance activity, having the right organizational structure and a sufficient span of control is imperative.”***

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<sup>1</sup> Because the number of acting supervisors can fluctuate daily depending on the needs of the organization, we captured a snapshot of supervisors at a point in time — the end of pay period 20 for each fiscal year in our scope — as a reasonable approach to conducting our analyses. Also, we excluded acting supervisors who were on short-term detail assignments lasting only hours or days to avoid inflating the results of our analyses.

# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

December 9, 2019

**MEMORANDUM FOR:** SIMON M. STOREY  
VICE PRESIDENT, EMPLOYEE RESOURCE  
MANAGEMENT

KEVIN L. MCADAMS  
VICE PRESIDENT, DELIVERY AND RETAIL OPERATIONS

DR. JOSHUA D. COLIN  
VICE PRESIDENT (A), PROCESSING AND  
MAINTENANCE OPERATIONS

E-Signed by Jason Yovich  
E-Verify authentication with eSign Desktop

**FROM:** Jason M. Yovich  
Acting Deputy Assistant Inspector General  
for Supply Management and Human Resources

**SUBJECT:** White Paper – First-Line Supervisors in the  
U.S. Postal Service (Report Number 19SMO005HR000-R20)

This white paper presents the results of our review of First-Line Supervisors in the U.S. Postal Service.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Lucine Willis, Director, Human Resources, or me at 703-248-2100.

Attachment

cc: Postmaster General  
Corporate Audit Response Management

# Results

## Introduction

This white paper represents the results of our self-initiated review<sup>2</sup> of U.S. Postal Service first-line supervisors (Project Number 19SMO005HR000). Our objective was to examine key human capital and performance areas related to first-line supervisors. The scope of our review included first-line supervisors in the delivery/retail and processing facilities for fiscal years (FY) 2014-2018.

The leadership structure and management team in any organization is vital to success of the organization accomplishing its goals and objectives. And within the management team, first-line supervisors play a critical role and influence key aspects such as productivity, quality, and employee engagement. This is no different for the Postal Service. In FY 2018, the Postal Service employed a workforce of more than 620,000 people<sup>3</sup>; generated over \$70.6 billion in revenue; operated a network of more than 34,000 delivery/retail and processing facilities; and managed a fleet of over 232,000 delivery vehicles. At the forefront of managing this workforce was the first-line supervisor.

## Organizational Structure

It is not only important to understand the value a first-line supervisor brings to an organization, but also the make-up and structure in which they operate. As an organization, the Postal Service has a headquarters and field office structure, summarized as follows:

- **Headquarters:** primarily responsible for the overall strategic direction of the Postal Service, including setting overall policy and overseeing financial and operational functions.
- **Field Office Structure:** consists of seven areas and 67 districts, which are primarily responsible for oversight and execution of day-to-day operations of the facilities in achieving the Postal Service's mission.

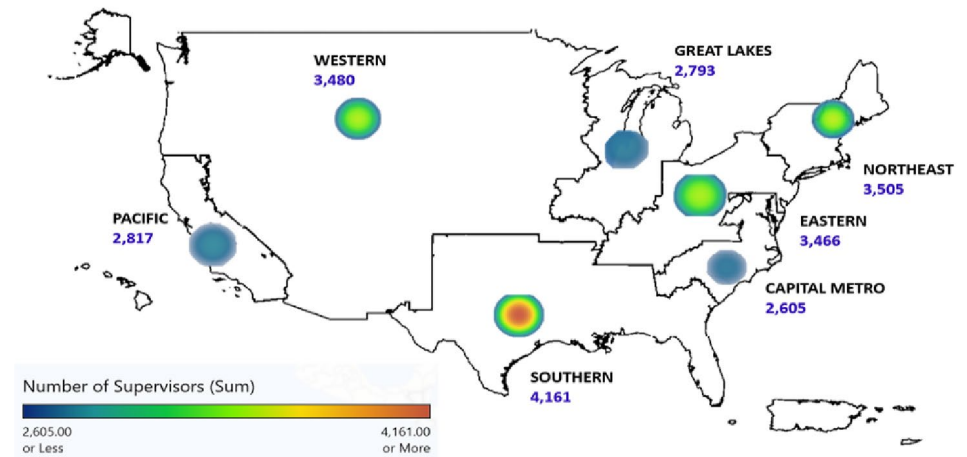
- At the facility level, delivery/retail and processing facilities report to their respective district and area field office based on geographical location. The seven area field offices report to headquarters.

The first-line supervisors discussed throughout this white paper are located at the facility level, as introduced below:

- **Delivery and Retail Facilities:** (1) Customer Service Supervisors.
- **Processing Facilities:** (1) Distribution Operations Supervisor; (2) Maintenance Operations Supervisor; and, (3) Transportation Operations Supervisor.

In FY 2018, there were 22,827 first-line supervisors at the Postal Service, as illustrated by area in Figure 1. For the purposes of our work, we focused only on customer service, distribution, maintenance, and transportation operations supervisors located in delivery/retail and processing facilities.

**Figure 1: First-Line Supervisors by Area in FY 2018**



Source: Eagan Mainframe Payroll System and Time and Attendance Collection System (TACS).<sup>4</sup>

<sup>2</sup> This white paper was conducted in accordance with Council of the Inspector General on Integrity and Efficiency Quality Standards for Inspection and Evaluation.

<sup>3</sup> Employee totals are based on pay period 20 data and do not include headquarters employees.

<sup>4</sup> An application used for calculating employee clock rings, manually entering weekly time and reporting time and attendance data.

Over the five-year period of FY 2014-2018, there was a total increase of 2,491 first-line supervisors, or about 12 percent. As shown in Table 1, first-line supervisor totals increased at a faster pace than overall employees, at twice the rate. This trend indicates first-line supervisors are consistently managing fewer employees over this period.

**Table 1: Total Employees and First-Line Supervisors from FYs 2014-2018**

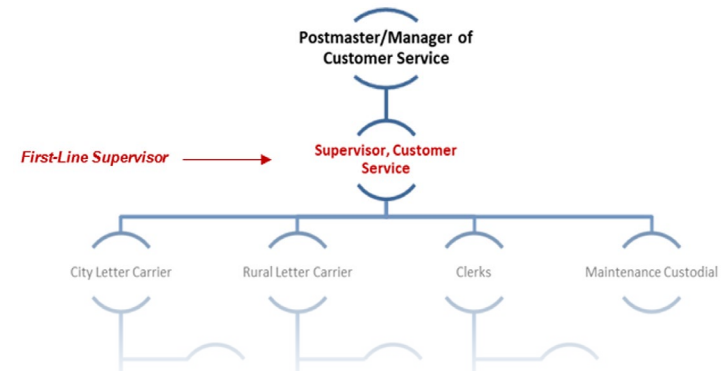
Fiscal Year	First-Line Supervisors	FY 2014-18 % Change	Employees <sup>5</sup>	FY 2014-18 % Change
2014	20,336	—	530,158	—
2015	21,314	4.81%	546,900	3.16%
2016	22,371	4.96%	565,434	3.39%
2017	22,658	1.28%	570,538	0.90%
2018	22,827	0.75%	561,452	-1.59%
<b>FY 2014-2018 Change</b>	<b>2,491</b>	<b>11.80%</b>	<b>31,294</b>	<b>5.90%</b>

Source: Eagan Mainframe Payroll System.

From a reporting standpoint, the hierarchy within a delivery/retail and processing facility differs for a first-line supervisor, as demonstrated in Figures 2 and 3.<sup>6</sup> Specifically:

- **Delivery/Retail Facility:** generally, at a post office, the customer service supervisor reports to the postmaster; however, at a station or branch, the customer service supervisor reports to the manager of customer service.
  - There is consistency among the post offices, stations, and branches, where customer service supervisors are responsible for oversight of letter carriers (both city and rural), clerks, and maintenance custodial employees.

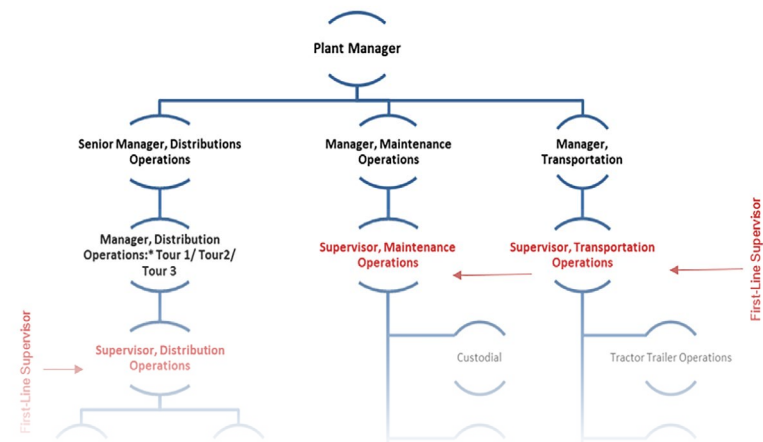
**Figure 2: Organizational Hierarchy – Delivery and Retail Facilities**



Source: OIG analysis.

- **Processing Facility:** the reporting structure aligns more with the area of operation. For example, the first-line supervisors for distribution, maintenance, and transportation operations report to the manager responsible for that respective operation. Additionally, there can be multiple layers of management between the first-line supervisor and the plant manager, who is the highest level of management at a processing facility.

**Figure 3: Organizational Hierarchy – Processing Facilities**



Source: OIG analysis.

<sup>5</sup> Total employee count includes functions 1, 2A, 2B, 3A, 3B, and 4 employees.

<sup>6</sup> Full organizational hierarchies for delivery/retail and processing facilities located in Appendices A and B, respectively.

A Postal Service facility can house retail and delivery operations, processing operations, or both. A delivery and retail facility is a postal unit, such as a post office, station, or branch that provides postal retail services to customers, including selling postage stamps. The delivery and retail facility is also the central

point for delivery of mail and housing of post office boxes. A processing facility is where mail is sorted and distributed for dispatch for eventual delivery. Table 2 provides an overview of first-line supervisor allocation by facility type.

**Table 2: Total First-Line Supervision by Facility Type - FY 2018**

Facility Type	Permanent Supervisors	Acting Supervisors <sup>7</sup>	Total First-Line Supervisors	Percent of Acting to Total
<b>Delivery and Retail</b>				
Station or Branch	5,754	1,620	7,374	22%
Administrative Post Office	3,904	706	4,610	15%
Associate Office	3,430	653	4,083	16%
Customer Service Support Unit	0	2	2	100%
<b>Subtotal</b>	<b>13,088</b>	<b>2,981</b>	<b>16,069</b>	<b>19%</b>
<b>Processing<sup>8</sup></b>				
Processing and Distribution Center	4,015	831	4,846	17%
National Distribution Center	608	134	742	18%
Processing and Distribution Facility	373	112	485	23%
International Service Center	150	23	173	13%
Logistics and Distribution Center	136	20	156	13%
Air Mail Center	23	13	36	36%
Hub and Spoke	26	6	32	19%
Delivery Distribution Center	12	9	21	43%

<sup>7</sup> Acting supervisor counts were based on the TACS - Higher Level Details Report, which includes those employees on long-term higher-level details. We excluded acting supervisors who were on short-term detail assignments lasting only hours or days to avoid inflating the results of our analyses.

<sup>8</sup> Air mail centers, air mail facilities, delivery distribution centers, and logistics and distribution centers do not have transportation operations supervisors. The remaining processing facilities generally have distribution operation, maintenance operation, and transportation operation supervisors.



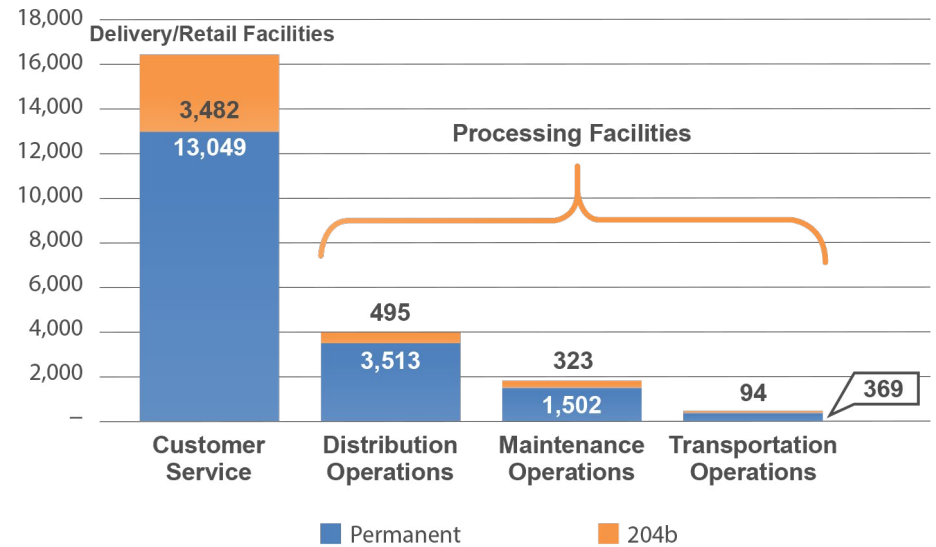
Facility Type	Permanent Supervisors	Acting Supervisors <sup>7</sup>	Total First-Line Supervisors	Percent of Acting to Total
Remote Encoding Center	0	4	4	100%
Air Mail Facility	1	2	3	67%
<b>Subtotal</b>	<b>5,344</b>	<b>1,154</b>	<b>6,498</b>	<b>18%</b>
<b>Delivery and Retail/Processing</b>				
District Office	1	256	257	100%
Headquarters	0	2	2	100%
Area Office	0	1	1	100%
<b>Subtotal</b>	<b>1</b>	<b>259</b>	<b>260</b>	<b>100%</b>
<b>Total</b>	<b>18,433</b>	<b>4,394</b>	<b>22,827</b>	<b>19%</b>

Source: Eagan Mainframe Payroll System and TACS.

*“In FY 2018, about 70 percent of first-line supervisors worked in delivery and retail facilities and 29 percent worked in processing facilities.”*

In FY 2018, about 70 percent of first-line supervisors worked in delivery and retail facilities and 29 percent worked in processing facilities. The customer service supervisors made up about 72 percent (16,531 of 22,827) of total first-line supervisors, and from a processing facility perspective – 64 percent (4,008 of 6,296) of first-line supervisors were distribution operations supervisors, as shown in Figure 4.

**Figure 4: Total First-Line Supervisors by Supervisor Type<sup>9</sup> in FY 2018**



Source: Eagan Mainframe Payroll System and TACS.

<sup>9</sup> We identified supervisor type based on the craft the employee previously worked before being temporarily promoted.

## Roles and Responsibilities

At the Postal Service, first-line supervisor responsibilities expand further than just oversight of the day-to-day execution of operations that drive services and delivery of mail to the public. Other key responsibilities include: managing records, quality control, safety, ensuring employees maintain ethical behavior, and training. First-line supervisors act as communicators, and the first layer

between upper management and the craft employee. Additionally, as the first-point of contact for the craft employee, first-line supervisors play a significant role in developing the work culture and cultivating employee engagement. Although the basic responsibilities are generally consistent among all first-line supervisors, other responsibilities are determined based on the function or facility type in which they work, as highlighted in Figure 5.

**Figure 5: First-Line Supervisor Responsibilities by Function**

Customer Service	Distribution Operations	Transportation Operations	Maintenance Operations
<ul style="list-style-type: none"> <li>Carrier activities including evaluating daily carrier workload and creating carrier and route assignments.</li> <li>Window services to the public.</li> <li>Distribution and dispatch of mail.</li> <li>Recordkeeping of workhours, mail volumes and costs.</li> <li>Personal time and attendance.</li> </ul>	<ul style="list-style-type: none"> <li>An assigned group of automated, mechanized, and/or manual processing and distribution operations.</li> <li>Scheduling and assigning work based on workload.</li> <li>Monitoring operational performance data throughout the tour.</li> <li>Coordinating mail flow activities with other supervisors on the tour.</li> </ul>	<ul style="list-style-type: none"> <li>The assignment, movement and dispatching of mail transportation vehicles, including highway contract route vehicles, to ensure timely movement of mail on specific tours.</li> <li>Planning and adjusting vehicle transportation routes and schedules.</li> <li>Assigning vehicles, issuing schedules, verifying arrivals/departures and utilization data.</li> <li>Inspection of incoming and outgoing vehicles to ensure proper utilization of vehicles.</li> </ul>	<ul style="list-style-type: none"> <li>Supervising maintenance activities related to mail processing equipment, buildings, and building systems.</li> <li>Determining the cause of failures to systems and equipment and makes recommendations.</li> <li>Supervising the preparation of maintenance schedules; prioritizes and assigns work.</li> <li>Ensuring compliance with established maintenance standards; safety regulations, and energy conservation practices.</li> </ul>

Source: Enterprise Data Warehouse (EDW).

## The Detail Role

The first-line supervisor is a position that requires someone to continuously assume the assigned responsibilities. At the Postal Service, this position may be filled with either a permanent employee or an employee who is detailed into an acting status, known as a 204b.<sup>10</sup> A permanent first-line supervisor is either hired

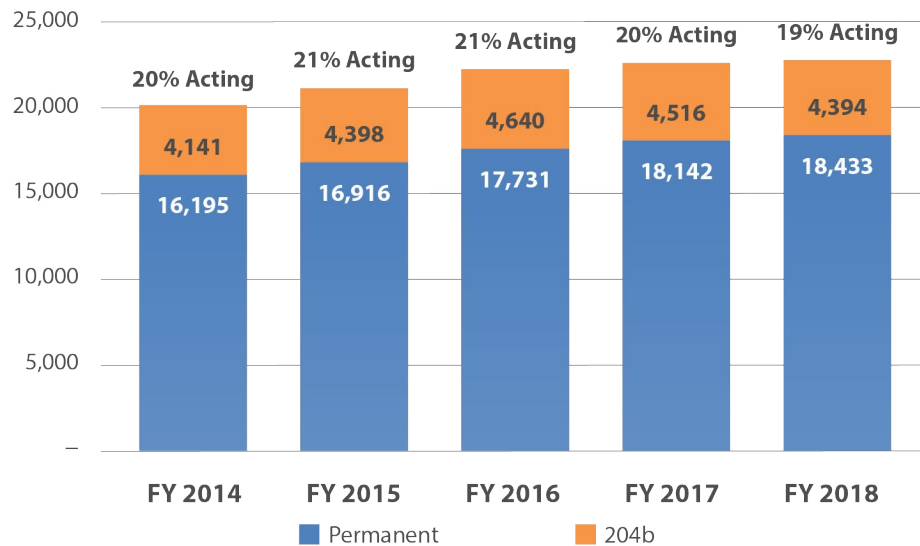
or promoted into the position, whereas an acting first-line supervisor receives a temporary higher level assignment to backfill a vacant position, act for a first-line supervisor on extended leave or fill in when unexpected absences occur. These temporary promotions are designed to ensure continuity in operations, with the length of the assignments varying. Although 204b first-line supervisors play an

<sup>10</sup> A 204b is a craft employee working as an acting supervisor. We will refer to acting supervisors as 204b supervisors throughout this report.

important role in the Postal Service, the overall objective is to fill the first-line supervisor role with a permanent employee.

From FYs 2014-2018, the Postal Service averaged over 4,400 detailed employees per year into first-line supervisor roles, which was consistently about 20 percent of the on-rolls first-line supervisor complement (see Figure 6). Although permanent first-line supervisors positions increased each year, the number of 204b first-line supervisors remained fairly consistent. The consistent usage of the 204b suggests the role provides a significant contribution to the Postal Service in ensuring day-to-day operations remain constant.

**Figure 6: Total First-Line Supervisors Nationwide, FYs 2014-2018**



Source: Eagan Mainframe Payroll System and TACS.

## Turnover and Vacancies

Within all ranks, turnover can be harmful to organizational performance and replacement costs are often very high. Retention of talented workers is a priority for all organizations including the Postal Service. A high turnover rate can result in many consequences including low employee morale, but a high turnover rate at the management level can be an indication of systemic issues within an organization.

In FY 2018, first-line supervisor turnover<sup>11</sup> nationwide was 6.8 percent – this equates to about 1,259 first-line supervisors annually. As a comparison, in FY 2018, the average turnover for all career employees at the Postal Service was 8.1 percent; however, the non-career turnover rate was 36 percent. Table 3 highlights the turnover rate for each first-line supervisor type.

**Table 3: First-Line Supervisor Turnover – FYs 2014-2018**

First-Line Supervisor Position	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2014 to FY 2018 Percent Change
Customer Service	7.1%	4.6%	4.7%	5.2%	6.1%	-1.0%
Distribution Operations	8.6%	7.6%	7.2%	7.1%	9.1%	0.5%
Maintenance Operations	8.4%	5.8%	6.8%	7.1%	8.1%	-0.3%
Transportation Operations	10.2%	8.4%	4.7%	6.6%	6.8%	-3.5%
<b>Total First-Line Supervisor Turnover</b>	<b>7.6%</b>	<b>5.4%</b>	<b>5.4%</b>	<b>5.8%</b>	<b>6.8%</b>	<b>-0.8%</b>

Source: Eagan Mainframe Payroll System and Web Complement Information System (WebCOINS).<sup>12</sup>

<sup>11</sup> Turnover is calculated by the number of supervisors who are separated, including voluntary and involuntary separations, from the Postal Service compared to the number on payroll. It does not include supervisors who were promoted to other positions.

<sup>12</sup> A web-based tool for managing and tracking complement that provides easy access to information about employees, their work assignments, and on-rolls versus authorized complement levels by operational unit.

From an area perspective, for FY 2018, average first-line supervisor turnover ranged from a low of 5.9 percent in the Eastern Area to a high of 7.5 percent in the Pacific Area. Four areas had a higher first-line supervisor turnover average than the overall average of 6.8 percent, as shown in Table 4.

**Table 4: First-Line Supervisor Turnover by Area – FY 2018**

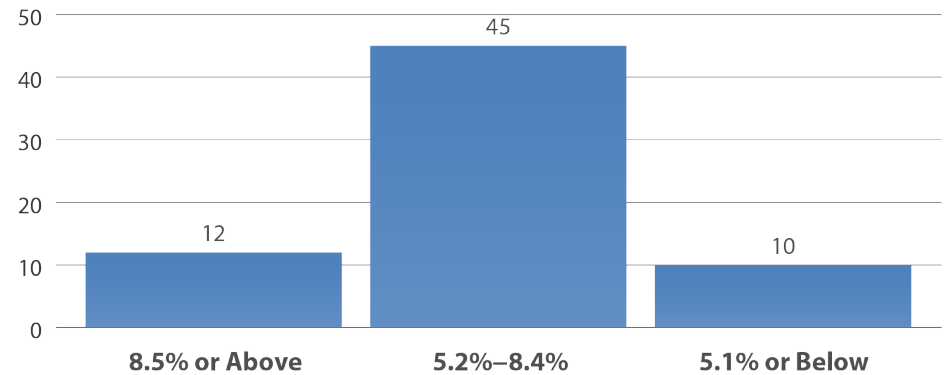
Area	Average First-Line Supervisor Turnover
Pacific	7.5%
Western	7.3%
Southern	7.2%
Northeast	6.9%
Great Lakes	6.6%
Capital Metro	6.1%
Eastern	5.9%
<b>Average Total</b>	<b>6.8%</b>

Source: Egan Mainframe Payroll System and WebCOINS.

***“At the end of FY 2018, there were 867 first-line supervisor vacancies nationwide, the lowest total over a five-year period.”***

In FY 2018, the average first-line supervisor turnover across all 67 districts was also 6.8 percent, with one standard deviation of +/- 1.6 percent. Districts’ first-line supervisor turnover ranged from a low of 3.3 percent in the Northern New England District to a high of 10.0 percent in the Alaska District.

**Figure 7: First-Line Supervisor Turnover**



Source: Egan Mainframe Payroll System, WebCOINS, and OIG analysis.

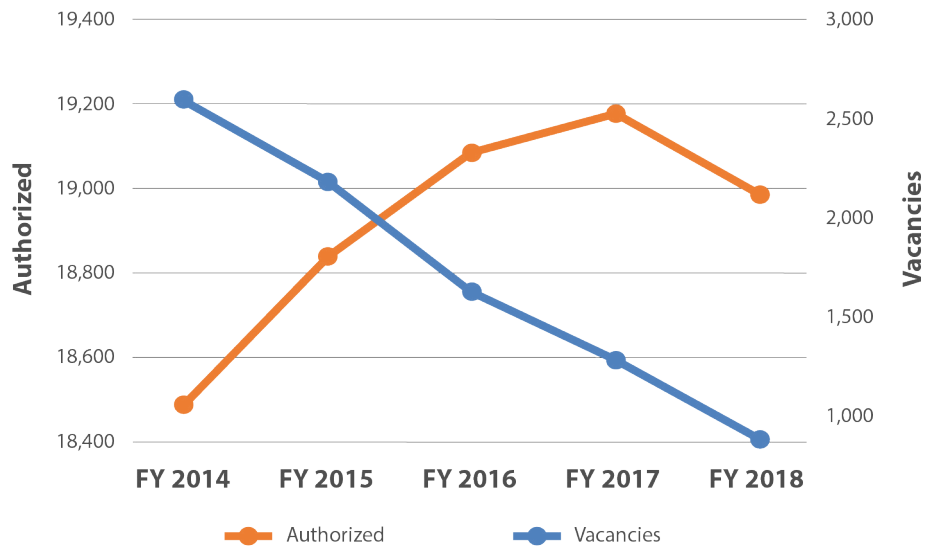
The data indicates:

- 45 (or 67 percent) districts had first-line supervisor turnover ranging from 5.2 to 8.4 percent.
- 12 (or 18 percent) districts had first-line supervisor turnover exceeding 8.4 percent.
- 10 (or 15 percent) districts had first-line supervisor turnover below 5.2 percent.

In concert with managing turnover, it is equally important for an organization to fill key vacancies timely. Vacancies left unfilled for prolonged periods can place an excess and unwelcome strain on existing employees because of increased workloads, knowledge gaps and skills shortfalls.

At the end of FY 2018, there were 867 first-line supervisor vacancies nationwide, the lowest total over a five-year period. Between FYs 2014-2018, first-line supervisor vacancies decreased by 1,724, or 67 percent. Conversely, during this span, the number of authorized first-line supervisor positions increased from 18,485 to 18,983, or three percent, as indicated in [Figure 8](#).

**Figure 8: Nationwide Authorized vs. First-Line Supervisor Vacancies – FYs 2014-2018**



Source: EDW.

As shown in Table 5, the Southern Area, which had the highest number of first-line supervisors, also had the highest vacancy rate at 5.2 percent. This means that for every 100 authorized first-line supervisor positions, there were about five vacant positions. Only two areas – Western and Capital Metro – met the Postal Service’s vacancy goal<sup>13</sup> of four percent or lower.

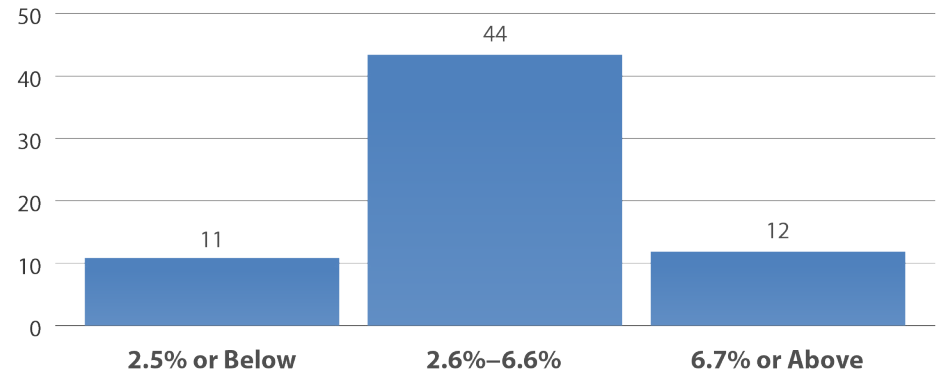
**Table 5: First-Line Supervisor Vacancies by Area – FY 2018**

Area	Vacancies	Authorized	Vacancy Rate
Southern	182	3,509	5.2%
Northeast	150	2,950	5.1%
Eastern	144	2,863	5.0%
Great Lakes	118	2,399	4.9%
Pacific	97	2,299	4.2%
Western	109	2,967	3.7%
Capital Metro	67	1,996	3.4%
<b>Total</b>	<b>867</b>	<b>18,983</b>	<b>4.6%</b>

Source: EDW.

In FY 2018, the average vacancy rate across all 67 districts was 4.6 percent, with one standard deviation of +/- 2 percent. Districts’ vacancy rates ranged from a low of 0.4 percent in the Greensboro District to a high of 10.4 percent in the Caribbean District.

**Figure 9: First-Line Supervisor Vacancies**



Source: EDW and OIG analysis.

<sup>13</sup> In January 2018, the Postal Service launched a Supervisor Pilot Program establishing a goal of a 4 percent or lower vacancy rate for first-line supervisors.

The data indicates:

- 44 (or 66 percent) districts maintained a vacancy rate ranging from 2.6 to 6.6 percent.
- 12 (or 18 percent) districts had a vacancy rate exceeding 6.6 percent.
- 11 (or 16 percent) districts had a vacancy rate below 2.6 percent.

### Span of Control

“Span of control” is the term commonly used in business management, particularly in human resources management, that identifies the ratio of employees who report to each supervisor. This number can vary based on type of work conducted, complexity of the work, and other factors. Establishing the optimal span of control for first-line supervisors is one of the most important tasks in structuring organizations.

Postal Service management determines span of control based on the facility type, operations, and/or function.<sup>14</sup> As such, workload models and/or other criteria are leveraged in determining the appropriate span of control for each first-line supervisor. For customer service supervisors, the span of control varies based on the inputs to their workload model; however, at processing facilities, the span of control is fixed based on complement for each distribution, maintenance, and transportation supervisor position and facility type.<sup>15</sup>

The overall span of control trend for all first line supervisors decreased from 1:33 to 1:30 between FYs 2014 and 2018. This suggests first-line supervisors were managing three less employees as compared to five years ago.

In FY 2018, the average span of control for supervisors in processing<sup>16</sup> and delivery/retail<sup>17</sup> operations were:

- 1:20 for maintenance operations supervisors, which is within the prescribed standard.
  - Standard is 1:12 until six supervisors, then 1:20 for all processing facility types.
- 1:23 for transportation operations supervisors, which is within the prescribed standard.
  - Standard is 1:25 for processing and distribution centers; 1:25 for international service centers; and, 1:19 for network distribution centers.
- 1:28 for distribution operation supervisors, which is above the prescribed standard.
  - Standard is 1:25 for all processing facility types.
- 1:32 for delivery and retail operations supervisors. Standard varies based on results of supervisory workload credit worksheet.<sup>18</sup>

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***“The overall span of control trend for all first line supervisors decreased from 1:33 to 1:30 between FYs 2014 and 2018.”***

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While customer service supervisors’ span of control varies by facility, the data suggests that, on average, customer service supervisors are managing more employees than their counterparts at processing facilities.

From an area perspective, all seven areas were consistent with the first-line supervisor span of control decreasing over the five-year period. Specifically, as shown in [Table 6](#), the overall average span of control decreased by 8.1 percent from FY 2014-2018.

<sup>14</sup> A function is a principal method of devising work. A function may be a single activity but is more commonly a group of related activities placed together under one responsibility.

<sup>15</sup> Per the Postal Service’s Job Descriptions and Qualification Standards System.

<sup>16</sup> For processing operations, we included Function 3B employees who are managed by maintenance operations supervisors, Function 3A employees who are managed by transportation operations supervisors, and Function 1 employees who are managed by distribution operations supervisors.

<sup>17</sup> For delivery and retail operations, we included Functions 2A (rural delivery), 2B (city delivery), and 4 (customer service) employees who are managed by customer service supervisors.

<sup>18</sup> Supervisory Workload Credit (SWC) worksheet is a complement-driven objective calculation used to determine the number of customer service supervisors who are authorized in post office operations. SWC worksheets are to be completed on a facility-by-facility basis.

**Table 6: First-Line Supervisor Span of Control by Area – FY 2018**

Area	FY 2014 Average Span of Control	FY 2018 Average Span of Control	Difference	Percentage Difference
Pacific	29	26	-3	-11.5%
Capital Metro	32	29	-3	-10.3%
Southern	35	32	-3	-9.4%
Northeast	31	29	-2	-6.9%
Great Lakes	32	30	-2	-6.7%
Eastern	33	31	-2	-6.5%
Western	34	32	-2	-6.3%
<b>Total</b>	<b>32</b>	<b>30</b>	<b>-2</b>	<b>-8.1%</b>

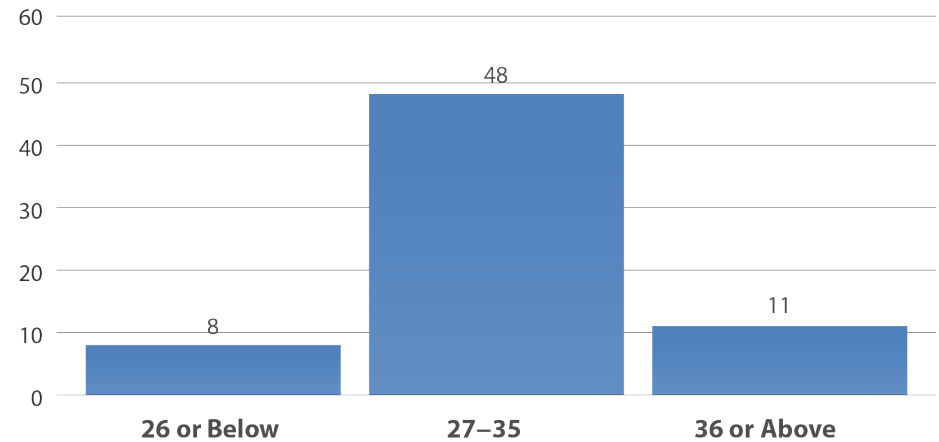
Source: Eagan Mainframe Payroll System.

***“Supervisors at 48 (or 72 percent) districts managed between 27 and 35 employees.”***

In FY 2018, the average span of control across all 67 districts was 31 employees per first-line supervisor, with one standard deviation of +/- 4. Districts’ span of control<sup>19</sup> ranged from a low of 1:25 in the Chicago, New York, and South Florida districts to a high of 1:41 in Northern New England District.

<sup>19</sup> Average span of control calculated for all four first-line supervisors’ types.

**Figure 10: First-Line Supervisor Span of Control**



Source: Eagan Mainframe Payroll System and OIG analysis.

The data indicates:

- Supervisors at 48 (or 72 percent) districts managed between 27 and 35 employees.
- Supervisors at 11 (or 16 percent) districts managed more than 35 employees.
- Supervisors at eight (or 12 percent) districts managed fewer than 27 employees.

### Data Analysis

Data analysis can help detect potential vulnerabilities in business processes or weaknesses in controls. We analyzed labor and operational metrics that would be directly impacted by or would directly impact first-line supervisor performance. Specifically, we analyzed data related to workhours, grievance activity, organizational performance, and employee engagement; then, evaluated comparability and variations across these categories. The analysis was conducted at two levels: the Postal Service overall, then at the district level.

***“On average, for FYs 2014-2018, first-line supervisors worked about 3 percent of the total workhours (excluding overtime and penalty overtime hours) incurred at the Postal Service; however, they managed about 78 percent of these workhours.”***

To gain insights into the data, for each metric we measured the range, mean, and standard deviation. This allowed us to better understand how widely spread out the results are, the average level of results/performance, and the relationship of districts to the average. Additionally, the results could help identify anomalies, outliers, or potential risk areas requiring additional analysis.

## Workhours and Overtime

Workhours<sup>20</sup> are recorded on employee timecards to document hours an employee has worked and categorize the various types of work performed, to include capturing overtime and penalty overtime incurred. At the Postal Service, overtime refers to hours worked in excess of eight paid hours in a day, or 40 paid hours in a week. Penalty overtime can be incurred in certain situations as specified in policy.

As first-line supervisors are responsible for managing various aspects of operations, workhour and overtime management are significant responsibilities for them. Poor workhour management, especially mismanagement of overtime cannot only have a financial impact on the organization, but also may result in morale problems, which can be expressed through low productivity, absenteeism, turnover and labor issues.

On average, for FYs 2014-2018, first-line supervisors worked about three percent of the total workhours (excluding overtime and penalty overtime hours) incurred at the Postal Service; however, they managed about 78 percent of these workhours. Over the five-year span, workhour costs were more than \$145.2 billion and in FY 2018 they were over \$29.7 billion.

**Table 7: First-Line Supervisor and Employee Workhours by Area – FY 2018**

Fiscal Year	First-Line Supervisors Workhours	Percentage to Total Postal Service Workhours	First-Line Supervisors Workhours Managed	Percentage to Total Postal Service Workhours	Total Postal Service Workhours
2014	32,670,812	3.0%	828,913,585	77.1%	1,075,683,953
2015	34,416,143	3.1%	850,118,584	77.6%	1,095,742,846
2016	37,593,868	3.3%	903,869,513	80.3%	1,124,929,783
2017	36,567,694	3.2%	879,433,385	77.7%	1,131,476,281
2018	37,845,670	3.3%	866,849,239	76.2%	1,137,135,292
<b>Total</b>	<b>—</b>	<b>3.2%</b>	<b>—</b>	<b>77.8%</b>	<b>—</b>

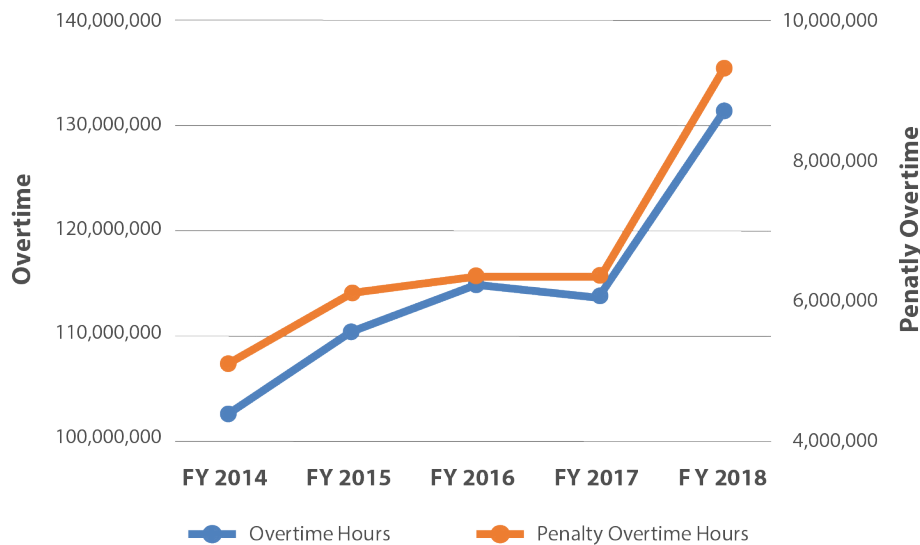
Source: eFlash and Eagan Mainframe Payroll System.

<sup>20</sup> Includes all employee and supervisor workhours within the seven areas.



Additionally, during FYs 2014-2018, overtime and penalty overtime maintained an upward trend, increasing by 28 percent and 80 percent, respectively. This equated to about 574 million overtime hours (or \$21.8 billion in costs), and 33.5 million penalty overtime hours (or \$1.7 billion in costs). FY 2018 incurred the highest cost for both overtime and penalty overtime with \$5.0 billion and \$475.0 million, respectively. See Figure 11 for the trend of overtime and penalty overtime during the five-year span.

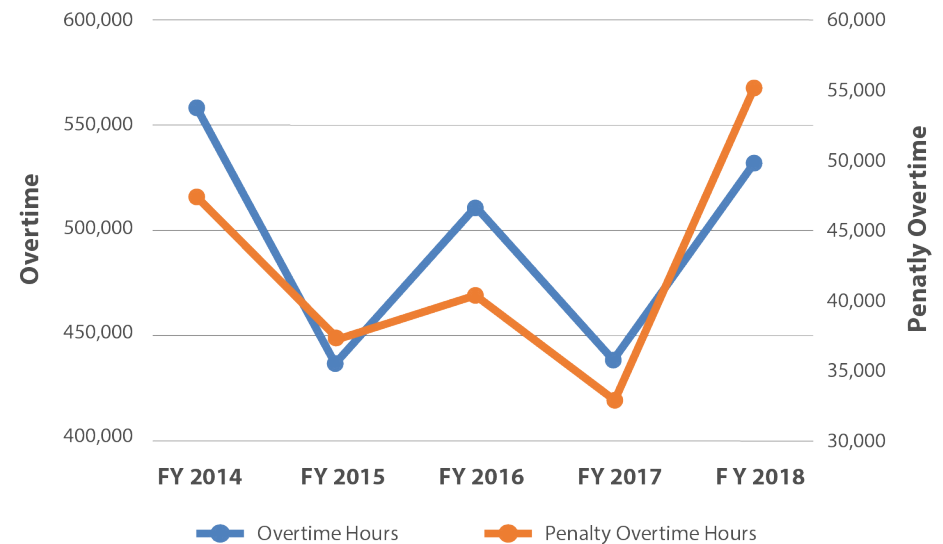
**Figure 11: Overtime and Penalty Overtime Hours from FYs 2014-2018**



Source: eFlash.

As first-line supervisor workhours comprised of a small percentage when compared to total employee workhours, their workhours accounted for about \$5.7 billion in costs over the five-year span. Their overtime and penalty overtime<sup>21</sup> also fluctuated during this period, as indicated in Figure 12. Overtime ultimately decreased from 559,166 hours in FY 2014 to 532,446 hours in FY 2018, or a decrease of \$2.9 million in cost. However, penalty overtime spiked upward from FY 2017-2018, recording 55,287 hours and \$2.8 million in costs for FY 2018.

**Figure 12: First-Line Supervisor Overtime and Penalty Overtime Hours – FYs 2014-2018**

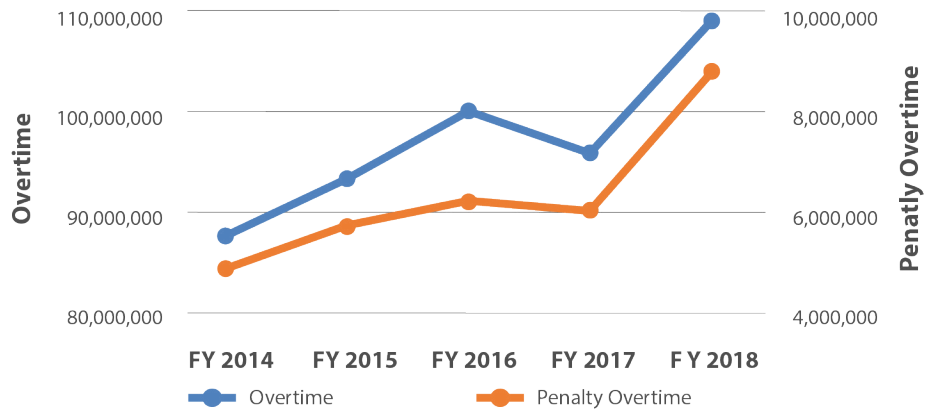


Source: Eagan Mainframe Payroll System.

The overtime and penalty overtime hours directly managed by first-line supervisors maintained an upward trend as well. In FY 2014, overtime and penalty overtime were lowest among the five-year span, resulting in 88.3 million hours and 5.0 million hours, respectively. As shown in Figure 13, overtime hours significantly increased from 96.5 million hours in FY 2017 to 109.9 million in FY 2018, while during this time, penalty overtime hours also increased from 6.2 million to 9.0 million. During the five-year span, first-line supervisors directly managed about \$18.0 billion in overtime and \$1.6 billion in penalty overtime costs.

<sup>21</sup> First-line supervisors are paid straight time for any overtime or penalty overtime hours they incur.

**Figure 13: Employee Overtime/Penalty Overtime Hours – FYs 2014-2018**



Source: Eagan Mainframe Payroll System.

From an area perspective, workhours, overtime, and penalty overtime hours follow a logical trend by area size. For example, in FY 2018, the Southern Area accounted for the most workhours by both first-line supervisors (with 6.9 million) and employees (with 165.5 million hours). The Northeast Area, however, with fewer first-line supervisors and employees, had the highest amount of overtime for first-line supervisors (with 106,636 hours); the highest amount of penalty overtime for first-line supervisors (with over 17,000 hours); and, the highest number of employee penalty overtime (with 2.0 million hours). Table 8 breaks down the workhours and overtime and penalty overtime by area for FY 2018.

**Table 8: First-Line Supervisor and Employee Workhours by Area – FY 2018**

Area	Workhours		Overtime Hours		Penalty Overtime Hours	
	First-Line Supervisors	Employees	First-Line Supervisors	Employees	First-Line Supervisors	Employees
Capital Metro	4,221,004	94,602,468	47,549	12,317,050	4,715	1,158,893
Eastern	5,733,128	134,593,152	99,820	16,346,667	8,439	1,022,989
Great Lakes	4,656,749	108,314,989	58,541	13,671,525	6,075	1,000,653
Northeast	6,037,341	125,881,990	106,636	19,357,477	17,221	2,002,575
Pacific	4,362,213	95,075,470	52,809	12,700,555	3,646	1,148,563
Southern	6,913,674	165,537,995	96,127	21,241,374	8,969	1,578,619
Western	5,921,561	142,843,175	70,964	14,294,800	6,222	1,072,874
<b>Total</b>	<b>37,845,670</b>	<b>866,849,239</b>	<b>532,446</b>	<b>109,929,447</b>	<b>55,287</b>	<b>8,985,166</b>

Source: Eagan Mainframe Payroll System.

***“A positive relationship exists with all eight metrics, indicating that as workhours increase, these metrics also increase or vice versa. Additionally, there is a strong relationship with staffing complement, mail volume, delivery points, and noncareer employees”***

To gain further insights into the workhour analysis, we assessed if there was a correlation between (1) the hours first-line supervisors manage, and (2) first-line supervisor overtime hours with key metrics, to include – mail volume,<sup>22</sup> unscheduled leave, grievances, turnover rate, staffing complement, noncareer employees, and delivery points. These metrics are directly impacted by or would directly impact first-line supervisor performance.

The results would imply that:

- A positive correlation suggests that as the number of workhours increase, the metric also increases or vice versa.
- A negative correlation indicates that as the number of workhours increases, the metric decreases.
- A zero indicates no relationship.

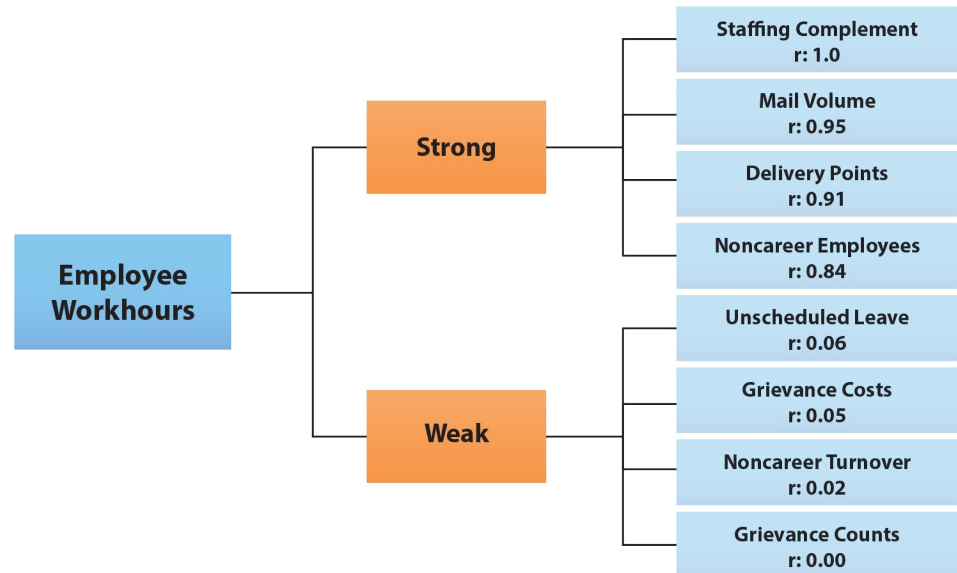
The correlation coefficient,<sup>23</sup> which is signified by an “r,” measures the strength of the relationship between two variables. Specifically, a coefficient of:

- 0.70 or greater indicates a strong relationship.
- 0.30 to 0.70 indicates a moderate relationship.
- Less than 0.30 signifies a weak relationship.

A strong correlation may not indicate there is a causal relationship between the variables, but merely implies correlation.

As shown in Figure 14, for employee workhours, a positive relationship exists with all eight metrics, indicating that as workhours increase, these metrics also increase or vice versa. Additionally, there is a strong relationship with staffing complement, mail volume, delivery points, and noncareer employees; however, a weak relationship with unscheduled leave, grievance costs, noncareer turnover, and grievance counts.

**Figure 14: Correlation Between Employee Workhours and Metrics**



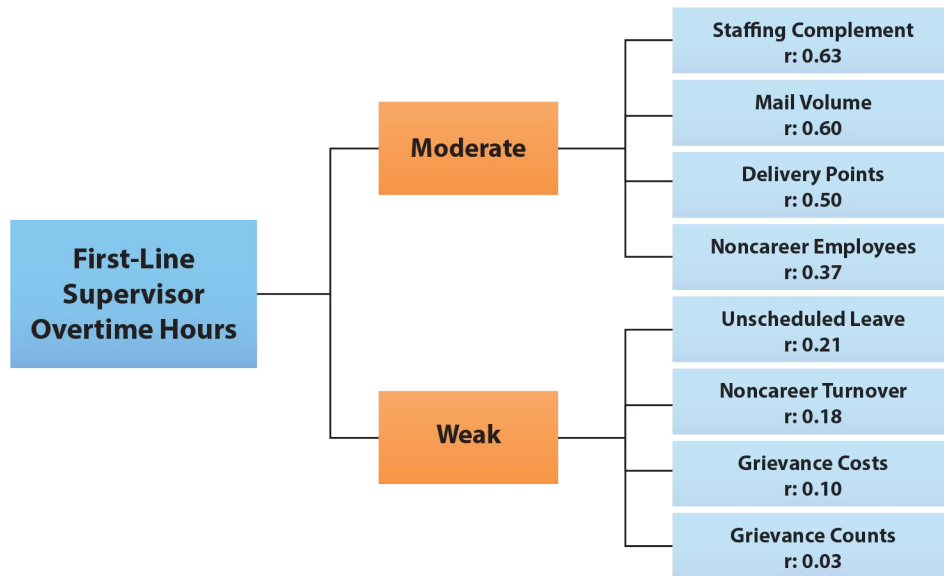
Source: HR risk model, EDW, eFlash, Staffing and Scheduling Tool (SST), and OIG analysis.

<sup>22</sup> We used the first handling piece volume which is the mail volume recorded in the operation where it receives its first distribution handling within a postal facility.

<sup>23</sup> The correlation coefficient value ranges from -1 to +1. The larger the correlation coefficient, the stronger the relationship between supervisors and the metric.

As shown in Figure 15, for first-line supervisor overtime hours, a positive relationship exists with all eight metrics, indicating that as first-line supervisor overtime hours increase, these metrics also increase or vice versa. Additionally, there is a moderate relationship with staffing complement, mail volume, delivery points, and noncareer employees; and, a weak relationship with unscheduled leave, noncareer turnover, grievance costs, and grievance counts.

**Figure 15: Correlation Between First-Line Supervisor Overtime and Metrics**



Source: HR risk model, EDW, eFlash, SST, and OIG analysis.

### Grievance Activity

The Postal Service defines a grievance as a dispute, difference, or disagreement between parties; or a complaint lodged by a party regarding wages, hours, or conditions of employment. The initial steps of the informal grievance process allow employees to informally settle grievances with their immediate supervisor without further review, while formal grievances are those that cannot be settled at that level and must be escalated.

<sup>24</sup> These are management officials who are at a higher level than the first-line supervisor.

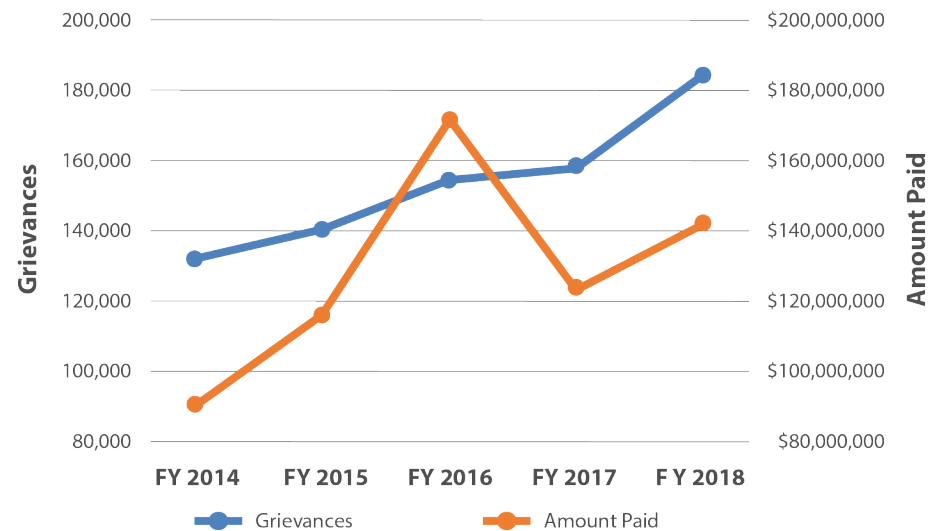
<sup>25</sup> We retrieved all grievance activity and payout data for our scope period from Application System Reporting and used the appeal step in this system to identify which of the grievances were informal.

First-line supervisors and Step 2 designees<sup>24</sup> are responsible for settling grievances in the early stages of the process before they develop into larger issues that could damage employee relations with management.

*“As first-line supervisor overtime hours increase, these metrics also increase or vice versa.”*

From FYs 2014-2018, the number of nationwide grievances filed consistently trended upward, totaling \$643 million in payouts (see Figure 16).<sup>25</sup> Of this total, about 30 percent (or \$195 million) were informal grievance settlements, where the first-line supervisor is typically the deciding official. Over this span, there were 3,161,228 total grievance payments (1,723,877 – informal, 1,437,351 – formal), which in addition to financial consequences, require a significant amount of first-line supervisor time to navigate, and can have an immeasurable impact on employee relations and engagement.

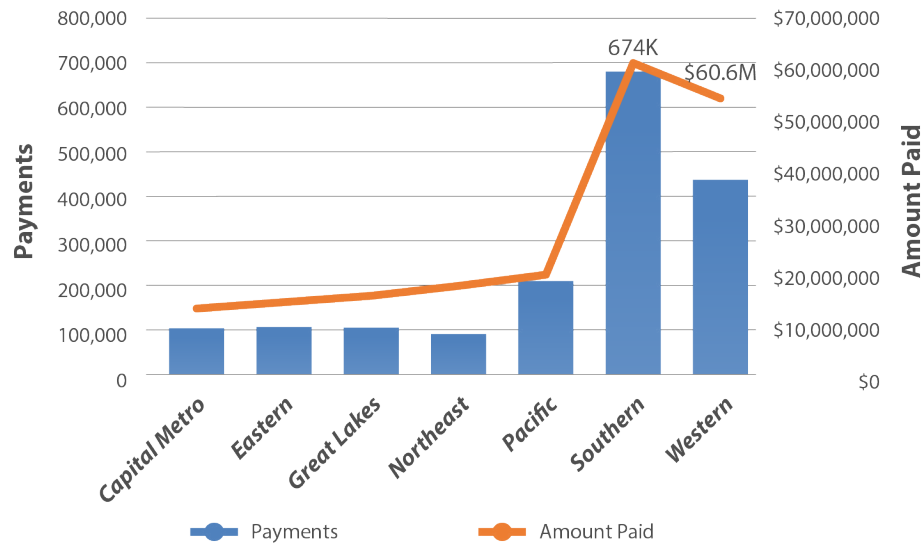
**Figure 16: Number of Grievances and Payment Amounts – FYs 2014-2018**



Source: Application System Reporting (ASR).

From an area perspective, the Southern Area had the highest informal grievance activity as shown in Figure 17. For informal grievance activity, both grievance payments and payment amounts made to bargaining employees were highest with 673,501 and \$60.6 million, respectively.

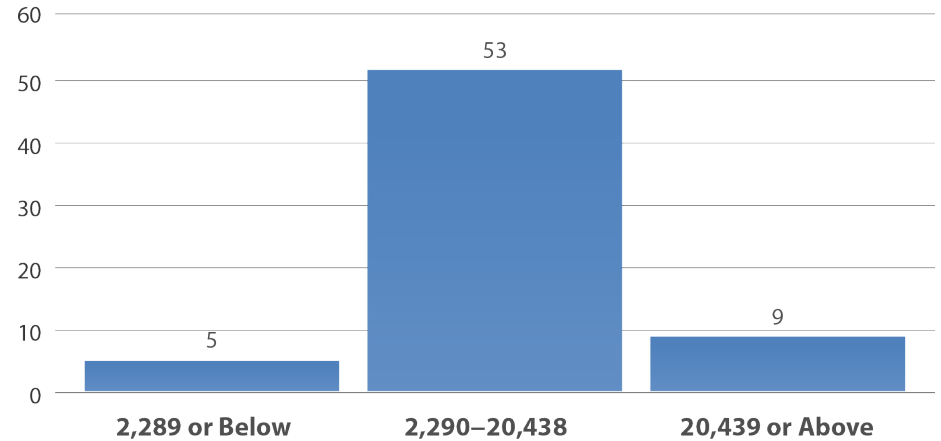
**Figure 17: Informal Grievance Activity by Area – FYs 2014-2018**



Source: ASR and OIG analysis.

In FY 2018, the average number of grievance payments across all 67 districts was 11,364, with one standard deviation of +/-9,074.<sup>26</sup> The Honolulu District had the lowest number of grievances with 429, and the Houston District had the highest number of grievances with 84,738.<sup>27</sup>

**Figure 18: Number of Grievance Payments**



Source: GATS-ASR and OIG analysis.

The data indicates:

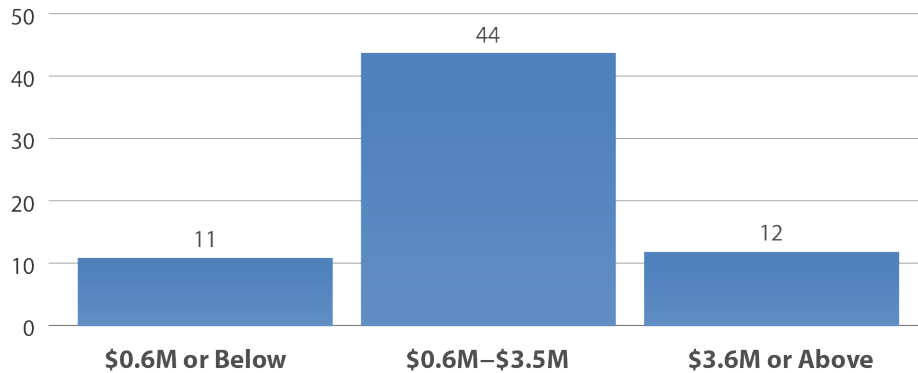
- Fifty-three (or 79 percent) of the districts had grievance payments ranging from 2,290 to 20,438 instances.
- Nine (or 13 percent) of the districts' grievance payments exceeded 20,438 instances.
- Five (or 8 percent) of the districts had grievance payments below 2,290 instances.

<sup>26</sup> We excluded the Houston District from our standard deviation calculation as it was an outlier regarding its high number of grievance payments.

<sup>27</sup> These are actual payouts to individuals. One grievance may have multiple payees.

In FY 2018, the average grievance costs across all 67 districts was \$2.1 million, with one standard deviation of +/- \$1.5 million.<sup>28</sup> The Portland District had the highest grievance costs of \$7.6 million and the Honolulu District with the lowest grievance costs of \$101,915.

**Figure 19: Grievance Costs**



Source: GATS - ASR and OIG analysis.

The data indicates:

- Forty-four (or 66 percent) of the districts had grievance costs ranging from \$0.6 million to \$3.6 million.
- Twelve (or 18 percent) of the districts had grievance costs exceeding \$3.6 million.
- Eleven (or 16 percent) of the districts had grievance costs below \$0.6 million.

## Postal Pulse

Nurturing engagement among employees is critical to an organization’s performance, as employee engagement is a key driver to increased productivity, innovation, retention, competitive advantage, and ultimately achieving desired business outcomes. Gallup defines engaged employees as “those who are involved in, enthusiastic about, and committed to their work and workplace.” Consequently, a supervisor’s management style can have a significant impact on an employee’s level of engagement.

Since FY 2015, the Postal Service used the Postal Pulse survey<sup>29</sup> to measure employee engagement. A maximum score of five on the survey indicates the highest measurement of employee engagement. From FYs 2015-2018, as shown in Table 9, Postal Pulse scores nationwide incrementally increased.

**Table 9: Postal Pulse Scores<sup>30</sup> from FYs 2015-2018**

Area	FY 2015	FY 2016	FY 2017	FY 2018
Eastern	3.12	3.24	3.28	3.36
Western	3.19	3.23	3.26	3.36
Pacific	3.13	3.17	3.19	3.28
Southern	3.23	3.27	3.30	3.37
Great Lakes	3.13	3.24	3.21	3.26
Northeast	3.10	3.16	3.17	3.27
Capital Metro	3.12	3.20	3.18	3.28
<b>Total</b>	<b>3.16</b>	<b>3.24</b>	<b>3.25</b>	<b>3.34</b>

Source: Gallup System.

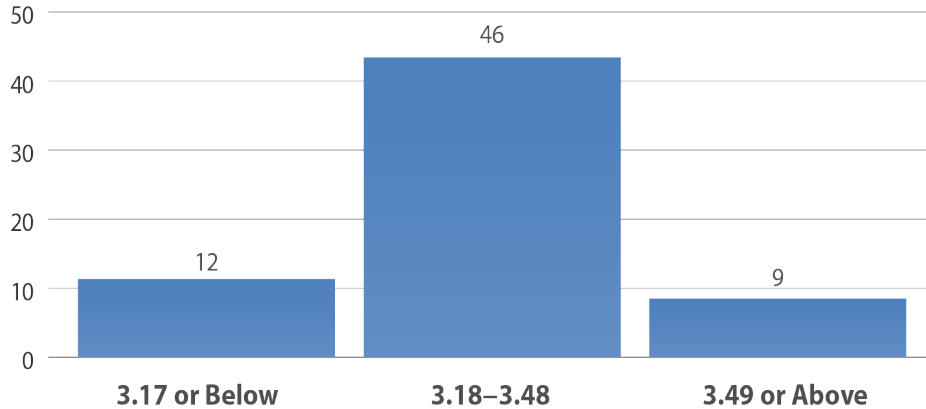
<sup>28</sup> We excluded the Houston and Portland Districts from our standard deviation calculation as they were outliers regarding their high grievance payout costs.

<sup>29</sup> A streamlined survey that measures core elements of employee engagement.

<sup>30</sup> The grand mean score was used for Quarter (Q) 2 for FYs 2015-2016; Q4 for FY 2017; and Q3 for FY 2018.

In FY 2018, the average Postal Pulse scores across all 67 districts was 3.33,<sup>31</sup> with one standard deviation of +/- .15. Postal Pulse scores ranged from 3.06 in the Capital and Houston districts to 3.70 in the Mississippi District.

**Figure 20: Postal Pulse Scores**



Source: Gallup System and OIG analysis.

The data indicates:

- Forty-six (or 69 percent) of districts' Postal Pulse scores ranged from 3.18 to 3.48.
- Nine (or 13 percent) of districts' Postal Pulse scores exceeded 3.48.
- Twelve (or 18 percent) of districts' Postal Pulse scores were below 3.18.

## Conclusion

As this white paper communicates, the Postal Service is a massive organization, with a large network, and a valuable mission (...to provide the nation with reliable, affordable, universal mail service). At the core of bringing operations together, maintaining financial viability, managing a geographically dispersed workforce, and promoting trust of the customers are the first-line supervisors.

In FY 2018, the Postal Service's first-line supervisor workhours made up three percent of the total workhours incurred; however, they managed 76 percent of the total workhours and 84 percent of total overtime hours. This translates to the first-line supervisor directly managing over \$21.6 billion in incurred workhours and an additional \$4.5 billion in total overtime costs in FY 2018.

As first-line supervisors have a significant impact on employees, from engagement to grievance activity, having the right organizational structure and a sufficient span of control is imperative. As the number of first-line supervisors have increased over a five-year period, the number of employees they manage has slightly decreased over that period. This indicates that first-line supervisors are managing fewer employees, strengthening the overall span of control.

As this white paper provides an overview of the footprint of first-line supervisors at the Postal Service and the importance and impact they have on the organization, the OIG plans to conduct further audit work to evaluate the strategies and programs in place and their related effectiveness to further promote the success of first-line supervisor performance.

## Management's Comments

Management expressed concern with the methodology the OIG used to determine the number of supervisors and acting supervisors and stated that the study does not appear to calculate the time or reason(s) that acting supervisors were on higher level assignments. Management asserted that employees could be on higher level assignments for hours, days or months and that a simple count of 4,394 employees who were on higher level assignments does not establish that their work was equal to that of 4,394 full-time supervisors.

Management also stated that the data do not specify whether permanent supervisors on higher level manager assignments were excluded from the total count, which could result in two employees working in one supervisor position. This overlap would decrease the ratio of the number of bargaining unit employees per supervisor. Further, management stated that some EAS-18 and 20-level postmasters and managers do not have subordinate supervisors but rather they

<sup>31</sup> This average is only of the 67 districts and does not include area or HQ scores.

supervise bargaining unit employees directly. Excluding these postmasters and managers would significantly increase the employee-to-supervisor ratio.

Management stated that the turnover rate figures include all voluntary and involuntary separations, including retirements, which raises the turnover rate and does not tell an accurate story. In addition, combining retirement with other involuntary and voluntary separations implies a turnover rate based entirely on negative factors.

Regarding grievances, management disagreed with our explanation of the informal grievance process. They stated that grievance payout amounts for FYs 2014-2018 are inconsistent with the data in ASR; therefore, it is difficult to understand how we determined the \$643 million in grievance payouts during that period without knowing the data source. Management also stated that the number of grievances first-line supervisors handled would be higher than indicated since Step 1 and Informal A grievances are not included in this data. In addition, there could only be 3.1 million grievance payments if multiple payments for each grievance are being counted, such as a grievance settlement for more than one individual in a single class action grievance. See [Appendix C](#) for management's comments in their entirety.

## Evaluation of Management's Comments

We acknowledge the number of acting supervisors can fluctuate daily depending on the needs of the organization. Because of this fluctuation, we captured a snapshot of supervisors at a point in time — the end of pay period 20 for each fiscal year — as a reasonable approach to conducting our analyses. It would have been impractical to obtain the number of supervisors daily over our five-year scope, which included EAS-17 level supervisors of customer service, distribution operations, maintenance operations, or transportation operations.

Regarding the amount of time that acting supervisors were on higher level assignments, we determined the number of acting supervisors based on the TACS - Higher Level Details report which lists acting supervisors who are on long-

term higher-level details. Therefore, we excluded supervisors who were on short-term detail assignments lasting only hours or days. We took this conservative approach to avoid inflating the results of our analyses of human capital and operational data. Further, because our scope was EAS-17 level supervisors by job title, we excluded from our review any supervisors who were on higher level assignments, and noted as such in TACS, to eliminate overlap. We also excluded from our review EAS 18- and 20-level postmasters and managers who do not have a subordinate supervisor. We acknowledge there are postmasters and managers who supervise bargaining unit employees directly; however, the purpose of our analysis was to provide a broad look at the footprint of first-line supervisors in the Postal Service, hence our focus on EAS 17-level supervisors only.

Regarding turnover, we disagree that combining retirements with voluntary and involuntary separations implies a turnover rate based on entirely negative factors. The Postal Service includes retirements when calculating career and non-career turnover rates; therefore, we used the same methodology to be consistent. Further, as noted in our white paper, turnover can be harmful to organizational performance and replacement costs are often very high, regardless of the reason employees separate.

With regard to grievances, we retrieved all grievance activity and payout data for our scope period from ASR. We used the appeal step in ASR to identify which of the grievances were informal. We acknowledge that Step 1 and Informal A grievances are not entered in GATS until informal adjustment payments are made; therefore, the number of grievances handled by first-line supervisors may be higher than indicated. Further, as management notes, the 3.1 million grievance payments include multiple payments for each grievance. Finally, we excluded the Houston and Portland districts from our standard deviation calculations because they were the only two outliers; however, we included these districts in [Figure 18](#), which depicts grievance activity for all 67 districts.

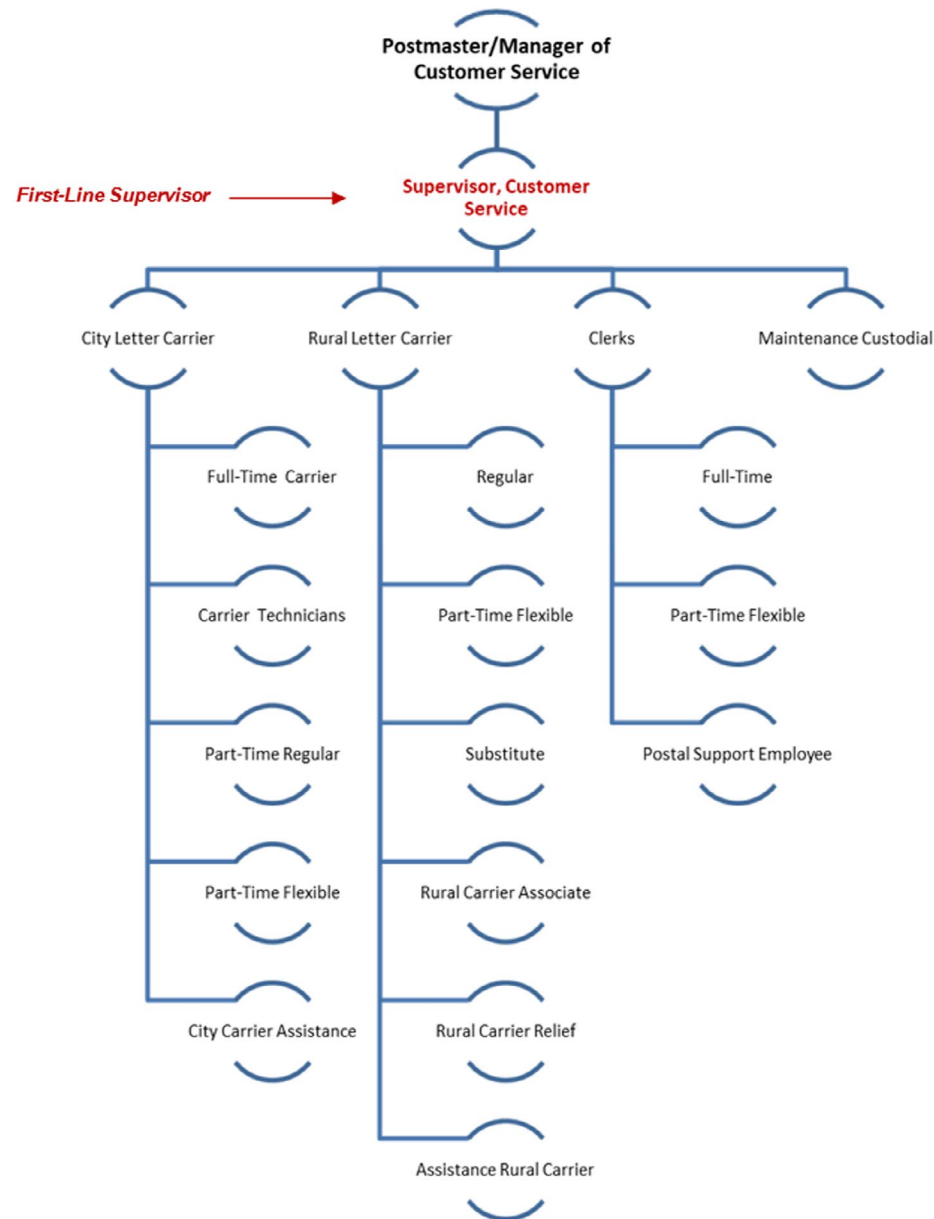


# Appendices

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

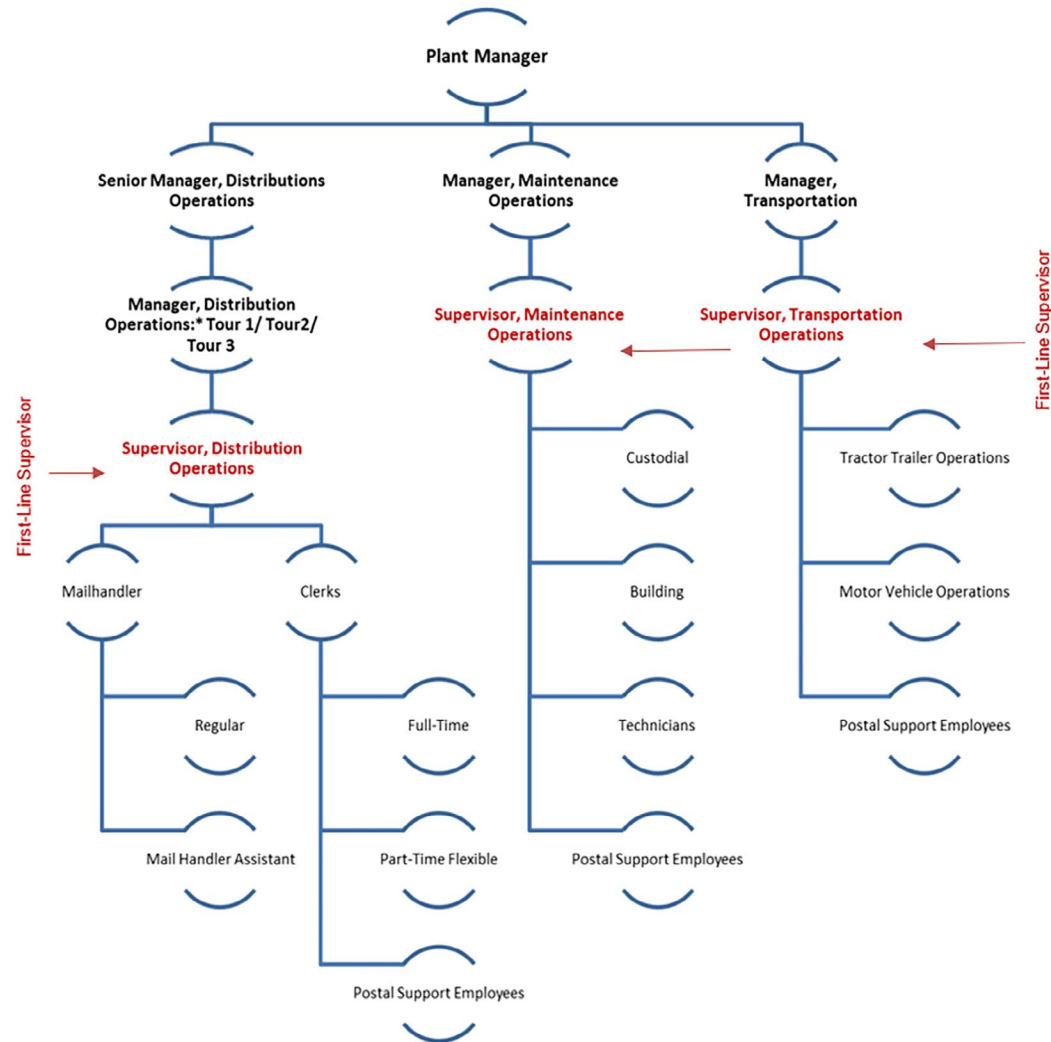
<a href="#">Appendix A: Organizational Hierarchy – Delivery and Retail Facilities .....</a>	<a href="#">24</a>
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# Appendix A: Organizational Hierarchy – Delivery and Retail Facilities



Source: OIG analysis.

# Appendix B: Organizational Hierarchy - Processing Facilities



Source: OIG analysis.  
 \*Organizational structure is consistent for each tour.

# Appendix C: Management's Comments

SIMON M. STOREY  
VICE PRESIDENT  
EMPLOYEE RESOURCE MANAGEMENT



November 8, 2019

LAZERICK POLAND  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: White Paper First-line Supervisors in the U.S. Postal Service

Thank you for the opportunity to comment on the Office of Inspector General's white paper on first-line supervisors. The white paper has been reviewed by various headquarters managers in Operations, Labor Relations and Human Resources whom have contributed to the following response.

#### **Supervisors**

One concern noted by all stakeholders was the methodology used to determine the number of supervisors and acting supervisors over the period studied. Our understanding was that the count of acting supervisors was based on a snapshot of employees, who at some point, were placed in higher-level jobs as reflected in our time and attendance system (TACS). The study does not appear to calculate the time period these "acting supervisors" were on higher-level, or why. These employees could have been engaged in training, route counts, or substituting for a regular supervisor serving on a route count team. An employee could be on higher-level for hours, days or months. A simple count of 4,394 employees, who were on higher-level, does not establish that they were the equivalent of 4,394 full-time supervisors. The above noted factors could result in an overestimate of available supervisors at any point. Also, the data does not specify whether or not permanent supervisors on higher-level manager assignments were excluded from the total count, which could result in two employees working in one supervisor position. Such instances of overlap would decrease the ratio of the number of bargaining unit employees per supervisor.

Some 18- and 20-level postmasters and managers do not have a subordinate supervisor, but rather supervise bargaining unit employees directly. If all bargaining unit employees were included in this calculation, and postmasters and managers without a subordinate supervisor were excluded, this would significantly increase the employee-to-supervisor ratio.

Footnote 22 states that all employee and supervisor work hours were included among the calculation, but does not reference postmasters or managers in customer service or mail processing roles who may not have a subordinate supervisor.

The turnover rate figures include all voluntary and involuntary separations, including retirements, which raises the turnover rate. Without clarification, this statistic does not tell an accurate story. That a certain percentage of supervisors are retiring would be suggestive of longevity, evidencing a "positive" separation factor. Combining retirements with other involuntary and voluntary separations implies a turnover rate based entirely on negative factors.

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### Grievances

The explanation of the informal grievance process is incorrect. The initial steps are part of the "formal" grievance process, not informal. A Step 1 settlement payment in Grievance Arbitration Tracking System (GATS) is referred to as an Informal Adjustment, mainly because Step 1 grievances are not entered into the GATS system, and the Informal Adjustment allows input of the payments into GATS.

The amount of grievance payouts for fiscal years (FY) 2014-18 are inconsistent with the data in Application System Reporting (ASR). According to ASR, there were total payouts during that period of \$687,182,888, of which \$568,423,296 were grievance payouts, with the remainder coming from payments through Eagan. It is difficult to understand how the \$643M was determined without knowing the data source.

According to ASR, there were 981,008 appeals at Step 2 and Formal A during FYs 2014-2018. Total appeals for individual year breakdowns are as follows:

- 185,490 (FY2014); 182,554 (FY2015); 183,908 (FY2016); 206,257 (FY2017); 222,799 (FY2018).

The number of grievances handled by first-line supervisors would be higher than indicated since Step 1 and Informal A grievances are not included among this data. Most grievances at Step 2 and Formal A would not be handled or settled by a first-line supervisor. The payments entered by a supervisor would be the informal adjustments and according to ASR reports, there were 146,780 informal adjustment payments during FY 2014-2018.

There could not have been 3.1 million grievance payments unless multiple payments for each grievance are being counted, such as a grievance settlement for more than one individual to be paid for a single class action grievance.

The "informal grievance activity" in Figure 17 conveys that the payments and payouts in the last paragraph refer to informal adjustments by any grievance handler, at any level, made in GATS. However, ASR reports show that only 146,780 informal adjustments totaling \$194,832,875 in payouts were made from FY2014-18. The \$60.6 million in grievance payments for the Southern Area is accurate. However, Southern Area made 32,660 informal adjustment payments and 25,284 regular payments during FY2014-18.

Footnotes 30 and 32 state that data for Houston and Portland Districts were removed from Figure 18. If the highest districts are to be removed, then we recommend the lowest districts should also be removed to give a more balanced representation of the data.

Thank you for the opportunity to present our concerns with the content put forth in the white paper. We would be happy to meet or provide additional information about our response.



Simon M. Storey

cc: Mr. McAdams  
Dr. Colin



OFFICE OF  
**INSPECTOR  
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