



# HIGHLIGHTS

## **BACKGROUND:**

Managing labor costs is critical since city delivery is the largest cost center in the U.S. Postal Service and the agency does not have, or expect to have, sufficient revenue to cover costs without making fundamental changes. Moreover, with an outlook that does not forecast a significant rebound for mail volume, the decrease directly affects carrier workloads. Therefore, having proper staffing levels at city delivery installations enhances efficient use of carrier resources and costs.

To develop staffing levels, officials use a budget-based process to determine the number of workhours needed (for route coverage) for labor costs to match the fiscal year budget. In fiscal year 2011, the Postal Service employed 183,774 city delivery carriers to deliver mail on 145,385 city routes, using over 317.1 million workhours at the installations reviewed.

Our objective was to evaluate whether Postal Service city delivery carrier staffing was at maximum levels at city delivery installations. The maximum level represents a staffing ceiling and does not imply that management needs to hire employees but, instead, manage at an established level.

## **WHAT THE OIG FOUND:**

The Postal Service's city delivery

full-time (FT) carrier staffing varied at installations, consisting of excesses and shortages. This occurred because the Postal Service did not establish a maximum number of carriers needed per route in the budget process or at each installation based on need.

These conditions contributed to installations exceeding their budgeted overtime by 10.4 million hours. Managing with maximum staffing levels and employing part-time resources would give the Postal Service options for reducing city delivery labor costs by over \$116.8 million annually.

## **WHAT THE OIG RECOMMENDED:**

We recommended the vice president, Delivery and Post Office Operations, balance the number of FT carriers per route and manage labor costs within established budgets. We also recommended coordinating with the vice president, Labor Relations, to continue pursuing the ability to increase the number of part-time, non-career flexible employees in the city letter craft to reduce labor costs.