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U.S. Postal Service Workforce Size and Employment Categories, FY1995-FY2014

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Committees of Congress

Summary

This report provides data from the past 20 years on the size and composition of the U.S. Postal Service's (USPS's) workforce. Reforms to the size and composition of the workforce have been an integral part of USPS's strategy to reduce costs and regain financial solvency, particularly between FY2007 and FY2014. Since 2007, USPS has experienced significant revenue losses that have affected its ability to manage its expenses. Personnel costs are one of the primary drivers of USPS's operating expenses. As such, USPS has employed strategies to reform the size and composition of its workforce in an effort to cut personnel costs, primarily through attrition and separation incentives and increased use of lower-cost employees. These strategies reduced personnel expenses between FY2013 and FY2014. The sustainability of these reduced expenses and their overall impact on USPS's ability to regain financial solvency, however, is unclear.

The size of the USPS workforce has declined in the past 20 years. The number of employees has dropped by 257,095 (29.4%) in the past 20 years, from 874,972 in FY1995 to 617,877 in FY2014. USPS, however, had 163 more employees at the end of FY2014 than it did at the end of FY2013. Declines in workforce size between FY2010 and FY2014 were driven, in part, by USPS's efforts to reduce its workforce size through attrition and separation incentives. Between FY2010 and FY2014, 55,473 career employees accepted a separation incentive to retire or resign early. On January 9, 2015, USPS instituted a reduction in force for 249 postmasters who did not accept a separation incentive offered in 2014.

The composition of USPS's workforce has also changed over the past two decades. USPS categorizes its workforce into two types of employees: career and non-career. Career employees serve in permanent positions on a full-time or part-time basis and typically receive full federal benefits. Non-career employees serve in time-limited or otherwise temporary positions and can often perform the full range of duties of career counterparts at lower wage rates, which might lower personnel costs.

USPS has increased the number of non-career employees in an effort to reduce personnel costs, particularly since FY2011. Between FY2011 and FY2014, the number of non-career employees increased by 46.1%, from 88,699 to 129,577 employees. The influx in non-career employees since FY2011 is primarily attributable to the establishment of three new non-career positions: postal support employees, city carrier assistants, and mail handler assistants. Labor union contracts governing these positions, which went into effect in 2011 and 2013, effectively raised the total number of non-career employees that can comprise the USPS workforce. Career employees, however, continued to comprise the majority of the total workforce in FY2014 (79%).

This report will be updated as events warrant.

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Background

The purpose of this report is to provide data on the size and composition of USPS's workforce between FY1995 and FY2014.[1] Reforms to the size and composition of the workforce have been an integral part of USPS's strategy to reduce costs and regain financial solvency, particularly after the onset of substantial revenue losses in FY2007. Historical context on USPS's workforce size and composition is therefore useful to understanding the magnitude of these workforce reforms and their impact on USPS's financial condition.

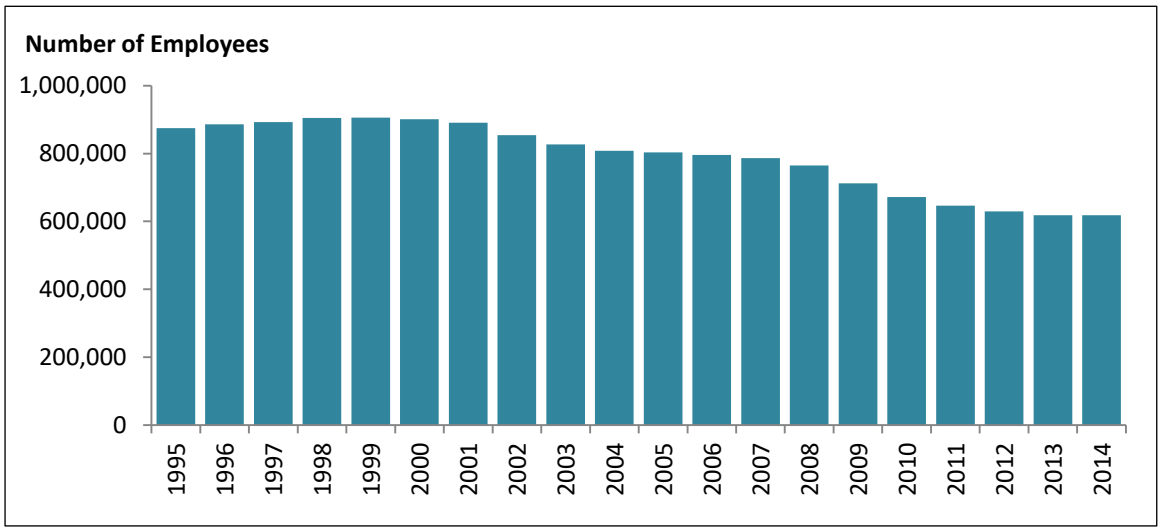
USPS Workforce Size and Composition

Workforce Size

Between FY1995 and FY2014, the size of USPS's workforce decreased 29.4%, from 874,972 employees to 617,877 employees (**Table 2**). Data on the overall workforce during this 20-year period show a rise in employees in the 1990s and a decline in employees from the 2000s through the present. During this time, USPS's workforce peaked in FY1999 with 905,766 employees. The USPS workforce experienced the steepest decrease in the past two decades between FY2008 and FY2009—a decrease of 53,006 employees, or 7.4% of the overall workforce. It can be noted that the Great Recession occurred between these years, which might have contributed to the decrease.[2] In FY2013, USPS operated with its smallest workforce in at least 20 years (**Figure 1**).

Figure 1. Total Number of U.S. Postal Service Employees

FY1995-FY2014



Source: CRS analysis of USPS "Form 10-Ks" and USPS "Annual Reports to Congress."

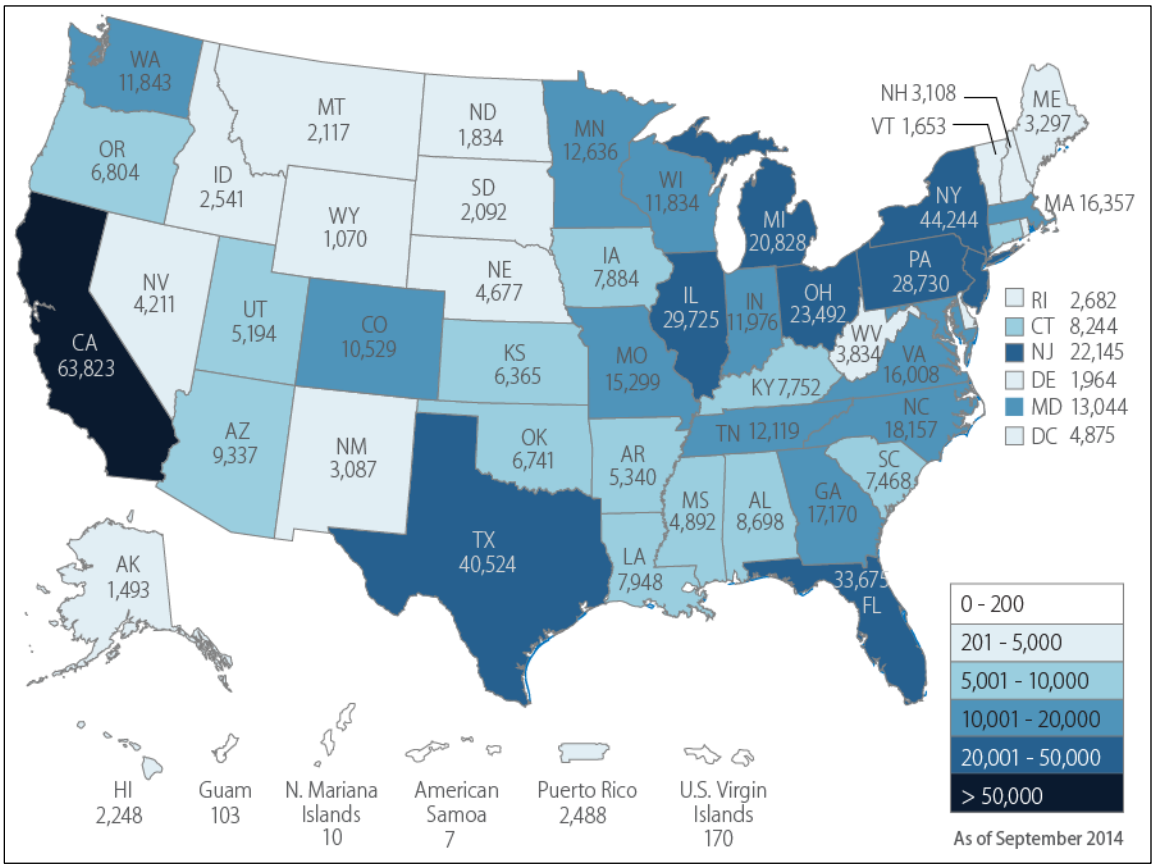
[1] Workforce data was obtained from the following sources: U.S. Postal Service (hereinafter USPS), *Annual Report of the Postmaster General* (Washington: USPS, 1985-1995); USPS, *Annual Report of the United States Postal Service* (Washington: USPS, 1996-2010); and USPS, *Report on Form 10-K* (Washington: USPS, 2007-2014).

[2] For more information on the Great Recession, see CRS Report R40198, *The 2007-2009 Recession: Similarities to and Differences from the Past*, by Marc Labonte.

Figure 2 shows the USPS workforce by state.

Figure 2. U.S. Postal Service Workforce by State

As of September 30, 2014



Source: Data provided by USPS staff on June 8, 2015.

Employment Trends: Career and Non-Career Employees

USPS categorizes its workforce into two types of employees: career and non-career.[3] Career employees serve in permanent positions on a full-time or part-time basis and typically receive full federal benefits.[4] Non-career employees, in contrast, serve in time-limited or otherwise temporary positions on a full-time or part-time basis. In many cases, non-career employees earn lower wages and are not provided benefits that are provided to career employees. For example, non-career employees are not eligible for federal life insurance and are not covered under the Federal Employees Retirement System (FERS).[5]

[3] The employee categories that comprise both career and non-career employee types are defined in the **Appendix**. Non-career employees do not include persons carrying out postal-related functions outsourced to private firms. For example, USPS no longer has a fleet of cargo aircraft. Today, USPS contracts with private firms for the transportation of mail by air. The persons who fly and maintain these planes are not included in the data on non-career employees.

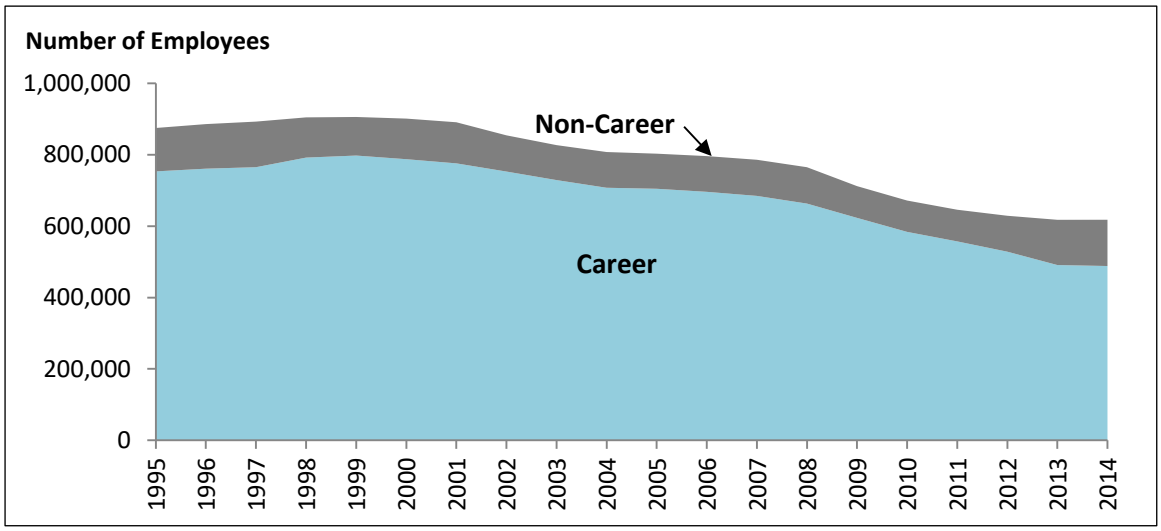
[4] For a list of benefits provided to USPS career employees, see USPS, "Compensation & Benefits," at https://about.usps.com/careers/working-usps/benefits.htm.

[5] USPS, *Employee and Labor Relations Manual*, ELM 36, September 2013, p. 572, at http://about.usps.com/manuals/elm/elmc5.pdf.

Figure 3 shows trends in career and non-career USPS employment from FY1995 to FY2014. The number of career employees decreased 35.2% between FY1995 and FY2014, from 753,384 to 488,300. The number of non-career employees, in contrast, increased 6.6% over that time period, from 121,588 to 129,577 (**Table 2**).

Figure 3. Total Number of Career and Non-Career Employees

FY1995-FY2014



Source: CRS analysis of USPS annual "Form 10-Ks" and USPS "Annual Reports to Congress."

Table 1 illustrates career and non-career employees as a percentage of the USPS workforce over the past 20 years. Career employees have constituted the vast majority of USPS's workforce during the past two decades. The proportion of non-career employees, however, has risen since FY1995. The percentage of USPS's workforce that is non-career increased from 13.9% in FY1995 to 21.0% in FY2014. In contrast, the percentage of USPS's workforce consisting of career employees declined from 86.1% to 79.0% between FY1995 and FY2014. (**Figure 4**, **Table 1**).

Table 1. Career and Non-Career Employees as a Percentage of the USPS Workforce

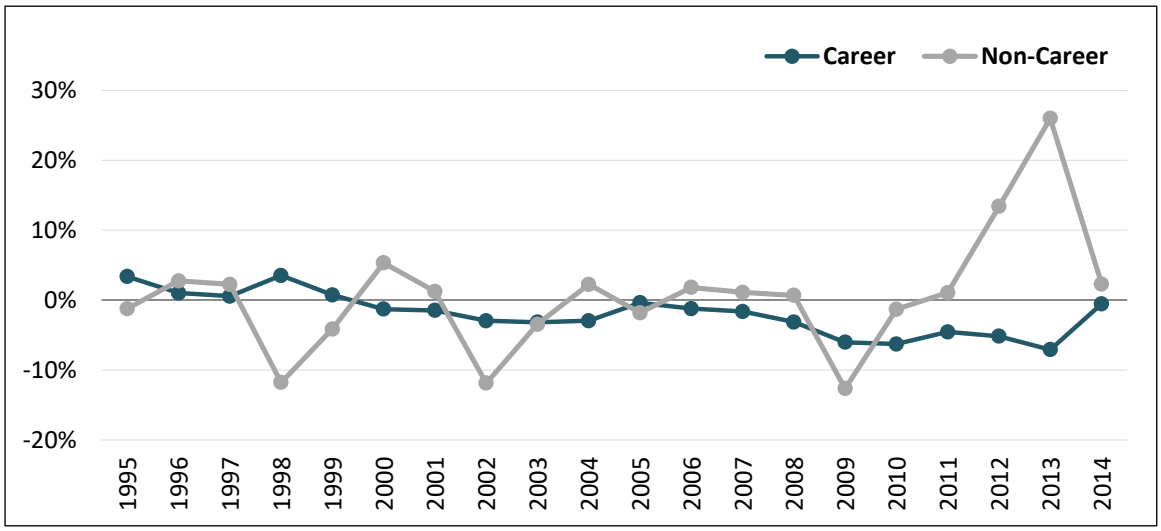
FY1995-FY2014 (five-year intervals)

Employees	FY1995	FY2000	FY2005	FY2010	FY2014
Career Employees	86.1%	87.4%	87.8%	86.9%	79.0%
Non-Career Employees	13.9%	12.6%	12.2%	13.1%	21.0%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Source: CRS analysis of USPS annual "Form 10-Ks" and USPS "Annual Reports to Congress."

Figure 4 shows the yearly percentage change in USPS workforce size, disaggregated by career and non-career employees. As the trend lines indicate, the percentage change in career employees has remained relatively stable, though it has been negative for the past decade. In contrast, the percentage change in non-career employees shows greater variance over time. There was a discernible uptick in the non-career workforce between FY2011 and FY2013—the percentage change in non-career employees increased from a 1.0% gain between FY2010 and FY2011, to a 42.8% gain between FY2011 and FY2013.

Figure 4. Percentage Change in Career and Non-Career Employees
FY1995-FY2014



Source: CRS analysis of USPS annual "Form 10-Ks" and USPS "Annual Reports to Congress."

Changes in Career Employee Categories

USPS reported data in 19 total career categories since FY1995, though this number includes some categories in which the position had yet to be instituted in FY1995 (N/A in the last column of **Table 2**) or discontinued by FY2014 (-100.00% in the last column of **Table 2**).[6] Thirteen career employment categories have remained intact between FY1995 and FY2014. Of these categories, 10 had fewer employees in FY2014 than in FY1995.[7] The "Professional Administrative and Technical Personnel" category experienced the greatest percentage decrease in employees from FY1995 to FY2014, with a 60.4% decrease (6,634 fewer employees). Three of the 13 categories of employees populated from FY1995 through FY2014 experienced an increase in their level of employment.[8] "Headquarters" experienced the largest increase in percentage change (60.8%), while "Rural Delivery Carriers—Full-Time" experienced the largest increase in actual numbers (20,260 more employees).

USPS stated the increase in the number of headquarters employees is primarily attributable to the agency's efforts to centralize certain local, district, and area functions at the headquarters level.[9] Such efforts shifted positions from non-headquarters to headquarters-related categories. For example, USPS centralized human resources (HR) functions at an HR Shared Services Center,

[6] Since FY1995, USPS has added an Office of Inspector General, which, at the end of FY2014, had 1,132 employees. In FY2009, USPS had no "nurses" in the "nurses" category. In FY2010, USPS merged the "clerks" and "nurses" categories. As of FY1999, USPS discontinued the "Special Delivery Messengers" category. USPS reported data for "Discontinued Operations" in FY1996, but did not report employees in this category for any other succeeding year.

[7] These categories include Headquarters—Related Field Units (prior to FY2012, Headquarters—Field Support Units), Inspection Service—Field, Area Offices, Postmasters/Installation Heads, Supervisors/Managers, Professional Administrative and Technical Personnel, Mail Handlers, City Delivery Carriers, Motor Vehicle Operators, and Building and Equipment Maintenance Personnel.

[8] These categories include Headquarters, Rural Delivery Carriers—Full-Time, and Vehicle Maintenance Personnel.

[9] Information provided electronically by USPS staff on September 26, 2014.

which prompted the agency to reallocate positions from field offices to headquarters.[10] While the percentage change in the "Headquarters" category has increased over the past 20 years, the increase is primarily attributable to a significant uptick in employees between FY2003 and FY2004 (41% increase). Since FY2004, the percentage increase in headquarters employees has slowed to 8.3%. In addition, the remaining headquarters-related employment categories that were in place in FY1995 have since decreased.[11]

Changes in Non-Career Employee Categories

USPS has reported data in eight non-career categories since FY1995, which includes categories that were established or eliminated after FY1995.[12] Decreases occurred in three of the four non-career employee categories that have remained intact since FY1995. The number of casuals, or temporary employees who do not receive full-time employee benefits, dropped 93.7% from 26,401 employees in FY1995 to 1,658 in FY2014. The number of "Non-Bargaining Temporary" employees decreased approximately 53.7% from 596 in FY1995 to 276 in FY2014. The number of "Rural Subs/RCA/RCR/AUX" employees decreased 4.3% from 50,269 in FY1995 to 48,099 in FY2014. One non-career category, "PM Relieve/Leave Replacements," experienced an increase of 433 employees (3.4%) from FY1995 to FY2014.

Since FY2011, USPS has established three new non-career employee categories: Postal Support Employees (PSEs), City Carrier Assistants (CCAs), and Mail Handler Assistants (MHAs). As of September 30, 2014, USPS had 24,781 PSEs, 36,081 CCAs, and 5,475 MHAs.[13] PSEs, CCAs, and MHAs were created pursuant to USPS's contract agreement with, respectively, the American Postal Workers Union (APWU), National Association of Letter Carriers (NALC), and National Postal Mail Handlers Union (NPMHU).[14] The three positions are part of their unions' bargaining units and are eligible for raises, health benefits, and leave.[15]

Table 2. Number of USPS Employees by Employment Category

FY1995-FY2014 (five-year intervals)

Employment Category	FY1995	FY2000	FY2005	FY2010	FY2014	Change FY1995-FY2014	Change (%) FY1995-FY2014
Career Employees							

[10] Ibid. The changes to specific employment categories affected by this consolidation, as well as the extent to which new hires were used to fill these new positions, are not clear.

[11] CRS analysis of USPS "Form 10-Ks" and USPS "Annual Reports to Congress." These categories include: Headquarters – Field Support Units and Inspection Service – Field.

[12] In FY2011, USPS added the "Postal Support Employees" category. In FY2013, USPS discontinued the "Transitional Employees" category and added the "City Carrier Assistant" and "Mail Handler Assistant" categories.

[13] Pursuant to the American Postal Workers Union contract, employees categorized as "casuals" were to be converted to the PSE category where appropriate. See American Postal Workers Union (hereinafter APWU) , *Collective Bargaining Agreement Between APWU and USPS, November 21, 2010-May 20, 2015*, p. 308, at http://www.apwu.org/sites/apwu/files/resource-files/APWU%20Contract%202010-2015.pdf.

[14] Ibid. pp. 19-22 and 279-296; National Association of Letter Carriers (hereinafter NALC) and USPS, *2011-2016 National Agreement Between NALC and USPS*, pp. 16-18, at http://www.nalc.org/member-benefits/body/na2011.pdf; National Postal Mail Handlers Union (hereinafter NPMHU) and USPS, *Agreement Between NPMHU and USPS, November 21, 2011-May 20, 2016*, pp. 13-14 and 125-133, at http://www.npmhu.org/resources/document/USPSNPMHU2011NationalAgreement.pdf.

[15] Ibid. For more information on USPS's financial condition, see CRS Report R43162, *The U.S. Postal Service's Financial Condition: A Primer*, by Daniel J. Richardson.

Employment Category	FY1995	FY2000	FY2005	FY2010	FY2014	Change FY1995-FY2014	Change (%) FY1995-FY2014
Headquarters	1,825	2,279	2,654	2,937	2,934	1,109	60.8%
Headquarters—Related Field Units	4,186	5,566	4,333	4,876	3,618	-568	-13.6%
Inspection Service—Field	4,298	4,190	3,443	2,435	2,376	-1,922	-44.7%
Inspector General	0	664	843	1,108	1,132	1,132	N/A
Area Offices Personnel	1,235	1,597	1,420	1,079	818	-417	-33.8%
Postmasters/ Installation Heads	26,564	26,121	25,322	23,111	16,538	-10,026	-37.7%
Supervisors/Managers	34,732	38,797	33,234	27,792	23,035	-11,697	-33.7%
Professional Administration and Technical Personnel	10,987	9,959	8,945	5,926	4,353	-6,634	-60.4%
Clerks	273,526	281,956	221,644	0	0	-273,526	-100.0%
Clerks/Nurses	0	0	0	157,168	118,925	118,925	N/A
Nurses	188	191	167	0	0	-188	-100.0%
Mail Handlers	57,352	60,851	56,028	48,650	38,910	-18,442	-32.2%
City Delivery Carriers	239,877	241,079	228,278	192,180	164,626	-72,251	-31.4%
Motor Vehicle Operators	8,029	9,347	8,689	7,413	6,603	-1,426	-17.8%
Rural Delivery Carriers—Full-Time	46,113	57,111	64,335	66,845	66,373	20,260	43.9%
Special Delivery Messengers	1,517	0	0	0	0	-1,517	-100.0%
Bldg. and Equip. Maint. Personnel	38,161	42,284	39,893	37,403	32,807	-5,354	-14.0%
Vehicle Maintenance Personnel	4,794	5,546	5,488	4,985	5,252	458	9.6%
Subtotal	**753,384**	**787,538**	**704,716**	**583,908**	**488,300**	**-265,084**	**-35.2%**
Non-Career Employees							
Casuals	26,401	29,572	19,182	6,503	1,658	-24,743	-93.7%
Postal Support Employees	0	0	0	0	24,781	24,781	N/A
Non-bargaining Temporary	596	712	1,185	1,910	276	-320	-53.7%
Rural Subs/RCA/RCR/ AUX	50,269	57,532	57,411	51,801	48,099	-2,170	-4.3%
Postmaster Relief/Leave Replacements	12,774	12,423	12,046	11,350	13,207	433	3.4%
City Carrier Assistant	0	0	0	0	36,081	36,081	N/A
Mail Handler Assistant	0	0	0	0	5,475	5,475	N/A
Transitional Employees	31,548	13,461	8,460	16,215	0	-31,548	-100.0%
Subtotal	**121,588**	**113,700**	**98,284**	**87,779**	**129,577**	**7,989**	**6.6%**
Total Employees	**874,972**	**901,238**	**803,000**	**671,687**	**617,877**	**-257,095**	**-29.4%**

Source: CRS analysis of data in USPS "Form 10-Ks" and USPS "Annual Reports to Congress."

Note: In FY2009, USPS reported no nurses in that employment category. In FY2010, "nurses" was joined with "clerks," creating a single employment category. It is unclear why USPS merged those two employment categories, but both "nurses" and "clerks" are represented by the same postal labor union.

Overarching Employment Trends

Although the size of each employment category has shifted over the past 20 years, three overarching trends are apparent. First, the category of full-time rural delivery carriers exhibited moderate growth, rising 43.9% from 46,113 in FY1995 to 66,373 in FY2014. In contrast, the number of city delivery carriers dropped 31.4% from 239,877 in FY1995 to 164,626 in FY2014. USPS has indicated that 65% of population growth occurred in rural areas for much of the 20-year period.[16] USPS further indicated that USPS mail volume increased in these areas through 2009, leading to a greater need for delivery carriers in those areas.[17]

Second, two categories of USPS employees involved in the transportation of mail prior to its delivery grew in the 1990s, peaked around FY2000, and declined below their FY1995 levels in FY2014. The number of mail handlers was 57,352 in FY1995, 62,247 in FY1998, and 38,910 in FY2014. Motor vehicle operators numbered 8,029 in FY1995, 9,347 in FY2000, and 6,603 in FY2014. These downward trends might be due to a decline in mail volume, as well as increased automation of mail transportation functions, over the 20-year period.

Third, the number of non-bargaining temporary employees increased by 493.5% from 596 in FY1995 to 3,537 in FY2012, but has since dropped to 276 in FY2014.

Efforts to Reduce the Size and Cost of the Workforce Between FY2007 and FY2014

In recent years, the USPS has experienced significant financial challenges. After running modest profits from FY2004 through FY2006, the USPS lost $51 billion between FY2007 and FY2014.[18] As USPS's finances have deteriorated, its ability to absorb operating losses has diminished. Between FY2005 and FY2014, USPS's debt rose from $0 to $15 billion.[19] The Government Accountability Office (GAO) added the USPS's financial condition "to the list of high-risk areas needing attention by the Congress and the executive branch."[20] Among the causes for the USPS's financial downturn is the large drop in mail volume in that stretch of time. Between FY2007 and FY2014, the number of mail pieces delivered per year fell from 212 billion to 155 billion.[21] As a result, operating revenues were $7 billion lower in FY2014 ($67.8 billion) than in FY2007 ($74.8 billion).[22]

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[16] Information provided electronically from USPS on September 24, 2014.

[17] Ibid.

[18] CRS analysis of USPS "Form 10-Ks."

[19] Ibid.

[20] U.S. Government Accountability Office (hereinafter GAO), *Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability*, GAO-09-937SP, July 28, 2009, p. 1, at http://www.gao.gov/assets/210/203772.pdf.

[21] USPS, *2007 Report on Form 10-K*, p. 11, at http://about.usps.com/who-we-are/financials/10k-reports/fy2007.pdf; USPS, *2014 Report on Form 10-K*, pp. 16.

[22] USPS, *2014 Report on Form 10-K*, p. 13; USPS, *2008 Report on the Form 10-K*, p. 12, November 25, 2008, at http://about.usps.com/who-we-are/financials/10k-reports/fy2008.pdf. For more information on USPS's financial condition, see CRS Report R43162, *The U.S. Postal Service's Financial Condition: A Primer*, by Daniel J. Richardson.

The USPS's challenging financial circumstances have prompted it to undertake cost-cutting measures. One strategy has been to reduce the size and cost of the USPS workforce, as personnel costs comprise the majority of USPS's expenses. In FY2014, for example, personnel costs represented 78% of USPS's total operating expenses.[23] Two initiatives that USPS pursued between FY2007 and FY2014 to reduce workforce size and cost included (1) attrition and separation incentives, and (2) increased utilization of non-career employees.

Attrition and Separation Incentives

USPS has reduced its workforce size through voluntary attrition and separation incentives to retire or resign.[24] Between FY2007 and FY2014, there was a reduction of 168,052 employees from USPS's workforce.[25] To increase the voluntary attrition rate, USPS has offered certain employees separation incentives to resign or retire early. Those incentives have ranged from $10,000 to $20,000 per person.[26] Between FY2010 and FY2014, 55,473 employees accepted a separation incentive (**Table 3**).

USPS has utilized separation incentives to avoid reductions in force (RIFs), which involve involuntary employee layoffs upon the abolishment of agency positions.[27] On January 9, 2015, however, USPS implemented a reduction in force for 249 postmasters who did not accept a separation incentive offered in FY2014.[28] Of the 249 postmasters subject to the reduction in force, 169 opted for a Discontinued Service Retirement (DSR), and the remaining 80 who were not eligible for DSR received severance pay based on their age and years of service.[29] According to USPS, all postmasters affected by the RIF were offered part-time career positions at USPS.[30]

Table 3. Total Number of Separated USPS Career Employees

FY2007-FY2014

Fiscal year	Total number of separations	Total number of employees separated *without* an incentive	Total number of employees separated *with* an incentive	Incentive amount (per person)	Target employee category (incentive)	Total cost of incentive (millions)
2007	7,437	7,437	0	0	N/A	0
2008	33,685	33,685	0	0	N/A	0
2009	42,235	42,235	0	0	N/A	0

[23] Information provided by USPS to CRS on January 21, 2015.

[24] USPS, *2014 Report on the Form 10-K*, December 5, 2014, p. 20.

[25] CRS analysis of data provided by USPS.

[26] USPS has utilized the Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Program (VSIP). For more information on the VERA, see 5 U.S.C. §8336(d)(2)(D), 5 U.S.C. §8414(b)(1)(B), 5 C.F.R. §831.114, 5 C.F.R. §842.213, and OPM, *Guide To Voluntary Early Retirement Regulations*, August 2006, at https://www.opm.gov/policy-data-oversight/workforce-restructuring/voluntary-early-retirement-authority/vera_guide.pdf. For more information on the VSIP, see 5 U.S.C. §3521, 5 C.F.R. part 576, and OPM, *Guide to Voluntary Separation Incentive Payments*, August 2006, at https://www.opm.gov/policy-data-oversight/workforce-restructuring/voluntary-separation-incentive-payments/guide.pdf.

[27] For more information on reductions in force, see 5 U.S.C. §3501-3503, and 5 C.F.R. Part 351.

[28] Electronic correspondence with USPS staff on June 8, 2015.

[29] For more information on Discontinued Service Retirement, see 5 U.S.C. §8336(d) and 5 C.F.R. §831.503.

[30] Ibid.

Fiscal year	Total number of separations	Total number of employees separated *without* an incentive	Total number of employees separated *with* an incentive	Incentive amount (per person)	Target employee category (incentive)	Total cost of incentive (millions)
2010	40,873	20,073	20,800	$15,000	APWU employees; mailhandlers	$312.0
2011	30,302	28,058	2,244	$20,000	Admin-istrative employees	$44.9
2012	33,137	25,920	4,192	$20,000	Postmasters	$129.2
			3,025	$15,000	Mailhandler s	
2013	41,823	17,991	22,609	$15,000	APWU employees	$339.1
			1,223	0	Managers, supervisors, postmasters	
2014	28,900	27,520	1,380	$10,000	Postmasters	$13.8
Total	**258,392**	**202,919**	**55,473**	N/A	N/A	**$839.0**

Source: Adapted from Table 1 found at GAO, *U.S. Postal Service, Status of Workforce Reductions and Related Planning Efforts*, GAO-15-43, November 13, 2014, p. 12, at http://www.gao.gov/assets/670/666884.pdf; CRS analysis of data from "Form 10-Ks"; Data provided by USPS staff on June 8, 2015.

Notes: FY2007 data may be incomplete, as USPS only had partial access to data due to a migration from the agency's legacy HR system to its current system during that year. The total number of separated employees is not equal to the total reduction in the number of employees between FY2007 and FY2014. The difference might be due to additional hiring for existing or newly created positions that occurred over that time period.

It is unclear if USPS will continue to use separation incentives to reduce the size of its career workforce. USPS's 2012-2017 business plan, which was updated in April 2013, included a goal to reduce its career workforce to approximately 404,000 employees through attrition by 2017.[31] This represents a 17.3% decrease (84,300 fewer employees) from FY2014 staffing levels. In October 2015, USPS staff stated that the agency was developing an updated five-year business plan. It is possible that the updated plan might contain new strategies for increasing the cost efficiency of the workforce, including the alteration or removal of workforce reduction goals.[32] The use of separation incentives, therefore, might be affected by such altered goals.

Increased Use of Non-Career Employees

USPS has also increased its use of non-career employees in an effort to contain costs. The number of non-career employees increased by 28.1% between FY2007 and FY2014, from 101,167 to 129,577. The number of career employees, in contrast, decreased by 28.7% over the same time period, from 684,762 to 488,300. The most substantial increases occurred between FY2011 and

[31] USPS, *Five Year Business Plan*, April 2013, p. 28, at http://about.usps.com/strategic-planning/fiveyearplan-04162013-final.pdf. USPS anticipated a reduction of approximately 146,000 career and non-career full-time equivalents by 2017.

[32] Electronic correspondence with USPS staff on October 8, 2015.

FY2014, during which time the number of non-career employees rose by 46.1% (40,878 more employees). The influx of non-career employees during that time period was primarily attributable to the creation and staffing of PSEs (FY2011), CCAs (FY2013), and MHAs (FY2013).[33] These three employee categories constituted 51% of the USPS non-career workforce in FY2014.[34]

According to USPS and the USPS Office of the Inspector General (OIG), PSEs, CCAs, and MHAs were created to reduce the costs of, and provide more flexibility in, certain agency functions.[35] Employees in these three positions can often perform the full range of duties undertaken by their career counterparts, but at lower wages. For instance, CCAs can perform the duties of career city letter carriers at a starting rate of $15.00 versus $16.71 per hour.[36] The wage difference between CCAs and city letter carriers is even greater after accounting for benefits and overtime ($19.35 versus $46.11 per hour, respectively), according to a 2014 GAO report. USPS asserted that CCAs reduced the cost of the city mail delivery function by $120 million in FY2013.[37] In addition, the USPS OIG reported that PSEs could be used in place of career employees earning overtime, and thus could reduce compensation costs.[38]

USPS's use of certain non-career employees is governed by postal labor union contracts, which limit the number of non-career employees that can comprise the total USPS workforce. More recent labor contracts that created PSEs, CCAs, and MHAs, however, raised the number of non-career employees that can be used for certain functions (**Table 4**). For example, the 2006-2011 contract between USPS and the National Association of Letter Carriers (NALC) limited the total number of non-career transitional employees to no more than 3.5% of the total number of career city letter carriers covered by the agreement or 6% of the total number of career carriers in a postal district.[39] The 2011-2016 contract, however, raised the limit to 15% of the total number of career carriers in a district.[40]

[33] CRS analysis of annual USPS "Form 10-Ks."

[34] CRS analysis of USPS "Form 10-Ks."

[35] USPS Office of the Inspector General, *Use of Non-Traditional Full-Time and Postal Support Employee Positions in Processing Operations*, May 17, 2013, p. 1, at https://www.uspsoig.gov/sites/default/files/document-library-files/2013/no-ar-13-003.pdf; U.S. Postal Service, *2013 Report on Form 10-K*, p. 31; National Postal Mail Handlers Union, AFL-CIO, and U.S. Postal Service, *Board of Interest Arbitration Award*, August 5, 2014, p. 12-13; and information provided electronically to CRS from USPS on August 15, 2014.

[36] NALC and USPS, *2011-2016 National Agreement*, p. 28, at http://www.nalc.org/member-benefits/body/na2011.pdf; GAO, *U.S. Postal Service, Status of Workforce Reductions and Related Planning Efforts*, GAO-15-43, November 13 2014, p. 18, at http://www.gao.gov/assets/670/666884.pdf.

[37] USPS, *2013 Report on Form 10-K*, p. 31.

[38] USPS OIG, *Use of Non-Traditional Full-Time and Postal Support Employee Positions in Processing Operations*, Report Number NO-AR-13-003, May 17, 2013, p. 5, at https://www.uspsoig.gov/sites/default/files/document-library-files/2013/no-ar-13-003.pdf.

[39] NALC and USPS, *2006-2011 National Agreement*, p. 15, at http://www.nalc.org/workplace-issues/contract-administration-unit/body/na2006.pdf. The 2006 agreement places limitations on the number of "transitional employees," a non-career employee category that was phased out and replaced by CCAs in 2013.

[40] NALC and USPS, *2011-2016 National Agreement*, p. 16.

Table 4. Limitations on the Number of Selected Non-Career Employees

Labor Union	Affected Non-Career Employee Positions	Past Cap	Current Cap
American Postal Workers Union (APWU)	Casuals (past cap) Postal Service Employees (current cap)	6% of the total number of career employees covered by the contract per district[a]	20% of career employees in the clerk craft per district[b]
National Postal Mail Handlers Union (NPHMU)	Casuals (past cap) Mail Handler Assistants (current cap)	12.5% of the total number of employees covered by the contract per installation	15% of career mail handlers per district 20% of career mail handlers per installation 5% of the total number of career employees covered by the contract per installation (casuals)
National Association of Letter Carriers (NALC)	Transitional employees (past cap) City Carrier Assistants (current cap)	3.5% of the total number of city carriers covered by the contract 6% of the total number of career city letter carriers per district	15% of career city letter carriers per district

Source: CRS analysis of contracts between USPS and the APWU, NPHMU, and NALC; information provided by the Postal Regulatory Commission on August 14, 2015, and August 26, 2015.

Notes: Limitations listed under "Current Cap" are stipulated by postal union contracts current through FY2015 and FY2016. Limitations listed under "Past Cap" were stipulated by postal union contracts that expired in FY2010 or FY2011. A postal "district" refers to a zip code area, and a postal "installation" refers to a post office. In contracts that expired in FY2010 or FY2011, non-career employees were referred to as "casuals" or "transitional employees." These positions have been largely replaced by Postal Service Employees (PSEs), City Carrier Assistants (CCAs) and Mail Handler Assistants (MHAs), though some casuals still exist.

a. As described in the 2006-2010 APWU contract, within the 6% limitation, non-career casuals could not exceed 11% of career clerk craft employees at installations with 200 or more workyears of employment in the regular workforce.

b. The 2010-2015 APWU contract places additional limits on retail (window) clerks. In larger offices (Level 22 and above), PSEs working retail windows cannot exceed 10% of the career retail clerks in the installation. In smaller offices (Level 21 and below), PSEs cannot exceed 20% of the career retail clerks.

c. In addition, the 2006-2011 NALC contract requires installations with 200 or more workyears of employment in the regular workforce to be 88% staffed by career letter carriers.

d. The 2011-2016 NALC contract allowed USPS to exceed the 15% limitation and hire an additional 8,000 CCAs to provide new products and services. The number of additional CCAs, however, cannot exceed 8% of the total number of career city delivery carriers in the district for any one reporting period.

Impact of USPS Initiatives to Reduce Workforce Size and Cost

USPS's initiatives to reduce the size and cost of its workforce have contributed to lowered *compensation expenses* in recent years. USPS's total compensation costs decreased $526 million from FY2013 to FY2014. A 2015 Postal Regulatory Commission (PRC) report found that 36.1% of that amount ($190 million) resulted from increased use of non-career employees and a decrease in employee work hours.[41] The remaining 63.9% of the reduced amount ($336 million)

[41] USPS, *2014 Report on the Form 10-K*, December 5, 2014, p. 20; PRC, *Financial Analysis of United States Postal Service Financial Results and 10-K Statement, Fiscal Year 2014,* April 1, 2015, p. 12. Total compensation does not

reflected a one-time cost of separation incentives that were paid in FY2013, according the PRC report.[42]

A 2014 GAO report on the USPS workforce, however, found that USPS's *overall* expenses did not decline alongside reduced workforce size and employee work hours.[43] Rather, the report found that USPS's total expenses fluctuated between FY2006 and FY2014.[44] The report attributed the fluctuation to required annual Retiree Health Benefits Fund (RHBF) payments, which varied by year.[45] USPS's overall expenses still declined at a slower rate compared to employee work hours (7.1% versus 24%, respectively) when excluding RHBF payments, according to the report. In response to the GAO report, USPS attributed the slower rate of decline in overall expenses to increased hourly wage and benefit costs, increased non-personnel expenses, and other fixed costs that do not decline with decreases in mail volume.[46]

USPS's 2012-2017 business plan includes several legislative proposals that could affect the size and cost of the workforce.[47] However, USPS staff have indicated that these legislative proposals are no longer being pursued. The agency is focusing on consensus building among stakeholders rather than pursuing a specific legislative agenda.[48]

include retirement, health benefits, workers' compensation, or Retiree Health Benefits Fund (RHBF) payments.

[42] Postal Regulatory Commission, *Financial Analysis of United States Postal Service Financial Results and 10-K Statement, Fiscal Year 2014*, April 1, 2015, p. 12.

[43] Government Accountability Office, *U.S. Postal Service, Status of Workforce Reductions and Related Planning Efforts*, GAO-15-43, November 13, 2014. The report analyzed several initiatives to reduce the size and cost of the USPS workforce, including separation incentives, use of non-career employees, and other initiatives to consolidate and streamline operations that impact workforce size and cost.

[44] Ibid., pp. 9-10.

[45] Ibid., pp. 10-11.

[46] Ibid., p. 11.

[47] USPS, *Five Year Business Plan,* April 16, 2013, p. 26. A more detailed description of each legislative goal can be found at USPS, http://about.usps.com/news/testimony/2013/pr13_pmg0213.htm.

[48] Information provided by USPS staff on September 17, 2015.

Appendix. Brief Descriptions of USPS Employment Categories[49]

Career Employees

Area Offices Personnel: Includes persons who work in the USPS administrative units that oversee postal operations in USPS's nine geographic areas throughout the United States.

Building and Equipment Maintenance Personnel: Includes persons who maintain and repair USPS facilities.

Clerks: Includes persons who work directly with the public in USPS retail facilities and who manually sort mail.

City Delivery Carriers: Includes persons who deliver mail in urban and non-rural areas.

Headquarters: Includes persons who work in a variety of capacities at the two central offices of the U.S. Postal Service, which are located in Washington, DC, and Rosslyn, VA.

Headquarters—Related Field Units: Includes persons in offices administered from USPS's headquarters, but who are located elsewhere.

Inspection Service—Field: Includes persons who work for the Postal Inspection Service, which protects USPS property and employees and investigates alleged misuse of the mails for criminal purposes.

Inspector General: Includes persons who work for the USPS Office of Inspector General, which audits and investigates USPS activities.

Mail Handlers: Includes persons who move mail containers in mail processing centers.

Motor Vehicle Operators: Includes persons who drive mail trucks.

Nurses: Includes persons who work in USPS medical units and attend to injured employees.

Postmasters/Installation Heads: Includes persons who serve as managers of retail postal facilities.

Professional Administrative and Technical Personnel: Includes persons performing administrative assistance and technical support duties.

Regional Offices: Included persons in the administrative unit that oversaw USPS operations within geographic regions. Regional offices were replaced with area offices.

Rural Delivery Carriers—Full-time: Includes persons who deliver mail in non-urban areas.

Special Delivery Messengers: Discontinued position that employed persons to make deliveries that required expedited delivery.

Supervisors/Managers: Includes persons who supervise other persons or who manage programs or processes.

Vehicle Maintenance Personnel: Includes persons who perform preventive maintenance and repair of USPS vehicles.

[49] Unless otherwise noted, these employment categories are those used by USPS in its *Annual Report* and were composed by the author of this report in consultation with USPS.

Non-Career Employees

Casuals: Includes persons hired temporarily to assist USPS career employees in mail processing facilities.

City Carrier Assistant: Time-limited position created in 2013 that provides the USPS with flexibility in hiring for the city delivery function. City Carrier Assistants may perform the full range of duties undertaken by career City Delivery Carriers and are entitled to certain employee benefits such as raises, health benefits, and leave.[50]

Mail Handler Assistant: Time-limited position created in 2013 that provides the USPS with flexibility in hiring for the mail delivery function. Mail Handler Assistants may perform the full range of duties undertaken by career Mail Handlers and are entitled to certain employee benefits such as raises, health benefits, and leave.[51]

Non-bargaining Temporary: Includes persons hired temporarily to perform administrative duties in USPS offices.

Postal Support Employees: Time-limited position created in 2011 that provides the USPS with flexibility in hiring within the clerk craft and the maintenance and motor vehicle craft. Pursuant to a bargaining agreement, Postal Support Employees are entitled to certain employee benefits such as raises, health benefits, and leave.[52]

Postmaster Relief/Leave Replacements: Includes persons who serve temporarily as managers of retail postal facilities.

Rural Subs/RCA/RCR/AUX: Includes rural substitute carriers, rural carrier associates, rural carrier relief carriers, and auxiliary carriers, all of whom provide temporary assistance to USPS in the delivery of mail in non-urban areas.

Transitional Employees: Includes persons who staff USPS's Remote Encoding Centers (RECs), which provide assistance concerning mail processing machines.[53]

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[50] The definition for City Carrier Assistant was created by CRS using National Association of Letter Carriers, "Key Provisions of the 2011-2016 National Agreement Arbitration Award."

[51] The definition for Mail Handler Assistant was created by CRS using National Postal Mail Handlers Union, "Questions and Answers 2011-2016 Fishgold Arbitration Award."

[52] The definition for Postal Support Employees was created by CRS using U.S. Postal Service, "Postal Service Establishes New Position," Press Release, June 8, 2011, at http://about.usps.com/news/state-releases/fl/2011/fl_2011_0610.htm.

[53] If a mail processing machine cannot read an address, it makes an electronic image of the mail piece and transmits the image to a computer at an REC. There an employee attempts to determine the correct address for the mail piece so that it may be reentered into the mail processing stream.

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