



Office of Inspector General | United States Postal Service

## Audit Report

# Springfield, MO, Processing and Distribution Center Grievances

Report Number 21-124-R22 | October 22, 2021



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# Highlights

## Objective

Our objective was to review and assess grievances paid from October 1, 2017, through March 31, 2021, at the Springfield, MO, Processing and Distribution Center (P&DC).

The U.S. 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. A grievance includes, but is not limited to, an employee or union complaint involving the interpretation or application of or compliance with a collective bargaining agreement or any local memorandum of understanding not in conflict with the agreements. Monetary payments to employees are commonly used to resolve grievances.

Postal Service policy and collective bargaining agreements encourage resolution of work issues at the lowest levels, with discussions between bargaining unit employees and their immediate supervisor. The supervisor has the authority to settle grievances at any time; this part of the process is referred to as the informal grievance process, or Step 1. If there is no resolution at this step, the union can file a formal grievance. There are three stages in the formal grievance process: Step 2, Step 3, and arbitration. At Steps 2 and 3, the employee or union files an appeal to the next level of management.

Management uses the Grievance and Arbitration Tracking System to track grievances through the grievance process.

From October 1, 2017, through March 31, 2021, the Springfield P&DC paid [REDACTED] in total grievance payouts.

## Findings

Postal Service management needs to improve the contentious workplace environment at the Springfield P&DC to successfully increase productivity and decrease grievances. Additionally, management needs to effectively manage and control the grievance process. The total annual grievance payouts and the annual average payment per grievance have continued to trend upward from fiscal year (FY) 2018 through FY 2020.

We found that the work environment in the Springfield P&DC negatively affected operations at the facility. In a statistical sampling of grievances with payouts and other supporting documentation from management, we identified multiple documented allegations of physical and verbal attacks resulting in employees regularly experiencing a hostile working environment. Additionally, employees refusing to sign required forms or follow management's verbal instructions further undermined operations.

We also found that management did not effectively manage and control the grievance process, resulting in payouts far exceeding those at comparable facilities. The Springfield P&DC's FY 2020 total grievance payouts were [REDACTED] compared to the combined [REDACTED] at nine comparable facilities. The FY 2020 average grievance payout was [REDACTED] at the Springfield P&DC compared to the nationwide average of [REDACTED]. Specifically:

- Five employees received grievance payouts ranging from about [REDACTED] to over [REDACTED] per employee from October 1, 2017, through March 31, 2021.
- Management relied on an inefficient manual process to administer overtime. Overtime-related activity was the highest paid grievance issue identified, totaling [REDACTED], or 34 percent of the total grievance payments at the Springfield P&DC.
- Staffing and overtime grievances increased as bargaining employees' regular workhours decreased and unscheduled leave and leave without pay increased from FY 2018 to FY 2020.
- While policy requires management to attempt to settle grievances at the lowest possible level in the grievance process, the Springfield P&DC paid 78 percent of grievance payouts at the initial step of the formal grievance process, compared to 34 percent nationwide.

These conditions occurred due to a variety of reasons, including management and Labor Relations' assertion that the long-standing culture of distrust affected employees in the facility. This, coupled with a breakdown in communication



among management, union representatives, and bargaining-unit employees, allowed the contentious workplace environment to continue.

Additionally, management and Labor Relations, in some cases, did not effectively manage and control the grievance process because they:

- Assigned two rotating management employees to handle informal grievances instead of requiring employees to file grievances with their immediate supervisor.
- Were reluctant, at the informal grievance process, to negotiate and settle grievance amounts or grievances they deemed too complicated.
- Were unaware of grievance policies, procedures, and documentation requirements. In part, this was due to insufficient grievance-specific training.
- Did not effectively use the Overtime Administration Application but instead used manual overtime desired list records.

A contentious work environment is destructive and detrimental to employees and substantially affects productivity and performance. Additionally, by not ensuring accurate and focused training on Postal Service policies and procedures, collective bargaining agreements and local memorandums of understanding, and by not using the Overtime Administration Application tool, there is increased risk of continued contract violations, more substantial grievance payouts, and less effective contract negotiations. We estimated the Postal Service incurred about \$3.6 million annually due to lost productivity costs.

## Recommendations

We recommended management:

- Conduct a formal workplace environment assessment (for example, an Initial Management Inquiry Process) and implement actions necessary to improve the contentious workplace environment at the Springfield P&DC.
- Instruct Springfield P&DC management to follow prescribed grievance procedures by ceasing the use of Step 1 designees in the informal grievance process for individual grievances and have employees or the union report informal grievances to the employee's immediate supervisor in an attempt to settle grievances at the lowest possible step in the process.
- Develop a process to monitor compliance with grievance policies at the Springfield P&DC.
- Update local labor relations grievance training materials to include grievance timelines for the unions represented at the Springfield P&DC.
- Provide the mandatory Labor Relations Grievance Handling course to Springfield P&DC supervisors not in compliance with the training policy.
- Provide Springfield P&DC managers and supervisors of distribution operations training on the Overtime Administration Application and require use of the Overtime Administration Application at the facility.

# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

October 22, 2021

**MEMORANDUM FOR:** SIMON STOREY  
VICE PRESIDENT, HUMAN RESOURCES  
  
KATHERINE ATTRIDGE  
VICE PRESIDENT, LABOR RELATIONS  
  
LARRY P. MUNOZ  
VICE PRESIDENT, REGIONAL PROCESSING  
OPERATIONS, WESTERN

A handwritten signature in black ink, which appears to read "Jason M. Yovich", is positioned below the list of recipients.

**FROM:** Jason M. Yovich  
Deputy Assistant Inspector General  
for Supply Management and Human Resources  
  
**SUBJECT:** Audit Report – Springfield, MO, Processing and  
Distribution Center Grievances  
(Report Number 21-124-R22)

This report presents the results of our audit of the Springfield, MO, Processing and Distribution Center Grievances.

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

Attachment

cc: Postmaster General  
Corporate Audit Response Management

# Results

## Introduction/Objective

This report presents the results of our self-initiated audit at the Springfield, MO, Processing and Distribution Center (P&DC)<sup>1</sup> (Project Number 21-124). Our objective was to review and assess grievances paid between October 1, 2017, and March 31, 2021.<sup>2</sup> Specifically, we assessed the validity of the factual basis of grievances, payment amounts calculated for paid grievances, and payees of grievances at the Springfield P&DC. See [Appendix A](#) for additional information about this audit.

## Background

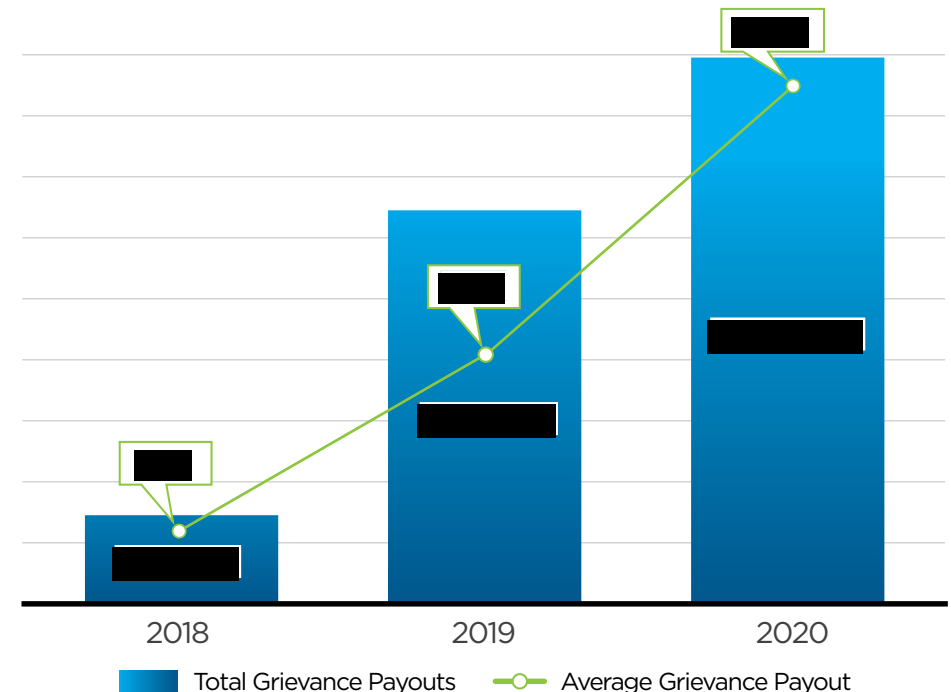
The U.S. Postal Service defines a grievance as a dispute, difference, or disagreement between parties or a complaint lodged by a party regarding wages, hours, or conditions of employment. A grievance includes, but is not limited to, an employee or union complaint involving the interpretation or application of or compliance with a collective bargaining agreement or any local memorandum of understanding not in conflict with the agreements. Monetary payments to employees are commonly used to resolve grievances.

The informal grievance process (Step 1) allows employees to discuss grievances with their immediate supervisor, who has the authority to settle these informal grievances. However, if there is no resolution at this step, the union can file a formal grievance. A formal grievance is an appeal of the written denial of a Step 1 grievance. There are three stages in the formal grievance process: Step 2, Step 3, and arbitration. At Steps 2 and 3, the employee or union files an appeal to the next level of management (e.g., installation head, Human Resources district manager, or assigned designee). When an agreement cannot be reached through Step 2 or Step 3 of the appeal process, the grievance goes to arbitration,<sup>3</sup> where an arbitrator resolves the grievance through a binding decision. Management uses the Grievance and Arbitration Tracking System (GATS) to track grievances through the grievance process.

As shown in Figure 1, from FY 2018 to FY 2020, the total annual grievance payouts and the annual average payment per grievance steadily increased each year. The Springfield P&DC paid about [REDACTED] in total grievance payouts, which nearly tripled in the three-year period.

*“The Springfield P&DC paid about [REDACTED] in total grievance payouts, which nearly tripled in the three-year period.”*

**Figure 1. Springfield P&DC Grievance Activity Three-Year Trend from FY 2018 to FY 2020**



Source: GATS.

<sup>1</sup> Springfield, MO, P&DC will be referred to in the remainder of the report as the Springfield P&DC.  
<sup>2</sup> Includes fiscal years (FY) 2018, 2019, 2020, and a part of FY 2021 (October 1, 2020, through March 31, 2021).  
<sup>3</sup> There are two levels of arbitration: regular (at the area level) and national.

The Springfield P&DC had an unusually high number of grievances and payouts compared to nine facilities with similar mail volumes and employee complements.<sup>4</sup> Of the ██████ in grievance payouts for the 10 facilities combined (see Table 1), the Springfield P&DC was responsible for 71 percent of the total grievance payouts. The Southern ME P&DC had the largest complement at 486 and the Tucson, AZ, P&DC had the fifth largest complement at 283, which was slightly above the Springfield P&DC's complement of 278. However,

the Southern ME and Tucson P&DCs had only 14 percent and 8 percent, respectively, in grievance payouts. In fact, the Springfield P&DC had nearly 250 percent more grievance payouts than the other nine facilities combined. Additionally, the number of grievance payouts to employees at the Springfield P&DC accounted for almost half of the grievance payouts to employees at the ten facilities combined.

**Table 1. FY 2020 Grievances for the Springfield P&DC and Nine Comparable Facilities**

Facility	Complement	Grievance Count	Percent of Total	Grievance Amount	Percent of Total
Springfield MO P&DC	278	████	48%	████████	71%
Southern ME P&DC	486	████	17%	████	14%
Tucson AZ P&DC	283	████	15%	████	8%
Boise ID P&DC	239	████	3%	████	2%
Charleston SC P&DC	317	██	6%	████	2%
Roanoke VA P&DC	345	██	5%	████	1%
Pensacola FL P&DC	242	██	4%	████	1%
Tallahassee FL P&DC	221	█	2%	████	1%
Fresno CA P&DC	236	█	0%	████	0%
West Nassau NY P&DC	421	█	0%	████	0%
<b>Total</b>	<b>3,068</b>	████	<b>100%</b>	████████	<b>100%</b>

Source: Web Complement Information System (WebCOINS<sup>5</sup>) and GATS.

## Findings Summary

We found that Postal Service management needs to improve the contentious workplace environment at the Springfield P&DC to successfully increase productivity and decrease grievances. Additionally, management needs to

effectively manage and control the grievance process. The total annual grievance payouts and the annual average payment per grievance have continued to trend upward from FY 2018 through FY 2020.

<sup>4</sup> The nine facilities comparable to the Springfield P&DC were identified using the sum and average of total pieces handled for each mail shape: flats, letters, and packages for the period January 2019 through March 2021. We compared grievances settled, grievance payouts, and employee complement for FY 2020.

<sup>5</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.

## Finding #1: Contentious Workplace Environment

Springfield P&DC employees have been working in an environment that negatively affects facility operations. In a statistical sampling of grievances with payouts and other supporting documentation from management, we found multiple documented allegations of physical and verbal attacks resulting in employees experiencing a hostile working environment. Springfield P&DC grievance activity illustrates the attitudes and issues that affect and surround all employees. The struggles between management and non-management, including local union representatives, is deep-rooted in suspicion and distrust.

The contentious environment was evident in documentation from our statistical sample of paid grievances, other management-provided documentation as well as during our site visit interviews. The grievance documents contained allegations about management and employee misconduct and included explicit language.

The following are a few examples of the contentious workplace environment found in the documents:

- A local union president in a grievance document stated that management was allowing employees to be abusive to one another by yelling and cursing at each other daily. The president also stated that management was creating a hostile work environment between bargaining employees by pitting them against each other and through bullying, trying intimidation tactics, and threats of discipline.
- After an acting supervisor provided instructions to a mail handler, the mail handler asserted that the acting supervisor did not need to tell them how to run their “(expletive) job.” The mail handler then threw a pole used to pull mail out of the mail processing equipment, hitting the acting supervisor in the leg.
- A mail handler told an acting supervisor “(expletive) you.”
- A mail processing clerk observed a mail handler exchange words with another mail handler and say, “Let’s go outside and I will rip you a new (expletive).”

- Instructions from a lead manager of distribution operations (MDO) to an employee were followed by written comments from the employee stating: “I know my [many] years of running DPS<sup>6</sup> is far more effective than [the lead MDO’s] ZERO years.”

Additionally, according to management, some employees refused to sign required Postal Service (PS) forms, such as PS Form 3971, Request for or Notification of Absence, or follow management’s verbal instructions.

During new hire orientation, union representatives have an opportunity to discuss the benefits of joining the union. However, after a new hire orientation, one employee felt intimidated by the union president’s comments and was later singled out and publicly insulted for not joining the union. This employee’s name, along with other non-union members’ names, were posted at the P&DC and they were identified as “scabs.” Another employee quit after three days of employment, citing the union president’s negative portrayal of management and a hostile work environment as their reasons for quitting.

The insubordination, violence, use of obscene language, and overall unprofessional atmosphere at the Springfield P&DC were in direct violation of Postal Service policies, directives, and guidance. According to policy, an employee must obey the instruction of their supervisor<sup>7</sup> and are expected to conduct themselves during and outside of working hours in a manner that reflects favorably upon the Postal Service.<sup>8</sup> Additionally, when grievance complaints are being addressed, employees must show mutual respect, allow each other full opportunity to present, discuss matters relevant to the grievance, not interrupt one another, and listen.<sup>9</sup>

According to management and Labor Relations at the Springfield P&DC, the facility has a long-standing culture of distrust that affected employees in the facility. These circumstances, coupled with a breakdown in communication between management, union representatives, and bargaining-unit employees, have allowed the contentious workplace environment to continue. For instance:

<sup>6</sup> Delivery Point Sequence (DPS) is a process to sort bar-coded letter mail at the processing plants and delivery units into the carrier’s line-of travel.

<sup>7</sup> *Employee and Labor Relations Manual (ELM) 50*, Section 665.15 - Obedience To Orders, dated March 2021.

<sup>8</sup> ELM 50, Section 665.16 - Behavior and Personal Habits.

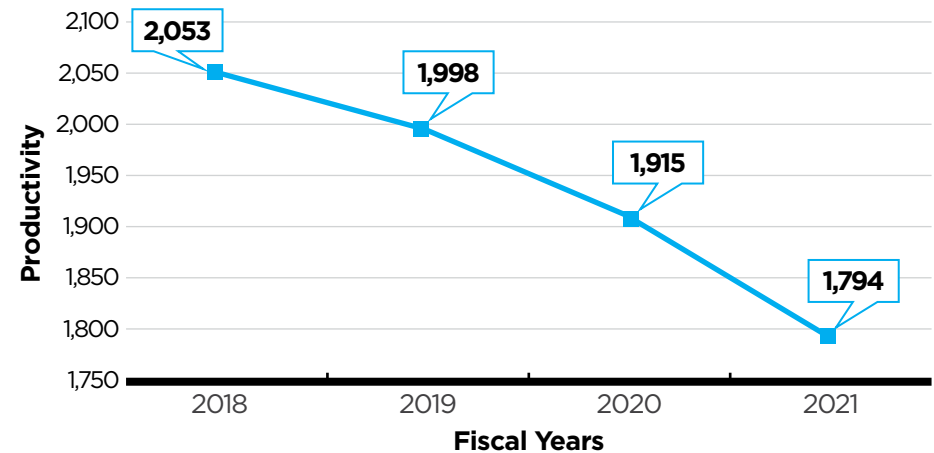
<sup>9</sup> *Grievance Procedure Review*, USPS Supervisor Module 17 Labor Relations.



- According to MDOs and supervisors of distribution operations (SDO), disciplinary actions were reversed or significantly reduced by the on-site Labor Relations specialist when employees filed grievances disputing the discipline. They also asserted the on-site Labor Relations specialist routinely rescinded disciplinary action without consulting with management or requesting further support for the discipline. These actions negatively affected management’s ability to enforce further discipline and encouraged employee misconduct.
- There was hostility and poor communication between Labor Relations personnel and management. According to one MDO, management’s word had no value to Labor Relations personnel, who took the employee’s word at face value. The plant manager believed the Labor Relations specialist did not support management and lost sight of their responsibility to support the Postal Service. The plant manager, managers, supervisors, and the Labor Relations specialist stated there is minimal communication between Labor Relations and management.
- Some employees lacked confidence in, acceptance of, and cohesiveness with their co-workers and management. Additionally, some employees doubted management’s ability to perform their duties.

The Springfield P&DC’s productivity and performance has been affected substantially. As shown in Figure 2, employee productivity decreased and steadily declined from handling 2,053 pieces of mail per workhour in FY 2018 to handling only 1,794 pieces per hour by mid-FY 2021 – a decline of 259 pieces (13 percent) and an average annual decline of 3.6 percent.

**Figure 2. Springfield P&DC Productivity<sup>10</sup> Trend October 1, 2017 through March 31, 2021**



Source: Enterprise Data Warehouse (EDW).<sup>11</sup>

A contentious work environment is destructive and detrimental to employees. The postmaster general has emphasized an intent to enhance employee wellbeing that includes providing them with tools and resources and empowering them to play a more active role in creating a healthier work environment. The Postal Service believes these measures “will improve employee engagement and availability, enhance customer service, and reduce total operating expenses.”<sup>12</sup> Productivity at the Springfield P&DC could continue declining and the facility could continue missing productivity targets if management does not improve the contentious work environment. We estimated the Postal Service incurred about \$8.6 million in lost productivity costs in FY 2019 and FY 2020,<sup>13</sup> and will incur nearly \$9.4 million in future (FYs 2021, 2022, and 2023) costs due to lost productivity.<sup>14</sup>

<sup>10</sup> Productivity is a calculation based on volume and workhours.

<sup>11</sup> A repository intended for all data and the central source for information on retail, financial, and operational performance.

<sup>12</sup> Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence (Ten-Year Plan).

<sup>13</sup> Questioned costs: A cost the U.S. Postal Service Office of Inspector General (OIG) believes is unnecessary, unreasonable, or an alleged violation of law, regulation, or contract.

<sup>14</sup> Funds put to better use: Actual or potential costs the Postal Service can avoid as a result of the audit, or potential dollars it could use more efficiently if management takes action to implement and complete OIG recommendations.

### Recommendation #1

We recommend the **Vice President, Regional Processing Operations, Western**, conduct a formal workplace environment assessment (for example, an Initial Management Inquiry Process) and implement actions necessary to improve the contentious workplace environment at the Springfield, MO, Processing and Distribution Center.

### Finding #2: Excessive Grievance Payouts

Postal Service management did not effectively manage and control the grievance process, resulting in excessive payouts<sup>15</sup> from October 1, 2017, through March 31, 2021. Specifically:

- Five employees received grievance payouts ranging from about [REDACTED] to over [REDACTED] per employee.
- Management relied on an inefficient manual process to administer overtime. Overtime-related activity was the highest paid grievance issue identified, totaling [REDACTED] or 34 percent of the total Springfield P&DC's grievances.
- Staffing and overtime grievances increased as bargaining employees' regular workhours decreased and unscheduled leave and leave without pay (LWOP)<sup>16</sup> increased from FY 2018 to FY 2020.
- While policy requires management to attempt to settle grievances at the lowest possible level in the grievance process, the Springfield P&DC paid 78 percent of grievance payouts at the initial step of the formal grievance process, compared to 34 percent nationwide.

### Highest Grievance Payouts

The top five grievance payees received a total of [REDACTED] in payouts from October 1, 2017, through March 31, 2021 (see Table 2). These five payees received over 12 percent of the total [REDACTED] in grievance payouts at the Springfield P&DC during this period.

**Table 2: Top Five Grievance Payees at the Springfield P&DC October 1, 2017, through March 31, 2021**

Employee Title	Grievance Count <sup>17</sup>	Total Amount
Parcel Post Distribution-Machine	[REDACTED]	[REDACTED]
Parcel Post Distribution-Machine	[REDACTED]	[REDACTED]
Mail Processing Machine Operator	[REDACTED]	[REDACTED]
Mail Handler	[REDACTED]	[REDACTED]
Mail Handler Equipment Operator	[REDACTED]	[REDACTED]
<b>Total</b>	[REDACTED]	[REDACTED]

Source: GATS and WebCOINS.

### Most Common Grievance Issues

Most of the top 10 grievance types paid from October 1, 2017 through March 31, 2021, at the Springfield P&DC were related to overtime, cross-craft, and staffing. Overtime-related activity was the highest grievance type, with over [REDACTED] in payouts during this period. Of the [REDACTED] of overtime grievances, mail handlers received [REDACTED], and clerks received [REDACTED]. Table 3 provides a list of the top 10 grievance pay issue codes used at the Springfield P&DC, which totaled over [REDACTED]. These grievances made up 81 percent of the facility's total [REDACTED] in grievance payouts.

*“Overtime-related activity was the highest grievance type, with over [REDACTED] in payouts during this period.”*

<sup>15</sup> Excessive payouts at the Springfield P&DC were determined by comparing the FY 2020 average grievance payout of [REDACTED] at the Springfield P&DC to the FY 2020 nationwide average grievance payout of [REDACTED], and the total grievances and payouts at the Springfield P&DC compared to nine other comparable P&DCs, as shown in Table 1.

<sup>16</sup> An authorized absence from duty in a non-pay status.

<sup>17</sup> Represents the number of grievance settlements paid.

**Table 3: Springfield P&DC Top 10 Grievance Pay Issues  
October 1, 2017, through March 31, 2021**

Issue Description	Amount
Overtime Restrictions (8.5.F)	██████████
Articles 7, 12, & 13 Cross Craft and Office Size	██████████
Delivery Bar Code Sorter Staffing	██████████
Grievance-Arbitration Procedure	██████████
Determine Staffing	██████████
Performance of Bargaining Unit Work	██████████
Overtime	██████████
Cross Craft Assignments	██████████
Displace or Bump	██████████
MS-47 TI-5 (Line H) Implementation and Maintenance Craft Postal Support Employee Conversions Memorandum of Understanding	██████████
<b>Total</b>	██████████

Source: GATS.

### Time Spent at Work

We identified that employees spent an increasing amount of time away from work and, at the same time, staffing and overtime grievances increased. Specifically, bargaining unit employees' regular workhours decreased by over 21,000 hours from FY 2018 to FY 2020. Correspondingly, unscheduled leave<sup>18</sup> and LWOP

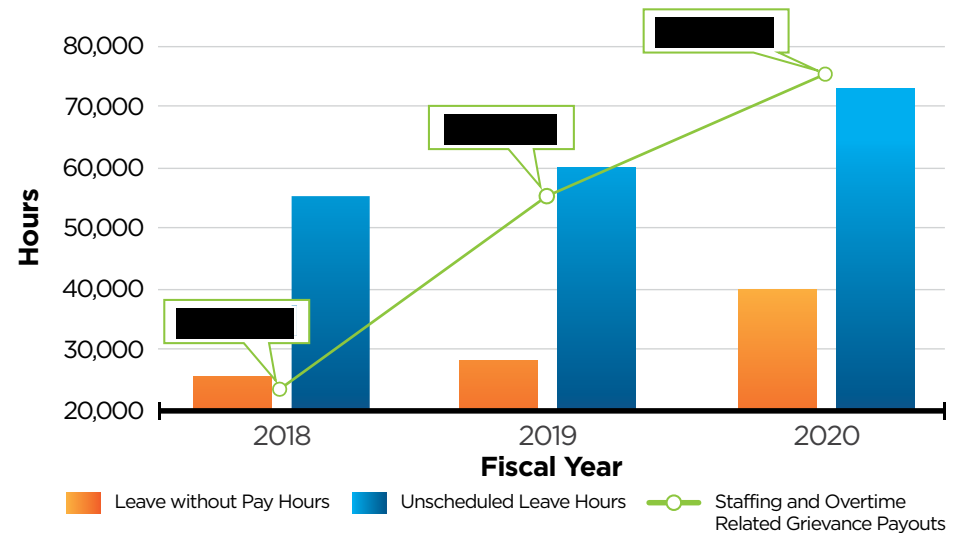
18 Unscheduled leave is any leave from work that is not requested and approved in advance.

19 A portion of the audit scope occurred during the COVID-19 pandemic. The Postal Service faced significant unforeseen and uncontrollable challenges due to the COVID-19 pandemic, including higher package volumes, employee absenteeism, employee safety, and unanticipated expenses. Additionally, the Family First Coronavirus Response Act and American Rescue and Protection Act were in effect during portions of the audit scope and provided additional leave usage provisions for employees who had a sickness related to COVID-19.

20 TACS captures the number of workhours employees spend working in various Postal Service operations.

usage steadily increased from FY 2018 to FY 2020 (see Figure 3), which was both before and during the COVID-19 pandemic.<sup>19</sup>

**Figure 3. Springfield P&DC Grievance Payout and Leave Trend from FY 2018 to FY 2020**



Source: Time and Attendance Collection System (TACS).<sup>20</sup>

Springfield P&DC LWOP hours have increased steadily since FY 2018. Specifically, employees used a total of 25,448 LWOP hours in FY 2018, and peaked at 40,434 hours in FY 2020, as shown in Table 4. This accounted for an increase in LWOP hours of 59 percent since FY 2018, with an annual average increase of 27 percent. Comparatively, employees in the Midwest Processing Division, where the Springfield P&DC resides, used about 1.28 million LWOP hours in FY 2018 and reached a high point of about 1.45 million LWOP hours in FY 2020. This accounted for an increase in LWOP hours in the division by only 13 percent since FY 2018, with an annual average increase of 7 percent.

**Table 4. Springfield P&DC LWOP Hours Three-Year Trend**

Function	FY 2018	FY 2019	FY 2020	Three Year Average	Three Year Growth	Percent Change	Average Annual Increase
Springfield P&DC	25,448	28,465	40,434	31,449	14,986	59%	27%
Midwest Processing Division	1,277,723	1,269,139	1,449,267	1,332,043	180,128	13%	7%

Source: TACS.

Management reported that local union officials spent the majority of their time working on union-related activities. The absence of these workers could result in overtime, cross-craft, and displacement grievances (see Table 3). To meet delivery timelines, employees must work overtime and management must move other employees from their normal assignments.

**Grievance Settlement Progression**

Postal Service supervisors have the authority to settle grievances at the lowest possible step of the grievance process.<sup>21</sup> As shown in Table 5, for the [REDACTED] total amount paid from October 1, 2017, through March 31, 2021, most grievances were settled at Step 1 (51 percent) with payouts totaling [REDACTED] (or 15 percent). However, grievances handled at the Step 2 appeals process accounted for 47 percent of the facility's grievances. Step 2 had the largest grievance payout amounts, totaling about [REDACTED] (or 78 percent).

*“Grievances handled at the Step 2 appeals process accounted for 47 percent of the facility’s grievances. Step 2 had the largest grievance payout amounts, totaling about [REDACTED].”*

**Table 5. Springfield P&DC Grievances by Appeal Step October 1, 2017, through March 31, 2021**

Appeal Step	Grievance Count	Percent of Total	Grievance Amount	Percent of Total
Step 1	[REDACTED]	51%	[REDACTED]	15%
Step 2	[REDACTED]	47%	[REDACTED]	78%
Step 3	[REDACTED]	2%	[REDACTED]	5%
Regular Arbitration	[REDACTED]	0%	[REDACTED]	2%
<b>Total</b>	[REDACTED]	<b>100%</b>	[REDACTED]	<b>100%</b>

Source: GATS.

Nationwide, grievances settled at Step 2 for the American Postal Workers Union (APWU)<sup>22</sup> and the National Postal Mail Handlers Union (NPMHU)<sup>23</sup> accounted for only 38 percent of all grievances, with a settlement amount of [REDACTED], or 34 percent of all payouts (see Table 6). However, the percentage of grievances settled at the Springfield P&DC at Step 2 is slightly higher than the national rate (47 percent and 38 percent, respectively) with Step 2 total payout amounts more than double the national rate (78 percent and 34 percent, respectively).

<sup>21</sup> Handbook EL-921, *Supervisors Guide to Handling Grievances*, April 2015.

<sup>22</sup> The APWU represents more than 220,000 Postal Service employees and retirees. Depending on their occupation, APWU members belong to the clerk, maintenance, motor vehicle or support services divisions.

<sup>23</sup> The NPMHU represents 47,000 mail handlers, who load, unload, prepare, sort, and containerize mail for delivery.

This analysis of nationwide grievance settlements demonstrates the higher rate of Step 2 settlements and significantly higher grievance payouts at the Springfield P&DC. Additionally, the number of grievances for the Springfield P&DC (one of nearly 300 total P&DCs) was 1.9 percent of the total nationwide grievance settlements and 3.5 percent of the nationwide grievance payout amounts.

**Table 6. Nationwide Grievances by Appeal Step for APWU and NPMHU October 1, 2017, through March 31, 2021**

Appeal Step	Count	Percentage of Total	Amount Paid	Percentage of Total
Direct Appeal Review	█	1%	█	1%
Step 1	█	53%	█	25%
National Arbitration	█	0%	█	0%
Regular Arbitration	█	3%	█	30%
Step 1A	█	0%	█	0%
Step 2	█	38%	█	34%
Step 3	█	5%	█	10%
Step 4	█	0%	█	0%
<b>Total</b>	█	<b>100%</b>	█	<b>100%</b>

Source: GATS.

Facility union representatives regularly bypassed the Step 1 grievance process and filed grievances at Step 2 without giving immediate supervisors the

opportunity to discuss and resolve the grievances or provide the decisions based on those discussions. The immediate supervisors would have the first-hand knowledge of the circumstances of the potential contract violation that resulted in the grievance, including which employees were eligible for consideration for payout. For example:

- A Step 1 grievance was filed on February 29, 2020, and a Step 2 appeal was filed the next day (March 1, 2020), indicating on the form that they did not have the opportunity to meet with management. However, the union must give management five days after filing the grievance to render a decision and then, if denied or there is no decision made, the union may appeal the grievance to Step 2 and Labor Relations.
- A Step 2 grievance form from the union indicated management did not render a decision at Step 1. However, additional documents in the file provided by management showed that a meeting between the union representative and management was held and management denied the grievance.

Postal Service policy directs employees to discuss a grievance with their immediate supervisor within 14 days of the identified issue.<sup>24</sup> Once identified, grievances should be settled at the lowest possible step of the grievance process.<sup>25</sup> Additionally, it is important that a good grievance file is created at the beginning of the informal grievance process with the employee's immediate supervisor. At a minimum, the file should include the appropriate grievance form, documentation to support the Postal Service's position, and any documents the union provides to support its position.<sup>26</sup>

Furthermore, the Overtime Administration Application (OTAdmin) tool was designed to help assign overtime more efficiently, consistent with the collective bargaining agreements and local memorandums of understanding. It was intended to simplify the administration and use of the Overtime Desired List.<sup>27</sup> The

<sup>24</sup> Handbook EL-903, *Agreement Between USPS and the NPMHU 2016-2019*, and Handbook EL-912, *Agreement Between USPS and APWU, AFL-CIO 2018-2021*, Article 15 Grievance-Arbitration Procedure, Section 2. Grievance Procedure Step.

<sup>25</sup> Handbook EL-921.

<sup>26</sup> Handbook EL-921.

<sup>27</sup> A quarterly list established by craft, section, or tour in accordance with Article 30, Local Implementation of the APWU and NPMHU collective bargaining agreements. When during the quarter the need for overtime arises, employees with the necessary skills, having listed their names, will be selected in order of their seniority on a rotating basis.



Postal Service enhanced the OTAdmin tool to include administration of overtime for the clerks in May 2017<sup>28</sup> and for mail handlers in January 2018.<sup>29</sup>

We found that Springfield P&DC management has not effectively managed and controlled the grievance process for the following reasons:

- Management and Labor Relations did not always follow the prescribed grievance procedures as detailed in the collective bargaining agreements and/or Postal Service policy. Specifically, MDOs or SDOs were assigned as rotating Step 1 designees instead of requiring employees to file grievances with their immediate supervisor. Two managers were assigned as Step 1 designees, responsible for handling all Step 1 grievances covering the three work tours at the plant. The facility has nine MDOs and SDOs directly responsible for supervising personnel and should be receiving, assessing, and making decisions on their employees' Step 1 grievances.
- Springfield P&DC management did not always provide Labor Relations with grievance files containing all the required supporting documentation. Management stated it was due to time constraints and demands to move the mail. For example:
  - Management provided Labor Relations with supporting documentation to support or refute a grievance after Labor Relations had paid the grievance.
  - The Springfield P&DC Labor Relations specialist stated management would not respond to requests for information regarding Step 2 grievances and, thus, had to spend numerous hours obtaining the information. However, management disputed this claim, stating that they were rarely contacted by Labor Relations for the grievance files once they were denied at Step 1.
  - In some cases, management did not complete the required PS Form 2608, Grievance Summary – Step 1, when a grievance was settled or denied at Step 1. As a result, there were Step 2 grievance files with no

documentation from management indicating whether a meeting was held, or a decision rendered at Step 1. The only documentation in the grievance file was Step 2 forms from the union and a GATS decision letter.

- Springfield P&DC management was reluctant to negotiate and settle grievance amounts or grievances they deemed too complicated at the informal grievance process. Instead, they denied these grievances at Step 1, requiring the union to appeal to Step 2, where Labor Relations personnel are responsible for administering the grievance.
- Management was unaware of grievance policies, procedures, and documentation requirements. In part, this was due to insufficient grievance-specific training for management's handling of grievance activity. Additionally, the on-site Labor Relations specialist responsible for providing grievance training used a locally developed grievance training packet that was inconsistent with official Postal Service policies and procedures.

For example, the timeline on the grievance procedure chart in the packet for various steps in the grievance process applied to the National Association of Letter Carriers in error. The unions represented at the Springfield P&DC are NPMHU and APWU. Additionally, the local packet was missing official handbook/manual references, including effective dates.

In addition, in response to a recommendation we made in a recent report,<sup>30</sup> Postal Service management reiterated compliance with the Postal Service's training policy requiring all supervisors to take the mandatory Labor Relations Grievance Handling course. However, we reviewed HERO<sup>31</sup> training records and found that none of the Springfield P&DC supervisors had taken the Labor Relations Grievance Handling course.

- Springfield P&DC management did not effectively manage overtime of bargaining employees. For instance, management did not use the OTAdmin tool to help assign overtime more efficiently. Rather, they used hard copies and manual documentation stored in numerous binders to record, track, and

<sup>28</sup> Labor Relations letter to APWU, dated April 6, 2017.

<sup>29</sup> Labor Relations letter to National Association of Supervisors, dated October 10, 2017.

<sup>30</sup> *Informal Grievance Oversight* (Report Number 19SMG007HR000-R20, dated July 14, 2020).

<sup>31</sup> HERO is a modern integrated Human Resources technology system.

monitor the overtime usage of 121 employees<sup>32</sup> at the facility. The manually processed documents included, but were not limited to, management recording on pieces of paper when personnel were contacted to work overtime using the Overtime Desired List and whether they worked or declined the overtime, which is necessary for assigning overtime by seniority. We noted an example that included hard copy pages with handwritten notes that were difficult to read and appeared to be incomplete.

According to management, the OTAdmin tool was not used because:

- Their primary focus was to move the mail.
- They were unaware of the tool.
- Training for the tool was insufficient.

Given the Postal Service's current financial situation, there is a heightened importance to managing and controlling excessive payouts. The combination of not properly training managers and employees on Postal Service policies and procedures, collective bargaining agreements, and local memorandums of understanding and by not using the OTAdmin tool increases the risk of continued contract violations, more substantial grievance payouts, and less effective contract negotiations. Additionally, the Postal Service could have avoided an increased risk of incurring additional administrative expenses if union representatives did not bypass Step 1 in the grievance process.

### **Recommendation #2**

We recommend the **Vice President, Regional Processing Operations, Western**, in conjunction with the **Vice President, Labor Relations**, instruct management at the Springfield, MO, Processing and Distribution Center to follow prescribed grievance procedures by ceasing the use of Step 1 designees in the informal grievance process for individual grievances and have employees or the union report informal grievances to the employee's immediate supervisor in an attempt to settle grievances at the lowest possible step in the process.

### **Recommendation #3**

We recommend the **Vice President, Labor Relations**, develop a process to monitor compliance with grievance policies at the Springfield, MO, Processing and Distribution Center.

### **Recommendation #4**

We recommend the **Vice President, Human Resources**, in conjunction with the **Vice President, Labor Relations**, update local labor relations grievance training materials to include grievance timelines for the American Postal Workers Union and National Postal Mail Handlers Union represented at the Springfield, MO, Processing and Distribution Center.

### **Recommendation #5**

We recommend the **Vice President, Regional Processing Operations, Western**, in conjunction with the **Vice President, Labor Relations**, provide the mandatory Labor Relations Grievance Handling course to Springfield, MO, Processing and Distribution Center supervisors not in compliance with the training policy.

### **Recommendation #6**

We recommend the **Vice President, Regional Processing Operations, Western**, in conjunction with the **Vice President, Human Resources**, (1) provide Springfield, MO, Processing and Distribution Center (P&DC) managers and supervisors of distribution operations training on the Overtime Administration Application (OTAdmin) tool; and (2) require use of the OTAdmin tool at the P&DC.

## **Management's Comments**

Management generally agreed with all the recommendations but disagreed with the first finding and the methodology used to determine the monetary impact.

Regarding recommendation 1, management stated they will conduct a workplace environment assessment at the Springfield P&DC. The target implementation date is December 31, 2021.

<sup>32</sup> There were 43 clerks and 78 mail handlers on the Overtime Desired Lists for Q2, FY 2021.

Regarding recommendation 2, management stated they have ceased using step 1 designees. In subsequent communication, management stated they will reinforce the requirement that employees report grievances to their immediate supervisors during grievance handling training. The target implementation date is November 4, 2021.

Regarding recommendation 3, management stated that Central Area Labor Relations will provide guidance on grievance policies to each district Labor Relations manager. Beginning September 13, 2021, each district Labor Relations manager started providing bi-weekly payout information for discussion during weekly touchpoint meetings. In subsequent communication, management clarified that grievance payout information included key data from various Labor Relations reports, such as grievances greater than 56 days, pending arbitration cases, and grievance payouts specific for each mail processing facility. Management added that grievance payout information is included on Microsoft Teams so each district Labor Relations manager can update it for discussion at the touchpoint meetings. The target implementation date is December 31, 2021.

Regarding recommendation 4, management stated they will review Labor Relations training materials to ensure that grievance timelines are properly noted. The target implementation date is January 31, 2022.

Regarding recommendation 5, management stated they will provide mandatory training in the Labor Relations Grievance Handling course. They have started to schedule the training at the Springfield P&DC. The target implementation date is February 28, 2022.

Regarding recommendation 6, management stated they will train supervisors and require use of the OTAdmin tool. The target implementation date is March 31, 2022.

Regarding the monetary impact, management stated that the data used to calculate the loss of productivity was very general to support the causal connection to the grievance activity. Management also stated there is no indication the audit considered the decline in mail volume over time, the COVID-19 pandemic over the past two years, the change in mail versus package volume, and fixed costs when calculating the productivity loss.

Additionally, Postal Service management stated that we based our finding of a hostile environment on the number of grievance appeals filed and discussions with local union officials. They added that grievances are routine and frequently unsupported and filing and settling grievances is not evidence of a contract violation or unfair treatment. Management hopes to find a middle ground to reduce the cost of further processing grievances and noted they can make payouts for grievances filed years earlier that do not necessarily reflect the activity or leadership in the year of the payout.

See [Appendix B](#) for management's comments in their entirety.

## Evaluation of Management's Comments

The OIG considers management's comments responsive to all the recommendations.

Regarding monetary impact, we documented the contentious workplace environment, not the volume of grievances as stated in management's comments, as destructive and detrimental to employees and the effect was lost productivity. We considered the decline in mail volume over time, changes in mail versus package volume, and other factors. As such, we took a conservative approach when calculating monetary impact using productivity data obtained specific to the Springfield P&DC, including mail volume, actual hours, and earned hours. We specifically excluded additional costs associated with the COVID-19 pandemic and increased grievance and arbitration related expenses resulting from the conditions of the hostile work environment as they would have skewed the overall monetary impact.

Regarding our assessment of a hostile work environment, we based our conclusions on many factors; however, these factors did not include the number of grievances. The grievance analysis is represented in [Finding #2](#), which details the excessive grievance payouts, and we made no conclusion that the number of grievances is indicative of the workplace environment. The factors used in assessing the hostile work environment included documentation of exit interviews, discussions with employees and, most importantly, our own observations of the environment while at the Springfield P&DC. The examples provided in the report demonstrate the hostile work environment and were not all inclusive of

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the examples found or the statements made to the audit team regarding the workplace environment at the facility. In addition, we understand that grievances can be filed years before they are settled, which is one of the reasons we looked at grievances at the Springfield P&DC over a three and one-half year period. Furthermore, according to some employees, the hostile work environment has existed at this facility for decades.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. All recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

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# Appendix A: Additional Information

## Scope and Methodology

We reviewed and analyzed the Springfield P&DC’s grievance data from GATS from October 1, 2017, through March 31, 2021. We also statistically selected █ grievances with payments made between the same period.

To accomplish our objective, we:

- Obtained and reviewed Postal Service policies and procedures relating to grievance activity, including reporting, monitoring, and tracking.
- Analyzed grievance data to identify trends, risk areas, and anomalies.
- Obtained and compiled Springfield P&DC’s productivity data.
- Interviewed Labor Relations personnel and Springfield P&DC managers and supervisors regarding their responsibilities over the grievance oversight process.

- Reviewed management training records to determine if management personnel attended mandatory grievance training.

We conducted this performance audit from April through October 2021, in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on September 15, 2021 and included their comments where appropriate.

We assessed the reliability of the grievance data in GATS by tracing them to source and supporting documentation and discussing and verifying the data with management officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

## Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact (millions)
<i>Informal Grievance Oversight</i>	Assess the effectiveness of the Postal Service’s informal grievance oversight.	19SMG007HR000-R20	7/14/2020	None
<i>Accuracy of Grievances in the Grievance and Arbitration Tracking System – Houston District</i>	Assess the accuracy of grievances recorded in the GATS for the Houston District.	HR-AR-18-009	9/11/2018	\$5.7
<i>Accuracy of Grievance Settlement Payments</i>	Assess the accuracy of payments related to the APWU Global Remedy and Kelly Services settlements.	HR-AR-17-003	1/27/2017	\$3.5

# Appendix B: Management's Comments

KATHERINE S. ATTRIDGE  
VICE PRESIDENT, LABOR RELATIONS



October 13, 2021

JOSEPH WOLSKI

SUBJECT: Springfield, Missouri, Processing and Distribution Center Grievances  
(21-124 DRAFT)

Thank you for the opportunity to review the above-referenced draft report related to grievance activity at the Springfield, Missouri, Processing and Distribution Center (P&DC). Postal Service management will be reviewing grievance activity and providing updated grievance training at this facility. However, the Postal Service disagrees with the foundations of the basic assumptions of this audit.

The audit's finding of a hostile environment stems from the conclusion that the number of grievance appeals filed and discussions with local union officials is indicative of a hostile environment. The filing of a grievance is not evidence of a contract violation or unfair treatment. They are routinely filed and frequently are based on hearsay evidence or no evidence at all. The resolution of grievances again, is not evidence of a violation of the contract. Management will attempt to find a middle ground and resolve grievances to prevent the time and expense of processing appeals further through the process. As previously discussed, the analysis of grievance payout costs per year does not take into account that payouts for grievances are frequently paid out on grievances filed years or several years prior to the settlement of a grievance and, therefore, not reflective of the activity or leadership in the year of the payout.

Further the Postal Service disagrees with the findings calculating the loss of productivity as identified on the chart on page 6. The data identified is too general to support the casual connection to the grievance activity. There is no indication that the audit took into account the decline in mail volume over time; the COVID-19 pandemic over the past two (2) years; the change in mail versus package volume, and fixed costs when calculating the productivity loss.

Although the Postal Service disagrees with these elements of the audit report, it will address the report's recommendations as follows:

**Recommendation #1:** We recommend the Vice President, Regional Processing Operations, Western, conduct a formal workplace environment assessment (for example, an Initial Management Inquiry Process) and implement actions necessary to improve the alleged contentious workplace environment at the Springfield, Missouri, P&DC.

Management Response/Action Plan:

Management agrees to conduct a workplace environment assessment at the Springfield, Missouri, P&DC.

Target Implementation Date: December 31, 2021.

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Responsible Official:

Vice President, Human Resources, with follow-up recommendations after discussion with Post Office Operations. Guidance may also be necessary from Acting Vice President, Labor Relations and Central Area Director of Labor Relations.

**Recommendation #2:** We recommend the Vice President, Regional Processing Operations, Western, in conjunction with the Vice President, Labor Relations, instruct management at the Springfield, Missouri, Processing and Distribution Center to follow prescribed grievance procedures by ceasing the use of Step 1 designees in the informal grievance process for individual grievances and have employees or the union report informal grievances to the employee's immediate supervisor in an attempt to settle grievances at the lowest possible step in the process.

Management Response/Action Plan:

Management agrees with this recommendation and has already ceased the use of Step 1 designees.

**Recommendation #3:** We recommend the Vice President, Labor Relations, develop a process to monitor compliance with grievance policies at the Springfield, Missouri, P&DC.

Management Response/Action Plan:

Management agrees with the recommendation in part. Central Area Labor Relations will provide guidance to each District Labor Relations Manager, who will provide bi-weekly Grievance payout information, beginning September 13, 2021, for all sites in the Midwest Division, including the Springfield, Missouri, P&DC, to be discussed during Division Director's weekly touchpoint.

Responsible Official:

Central Area Director, Field Labor Relations  
Division Director

Target Implementation Date: December 31, 2021

**Recommendation #4:** We recommend the Vice President, Labor Relations, in concert with the Central Area Director, Field Labor Relations and Headquarters Managers, Field Labor Relations, update local labor relations grievance training materials to include grievance timelines for the American Postal Workers Union and National Postal Mail Handlers Union represented at the Springfield, Missouri, P&DC.

Management Response/Action Plan:

Management agrees that it will review labor relations training materials to ensure that grievance timelines are properly noted.

Target Implementation Date: January 31, 2022

**Recommendation #5:** We recommend the Vice President, Regional Processing Operations, Western, in conjunction with the Vice President, Labor Relations, and Central Area Director, Field Labor Relations, provide the mandatory Labor Relations Grievance Handling course to Springfield, Missouri, P&DC supervisors not in compliance with the training policy.

Management Response/Action Plan:

Management agrees with this recommendation and has already begun to schedule Labor Relations Grievance Handling Training at the Springfield, Missouri, P&DC.

Target Implementation Date: February 28, 2022

**Recommendation #6:** We recommend the Vice President, Regional Processing Operations, Western, in conjunction with the Vice President, Labor Relations, and Senior Director, Field Labor Relations, (1) provide Springfield, Missouri, P&DC managers and supervisors of distribution operations training on the Overtime Administration Application (OTAdmin) tool; and (2) require use of the OTAdmin tool at the P&DC.

Management Response/Action Plan:

Management agrees to training the supervisors of the Springfield, Missouri, P&DC training on the Overtime Administration Application and require the use of the OTADMIN tool.

Target Implementation Date: March 31, 2022

*Richard L Acker*  
(for) Katherine S. Attridge  
Vice President, Labor Relations

cc: CARM  
Simon Storey  
Rick Pivovar

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**INSPECTOR  
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