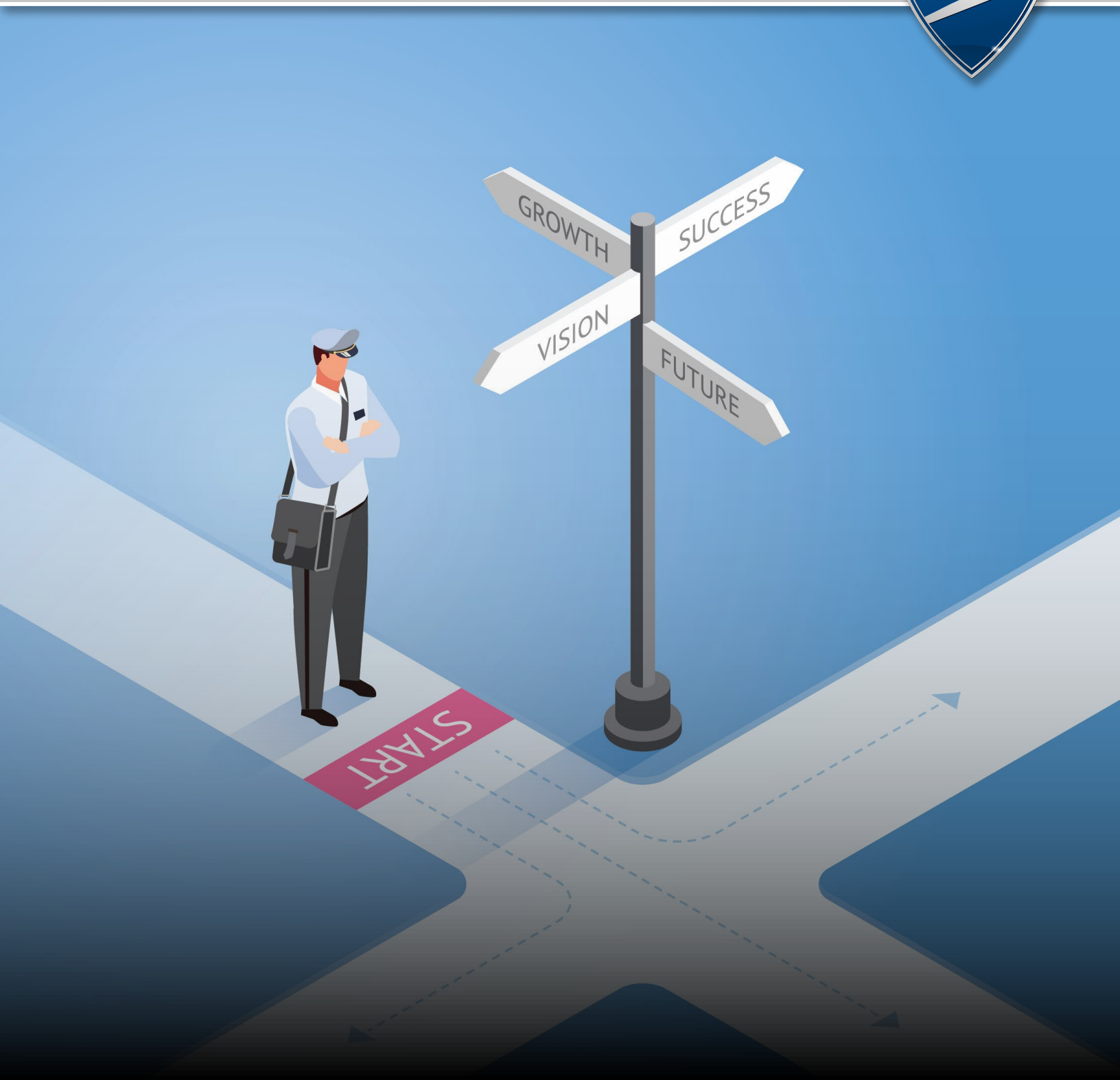


# Postal Service's Non-Career Employee Turnover Follow-Up

## AUDIT REPORT

Report Number 22-180-R23 | April 18, 2023



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# Highlights

## Background

This is a follow-up to our *Effectiveness of the Postal Service's Efforts to Reduce Non-Career Employee Turnover* audit issued February 12, 2020. The Postal Service relies on non-career employees to supplement its regular workforce. Non-career employees are temporary workers who do not receive the same employee benefits as career employees and are not always guaranteed a regular schedule. The Postal Service created its 511 National Initiative to address the two biggest reasons for turnover identified in the non-career exit surveys: challenges with schedule flexibility and supervisor relations.

## What We Did

Our objective was to assess the Postal Service's ongoing actions to reduce non-career employee turnover rates. For this audit, we reviewed non-career employee turnover and retention for fiscal years (FY) 2019 through 2022, nationwide. We conducted site visits to 26 judgmentally selected facilities where we held interviews to identify underlying causes of non-career employee turnover. In addition, we interviewed headquarters personnel regarding their responsibilities, processes, and procedures on non-career employee retention strategies and initiatives.

## What We Found

The Postal Service's 511 National Initiative established workhour guidance for the first 30 days of employment for non-career employees. In addition, to support the Initiative, the Postal Service developed specific retention programs for city carrier assistants. While the specific programs resulted in retention improvements at pilot sites, we found schedule flexibility and working too many hours continue to be the top challenges for non-career employees nationwide. Opportunities exist for the Postal Service to expand the pilot programs and develop specific retention programs for each non-career position. In addition, supervisor relations could be improved by providing meaningful performance feedback to all probationary non-career employees. Specifically, we found that facility management did not ensure performance evaluation forms were completed, and there was no official process to evaluate and document rural carrier associates' performances during their probationary periods.

## Recommendations

We recommended management (1) evaluate options for workhour and workday limits and develop specific retention programs for applicable non-career positions; (2) communicate management responsibilities and provide oversight to ensure compliance with performance evaluations for applicable employees; and (3) establish an official process that requires performance evaluations to be conducted and documented during rural carrier associates' probationary periods.

# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

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April 18, 2023

**MEMORANDUM FOR:** JOSHUA D. COLIN  
CHIEF RETAIL AND DELIVERY OFFICER AND  
EXECUTIVE VICE PRESIDENT

ISAAC S. CRONKHITE  
CHIEF PROCESSING AND DISTRIBUTION OFFICER  
AND EXECUTIVE VICE PRESIDENT

SIMON STOREY  
VICE PRESIDENT, HUMAN RESOURCES

THOMAS BLUM  
VICE PRESIDENT, LABOR RELATIONS

A handwritten signature in black ink, reading "Alan MacMullin", is centered below the list of recipients.

**FROM:** Alan MacMullin  
Deputy Assistant Inspector General  
for Finance, Pricing, & Human Capital

**SUBJECT:** Audit Report – Postal Service’s Non-Career Employee  
Turnover Follow-up (Report Number 22-180-R23)

This report presents the results of our audit of Postal Service’s Non-Career Employee Turnover Follow-Up.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Lazerick Poland, Director, Human Capital Management, 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 of the Non-Career Employee Turnover Follow-Up (Project Number 22-180). This is a follow-up to our *Effectiveness of the Postal Service's Efforts to Reduce Non-Career Employee Turnover* audit (Report Number 19POG001SAT000-R20, dated February 12, 2020). Our objective was to assess the Postal Service's ongoing actions to reduce non-career employee turnover rates. See [Appendix A](#) for additional information about this audit.

## Background

The Postal Service relies on non-career employees<sup>1</sup> to supplement its regular workforce to keep pace with shrinking mail revenue and reduce staffing costs. Non-career employees are temporary workers who do not receive the same employee benefits as career employees and are not always guaranteed a regular schedule. Most new field employees begin as non-career employees before they become eligible for a career position.

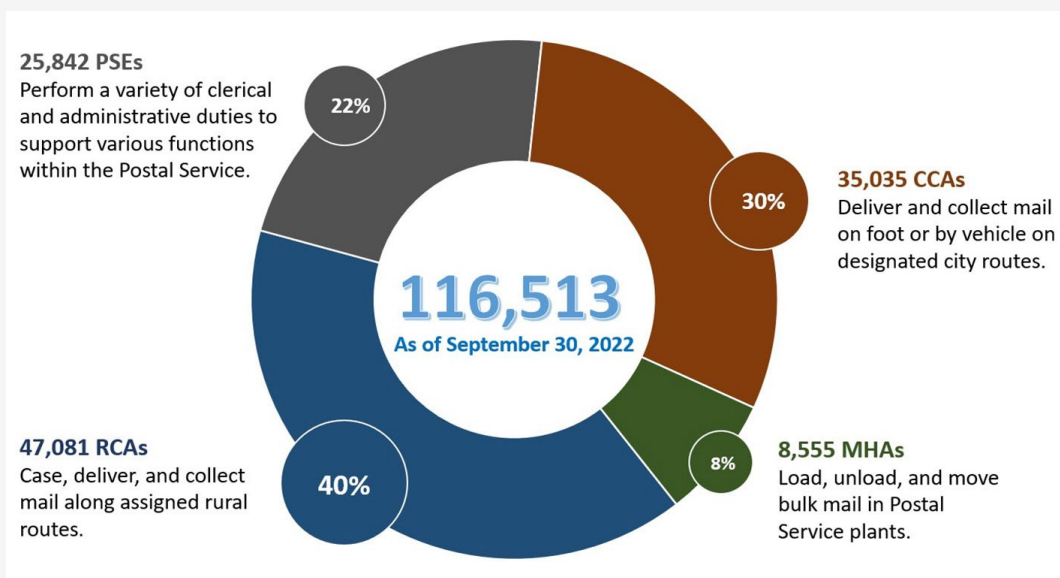
As of September 30, 2022, the Postal Service had about 116,500 non-career employees, representing about 18 percent of its 633,000 employees. The

Postal Service has four positions that constitute the non-career employee portfolio: (1) postal support employee (PSE), (2) city carrier assistant (CCA), (3) mail handler assistant (MHA), and (4) rural carrier associate (RCA). These four non-career positions align with the four Postal Service unions, respectively: American Postal Workers Union, National Association of Letter Carriers, National Postal Mail Handlers Union, and National Rural Letter Carriers' Association. Figure 1 indicates the number of non-career employees and their job responsibilities.

Although using non-career employees helps reduce staffing costs, the Postal Service can only employ a limited number of non-career employees for each type of position. For example, the number of PSEs who may be employed in any two-week pay period cannot exceed more than 20 percent of the total number of full-time career clerks<sup>2</sup> within a district. This number is negotiated through collective bargaining for each non-career position. The Postal Service monitors the non-career complement and reports to the unions every other pay period. [Table 1](#) provides comparisons among these four non-careers positions.

**Figure 1. Number of Non-Career Employees and Job Responsibilities**

Source: Enterprise Data Warehouse and Job Description Online.



<sup>1</sup> The terms of non-career employee and pre-career employee are used interchangeably by the Postal Service.

<sup>2</sup> Full-time career clerk positions include sales, services, and distribution associates at retail facilities and mail processing clerks at processing facilities.

**Table 1. Non-Career Position Comparisons**

	PSE	CCA	MHA	RCA
<b>Position Created</b>	FY 2011	FY 2013	FY 2013	FY 1987
<b>Hourly Rate</b>	\$15.5 - \$20.2	\$17.4 - \$18.7	\$16.9 - \$17.8	\$19.2
<b>Percent of Total Employees</b>	No more than 20 percent of career clerks within a district	No more than 15 percent <sup>3</sup> of career city carriers within a district	No more than 24.5 percent of total career mail handlers in a facility	No amount is stated in the bargaining agreement

Source: Agreements between the Postal Service and its four associated unions.

**Non-Career Employee Turnover and Retention**

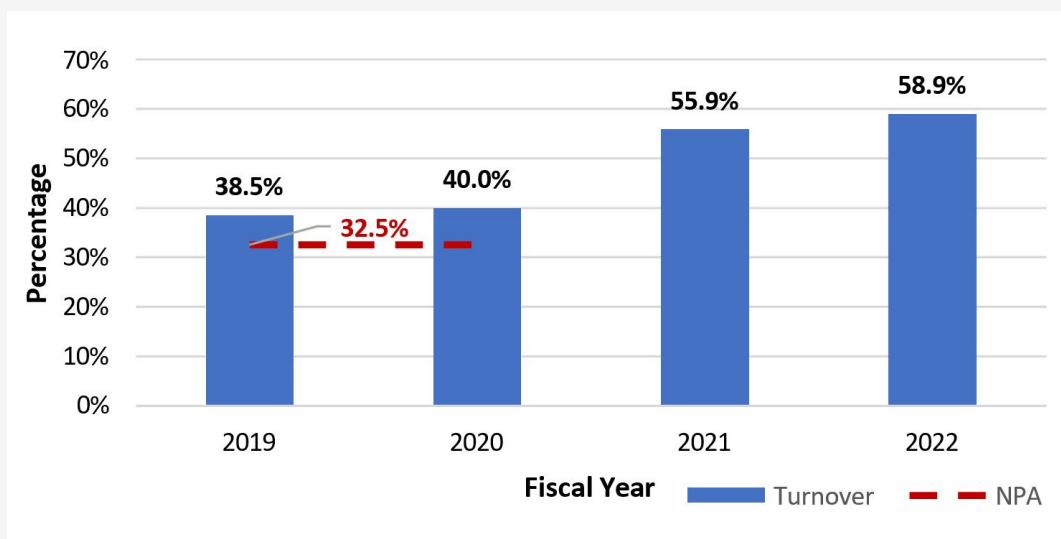
Within all organizations, turnover can be harmful to operations, and replacement costs are often very high. The Postal Service’s 10-year strategic plan, *Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence*,<sup>4</sup> identified “unacceptably high rates of non-career employee turnover” as a key challenge. The Postal Service established a non-career employee turnover goal of 32.5 percent per year as part of its annual National Performance Assessment (NPA)<sup>5</sup> for FYs 2019 and 2020. Non-career employee turnover rates for FYs 2019 and 2020 were 38.5 percent and 40 percent, respectively, which did not meet the goal. Between FYs 2019 and 2022, the national non-career employee turnover rates

progressively increased from 38.5 percent to 58.9 percent (see Figure 2).

The Postal Service changed its NPA indicator from non-career employee turnover to non-career employee retention in FY 2021 because it felt using retention better aligned with its new initiative.<sup>6</sup> Turnover rate is the number of non-career employees who left the Postal Service versus the number of non-career employees on the rolls. The retention rate refers to whether the non-career employee is still employed with the Postal Service after 360 days.<sup>7</sup> The NPA retention goal was 50.5 percent for FYs 2021 and 2022. Although non-career employee retention nationwide remained steady at about 48 percent during FYs 2021 and 2022, the Postal Service non-career employee retention rates for both fiscal years did not meet its NPA goal (see Figure 3).

**Figure 2. FYs 2019-2022 Non-Career Turnover Rates**

Source: WORKFORCE Planning, Insights, and Analytics and OIG analysis.



<sup>3</sup> With an additional 6 percent for package delivery. Also, there are an additional 8,000 CCAs allocated nationally which cannot exceed 8 percent in any district.

<sup>4</sup> Dated March 23, 2021.

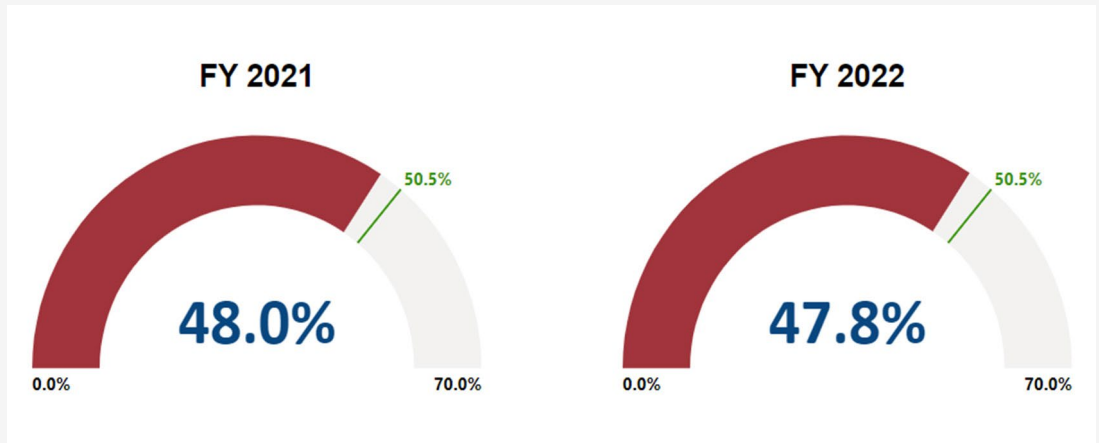
<sup>5</sup> NPA is a web-based system that collects performance-related metrics from source systems across the organization. These metrics are translated into web-based balanced scorecards that can be used to monitor the performance of both the entire enterprise and individual units across the nation.

<sup>6</sup> 511 National Initiative - *Improving the Employee Experience - First 90 Days*, January 25, 2021.

<sup>7</sup> Non-career employees are hired for terms of 360 calendar days per appointment.

### Figure 3. FYs 2021 and 2022 Non-Career Employee Retention Rates

Source: Postal Service and OIG analysis.



To gather feedback and understand the reasons behind non-career employees' separations, the Postal Service uses voluntary exit surveys to specifically target and evaluate the non-career employee experience. From FY 2019 through FY 2022,<sup>8</sup> the Postal Service sent exit surveys to 185,711 separated non-career employees, to which 54,423 (29 percent) responded. See Figure 4 for more details. The top three reasons for non-career employees leaving the Postal Service were:

- 10,912 (20 percent) lack of schedule flexibility,
- 8,039 (15 percent) did not like supervisor, and
- 7,532 (14 percent) worked too many hours.

#### 511 National Initiative

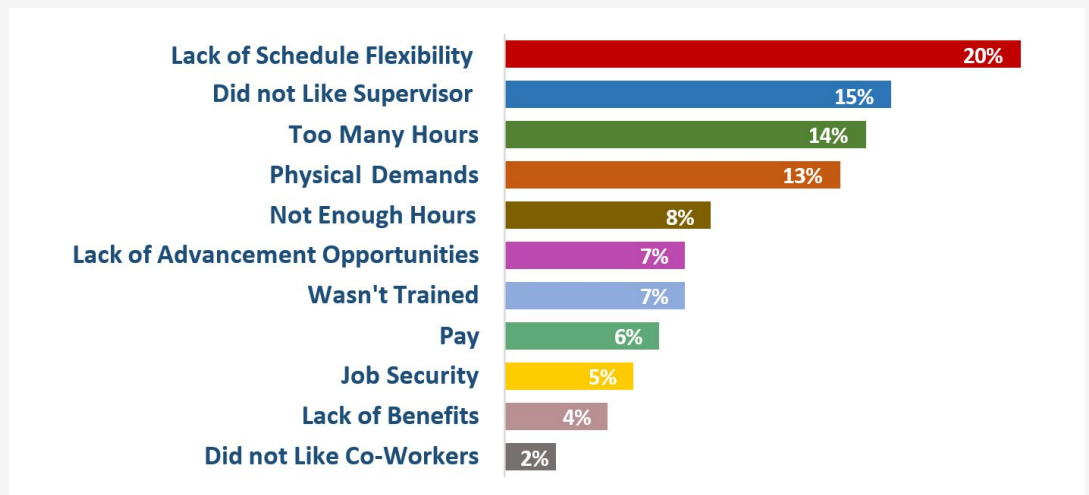
The Postal Service has been working to stabilize employee turnover and improve the onboarding experience by incorporating a goal of empowering its workforce as a separate and specific initiative within its recent Delivering for America 10-year strategic

plan. Reducing turnover by half is one of the plan's strategies to increase employee retention and development. Additionally, the Postal Service created its 511 National Initiative – *Improving the Employee Experience – First 90 Days* (511 Initiative) – to address the two biggest reasons for turnover identified in the non-career exit surveys: challenges with schedule flexibility and supervisor relations.

- **Challenges with Schedule Flexibility** – outlines workhour limitations. Specifically, to the extent possible, non-career employees should have at least one day off per week. For newly hired non-career employees (first 30 days), their workhours should be 40 hours or less per week.
- **Supervisor Relations** – requires supervisors/ managers to have well planned and scheduled discussions with newly hired non-career employees during the first 30, 60, and 80 days of their employment. These discussions should be documented on Postal Service (PS) Form 1750, *Employee Evaluation and/or Probationary Report*.

### Figure 4. Non-Career Exit Survey Results

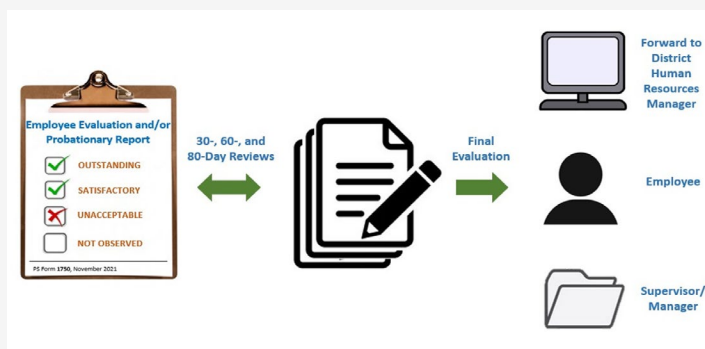
Source: WORKFORCE Planning, Insights, and Analytics and OIG analysis.



<sup>8</sup> Exit survey results from FY 2019 through Quarter 3 FY 2022. The Postal Service redesigned its exit survey and implemented it in Quarter 4, FY 2022.

The non-career employee evaluation and probationary review process<sup>9</sup> involves assessing the employee's work performance relative to six performance factors.<sup>10</sup> When each evaluation is complete, the employee must initial the form to indicate that the employee has jointly discussed the performance expectations with his or her supervisor. Additionally, at the conclusion of the final evaluation, both the employee and supervisor must sign all three copies of the form. After the final evaluation, the completed forms are distributed to: (1) the District Human Resources Manager, (2) employee, and (3) supervisor/manager's files. See Figure 5 for the PS Form 1750 procedure.

**Figure 5. PS Form 1750 Procedure**



Source: OIG analysis based on the PS Form 1750 instructions.

### Prior Audit Issues

In February 2020, the OIG issued an audit report<sup>11</sup> and found the Postal Service did not meet their non-career employee turnover goals. The OIG recommended the Postal Service (1) measure the cost-savings associated with reducing non-career employee turnover and (2) develop a single, national strategic plan for recruiting, hiring, and retaining non-career employees.

To address the issues, management agreed to measure the cost savings associated with the NPA non-career employee turnover performance. In addition, management introduced the previously discussed 511 Initiative, which launched January 25, 2021.

### Finding #1: Schedule Flexibility and Long Hours

The Postal Service's 511 Initiative established workhour guidance for the first 30 days of employment for

non-career employees. However, we found schedule flexibility and working too many hours continue to be a challenge for non-career employees after their first 30 days. In addition, the Postal Service developed specific retention programs for CCAs, in support of the 511 Initiative, which resulted in turnover improvements at pilot sites. Opportunities exist for the Postal Service to expand the CCA pilot programs and develop specific retention programs for each non-career position.

### 511 Initiative Workhour Guidance

Non-career employees continue to face challenges with schedule flexibility and long work hours. Non-career employees may be required to work schedules that vary significantly each day or week. According to all four collective bargaining agreements, non-career employees are guaranteed a minimum of two to four hours each day they are scheduled, depending on the size of the facility. However, the collective bargaining agreements do not limit the number of hours non-career employees could work per day.

While none of the non-career employees we interviewed worked more than eight hours a day during their first 30 days of employment, we found the following during our site visits:

- Twenty-one of 102 (21 percent) non-career employees<sup>12</sup> stated they worked more than 12 hours per day after their first 30 days. One RCA stated she occasionally worked as much as 17 hours.
- Seventeen of 102 (17 percent) non-career employees stated they worked more than 12 days in a row after their first 30 days, including one RCA who stated she worked 35 consecutive days.

Additionally, the Postal Service WORKFORCE Planning, Insights, and Analytics office provided nationwide non-career employees' workhour reports for FYs 2021 and 2022, which detail the number of hours and days worked. The reports identified:

- 115,221 instances where non-career employees worked more than 11.5 hours.
- 162,241 instances where non-career employees worked more than 60 hours in a week, with one RCA who reportedly worked 114.4 hours. See [Table 2](#) for details.

<sup>9</sup> The probationary period for RCAs is 90 days of actual work or one year. PS Forms 1750 are not applicable to RCAs.

<sup>10</sup> The performance factors include: Work Quantity, Work Quality, Dependability, Work Relations, Work Methods, and Personal Conduct..

<sup>11</sup> *Effectiveness of the Postal Service's Efforts to Reduce Non-Career Turnover*, 19POG001SAT000-R20, February 12, 2020.

<sup>12</sup> We conducted site visit interviews at 26 facilities in the Atlantic, Central, Southern, and Western Pacific Areas.



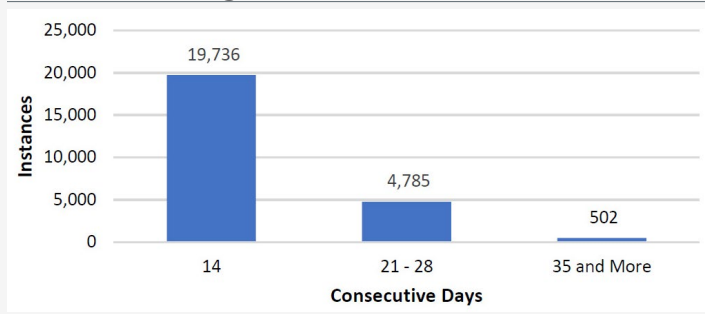
**Table 2. Non-Career Employees Working Excessive Hours**

Fiscal Year	Instances of Workhours Greater than 11.5 in a Day	Daily Maximum Hours Worked	Instances of Workhours Greater than 60 in a Week	Weekly Maximum Hours Worked
2021	67,173	23.7	96,120	114.4
2022	48,048	23.0	66,121	109.8
<b>Total</b>	<b>115,221</b>	<b>--</b>	<b>162,241</b>	<b>--</b>

Source: WORKFORCE Planning, Insights, and Analytics and OIG analysis.

We also identified 25,023 instances where non-career employees worked 14 or more consecutive days during FYs 2021 and 2022, including one processing PSE who reportedly worked 84 consecutive days. See Figure 6 for details.

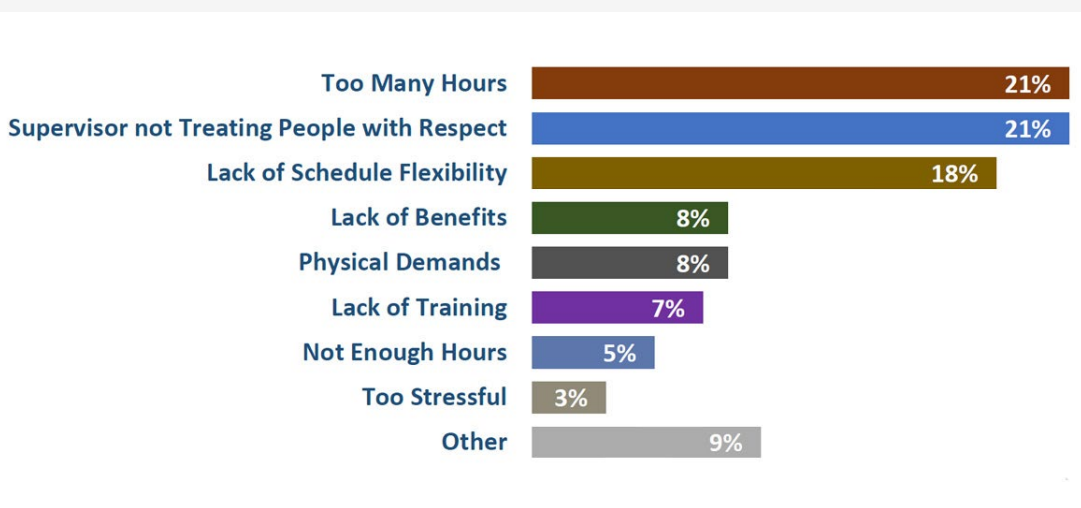
**Figure 6. Instances of Consecutive Days<sup>13</sup> Worked by Non-Career Employees during FYs 2021 through 2022**



Source: WORKFORCE Planning, Insights, and Analytics and OIG analysis.

**Figure 7. Non-Career Employees' Concerns<sup>15</sup> with Their Positions**

Source: OIG interviews.



<sup>13</sup> The WORKFORCE Planning, Insights, and Analytics office provided reports identifying employees working at least 14 consecutive days.

<sup>14</sup> We interviewed 44 CCAs, 29 processing PSEs, 20 MHAs, and nine RCAs who were available at the time of our visits.

<sup>15</sup> One interviewee might reveal multiple concerns.

Operations management at Postal Service headquarters stated non-career employees' workhours are monitored and facility management is required to provide reasons for excessive hours or days during weekly conferences with its field Human Resources manager. However, there is no policy limiting non-career employees from working long hours and seven-day work weeks. Working long hours and the lack of schedule flexibility may lead to employee fatigue, which could affect employee morale, reduce productivity, and increase turnover.

### Operational Retention Programs

The Postal Service could help meet its 511 Initiative goals by developing specific retention programs for each non-career position. The Postal Service developed operational retention programs for CCAs and retail PSEs, but did not create specific programs for RCAs, processing PSEs, and MHAs.

While Postal Service Human Resources is responsible for the overall 511 Initiative, each operational group<sup>16</sup> has the option to create its own retention programs to support the Initiative. For example, Retail and Delivery Operations partnered with the National Association of Letter Carriers to develop and pilot a new employee experience program, in which it established workhour limits and scheduled days off. Specifically, these workhour limits depend on how long CCAs have been with the Postal Service and include allowing at least one day off per week and limiting work hours to allow for new employees' acclimation to the demands of the job, beyond the 511 Initiative's first 30 days guideline. These limits are:

- Weeks 1-4: 8 hours per day and 40 hours per week.
- Weeks 5-8: 10 hours per day and 56 hours per week.
- Weeks 9 and beyond: 11.5 hours per day and 60 hours per week.



Retail and Delivery Operations also partnered with the National Association of Letter Carriers to pilot the CCA mentoring program. It provides newly hired CCAs the opportunity to develop mentoring relationships with experienced city carriers. Lessons learned during the pilot programs included:

- Programs must have buy-in from leadership on both sides at all levels.

- Programs work best when the Postal Service and unions partner together to onboard new employees.

Retail and Delivery Operations indicated its programs were most successful when both the new employee experience and mentoring program were implemented. During FYs 2021 through 2022, the sites that implemented the new employee experience program increased retention by 11.1 percentage points while the sites that implemented the mentoring program increased retention by 1.1 percentage points. See Table 3 for details.

**Table 3: FY 2021 Through FY 2022 Retention Rates for the Pilot Sites**

Program	FY 2021	FY 2022	Improvement
New Employee Experience Pilot Locations	34.4%	45.5%	11.1% 
Mentoring Pilot Locations	44.1%	45.2%	1.1% 

Source: Retail and Delivery Operations.

Postal Service management stated that it was necessary to have retention activities to support the 511 Initiative; however, operational retention programs were not required by the Initiative. Since CCAs had larger retention issues, Retail and Delivery Operations created pilot programs for them. However, while CCAs were the priority, the other positions, including RCAs, processing PSEs, and MHAs, represented 55 percent<sup>17</sup> of non-career employees.

Managing non-career employees' workhours and schedules and implementing operational retention programs that improve the effectiveness of the 511 Initiative would help to increase non-career employee retention. The Postal Service did not meet its FYs 2021 and 2022 NPA non-career employee retention goals. To meet the 50.5 percent goal, the Postal Service would have needed to retain almost 2,900 more separated non-career employees in FY 2021 and almost 5,700 more separated non-career employees in FY 2022. As a result, the Postal Service incurred about \$4.9 million in additional onboarding and training expenses in FY 2021 and about \$9.6 million in FY 2022.<sup>18</sup>

<sup>16</sup> Including Chief Retail and Delivery Officer and Chief Processing and Distribution Officer.

<sup>17</sup> Percentage was based on non-career employee on rolls as of February 14, 2023.

<sup>18</sup> The average onboarding and training cost was \$1,683 per employee.

### Recommendation #1

We recommend the **Vice President, Human Resources** in coordination with the **Chief Retail and Delivery Officer, Chief Processing and Distribution Officer**, and **Vice President, Labor Relations**, evaluate options for workhour and workday limits and develop specific retention programs for rural carrier associates, processing postal support employees, and mail handler assistants.

### Finding #2: Supervisor Relations With Non-Career Employees

Supervisor relations could be improved by providing meaningful performance feedback and evaluations to all probationary non-career employees. According to Postal Service management, all non-career employees should receive formal evaluations during their probationary period. The required evaluations allow the supervisor to provide useful feedback to the non-career employee and help strengthen their relationship, which could improve employee retention.

We found supervisors did not always provide or properly document the 30-, 60-, and 80-day evaluations for non-career employees. Of the 102 non-career employees<sup>19</sup> interviewed, 85 were required to have PS Forms 1750. We determined that:

- Twenty-nine of 85 (34 percent) non-career employees did not have the required PS Form 1750 on file.

- Thirteen of 56 (23 percent) non-career employees who had a PS Form 1750 on file either did not receive all three evaluations or received them but their supervisor did not add the required feedback to the form.
- Thirty-six of 56 (64 percent) non-career employees had PS Forms 1750 that were not properly completed, including missing signatures, initials, or dates. See Table 4 for additional details.

Although PS Forms 1750 are not applicable to RCAs, Postal Service management believes it is important that facility management provides feedback and evaluates RCAs' performance during their probationary period. Only two of nine (22 percent) RCAs we interviewed indicated they had discussions with their supervisors regarding their performance, compared with 65 of 85 (74 percent) of other non-career employees who stated they had at least one discussion with their supervisors.

This occurred because facility management did not ensure PS Form 1750 evaluations were conducted or properly completed and maintained for CCAs, PSEs, and MHAs as required. Although facility management was aware of the requirements to complete PS Form 1750, they cited various reasons for not performing the evaluations, such as other duties taking priority, they were not the employee's direct supervisor at the time of the review, or they did not have access to the employees' files.

Table 4: PS Form 1750s Reviewed During Site Visits

Position	Number of PS Form 1750s Required	PS Form 1750s on File	Number of Missing Forms	Missing Evaluation Reviews	PS Form 1750s Not Properly Completed
CCA	43	34	9	3	22
PSE	26	12	14	5	8
MHA	16	10	6	5	6
<b>Total</b>	<b>85</b>	<b>56</b>	<b>29</b>	<b>13</b>	<b>36</b>

Source: Information obtained during OIG site visits.

<sup>19</sup> RCAs and non-career employees who do not reach 30-day reviews do not require a PS Form 1750.

Although Retail and Delivery Operations track CCA and retail PSE PS Forms 1750 compliance<sup>20</sup> in the Retail and Delivery Applications and Reports, it does not require the completed PS Form 1750 to be uploaded into the system. Additionally, Processing and Distribution Operations do not perform a review of the PS Form 1750 at the national level. Instead, it is up to local management to monitor compliance with the PS Form 1750 policies. The Postal Service initiated a pilot to automate the PS Form 1750 in 2021; however, Postal Service management stated the pilot was not implemented due to the cost.

In addition, because the probationary period for RCAs is 90 days of actual work or one year, whichever comes first, PS Form 1750 30-, 60-, and 80-day evaluations may not be appropriate in all instances. Therefore, the Postal Service does not require RCAs to use PS Form 1750. Although Postal Service management acknowledged the importance of providing planned and scheduled discussions, as well as coaching and guidance to non-career employees, there was no official process to evaluate, discuss, and document RCAs' performance during their probationary period.

When facility management does not conduct and document formal evaluations with non-career employees, they may not receive the guidance and feedback needed on their performance. This could lead to non-career employee frustrations and result in increased turnover.

### Recommendation #2

We recommend the **Chief Retail and Delivery Officer** and the **Chief Processing and Distribution Officer** communicate management responsibilities and provide oversight to ensure compliance with Postal Service Form 1750, *Employee Evaluation and/or Probationary Report* requirements for applicable non-career employees.

### Recommendation #3

We recommend the **Vice President, Labor Relations** in coordination with the **Vice President, Human Resources** establish an official process that requires performance evaluations to be conducted and documented during rural carrier associates' probationary periods.

## Management's Comments

Management agreed with all the recommendations but disagreed with the monetary impact. See [Appendix B](#) for management's comments in their entirety.

Regarding recommendation 1, management stated they have implemented strategies focused on reducing daily and weekly workhours that have led to positive retention results. They are committed to continuing those strategies and will evaluate additional options consistent with their collective bargaining agreements since the employees identified are part of the bargaining unit. The Chief Retail & Delivery Officer, Chief Processing & Distribution Officer, and Vice President Labor Relations stated they will coordinate strategies. The target implementation date is September 30, 2023.

Regarding recommendation 2, the Chief Retail & Delivery Officer and Chief Processing & Distribution Officer stated they will each distribute a memorandum underscoring the responsibilities of managers and supervisors upon review by Vice President Human Resources and Vice President Labor Relations. The target implementation date is April 17, 2023.

Regarding recommendation 3, management stated they created a subcommittee to review and improve processes related to hiring and retention. The subcommittee's initiatives include developing and implementing a process for conducting and documenting performance evaluations and providing constructive feedback. The target implementation date is November 30, 2023.

Management disagreed with the monetary impact and the overall monetary impact calculation methodology. Management believes the monetary impact of onboarding and training expenses was \$4.6 million in FY 2021 and \$6.9 million in FY 2022 for a total of \$11.5 million. Additionally, management did not agree with the OIG using retention data from October 1, 2020, through September 30, 2022, stating those were two of the worst years for retention in the organization due to the pandemic.

<sup>20</sup> Retail and Delivery Applications and Reports includes several applications like the pre-career experience, PS Form 1750 tracking, and hours visibility; and also documents when each 30-, 60-, and 80-day reviews should be conducted.

## Evaluation of Management's Comments

We consider management's comments to be responsive to the recommendations, and the corrective actions should resolve the issues identified in the report.

Regarding management's disagreement with the monetary impact, we determined that identifying separated non-career employees, who were not retained to meet the Postal Service's NPA goal on a monthly basis, was more accurate than calculating impact at the end of the year since non-career employees separate throughout the year. In addition, we used retention data from FY 2021 through FY 2022 for our monetary impact calculation because it was the most current data available.

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

The scope of our audit was Postal Service's nationwide non-career employee turnover and retention for FY 2019 through FY 2022. This included the Postal Service's initiatives and programs that stabilize the non-career workforce by improving the employee experience and increasing retention. We also reviewed corrective actions taken by the Postal Service in response to prior recommendations regarding non-career employee turnover.

We conducted site work in the Atlantic, Central, Southern, and Western Pacific Areas, as well as the Eastern and Western Regions using the following methodology:

- We analyzed turnover data obtained from the Postal Service and unemployment rates<sup>21</sup> based on data in June 2022. We stratified the data into

high and low rates for both based on the median turnover rate and unemployment rate by state.

- There were 16 states with high turnover/unemployment rates and 16 states with low turnover/unemployment rates. Using a random generator, we selected two states with high turnover and unemployment and two states with low turnover and unemployment.
- We identified district offices within those states: (1) Nevada-Utah, (2) Arizona-New Mexico, (3) Wisconsin, and (4) Florida 3. In addition, we judgmentally selected the (5) Maryland District during our survey work.
- For each district office visited, we performed five to six site visits at retail and delivery or processing facilities in the district. In total, we visited 26 facilities. See Table 5 for sites visited during the audit.

**Table 5: Fieldwork Site Visits**

Area	District	Site
Atlantic	Maryland	Baltimore-Nottingham Branch
		Hyattsville-Calvert Delivery Distribution Center
		Washington DC-Main Office Delivery Unit
Central	Wisconsin	Bradley Station
		Milwaukee Bay View Station
		West Milwaukee Branch
Southern	Florida 3	Milam Dairy Branch
		Norland Branch
		North Miami Branch
Western Pacific	Arizona-New Mexico	Belen Post Office
		Five Points Station
		Richard Pino Station
Western Pacific	Nevada-Utah	Henderson Post Office
		Silverado Station
		Summerlin Station

<sup>21</sup> Unemployment rates were based on data from the Bureau of Labor Statistics.

Region	District	Site
Eastern	Chesapeake	Curseen-Morris Processing and Delivery Center (P&DC)
		Washington DC Package Sorting Annex (PSA)
		Washington Network Distribution Center
Eastern	Gulf Atlantic	Miami P&DC
		Royal Palm P&DC
Western	Western	Albuquerque PSA
		Albuquerque P&DC
		Las Vegas PSA
		Las Vegas P&DC
Western	Westshores	Milwaukee Mail Processing Annex
		Milwaukee P&DC

Source: OIG site visits.

To accomplish our objective, we:

- Identified, reviewed, and documented the Postal Service’s non-career employees’ turnover and retention goals, initiatives, and programs.
- Reviewed collective bargaining agreements between the Postal Service and the labor unions regarding non-career employees’ workforce processes and benefits.
- Examined results from the non-career exit and non-career stay surveys across FYs 2019 to 2022 to look for trends in employee sentiment.
- Obtained and analyzed the following data for trends and patterns:
  - Non-career employee turnover and retention trends in relation to NPA goals, including areas, districts, and positions.
  - Number of non-career employees hired and separated during the audit scope period.
    - Cost savings associated with retaining non-career employees.
- Interviewed headquarters personnel regarding its responsibilities, processes and procedures on non-career employee retention strategies and initiatives.

- Reviewed management’s actions to close the recommendations made in the prior [audit](#) and assessed their impact in reducing non-career employee turnover.
- At the district offices and facilities visited, we interviewed field human resources managers, facility supervisors/managers, and non-career employees to identify underlying causes which contribute to turnover at the Postal Service.
- Reviewed PS Form 1750s for the non-career employees we interviewed.

We conducted this performance audit from August 2022 through April 2023 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 March 16, 2023, and included their comments, where appropriate.



We assessed the reliability of the non-career employee turnover and retention data by recomputing the turnover rates using the Postal Service’s Enterprise Data Warehouse data and verifying non-career employee personnel files. In addition, we interviewed knowledgeable officials 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
<i>Non-Career Employee Turnover</i>	Assess non-career employee turnover and identify opportunities to optimize non-career staffing	HR-AR-17-002	12/20/2016	\$53 million
<i>Effectiveness of the Postal Service’s Efforts to Reduce Non-Career Employee Turnover</i>	Assess the U.S. Postal Service’s effectiveness in reducing non-career employee turnover and evaluate underlying reasons for non-career employee turnover	19POG001SAT000- R20	02/12/2020	\$14 million

# Appendix B: Management's Comments



April 6, 2023

JOHN CIHOTA  
DIRECTOR, AUDIT SERVICES

*SUBJECT: Management Response: Postal Service's Non-Career Turnover Follow-Up 22-180-DRAFT*

Thank you for providing the Postal Service with an opportunity to review and comment on the findings and recommendations contained in the draft audit report, *Postal Service's Non-Career Turnover Follow-Up*.

Following are our comments regarding general statements in the report as well as on the two findings.

General:

OIG Statement: *"Non-career employees are temporary workers who do not receive the same employee benefits as career employees and are not always guaranteed a regular schedule"*

**Pre-Career employees are eligible for certain benefits. USPS agrees, these benefits are not the same as career employees, but have been improved to assist in stabilizing the workforce. Additionally, pre-career employees such as CCA, PSE, and MHA now have a direct path to career employment after 24 consecutive months of service.**

**This audit does acknowledge the variation in employee types (CCA/RCA/MHA/PSE) however, findings in the report are not segregated by employee type or function. Additionally, PSEs are in both Function 1 (Processing and Distribution) and Function 4 (Retail and Delivery).**

Monetary Impact:

**USPS does not agree with the monetary impact calculations. USPS recommends using the NPA target of 50.48% and apply that directly to the total hires and determine the difference in the number that would need to have been retained.**

**FY 2021:**

	<b>Operation Variables</b>	<b>Calculation</b>	<b>Result</b>
A	NPA Performance Goal		50.48%
B	FY 2020 Total Hired		111,870
C	FY 2021 Retention Goal	A * B	56,472
D	FY 2021 Actual Retained		53,726
E	Difference in Retention Goal and Actual Retained	C - D	2,746
F	Average Hiring and Onboarding Cost Per Employee		\$1,683
G	Additional Cost	E * F	\$4,621,478

**FY 2021 would result needing to retain 2,746 more employees and an additional cost of \$4.6 million; not "...almost 2,900 more separated non-career employees..." and "\$4.9 million in additional onboarding and training expenses".**

**FY 2022:**

	<b>Operation Variables</b>	<b>Calculation</b>	<b>Result</b>
A	NPA Performance Goal		50.48%
B	FY 2021 Total Hired		155,467
C	FY 2022 Retention Goal	A * B	78,480
D	FY 2022 Actual Retained		74,402
E	Difference in Retention Goal and Actual Retained	C - D	4,078
F	Average Hiring and Onboarding Cost Per Employee		\$1,683
G	Additional Cost	E * F	\$6,862,839

**FY 2022 would result in needing to retain 4,078 more employees and additional cost of \$6.8 million; not "...almost 5,700 more separated non-career employees..." and "...\$9.6 million..." [in additional onboarding and training expenses].**

**As a result, to meet the 50.48% NPA retention goal, the USPS would have needed to retain 2,746 more employees in FY 2021 and 4,078 more employees in FY 2022. USPS incurred \$4,621,478 in additional onboarding and training expenses in FY 2021 and \$6,862,839 in FY 2022. For a total of \$11,484,317 across the two years.**

USPS does not agree with the \$37,662,923 in “funds put to better use”. The 24-month time-series regression would not be an accurate depiction of the trend of retention rates within USPS. By using the retention data from October 1, 2020, through September 30, 2022, it is observing two of the worst years for retention in the organization. Additionally, OIG used the same calculation method as they did in the first monetary impact. USPS previously detailed the errors with calculating in this manner.

Over the timeframe used for the regression analysis, the world was experiencing a once in a lifetime pandemic. The USPS worked to navigate a national labor market experiencing unprecedented resignations followed by historically low unemployment rates while working through the challenges of the worldwide pandemic.

Since the announcement of the Delivering for America plan under the Postmaster General’s leadership, the entire organization has worked tirelessly to implement programs in support of stabilizing the USPS workforce. These initiatives take time to research, test, pilot, and implement. Even once implemented, it does take time to see the results of the changes put in place. That said, it is not a fair or accurate assessment that the organization would continue to have retention below a 50.48% or declining rate.

The time-series regression assumes USPS will decline in retention to rates lower than what we saw during FY 2021 and FY 2022. Whereas, with the continuing implementation of strategies to address stabilizing the workforce, USPS expects an improvement and thus cost avoidance in this regard.

Findings:

OIG Audit states a sample of 102 employees in 26 facilities.

USPS is concerned with the statistical validity with this extremely small sample size. As referenced on September 30, 2022, USPS had over 116,000 pre-career employees employed in over 30,000 facilities across the country. The sample represents 0.09% of pre-career employees and 0.085% of facilities. Additionally, there is no information on timing and distribution of survey among different pre-career types and functions. Considering the audit took place between August 2022 and March 2023, USPS is concerned interviews/surveys were conducted during Peak season and could introduce inconsistencies and bias.

OIG makes several assertions in the report that are subject to either contractual requirements and/or unique anomalies based on reporting errors.

OIG Statement: “...one CCA who stated she worked 35 consecutive days”

Contractual requirements for an RCA covering an auxiliary route may result in larger numbers of consecutive days worked. Without the specific example, USPS cannot confirm if this statement is a fair representation as it may have been contractually required. Additionally, it was previously noted by OIG that an RCA made this statement; not a CCA.

OIG Statement: *"The Postal Service developed operational retention programs for CCAs and retail PSEs, but did not create specific programs for RCAs, processing PSEs, and MHAs."*

**USPS agrees, there is currently a joint taskforce subcommittee that is assigned to address RCA retention.**

Following are our comments on each of the four recommendations.

Recommendation [1]:

We recommend the **Vice President, Human Resources** in coordination with the **Chief Retail and Delivery Officer, Chief Processing and Distribution Officer**, and **Vice President, Labor Relations**, evaluate options for workhour and workday limits and develop specific retention programs for rural carrier associates, processing postal support employees, and mail handler assistants.

Management Response/Action Plan:

**USPS agrees that managing workhours and workdays are beneficial for retention. Management has implemented strategies focused on reducing daily and weekly workhours that have led to positive retention results. Management is committed to continuing those strategies and will evaluate additional options consistent with our collective bargaining agreements since the employees identified are part of the bargaining unit. Chief Retail & Delivery Officer, Chief Processing & Distribution Officer, and Vice President Labor Relations will coordinate strategies.**

Target Implementation Date:

**09/30/2023**

Responsible Official:

**Chief Retail & Delivery Officer, Chief Processing & Distribution Officer, and Vice President Labor Relations**

Recommendation [2]:

We recommend the **Chief Retail and Delivery Officer** and the **Chief Processing and Distribution Officer** communicate management responsibilities and provide oversight to ensure compliance with Postal Service Form 1750, *Employee Evaluation and/or Probationary Report* requirements for applicable non-career employees.

Management Response/Action Plan:

**USPS agrees with this recommendation. The Chief Retail & Delivery Officer and Chief Processing & Distribution Officer will each distribute a memorandum underscoring the responsibilities of managers and supervisors upon review of Vice President Human Resources and Vice President Labor Relations.**

Target Implementation Date:

**CPDO Issued Memorandum on: 3/31/2023**

**CRDO Expected Issuance Date: 4/17/2023**

Responsible Official:

**Chief Retail & Delivery Officer and Chief Processing & Distribution Officer with approval from Vice President Human Resources and Vice President Labor Relations.**

Recommendation [3]:

We recommend the **Vice President, Labor Relations** in coordination with the **Vice President, Human Resources** establish an official process that requires performance evaluations to be conducted and documented during rural carrier associates' probationary periods.

Management Response/Action Plan:


**USPS agrees with this recommendation. USPS Labor Relation's Rural Delivery Task Force Subcommittee has been designated to review and improve processes related to hiring and retention. Developing and implementing a process of conducting and documenting performance evaluations and providing constructive feedback is one of the subcommittee's initiatives.**

Target Implementation Date:

**11/30/2023**


Responsible Official:

**Chief Retail & Delivery Officer and Vice President Labor Relations.**

 E-SIGNED by Joshua.D Colin  
on 2023-04-06 08:11:29 CDT


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Joshua D. Colin  
Chief Retail and Delivery Officer and Executive Vice President

 E-SIGNED by Isaac.S Cronkhite  
on 2023-04-07 10:50:05 CDT


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Isaac S. Cronkhite  
Chief Processing and Distribution Officer and Executive Vice President

 E-SIGNED by Simon.M Storey  
on 2023-04-06 07:24:57 CDT

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Simon Storey  
Vice President, Human Resources

 E-SIGNED by Thomas.J Blum  
on 2023-04-06 15:31:03 CDT

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Thomas Blum  
Vice President, Labor Relations

*cc: Corporate Audit & Response Management*

# OFFICE OF INSPECTOR GENERAL

UNITED STATES



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