Postal Service Workforce Composition

AUDIT REPORT

Report Number 26-055-R26 | September 25, 2026

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Highlights

Background

The U.S. Postal Service categorizes staff-level employees into two primary groups: career and pre-career. Career employees are considered permanent and are entitled to a full range of benefits, while pre-career employees do not have permanent status or receive full employee benefits. Since fiscal year (FY) 2021, the Postal Service has pursued a strategy to increase the number of career employees by converting pre-career employees to career status. From the beginning of FY 2024 through quarter 2 of FY 2026, the compensation and benefit expenses for the Postal Service workforce have increased by 5.9 percent, while the number of total employees decreased by 3,000.

What We Did

Our objective was to assess the financial and service-related impacts of the Postal Service's employee composition. The audit focused on labor expenses of staff-level employees and operational performance. We conducted interviews with Postal Service Headquarters management in human resources, labor relations, retail and delivery operations, and processing and distribution operations to gain an understanding of the workforce composition of the organization and service-related impacts.

What We Found

While there are numerous major cost centers in the Postal Service's network, compensation and benefits is the largest. The Postal Service's drive to hire more career employees contributed to increased compensation expenses despite a reduction in workhours. Specifically, compensation expenses have increased by 3.5 percent since the beginning of FY 2024 through quarter 2 of FY 2026 despite the reduction of over 40 million (3.7 percent) workhours. One opportunity to reduce these costs is to adjust the workforce composition mix. In addition, despite the Postal Service increasing the number of career employees to improve performance, we found that it does not measure the effects of relying more on a career workforce when assessing operational performance and productivity.

Recommendations and Management's Comments

We made two recommendations to address the issues identified, and Postal Service management disagreed with both recommendations. We will pursue the two disagreed recommendations through the audit resolution process. Management's comments and our evaluation are at the end of each finding and recommendation. See Appendix B for management's comments in their entirety.

Transmittal Letter

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

September 25, 2026

MEMORANDUM FOR: JOSEPH BRUCE
VICE PRESIDENT, HUMAN RESOURCES

ELVIN MERCADO
CHIEF RETAIL AND DELIVERY OFFICER AND EXECUTIVE VICE PRESIDENT

ISAAC CRONKHITE
CHIEF PROCESSING AND DISTRIBUTION OFFICER AND EXECUTIVE VICE PRESIDENT

MICHAEL ELSTON,
VICE PRESIDENT, LABOR RELATIONS

Kelly Thresher

FROM: Kelly Thresher
Deputy Assistant Inspector General
for Finance, Pricing, and Human Capital

SUBJECT: Audit Report – Postal Service Workforce Composition
(Report Number 26-055-R26)

This report presents the results of our audit of the Postal Service Workforce Composition.

All recommendations require U.S. Postal Service Office of Inspector General's (OIG) concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendations 1 and 2 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. We will work with Postal Service management through the audit resolution process for these recommendations disagreed to by the Postal Service.

We appreciate the cooperation and courtesy 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

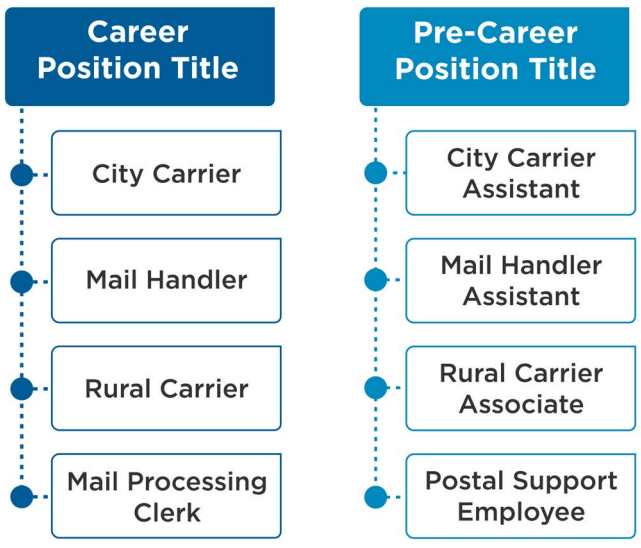
Introduction/Objective

This report presents the results of our self-initiated audit of the Postal Service Workforce Composition (Project Number 26-055). Our objective was to assess the financial and service-related impacts of the U.S. Postal Service's employee composition. See Appendix A for additional information about this audit.

Background

The Postal Service has the largest civilian workforce in the United States government, with about 533,000 career employees and 100,000 pre-career employees. The Postal Service categorizes staff-level employees into two primary groups: career and pre-career. Career employees are considered permanent and are entitled to a full range of benefits (for example, healthcare and retirement), while pre-career employees do not have permanent status or receive full employee benefits. See Figure 1 for the most common positions for career and pre-career employees within the four main crafts.

Figure 1. Career/Pre-Career Positions



Source: U.S. Postal Service Office of Inspector General (OIG) analysis of collective bargaining agreements (CBA).

Prior to the Delivering for America (DFA) plan,[1] the Postal Service experienced high rates of turnover for its pre-career employees, which negatively impacted performance and increased operational costs. The DFA plan sought to update the Postal Service's business model by implementing strategic initiatives to achieve financial sustainability and service excellence. The Postal Service aimed to align the workforce with the operating plans, reduce the overtime demand on employees, achieve predictability and precision, and improve employee engagement and retention.

> "The Postal Service has the largest civilian workforce in the United States government, with about 533,000 career employees and 100,000 pre-career employees."

One of the Postal Service's first strategies was to convert over 10,000 pre-career employees to career status and to modify complement levels to stabilize service during the network transformations.

The DFA Second-Year Progress Report[2] reemphasized how the Postal Service's goal was to be an employer of choice. The report also stated how stabilizing the workforce had been one of the Postal Service's greatest achievements in the first two years of the plan's implementation. The Postal Service also focused on improving the onboarding experience for employees during their first 90 days. In the second year of the DFA plan, the Postal Service converted 50,000 pre-career employees and assigned them to career positions with full benefits. According to the DFA 2.0, the number grew to 190,000 conversions into career positions as of September 2024.

1 *Delivering for America*, dated March 23, 2021.
2 *Delivering for America: Second-Year Progress Report*, dated April 2023.

Compensation expenses for the four main crafts have increased by over $1.3 billion since FY 2024 and account for about 77 percent of the Postal Service's total compensation expenses. In FY 2024, the Postal Service paid about $33.1 billion in compensation expenses for employees, which increased to about $34 billion (or 2.6 percent) in FY 2025. See Table 1 for more details.

Table 1. Compensation Expenses - FYs 2024-2026[3]

FY	Compensation Expenses	Percentage Change
2024	$33,184,653,321	-0.5%
2025	$34,057,336,539	2.6%
2026	$17,524,984,808[4]	2.7%[5]

Source: Postal Service National Payroll Hours, Summary Report Pay.

The Postal Service began increasing its career workforce to meet its goals of reducing reliance on overtime; minimizing the need for temporary, peak season employees; and improving pre-career turnover, performance, and operational costs. Since the Second-Year Progress Report was issued, the Postal Service has continued to increase its percentage of career employees. See Table 2 for a summary of the total number of craft employees from FY 2024 through FY 2026, Q2 and the percentage of craft employees that were career employees.

The Postal Service is uniquely situated in the government sector and within the shipping market. These unique situations contribute to the massive investment in personnel expenses the Postal Service makes annually. Furthermore, these unique situations continue to pose challenges in the Postal Service's control of its workforce composition mix.

Table 2. Total Employees - FYs 2024-2026[6]

FY	City Carriers	Clerks	Rural Carriers	Mail Handlers	Total Employees	Percentage of Career & Pre-Career Employees	
2024	208,485	144,626	129,249	52,053	534,413	80.6%	19.4%
2025	201,970	135,933	128,659	52,291	518,853	82.4%	17.6%
2026	209,704	137,088	127,909	55,750	530,451	81.5%	18.5%
2024-2026 Percentage Change	**0.6%**	**-5.2%**	**-1.0%**	**7.1%**	**-0.7%**		

Source: Workforce Planning, Insight, and Analytics.

Government Regulations

The Postal Service cannot easily reduce its workforce because of its universal service obligation (USO) established in the Postal Reorganization Act of 1970, which requires delivery to all American households and businesses regardless of whether it is cost effective. The Postal Service delivers to more than 165 million residential and business addresses daily, with over 1 million new delivery points added each year. The

3 The table does not include $25.2 billion in benefits expenses.
4 Through quarter 2 of FY 2026.
5 Percentage increase calculated using expenses as of FY 2026, Q2 compared to FY 2025, Q2 expenses, which were $17,068,762,201.
6 Includes both career and pre-career employees of the four main crafts.

Postal Service does not receive tax dollars to cover operating expenses related to the USO. Private delivery companies that provide competing services do not operate under a USO and can raise rates or refuse delivery whenever certain customers or delivery points are not cost-effective, target more profitable delivery points, and travel only where customer business takes them.

Market Trends

A tightening labor market also makes it challenging for the Postal Service to recruit and retain the talent needed. As 2023 ended, the national unemployment rate hovered at 3.7 percent, near its lowest point in five decades.[7] There were more job openings than unemployed people in all but two U.S. states, and the civilian labor force participation rate[8] remained below its pre-pandemic level. A low labor force participation rate indicates there are fewer available workers to fill open positions. Meanwhile, as the labor market tightened, workers gained substantial leverage. To remain competitive, organizations have had to raise wages and accommodate employees' demands for a more flexible workplace, including the option to work remotely. The federal government offers locality pay and adjusts pay based on local or regional labor markets, while private companies provide locality pay with higher pay and market rate adjustments in some areas to remain competitive. The Postal Service does not adjust wages to reflect local pay rates or cost-of-living differences for pre-career employees, although career employees receive a cost-of-living adjustment.[9] Applicants in higher cost-of-living cities cannot always afford to work pre-career positions. With a workforce that is present in every American city, the Postal Service is acutely affected by the state of the country's labor market and the challenges it can pose to hiring and retaining top talent.

> "The Postal Service does not adjust wages to reflect local pay rates or cost-of-living differences for pre-career employees, although career employees receive a cost-of-living adjustment."

Findings Summary

Opportunities exist for the Postal Service to make its workforce less expensive by leveraging its pre-career workforce to reduce employee labor expenses. Compensation expenses for the four main crafts have increased by over $1.3 billion from FY 2024 to the second quarter of FY 2026, despite a reduction of over 40.2 million workhours, most of which came from pre-career workhours.[10] The increase in compensation expenses is largely due to the DFA strategy of increasing the percentage of career employees in the workforce. Additionally, the Postal Service is not measuring the effects of relying more on a career workforce to determine its impact on operational performance and productivity. Based on our analysis, we determined that having more costly career employees at a facility does not guarantee an increase in operational performance or productivity.

7 USPS OIG, *Examining Trends in the Postal Service's Workforce Composition*, (Report Number RISC RI-24-007, dated August 15, 2024).
8 The percentage of the non-institutional workforce population working or actively looking for work.
9 Inflation is included in the cost-of-living adjustment calculation for career employees. The inflation rate was 2.6 percent in calendar year 2025.
10 Through quarter 2 of FY 2026.

Finding #1: Workforce Composition and Associated Expenses

In its DFA Second-Year Progress Report, the Postal Service outlined a goal of reducing operational costs associated with high turnover of pre-career employees, and it also established a more wide-ranging goal of becoming financially self-sustaining in its original DFA plan. However, compensation expenses continue to rise despite a reduction of over 40.2 million workhours from FY 2024 through the second quarter of FY 2026. Mail handler compensation increased the most from $2.9 billion in FY 2024 to $3.1 billion (or 8 percent) in FY 2025. See Table 3 for more details.

> "However, compensation expenses continue to rise despite a reduction of over 40.2 million workhours ."

Table 3. Compensation Expenses by Craft - FYs 2024-2025[11]

Craft	FY 24 Compensation	FY 25 Compensation	Total	Percentage Change
City Carrier	$13,738,293,388	$14,316,950,499	$28,055,243,887	4.2%
Clerk	$9,118,734,516	$9,112,695,050	$18,231,429,566	-0.1%
Rural Carrier	$7,411,050,492	$7,478,556,241	$14,889,606,733	0.9%
Mail Handler	$2,916,574,925	$3,149,134,749	$6,065,709,674	8.0%
Total	**$33,184,653,321**	**$34,057,336,539**	**$67,241,989,860**	**2.6%**

Source: Postal Service National Payroll Hours, Summary Report Pay.

Furthermore, career employees generally receive a higher wage rate than pre-career employees. Specifically, the cost-per-workhour increased from FY 2024 to FY 2025 for both career and pre-career employees, but the average career cost-per-workhour increased by a much higher rate. Specifically, in FY 2024, the average cost-per-workhour for career employees was $32.64 and increased by 5.1 percent to $34.32 in FY 2025. In FY 2024, the average cost-per-workhour for pre-career employees was $18.30 and increased by 2.0 percent to $18.66 in FY 2025.

Additionally, we compared the Postal Service's compensation and benefits expenses to other shipping companies. From FY 2023 through FY 2025, the Postal Service's compensation and benefits expenses increased more than twice as much as other major shipping companies (see Table 4).

Table 4. Employee Compensation and Benefits Expenses in the Shipping Industry

Company	FY 2023	FY 2024	FY 2025	FY 2023-2025 Percentage Increase
Postal Service	$63,392,000,000	$68,304,000,000	$68,822,000,000	8.6%
Shipping Company 1	$31,019,000,000	$30,961,000,000	$31,232,000,000	0.7%
Shipping Company 2	$47,092,000,000	$48,093,000,000	$48,605,000,000	3.2%

Source: OIG analysis of applicable company annual Form 10-K reports.

11 We did not include FY 2026 expenses since we did not have a full year of data.

While there are factors that pose challenges to the Postal Service and contribute to high compensation expenses — such as government regulations and market trends — there are other factors within the Postal Service's control it could use to decrease its significant compensation expenses. The Postal Service's compensation expenses have increased each year from FYs 2024 through 2026,[12] despite the reduction in workhours, largely due to the increase in the percentage of career employees in the workforce.

Pre-Career Hiring Cap and Conversions

Between 2019 and 2022, the Postal Service negotiated with three unions[13] for pre-career employees to automatically convert into a career status employee within two years of onboarding. Additionally, the Postal Service negotiated limits on how many pre-career employees it can have and how it can hire them. The number of pre-career employees the Postal Service can hire is capped at a percentage of career employees, generally between 15 to 25 percent within their craft. See Table 5 for more details.

Table 5. Pre-Career Terms by Craft[14]

Pre-Career Craft	Career Conversion	Pre-Career Percentage Cap
Mail Handler Assistant (MHA)	2 Years	25%
Postal Support Employee (PSE)		20%
City Carrier Assistant (CCA)		15%

Source: OIG analysis of CBAs.

The workforce composition of the Postal Service continues to fluctuate, but all crafts are below their negotiated pre-career cap. Each craft has different rules for how the Postal Service must handle pre-career employees exceeding the cap, but in most cases, pre-career employees are immediately converted to career status if the cap is exceeded.

Workforce Composition

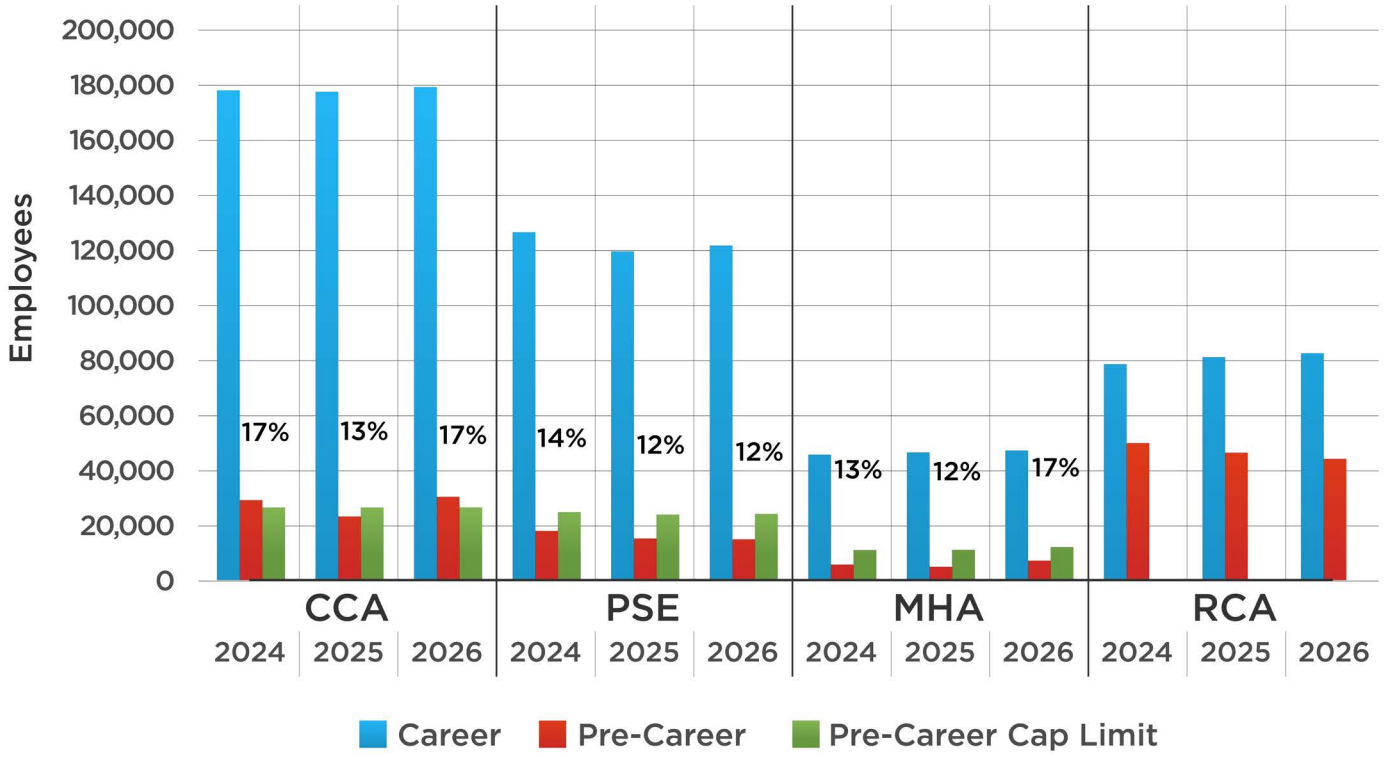
From FYs 2024 through 2025, the percentage of pre-career employees decreased for all four crafts, while the percentage of career employees increased. The city carrier and clerk crafts had the largest career employee percentage increase (2.5 percent). Specifically, the city carrier craft increased its career staff from 85.6 percent in FY 2024 to 88.1 percent in FY 2025 while the clerk craft increased its career staff from 87.4 percent in FY 2024 to 88.9 percent in FY 2025. The mail handler craft had the smallest percentage increase of career staff (0.9 percent) from 88.5 percent in FY 2024 to 89.4 percent in FY 2025.

> "From FYs 2024 through 2025, the percentage of pre-career employees decreased for all four crafts, while the percentage of career employees increased."

Two of the three crafts with a pre-career hiring cap have the opportunity to hire additional pre-career employees. From FYs 2024 through FY 2026,[15] only the CCA craft exceeded their hiring cap in FY 2024 and FY 2026. In FY 2026, MHAs and PSEs were both under their hiring cap by more than 7 percent. See Figure 2 for the pre-career cap percentages outlined in bold.[16]

12 We used pay-period 20 for FY 2024 and FY 2025, and then when comparing FY 2026 to the same period last year (SPLY), we used pay-period 7.
13 National Association for Letter Carriers; National Postal Mail Handlers Union; and the American Postal Workers Union.
14 RCAs do not have a pre-career cap.
15 Through quarter 2 of FY 2026.
16 The Postal Service has a Memorandum of Understanding (MOU) allowing them to hire Part Time Flexible (PTF) employees in locations with problems hiring CCAs. PTFs are career employees who are not guaranteed 40-hour workweeks. We include these employees in our career count. Also, the Postal Service has a Sunday Amazon MOU that allows additional hiring of CCAs over the prescribed pre-career cap.

Figure 2. Pre-Career Cap Percentages by Craft - FYs 2024-2026



Source: Workforce Planning, Insight, and Analytics.

This reduction of pre-career employees resulted in a reduction in the less expensive workhours. Although the Postal Service reduced total workhours by 40.2 million, most of the reductions came from pre-career workhours, which are paid a much lower wage rate. Specifically, during FYs 2024 through 2025, pre-career employee workhours decreased by 37.4 million, resulting in a $693 million savings in compensation expenses; however, career employee workhours increased by 10.9 million ($374 million), which effectively reduced the workhour savings to only $319 million. See Table 6 for more details.

“Although the Postal Service reduced total workhours by 40.2 million, most of the reductions came from pre-career workhours, which are paid a much lower wage rate.”

Table 6. Workhour Reduction Career and Pre-Career - FY 2024-2026[17]

	FY 2024 Workhour Reduction	FY 2025 Workhour Reduction	FY 2026[18] Workhour Reduction	Total Workhour Reduction
Career	-1,674,022	-9,312,883	8,807,712	-2,179,193
Pre-Career	15,601,760	21,863,430	4,950,314	42,415,504
Total	**13,927,738**	**12,550,547**	**13,758,026**	**40,236,311**

Source: Postal Service National Payroll Hours, Summary Report Pay.

Compared to other shipping companies, the Postal Service's average percentage of career employees steadily increased to 85.1 percent in FY 2025, which is in contrast with the other major shippers, one of which stayed relatively steady at 52.0 percent while the other decreased to 53.9 percent. See Table 7 for more details.

Table 7. Percentage of Career/Permanent Employees in the Shipping Industry

Company	FY 2023	FY 2024	FY 2025	Total Average Percentage
Postal Service	82.0%	83.4%	85.1%	83.5%
Shipping Company 1	62.0%	56.0%	53.9%	57.6%
Shipping Company 2	53.0%	51.9%	52.0%	52.3%

Source: OIG analysis of applicable company annual Form 10-K reports

From the initial DFA to the DFA 2.0,[19] the Postal Service continued to promote increases in its percentage of career employees. However, in March 2026 the postmaster general signaled a shift in strategy by stating workhour reductions need to occur for straight-time hours, not just overtime hours, and that the Postal Service needs to ensure its workforce moves more toward pre-career employees rather than career employees, contrary to the shift promoted in the DFA. When we followed up on this shift, headquarters management stated that the Postal Service does not have any formal plans to implement the postmaster general's strategy for future workforce composition. Further, with the current work terms, pre-career employees will automatically convert to a more expensive career position within two years.

Without cost containment and removing or adjusting current restrictions, the Postal Service will not reap the financial benefits of an inexpensive workforce. Starting with FY 2007, the Postal Service recorded consistent net losses in every fiscal year except for one. Current work terms have limited its ability to cut expenses, exacerbating the billions in losses over the past 20 years. While the DFA laid out a vision of a more expensive career workforce, the Postal Service's financial condition may necessitate change.

> "While the DFA laid out a vision of a more expensive career workforce, the Postal Service's financial condition may necessitate change."

Recommendation #1

We recommend the **Vice President, Labor Relations**, in coordination with the **Vice President, Human Resources**; **Chief Retail and Delivery Officer**; and **Chief Processing and Distribution Officer**, assess options for labor expense containment and develop a formal strategy or initiative for reducing labor expenses by leveraging the pre-career workforce.

17 A negative workhour reduction denotes an increase in workhours.
18 Through quarter 2 of FY 2026.
19 *Delivering for America 2.0*, dated September 30, 2024.

Postal Service Response

Management agreed with this finding but disagreed with recommendation 1. Regarding the finding, while agreeing with its basic premise, management stated that the report failed to account for the impact of inflation and whether the Postal Service made progress toward its goal of reducing operational costs associated with high turnover of pre-career employees.

Regarding recommendation 1, management stated that while opportunities to reduce labor expense in general are leveraged as standard practice, they are limited due to the collective bargaining agreements. As a result, management noted it is not possible, given the current collective bargaining agreements with the unions, to reduce labor expenses by leveraging the pre-career workforce.

OIG Evaluation

Regarding the finding, the Postal Service continues to face financial challenges and rising costs. As our report indicates, there was a 2.6 percent inflation rate in calendar year 2025.

While management's response acknowledges the impact of higher inflation, it does not explain what it has done to mitigate or control higher labor costs. With compensation and benefits accounting for over 60 percent of total expenses, a reduction in workhours alone will not be enough to stabilize labor-related costs.

Regarding recommendation 1, we noted the Postal Service negotiated and agreed to allow pre-career employees to automatically convert into a career status within two years of onboarding. However, the Postal Service continues to record annual net losses, and labor expenses continue to increase. Our recommendation does not require the Postal Service to renegotiate the collective bargaining agreements, but instead highlights that it must find ways to reduce labor costs, especially in its current financial state. We consider management's comments not responsive to recommendation 1, and we will pursue it formally through the audit resolution process.

Finding #2: Service-Related Impacts: Performance and Productivity

The Postal Service made a substantial investment by implementing a larger career workforce. However, it does not measure the effects of relying more on a career workforce to determine its impact on operational performance and productivity. One of the goals in the DFA was to create a stable and empowered workforce to gain more effective and productive operational performance. To achieve this, the Postal Service began converting pre-career employees into career positions. Although overtime and peak season hiring have decreased, pre-career turnover remains an issue and operational performance still has challenges, despite transitions to more career employees. Our analyses found the pre-career to career employee ratio at facilities has minimal effect on performance in processing, while retail and delivery do not measure performance impacts related to increasing the career workforce.

We conducted two separate operational performance metric analyses for processing operations to understand how the mix of pre-career and career employees impacted performance in facilities. When comparing expense per piece and the employee mix, we found having more career employees had minimal impact on the metric. Specifically, we looked at the employee mix for the 10 processing facilities with the lowest and highest expense per mailpiece[20] for letters, flats, and packages. Expense per mailpiece is a cost measurement used by the Postal Service to measure operational performance. Low expense per mailpiece indicates facilities are efficient with their processing operations, while a high expense per mailpiece indicates facilities have an opportunity to improve their processing operations.

The pre-career workforce composition levels at the facilities with the lowest expense per mailpiece ranged from 6.9 percent to 45.2 percent, with an average of 15.6 percent. The pre-career workforce composition levels at the facilities with the highest expense per mailpiece ranged from 1.4 percent to 22.8 percent with an average of 11.3 percent. The analysis shows that having more costly career employees at a facility does not guarantee an increase in processing efficiency. See Table 8 for more details.

Table 8. Pre-Career Workforce Composition Levels at Top Ten Processing Facilities With Lowest and Highest Expense per Mailpiece

Lowest Expense per Mailpiece		
Service Standard	Pre-Career Percentage Range	Pre-Career Average
Letters	6.9 - 18.6%	14.3%
Flats	6.9 - 17.2%	11.7%
Packages	7.8 - 45.2%	18.2%
Overall Average		**15.6%**
Highest Expense per Mailpiece		
Service Standard	Pre-Career Percentage Range	Pre-Career Average
Letters	5.9 - 15.2%	10.0%
Flats	2.7 - 22.8%	11.4%
Packages	1.4 - 21.5%	12.5%
Overall Average		**11.3%**

Source: Postal Service Efficiency Index FY 2026 Dashboard.

20 Processing operations calculate costs per piece by dividing total pieces handled by the total cost of workhours associated with processing.

In addition, we conducted an analysis using labor productivity and the employee mix. A lower labor productivity indicates it takes longer to process mailpieces compared to a higher labor productivity, which indicates more mailpieces are being processed within the allotted time. We compared the pre-career levels for the 10 processing facilities with the lowest and highest labor productivity[21] for letters, flats, and packages. The pre-career levels at the facilities with the lowest labor productivity ranged from 0 percent to 23.0 percent with an average of 14.1 percent. The pre-career levels at the facilities with the highest labor productivity ranged from 0 percent to 27.4 percent with an average of 12.1 percent. Based on our limited analysis, we did not identify a direct link between the ratio of career to pre-career employees and labor productivity results, but more analysis may be necessary. See Table 9 for more details.

> "Based on our limited analysis, we did not identify a direct link between the ratio of career to pre-career employees and labor productivity results, but more analysis may be necessary."

Table 9. Pre-Career Workforce Composition Levels at Top Ten Processing Facilities With Lowest and Highest Labor Productivity

Lowest Labor Productivity		
Service Standard	Pre-Career Percentage Range	Pre-Career Average
Letters	8.0 - 23.0%	13.7%
Flats	1.5 - 22.8%	16.0%
Packages	0 - 23.0%	10.7%
Overall Average		**14.1%**
Highest Labor Productivity		
Service Standard	Pre-Career Percentage Range	Pre-Career Average
Letters	2.5 - 25.0%	11.5%
Flats	0 - 17.2%	10.3%
Packages	6.4 - 27.4%	13.7%
Overall Average		**12.1%**

Source: Corporate Information System-Management Operating Data System.

Moreover, the Postal Service's investment in a larger career workforce did not appear to consistently improve operational performance at processing facilities. Specifically, for the 10 highest-performing processing facilities for letters, flats, and packages, we identified eight instances where productivity increased and one instance where productivity declined following an increase in career employees at the facility. However, we also identified 14 instances where productivity increased following a decrease in career employees. Additionally, for the 10 lowest-performing processing facilities for letters, flats, and packages, we identified two instances where productivity increased and eight instances where productivity declined following an increase in career employees. Alternatively, there were five instances where there was a decrease in career employees but an increase in performance for those sites.

Based on our analyses, the employee mix appears to have minimal effect on operational performance at processing facilities, as the percentage of career and pre-career employees varied significantly at

21 Total pieces handled divided by total workhours.

both the highest and lowest performance facilities. In addition, the operational performance at processing facilities with larger amounts of the more costly career employees varied greatly, indicating there are more impactful factors concerning operational performance other than employee composition, which means less costly pre-career labor could likely be used to reduce costs without affecting performance.

Additionally, retail and delivery operations do not measure the workforce composition of a facility when assessing operational performance. Retail and delivery operations management stated that employee availability provides one of the best indications of operational performance since managing employee availability ensures Postal Service operations are staffed sufficiently to meet operational goals. Employee availability refers to the percentage of scheduled hours actually worked by employees. However, management does not monitor pre-career employee availability because pre-career employees are not guaranteed hours, do not have a set schedule, and do not earn sick leave.

> "The Postal Service does not know if the investment to increase the career workforce improved performance."

The Postal Service does not measure the workforce composition levels of a facility when assessing operational performance and productivity because it believes there are better indicators to use, such as expense per piece for processing operations and employee availability for retail and delivery operations. According to headquarters management for processing operations and retail and delivery operations, operational performance is monitored using multiple dashboards, but workforce composition levels are not considered. For example, processing operations monitors operational performance via daily reports out of the Informed Visibility dashboard and looks at several mail classes for mail tracking visibility such as Ground Advantage, First-Class Mail, and Marketing Mail. Furthermore, processing operations management stated it does not consider if PSEs or MHAs impact operational performance. Retail and delivery operations management stated that employee availability and the length of time employees are at a facility provides the best indication of operational performance versus workforce composition levels.

As a result, by not measuring workforce composition levels when assessing operational performance, the Postal Service does not know if the investment to increase the career workforce improved performance. Additionally, if there is no direct link between operational performance and the number of career employees, the Postal Service may be able to increase its pre-career complement to achieve cost savings without affecting performance.

Recommendation #2

We recommend the **Chief Retail and Delivery Officer** and **Chief Processing and Distribution Officer**, in coordination with the **Vice President, Human Resources**, conduct an internal assessment of the workforce composition to determine its impact on operational performance.

Postal Service Response

Management disagreed with this finding and recommendation 2. Regarding the finding, management stated that the expense per mailpiece and labor productivity are impacted by numerous factors such as the type of mail being processed and the availability of automated processing equipment. Management said that the audit report draws the conclusion that pre-career labor could likely be used without affecting performance with no evidence to support the speculation.

Regarding recommendation 2, management stated that internal assessments of the impacts from changes to workforce composition already occur on a regular basis.

OIG Evaluation

Regarding management's disagreement with the finding, we noted that the Postal Service does not measure the workforce composition levels of a facility when assessing operational performance and productivity because it believes there are better indicators to use. Based on our analyses, the employee mix appears to have minimal effect on operational performance at processing facilities, although more analysis may be necessary. Therefore, the Postal Service does not know if the investment to increase the more expensive career workforce improved performance.

Regarding recommendation 2, the Postal Service did not provide any evidence of its internal assessments noting the impacts from changes to workforce composition, nor did it share the results of its assessments on whether increasing career employees improved performance, despite OIG requests for this information. We consider management's comments not fully responsive to recommendation 2, and we will pursue it formally through the audit resolution process.

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Appendix A: Additional Information

Scope and Methodology

The scope of our audit was to review the Postal Service's labor expenses and workforce composition levels during FYs 2024–2026. We also assessed the Postal Service's strategy for its workforce composition as compared to previous workforce strategies.

The audit focused on labor expenses and operational performance of staff-level employees of the four main crafts. We held discussions with Postal Service Headquarters management in human resources, labor relations, retail and delivery operations, and processing and distribution operations.

To accomplish our objective, we:

- Identified, reviewed, and documented the Postal Service's guidance and strategies regarding workforce composition.
- Identified, reviewed, and documented all government regulations and contractual provisions that affect the Postal Service's workforce composition and labor expenses.
- Interviewed headquarters personnel to determine their roles in workforce composition and labor expenses.
- Obtained and analyzed FYs 2024–2026 workhour, payroll, and complement data for the four main crafts.
- Obtained and reviewed benchmarking data comparing the workforce composition of the Postal Service to other shipping companies.
- Obtained and reviewed expense per piece to process and labor productivity data for processing facilities.

We conducted this performance audit from February through September 2026 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 August 28, 2026, and included its comments where appropriate.

In planning and conducting the audit, we obtained an understanding of workforce composition internal control structure to help determine the nature, timing, and extent of our audit procedures. We reviewed the management controls for overseeing the program and mitigating associated risks. Additionally, we assessed the internal control components and underlying principles, and we determined that the following five components were significant to our audit objective:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

We developed audit work to ensure that we assessed these controls. Based on the work performed, we identified internal control deficiencies related to control activities and monitoring. Our recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of workforce composition data for FYs 2021 through 2026 pay period seven pulled by OIG auditors and then provided by the Postal Service by testing the reasonableness, accuracy, and validity of the data. We compared the OIG pulled data from the National Payroll Summary and Workforce Planning Dashboard and compared results to the same Postal Service provided data. The scope of the audit included pre-career and career employees for the following crafts: mail handlers, clerks, city carriers, and rural carriers. 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
Benchmarking Hiring Strategies: Insights for the Postal Service's Pre-Career Hiring Practices	Benchmark the recruitment and hiring processes of public and private sector organizations to identify best practices and insights for the U.S. Postal Service.	RISC-WP-25-004	7/24/2025	NA
Employee Availability	Evaluate how the Postal Service manages employee availability.	23-175-R24	8/29/2024	$240 million
Examining Trends in the Postal Service's Workforce Composition	Show how the size of the Postal Service's workforce has changed over the last five fiscal years, between 2019-2023. Determine whether the Postal Service is experiencing staffing shortages and identify the workforce segments and the geographic locations where shortages may exist.	RISC-RI-24-007	8/15/2024	NA

Appendix B: Management's Comments

UNITED STATES POSTAL SERVICE

September 17, 2026

LAURA LOZON
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: *Postal Service Workforce Composition* (26-055-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the findings and conclusions contained in the draft audit report, *Postal Service Workforce Composition.*

Finding #1

While the Postal Service does not disagree with the basic finding, the Postal Service notes that the report fails to account for the impact of the extraordinary levels of inflation during the same period. The report also fails to address whether the Postal Service has made progress toward its goal of "reducing operational costs associated with *high turnover* of pre-career employees."

Finding #2

The Postal Service disagrees with assumptions in Finding #2. The expense per mailpiece is impacted by numerous factors such as the type of mail being processed and the availability of automated processing equipment. Labor productivity is impacted by the same factors.

The audit report admits that there are more impactful factors concerning operational performance but draws the conclusion that pre-career labor could likely be used without affecting performance with no evidence to support the speculation.

The following are our comments on each of the two recommendations.

Recommendation 1:
We recommend the Vice President, Labor Relations, in coordination with the Vice President, Human Resources; Chief Retail and Delivery Officer; and Chief Processing and Distribution Officer, assess options for labor expense containment and develop a formal strategy or initiative for reducing labor expenses by leveraging the pre-career workforce.

Management Response/Action Plan:
Management disagrees with this recommendation. Opportunities to reduce labor expense in general are leveraged as standard practice, but they are limited due to our collective bargaining agreements. The maximum number of pre-career employees varies by bargaining unit, and the level of flexibility varies by bargaining unit. As the report correctly points out, we will have fewer pre-career employees rather than more over time because pre-career employees are converted to career after two years, and conversions generally exceed retirements or other departures of career employees. As a result, it is not possible – given the current collective bargaining agreements with our unions – to "reduce labor expenses by leveraging the pre-career workforce."

Target Implementation Date: N/A

Responsible Official: N/A

Recommendation 2:
We recommend the Chief Retail and Delivery Officer and Chief Processing and Distribution Officer, in coordination with the Vice President, Human Resources, conduct an internal assessment of the workforce composition to determine its impact on operational performance.

Management Response/Action Plan:
Management disagrees with the recommendation as written. Internal assessments of the impacts from changes to workforce composition already occur on a regular basis.

Target Implementation Date: N/A

Responsible Official: N/A

E-SIGNED by Joseph Bruce
on 2026-09-18 06:45:36 EDT

Joseph Bruce
Vice President, Human Resources

E-SIGNED by ELVIN MERCADO
on 2026-09-18 07:02:28 EDT

Elvin Mercado
Chief Retail & Delivery Officer

E-SIGNED by ISAAC.S CRONKHITE
on 2026-09-17 17:26:14 EDT

Isaac Cronhkite
Chief Processing & Distribution Officer

E-SIGNED by MICHAEL.J ELSTON
on 2026-09-17 17:27:55 EDT

Michael Elston
Vice President, Labor Relations

cc: Corporate Audit & Response Management

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