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# U.S. Postal Service Workforce Size and Employment Categories, FY1994-FY2013

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## Summary

This report provides data from the past 20 years on the size of the U.S. Postal Service's (USPS's) workforce. Further, this report examines trends in its workforce composition, particularly focusing on shifts in the ratio between career and non-career employment.

The size of the USPS workforce has declined over the past two decades. The most substantial declines have occurred since 2007, at which time the USPS began to undertake workforce reductions as a cost-cutting strategy in response to the onset of significant financial challenges. Since FY2007, there has been a reduction of 168,215 employees (21.4%) from USPS's workforce.

The USPS has indicated that it intends to continue to reduce its workforce size and has established a goal of reducing its career workforce to 400,000 employees by 2017. The USPS has reduced its workforce primarily through attrition and separation incentives to retire or resign. Throughout 2013 and 2014, USPS offered several retirement incentives to its employees, including postmasters, mail handlers, postal clerks, and supervisors.

USPS employed 617,714 persons as of September 30, 2013 (FY2013). USPS's workforce size has dropped by 170,772 employees (27.5%) in the past 20 years, and it had 11,314 (1.8%) fewer employees at the end of FY2013 than it did at the end of FY2012. Since 1994, the career/non-career composition of USPS's workforce has also changed. The number of career employees has declined 32.6%, while the number of non-career employees has increased 2.9%. In FY2011, USPS hired 10,471 employees for a new non-career position referred to as postal support employee (PSE). The number of PSEs increased 174.9% to 28,793 between FY2011 and FY2013. In FY2013, USPS hired employees for two new non-career positions: city carrier assistant (30,433 employees) and mail handler assistant (5,382 employees).

Although the size of each employment category has shifted over the past 20 years, four overarching trends are apparent. First, "rural" employment categories experienced moderate growth. Second, two categories of USPS employees involved in the transportation of mail prior to its delivery—mail handlers and motor vehicle operators—grew through the 1990s, peaked in the early 2000s, and either returned to their FY1994 levels or declined below those levels. Third, the number of non-bargaining temporary employees increased nearly fivefold from FY1994 to its peak in FY2012, but has since declined to its lowest level in 20 years. Finally, the number of headquarters employees rose by nearly three-fourths to its highest recorded population from FY1994 to FY2013, due primarily to shifting positions from non-headquarters to headquarters-related employment categories.

This report will be updated as events warrant.

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## Data Source

Each year, the U.S. Postal Service (USPS) issues an *Annual Report* (hereafter, the *Report*) that includes data on its workforce. The *Report* categorizes employees as either “career employees” or “non-career employees.” According to USPS, the career employees category includes persons with permanent positions at USPS, part- and full-time. The non-career employees category includes all persons hired under time-limited contracts.<sup>1</sup> The *Report* also provides breakdowns of the number of workers by employment categories (e.g., regional offices personnel, clerks, and rural delivery carriers, amongst others). The **Appendix** of this report presents brief descriptions of these employment categories. This report provides workforce data drawn from the *Reports* covering FY1994 through FY2013.<sup>2</sup>

## Data Analysis

### Workforce Size

Between FY1994 and FY2013, the size of USPS’s workforce decreased 27.5%, from 852,045 employees to 617,714 employees (**Table 1**). Data on the overall workforce during this 20-year period show a rise in employees in the 1990s and a decline in employees from the 2000s through the present. USPS’s workforce peaked in FY1999 with 905,766 employees.<sup>3</sup> In FY2013, USPS operated with its smallest workforce in at least 20 years (**Figure 1**).

**Table 1. Number of USPS Employees by Employment Category, FY1994-FY2013**  
(five-year intervals)

Employment Category	FY1994	FY1999	FY2004	FY2009	FY2013	Change FY1994- FY2013	Change (%) FY1994- FY2013
<b>Career Employees</b>							
Headquarters	1,701	2,372	2,708	2,811	2,967	1,266	74.43%
Headquarters—Related Field Units	4,117	4,357	3,396	4,455	3,870	-247	-6.00%
Inspection Service—Field	4,308	4,334	3,648	2,617	2,411	-1,897	-44.03%
Discontinued Operations	85	0	0	0	0	-85	-100.00%

<sup>1</sup> The data on non-career employment do not include persons carrying out postal-related functions outsourced to private firms. For example, USPS no longer has a fleet of cargo aircraft. Today, the Postal Service contracts with private firms for the transportation of mail by air. The persons who fly and maintain these planes are not included in the data on non-career employees.

<sup>2</sup> U.S. Postal Service, *Annual Report of the Postmaster General* (Washington: USPS, 1985-1995); U.S. Postal Service, *Annual Report of the United States Postal Service* (Washington: USPS, 1996-2010); U.S. Postal Service, *Annual Report to Congress and Comprehensive Statement on Postal Operations* (Washington: USPS, 2011-2012); and U.S. Postal Service, *2013 Report on Form 10-K*, November 15, 2013, at <http://about.usps.com/who-we-are/financials/10k-reports/fy2013.pdf>.

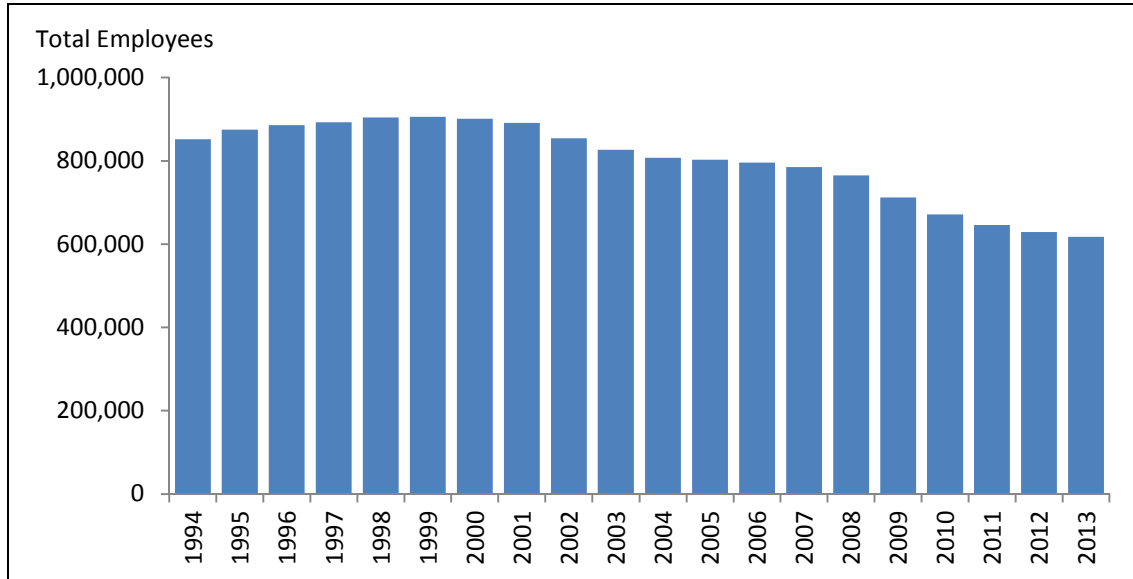
<sup>3</sup> Over the 20-year period covered in this report.

Employment Category	FY1994	FY1999	FY2004	FY2009	FY2013	Change FY1994- FY2013	Change (%) FY1994- FY2013
Inspector General	0	0	782	1,155	1,135	1,135	N/A
Area Offices Personnel	1,262	1,875	2,196	1,047	807	-455	-36.05%
Regional Offices	0	0	0	0	0	0	0.00%
Postmasters/ Installation Heads	26,803	26,108	25,519	23,672	17,804	-8,999	-33.57%
Supervisors/Managers	34,616	38,835	33,635	28,812	22,940	-11,676	-33.73%
Professional Administration and Technical Personnel	10,924	11,097	9,168	6,460	4,375	-6,549	-59.95%
Clerks	265,294	292,400	226,183	177,842	0	-265,294	-100.00%
Clerks/Nurses <sup>a</sup>	0	0	0	0	118,751	118,751	N/A
Nurses	181	188	167	0	0	-181	-100.00%
Mail Handlers	54,859	62,237	54,769	52,954	40,102	-14,757	-26.90%
City Delivery Carriers	229,138	242,300	228,140	200,658	167,388	-61,750	-26.95%
Motor Vehicle Operators	7,577	9,270	8,628	8,113	6,598	-979	-12.92%
Rural Delivery Carriers— Full-Time	45,049	54,588	62,762	67,749	66,099	21,050	46.73%
Special Delivery Messengers	1,574	0	0	0	0	-1,574	-100.00%
Bldg. and Equip. Maint. Personnel	36,767	41,873	40,263	39,531	30,737	-6,030	-16.40%
Vehicle Maintenance Personnel	4,689	5,574	5,521	5,252	5,033	344	7.34%
<b>Subtotal</b>	<b>728,944</b>	<b>797,795</b>	<b>707,485</b>	<b>623,128</b>	<b>491,017</b>	<b>-237,927</b>	<b>-32.64%</b>
<b>Non-Career Employees</b>							
Casuals	25,674	25,067	20,529	4,271	1,179	-23,895	-93.07%
Postal Support Employees	0	0	0	0	28,793	28,793	N/A
Non-bargaining Temporary	613	707	1,138	1,659	249	-364	-59.38%
Rural Subs/RCA/RCR/ AUX	46,589	57,357	56,403	54,529	46,607	18	0.04%
Postmaster Relief/Leave Replacements	12,683	12,845	12,157	11,477	13,454	771	6.08%
City Carrier Assistant	0	0	0	0	30,433	30,433	N/A
Mail Handler Assistant	0	0	0	0	5,382	5,382	N/A
Transitional Employees	37,542	12,355	9,884	17,018	0	-37,542	-100.00%
<b>Subtotal</b>	<b>123,101</b>	<b>107,971</b>	<b>100,111</b>	<b>88,954</b>	<b>126,697</b>	<b>3,596</b>	<b>2.92%</b>
<b>Total Employees</b>	<b>852,045</b>	<b>905,766</b>	<b>807,596</b>	<b>712,082</b>	<b>617,714</b>	<b>-234,331</b>	<b>-27.50%</b>

Source: CRS analysis of data provided by USPS.

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

**Figure 1. Total USPS Employees**  
FY1994-FY2013



Source: USPS analysis of data provided by USPS.

## Career Employees vs. Non-Career Employees

USPS categorizes its workforce into two types of employees: career and non-career. Non-career employees serve in time-limited or otherwise temporary positions.<sup>4</sup> In many cases, non-career employees are not provided benefits that are provided to career employees.<sup>5</sup> **Figure 2** shows trends in career and non-career USPS employment from FY1994 to FY2013. While the number of career employees has decreased from FY1994 to FY2013, the number of non-career employees increased slightly. The number of career employees decreased by 32.6% between FY1994 and FY2013, from 728,944 to 491,017. During that time period, the number of non-career USPS employees increased by 2.9%, from 123,101 to 126,697 (**Table 1**). The proportion of the USPS workforce that is non-career increased to 20.5% in FY2013 from 14.4% in FY1994.

USPS has reported data in 20 total career categories since FY1994, though this number includes categories in which the position had yet to be instituted in FY1994 (N/A in the last column of **Table 1**) or discontinued by FY2013 (-100.00% in the last column of **Table 1**).<sup>6</sup> Thirteen career employment categories have remained intact between FY1994 and FY2013. Of these categories, 10 had fewer employees in FY2013 than in FY1994.<sup>7</sup> “Professional Administrative and Technical

<sup>4</sup> The employee categories that comprise both career and non-career employee types are defined in the **Appendix**.

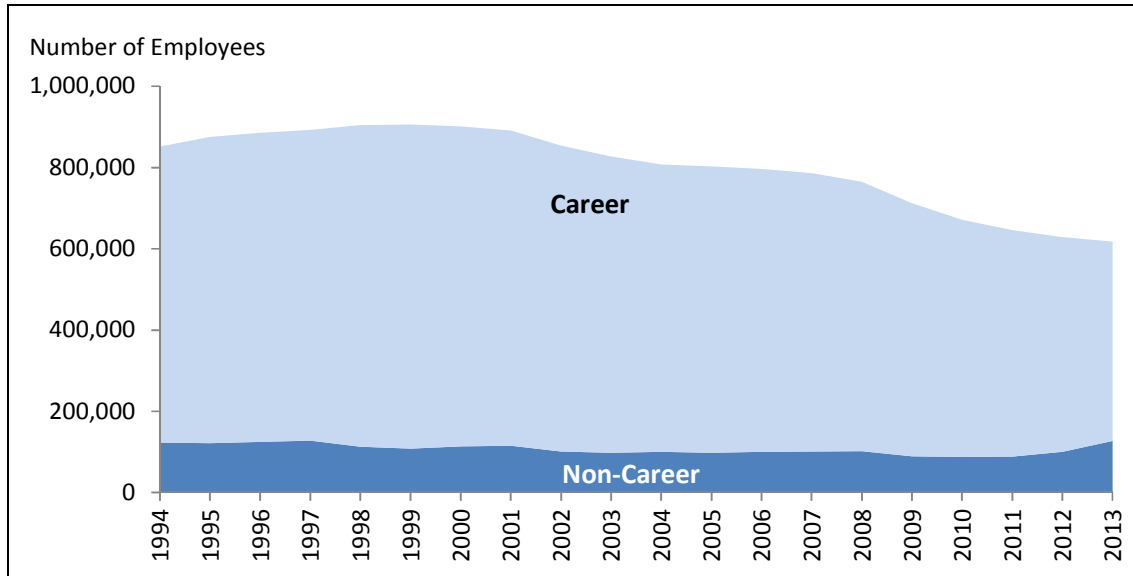
<sup>5</sup> For example, according to the USPS’s *Employee and Labor Relations Manual*, non-career employees are excluded from coverage under the Federal Employees Retirement System (FERS). U.S. Postal Service, *Employee and Labor Relations Manual*, ELM 36, September 2013, p. 572, at <http://about.usps.com/manuals/elm/elm5.pdf>.

<sup>6</sup> Since FY1994, USPS has added an Office of Inspector General, which, at the end of FY2013, had 1,135 employees. As of FY1993, USPS discontinued the “regional offices” category. In FY2009, USPS had no “nurses” in the “nurses” category. In FY2010, USPS merged the “clerks” and “nurses” categories. As of FY1999, USPS discontinued the “Special Delivery Messengers” category. One employee category, “discontinued operations,” included employees in FY1994 and FY1996, but had no employees in that category in any other year of analysis.

<sup>7</sup> These categories include Headquarters—Related Field Units (prior to FY2012, Headquarters—Field Support Units), (continued...)

Personnel” experienced the greatest percentage decrease in employees from FY1994 to FY2013, with a 60.0% decrease (6,549 fewer employees). Three of the 13 categories of employees that were populated from FY1994 through FY2013 experienced an increase in their level of employment.<sup>8</sup> “Headquarters” experienced the largest increase in percentage change (74.4%), while “Rural Delivery Carriers—Full-Time” experienced the largest increase in actual number (21,050 more employees).

**Figure 2. Total, Career, and Non-Career USPS Employees**  
FY1994-FY2013



Source: CRS analysis of data provided by USPS.

USPS has reported data in eight non-career categories since FY1994, which includes categories that were established or eliminated after FY1994.<sup>9</sup> There were reductions in two of the six non-career employee categories that have remained intact since FY1994. The number of casuals, or temporary employees who do not receive full-time employee benefits, dropped 93.1% from 25,674 employees in FY1994 to 1,779 in FY2013. The number of “Non-Bargaining Temporary” employees decreased approximately 59.4% from 613 in FY1994 to 249 in FY2013. In contrast, two non-career categories experienced small increases in employees from FY1994 to FY2013. “Rural Subs/RCA/RCR/AUX” increased by 0.04% (18 more employees), and “PM Relief/Leave Replacements” increased by 6.1% (771 more employees).

In FY2011, USPS established a new non-career employee category called postal support employees (PSEs). As of September 30, 2013, USPS had 28,793 PSEs. PSEs were created

(...continued)

Inspection Service—Field, Area Offices, Postmasters/Installation Heads, Supervisors/Managers, Professional Administrative and Technical Personnel, Mail Handlers, City Delivery Carriers, Motor Vehicle Operators, and Building and Equipment Maintenance Personnel.

<sup>8</sup> These categories include Headquarters, Rural Delivery Carriers—Full-Time, and Vehicle Maintenance Personnel.

<sup>9</sup> In FY2013, USPS added the “Postal Support Employees” category. In FY2013, USPS discontinued the “Transitional Employees” category and added the “City Carrier Assistant” and “Mail Handler Assistant” categories.

pursuant to USPS's contract agreement with the American Postal Workers Union (APWU).<sup>10</sup> A USPS Office of the Inspector General report stated that the PSEs were to "reduce costs and improve flexibility."<sup>11</sup> According to the APWU, the PSEs may comprise up to 20% "of most functional areas of the Clerk Craft," and up to 10% in both the "Maintenance and Motor Vehicle Crafts."<sup>12</sup> PSEs are "paid lower wages than career employees...[and] will be part of the APWU bargaining unit and will receive raises, health benefits, and leave."<sup>13</sup>

In FY2013, USPS began hiring for two new non-career employee categories: City Carrier Assistant (CCA) and Mail Handler Assistant (MHA). As of September 30, 2013, USPS had 30,433 CCAs and 5,382 MHAs. Both positions were created through collective bargaining processes with the National Association of Letter Carriers and National Postal Mail Handlers Union.<sup>14</sup> According to USPS, these positions were created in an effort to reduce the overall costs of, and provide more flexibility in, the mail handling and city mail delivery functions.<sup>15</sup> CCAs and MHAs can perform the full range of duties undertaken by their career counterparts (City Delivery Carriers and Mail Handlers, respectively), but at lower wage rates and benefit structures.<sup>16</sup> Consequently, CCAs and MHAs could lower USPS's overall operational costs.<sup>17</sup> The number of CCAs and MHAs may not exceed 15% of the total number of their career counterparts within a delivery district. Similar to PSEs, both CCAs and MHAs are part of their unions' bargaining units and are eligible for raises, health benefits, and leave.<sup>18</sup>

<sup>10</sup> The labor contract agreement went into effect on May 23, 2011.

<sup>11</sup> U.S. Postal Service Office of the Inspector General, *Use of Non-Traditional Full-Time and Postal Support Employee Positions in Processing Operations*, May 17, 2013, p. 1, at <https://www.uspsoidg.gov/sites/default/files/document-library-files/2013/no-ar-13-003.pdf>.

<sup>12</sup> The collective bargaining agreement between the APWU and USPS defines "Craft Groups" as "[t]hose positions for which the Union [APWU] has secured exclusive recognition at the national level." See more at American Postal Workers Union, "Highlights of the 2010-2015 Tentative Agreement," April 18, 2011, p. 9, at <https://www.apwu.org/sites/apwu/files/resource-files/nsb07-110418-highlights.pdf> and American Postal Workers Union, AFL-CIO, and U.S. Postal Service, *Collective Bargaining Agreement*, May 23, 2011, p. 156, at [http://www.apwu.org/sites/apwu/files/resource-files/APWU%20Contract%202010-2015\\_0.pdf](http://www.apwu.org/sites/apwu/files/resource-files/APWU%20Contract%202010-2015_0.pdf).

<sup>13</sup> American Postal Workers Union, "Highlights of the 2010-2015 Tentative Agreement," p. 9.

<sup>14</sup> CCA and MHA positions were created through interest arbitration awards in 2013, which determined the terms of the 2011 collective bargaining agreements between USPS and the unions representing CCA and MHA positions (National Association of Letter Carriers and National Postal Mail Handlers Union, respectively). See at National Association of Letter Carriers, AFL-CIO, and U.S. Postal Service, *Board of Interest Arbitration Award*, January 10, 2013, pp. 12-13, at [http://www.nalc.org/news/bargain/USPS-NALC\\_Interest\\_Arbitration\\_FINAL\\_1-10-2013\\_SIGNED\\_COPY.pdf](http://www.nalc.org/news/bargain/USPS-NALC_Interest_Arbitration_FINAL_1-10-2013_SIGNED_COPY.pdf) and National Postal Mail Handlers Union, AFL-CIO, and U.S. Postal Service, *Board of Interest Arbitration Award*, February 15, 2013, pp. 12, 15, and 17, at [http://www.npmhu.org/resources/document/20130215-Final-NPMHU\\_USPS-Interest-Arbitration-Award.pdf](http://www.npmhu.org/resources/document/20130215-Final-NPMHU_USPS-Interest-Arbitration-Award.pdf).

<sup>15</sup> U.S. Postal Service, *2013 Report on Form 10-K*, p. 31; National Postal Mail Handlers Union, AFL-CIO, and U.S. Postal Service, *Board of Interest Arbitration Award*, August 5, 2014, pp. 12-13; and information provided electronically to CRS from USPS on August 15, 2014.

<sup>16</sup> National Association of Letter Carriers, AFL-CIO, and U.S. Postal Service, *Board of Interest Arbitration Award*, pp. 9-10 and National Postal Mail Handlers Union, AFL-CIO, and U.S. Postal Service, *Board of Interest Arbitration Award*, August 5, 2014, pp. 9-10; U.S. Postal Service, *Mail Handler Assistant MH-04*, February 5, 2013, at [http://www.dol.gov/owcp/dfec/regs/compliance/DFECfolio/FECABulletins/Mail\\_Handler\\_Assistant\\_Job\\_Description.pdf](http://www.dol.gov/owcp/dfec/regs/compliance/DFECfolio/FECABulletins/Mail_Handler_Assistant_Job_Description.pdf); and U.S. Postal Service, *Mail Handler MH-04*, November 2, 1994, at <http://www.npmhu310.org/guides/descriptions.pdf>.

<sup>17</sup> According to USPS, the onboarding of CCAs reduced the overall cost of the city mail delivery function by \$120 million in FY2013. See at U.S. Postal Service, *2013 Report on Form 10-K*, p. 31.

<sup>18</sup> National Association of Letter Carriers, "Key Provisions of the 2011-2016 National Agreement Arbitration Award," January 10, 2013, at [http://www.nalc3825.com/Key\\_Provisions\\_of\\_the\\_2011..2016\\_Arbitration\\_Award.pdf](http://www.nalc3825.com/Key_Provisions_of_the_2011..2016_Arbitration_Award.pdf); National Postal Mail Handlers Union, "Questions and Answers 2011-2016 Fishgold Arbitration Award," August 8, 2013, pp. 1-(continued...)



The percentage of USPS’s workforce consisting of career employees declined from 85.6% to 79.5% between FY1994 and FY2013. Despite their decline, career employees have constituted the vast majority of USPS’s workforce during the past two decades (**Figure 2, Table 2**).

**Table 2. Career and Non-Career Employees as a Percentage of the USPS Workforce, FY1994-FY2013**  
(five-year intervals)

Employees	FY1994	FY1999	FY2004	FY2009	FY2013
Career Employees	85.6%	88.1%	87.6%	87.5%	79.5%
Non-Career Employees	14.4%	11.9%	12.4%	12.5%	20.5%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: CRS analysis of data provided by USPS.

## Employment Categories

Although the size of each employment category has shifted over the past 20 years, four overarching trends are apparent. First, the category of full-time rural delivery carriers exhibited moderate growth, rising 46.7% from 45,049 in FY1994 to 66,099 in FY2013. In contrast, the number of city delivery carriers dropped 26.9% from 229,138 in FY1994 to 167,388 in FY2013. USPS has indicated that 65% of population growth occurred in rural areas for much of the 20-year period. In addition, total USPS mail volume increased in these areas through 2009, leading to a greater need for delivery carriers in those areas.<sup>19</sup>

Second, two categories of USPS employees involved in the transportation of mail prior to its delivery grew in the 1990s, peaked in the early 2000s, and either returned to their FY1994 levels in FY2013 or declined below those levels. The number of mail handlers was 54,859 in FY1994, 59,259 in FY2002, and 40,102 in FY2013. Motor vehicle operators numbered 7,577 in FY1994, 9,092 in FY2002, and 6,598 in FY2013.

Third, the number of non-bargaining temporary employees increased by 477% from 613 in FY1994 to 3,537 in FY2012, but has since dropped to its lowest level to 249 in FY2013.

Finally, the headquarters category grew to its highest recorded population over the 20-year period. After fluctuating from 1994 to the early 2000s, the number of headquarters employees rose 45% from FY2003 (1,867 employees) to FY2004 (2,708 employees) and has since increased to its highest level at 2,967 employees in FY2013. In total, headquarters employees increased nearly three-fourths (74.4%) between FY1994 and FY2013.

USPS has indicated that increases in the number of headquarters employees can be largely attributed to the reallocation of positions from non-headquarters to headquarters-related

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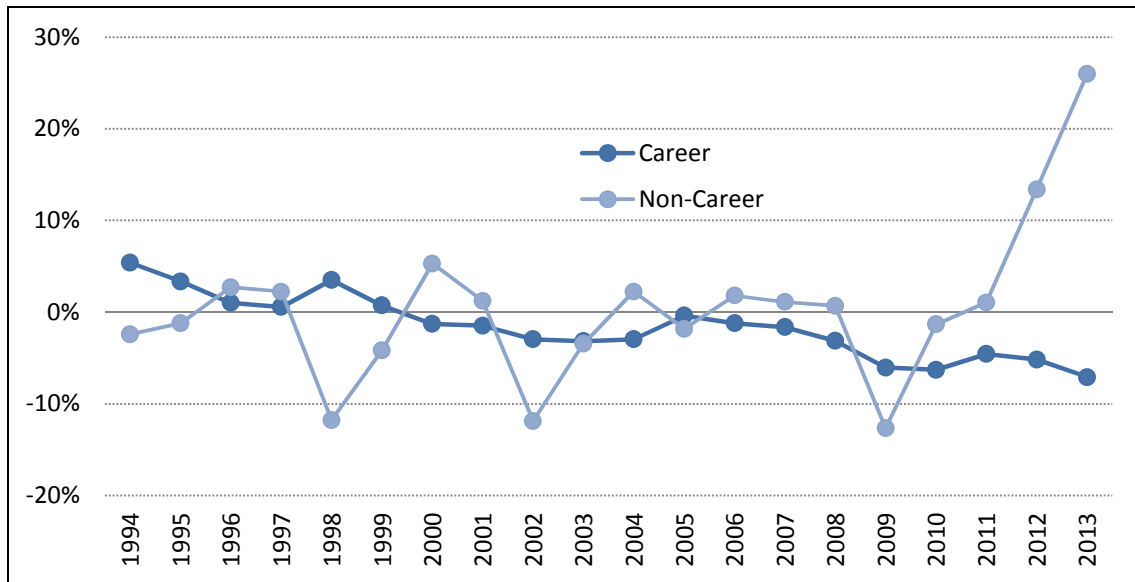
3, at <http://www.npmhu.org/media/news/body/Fishgold-QA-080813.pdf>; and National Postal Mail Handlers Union, “NMPHU/USPS Interest Arbitration Award is Released – Sets Terms for 2011 National Agreement,” February 19, 2013, at <http://www.npmhu.org/media/news/national-agreement-arbitration-award-issued>.

<sup>19</sup> Information provided electronically to CRS from USPS on September 24, 2014.

categories. According to USPS, these reallocations are the result of USPS’s efforts to consolidate resources and functions previously managed at local, district, and area levels at the headquarters level.<sup>20</sup> For example, USPS’s centralization of human resources (HR) functions through an HR Shared Services Center created 500 positions at headquarters, which appears to have resulted in the reallocation of positions from field offices to headquarters-related categories.<sup>21</sup>

**Figure 3** shows the yearly percentage change in USPS workforce size, disaggregating the data by career and non-career employees. The decrease in size of the USPS workforce between FY2008 and FY2009 was the steepest decrease in the past 20 years. As the trend lines indicate, the percentage change in career employees has remained relatively stable, though it has been negative for the past decade. In contrast, the percentage change in non-career employees shows greater variance over time. The number of non-career employees declined between FY2008 and FY2010, before beginning to increase again in FY2011. There was a discernible uptick between FY2011 and FY2013—the percentage change in non-career employees increased from 1.0% from FY2010 to FY2011, compared to 42.8% from FY2011 to FY2013.

**Figure 3. Percentage Change in Career and Non-Career Employees  
FY1994-FY2013**



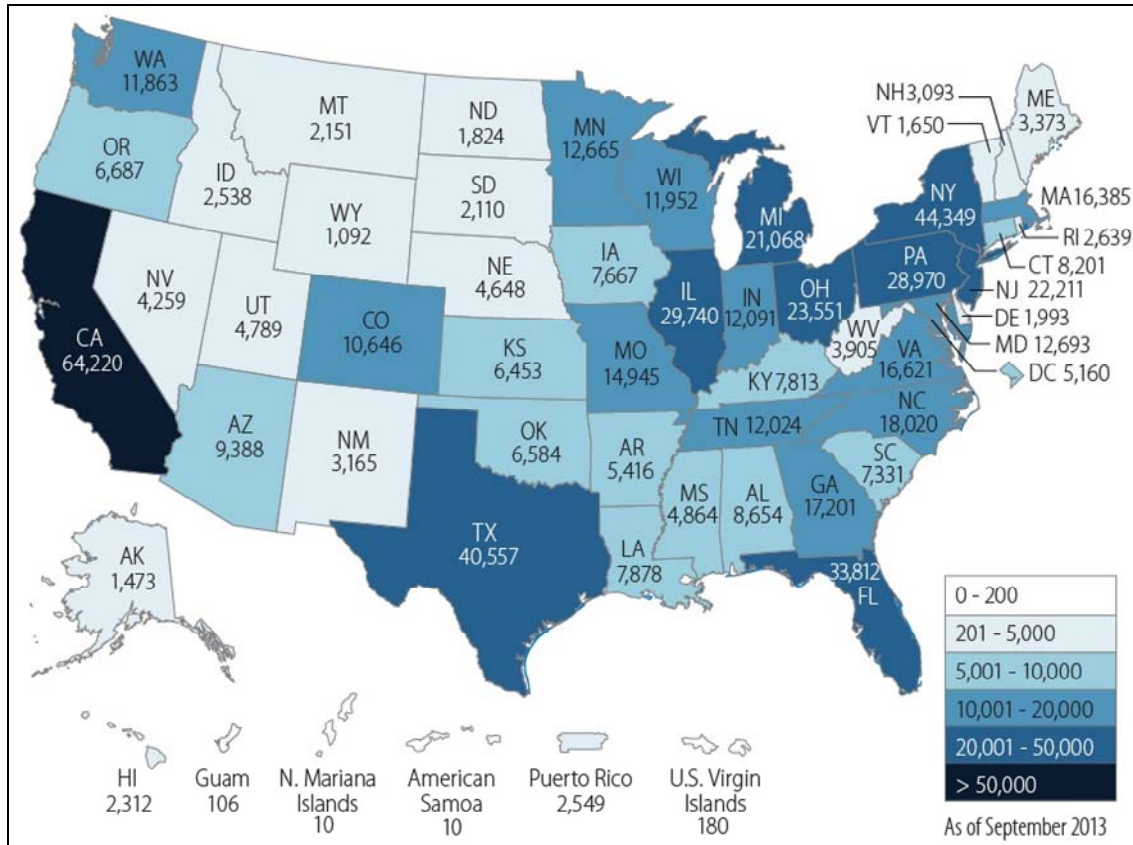
Source: CRS analysis of data provided by USPS.

<sup>20</sup> CRS analysis of information provided electronically to CRS from USPS on September 26, 2014. Affected non-headquarters employment categories may include: Area Office, Professional, Administrative, and Technical Personnel, Postmaster/Installation Heads, and Supervisors/Managers. Headquarters-related employment categories include: Headquarters, Headquarters-Field Support, and Inspection Service-Field.

<sup>21</sup> Information provided electronically to CRS from USPS on September 26, 2014. The changes to specific employment categories affected by this consolidation, as well as the extent to which new hires were used to fill these new positions, were not addressed.

Figure 4 shows the USPS workforce by state.

**Figure 4. U.S. Postal Service Workforce by State**  
As of September 2013



**Source:** CRS analysis of data provided by USPS.

**Notes:** Amber Wilhelm, CRS Graphics Specialist, created **Figure 4**.

## USPS Workforce Size: Recent Developments

In recent years, the USPS has experienced significant financial challenges. After running modest profits from FY2004 through FY2006, the USPS lost \$45.6 billion between FY2007 and FY2013.<sup>22</sup> Were it not for congressional action, the USPS would have lost an additional \$4.0 billion.<sup>23</sup> As USPS’s finances have deteriorated, its ability to absorb operating losses has been diminished. Between FY2005 and FY2013, USPS’s debt rose from \$0 to \$15 billion. The Government Accountability Office (GAO) added the USPS’s financial condition “to the list of high-risk areas needing attention by the Congress and the executive branch.”<sup>24</sup>

<sup>22</sup> CRS analysis of USPS “Form 10-Ks,” and U.S. Postal Service, *Annual Report of the United States Postal Service*, p. 57, at <http://about.usps.com/who-we-are/financials/annual-reports/fy2007.pdf>.

<sup>23</sup> U.S. Postal Service, *2012 Report on Form 10-K*, November 15, 2012, pp. 24 and 53, and CRS Report R43162, *The U.S. Postal Service’s Financial Condition: A Primer*, by Daniel J. Richardson

<sup>24</sup> Government Accountability Office, *Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability*, (continued...)

Among the causes for the USPS's financial downturn is the large drop in mail volume. Since FY2007, the number of mail pieces delivered per year fell from 212 billion to 158 billion.<sup>25</sup> As a result, operating revenues were nearly \$7.5 billion lower in FY2013 (\$67.3 billion) than in FY2007 (\$74.8 billion).<sup>26</sup> However, operating revenues increased compared to the prior year for the first time since 2008 in FY2013, rising nearly \$2.1 billion compared to revenues in FY2012 (\$65.2 billion).<sup>27</sup>

The USPS's challenging financial circumstances have prompted it to undertake cost-cutting measures, primarily through workforce reductions. USPS has reduced its workforce size through attrition and separation incentives to retire or resign.<sup>28</sup> Since FY2007, there has been a reduction of 168,215 employees from USPS's workforce.<sup>29</sup> There were 785,929 USPS employees at the end of FY2007, compared to 617,714 employees at the end of FY2013.

The USPS has indicated that it intends to continue to reduce its workforce size. According to the Postmaster General, USPS has a goal to reduce its career workforce to 400,000 employees by 2017.<sup>30</sup> This reduction would represent an 18.5% decrease (91,017 employees) from FY2013 staffing levels. The Postmaster General further stated that these reductions will be achieved through attrition rather than buyouts or reductions in force. In the interim, it appears that USPS intends to reduce its workforce by 10,000 positions in FY2015.<sup>31</sup>

The following is a list of the most recent USPS actions related to its attempts to further reduce the size of its workforce:

- In July 2014, USPS offered buyouts and early retirement incentives to approximately 3,900 postmasters. Eligible employees can receive up to \$10,000 if they voluntarily resign or choose an early retirement option. Employees had

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(...continued)

GAO-09-937SP, July 28, 2009, p. 1, at <http://www.gao.gov/assets/210/203772.pdf>.

<sup>25</sup> U.S. Postal Service, *2008 Report on Form 10-K*, November 25, 2008, p. 13, at <http://about.usps.com/who-we-are/financials/10k-reports/fy2008.pdf>; U.S. Postal Service, *2012 Report on Form 10-K*, pp. 24-27; and U.S. Postal Service, *2013 Report on Form 10-K*, pp. 20, 21, and 24.

<sup>26</sup> U.S. Postal Service, *2013 Report on Form 10-K*, p. 23, and CRS Report R43162, *The U.S. Postal Service's Financial Condition: A Primer*, by Daniel J. Richardson.

<sup>27</sup> Increased revenues can be attributed to an accounting change for deferred revenue-prepaid postage liability, as well as increases in Shipping and Packages and Standard Mail. Absent the accounting change, revenues increased by \$779 million in FY2013. See at U.S. Postal Service, *2013 Report on Form 10-K*, pp. 20-21.

<sup>28</sup> U.S. Postal Service, *Quarter III, 2013 Report on Form 10-Q*, August 4, 2014, p. 33, at <http://about.usps.com/who-we-are/financials/financial-conditions-results-reports/fy2013-q3.pdf>.

<sup>29</sup> CRS analysis of data provided by USPS.

<sup>30</sup> Patrick R. Donahoe, Postmaster General, U.S. Postal Service, U.S. Congress, Senate Committee on Homeland Security & Governmental Affairs, *Solutions to the Crisis Facing the U.S. Postal Service*, February 13, 2013, p. 3, at [http://about.usps.com/news/testimony/2013/pr13\\_pmg0213.htm](http://about.usps.com/news/testimony/2013/pr13_pmg0213.htm); Patrick R. Donahoe, Postmaster General, U.S. Postal Service, U.S. Congress, House Committee on Oversight and Governmental Reform, *Options to Bring the Postal Service Back from Insolvency*, hearing, 113<sup>th</sup> Cong., 2<sup>nd</sup> sess., April 17, 2013, p. 4, at <http://oversight.house.gov/wp-content/uploads/2013/04/Donahoe-Testimony-4-17-USPS-COMplete.pdf>; and Andy Medici, "Postal Service to reduce workforce by 10,000," *Federal Times*, March 17, 2014, at <http://www.federaltimes.com/article/20140317/MGMT03/303170011/Postal-Service-reduce-workforce-by-10-000>.

<sup>31</sup> Andy Medici, "Postal Service to reduce workforce by 10,000," *Federal Times*.

until August 18, 2014, to decide on the early retirement option. Employees who did not select these options may apply for other USPS positions.<sup>32</sup>

- In September 2013, USPS announced a Voluntary Early Retirement (VER) option for approximately 15,600 managers, supervisors, and local postmasters. Eligible employees would not receive any financial incentives to retire under this option.<sup>33</sup> Eligible employees had until November 29, 2013, to accept the offer to leave service, and 1,223 employees accepted the offer.<sup>34</sup>
- On February 6, 2013, USPS announced its intent to cease delivering letter mail on Saturdays as of August 1, 2013. According to USPS, this change would have eliminated the equivalent of 35,000 positions, including supervisors, though the city delivery category would realize the greatest impact.<sup>35</sup> However, USPS withdrew its plan to halt Saturday mail delivery as a result of language in H.R. 933 directing USPS to maintain six-day delivery for all products.<sup>36</sup>
- During FY2013, 22,842 employees represented by APWU left their positions by accepting early retirement incentives.<sup>37</sup> Under this program, an employee received a \$15,000 payment (less taxes and applicable deductions) if he or she resigned, retired, or retired pursuant to a Voluntary Early Retirement Authority (VERA).<sup>38</sup>

Postal worker labor unions have taken steps to curtail certain USPS efforts to reduce its workforce. On September 5, 2014, the APWU was awarded an arbitration ruling that created a minimum of 9,000 new USPS positions within the clerk craft functional area.<sup>39</sup> USPS will reportedly create these positions by adding or converting jobs previously held by part-time, non-union employees to bargaining unit positions.<sup>40</sup> In accordance with the ruling, at least 3,000 of these positions must be filled by full-time, career employees, and at least 6,000 must be filled by

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<sup>32</sup> U.S. Postal Service, *Quarter III, 2014 Report on Form 10-Q*, August 11, 2014, p. 30, at <http://about.usps.com/who-we-are/financials/financial-conditions-results-reports/fy2014-q3.pdf>; and Andy Medici, "Postal Service to reduce workforce by 10,000," *Federal Times*.

<sup>33</sup> U.S. Postal Service, *Quarter III, 2013 Report on Form 10-Q*, p. 30.

<sup>34</sup> Information provided electronically to CRS from USPS on August 15, 2014.

<sup>35</sup> U.S. Postal Service, "Six-Day Package/Five-Day Mail Delivery, Background/Talking Points/FAQs," February 2013, at <http://apps.federaltimes.com/projects/files/postal-service-5day-faq.pdf>.

<sup>36</sup> Patrick R. Donahue, Postmaster General, U.S. Postal Service, U.S. Congress, House Committee on Oversight and Governmental Reform, *Options to Bring the Postal Service Back from Insolvency*, hearing, 113<sup>th</sup> Cong., 2<sup>nd</sup> sess., April 17, 2013, pp. 10-11.

<sup>37</sup> U.S. Postal Service, *2013 Report on Form 10-K*, p. 30.

<sup>38</sup> U.S. Postal Service and the American Postal Workers Union, "Memorandum of Understanding Between the U.S. Postal Service and the American Postal Workers Union, re: One-time Retirement Incentive," September 28, 2012, at <http://www.apwu.org/sites/apwu/files/resource-files/nsb20-2012-Incentive-Agreement.pdf>.

<sup>39</sup> American Postal Workers Union, "APU Wins Major Victory on Staffing 'POSTPlan' Offices," September 22, 2014, at <http://www.apwu.org/news/web-news-article/apwu-wins-major-victory-staffing-%E2%80%99postplan%E2%80%99-offices>; American Postal Workers Union, AFL-CIO and U.S. Postal Service, *National Arbitration Before Impartial Arbitrator Stephen B. Goldberg*, September 5, 2014, at [http://www.apwu.org/sites/apwu/files/resource-files/POSTPlan\\_Staffing\\_090514.pdf](http://www.apwu.org/sites/apwu/files/resource-files/POSTPlan_Staffing_090514.pdf).

<sup>40</sup> Eric Katz, "Postal Service to Add Thousands of Union Jobs in 2014," *Government Executive*, September 22, 2014, at <http://www.govexec.com/pay-benefits/2014/09/postal-service-add-thousands-union-jobs-2014/94757/>.

PSEs. All positions must be staffed within 90 days of the Memorandum of Understanding issuance, which details the procedures for implementing the arbitration award.<sup>41</sup>

At the time of the writing of this report, USPS had not stated whether it would utilize additional separation incentives to reduce its workforce. However, further workforce reductions would be required if the USPS wants to achieve its goal of shrinking its career workforce to 400,000 employees by 2017. USPS has indicated that additional financial flexibilities similar to those detailed in S. 316 and H.R. 630 will be needed to successfully accomplish these reductions, such as waiving the requirement to pre-fund retiree health benefits.<sup>42</sup>

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<sup>41</sup> The memorandum was issued on September 22, 2014. See at American Postal Workers Union, AFL-CIO and U.S. Postal Service, *Memorandum of Understanding Between the United States Postal Service and the American Postal Workers Union*, September 22, 2014, at [http://www.apwu.org/sites/apwu/files/resource-files/POSTPlan\\_Staffing\\_MOU\\_092214.pdf](http://www.apwu.org/sites/apwu/files/resource-files/POSTPlan_Staffing_MOU_092214.pdf).

<sup>42</sup> The Postmaster General made no mention of additional retirement offers in his recent congressional testimony, though he cited the need for legislation that addresses additional cost-cutting initiatives necessary to reduce the size of the workforce. See Patrick R. Donahue, Postmaster General, U.S. Postal Service, U.S. Congress, House Committee on Oversight and Governmental Reform, *Options to Bring the Postal Service Back from Insolvency*, hearing, 113<sup>th</sup> Cong., 2<sup>nd</sup> sess., pp. 7-16, and Andy Medici, "Postal Service to reduce workforce by 10,000," *Federal Times*.

## Appendix. Brief Descriptions of USPS Employment Categories<sup>43</sup>

### Career Employees

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

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

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

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

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

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

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

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

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

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

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

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

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

**Motor Vehicle Operators:** Includes persons who drive mail trucks.

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<sup>43</sup> Unless otherwise noted, these employment categories are those used by USPS in its *Annual Report* and were composed by the author of this report in consultation with USPS.

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

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

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

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

## **Non-Career Employees**

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

**Postal Support Employees:** Time-limited position created in 2011 that provides the USPS with flexibility in the hiring within the clerk craft and the maintenance and motor vehicle craft. Pursuant to a bargaining agreement, Postal Support Employees are entitled to certain employee benefits such as raises, health benefits, and leave.<sup>44</sup>

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

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

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

**City Carrier Assistant:** Time-limited position created in 2013 that provides the USPS with flexibility in hiring for the city delivery function. City Carrier Assistants may perform the full range of duties undertaken by career City Delivery Carriers and are entitled to certain employee benefits such as raises, health benefits, and leave.<sup>45</sup>

**Mail Handler Assistant:** Time-limited position created in 2013 that provides the USPS with flexibility in hiring for the mail delivery function. Mail Handler Assistants may perform the full range of duties undertaken by career Mail Handlers and are entitled to certain employee benefits such as raises, health benefits, and leave.<sup>46</sup>

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<sup>44</sup> The definition for Postal Support Employees was created by CRS using U.S. Postal Service, “Postal Service Establishes New Position,” Press Release, June 8, 2011, at [http://about.usps.com/news/state-releases/fl/2011/fl\\_2011\\_0610.htm](http://about.usps.com/news/state-releases/fl/2011/fl_2011_0610.htm).

<sup>45</sup> The definition for City Carrier Assistant was created by CRS using National Association of Letter Carriers, “Key Provisions of the 2011-2016 National Agreement Arbitration Award.”

<sup>46</sup> The definition for Mail Handler Assistant was created by CRS using National Postal Mail Handlers Union, “Questions and Answers 2011-2016 Fishgold Arbitration Award.”



**Transitional Employees:** Includes persons who staff USPS's Remote Encoding Centers (RECs), which provide assistance concerning mail processing machines.<sup>47</sup>

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<sup>47</sup> If a mail processing machine cannot read an address, it makes an electronic image of the mail piece and transmits the image to a computer at an REC. There an employee attempts to determine the correct address for the mail piece so that it may be reentered into the mail processing stream.