

GAO Highlights

Highlights of [GAO-15-43](#), a report to the Chairman, Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

USPS has insufficient revenues to cover its expenses, has reached its statutory borrowing limit, and has projected unsustainable losses through fiscal year 2020. In its April 2013 5-Year Business Plan, USPS reported that it needs to save up to \$20 billion annually through fiscal year 2017 to help regain financial self sufficiency. A key area for potential cost savings is managing personnel-related costs, which account for about 78 percent of its expenses.

GAO was asked to examine USPS's plans to manage the size and cost of its workforce. This report discusses (1) actions USPS has taken since 2006 to reduce the size and cost of its workforce and the results of those actions, (2) the status of other options USPS has identified to reduce workforce costs, and (3) steps that USPS has taken to implement workforce planning. GAO reviewed reports from USPS and the Postal Regulatory Commission on actions USPS has taken to manage the size and cost of its workforce; GAO interviewed USPS officials and stakeholders, including postal labor organizations and management associations and mailing industry organizations, to obtain views on planned initiatives. GAO also identified key principles for workforce planning from prior GAO work and obtained documentation to identify steps USPS is taking to implement these principles.

GAO is not making any recommendations in this report. USPS reviewed a draft of this report and provided technical comments, which GAO incorporated as appropriate.

View [GAO-15-43](#). For more information, contact Lori Rectanus at (202) 512-2834 or rectanusl@gao.gov.

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U.S. POSTAL SERVICE

Status of Workforce Reductions and Related Planning Efforts

What GAO Found

From fiscal years 2006 through 2013, the U.S. Postal Service (USPS) decreased the size of its workforce and the number of employee work hours through retirements, attrition, and initiatives to streamline its operations. According to USPS's data, its workforce declined during this period from approximately 796,000 to 618,000 employees, or by about 22 percent. The total number of work hours also decreased by approximately 24 percent, from 1.5-billion hours in fiscal year 2006 to 1.1-billion hours in fiscal year 2013. However, despite the decrease in employees and work hours, USPS's total expenses over this same time period did not decline. This is because average hourly wage and benefits costs have increased due to (1) cost-of-living allowances, (2) rising health benefit costs, and (3) wage increases negotiated in collective-bargaining agreements. Also, USPS was required to prefund retiree health benefits through 2016, and other non-personnel expenses, such as those for transportation, increased. According to USPS officials, personnel costs will continue to rise and are estimated to be \$2 billion more in fiscal year 2015 compared to fiscal year 2014.

USPS has considered requiring customers to change to less costly delivery modes and is seeking legislative changes for other initiatives to reduce workforce costs. USPS estimates that mandating large-scale conversions from door delivery to other less costly modes, such as delivery to a curbside or centralized mailbox, has the potential to generate \$2 billion in annual savings. However, although USPS has the authority to mandate such conversions, it has not done so because it anticipates that such a change would face resistance from customers, employees, postal labor organizations, and mailing-industry stakeholders. USPS is seeking legislative authorization for several other initiatives that would potentially reduce workforce costs, such as implementing 6-day package and 5-day mail delivery, for an estimated annual savings of \$2 billion. According to USPS officials, such legislative changes are needed because initiatives that have been or could be undertaken within its current authority will be insufficient to ensure immediate and long-term financial stability.

USPS has also developed initiatives to implement some of the key principles for workforce planning, principles that can help it identify future workforce needs and develop appropriate strategies. According to USPS officials, USPS has incorporated these key principles into its workforce-planning efforts, including its 5-Year Business Plan and its management process, called Delivering Results, Innovation, Value, and Efficiency (DRIVE). During GAO's review, USPS developed a DRIVE initiative called Building the Workforce of the Future, which according to USPS officials, addresses workforce planning in a comprehensive and coordinated manner. Because the initiative has not been completely implemented, GAO did not fully assess the extent to which it incorporates key principles for workforce planning. Incorporating key principles for workforce planning, such as communicating plans to stakeholders and monitoring progress toward meeting goals, is important for USPS to demonstrate to Congress and other stakeholders how USPS's current, planned, and proposed workforce initiatives will achieve their targets and goals, and to help USPS move toward a point where it can be self-sustaining.