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U.S. POSTAL SERVICE

The Program for Reassessing Work Provided to Injured Employees Is Under Way, but Actions Are Needed to Improve Program Management



GAO

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Highlights of [GAO-10-78](#), a report to congressional requesters

Why GAO Did This Study

Between 50,000 and 60,000 United States Postal Service (Service) employees, or 7 to 8 percent of the Service's workforce, occupied a modified work assignment during fiscal year 2008. The Service must provide these assignments to employees with workplace injuries if work is available to perform within their medical restrictions. Historically, the Service has returned employees to work as soon as possible, partly to reduce its costs for workers' compensation. In 2006, the Service initiated a program, the National Reassessment Process, to ensure that modified work assignments are medically suitable and necessary to carry out the Service's mission. This requested report addresses (1) the goal of the program, (2) how it is being implemented, and (3) the program's status and outcomes. To perform its work, GAO analyzed data and documentation, visited four districts selected to illustrate a range of conditions, and interviewed Service officials.

What GAO Recommends

GAO recommends that the Service establish program completion timelines, track and measure outcomes, and disclose limitations of its reported cost savings. The Service agreed with GAO's third recommendation and disagreed with the other two. While GAO modified one recommendation in response to the Service's comments, GAO retained all three to encourage program completion, accountability, and transparency.

View [GAO-10-78](#) or [key components](#). For more information, contact contact Phillip Herr, (202) 512-2834, or Herrp@gao.gov.

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What GAO Found

The goal of the National Reassessment Process is to ensure that all employees in modified work assignments are performing work that is both suitable to their medical restrictions and necessary to the Service's mission. Among other things, the program aims to eliminate what Service officials call "make-work" assignments which, over time, occurred when factors such as increasing automation and declining mail volumes reduced the amount of manual, sedentary, and useful work available for these employees to perform. The number of employees reassessed under the program is not readily available nationwide because the Service does not aggregate district data. However, on September 30, 2008, there were 31,044 employees in modified work assignments, all of whom may have been reassessed under the program.

The program is being implemented in three phases in the Service's 74 districts. In Phase 1, the Service ensures that all employee medical records are current, and categorizes the employees based on their medical status. In Phases 2 and 3, the Service attempts to find each employee medically suitable and necessary work. If successful, the Service provides these employees with modified work assignments. However, when suitable work is not available, employees become eligible for wage loss compensation (workers' compensation). Specifically, because employees in Phase 2 have reached their maximum medical improvement, they are not expected to return to work for the Service and, thus, may receive workers' compensation indefinitely, whereas Phase 3 employees are eligible for workers' compensation for only the number of hours they cannot work for the Service. Initially, the Service implemented each phase of the program sequentially; however, in July 2009, it began allowing some districts to conduct Phases 2 and 3 concurrently to expedite the program's completion. The Service has not established milestones for completing the program, but, according to Service officials, they expect the program to be fully implemented by September 30, 2010.

After 3 years, none of the Service's districts had completely implemented the program, and implementation in most is far from complete. Available data on employee outcomes are limited and preliminary because implementation is ongoing, and the Service does not track employees who receive medically suitable and necessary work—the goal of the program. The Service achieves program cost savings when, for example, employees return to full duty, retire, resign, or perform modified work assignments. However, when suitable work is not available, some employee outcomes could increase the Service's short- and long-term costs for workers' compensation. For the year ending June 30, 2009, workers' compensation costs totaled about \$1.1 billion and, in 2008, the Service estimated that its future liability for these costs totaled about \$8 billion. The Service reported to the Congress that the program saved \$146 million in fiscal year 2008. However, the Service did not disclose that these reported savings reflect neither the Service's total gross savings nor its net savings, nor any other limitations in its cost estimation methodology.

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Abbreviations

DOL	Department of Labor
GAO	Government Accountability Office
MMI	maximum medical improvement
NRP	National Reassessment Process
NWA	no work available
OWCP	Office of Workers Compensation Programs
Service	United States Postal Service

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United States Government Accountability Office
Washington, DC 20548

December 14, 2009

The Honorable Stephen F. Lynch
Chairman
Subcommittee on Federal Workforce, Postal Service,
and the District of Columbia
Committee on Oversight and Government Reform
House of Representatives

The Honorable Danny K. Davis
House of Representatives

In fiscal year 2008, the United States Postal Service (Service) had about 748,000 employees, representing about 25 percent of all federal employees. These employees also accounted for about 42 percent of all federal traumatic workplace injuries and occupational illnesses (injuries).¹ According to Service officials, the high rate of employee injuries arises largely from the often physically demanding, industrial, and highly repetitive nature of their work. Some injured employees recover from their injuries quickly and return to work without medically prescribed physical restrictions (medical restrictions), while others require long-term, modified work assignments to accommodate their medical restrictions. Based on our analysis, there were between 50,000 and 60,000 postal employees, or about 7 to 8 percent of the Service's workforce, in these assignments at some point during fiscal year 2008, the most recent year for which complete data were available. Not included in this number are employees with workplace injuries who have medical restrictions that preclude them from returning to work for the Service in any capacity.²

When employees are able to return to work after a compensable workplace injury, federal agencies, including the Service, are required to employ them if work is available that they can accomplish within their

¹For purposes of this report, we generally refer to both traumatic injuries, such as injuries arising from vehicular crashes, and occupational illnesses, such as carpal tunnel syndrome, as "injuries."

²Because these employees are not in modified work assignments, they are not included in the scope of this review.

medical restrictions.³ In the 1990s, the Service aggressively pursued the return of employees to work as soon as possible as a means to (1) help employees recover more quickly and stay up to date with workplace changes and (2) reduce the Service's costs for workers' compensation.⁴ According to senior headquarters officials, the Service's previous practice often resulted in bringing employees back to work in "make-work" assignments without regard to productivity. In addition, they said that the practice created a workplace culture in which employees believed they were entitled to modified work assignments, regardless of whether the assignment was needed for the Service's mission.

In 2006, the Service introduced a new, agencywide initiative—the National Reassessment Process (NRP)—to revise its practices for assigning modified work to injured employees. The Service's Office of Health and Resource Management is responsible for implementing the NRP. Numerous other postal officials are also involved through a phased implementation approach. The NRP is being carried out in the Service's 74 districts,⁵ with supervision from headquarters and area officials, and focuses on reassessing employees in modified work assignments to determine whether the assignments are (1) within the employees' medical restrictions (medically suitable work) and (2) necessary to carry out the Service's mission.

³Under the Americans with Disabilities Act of 1990, codified as amended at 42 U.S.C. § 12101 *et seq.*, employers are required to make "reasonable accommodations" for qualified individuals with disabilities, unless to do so would require undue hardship (e.g., creating a new position.) See 42 U.S.C. §§ 12112(b)(5), 12111(10). The Rehabilitation Act of 1973, Pub. L. No. 93-112, 87 Stat. 355, applies these standards to federal agencies, including the Postal Service. See 29 U.S.C. § 791, 39 C.F.R. § 255.5, 29 C.F.R. § 1614.203.

⁴Payments to federal employees for compensable work-related injuries and illnesses are authorized by the Federal Employees' Compensation Act, 39 Stat. 743 (1916), codified as amended at 5 U.S.C. chapter 81, and administered by the Office of Workers' Compensation Programs within the Department of Labor. The Department of Labor provides benefits to workers injured on the job, including wage loss compensation, payments for medical care and, where necessary, vocational rehabilitation training and assistance in returning to work. The department charges these expenses back to the federal agencies in order to be reimbursed for making payments to their employees.

⁵When we began our review in October 2008, there were 80 postal districts. The Service subsequently eliminated 6 districts, and their activities were absorbed by other districts. While there are currently 74 districts, we report available information on the status and outcomes of 75 districts because 1 of these had not fully distributed its employee files, including those related to the NRP, to other postal districts.

Because of congressional interest in the large number of postal employees in modified work assignments and whether these employees are being productively employed, we were asked to review the NRP. This report addresses the following objectives: (1) What is the goal of the NRP? (2) How is the program being implemented? (3) What is the status of the NRP, and what outcomes have been achieved?

To address these objectives, we reviewed and analyzed, among other documentation, (1) applicable laws, regulations, and postal policies and procedures for protecting federal employees who sustain compensable workplace injuries, including their rights with respect to job restoration; (2) documentation describing the NRP's goal and the process for implementing the initiative, as well as available data on its status and outcomes; and (3) documentation and views on the NRP from the four largest postal unions. We also interviewed a wide range of Service officials, and officials within the Department of Labor's (DOL) Office of Workers' Compensation Programs (OWCP), which makes wage loss and other payments to federal employees with compensable workplace injuries. To determine the number of employees in modified work assignments during fiscal year 2008, we analyzed data from each of the Service's districts and headquarters and determined that the Service's data were sufficiently reliable for our reporting purposes. To obtain views on the NRP, we also visited four postal districts—San Francisco, Westchester, the Dakotas, and Dallas—and contacted officials in four other districts—Sierra Coastal, Southeast New England, Los Angeles, and Santa Ana.⁶ Finally, we reviewed prior reports and literature on the value of returning injured employees to work as soon as possible; reports on the Service's declining financial circumstances, including our high-risk report and the Service's recent annual financial reports and comprehensive statements for fiscal years 2007 and 2008,⁷ which included data on the NRP's cost savings; and guidance on key principles for managing agency initiatives and reporting program outcomes. Additional information on our (1) scope and methodology, including information on how we selected the eight postal districts we contacted and (2) methodology for determining the number of employees with workplace injuries who occupied (or could

⁶The results of our discussions with officials in these eight districts are not generalizable to all of the Service's districts.

⁷GAO, *High Risk Series: Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability*, [GAO-09-937SP](#) (Washington, D.C.: July 28, 2009).

have occupied) a modified work assignment during 2008 are provided in appendixes I and II, respectively.

We conducted this performance audit from October 2008 to December 2009, in accordance with generally accepted government auditing standards. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The Service's mission is to provide universal mail service 6 days a week to, as nearly as practicable, the entire U.S. population. The Service delivered mail to over 149 million addresses in 2008 and is broadly organized into nine large, geographic areas. Each of these areas comprises many postal districts, which collectively accomplish the Service's mission. To carry out its mission, the Service maintains a network of facilities, including over 36,700 retail and delivery facilities, such as local post offices and approximately 400 major mail-processing facilities. In addition, the Service operates one of the largest vehicle fleets in the United States. The Service also employs career and noncareer employees to carry out its mission.⁸ Most of the Service's employees are in occupations (crafts) represented by one of the four largest postal unions. Table 1 identifies the four largest unions and the primary crafts each represents.

⁸Noncareer employees include "casual" and "transitional" staff with limited-term appointments. The Service hires these employees when it needs to temporarily augment the size of its workforce, such as during the Christmas season.

Table 1: The Four Largest Postal Unions and the Primary Crafts Each Union Represents

Union	Primary crafts represented
American Postal Workers Union	<p>Clerks: Provide customer services at retail and delivery facilities including selling postage, accepting packages for shipment, and dispensing Certified Mail or Registered Mail. They also operate machinery for sorting mail in facilities like processing and distribution plants.</p> <p>Technicians and mechanics: Diagnose and repair equipment and vehicles.</p>
National Association of Letter Carriers	<p>City carriers: Organize mail into delivery sequence at postal facilities and deliver the mail along established routes, either by foot, or in a vehicle.</p>
National Postal Mail Handlers Union	<p>Mail handlers: Load, unload, and move bulk mail, including sacks and trays at processing facilities.</p> <p>Equipment operators: Move mail throughout a facility using equipment such as a forklift or pallet truck.</p>
National Rural Letter Carriers' Association	<p>Rural carriers: Organize mail into delivery sequence and deliver it by vehicle along established rural routes that vary in length. They also collect mail and sell stamps, money orders, and other products to customers along their routes.</p>

Source: GAO analysis of Service documentation.

Postal employees generally sustain two types of employment-related injuries—traumatic injuries and occupational illnesses. Traumatic injuries are linked to a specific event, such as when a letter carrier trips and falls while delivering mail, or when an employee is injured operating automated machinery in a processing plant. In contrast, occupational illnesses can develop from prolonged workplace exposure and repetitive motion activities, such as when a rural letter carrier develops a back, shoulder, or rotator cuff injury by repeatedly twisting and stretching to reach mail in the back of his or her vehicle.

When federal employees suffer a compensable workplace injury, they are entitled to available work within their medical restrictions, in accordance with the Rehabilitation Act of 1973.⁹ The right to available work and the obligation to provide it (restoration rights) are contained in statute and regulations promulgated by the Office of Personnel Management, which has delineated different job restoration rights for employees, depending on

⁹Pub. L. No. 93-112, 87 Stat. 355. See also fn. 3.

their recovery status.¹⁰ These rights are also specified in various Service manuals, including the *Employee and Labor Relations Manual*. According to this manual, the Service will provide the following:

- “rehabilitation” assignments to an employee “when the effects of the injury are considered permanent and/or the employee has reached his/her maximum medical improvement” (MMI), which means that, according to the employee’s treating physician, the employee is unlikely to recover further; and
- “limited duty” assignments to an employee who has not reached his or her MMI and is expected to fully recover.

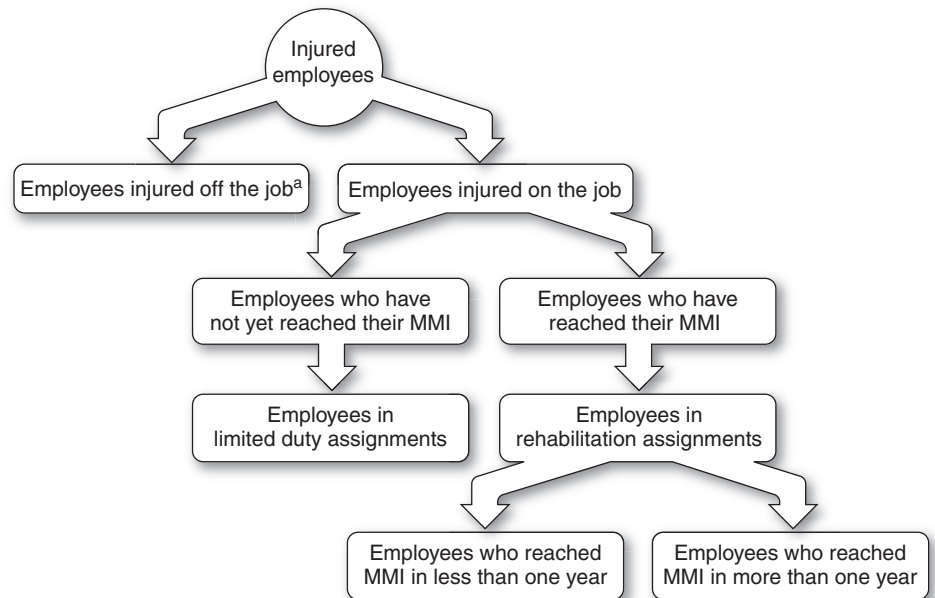
Service employees remain in limited duty assignments until either they fully recover and return to work (i.e., return to full duty) or their physician determines that they have reached their MMI. Once a physician determines that an employee has reached his or her MMI and is able to work for the Service, the Service may provide the individual with a rehabilitation work assignment. If an employee is unable to work for the Service, the Service refers the employee to OWCP for wage loss compensation.

Under the Federal Employees’ Compensation Act and implementing regulations, injured employees must be examined by a medical officer or approved physician, the results of which are to be provided to the employer—in this case the Service. If a physician specifies medical work restrictions for the employee, the Service must consider these restrictions in providing a modified work assignment. For example, if after a compensable on-the-job injury, a physician determines that a city carrier can walk only 2 hours a day, the Service may try to find the employee a driving mail route that will allow the employee to remain seated most of the day. Similarly, if a clerk’s medical restrictions specify that the clerk can neither stand nor extend his or her arms above shoulder height, the Service could physically lower the workstation the clerk uses to organize mail into delivery route sequence so that the task can be done while seated.

¹⁰See 5 C.F.R. part 353. These regulations implement 5 U.S.C. § 8151, part of the Federal Employees Compensation Act, as amended, Pub. L. No. 64-267, 39 Stat. 742 (1916), codified as amended at 5 U.S.C. chapter 81. Other legislative and regulatory protections also apply to injured federal employees, including protections afforded to employees in the Rehabilitation Act, and the Family Medical Leave Act of 1993, Pub. L. No. 103-3, 107 Stat. 6, as applicable.

The Service's *Employee and Labor Relations Manual* specifies different job restoration rights, depending on the length of time between (1) OWCP's approval of the employee's injury claim for compensation and (2) the date that the employee's physician specified that the employee reached his or her MMI.¹¹ Figure 1 illustrates how a physician's determination about whether an employee has (or has not) reached his or her MMI affects the type of modified work assignment provided.

Figure 1: How a Physician's Determination about a Service Employee's MMI Status Affects the Type of Modified Work Assigned to the Employee



Source: GAO analysis of Service data.

^aIn some cases, the Service also provides modified work assignments to employees injured off-the-job. These assignments, however, are beyond the scope of our review.

OWCP handles employees who suffer a compensable on-the-job injury by placing the employees on either its (1) “periodic rolls” (for employees with long-term or permanent injuries that are expected to keep them out of

¹¹Specifically, employees who reached their MMI within a year from the date they became eligible for compensation have the right to resume employment in their former job, or an equivalent position, agencywide. In contrast, employees who reach their MMI in more than a year from the date they became eligible for compensation are entitled to rights accorded to individuals who fully or partially recover, as applicable. 49 C.F.R. § 353.301(c).

work for more than 90 days) or (2) “daily rolls” (i.e., employees who are expected to return to work within 90 days). In general, employees are entitled to receive 66 and two-thirds percent of their basic compensation during the period of their disability.¹²

As discussed in appendix II, our analysis of Service data indicates that 50,031 employees with workplace injuries occupied a modified work assignment during fiscal year 2008. Up to 9,740 other employees could have been in such an assignment during the same period.¹³ Collectively, these employees represent about 7 to 8 percent of the Service’s workforce in fiscal year 2008. In addition, our analysis found wide variability in the number, percentage, and distribution of employees in these assignments among districts. For example, in Dallas, over 12 percent of all employees in the district at the end of fiscal year 2008 were in a modified work assignment; while in the Metro Caribbean district, fewer than 2 percent occupied one of these assignments at the end of that fiscal year. Additional information on the nationwide distribution of employees in modified work assignments during fiscal year 2008, by district, is available in appendix III.

According to senior postal officials, in the past, the Service aggressively returned employees to work as soon as possible. This practice occurred when the Service (1) had many manual, sedentary jobs that were useful for its injured employees to perform (e.g., filling out customers’ change of address forms manually) and (2) enjoyed steady growth in mail volume and revenues. Neither of these circumstances exists today. In addition, as we previously reported,¹⁴ since 2007, the Service has been experiencing its steepest decline in mail volume since the Great Depression. In fiscal year 2009, the Service incurred an unprecedented net loss of \$3.8 billion and

¹²5 U.S.C. §§ 8105, 8106. The calculation of basic compensation differs depending on whether the disability is total or partial. An employee may also be entitled to additional compensation depending on the nature of their injury and whether the employee has dependents. 5 U.S.C. §§ 8107, 8110. Other considerations may also warrant more or less compensation. See 5 U.S.C. §§ 8111, 8112, 8113. Senior headquarters officials noted that Service employees receiving compensation from OWCP typically receive more than 66 and two-thirds percent of their prior salary.

¹³Service data indicate that these employees had occupied a modified work assignment at some point, but, for example, subsequently had retired or otherwise separated from the Service. Thus, sufficient data were not available for us to determine whether these employees actually occupied a modified work assignment during fiscal year 2008.

¹⁴GAO, *U.S. Postal Service: Broad Restructuring Needed to Address Deteriorating Finances*, [GAO-09-790T](#) (Washington, D.C.: July 30, 2009).

experienced a decline in mail volume of over 25 billion pieces—its steepest decline ever.

To respond to its deteriorating financial circumstances, the Service has, among other actions, downsized its workforce through “early out” retirement offers, closed some facilities, removed underutilized mail collection boxes, realigned its delivery routes to enhance efficiency (route realignments), and eliminated one of three work shifts (tours) in many mail processing and distribution facilities and about 114 million work hours from its 2009 operations.

Given the Service’s deteriorating financial condition, in July 2009, we placed the Service on our list of high-risk areas needing attention by the Congress and the executive branch to achieve broad-based transformation.¹⁵ At that time, we reported that a key action for reducing the Service’s costs was to reduce its employee costs for compensation and benefits and suggested that the Service align costs and revenues, including its costs for compensation and benefits. These costs account for about 80 percent of the Service’s costs.

When implementing major initiatives, agencies—such as the Service—need to ensure that these initiatives will be accomplished effectively and efficiently. Fundamentally, the success of any initiative, such as the NRP, begins at the top—with clear management support for the purpose, goals, and time frames established for completing the initiative. Clear upper-level support and direction help managers throughout the organization properly prioritize the initiative relative to others. Such support and direction also help ensure that managers devote sufficient time and resources to complete the initiative successfully and in a timely manner. In addition, to help ensure the success of key initiatives, an agency should establish measures for determining whether program goals are being met, such as measures of expected outcomes. Furthermore, when an agency reports data on these outcomes to the Congress and others, the agency needs to

¹⁵[GAO-09-937SP](#).

ensure that the data are reliable and understandable, and that any limitations applicable to the data are clearly disclosed.¹⁶

The Goal of the NRP Is to Ensure That All Employees in Modified Work Assignments Are Performing Medically Suitable, Necessary Work

The Service began implementing the NRP in November 2006 to help ensure that all postal employees placed in modified work assignments because of a workplace injury are performing work that is medically suitable and necessary to the execution of the Service’s mission. Although the number of employees being reassessed under the NRP is available at a district level, this number is not readily available nationwide because the Service does not aggregate these data. However, according to senior headquarters officials responsible for implementing the NRP, there were 31,044 employees in modified work assignments on September 30, 2008, all of whom were potentially subject to review under the NRP, depending on their work status when the Service began implementing the NRP in their district. In addition, according to these officials, employees injured after the NRP’s initiation were “rolled into” the NRP process at each applicable district.¹⁷

According to Service and DOL officials, the Service began accumulating large numbers of employees in modified work assignments when it was financially healthy and before the introduction of widespread automation, which decreased the availability of manual and sedentary jobs that, nevertheless, were useful to the execution of the Service’s mission. Many of these jobs have disappeared over time and, thus, managers began assigning make-work, such as answering phones or serving as a lobby greeter, to accommodate employees with workplace injuries—even when these assignments were not required at a particular facility. Thus, according to senior headquarters officials, they will consider the NRP a success when every employee with a workplace injury is working in a

¹⁶GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#); *Government Auditing Standards*, [GAO-07-731G](#) (Washington, D.C.: July 2007 Revision); *Results Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results*, [GAO-04-38](#) (Washington, D.C.: Mar. 10, 2004); *Tax Administration: IRS Needs to Further Refine Its Tax Filing Season Performance Measures*, [GAO-03-143](#) (Washington, D.C.: Nov. 22, 2002); *Managing for Results: Enhancing Agency Use of Performance Information for Management Decision Making*, [GAO-05-927](#) (Washington, D.C.: Sept. 9, 2005); *Statement of Federal Financial Accounting Standard Number 4*, “Managerial Cost Accounting Concepts and Standards for the Federal Government,” 2008 update.

¹⁷Data on the number of these employees is also available at a district level, but is not aggregated by the Service agencywide.

modified work assignment that accommodates both the employee's medical restrictions and the Service's needs.

While the Service specifically precluded make-work assignments, senior headquarters officials purposely did not specify which of the Service's work assignments nationwide involve necessary work or, alternatively, identify those assignments that do not. According to these officials, they did not do so because the Service's needs vary by location and, as a consequence, they wanted to provide facility supervisors and district managers with flexibility to identify necessary work in their facilities and districts. Thus, under the NRP, work assignments that might be considered unnecessary in one facility may be considered necessary in another, depending on the facility's needs. While the Service purposely did not specify a list of necessary work assignments, it precluded local managers from assigning work to an injured employee when the work is part of another employee's duties. According to officials at the four districts we visited, prior to the NRP, they routinely assigned portions of one or more employees' duties to other employees to create modified work assignments for injured workers.

The Service Is Implementing the NRP in Three Phases, Which Take Many Months to Complete

The Service is implementing the NRP in three phases, involving a total of 56 steps and the participation of a wide variety of officials at all levels of the organization and, in some cases, affected employees and their union representatives. Some employee outcomes arising from the NRP vary by phase, while others do not. For example, during any phase of the NRP, employees may return to full duty, retire, or resign from the Service. In addition, assuming that necessary and medically suitable work exists, employees may continue working in either a new assignment or their prior modified assignment. Employee outcomes vary between Phases 2 and 3, however, when sufficient necessary and medically suitable work is not available for the employees to perform. Until recently, the Service has been implementing the NRP in a staggered manner, with each phase performed sequentially. However, instead of waiting for each of the districts to complete Phase 2 before initiating Phase 3, in July 2009, the Service began implementing these phases concurrently. According to senior headquarters officials, the Service took this approach to stimulate progress and expedite the NRP's overall implementation. While the NRP takes many months to fully implement in each district, in part, because large numbers of employees are being reassessed, senior Service officials told us in August 2009 that they expected the entire NRP process will be completed by September 30, 2010. However, given that none of the districts has completed all of the phases of the NRP since its initiation

more than 3 years ago, and absent established milestones and clear program priorities for completing the NRP nationwide, it is unclear when the NRP will be completed.

The NRP Has Three Phases and Involves 56 Prescribed Steps

The NRP has three phases,¹⁸ involving 56 prescribed steps. Phase 1 principally involves identifying all employees with compensable on-the-job injuries; ensuring that information about all employees, such as their medical restrictions, is up to date; and categorizing the employees into one of two groups, according to their medical status (i.e., whether they have, or have not, reached their MMI). The Service uses the employees' updated information for Phases 2 and 3, during which the Service attempts to find medically suitable and necessary work for each employee; however, the focus of these phases varies—depending on whether an employee has reached his or her MMI (Phase 2) or has not reached his or her MMI (Phase 3). Figure 2 describes the key NRP activities, stages, and possible employee outcomes in each of the three phases. See appendix IV for a complete list of all NRP steps, by phase.

¹⁸The Service is implementing the NRP in two phases—Phase 1 and Phase 2—which includes “Phase 2 Rehabilitation” for employees who have reached their MMI and “Phase 2 Limited Duty” for those who have not yet reached their MMI. However, to enhance the clarity of this report, we refer to “Phase 2 Rehabilitation” as “Phase 2” and “Phase 2 Limited Duty” as “Phase 3.”

Figure 2: Key NRP Activities, Stages, and Possible Employee Outcomes, by Phase

<p>Phase 1 – All employees with workplace injuries Stages in phase: None</p> <p>13 steps</p>	<p>Phase 2 – Employees who have reached their MMI Stages in phase:</p> <ul style="list-style-type: none"> -Job search (9 steps) -Job offer (6 steps) -No work available (NWA) (15 steps) <p>30 steps</p>	<p>Phase 3 – Employees who have not reached their MMI Stages in phase:</p> <ul style="list-style-type: none"> -Implementation (6 steps) -Job offer (4 steps)^e -New medical documentation/new injury (3 steps) <p>13 steps</p>
<p>Key activities:</p> <ul style="list-style-type: none"> -Identify all employees with workplace injuries who are in (or capable of working in) modified work assignments. -Ensure that employee information, including medical documentation of the employee's work restrictions, is up to date and, where necessary, request updated documentation. -Ensure that all employees are properly classified according to whether they have, or have not, reached their MMI. -Validate that all records have been updated and that employees have been properly sorted according to their physician's determination of each employee's MMI status (done by headquarters officials). <p>Possible employee outcomes:</p> <p>Employee may:</p> <ul style="list-style-type: none"> -Return to full duty if the employee's medical documentation indicates, for example, that he or she has fully recovered from his or her injury. 	<p>Key activities:</p> <ul style="list-style-type: none"> -Identify all necessary work available within the district.^{a,b} -Assess whether the available work can be accomplished within an employee's medical restrictions. -Where medically suitable work is available, prepare a job offer for each employee. (This may be either a new job offer, or a job reflecting the employee's prior modified assignment.) -When no medically suitable work is available, develop a preliminary list of employees with NWA determinations for review and approval by district management, and double check each of these employees' files for accuracy to ensure, for example, that job searches for each employee were performed correctly. -Approve preliminary NWA list and meet with unions to discuss the list. -Notify affected employees of the Service's NWA determination. -Meet with employee and, when requested, the employee's union representative to discuss the job offer and provide the employee with an opportunity to update his or her medical records.^c <p>Possible employee outcomes:</p> <p>Employee may:</p> <ul style="list-style-type: none"> -Be placed in a modified work assignment (i.e., either the same medically suitable and necessary work assignment that he or she performed before the NRP or a new medically suitable and necessary work assignment); -Return to full duty; -Retire or resign from the Service; or -Receive an NWA determination—(i.e., the Service was unable to find a necessary and medically suitable work assignment for the employee). 	<p>Key activities:</p> <ul style="list-style-type: none"> -Identify all available necessary work (from work conducted during Phase 2).^a -Update records to ensure that all employees who have not reached their MMI are listed and that all employees' files are complete and still up to date. -Conduct job searches within the Service for employees and hold work status meetings with employees to discuss possible work assignments.^d -Assess employees with new medical documentation or a new injury to determine whether medically suitable and necessary work is available for these employees. <p>Possible employee outcomes:</p> <p>Employee may:</p> <ul style="list-style-type: none"> -Return to full duty, or -Retire or resign from the Service. <p>The remaining employees receive one of three possible work determinations;</p> <ul style="list-style-type: none"> -a "full day work" determination—(i.e., the number of hours of medically suitable and necessary work identified by the Service matches the number of hours the employee is allowed to work by his or her physician); -a "partial day work" determination—(i.e., the number of hours of medically suitable and necessary work identified by the Service is less than the number of hours the employee is permitted to work;^e or -a "complete day no work" determination—(i.e., the Service could not identify any necessary work within the employee's craft, tour, and facility, and within his or her medical restrictions).^e

Source: GAO analysis of Service data.

^aThe lists of necessary work are developed by each district's Service operations managers and are subject to change, based on agencywide or local changes in job availability resulting from, among other matters, reductions in staffing due to, among other actions, route realignment activities, and fluctuations in mail volume.

^bBeginning in July 2009, the Service began allowing certain districts implementing Phase 2—those that had already developed their list of necessary work (Phase 2, step 5)—to begin simultaneously implementing Phase 3. This matter is discussed in more detail later in this report.

^cThese meetings include a review and discussion of the proposed employee job offer and are designed to elicit feedback from the employee on (1) his or her ability to perform the duties identified and (2) other necessary work that might be available and medically suitable for the employee to perform. The Service is expected to consider the employee's feedback and, consequently, can make changes to the job offer on that basis.

^d"Work status" refers to the stage in which facility supervisors determine what, if any, necessary work is available for each employee.

^eBefore the Service provides a "partial day work" or a "complete day no work" determination to an employee, it must first search for necessary work in the employee's facility. If suitable work is not found, the Service must expand the search to other postal facilities within the district's boundaries.

Each of the NRP phases is highly participative, involving a wide variety of postal employees representing headquarters, areas, and districts, including senior operations managers, injury compensation specialists, and medical staff in the Service's districts. Officials from health and resource management, injury compensation, and labor relations offices, and the Office of General Counsel in headquarters also participate in the NRP. In Dallas, Texas, for example, we met with more than 25 postal employees who, in addition to their normal duties, also were involved in carrying out some portion of the NRP. Many of these individuals also served as members of the district's assessment team that implements many of the NRP-related tasks. According to senior headquarters officials, the average size of the district assessment teams ranges from six to eight officials. In addition, because the NRP requires discussions between managers and affected employees when, for example, they receive an NWA determination, the employees and, when required, their union representatives, also participate in the NRP.

Currently, the Service is using the NRP process principally to reassess the 31,044 employees who were in modified assignments on September 30, 2008 (i.e., the "backlog" of these employees).¹⁹ However, in the future, the focus of the process will be to determine whether medically suitable and necessary work assignments are available for (1) newly injured employees and (2) employees who have reached their MMI and, thus, require

¹⁹Employees injured after the NRP's initiation also were included in the NRP process at each district.

reevaluation. The future process will be referred to as the “National Assessment Process,” according to senior headquarters officials.

Some Employee Outcomes Vary, Depending on Phase

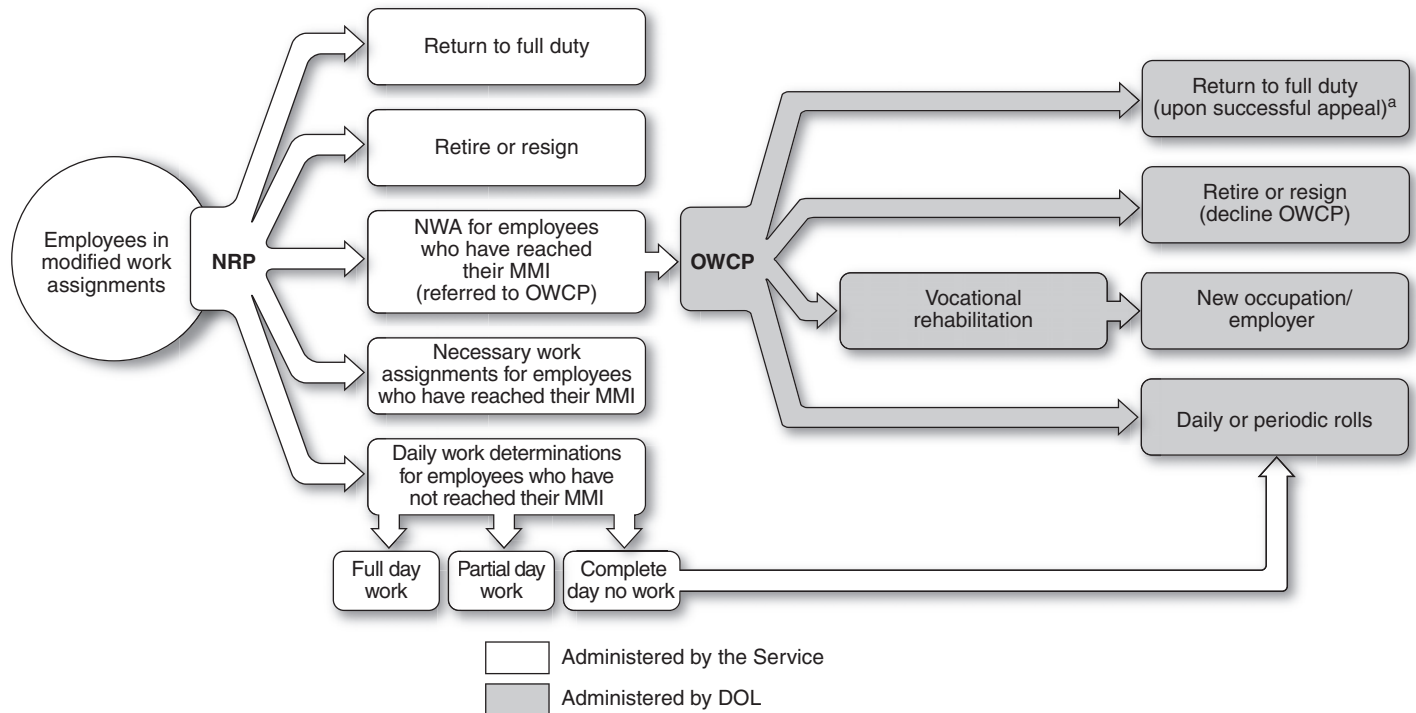
According to Service officials, during any phase of the NRP, employees may return to full duty (i.e., return to their preinjury job), retire, or resign from the Service. In addition, assuming that necessary and medically suitable work exists, the outcomes for employees in Phases 2 and 3 are the same—employees may continue working in either a new, medically suitable assignment, or in their prior modified assignment.²⁰ Employee outcomes vary between these phases, however, when sufficient necessary and medically suitable work is not available for the employees to perform. For example, when work is not available, the Service provides employees in Phase 2 (those who have reached their MMI) with an NWA determination and sends them home, along with the necessary forms for filing a wage loss claim to receive compensation from DOL’s OWCP for the number of hours they could not work for the Service.²¹ In contrast, in Phase 3, when sufficient necessary and medically suitable work is not available, the Service provides employees who have not reached their MMI with either a (1) “partial day work” determination or a (2) “complete day no work” determination. These employees also are referred to DOL’s OWCP for wage loss compensation.²² Figure 3 illustrates the various NRP outcomes experienced by employees in modified work assignments, depending on the employees’ MMI status.

²⁰In Phase 3, such an employee outcome is referred to as a “full day work” determination.

²¹In certain cases, DOL may decide that an individual is eligible not only to receive wage loss compensation but also to participate in its vocational rehabilitation training program.

²²Wage loss compensation for these employees includes compensation for (1) the number of hours the employees could not work for the Service because of their medical restrictions and (2) the additional work hours for which the Service did not have medically suitable and necessary work for the employees to perform.

Figure 3: NRP Outcomes Experienced by Service Employees in Modified Work Assignments



Source: GAO analysis of Service data.

^aEmployees may appeal, file suit, or grieve, if applicable, work determinations arising from the NRP.

Another distinction between Phases 2 and 3 relates to the frequency of employee outcome determinations. Phase 2 NWA determinations, for example, occur once²³ and, as discussed previously, result in the employee’s referral to OWCP for wage loss compensation. Because these individuals have reached their MMI, according to senior headquarters officials, they likely would be placed on OWCP’s “periodic rolls.” Thus, the senior headquarters officials said, they do not expect these employees will ever return to work for the Service. In contrast, Phase 3 “full day work,” “partial day work,” and “complete day no work” determinations are dynamic and subject to frequent change, sometimes on a daily basis, because of fluctuations in factors such as staff availability and mail volume that affect the availability of necessary and medically suitable

²³This assumes that the employee did not, for example, successfully appeal or grieve his or her initial NWA determination.

work. Thus, depending on the availability of work, postal managers may be required to make daily determinations about whether suitable work is available for these employees.

Each of these three Phase 3 employee outcomes has somewhat different consequences for an employee, including the frequency with which the employee is expected to report to the Service for possible work and the length of his or her anticipated duration on OWCP's compensation rolls. For example, when a facility supervisor determines that there is no necessary and medically suitable work available for an employee to perform (i.e., a "complete day no work" determination), the employee is sent home and instructed to return to work only if the employee's (1) medical restrictions change or (2) supervisor informs him or her that necessary work has become available for the employee to perform. In contrast, employees with "full day work"²⁴ and "partial day work" determinations are required to report to work every day to see if necessary work is available for them to perform. These employees are eligible to receive wage loss compensation from OWCP, depending on the number of hours the employees could not work for the Service. However, whether OWCP places them on its "periodic rolls" or "daily rolls," is likely to depend on how long the Service estimates the employee will be out of work.²⁵

The Service Staggered the NRP's Implementation and, Until Recently, Required Each Phase to Be Implemented Sequentially

After spending about 3 years developing the NRP, the Service began implementing the NRP nationwide in November 2006. The Service initiated the NRP in a staggered manner, varying the dates when districts within an area could begin Phase 1. According to senior headquarters officials, this approach was needed to train, assist, and oversee the NRP's initiation in each of the districts. In addition, once implementation began, the Service required each district to carry out the three NRP phases sequentially.

²⁴A "full day work" determination does not necessarily equal a typical 8-hour workday. For example, if an employee is capable of working only 4 hours a day, and the Service provides the employee with an assignment of that duration, such an assignment would constitute "full day work" for that employee. If, however, the Service provides only a 2-hour work assignment, the employee would be eligible to receive OWCP compensation for the 2 additional hours that he or she could have worked for the Service, as well as the remaining 4 hours that he or she could not have worked because of his or her medical restrictions.

²⁵Depending on the employee's expected date of recovery and the likelihood of future work at the Service, employees who receive a "complete day no work" determination may be placed on OWCP's "periodic rolls." In contrast, employees who receive a "partial day work" determination likely would be placed on OWCP's "daily rolls."

Specifically, each district had to complete each step in a phase before it could proceed to the next step in the phase and, similarly, it had to complete each phase before proceeding to the next one. According to senior headquarters officials responsible for implementing the NRP, the sequential approach was needed to ensure that each of the Service's districts implemented the NRP correctly and consistently. Furthermore, to help ensure this objective would be realized, according to these officials, they purposefully did not provide a district with guidance for implementing the next NRP step until they had (1) determined that the district had implemented the prior step correctly and (2) approved the district to start the next step, or phase.²⁶

Until recently, the Service's implementation of the NRP was confined to Phases 1 and 2. However, instead of waiting for each of the districts to complete these phases before initiating Phase 3, in July 2009, the Service began implementing Phases 2 and 3 concurrently for some districts. Senior headquarters officials told us that they did this to stimulate progress within the districts and, consequently, to expedite the NRP's overall implementation. According to these officials, this decision was necessary, in part, because area and district managers' commitment to the NRP's timely implementation varied greatly between the Service's areas and districts. They explained that, in addition to the daily effort required to "move the mail," managers must simultaneously implement a host of other operational initiatives.

According to senior headquarters officials, districts are now "eligible" to begin simultaneously implementing Phases 2 and 3 when they have identified all of their necessary work assignments (Phase 2, step 5). However, the Service is staggering the introduction of Phase 3 in the districts, much as it did the earlier phases of the NRP. Specifically, at the conclusion of our review, senior headquarters officials were precluding managers in each of the Service's nine large, geographic areas from initiating Phase 3 in more than one district at a time.²⁷

²⁶Senior headquarters officials acknowledged that mistakes were sometimes made, particularly early in the NRP's implementation. For example, in San Francisco, officials responsible for implementing the NRP told us that they moved forward with the NRP's implementation (using information provided by another district) without receiving necessary guidance from headquarters. As a consequence, headquarters required the district to repeat prior steps because the district had not implemented them correctly.

²⁷Like the other NRP phases, the order of Phase 3's implementation among the districts is determined by area managers in each of the Service's nine areas.

Absent Time Frames and Clear Program Priorities It Is Unclear When the NRP Will Be Completed Agencywide

The Service initiated the NRP without establishing milestones or clear program priorities for its completion. According to senior headquarters officials, they intentionally did this because they do not have the authority to require area and district managers to prioritize the NRP's completion over competing operational initiatives. In addition, the officials were unable to identify or provide any Service documentation

- describing, among other matters, upper level management's support for the purpose of the initiative and time frames for completing it, or
- specifying the NRP's strategic importance relative to the Service's other initiatives.

Despite the absence of an overall implementation time frame, progress has been made. Of the 62 districts implementing Phase 2 as of August 31, 2009, almost one-half (30) had been doing so for more than 1 year. Of these, 5 districts had been implementing Phase 2 for longer than 2 years, and 9 others had been implementing this phase for more than 18 months. Senior headquarters officials acknowledge that, after 3 years, none of its districts have fully implemented the NRP, largely because of (1) the large number of employees being reassessed, (2) competing demands on the managers' time resulting from the ongoing implementation of various Service initiatives, and (3) the rigorous nature of the NRP. In addition, these managers explained that certain NRP steps, such as the job search process for each employee, are particularly time-consuming. Specifically, the Service's *Employee and Labor Relations Manual* requires postal managers to "make every effort" to identify potential positions for employees who have reached their MMI. In addition, the manual specifies that the Service's job offers "should minimize any adverse or disruptive impact on the employee." Thus, in conducting job searches for these employees, postal managers must first look for necessary and medically suitable work in each employee's craft, tour, and facility. If this search does not identify a necessary and medically suitable assignment, postal managers must conduct additional searches to try to find work for the employee within his or her current facility (i.e., work in a different craft or tour).²⁸ If work cannot be identified for an employee at his or her current facility—for employees who reached their MMI in 1 year or less—managers must search for necessary and medically suitable work within

²⁸The additional searches are required to proceed in the following manner: (1) different craft, same tour and facility; (2) same craft, different tour, and same facility; and (3) different craft and tour, same facility.

each employee's commuting area. If still unsuccessful, the Service must (for these employees) expand its job search to other facilities beyond the boundary of each employee's current district.²⁹

According to senior headquarters officials, the time and resources required to correctly and consistently implement the NRP are necessary to ensure that each employee's job restoration rights are fully protected. These officials also noted that the rigorous process is needed because the NRP can affect whether an employee retains a postal job. They further explained that the methodical nature of the NRP process

- helps ensure that the Service complies with all applicable laws, regulations, and contractual obligations related to employees with workplace injuries, and
- decreases the likelihood of successful grievances, appeals, and other actions against the Service.³⁰

Senior headquarters officials told us that in 2006 they initially expected that all phases of the NRP would be completed by January 2010. The NRP's implementation, however, has taken longer than anticipated. Thus, as of August 2009, these officials estimated that the entire process would be completed by September 30, 2010. However, without specific milestones and clear upper management support across the Service's areas and districts, it is unclear when the NRP will be completed.

²⁹The majority of the job search process is the same for employees who have reached their MMI regardless of when (i.e., more than 1 year, or less than 1 year, after their date of eligibility for compensation). However, for employees who reached their MMI in more than 1 year, postal managers do not need to expand their search for jobs beyond the district's boundaries.

³⁰As of July 2009, three of the four largest postal unions had filed a total of six national-level grievances related to the NRP process. The grievances cover a broad scope of issues, ranging from the consideration of seniority when making job offers under the NRP to a challenge of an entire phase of the NRP process. As of July 2009, one grievance had been settled, while the others were either pending a decision by the Service or pending arbitration. On the local level, employees have filed a number of grievances under their union contracts related to their NRP work determinations. In addition to filing grievances, employees have other avenues of redress, including filing actions before the Merit Systems Protection Board and before the Equal Employment Opportunity Commission. Generally, the board adjudicates individual federal employee appeals when an employee believes he or she has suffered an adverse personnel action. The commission adjudicates matters in which the federal employee believes he or she has suffered an action in violation of workplace discrimination laws.

Despite Incomplete NRP Implementation, the Service Estimated \$146 Million in Savings during Fiscal Year 2008

While the implementation of the NRP is incomplete, the initiative has begun to produce cost savings. These savings resulted from the placement of injured employees in medically suitable and necessary work assignments that contribute to the Service's bottom line, as well as from retirements and resignations. Data on these outcomes, however, are both limited and preliminary, partly because the Service does not track or aggregate information on all employee outcomes. Moreover, although some outcomes, such as retirements, result in cost savings, others, such as NWA determinations, result in short- and, possibly, long-term cost increases. The Service reported in its most recent comprehensive report to the Congress that it saved \$146 million in fiscal year 2008 as a result of the NRP, but it reported these savings without disclosing the limitations that applied. Specifically, the estimate accounted for neither (1) all potential savings (total gross savings) nor (2) additional costs resulting from some employee outcomes and the cost of implementing the NRP and thus was not an estimate of total net savings after costs.

NRP Implementation Is Incomplete

As discussed, the Service did not set specific time frames for completing the NRP or establish program priorities for its completion nationwide, and implementation, thus far, has taken longer than senior headquarters officials expected. While the NRP began in 2006, according to data provided by the Service, none of the districts had completed all phases of the NRP as of August 31, 2009.³¹ Specifically:

- 69 of the Service's 75 districts (92 percent) had completed Phase 1 of the NRP as of August 31, 2009,³² and the remaining 6 districts had nearly completed this phase;
- 7 of 75 districts (9 percent) had completed Phase 2, 62 districts (83 percent) were in the process of implementing this phase, and 6 districts had not yet begun this phase; and
- 17 of 75 districts (23 percent) had begun implementing Phase 3 as of August 31, 2009, while 58 had not begun. However, 14 of the remaining 58

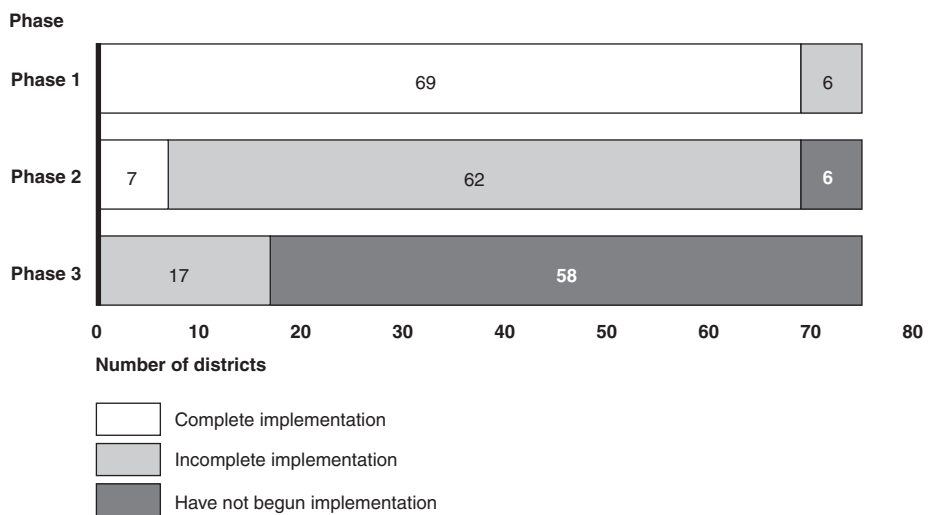
³¹See appendix IV for a complete list of NRP steps, by phase.

³²As previously noted, while the Service currently has 74 districts, we report available information on the status and outcomes of 75 districts because 1 of these had not fully distributed its employee files, including those related to the NRP, to other postal districts.

districts were scheduled to begin implementing Phase 3 by the end of October 2009.

Figure 4 illustrates the overall status of NRP implementation among the Service's 75 districts, as of August 31, 2009.

Figure 4: Overall Status of NRP Implementation, by Phase, as of August 31, 2009



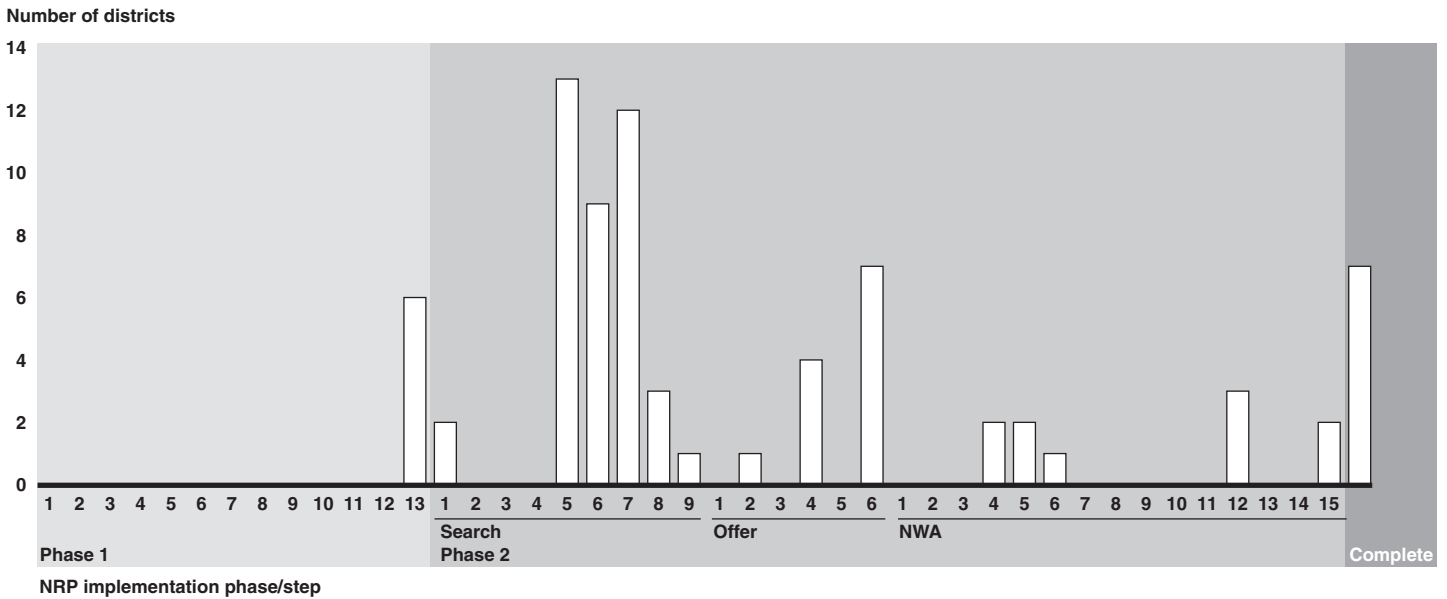
Source: GAO analysis of Service data.

Although 6 districts had not completed Phase 1 as of August 31, 2009, each of these districts was concluding this phase and awaiting final validation of results by headquarters. In contrast, according to data provided by the Service, of the 69 districts that had completed or were implementing Phase 2, the majority were in the first stage. Specifically,

- 40 were in the job search stage (about 58 percent),
- 12 were in the job offer stage (about 17 percent),
- 10 were in the NWA stage (about 14 percent), and
- 7 had completed Phase 2 (about 10 percent).

Figure 5 illustrates the status of the NRP for phases 1 and 2, by step, as of August 31, 2009.

Figure 5: Status of NRP Implementation for Phases 1 and 2, by Step, as of August 31, 2009^a



Source: GAO analysis of Service data.

^aData on 17 of the 75 districts that had begun implementing Phase 3 as of August 31, 2009, are not presented because similar data, by step, were not available.

Employee Outcomes Are Beginning to Be Realized, but Available Data Are Limited and Preliminary

Although implementation of the NRP is incomplete, the initiative is beginning to realize outcomes for Service employees. However, partly because of incomplete implementation of the NRP and tracking of all NRP employee outcomes, agencywide data on NRP outcomes are both limited and preliminary. As previously shown in table 2, the potential employee outcomes of Phase 2 for employees (employees who have reached their MMI) are as follows:

- return to full duty,
- retirement,
- resignation,
- continuation in the employee’s prior modified work assignment,

-
- reassignment to a new medically suitable and necessary work assignment, or an
 - NWA determination (i.e., the Service could not find necessary and medically suitable work for employees to perform).

Although the Service tracks and aggregates data on some NRP employee outcomes, it does not track or aggregate data on others. According to senior headquarters officials, they do not track or aggregate data on all employee outcomes because the data are employee-specific and recorded and stored at each of its districts. They explained that aggregating data for the thousands of employees nationwide is challenging, given limited staff resources, the scope of effort required, and the absence of an automated system for tracking and reporting information on the status of employees in modified work assignments. While senior headquarters officials were able to provide data on employee outcomes for 616 of 1,738 (about 35 percent) employees that were reviewed in the eight districts that had completed, or nearly completed, Phase 2 as of June 30, 2009,³³ they were unable to provide similar data for the remaining 1,122 employees (about 65 percent). Senior headquarters officials told us that data on these employee outcomes were unavailable principally because the Service does not track or aggregate the number of employees who

- remained in their prior work assignment because the Service determined through the employees' NRP review that the work assignment was medically suitable and necessary work, or
- received a new modified work assignment because their prior assignment was determined to be either medically unsuitable or unnecessary to the Service's mission.³⁴

According to senior headquarters officials, the Service does not need to track or aggregate these outcomes because both outcomes indicate that the goal of the NRP has been achieved. In its comments on a draft of this

³³The Service provided us with data on Phase 2 employee outcomes for eight districts as of June 30, 2009. Six of these districts—Western New York, Dakotas, New Hampshire-Vermont, Westchester, Metro Caribbean, and Honolulu—had completed Phase 2, while the 2 others—San Diego and Boston—had essentially completed this phase at that time. The Service was unable to provide us with data for these districts as of August 31, 2009.

³⁴In addition, senior headquarters officials do not track or aggregate data on employees with outcomes that have not been resolved because of grievances or appeals.

report, the Service said that it intends to deploy a new national claims management program in February 2010 that will enhance its ability to track and measure NRP progress and enable cost efficient aggregation of NRP data. However, the Service did not indicate that it planned to use the new program to track and measure NRP employee outcomes.

For the remaining 616 employees (of 1,738) whose specific outcomes headquarters tracked data indicate that

- 103 employees returned to full duty,
- 223 employees retired,
- 257 employees received NWA determinations, and
- 33 employees had “other” outcomes.³⁵

Senior headquarters officials also provided us with preliminary data on some employee outcomes for the districts implementing Phase 3 as of August 31, 2009. Most of these data were very limited because the majority of the districts were in the early stages of implementing Phase 3 and, thus, had very few employee outcomes to report. Available data were most complete for the four districts that piloted Phase 3 and, consequently, had been implementing Phase 3 the longest. Outcomes for the 2,301 employees reviewed in these four districts indicated that

- 1,039 employees received a “full day work” determination (about 45 percent),
- 589 employees received a “partial day work” determination (about 26 percent), and
- 673 employees received a “complete day no work” determination (about 29 percent).

While these data provide some useful insights into the districts’ early experience with implementing Phase 3, outcomes in this phase are

³⁵According to senior headquarter officials, “other” outcomes include, but are not limited to, employees who had (1) either been terminated or transferred, (2) their MMI status rescinded by their treating physician, or (3) received a new medical assessment from their physician stating that they were now totally disabled and unable to work for the Service.

dynamic and subject to frequent change because, as discussed, district managers are required to perform daily work determinations for many of these employees.

Some Employee Outcomes Result in Cost Savings, while Others Increase the Service's Short- and Long-term Costs

While some employee outcomes result in cost savings for the Service, others increase the Service's costs. Savings accrue when, for example, an employee returns to full duty, and the Service no longer has to pay for overtime or temporary employees to perform the work the injured employee could not perform. Savings also may accrue when an employee retires or resigns because the Service's obligation to this employee is either greatly reduced or eliminated.³⁶ Furthermore, according to senior headquarters officials, if an employee receives an NWA determination as a result of Phase 2, savings can result over the long term if (1) the employee is retrained and reemployed through OWCP's vocational rehabilitation training program; (2) OWCP reduces the employee's compensation for an administrative reason, such as the employee's refusal to fully participate in OWCP's vocational rehabilitation training program; or (3) the employee finds another job on his or her own. Each of these cases would result in a reduction in the Service's overall OWCP costs.³⁷ While only about one-third of all employees enrolled in OWCP's vocational rehabilitation training program eventually receive employment elsewhere, according to DOL officials, senior headquarters officials at the Service told us that, for every employee who is successfully placed by OWCP with a new employer, more than three employees either retire or have their compensation reduced for an administrative reason.

However, in addition to creating savings, the NRP creates short- and long-term costs. These costs arise in part from the increased numbers of employees on OWCP's periodic or daily rolls and increased operational costs for the NRP's implementation. Specifically, each NWA determination

³⁶According to Service officials, to date, the Service has prefunded retirement costs for its employees. Thus, except for the Service's continued payments for retired employees' health benefits, its obligation to retired employees is eliminated. In addition, the Service bears no future financial obligation to employees who resign.

³⁷In addition to cost savings, senior headquarters officials, officials in the four districts we visited, and some union officials noted several additional benefits arising from the NRP, such as (1) the creation of a systematic approach to managing the medical records of employees with workplace injuries, (2) better job offers that match injured employees' medical restrictions with necessary work assignments, and (3) increased morale among Service employees who, for example, had to perform mission critical tasks that could not be performed by injured employees.

in Phase 2 and each “complete day no work” or “partial day” determination in Phase 3 increases the number of Service employees eligible to receive OWCP wage loss compensation.³⁸ Increases in the number of employees receiving these determinations also will increase the Service’s annual OWCP costs, at least in the short term. OWCP’s most recent bill totaled about \$1.1 billion for the period between July 1, 2008, and June 30, 2009. Thus, to the extent that employees remain on OWCP’s rolls, increasing the number of Service employees receiving OWCP compensation will also increase the Service’s long-term costs.³⁹ For example, about \$18 million of the Service’s most recent OWCP bill was for the approximately 500 employees injured before 1971 who still remain on OWCP’s periodic rolls about 40 years later. Finally, increases in the number of Service employees receiving OWCP wage loss compensation as a result of their NRP reassessment could accelerate, given the Service’s efforts to reduce its employee work hours and the continuing decline in mail volume. Increases in the number of employees receiving workers’ compensation are problematic because, at the end of 2008, the Service estimated that its total liability for workers’ compensation costs was about \$8 billion—an increase of about \$197 million, or 2.5 percent, from 2007.

The NRP also has increased the Service’s operational costs for developing, implementing, and integrating the NRP into the Service’s management practices.⁴⁰ These include, for example, the costs for headquarters staff to travel to each of its districts to implement the NRP over the past 3 years. In addition, based on our interviews of district officials implementing Phases 2 and 3, the rigors of the NRP process have placed additional demands on available staff, such as the requirement to perform daily work determinations for many Phase 3 employees. Senior headquarters officials responsible for implementing the NRP, however, view these additional costs as “up-front” costs associated with reassessing the large number of employees in modified work assignments (i.e., the backlog)—costs that no

³⁸As discussed, employees also are entitled to receive compensation for the hours they could not work for the Service because of their medical restrictions.

³⁹Over time, some of the additional costs may decline. For example, when former Service employees on OWCP’s periodic rolls find work as a result of their enrollment in OWCP’s vocational rehabilitation training program or on their own, their compensation is reduced to account for their additional income. According to OWCP officials, the vocational rehabilitation training program normally takes more than 2 years to complete.

⁴⁰While we requested data on the costs associated with developing, implementing, and integrating the NRP into the Service’s management practices, the Service did not provide us with this information.

longer will be incurred after the NRP reassessment process has been fully implemented. As discussed previously, the Service intends to use the NRP process moving forward for newly injured employees and employees who reach their MMI (and require reevaluation). According to senior headquarters officials, once the NRP reassessment is complete, future costs for NRP activities will be part of the routine cost of managing these assignments.

While the NRP's up-front costs will no doubt decline as implementation is completed, to the extent that the NRP process creates permanent managerial requirements where none previously existed or were carried out, the process may create additional operational costs moving forward. As in the case of the Service's OWCP costs, the increase in the Service's operational costs likely will vary, depending on, among other factors,

- the number of employees in these assignments;
- the duration of their assignments;⁴¹
- the number of hours the employees are able to work, as well as their productivity; and
- the extent to which the employees' absence or diminished productivity requires the Service to use overtime or hire temporary employees to accomplish the injured employees' duties.

The Service Reported That NRP Saved \$146 Million in Fiscal Year 2008 but Did Not Disclose the Limitations That Applied

The Service attributed \$146 million in cost savings to the NRP in its comprehensive report to the Congress for fiscal year 2008 without disclosing how it derived these savings or disclosing that this figure was based on estimates.⁴² In addition, the Service did not disclose that its protocols for estimating cost savings have several limitations and, as a consequence, its estimate reflects neither the Service's total gross savings

⁴¹We were unable to ascertain from Service data the typical length of time in which employees were in a modified assignment. However, according to senior headquarters officials, some employees are in modified work assignments for many years, while others require only a short-term modified work assignment.

⁴²United States Postal Service *Comprehensive Statement on Postal Operations*, 2008, 29. The Service is required to provide this report to Congress in conjunction with its annual budget. 39 U.S.C. § 2401(e). According to the Service, this report summarizes customer, employee, and operations-focused developments during fiscal year 2008.

nor its total net savings. For example, the protocols used to estimate the Service's savings from Phases 1 and 2

- do not account for savings accruing from all of the possible NRP employee outcomes. For example, although the protocols account for savings accruing for three of the Phase 2 employee outcomes—return to full duty, retirement, and resignation—the Service does not account for savings that, in some cases, might accrue from NWA determinations.⁴³
- use “benchmark” cost savings, such as the Service’s “lowest fully loaded work hour” for employees—regardless of their actual salaries—to quantify savings associated with the employee outcomes.⁴⁴
- do not account for savings from employee outcomes that accrue beyond 12 months after the outcome occurred. For example, when an employee retires as a result of the NRP, the Service only counts the savings that accrue for the first 12 months after the date of retirement.
- do not offset costs, such as the additional OWCP expenses that accrue from Phase 2 NWA determinations, and do not offset increases in the Service’s operational costs resulting from the NRP’s implementation.

Because the goal of the NRP is to ensure that all employees with workplace injuries in modified work assignments are performing medically suitable and necessary work—not to produce cost savings—senior headquarters officials told us that they intentionally designed the protocols to arrive at rough estimates that understate the NRP’s savings. In addition, they told us that it was not feasible to precisely estimate savings resulting from the NRP because the savings are specific to each employee’s circumstances. Furthermore, they said that implementing a more rigorous process for more precisely estimating NRP savings would place unreasonable and unnecessary demands on available staff. Thus, in their view, their current estimating approach is adequate for the Service’s needs.

⁴³For example, as discussed, if an employee receives an NWA determination and is successful in obtaining a new job with a salary that is equal to or greater than the salary he or she received from the Service, the Service no longer incurs any OWCP costs for this employee.

⁴⁴The “lowest fully-loaded work hour” represents the salary and benefits, such as annual leave and retirement, that the Service pays to employees in its lowest clerk position. According to senior headquarters officials responsible for implementing the NRP, this position is a “Clerk 4.”

Conclusions

By implementing the NRP, the Service has taken an important step to balance its obligation to provide work to employees with compensable workplace injuries (when necessary work is available for them to perform within their medical restrictions) with its obligation to the Congress, its employees, and the public to operate as effectively and efficiently as possible. In addition, because the NRP has the potential to cut some of the Service's costs, the NRP may represent a step toward addressing the Service's future financial viability. However, thus far, the NRP has been carried out without a strong management framework for ensuring timely implementation. For example, absent upper management's clearly articulated support for the initiative, specified time frames for its completion, and information about the NRP's relative priority compared to competing Service initiatives, area and district managers' commitment to the NRP's timely implementation has varied. Thus, after more than 3 years, none of the districts has completed all NRP phases. Furthermore, although Service officials estimate that the NRP will be completed by September 30, 2010, without milestones for its completion, it is uncertain when the NRP will be completed. In addition, because the Service has not tracked and aggregated data on NRP employee outcomes, it is difficult to measure the success of the program or accurately report on employee outcomes. Finally, while the Service believes its process for estimating savings is adequate for its needs, when an agency reports data on its program outcomes to the Congress and others, to help ensure that the data are not used inappropriately, it is important to fully disclose any limitations that apply.

Recommendations for Executive Action

To enhance the NRP's implementation, we recommend that the Postmaster General take the following three actions to improve program management and enhance accountability and transparency:

- Articulate senior management's commitment to the NRP by setting program milestones, including a timeline for all districts to complete the NRP;
- When deployed, use the Service's new claims management process to track and measure whether the NRP's goals are being met, including tracking the number of employees placed in necessary and medically suitable modified work assignments; and
- Fully disclose any limitations that apply to NRP-related cost savings reported to the Congress and others.

Agency Comments and Our Evaluation

The Service provided its written comments on a draft of this report by letter dated December 1, 2009. These comments are summarized below and are included, in their entirety, as appendix V of this report.

The Service agreed with our third recommendation, indicating that, in the future, it will fully disclose any limitations that apply to NRP-related cost savings it reports to the Congress and others; however, the Service disagreed with our first and second recommendations. In commenting on our first recommendation, the Service stated that it does not believe that setting an “arbitrary deadline” for the NRP’s completion is in the best interests of its employees. We agree that establishing an arbitrary deadline is inappropriate because it could result in unacceptable and unintended employee outcomes. Thus, we clarified our draft to exclude any unintended suggestion that the NRP should be completed by September 30, 2010, which, according to senior headquarters officials, is the current estimated date for completing the NRP. The Service also stated that the NRP received “complete senior management support as evidenced by the commitment of resources by each area.” While we believe that many senior managers fully committed to the NRP’s timely implementation, according to senior headquarters officials and, as discussed in our report, the level of commitment at the local level has varied greatly. Consequently, we continue to believe that the Service should, after careful consideration of the time required to reasonably complete the remaining portion of the NRP, establish timelines for its completion nationwide and, where practicable, track progress against those timelines. This would help ensure that local managers properly prioritize the NRP, which is especially important given that more than 3 years have passed since implementation of the NRP began.

The Service disagreed with our second recommendation that it establish methods for tracking and measuring whether the NRP’s goals are being met. The Service stated that the reports it uses to monitor the program are sufficient for its purposes and that in February 2010 it intends to deploy a new national claims management program that will enhance its ability to aggregate NRP-related data. While the Service’s current reports may be sufficient for its senior management officials, given the importance of this program and its potential impact on thousands of employees, we believe it is important to fully track whether the NRP’s goals are being met. Thus, we have revised our recommendation to clarify that we believe the Service should use its new program, when available, to track and measure all NRP employee outcomes, including the number of employees placed in necessary and medically suitable modified work assignments. This will

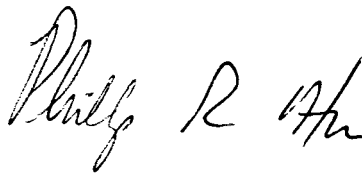
enhance transparency in reporting program outcomes to employees, unions, congressional stakeholders, and others.

In its comments, the Service also stated that it did not agree that its “tracking data for the NRP is unknown.” While our draft report indicated that “the number of employees reassessed under the program is unknown,” we revised the report to clarify that the Service does not aggregate NRP data, and therefore, that it could not specify the number of employees being reviewed under the NRP nationwide.

Service officials, including the Manager of the Service’s Office of Health and Resource Management, also provided oral technical comments, which we incorporated as appropriate.

We are sending copies of this report to appropriate congressional committees and the U.S. Postal Service. The report also is available at no charge on the GAO Web site at <http://www.gao.gov>.

If you have any questions about this report, please contact me at Herrp@gao.gov or (202) 512-2834. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix VI.



Phillip Herr
Director, Physical Infrastructure Issues

Appendix I: Objectives, Scope, and Methodology

Because of congressional interest in whether the large number of United States Postal Service (Service) employees in modified work assignments are being productively employed, we were asked to review the Service's National Reassessment Process (NRP). Our work focused on three objectives: (1) What is the goal of the NRP? (2) How is the initiative being implemented? (3) What is the status of the NRP, and what outcomes have been achieved?

To address these objectives, we reviewed and analyzed, among other documentation, (1) applicable laws, regulations, and postal policies and procedures for protecting federal employees who sustain a compensable workplace injury, including their rights with respect to job restoration; (2) Service documentation describing the goals of the NRP and the process for implementing the initiative, as well as available Service data on the status and outcomes of the NRP;¹ (3) documentation from the four largest postal unions,² including information about the unions' views on the NRP; and (4) information about the Department of Labor's (DOL) Office of Workers' Compensation Programs (OWCP), which makes wage loss and other payments to employees with compensable workplace injuries. We also interviewed a wide range of postal officials, including senior headquarters health and resource management officials who are responsible for the NRP's implementation, injury compensation, and labor relations, and the Service's Office of General Counsel. In addition, we interviewed national-level representatives from each of the Service's four largest unions, DOL officials, some postal employees affected by the NRP, and other postal personnel, as applicable. To accomplish our objectives, we also visited four districts—San Francisco, Westchester, the Dakotas, and Dallas—and conducted in-depth, semistructured interviews with a broad range of individuals, including members of each district's District Assessment Team, district and facility managers, and local union representatives, and contacted officials in four other districts—Sierra

¹Available data on employee outcomes arising from Phase 2 are as of June 30, 2009, while data on the outcomes of Phase 3 are as of August 31, 2009. We determined these data were sufficiently reliable for our reporting purposes.

²The four largest postal unions are the American Postal Workers Union, the National Association of Letter Carriers, the National Postal Mail Handlers Union, and the National Rural Letter Carriers' Association. The four unions represent about 85 percent of all postal employees.

Coastal, Southeast New England, Los Angeles, and Santa Ana.³ The results of our discussions with officials in these districts are not generalizable to all of the Service's districts. Finally, we reviewed prior reports and literature on, for example, the value of returning injured employees to work as soon as possible; reports on the Service's declining financial circumstances, including GAO's high-risk reports and the Service's recent annual financial reports and comprehensive statements for fiscal years 2007 and 2008; and guidance on key principles for managing agency initiatives and reporting program outcomes. Because the Service did not begin Phase 3 of the NRP until July 2009, our work primarily focuses on Phases 1 and 2 of the NRP. Using data supplied by the Service, we also determined the number of employees who either occupied (or could have occupied) a modified assignment during fiscal year 2008. Our methodology for this analysis is contained in appendix II.

While the Service has ergonomics and other safety-related programs to reduce workplace injuries, we did not evaluate their effectiveness in controlling the numbers of employees with workplace injuries in modified work assignments. In addition, we excluded from our review postal employees who sustained off-the-job injuries. Similarly, we excluded postal employees who had sustained compensable workplace injuries but have medical restrictions that preclude them from continuing to work for the Service because they are not in modified work assignments.⁴ Related to this, because of the time and complexity involved in cross-matching individuals in modified work assignments with DOL's OWCP payment records, we did not determine the portion of the Service's costs for workers' compensation that is attributable to individuals in modified work assignments. Finally, while we evaluated the Service's methods for estimating cost savings arising from the NRP, we did not attempt to arrive at an independent assessment of the overall savings attributable to the NRP initiative because it was not feasible to analyze thousands of individual employee records at each of the Service's districts to determine, among many other matters, the (1) number of hours worked (or not

³We selected the four districts we visited to include districts that (1) had either relatively high or low percentages of employees in modified work assignments as of December 2008 and (2) were implementing various phases of the NRP (Phase 1 or 2) when we began our review. In addition, the four selected districts are geographically diverse and represent a mix of urban, suburban, and rural locations. Finally, we selected the four other districts we contacted because they had been implementing Phase 3 of the NRP the longest.

⁴Unlike employees in modified work assignments, these individuals presumably receive the entirety of their work-related compensation from DOL's OWCP program.

worked) by each employee in a modified work assignment, (2) each employee's hourly wage rate with benefits, or (3) possible differences in productivity between each employee's pre- and post-NRP work assignments. In addition, data needed to offset these savings against additional costs incurred (i.e., determine the Service's net savings), such as the cost of implementing the NRP and increased OWCP costs associated with some employee outcomes, were either not available or not feasible to determine.⁵

We conducted this performance audit from October 2008 to December 2009, in accordance with generally accepted government auditing standards. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁵While we requested data on the cost of implementing the NRP, the Service did not provide us with this information. Furthermore, although OWCP costs associated with employee outcomes resulting from the NRP can be determined, it was not feasible for us to do so for a wide variety of reasons, including the time and effort required to cross-match employees with specific NRP outcomes, such as "no work available" determinations (Phase 2) and "complete day no work" and "part-day no work" determinations (Phase 3), to DOL's OWCP payment records.

Appendix II: Methodology for Determining Number of Service Employees Who Occupied (or Could Have) a Modified Work Assignment

According to senior headquarters officials responsible for implementing the NRP, there were 31,044 Service employees in modified work assignments on September 30, 2008—the last day of fiscal year 2008. Because this number understates the total number of employees in these assignments throughout the year, we analyzed Service data to determine the total number of employees in these assignments at any time during fiscal year 2008.¹ Our analysis found that over 50,031 employees with workplace injuries occupied a modified work assignment during fiscal year 2008. In addition, another 9,740 employees with workplace injuries could have occupied such an assignment, for a total of 59,771 employees who either occupied (or, could have occupied) a modified work assignment in fiscal year 2008.² We determined that the Service’s data were sufficiently reliable for our reporting purposes.

The following information describes our methodology for conducting this analysis. We obtained Service data on employees in modified assignments during fiscal year 2008—the period from October 1, 2007 through September 30, 2008. These data are contained in one or more Excel workbooks from headquarters and each of the 80 districts that existed when we began our review.³ The workbooks contain various information about the employees, including their name; work location; work status;⁴ and a unique identifier, such as their Social Security numbers.

Because data in these workbooks were not presented uniformly, we standardized the data before beginning our analysis. In addition, we performed other data cleaning activities to address other anomalies. For example, because certain employee records had obvious errors, such as Social Security numbers with fewer than nine digits, or beginning with “000,” we eliminated these data from further analysis. Finally, we

¹The number of employees in modified work assignments fluctuates both between years and within each year as employees, for example, (1) incur injuries and, possibly, begin working in modified assignments and (2) return to full duty, retire, or otherwise separate from the Service (i.e., leave their modified work assignments).

²Collectively, these employees represent about 7 to 8 percent of the Service’s workforce during fiscal year 2008.

³While the Service has eliminated 6 of its districts, it had 80 districts in fiscal year 2008.

⁴Data on the employee’s work status provides, for example, information on whether the employee was in a modified assignment during fiscal year 2008 and whether he or she retired, separated, or returned to full duty during that fiscal year.

**Appendix II: Methodology for Determining
Number of Service Employees Who Occupied
(or Could Have) a Modified Work Assignment**

eliminated data fields that were not relevant to our review, such as information about the employees' pay locations.

We then analyzed the data to determine the number of unique employees contained in the Service's workbooks.⁵ In total, there were 59,824 unique employees at the start of our analysis. The majority of these employees (51,516 of 59,824 or, about 86 percent) had only one line of data, or "record," in the workbooks. However, the remaining 8,308 employees had more than one record during fiscal 2008.⁶ To ascertain the correct employee record to use in these cases, we devised a protocol for deleting all but the most recent of the employees' records.⁷ Thus, at the completion of this activity, we had one record for each of these 8,308 employees.

To determine which of the 59,824 employees occupied a modified work assignment during fiscal year 2008, we ran a frequency analysis on the employees' work status data. In total 50,031 of the 59,824 employees were coded "1," meaning that they were in a modified assignment at some point during fiscal year 2008. The remaining 9,793 employees, however, had a variety of other work status codes, including 53 that we eliminated because data irregularities precluded us from determining anything about the employees' work status. This left us with 9,740 employees with data indicating that the employees had occupied a modified work assignment at some point in the past, but, for example, subsequently had retired or otherwise separated from the Service. Thus, sufficient data were not available for us to determine whether these employees actually occupied a modified work assignment during fiscal year 2008. However, based on our knowledge of the Service's data, and our discussions with senior headquarters officials, we determined that each of these 9,740 employees could have occupied a modified work assignment during fiscal year 2008. We shared our findings with senior headquarters officials who indicated that the results of our analysis were reasonable.

⁵To ensure that employees in these assignments were counted only once in our analysis, we generally used the employees' Social Security numbers as their unique identifier. However, five of the districts' workbooks did not provide the employees' Social Security numbers, so we created other, unique identifiers for these employees.

⁶Multiple records occur when, for example, an employee reaches his or her maximum medical improvement and is moved from a limited duty assignment to a rehabilitation assignment. The 8,308 employees had from 2 to 10 records. Determining why these employees had up to 10 records was beyond the scope of this review.

⁷This protocol was approved by senior Service headquarters officials with overall responsibility for the workbooks and for implementing the NRP.

Appendix III: Number, Percentage, and Distribution of Modified Work Assignments Nationwide during Fiscal Year 2008

As discussed in the body of this report, our analysis of Service data found wide variability among Service districts nationwide in the number, percentage, and distribution of employees in limited duty and rehabilitation assignments (modified work assignments) during fiscal year 2008. For example, in Dallas, over 12 percent of all employees in the district (1,719 of 14,150) were in a modified work assignment; while in the Metro Caribbean district, fewer than 2 percent occupied one of these assignments during fiscal year 2008.¹ In addition, about 50 percent of the 50,031 employees in modified work assignments during fiscal year 2008 worked in 30 percent of the Service's organizations (24 of 81 organizations, including headquarters).² Table 2 shows the number and percentage of employees in modified work assignments nationwide and the distribution of these assignments, by organization, during fiscal year 2008.

Table 2: Number, Percentage, and Distribution of Service Employees in Modified Work Assignments Nationwide during Fiscal Year 2008

Rank	Service organization (district or headquarters)	Number of employees in limited duty assignments	Number of employees in rehabilitation assignments	Total number of employees in modified assignments	Total number— all employees	Percentage of workforce in modified assignments
1	Dallas	792	927	1,719	14,150	12.15%
2	San Francisco	479	684	1,163	9,651	12.05
3	Bay Valley	1,255	189	1,444	12,276	11.76
4	Detroit	698	253	951	8,412	11.31
5	Los Angeles	1,131	181	1,312	11,932	11
6	Northern Ohio	1,096	186	1,282	12,019	10.67
7	Santa Ana	720	753	1,473	14,059	10.48
8	Colorado Wyoming	671	704	1,375	13,708	10.03
9	Seattle	954	174	1,128	11,282	10
10	Louisiana	794	132	926	9,413	9.84

¹The Service's headquarters organization had the lowest percentage (70 of 11,370 employees or, fewer than 1 percent) of employees in modified work assignments during fiscal year 2008.

²As discussed in appendix II, our analysis of Service data indicates that 50,031 employees with workplace injuries occupied a modified work assignment during fiscal year 2008. Up to 9,740 other employees could have been in such an assignment during the same time period. However, for the purpose of this analysis, we limited our analysis to the 50,031 employees who, based on the Service's data, definitely occupied a modified work assignment during this period.

**Appendix III: Number, Percentage, and
Distribution of Modified Work Assignments
Nationwide during Fiscal Year 2008**

Rank	Service organization (district or headquarters)	Number of employees in limited duty assignments	Number of employees in rehabilitation assignments	Total number of employees in modified assignments	Total number— all employees	Percentage of workforce in modified assignments
11	Atlanta	1,245	166	1,411	14,502	9.73
12	Pittsburgh	508	127	635	6,737	9.43
13	Cincinnati	740	289	1,029	10,953	9.39
14	Sacramento	549	430	979	10,863	9.01
15	Southeast Michigan	567	79	646	7,271	8.88
16	San Diego	496	495	991	11,262	8.8
17	South Florida	534	319	853	9,832	8.68
18	Sierra Coastal	365	531	896	10,332	8.67
19	Ft. Worth	363	371	734	8,540	8.59
20	Chicago	571	178	749	9,315	8.04
21	Columbus	440	87	527	6,719	7.84
22	Houston	840	170	1,010	13,010	7.76
23	Alaska	118	25	143	1,867	7.66
24	Suncoast	585	324	909	11,914	7.63
25	Oklahoma	275	328	603	8,053	7.49
26	Lakeland	702	253	955	12,923	7.39
27	Northern Illinois	387	392	779	10,729	7.26
28	Philadelphia	722	140	862	11,926	7.23
29	Northern Virginia	302	157	459	6,457	7.11
30	Portland	578	40	618	8,803	7.02
31	S.E. New England	337	139	476	6,896	6.9
32	North Florida	351	295	646	9,531	6.78
33	Capital District	423	188	611	9,347	6.54
34	N. New Jersey	580	213	793	12,132	6.54
35	Greater Indiana	557	286	843	13,161	6.41
36	Salt Lake City	185	92	277	4,332	6.39
37	Central Illinois	719	50	769	12,444	6.18
38	Big Sky	106	55	161	2,614	6.16
39	Triboro	476	150	626	10,217	6.13
40	Central Pennsylvania	651	51	702	11,536	6.09
41	Connecticut	433	180	613	10,082	6.08
42	Erie	241	23	264	4,353	6.06
43	Arizona	500	176	676	11,265	6
44	Long Island	450	44	494	8,333	5.93
45	Massachusetts	339	249	588	9,989	5.89

**Appendix III: Number, Percentage, and
Distribution of Modified Work Assignments
Nationwide during Fiscal Year 2008**

Rank	Service organization (district or headquarters)	Number of employees in limited duty assignments	Number of employees in rehabilitation assignments	Total number of employees in modified assignments	Total number— all employees	Percentage of workforce in modified assignments
46	Gateway	504	239	743	12,679	5.86
47	Nevada Sierra	275	30	305	5,216	5.85
48	Rio Grande	677	85	762	13,084	5.82
49	Greensboro	559	69	628	10,880	5.77
50	South Jersey	253	143	396	7,027	5.64
51	Central New Jersey	288	125	413	7,494	5.51
52	Honolulu	101	55	156	2,836	5.5
53	Boston	176	169	345	6,506	5.3
54	New Hampshire - Vermont	224	91	315	6,024	5.23
55	Baltimore	274	182	456	9,044	5.04
56	Greater Michigan	375	113	488	9,727	5.02
57	Mid-Carolinas	427	60	487	9,796	4.97
58	Appalachian	315	47	362	7,400	4.89
59	Richmond	238	204	442	9,064	4.88
60	Tennessee	571	124	695	14,578	4.77
61	Albuquerque	74	111	185	3,884	4.76
62	Western New York	291	69	360	7,747	4.65
63	Central Florida	342	121	463	9,974	4.64
64	Hawkeye	249	166	415	9,120	4.55
65	South Georgia	179	104	283	6,365	4.45
66	Maine	93	84	177	4,067	4.35
67	Greater S.Carolina	212	83	295	7,283	4.05
68	Arkansas	222	38	260	6,427	4.05
69	Mid-America	259	173	432	11,044	3.91
70	Alabama	212	171	383	9,857	3.89
71	Albany	151	150	301	7,813	3.85
72	Spokane	139	45	184	5,022	3.66
73	Central Plains	211	156	367	10,338	3.55
74	Dakotas	112	52	164	5,134	3.19
75	New York	407	67	474	15,146	3.13
76	Northland	451	31	482	15,781	3.05
77	Kentuckiana	159	139	298	10,034	2.97
78	Mississippi	103	53	156	5,576	2.8
79	Westchester	73	54	127	6,424	1.98
80	Metro Caribbean	27	35	62	3,404	1.82

**Appendix III: Number, Percentage, and
Distribution of Modified Work Assignments
Nationwide during Fiscal Year 2008**

Rank	Service organization (district or headquarters)	Number of employees in limited duty assignments	Number of employees in rehabilitation assignments	Total number of employees in modified assignments	Total number— all employees	Percentage of workforce in modified assignments
81	Headquarters	34	36	70	11,370	0.62%
Total		35,082	14,949	50,031	748,307	

Source: GAO analysis of Service data.

Appendix IV: Description of NRP Activities, by Phase and Step

Figures 6, 7, and 8 provide additional information about the NRP, including a description of activities, by phase and step.

Figure 6: Description of NRP Activities in Phase 1

Phase 1		
Step	Responsible team member	Activity description
1	• District Injury Compensation Specialist	Identify all employees in modified work assignments
2	• Area National Assessment Process Injury Compensation Specialist	Transfer information about these employees to the NRP workbook
3	• Area Injury Compensation Manager • Area Medical Function Representative • Area Operations Team Leader	Brief senior district management on NRP Phase 1
4	• District injury compensation staff	Identify employees in modified work assignments who require medical review
5	• District medical staff • District injury compensation staff	Review all employees identified in step 4; determine if medical updates are required
6	• District medical staff • District injury compensation staff • District labor relations staff	Follow up on employee medical update requests
7	• District Assessment Team (DAT) including operations, injury compensation and medical staffs	DAT verifies current job offer matches tasks performed
8	• District medical staff • District labor relations staff	Ensure procedures for light duty assignments are in effect, enabling identification and tracking of these employees ^a
9	• District medical staff	Identify veterans-preference eligible employees in light duty assignments
10	• District Injury Compensation Specialist or staff	Update NRP workbook to ensure all veterans in modified work assignments are properly recorded
11	• District Injury Compensation Specialist or staff	Create NRP file for all employees in modified work assignments to ensure that all necessary documents are on file
12	• Area injury compensation team	Review injury compensation file and NRP file for employees in all modified work assignments to verify that the NRP file is complete and accurate in preparation for reassessing employees
13	• Area Injury Compensation Manager	Area injury compensation staff review NRP Phase 1 actions – all aspects must be verified as accurately completed

Source: GAO analysis of Service data.

^aIn some cases, the Service also provides modified work assignments to employees injured off-the-job. These assignments are called “light duty” assignments. However, they are beyond the scope of our review.

**Appendix IV: Description of NRP Activities,
by Phase and Step**

Figure 7: Description of NRP Activities in Phase 2

Phase 2 ^a		
Stage 1: Search		
Step	Responsible team member	Activity description
1	• Headquarters Injury Compensation Team Leader	Train area and district NRP teams on Phase 2 search process
2	• Area NRP team	Introduce and initiate NRP Phase 2 with district senior staff
3	• District senior management • Area and district injury compensation team leaders • Area and district operations team leaders • Area and district labor relations managers	Hold meeting with all applicable union representatives
4	• Area injury compensation team • District injury compensation staff	Update NRP workbooks to include all employees who have reached their maximum medical improvement (MMI), i.e., employees in rehabilitation assignments, and employees who have not reached their MMI, i.e., employees in limited duty assignments
5	• Area NRP team	Meet with district NRP team to discuss “necessary work” assignments
6	• Area and district NRP teams	Prepare local commuting area documentation for employees who have reached their MMI
7	• Area NRP team	Perform job searches for all employees who reached their MMI in less than a year to identify potential rehabilitation assignments within their local commuting area
8	• Area and district NRP teams	Perform job searches for all employees who reached their MMI in more than a year to identify potential rehabilitation assignments within their local commuting area
9	• Area and district NRP teams	Meet to discuss the status of all employees who have reached their MMI
Stage 2: Job offer		
1	• District Injury Compensation Manager • District operations team	District operations team submits the DAT-approved proposed job offers (i.e., rehabilitation duties worksheets) to the senior manager for approval, thus demonstrating that the position had been identified and approved by senior management.
2	• District injury compensation staff • District operations team leaders	Prepare and complete formal job offers
3	• District NRP team (operations and injury compensation) • District labor relations team	Schedule employee interviews to discuss and present job offers; notify employees and union representatives
4	• District NRP team	Conduct interviews for the approved job offers with employees
5	• District NRP team • District Injury Compensation Manager • District NRP Labor Relations Representative	Two weeks after each interview, follow up to ensure that each employee has responded to their job offer
6	• District Injury Compensation Manager	When the job offer is accepted, the Injury Compensation Manager must coordinate with the manager of the new facility to prepare for the employee to start work there
Stage 3: NWA (no work available)		
1	• Area Injury Compensation Manager • Area Injury Compensation Team Leader	Meet with DOL’s OWCP District Director to discuss the NRP and the Service’s preliminary NWA list
2	• Area and district NRP teams	Area and district teams review all NWA employee files and review them for accuracy
3	• Area and district NRP team leaders	Meet with district managers on the status of the NRP and discuss the job searches that senior managers will have to approve
4	• Area NRP team leaders	Brief surrounding district managers in the local commuting area on the NRP, and discuss the district’s responsibility in completing the job searches
5	• District injury compensation staff • District NRP operations team	Track and file job search results
6	• District NRP team	Schedule interviews with employees receiving NWA determinations
7	• Area NRP team	Brief the Service’s Inspection Service and its Office of Inspector General on NRP and NWA interviews ^b
8	• Area NRP team • District labor relations team • District Operations Team Leader	Brief local unions about ongoing and preliminary NWA employee results
9	• District NRP team	Prepare employee resource guide and meet with applicable Service staff to discuss the final steps of the NWA process
10	• District NRP team	Notify employees by letter at least 14 days in advance of employee interviews
11	• Area NRP team	Brief district NRP teams on the prescribed script for the interviews and select interview team leaders
12	• District NRP team • Area Operations Team Leader • Area Injury Compensation Team Leader	Conduct first interviews with all affected employees
13	• District NRP Operations Team Leader or member	Notify facility managers of upcoming second interview with employees receiving NWA determinations
14	• District NRP team • Area Operations Team Leader • Area Injury Compensation Team Leader	Conduct second interviews with employees receiving NWA determinations
15	• District injury compensation staff • District NRP operations team	Track and identify activities related to employees placed on OWCP’s rolls due to NWA determinations

Source: GAO analysis of Service data.

^aThe Service calls this phase, “Phase 2: Rehabilitation.” To enhance the clarity of this report, we refer to this phase as “Phase 2.”

**Appendix IV: Description of NRP Activities,
by Phase and Step**

¹The Service notifies representatives within its Postal Inspection Service and its Office of Inspector General in anticipation of problems that may be encountered during interviews with employees receiving an NWA determination.

Figure 8: Description of NRP Activities in Phase 3

Phase 3 ^a		
Stage 1: Implementation		
Step	Responsible team member	Activity description
1	• Headquarters Health and Resource Management Team Leader	Meet with area and selected district NRP team members and train them on this phase
2	• Headquarters NRP team • Area NRP team	Meet with district senior managers to initiate this phase and confirm their support
3	• District senior management • DAT members	Meet with union representatives and Service management organizations to inform them about this phase
4	• Area Health and Resource Management Team Leader • District health and resource management staff	Review NRP workbook files to ensure that all employees who have not yet reached their MMI are listed
5	• Area NRP team • District NRP team	Train district managers on their role in Phase 3
6	• Area NRP team • District NRP team	DAT conducts initial modified work assignment determinations and area team commences its review of these determinations
Stage 2: Work status		
1	• Headquarters/area/district NRP teams	Review all proposed modified work assignment determinations for accuracy
2	• Headquarters/area/district NRP teams	Train facility managers or supervisors on work status meetings and explain all possible work status determinations
3	• DAT	Review documentation for all modified work assignments for compliance
4	• Facility Manager/Supervisor	On a daily basis, review available necessary tasks and make assignment determinations, and conduct daily work status meetings with injured employees who have not yet reached their MMI
Stage 3: New medical/new injury		
1	• Facility Manager/Supervisor	Employee presents updated medical documentation for an existing injury or new documentation for a recent injury
2	• Facility Manager/Supervisor	Managers/supervisors assess each employee based on recently presented medical documentation to determine the availability of necessary work
3	• Facility Manager/Supervisor	Managers/supervisors present work status determination to each employee, elicit employee feedback regarding the proposed assignment, and make adjustments if necessary

Source: GAO analysis of Service data.

^aThe Service calls this phase, “Phase 2: Limited Duty.” We refer to this phase as “Phase 3.”

Appendix V: Comments from the United States Postal Service

ANTHONY J. VEGLIANTE
EXECUTIVE VICE PRESIDENT
AND CHIEF HUMAN RESOURCES OFFICER



December 1, 2009

Mr. Phillip R. Herr
Director, Physical Infrastructure Issues
United States Government Accountability Office
Washington, DC 20548-0001

Dear Mr. Herr,

Thank you for providing the U.S. Postal Service with the opportunity to review and comment on the draft report titled U.S. Postal Service: The Program for Reassessing Work Provided to Injured Employees Is Underway, but Actions Are Needed to Improve Program Management (GAO-10-78).

We appreciate your understanding of the complex issues facing the Postal Service in our efforts to ensure that injured employees requiring modified work assignments within their medical restrictions perform necessary work. This has been a particularly difficult challenge in light of recent economic conditions, improved technological and engineering work processes, and complex federal regulations. As your report indicates, "By implementing the NRP, the Service has taken an important step to balance its obligation to provide work to employees with compensable workplace injuries (when necessary work is available for them to perform within their medical restrictions) with its obligation to Congress, its employees and the public to operate as effectively and efficiently as possible."

The goal of the National Reassessment Process (NRP) is to place every injured employee requiring modified work within current medical restrictions in only necessary work assignments. This goal ensures that financial savings are not placed as a higher priority than the injured employee.

In your report, you suggest that the NRP is hampered by a lack of senior management support and the lack of identified milestones toward the completion date. The NRP was given complete senior management support as evidenced by the commitment of resources by each area. We implemented the NRP with an end goal in sight; however, we fully understood that the stakeholders in our process were many and varied and that we would have to constantly address new issues as they surfaced even at the expense of an on time completion. We do not believe that setting an arbitrary deadline for district completion of this process is in the best interests of our employees. Establishing a timeline could negatively impact our ability to ensure that each injured employee is given an individualized review that insures each resolution is specific to the individual and their medical restrictions.

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**Appendix V: Comments from the United
States Postal Service**

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The Postal Service does not agree that the tracking data for the NRP is unknown. The Postal Service tracks and monitors each injured employee on a 51-field Excel spreadsheet report at each of the 74 district offices. We certainly recognize that because the data are not aggregated at the national level this provides audit challenges, however, the program was implemented to be reviewed and monitored at the district level, not nationally. The NRP summary reports monitored at the national level are sufficient for the experienced senior management officials responsible for this program. In February 2010 the new national claims management program will be deployed. This will enhance our abilities to track and measure NRP progress and enable cost efficient aggregation of data.

We agree to fully disclose any limitations that apply to the NRP-related cost savings reported to Congress and others as appropriate. As noted in the GAO report, often times the actual savings were consciously conservative. This conservative approach led to under reporting actual savings taking into account all new associated program costs such as increased travel.

The goal of the NRP remains the same, ensuring that employees requiring medically restricted work are offered only necessary work assignments. We also recognize that as the Postal Service completes the NRP and moves into the next phase, which is the ongoing National Assessment Process, a growing number of postal employees who may require the services of the Vocational Rehabilitation Program will impact the Office of Workers' Compensation Programs.

If you or your staff would like to discuss any of these comments further, Ron Henderson is available at your convenience at (202) 268-3587.

Sincerely,



Anthony Vegliante

Appendix VI: GAO Contact and Staff Acknowledgments

GAO Contact

Phillip Herr, (202) 512-2834, or Herrp@gao.gov

Staff Acknowledgments

In addition to the individual named above, Kathleen Turner, Assistant Director; Shirley Abel; Teresa Anderson; Lindsay Bach; Lauren Calhoun; Jay Cherlow; Tonnye Conner-White; Elizabeth Eisenstadt; Colin Fallon; Lauren Gilbertson; Brandon Haller; Elizabeth A. Marchak; Josh Ormond; Patricia Owens; Jerome Sandau; and Laura Shumway made key contributions to this report.

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