

ARBITRATION BOARD ISSUES AWARD

**Sets terms of the 2011-2016 National Agreement;
'NALC achieves its major goals,' Rolando says**

Jan. 11, 2013 –The three-person board of arbitrators has issued a final and binding award that sets the terms of a four-and-a-half-year collective-bargaining agreement between the National Association of Letter Carriers and the U.S. Postal Service, NALC President Fredric Rolando announced on Jan. 11.

“The NALC had three primary objectives in this critical round of collective bargaining,” Rolando said. “First, to protect the jobs and living standards and working conditions of the nation’s 180,000 letter carriers. Second, to protect the integrity of our historic institution-the United States Postal Service. And third, to work cooperatively with all stakeholders to enable the USPS to continue to serve the American public, in the internet age, by strengthening our unequalled last mile ‘delivery’ capacity.

“This agreement meets all three of those objectives,” he said.

The arbitration board was chaired by Shyam Das, a member of the American Arbitration Association’s labor panel who has been a full-time labor arbitrator since 1977. NALC’s member of the arbitration board was General Counsel Bruce Simon of New York-based Cohen, Weiss & Simon. USPS counsel Robert Dufek was the Postal Service’s arbitrator.

The award follows months of work by the NALC, including its officers, staff, consultants and expert witnesses who diligently assembled the union’s case in the interest arbitration proceeding.

“Although we would have preferred to reach a negotiated settlement in November 2011,” Rolando said, “the process worked as intended to resolve all outstanding issues and to address both sides’ key concerns while laying the groundwork for a productively innovative Postal Service in the years to come.

“I thank all the members of the NALC for their patience during this long process and for the hard work they do every day to make USPS the most affordable and efficient postal service in the world,” he said. “This agreement rewards city carriers for these contributions and sets the stage for a major comeback for the Postal Service, provided that Congress does its part to enact real reforms that will allow us to serve the American people and the U.S. economy for decades to come.”

Here are some highlights of the contract, which covers the period from November 20, 2011 to May 20, 2016, follow:

WAGE PROVISIONS

No two-tier pay scale;

Three general wage increases and seven COLAs awarded

The Das board rejected the Postal Service's proposals to freeze pay, eliminate cost-of-living adjustments (COLAs) and implement a two-tier wage schedule for career city carriers. Instead, the new contract provides three general wage increases between now and the end of the contract: 1 percent in November 2013, 1.5 percent in November 2014, and 1 percent in November 2015. It also provides for the payment of seven COLAs between now and 2016, though the two COLAs calculated in 2013 will be deferred and paid in 2014. These wage and COLA provisions follow the wage pattern established by the negotiated American Postal Workers Union (APWU) contract and the arbitrated National Rural Letter Carriers' Association (NRLCA) contract.

However, the award lowered the entry wage for new career letter carriers (appointed on or after Jan. 12, 2013) and created a new step progression that ends at the existing Step O in both Grades 1 and 2 of the current NALC pay charts. Moreover, this new step progression (labeled Table 2 of the City Carrier Schedule) will reach the top step pay of the existing pay chart (now called Table 1 of the City Carrier Wage Schedule) in exactly 644 weeks, the same 12.4 years that applies to career carriers appointed before Jan. 12, 2013.

- New career letter carriers hired under Table 2 will initially earn \$16.71 per hour at Step A. They will earn step increases worth 2.75 percent of top step pay every 46 weeks until they reach Step O of Table 2 (\$27.17 per hour)—the same top step pay of Grade 1 of Table 1.
- Step A of Grade 2 under Table 2 will be paid \$17.06 per hour and carriers will earn step increases worth 2.75 percent of top step pay every 46 weeks until reaching Step O (\$27.74 per hour)—the same top step of Grade 2 of Table 1.

NALC successfully argued that reducing the top step pay of city carriers was not justified given the extension of street times in recent years and the increased physical demands of our jobs.

WORKFORCE STRUCTURE

New non-career category with career path replaces TEs;

All PTFs converted

Over the course of the collective bargaining, the parties worked hard to create a win-win agreement on the workforce structure of the city carrier craft. The Postal Service sought the cost savings and flexibility of a larger non-career workforce, while the union has been deeply dissatisfied with the structure of the transitional employee (TE) workforce, where TEs had no right of reappointment and no real path to career employment. Meanwhile, we also sought to convert thousands of part-time flexible (PTF) carriers to full-time regular.

The Das award creates a new category of non-career employees called city carrier assistants (CCAs) to replace TEs. Like TEs, CCAs will be members of the NALC bargaining unit and will be appointed for 360-day terms. But unlike TEs, CCAs will earn a pre-career appointment version of seniority (called "relative standing") that will give them preference for career job openings in their installations.

All career carrier vacancies will be filled by converting CCAs to full-time regular status in order of their relative standing in the installation.

This new path to career status will be extended to existing TEs as well. All TEs will be given an opportunity to take the city carrier entrance test and to accept an appointment as a CCA within 90 days, and they will be given credit for time served as a TE for purposes of “relative standing.”

The new contract will limit the number of CCAs to 15 percent of the total number of full-time carriers in each District and will allow the Postal Service to hire an additional 8,000 CCAs to facilitate the development of new products and services (such as evening or Sunday e-commerce delivery).

The initial pay of CCAs will be set at Steps BB and AA of Table 2 of the City Carrier Schedule. New CCAs will be paid \$15 per hour (Step BB) and current TEs who become CCAs will be paid \$16.25 per hour (Step AA). In lieu of COLAs prior to their career appointments, the CCAs will receive additional general wage increases of 1 percent in November 2013, 1 percent in November 2014 and 1.5 percent in November 2015 (in addition to those provided to all bargaining unit employees indicated above).

Although we fought hard for better CCA pay rates, CCAs will be eligible for health insurance after one year and the Postal Service will contribute toward their premiums and offer coverage beyond that required by the Affordable Care Act starting in 2014. They also will qualify for regular carrier uniform allowances and will be covered by the opting provisions of Article 41. And NALC will investigate the establishment of a non-contributory 401(k) plan for CCAs that would allow non-career carriers to save for retirement, with provisions to transfer such savings to the Thrift Savings Plan once they obtain career positions.

Part-time flexible carriers also will benefit from the Das award, as it calls for the conversion of all PTFs to full-time regular status and for the elimination of the PTF category over the term of the contract.

JOB SECURITY

Ban on sub-contracting continued, strengthened

NALC’s approach to improving job security did not just involve the workforce structure issues outlined above, which will help us capture a growing share of the booming package and competitive products market. Our approach also included efforts to strengthen our contractual protections on sub-contracting and to maintain our no-layoff protections. We succeeded on these fronts in the contract awarded by the Das panel.

By retaining the historic ban on sub-contracting achieved in the 2006 round of bargaining and by adding a new Memorandum of Understanding on the Delivery and Collection of Competitive Products, the new contract strengthens the job security of all letter carriers. The new MOU ensures the assignment in city delivery areas to the city carrier craft the delivery and collection work involving competitive products (during or outside regular business hours). All of the MOUs restricting sub-contracting were retained.

Management’s demand for the elimination of the no-layoff clause for carriers with at least six years of service also was rejected; the existing provision is retained.

HEALTH BENEFITS

Task force offers alternative to cost shift pattern

The pattern set by the most recent contracts reached with the APWU and NRLCA calls for the continued shift of health insurance premium costs from the USPS to postal employees, as occurred in the NALC's 2006 contract. The Das award applies the pattern to city carriers in the new contract, calling for a reduction in the Postal Service's share of weighted average health premiums in the Federal Employees Health Benefits Program (FEHBP)—from 80 percent in 2012 to 78 percent in 2014 (with no change in 2013), and then to 77 percent in 2015 and 76 percent in 2016 for all current career employees. For carriers appointed to career jobs on or after Jan. 12, 2013, the USPS share will be set at 77 percent between 2013 and 2015 and fall to 76 percent in 2016.

NALC resisted this continued cost shift and sought an alternative approach. In fact, the NALC and the Postal Service conducted intensive and productive negotiations over the possible creation of a separate USPS set of health plans for city carriers. The talks faltered on a number of difficult issues that could not be resolved by the arbitration deadline, including whether the USPS plans would be offered through FEHBP or outside of FEHBP. Nevertheless, both parties believe further work on this issue is worth the effort and the Das award includes an MOU on the Resolution of Health Benefit Issues that calls for a task force to resume discussions in this area. Should the task force reach agreement, the cost shift called for by Article 21 might be reversed or otherwise revised.

LOCAL BARGAINING AND OTHER NOTABLE MOUS

The period for negotiating new Local Memoranda of Understanding has been set by the new contract from Apr. 1-30, 2013.

Unless otherwise addressed in the Das Award, most of the MOUs in the 2006 National Agreement will be continued in the 2011 contract. In addition, there were more than a dozen new MOUs awarded in this contract and eight existing MOUs were updated. Some highlights of the new or amended memos include:

- A new MOU creates an Article 8 Task Force to develop and test improvements in the process for assigning overtime hours.
- A new MOU creates a joint task force to explore and test possible improvements to the Dispute Resolution Process.
- A new MOU regarding a City Delivery Task Force will seek to improve the work climate while investigating ways to raise operational efficiency. The parties will focus specifically on ways to address factors that create workplace conflict over daily work times.
- An updated MOU on Alternate Route Evaluation and Adjustment Process revives the joint exploration of improvements to the route inspection methods.

A complete copy of the Das Award, including updated contract language, the new wage schedules and a full set of new and amended MOU can be found on the NALC or Branch 38 web sites. The March issue of *The Postal Record* will offer more information about the award.