

Tentative agreement reached

Contract accord features wage hikes, job protection



Members to vote on ratification

After months of on-again, off-again negotiations, deadlocks and demonstrations and the threat of binding arbitration, the NALC and the Postal Service reached a tentative settlement in July on a new, five-year National Agreement covering all 220,000 active city letter carriers. The accord provides significant wage increases, the continuation of COLAs, and important new job protections.



Under the agreement, all existing city carrier work will be protected from contracting out. It also abolishes the use of casuals in the letter carrier craft. And, as part of the accord, the parties agreed to settle four outstanding national-level grievances, including those involving DOIS, the third bundle and automated flats sorting (*details, pages 7-8*).

Arrangements were being made as this issue went to press to distribute copies of the complete agreement, along with accompanying memorandums of understanding, to all active members for a ratification vote. Details of the balloting will be announced in the *NALC Bulletin* and on the union website following a meeting of the national ballot committee (*see list below*). Only active letter carrier members of the NALC can vote on the deal, but it applies to all city carriers.

If approved, the new contract will be retroactive to November 2006 and extend to November 2011.

"I am delighted to have a negotiated agreement to put before the membership that meets the goals we set out when talks

began last August," NALC President William H. Young said.

The settlement calls for five general wage increases totaling 8.85 percent over the term of the agreement, along with nine cost-of-living adjustments (COLAs). In terms of wage increases, the agreement provides the highest wage increases since the 1984-87 National Agreement.

The tentative contract was reached by President Young and Postmaster General Jack Potter after an extended period of negotiations stretching through June and July. Over those same weeks, both sides were preparing for binding interest arbitration, which was scheduled to begin next month had the parties not settled.

Young announced that if the contract is ratified, a National Training Conference on implementing its terms will be held at a time and place to be determined. Among the issues to be presented would be memos on implementation procedures for flat sequencing and the various grievance settlements.

Formal negotiations that began last August 28 collapsed in December, were revived in the spring, and then seemed irreparably doomed in April when officials at the highest levels of the USPS flatly refused to provide guarantees against the outsourcing of letter carrier work. A combination of political and public relations pressure—along with hard bargaining—finally broke that impasse and yielded an accord. The NALC Executive Council unanimously approved the deal in a national teleconference on July 12.

The union tenaciously pursued a negotiated settlement rather than handing over the fate of letter carriers to a third party in a costly, contentious and uncertain arbitration process. "I'm confident we would have put on a compelling case before the arbitrator. We've done it before," President Young said. But, he added, "Letter carriers would not have been able to vote on an arbitrated contract and it's best for the parties to make their own agreement, since they are the ones who must live by its terms."

NATIONAL ASSOCIATION OF LETTER CARRIERS

NALC Ballot Committee 2007

- Region 1:** Roxanne Luce, Br.133 Sacramento, CA
- Region 2:** Ron Mann, Br. 1192 Lewiston, ID
- Region 3:** Bill Schorsch, Br. 825 Elmhurst, IL
- Region 4:** Mike Williams, Br. 47 Denver, CO
- Region 5:** Rod Holub, Br. 1018 Manhattan, KS
- Region 6:** Greg Genord, Br. 361 Lexington, KY
- Region 7:** Pam Donato, Br. 9 Minneapolis, MN
- Region 8:** Otis Walker, Br. 914 Lake Charles, LA
- Region 9:** Mel Rexroth, Br. 1690 W. Palm Bch.,FL
- Region 10:** Larry Martinez, Br. 1259 Corpus Chris, TX
- Region 11:** John Collins, Br. 63 Zanesville, OH
- Region 12:** Paul Rozzi, Br. 332 McKeesport, PA
- Region 13:** Bill Winston, Br. 4422 Glen Burnie, MD
- Region 14:** David Barbuzzi, Br. 25 NE Mass Mrgd, MA
- Region 15:** Joe DeRossi, Br. 41 Brooklyn, NY



The Postal Service and the American public are winners, Young said, because the agreement will “assure the Postal Service of a motivated and dedicated delivery workforce committed to providing high-quality and efficient postal services to the nation’s mailers.”

A look at the economics

General wage increases: Under the tentative agreement, city letter carriers will receive five general wage increases over the life of the contract, each calculated as a percentage of the basic salaries in effect at the end of the 2001-2006 National Agreement. The increases are as follows:

- November 25, 2006—1.40% (retroactive)
- November 24, 2007—1.80%
- November 22, 2008—1.90%
- November 21, 2009—1.90%
- November 20, 2010—1.85%

If ratified, the first-year increase will be implemented as soon as possible, with the date announced on the union website (www.nalc.org) and in the *NALC Bulletin*. A full back-pay calculation, covering hours worked since November 25, 2006, also will be made, with payment as soon as practicable. It will take some time to calculate the back pay, so it is impossible to predict the date. Carriers who have retired since last November 25 will receive the appropriate back pay for work up until retirement. Their annuities also will be adjusted accordingly. (The November 2006 increase will raise their high-three average salary and, therefore, their monthly annuity.)

The raises will increase the average basic salary of city carriers by \$4,200 over the life of the contract. (See the tables on page 9 for a more detailed breakdown.)



Cost-of-living adjustments:

The agreement contains nine COLAs over its lifetime. The COLA formula remains the same, but the “base month” from which inflation is measured will be reset to May 2007.

Adjustments will continue to be based on the change in the Consumer Price Index for Urban and Clerical Workers (CPI-W), produced by the Bureau of Labor Statistics. The formula calls for a one-cent per hour increase for every 0.4 point increase in the CPI-W above the base month. For example, if the index increases 4.0 points between July 2007 and January 2008, hourly pay for city carriers would rise 10 cents per hour.

With the baseline month set at May 2007, the July 2007 COLA would be based on the increase from May 2007 to July 2007. Thereafter, the COLA would accumulate in its traditional six-month pattern (see chart on page 9 for dates).

COLA cash payment: The COLA that would have been generated by the increase in the CPI-W between July 2006, when the last adjustment was made under the 2001-2006

President Young (c) discusses tentative agreement on a new National Agreement with National Resident Officers along with members of NALC Executive Council by teleconference. Pictured clockwise from Young are Executive Vice President Fred Rolando, Vice President Gary Mullins, Director of Life Insurance Myra Warren, Assistant Secretary-Treasurer George Mignosi and Director of Health Benefits Tim O’Malley.

COLA cash payment eligibility

Only carriers in a pay status during the pay period immediately prior to the effective date of the cash payment will be eligible for it. Those in full-time regular positions would receive the full amount, \$686, while hourly rate employees (PTFs and PTRs) would get a payment based on the number of paid hours in the 26 pay periods prior to the payment’s effective date and will be paid according to the following schedule:

Number of Paid Hours	Percent of Cash Payment
1500+ hours	100 percent
1000-1499 hours	75 percent
500-999 hours	50 percent
1-499 hours	25 percent



contract, and May 2007 will be paid as a one-time lump sum amounting to \$686. The cash payment, which would be paid as soon as possible after ratification, would not become a part of basic pay.

Only city carriers in a pay status during the pay period immediately prior to the effective date of the payment will receive the cash payment. Carriers who have separated or retired since November 2006, or who separate/retire before the specified pay period, will not be eligible.

Health benefits: The new agreement changes the employee/employer share of health care premiums over the life of the contract, increasing the percentage paid by letter carriers. This reflects trends in the private sector and the contracts of other postal unions.

Currently, the USPS pays an amount equal to 85 percent of the FEHBP average premium. Under the terms of this contract, the employer share would remain at 85 percent in 2007 and 2008, then drop to

83 percent in 2009, 82 percent in 2010, 81 percent in 2011, and finally to 80 percent in 2012. That 80 percent employer share is significantly greater than the 72 percent paid by other federal agencies and on a par with the share paid by other large, national employers.

The actual dollar change for an individual would depend on the premium costs of the health plan the letter carrier selects, the overall average premium the USPS share is based on, and how those costs are allocated between the USPS and the individual.

The average NALC member is now paying about \$67 per pay period for family coverage and \$28 per pay for self-only coverage. If health care costs and premiums were to remain constant, by 2012 the change in formula means family coverage would increase by \$21.84 and self-only by \$9.23 per pay period. If premiums increase by 5 percent per year until 2012, this change would

Pictured is the opening of negotiations between NALC and USPS, with the exchange of proposals between President Young and Postmaster General Jack Potter.



Memorandums on national grievances



amount to increases of \$27.88 and \$11.77 per pay period. (The Federal Employees Health Benefits Plan has been moderately successful in containing costs in recent years, posting average premium increases of 7.9 percent for 2005, 6.6 percent for 2006, and 1.8 percent for 2007.)

In any event, the increased share of insurance premiums can be weighed against scheduled wage hikes and likely COLAs, which are based in part on rising health care costs. Using a CPI-W projection of 2.2 percent annually over the next five years (developed by the Congressional Budget Office), the average carriers' paycheck will increase by \$276.62 per pay period or \$7,192 annually over the life of the contract (*see chart on page 9*).

New subcontracting protections

- No contracting out of existing work
- Six-month moratorium on new delivery outsourcing in city carrier offices
- Joint committee to study issue

The tentative agreement includes two MOUs dealing with subcontracting and Article 32. The first, an MOU on subcontracting, prohibits the contracting out of all existing city carrier work for the life of the contract. In addition, in the approximately 3,000 delivery offices that have only city delivery service, the MOU prohibits contracting out new deliveries. City carriers will be assigned any in-growth deliveries in these offices. Thus, the MOU effectively ensures that all delivery in these offices will be done exclusively by city letter carriers. A complete list of these offices, which account for some 90,000 city carrier

The tentative contract agreement includes Memorandums of Understanding that settle several outstanding national-level grievances. In each instance, the settlement is consistent with NALC's long-held positions on the various subjects.

Each active member will receive a full copy of all memorandums along with a complete copy of the contract to consider along with the ratification ballot. Here are summaries of the settlements and MOUs:

THIRD BUNDLE PRE-ARBITRATION SETTLEMENT:

This involved two national-level grievances regarding letter carriers in a DPS environment carrying three addressed bundles on park-and-loop deliveries.

The first grievance involved management's assertion that the March 2000 MOU on DPS Work Methods gave it the right to require letter carriers to carry three addressed bundles on park-and-loop deliveries. The settlement resolves that grievance by confirming that the March 2000 MOU did not give management that right.

The second grievance involved management's modification to the handbooks indicating that carriers could be required to carry three addressed bundles on park-and-loop deliveries. The settlement resolves that grievance by:

- Recognizing the need for changes in our work methods
- Defining a minimum percentage of coverage necessary before a letter carrier can be required to carry a third bundle
- Formulating a joint workgroup to develop safe and efficient methods for carrying three bundles
- Describing requirements for carrying third bundles during and after the workgroup completes its mission

S-999 MAIL PRE-ARBITRATION SETTLEMENT

The issue in this national-level grievance was how to handle and record S-999 mail (including multi-point mail and 9-digit mail that is not finalized in DPS order), as well as mail that is brought back from the street in the afternoon, during the week of count and inspection.

The parties agree that any of this mail that is cased will be recorded in section 1 or 2 (letter or flat) of the 1838-C. The handling of any of this mail that is not cased will be recorded on line 21.

DOIS PRE-ARBITRATION SETTLEMENT

This settlement of the national-level grievance affirms that DOIS is **management's** tool for estimating a carrier's daily workload. It **does not** change a carrier's reporting requirements. It **cannot** be used as the sole determinant of a carrier's leaving time, returning time or daily workload. It **cannot** be used as the sole basis for corrective action.

The settlement mandates management to credit time in its projections for handling mark-ups and change-of-address orders. It reaffirms that functions in DOIS that relate to the route inspection process must comply with the handbooks, and it mandates that any changes to such base data can only be made through a new count and inspection or minor route adjustment.

Note: A separate memorandum of understanding will be signed renewing the parties' previous agreement on conducting minor route adjustments pursuant to section 141 of the *M-39* handbook. ▶

Memorandums on national grievances

COR PRE-ARBITRATION SETTLEMENT

This settlement of the national-level grievance affirms that all components of the COR program and process must be consistent with the route inspection and adjustment process in the *M-39* handbook.

When transferring territory in a route adjustment, if management proposes to change street time from the actual street time on PS Form 3999, it must identify the change by sector-segment. The change must also be documented and explained on the back of the PS Form 1840. This includes any relay, allied, travel time, etc. Additionally, any time adjustment to the base street time must be documented and explained on the back of the PS Form 1840. Actual travel times must be taken from the 3999, and any new travel times must be validated, documented and discussed during the carrier consultation.

The settlement affirms that the intent of the parties is for the letter carrier to be made aware of any proposed time adjustment to the base street time or to the street time of the territory being transferred. The carrier then has the opportunity to dispute the documentation of and/or justification for any of the proposed time adjustments.

FLAT SEQUENCING SYSTEM (FSS) PRE-ARBITRATION SETTLEMENT AND MEMORANDUMS OF UNDERSTANDING

This involves three documents. The first is a Memorandum of Understanding (MOU) that establishes a Joint Task Force to explore alternative work methods for handling mail in an FSS environment, as well as implementation and operating procedures. The parties recognize that their interests are best served through a cooperative effort. They also agree to jointly examine the methods and procedures related to handling DPS flats.

The second document is a Memorandum of Understanding on FSS Implementation that stipulates that once FSS is fully implemented in a delivery unit, management will determine the methods to estimate the impact of FSS and adjust routes accordingly. Sixty days after implementing those route adjustments, the local parties will review the adjustments to make sure each route is as near eight hours as possible. If **either** party determines a route is not properly adjusted, it will be adjusted consistent with the *M-39* handbook, or by any adjustment formula locally agreed to by the parties.

The third document withdraws the national-level grievance on the method of determining FSS impact and the associated employment of transitional employees. ☒

President Young and Executive Vice President Rolando explain the memorandum agreements to the NALC Executive Council.



routes, will be included in the ratification materials to be mailed to all active members.

The second MOU establishes an Article 32 Committee, made up of management and union representatives, to review existing policies and practices concerning the contracting out of mail delivery services. This joint committee, which will largely focus on the issue of outsourcing new deliveries and the Postal Service's so-called Growth Management program, will seek to "develop a meaningful evolutionary approach to the issue of subcontracting, taking into account the legitimate interests of the parties and relevant public policy considerations." The National Rural Letter Carriers' Association will be invited to participate in the joint committee.

The Article 32 Committee provision imposes a six-month moratorium (from the date of ratification) on the contracting out of mail delivery in any office that employs city letter carriers. However, the moratorium does not apply to any in-growth or new growth on existing rural routes—a provision that only the NRLCA has the right to negotiate. During this six-month period, the joint committee will study the issues involved and will be given reasonable access to all relevant data maintained by the Postal Service. The committee will seek to reach an agreement on new delivery outsourcing and will report back to the parties in six months.

President Young has vowed to seek a legislative ban on contracting out if an

2006-2011 National Agreement General Wage Increases

CITY CARRIER GRADE 1

Step	Salary as of 11/20/06	11/25/06 <u>1.4% Inc*</u>	11/24/07 <u>1.8% Inc</u>	11/22/08 <u>1.9% Inc</u>	11/21/09 <u>1.9% Inc</u>	11/20/10 <u>1.85% Inc</u>	Total Increase
A	\$37,995	\$532	\$684	\$722	\$722	\$703	\$3,363
B	\$41,445	\$580	\$746	\$787	\$787	\$767	\$3,667
C	\$42,782	\$599	\$770	\$813	\$813	\$791	\$3,786
D	\$45,344	\$635	\$816	\$862	\$862	\$839	\$4,014
E	\$45,698	\$640	\$823	\$868	\$868	\$845	\$4,044
F	\$46,052	\$645	\$829	\$875	\$875	\$852	\$4,076
G	\$46,400	\$650	\$835	\$882	\$882	\$858	\$4,107
H	\$46,753	\$655	\$842	\$888	\$888	\$865	\$4,138
I	\$47,107	\$659	\$848	\$895	\$895	\$871	\$4,168
J*	\$47,455	\$664	\$854	\$902	\$902	\$878	\$4,200
K	\$47,809	\$669	\$861	\$908	\$908	\$884	\$4,230
L	\$48,160	\$674	\$867	\$915	\$915	\$891	\$4,262
M	\$48,514	\$679	\$873	\$922	\$922	\$898	\$4,294
N	\$48,868	\$684	\$880	\$928	\$928	\$904	\$4,324
O	\$49,218	\$689	\$886	\$935	\$935	\$911	\$4,356

* Step J used to represent "Average Letter Carrier" - see chart at bottom.

* Following past practice, general wage increases are calculated as percentage of salaries at end of prior contract.

CITY CARRIER GRADE 2

Step	Salary as of 11/20/06	11/25/06 <u>1.4% Inc</u>	11/24/07 <u>1.8% Inc</u>	11/22/08 <u>1.9% Inc</u>	11/21/09 <u>1.9% Inc</u>	11/20/10 <u>1.85% Inc</u>	Total Increase
A	\$39,758	\$557	\$716	\$755	\$755	\$736	\$3,519
B	\$43,426	\$608	\$782	\$825	\$825	\$803	\$3,843
C	\$43,510	\$609	\$783	\$827	\$827	\$805	\$3,851
D	\$46,134	\$646	\$830	\$877	\$877	\$853	\$4,083
E	\$46,515	\$651	\$837	\$884	\$884	\$861	\$4,117
F	\$46,898	\$657	\$844	\$891	\$891	\$868	\$4,151
G	\$47,275	\$662	\$851	\$898	\$898	\$875	\$4,184
H	\$47,654	\$667	\$858	\$905	\$905	\$882	\$4,217
I	\$48,037	\$673	\$865	\$913	\$913	\$889	\$4,253
J	\$48,408	\$678	\$871	\$920	\$920	\$896	\$4,285
K	\$48,792	\$683	\$878	\$927	\$927	\$903	\$4,318
L	\$49,174	\$688	\$885	\$934	\$934	\$910	\$4,351
M	\$49,550	\$694	\$892	\$941	\$941	\$917	\$4,385
N	\$49,938	\$699	\$899	\$949	\$949	\$924	\$4,420
O	\$50,317	\$704	\$906	\$956	\$956	\$931	\$4,453

Average Wage Increases and Estimated COLAs

Date	Type of Increase*	Average Amount**	Average Per Pay Period
Nov. 25, 2006	General wage increase: 1.4%	\$664	\$25.54
To be announced	Cash payment	\$686	N/A
Sept. 2007	COLA (May-July 2007)	\$114	\$4.38
Nov. 24, 2007	General wage increase: 1.8%	\$854	\$32.85
March 2008	COLA	\$347	\$13.35
Sept. 2008	COLA	\$349	\$13.42
Nov. 22, 2008	General wage increase: 1.9%	\$902	\$34.69
March 2009	COLA	\$354	\$13.62
Sept. 2009	COLA	\$358	\$13.77
Nov. 21, 2009	General wage increase: 1.9%	\$902	\$34.69
March 2010	COLA	\$362	\$13.92
Sept. 2010	COLA	\$366	\$14.08
Nov. 20, 2010	General wage increase: 1.85%	\$878	\$33.77
March 2011	COLA	\$370	\$14.23
Sept. 2011	COLA	\$372	\$14.31
Total during contract (excluding cash payment)		\$7,192	\$276.62

* Value of COLAs depend on changes in the level of the Consumer Price Index; figures shown above are based on CPI increases of 2.2 percent annually (Congressional Budget Office forecast).

** Dollar amounts and percentages shown represent those for CC Grade 1, Step J.



acceptable agreement on contracting out new deliveries is not achieved during the moratorium.

Uniform allowance

Under the tentative 2006-2011 National Agreement, the uniform allowance would rise 2.5 percent annually from its current level of \$328 per year to:

- \$336 effective November 25, 2006
- \$345 effective November 24, 2007
- \$353 effective November 22, 2008
- \$362 effective November 21, 2009
- \$371 effective November 20, 2010

A newly eligible employee entering the reimbursable uniform program would receive an additional one-time credit according to the following schedule:

- \$78 effective November 25, 2006
- \$80 effective November 24, 2007
- \$82 effective November 22, 2008
- \$84 effective November 21, 2009
- \$86 effective November 20, 2010

of its implementation of the Flat Sequencing System. Although these FSS TEs may be used in any of the Postal Service's 80 districts that could be affected by FSS, there will be a TE limit of 8 percent of carrier employment in any individual district.

The terms and conditions of FSS TEs will be the same as those established by the parties following the Mittenal Award: they will be limited-term bargaining unit employees covered by the National Agreement. They will be paid the CC Grade 1, Step A rate of pay and will receive all scheduled general wage increases and cost-of-living adjustments. They may be appointed for a

Transitional employees

- Implementing FSS
- Abolishing casuals

Flat Sequencing: The Mittenal Award of 1991, which set the terms of the 1990-1994 National Agreement, created the Transitional Employee (TE) category of workers to facilitate postal automation. At the time, the Postal Service was just beginning to introduce DPS for letter mail. Under the 2006-2011 tentative accord, the USPS will be granted the right to employ up to 8,000 TEs during all phases

term of up to 359 days and must have a break in service of at least six days between appointments. Although PTFs will be given preference for scheduling straight-time hours, TEs are entitled to a four-hour guarantee on days they are scheduled.

As with other bargaining unit employees, TEs have access to the grievance procedure and are covered by a wide variety of other provisions in the National Agreement.

Casuals abolished, replaced by TEs: NALC has long sought to eliminate the use of temporary, low-wage, non-union casual employees in the city carrier craft. The Postal Service, citing the need for operational flexibility, has long sought to increase the contractual limit on casuals (now 3.5 percent) and to extend their terms (now limited to two 90-day terms). The new agreement seeks to reconcile these interests by abolishing the casual category in the city carrier craft and replacing it with Transitional Employees (TEs). The 3.5 percent national limit that currently applies to casuals will apply to TEs under the new agreement, along with a 6 percent limit in any given district. (The per-district limits for the 8,000 FSS-related TEs and casual-replacement TEs will be administered separately.) The TEs will be paid and work under the same conditions as those hired to implement the Flat Sequencing System described above.

The city carrier craft will now be solely comprised of bargaining unit employees. TEs will earn \$5-\$6 more per hour than casuals and will be given the opportunity to qualify for career employment by taking the city carrier entrance exam. ☒