



USPS lobbies Congress to —slash 120,000 jobs —reduce benefits —gut bargaining rights as contract talks begin

Above: The national bargaining teams representing the NALC and the Postal Service officially open negotiations.

Below: NALC President Fredric Rolando (l) and Postmaster General Patrick Donahoe shake hands to conclude the ceremony.

The national leaders of the NALC and the Postal Service opened negotiations for a new contract on Aug. 18 agreeing on at least one thing: Congress and the Obama administration need to remove the financial anchor that is weighing us down—the requirement to pre-fund retiree health benefits. This mandate is a huge drag on USPS' finances as the economy has sputtered. Beyond that, the initial distance between the negotiating parties remains huge.

The week before bargaining opened, the Postal Service dropped a bombshell, releasing two white papers to Congress and the media asking permission to reduce postal services to the nation, slash the postal workforce by 120,000 employees and attack the collective-bargaining rights of

America's hardworking letter carriers. *(For full details on the white papers, see story on page 8.)*

"It is extremely unfortunate that you have taken actions in the last two weeks which intend to render collective bargaining a futile, sterile exercise," NALC President Fredric Rolando said during his opening statement at Postal Service Headquarters. These actions included "your blatant, unprecedented lobbying in Congress to violate our contract; your provocative mandatory stand-up sessions; and your attempt to block the free speech of your employees while you flood the media with a slash-and-burn agenda.

"We are disappointed, disturbed and insulted by this misguided assault on the employees and institution, and we will do everything in our power to block this attempt to destroy the Postal Service."

Backed by the members of the NALC Executive Council, Rolando told Postmaster General Patrick Donahoe and his negotiating team that despite USPS' show of "bad faith," the union was prepared to partner with the Postal Service to improve the USPS.

"We are prepared to negotiate a fair, responsible and innovative labor agreement to reward our members and to position the Postal Service for a stronger and better future," Rolando said.

Rolando reminded Donahoe that the crisis at the Postal Service was not caused by its labor force and that





President Rolando tells the Postal Service of letter carriers' disappointment with the USPS strategy to seek layoffs and benefit reductions through congressional intervention.

a solution should not be enacted on the backs of the hardworking letter carriers. He vowed that if the Postal Service agrees, the parties can craft an agreement that utilizes the inherent value in the last-mile of delivery that will help the Postal Service better serve the American people and the \$1.2 trillion industry it supports.

“We are here to help you grow the business and find real solutions to preserve America’s only universal communication network,” he said. “We are ready to move boldly into the future, and we hope you will join us.”

Rolando emphasized that despite the misunderstood state of postal finances, all of the USPS’ losses from the past four years—including those incurred during the worst economic recession since the Great Depression—are accounted for by Congress’ dictate that the Postal

Service pre-fund 75 years’ worth of retiree health benefits in only 10 years. In fact, NALC has been an active partner with the USPS in finding savings through four rounds of route adjustments to boost productivity and maintain service quality.

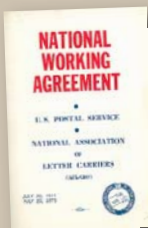
“Let me, first of all, say thank you to the city letter carriers,” Donahoe said during his opening statement. “You do an outstanding job representing the Postal Service and providing excellent service to the American public. You’re out there every day, six days a week, and even on Sundays with Express Mail, and it says a lot about what we provide to the American public in

The evolution of bargaining

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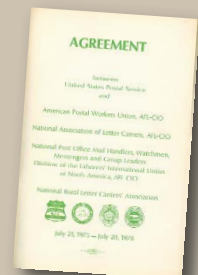
The opening of bargaining for a new contract is a good time to look back at where we’ve come from. The wages, benefits and working conditions of the nation’s city letter carriers, who are represented by the NALC, have never been given—they’ve been forged at the bargaining table, through negotiation and sometimes through arbitration.

More than 40 years ago, President Richard Nixon, stung by a wildcat postal strike in 1970, signed the Postal Reorganization Act (PRA) into law. It replaced the 195-year-old Cabinet-level Post Office Department with a new public corporation called the United States Postal Service. The PRA



gave postal employees virtually the same rights as other working Americans, including the right to bargain collectively for wages, benefits and improved working conditions, with one crucial exception: the right to strike was replaced with the right to binding interest arbitration. Rather

than stage a walkout if negotiations fail, each party presents its case to a three-member arbitration board—one member named by each party and a third, neutral member selected jointly to chair the board. The panel considers the issues and renders a binding judgment.





PMG Donahoe explains that the USPS' goal in negotiations is an affordable and flexible labor force.

terms of service at a very reasonable price, and I want to thank you for that.”

“We have faced some big-time economic challenges,” he continued, “and I think you have stepped up, from working with us on route consolidation and changes that have allowed us to minimize the

disruption to the employees and to the customers.”

While he agreed that letter carriers would be key to future opportunities for growth for the Postal Service through Every Door Direct Mail and Customer Connect, he pointed to the 26 percent decline in first-class mail volume as a major hurdle in the way of the Postal Service’s return to financial health. He said that the USPS’ goal from these negotiations is an affordable and flexible labor force.

“We’re ready to start negotiating,” Donahoe concluded.



History of agreements

The first two-year national agreement, settled in 1971, was negotiated between the USPS and all seven postal unions of the time, which bargained together as the Council of American Postal Employees. The agreement included, among other things, cost-of-living adjustments (COLAs), salary increases based on the Consumer Price Index paid out at intervals in addition to negotiated wage increases. The next two contracts in 1973 and 1975 were also negotiated, but the seven postal unions had been consolidated into four, each covering one or more postal crafts: the NALC, the American Postal Workers Union (APWU), the National Postal Mail Handlers Union (NPMHU), and the National Rural Letter Carriers’ Association (NRLCA).

When the 1975 agreement reached its end in 1978, inflation was rampant. The Postal Service



began an attack on the COLA provision in the contract, arguing it needed protection from dramatically rising wages. Initially the NALC, along with the APWU and the NPMHU, agreed to a proposal to limit COLA payouts. But rank-and-file letter carriers were outraged over the COLA “cap” and, for the first and only time, the membership rejected the proposed contract in a national referendum.

The rejection forced the COLA issue into arbitration, and in the end the arbitrator eliminated the cap and retained the existing COLA clause.

Between 1981 and 1994, the NALC and the APWU formed a joint bargaining committee to deal with the USPS. The 1981 agreement was successfully negotiated, but the Postal Service began claiming postal employees were overpaid compared to private-sector workers in similar jobs. Three years later, the USPS revived the issue of pay “comparability” and the 1984 contract talks reached impasse. During the resulting interest arbitration, the board rejected the Postal Service’s demands for massive wage cuts but lowered the starting salaries of NALC and APWU members and called for “moderate restraint” in future negotiations.

The 1987 agreement was negotiated, but concerns surrounding both comparability and health care forced the 1990 contract to arbitration. The Postal Service wanted to reduce its share of health insurance premiums, then averaging 90 percent of total premiums. The arbitrator agreed USPS



Both leaders talked of the opportunity of working together on innovative ideas to help improve the Postal Service's finances.

The present agreement, a five-year pact covering more than 200,000 city carriers, is set to expire at midnight Nov. 20. If the parties fail to reach an agreement, federal law establishes a system of mediation and binding arbitration to resolve the dispute; the law forbids strikes by postal workers. Over the past 41 years, most contracts have been successfully negotiated (*see story, page 15*).

The parties were organizing bargaining committees and establishing the ground rules for negotiations as this issue was going to press. Look for updates on the NALC website and in the October issue of *The Postal Record*. ☒



1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011

deserved relief, but told the parties to try to reach an agreement through mediation. Those talks failed and in 1993 a second arbitrator issued an award that cut the Postal Service contribution to an average 85 percent over a five-year period.

Deciding to stand alone

At the 1994 National Convention in Atlantic City, carriers decided the NALC should “go it alone” in contract negotiations, breaking ties with the APWU. In both 1994 and 1998, the USPS again raised the topic of comparability, and in both cases the talks went to arbitration, with the NALC raising its own concerns over the impact of automation—specifically delivery point sequence (DPS)—on carrier productivity, injury rates and street times.

In 1994, the NALC made a major push for a significant pay upgrade, based on the changes in letter carriers’ work. The arbitrator did not grant the increase but wrote in the final award that NALC had raised an important issue that needed to be addressed in the future. Equally important, the arbitrator rejected the Postal Service’s claim that city carriers were overpaid.

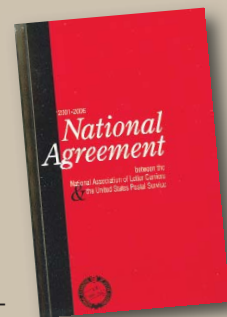
Negotiations deadlocked again in 1998. After extensive hearings, letter carriers won a major victory, with the arbitrator

awarding a major pay upgrade (“Grade 6” in the old pay system, which is now known as City Carrier Grade 1) in recognition of the increasingly difficult nature of letter carriers’ work. The award was a devastating blow to USPS’ “comparability” arguments.

The Sept. 11 terrorist attacks and the postal anthrax attacks immediately thereafter delayed completion of the 2001 contract talks until the spring of 2002. The negotiated agreement covered an unprecedented five years, included a series of wage increases and continued COLAs, and overhauled the grievance/arbitration procedure by incorporating the Dispute Resolution Process into Article 15.

In 2006, NALC was unrelenting in its desire for protection from the Postal Service’s increased use of contracted-out of delivery services. Negotiations dragged on for months, and arbitration seemed likely, while the NALC pressed Congress for protection from contracting out, when postal management relented and an agreement was finalized.

The 2006-2011 agreement expires at midnight on Nov. 20 and the bargaining process is underway. After more than four decades, the NALC and USPS have found a way to give and take at the bargaining table, crafting compromises that work for the best of the Postal Service and its city carriers. Both sides have again declared their goal is to reach a negotiated settlement rather than having to turn to a third party. The coming months will tell if that is possible. ☒



National Agreements

- 1971-1973 — Negotiated
- 1973-1975 — Negotiated
- 1975-1978 — Negotiated
- 1978-1981 — Partially arbitrated
- 1981-1984 — Negotiated
- 1984-1987 — Arbitrated
- 1987-1990 — Negotiated
- 1990-1994 — Arbitrated
- 1994-1998 — Arbitrated
- 1998-2001 — Arbitrated
- 2001-2006 — Negotiated
- 2006-2011 — Negotiated