News

The system works: A win-win contract in trying times

A special message from NALC President Fredric Rolando on the arbitration award

There was no massive disruption of American commerce. There was no threat to the economic recovery posed by the sudden implosion of a huge American industry. There was no massive loss of pay for hundreds of thousands of American workers. No strike. No lockout. All that, and more, was avoided in January because the dispute resolution process in the Postal Reorganization Act worked as intended. On Jan. 10, the NALC's new National Agreement was settled through interest arbitration.

The new 2011-2016 contract was awarded by a three-member panel of interest arbitrators chaired by Shyam Das. Although a negotiated agreement is always better than an arbitrated one, the interest arbitration process included in the Postal Reorganization Act once again proved its value by producing a contract that both parties can point to as fair and reasonable even though neither side got all that it wanted. (The same can, of course, always be said about negotiated settlements, too.)

That the system worked even in the most difficult economic circumstances ever faced by the Postal Service is even more remarkable. I am extremely proud of the incredible effort our union mounted over the past 14 months to achieve a new labor contract. Although I can't say I am happy with all of the contractual provisions that emerged from our first interest arbitration ever conducted in the midst of an economic crisis for the Postal Service, I can say that I am satisfied that the NALC achieved all of its major strategic goals for the 2011 round of bargaining. A summary of the new contract can be found in this issue of *The Postal Record* as well as on the NALC website (nalc.org). But here I want to offer a strategic overview.

Our main goals in this round of bargaining were to reward all letter carriers (career and transitional alike) for their unique contributions to the survival of the Postal Service over the past five very trying years and to reconcile the union's key bargaining objectives with the Postal Service's evident need to adapt to changing financial and business conditions. Chief among these were job security for our members with a continued ban on sub-contracting, the preservation of wage and benefit standards we have achieved over four decades of collective bargaining, and the creation of a path for transitional employees to secure career letter carrier jobs with the Postal Service. These goals and objectives have been met in the new contract.

The new contract covers the period Nov. 21, 2011, to May 20, 2016 (4.5 years). It will produce three wage increases and seven COLAs between now and May 2016 (though two of the COLAs will be deferred for a year) following the basic pattern seen in the APWU and NRLCA agreements.

To provide the cash-strapped Postal Service with labor cost savings, both current classifications of transitional employees (Article 7 and FSS TEs) will be replaced by a new non-career classification called city carrier assistants (CCA). In addition, new career city carriers will be hired at a lower entry wage and will be paid according to a new wage progression that will end at the same top step pay earned by current career employees—and therefore will avoid creating a two-tier carrier workforce.

In view of these savings, the arbitrators agreed with the NALC's insistence that virtually all existing career employees be converted to full-time status and that the existing ban on subcontracting and the existing no-layoff clause be continued in the new contract. At the same time, by positioning the Postal Service to capture a growing share of the booming e-commerce delivery business, the creative savings resulting from the new contract will strengthen the job security of all NALC members.

Among the hardest-fought issues in the arbitration were the fate of existing transitional employees and the rights of the new CCAs. Although our brothers and sisters who are TEs earn the same pay as Step A PTFs, they have no guarantees of re-appointment and no pathway to a career job in the Postal Service. That is going to change in this contract.

According to the Das award, all TEs are to be given the opportunity to accept new CCA jobs as well as a clear path to career positions. While CCA wages will be lower than current TE wages, the service time of current TEs will count toward this hiring preference. Meanwhile, the new CCAs will continue to be bargaining-unit employees with significant rights and a pathway to career employment. We didn't get everything we wanted for TEs and CCAs, but the award secured hope for a better working life for them all.

As 2013 begins, we face daunting challenges. The budget battles and postal reform will demand the best of our staff and activists. Although only Congress can ultimately secure the long-term viability of the Postal Service, letter carriers have done our part in this round of bargaining. We have strengthened the Postal Service even as we have protected our members and we have once again proved that collective bargaining works for America.

In solidarity,

Representatives from NALC and USPS were on hand Jan. 10 for the signing of the arbitration award that sets the terms of the 2011-2016 National Agreement between the two parties. Pictured (clockwise from upper left) NALC Chief of Staff Jim Sauber, NALC President Fredric Rolando, NALC General Counsel Bruce Simon, Arbitration Board Chairman Shyam Das, USPS Vice President for Labor Relations Doug Tulino, and USPS General Counsel Robert Dufek.

Arbitration board issues award

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

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.

"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 city 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 unequaled 'last-mile' delivery capacity.

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

The chairman of the arbitration board was 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

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> **—NALC President Fredric Rolando**

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

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 part-time flexibles (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 the increases 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 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 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 will decrease 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 that 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 forming 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 revised.

Local bargaining and other notable MOUs

The period for negotiating new Local Memoranda of Understanding has been set by the new contract from April 1 to April 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, more than a dozen new MOUs were 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 MOUs can be found on the NALC's website. The March issue of *The Postal Record* will offer more information about the award.

President Rolando and the members of the Executive Council will be available to answer questions from branch leaders at a just-announced 2013 national Rap Session in Las Vegas. See page 10 for dates and registration information. In addition, members will receive a letter from President Rolando about the new contract in the weeks to come.

The NALC Contract Administration Unit will work with the Postal Service in the weeks ahead to assemble and publish an official version of the 2011-2016 contract, and NALC Headquarters will distribute copies of the contract to branch presidents when it is ready. **PR**

Letter Carrier Pay Schedule

City Carrier Wage Schedule: Effective January 12, 2013

The following salary and rate schedule is for all NALC-represented employees.

2011-2016 National Agreement

Date	Type of Increase*	Amount
Jan. 2013**	COLA	TBD
July 2013***	COLA	TBD
Nov. 16, 2013	General wage increase	1%
Jan. 2014	COLA	TBD
July 2014	COLA	TBD
Nov. 15, 2014	General wage increase	1.5%
Jan. 2015	COLA	TBD
July 2015	COLA	TBD
Nov. 14, 2015	General wage increase	1%
Jan. 2016	COLA	TBD

* Value of COLAs depends on changes in the level of the Consumer Price Index.

** This COLA, calculated in 2013, will be deferred and paid after release of the January 2014 CPI.

*** This COLA, calculated in 2013, will be deferred and paid after release of the July 2014 CPI.

Table 1: City Carrier Schedule — **Full-Time Annual Basic Rates**

This schedule applies to all carriers hired prior to January 12, 2013 — **RSC Q1 (NALC)**

CC Grade	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	*Most Prev. Step*
1	44,292	48,046	49,502	52,292	52,676	53,062	53,441	53,825	54,210	54,589	54,973	55,356	55,742	56,128	56,508	*386*
2	46,211	50,203	50,295	53,151	53,566	53,983	54,393	54,805	55,224	55,627	56,044	56,459	56,869	57,292	57,704	*417*
Part-Time Flexible Employees - Hourly Basic Rates																
1	22.15	24.02	24.75	26.15	26.34	26.53	26.72	26.91	27.11	27.29	27.49	27.68	27.87	28.06	28.25	
2	23.11	25.10	25.15	26.58	26.78	26.99	27.20	27.40	27.61	27.81	28.02	28.23	28.43	28.65	28.85	
Part-Time Regular Employees - Hourly Basic Rates																
1	21.29	23.10	23.80	25.14	25.33	25.51	25.69	25.88	26.06	26.24	26.43	26.61	26.80	26.98	27.17	
2	22.22	24.14	24.18	25.55	25.75	25.95	26.15	26.35	26.55	26.74	26.94	27.14	27.34	27.54	27.74	
Step Increase Waiting Periods (In Weeks)																
Steps (From-To)	A-B	B-C	C-D	D-E	E-F	F-G	G-H	H-I	I-J	J-K	K-L	L-M	M-N	N-O	*YRS.*	
Grades 1 - 2	96	96	44	44	44	44	44	44	44	34	34	26	26	24	*12.4*	

Table 2: City Carrier Schedule — **Full-Time Annual Basic Rates**

This schedule applies to all carriers hired on or after January 12, 2013 — **RSC Q2 (NALC)**

CC Grade	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	*Most Prev. Step*
1	34,752	36,306	37,860	39,414	40,968	42,522	44,076	45,630	47,184	48,738	50,292	51,846	53,400	54,954	56,508	*1,554*
2	35,488	37,075	38,662	40,249	41,835	43,422	45,009	46,596	48,183	49,770	51,357	52,943	54,530	56,117	57,704	*1,587*
Hourly Basic Rates																
1	16.71	17.45	18.20	18.95	19.70	20.44	21.19	21.94	22.68	23.43	24.18	24.93	25.67	26.42	27.17	
2	17.06	17.82	18.59	19.35	20.11	20.88	21.64	22.40	23.16	23.93	24.69	25.45	26.22	26.98	27.74	
Percent Step O																
1	61.50%	64.25%	67.00%	69.75%	72.50%	75.25%	78.00%	80.75%	83.50%	86.25%	89.00%	91.75%	94.50%	97.25%	100.00%	
2	61.50%	64.25%	67.00%	69.75%	72.50%	75.25%	78.00%	80.75%	83.50%	86.25%	89.00%	91.75%	94.50%	97.25%	100.00%	
Step Increase Waiting Periods (In Weeks)																
Steps (From-To)	A-B	B-C	C-D	D-E	E-F	F-G	G-H	H-I	I-J	J-K	K-L	L-M	M-N	N-O	*YRS.*	
Grades 1 - 2	46	46	46	46	46	46	46	46	46	46	46	46	46	46	*12.4*	

City Carrier Assistant Schedule — **Hourly Rates**

RSC Q7 (NALC)

CCA Grade	BB	AA
1	15.00	16.25
2	15.32	16.59