

NALC, USPS formally open bargaining talks

The leaders of the National Association of Letter Carriers and the United States Postal Service formally opened negotiations for a new collective-bargaining agreement on Feb. 19.

In his opening statement, NALC President Fredric Rolando told Postmaster General Megan Brennan that the union is “genuinely hopeful” that the two parties will be able to hammer out a contract that rewards city letter carriers “for their hard work providing extraordinary service to the American public.



NALC President Fredric Rolando delivered the union’s message to management at the opening of formal contract negotiations.

“I believe that we share the view—enthusiastically—that the United States Postal Service is not only alive and well,” he said, “but also a vital national institution that provides an essential service to the 152 million households and businesses that we serve every day.”

Joining the president for the event—held in the Vincent R. Sombrotto Building’s Hutchings Hall—were the other members of the NALC Executive Council as well as the letter carrier staff from NALC Headquarters. A host of USPS executives and employees accompanied Brennan to the Friday morning meeting.

Building on past battles

When the last round of negotiations began in 2011, Rolando said, “it was the ‘conventional wisdom’ in this town—in Congress, at the White House, in the press, among certain mailers, and even in some corners of L’Enfant Plaza—that the Postal Service was doomed.

“Every element of the conventional wisdom was wrong—and demonstrably wrong,” Rolando said. “And the NALC said so, repeatedly, aggressively and consistently. And we showed why so many people were wrong.”

Of course, the multibillion-dollar deficits that USPS reports mainly are the result of the 2006 congressional mandate that the Postal Service pre-fund its health benefits account for future retirees by setting aside more than \$5 billion per year. “No other government enterprise, no private company—none—was or is required to do that,” the president noted, adding that the mandate fed the misguided

and counterproductive drive to slash services.

But after the Great Recession of 2008 ended, the president said, USPS eventually started to show significant operational profits. (For the most recent example, see page 8 for news about the Postal Service’s \$1.3 billion in operating profit for the first quarter of Fiscal Year 2016.)

Even with these ongoing operational profits, Rolando said, it took some time before Washington’s power brokers noticed.

“Finally,” he said, “over the past couple of years, the press, members of Congress and leaders in our industry have realized that the Postal Service is not doomed—we can and will thrive in the 21st century.”

Partners in progress

Rolando noted that NALC and USPS have been working for some time now alongside a coalition of mailers and the other postal unions to craft a legislative solution to the Postal Service’s financial problems. For example, he said, “we used our collective-bargaining process with you to explore an alternative solution involving reforms to the federal employees’ health benefit program and its interaction with Medicare.”

The president also pointed out the NALC’s work with major mailers on proposals to boost postal revenues, as well as the parties’ allied effort to build support among these mailers—and within Congress—to drastically reduce the effects of the pre-funding mandate by means of sensible investment of the retiree health benefit fund.

“These solutions now form the basis of an emerging consensus in Congress



on postal reform,” Rolando said, “and shows how powerful collective bargaining can be if we work together in good faith.”

Even so, he said, a bargained agreement between the NALC and USPS “will come only with straight talk, honest hard work, the free exchanges of ideas, real transparency and a determined will to negotiate a contract.”

On the table

Rolando said that all city letter carriers have earned reasonable wage increases and ongoing workplace and benefit protections, and that certain elements of past agreements—such as cost-of-living adjustments, the no-layoff clause and anti-contracting-out provisions—should not be tampered with and should only be approached “with great respect and caution.”

The president also made note of ongoing workforce issues that affect labor and management alike. “We have a non-career workforce with an unacceptably high rate of turnover due to inadequate working conditions, compensation and benefits,” he said. “There is every reason for us to study these issues in great detail, and to be creative in fashioning solutions.

“We also have workplace issues,” he said, stating that a workplace culture plagued by stress and dysfunction needs

to be addressed at the bargaining table.

“The ongoing transition within the Postal Service—what we do, how we do it, when we do it—has made addressing these issues even more important,” Rolando said.

Beyond bargaining

As a wrap-up, the president shared his thoughts about happenings outside of the parties’ bargaining process—and those happenings’ affect, if any, on that process.

“First, there is the ongoing effort in Congress to deal with postal reform,” Rolando said. “What happens or what doesn’t happen on Capitol Hill will, inevitably, affect us. We cannot ignore it.”

Then, he said, there are USPS’ dealings with the other postal unions—the American Postal Workers Union, the National Rural Letter Carriers’ Association and the National Postal Mail Handlers Union.

“Be assured of our best wishes to those unions, and you, in your efforts to reach agreements,” Rolando said. “But it is important for the Service to understand that what goes on in your other negotiations, or interest arbitrations, with the other unions has very little relevance for the NALC and its membership.

“We are committed to deal with these negotiations in dead seriousness and purpose,” the president said. “I trust you will do the same.”



Above: Postmaster General Megan Brennan acknowledged in her opening statement that NALC and USPS are “strategic partners.”

Management’s turn

In her opening remarks, Postmaster General Brennan thanked Rolando and NALC’s leaders for their work for postal customers and the Postal Service.

“As we begin our negotiations, we do so as strategic partners,” she said, calling the challenges that USPS faces “enormous.”

“Collective bargaining,” Brennan said, “offers us the opportunity to jointly address the cost, the flexibility and the structure of the city delivery

Opposite page: The NALC Executive Council, including the resident national officers, the national business agents and two of the three trustees, along with headquarters staff, were present for the event.

workforce needed in this rapidly changing and increasingly competitive business environment.”

The PMG said that the Postal Service recognizes and appreciates NALC’s contributions to the collective-bargaining process.

“There’s no question that all postal employees have made sacrifices in the past couple of years,” she said. “They’ve not gone unnoticed and they’re certainly appreciated. But there’s still work to be done.”

The postmaster general made note of the ongoing financial challenges USPS faces. “At the same time,” Brennan said, “we’re adjusting to the highly competitive package market, which will require unprecedented levels of flexibility as we continue to compete to capture more market share in this sector.”

Describing herself as a “positive believer” in USPS’ future, Brennan said that the agency continues to invest in technology and infrastructure, as well as training and development.

“We have a track record of collaboration,” she said, pointing out the parties’ partnership within the consensus coalition on postal reform, as well as on such endeavors as Customer Connect or the annual national food drive.

“The overarching shared objective we have is to ensure the long-term viability of this great organization,” the PMG said. “But I want to commit to you that, on our side of the table, we will have candid discussions, we will look to join in similarities, we will look to negotiate

Bargaining through 46 years and still going strong

The wages, benefits and working conditions of the nation’s city letter carriers have never been given—they’ve been forged at the bargaining table, through negotiation and sometimes through arbitration.

Nearly half a century ago, President Richard Nixon, stung by the Great Postal Strike of 1970, signed the Postal Reorganization Act (PRA) into law, replacing the 195-year-old Cabinet-level Post Office Department with a new public corporation: the United States Postal Service.

The PRA granted postal employees the right to bargain collectively for wages, benefits and improved working conditions. But the right to strike was replaced with the right to binding interest arbitration: Should contract 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.

The first two-year national agreement, settled in 1971, was negotiated between USPS and all seven postal

unions of the time, which bargained together. The agreement included negotiated wage increases as well as staggered cost-of-living adjustments (COLAs) to pay based on the Consumer Price Index. The 1973 and 1975 contracts also were negotiated; by then, the seven postal unions had been consolidated into four: 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, USPS attacked the COLA provision, arguing a need for protection from inflation-driven pay raises. Initially, NALC, APWU and NPMHU agreed to a proposed limit on COLAs. But outraged rank-and-file letter carriers, for the first and only time, rejected the proposed contract in a national referendum.

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

Between 1981 and 1994, NALC and APWU bargained jointly with USPS.

The 1981 agreement was successfully negotiated, although the Postal Service began claiming employees were overpaid compared with private-sector workers in similar jobs. Three years later, the 1984 contract talks reached an impasse when USPS revived the “comparability” issue. In interest arbitration, the board rejected USPS’ demands for massive wage cuts but lowered the starting salaries of NALC and APWU members, calling for “moderate restraint” in future negotiations.

The 1987 agreement was negotiated, while concerns surrounding comparability and health insurance premiums forced the 1990 contract to arbitration. That arbitrator agreed that USPS deserved relief from paying an average of 90 percent of total premiums, but told the parties to try to reach an agreement through mediation. Those talks failed, and in 1993, a second arbitrator’s award cut the Postal Service’s contribution to an average of 85 percent over five years.

NALC’s 1994 National Convention in Atlantic City decided the union should “go it alone” in contract nego-



a contract that is fair to our employees and, again, that positions the organization for continued success.

“We look forward to working with you over the coming weeks and months,” Brennan concluded.

The present collective-bargaining agreement between NALC and USPS covers more than 204,000 city letter

carriers. It is set to expire at midnight on May 20.

If the parties fail to reach an agreement by then, federal law establishes a system of mediation and binding arbitration to resolve disputes; the law forbids strikes by postal workers. (See story on page 15 for more about that.) Over the past 46 years, most contracts between

NALC and USPS have been successfully negotiated (see story below).

As this *Postal Record* was going to press, the parties were organizing bargaining committees for negotiations. Watch for updates in future issues and in the *NALC Bulletin* as well as on the NALC’s website and social media channels on Facebook and Twitter. **PR**

tiations. In 1994 and 1998, USPS again raised the comparability issue; in both years, talks went to arbitration, with NALC raising its own concerns over the impact of automation—specifically, delivery point sequence

raised an important issue that needed future addressing. The arbitrator also rejected the Postal Service’s claim that letter carriers were overpaid.

In 1998, after extensive hearings, letter carriers at last won their sought-after pay upgrade in recognition of the increasingly difficult nature of their work—a devastating blow to USPS’ “comparability” arguments.

The Sept. 11 terrorist attacks and the postal anthrax attacks shortly thereafter delayed completion of the 2001 contract talks until the spring of 2002. The negotiated agreement covered five years—a first—and included wage increases and COLAs, plus it 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 NALC pressed Congress for protection from contracting out. But postal management relented and another five-year

agreement was negotiated, finalized and ratified by a 9-to-1 margin.

Following 14 months of negotiations and mediation, the current 2011-2016 agreement was settled through interest arbitration in January of 2013. Most of NALC’s goals and objectives were met in this latest pact. But perhaps its most significant development was the replacement of the former transitional employee (TE) classification with the non-career classification known as city carrier assistant (CCA). CCAs are hired at a lower starting salary, but the arbitration ensured their wage progression would end at the same top step pay earned by career employees (thus avoiding creation of a two-tier carrier workforce).

The current contract expires at midnight on May 20 and the bargaining process is underway. Nearly 46 years after the Great Postal Strike and the signing of the Postal Reorganization Act, NALC and USPS still have faith that bargaining-table compromises are the best means toward crafting a contract agreement that serves the best interests of city letter carriers and the Postal Service. **PR**

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

2011-2016—Arbitrated

(DPS)—on carrier productivity, injury rates and street times.

Also in 1994, NALC pushed for a significant pay upgrade based on changes in letter carriers’ work. The arbitrator did not grant the increase but wrote in the final award that the union had