

Promotion pay past, present, future



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Over the years, NALC has dealt with several issues related to letter carrier pay after promotion, from multiple anomalies that were addressed to a change to its application recently proposed by USPS. It is important for letter carriers who are currently affected by promotion pay to understand how it is applied. To understand the present, let's look at some relevant history.

The past

Prior to the 1999 Fleischli interest arbitration award, which set the terms of the 1998-2001 NALC-USPS National Agreement, both city carriers and employees represented by the American Postal Workers Union were paid in accordance with Rate Schedule Code (RSC) P. Under RSC P, promotions within the pay schedule for both city carriers and APWU-represented employees were governed by the “two times the most prevalent step” rule or, more specifically:

The employee receives a promotional increase equal to two times the most prevalent step in the former grade for a promotion of one or two grades (three times for a promotion of three or more grades). Add this increase to the employee's former basic salary and slot the employee to the closest step in the new grade. If the increased salary falls between two steps of the new grade, place the employee at the next higher step.

The Fleischli award created a new schedule for city carriers, RSC Q, with two grades, 1 and 2. Promotions under the new city carrier pay schedule continued to be covered by the “two times the most prevalent step” rule. APWU-represented employees remained in RSC P. The Das interest arbitration award, in January 2013, created a second rate schedule for city carriers, RSC Q7 (Table 2). Table 2 applies only to city carriers with a career appointment date on or after Jan. 12, 2013.

In April 2013, NALC and USPS agreed to a national-level settlement (M-01811) on an interpretive dispute regarding a letter carrier who was promoted to Grade 2 from Grade 1, subsequently returned to Grade 1, and had his step increase delayed by 48 weeks. NALC took the position that the grievant should have been placed in the step he would have been in, with credit toward his next step increase, as if all service had been in the original grade. The grievant was correctly placed in Step B but was not cred-

ited with 48 weeks of waiting time to his Step C increase. The case was settled in part as follows:

(A) The step and next step date assignment for a city letter carrier following a reduction in grade will be determined as follows:

- (1) To Former Lower Grade. The employee is assigned to the step and next step date as if service had been uninterrupted in the lower grade since the last time held.
- (2) To New Lower Grade. The employee is assigned to the step and next step date in the lower grade as if all postal service had been in the lower grade.

Additionally, it was agreed that the Postal Service would modify the *Employee and Labor Relations Manual (ELM)* to incorporate the above principle in accordance with Article 19 of the collective-bargaining agreement, and this language currently can be found in *ELM*, Section 422.225.

After the creation of Table 2, a city letter carrier who was converted to Grade 1 and then bid to Grade 2 received a two-step advancement. For example, a Grade 1, Step A carrier who bid to Grade 2 would have been placed in Step C. This is due to the application of the rule described above, which multiplies the most prevalent step in the old grade, in this case \$1,682, by two, for a total of \$3,364. This amount was then added to the salary in the old step for a total salary. Because this salary fell between Steps B and C, the carrier was placed in the higher step.

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Four years later, in 2017, USPS notified us of revisions it was proposing to make to *ELM*, Section 422.2, City Carrier Schedule. The proposed revision eliminated the requirement that two times the most prevalent step be added to a Table 2 Grade 1 letter carrier's salary when promoted to a Grade 2 assignment.

The old language provided that when a Grade 1 letter carrier who was converted to career status on or after Jan. 10, 2013, and then bid to a Grade 2 job, would advance two steps in the pay scale and begin a new 46-week waiting period for their next step increase. So, if you were a Grade

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1, Step A letter carrier who bid on a Grade 2 job, you would advance to Step C, but would have to wait 46 weeks before advancing to Step D of the pay scale. In exchange for this benefit, you would lose any time credit earned in Grade 1, Step A toward your next step increase. This rule had been in place for many years.

The proposed change provided for Grade 1 letter carriers converted to career status on or after Jan. 10, 2013, who then bid to a Grade 2 job, to retain their in-step credit and stay in the same step in Grade 2 as they were in Grade 1. Under the new rule, a Grade 1, Step A letter carrier who bid on a Grade 2 job would be paid Grade 2, Step A pay, and the time credit earned in Grade 1 would count toward the 46 weeks needed to advance to Grade 2, Step B.

“USPS notified us that it would be holding employees who previously received the two-step promotion pay increase in place in their current step for an additional 92 weeks, less any time served since their last step increase. USPS named this made-up rule ‘hold in place.’”

At the same time USPS notified us of these proposed changes to the *ELM*, it also notified us that it would be holding employees who previously received the two-step promotion pay increase in place in their current step for an additional 92 weeks, less any time served since their last step increase. This was a fictional rule that was not contained in the proposed *ELM* changes. USPS named this made-up rule the “hold in place” proposal to correct alleged salary overpayments.

The Postal Service sent 8,970 letter carriers a PS Form 50 with an adjusted schedule that delayed the next step increase to reflect the so-called “hold in place” rule. The Form 50 stated that the step waiting period was “updated to address promotion overpayment.” The *ELM* revision and the hold in place were effective Oct. 14, 2017. NALC filed a national class-action grievance (Q16N-4Q-C 17638188) on those issues and appealed it to arbitration.

Our position was that the assertion that the 8,970 letter carriers involved had received a “promotion overpayment” was false. We believed that the Postal Service should re-adjust each letter carrier’s next step implementation date to eliminate the delay imposed by the hold-in-place rule and that any letter carrier adversely affected should be made whole.

The present

After much discussion about these issues, NALC and USPS agreed on a settlement (M-01893) to this national-level grievance that lifted the hold in place instituted by USPS. It was agreed that the carriers affected by the hold in place would receive their step increases as scheduled prior to being held, and these carriers will receive any retroactive pay owed back to the time they should have received their step increase(s). Implementation of this settlement was a complicated recalculation of pay and reconstruction of Form 50s from the past for several thousand letter carriers. USPS has notified us that this should be complete this month.

It was also agreed upon that after the Nov. 24, 2018, pay schedule consolidation and upgrade, there will be no promotions within the city letter carrier craft. Carrier technicians will receive additional compensation equivalent to 2.1 percent of the employee’s applicable hourly rate for all paid hours. However, carrier technicians will continue to be considered in a higher grade for the purpose of applying the provisions of Section 422.225 of the *ELM*.

The future

So what does this mean now? The settlement did not modify the promotional increase that was being received by any city letter carrier. However, the provisions of *ELM*, Section 422.225 state that if one of the carriers affected by the two-step promotion pay increase now bids back down to a non-carrier technician position, these individuals will be assigned to the step and next step date as if their service had been uninterrupted in the lower grade since the last time held. In other words, they will lose the two-step promotion pay increase they had received prior to Nov. 24, 2018.

If any member has a question about the application of promotion pay, he or she should contact a branch officer or their national business agent’s office for guidance.