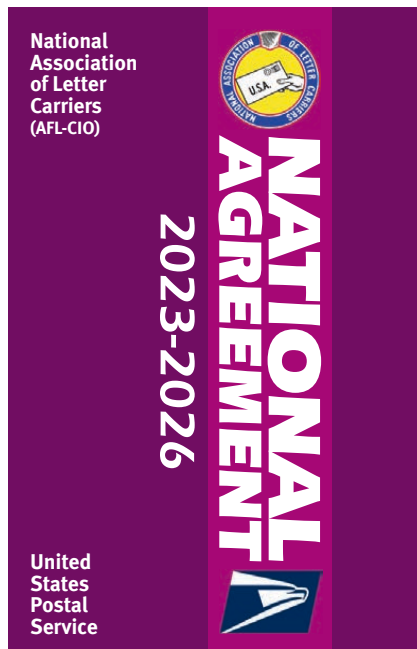


Retroactive payments highlight the unique structure of the NALC National Agreement



Earlier this year, America's city letter carriers once again witnessed the value and power of collective bargaining when the Postal Service implemented the first six wage increases called for in the 2023-2026 National Agreement. These consist of four cost-of-living adjustments (COLAs) and two general wage increases (1.3 percent and 1.4 percent), which were secured in the interest arbitration award issued by Arbitrator Dennis R. Nolan on March 21 of this year.

Under the terms of the Nolan Award, the top pay of letter carriers, Step P, increased by \$4,758 annually, or 6.3 percent, on April 19—a percentage increase that every carrier in other steps of Table 2 also received. City carrier assistants (CCAs), who do not receive COLAs under the contract, received pay increases of 4.7 percent, which reflects the two general wage increases plus an additional 1 percent for each one. On June 14, a \$1,000 annual increase in the salary of Step P (in both Tables 1 and 2), to a level of \$81,057 annually, was implemented. Additionally, on July 12, Steps AA and A in the Table 2 wage schedule were eliminated, boosting starting career pay by about 4.5 percent to \$51,133 annually.

But that demonstration of collective bargaining was only part of the story. At the end of August, career letter carriers received full back pay resulting from the six wage increases between Aug. 26, 2023—the effective date of the contract's first COLA—and April 18, 2025. CCAs received full back pay for their two increases, 2.3 percent and 2.4 percent, respectively. (See the sidebar on retroactive pay on page 5.)

And the back pay was scheduled to arrive just before the fifth COLA of \$790

(at Step P) is scheduled to take effect on Sept. 6. (The COLA will be applied proportionally to other Steps in Table 2, an increase of about 1 percent.)

This flurry of pay raises and salary changes won through collective bargaining reveals the structure of the NALC contract developed over NALC's 54 years of collective-bargaining history with the Postal Service. As the union begins its preparations for a new round of contract talks early next year, now is a good time to consider the unique and complex structure of our National Agreement.

NALC's collective-bargaining agreement

The Postal Reorganization Act of 1970 (PRA) transformed a 200-year-old government department into an independent government agency structured like a corporation. The PRA extended private-sector labor law to postal employees with a number of unique features, such as the continued coverage by federal employee health and retirement plans, a ban on strikes, and the use of binding interest arbitration to resolve contract disputes. This background and 54 years of collective-bargaining history have combined to shape the NALC's unique labor contract—most notably, the structure of the city carrier pay schedules, the stable pattern of contract settlements, and the importance of the contract's COLA clause.

Pay schedule structure

The basic structure of letter carrier pay schedules reflects the pre-1970 status of the Postal Service as a Cabinet-level department of the federal government. Postal employees were covered by the General Schedule (GS)

for federal civil servants—mostly as GS Grade 5 employees—before 1970. At the time, there were 10 steps in Grade 5 and it took 21 years to get to top step pay. The PRA mandated a “pay compression,” reducing the time to reach the top step from 21 years to eight years, a demand made by the NALC and other unions during the Great Postal Strike.

Of course, once the era of direct postal bargaining began, every detail in the letter carrier pay schedule—the step levels, the waiting periods, the promotion pay slotting rules—became subject to bargaining and/or interest arbitration. Over time, mostly through arbitration awards, the number of steps increased (usually with new lower steps) and the time to reach the top step of the letter carrier pay schedule increased—reaching a high of 13.3 years with the 2019-2023 National Agreement.

The most consequential and painful changes in the structure of letter carrier pay came from the Das Award in 2013, when we bargained during the worst economic crisis since the Great Depression. The collapse of the global financial system devastated the mailing industry and threatened the solvency of the Postal Service. The Das Award created two new tables: Table 2 for career carriers hired after Jan. 12, 2013, with lower starting pay, but the same top pay as carriers hired before then (covered by a new Table 1 schedule); and Table 3 for CCAs, a new, larger class of non-career carriers with much lower pay and benefits.

On the other hand, NALC also won pay schedule upgrades in the Fleischli Award in 1999 (moving regular carriers from Grade 5 to Grade 6 and carrier technicians from Grade 6 to Grade 7) and in the voluntary agreement that set the terms of the 2016-2019 National Agreement. That agreement “consolidated”

Retroactive pay included in Aug. 29 paychecks

The Nolan Award provides for full retroactivity for the first two general wage increases (for Tables 1, 2 and 3 and the first four COLAs for Tables 1 and 2). This required the Postal Service to recalculate the pay for every paid hour—including all work hours (straight time, overtime, penalty overtime and other premium pay) and all paid leave hours—between Aug. 26, 2023, (the effective date of the first COLA) and April 19, 2025, when the new contract’s wage rates were implemented.

For career city carriers in Tables 1 and 2, the back pay periods covered are:

- **First COLA**—\$978 at Step P: Aug. 26, 2023, to April 18, 2025
- **First General Increase**—1.3 percent: Nov. 18, 2023, to April 18, 2025
- **Second COLA**—\$353 at Step P: March 9, 2024, to April 18, 2025
- **Third COLA**—\$978 at Step P: Sept. 7, 2024, to April 18, 2025
- **Second General Increase**—1.4 percent: Nov. 16, 2024, to April 18, 2025
- **Fourth COLA**—\$416 at Step P: March 8, 2025, to April 18, 2025

For CCAs in Table 3, the back pay periods are as follows:

- **First General Increase**—2.3 percent: Nov. 18, 2023, to April 18, 2025
- **Second General Increase**—2.4 percent: Nov. 16, 2024, to April 18, 2025

As with all interest arbitrations, back pay is not guaranteed, and NALC had to fight to get full retroactivity in the Nolan Award. USPS has typically asked arbitrators to reject retroactivity—a policy it follows with its managers and supervisors covered by the so-called EAS schedule. NALC always argues for full retroactivity, which we have usually achieved—but not always. In a couple of previous awards, COLAs were either deferred or “cashed out” (i.e., converted to one-time lump-sum payments that do not permanently raise wages). In others, USPS was allowed to use back pay “estimations” to save on administrative expenses. Like every provision and article in the National Agreement, retroactivity must be fought for and won.

Two other notes on back pay:

- The changes in the city carrier pay tables (the \$1,000 increase to Step P in June and the elimination of Steps AA and A in Table 2 in July) were prospective wage improvements; therefore, they were not subject to the retroactivity provisions.
- Letter carriers who have retired after working under the terms of the 2023-2026 National Agreement receive retroactive back pay and have their retirement annuities recalculated after USPS recertifies/adjusts their high-3 averages with the Office of Personnel Management. **PR**

Retroactive payments (continued)

the two city carrier grades into the higher grade and created a new carrier technician premium (of 2.1 percent) instead of maintaining a separate grade for such carriers.

Our current contract, the Nolan Award, reversed the trend of adding steps and increasing the waiting time to reach top step. We fought hard and won the elimination of Steps AA and A and achieved a time reduction from 13.3 to 12.4 years to reach top step. Step increases below Step O now raise pay by at least 2.7 percent every 46 weeks.

One other note: In the rest of the federal government, where federal unions have no right to negotiate wages, the General Schedule system remains in place. It now takes federal employees in other agencies 18 years to reach top step. If you want to know the real value of collective bargaining for letter carriers, look up the pay rates of GS 5 federal employees today.

Stability of NALC settlements

One of the more remarkable qualities of NALC contracts over the 16 rounds of bargaining is the relative stability of the agreements reached. This is particularly true when compared to private-sector labor contracts, which have a boom-and-bust quality. In most years since 1972, the NALC's contract featured two COLAs and one general increase each year. In a handful of years, we had two COLAs and two general wage increases, but the pattern remains consistent. The most notable exception was the Das Award, which set the terms of the 2011-2016 National Agreement, when two years went by with no general wage increases. Otherwise, the two COLAs and one general increase pattern has been remarkably strong.

Increases in top step city carrier annual salary (Step O/P) by national agreement

National Agreement	General Increases in Base Wages (G.I.s)	Cost of Living Adjustments	Total Increases in Base Wages	Percent of Wage Increases from COLAS
1971-1973	\$1,250	\$166	\$1,416	12%
1973-1975	\$1,100	\$1,310	\$2,410	54%
1975-1978	\$1,500	\$1,518	\$3,018	50%
1978-1981	\$1,510	\$3,619	\$5,129	71%
1981-1984	\$900	\$1,643	\$2,543	65%
1984-1987	\$1,959	\$1,269	\$3,228	39%
1987-1990	\$1,848	\$2,517	\$4,365	58%
1990-1994	\$1,841	\$1,997	\$3,838	52%
1994-1998	\$854	\$1,373	\$2,227	62%
1998-2001	\$1,740	\$2,038	\$3,778	54%
2001-2006	\$2,984	\$3,556	\$6,540	54%
2006-2011	\$4,356	\$2,933	\$7,289	40%
2011-2016	\$1,978	\$1,373	\$3,351	41%
2016-2019	\$2,765	\$2,413	\$5,178	47%
2019-2023*	\$4,008	\$6,698	\$10,706	63%
2023-2026*	\$4,162	\$4,015	\$8,177	49%
Totals: 1971-2026	\$34,755	\$38,438	\$73,193	53%

* Notes: The G.I. figures of the last two contracts include Step P raises of \$444 annually in 2022 and \$1,000 annually in 2025.

The COLA figure for the 2023-2026 contract includes a projected annual COLA of \$500 in March 2026, based on forecasted inflation (CBO).

Over the past half century, the NALC's record in negotiations, often in the face of economic turmoil, has been impressive. We've won or negotiated 149 wage increases since 1971, which comprises 88 COLAs, 59 general wage increases, two pay upgrades, the elimination of two steps at the beginning of Table 2, the addition of one step (Step P) at the end of Tables 1 and 2, and an increase to the annual salary of Step P.

There was only one year, 2012, in which we did not have at least one wage increase of any kind, not counting step increases. At the same time, we fended off outsourcing threats and resisted most givebacks. We have taken our share of lumps during economic recessions—most notably on health benefit contributions and on non-career workers—but we continue to battle on all fronts to defend the interests of letter carriers.

The importance of COLAs

Over the years, NALC has made protecting our COLA clause the highest priority in collective bargaining. We did so, even as other unions in the private sector negotiated away their COLA clauses or weakened them in return for higher general increases or other gains. This protected us from inflation surges in both the 1970s and 1980s and then again in the first decade of the new century and in 2022-2023. In the 2019-2023 contract, for example, our COLA clause generated \$6,698 in annual wage hikes and accounted for more than 10 percent of the wage increases we received during that contract. Nobody in 2019 could have predicted the pandemic or the post-pandemic surge in inflation. Our COLA clause protected us against that risk.

Over the years, we rejected USPS proposals to eliminate our COLA clause. We also opposed proposals for a COLA “trigger”—applying the COLA clause only if inflation exceeded a certain level. The Teamsters’ contract with the United Parcel Service (UPS), for example, was downgraded with a less generous COLA formula than ours, which kicks in only if inflation exceeds 3.0 percent. As a result, our COLA clause raised top-step salaries by \$14,299 annually between 2012 and 2025 while UPS’s COLA generated \$2,558 in annual increases over the same period. Our general wage increases have been somewhat lower, but we preferred the reduced risk of having greater protection against inflation.

In 2013, the Das Award did provide the Postal Service with savings on COLA costs by implementing the proportional application of COLAs in Table 2. This ended the practice of giving greater inflation protection to workers in lower steps than those in higher steps—by raising all wages by the same amount of dollars. Now, every letter carrier in Table 2 gets the same percentage increase in pay from COLAs as those in the top step. As discussed below, this change was not welcomed; however, it was made in the context of fighting to preserve other important aspects of the city carrier pay schedule structure.

The bottom line is this: Our COLA clause accounts for more than half of the wage increases negotiated for letter carriers since we won collective-bargaining rights in 1970. That is why we fight so hard to protect it.

The agenda for 2026 bargaining

In less than a year, we will once again return to the collective-bargaining table to hash out the terms of our

17th National Agreement with the Postal Service. Like the negotiations for our last four contracts, they will take place in a period of great uncertainty about the future of the USPS. The past 15 years have been among the most difficult in the 250-year history of the Post Office. Bracketed by the Great Recession and the COVID-19 pandemic and its inflationary aftermath, and shaped by a technological revolution that has dramatically changed the volume and mix of the mail, this period has been especially challenging for our union. It was made dramatically worse by the crushing retiree health pre-funding mandate imposed by Congress between 2007 and 2022.

The painful changes in our contract mandated by the Das Award in 2013 have largely set the agenda for our recent rounds of negotiations. That award, implemented amid a global financial crisis, froze wages for a period, created the CCA position, altered the city carrier pay schedule with lower starting pay, and implemented proportional COLAs. But having the right to collective bargaining and access to binding interest arbitration allowed the NALC to avoid much worse outcomes that tens of millions of workers suffered at that time. We fought off a proposal to permanently lower top step pay (and future pension benefits) with a pure two-tier wage structure, and we convinced Arbitrator Das to create a path to career jobs for CCAs that did not exist for casuals and transitional employees in prior years. The changes to lower starting pay and the implementing of proportional COLAs were painful, but securing top pay to maximize career earnings and long-term retirement benefits was crucial.

Over the past three rounds of negotiations, we focused on addressing the problems created by the Das Award: improving CCA pay and health benefits, implementing the automatic conversion to career after two years, and reducing (by nearly half) the size of the CCA workforce with our MOU for direct career hiring. We have also raised both top pay (with Step P) and starting career pay with the elimination of Steps AA and A in Table 2—reducing the time to reach top step for the first time since 1971.

In our negotiations next year, we will fight to make more progress to minimize or eliminate the CCA category altogether, to raise Step P to match the step increases of lower steps and to further improve pay for all letter carriers. At the same time, we will aggressively defend our most important contract protections: the COLA clause, the ban on subcontracting and our protections against layoffs. As always, our unity and solidarity will be essential to our success. **PR**

Fifth COLA is \$790

The fifth regular cost-of-living adjustment (COLA) for career letter carriers under the 2023-2026 National Agreement was \$790 annually following the release of the July consumer price index (CPI). This increase was added to every step in Table 1 and Step P in Table 2, and then applied proportionately to Steps B through O in Table 2. The increase has been applied to the pay chart on the following page, and will take effect Sept. 6. **PR**

Letter Carrier Pay Schedule

City Carrier Wage Schedule: Effective Sept. 6, 2025 (July 2025 COLA)

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

Career city letter carrier increases

Effective Date	Type of Increase	Amount
Aug. 26, 2023	July COLA	\$978
Nov. 18, 2023	General wage increase	1.3%
March 9, 2024	January COLA	\$353
Sept. 7, 2024	July COLA	\$978
Nov. 16, 2024	General wage increase	1.4%
March 8, 2025	January COLA	\$416
June 14, 2025	Step P adjustment	\$1,000
July 12, 2025	Eliminate Steps AA and A from Table 2	
Sept. 6, 2025	July COLA	\$790
Nov. 15, 2025	General wage increase	1.5%
March 7, 2026	January COLA	TBD

City carrier assistant increases

Date	Type of Increase	Amount
Nov. 18, 2023	General wage increase	2.3%
Nov. 16, 2024	General wage increase	2.4%
June 14, 2025	Wage adjustment	\$0.50
Nov. 15, 2025	General wage increase	2.5%

NOTE: Upon conversion to full time, part-time flexible employees in Table 2 will be slotted into the full-time step commensurate with their number of weeks as a PTF, and retain their time credit toward the next step.

NOTE: The full COLAs will be added to the salaries of all steps in Table 1 and Step P of Table 2, with proportionate application of the COLA to Steps A-O of Table 2.

NOTE: In accordance with Article 9.3.B, COLAs become effective the second full pay period after the release of the January and July Consumer Price Index for Urban Wage Earners and Clerical Workers.

Table 1: City Carrier Schedule

RSC Q (NALC)

This schedule applies to all carriers with a career appointment date prior to Jan. 12, 2013.

Basic Annual Salaries																	Most Prev. Step
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	
City Carrier (Grade 2)	67,269	71,828	71,933	75,195	75,668	76,144	76,613	77,082	77,558	78,020	78,498	78,973	79,441	79,924	80,391	81,847	476
Carrier Technician*	68,682	73,336	73,444	76,774	77,257	77,743	78,222	78,701	79,187	79,658	80,146	80,631	81,109	81,602	82,079	83,566	486
Part-Time Flexible Employees - Hourly Basic Rates																	
City Carrier (Grade 2)	33.77	36.06	36.11	37.75	37.99	38.22	38.46	38.70	38.93	39.17	39.41	39.65	39.88	40.12	40.36	41.09	
Carrier Technician*	34.48	36.82	36.87	38.54	38.78	39.03	39.27	39.51	39.75	39.99	40.23	40.48	40.72	40.96	41.20	41.95	
Full-Time/Part-Time Regular Employees - Hourly Basic Rates																	
City Carrier (Grade 2)	32.34	34.53	34.58	36.15	36.38	36.61	36.83	37.06	37.29	37.51	37.74	37.97	38.19	38.43	38.65	39.35	
Carrier Technician*	33.02	35.26	35.31	36.91	37.14	37.38	37.61	37.84	38.07	38.30	38.53	38.76	38.99	39.23	39.46	40.18	
Step Increase Waiting Periods (In Weeks)																	YRS.
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	O-P		13.3
	96	96	44	44	44	44	44	44	44	34	34	26	26	24	46		

* Carrier Technicians receive an additional 2.1%

Table 2: City Carrier Schedule

RSC Q7 (NALC)

This schedule applies to all carriers with a career appointment date on or after Jan. 12, 2013.

Basic Annual Salaries																Prev. Step
	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	
City Carrier (Grade 2)	51,631	53,841	56,051	58,263	60,471	62,681	64,893	67,103	69,312	71,521	73,731	75,944	78,150	80,360	81,847	2,210
Carrier Technician*	52,715	54,972	57,228	59,487	61,741	63,997	66,256	68,512	70,768	73,023	75,279	77,539	79,791	82,048	83,566	2,256
Part-Time Flexible Employees - Hourly Basic Rates																
City Carrier (Grade 2)	25.92	27.03	28.14	29.25	30.36	31.47	32.58	33.69	34.80	35.90	37.01	38.12	39.23	40.34	41.09	
Carrier Technician*	26.46	27.60	28.73	29.86	30.99	32.13	33.26	34.39	35.53	36.66	37.79	38.93	40.06	41.19	41.95	
Full-Time/Part-Time Regular Employees - Hourly Basic Rates																
City Carrier (Grade 2)	24.82	25.89	26.95	28.01	29.07	30.14	31.20	32.26	33.32	34.39	35.45	36.51	37.57	38.63	39.35	
Carrier Technician*	25.34	26.43	27.51	28.60	29.68	30.77	31.85	32.94	34.02	35.11	36.19	37.28	38.36	39.45	40.18	
Percent Step P																
	63.08%	65.78%	68.48%	71.19%	73.88%	76.58%	79.29%	81.99%	84.68%	87.38%	90.08%	92.79%	95.48%	98.18%	100.00%	
Step Increase Waiting Periods (In Weeks)																
Steps (From-To)	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	O-P		YRS.
	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46	12.4
* Carrier Technicians receive an additional 2.1%																

* Carrier Technicians receive an additional 2.1%

Table 3: City Carrier Assistant Schedule

Hourly Rates

RSC Q4 (NALC)

This schedule applies to CCA Hires with no previous TE service.

	BB	AA
City Carrier (Grade 2)	20.73	21.23
Carrier Technician (add 2.1%)	21.17	21.68
Steps (From BB to AA) in weeks	52	

This schedule applies to CCA Hires with previous TE service after Sept. 29, 2007, who were on the rolls as of Jan. 10, 2013.

	BB	AA
City Carrier (Grade 2)	22.36	22.86
Carrier Technician (add 2.1%)	22.83	23.34
Steps (From BB to AA) in weeks	52	