TENTATIVE AGREEMENT!

National Association of Letter Carriers
William H. Young, President
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Five Year Pact!

New Agreement Features COLAs, Yearly Wage Hikes; Limits on 'Contracting Out'

Casuals Abolished, Key Disputes Settled

Executive Council Unanimously Recommends Pact; Members to Vote on Rank-and-File Ratification

NALC President William H. Young, right foreground, discusses tentative agreement on a new National Agreement July 12 with National Resident Officers in Young's office at NALC Headquarters, along with other members of NALC Executive Council by teleconference. Pictured, counterclockwise from upper left, are Chief of Staff James Sauber, Vice President Gary Mullins, Executive Vice President Fred Rolando, Young, Director of Health Benefits Tim O'Malley, Assistant Secretary-Treasurer George Mignosi, Director of Life Insurance Myra Warren, and Director of Retired Members Ernie Kirkland. The Council unanimously approved agreement and recommended ratification.

(Photos by Mike Shea)

The National Association of Letter Carriers reached tentative agreement with the U.S. Postal Service on a new five-year National Agreement covering all 222,000 active city delivery carriers throughout the nation.

The tentative contract, approved unanimously by the NALC Executive Council July 12, will be submitted to the active membership for ratification as soon as possible.

The settlement calls for general wage increases of 8.85 percent over the term of the agreement, along with nine cost-of-living adjustments (COLAs).

Ratification Plans!

Active Members Will Receive Documents Before Vote

A complete copy of the Tentative National Agreement, including all MOUs and related documents, will be sent to every active member once it is finalized. A ratification vote will be announced as soon as possible. If the contract is ratified, a National Training Conference on implementing its terms will be held.

President Young has appointed Joseph DeRossi of Brooklyn, New York Branch 41 to chair the Ballot Committee. Other members will be announced soon.

NALC President William H. Young and Postmaster General John E. Potter reached the tentative agreement after an extended period of negotiations in June and July.

"This agreement represents collective bargaining at its best," Young said. "It's a win-win deal for the Postal Service and the nation's city letter carriers. It offers improved job security and fair wages for letter carriers and provides an intelligent and responsible way forward on the issues of flats automation and outsourcing."

Young added that the agreement will "assure the Postal Service of a motivated and dedicated delivery workforce committed to providing high-quality and efficient postal services to the nation's mailers."

Wage and Salary Provisions

Under the terms of the proposed contract, all city letter carriers would receive five general wage increases (GWIs) over the span of the 2006-2011 contract period, each calculated as a percentage of the basic salaries in effect at the end of the 2001-2006 National Agreement.

The increases are as follows:

- 1.4 percent retroactive to November 25, 2006
- 1.8 percent in November 24, 2007
- 1.9 percent in November 22, 2008
- 1.9 percent in November 21, 2009
- 1.85 percent in November 20, 2010

Since the agreed upon date for the first wage general wage hike has already passed, the increase would be paid retroactively to November 25, 2006. A date for issuing payments for full back pay (including for overtime and other premium pay hours) will be announced in the future, pending ratification. Only carriers in a pay status during the pay period immediately preceding the effective date of such payments will be eligible for back pay.

Under proposed terms, the average letter carrier salary would increase $4,200 over the life of the contract solely from general wage increases.

Cost-of-living Adjustments

The tentative accord makes no changes to the formula for calculating semi-annual cost-of-living adjustments (COLAs), but sets the May 2007 Consumer Price Index (CPI-W) as the "base month index" for future COLA payments. In lieu of COLA that would have accrued under the formula from July 2006 and May 2007, the agreement calls for a one-time cash payment of $686. If ratified by the members, the contract will provide for a total of nine COLA increases over the term of the 2006-2011 National Agreement.

Although the GWIs are fixed by the contract, the COLAs payable will depend on actual changes in the CPI-W over the next four years. The estimated COLAs ($2,992 annually by the end of the contract) assume an annual inflation rate of 2.2 percent. During the last contract, letter carriers received $3,556 in COLA increases over the 5-year agreement.

COLA Cash Payment

A one-time cash payment of $686 will be paid to all eligible city carriers as soon as possible following ratification of the agreement. This payment, which will not be rolled into carriers' basic annual pay, is derived from the COLA formula and is based on the increase in the CPI-W from July 2006 through May 2007. The COLA cash payment and the back-pay calculation for the first general increase may be paid in one or two checks. The date for issuing the payments either together or separately will be announced in the future.

Only carriers in a pay status during the pay period immediately prior to the effective date of the cash payment will be eligible for it. Those in full-time regular positions would receive the full amount, while hourly rate employees (PTFs and PTRs) would get a payment based on the number of paid hours in the 26 pay periods prior to the payment's effective date and will be paid according to the following schedule:

Number of Paid Hours	Percent of Cash Payment
1500+ hours	100 percent
1000-1499 hours	75 percent
500-999 hours	50 percent
1-499 hours	25 percent

Hold on Congressional Action

President Young said the contract provides significant new protections against contracting out and a six-month moratorium on outsourcing in city carrier-only locations and therefore he will ask Congress to hold up on legislative action.

"Thanks to the political and legislative pressure exerted by NALC e-Activists on Congress, the Postal Service finally returned to the table to deal with the key threat of delivery outsourcing," Young said. "Our success as grass roots lobbyists and in organizing strong informational pickets in the field forced the Postal Service to abandon its rigid positions on outsourcing."

President Young reads off details of tentative agreement in teleconference with National Business Agents and other national officers located throughout nation. Executive Vice President Rolando takes notes.

He noted that a National Joint Committee will seek to address the issue of Contract Delivery Service for new deliveries during a six-month moratorium on outsourcing in offices where city carriers work. As a result, Young said in a message to e-Activists that he would ask Congress to pause for a few months before acting on a legislative ban on contracting out.

Young emphasized, however, that if NALC does not get a satisfactory contractual solution to this problem, he will again call on e-Activists and other members to help win a legislative prohibition.

"Ultimately, who delivers the mail and in what conditions, is a matter of public policy," Young said.

Average Wage Increases and Estimated COLAs

Date	Type of Increase*	Average Amount**	Average Per Pay Period
Nov. 25, 2006	General wage increase: 1.4%	$664	$25.54
To be announced	Cash payment	$686	N/A
Sept. 2007	COLA (May-July 2007)	$114	$4.38
Nov. 24, 2007	General wage increase: 1.8%	$854	$32.85
March 2008	COLA	$347	$13.35
Sept. 2008	COLA	$349	$13.42
Nov. 22, 2008	General wage increase: 1.9%	$902	$34.69
March 2009	COLA	$354	$13.62
Sept. 2009	COLA	$358	$13.77
Nov. 21, 2009	General wage increase: 1.9%	$902	$34.69
March 2010	COLA	$362	$13.92
Sept. 2010	COLA	$366	$14.08
Nov. 20, 2010	General wage increase: 1.85%	$878	$33.77
March 2011	COLA	$370	$14.23
Sept. 2011	COLA	$372	$14.31
Total During Contract (Exlc. Cash Pymt.)		**$7,192**	**$276.62**

* Value of COLAs depend on changes In the level of the Consumer Price Index; figures shown above are based on CPI Increases of 2.2 percent annually (Congressional Budget Office forecast).
**Dollar amounts and percentages shown represent those for CC Grade 1, Step J.

Health Insurance Premiums

In recognition of health benefit trends in the private sector and cost shift changes adopted by other postal unions, the tentative contract will gradually raise the percentage of health insurance premiums payable by city letter carriers under the Federal Employee Health Benefit Program. The agreement maintains the Postal Service's current share of costs (85%) in 2007 and 2008, but reduces that share by two percentage points in 2009 (to 83%) and by an additional one point in each of the following three years (82% in 2010, 81% in 2009 and 80% in 2012). At the end of the agreement the Postal Service will pay 80 percent of health insurance premiums, a level that is comparable to that paid by large national employers in the private sector, yet significantly greater than that paid by other federal agencies (72%).

By 2012, when the full effect of the 5 percentage point cost shift takes effect, the average letter carrier will pay $21.84 per pay period more for family coverage and $9.23 per pay period more for self-only coverage – using this year's average postal FEHBP premiums as a base. The one-time cash payment will cover a significant portion of the increased cost and, thanks to the wage increases and projected COLAs provided by the contract, the average pay of letter carriers will rise by $276.62 per pay period by 2010. Of course, these health insurance figures do not account for future medical inflation, but such inflation will occur regardless of any change in the share of premiums paid by letter carriers.

Protections Against 'Contracting Out'

The proposed contract includes new protections against contracting out city carrier work. These new protections, the first of their kind since the 1973 National Agreement, are contained in two new Memoranda of Understanding (MOUs). One prohibits outsourcing of any existing city delivery services during the term of the contract and the other establishes a national Joint Committee on subcontracting that will seek to "develop a meaningful evolutionary approach to the issue of subcontracting" to address the outsourcing of new delivery points. As the Committee does its work, there will be a six-month moratorium on "any new subcontracting in offices in which city letter carriers are currently employed."

More details about these MOUs will be presented in the August Postal Record and copies of these and all other MOUs adopted by the parties will be included in the Tentative National Agreement that will be sent out with the soon-to-be released ratification materials.

TEs and Abolishment of Casuals

The contract will abolish the use of casuals in the City Carrier craft and replace such workers with Transitional Employees (or TEs). The 3.5% limit currently applied to casuals will now apply to these new TEs. Other restrictions will also apply. The TE category was established by the 1991 Mittenthal Award (which set the terms of the 1990-1994 National Agreement) to ease the introduction of Delivery Point Sequencing (DPS). The pay and conditions established for TEs by that award will apply to them. In short, TEs are limited-term (359 days) bargaining unit employees who are paid at Grade CC 1-Step A. This will raise the pay of converted casuals by $5-$6 per hour. In addition, the new contract gives the Postal Service the authority to employ up to 8,000 additional TEs to facilitate the implementation flat sorting automation over the course of the contract. This authority, which is further restricted by an MOU on flat sorting automation, will expire once the Postal Service's Flat Sequencing System (FSS) is fully implemented.

Uniform Allowance

The current annual uniform allowance of $328 will rise 2.5 percent annually over five years to $371 and will continue to be payable on each carrier's anniversary date. (The one-time new carrier additional allowance will rise from the current $76 to $86 over five years.)

Other Provisions

The tentative agreement includes a wide variety of additional provisions. These include but are not limited to the following:

Route Evaluations: The agreement provides for a joint committee to be established to study and develop a new process for route evaluations.

Flat Sequencing System Implementation: The agreement provides a mechanism for establishing FSS work methods and adjusting routes affected by FSS.

Resolution of National Level Disputes: The proposed accord includes agreements developed over the past 18 months to satisfactorily resolve a number of national level disputes consistent with NALC's long-held positions. Included are those concerning DOIS, the Third Bundle, COR, S-999 Mail and FSS implementation.

See the NALC website: www.nalc.org and the August Postal Record for additional details on the proposed contract.