

UPDATED WAGE CHARTS UNDERSTANDING COLA ADJUSTMENTS

Based on the February 2013 Fishgold Arbitration Award, Article 9 of the 2011 National Agreement provides for up to seven semi-annual cost-of-living-adjustments (COLA) to the Mail Handler career wage scales over the course of the contract period. These adjustments are based on changes to the CPI Index— specifically, the “National Consumer Price Index for Urban Wage Earners and Clerical Workers” published by the Bureau of Labor Statistics (BLS), United States Department of Labor (1967=100)— following release of that Index for January 2013, 2014, 2015, and 2016, as well as following release of that Index for July 2013, 2014, and 2015. As mandated under the Award, the increases based on the first two of these adjustment periods (following release of the January 2013 and July 2013 CPI calculations) were deferred for a period of one year—such that any increase based on the January 2013 Index would be added to Mail Handler base wages during the first full pay period following release of the January 2014 Index, and any increase based on the July 2013 Index would be added to base wages during the first full pay period following release of the July 2014 Index.

There was an upward adjustment of \$146 based on the January 2013 Index (which amount was applied to Mail Handler wage scales effective PP07-2014), and an upward adjustment of \$540 based on the July 2013 Index (which amount was recently applied to Mail Handler wage scales effective PP20-2014). Because of slight deflation in the U.S. economy between July 2013 and January 2014, the third possible COLA adjustment under the contract, which would otherwise also have been applied to base wages in March 2014 (based on the January 2014 Index) was zero.

The BLS has released its inflation data through July 2014, which allowed for the calculation to determine the fourth of seven possible COLA adjustments as outlined in our National Agreement. That calculation resulted in an increase of \$687 to be applied to the Mail Handler wage scales. Taken together, this recent increase of \$687, combined with the \$540 increase which

was deferred from July 2013, has resulted in a total COLA adjustment of \$1,227 applied to the Mail Handler wage scales effective September 6, 2014 (PP20-2014).

On the opposite page you will find an updated wage chart for your review. This wage chart became effective on September 6, 2014 (PP20-2014). To help explain the application of this COLA increase, we have added columns to this chart detailing the approximate percentage increase of this COLA adjustment—at each Grade and Step of the Mail Handler wage scales.

Keep in mind that COLA adjustments for all Mail Handlers hired into career positions prior to February 15, 2013 are flat dollar increases, determined by changes to the relevant Consumer Price Index (CPI) base. Therefore, on Table 1 of our wage scales (applicable, as noted, to career Mail Handlers hired prior to February 15, 2013), the percentage increase of this \$1,227 flat dollar adjustment will vary according to the annual salary to which it was applied. For example, at Grade 4, Step P (top Step), this \$1,227 increase resulted in an approximate percentage increase of 2.3%. But at Grade 4, Step AA (bottom Step), this same \$1,227 increase resulted in an approximate increase of 3.7%; this higher percentage increase is due to the fact that the same flat dollar increase of \$1,227 per year was applied to a lower base salary.

Table 2 of the Mail Handler wage scale was implemented as part of the February 2013 Fishgold interest arbitration award, which created a new wage scale for all career Mail Handlers hired on or after February 15, 2013. Among other changes, the Fishgold Award applied a proportional application of the flat dollar COLA adjustments, such that the lowest Step of Table 2 (Step BB) would receive 57.5% of the flat dollar increase, and that percentage would increase by 2.5% for each Step in Table 2, eventually resulting in a 100% allocation at Step P in Table 2. This proportional COLA Ratio is explained in Article 9.3C of the National Agreement, and detailed further in the Table Two chart on page 27 of the National Agreement. Because the new Table 2 adopted by the Fishgold Award kept Step P wages consistent



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with prior pay scales at both Grade 4 and 5, this full allocation of COLA adjustments to Step P in Table 2 means that Step P will remain the same on both pay scales at Grades 4 and 5 going forward.

The net effect of the implementation of these PP20-2014 COLA adjustments to Table 2 of our wage scales (again, applicable to all career Mail Handlers hired on or after February 15, 2013) results in a uniform percentage increase of approximately 2.3% for Grade 4, and approximately 2.2% for Grade 5.

Remember that Article 9 allows for three possible additional COLA adjustment periods over the duration of the current National Agreement, along with two additional general wage increases—in PP25-2014 and PP25-2015. Since the Mail Handler Assistant (MHA) category implemented with the Fishgold Arbitration Award is categorized as a non-career component of the Mail Handler bargaining unit, the MHA hourly wage rate does not receive the contractual COLA adjustments. The MHA hourly wage rates will however increase by a total of 7% over the three contractual general wage increases, including 2.5% in November of this year. This amount compares to a total of 3.5% in general wage increases applicable to the Mail Handler career complement. The National Office will generate and distribute updated wage charts when any COLA adjustments or wage increases are to be applied.

Fraternally,

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National Secretary-Treasurer