

## SUMMARY OF TENTATIVE AGREEMENT ESTABLISHING TERMS OF



# 2019 NATIONAL AGREEMENT

**T**he following is a summary of the tentative agreement reached between representatives of the NPMHU and the Postal Service to establish the terms of the 2019 National Agreement.

### TERM

The 2019 National Agreement will cover a period of three years, and will expire at midnight on September 20, 2022.

### GENERAL WAGE INCREASES

All career Mail Handlers will receive four general wage increases during the term:

- the first, retroactively effective to November 23, 2019, will be 1.1%;
- the second, effective on November 21, 2020, will be 1.0%;
- the third, effective on November 20, 2021, will be 1.0%; and
- the fourth, called a special pay adjustment, also effective on November 20, 2021, will be 0.8%.

For Mail Handler Assistants (MHAs), the first three general wage increases will be 1% higher per year, or 2.1% retroactively to November 2019, 2.0% in November 2020, and 2.0% in November 2021. MHAs also will receive the 0.8% wage increase in November 2021, but will not receive Cost of Living Adjustments (COLAs).

### COST-OF-LIVING ADJUSTMENTS

All career Mail Handlers will receive six cost-of-living adjustments, using the July 2019 CPI index as a base:

- the first COLA will be effective in March 2020
- the second COLA will be effective in September 2020
- the third COLA will be effective in March 2021

- the fourth COLA will be effective in September 2021
- the fifth COLA will be effective in March 2022
- the sixth COLA will be effective in September 2022

All cost-of-living adjustments paid during the 2019 National Agreement will be rolled into basic salary immediately.

The exact amount of the COLAs will be based on future increases in the Consumer Price Index. As Mail Handlers know from previous years, because of largely unpredictable fluctuations in the rate of inflation, economists have great difficulty in accurately projecting the amount of these COLAs. For example, the seven COLAs paid during the 40-month term of the 2016 National Agreement averaged \$345 per COLA, even though one COLA was 0 and another was only \$21 because of minimal inflation in the economy. If that average were to repeat itself during the term of the 2019 National Agreement, the COLA provision, by itself, would provide over \$1,800 in additional base wage increases over the next three years. Of course, should inflation moderate, these guaranteed COLA payments will be lower, and should inflation increase more than expected, these guaranteed COLA payments could provide larger wage increases.

### OVERALL IMPACT OF WAGE INCREASES

For a Level 4 Mail Handler at top step, the wage increases during the three years of the 2019 National Agreement — not including COLA — will total \$2,370, including \$668 retroactively effective in November 2019; \$607 effective in November 2020; and \$1,093 effective in November 2021. For a Level 5 Mail Handler at top step, these general wage increases — again not including COLA — will total \$2,413 over the three years of the contract, including \$681 retroactively effective in November 2019; \$619 effective in November 2020; and \$1,114 effective in November 2021. When projected COLA payments are added at the consensus estimate of \$250 per increase, at top step for career employees

there will be an additional \$1,500 in base wage increases — over and above the general wage increases described above — during the term of the 2019 National Agreement. And, of course, protection against future inflation is precisely why the COLA provision remains an important component of the National Agreement.

For MHAs, at Level 4, the rate that started in 2013 at \$13.75, and has recently been \$16.21, will immediately go to \$16.55 per hour retroactively effective in November 2019. By November 2021, the Level 4 rate will go to \$17.36.

### **NO LAYOFF CLAUSE**

All career Mail Handlers employed as of September 20, 2019 will be protected against layoff or force reduction during the entire term of the Agreement, unless Congress repeals or significantly relaxes the Private Express Statutes.

### **ONE-TIME CONVERSION OF MHAS**

The tentative agreement includes a one-time conversion of MHAs in installations which have 200 or more man years of employment, with the conversion to take place within 60 days of ratification. As of the date of ratification, any MHA with 2.5 or more years as an MHA at that time will automatically be converted to full-time career status, without the need to serve another probationary period.

### **ELIMINATION OF ALL CASUAL EMPLOYEES FROM THE MAIL HANDLER CRAFT**

The agreement also eliminates all casual employees from the Mail Handler craft within 120 days of the ratification of the agreement. Under the 2016 National Agreement, the Postal Service has been allowed 3% casuals, down from prior contracts when casual percentages have been as high as 12.5%. In return, the tentative agreement will increase the percentage of MHAs to allow up to 24.5% by Installation (up from 23.5% by Installation and 18.5% by District), and this cap will apply at the Installation level, making enforcement easier for the Union. The tentative agreement will eliminate the District cap, and instead apply a hard cap at the Installation level. In addition, during the peak mailing season, there will be a 56-day period for unlimited hiring of MHAs instead of casuals. This is a historic achievement, as non-career and non-union casuals without a path to career employment have been used in the Mail Handler craft since the 1970s. This also will mean approximately 1,400 additional members of our bargaining unit, which will be good for the employees who are new MHAs and good for the overall strength of the Union.

### **NIGHT SHIFT DIFFERENTIAL**

For the first time since 1996, the Postal Service and the NPMHU have agreed to unlock, each year of the contract, the flat dollar amounts paid for night differential at each grade and step of the wage scales. Under this agreement, all night differentials will increase by 2% per year, effective in May 2020, in May 2021, and in May 2022.

### **HEALTH INSURANCE**

For career employees, in 2020 there will be no change in the percentage of employee contribution to health insurance. For 2021, the Postal Service's share of the cost of health insurance, which currently is at 73% of the weighted average formula used by OPM for federal employees with a maximum percentage of 79.25%, will have its final 1% reduction. Thus, the Postal Service will contribute 73% of the weighted average in 2019 and 2020, and 72% of the weighted average in 2021 and 2022. At 72%, the Postal Service will pay the same as the federal government pays for health insurance costs for federal employees, who receive exactly the same health insurance benefits.

In today's dollars, the 1% increase in health care contributions is equivalent to an increase of approximately \$75 per year for self-only coverage and between \$100 and \$175 per year for family coverage, depending on the particular health plan selected. These amounts automatically are paid with pre-tax dollars, so the actual out-of-pocket cost to each Mail Handler should be less by the percentage of income taxes usually paid.

For MHAs, during their first year of employment, MHAs will be able to maintain their participation in the USPS Noncareer health plan. The Postal Service will continue to pay \$125 per pay period for self-only coverage, but under the tentative agreement, the Postal Service will pay significantly more — namely, 65% of the total premium for any MHA who chooses to participate in the USPS Noncareer plan for self-plus-one or family coverage.

Moreover, after an MHA completes one 360-day appointment, beginning in each MHA's second year of employment, an MHA will be able to choose coverage under the USPS Noncareer health plan (at \$125 per pay period for self only, or with the Postal Service paying 75% of the total premium for self-plus-one or family coverage) or the MHA will be able to use the same dollar amounts from the Postal Service to obtain coverage from the MHBP Consumer Option or the MHBP Value Plan, which are two of the three plans sponsored in the Federal Employees Health Benefits program by the NPMHU.

## CLOTHING ALLOWANCE

There will be a 2.5% increase in clothing allowance during each year of the contract.

## ADDITIONAL HIGHLIGHTS

Under Article 2, a new MOU has been added about a Workforce Free of Harassment. The parties commit to providing employees with a safe, productive, and inclusive workplace, and to establish a Task Force on Preventing Harassment that will be used to ensure that employees are fully aware of policies and procedures that can be used to combat harassment.

A change in Article 8 will guarantee that MHAs receive overtime pay for work performed in excess of eight (8) hours on duty in any one service day or in excess of forty (40) hours on duty in any service week.

The language of Article 12.3B12 has been improved, so that a temporary supervisor returning to the craft for one continuous pay period of 14 consecutive days in order to bid is required to complete that continuous pay period prior to submitting a bid. This effectively increases the period of time during which a temporary supervisor must return to the craft before bidding.

## OTHER CONTRACTUAL PROVISIONS

Article 6 will be amended to ensure that layoffs of career employees, if ever implemented, are prohibited unless preceded by reductions in overtime, MHA hours, and PTF hours.

Another change to Article 8 will allow employees who bid or are reassigned during a calendar quarter to a duty assignment in a different facility, in a different section, or on a different tour may add their names to the overtime desired list, even if not on the OTDL in their prior assignment.

A letter will be issued by USPS management to make clear that MHAs can request use of annual leave in increments of between one (1) and forty (40) hours.

Other changes in Article 10 and related MOUs will provide:

- That access to choice vacation periods for MHAs will be a mandatory topic of discussion during local implementation
- That PTFs have access to the Annual Leave Exchange Option
- That employees will be authorized to receive donated leave under the Leave Sharing MOU to provide care to children born or adopted within the past twelve months
- That guarantee the continuation of National Days of Observance upon the death of former U.S. Presidents

- That the current instructions governing Wounded Warrior Leave are incorporated into the National Agreement

Article 12.2C is amended to require management to provide a hard or electronic copy of the seniority list to union representatives at the Installation level.

The MOU on Relative Standing of MHAs and Subsequent Conversion to Career Mail Handler is amended to require management to provide, upon request, a hard or electronic copy of the relative standing list to union representatives at the Installation level.

The same MOU is amended to use, for MHAs hired after ratification, the Saturday at the beginning of the pay period during which the MHA was hired as the date of relative standing for purposes of future conversion to full-time career. Tie-breaking procedures remain the same, but this change will eliminate potential manipulation of the relative standing list by managers.

Article 12.5 is clarified to ensure that meetings about potential relocation of mail handlers will be held at the Regional level, and that Local Union representatives may attend.

A revised MOU will require any new or vacant part-time career positions (PTR or PTF) be offered to MHAs within 50 miles of the position, offering new conversion opportunities to current MHAs.

Article 12.2G is being amended to provide that Mail Handlers who are involuntarily excessed outside of the installation will have their seniority established by the employee's service time in the losing installation, not the employee's complete Mail Handler service.

Article 12.3B6 is amended to provide that changes in starting time for purposes of bid posting and incumbency rights will be measured on a cumulative basis from the latest of ratification of each National Agreement or the start time at the beginning of each bid.

Articles 12.3B4 (fixed days of work), 12.3B5 (change in duties or change in principal assignment area), and 12.3B6 (change in starting time) have been amended to provide for an expedited selection process within the section when these changes require that an assignment be posted installation-wide bidding.

There are two minor changes to Article 15 in the tentative agreement, including (a) the addition of Employer Letters of Demand (up to \$3,000) to the list of expedited arbitrations and (b) the holding of grievances at Step 3 if locally-filed grievances present the same interpretive issue as interpretive disputes pending at the National level at Step 4.

A change to Article 16.5, providing that a suspension of fourteen (14) days — if a timely grievance is appealed to Step 2 — will not be served until disposition of the grievance, either by settlement, withdrawal, or an arbitrator's final and binding decision.

The MOU on Purging Letters of Warning has been obtained again for all Mail Handlers, and it will again apply to MHAs.

A change to Article 17.5 will ensure that union representatives may attend orientation for new employees transferred to the Mail Handler craft. A separate letter from USPS management will reaffirm that local union representatives must be given advance notice of these orientation meetings.

Article 30 is amended to establish the period for negotiations over Local Memoranda of Understanding to run for 30 consecutive days between May 2, 2020 and June 30, 2020.

The Article 32 MOU on Subcontracting has been continued, as the parties continue to discuss insourcing of work from

the Surface Transportation Centers and the Mail Transport Equipment Service Centers (MTEC).

A Task Force will be created under Article 35 to facilitate NPMHU representation on EAP committees at the District and National levels.

All other MOUs and Letters of Intent, including the MOU on Filling of Residual Vacancies, have been continued, except for certain agreements relating to casual employees, which will remain in effect until all casuals are eliminated but then will be deleted from the 2019 National Agreement as obsolete.

The Joint Education and Training Fund will be continued, with additional funding of \$1 million per year.

All other provisions of the 2016 National Agreement are being maintained, except for date changes or other cosmetic changes that may be necessary to accommodate the new contract.

## HOUSE PASSES H.R. 2382 USPS FAIRNESS ACT

**O**n Wednesday, February 5, members of the House of Representatives voted in favor of H.R. 2382, the USPS Fairness Act, calling to repeal the Postal Service's mandate to prefund its retiree health-care costs.

The National Postal Mail Handlers Union, along with other postal unions, worked tirelessly to educate Representatives of the financial burden prefunding causes, creating an annual loss of \$5 billion for over a decade. Because of this loss, the Postal Service has been forced to cut service standards and close facilities, and caused it to be unable to focus on revenue growth. By repealing the prefunding mandate, the Postal Service will return to a pay-as-you-go means of

funding retiree healthcare benefits, a practice that is used in all other federal agencies, and within the private sector. NPMHU, the National Association of Letter Carriers, the American Postal Workers, and the National Rural Letter Carriers Association expressed in a letter to members of House, "After 13 years of gridlock over more comprehensive postal reform, the USPS Fairness Act would ease the burden on Congress by reducing the size of the financial hole to be filled."

Upon the passage of the bill, NPMHU National President Paul V. Hogrogian commented, "This bill is an important first step towards obtaining fiscal stability for the Postal Service. As H.R. 2382 received overwhelming bipartisan support with a vote of

309–106, it is obvious Representatives recognize how vital the Postal Service is to all Americans."

However, today's passage in the House does not mark the end of NPMHU's efforts to repeal the prefunding mandate. In order for the USPS Fairness Act to become law, it needs to next be passed in the Senate, the signed by the President. On December 3, 2019, Senators Steve Daines (R-MT) and Brian Schatz (D-HI) introduced a companion bill, S. 2965, in the Senate. NPMHU will continue its dedicated work to fully repealing the prefunding mandate and other avenues to create a sustainable Postal Service while protecting its dedicated mail handlers.