

NATIONAL POSTAL MAIL HANDLERS UNION

SUMMARY OF TENTATIVE AGREEMENT **ESTABLISHING TERMS OF 2016 NATIONAL AGREEMENT**

The following is a summary of the tentative agreement reached between representatives of the NPMHU and the Postal Service to establish the terms of the 2016 National Agreement.

Term

The 2016 National Agreement will cover three years and four months, or 40 months, and will expire at midnight on September 20, 2019.

General Wage Increases

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

- the first, retroactively effective to November 26, 2016, will be 1.2%;
- the second, effective on November 25, 2017, will be 1.3%; and
- the third, effective on November 24, 2018, will be 1.3%.

For Mail Handler Assistants (MHAs), the general wage increases will be 1% higher per year, or 2.2% in November 2016, 2.3% in November 2017, and 2.3% in November 2018. MHAs will not receive Cost of Living Adjustments (COLAs), but also will receive an additional 50 cents per hour in their base pay, set as another 9 cents per hour effective in November 2016, 20 cents per hour in May 2018, and 21 cents per hour in May 2019. The Level 4 rate for MHAs that started in 2013 at \$13.75, and has recently been \$14.71, will immediately go to \$15.12 per hour effective last month. The Level 5 rate will be \$15.94 per hour. In 2019, the Level 4 rate will be at \$16.21, and the Level 5 rate will be over \$17 per hour.

Cost-of-Living Adjustments

All career Mail Handlers will receive seven cost-of-living adjustments, using the July 2014 CPI index as a base:

- the first COLA will be retroactively effective in September 2016, and will be \$21
- the second COLA will be effective in March 2017
- the third COLA will be effective in September 2017
- the fourth COLA will be effective in March 2018

- the fifth COLA will be effective in September 2018
- the sixth COLA will be effective in March 2019
- the seventh COLA will be effective in September 2019

All cost-of-living adjustments paid during the 2016 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 wild and largely unpredictable fluctuations in the rate of inflation, economists have great difficulty in accurately projecting the amount of these COLAs. For example, the COLAs paid during the entire five-year term of the 2011 National Agreement averaged \$183 per COLA, even though several COLAs were 0 because of minimal inflation in the economy. If that average were to repeat itself during the term of the 2016 National Agreement, the COLA provision, by itself, would provide almost \$1,300 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 forty months of the 2016 National Agreement – not including COLA – will total \$2,137, including \$675 retroactively effective in November 2016; \$731 effective in November 2017; and \$731 effective in November 2018. For a Level 5 Mail Handler at top step, these general wage increases – again not including COLA – will total \$2,177 over the forty months of the contract, including \$687 retroactively effective in November 2016; \$745 effective in November 2017; and \$745 effective in November 2018. When projected COLA payments are added in at the consensus estimate of \$250 per increase, at top step for career employees there will be an additional \$1,750 in base wage increases – over and above the general wage increases described above – during the term of the 2016 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 was at \$13.75 in 2013 and at \$14.71 in 2016 will go to \$15.12 per hour effective on November 26, 2016 and to \$16.21 per hour in 2019, before the next round of bargaining.

No Layoff Clause

All career Mail Handlers employed as of May 20, 2016 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.

Health Insurance

In 2017, there will be no change in the percentage of employee contribution to health insurance. Starting in 2018, the Postal Service's share of the cost of health insurance, which currently is 76% of the weighted average formula used by OPM for federal employees with a maximum percentage of 79.25%, will be decreased by 2%, and then there will be another 1% decrease in 2019. Thus, the Postal Service will contribute 76% of the weighted average in 2017; 74% of the weighted average in 2018; and 73% of the weighted average in 2019. For comparison purposes, the federal government pays 72% of the weighted average health insurance costs for federal employees, who receive exactly the same health insurance benefits.

In today's dollars, a 1% increase in health care contributions is equivalent to an increase of approximately \$70 per year for self-only coverage and between \$100 and \$160 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.

Night Shift Differential

A small 4 cents per hour increase in night shift differential will apply to all MHAs and during the first year of career employment for current and future career employees.

Clothing Allowance

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

Employee Complement

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. The parties at the National level also will meet one year later to discuss the possibility of another one-time conversion in early 2018.

The agreement also will reduce casual employees from 5% to 3% by installation, and in return will increase the percentage of MHAs by 3.5%. This 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.

Holidays

MHAs will receive holiday leave pay for six holidays per year: New Year's Day, Memorial Day, July 4th, Labor Day, Thanksgiving, and Christmas. This pay will be 8 hours per holiday in installations which have 200 or more man-years of employment and 6 hours per holiday in other offices. And if MHAs work on a holiday, they will be able to choose annual leave rather than pay for the 8 or 6 hours.

Other Contractual Provisions

Article 4 will be amended to ensure that Local representatives will be notified and entitled to meet about deployment of any new automation or mechanized equipment, whether the machinery is local purchased or nationally deployed.

Any agreements to exceed the percentage caps on MHAs set forth in Article 7, by either installation or district, will require the approval of the National parties, much like local agreements to exceed the percentage cap on casuals.

A change in Article 8 will allow employees transferred or reassigned into an installation or into the Mail Handler craft to place their names on the Overtime Desired List immediately.

Another change to Article 8 will make clear that available and qualified casuals, MHAs, and/or PTFs will be working overtime before full-time regulars not on the list are forced to work.

A small change in Article 10 makes clear that requests for vacant weeks of vacation must be submitted no less than 7 days in advance, and not precisely 7 days in advance.

The MOU governing administrative leave for donations of bone marrow, stem cells, blood platelets, and organs has been amended to provide for leave in hours, rather than days, and to clearly cover PTFs, PTRs, and MHAs.

The definition of “parent” under the MOU on Bereavement Leave now will cover mother, father, mother-in-law, and father-in-law.

The parties have formed a Task Force on Sick Leave to discuss opportunities, beyond the annual leave exchange option (which will continue), to provide incentives for those Mail Handlers who do not use their sick leave.

The tentative agreement ensures that MHAs are covered by regulations governing wounded warrior leave for the first year of employment, pursuant to which veterans with a 30% disability can use up to 13 days of wounded warrior leave for medical appointments and treatment. This benefit has since been extended to all current postal employees with a 30% or more disability, for the one year period from November 5, 2016 to November 4, 2017.

All MHAs who are converted after completing one year or more as an MHA will not have to serve another probationary period as a career employee.

The previous MOU on Relative Standing for MHAs, based on their date of hire, will be fully incorporated into the contract.

The previous MOU on Discipline of MHAs will be incorporated into the contract, stating that just cause requires that discipline be both progressive and corrective in nature and based on the individual facts and circumstances of each case.

The MOU on Filling Residual Vacancies, which has significantly increased the number of MHA conversions to career, will be incorporated into the contract, but with improvements over the existing MOU. This revised version of the MOU continues the conversion process, but also allows MHAs to be converted as unassigned regulars rather than waiting for the E-reassign process to play itself out.

The parties have agreed to an MOU providing that the Article 12 Task Force will discuss the potential for offering MHAs conversion opportunities to any newly established or vacant part-time career positions within 50 miles, including PTR and PTF positions.

Under Article 12, no Mail Handlers, including MHAs, will be moved off of their assignment until all employees from other crafts performing Mail Handler work (under articles 7.2 or 13) are moved first.

A new MOU provides that the separation and reappointment of MHAs for lack of work, if they occur, will be based on inverse relative standing.

If employees from other crafts are involuntarily reassigned into the Mail Handler craft, they will be treated as detailed and not allowed to bid for the first 120 days, so that they cannot obtain bids in preference to Mail Handlers also being reassigned into the installation.

When Mail Handlers are being involuntarily excessed both into other crafts in the installation and to Mail Handler positions in other installations, a new provision will allow the senior employees to choose whether to stay in the installation or move to another.

Another change to Article 12.2G4 will mean that a Mail Handler who voluntarily reassigns to another craft in the installation and then returns within 90 days to the Mail Handler craft will not get credit toward seniority for the time actually spent in the other craft.

A change to Article 12.3B3 will require management to determine whether to revert vacant duty assignments and post those assignments for bid within the same 28 day period, thereby eliminating the Postal Service's ability to postpone its reversion determination indefinitely, as management often does under the 2011 National Agreement and prior contracts.

The language of Article 12.3B12 has been improved, to require a temporary supervisor to return to the craft not simply for 14 consecutive days, but for at least one continuous pay period, before the temporary supervisor can bid or retain an existing bid.

A change to Article 12.6B2 will require local management, if and when it learns that an installation is released from withholding, in whole or in part, to notify the Union.

A new MOU provides that, if there is excessing from 200 man year facilities because only Part-Time Mail Handler work remains, the parties at the Regional level will be allowed to agree to create PTF positions to allow Mail Handlers to stay in that installation.

A revision in Article 15 will allow District violations of MHA caps to be grieved at Step 3 by the appropriate Regional Director.

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

Article 38 is amended to provide that MHAs must be counted when determining the number of Mail Handlers and the frequency of labor-management committee meetings.

The tentative agreement makes permanent the rule that all new career employees, whether or not they are on probation, will be entitled to bid.

A revision to the MOU concerning on-the-job training instructors will provide that Level 5 Mail Handlers who train will receive Level 6 pay. This has been a Union proposal for at least 25 years, finally obtained.

Changes to the MOU on Transfers, through the next version of the Contract Interpretation Manual, will provide that the 18-month and 12-month lock-in periods will not apply to Mail Handlers who are involuntarily reassigned to an installation, and to ensure that time as an MHA will count toward an otherwise applicable lock-in period.

A change in Article 17 will provide for orientation if a current postal employee is reassigned to the Mail Handler craft.

Article 30 is amended to establish the period for negotiations over Local Memoranda of Understanding to run for 30 consecutive days between March 1, 2017 and April 29, 2017.

The Article 32 MOU on Subcontracting has been continued, as the parties continue to discuss insourcing of work from the Surface Transportation Centers, the Mail Transport Equipment Service Centers (MTEC), and the bedloading or consolidation-deconsolidation centers.

MHAs will be covered by Article 35 governing alcohol and drug recovery programs and EAP.

All other MOUs and Letters of Intent have been continued, except for the Clean Air Act Committee, the Reassignment Made Pursuant to Article 12.6C6c, and the Mod-15 MOU, which have been deleted as outdated or obsolete.

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

All other provisions of the 2011 National Agreement are being maintained, except for date changes or other cosmetic changes that may be necessary to accommodate the new contract.