



PROMOTION PAY SETTLEMENT

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We have received many questions regarding the recent Step 4 Promotion Pay settlement so I wanted to provide an explanation of what this settlement is about in this issue's article.

In April 2017, the Postal Service notified the NPMHU that it intended to make changes under Article 19 to the ELM that affect promotion pay under Schedule 2 of the mail handler pay scales, which is applicable to career employees hired after February 15, 2013.

Under the old Schedule 1, which still applies to all mail handlers hired prior to February 15, 2013, the pay rate for employees who are promoted to Level 5, usually through the bidding process, is governed by the rule found in ELM Section 422.323. That provision provides that, upon promotion, the employee "receives a promotional increase equal to two times the most prevalent step in the former grade." After this amount is added to the mail handler's former base wage, if the amount falls between two steps of the new grade (Level 5), the employee is slotted at the next higher step in the grade, and a new step waiting period begins unless the employee is being repromoted.

This longstanding rule, according to the Postal Service, had unintended consequences when applied to promotions of employees on the new, career pay scale (i.e., Schedule 2), which covers all career mail handlers hired after the Fishgold Award, including most MHAs converted to career since February 2013. In particular, because the step increases in the new pay scale are significantly

larger compared to the most prevalent step in the old scale, a promoted employee going from Level 4 to Level 5 received an increase of almost \$3000. The Postal Service claimed that such a pay increase is "unwarranted" and an "unintended" windfall to the employee.

The Postal Service claimed, this "windfall" becomes inequitable because some mail handlers benefited from it, and some did not. As an example, the Postal Service noted that two career mail handlers starting on the same day would have disparities in income depending on when they were placed in Level 5. If the first mail handler was hired into a Level 5 position, his salary would be significantly less than a second mail handler who was hired at a Level 4 and then bid into Level 5, notwithstanding their identical starting dates.

The issue was even more complicated because there were as many as 700 mail handlers who were being paid at Level 5 with this alleged "windfall." The Postal Service therefore sought to eventually eliminate the so-called "unwarranted" and "unintended" windfall. To do this, the Postal Service did not propose that anyone's pay be decreased but rather that mail handlers promoted to Level 5 on the new pay scale be given an additional step waiting period of 52 weeks (at either Step AA or A) or two additional step waiting periods for a total of 104 weeks (at Steps B through O) to allow other, similarly situated employees to catch up to their higher salaries.

The Postal Service therefore proposed that ELM Section 422.323(a)(2)

be amended for promotions within Schedule 2, to provide as follows:

"The Grade 4 employee receives a promotional increase that brings the salary to the same step in Grade 5. The promoted employee will retain the waiting period step credit that had been earned prior to the promotion in calculating the next step increase date."

In addition, the Postal Service had proposed that a new "hold in place" rule be adopted, that included:

- Employees who were promoted to either Step AA or A will have a one-time additional step waiting period of 52 weeks, minus time in step credit at the time of the most recent promotion in RSC M7.
- Employees who were promoted to steps B through O will have a one-time additional step waiting period of 104 weeks, minus time in step credit at the time of the most recent promotion.

The NPMHU filed a National-level grievance on those changes, which became effective on October 14, 2017.

On March 20, 2024, the parties reached a settlement on this case. The parties have agreed that:

"The "Hold in Place" rule will be rescinded. Mail Handlers affected by this action will receive their step increases as scheduled prior to being held in place and have their pay calculated retroactive to the time they should have received their step increase(s)."

We have been provided a spreadsheet from the Postal Service with

the mail handlers that are affected by this settlement, along with how many Form 50 adjustments will need to be made, and it has been shared with the Local Presidents.

We were additionally given the following information by the Postal Service on this implementation which we also provided to the locals to share with the affected mail handlers.

1. Form 50 Statement as provided during processing will be: **“Action taken pursuant to March 20, 2024, USPS/ NPMHU Step 4 settlement agreement for Q16M-6Q-C 17596532.”** When the final Form 50 is processed we will include the word “Final”.
2. Due to how far back we are going to make these corrections, from 10/14/2017, there will be many Form 50 actions that will need to be sent for cancellations and history rebuild.
3. When the Postal Services begins working on these

actions the employees will experience fluctuations in their pay checks until all Form50 actions to make the employee whole are complete in payroll.

4. How long it will take to complete each employee’s process will be dependent on the number of Form 50 actions that the employee has in order to bring the employee up to the current day from the effective date of the cancellation of the “Hold in Place” action and the rebuilding of the employee history. As we know this will take quite a while.
5. There are only 6 payroll cycle days in a pay period, so only 6 Form 50’s can process to payroll at a time. If there are any holidays or possible contractual increases, this can and will limit the number of pay cycles and extracts available during that cycle.
6. We do not know how long it will take for any payroll

adjustment to take effect, as this process will be managed by Eagan Accounting, and they would need to be contacted for any updates after the final Form 50 from HRSSC has been processed.

7. Please ensure the employee is aware of the fluctuation in their paychecks due to the impact during this process.
8. While this process is lengthy, once the salary history is corrected by taking out the previous additional step waiting period, most mail handlers affected by this will see an increase in pay as they are reccredited with those additional weeks that were previously held for their step increases. All payroll adjustments will automatically be done by Eagan in implementation of this settlement.

If you have any additional questions, please ask your local union representatives.

