

LABOR RELATIONS



March 1, 1996

Mr. William Burrus
Executive Vice President
American Postal Workers
Union, AFL-CIO
1300 L Street, N.W.
Washington, DC 20005-4107

Mr. Burrus

Dear Bill:

This will serve to respond to your letter to me dated January 30, 1996, and the December 18, 1996, Step 4 grievance over the Annuity Protection Program prompted by my earlier December 11, 1995, letter to you. Prior to Christmas, we discussed this issue over the telephone and discovered that we had a common understanding of this program and that no Step 4 American Postal Workers Union, AFL-CIO (APWU) grievance needed to be pursued. I will try to set forth below our mutual understanding.

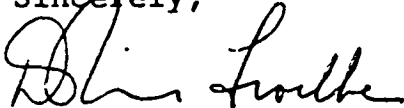
The 1994 APWU-USPS National Agreement does not contain a memorandum on Annuity Protection which was executed for each labor contract since 1981. This is the case because we are sunsetting the Annuity Protection Program due to the fact that the COLA paid under the 1991 Agreement was rolled in at the beginning of the 1994 Agreement consistent with our pre-1981 practice and thus, there is no delay in rolling in the COLA as was the case since the 1981 Agreement.

The 1987 Agreement COLA (\$2517) was rolled in to basic pay in February 1995 pursuant to Article 9.6.C for those not eligible for earlier roll in. The question remains are these career employees covered by the February 1995 roll in (\$2517) protected by Annuity Protection if they experience optional or disability retirement or death prior to February 1998? The answer is in the affirmative. The Annuity Protection Program Memorandum on page 270 of the 1990 Agreement (Handbook EL-901) remains in effect and governs the calculation of either retirement or death benefits through February 1998 for this class of employee. In light of the foregoing, the APWU Step 4 grievance filed by you dated December 18, 1995, on this subject is rendered resolved and considered to be withdrawn by the Postal Service.

Mr. Burrus
Page 2

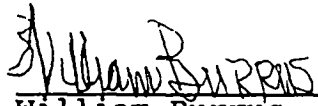
As to the second point in your January 30, 1996, letter, the Postal Service contracted with an outside tax attorney/CPA to advise us on whether to issue W-2s or 1099s. We were advised to use W-2s based on a review of Internal Revenue Service (IRS) Tax Code, Sections 3401-3405.

Sincerely,



D. Richard Froelke, Manager
Negotiations Planning and Support

I concur:



William Burrus
Executive Vice President
American Postal Workers
Union, AFL-CIO

3-5-96
Date



3812

American Postal Workers Union, AFL-CIO

1300 L Street, NW, Washington, DC 20005

William Burrus
Executive Vice President
(202) 842-4246

December 18, 1995

Dear Mr. Froelke:

This is to respond to your letter of December 11, 1995 regarding continuation of the Annuity Protection Program. It is apparent that you fail to understand the issue that I raised in my letter of November 17, 1995. Such misunderstanding on your part is not surprising as you did not grasp the issues I raised on September 30, 1995, immediately preceding receipt of the final award. Perhaps if you spent less time posturing for a future defense you could comprehend the issue before you.

National Executive Board

Moe Biller
President

William Burrus
Executive Vice President

Douglas C. Holbrook
Secretary-Treasurer

Thomas A. Neill
Industrial Relations Director

Robert L. Tunstall
Director, Clerk Division

James W. Lungberg
Director, Maintenance Division

Donald A. Ross
Director, MVS Division

George N. McKeithen
Director, SDM Division

Regional Coordinators

James P. Williams
Central Region

Jim Burke
Eastern Region

Elizabeth "Liz" Powell
Northeast Region

Terry Stapleton
Southern Region

Raydell R. Moore
Western Region

Pursuant to the terms of the 1995 national agreement this is to initiate a Step 4 grievance protesting the employer's interpretation of coverage under the Annuity Protection Program. The union interprets the parties commitment to extend annuity protection to all employees who were denied COLA roll-in and this protection continues until all employees are protected against the delayed affect of prior COLA.

Employees who were denied credit for the 1987-1990 COLA until the roll-in of November 1995 and who retire on disability or die prior to November 1998 are guaranteed that they will not receive a diminished annuity because of the delayed roll-in.

Sincerely,

William Burrus
William Burrus

Executive Vice President

Richard Froelke, Manager
Negotiations Planning & Support
475 L'Enfant Plaza, SW
Washington, DC 20260



American Postal Workers Union, AFL-CIO

1300 L Street, NW, Washington, DC 20005

January 30, 1996

William Burrus
Executive Vice President
(202) 842-4246

Dear Mr. Froelke:

This is a reminder of our telephone conversation immediately prior to the Christmas holidays regarding the Annuity Protection Program. As I recall, you planned to reduce to writing your understanding of the application of the APP to employees who retire prior to having three years of service at the salary level, including COLA.

National Executive Board

Moe Biller
President

William Burrus
Executive Vice President

Douglas C. Holbrook
Secretary-Treasurer

Greg Bell
Industrial Relations Director

Bert L. Tunstall
Director, Clerk Division

James W. Lingberg
Director, Maintenance Division

Robert C. Pritchard
Director, MVS Division

George N. McKeithen
Director, SDM Division

In addition, I have received inquiries as to the reason the Postal Service provided retirees or dependents Form 1099 when payments were made on a quarterly basis, but changed to Form W2 when the lump sum payments were issued. I am certain that the reason is included in IRS regulations, but you could be of assistance in providing me with the appropriate citation.

Thank you for your attention to this matter.

Sincerely,

William Burrus
William Burrus
Executive Vice President

Regional Coordinators

Leo F. Persails
Central Region

Jim Burke
Eastern Region

Elizabeth "Liz" Powell
Northeast Region

Terry Stapleton
Southern Region

Raydell R. Moore
Western Region

Richard Froelke
Negotiations Planning & Support
U.S. Postal Service
475 L'Enfant Plaza, SW
Washington, DC 20260

WB:rb
opeiu#2
afl-cio

LABOR RELATIONS



December 11, 1995

Mr. William Burrus
Executive Vice President
American Postal Workers
Union, AFL-CIO
1300 L Street, N.W.
Washington, DC 20005-4107

DEC 1995

Dear Mr. Burrus:

Your November 17, 1995, letter to Mr. Mahon regarding the sunset Annuity Protection Program (APP) and the November 1995 roll in of the accumulated COLA under the 1990 Agreement has been referred to this office for reply. I am amazed at your letter because we had a late night meeting on September 30, 1995, concerning several topics, including the subject of your letter. This was just prior to the Clarke Board executing the Award on the morning of October 1. We made clear that the APP system was being sunset and that no APP Memo existed with respect to the COLA accumulated under the 1990 Agreement. The Postal Service sought and the Clarke Board awarded in Part 4 of the document, the November 1995 roll in of the 1990 Agreement's accumulated COLA. This is precisely how the COLA roll in under the 1971, 1973, 1975, and 1978 Agreements where no APP was ever evident. In sum, consistent with our position articulated to you on September 30, 1995, no APP is in existence relative to the 1990 Agreement's accumulated COLA rolled into basic pay in November 1995 pursuant to the terms of the Clarke Award. Your silence in not pursuing this matter with the Clarke Board on October 1 reaffirms our view that you understood the position we advanced to you on September 30 and consequently, this issue is behind us.

Thank you for allowing me the opportunity to set forth our views on this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "D. Richard Froelke".

D. Richard Froelke, Manager
Negotiations Planning and Support



American Postal Workers Union, AFL-CIO

1300 L Street, NW, Washington, DC 20005

William Burrus
Executive Vice President
(202) 842-4246

November 17, 1995

Dear Mr. Mahon:

Following the recent arbitration procedure and award, I had several discussions with USPS representatives regarding the applicability of the Annuity Protection Program to employees who were not permitted to roll-in COLA from prior contracts. Such employees who retire on disability prior to November 1998 will have their retirement based upon their high-3 years of service at the time of retirement. Such high-3 will not reflect the COLA that was not rolled-in until November, 1995 and the employees will be required to work the subsequent three years before receiving full credit for the unrolled COLA.

National Executive Board

Moe Biller
President

William Burrus
Executive Vice President

Douglas C. Holbrook
Secretary-Treasurer

Thomas A. Neill
Industrial Relations Director

Bert L. Tunstall
Director, Clerk Division

James W. Lingberg
Director, Maintenance Division

Donald A. Ross
Director, MVS Division

George N. McKeithen
Director, SDM Division

This is to inform you that the American Postal Workers Union interprets the obligation of the employer to continue protections under the Annuity Protection Program for all employees until the expiration of its coverage under prior agreements.

Thank you for your attention to this matter.

Sincerely,

William Burrus
Executive Vice President

Regional Coordinators

James P. Williams
Central Region

Jim Burke
Eastern Region

Elizabeth "Liz" Powell
Northeast Region

Terry Stapleton
Southern Region

Raydell R. Moore
Western Region

Mr Joseph J Mahon, Jr
Vice President
Labor Relations
475 L'Enfant Plaza, SW
Washington, DC 20260

WB:rb



UNITED STATES POSTAL SERVICE
ROOM 9014
475 L ENFANT PLAZA SW
WASHINGTON DC 20260-4100
TEL (202) 268-3816
FAX (202) 268-3074

149

SHERRY A CAGNOLI
ASSISTANT POSTMASTER GENERAL
LABOR RELATIONS DEPARTMENT

March 17, 1992

Mr. William Burrus
Executive Vice President
American Postal Workers Union,
AFL-CIO
1300 L Street, N.W.
Washington, DC 20005-4128

Dear Bill:

This letter is in response to your inquiry concerning the COLA roll-in provision under the 1990 National Agreement and its applicability to employees covered by FERS.

After a careful review of the union's position as set forth in its September 10, 1991, letter, and a corresponding review of our implementing instructions on COLA roll-in, we agree that employees covered by FERS who are presently eligible for reduced optional retirement or who will become eligible for reduced optional retirement by November 21, 1997, are eligible to roll-in existing COLA under the provisions of Article 9, Section 6.B of the 1990 National Agreement. It is our intention to offer them the 1991 COLA roll-in option as well as all future COLA roll-in election opportunities.

As soon as the union concurs in our extending this offer, we will proceed to identify all FERS employees who would have been eligible in 1991 to elect the COLA roll-in and they shall be offered the opportunity to elect COLA roll-in retroactively to October 5, 1991.

If the union is in agreement with the aforementioned arrangement, please indicate its approval by having



OFFICIAL OLYMPIC SPONSOR
36 USC 380

Mr. William Burrus

2

Mr. Biller sign and return one copy of this letter to us. If you have any questions concerning this matter, please contact Vincent W. Drumb at (202) 268-3812.

Sincerely,

Sherry A. Cagnoli
Sherry A. Cagnoli

Concurred:

Moe Biller
Moe Biller
National President

Date:

March 18, 1992

Enclosure

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
UNITED STATES POSTAL SERVICE
AND THE
AMERICAN POSTAL WORKERS' UNION, AFL-CIO

Re: Lump Sum Eligibility

For payment of the lump sums specified in the Opinion and Award of the Clarke Interest Arbitration Board issued October 1, 1995, the parties agree to apply the criteria for eligibility used in payment of the 1990 one-time cash payments. These criteria are set forth in the Memorandum of Understanding of June 18, 1991 and letters dated July 19, 1991 and September 9, 1991 (as attached).

We further agreed that this is without prejudice to the position of either party on any other issue currently pending.

Dated:



Anthony J. Vegliante
Manager
Contract Administration
(APWU/NPMHU)



William Burrus
Executive Vice President
American Postal Workers'
Union, AFL-CIO



UNITED STATES POSTAL SERVICE
475 L'ENFANT PLAZA SW
WASHINGTON DC 20260

July 19, 1991

Mr. Moe Biller
President
American Postal Workers Union,
AFL-CIO
1300 L Street, N.W.
Washington, DC 20005-4128

Mr. Vincent R. Sombrotto
President
National Association of Letter
Carriers, AFL-CIO
100 Indiana Avenue, N.W.
Washington, DC 20001-2196

Subject: Eligibility for One-Time Cash Payment

Gentlemen:

This letter is in further regard to matters concerning the determination of eligibility for the one-time cash payment and the one-time COLA cash payment provided for in the 1990 National Agreement. As you are aware, there were certain questions raised after the parties' executed the Memorandum of Understanding on this topic. Specifically, discussions involved establishing certain criteria which, if applied, would determine who was not eligible to receive the referenced payment.

It is our understanding that the following accurately reflects the parties complete understanding as to which employees would not be eligible for such payment:

- o Employees who were AWOL for Pay Period 13 (June 1-14, 1991).
- o Employees who were in a LWOP or other nonpay approved leave status for the entire period from November 17, 1990, through June 14, 1991. Notwithstanding the above, employees who are members of the National Guard or reserve components of the Armed Forces who served on active duty during the Desert Shield/Storm operations are eligible for the one-time cash payments.

- o Employees who, because of disciplinary action, are in a nonpay status from November 17, 1990, through June 14, 1991. If, pursuant to some modification, such disciplined employee is returned to pay status for any of the referenced period of time, such employee would then be eligible for the one-time cash payments as provided for in the 1990 National Agreement.
- o All employees not declared ineligible by the above will be considered eligible for the cash payment.

If you agree that this accurately reflects our understanding, please sign below. I am providing three signed copies to the APWU and ask that they sign and forward all three copies to the NALC who, after signing, should forward one of the fully executed documents to the APWU and one to the Postal Service.

Please contact Vince Drumb at 268-3812, should you have any questions concerning the foregoing.

Sincerely,



Sherry A. Cagnoli
Assistant Postmaster General
Labor Relations Department



Moe Biller
President
American Postal Workers Union,
AFL-CIO



Vincent R. Sombrotto
President
National Association of Letter
Carriers, AFL-CIO

Enclosures



UNITED STATES POSTAL SERVICE
 ROOM 9014
 475 L'ENFANT PLAZA SW
 WASHINGTON DC 20260-4100
 TEL (202) 268-3816
 FAX (202) 268-3074

SEP 11 1001
 RECEIVED

166

Legal
 FSM
 FJC

131
 421

SHERRY A CAGNOLI
 ASSISTANT POSTMASTER GENERAL
 LABOR RELATIONS DEPARTMENT

September 9, 1991

Re: #389 (closed)
 #400
 #419

Mr. Moe Biller
 President
 American Postal Workers Union,
 AFL-CIO
 1300 L Street, N.W.
 Washington, DC 20005-4128

Mr. Vincent R. Sombrotto
 President
 National Association of Letter
 Carriers, AFL-CIO
 100 Indiana Avenue, N.W.
 Washington, DC 20001-2196

Gentlemen:

This letter is in further regard to matters concerning the determination of eligibility for the one-time cash payment and the one-time COLA cash payment provided for in the 1990 National Agreement. As you are aware, the parties discussed the need to further clarify employees' eligibility to receive the one-time cash payments, and it is our understanding that the following points of clarification on eligibility for payment were agreed to by the parties:

- o To be eligible for payment, an employee must be on the rolls of the Postal Service as of the date of the Opinion and Award of the Board of Arbitrators, i.e., June 12, 1991.
- o An employee who was in a probationary employment status on the effective date of the Award, i.e., June 12, 1991, will not be eligible to receive the one-time cash payments.



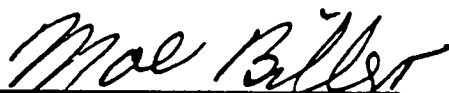
OFFICIAL OLYMPIC GAMES


- o Nonprobationary full-time or hourly rate employees who are members of the National Guard or reserve components of the National Guard or reserve components of the Armed Forces who served on active duty during the Desert Shield/Storm operations are eligible for the full amount of the one-time cash payments.

If you agree that this accurately reflects our understanding, please sign below. I am providing three signed copies to the APWU and ask that they sign and forward all three copies to the NALC who, after signing, should forward one of the fully executed documents to the APWU and to the Postal Service.

Sincerely,


Sherry A. Cagnoli


Moe Biller
Moe Biller
President
American Postal Workers
Union, AFL-CIO


Vincent R. Sombrotto
Vincent R. Sombrotto
President
National Association of
Letter Carriers, AFL-CIO

Enclosures

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
UNITED STATES POSTAL SERVICE
AND THE
JOINT BARGAINING COMMITTEE
(AMERICAN POSTAL WORKERS UNION, AFL-CIO, AND
NATIONAL ASSOCIATION OF LETTER CARRIERS, AFL-CIO)

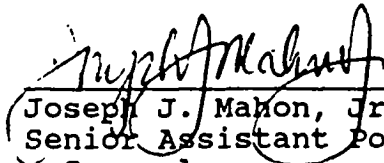
RE: ELIGIBILITY FOR ONE-TIME CASH PAYMENT AND ONE-TIME COLA CASH
PAYMENT

The parties agree that they will establish at the national level a committee to review individual cases, brought directly to the committee by the union, where the union believes that application of the eligibility criteria set forth at Article 9.4.C.1 and 2 would produce inequitable results. The intent of the parties is not to deprive an employee of the one-time cash payment or one-time COLA cash payment solely because such employee is not in a pay status during the pay period immediately prior to the effective date of the one-time cash payment or one-time COLA cash payment. Some examples of where an employee would not be considered ineligible for the one-time cash payment or one-time COLA cash payment include:

A 14-day suspension which happens to fall exactly within the pay period immediately prior to the effective date of the one-time cash payment or one-time

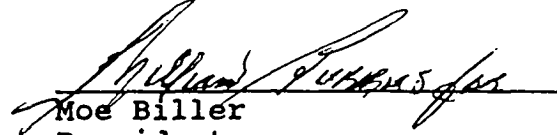
COLA cash payment; Union-Officer leave pursuant to
Article 24, Section 2, or other short-term union
detail; or short-term approved leave.

For the United States
Postal Service




Joseph J. Mahon, Jr.
Senior Assistant Postmaster
General
U.S. Postal Service

For the Unions



Moe Biller
President
American Postal Workers
Union, AFL-CIO



Vincent R. Sombrotto
President
National Association of
Letter Carriers, AFL-CIO

LABOR RELATIONS



July 17, 1996

JUL 1996
 Received
 Office of the
 Executive
 Vice President

William Burrus
 Executive Vice President
 American Postal Workers Union, AFL-CIO
 1300 L Street, N.W.
 Washington, D.C. 20005-4107

Subject: Settlement of Pay Anomaly Overpayments


Dear Bill:

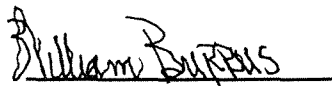
The parties recognize that approximately 468 employees were erroneously overpaid regarding payments for pay anomaly issues. In full and complete settlement of any and all issues in any forum arising out of such overpayments and subsequent collection efforts by the Postal Service the parties agree as follows:

1. Any monies collected by the Postal Service as of two weeks after the date of this settlement shall not be contested in any forum.
2. Any monies not already collected by the Postal Service as of two weeks after the date of this settlement will not be collected.
3. Any and all grievances arising out of pay anomaly over payment and application of ELM Section 460 are hereby withdrawn.

Please indicate your concurrence with the above terms by signing your name below.

Sincerely,


 John W. Dockins
 Labor Relations Specialist


 William Burrus
 Executive Vice President
 American Postal Workers
 Union, AFL-CIO

7-18-96
 Date



American Postal Workers Union, AFL-CIO

1300 L Street, NW, Washington, DC 20005

William Burrus
Executive Vice President
(202) 842-4246

December 22, 1995

Dear Tony:

I have been provided a copy of correspondence and instructions originating from the office of Compensation & Benefits regarding erroneous lump sum payments under the Promotion Pay Anomaly. This information has not been officially provided to the union and to date no discussions have transpired at this level regarding the alleged overpayments.

This is to request a meeting to discuss the issues involved and procedures applied to demand repayment. I further request that any efforts to recover the alleged overpayments be deferred until the parties have had an opportunity to discuss the issues.

The Promotion Pay Anomaly and payment procedures were discussed exclusively at the national level. Individual employees and local officials were not directly involved in the decisions reached for computing pay adjustments or the interpretation and application of the parties agreement to resolve pay anomalies. This most recent issue should be discussed and resolved at this level prior to the initiation of individual letters to employees under the collection procedures.

I request that instructions be issued immediately to defer any collections or acceptance of repayment from or by individual employees until the parties at the national level have had an opportunity to fully discuss the issues involved.

Thank you for your attention to this matter.

Sincerely,

William Burrus
William Burrus

National Executive Board

Moe Biller
President

William Burrus
Executive Vice President

Douglas C. Holbrook
Secretary-Treasurer

Thomas A. Neill
Industrial Relations Director

Robert L. Tunstall
Director, Clerk Division

James W. Lingberg
Director, Maintenance Division

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Director, MVS Division

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Director, SDM Division

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James P. Williams
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Jim Burke
Eastern Region

Elizabeth "Liz" Powell
Northeast Region

Terry Stapleton
Southern Region

Raydell R. Moore
Western Region

Anthony J. Vegliante, Manager
Grievance & Arbitration Division
475 L'Enfant Plaza, Sw
Washington, DC 20260

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
UNITED STATES POSTAL SERVICE
AND THE
AMERICAN POSTAL WORKERS UNION, AFL-CIO

RE: Promotion Pay

The United States Postal Service (Postal Service) and the American Postal Workers Union, AFL-CIO (APWU) hereby agree to a full, final and binding resolution of all issues which remain in dispute and which arise from the interpretation and application of the June 13, 1990 Memorandum of Settlement reached in Case No. H7C-NA-C 39.

1. On June 13, 1990, the American Postal Workers Union, AFL-CIO, (APWU) the National Association of Letter Carriers, AFL-CIO, (NALC) and the Postal Service entered into a Memorandum of Settlement to resolve what became known as the Promotion Pay dispute.

2. The Memorandum of Settlement provided for the creation of a monetary fund (JBC Fund), to be used for the resolution of JBC promotion pay claims. Effective upon the signing of this Memorandum of Understanding (MOU), the APWU's pro rata share of the JBC Fund will be removed for the purpose of creating an independent "APWU Fund". The APWU's pro rata share of the JBC Fund has been determined to be seventy-eight and six tenths (78.6) per cent.

3. The Postal Service agrees that any money currently held in the JBC Fund which has been transferred to the "APWU Fund" to pay for the employer's portion of FICA tax payments is hereby released and considered available for distribution to APWU employees affected by the promotion pay anomaly. The parties further agree that the provisions of this paragraph resolve any and all claims by the APWU relative to the employer's portion of FICA tax payments in the JBC Fund.

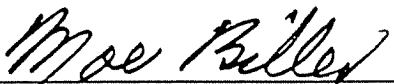
4. The Postal Service agrees to add Two Million, Three Hundred Thousand Dollars (\$2,300,000) to the "APWU Fund".

5. Effective twelve (12) full pay periods after the signing of this MOU, salary history corrections for affected employees will be processed for a basic pay adjustment. Each pay period within the reconstructed salary history will be compared with the corresponding pay period in the actual salary history. All periods in which the employee is overpaid will be offset by those periods, if any, that the employee was underpaid. The employee will receive any positive balance in the form of a lump sum payment in a subsequent pay period. Negative balances will be automatically waived.


6. If the application of the "new" change to lower level and repromotion rules (established June 13, 1992) results in the employee experiencing an immediate reduction in pay, the employee will be frozen in their current step until such time as the employee is scheduled to advance to the next higher step in accordance with the reconstructed step progression.

7. The parties will jointly develop a method to liquidate the newly created "APWU Fund" in an expeditious manner. The development of such liquidation procedures shall be governed by the principle of rapid payment at the lowest possible administrative cost.

8. The APWU hereby agrees to withdraw from the following cases which are pending national level arbitration: Grievance Nos. HOC-NA-C 2, HOC-NA-C 20, HOC-NA-C 34, and HOC-NA-C 40. This settlement is made without prejudice or precedent with regard to either party's position on the subject matters addressed herein.



Moe Biller
President
American Postal Workers
Union, AFL-CIO



Anthony J. Vegliante
Manager, Grievance & Arbitration
Labor Relations

Dated: July 21, 1994

Dated: 7/21/94

6/13/90

IN THE MATTER OF THE ARBITRATION)

Between)

AMERICAN POSTAL WORKERS UNION,)
AFL-CIO,)

and)

NATIONAL ASSOCIATION OF LETTER)
CARRIERS, AFL-CIO,)

and)

UNITED STATES POSTAL SERVICE.)
_____)

Case No. H7C-NA-C 39

MEMORANDUM OF SETTLEMENT

1. The United States Postal Service (USPS), American Postal Workers Union, AFL-CIO (APWU) and the National Association of Letter Carriers, AFL-CIO (NALC) hereby agree to a full, final and binding resolution of the above-referenced national level grievance. All those grievance matters currently pending which specifically challenge the step placement of an affected employee who has been promoted to a higher grade and subsequently reassigned to the employee's former grade will be reviewed and resolved in accordance with this Memorandum of Settlement, except that separate issues in those cases not within the scope of this Settlement Agreement are to be handled by the parties in accordance with the usual grievance arbitration procedure.

2. As a consequence of the current promotion practice, some employees promoted from steps A, B and C (referred to herein as affected employees), in some pay periods receive less compensation than if they had not been promoted and had remained

in the former grade. To address this promotion pay anomaly, USPS, APWU and NALC agree to the following principle:

No employee will, as a consequence of a promotion, at any time be compensated less than that employee would have earned if the employee had not been promoted but had, instead, merely advanced in step increments in that employee's grade as a result of fulfilling the waiting time requirements necessary for step increases. This includes affected employees who are or were promoted to a higher grade and subsequently reassigned to their former grade.

3. Affected employees will be paid in accordance with the following principle:

For each pay period following the promotion the employee's basic salary will be compared to the basic salary the employee would have received for that pay period if the employee had not been promoted. For those periods when the latter amount is higher the difference will be paid to the employee in a one-time lump sum payment.

Employees affected during the 1984-87 or 1987-90 National Agreements shall be paid a lump sum from a \$80 Million fund established for this special purpose. APWU and NALC will work directly with USPS to develop a method to determine on a mutual basis which affected promoted employees will share in the fund, the amount of the lump sum payment for each employee and the timing of its issuance. It is intended that these one-time lump sum payments will satisfy all employee entitlements which arise

out of the employment relationship, including the 1984 and 1987 National Agreements due to the effects of the anomaly and this Memorandum of Settlement, as well as any possible FLSA payments; however, this document should not be construed as constituting any waiver of possible individual rights under that statute.

4. The USPS, APWU and NALC agree that promoted employees will continue to be placed in the grade level and step assigned in accordance with USPS's current practice with waiting time rules applied in accordance with current practice.

5. Effective November 21, 1990, employees who have been promoted from Steps A, B or C and who have been reassigned to their former grade will be placed in the step they would have been in, with credit toward their next step increase, as if all service had been in the original grade. However, such employees who are subsequently repromoted will be placed in the steps they would have attained, with credit toward their next step increase, as if they had remained continuously in the higher grade since the original promotion.

6. Promoted employees, whether promoted before or after the expiration of the 1987 National Agreement, who experience pay anomalies after the term of the 1987 National Agreement will be entitled to a remedy (or remedies) in accordance with the principles stated above. However, the parties agree that this

paragraph does not create any liabilities after the term of the 1987-90 National Agreement if promoted employees do not experience pay anomalies.

Dated at Washington, D.C. this 13th day of June 1990.

<i>Moe Biller</i>	<i>Vincent R. Sombrotto</i>	<i>Joseph J. Mahon, Jr.</i>
Moe Biller	Vincent R. Sombrotto	Joseph J. Mahon, Jr.
President, APWU	President, NALC	Assistant Postmaster General

LABOR RELATIONS



July 17, 1996

 JUL 1996
 U.S. POSTAL SERVICE
 WASHINGTON, D.C.

William Burrus
 Executive Vice President
 American Postal Workers Union, AFL-CIO
 1300 L Street, N.W.
 Washington, D.C. 20005-4107

Subject: Settlement of Pay Anomaly Overpayments


Dear Bill:


The parties recognize that approximately 468 employees were erroneously overpaid regarding payments for pay anomaly issues. In full and complete settlement of any and all issues in any forum arising out of such overpayments and subsequent collection efforts by the Postal Service the parties agree as follows:

1. Any monies collected by the Postal Service as of two weeks after the date of this settlement shall not be contested in any forum.
2. Any monies not already collected by the Postal Service as of two weeks after the date of this settlement will not be collected.
3. Any and all grievances arising out of pay anomaly over payment and application of ELM Section 460 are hereby withdrawn.

Please indicate your concurrence with the above terms by signing your name below.

Sincerely,


 John W. Dockins
 Labor Relations Specialist


 William Burrus
 Executive Vice President
 American Postal Workers
 Union, AFL-CIO

7-18-96
 Date



UNITED STATES POSTAL SERVICE
ROOM 9011
475 L'ENFANT PLAZA SW
WASHINGTON DC 20260-4200
TEL (202) 268-3724
FAX (202) 268-3374

ZU/

COMPENSATION LETTER

EMPLOYEE RELATIONS

Date:	March 26, 1993	Filing Number:	93-032
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SUBJECT: Promotion Pay Anomaly Agreements

The purpose of this letter is to provide field human resources personnel with general information and a status report on the various promotion pay anomaly agreements.

Background

THE ANOMALY: In 1985, and again in 1991, as a result of binding arbitration, new steps AA, A, B, and C were added to most bargaining unit salary schedules. These new steps, with their longer waiting periods and larger step increase amounts, created a situation where a promoted employee could, at times, be paid at a lower rate than a similarly tenured employee who had not been promoted. The resulting difference in earnings has come to be referred to as a "promotion pay anomaly."

An example of the promotion pay anomaly is provided on pages 6-8.

THE REMEDY: As a result of this pay anomaly, the USPS reached agreement with the unions to provide for lump sum payments based on salary differences for the periods in which they occur. Two separate agreements have been made with three unions on the issue --one with the Joint Bargaining Committee (JBC) consisting of the APWU and the NALC, and another with the Mail Handlers Union. Both agreements address two issues:

1. Lump sum payments for promotion pay anomalies experienced from January 19, 1985, forward.
2. Revision of the bargaining unit Change-to-Lower-Level rule, and an addition of a Repromotion rule for those who are promoted back to a formerly held higher grade. ELM revisions reflecting these changes were issued in Postal Bulletin, PB 21817, dated June 11, 1992.

In addition to APWU, NALC, and Mail Handler employees, the USPS decided to grant a one-time lump sum payment to nonbargaining unit employees who, prior to accepting their nonbargaining unit positions, were affected by a pay anomaly but were not covered under their former union's agreement.

Current Status of the APWU\NALC Agreement

The June 13, 1990, agreement with the APWU\NALC established a fund from which the employees experiencing promotion pay anomalies between 1/19/85 and 11/20/90 would be paid lump sum payments. In order to be eligible for these payments, an affected employee had to have been on the rolls within the PS schedule on June 13, 1990.

The amount of payment for each affected individual was determined by identifying the periods of impact by the pay anomaly and calculating the difference between the biweekly straight-time base rate in the higher grade and the higher biweekly straight-time base rate he or she would have received in the lower grade. Each calculated amount was increased by 10%.

The bulk of the retroactive payments for the 1985 to 1990 period--to approximately 40,000 employees--was made on December 7, 1990, and December 20, 1991. We are currently processing a few remaining payments to employees whose salary histories required local office corrections. As soon as all payments have been completed, any remaining balance of the fund will be disbursed on a pro rata basis to those who previously received payments. Notification of these payments will be made at a future date.

Current Status of the Mail Handlers Agreement

The Mail Handler promotion pay anomaly agreement was signed on February 6, 1991. The calculation methodology differed from that of the APWU/NALC agreement in that payments were based on actual paid hours rather than an assumed 80 hours straight time per pay period. The result is that Mail Handlers received lump sum payments based on the paid hours, including overtime and premium pay, while the APWU/NALC method excluded these premiums. The eligibility requirement for the retroactive payment under this agreement was that an employee had to have been in the Mail Handlers pay schedule on February 8, 1991.

Payments for the retroactive period between January 19, 1985 and February 8, 1991 were made to affected Mail Handlers on June 7, 1991, and October 11, 1991. Approximately 780 Mail Handler represented employees received lump sum payments. All retroactive lump sum payments to affected Mail Handlers have been paid.

Current Status of Nonbargaining Payments

Payments for the retroactive period between January 19, 1985 and February 8, 1991 were made to affected nonbargaining unit employees on October 25, 1991 and December 20, 1991. Approximately 680 nonbargaining employees received lump sum payments.

Ongoing Payments

The APWU/NALC and Mail Handlers agreements also provided for additional lump sum payments for the period after 11/20/90 (APWU/NALC) or 2/8/91 (Mail Handlers). As a result, lump sum payments were issued on 12/31/92 to approximately 12,200 employees affected by the promotion pay anomaly under the 1990 National Agreements.

Notification of future promotion pay anomaly lump sum payments, along with bulletin board notices to employees, will be issued via the Postal Bulletin.

Change-to-Lower-Level/Repromotion Rule Changes

As noted in Postal Bulletin PB 21817 - June 11, 1992, both the APWU/NALC and the Mail Handler promotion pay anomaly agreements provided for the promulgation of new rules for employees who are changed to lower levels and for repromotions to grades formerly held. Employees being reassigned to a formerly held higher or lower grade, whether voluntarily or involuntarily, and irrespective of bargaining unit or job, will be placed in the step they would have been in, and assigned a next step date as if service had been continuous in the formerly held grade or the equivalent of the formerly held grade (see ELM Exhibit 418.1).

This differs from the former rules which, while basing the step placement on continuous service, determined the next step date on accumulated credit from the date of the last equivalent increase and imposed a "step penalty" if advancement to the next step would occur earlier than if service in that grade had been continuous. The new rules eliminate the complex "step penalty."

Procedures for change-to-lower-level actions to a grade not previously held are not substantially changed. However, because of the introduction of the new steps added to bargaining unit salary schedules effective July 13, 1991, employees hired prior to July 13, 1991, cannot as a result of a change to a new lower level be placed in the new steps. For these actions, the applicable step increment tables from the date of the career appointment/conversion will apply.

When an employee changes to a lower grade not formerly held, the ELM 422.252b (formerly 422.251b) continues to offer option (2) which allows a local management decision to assign ". . . any higher step in the lower grade which is less than one full step above the basic salary the employee held in the higher grade, . . ." While there is no change in the ELM language regarding this option, its use should be limited to situations where management seeks to encourage employees to move into lower level positions.

For promotions to grades formerly held, or "repromotions," both the step placement and the next step date will be assigned as if the employee had remained continuously in the higher level, irrespective of bargaining unit or job. The repromotion rule was added to discourage employees from using the promotion and change-to-lower-level procedures to gain a pay advantage over their peers.

Credit for Quality Step Increases and penalties for step deferments, etc., that occurred in the former grade will be included in the determination of the step placement in the new grade regardless of whether the action is a promotion, repromotion or change-to-lower-level.

Local Personnel Office OPF Reviews

In the process of calculating lump sum payments for affected employees, we occasionally find salary history errors or inconsistencies. For as long as these anomalies continue to occur, your office may be receiving salary history printouts along with worksheets and instructions for reviewing the history, and for processing the necessary personnel actions. Your prompt attention to these reports will ensure that affected employees receive payments to which they are entitled.

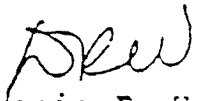
DISCUSSION

You should also be aware of certain aspects of the promotion anomaly agreements about which we receive many questions.

1. Except for the addition of the above cited repromotion rule, the existing bargaining unit promotion rules have not changed. A new step waiting period will begin on the effective date of any promotion to a grade not formerly held. During the periods that any pay anomaly occurs, the affected employees will be entitled to the lump sum payments in accordance with the settlements. This situation will continue until the end of ~~most of the current bargaining agreements.~~
2. The Maintenance Craft retroactive promotion procedures under Article 38 of the National Agreement also have not changed. In many cases, because of the retroactivity of the promotion action, coupled with the extended step waiting periods in steps AA, A, B and C, the salary in the step assigned in the higher grade may be lower than the salary the employee was receiving at the time of the promotion. The affected employees will be compensated via the promotion pay anomaly remedy as described in I.

Employee Communications

Headquarters Compensation and Benefits will continue to coordinate communications on all promotion pay anomaly matters. Field management and affected employees will be informed of pending activities via the Postal Bulletin. Should field human resources management have any questions on the promotion pay anomalies, they should call Bob Kenestruck at (202) 268-4185. Any employee or local union questions on this matter should be handled by the local human resources personnel.



Dennis R. Weitzel
Manager
Compensation and Benefits

I N T E R**~~APWU~~****O F F I C E**

**MEMO
MEMO**

To: Moe Biller
From: Phillip Tabbita
Subject: Promotion Pay Overpayments
Date: December 21, 1995

The Service made an error in the computer program that calculates quarterly anomaly payments. The error has been fixed. However, the error resulted in overpayments to 450 employees totaling \$237,945. In most cases the affected employees never experienced an anomaly loss.

Robert Kenestrick told me about the error several months ago. I did not know what, if anything, the Service intended to do about the error. Yesterday I started receiving calls from affected employee. The Service sent a letter to each of the employees telling them about the error and stating "Recovery of the overpayments(s) will be handled in accordance with normal payroll collection procedures for erroneous payment of pay."

I called Robert Kenestrick about the letter. He was surprised that I was unaware of the employee letter and the Service's plan to collect. Robert Kenestrick said he had thought Labor Relations would have sent notice to the

unions several weeks ago. Robert Kenestrick faxed to me a copy of the employee letter as well as the Management Memo he sent to the field. (Attached)

These overpayments are not related to any of our previous agreements with USPS on how to handle promotion pay overpayments. However, it has been the practice to waive all overpayments related to promotion pay - even in circumstances not covered by a specific agreement. Any protest over the collection of these overpayments could be left to the affected individuals and their local unions. However, we have some alternatives that we might pursue:

First, we could pursue discussions with the Postal Service seeking a general waiver of the overpayments.

Second, we could suggest that these overpayments go through alternative dispute resolution procedures. However, if we can not reach a general understanding on how to handle these overpayments, it may not make any sense to divert them from the normal procedures.

Third, we could obtain the list of affected individuals and write to them and their local unions explaining the

problem and advising them of various methods to protest the collection (waiver of overpayment, grievance, debt collection appeal).

M A N A G E M E N T M E M O

95-36

Page 1 of 1

December 7, 1995

Compensation and Benefits Update 95-15

To: Manager, Human Resources (Area)
 Manager, Human Resources (District)
 Manager, Finance (Area)
 Manager, Finance (District)

From: Compensation and Benefits, Headquarters

Subject: Promotion Pay Anomaly - Erroneous Lump Sum Payments

As a result of an error in the promotion pay anomaly system used to calculate quarterly lump sum payments, a number of employees have received payments to which they were not entitled. This applies only to certain employees who were promoted from new steps AA to steps A in the higher grade (e.g., promotion from grade 1, step AA to grade 2, step A). In most cases, such promotions are not affected by the anomaly.

The problem stems from the methodology in which anomaly payments must be calculated. Specifically, for each pay period following a promotion from steps AA, A, B and C, the employee's salary is compared to the salary s/he would have received in the lower grade if s/he had not been promoted. This requires the construction of a hypothetical salary history in the former grade from which to make these comparisons. However, in promotions from step AA, the hypothetical salary progression was discovered to be off by one step, thereby, generating an erroneous payment. There are approximately 450 affected employees having overpayments totaling \$237,945.

Recovery of these overpayments will be handled in accordance with normal payroll collection procedures for erroneous payment of pay. On or about December 11, 1995, the Minneapolis Accounting Service Center will send letters (copy attached) directly to affected employees to explain the problem, and to indicate the amount of overpayment for each applicable quarterly payment since January 1993. Accounts Receivable Forms 1903-D will be sent out on or about December 15.

If there are questions, please call me at (202) 268-4185.

Bob Kenestrick
Compensation & Benefits
Human Resources

cc: Mr. Mahon
 Ms. Sonnenberg
 Mr. Porras
 Mr. Weitzel

Attachment

LETTER TO EMPLOYEES

December xx, 1995

Subject: Promotion Pay Anomaly - Erroneous Lump Sum Payments

(Employee Name & Home Address)

As a result of an error in the promotion pay anomaly system used to calculate quarterly lump sum payments, you have received payments to which you were not entitled. The problem stems from the methodology in which anomaly payments must be calculated. Specifically, the promotion pay anomaly settlements require that for each pay period following a promotion from steps AA, A, B and C, the employee's actual salary will be compared to the salary s/he would have received in the lower grade if s/he had not been promoted. To make this comparison, a hypothetical salary history must be constructed to determine the salary progression in former grade. However, in promotions from step AA, the hypothetical salary progression was discovered to be off by one step, thereby, generating an erroneous payment.

Recovery of the overpayment(s) will be handled in accordance with normal payroll collection procedures for erroneous payment of pay. Within a week, you will be receiving further information from your office regarding this claim.

According to payroll records, the erroneous payments you received are as follows:

<u>RELEVANT YR/PP</u>	<u>AMOUNT OF ORIGINAL PAYMENT</u>	<u>RECALCULATED PAYMENT</u>	<u>OVERPAYMENT</u>
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Human Resources

437 Waiver of Claims for Erroneous Payment of Pay

437.1 Purpose

This part establishes procedures for (a) requesting a waiver of a claim made by the USPS against a current or former employee for the recovery of pay which was erroneously paid and (b) applying for a refund of money paid by or deducted from a current or former employee as a result of such a claim.

437.2 Definitions

437.21 Pay. Pay means salary, wages, or compensation for services including all forms of premium pay, holiday pay, or shift differentials, payment for leave, whether accumulated, accrued, or advanced, and severance pay. Pay does not include rental allowances, life insurance premiums, health insurance premiums, or payment for travel, transportation, or relocation expenses.

437.22 Employee. Throughout part 437, employee means a *former* employee as well as a *current* employee.

437.23 Applicant. Applicant means an employee (current or former) or an individual acting on behalf of the employee who applies for a waiver of a claim for overpayment of pay.

437.24 Installation Head. Installation head means the postmaster, manager, or director of *field facilities* or the department head (or designee) of *Headquarters units* where the employee is employed or was last employed.

437.3 Submission of Request

437.31 Expiration Date. Waiver action may not be taken after the expiration of 3 years immediately following the date on which the erroneous payment of pay was discovered.

437.32 Form 3074. The applicant requests a waiver of a claim or a refund of money paid as a result of a claim by submitting Form 3074, *Request for Waiver of Claim for Erroneous Payment of Pay*, in *triplicate* to the installation head. The completed Form 3074 must contain:

a. Information sufficient to identify the claim for which the waiver is sought including the amount of the claim, the period during which the erroneous payment occurred, and the nature of the erroneous payment.

b. A copy of the invoice and/or demand letter sent by the USPS, if available, or a statement setting forth the date the erroneous payment was discovered.

c. A statement of the circumstances which the applicant feels would justify a waiver of the claim by the USPS.

d. The dates and amount of any payments made by the employee in response to the claim.

437.4 Review by Installation Head

The installation head investigates the claim and writes a report of the investigation on the reverse side of the Form 3074. The report should include the following data and/or attachments:

a. All relevant facts or circumstances which are not described, or incorrectly described, on the Form 3074 by the applicant.

b. An explanation of the cause of the overpayment.

c. If available, a listing for each pay period in which an overpayment was made (1) of the employee's pay rate, (2) the gross amount due the employee, and (3) the gross amount that was actually paid.

d. A statement as to whether there is any indication of fraud, misrepresentation, fault, or lack of good faith on the part of anyone having an interest.

e. A recommendation for approval or disapproval of the claim based upon review of the facts and circumstances.

f. A copy of the invoice or notice to the employee of the amount requested to be repaid to the USPS should accompany the Form 3074. If neither of these items is available, a statement establishing the discovery date of the USPS claim should be included.

g. Copies of pertinent Forms 50, *Notifications of Personnel Action*; Forms 1303, *Salary Change Notices*; and any correspondence having a bearing on the claims should be obtained from the employee's official personnel folder and included with the Form 3074.

h. Any other information which would assist in making a determination of whether collection action to collect the claim would be against equity or good conscience and not be in the best interest of the USPS.

437.5 Review by Compensation Unit

The installation head forwards the Form 3074 to the appropriate compensation unit (i.e., the Field Division Supervisor of Compensation and Staffing, for field units, or Headquarters Personnel, for Headquarters and related units) which:

a. Reviews the file for accuracy and completeness.

b. Completes part III of Form 3074.

c. Adds any pertinent comments to the file.

d. Forwards the entire file to the Director of the Minneapolis Postal Data Center (PDC).

437.6 Action by Postal Data Center (PDC)

The PDC will waive the claim if it can determine from a review of the file that all of the following conditions are met:

a. The overpayment occurred through administration error of the USPS. Excluded from consideration for waiver of collection are overpayments resulting from errors in timekeeping, keypunching, machine processing of time cards or time credit, coding, and any typographical errors that are adjusted routinely in the process of current operations.

b. Everyone having an interest in obtaining a waiver acted reasonably under the circumstances, without any indication of fraud, misrepresentation, fault, or lack of good faith.

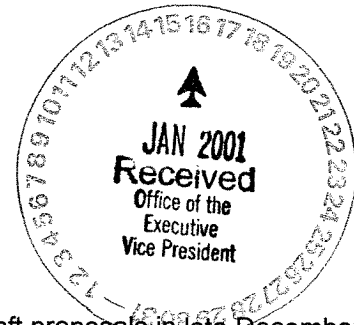
c. Collection of the claim would be against equity and good conscience and would not be in the best interest of the USPS.

ANTHONY J. VEGLIANTE
VICE PRESIDENT, LABOR RELATIONS



January 12, 2001

Mr. William Burrus
Executive Vice President
American Postal Workers Union, AFL-CIO
1300 L Street, N.W.
Washington, DC 20001-2196



Dear Bill:

Reference is made to our several telephone conversations and various draft proposals in late December as well as our January 9, 2001, meeting with respect to the December 29, 2000, Memorandum of Understanding (MOU) dealing with Salary Schedules 1 and 2.

As we agreed, the December 29, 2000, MOU was intended to reduce the perceived impact on employees in Steps B and C when slotting from Schedule 1 to Schedule 2, pursuant to the parties' October 8, 1999, Memorandum of Understanding concerning the Promotion Pay Anomaly. Furthermore, the parties also intended that the December 29, 2000, MOU would not provide any monetary windfall to those employees in steps D through H who will not be slotted into Schedule 2 on April 21; rather, they will remain in Schedule 1 until reaching Step I at which time they will be slotted to Step N (Grades 2, 3 and 4) or Step M (Grades 5, 6 and 7). At our January 9, meeting, we agreed that eligible PTF employees would receive the full cash payments while eligible PTR employees would receive pro-rated cash payments, consistent with the paid hour basis contained in Article 9.3.B of the 1994 National Agreement. As we agreed, and as set forth in the introductory paragraph and in Section A of Attachment A of the December 29, 2000, MOU, there will be two cash payments for all eligible employees.

We also agreed that the parties would designate knowledgeable individuals at the national level as an administrative committee to resolve the three asterisked issues on page 2 of Attachment A associated with the implementation of the December 29, 2000, MOU. In that regard, the Postal Service intends to use the eligibility rules associated with the 1995 and 1997 cash payments with respect to the first eligibility rule (i.e., in a pay status in the pay period immediately preceding the payment effective date) found on page 2 of Attachment A.

On January 9, Phil Tabbita raised several technical issues with Don Develin and Bob Kenestrick concerning eligibility requirements for employees who were promoted or changed to a lower level. After discussions between representatives of the parties, it is clear that only those people who were promoted from Schedule 1 to Schedule 2 should be excluded from the cash payments. Those employees who are slotted to Schedule 2 and then promoted are, in fact, eligible for the cash payments. With respect to the lower grade issue, eligible employees include those who were changed to a lower level whether or not converted prior to the change to the lower level.

Finally, as the parties agreed, this most recent MOU fully and completely resolves any and all issues regarding the October 8, 1999, MOU concerning the Promotion Pay Anomaly.

Sincerely,


Anthony J. Vegliante

cc: Mr. Ward

475 L'ENFANT PLAZA SW
WASHINGTON DC 20260-4100
202-268-7852
FAX: 202-268-3074

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
UNITED STATES POSTAL SERVICE
AND THE
AMERICAN POSTAL WORKERS UNION,
AFL-CIO**

Re: Salary Schedules 1 and 2

The United States Postal Service ("Postal Service") and the American Postal Workers Union, AFL-CIO ("APWU") mutually agree that additional modifications regarding the conversion of certain employees to the new PS and MESC salary schedules created under the October 8, 1999 Memorandum of Understanding (MOU) Re: Promotion Pay Anomaly need to be accomplished.

The Postal Service and the APWU agree as follows:

1. This Memorandum of Understanding is applicable to only certain employees in PS and MESC grades 2 through 7.
2. Through April 7, 2001, Schedule-1 employees will continue to slot to the appropriate step in Schedule-2 in accordance with the Slotting Conversion Table (Attachment G of the October 8, 1999 MOU).
3. Effective April 21, 2001, those employees in PS and MESC grades 2 through 7, steps D through H, will remain in Schedule-1 until reaching step I, at which point they will slot into Schedule-2 at step N for grades 2, 3, and 4 and step M for grades 5, 6, and 7. All remaining employees in Schedule-1 will convert to Schedule-2 under the terms of the October 8, 1999 MOU.
4. APWU-represented employees in grades 2 through 7 who were slotted to the PS or MESC Schedule-2 from steps B and C in Schedule-1 on or before April 21, 2001 may be eligible for cash payments as set forth in the attached Cash Payment Schedule (Attachment A).
5. All rights and obligations of the parties concerning the subject matter of this Memorandum of Understanding shall be controlled by the terms of this Memorandum of Understanding. This Memorandum of Understanding represents an agreement between the Postal Service and the APWU to fully and completely resolve any and all issues regarding the October 8, 1999, MOU Re: Promotion Pay. Such issues include, but are not limited to, pending grievances or any proposals raised in 2000 collective bargaining that address promotion pay anomalies. Neither the Postal Service nor the APWU shall attempt to modify, add, or delete any of the terms of this Memorandum of Understanding during the dispute resolution

process, including interest arbitration proceedings, associated with the 2000 national negotiations. The parties will designate knowledgeable individuals at the national level who will resolve any issues dealing with the implementation of this Memorandum of Understanding.



William Burrus
Executive Vice President
American Postal Workers
Union, AFL-CIO



Anthony J. Vegliante
Vice President
Labor Relations
U.S. Postal Service

Dated: December 29, 2000

CASH PAYMENT SCHEDULE

Cash payments, not to be included in basic pay, will be made to eligible employees in two annual installments. All payments are subject to legally required withholding and payroll taxes.

A. Full-Time Employees

Eligible non-probationary full-time employees will receive cash payments, not to be included in basic pay, as follows:

	<u>2001 Payment</u>	<u>2002 Payment</u>
Grade 2	\$1,250	\$1,250
Grade 3	\$1,250	\$1,250
Grade 4	\$1,500	\$1,500
Grade 5	\$1,500	\$1,500
Grade 6	\$1,000	\$1,000
Grade 7	\$1,250	\$1,250

The first payment (2001) will be made as soon as practicable following April 21, 2001.

The second payment (2002) will be made as soon as practicable following April 20, 2002.

The eligibility requirements for both cash payments will be determined by the terms of Section B below.

B. Eligibility Requirements

APWU-represented employees in grades 2 through 7 who are slotted to the PS or MESC Schedule-2 from steps B and C in Schedule-1 on or before April 21, 2001, as shown below, may be eligible for cash payments.

<u>Grade</u>	<u>From Schedule-1, Step</u>	<u>To Schedule-2, Step</u>
2	B	G
2	C	I
3	B	G
3	C	I
4	B	G
4	C	H
5	B	F
5	C	H
6	B	F
6	C	G
7	B	F
7	C	G

Employees are eligible for cash payments who are slotted as above and:

- 1) are in a pay status in the pay period immediately preceding the payment effective date, i.e., pay period 9-2001 (April 7 – April 20, 2001) for the first payment which will be in 2001 and pay period 9-2002 (April 6 – April 19, 2002) for the second payment which will be in 2002; and
- 2) are represented by the APWU in each of the twenty-six pay periods preceding the payment effective date, i.e., pay periods 10-2000 through 9-2001 (April 22, 2000 through April 20, 2001) for the first payment and pay periods 10-2001 through 9-2002 (April 21, 2001 through April 19, 2002) for the second payment.

Employees who are slotted as above are ineligible for cash payments if they:

- 1) received a subsequent step increase as a result of the Anomaly Fix, effective April 22, 2000; or
- 2) received a subsequent step increase as a result of a grievance, EEO, or court settlement; or
- 3) are subsequently promoted or changed to a lower grade from the grade in which the slotting occurred.

Ineligibility in the first payment year (2001) will preclude eligibility for the second payment year (2002).