Some Arguments of the USPS and NALC before the Arbitration Board deciding the 2011-2016 Contract

The Postal Service argued the following points:

As the delivery network continues to grow while the value of the product delivered declines, the Postal Service must bring its delivery cost structure in line with its declining revenues.

The growth of e-commerce has led to a large increase in demand for low-cost same-day or next-day delivery in the business-to-consumer market. To effectively compete for this business, the Postal Service needs a less expensive delivery workforce with increased flexibility to deliver outside the typical 9- to-5 delivery window.

The Postal Service needs a less expensive delivery workforce to (1) ensure the gap between cost and revenue per delivery does not continue to grow, and (2) position the Postal Service to be competitive as it moves further into the same-day and next-day package delivery markets.

City letter carriers enjoy a very rich and very costly wage and benefit package that exceeds comparable wages and benefits paid for similar levels of work in the private sector.

Provisions such as COLA clauses, no-layoff protections, and restrictions on contracting are nearly non-existent in private sector labor contracts today. Accordingly, they should be excised from the parties' agreement.

The NALC argued the following points:

There is a tremendous growth opportunity for the USPS in the package and parcel market with the growing volume of ecommerce transactions, particularly in the business to consumer market. Uniformed city letter carriers are a key component in the efficient servicing of that opportunity, as is the preservation of existing service standards and a six day delivery network.

City letter carrier wages and benefits do not exceed private sector standards when measured against appropriate private sector employers. This is particularly true when comparing city letter carriers to other branded, uniformed delivery service competitors.

Continuing changes in letter carrier work since the 1999 Fleischli Award have significantly increased the skill, effort, and responsibilities associated with letter carrier work; have increased the proportion of letter carrier work performed outdoors; and have made the job more difficult. Letter carriers are entitled to a second pay upgrade above the upgrade awarded by Chairman Fleischli.

City letter carriers have and will continue to make an extraordinary contribution to the Postal Service and the communities they serve. They are entitled to the job security provisions that they bargained for and obtained in prior collective bargaining agreements.

STATUTORY STANDARD

The Board is obligated to determine the wages, benefits, and work rules for City Letter Carriers for the term of the next contract after giving the parties "a full and fair hearing, including an opportunity to present evidence in support of their claims, and an opportunity to present their case in person, by counsel, or by other representatives as they may elect." 39 U.S.C. §1207.

As Jack Clarke, the Chair of the NRLCA Interest Arbitration, so aptly noted: "Only Congress can address the USPS's overall mission, associated business plan and regulatory framework."

This Board joins Chairman Clarke in recognizing that action from Congress on regulatory and legacy cost issues is absolutely essential to the long term health and viability of the Postal Service. This Board of Arbitration can address only one, albeit critically important area-the wages and benefits of city letter carriers.

On the issue of wages and benefits for city letter carriers, the Board of Arbitration is well aware of both the most recent collective bargaining agreement negotiated with the American Postal Workers' Union (APWU) as well as the interest arbitration award involving the National Association of Rural Letter Carriers (NRLCA). Both of those contracts contain a two year wage freeze, no COLA in year one, a deferral of COLA in year two, a revised COLA base, and modest general wage increases in FY 2013 through FY 2015. In addition, the agreements included structural changes that reduce unit labor costs over the course of the agreements. Those changes included lower wage rates for new career hires and an increase in non-career complements with lower wage and benefit packages. The Board considered both contracts in developing this Award, although we recognize that the Board is not bound to treat those contracts as precedent for the NALC agreement.