

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
UNITED STATES POSTAL SERVICE
AND THE
NATIONAL ASSOCIATION OF LETTER CARRIERS, AFL-CIO**

Re: Promotion Pay

The United States Postal Service (Postal Service) and the National Association of Letter Carriers, AFL-CIO (NALC) 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 National Association of Letter Carriers, AFL-CIO, (NALC), the American Postal Workers Union, AFL-CIO (APWU) 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 NALC's pro rata share of the JBC fund will be removed for the purpose of creating an independent "NALC Fund". The NALC's pro rata share of the JBC Fund has been determined to be twenty-one and four tenths (21.4) percent.

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

4. The Postal Service agrees to add One Million, Twenty-Five Thousand dollars (\$1,025,000) to the "NALC Fund".

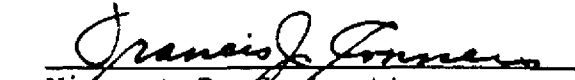
5. The "new" change to lower level and repromotion rules (established June, 13, 1992) will be retroactively applied to affected employees, effective December 1, 1990 (PP 26-90). Individual salary histories for affected employees will be reconstructed from December 1, 1990 to present. At the beginning of the pay period following the reconstruction process, employees whose current step placement differs from their reconstructed step will have their step changed, upward or downward, to correspond with the salary reconstruction. The effective date of employees subsequent step increases may also be adjusted, upward or downward, in accordance with the salary reconstruction process.

6. Following the application of the "new" rules, 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. Any negative balance will be handled in accordance with the collection procedures for the erroneous payment of pay.

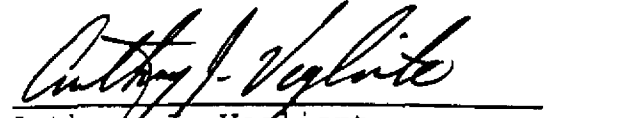
7. The parties will jointly develop a method to liquidate the newly created "NALC Fund" in an expeditious manner. The parties shall be governed by the principle of rapid payment at the lowest possible administrative cost. Accordingly:

- A. The Postal Service will provide the NALC a computer file with the following information on all letter carriers who received one or more lump sums from the JBC settlement fund.
 - 1) Name
 - 2) Social Security number
 - 3) Date(s) and amount(s) of payments received from the original JBC Promotion Pay Settlement Fund; and
 - 4) A field indicating whether or not such employees are still employed by the Postal Service.
- B. The NALC will calculate the payments to be made to eligible letter carriers and provide the Postal Service a computer tape containing this information.
- C. In the event that the Postal Service fails to identify all letter carriers who received ABC lump sum payments from the JBC fund, it shall bear the cost of paying such carriers the liquidation payments they would have received.

8. The NALC 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.



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



Anthony J. Vegliante
Manager Grievance & Arbitration
Labor Relations

Dated: 6/28/95

Dated: 6/7/95