

agreement is reached in the future, these payments will continue each year thereafter. It is recognized that the maximum contribution to the Fund over the course of this Agreement is \$270 million.

8. Other Provisions

The parties have reached agreements and agreements in principle on additional contract provisions and new MOUs, as well as understandings on various changes in contract language. Those additions and changes are attached as part of this tentative agreement or are currently being finalized by the parties.

**APPENDIX A
POSTAL SUPPORT EMPLOYEES
MEMORANDA**

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

Re: Postal Support Employee

The parties agree to the following general principles concerning Postal Support (PSE) employees:

1. General Principles

- a. The PSE work force will be comprised of noncareer, bargaining unit employees, which is the only category of noncareer employees established to work within APWU bargaining units.
- b. PSEs will be hired for a term not to exceed 360 calendar days and will have a break in service of at least 5 days, if reappointed.
- c. Leave provisions for PSEs are included in Attachment A.
- d. For PSE percentage use allowances, see Article 7.1.B.
- e. The Postal Service will provide a report every four week reporting period with information needed to monitor compliance with the provisions above, i.e., the total number of career bargaining unit employees and PSEs by craft, function, installation and District.
- f. The transitional employee and casual category of supplemental employees will be eliminated within three (3) months of the effective date of this Agreement.

- g. The hourly rates for PSEs on the effective date of this Agreement shall be as follows:

Grade	Hourly Rate
3	\$12.00
4	\$12.38
5	\$13.74
6	\$14.60
7	\$15.52
8	\$15.85

Should it be necessary for recruitment or retention of PSEs, the Postal Service may pay higher hourly rates, with the concurrence of the Union.

Whenever contracting or insourcing is under consideration, the Union may propose different hourly rates for competitive purposes.

2. Contract Provisions

The parties agree that only the following articles and portions of articles of the National Agreement apply to PSEs as outlined below:

Article 1
Article 2
Article 3
Article 5
Article 7

ARTICLE 7 EMPLOYEE CLASSIFICATION

Section 1. Definition and Use

* * * * *

B. Postal Support (PSE) Employees

1. The Postal Support (PSE) work force shall be comprised of noncareer bargaining unit employees.
2. During the course of a service week, the Employer will make every effort to insure that qualified and available part-time flexible employees are utilized at the straight-time rate prior to assigning such work to PSEs.
3. In the Clerk Craft, the total number of PSEs used in mail processing (function one) within a District, will not exceed 20% of the total number of career mail processing (function one) clerk craft employees within that District, except in accounting periods 3 and 4, beginning two (2) years from the effective date of the contract. The total number of PSEs used in retail/customer services (function four) within a District will not exceed 20% of the total number of career retail/customer services (function four) clerk craft employees within that District. The number of PSEs derived from the retail/customer services (function four) percentage may be used in function one and when doing so will not count against the 20% mail

processing (function one) District cap.

In the Maintenance Craft, the total number of PSEs used within a District will not exceed 10% of the total number of career maintenance craft employees within that District.

In the Motor Vehicle Craft, the total number of PSEs used within a District, will not exceed 10% of the total number of career motor vehicle craft employees within that District, except in accounting periods 3 and 4, beginning two (2) years from the effective date of the contract.

4. In Level 22 and above offices, PSEs in retail/ customer services (Function 4) who work the window will not exceed 10% of the career retail clerks in that installation whose duties include working the window. The rounding-up rule of .5 and above applies.

In Level 21 and below offices, PSEs in retail/customer services (Function 4) who work the window will not exceed 20% of the career retail clerks in that installation whose duties include working the window. The rounding-up rule of .5 and above applies.

When the hours worked by a PSE on the window demonstrates the need for a full-time preferred duty assignment, such assignment will be posted for bid within the section.

PSE employees who work the window may work in relief of employees holding duty assignments on the window.

5. Any non-APWU bargaining unit employee on light or limited duty in an APWU craft or on a rehabilitation assignment in an APWU craft who does not hold a bid assignment will not be counted as a career employee for the purpose of determining the number of PSEs who may be employed in that APWU craft.
6. In addition to the caps in paragraph 3 above, PSEs will not be counted towards the allowable percentages of PSEs within a District when employed for new work that is brought into the bargaining units covered by this Agreement, including work being contracted out that is brought in-house, as follows:
 - a. In the Clerk Craft, in any former Contract Postal Unit (CPU) that is brought back in-house, unless it is a full-service unit or it primarily provides postal services.
 - b. In the Maintenance Craft, for custodial work formerly contracted out that is brought in-house, subject to the provisions of the Maintenance Craft Jobs MOU.
 - c. In the Motor Vehicle Craft, for highway contract routes (HCRs) that are brought back into the Postal Service and assigned to postal employees, subject to the provisions of the Motor Vehicle Craft Jobs MOU.

- d. The Employer and the Union may agree upon the use of additional PSEs in other circumstances when new or contracted work is brought in-house, or when new retail initiatives that are not full-service post offices are established.
7. The Postal Service will provide a report, every four week reporting period with information needed to monitor compliance with the provisions above, i.e., the total number of career bargaining unit employees and PSEs by craft, function, installation and District.
8. PSE employees shall be hired from an appropriate register pursuant to such procedures as the Employer may establish. They will be hired for a term not to exceed 360 calendar days per appointment. Such employees have no daily or weekly work hour guarantees, except as provided for in Article 8.8.D. PSEs will have a break in service of at least 5 days, if reappointed.

ARTICLE 8 HOURS OF WORK

Section 2. Work Schedules

A. The employee's service week shall be a calendar week beginning at 12:01 a. m. Saturday and ending at 12 midnight the following Friday.

B. The employee's service day is the calendar day on which the majority of work is scheduled. Where the work schedule is distributed evenly over two calendar days, the service day is the calendar day on which such work schedule begins.

Section 3. Exceptions

* * * * *

PSEs will be scheduled in accordance with Section 2, A and B, of this Article.

Section 4. Overtime Work

* * * * *

G. Overtime Work PSE Employees

PSE employees shall be paid overtime for work performed in excess of forty (40) work hours in any one service week. Overtime pay for PSE employees is to be paid at the rate of one and one-half (1-1/2) times the basic hourly straight-time rate.

When an opportunity exists for overtime for qualified and available full-time employees, doing similar work in the work location where the employees regularly work, prior to utilizing a PSE employee in excess of eight (8) work hours in a service day, such qualified and available full-time employees on the appropriate Overtime Desired List will be selected to perform such work in order of their seniority on a rotating basis.

Section 7. Night Shift Differential

For time worked between the hours of 6:00 p.m. and 6:00 a.m., employees shall be paid additional compensation at the applicable flat dollar amount at each pay grade and step in accordance with the attached table (Table 2).

Section 8. Guarantees

D. Any PSE employee who is scheduled to work and who reports shall be guaranteed two (2) hours of work or pay.

Section 9. Wash-up Time

Installation heads shall grant reasonable wash-up time to those employees who perform dirty work or work with toxic materials. The amount of wash-up time granted each employee shall be subject to the grievance procedure.

(The preceding paragraph, Article 8.9, shall apply to PSEs.)

ARTICLE 9 SALARIES AND WAGES

Section 8. PSE Employees

The hourly rates for PSE employees shall be adjusted by the general increases provided for in Article 9.1. In addition, PSEs will receive the following wage adjustments:

Effective, November 17, 2012, the hourly rates for all grades shall be increased by 1.0%.

Effective November 16, 2013, the hourly rates for all grades shall be increased by 1.0%.

Effective November 15, 2014, the hourly rates for all grades shall be increased by 1.5%.

All percentage increases are applied to the wage rates in effect at the beginning of the contract.

ARTICLE 10 LEAVE

Section 2. Leave Regulations

A. The leave regulations in Subchapter 510 of the Employee and Labor Relations Manual, insofar as such regulations establish wages, hours and working conditions of employees covered by this Agreement, other than PSE employees, shall remain in effect for the life of this Agreement.

B. Career employees will be given preference over noncareer employees when scheduling annual leave. This preference will take into consideration that scheduling is done on a tour-by-tour basis and that employee skills are a determining factor in this decision.

ARTICLE 11
HOLIDAYS

* * * * *

Section 6. Holiday Schedule

D. PSE Employees

PSE employees will be scheduled for work on a holiday or designated holiday after all full-time volunteers are scheduled to work on their holiday or designated holiday. They will be scheduled, to the extent possible, prior to any full-time volunteers or nonvolunteers being scheduled to work a nonscheduled day or any full-time nonvolunteers being required to work their holiday or designated holiday. If the parties have locally negotiated a pecking order that would schedule full-time volunteers on a nonscheduled day, the Local Memorandum of Understanding will apply.

Article 14
Article 15
Article 17, Sections 2, 3, 4, 6 and 7
Article 18
Article 19

ARTICLE 19
HANDBOOKS AND MANUALS

* * * * *

Article 19 shall apply in that those parts of all handbooks, manuals and published regulations of the Postal Service, which directly relate to wages, hours, or working conditions shall apply to PSE employees only to the extent consistent with other rights and characteristics of PSE employees negotiated in this Agreement and otherwise as they apply to the supplemental work force. The Employer shall have the right to make changes to handbooks, manuals and published regulations as they relate to PSE employees pursuant to the same standards and procedures found in Article 19 of this Agreement.

Article 20
Article 22
Article 23
Article 24
Article 27
Article 28
Article 31
Article 32
Article 34
Article 36
Article 42
Article 43

Only the following Memorandums of Understanding from the 2010 National Agreement shall apply to PSE employees:

Use of Privately Owned Vehicles
Leave Sharing
Leave Without Pay
Time Limitations Concerning Bone Marrow,
Stem Cell, Blood Platelet, and Organ Donations

Removal of Social Security Number References

3. Other Provisions

A. Light Duty

Article 13 does not apply to PSE employees. However, Article 13 does not prohibit the assignment of PSE employees to light duty.

B. Article 15

1. The parties recognize that PSE employees will have access to the grievance procedure for those provisions which the parties have agreed apply to PSE employees.

2. Nothing herein will be construed as a waiver of the employer's obligation under the National Labor Relations Act. PSE employees will not be discharged for exercising their rights under the grievance-arbitration procedure.

3. The separation of PSE employees upon completion of their 360-day term and the decision to not reappoint PSE employees to a new term are not grievable. PSE employees may be separated for lack of work at any time. Such separation is not grievable except where it is alleged that the separation is pretextual. PSEs separated for lack of work before the end of their term will be given preference for reappointment ahead of other applicants who have not served as PSEs if the need for hiring arises within one (1) year of their separation.

PSE employees may be disciplined or removed within the term of their appointment for just cause and any such discipline or removal will be subject to the grievance-arbitration procedure, provided that within the immediately preceding six months, the employee has completed ninety (90) work days, or has been employed for 120 calendar days, whichever comes first.

In the case of removal for cause within the term of an appointment, a PSE employee shall be entitled to advance written notice of the charges against him/her in accordance with the provisions of Article 16 of the National Agreement.

C. Article 25, Higher Level Pay

In the event a PSE employee is temporarily assigned to a higher level position, such employee will be paid at the higher level only for the time actually spent on such job. This language should not be construed to encourage the Postal Service to temporarily assign such employees to higher level positions. When the opportunity exists for higher level assignment, the principle of preference for career employees over PSE employees should be utilized. PSE's will not be assigned to higher level assignments within function four (e.g., LSSA, Bulk Mail Tech, Special Postal Clerk, Lead Clerk), except when no career employee is available.

D. Health Insurance

After an initial appointment for a 360-day term and upon reappointment to another 360-day term, any eligible non-career PSE employee who wants to participate in the

Federal Employees Health Benefits (FEHB) Program on a pretax basis will be required to make an election to do so in accordance with procedures to be published as soon as administratively practicable. A previous appointment as a transitional employee will count toward qualifying for participation in FEHB, in accordance with the Office of Personnel Management (OPM) regulations. The total cost of health insurance is the responsibility of the PSE employee, except as provided below.

The Postal Service will make a contribution in the amount of 75% of the total premium for any eligible PSE who selects the APWU Consumer Driven Health Plan.

E. PSE Career Opportunity

When the Postal Service determines in accordance with contractual provisions that it has needs to fill vacancies with new career employees, available and qualified PSE employees will be converted to fill such vacancies on a seniority basis.

F. Opting

A PSE may only occupy full-time (traditional or non-traditional) duty assignments in accordance with these rules. This does not prohibit PSEs from working assignments that do not constitute a duty assignment.

In the Clerk and Motor Vehicle Crafts, where practicable, PSEs will be allowed to opt on a seniority basis for full-time (traditional and non-traditional) vacant, residual assignments in the installation for which they are qualified and which are not assigned to career employees. Such opting does not create any work hour or assignment guarantees.

Hours worked by PSEs in opted non-traditional full-time assignments of more than eight hours in a work day or forty hours in a work week will be an exception, for the portion of their assignment which exceeds eight hours in a day and forty hours in a week, to the contractual obligation pursuant to Article 8.4.G to utilize the Overtime Desired List.

In the Clerk Craft, existing provisions of Article 37.3.F.5 and 37.3.F.7 apply prior to a PSE opting for the assignment. In addition, Article 37.3.F.3 and 37.3.F.4 will be modified so as to permit all bidders to train and attempt to qualify before the duty assignment becomes residual and available for assignment of unencumbered employees, PTF preferencing (unless being withheld), and finally for PSE opting. However, qualified PSEs may be utilized to backfill vacancies while full-time or part-time employees are in training pending qualification. In addition, any such assignment will be posted for bid as a vacant duty assignment or reverted pursuant to Article 37.3 on the occasion of the PSE's break in service.

In the Motor Vehicle Craft, any assignment opted by an PSE will be posted for bid as a vacant duty assignment or reverted on the occasion of the PSE's break in service.

G. Retirement Savings Plan

The parties will explore the steps necessary for the establishment of 401(k)-type retirement savings plans and/

or payroll allotments for Individual Retirement Accounts for PSEs. The Postal Service will not be required to make any matching contributions as part of such plans.

**ATTACHMENT A –
POSTAL SUPPORT EMPLOYEE (PSE)
ANNUAL LEAVE PROVISIONS**

I. GENERAL

A. Purpose. Annual leave is provided to PSE employees for rest, recreation, emergency purposes, and illness or injury.

1. Accrual of Annual Leave. PSE employees earn annual leave based on the number of hours in which they are in a pay status in each pay period:

Rate of Accrual	Hours in Pay Status	Hours of Annual Leave Earned Per Pay Period
1 hour for each unit of 20 hours in pay status in each pay period	20	1
	40	2
	60	3
	80	4 (max.)

2. Biweekly Crediting. Annual leave accrues and is credited in whole hours at the end of each biweekly pay period.

3. Payment For Accumulated Annual Leave. A separating PSE employee may receive a lump-sum payment for accumulated annual leave subject to the following condition:

- a. A PSE employee whose separation is effective before the last Friday of a pay period does not receive credit or terminal leave payment for the leave that would have accrued during that pay period.

II. AUTHORIZING ANNUAL LEAVE

A. General. Except for emergencies, annual leave for PSE employees must be requested on Form 3971 and approved in advance by the appropriate supervisor.

B. Emergencies and Illness or Injury. An exception to the advance approval requirement is made for emergencies and illness or injury; however, in these situations, the PSE employee must notify appropriate postal authorities as soon as possible as to the emergency or illness/injury and the expected duration of the absence. As soon as possible after return to duty, PSE employees must submit Form 3971 and explain the reason for the emergency or illness/injury to their supervisor. Supervisors approve or disapprove the leave request. When the request is disapproved, the absence may be recorded as AWOL at the discretion of the supervisor as outlined in Section IV.B below.

III. UNSCHEDULED ABSENCE

A. Definition. Unscheduled absences are any absences from work that are not requested and approved in advance.

B. PSE Employee Responsibilities. PSE employees are expected to maintain their assigned schedule and must make every effort to avoid unscheduled absences. In addition, PSE employees must provide acceptable evidence for absences when required.

IV. FORM 3971, REQUEST FOR, OR NOTIFICATION OF, ABSENCE

A. Purpose. Application for annual leave is made in writing, in duplicate, on Form 3971, Request for, or Notification of, Absence.

B. Approval/Disapproval. The supervisor is responsible for approving or disapproving application for annual leave by signing Form 3971, a copy of which is given to the PSE employee. If a supervisor does not approve an application for leave, the disapproved block on Form 3971 is checked and the reasons given in writing in the space provided. When a request is disapproved, the reasons for disapproval must be noted. AWOL determinations must be similarly noted.

APPENDIX B MEMORANDUMS OF UNDERSTANDING AND LETTERS OF INTENT

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

Re: References to Casuals, TE's, and Supplemental Workforce

The parties agree that all references to casuals, transitional employees and supplemental workforce in the 2006 CBA will be jointly reviewed and replaced with PSE wherever appropriate.

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

Re: Job Audits

The parties understand and agree that if the Postal Service concludes under EAS job audits that any non-managerial or non-supervisory duties did not "seep out" of the bargaining unit, this conclusion shall not affect the Postal