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INTERPRETATIONS – INCENTIVE MEMORANDUM

This document was updated on Sept. 9, 2009, and includes the following changes:

- *Questions were numbered for clarity;*
- *Questions 8 through 11 were added;*
- *The answer to question 4 was expanded.*

- 1. Obviously, USPS can't stop optional retirements or quits. Will the incentive be paid to an employee quitting or retiring on a date other than the one USPS would prefer – for example October 3 instead of October 31?**

See [Question 5. \[Questions and Answers\]](#)

- 2. What happens should USPS decide it made an error but has already paid the \$10,000 to the employee? For example, an ET is permitted to take a VER and the incentive, but USPS later decides that training was necessary or that someone in HR just missed the fact that the employee was an ET?**

Approval for the incentive is made at the time of application with management's approval. There are no provisions of the Memorandum for employee repayment. Discussions continue on the determination of whether or not training is necessary to replace an individual ET or MPE. When these discussions are concluded we will announce the results.

- 3. Does the moratorium on excessing apply to sectional excessing within the installation?**

The moratorium is on "excessing". This moratorium is on the physical movement of workers and will not preclude the employer from continuing excessing related functions.

- 4. Are employees who were excessed into the Letter Carrier Craft eligible for the incentive?**

I am aware of the status of employees who were previously represented by the APWU and have been excessed into the Letter Carrier craft. Because they are no longer covered by the APWU National Agreement, they are ineligible for the incentive, even though more junior APWU-represented employees who have been or will be excessed within the craft are eligible.

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This was specifically discussed during discussions of the Memo, but we recognized that APWU cannot negotiate on behalf of employees in another craft.

A different problem arises with the moratorium on excessing, which anticipates that adjustments will be made to reflect the number of vacancies created by separations caused by the incentive program. The principles of seniority permit the senior excessed Clerk to remain within the installation in another craft while the junior employees are excessed within the craft to another installation. Often, the timing of these reassignments is staggered, with assignment within the installation to another craft occurring on a quicker time schedule than excessing hundreds of miles away. The more senior employee has already been physically reassigned, while a junior is preparing to relocate.

Assuming that the incentives reduce the number of excessed employees in the installation, the affect on the excessed employees will be by seniority. If there is the need to reduce the number of excessed employees after the moratorium expires, such reduction will result in the cancellation of the excessing notice to most senior employee or will trigger retreat rights for the senior employee. The timing of the physical relocation of excessed employees will not be a factor. Of the employees identified as excessed, adjustments will be made by seniority, and the most senior employee previously identified as excess will be returned to the craft and installation. There may be a ricocheting affect where the most senior employee is returned to the craft and the most junior employee's excessing is changed from outside the installation within the craft to another craft inside the installation.

- 5. Those eligible for regular retirement and who elected to take the incentive will they be allowed to carry and be paid for more than 440 hours of annual leave? What will be the disposition of leave balances for previously scheduled and approved annual leave?**

The Memorandum providing incentives does not modify the national or local leave provisions.

- 6. Some employees retired at the end of July after watching/reading PMG Potter's statements to Congress, will President Burrus negotiate anything for these people?**

Negotiations require mutual interest and the Postal Service does not have an interest in expanding the eligibility date effective prior to August 24. I advised the APWU members on repeated occasions to delay their retirement "until" the Postal Service offered compensation. I did not qualify this request and deferred to the personal and private individual determinations. I asked pointedly for members to "help the union help them" by postponing retirement decisions. The union continues to pursue the national dispute for severance pay for all VER employees but it is not anticipated that agreement can be reached to expand the Aug 24 Memo retroactively.

The rationale for the incentive is that the previous VERs and normal attrition did not reduce the compliment concurrent to the reduction in mail so incentives were negotiated. The employees who volunteered to terminate employment delayed the USPS willingness to negotiate.

7. Can an employee who is eligible for optional retirement be granted the opportunity to waive the 5 year FEHB mandate?

What are the military buyback provisions for FERS and CSRS employees?

The 5 year FEHB requirement and military buyback provisions are governed by rules established by The Office of Personnel Management (OPM) and are not subject to provisions of the Memorandum. I will inquire of management to make such request but these issues are beyond an interpretation of the Memo.

8. What is the precise deadline for applying for the incentive?

The Memorandum of Understanding requires that employees who wish to receive the incentive must apply within 30 days of the signing of the Memo. The interpretation of this requirement begins the 30-day count on Aug. 25 and ends it on Sept. 25. This is the understanding that the APWU and USPS have agreed to. Other dates apply for specific activities, but the deadline for applying is Sept. 25, 2009.

9. Are employees eligible for the incentive if they were issued a Notice of Removal or Notice of Separation prior to Aug. 25, 2009, and the grievance protesting their dismissal is resolved through the grievance-arbitration procedure?

Employees who were issued removals on or before Aug. 24 are ineligible. Action taken after that date has no affect on eligibility, unless the employee is returned to duty with full back pay and the removal is expunged from the record. In that case, the employee is entitled to the incentive.

It is important to note that the incentive will only be paid to employees who apply. Employees who are eligible for Optional and VER will receive applications from Shared Services. All other interested employees must request an application to complete and return.

10. Can employees put the first portion of the incentive payment (\$10,000) directly into the Thrift Savings Plan (TSP)?

Employees' contributions to TSP can be made only during *employment* with the Postal Service; the initial portion of the incentive (\$10,000) will be made *after* the employee has terminated employment. In anticipation of receipt of the \$10,000 incentive, employees may, while they are still on the rolls, increase their bi-weekly contributions to the TSP and reduce their taxable income for the year, provided the contributions do not exceed the yearly allowable amount.

11. What is the status of the union's grievance seeking severance pay for employees who accepted offers to voluntarily retire early? If the grievance is sustained, would retirees who accept the current offer be eligible for severance pay, and how much would it be?

The APWU grievance contesting the denial of severance pay (Q06C4QC08268987) is pending arbitration.

The grievance was filed on behalf of all employees who voluntarily retired through the VER offers over the past several years, including those employees who volunteer for early retirement with the current offer. The \$15,000 incentive payment is unrelated to severance pay.

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The amount of severance pay is based on the number of years of service. Employees are credited with one week of compensation for each year of service up to 10 years, plus two weeks' compensation for each year in excess of 10 years. For an employee with 25 years of service, the employee would receive 40 weeks of compensation. This allowance is increased by 10 percent for each full year that an employee's age exceeds 40 years at the time of separation. The maximum compensation through severance pay is 52 weeks. This payment would be made bi-weekly.

If we prevail in arbitration on the USPS obligation to pay severance to employees who accepted VER offers in 2008 and 2009, management and the union would discuss ways of identifying former employees who would be eligible for payment. This process and the payment would depend on the specific wording of the arbitration decision.

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