

## CHAPTER II

# RURAL CARRIER SALARIES

The salary for those rugged pioneer rural letter carriers in 1896 was \$200 per year. Out of that meager salary, the carrier had to provide a horse and wagon and feed the horse. It must be assumed that the carrier already had a horse and wagon; otherwise, he could not have afforded to accept the position. It must also be assumed he raised sufficient produce to feed his family to supplement his income. There must have existed a great desire in the hearts of those early rural carriers to serve their fellow men and their government.

### **NRLCA Organized In 1903**

As the role of the rural carrier increased in importance in rural America, the salaries gradually increased as well. By 1902, the salary had reached \$600 per year. Apparently, as the number of rural routes increased rapidly in those early years, it became necessary to improve the salary of the rural carrier to attract carriers to the position. By 1914, the salary had doubled to \$1,200 annually. By now, the salary of a rural carrier had become a more attractive one in the community. Much of the improvement in salaries could be attributed to the effectiveness of the National Rural Letter Carriers' Association (NRLCA), which was organized in 1903. Improvements in salaries was one of the primary motivations for rural carriers to organize into an Association.

In the early years, all rural carriers were paid the same salary. As routes varied in length, it became apparent that route length should be a determining factor in establishing a carrier's salary. Although a salary schedule based on relative route lengths was placed in effect by the Post Office Department as early as July 1, 1902, a 24-mile route was established as a standard route by Act of Congress on July 1, 1915. The salary for such a standard route was established at \$1,200 per year, with salaries being adjusted downward for routes less than 24 miles in length. A year later, in July 1916, Congress authorized \$24 per annum for each mile that the route exceeded 30 miles in length, not to exceed 36 miles. This was the early beginning of the Rural Carrier Schedule which came to be known as the RCS Schedule. With minor modifications, the RCS Schedule still exists today for a very limited number of rural routes. As will be noted, this schedule became a controversial one more than a half century later.

From 1915 to 1920, the salary on a standard route increased from \$1,200 to \$1,800. The allowance for each mile that routes were in excess of 24 miles in length was increased to \$30 per mile on July 1, 1920. According to records of the Postal Service, a standard route was increased to 30 miles and the allowance for each mile of the route in excess of 30 miles was reduced to \$20 per mile on July 1, 1934. Apparently, this action was the result of the Depression of the early thirties. The salaries of rural carriers remained virtually static until 1943 when a \$300 increase was granted. This was likely the result of the economic upturn during the war years.

### **Grading System Established**

Effective July 1, 1945, the salaries of rural carriers were graduated according to years of service. Carriers entering the service subsequent to the effective date were placed in Grade 1 and were promoted to the next higher grade after one year of satisfactory service until Grade 11 was reached. Promotion to Grades 12, 13 and 14 required additional service of 3, 5 and 7 years, respectively. This was the beginning of paying rural carriers based upon years of service. Grades came to be known as "steps."

For carriers already in the service, a type of "grandfathering" occurred. The majority of carriers were converted to Grade 8. Carriers with routes less than 16 miles in length were assigned to Grades 9, 10 or 11, with the shorter routes being placed in the higher grade. Public Law 500, effective November 1, 1949, eliminated salary grades 12, 13 and 14 and established longevity grades A, B and C. It required 13, 18 and 25 years of service, respectively, to attain the new grades. Several other changes in the grading system were made by Congress before the Compression Agreement was negotiated in 1970, which will be addressed later. Each successive change in the grading system seemed to create dissatisfaction among the carriers in the conversion process. Proper step placement following each change seemed to create problems.

Following the war years, from 1945 to 1970, as the general economy improved, salary increases for rural carriers came on a fairly regular basis, on an average of about every other year. Nevertheless, there was a perception that postal pay had not kept pace with the private sector and when consideration of a salary bill was de-

layed by the postal reorganization controversy, other postal employees were prompted to go on a wildcat strike. This subject will be addressed later.

### **Overburdened Routes**

In the late thirties, rural routes in the suburban areas around the cities became more densely populated and added extra burdens on the rural carrier. As early as July 1, 1938, Congress authorized the postmaster general to pay additional compensation to rural carriers serving heavily patronized routes which did not exceed 38 miles in length. The additional compensation was intended to supplement the salary based on the RCS Schedule and the total compensation was not to exceed \$2,100 per year. Three years later Congress increased the mileage limitation to qualify for the additional compensation to 42 miles, with the same \$2,100 limit per year. By Acts of Congress in the years of 1945, 1946, 1948, 1949, 1951 and 1955, the mileage limitation of the route to qualify for the additional compensation was gradually increased to 61 miles and the total compensation allowable was increased to \$4,700. Eventually, the additional compensation was limited to three hours of overtime for actual work on a route in excess of 40 hours.

In spite of the frequent adjustments in the additional compensation, pressure continued to build for a revision in the pay system for rural carriers. It became increasingly apparent that the mileage was no longer a true measurement of a carrier's workload and that the RCS Schedule was no longer adequate to determine a rural carrier's salary.

John W. (Jack) Emeigh was elected secretary of the NRLCA in 1952. He served superbly in that position until 1967. As other officers came and went, he became the continuity in the Association. Although the national president was always the chief spokesman for the craft, Jack could be described as his administrative assistant who did much of the lobbying in Congress as well as many other important activities in the national office. He became a familiar figure representing rural carriers on Capitol Hill and at the Post Office Department. Jack became known as the "Mr. Rural Carrier" of his day. It was he who faced the constant pressure of revising the rural carrier pay system. It was a crucial time in the rural carrier craft. There were many who were on the heavily patronized routes who were pressing for an hourly basis of pay to be more adequately compensated. This was understandable. On the other hand, there were many more who opposed the hourly rate of pay.

In 1962, Public Law 87-793, among other things, eliminated the 43-hour limitation for additional compensation on the heavily patronized routes. Another important event

occurred that year. President John F. Kennedy signed an Executive Order to grant limited bargaining to federal and postal employees. In an election held within each postal craft, the NRLCA was selected to represent rural carriers in bargaining with the Postal Service, by a wide margin. That action came at a most opportune time, as a new pay system for rural carriers to supplement the RCS schedule was long overdue.

### **Heavy Duty Compensation Schedule Developed**

Here again, Jack Emeigh played a leading role in developing the Heavy Duty Compensation Schedule for rural carriers in conjunction with a compensation officer of the Post Office Department. Contributing to this effort were National President Max Jordan, under whose administration this occurred in 1963, and Tommy Martin, the immediate past president. This new Heavy Duty Schedule provided compensation up to and including 48 hours per week, based upon an evaluated system of pay. Each rural route would be evaluated based upon a two-week mail count, applying certain standards established for the number of miles, boxes and mail volume. The additional hours of evaluation in excess of 40 hours per week were computed at an overtime rate. The pay for those hours was considered as annual compensation, permitting it to be included for retirement purposes. This Heavy Duty Schedule would apply only to those routes where it provided greater compensation than that provided by the RCS Schedule.

It was a unique pay system, indeed, and provided the ideal solution to a lingering problem. It remained virtually unchanged until 1976 when it had to be modified to comply with the Fair Labor Standards Act, which will be addressed later. It is a pay system which has proven beneficial to both parties and one which sets rural carriers apart from all other postal employees who are paid on an hourly basis of pay.

### **The Rural Carrier Schedule (RCS) Dilemma**

One of the overlooked benefits of the H.D. Schedule was that the RCS Schedule was retained for those routes where it was more favorable to the carrier. In fact, the RCS Schedule was a part of the statutes and could only be changed by an Act of Congress. This fact attracted the attention of Post Office Department officials and the General Accounting Office (GAO) of the Congress. Henceforth, most national presidents, upon assuming the office, hoped that they would not be confronted with the loss of the RCS Schedule during their administration. Many hours were spent in negotiations defending the RCS Schedule by NRLCA officers.

Fortunately, for rural carriers, it remained virtually intact until 1978 when it became necessary to yield to a phasing-out process of the RCS Schedule. Under the guidance of President Clifford E. Edwards, a provision was negotiated into the Agreement which phased out those routes evaluating under 35 hours in a very smooth and almost painless manner. Carriers who occupied such routes were given three years to transfer to a vacant route with an evaluation above 35 hours. In most instances, such carriers improved their situation and were satisfied with the result. Furthermore, any carrier who chose to remain on an affected route would have an additional two years of Saved Salary protection. This total of five years gave some carriers sufficient time to reach their retirement eligibility. Very few carriers were adversely affected by the phasing-out process. A limited number of RCS routes still remain today. They are being phased out gradually.

### **The Fair Labor Standards Act**

Another even greater threat occurred to rural carriers' entire pay system during the 1974-1976 period. In May 1974, an Act of Congress placed all postal employees under the provisions of the Fair Labor Standards Act (FLSA). It was soon discovered that the entire Rural Carrier Pay System was incompatible with the FLSA. National officers of the NRLCA were faced with a real dilemma. Initially, the only solution seemed to be to place the rural carrier craft on an hourly basis of pay similar to all other crafts in the Postal Service. Neither party was happy with that thought. Both parties agreed that a legislative exemption should be sought for rural carriers.

In the meantime, while an exemption was sought, it became necessary to develop a temporary solution to comply with the FLSA. It could only be temporary, because it was weighted in favor of the rural carriers and was unfavorable to the Postal Service. They were willing to make the necessary sacrifice to buy time to seek the exemption.

Nearly all of 1975 was devoted to achieving the goal of an exemption from the FLSA provisions. NRLCA President Rial Rainwater's close association with Speaker of the House of Representatives Carl Albert (D-OK) was largely responsible for the success in getting favorable legislation approved by the House.

As often happens, a bill may pass one body of the Congress but never be considered by the other one. That is exactly what happened to this bill. Unfortunately, the AFL-CIO was violently opposed to anyone getting an exemption to the FLSA law which they had worked so diligently to have enacted. They feared an avalanche of ex-

emption requests would follow. The problem was complicated by the fact that the chairman of the Senate Labor Committee, Harrison J. Williams (D-NJ), had close ties to the AFL-CIO. After intensive lobbying efforts in the Senate in the fall of 1975, it appeared that the bill had the support of a majority of the senators, but Sen. Williams could not be persuaded to even hold a hearing on the bill. As November approached, it became obvious that the legislative goal could not be achieved and that other solutions must be found.

During the contract negotiations in the summer of 1975, it became necessary to reach a conditional Agreement with the U.S. Postal Service. The Agreement relative to the pay provisions could be implemented only if a legislative exemption from the FLSA was achieved; otherwise, it would be necessary to renegotiate the Agreement. That time had now come. The NRLCA officers were now searching desperately to find an equitable solution to the problem, short of placing rural carriers on an hourly basis of pay.

Apparently the lobbying efforts during the summer and fall had not been in vain. So many senators had become concerned about the problem that Sen. Williams and his staff were being deluged by them for some answers. The AFL-CIO was also anxious to help find a solution to the problem without an exemption from the law. They were so anxious, in fact, that they offered NRLCA President Lester F. Miller the opportunity to consult with one of their labor consultants who had been on the congressional staff that developed the FLSA legislation in the first place. This person was an absolute authority on the FLSA law and was most helpful. After a visit with this authority, a clue was found which provided a solution to the problem.

The solution relied upon the use of Section 7(b)2 of the FLSA. This section provided for the use of an annual limitation of 2,080 actual hours worked instead of the usual 40-hour per week limitation to comply with the standards. The key to the solution was that the annual limitation of 2,080 hours was based upon actual hours worked and not upon paid hours. Taking into account the holidays and the use of sick and annual leave which a carrier would likely use during the year, most carriers could confine their actual work hours to the 2,080-hour requirement to comply with the FLSA and still be able to carry a 46-hour evaluated route, provided the carrier was able to keep within the normal time standards. Actually, many carriers have been able to comply with the requirements even on a 48-hour evaluated route by working below the time standards.

Finding a solution was only the beginning of solving

the problem. It now became necessary to convince the Postal Service officials that the plan would work. The Association was fortunate to be dealing with a brilliant young man in the Postal Service who was also anxious to preserve the evaluated system of pay for rural carriers. That young man, William Henderson, is serving as the Chief Operating Officer of the Postal Service at this writing. He was more easily persuaded of its validity than some others might have been.

Once convinced that it was a viable solution, the two parties began working together to mold it into a workable Agreement. After about 90 more days of negotiations, the complex Agreement was finally completed. The document was then approved by the Department of Labor. By a fortunate coincidence, William J. Usury was the Secretary of Labor at that time. He had become familiar with the FLSA problem for rural carriers while serving as the mediator for the contract negotiations during the previous year.

The FLSA Agreement was consummated in the spring of 1976, but due to the nature of it, it could not become effective until November 1976 when the results of the mail count became effective. That established the beginning of the guarantee period. Thus, after a prolonged threat to the Rural Carrier Pay System, it was preserved by the cooperation of the two parties working together to find a mutually agreeable solution.

### **Loss Of Level 5 Pay**

One of the most damaging blows to rural carriers' pay status occurred in the 1978 National Agreement. All of the postal unions had agreed to the same economic provisions in the Agreement, which included a "cap" on the cost-of-living allowances (COLA). Although that feature was distasteful to the NRLCA negotiators, since the inflation rate had remained very stable in previous Agreements and since all other provisions of the Agreement were considered satisfactory, the national officers felt comfortable in recommending ratification of the Agreement to the Ratification Committee. The Agreement was

subsequently ratified by the Committee and the NRLCA had an official Agreement.

On the other hand, the other postal unions were having internal political problems at that time and the opponents of the current administrations generated sufficient dissatisfaction with the Agreement among their members to have the Agreement rejected by their membership. This forced their Agreement to go to the arbitration process. The arbitrator altered their economic provisions, removed the cap from their COLA, and modified the no-layoff clause.

Rural carriers now had a different pay schedule than other postal employees. Very little could be done to alter the situation at that time. Actually, it did not seem too serious at the time, as the inflation rate had remained steady during previous Agreements. Unfortunately for rural carriers, the inflation rate reached astronomical levels during the 1978-1981 period. As a result, at the end of that Agreement, rural carriers found themselves \$1,955 behind other crafts for a 40-hour week at Level 5. In reality, it lowered their level below Level 3 as compared to other postal employees.

The national officers believed that this inequity could be corrected in the next negotiations and halt any further damage to that which had been done. The Postal Service viewed it otherwise and refused to grant any relief in any subsequent negotiations. The issue was a part of the 1984 arbitration package, the only time any rural carrier Agreement was arbitrated. Even though the fact-finding panel recommended restoring rural carriers to their traditional Level 5 pay, the arbitrator ruled contrary to their recommendation. It was the arbitrator's contention that the Postal Service had already been required to bear substantial pay increases (to all postal employees) and that any additional financial burden for them would be unwarranted.

One lesson to be learned from all of this is that a benefit once lost in negotiations is seldom recovered in subsequent bargaining.