

NON-BARGAINING UNIT PAY POLICY AND SALARY SCHEDULES SUMMARY OF CHANGES

1. PROMOTIONAL SALARY INCREASE

The current Postal Service pay policy, regarding salary increases on a promotion, is covered under the ELM 413.2 and states – in part – that a Nonbargaining Unit Employee may receive a promotion increase from 3 to 10 percent, with approval of up to 12 percent authorized by the Functional Vice President.

Due to the severe financial difficulties the Postal Service was experiencing in Fiscal Year 2011, an 'interim' policy was issued as outlined below:

- Salary increases are limited to 3 to 5 percent
- Salary increases are limited to 8 percent if an employee is promoted more than once within a 52 week period

All promotional increases that exceed the above guidelines must be reviewed by Compensation and approved by the Chief Human Resources Officer (CHRO). This applies to all Headquarters and Field nonbargaining promotions, except under the following conditions:

- When a higher increase is necessary to bring the salary to the minimum of the new grade
- For promotions to designated supervisory positions covered under the supervisory differential adjustment provision, when a higher increase is necessary to bring it to the minimum salary rate.

PROPOSED CHANGE

Create new promotional pay increase policy that would be determined based on the following two (2) factors:

a. *Distance from maximum of new EAS grade*

Employees will receive a minimum promotional salary increase of 3%, unless the increase takes their salary above the maximum of the new grade.

> 20% = up to 10% inc	10% - 20% = up to 8% inc	< 10% = up to 5% inc
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b. *Total number of EAS grade increases (if applicable)*

If 3 grades = 3% inc	If 4 or 5 grades = 5% inc	If 6+ grades = 8% inc
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* See attached Sample EAS Annual Salary Chart for details

ALL salary increases in excess of the above criteria must be submitted to the Chief Human Resources Officer (CHRO) for review by Compensation & Benefits.

PURPOSE OF PROPOSED CHANGE

This revision would make salary increases for nonbargaining employees promoted within the EAS salary schedule, including such employees whose promotions involve greater increases in responsibility, commensurate with the increased responsibilities of their new jobs. Increases in addition to determinations made by selecting officials will apply automatically as outlined in Table b. above.

No Change to Current Pay Policy as follows:

- c. No employee will receive an annual salary above the Maximum of new grade
- d. No employee will receive an annual salary below the Minimum of the new grade

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2. PROMOTIONAL POLICY - ELM 413.21C

- Current ELM language: If an employee is promoted more than once within 52 weeks, the aggregate promotional increase may not exceed 20 percent of the salary on which the first promotion was calculated.
- Current "Interim" Policy – if an employee is promoted more than once within 52 weeks, the total promotional salary increase amount must not exceed 8 percent.

PROPOSED CHANGE

Revise policy to limit total promotional pay percentage increases to 25% within a 52 week period

PURPOSE OF PROPOSED CHANGE

This revision would increase the 52-week limit, removing a potential inhibitor that might discourage capable and interested employees from applying for positions of greater responsibility when such opportunities are available.

3. VOLUNTARY CHANGE TO LOWER GRADE POLICY - ELM 415.22

The current Postal Service pay policy, regarding voluntary change to lower grade, is covered under the ELM 415.22 and states – in part – that an employee who voluntarily changes to a lower grade position is immediately reduced to the lower grade, but the salary remains the same as that in the higher grade position, provided it is not above the maximum in the lower position's salary range.

PROPOSED CHANGE

Revise policy above to include the following language:

However, if an employee was promoted to their current position less than one (1) year prior to the request for voluntary change to lower grade, their salary will be reduced by the dollar amount of the promotion.

PURPOSE OF PROPOSED CHANGE

This revision would balance the investment of a significant increase in salary and a minimum reasonable commitment from the employee receiving this pay increase.

4. MINIMUM SALARY RANGE ADJUSTMENT METHODOLOGY

Adjustments to salary ranges for EAS pay grades are scheduled as indicated in the chart below, effective January 2013 through January 2016.

EAS Grades	FY 2011		FY 2012		FY 2013		FY 2014		FY 2015	
	Eff Jan 14, 2012		Eff Jan 12, 2013		Eff Jan 11, 2014		Eff Jan 10, 2015		Eff Jan 9, 2016	
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
EAS 1-26	0.0%	0.0%	1.0%	1.0%	1.5%	1.5%	2.0%	2.0%	2.0%	2.0%

A change was made to the salary range adjustment methodology in FY2014 (effective January 2015) and the EAS salary range increases were made as follows:

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- Maximum salaries for each of the EAS grades were increased by 2%
- Minimum salaries for each of the EAS grades were increased by the same dollar amount as the Maximum percentage increase

*Example: EAS 25 maximum increased by 2%, or \$2,298 (\$114,887 to \$117,185)
EAS 25 minimum was increased by \$2,298, or 3.5% (66,592 to \$68,890)
- A 2% increase to minimum would have been \$1,132 (a difference of \$966)*

PROPOSED CHANGE

Apply the adjusted minimum salary range methodology to include the increase scheduled for January 9, 2016.

PURPOSE OF PROPOSED CHANGE

This revision would apply the change made for minimum salaries effective on January 10, 2015 to minimum salaries effective January 9, 2016. The reason for this proposed revision is the same as the reason for the November 18, 2014 similar proposal – to make entry level pay more commensurate with the new work affected employees begin.

5. REVISE PFP SALARY INCREASE CALCULATION PROCESS/POLICY

Currently, the process for applying Pay-for-Performance (PFP) salary increases is to expand minimum salary range prior to applying PFP salary increases. The result of applying the new salary range first is as follows:

- If the employee's salary is below the increased minimum, the total PFP increase is applied to old minimum salary level; and if employee salary remains below the increased minimum after the increase is applied, salary is adjusted to increase minimum.

Example (current – EAS 21)

- *Employee's pay @ minimum = \$55,930*
- *Minimum goes up by 2% = \$57,049*
- *Employee receives a PFP rating of 4, which equals 2%*
- *Employee is automatically increased to new minimum with no performance adjustment*
 - *New Salary = \$57,049*

PROPOSED CHANGE

Apply minimum salary provisions prior to applying PFP salary increase.

Example (proposed – EAS 21)

- *Employee's pay = minimum @ \$55,930*
- *Automatically increase employee's pay = new minimum (determined dollar amount – based on 2% of EAS 21 max of \$1,861) = \$57,791*
- *Employee receives a PFP rating of 4, which equals 2%*
- *Employee receives a 2% increase from new minimum providing performance adjustment*
 - *New Salary = \$58,909*

PURPOSE OF PROPOSED CHANGE

The reason for this proposed revision is to preserve the performance purpose of PFP outcomes by applying minimum salary range determinations before calculating and adding any PFP payout.