

Exhibit 1

1

1 The National Association of Postal Supervisors
2 Independent Federal Mediation and Conciliation
3 Service Guide Panel of Experts

4

5

6

7

Tuesday, December 11, 2018

8

10:00 a.m.

9

10

11

1727 King Street, Suite 400

12

Alexandria, VA 22314

13

14

15

16

17

18

19

20

21

22

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

APPEARANCES

- Susan Halperin, Arbitrator
- Joshua Javits, Panel member
- Robert Hite, Panel member
- Kate S. Attridge, Manager, Collective Bargaining and Arbitration, USPS
- Andy Freeman, NAPS
- Bruce Nicholson, Manager, Labor Relations Policy Administration, USPS
- Erin Lynch, Attorney, USPC
- Terence Flynn, Attorney, USPC
- Preston Handler, Expert Witness
- Sammi Park, Labor Economist, USPS
- Keisha Chambers, Senior Compensation Analyst, USPS
- Jean M. Zachariasiewicz, Esq., Counsel, NAPS and
- Andy Freeman, Esq., Counsel NAPS

223

1 number here, \$83,240 is the market value for this
2 position. The average salary is extremely close
3 at \$82,082 minus 1.4%, so that says that the
4 Postal Service average salary trails the market by
5 1.4% and then when we look at the proposed range
6 and current pay range, and here you can see that
7 they are different, the Postal Service trails the
8 proposed range by 4.5% and the current pay range
9 by 8.8%.

10 Let's do the same treatment for the next job
11 which is the big one, the supervisor customer
12 services. I'll point out again a couple of
13 learnings from that job. Job one is to observe
14 the workload and then give assignments. The SCS
15 for those of you who don't know actually do street
16 observation. They actually walk around and follow
17 these letter carriers to see what they're doing
18 and make those observations. Each day is a
19 different situation requiring the ability to
20 pivot. It's not an easy job by any stretch.
21 SCS's are eligible for overtime pay at straight
22 time.

224

1 Okay, here are the matches that we used.
2 Again, together they encompass the major duties of
3 the job, in this case supervising workers engaged
4 in the delivery of mail, customer service and
5 administrative activities. You've got your
6 administrative activities covered, your customer
7 service covered as well as transportation of
8 products to customers and all that. So, we felt
9 the three together were a good representation of
10 the major duties and responsibilities and when you
11 average the three together you come up with
12 \$63,589. So, the USPS actual pay is 5.1% higher
13 than that and then when you look at the ranges,
14 the same range for proposed and current, the
15 Postal Service is 14% above market, and again, I
16 want to just remind you this has got 13,000
17 employees so this is going to heavily skew the
18 overall results. But I want you to look at the
19 matches here and it's important that you
20 understand how we came up with these matches. You
21 know, a nurse, is a nurse, is a nurse -- not
22 always. There are different kinds of nurses. An

225

1 accountant is an accountant is an accountant -- we
2 hear that all the time -- not true. There are
3 different kinds of accountants. Same thing
4 customer service. I would argue this is not
5 really a true customer service job like a retail
6 customer service. There are some aspects of it
7 because there are window operations but it's not
8 really what this is about. So, it's important
9 that we look very carefully to find the right
10 matches. I think I made that point.

11 I'm going to just quickly go to the market
12 data for the remaining jobs. Here's the Manager
13 of Customer Service. \$79,000 is the market.
14 You're paying 1.8% below the market and when you
15 look at the ranges the proposed range is dead on
16 with the market plus 0.6% and current is -3.9%.

17 So far we've seen some data that suggests at
18 market and some that suggests Postal Service is
19 above market.

20 MR. FREEMAN: And some that's below.

21 MR. HANDLER: And some that's a little bit
22 below, yes. Yes, absolutely, thank you. The

226

1 Supervisor of Maintenance Operations. In the
2 other jobs that we looked at we used kind of an
3 approach where we took different matches that
4 encompassed the various responsibilities of the
5 job; this one's a little bit more straightforward
6 and we found three matches that are arguably
7 pretty much the same. If an organization in the
8 private sector matches to this one, they're also
9 matching to the other one, you can be pretty sure.
10 We use all three again to maximize the sample
11 size: \$77,153 is market and your actual salaries
12 are 1.1% below and your range is dead on market at
13 0.6%.

14 This is one of my favorite jobs: Operations
15 Support Specialist. Based on the title you have no
16 idea what this job does. If you read the
17 description, you'll still have no idea what this
18 job is. Only by asking many people what it is,
19 and very often they didn't know what it was
20 really, I was able to figure out what the basis of
21 this job was. Most important duties are duties
22 #2, 3, 4 and 10. In a nutshell, the OSS uses data

236

1 Risher presented some data up to 32% differential
2 for maintenance employees. What's your reaction
3 to that in terms of whether there is a customary
4 differential in the private sector?

5 MR. HANDLER: In the private sector, I would
6 say in this area, it's not conclusive. Some
7 organizations have policies and others handle it
8 on a case by case basis. I would say those that
9 have policies would have a greater differentiation
10 than what we've seen here today. Generally it
11 would be about 10 to 15 or 15 to 20%. However,
12 there are other mitigating factors at the Postal
13 Service which may make that strategy not all that
14 viable. One of them is that by alleviating
15 compression at this middle management level you
16 may be creating some very steep compression, deep
17 compression, with the executive levels, because at
18 the Postal Service we know at the very top of the
19 house there's a cap on salaries that you don't see
20 in the private sector, so the top person can't
21 make more than 125% of what the vice president of
22 the United States makes. That has a ripple effect

239

1 MS. ATTRIDGE: Finally, when we engaged you to
2 do this study, did we direct you that we needed
3 this to justify our compensation proposal to NAPS?
4 Our pay position to NAPS?

5 MR. HANDLER: The simple answer to that is
6 absolutely not. I work for a reputable
7 organization, Aon, formerly Hewitt Associates. I
8 would not be working there if I were making up
9 numbers and working to satisfy your needs as
10 opposed to representing accurately and objectively
11 what the market is.

12 MR. FREEMAN: Good afternoon, Mr. Handler.
13 When was Aon hired to do this market survey?

14 MR. HANDLER: I don't know the exact date.
15 I'm going to say it was probably about three
16 months ago or so.

17 MR. FREEMAN: So, it was after the Postal
18 Service had already finalized its pay package last
19 July, correct?

20 MR. HANDLER: Yes.

21 MR. FREEMAN: As far as you know and as far as
22 the Postal Service has told us, the Postal Service

240

1 did absolutely no market survey when it was
2 setting the pay package, correct?

3 MR. HANDLER: That's my understanding.

4 MR. FREEMAN: And other than the eight jobs as
5 to which you've done market surveys, are you aware
6 of anyone doing market surveys with respect to the
7 over 1000 other jobs in the EAS?

8 MR. HANDLER: Other than the fact that Dr.
9 Risher did some of those other jobs, no.

10 MR. FREEMAN: You went and looked at eight
11 jobs in four locations, is that my understanding?

12 MR. HANDLER: Yes.

13 MR. FREEMAN: While you were there, did you
14 look at the jobs that the supervisors and managers
15 supervised? Did you look -- you were benchmarking
16 the supervisor of customer services, did you look
17 at the folks they supervised?

18 MR. HANDLER: Absolutely.

19 MR. FREEMAN: And did you look at what those
20 folks earned?

21 MR. HANDLER: I did not look at that at all.

22 MR. FREEMAN: So, you were there, you looked

241

1 at those jobs and you didn't bother looking at
2 whether the people they were supervising were
3 making more than the people who were supervising?

4 MR. HANDLER: That was not part of what I was
5 asked to do.

6 MR. FREEMAN: So you didn't? Okay. One of
7 the places you went to look was the large Morgan
8 Processing Facility in New York City, correct?

9 MR. HANDLER: It was, yes.

10 MR. FREEMAN: You've been here the past two
11 days, correct?

12 MR. HANDLER: Yup.

13 MR. FREEMAN: And you saw that for 2019, only
14 2% of the EAS employees in New York are going to
15 get any pay increase at all, correct?

16 MR. HANDLER: I did see that.

17 MR. FREEMAN: Do you think that that's
18 appropriate in light of what you saw at the Morgan
19 Mail Facility?

20 MR. HANDLER: Whether I think it's appropriate
21 or not has nothing to do with what I saw at the
22 Morgan facility, it has more to do with the

251

1 would give bonuses and incentive pay on top of the
2 maximum, correct?

3 MR. HANDLER: Yes.

4 MR. FREEMAN: And the majority of
5 organizations are giving substantial pay increases
6 every year that are not based on something like
7 the PFP. Would you agree with that?

8 MR. HANDLER: Yes.

9 MR. FREEMAN: With respect to private
10 organizations, whether it's supervisors or
11 unionized employees, those are typically
12 considered to be more complex and stressful to
13 supervise union employees than non-union
14 employees, correct?

15 MR. HANDLER: Yes.

16 MR. FREEMAN: And in fact nationally
17 supervisors of union employees make a premium of
18 more than 20% over supervisors of non-union
19 employees, correct?

20 MR. HANDLER: I would say it's in the
21 neighborhood of 15 to 20.

22 MR. FREEMAN: So, again, when you're comparing