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The Pay Problem

“You have a good government job.” We have all heard it. For a while, I believed it. When I hired in as a PSE, I made 14.60 an hour. I was still in college. Obviously, the Post Office was a step up from my former job – or so I thought.

The fact of the matter is, none of us make enough money. We never have, and it has only become worse. This isn't just a problem for new hires, this fact can spell disaster for the Postal Service.

The Math Doesn't Add Up

Since I have been a Postal Employee for over a decade and I have climbed the pay scale I can say the grass doesn't get much greener as I age. We all have financial constraints and would love to make more.

The core problem boils down to the basic premise that the dollar is not worth as much as it once was. Inflation is a primary reason for this. This has unintended consequences on us, the workers. You make more on paper today than you did twenty years ago, but your dollar has less buying power.

The issues goes all the way back to the formation of our collective bargaining rights. To really understand how far we have fallen let's look at a direct comparison of wages. Us vs us.

To make this as fair as possible, I will compare a Part Time Regulars pay from 1971 to a Full Time Regular from today. We have more steps today than they had in 1971, but I want to make a point. Keep in mind FTRs made more.

1971, a level 6 PTR (Part Time Regular) started at 3.79 an hour according to APWU.org historical pay scales. A dollar in 1971 is worth 7.51 today according to the Federal Reserve Bank of Minnesota.

To get an effective dollar value, the purchase power of the 3.79 hourly rate in 1971 is the same as making 28.46

an hour today. You get that figure by multiplying 7.51 by the base pay of 3.79. That means when starting as a regular you made more in 1971 than you do today. Compare the 2011 Pay Scale or the current Pay Scale, we make less today.

The very top of the pay scale, the PTR would make 5.14 an hour. Or 38.63 an hour in 1971. That is more than a top of scale level 8 today.

As of August 26th, 2023, a maxed-out level 6 makes 35.02 an hour. That means that a top of the pay scale level 6 clerk today makes almost 10% less an hour than the equivalent in 1971.

Across the board we make less per hour than we did in 1971.

The PSE Problem

Most of us started as a temp employee of some sort. A PSE, a Casual, etc. As of November 19th 2022, a PSE makes 20.05 an hour. I hear this a lot, '\$20 an hour is a lot of money! I made \$7 an hour when I started!' My answer to that is, inflation and cost of living makes you \$7 worth way more, and \$20 an hour is not competitive like the starting wages were in the past. The truth is, a PSE can make almost as much money for way less effort.

According to Business Insider, the average Costco employee starts at over 18 an hour. Amazon gave warehouse workers a raise in 2022 bringing most up to \$19 an hour. Several companies offer hiring bonuses for workers, including McDonalds. The Post Office does not offer sign on bonuses as many companies are offering wages in the same ball park hourly. That is a huge problem.

If you have worked elsewhere, you know the Post Office requires a far higher level of on the job and technical knowledge than a fast-food job or retail job. To be a window clerk you need a more than basic knowledge on Postal products. You can't say the same about any other Cashier job.

The post office can be physically more challenging than comparable jobs. What other job has your ability to lift 70 pounds as a hiring requirement? And don't get me started on Management. The Post Office is not

exactly known as a fun place to work.

I am only scratching the surface. We all know the Post Office historically lacks employee flexibility. You end up working most holidays in a busier facility and struggle to get time off.

Our direct competition for employees, UPS, has a new contract that raises all part time employees to at least \$21 an hour and a scheduled raises of 7.50 over their new contract length. A PSE makes less than a UPS Part Time Warehouse worker.

If you had the choice, would you take 2 dollars less an hour to work at Costco which has a known better working environment and more traditional hours? Or if someone offered you a nearly a dollar an hour raise to go work for your employer's competitor, would you?

Rent Is Too Damn High

Up to this point we know we make less than we did in 1971. Inflation makes our wages stagnant. We know a PSE has options to make more at UPS or for slightly less have an easier job with a better work life balance. But the elephant in the room must be acknowledged. Cost of Living.

In 1971 you are a Postal Employee and you just got a groundbreaking contract. You make way more money than you did a year ago. A year later you look to buy a house after saving some money. A house would cost you 26,800 according to the US Census Bureau (Average Median Home Price). That's 189,000 in today's dollars.

That same house today would cost over 440,000. That means, dollar for dollar, a house is twice as expensive today than it was in 1971. The average rent, according to Redfin in 2023 is over 2,000 a month today. Which is hundreds more than a mortgage payment.

Cost of Living is up across the board, bottoming out at about 40% higher for traditional expenses like transportation or a vacation, or more than doubling for expenses like a home, rent, or an education.

The bottom line is with inflation we make less today than we did in 1971 and our dollar goes half as far. None of us would be here if we were paid at minimum 40% less.

What Can We Do?

As a whole, the Union has fought tooth and nail to get us as much money as possible. The Postal Service is not a for profit business and as such we are handicapped by a poor business model. The Federal Government likes to meddle and make our balance sheets look horrible.

The Postal Service has been able to hide behind the fact we are not for profit. For profit companies have a balance sheet with profits – something we cannot have. This gives the Union very little negotiating leverage. When we do have a positive balance, congress moves to change the laws

to limit the Postal Service. The truth of the matter is, it is miraculous the Union has bargained for any raises in the past couple decades when the balance sheet for the Postal Service appears in the red.

We operate under a convoluted pricing system which has congressional input through restrictions on product prices. The Board of Governors sets a proposed price change. The price change is then reviewed by the Postal Regulatory Committee (PRC). The PRC allows for public input.

In this process, when the Postal Service asks for a raise in product pricing, two elements have been cited over and over again. One, Retirement. With pre funding retirement benefits the Postal Service has a burden no other company has and this prefunding artificially impacts the Postal Services balance sheets. Two is Inflation.

Yes, the postal service argues they must raise prices due to inflation. Since we get a Cost-of-Living adjustment, we are used as a bargaining chip. In addition to fuel, transportation and processing costs.

What I have not seen mentioned by the Postal Service is its workers are chronically underpaid. Our wages includes Cost of Living (Cola) adjustments, which means our inflation dollar value should be equal to 1971. It is not. Add in the fact all goods and services cost more now, what the Postal Service pays simply is not enough to warrant employee loyalty or retention.

Our Pay Is The Postal Services Next Crisis

When a new prospective postal employee has a choice between working for more money at UPS, or a more work life balance job like Costco, or a sign on bonus at McDonalds, which employer would you pick?

The Postal Service has a problem. That problem is we do not get paid enough. A two-tiered pay structure dissuades new applicants. Our pay itself being insufficient compared to inflation and Cost of Living means employee retention is harmed. The only way to keep employees working the mail is to pay us more.

A PSE working 80 hours a pay period earns roughly \$1,250 after Federal tax, State tax and Social Security are deducted. Health Insurance, retirement contributions, etc. are not included and can vary wildly. If you have a family, live in a high cost of living state, or have student loans you simply can't afford to accept a job at the Post Office today.

The Postal Service of tomorrow requires knowledgeable employees. As technology improves so does the requirement for trained and educated employees. The Postal Service requires employees who are smarter and more flexible than professions that pay a comparable wage. The only way to hire and retain those employees is to pay more.

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