August 21, 2025

Retroactive payments highlight the unique structure of the NALC National Agreement

Earlier this year, America’s city letter carriers once again witnessed the value and power of collective bargaining when the Postal Service implemented the first six wage increases called for in the 2023-2026 National Agreement. These consist of four cost-of-living adjustments (COLAs) and two general wage increases (1.3 percent and 1.4 percent), which were secured in the interest arbitration award issued by Arbitrator Dennis R. Nolan on March 21 of this year.

Under the terms of the Nolan Award, the top pay of letter carriers, Step P, increased by $4,758 annually, or 6.3 percent, on April 19—a percentage increase that every carrier in other steps of Table 2 also received. City carrier assistants (CCAs), who do not receive COLAs under the contract, received pay increases of 4.7 percent, which reflects the two general wage increases plus an additional 1 percent for each one. On June 14, a $1,000 annual increase in the salary of Step P (in both Tables 1 and 2), to a level of $81,057 annually, was implemented. Additionally, on July 12, Steps AA and A in the Table 2 wage schedule were eliminated, boosting starting career pay by about 4.5%to $51,133 annually.

But that demonstration of collective bargaining was only part of the story. Later this month, career letter carriers will receive full back pay resulting from the six wage increases between Aug. 26, 2023—the effective date of the contract’s first COLA—and April 18, 2025. CCAs will also receive full back pay for their two increases, 2.3 percent and 2.4 percent, respectively.

**Retroactive pay to be included in Aug. 29 paychecks**

The Nolan Award provides for full retroactivity for the first two general wage increases (for Tables 1, 2 and 3 and the first four COLAs for Tables 1 and 2). This required the Postal Service to recalculate the pay for every paid hour—including all work hours (straight time, overtime, penalty overtime and other premium pay) and all paid leave hours—between Aug. 26, 2023, (the effective date of the first COLA) and April 19, 2025, when the new contract’s wage rates were implemented.

For career city carriers in Tables 1 and 2, the backpay periods covered are:

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| --- | --- |
| 1. First COLA—$978 at Step P: | 8/26/23 to 4/18/25 |
| 2. First General Increase—1.3 percent: | 11/18/23 to 4/18/25 |
| 3. Second COLA—$353 at Step P: | 3/9/24 to 4/18/25 |
| 4. Third COLA—$978 at Step P: | 9/7/24 to 4/18/25 |
| 5. Second General Increase—1.4 percent: | 11/16/24 to 4/18/25 |
| 6. Fourth COLA—$416 at Step P: | 3/8/25 to 4/18/25 |

For CCAs in Table 3, the back pay periods are as follows:

|  |  |
| --- | --- |
| 1. First General Increase—2.3 percent: | 11/18/23 to 4/18/25 |
| 2. Second General Increase—2.4 percent: | 11/16/24 to 4/18/25 |

As with all interest arbitrations, back pay is not guaranteed, and NALC had to fight to get full retroactivity in the Nolan Award. USPS has typically asked arbitrators to reject retroactivity—a policy it follows with its managers and supervisors covered by the so-called EAS schedule. NALC always argues for full retroactivity, which we have usually achieved—but not always. In a couple of previous awards, COLAs were either deferred or “cashed out” (i.e., converted to one-time lump sum payments that do not permanently raise wages). In others, USPS was allowed to use back pay “estimations” to save on administrative expenses. Like every provision and article in the National Agreement, retroactivity must be fought for and won.

Two other notes on back pay:

* The changes in the city carrier pay tables (the $1,000 increase to Step P in June and the elimination of Steps AA and A in Table 2 in July) were prospective wage improvements; therefore, they were not subject to the retroactivity provisions.
* Letter carriers who have retired after working under the terms of the 2023-2026 National Agreement will receive retroactive back pay and will have their retirement annuities recalculated after USPS recertifies/adjusts their high-3 averages with the Office of Personnel Management.

And the back pay will arrive just before the fifth COLA of $790 (at Step P) is scheduled to take effect on Sept. 6. (The COLA will be applied proportionally to other Steps in Table 2, an increase of about 1 percent.)

This flurry of pay raises and salary changes won through collective bargaining reveals the structure of the NALC contract developed over NALC’s 54 years of collective-bargaining history with the Postal Service. As the union begins its preparations for a new round of contract talks early next year, now is a good time to consider the unique and complex structure of our National Agreement.