

## **National Performance Awards Agreement**

*between the*

Internal Revenue Service and the National Treasury Employees Union

**I. Purpose.** This Agreement between the Internal Revenue Service (hereafter the Service) and the National Treasury Employees Union (hereafter the Union) establishes policies and procedures for implementing a National Performance Awards Program to recognize and reward high employee performance during Fiscal Year (FY) 2002. Article 18 of the National Agreement, as amended by the November 2000 Memorandum of Understanding on the Reopening of the National Agreement (hereafter, the Re-Opener MoU), shall continue to apply to Quality Step Increases (QSIs), bilingual awards, time-off awards, and other related matters, to the extent consistent with the provisions of this Agreement. In this regard, if the specific terms of this Agreement conflict with any other collective bargaining agreement or memorandum of understanding negotiated by the Parties, the terms of this Agreement shall govern.

**II. Performance Award Funding.** Performance awards covered by this Agreement shall be paid out in September of 2002. In this regard, the Service has determined that in Fiscal Year (FY) 2002, it will establish an overall awards budget for bargaining unit employees of an amount equivalent to 1.42% of total estimated aggregate bargaining unit payroll (excluding benefits). Of that amount, the Service has further determined that at least 90% shall be used to fund employee performance awards in accordance with the following procedures, with the remainder of that amount (that is no more than 10%) used to fund discretionary awards for bargaining unit employees; however, in this regard, the Service has determined that any funds not otherwise used for said discretionary awards shall be reallocated to the performance awards portion of the budget. As a general matter, the Service agrees to consult in advance with the Union and consider their recommendations, through the Joint Performance Awards Committee (see Section VIII. below), prior to making its initial distribution of funds from that budget to its various Divisions and equivalents, and/or prior to effecting any subsequent reallocation of such funds among those components.

**III. Performance Award Pools.** Performance award pools shall generally conform to the Service's newly established organization structure within each of its major components (that is, Operating, Functional, and Support Divisions). FY 2002 performance award pools are detailed in Appendix A to this Agreement.

**IV. Performance Award Eligibility.** To be eligible for an award, an employee must have been permanently assigned to a Bargaining Unit position during FY 2002, on the rolls as of June 30, and must have received a performance rating of "Fully Successful" or higher for the rating period. If an employee who is otherwise eligible for a performance award has not been a member of the Bargaining Unit for the entire appraisal year, the award will be prorated based on the number of hours the employee

has been assigned to a Bargaining Unit position during FY 2002, as follows: 260 to 520 hours, 25% of the award amount; 521 to 1040 hours, 50%; 1041 to 1560 hours, 75%, and over 1560 hours, 100%.

**V. Performance Award Participation Rates.** As an amendment to the Parties' November 2000 Re-Opener MoU, award participation rates (that is, the percentage of otherwise eligible employees in any given performance award pool who receive a monetary performance award) shall be established for each business unit and its various award pools. These pool-wide rates shall be calculated by the Service, according to the procedures set forth below, and furnished to the Joint Performance Awards Committee established by Section VIII below, for review and validation by no later than September 30, 2001; thereafter, the Service will officially communicate those rates to designated management and union officials responsible for the administration of this Agreement. Participation rates will also be posted on the IRS Intranet.

**a. Occupational Categories.** Award participation rates shall be calculated on an annual basis according to nine major occupational categories, corresponding to the nine most populous occupations in the Service (that is, those with 2,000 or more employees): Revenue Agent; Revenue Officer; Tax Examiner; Tax Specialist; Customer Service Representative; Computer Specialist; Secretary; Miscellaneous Clerk and Assistant, including Mail and File Clerk; and Tax Technician. In addition to these rates, a single "Other" award participation rate shall be calculated for those employees not otherwise covered by one of these occupational categories.

**b. Pool-Wide Rates.** Except as specified below, participation rates shall be calculated and applied separately for each award pool described in Appendix A. The participation rate for each occupational category (including the "Other" category) shall be calculated by dividing the total number of those employees in that pool who received a performance award in FY 2000 by the total number of pool employees in that category. If there are ten or less employees in a particular category, the category rate for the entire organizational component (for example, the Division) shall be used. Rates shall be based on employees in a particular occupational category officially assigned to a pool on June 30, 2002. In this regard, an employee need not have been assigned to a position in that particular category in FY 2000 in order to count in the participation rate calculation for that category in FY 2002.

**c. Exceptions.** As an exception to the above, a separate category participation rate will apply within a portion of a performance pay pool (for example, to a particular State or Territory) under certain limited circumstances. In this regard, the Service will also calculate separate category participation rates within each pool for each Territory (for those components that have them) or State (for those components that do not). Where a particular State or Territory category participation rate differs from the pool-wide category rate by plus or minus 10%, the difference between the pool-wide rate and the State or Territory rate shall be divided in half and added or subtracted, as appropriate, to the pool-wide rate. The resulting percentage shall serve as the category participation rate for that particular State or Territory, as applicable. However, where

there are ten (10) or less category employees in a particular State or Territory, the category rate for the entire pool shall automatically apply.\*

**d. Tied Average CJE Scores.** If, in applying the established award participation rate to employees in a particular pool, the actual percentage of employees who are eligible for a monetary performance award exceeds the established participation rate because of tied average CJE scores, the award participation rate for that pool will be adjusted to the next highest average CJE score among employees in that occupation.\*\* An honorary performance award (in the form of a “promotion point,” as provided by Article 13 of the National Agreement) will be granted to all employees who do not receive a monetary award as a result of this Section.

**VI. Performance Awards Shares.** Pursuant to Section II.B.1 of the Memorandum of Understanding on the Reopening of the National Agreement, which amended Article 18 of the Parties’ National Collective Bargaining Agreement, the computation of awards for eligible Bargaining Unit employees will be according to a “share” system. In this regard, if an otherwise eligible employee whose average Critical Job Element (CJE) score is within the category participation rate for his or her performance award pool, that employee will receive an award based on the number of shares he or she has earned, multiplied times the value of a share in that employee’s particular performance award pool. (See Section XI for procedures regarding tied scores.) An employee’s shares are determined by multiplying his or her average CJE score by the employee’s General Schedule grade. The dollar value of an individual share is then determined by dividing the funds allocated to the employee’s performance award pool by the total number of individual shares earned by all employees in that pool. Awards are subject to the maximum and minimum limits as described in Section VII, below, and in Appendix B.

---

\* For example, of a total of 600 Revenue Agents in a particular SB/SE Area, 300 received awards last year; thus, that Area would have an FY 2002 Revenue Agent awards participation rate of 50%. However, in one of the several Territories in that Area, 40 out of a total of 60 Revenue Agents received awards last year, thus resulting in an RA award participation rate of 66%. Since that Territory rate exceeds the Area rate for Revenue Agents by more than 10%, Section V, Paragraph c above applies. In this regard, the difference between the Territory rate and the Area rate (66% - 50%, or 16%) is divided in half, and the result (8%) is added to the Area rate to establish an “adjusted” awards participation rate of 58% for RAs in that Territory. The awards participation rate for all other RAs in the Area would remain at 50%.

\*\* For example, an SB/SE Area has an established award participation rate of 70% for the 100 Revenue Agents in that Area. Twelve RAs (or 12%) in the pool have an average CJE score of 4.8, twenty-three RAs (or 23%) have a score of 4.6, thirty-four (or 34%) have a score of 4.4, and thirty (or 30%) have a score of 4.2. Applying the established participation rate, employees with CJE scores of 4.8, 4.6, and 4.4, comprising 69% of those in the pool, would receive monetary awards. In this regard, if the 30 additional employees tied at 4.2 were also to receive a monetary award, this would result in a participation rate of 99% -- far exceeding the established participation rate of 70%. Accordingly, the award participation rate for this pool would be adjusted to 69% (that is, the percentage of employees at the “next highest CJE score”). However those employees with a score of 4.2 would still receive a promotion point because their CJE score still falls within the original 70% participation rate.

**VII. Performance Award Minimums and Maximums.** For FY 2002, performance awards shall be subject to minimum and maximum limits. Those limits shall be based on FY 2000 award data and shall be established on a Servicewide basis for each occupational category identified in Section V. above, including the "Other" category. (See Appendix B.) To the extent that the minimum and maximum limitations cause a deficit or surplus of funds in any given performance award pool, the Service will reallocate funds to or from that pool in accordance with Section II, above. Cash awards granted in lieu of Quality Step Increases (QSIs) in accordance with Article 18, Section 2B of the National Agreement are not subject to the minimum and maximum amounts described in this Section.

**VIII. Joint Performance Awards Committee.** The Parties will establish and charter a Joint Performance Awards Committee (JPAC) to provide guidance with respect to oversight and implementation of this Agreement, as well as on other matters related to bargaining unit performance management and awards, as agreed to by the Parties.

a. The JPAC will evaluate, and as appropriate, make recommendations to the National Parties concerning adjustments to performance award minimums and maximums described in Section VII of this Agreement, as well as to the occupational categories covered thereby. The JPAC will also make recommendations regarding a public recognition program for award recipients.

b. The Committee will be composed of four Service representatives and four Union representatives. A Service representative and Union representative shall co-chair the Committee. Those Union representatives that are bargaining unit members shall be provided with official time, as well as travel and per diem expenses, to discharge their Committee responsibilities, to the extent authorized under the National Agreement. Either party may bring in subject matter or technical experts. Thereafter, the Committee shall meet on a quarterly basis in the Washington D.C. area and may meet more frequently upon agreement by the Parties.

c. The Committee will hold an initial meeting in September/October, 2001, at which time it will review and ratify the performance award pool participation rates developed under this Agreement.

**IX. Dispute Resolution.** Systemic problems with implementation of this Agreement may be raised by either Party to the JPAC by referring said dispute in writing to the other Party's Committee co-chair. Thereafter, the JPAC co-chairs shall meet within thirty (30) calendar days to attempt to resolve the matter. If the matter cannot be resolved by the JPAC, the Party raising the issue may invoke arbitration, in accordance with the terms of Article 43 of the Parties' National Agreement. In lieu of this procedure, the Parties may agree to an alternative expedited dispute resolution process, which may include the appointment of an arbitrator empowered to issue bench decisions. Individual grievances regarding the application of this agreement shall be handled under the negotiated grievance procedures. However, the parties may by mutual agreement use the JPAC process.

**X. Reports.** To the extent that its information systems permit, the Service will prepare and provide a comprehensive quarterly report to the JPAC on the various aspects of the National Performance Awards Program. The details of that report shall be determined by the JPAC.

**XI. Effective Date and Duration.** This Agreement shall become effective thirty (30) calendar days from its date of execution (as indicated by the signatures below), or upon agency head approval, whichever comes first. It will remain in effect for the FY 2002 appraisal cycle, including the distribution of awards pursuant to ratings rendered therein, unless otherwise extended by the Parties. Further, either Party may reopen this agreement at any time prior to September 30, 2002.

**For the Union**

**For the Employer**

***/s/Colleen M. Kelley***

***/s/Bob Wenzel***

\_\_\_\_\_  
Colleen M. Kelley, NTEU  
National President

\_\_\_\_\_  
Bob Wenzel, IRS  
Deputy Commissioner

***/s/Frank Ferris***

***/s/David A. Mader***

\_\_\_\_\_  
Frank Ferris, NTEU  
National Executive Vice President

\_\_\_\_\_  
David Mader, IRS  
Assistant Deputy Commissioner

***/s/Michael B. Filler***

***/s/R. Sanders***

\_\_\_\_\_  
Michael B. Filler, NTEU  
Director of Negotiations

\_\_\_\_\_  
Ronald P. Sanders, IRS  
Chief Human Resources Officer

**26 SEPT 01**

\_\_\_\_\_  
Date

## Appendix A: Performance Award Pools

**Performance Award Pools.** FY 2002 performance award pools shall generally conform to the Service's newly established organization structure within each of its major components (that is, Operating, Functional, and Support Divisions), as follows:

**a. Operating Divisions.** For the Wage and Investment (WI) Division, pools shall be established for its Headquarters and each Service Center Campus or portion thereof, as well its several Customer Assistance, Relationships, and Education (CARE) Areas. For the Small Business/Self-Employed (SB/SE) Division, pools shall be established for its Headquarters, its Service Center Campuses or portions thereof, its Compliance Areas, and its TEC organization. For the Large and Mid-Size Business (LMSB) Division, pools shall be established for its Headquarters, as well as for geographic areas that coincide with SB/SE Compliance Areas (except for LMSB's Areas 11 and 12, which shall be merged into one pool). For the Tax Exempt and Government Entities (TEGE) Division, pools shall be established for its Customer Account Services function, its Employee Plans and Exempt Organizations (EP/EO) Determinations function, and its Government Entities function, as well as for each of its six EP/EO Areas; in this regard, EP/EO Area pools shall include employees in its Programs and Review functions in each of those Areas, with the Mid-Atlantic EP/EO Area also including all TEGE Headquarters and technical employees.

**b. Functional/Support Divisions and the National Headquarters.** A separate pool shall be established for the Service's National Headquarters. For Appeals, pools shall be established for its Headquarters, each of its ten Areas covering SB/SE and TEGE, and its LMSB Unit. For Taxpayer Advocate, pools shall be established for each of its nine areas, as well as a single, combined pool comprised of its Headquarters and Operating Division Taxpayer Advocate (ODTA) employees. For Agency-Wide Shared Services (AWSS), pools shall be established for its five Facilities Operations Areas, as well as separate, organization-wide pools for its Personnel, Procurement, Career Management, and Customer Support functions. For Communication and Liaison, a single pool shall be established for the organization. For Modernization/Information Technology Services (MITS), pools shall be established for each of its computing centers and its functional and program offices, or combinations thereof, as well as the Business Systems Modernization Office (BSMO).

BUSINESS UNITS	PERFORMANCE AWARD POOLS	# OF BU EMPLOYEES <sup>1</sup>
<b>W&amp;I</b>	AUSTIN CAMPUS	4,316
	FRESNO CAMPUS	4,264
	ATLANTA CAMPUS	3,930
	KANSAS CITY CAMPUS	3,444
	ANDOVER CAMPUS	2,989
	PHILADELPHIA SUB PROC	2,136
	MEMPHIS SUB PROC	1,765
	BROOKHAVEN SUB PROC	1,697
	HEADQUARTER	897
	CARE- AREA 2 - GREENSBORO, NC	542
	CARE- AREA 3 - NEW ORLEANS, LA	393
	CARE- AREA 1 - HARTFORD, CT	358
	CARE- AREA 5 - ST LOUIS, MO	322
	CARE- AREA 4 - INDIANAPOLIS, IN	296
	CARE- AREA 6 - PHOENIX, AZ	271
	CARE- AREA 7 - SAN FRAN BAY AREA, CA	239
		<b>SUB-TOTAL</b>
<b>SBSE</b>	OGDEN CAMPUS	5,403
	CINCINNATI CAMPUS	4,013
	PHILADELPHIA ACT MGT & COMP	3,240
	BROOKHAVEN ACT MGT & COMP	2,453
	MEMPHIS ACT MGT & COMP	1,692
	COMPLIANCE - AREA 8	1,226
	COMPLIANCE - AREA 10	1,225
	COMPLIANCE - AREA 2	1,122
	COMPLIANCE - AREA 6	1,055
	COMPLIANCE - AREA 7	917
	COMPLIANCE - AREA 1	857
	COMPLIANCE - AREA 5	845
	COMPLIANCE - AREA 13	842
	COMPLIANCE - AREA 3	836
	COMPLIANCE - AREA 9	836
	COMPLIANCE - AREA 4	829
	COMPLIANCE - AREA 14	825
	COMPLIANCE - AREA 11	792
	COMPLIANCE - AREA 16	750
	COMPLIANCE - AREA 12	531
	TAXPAYER ED	344
	HEADQUARTER	470
	COMPLIANCE - AREA 15	155
	<b>SUB-TOTAL</b>	<b>31,258</b>
<b>LMSB</b>	AREA =7	715
	AREA =2	695
	AREA =10	558

<b>BUSINESS UNITS</b>	<b>PERFORMANCE AWARD POOLS</b>	<b># OF BU EMPLOYEES<sup>1</sup></b>
	AREA =3	439
	AREA =1	411
	AREA =9	355
	AREA =11&12	348
	AREA=16	319
	AREA =13	316
	AREA =8	291
	AREA =6	236
	AREA=15	197
	AREA =5	195
	AREA =4	188
	AREA=14	111
	HEADQUARTER	89
	<b>SUB-TOTAL</b>	<b>5,463</b>
<b>TEGE</b>	EP & EO P&R MID-ATLANTIC	493
	EP & EO P&R PACIFIC COAST	230
	EP & EO DETERMINATIONS	199
	EP & EO P&R NORTHEAST	199
	EP & EO P&R GREAT LAKES	168
	EP & EO P&R GULF COAST	138
	GOVERNMENT ENTITY	115
	EP & EO P&R CENTRAL MOUNTAIN	103
	CUSTOMER ACCOUNT SERVICE	98
	<b>SUB-TOTAL</b>	<b>1,743</b>
<b>M/ITS</b>	SYSTEMS DEVELOPMENT	1,328
	END USER COMPUT MGT	1,291
	ENTER SYS & ASSET MGT	1,162
	MARTINSBURG COMP CTR	629
	DETROIT COMP CENTER	474
	PRODUCT ASSURANCE	280
	CORPORATE COMPUTING	243
	TENN COMPUT CENTER	180
	HR & ORG SERVICES, CITS, BSMO	141
	STRG CUST SUPPORT	127
	TELECOMMUNATIONS, OPER PRGM & SRV MGT	75
	<b>SUB-TOTAL</b>	<b>5,930</b>
<b>TAS</b>	AREA8	308
	AREA9	304
	AREA3	195
	AREA5	181
	AREA6	140
	AREA4	136
	AREA2	131

<b>BUSINESS UNITS</b>	<b>PERFORMANCE AWARD POOLS</b>	<b># OF BU EMPLOYEES <sup>1</sup></b>
	<b>AREA7</b>	<b>116</b>
	<b>AREA1</b>	<b>114</b>
	<b>HEADQUARTER &amp;ODTA</b>	<b>56</b>
	<b>SUB-TOTAL</b>	<b>1,681</b>
<b>APPEALS</b>	<b>AP LMSB AREA-MANHATTAN,HOUSTON,CHICAGO,SAN FRAN</b>	<b>238</b>
	<b>AP SB/SE-TE/GE AREA 1-MANHATTAN</b>	<b>185</b>
	<b>APPEALS HEADQUARTER</b>	<b>178</b>
	<b>AP SB/SE-TE/GE AREA 4-CHICAGO</b>	<b>155</b>
	<b>AP SB/SE-TE/GE AREA 9-SAN FRAN</b>	<b>151</b>
	<b>AP SB/SE-TE/GE AREA 5-NASHVL</b>	<b>141</b>
	<b>AP SB/SE-TE/GE AREA 7-DALLAS</b>	<b>119</b>
	<b>AP SB/SE-TE/GE AREA 10-LAGUNA</b>	<b>113</b>
	<b>AP SB/SE-TE/GE AREA 3-BALTIMORE</b>	<b>88</b>
	<b>AP SB/SE-TE/GE AREA 8-DENVER</b>	<b>80</b>
	<b>AP SB/SE-TE/GE AREA 2 PHILA</b>	<b>79</b>
	<b>AP SB/SE-TE/GE AREA 6-ST PAUL</b>	<b>63</b>
	<b>SUB-TOTAL</b>	<b>1,590</b>
<b>C&amp;L</b>	<b>ALL</b>	<b>123</b>
	<b>SUB-TOTAL</b>	<b>123</b>
<b>AWSS</b>	<b>PERSONNEL</b>	<b>468</b>
	<b>FACILITIES OPERATIONS-AREA 2 - HOLTSVILLE, NY</b>	<b>440</b>
	<b>FACILITIES OPERATIONS-AREA 1 - ATLANTA, GA</b>	<b>427</b>
	<b>PROCUREMENT</b>	<b>362</b>
	<b>FACILITIES OPERATIONS-AREA 3 - WASHINGTON, DC</b>	<b>178</b>
	<b>FACILITIES OPERATIONS-AREA 4 - MIDWEST</b>	<b>177</b>
	<b>FACILITIES OPERATIONS-AREA 5 - SAN FRANCISCO</b>	<b>128</b>
	<b>CAREER MANAGMENT &amp; LEARNING CENTERS</b>	<b>119</b>
	<b>CUSTOMER SUPPORT</b>	<b>110</b>
	<b>HEADQUARTERS</b>	<b>66</b>
	<b>SUB-TOTAL</b>	<b>2,475</b>
<b>NHQ</b>	<b>ALL <sup>2</sup></b>	<b>531</b>
	<b>SUB-TOTAL</b>	<b>531</b>
<b>1/ Numbers include permanent employees;exclude series 356; and based on most current pay period pp1201.</b>		
<b>2/ Offices in NHQ includes Office of the Commissioner, Counselor/Director of Practice, CF0, Organizational Modernization, Asst. Dep. Comm Operations, SHR, EEO &amp; DIVERSITY, Area Offices.</b>		

## Appendix B: Performance Award Ranges by Occupation

Occupations	Minimum	Maximum
<b>COMPUTER SPECIALISTS (334)</b>	<b>\$ 300</b>	<b>2500</b>
<b>REVENUE AGENT (512)</b>	<b>\$ 200</b>	<b>2000</b>
<b>REVENUE OFFICER (1169)</b>	<b>\$ 200</b>	<b>1800</b>
<b>OTHER</b>	<b>\$ 200</b>	<b>1600</b>
<b>TAX SPECIALISTS (526/598)</b>	<b>\$ 200</b>	<b>1300</b>
<b>CUSTOMER SERVICE REPRESENTATIVE (962)</b>	<b>\$ 125</b>	<b>1200</b>
<b>SECRETARY (318)</b>	<b>\$ 100</b>	<b>1100</b>
<b>TAX EXAMINER (592)</b>	<b>\$ 100</b>	<b>1200</b>
<b>MISCELLANEOUS CLERK &amp; ASSISTANT (303)</b>	<b>\$ 75</b>	<b>1000</b>
<b>MAIL &amp; FILE CLERK (305)</b>	<b>\$ 50</b>	<b>1000</b>