

# NORD/NC V AGREEMENTS

## *Memorandum of Understanding on the Reopening of the National Agreement*

**I. Introduction.** This Memorandum of Understanding (MoU), entered into by and between the Internal Revenue Service (the Service) and the National Treasury Employees Union (the Union), is intended to amend and/or supplement the Parties' existing NORD and NC agreements. In consideration thereof, the Parties hereby waive their right under Article 52, Section 4, to reopen and otherwise modify those NORD and NC V agreements for their duration. To the extent that this Memorandum amends those NORD and NC V agreements, or any other collective bargaining agreement(s), memoranda of understanding or letter(s) of commitment negotiated between the National Parties (hereafter, the Parties), the provisions of this Memorandum shall prevail, where the provisions expressly cover the particular issues addressed by this Memorandum.

### **II. Amendment to Article 18 – AWARDS**

**A. Awards Funding.** With respect to Section 1A of Article 18, the Service has determined that for performance awards for FY 2001 performance, it will fund the appropriate awards "pools" for bargaining unit and non-bargaining unit employees at a rate of 1.42% of their aggregate base pay in the appropriate fiscal year. In this regard, as an express modification to Section 1A of this Article, the Union acknowledges and agrees that the Service has a right, within the framework of the funding formula established herein, to redistribute non-bargaining unit awards pool monies among various groups of non-bargaining unit employees as it sees fit, and that any such redistribution shall not affect the overall funding formula for bargaining unit awards, as set forth above. Section 1A of this Article, as modified by this agreement, does not apply to any increase in the base salaries of any individual or group of employees, bargaining unit or otherwise, and the Parties agree that any such change in base salaries shall not impact the calculation of awards pool funding percentages in any way. The above agreement is made without precedent or prejudice to any future negotiations (including interest arbitration) concerning Section 1.A of this article and its application to non-bargaining unit employees covered by an alternative pay system.

**B. Service-Wide Awards Agreement.** With respect to Sections 2 and 3 of this Article, the Parties agree that beginning on October 1, 2001, all local awards agreements (and practices) will be replaced by a single, standardized Service-wide performance awards agreement. For all performance awards granted on and after that date (that is, for awards based on performance ratings after September 30, 2001), the Parties will implement a system which pays awards to a fixed percentage of the most highly rated bargaining unit employees in each organizational unit, as defined by the joint implementation bargaining team described below. Unless the Parties agree otherwise, that fixed percentage will be set at 60%. Thus, the top-performing 60% of all bargaining unit employees in a particular organizational unit, as determined by the order of their individual overall average appraisal scores, will receive a performance award. If two or more

bargaining unit employees are tied in that regard (that is, they have identical overall average appraisal scores), the Parties will establish procedures, as provided below, to insure that no more than 60% of the bargaining unit employees in the organizational unit receive performance awards.

**1. Performance Award Shares.** Performance awards shall be paid from July to August of each calendar year. Each organizational unit, as defined by the joint implementation bargaining team described below, shall have an overall awards "pool" or budget derived by adding the annual salaries of all bargaining unit employees in that organizational unit, and then multiplying that total by the Service's overall bargaining unit awards funding percentage (currently set by the Service at 1.42% of bargaining unit base pay). Pursuant to the current Agreement, eighty percent (80%) of the overall awards pool shall be paid as performance awards, and twenty percent (20%) as Special Act awards, unless otherwise mutually agreed. The amount of an individual's performance award within the organizational unit's budget shall be based on a "share" system. Under that system, the shares for each individual bargaining unit employee in a particular organizational unit will be determined by multiplying that employee's General Schedule grade by his or her overall average appraisal score. The shares accorded each individual employee in the organizational unit will then be added together to determine the total number of shares in that organizational unit. Thereafter, the monetary value of each individual employee share will be determined by dividing the organizational unit's total performance awards budget by the total number of shares in that organizational unit. See attached example.

**2. Joint Implementation Bargaining Team.** In order to develop implementing procedures for the Service-wide performance awards system described above, the Parties agree to assemble a joint implementation bargaining team, comprised in accordance with the Parties' Midterm Re-opener Ground Rules. That team will be chartered to examine pertinent data regarding the current performance awards system(s), and to develop joint recommendations to the Parties with regard to implementation of the above agreement. In addition, the team will make recommendations as to (a) the definition of the appropriate "organizational unit" for purposes of establishing awards pools and share calculations; (b) whether the 60% performance awards distribution formula set forth in paragraph IIB above should be continued or modified for FY 2003; (c) whether performance awards should be distributed on some basis other than organizational unit; and (d) whether employees should continue to be given credit for performance awards in the merit promotion process, and if so how.

**3. Implementation Bargaining Team Schedule.** The team's labor and management co-chairs will establish a schedule of meetings, such that the team will complete its review and submit its recommendations to the Parties by January 15, 2001. Official time, travel, and per diem expenses for the Union's representatives shall be in accordance with the Parties' Midterm Ground Rules. The Parties may mutually agree to adopt any or all of team's recommendations. Absent mutual agreement by the national Parties to the contrary, the basic Service-wide awards agreement described in Paragraph II above (governing Service-wide uniformity, performance awards distribution, and awards funding) will become effective as scheduled; however, within the confines of that basic agreement, either Party may invoke the mediation-arbitration procedures outlined in the Parties' Midterm Ground Rules to address

outstanding implementation issues unresolved at the conclusion of the implementation bargaining process referenced in paragraph IIB(2) above.

**III. Addition to Article 1 - COVERAGE AND DEFINITIONS.** The Parties agree that effective October 1, 2001, an employee's Enter on Duty (EOD) date will be based on total IRS service. Thus, wherever these Agreements require the use of an employee's IRS EOD date, the Parties will use the employee's most recent EOD date, modified to include any prior IRS service. For example, if an employee's most recent EOD date is January 1, 1998, and that employee had four additional years of previous IRS service (prior to a break in his or her IRS employ), that employee's new EOD date would be adjusted to January 1, 1994. The IRS EOD date will not be adjusted for time spent outside IRS in Federal service. Prior to the effective date of this provision, the Service will announce a 90-day period for submission of appropriate documentation of prior IRS service; any employee who fails to submit official documentation during that period will not have his or her EOD date adjusted.

**IV. Additions to Article 12 - PERFORMANCE APPRAISAL**

**A. New Article 12, Section 4R -** The fact that an employee assumes new tasks, receives new Critical Job Elements (CJEs), changes positions, is a trainee, and/or gets promoted to a new position does not create a presumption that his or her performance is only "fully successful." Rather, an employee's performance rating will be based strictly on his or her performance against those Critical Job Elements that apply during the appropriate performance rating cycle.

**B. New Article 12, Section 9E -** When a review of a particular employee's work performance is specifically made by a manager above the employee's immediate (or first line) supervisor, and that review produces any negative feedback with respect to that particular employee's performance, the procedural requirements set forth in Sections 9A and 9B apply. Wherever possible, the employee will be given the opportunity to meet and/or discuss the matter with the higher-level manager who provided the evaluative comments.

**V. Addition to Article 13 - PROMOTIONS.** The Parties agree that during the life of this agreement, the Service will not use "Behavioral Event Interviewing" with respect to the staffing of any bargaining unit position, without an express agreement from the Union.

**VI. Addition to Article 9, New Section 4H(5) - STEWARDS AND OFFICIAL TIME.** For the period October 1, 2000 to July 1, 2001 each chapter will be given a supplemental appropriation of bank time equal to 15% of the amount of time they received for the bank time year that began before October 1, 2000. In most cases that will be July 1, 2000. This supplemental appropriation will be a one-time grant.

**VII. Amendment to Article 36 - ADMINISTRATIVE TIME.**

**A. New Section 3D.** When an emergency condition forces and employees thereof are granted administrative leave as a result

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facility (a) who is working at home on an approved Flexiplace program and (b) who is prevented from accomplishing work because of that same emergency condition (for example, where a power outage forces the closure of an office, and that same power outage prevents a Flexiplace employee from completing his or her work assignments at home), that Flexiplace employee will be provided the same amount of administrative leave granted employees who were working in the closed facility. A Flexiplace employee claiming administrative leave under this provision is responsible for providing appropriate documentation in support of that claim.

**B. New Section 3E.** If the President, the Office of Personnel Management, or other appropriate authority declares a natural disaster area, employees who are faced with a personal emergency caused by that natural disaster will be eligible for a reasonable amount of administrative leave, based on the facts and circumstances of the personal emergency. An employee requesting administrative leave under this Section may be required to provide an explanation and/or documentation in support of his or her claim.


**VIII. Addition to Article 23, Section 2 - HOURS OF WORK (AWS).** Except as set forth below, all terms and conditions of Alternative Work Schedule (AWS) agreements will remain in effect unless the Parties mutually agree to renegotiate (or mutually agree to authorize their local representatives to renegotiate) said local agreements. In this regard, the Parties agree that any negotiations over changes in AWS will occur pursuant to Article 47, as revised. Further, to the extent that the Parties authorize any local AWS negotiations, such negotiations may invoke the impasse procedures contained in Article 47 with the concurrence of the Parties (in this case, the Service's Director of Workforce Relations and the Union's Director of Negotiations). Finally, absent mutual agreement to do otherwise, where there are negotiations over which AWS schedule should apply to newly created jobs, the Parties agree to use the schedules that were available to employees in the closest local predecessor position. Thus, Taxpayer Resolution Representatives (TRRs) would have available to them the local schedules available to former Taxpayer Service Specialists; and Tax Compliance Officers (TCOs) would have available to them the local schedules available to former Tax Auditors.


**IX. Amendment to Article 50, Section 2 - FLEXIPLACE.** Except as set forth below, all terms and conditions of Flexiplace agreements will remain in effect unless the Parties mutually agree to renegotiate (or mutually agree to authorize their local representatives to renegotiate) said local agreements. In this regard, the Parties agree that any negotiations over changes in Flexiplace will occur pursuant to Article 47, as revised. Further, to the extent that the national Parties authorize any local Flexiplace negotiations, such negotiations may invoke the impasse procedures contained in Article 47 with the concurrence of the Parties (in this case, the Service's Director of Workforce Relations and the Union's Director of Negotiations). Finally, absent voluntary agreement to do otherwise, where there are negotiations over which Flexiplace schedule should apply to newly created jobs, the Parties agree to use the schedules that were available to employees in the closest local predecessor position. Thus, Taxpayer Resolution Representatives (TRRs) would have available to them the local schedules available to former Taxpayer Service Specialists; and Tax Compliance Officers (TCOs) would have available to them the local Flexiplace schedules available to former Tax Auditors.

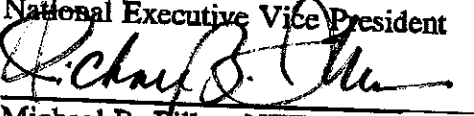
X. Duration and Effective Date. This Memorandum shall become effective thirty-one (31) calendar days following its execution, or upon agency head approval, whichever comes first. It shall remain in effect until modified or replaced as a result of negotiations over the Parties' National Agreement VI, or other mutual agreement.

This Memorandum is entered into by the Parties on November 3, 2000.

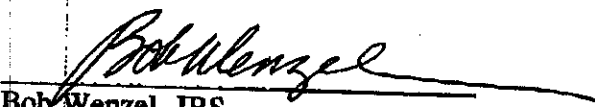
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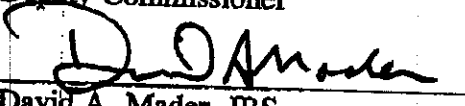
  
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