

NTEU 207 News

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Recent Discussions Between FDIC And NTEU Break Down

Talks have broken down between NTEU and the FDIC in our efforts to resolve issues regarding the FDIC legislative proposal for additional human resource flexibilities and outstanding disputes over the Corporate Success Awards (CSAs) program. As a result, NTEU has filed a national grievance concerning the distribution of CSAs to employees in various demographic groups, and will continue to pursue individual employee grievances over unfair denials of CSAs.

In this special edition of the Chapter News Brief, you will find a letter from NTEU National President Colleen Kelley and a grievance filed by NTEU in addition the process for getting more data related to this message.

IMPORTANT INFORMATION

August 3, 2004

M E M O R A N D U M

TO: FDIC Chapter Presidents

RE: Update on FDIC HR Flexibilities and CSAs

SUMMARY: Talks have broken down between NTEU and the FDIC in our efforts to resolve issues regarding the FDIC legislative proposal for additional human resource flexibilities and outstanding disputes over the Corporate Success Awards (CSAs) program. As a result, NTEU has filed a national grievance concerning the distribution of CSAs to employees in various demographic groups, and will continue to pursue individual employee grievances over unfair denials of CSAs.

As I have reported previously, the FDIC and NTEU have been meeting to see if there are any parts of its proposed package of human resource changes (labeled "FDIC Workforce 21") that we could agree to, so that there could be a package presented to Congress which enjoys joint labor-management support. Over the last several weeks, we continued these discussions, in an attempt to find common ground on a proposal that would advance the interests of both the FDIC and its employees. Although we came very close to agreement on a legislative proposal that would not have included anti-employee provisions such as a reduction in employee appeal rights, unilateral authority to change the RIF rules, greatly expanded authority to use term employees, or an elimination of collective bargaining over compensation and benefits, we were unable to reach a final agreement on the package. The FDIC has indicated that they intend to submit a proposal to Congress when it returns from recess next month, but they have not yet identified the specific details of their proposal. At this point, we do not know whether it will be like their original, anti-employee proposal, or more like the package on which we nearly reached agreement. The FDIC's action will dictate NTEU's response, but we hope that FDIC management will take to heart the concerns raised by employees and NTEU about

the original proposal; if not, they can expect that NTEU and employees will strongly voice these concerns directly with their congressional representatives.

During this same time period, we have also been engaged in discussions with the FDIC concerning the CSA program. A number of issues have been raised by employees and NTEU leaders concerning how this program was implemented in its first year, and numerous grievances have been filed. These grievances are working their way through the negotiated grievance/ arbitration procedure. Issues concerning the distribution (or misdistribution) of CSAs to various demographic groups have been discussed pursuant to a joint review process established under the negotiated Memorandum of Understanding (MOU) governing the CSA program. In addition, however, the FDIC and NTEU discussed the possibility of changing the CSA program going forward, although the negotiated provisions of the Compensation Agreement and the CSA program do not expire until the end of 2005.

I invited a team of chapter leaders, comprised of National Vice President Randy White (Chapter 260) and Chapter Presidents Betty Coll (207), Dawn Sleva (242), and Bob Hoshaw (274), as well as NTEU National Executive Vice President Frank Ferris and Senior Counsel Steve Keller, to meet with the FDIC to continue the joint review process under the MOU and to consider any possible prospective changes to the CSA program. Our goals were to address any unfairness and inequities in the distribution of the CSAs earlier this year and to try to reach an agreement with the FDIC on a better, fairer way to grant performance-based pay increases in the future. Once again, however, we came very close but were unable to reach a final agreement that would both remedy the problems with the last round of CSAs and provide a better system going forward.

In concept, the elements of the package under discussion included:

- Scrapping the system under which CSAs were limited to the top one-third of employees, and substituting a system under which performance-based increases would be spread around among the top-half of employees, with higher increases going to the top 20% than to the next 30%.
- Employees would be ranked based on performance evaluations completed under a revised performance management system (or possibly even under a return to the old performance management system), rather than under the vague CSA "contribution" standards. Documentation would be required to support performance appraisals making sufficiently meaningful distinctions to place employees in different performance/award groups.
- The bottom 10% of employees could get little or no pay increase, but this would happen only if the employee is rated as "Marginal" or "Unacceptable" (currently, employees rated as "Unacceptable" in the pass/fail system receive no pay increase).
- Pay-outs under the CSA program would have been divided between base pay increases and lump sum payments. The total amounts of the payments to each of the various performance groups and the split between base pay increases and lump sum payments were among the issues remaining in dispute, but there was conceptual agreement to increase the overall amount of the payments made to bargaining unit employees as a result.
- Employees in career ladder positions who lose the benefits of the current CSA pay increase when they are promoted would have received lump sum payments under the new system.

- NTEU would have had the opportunity to review the statistical data on distribution of CSAs before they are issued, to address any concerns about fair and equitable distribution of pay-outs.
- The FDIC would have provided some additional payments to bargaining unit employees to address pending issues concerning the distribution of CSAs in the last cycle, in exchange for NTEU agreeing not to pursue pending or potential grievances. The parties were unable to agree, however, on who would get these payments, and in what amount(s).
- In lieu of the normal negotiated grievance process, the FDIC and NTEU would have designed a more informal, collaborative process to address employee concerns about CSAs issued under the revised program. However, the parties were unable to agree on how any disputes would be resolved if the joint process was unsuccessful.
- The current FDIC-NTEU Compensation Agreement would have been extended from its current expiration date of 12/31/05 to either 12/06 or 12/07. This would have given the parties time to implement the revised CSA program and also provided an additional year or two to preserve the status quo on all other provisions of the Compensation Agreement, including the FDIC's contributions to the FDIC Savings Plan and health insurance, as well as all other benefit and travel programs.

Since the parties were unable to reach an agreement through the joint review process established under the CSA MOU on appropriate steps to address the unfairness and inequities in the distribution of CSAs to various demographic groups in the last cycle, NTEU has filed the attached national grievance to address these issues. This grievance alleges violations of law, the Compensation Agreement and the CSA MOU in the unfair and inequitable distribution of CSAs to employees age 40 and above, African-Americans, Hispanics, and employees below Grade 12. At the same time NTEU will continue to pursue grievances filed by individual employees who were unfairly denied a CSA increase.

NTEU is currently working on a web-based survey to solicit employee feedback on the current CSA program and possible alternative approaches, as well as on the possible human resources flexibilities legislation. I will be contacting you shortly to announce the launch of this web-based employee survey.

/s/ Colleen M. Kelley

National President

Attachment

Grievance Attachment

[NTEU Grievance](#)

Copies of Workforce 21 Legislation For copies of the original drafts of the FDIC proposed Human Resources legislative package (referred to as "Workforce 21") please send your home email address to: Chapter207NTEU@aol.com

