

# **COMPENSATION AGREEMENT BETWEEN FDIC AND NTEU FOR THE YEARS 2006-2009**

## **I. EFFECTIVE DATE FOR CHANGES**

Unless otherwise noted, changes shall be effective the first full pay period in 2006. Unless otherwise noted, changes that are effective in subsequent years shall be effective in the first pay period of the specified year.

## **II. ANNUAL PAY**

### **A. Annual Structure Adjustment**

Effective in the fourth pay period in 2006, the EMPLOYER will increase the Corporate Grade (CG) and Prevailing Rate (Wage) basic pay minimums by 1.5 percent and basic pay maximums by 6 percent of basic pay.

Effective in the fourth pay period in each subsequent year of the Agreement, the EMPLOYER will increase the Corporate Grade (CG) and Prevailing Rate (Wage) basic pay minimums and basic pay maximums by 2.5 percent of basic pay.

### **B. Annual Pay Adjustment**

1. Effective in the fourth pay period in each year of this Agreement, the EMPLOYER will provide an annual increase in basic pay of no less than 2.4 percent for all employees who receive a rating of “meets expectations” during the prior year’s rating period, up to the maximum for the grade. Any pay in excess of the salary grade maximum will be paid as 100 percent lump sum payment, including employees on “saved pay”.
2. The Pay for Performance (PFP) Program will be modified as explained below. These pay determinations shall be made on an annual basis at the time of the annual increase in basic pay, beginning in 2006 and each year thereafter for the life of this agreement. Each employee will be assigned to one of four performance groups within their organizational unit (division/office; except that in DSC by each region and HQ), based on comparative analysis of Total Performance as follows:

- Group I: the top 25% of employees
- Group II: the next 50% of employees

- Group III: all remaining employees who receive a rating of “meets expectations”
  - Group IV: employees rated “does not meet expectations”
3. a. Beginning in the fourth pay period in 2006 and each year thereafter for the life of this Agreement, all employees excluding those in career ladder positions below the full performance grade, will be placed in each of the four groups and will receive total compensation payouts as follow:
- Group I: 5.0% basic pay adjustment, plus 1% of basic pay as a lump sum
  - Group II: 3.2% basic pay adjustment, plus 1% of basic pay as a lump sum
  - Group III: 2.4% basic pay adjustment
  - Group IV: No pay increase
- b. Employees in career ladder positions below the full performance grade will be placed in each of the four groups and will receive their payouts as lump sums as follows:
- Group I \$2,000
  - Group II \$1,600
  - Group III \$1,200
  - Group IV Zero
4. Effective in the fourth pay period in 2006, the basic pay of each employee shall be increased on a one-time basis by 11.5 percent of the amount of the employee’s wage increase to basic pay for 2006.
5. A pay-for-performance (PFP) form will be prepared for every employee. The supervisor/recommending official will receive and consider written input on employee performance from other supervisors for whom the employee has worked for a substantial period (normally 120 days or more) during the evaluation period.
6. Each employee will be evaluated based on the performance criteria established under the existing PMP program and receive a rating on a scale of 1-5 on each of these criteria, with 5 being the highest score.
7. Employees will also be evaluated based on important contributions to the Corporation and/or its organizational components, if applicable. The EMPLOYER will use the standardized criteria set forth in the Pay for Performance evaluation form to identify any such important contributions.

8. All employees will receive a narrative that provides an assessment of the employee's Total Performance (under paragraphs 6 and 7, above). Where applicable, this narrative will specifically identify the employee's important contributions to the Corporation or its organizational components under the criteria identified under paragraph 7, above.
9. Each employee will have the opportunity to review and provide comments on his or her individual PFP evaluation, not to exceed one-half page in length, prior to its use for pay determination purposes.
10. Employees will be evaluated and placed within a pay group (Group I, II, III or IV) within their organizational unit based on Total Performance, reflecting both performance-based (paragraph 6, above) and contribution-based criteria (paragraph 7, above), in a fair and equitable manner. Although the job-based performance scores assigned in paragraph 6 above provide indicators and evidence of the employee's performance, these scores are not dispositive of the employee's Total Performance and his/her group placement based on Total Performance. However, it is possible that an employee may be placed in the highest pay group (Group I) based solely on the performance criteria, without any separate recognition under the criteria set forth in paragraph 7, or vice-versa.
11. Neither the EMPLOYER nor the UNION will publish the names of employees assigned to the various pay groups.
12. Within twenty (20) work days of the completion of pay determinations, the EMPLOYER will provide the UNION with an electronic file identifying employee placement in each of the various pay groups that will provide the following fields: division/office, position title, pay plan, job series, grade, region, duty station, gender, race/national origin and age (DOB). The appropriate UNION chapter(s) will also be provided with sanitized copies of all PFP evaluation forms.
13. An employee may grieve his/her pay determination by filing a grievance at Step 2 of the negotiated grievance procedure. The time period for filing a grievance does not begin to run until the UNION has been provided with all information identified in paragraph 12, above.

### **C. Locality Pay**

1. The EMPLOYER shall freeze the 2006 locality pay adjustment according to the percentages used in 2005. This freeze shall be for one year only. The adjustments will be made based upon the 2006 locality areas.
2. The parties agree to engage in future discussions/negotiations to address all issues relating to the locality pay differential. Those discussions shall

begin as interest-based discussions on April 3, 2006, or as soon after this date as the parties agree to meet. If the parties are unable to reach agreement on this subject by July 3, 2006, each party may submit formal proposals to the other party and “traditional” negotiations will follow.

3. If no new plan is in effect by pp 3 in 2007, then the EMPLOYER shall apply the management 2005 locality formula in pp 4 in 2007. When agreement is reached on a new plan, it will apply retroactive to pp 4 in 2007 unless otherwise agreed by the parties. If the “old” locality formula is used in pp 4 in 2007, there shall be a limit for a change in the locality pay in each locality of plus or minus one percent.

### **III. PAY SETTING FOR PROMOTIONS**

- A.** Employees who receive a promotion, and are at or below the maximum for their grade, will receive a 7.5 % increase in basic pay or be placed at the minimum of the higher grade, whichever is greater.
- B.** Employees on retained or “saved pay” will receive a promotion increase of 4.5 % in basic pay above the maximum of the grade they are being promoted from, or their current basic pay, if greater.
- C.** An employee may request a voluntary downgrade or change to lower grade. If the employee has been in the higher graded position for a year or more, basic pay will be set at the lesser of the employee’s current rate or the maximum of the lower grade.
- D.** If the employee was promoted into his or her current position, and has been in the higher graded position for less than one year, basic pay will be set at the rate immediately prior to the promotion, or the new range maximum, if lower. As necessary, this rate will be adjusted to reflect any pay adjustment(s) received in the higher graded job. The same pay adjustment percentage(s) will be used to recompute the permanent basic rate of pay as long as the resulting rate does not exceed the new range maximum.

### **IV. REWARDS AND RECOGNITION PROGRAM**

The EMPLOYER will continue all provisions of its existing Rewards and Recognition Program, consistent with this Agreement.

## **V. BENEFITS**

### **A. FDIC Savings Plan**

The EMPLOYER will maintain current retirement programs, including the FDIC's Savings Plan. The EMPLOYER will continue to administer the FDIC Savings Plan and match employee contributions up to 5 percent of adjusted basic pay deferred into the Plan, to the extent allowed by law.

### **B. FDIC Flexible Cafeteria Benefits Plan (FDIC Choice)**

1. The EMPLOYER will continue to offer a Flexible Cafeteria Benefits Plan, FDIC Choice. The FDIC Choice benefits shall include the following:
  - a. Dental Insurance Options
    - Standard,
    - High (buy up),
    - Low (buy down), or
    - Waive coverage and receive Choice Credits
  - b. Vision Insurance Options
    - Standard,
    - High (buy up), or
    - Waive coverage and receive Choice Credits
  - c. Life Insurance Options
    - Basic, or
    - Waive Basic and receive Choice Credits (if not enrolled in FEGLI or NTEU Universal Life Insurance)
  - d. Long-Term Disability (LTD) Insurance Options
    - Standard (at 60%), or
    - High (at 70%)
  - e. Flexible Spending Accounts (FSA)
    - Health Care FSA up to an annual maximum of \$5000
    - Dependent Care FSA up to the statutory maximum

2. The EMPLOYER will continue to provide “Choice Credits“.
  - a. Employees may use these “credits” to “purchase” less expensive alternatives for one coverage and receive a cash credit, which may be used to purchase alternatives (e.g. additional life insurance). However, choice credits are not available to employees who elect Low Option Dental coverage.
  - b. Employees may purchase enhanced benefits using their own funds or receive a predetermined taxable cash payment in return for any “excess” credits.
  - c. Employees enrolled in FEGLI or NTEU Universal Life Plan may elect the Existing FDIC Life Plan but will not receive any credits.
  - d. Employees may “opt out” of all but the FDIC long-term disability program.
  - e. Reduced credits will be provided to employees who opt out of a benefit, except as noted in paragraph (d) above.
  - f. The Lifetime limit for Class IV Dental Services (Orthodontics) for High Option Dental coverage will remain at \$2,500.
3. The following changes will apply to the Flexible Cafeteria Benefit Plan:
  - a. Beginning in pp 26 in 2006, the EMPLOYER will pay 80 percent of the premium for dental and vision Standard and Low Option. For High Option, the EMPLOYER will pay an amount equal to 80 percent of the premium for Standard Option.
  - b. Prior to December 31st of the final year of this Agreement, the EMPLOYER may contract to extend the cafeteria benefits applicable at that time through December 31st of the following year.

### **C. FEHB Subsidy and Pre-Tax Deduction of Employee Premiums**

1. The EMPLOYER will continue to provide for the deduction of the employee portion of Federal Employee Health Benefits (FEHB) premiums on a pre-tax basis, to the extent permitted by law.
2. For the life of the Agreement, the EMPLOYER will continue to pay 85% of the total weighted average premium for all FEHBP plans as determined by OPM, but not to exceed 88.75% for any individual plan, for all eligible full-time and part-time employees enrolled in any FEHB plan.

## **D. Other Benefits Programs**

### **1. NTEU Universal Life Insurance**

The EMPLOYER will discontinue paying premiums for NTEU Universal Life Insurance and will explore whether MetLife will allow the remaining NTEU Universal Life Insurance enrollees to be covered under the FDIC Basic Life Insurance without medical Evidence of Insurability.

### **2. FDIC Employee Life Insurance**

Effective pay period 26 in 2006, the EMPLOYER will change Option 1, Employee Life Insurance, of FDIC Life Insurance so that it operates like FEGLI Option B, Supplemental Employee Insurance.

### **3. Life Cycle Account**

The EMPLOYER shall continue the EMPLOYER-funded Life Cycle Account to address work/life balance issues by providing reimbursements for expenses that are important to individuals at different life stages. The EMPLOYER will establish the annual funding for the Life Cycle Account at \$250 per employee beginning on January 1, 2006.

### **4. Flexible Spending Account (FSA)**

The EMPLOYER will adopt the new IRS-approved grace period that permits Flexible Spending Account (FSA) contributions from the preceding Plan Year to reimburse eligible expenses incurred for services that occur in the 2 ½ months following the end of the Plan Year.

## **VI. EFFECT OF GENERAL TRAVEL REGULATIONS**

### **A. Introduction**

The parties agree that any provisions of the existing General Travel Regulations (GTR's) are superseded by this Agreement to the extent they may be in conflict. All changes in Section VI shall be effective on January 1, 2006, unless otherwise noted.

### **B. Changes to Regular Duty Travel Program**

#### **1. Category II Travel**

Category II travel shall be eliminated as a separate category. All regular duty travel shall be reimbursed according to what has been treated as Category I travel.

**2. Frequent Traveler Lodging Stipend Program (FTLSP)**

- a. The stipend shall be revised to provide a stipend of \$40 for each eligible night spent in regular duty travel status from the 51st to the 70th night; and \$50 for each eligible night spent in regular duty travel status in excess of 70 nights, with no limit on the number of nights. This provision applies to regular duty travel beginning on or after January 1, 2006.
- b. FTLSP eligibility shall be provided to Transition Rule Employees.

**3. Use of Rental Cars**

Employees will be authorized to use a rental car, and to receive reimbursement for the cost of rental and operation (including gas) in lieu of a personally-owned vehicle where it is shown in advance by the requesting employee to be cost effective to the Corporation.

**C. Changes to Relocation Program**

**1. Mortgage Interest Differential Allowance (MIDA)**

The MIDA policy shall be changed to provide for this allowance only if the difference between the old residence and new residence mortgage interest rates is 1% or greater, and all other current requirements are met.

**2. Loss on Home Sale**

The EMPLOYER shall provide for reimbursement for employees for the loss on their home in the event the market has declined since the purchase. The EMPLOYEE would be responsible for the first 5% of any loss and FDIC liability would be limited to \$20,000.

**3. Weekend Trips During Relocation**

The number of weekend return trips during relocation shall be reduced from four (4) to zero (0).

**4. Value of Lodging**

The policy shall be changed to calculate the value of lodging for temporary living days during relocation at 100% of the GSA rate instead of the 125% rate that is currently used, subject to exception based on approval of DOF.

**5. Household Goods in Storage**

The number of household goods storage days shall be reduced from 90 to 60.

**6. Reduction of the list price for home when marketing through the home sale program.**

Employees will be required to list their home within 110% of the average of two Brokers' Market Analyses (BMA's) for 45 days before appraisals and inspections are ordered. Currently the FDIC offer is typically made within 30 days of the completion of the appraisals and inspections. Once the FDIC offer is made the employee would be required to reduce the list price to be within 105% of the appraised value (FDIC) offer for a period of 30 days. If the home remains unsold the employee would be required to reduce the list price to 100% of the FDIC offer for a period of 15 days. If not sold after the 15 days, the home would be purchased from the employee and taken into FDIC inventory.

**7. Relocation benefits for retirees**

Effective in the first pay period in 2007, the time allowed for retirees to relocate shall be reduced from two years to one year, reimbursement for storage of household goods shall be eliminated, and the reimbursement for real estate sales expenses shall be no more than \$35,000.

**8. Rental Car Allowance**

The rental car allowance provided to homeowners during the house hunting trip shall be increased from five (5) to nine (9) days.

**9. Shipping POV's**

The minimum mileage requirement needed to have POV(s) shipped by the FDIC contractor shall be reduced from 800 miles to 500 miles and if an employee chooses to drive his or her POV in lieu of shipping it to the new duty station, the lump sum shall be valued accordingly to include mileage at the applicable rates in lieu of airfare.

**10. MEA**

Reduce the Miscellaneous Expense Allowance from 6% of base pay to a flat rate of \$5000, taxable to the employee.

## **VII. PUBLIC TRANSIT SUBSIDY**

The EMPLOYER agrees to continue to reimburse employees for costs of using public transportation for home-to-work travel through a Public Transit Subsidy Program. Employees will be reimbursed for actual costs each month in accordance with the Program, up to the Internal Revenue Service tax-free limit.

## **VIII. PROFESSIONAL LICENSES**

The EMPLOYER agrees to continue to reimburse employees for the cost of maintaining any professional license up to \$250 per year, where such license is required by the employee to qualify for and/or perform his/her position.

## **IX. COMMUNICATIONS**

- A. In materials publicizing salary and benefits, the EMPLOYER agrees to note that any items provided by or referenced in this Agreement were the product of the negotiated agreement with NTEU. Copies of these materials will be provided to NTEU prior to distribution.
- B. Prior to the implementation of any significant changes related to this Agreement, the EMPLOYER agrees to publicize the changes. This may be accomplished in a variety of ways such as global e-mails, information on the FDICnet, brochures available at the work site and/or mailings to home addresses.
- C. The EMPLOYER agrees to grant reasonable official time for NTEU representatives to prepare and participate in-group and/or joint meetings conducted in connection with changes set forth in this Agreement. At each such meeting, the NTEU representative will be given at least twenty (20) minutes to discuss these benefits and other terms of this Agreement.
- D. A copy of this agreement will be distributed by the EMPLOYER to each employee.

## **X. RESOLUTION OF DISPUTES**

- A. Any disputes over the application or interpretation of this Agreement may be grieved through an employee's collective bargaining agreement covering his or her unit. However, the parties will use the following process when they wish to file a national level grievance over an alleged violation of this Agreement.
- B. The moving party must file the national grievance within twenty (20) working days after the occurrence of the act which gave rise to the national grievance

or twenty (20) working days after they became aware of the action which gave rise to the national grievance. The UNION shall submit national grievances to:

Assistant Director  
HR Strategy and Labor/Employee Relations Section  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20429

The EMPLOYER shall submit national grievances to:

National President  
National Treasury Employees Union  
1750 H Street, N.W.  
Washington, D.C. 20006

- C. Each grievance filed pursuant to this provision must: include an account of the incident giving rise to the grievance; reference the appropriate contractual provision, law, rule, regulation or policy alleged to have been violated; and, include a statement of the remedy sought. A grievance will not be disposed of solely because of an incorrect citation.
- D. Upon receipt of the grievance, the parties' representatives (no more than three (3) representatives for each party unless mutually agreed otherwise) shall meet within ten (10) working days to discuss the grievance. A written decision will be provided to the moving party within ten (10) working days after the meeting. If the moving party is not satisfied with the decision, it may appeal the decision to arbitration, such appeal to be made within twenty-one (21) calendar days after receipt of the written decision.
- E. Thereafter, if the parties cannot mutually agree on an arbitrator to hear the issue, the parties shall utilize the next arbitrator on the HQ arbitration panel (to be established soon as part of revisions to the national term agreement). Until the HQ arbitration panel is in place, the moving party shall request a list of seven (7) arbitrators from the Federal Mediation and Conciliation Service (FMCS). Absent mutual agreement on one (1) of the listed arbitrators, the parties shall alternately strike one (1) name at a time from the FMCS list until one (1) name remains. A coin flip will determine which party strikes first. The one (1) name remaining after the alternate strike process shall be the designated arbitrator to hear the national issue.
- F. The parties will agree on a mutual date, time and location for the hearing. The EMPLOYER will pay associated travel and per diem expenses of any bargaining unit employees participating in the grievance and/or arbitration proceeding as representatives, technical advisors, or witnesses, and approved by the arbitrator.

G. If a party who has referred a grievance to arbitration does not actively pursue the grievance for a period of four (4) months, the other party may thereafter provide written notice of at least sixty (60) days of its intent to declare the grievance null and void. If no arbitration hearing has been held during the notice period, then the case will be considered closed. The parties agree to cooperate on the scheduling of arbitration hearings within any such notice period.

## **XI. DURATION/REOPENER**

This Agreement shall remain in effect until December 31, 2009. However, if there is not an agreed-upon successor agreement by that date, then this Agreement will continue to be in effect until such a successor agreement is in effect or until December 31, 2010, whichever comes first.

Between February 1 and February 28 in 2009 or 2010, either party may reopen this Agreement. Ground rules are to be submitted within two weeks of either side reopening this Agreement.

## **XII. RIGHT TO NEGOTIATE**

The UNION reserve the right to bargain over any issue related to salaries, benefits or other compensation or travel-related matters not expressly and specifically included under the terms of this agreement, or otherwise waived during the course of bargaining.

## **XIII. AGENCY HEAD REVIEW**

The head of the Agency reserves the right, pursuant to Section 7114 (c) of the Statute, to disapprove the agreement in whole or in part. Should the head of the Agency disapprove the entire contract, the Union may elect to reopen the entire agreement or portions thereof. Should the head of the Agency disapprove, or

declare invalid a discrete provision(s) of the agreement, at the option of the UNION, the parties will 1) implement those portions of the Agreement which were not disapproved, or 2) reopen and/or renegotiate the Agreement as a whole or the specific provisions which were disapproved.

**FOR THE FEDERAL DEPOSIT  
INSURANCE CORPORATION:**

**FOR THE NATIONAL  
TREASURY EMPLOYEES UNION:**

\_\_\_\_\_/s/\_\_\_\_\_  
John F. Bovenzi  
Deputy to the Chairman and  
Chief Operating Officer

\_\_\_\_\_/s/\_\_\_\_\_  
Colleen M. Kelley  
National President

\_\_\_\_\_12/20/05\_\_\_\_\_  
Date

\_\_\_\_\_12/20/05\_\_\_\_\_  
Date

James Baird, Chief Negotiator  
Connie Brindle, DOF  
Kevin J. Glueckert, DSC  
James R. Lawrence, Legal  
Randi L. Mendelsohn, DOA  
Joyce Yamasaki, DOA

Stephen J. Keller, Chief Negotiator  
Derek Hardin, Chapter 277  
Gerald B. McAteer, Chapter 273  
Dawn M. Sleva, Chapter 242  
Sean G. Bartholomew, Chapter 244  
Robert A. Hoshaw, Chapter 274  
John W. Peer, Chapter 241  
Elizabeth A. Coll, Chapter 207  
James W. Kroemer, Chapter 276  
Verne Rudebusch, Chapter 260  
Ralph Stanley, Chapter 275

**APPROVED** at Washington, D.C. this 18<sup>th</sup> day of January, 2006.

\_\_\_\_\_/s/\_\_\_\_\_  
Martin J. Gruenberg, Acting Chairman  
Federal Deposit Insurance Corporation