

Memorandum of Understanding (MOU)
between
the Alcohol and Tobacco Tax and Trade Bureau (TTB)
and
National Treasury Employees' Union (NTEU)

Attached is the finalized version of TTB Order 2470.1, *Demonstration Project*. Both parties, in negotiations concluded on October 30, 2008, agree that the following terms apply to the order and TTB's pay demonstration project; that the resultant changes to the project have been fully negotiated by the parties; that all issues have been resolved and negotiations have been successfully concluded.

1. The TTB-NTEU collective bargaining agreement (CBA) applies to all bargaining unit Pay Demo employees, except to the extent that the CBA conflicts with the specific terms of the pay demonstration project order, TTB Order 2470.1, *Demonstration Project*, or this MOU.
2. Any changes to the pay pool percentage (other than the adjustment of the "sliding average" pursuant to the provisions of Section 47 of the Order), performance pay out percentages, or conversion of all or part of the increase to a lump sum (except as provided by Section 42.b.), must be negotiated with NTEU prior to implementation [see Sections 4.b.(5), 26 and 47].
3. Any deletions to the covered occupational series for bargaining unit positions in the Demo Project must be negotiated with NTEU prior to implementation [Sections 5 and 6].
4. Management has determined that Performance Plans will generally be uniform for employees in the same position and in the same Band (and Zone, where applicable). To this end, "Mission Commitments" will also be comparable for employees in the same position and in the same Band and Zone. [Section 33]
5. As provided under Article 7 of the CBA, Management has determined that appraisals will be made in a fair and objective manner and will reflect actual performance against established written standards, without any predetermined distribution of expected levels of performance.
6. Any management review or discussion of ratings or payouts other than as provided in the Order will only be done to provide greater consistency and fairness to the process. Reasons for changes made during the review and approval process will be documented and provided to the employee upon request. [Section 36.d]
7. Grievances concerning Pay Demo performance appraisal ratings will indicate the section of the Order, and/or the CBA, alleged to have been violated [Section 41]

b(1)(b)]. At Step 2, the employee and/or his or her representative, if any, will have the opportunity to make an oral and/or written presentation to the Board at the beginning of the grievance hearing [Section 41c(4)]. Supporting evidence will be provided to the Board at least three (3) workdays in advance of the grievance hearing, which will be scheduled by mutual agreement.

8. An employee whose pay is at the top of the pay range in Zone 1, or who would reach the top of that range with his/her next pay increase, will be considered for movement to Zone 2 if he/she receives an annual performance rating of Outstanding. Upon the employee's request, a written determination will be provided to each employee who is not moved to the next zone, with reasons explaining the denial. Section 45b of the order will not apply to bargaining unit positions.
9. Management agrees that a qualified employee who is assigned to work at a higher grade, for example, a PD 2 auditor assigned to lead an audit team (normally considered to be from the approved start of preliminary work to issuance of the management letter) for more than thirty (30) consecutive calendar days will be temporarily promoted to that position and receive the rate of pay for the position to which he or she is temporarily promoted. Such temporary promotion will be granted provided the employee meets the minimum Office of Personnel Management (OPM) qualification standards of the higher graded position and any selective factors and is performing the duties of the higher graded position.
10. The criteria for granting and distributing Outstanding Performance Bonuses will be applied in a fair and equitable manner and on the basis of merit. [Section 46].
11. This MOU will be referenced and linked in the opening sections of the TTB Order.
12. Training on New Critical Elements. Management will develop a "crosswalk" comparison for one Auditor and one Chemist position identifying the changes from the old to the new critical elements, provide an overall comparison of the Pay Demo rating results for FY2007 and FY2008 and provide a copy of the crosswalk and rating results comparison to NTEU by January 12, 2009. The Union promises to provide feedback to Management by the time of the next Partnership Council, currently scheduled for January 27/28, 2009. Management will then prepare a training presentation on the Pay Demo performance management process and the critical elements which will be mandatory for all TAD and SSD Pay Demonstration bargaining unit employees to attend. The training will be provided by the week of February 17-20, 2009, unless both parties agree to change the training date.

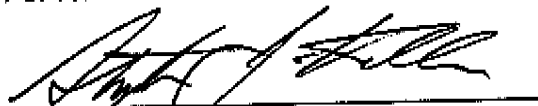
13. This agreement will become effective upon the signatures of all parties for a period of forty-eight (48) months from the date of the last signature on the agreement or the termination of the Treasury/TTB Pay Demonstration Project, whichever date is earlier.

For TTB:



Susan Greemore
Director, Human Resources Division

For NTEU:



Stephen J. Keller
Senior Counsel for Compensation Negotiations

1/07/2009
Date

1/7/09
Date