

# OCC BARGAINING UPDATE

News from the National Treasury Employees Union

June 21, 2011

## Compensation Bargaining Tackles Tough Issues

NTEU and OCC management recently commenced bargaining over compensation and benefits consistent with the right NTEU succeeded in winning for you in the Dodd-Frank legislation. While these initial bargaining sessions failed to reach a compromise, this development is not entirely unexpected when parties begin travelling a new road, as NTEU and OCC are doing by bargaining over pay for the first time.

For now, bargaining over compensation with OCC is temporarily in abeyance. The parties find themselves some distance apart not only on how to allocate available funds, but on the even more fundamental questions of more closely aligning the performance management system, employee ratings and pay. The primary compensation disputes are over merit pay increases.

NTEU understands well that steps to better integrate the performance management system with pay are critical to a fair, transparent pay system that is credible with employees. OCC unfortunately thus far rejected our proposals for immediate changes to more closely link ratings to pay increases, and formulas for determining the relationship between ratings and pay.

As NTEU sees these issues, they are not only fundamental, failure to address them makes worse the reality that, under the agency's proposals, there would be simply not enough money to fairly distribute merit pay increases.

Clearly, for a merit-based pay system to make meaningful distinctions among the work of employees, the size of the merit pay pool must be sufficient. Under OCC's proposals, that would not be the case.

Without sufficient money to distribute, and without the changes we have proposed in the process for linking ratings to merit pay and merit bonus determinations, managers would be free to give all, or nearly all, of the money to a few of the highest-rated employees, or to their "favorites," with little or nothing left for the large majority of employees with good, and possibly even higher, ratings.

NTEU is cognizant of the fact that this bargaining is taking place at a time when Congress is looking to federal employee pay and benefits as a means of cutting spending. General Schedule employees are working under a two-year pay freeze and there are proposals to extend it. There are proposals to increase the contribution federal employees make to their retirement programs and to change pension calculations from a high three to a high five. There are proposals to cut the size of the workforce and to prevent filling attrition hires. However, NTEU is also aware that OCC is not funded through the appropriations process nor by tax revenue and that limiting pay increases and bonuses for OCC employees will have no impact on the federal budget deficit.

NTEU will keep you informed as events evolve. It is disappointing to have reached this stage, but the parties will work to reach a meeting of the minds on the need to realistically and appropriately measure and reward employee performance. Your continuing support while this process continues to unfold remains invaluable.

**"...to ensure that every federal employee is treated with dignity and respect."**