

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE DEPARTMENT OF HEALTH AND HUMAN SERVICES
OPERATING DIVISIONS WITH BARGAINING UNITS REPRESENTED
BY THE NATIONAL TREASURY EMPLOYEES UNION
AND
THE NATIONAL TREASURY EMPLOYEES UNION

1. The purpose of this memorandum of understanding (MOU) is to address in a consolidated fashion various issues involved in the Department of Health and Human Services' (DHHS) conversion to the Government's e-Payroll initiative. The conversion was mandated by the Office of Management and Budget (OMB) and the Office of Personnel Management (OPM). The Defense Finance Accounting System (DFAS) Defense Civilian Payroll System (DCPS) has been assigned as the future provider of payroll services to DHHS. The term DFAS represents the Federal Agency that will provide Payroll Services to all of DHHS upon implementation in April 2005. DCPS is the acronym used by DFAS to identify the Defense Civilian Payroll System, a payroll system assigned by OMB and OPM to be the Payroll Provider for the DHHS.
2. The Parties agree that the Collective Bargaining Agreements with the affected Operating Divisions (ACF, CDC/NCHS, FDA, HRSA, IHS, OS/AoA, and SAMHSA) will continue to be followed provided they are not inconsistent with any provisions outlined in this MOU or DFAS procedures. Further, to the extent feasible and consistent with law, the Agency will continue current working conditions, such as Flexiplace, Alternative Work Schedules, and Hours of Duty. Employees may query any such change in writing to their supervisors (or other designated official) and shall receive, within a reasonable period of time, a written response that explains the change.
3. The Parties agree that the conversion to the DFAS/DCPS is a Government wide and DHHS initiative, however the level of recognition remains at the Operating Division level. Nothing precludes the parties from negotiating one MOU applicable to all OPDIVs, however neither Party waives any of its contractual, statutory or regulatory rights. (Any agreement to engage in consolidated bargaining shall not be construed in the future as a waiver to engage in bargaining at the individual Operating Division level).
4. The Parties agree that myPay is the portal, or method of accessing DFAS/DCPS information that will be available for individual employees.

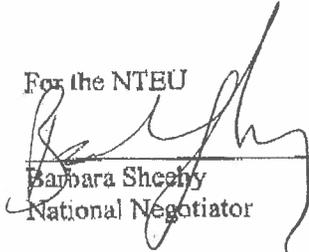
5. The Parties agree it is of mutual interest to ensure secure, prompt, accurate, and efficient payment of compensation to all DHHS employees with accessibility and reliability being enhanced. MyPay is designed as a user-friendly, self-directed, web-based system that affords employees more direct personal control over their pay and benefits. The Parties agree to work cooperatively by educating employees via a variety of educational initiatives that may include employee briefings, written and electronic material, DHHS has established a website on the DHHS Intranet, <http://intranet.hhs.gov.epay/>) to keep employees informed during the transition period leading up to conversion. All employees will be furnished a PIN providing them with secure access to myPay. The Agency will provide information concerning appropriate contacts for employees during and post-implementation should any questions arise. This contact information will be available on the Agency's Intranet site.
6. Payroll issues/problems shall generally be resolved by the affected employee's Agency in a timely manner. Efforts will be made to correct erroneous payroll data and remedy the problem within one pay period after being brought to the appropriate contact's attention. Priority will generally be given to issues/problems relating to incorrect salary payments. Nothing in this MOU shall preclude an employee from using the applicable Negotiated Grievance Procedure (NGP) if the payroll issue/problem has not been remedied in a timely manner.
7. Reasonable accommodation will be provided to qualified employees with disabilities. Such accommodation will be determined on a case-by-case basis and may include personal assistance when necessary.
8. All employees will have access to myPay via a Personal Computer (PC). Access for purposes of this MOU means a computer furnished by the Agency that may or may not be specifically assigned to an individual employee. Where an employee's normally assigned duties do not require a dedicated PC, the Agency agrees to provide access to a PC as appropriate. The Agency agrees to designate a reasonable number of PCs for employees' use in those situations where they may not have one assigned for their sole use. Employees may access these PCs during regular duty hours in accordance with any release from duty requirements established by the Agency. The PCs will have access to a printer so that employees may print information and data (including their Leave and Earning Statements) if they so desire.

9. Employees will be provided access to their bi-weekly Leave and Earning Statements (LES). Through the use of myPay, employees will be able to view, and if desired print out their LES in a secure, encrypted Internet environment. Employees will be permitted to obtain and use computer diskettes to download and save their LES information as an alternative to printing. Although employees are not required to access myPay from non-work locations, myPay is accessible via the Internet nearly 24 hours per day, allowing for scheduled maintenance windows. All employees will be furnished a PIN providing them with secure access to myPay. MyPay PINs may be requested or changed only by the employee. DFAS does, and will continue, to use an employee's social security number (SSN) as a search feature. Should DFAS adopt a different system identifier in the future, the Agency agrees to notify NTEU and bargain to the extent required by law. Privacy rights and the Privacy Act will continue to be observed and adhered to by the Agency and all employees. The Agency will give appropriate response to breaches in employee privacy when such breaches are reported.
10. The Agency will continue to retain payroll information as required by law and regulations. The LES information that will be accessible to employees electronically will include the prior 26 pay periods (pps), which will be "built" after conversion. In other words, after 26 pps have occurred under DFAS, an employee may access, and if desired, print the prior 26 pps. In those situations where an employee needs to retrieve payroll information that is outside the range of data "built" up through the conversion process, the Agency agrees to provide an employee with a copy of such information (including information relating to union dues deduction), upon written request, including electronic mail, within a reasonable period of time. The employee will not be required to specify the need for the information. The information may be unavailable to the employee either because the request involves data older than the number of pps that have been "built" at the time the employee makes the request and before the LES information is fully "built" up to 26 pps or the request involves data older than 26 pps once the LES information is fully "built". For those requests involving data that is aged one year or less, the Agency anticipates that retrieval of such information will not generally exceed ten working days.
11. The Agency agrees to continue to keep NTEU informed of the progress towards implementation and furnish briefings to NTEU when requested. Should significant changes in procedures occur in the future, the Agency will provide advance notification to the Union, and bargain in accordance with law and the mid-term bargaining procedures of the respective CBAs.

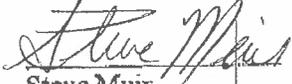
12. The conversion to DFAS may have some impact on current timekeeping practices although it is the intent of the parties to make the conversion process as seamless as practicable with no employee suffering any adverse effect by the change in payroll provider. Current emergency payment procedures will remain unchanged. Dues deduction processing (SF1187/1188) will continue as currently administered. The format for dues withholding reports provided to the Union may be in a different format, but those reports will continue to contain at least all of the same information that is currently contained in the reports and the reports will comply with the parties' respective collective bargaining provisions.
13. Employees are required to submit their electronic time sheets to their timekeeper or leave approving official LAW OPDIV procedures by the last Friday of the pay period. Routine leave requests are to continue to be submitted in accordance with current policy and the CBA. If an "amended" time sheet is submitted after the Friday cutoff, any adjustment in compensation will normally be reflected in the pay check for the next pay period. If there are 27 pay periods for calendar year 2005, instead of 26, the Agency will notify impacted employees as soon as possible of the change and associated effects on pay computation. Employees will not be responsible for inaccuracies on their time sheets concerning projected Saturday and Sunday work other than submitting the "amended" time sheet in a timely manner.
14. Employees will be required to access myPay to make changes to their personal accounts that do not require supervisor or HR/Payroll involvement using either the website or a touchtone telephone.
15. The Agency agrees to continue all services currently available via Employee Express plus enhance these services through the use of myPay with the addition of savings bonds, W-2s and the automated LES, which are not currently available from Employee Express. The changing of percentages for TSP withholding will also be accomplished via myPay.
16. The parties recognize that conversion to DFAS and myPay may result in some changes to current practices and procedures. The Agency will follow applicable CBA provisions regarding employee ratings and performance evaluations for any new or changed duties as a result of this initiative. The Agency intends to post such changes to the DHHS Intranet website as they become known during the implementation process.

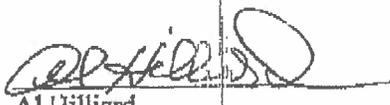
17. Savings Bond procedures will be modified to conform to DFAS's current policies and efforts are already underway by the Agency to notify employees of the steps they will need to take to be in conformance with DFAS prior to the conversion to minimize any potential adverse impact. These include the maximum number of savings bonds, bond withholding amounts and the requirement to have a designated beneficiary prior to the conversion.
18. Bargaining unit status codes will not be impacted by the conversion to DFAS.
19. A copy of this signed MOU will be provided to employees by posting it on the Agency's Intranet site specified in Paragraph #5 of this MOU. Additionally, at any meetings conducted by the Agency at the level of recognition, NTEU will be invited and recognized by the Agency.
20. This MOU will become effective upon signature of the parties and will remain in effect until the parties renegotiate a new CBA at the level of recognition, or within one year of the effective date of this MOU, whichever is later. For ACF, this MOU will expire on July 1, 2006. Should NTEU reopen negotiations with ACF, it must do so within 30 days of the expiration of the MOU, and any such negotiations will be limited solely to issues directly related to DFAS.

For the NTEU


Barbara Sheehy
National Negotiator

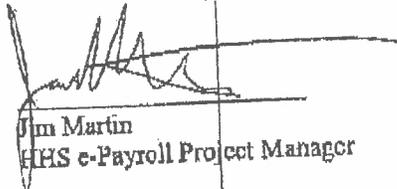
For the DHHS


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Executed

May 4, 2005


Jim Martin
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