

**MEMORANDUM OF UNDERSTANDING REGARDING THE CONDUCT OF
NEGOTIATIONS OVER A CONSOLIDATED TERM COLLECTIVE BARGAINING
AGREEMENT COVERING THE ADMINISTRATION FOR CHILDREN AND FAMILIES
(ACF), THE FOOD AND DRUG ADMINISTRATION (FDA), THE HEALTH
RESOURCES AND SERVICES ADMINISTRATION (HRSA), THE NATIONAL CENTER
FOR HEALTH STATISTICS, CENTERS FOR DISEASE CONTROL AND PREVENTION
(NCHS/CDC), THE OFFICE OF THE SECRETARY/ADMINISTRATION ON AGING
(OS/AOA), THE SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
ADMINISTRATION (SAMHSA), AND THE INDIAN HEALTH SERVICE (IHS)**

Consistent with the joint petition being filed with the Federal Labor Relations Authority (FLRA) by the Department of Health and Human Services (DHHS or the Agency) and the National Treasury Employees Union (NTEU or the Union) to consolidate the seven DHHS Operating Divisions (ACF, FDA, HRSA, NCHS/CDC, OS/AoA, SAMHSA, and IHS) represented by NTEU into one unit, NTEU and DHHS have reached the following agreement.

1. **Representatives of the parties shall meet for four weeklong bargaining sessions between May 8, 2006 and August 11, 2006, to negotiate a new, consolidated (or multi-unit) collective bargaining agreement (CBA). The parties will also calendar an additional week of bargaining the week of July 17, 2006 to be used should management request to complete a thorough, good faith discussion and effort to reach resolution on all articles. Unless otherwise agreed due to unexpected conflicts, they shall meet the weeks (exclusive of week-ends and federal holidays) of May 8, June 12, June 26 and 10 July, and will calendar the week of July 17, 2006, should management opt to use that week. The parties may mutually agree to extend the period of bargaining if after the five week-long sessions the parties have not fully addressed all the issues, keeping in mind that the parties' shared goal is to complete negotiations, including mediator/arbitrator assistance, by Friday, August 11, 2006. Daily sessions will commence at 9:00 a.m. and continue to 4:00 p.m. each day of the week except Monday, when the session will begin at noon, and Friday, when the session will end at 2:00 p.m. The parties will share hosting of the bargaining sessions, contingent upon the following being available at each site:**
 - a. separate private caucus room for each party;
 - b. separate, private access to computer (software to include Word, WordPerfect, and Excel), telephone, facsimile machine, and internet services;
 - c. technology (including adequate electrical service) that allows for projection of computer word processing onto a wall/screen in the negotiating room; and
 - d. photocopier.

The first two and the fifth week (if opted for) of bargaining sessions will be held at the NTEU national office, 1750 H Street, Washington, D.C., and the third and fourth weeks

of bargaining sessions will be held at the HHS offices (in the Humphrey Bldg., 200 Independence Avenue, S.W., Washington, D.C., and/or the Parklawn Bldg., 5600 Fishers Lane, Rockville, Maryland, the choice to be made at the Agency's discretion.

The parties agree that the teams will minimize the number and length of breaks (including for meals) during bargaining sessions and will resume bargaining promptly at the agreed-upon time. Reasonable caucus time will be granted when necessary.

2. Absent an agreement between the two teams on the first day of bargaining to package the articles into related groupings, e.g., articles for which the current CBAs are very similar versus articles with several significant current contract differences among OPDIVs, the parties will proceed through the proposals numerically using the order in which the articles now appear in the FDA contract.
3. The parties will exchange written proposals on the articles on May 1, 2006. Prior to May 8, 2006, the Chief Negotiators and/or designated spokespersons for the negotiating teams will meet to package articles, in an effort to reach agreement on as much of their content as possible.
4. No new Articles will be proposed during these negotiations after May 8, 2006, except by mutual agreement of the parties.
5. The Agency will respond timely to appropriate Union requests for relevant and necessary information pursuant to 5 U.S.C. section 7114(b)(4).
6. The Union may name up to fifteen (15) employee representatives as the members of its Negotiating Team. The Union will have no more than seven employee Negotiating Team members at the table or participate in bargaining at any one time; however, it may have two staff/national officers attend at any time during bargaining and three if the matter moves to the neutral, FMCS or FSIP. The Employer will have no more than ten representatives at the table or participate in bargaining at any one time. Each party may rotate its Negotiating Team members at the table during the various bargaining sessions. However, in order to minimize disruption to the process, the parties will not rotate Negotiating Team members within any given day or during the discussion of a particular Article. Members of the parties' Negotiating Teams will treat each other respectfully during all phases of the negotiation process.
7. Either side may have one observer present at any time. Union employee-observers will not be on official time, and any Union employee-observer may use a maximum of six (6) hours of approved duty time to observe the sessions. (Additional time in observer status will require use of accrued leave, approved in advance in accordance with the pertinent leave article of the applicable CBA). The observer will not communicate with those present while in the negotiating room (i.e., oral, written, and non-verbal communications are prohibited) and will not sit at the negotiating table. Additionally, any employee-observer's participation will be subject to management approval in its sole discretion based on work demands and availability.

8. Each of the fifteen (or fewer) Agency employees named as members of the Union negotiating team will be afforded up to 80 hours of official time to prepare for negotiations, irrespective of the location at which such preparation is performed. The employee's official time request must specifically designate that the time is being requested to prepare for these negotiations. Additional official time will be granted, as appropriate, to engage in negotiations, including any third party proceedings, to engage in discussions during caucuses and to travel to and from the bargaining sessions. Use of official time may be approved only for times when the employees are otherwise in a duty status. At least two (2) weeks before the commencement of negotiations, the Union will provide to the Agency the names of all employees on its negotiating team, so the Agency will be able to notify appropriate management officials timely about the release of the designated Union negotiating team members for scheduled bargaining sessions. The Agency will provide the Union a list of its bargaining team members at least two weeks prior to the commencement of negotiations. If changes must be made to the team members, the union or the Agency will give the other party at least one week's notice, absent good cause.
9. Only its Chief Negotiator/Spokesperson (or her/his designee on a day s/he is absent from the negotiations) is empowered to bind each side to final negotiated language for an Article. Both parties' Chief Negotiators/Spokespersons will initial off on each Article as soon as final agreement on language is reached on it. No Article or section thereof may be re-opened thereafter for substantive negotiation except upon mutual agreement of the parties.
10. The parties will discuss and attempt to reach resolution on all Articles of the proposed consolidated (or multi-unit) CBA during the time period specified above for face-to-face negotiations, and they hereby bind themselves to make good-faith efforts to accomplish such resolution and initial off on all Articles during the face-to-face negotiations process. During the final week of face-to-face negotiations, all Articles, sections, or isolated provisions therein on which agreement has not been reached will be discussed again, with both sides exerting good-faith efforts to complete review of all such articles in an effort to reach resolution on each of them. At the end of the last week of face-to-face negotiations, all Article(s) on which the parties have not reached agreement, and/or any sections/provisions within Article(s) on which the parties have not agreed (where they have reached agreement on other sections/provisions thereof), will be considered at impasse.
11. The parties agree to secure a mediator/arbitrator to assist in resolving any issues on which the parties have reached a true impasse at the close of the face-to-face negotiations. Any such outstanding issues and a short explanation of the parties' positions thereon will be submitted to the mediator/arbitrator in writing by July 28, 2006. The parties will meet with the mediator/arbitrator for up to five full-day sessions during the week of July 31, 2006. If agreement on all outstanding issues is not reached after meeting for five days that week, the parties may mutually agree to additional time and dates for mediation/arbitration. The Arbitrator will be empowered to make a non-binding recommendation on each unresolved issue and will do so within one week of the last

mediation/arbitration session. The parties will share the cost of mediation/arbitration equally.

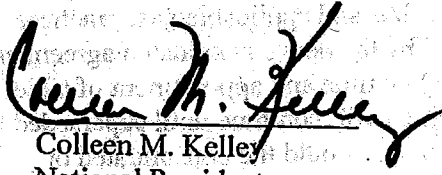
12. The parties will attempt to reach agreement on the choice of a neutral by April 5, 2006. If they cannot reach agreement by that date, they will exchange lists of proposed neutrals on April 5, 2006. Each list may contain up to seven names. Five of each party's seven must be members of the National Academy of Arbitrators, at least four must be from the DC metro area so as to minimize the need to pay travel and per diem costs, and the parties will attempt to identify neutrals with federal sector interest-arbitration or mediation experience. Once the lists are exchanged, the parties will meet within 72 hours to begin striking names from the combined list of 14 names. A coin toss will decide which party will strike first, and the parties will then take turns striking from the list until only one name remains. That person will serve as the neutral unless unavailable for the designated week of med-arb assistance--or some other mutually agreeable week. If he or she is unavailable, the parties will turn to the second to last person struck, and then the third until one of the neutrals is available to serve.
13. If either party elects to reject or not to adopt the mediator/arbitrator's recommendations, thereby forcing an appeal of the matter through the statutory impasse resolution process, that party will bear the full cost of the arbitrator's expenses. If both parties elect to reject or not to adopt at least one of the mediator/arbitrator's recommendations, the cost of mediation/arbitration will be shared equally.
14. The Agency will pay reasonable travel and per diem costs for up to three (3) employees per week on the Union negotiating team for the entire negotiations process, including all third party proceedings. All travel and per diem costs will be administered in accordance with governing regulations and HHS policy. All employee team members will be eligible for local commuting costs reimbursement pursuant to agency regulations.
15. If a negotiability appeal is filed with the FLRA during the pendency of the negotiations, the parties will continue to negotiate all other issues consistent with this Memorandum of Understanding (MOU). If final resolution is reached on all Articles aside from the subject matter(s) of the negotiability appeal, the CBA will be executed and implemented, subject to re-opening and re-negotiation of any provision(s) in the appeal should be FLRA rule that the matter(s) is (are) negotiable.
16. The parties will finalize for electronic transmission, all of the text of the new CBA within one week of final resolution of all Articles, whether accomplished during face-to-face negotiations or via mediation/arbitration. The union will promptly transmit the language of the new CBA to its chapters throughout the country for a ratification vote and the Union will verify receipt by each Chapter. The Union will advise HHS of the results of the ratification vote no later than twenty-five (25) days following its receipt of the final version of the CBA in electronic form from the Agency. If the Union advises the Agency that the CBA was not ratified on the vote of the membership, either party may re-open any or all Articles for re-negotiation.

17. The Agency will have thirty (30) days from the date NTEU notifies it that the CBA has been ratified, in which to conduct Agency Head review under 5 U.S.C. section 7114(c). If upon Agency Head review, any provision(s) or Article(s) is (are) determined not to be in accordance with law, rule, or regulation, either party may initiate bargaining to re-negotiate over any negotiability disputes. This shall also include the right to re-open and re-negotiate any provisions that were part of an agreement that led directly to the language that the Agency Head has disapproved. The Union also has the right to file a negotiability appeal with the FLRA and the right to re-open and re-negotiate those provisions should the FLRA find that they were negotiable.
18. Effective upon signing these ground rules, the Employer will recognize the use of official time by all union officials on a cross-OPDIV basis solely within the jurisdiction of a particular NTEU chapter, unless there exists a past practice or binding agreement to recognize representation beyond chapter boundaries. The Union may appoint one steward for every 50 bargaining unit employees or fraction thereof. All bargaining unit employees represented by NTEU in a particular chapter shall be included in calculations for determining number of representatives allowed. Regardless, no Chapter will have fewer stewards than their current CBA allows. The parties intend this paragraph only to address the Employer's decision to recognize cross-OPDiv representation for purposes of official time, all other provisions of the respective CBAs and applicable past practices shall remain in full force and effect until superseded by the new consolidated agreement (including, but not limited to, procedures for requesting time and appointment of Chief Stewards). This cross-OPDIV official time recognition will continue until superseded by the Official Time article of the consolidated agreement. Should the consolidated or multi-unit efforts end for whatever reason, official time for cross-OP/DIV activity will also end and the parties will revert fully back to applicable CBA provisions.
19. Paragraph 18 applies only to those chapters that are multi-OPDiv. Cross OPDIV official time does not affect single OPDiv chapters. As such, those chapters shall continue to abide by all applicable CBA provisions and past practices for purposes of official time until superseded by a new consolidated agreement.
20. The parties agree that during the negotiations on the new, consolidated CBA, the provisions of this MOU will supersede any language pertaining to term negotiations or duration of the OPDIVs' current CBAs. Those agreements will be extended by the operation of this MOU until a replacement consolidated or multi-unit agreement is implemented. Should the consolidated or multi-unit efforts end for whatever reason, either party may reopen those agreements that have passed the original termination date at any time.
21. It is the parties' shared expectation that there will be issues that are specific to a geographic area or an OPDIV and will be better resolved or fully resolved through local or supplemental negotiations at the OP/DIV or similar level. Should the parties mutually determine during these negotiations that a local or supplemental agreement on a

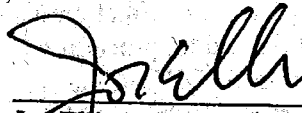
particular issue in an article would be prudent, the parties may mutually agree to specific procedures for appropriate bargaining to be included within that article.

22. The parties will jointly file a consolidation petition with the FLRA simultaneous with the execution date of these ground rules.
23. The parties will implement the CBA resulting from these negotiations irrespective of the FLRA decision on their joint consolidation petition. The parties will commence negotiations pending FLRA action on the petition. In the event the FLRA disapproves the petition, the CBA resulting from these negotiations will apply to all NTEU bargaining unit employees at their respective levels of recognition; it will be considered a multi-unit agreement and will be fully binding on the parties. Neither individual OPDIVs nor NTEU bargaining units at the level of recognition may re-open the CBA except in accordance with this MOU or the terms of any re-opener provision that may be negotiated between the parties.

For the Union


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For the Agency


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