

governmentattic.org

"Rummaging in the government's attic"

Description of document: Federal Mediation and Conciliation Service (FMCS)

Congressional Submissions, FY2005 – FY2008

Requested date: 28-August-2017

Released date: 06-July-2018

Posted date: 20-August-2018

Source of document: FOIA Program

FMCS

One Independence Square

250 E Street, SW

Washington, DC 20427
Fax: 202-606-5345
Email: foia@fmcs.gov
FOIA request form

The governmentattic.org web site ("the site") is noncommercial and free to the public. The site and materials made available on the site, such as this file, are for reference only. The governmentattic.org web site and its principals have made every effort to make this information as complete and as accurate as possible, however, there may be mistakes and omissions, both typographical and in content. The governmentattic.org web site and its principals shall have neither liability nor responsibility to any person or entity with respect to any loss or damage caused, or alleged to have been caused, directly or indirectly, by the information provided on the governmentattic.org web site or in this file. The public records published on the site were obtained from government agencies using proper legal channels. Each document is identified as to the source. Any concerns about the contents of the site should be directed to the agency originating the document in question. GovernmentAttic.org is not responsible for the contents of documents published on the website.

MICHAEL J. BARTLETT CHIEF FOIA OFFICER MBARTLETT@FMCS.GOV 202-606-3737

July 6, 2018

Re: FOIA 17-73

This is in response to your Freedom of Information Act (FOIA), 5 U.S.C. §552, request of August 28, 2017, in which you request the Federal Mediation and Conciliation Service (FMCS) to provide you with its Congressional Submissions for the Fiscal Years 2005-2008 in electronic form.

Enclosed please find the information you requested on a single CD.

FMCS reserves the right to make additional responses to the request and to supplement and correct the information provided.

Sincerely,

Michael J. Bartlett

Enclosure

Federal Mediation And Conciliation Service

2005 Congressional Submission



FEDERAL MEDIATION AND CONCILIATION SERVICE

FY 2005 Congressional Submission

FEDERAL MEDIATION AND CONCILIATION SERVICE CONGRESSIONAL SUBMISSION - FISCAL YEAR 2005

TABLE OF CONTENTS

	Page	No.
Executive Summary		1
Organizational Chart	• •	10
Appropriation Language	• •	11
Statutory and Other Legal Authorities	• •	12
Budget Tables and Detailed Financial Requirements	• •	17
Appropriation and Staffing History	• •	23
Detail and Streamlining of FTE	• •	26
Mission and Program Structure	• • •	28
Dispute Mediation Preventive Mediation Education, Advocacy and Outreach Arbitration Services FMCS Institute Alternative Dispute Resolution/International Services Labor-Management Cooperation Program Program Accomplishments and Objectives Collective Bargaining Interventions Arbitration Services Alternative Dispute Resolution/International Services Youth Violence Prevention & Conflict Resolution FMCS Institute Academic Partnerships		29 31 39 40 41 45 47 48 62 68 74 76
Registry of Neutrals	• •	85 87
Workload Projections	• •	89
Professional Development and Education Plan		91
Information Systems		97
FMCS Cameos	• •	105
Appendix A Annual Performance Plans and Reports		

Federal Mediation and Conciliation Service

Fiscal Year 2005 Budget Estimates

Executive Summary

In this first decade of the 21st century, the Federal Mediation and Conciliation Service (FMCS) is positioned to play a key role in historic changes affecting our workplaces and our economy-changes that can determine how millions of people in this nation and around the world work and live. Today, technology is advancing at an accelerating rate, re-defining the way business is done, creating new industries and rendering others obsolete. The duration of labor contracts is lengthening, and unions are merging and consolidating. With economic globalization has come the need for a flexible, mobile workforce. Free trade has engendered a new set of international competitors for U.S. companies, eager to sell their wares in this country. Health care costs continue to rise, workplace stress is increasing, and our work force is growing older on the average as the Baby Boom generation ages.

As an agency charged with assisting parties in conflict, we are confronted with formidable challenges in this new technological era and this new global economy. But we also are presented with new opportunities to assist those who depend on us, to extend our reach to others who may benefit and to more fully realize our mission with new techniques, training and communications tools.

FMCS delivers assistance in conflict resolution to the nation's workplaces, and we also share our considerable dispute resolution experience with a variety of agencies and organizations. With a history of more than a half century of providing mediation and facilitation services, FMCS has more collective experience in dispute resolution than any other agency of government.

We directly address the challenges of conflict resolution in the nation's workplaces and in other critical domestic and international venues with the following program activities:

- Preventing economically disruptive work stoppages through dispute mediation in the negotiation of collective bargaining agreements;
- Assisting troubled labor-management relations, increasing mutual understanding, improving labormanagement communication and providing processes to solve current and future workplace problems through relationship-development and training;
- Providing access to timely, cost effective, binding resolution of collective bargaining disputes through arbitration services;
- Offering opportunities, through education, advocacy and outreach, for labor and management to meet in nonconfrontational settings, such as joint training sessions or industry-wide labor-management committees, while teaching participants to restructure adversarial relationships and ways to minimize conflict, thereby helping U.S. industries remain competitive in a global marketplace;
- Funding and giving technical assistance to innovative approaches to labor-management cooperation through matching financial grants;
- Delivering customized training for labor and management professionals in the necessary skills to resolve complex workplace problems through the FMCS Institute for Conflict Resolution;
- Reducing the costs to taxpayers and the time associated with the resolution of employment and public policy disputes by providing alternative dispute resolution services to government agencies as well as the private sector; and
- Promoting economic development and the expansion of democratic institutions overseas in support of President Bush's foreign assistance policy by helping to build industrial labor relations systems, conflict resolution systems and consensus decision-making models that are essential for free markets.

A Record of Accomplishment in 2003

Within our core function area, with new tools, training and communications resources, we intensified efforts within the framework of collective bargaining to minimize the number and severity of work stoppages. In 2003, FMCS had a number of successes in mediating high-profile and very difficult labor-management discussions with enormous potential impact on the national or regional economies, national security or U.S. government agencies. In addition to successfully guiding numerous other negotiations, FMCS mediators were instrumental in resolving the following major disputes:

Pacific Maritime Association-International Longshore and Warehouse Union, AFL-CIO. Fiscal year 2003 began with the West Coast ports dispute, involving 10,500 longshoremen and clerks employed by various terminal operators, stevedores and shipping companies at 29 ports stretching from Seattle to San Diego. The challenging issue for these negotiations was technological advancement crucial to the shipping industry and its corollary effect on job security for union members. The 29 affected ports collectively handled nearly half of the container cargo entering or leaving the United States, with goods valued at more than \$300 billion a year. With the onset of the dispute in July 2002, the national and world economies were shaken by a 10-day closure of the West Coast ports. The severe economic losses occasioned by the ports closure, estimated at \$1 billion a day, prompted President Bush to invoke the Taft Hartley Act for the first time in 24 years. Working with the FMCS Director and other agency representatives, the parties reached a tentative agreement in November 2002 covering the technological issues and a comprehensive, final agreement on November 24, 2002.

Verizon Communications, Inc.-Communications Workers of America, AFL-CIO and the Brotherhood of Electrical Workers, AFL-CIO. Verizon is the nation's largest telephone company, employing approximately 78,000 technicians and operators represented by the CWA and IBEW in 13 states from Maine to Virginia. A central issue in the negotiations was balancing union concerns for job security with the company's need for a flexible work force to stay competitive in its industry. According to estimates by economists at MIT and Cornell University, a strike would have cost the regional economy a minimum of \$16 million daily in lost wages alone. An 18-day

strike in 2000 led to a backlog of 250,000 repairs and new phone orders that took months to process. As the August 3, 2003 contract expiration neared, the parties began meeting with the FMCS Director, ultimately reaching a comprehensive agreement on the issues on September 4, 2003.

Northrop Grumman Ship Systems-Pascagoula Metal Trades Department, IBEW, IAM, and OPEIU. Northrop Grumman is a \$15 billion, global aerospace and defense company. The Northrop Grumman Ship Systems (NGSS), headquartered in Pascagoula, Mississippi, employs more than 17,000 shipbuilding professionals and is one of the nation's leading companies for the design, development and construction of major surface ships for the U.S. Navy, U.S. Coast Guard, international navies, and commercial vessels of all types. assistance from an FMCS mediator, the parties commenced negotiations in November 2002 on a complex set of issues in order to reach agreement prior to the expiration existing contracts in February, 2003. Tentative agreements were reached with all 13 unions involved in the talks; however, ratification votes failed in every unit, and thereafter, all unions had a strike-vote authorization. FMCS immediately invoked a 14-day cooling off period and ordered all parties back into negotiations to avoid a work stoppage that potentially could have disrupted economies of three states as well as preparations for the impending war in Iraq. Subsequently, with FMCS intervention and after intense negotiations, all of the labor bargaining reached four-year agreements with NGSS. provisions called for joint labor-management groups to address continuing problem areas, averting a work stoppage potentially damaging to the nation's defense efforts and to the regional economy.

Lockheed Martin Aeronautics-International Association of Aerospace and Machinists, Local 776. Lockheed Martin Aeronautics manufactures F-16 fighter jets in Fort Worth, Texas. The company employs 14,000, of which, 4000 are represented by the IAM. Historically, the parties' been adversarial during relationship has negotiations, and both sides initially resisted FMCS offers to mediate. After FMCS became involved in the discussions, offer by the company was rejected by the union membership, which voted to strike. The ensuing two-week work stoppage ended after FMCS persuaded the parties to return to negotiations, resulting in an agreement that brought employees back to their jobs.

Cook County Hospital-International Nurses Association. Cook a conglomerate of County Hospital is 20 hospitals, health centers and ambulatory care centers, providing medical treatment to hundreds of thousands of patients each year. As bargaining began with the nurses association, it was feared that a work stoppage by its 1800 members could severely cripple the county's premier health care institution. After working without a contract for more than a year, the nurses voted in January 2003 to authorize a strike. The negotiations were tense and worsened monthly, prompting the senior leadership of the AFL-CIO to contact the FMCS Director with a request to provide additional expertise. In response to the AFL-CIO request, one of the agency's regional directors mediated a number of lengthy sessions with the parties, resulting in a final agreement.

Haulers-International Brotherhood Trash Chicago Teamsters. The International Brotherhood of Teamsters represents 3300 employees of trash hauling firms Chicago. When a strike over wages and benefits began in October 2003, city high rises and business districts were affected as well as 36 suburbs. More than a half-million people did not have garbage collected for nine days. The strike shut down transfer stations and dumping sites, leaving no place to haul garbage, even if there were truck drivers available to remove it. According to news reports, the lack of garbage collection posed such a serious health threat that Cook County authorities considered seeking a court injunction to force the Teamsters back to work. Mediation efforts by FMCS, however, were successful. An 18hour marathon bargaining session led to a new offer from the employers, which was accepted and ratified by union members.

Supermarkets-United Food and Commercial Workers. The retail food industry and its unions have experienced major work stoppages, beginning in October 2003, with significant regional and economic effects. Most notably, strikes and lockouts idled thousands of workers and affected supermarkets and consumers in a tri-state area of the Ohio Valley, in the region around St. Louis, Missouri and throughout Southern California. Two of these three major disputes were settled after intense mediation efforts by FMCS. The third, affecting some 70,000 workers in Southern California, was still ongoing as of February 2004, despite FMCS attempts to bring the parties back to the bargaining

table. Mediated talks in Southern California overseen by the FMCS Director broke off December 19, 2003 with both sides balking at shouldering the increased cost of health care benefits. In the two other work stoppages, where health care benefit costs also were a principal point of contention, FMCS mediation efforts resulted in settlements for 3,300 workers in Ohio, Kentucky and West Virginia and 10,000 workers in Missouri after strikes of 59 days and 24 days respectively.

Challenges for Fiscal Year 2004

FMCS will continue our efforts to engage more effectively in growing industries, such as health care, and in industries, such as transportation, that are critical to the smooth functioning of the economy or essential to national security. We are working to promote better labor-management relationships and more effective problem-solving techniques. FMCS also is developing systems for handling disputes outside of a collective bargaining framework and working to increase our understanding of major issues that drive conflict in the workplace so that this knowledge can be shared with labor and management. The agency will continue our outreach to school systems in combating youth violence and extending a hand to the nation's courts to help improve systems for alternative dispute resolution.

FMCS will remain engaged internationally to help emerging and newly democratic countries establish dispute resolution programs. Many regions of the world with developing free market economies, including those Eastern and Central Europe, South and Central America, and the Asia-Pacific region, have no industrial relations and resolution systems. Without these institutions, these economies are threatened by labor strife. FMCS mediators continue to provide training and assistance in designing industrial labor relations systems, conflict resolution systems, mechanisms for social dialogue and consensus decision-making models. These efforts promote economic development and the expansion of democratic institution in other countries and support U.S. foreign assistance policy.

In addition, FMCS is reviewing and adapting our training in a number of areas to better meet the needs of customers, both current and future. We have partnered with

respected academic institutions to better leverage our resources and to gain expertise in certain areas. addition, we are finding ways to share knowledge more effectively to meet the growing demand for alternative dispute resolution services for government, saving U.S. taxpayers the expense of costly litigation. Overseas, we our expertise with emerging democracies and international organizations in helping to build conflict resolution systems fundamental to stable, free societies. We are preparing to meet new responsibilities with respect to the new Department of Homeland Security, where we are charged with resolving employment-labor issues related to the integration of various federal offices into homeland security operations. And we are continuing to explore the application of new technologies to all our tasks to make us more efficient and to improve the quality of our services.

Fiscal Year 2004 will again present major challenges to the agency's resources in terms of expiring contracts affecting an estimated 1.1 million workers in industries impacted by global competition. Significant contracts in this category include steel, clothing manufacturing, and telecommunications. The aerospace and auto industries will also encounter significant contract expirations, as will the entertainment and industries. Regional retail food contracts will be subject to multiple expirations. Health care institutions in major U.S. markets will also be impacted by expiring labor contracts, as will thousands of building contracts in major markets across the country. In addition, federal sector employees as well as school, city and county employees in almost every state will be engaged in collective bargaining in FY 2004.

This list represents just a fraction of the total number of expiring labor contracts in the coming fiscal year. Accordingly, with dispute resolution in collective bargaining the agency's top priority, FMCS must be prepared to meet a sharp upturn in demand for its services in the this arena. In tandem, FMCS also must be ready for greater demand for relationship-development and training services, fueled by the heightened, labor-management adversarial environment generated by technological change and global competition.

Challenges for Fiscal Year 2005

The potential of work stoppages in key industries to negatively impact the national or regional economies remains very significant in FY 2005. Major labor contracts will be expiring in the aerospace, manufacturing and defense industries as well as contracts in the glass, entertainment, health care, retail food and food processing industries. Major regional agreements in the construction industry also will expire. These contracts, affecting more than a million workers and vital sectors of the national economy, represent only a fraction of the total number of agreements due to expire during the fiscal period.

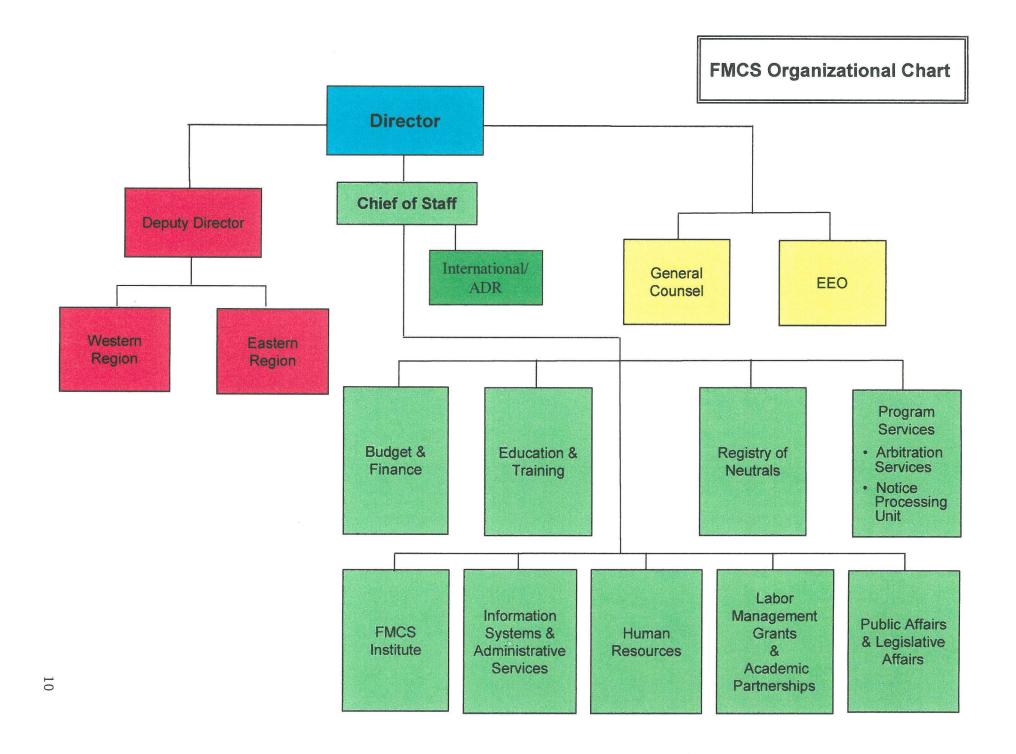
Because improvements in productivity directly relate the survival of industries and job security of employees, it remains imperative to the national interest that FMCS continues and intensifies its work in both dispute resolution and relationship-development training. Experience has demonstrated that the agency can contribute more effectively to building and maintaining constructive relationships by remaining active with the parties during the life of their collective bargaining agreements. Therefore, an increasing demand exists for preand post-negotiation involvement in managing existing conflict. Additionally, it requires that the agency be prepared to provide necessary training to help the parties accomplish the change in relationships needed to survive and prosper in the global marketplace. In fact, historical customer focus group feedback from all five FMCS regions emphasized the need for early and aggressive intervention from the mediators.

In order to meet the critical demand for increased and improved service, FMCS must continue to seek better methods for service delivery. More complex problems require improved information and a constant updating of mediator knowledge, skills and tools. Increased mediator expertise will be required as unions and employers attempt to cope with increasingly complex economic issues. The agency's efforts to increase mediator understanding and knowledge in industries critical to the U.S. economy, first initiated in FY 2003, will continue in FY 2005. Using technology to more effectively and efficiently enable our customers to manage conflict and change will become increasingly important. Competition in the marketplace and membership demands requires that employers and unions maximize the

efficient use of their resources. FMCS must be prepared to assist our customers in meeting that challenge as well as confronting the challenge in our own resource utilization.

Of no less importance will be the agency's continued efforts to improve labor-management relations and assist our labor and management customers in the exploration of joint strategies designed to transform their relationships. There is a continuing demand for large-scale, coordinated relationship-development and training programs. Because of the size and scope of some of these programs, they will require more resources than traditional relationshipdevelopment and training cases. These activities include working with individual employers and unions to restructure their labor-management relationships, moving from the traditional confrontational model to a more collaborative or partnering model where appropriate. The agency must continue to upgrade its technology in order to bring greater efficiency and effectiveness to the conflict resolution process, and to improve the effectiveness and accessibility of relationship-development and training programs.

Given all of the above, the increased demands and expectations of our customers for agency services that is foreseen through FY 2005 represent a significant challenge for FMCS. I urge you to favorably consider this request for \$43,964,000 and 283 appropriated FTE and 9 reimbursable, non-appropriated FTE. This amount funds a 1.5 percent pay raise in 2005 and an increase for space rental.



FEDERAL MEDIATION AND CONCILIATION SERVICE SALARIES AND EXPENSES

For expenses necessary for the Federal Mediation and Conciliation Service to carry out the functions vested in it by the Labor Management Relations Act of 1947 (29 U.S.C. 171-180, 182-183), including hire of passenger motor vehicles; for expenses necessary for the Labor-Management Cooperation Act of 1978 (29 U.S.C. 175a); and for expenses necessary for the Service to carry out the functions vested in it by the Civil Service Reform Act, Public Law 95-454 (5 71), [\$43,385,000] \$43,964,000, including U.S.C. ch \$1,500,000, to remain available through September 30, [2005] 2006, for activities authorized by the Labor-Management Cooperation Act of 1978 (29 U.S.C. 175a): Provided, That notwithstanding 31 U.S.C. 3302, fees charged, up to fullcost recovery, for special training activities and other conflict resolution services and technical assistance, including those provided to foreign governments international organizations, and for arbitration services shall be credited to and merged with this account, and shall remain available until expended: Provided further, That fees for arbitration services shall be available only for education, training, and professional development of the agency workforce: Provided further, That the Director of the Service is authorized to accept and use on behalf of the United States gifts of services and real, personal, or other property in the aid of any projects or functions within the Director's jurisdiction. (Division E, Consolidated Appropriations Bill, FY 2004.)

FEDERAL MEDIATION AND CONCILIATION SERVICE

BUDGET ESTIMATES FOR FISCAL YEAR 2005

SALARIES AND EXPENSES, FEDERAL MEDIATION AND CONCILIATION SERVICE (FMCS), STATUTORY AND OTHER LEGAL AUTHORITIES

The Federal Mediation and Conciliation Service was established by Title II of the Labor Management Relations Act (Taft-Hartley) in 1947 as an independent agency of the federal government whose primary mission was to prevent and minimize labor-management disputes affecting interstate commerce by providing mediation, conciliation, and voluntary arbitration services. All mediation and conciliation functions of the Secretary of Labor and the United States Conciliation Service were transferred to FMCS at that time. This mission includes both the private and public sectors, except for the railroad and airline industries, which are covered by the Railway Labor Act and the National Mediation Board.

In 1978, the Civil Service Reform Act directed FMCS to assist with dispute resolution in federal sector labor disputes. The Labor Management Cooperation Act amended the Taft-Hartley Act in 1978 and authorized and directed FMCS to encourage labor-management cooperative activities. It also authorized the issuance of grants to support joint labor-management activities conducted by plant, area, public sector, and industry-wide committees.

In 1990, the agency was authorized by the Administrative Dispute Resolution Act and the Negotiated Rulemaking Act to assist other federal agencies in resolving disputes arising out of grants, contracts, licenses, or other agency administrative actions, and to assist in the process of negotiated rulemaking. The Administrative Dispute Resolution Act of 1996 amended and permanently reenacted these 1990 Acts.

The Homeland Security Act of 2002 contains specific provisions "to ensure collaboration" between management of the newly created Department of Homeland Security and employee representatives that includes the availability of FMCS mediation in the event that the parties are unable to agree on proposed personnel changes. Similar provisions have recently been enacted with respect to FMCS availability for the Department of Defense and the Department of Veterans Affairs. In addition to specifically mandated services, FMCS has offered traditional mediation services applied to both

collective bargaining and employment disputes, facilitation and training functions, applied particularly to the merging of different agency cultures, convening of disparate agency and private groups, and conflict systems design assistance and training for organizational/workplace disputes as well as for handling external complaints.

Over the years, Congress and the Executive Branch have authorized FMCS to perform a variety of dispute resolution functions as well as to assist in the improvement of labor-management relationships. Specific statutory and other authorizations of agency programs are described below.

I. The Labor-Management Relations Act of 1947 (Public Law 80-101, 29 U.S.C. Sec. 173) directs the Service to prevent or minimize interruptions of the free flow of commerce growing out of labor disputes by helping the parties settle such disputes through mediation. Parties are required to notify the Service 30 days prior to a contract termination or modification date so that mediation services may be proffered.

The Act establishes a special procedure for threatened or actual strikes which in the opinion of the President imperil the national health or safety. In such a situation, the President may appoint a board of inquiry to ascertain the facts with respect to the dispute. After receipt of the report, the President may seek to enjoin the strike for not more than 80 days, and a court may do so if it finds that the threatened or actual strike or lockout affects a substantial part or all of an industry and would imperil the national health or safety.

II. The Health Care Amendments of 1974 (Public Law 93-360, 29 U.S.C. Sec. 158(d)(3) (amending the National Labor Relations Act) include special responsibilities to prevent or minimize work stoppages in the health care industry. In the case of this industry, FMCS must be notified 60 days before the contract termination date. A 30-day notice is required in initial bargaining situations. If, in the opinion of the Director, a strike is threatened which would interrupt the delivery of health care in a locality, the Director may appoint a board of inquiry (29 U.S.C. section 183). The board has 15 days within which

to operate and file its report and recommendations; parties must maintain the *status quo* for 15 days thereafter while further negotiations and mediation take place. The parties are required to cooperate in any mediation efforts by FMCS.

- The Civil Service Reform Act of 1978 (Public Law 95-454, 5 U.S.C. Sec. 7119(a)) directs the Service to provide mediation assistance in disputes arising from negotiations between federal agencies and the exclusive representatives of their employees.
- The Postal Reorganization Act of 1970 (Public Law 91-375, 39 U.S.C. Sec. 1207(b)) requires the Service to establish fact-finding panels and arbitration boards if disputes between the Postal Service and the exclusive representatives of its employees are not resolved prior to certain statutory deadlines.
- V. Presidential Statement, March 24, 1953. The AtomicEnergy Labor-Management Relations Panel was established within the Service in March 1953, by President Eisenhower, in order to ensure the uninterrupted functioning of the Atomic Energy Program without strikes or lockouts due to labor-management disputes. This Panel was moved to the Atomic Energy Commission in March 1956 but was returned to FMCS under President Carter in April 1980 and renamed the Energy Labor Management Relations Panel (ELMRP).
- VI. Executive Order 11374, dated October 11, 1967, transferred the responsibilities of the Missile Sites Labor Commission (created by Executive Order 10946) to FMCS.
- VII. The Federal Insecticide, Fungicide and Rodenticide

 Act of 1978 (Public Law 95-396, 7 U.S.C.

 136a(c)(l)(f)(iii)) requires the Service to
 provide for the appointment of arbitrators to
 decide disputes concerning compensation for the
 use or development of pesticide registration data.
- VIII. The Labor Management Cooperation Act of 1978

 (Public Law 95-524, 29 U.S.C. 175(a)) amended sections 175 and 302 of the Labor Management Relations Act and authorizes and directs the Service to encourage and support joint labor-

management activities conducted by plant, area, and industry-wide committees designed to improve labor-management relationships, employment security, and organizational effectiveness. The Act authorizes the Service to provide grant funds to assist in the establishment and operation of these labor-management committees.

IX. The Administrative Dispute Resolution Act of 1996(Public Law 104-320) 5 U.S.C., 571, et seq. authorizes and encourages agencies to use various alternative means of dispute resolution in the federal administrative process in order to avoid the time and expense of litigation. The 1996 Act and permanently reenacted the amended Administrative Dispute Resolution Act of 1990 as well as the Negotiated Rulemaking Act of 1990. The repeal of the sunset date (expiration dates) and the reporting requirements of the Acts suggest the ADR and regulatory-negotiation "experiments" have become well-accepted processes of federal agencies.

A lead agency or interagency committee will be designated by the President to facilitate and encourage use of alternative dispute resolution. Federal agencies are now required to consult with that lead agency or committee and are now permitted to participate in binding arbitration in some situations. Under the 1996 Act, coverage has been expanded to include additional dispute resolution techniques, such as "ombudsmen," and the use of ADR in some workplace conflicts, including Hatch Act violations, retirement, insurance, certain suspensions, removals, examinations and appointments. The 1996 directs the lead agency or interagency committee to develop guidelines to expedite the acquisition of neutrals and to encourage use of alternative dispute resolution in the federal government.

Lastly, this legislation amends the Labor Management Relations Act of 1947 (Taft-Hartley) by permanently adding section 173(f) of Title 29 of the United States Code so that FMCS may provide all forms of ADR assistance to federal agencies. Under this legislation, FMCS continues to assist agencies in negotiated rulemaking processes as well as other ADR procedures by providing

- training, facilitation, mediation, and other neutral skills.
- X. The U.S. Code of Federal Regulations at 45 CFR 90.43(c)(3), issued by the Department of Health and Human Services, implementing its authority under the Age Discrimination Act of 1975, 42 U.S.C. 6101 et seq., authorizes the Service to provide mediation assistance for the resolution of age discrimination charges.
- XI. The Air Traffic Management Performance Improvement Act of 1996 (Public Law 104-264, 49 U.S.C. Section 40122(a)(2)), directs the FMCS to mediate disputes between the Administrator of the Federal Aviation Administration and its employee representatives if these bargaining parties fail to reach a negotiated agreement.
- XII. The Homeland Security Act of 2002 (Public Law 107-296), in Title VIII, Subtitle E, gives the Secretary of Homeland Security the option of using "the services of the Federal Mediation and Conciliation Service" to "facilitate the process of attempting to reach agreement" on proposed personnel changes in dispute. A majority of employee representatives making recommendations with respect to proposed changes also have the option of calling for the services of FMCS. Legislation has recently been enacting adding similar provisions for the Department of Defense and the Department of Veterans Affairs.

FEDERAL MEDIATION AND CONCILIATION SERVICE BUDGET ESTIMATES FISCAL YEAR 2005 FINANCIAL REQUIREMENTS

(in thousands of dollars)

	FY 2002 <u>Actual</u>	FY 2003 <u>Actual</u>	FY 2004 <u>Estimated</u>	FY 2005 <u>Request</u>
Personnel Compensation	<u>\$23,224</u>	<u>\$24,317</u>	<u>\$25,360</u>	<u>\$26,347</u>
Full-time permanent positions	21,689	22,633	23,588	24,515
Other than full-time permanent positions	317	258	328	453
Overtime & Holiday Pay	30	26	20	20
Awards	224	255	300	200
Labor-Management Cooperation Program	135	152	222	233
Reimbursable compensation	792	924	824	926
Schoolyard compensation	37	69	78	0
Personnel Benefits	<u>\$5,835</u>	<u>\$6,239</u>	<u>\$6,741</u>	<u>\$6,841</u>
Retirement - CSRS	630	483	450	385
Retirement - FERS	1,535	1,706	1,740	1,808
FERS - Thrift	674	739	812	810
Group life insurance	42	43	47	47
Health benefits	953	1,086	1,210	1,350
OASDI	881	968	1,060	1,099
Employee compensation	544	561	599	575

•	FY 2002	FY 2003	FY 2004	FY 2005
	<u> Actual</u>	<u> Actual</u>	Estimated	Request
Personnel Benefits (continued)				
Official station transfers	0	0	70	0
Relocation income tax allowance	0	. 0	0	0
Cost-of-living allowance	. 37	38	40	42
Subsidy for commuting costs	15	27	35	35
Medicare taxes	316	327	350	366
Labor-Management Cooperation Program	30	35	55	62
Reimbursable benefits	169	209	250	262
Schoolyard benefits	9	17	23	0
Benefits for Former Personnel	<u>\$0</u>	<u>\$5</u>	<u>\$0</u>	<u>\$0</u>
Unemployment compensation	0	5	0	0
Travel and Transportation of Persons	\$2,889	<u>\$2,847</u>	\$2,570	<u>\$2,640</u>
National office travel	351	239	200	250
Official car	7	7	10	10
Field travel	1,650	1,662	1,550	1,650
Seminars, Workshops, Conferences and Training (SWCT)	509	449	365	365
New mediator costs	63	107	80	80
Family travel	0	0	0	0
Labor-Management Cooperation Program	26	22	25	25
Reimbursable travel	274	328	300	260
Schoolyard travel	9	33	40	0
Transportation of Things	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Transportation of household goods	0	0	0	0
Rents, Communications, and Utilities	<u>\$5,774</u>	<u>\$5,981</u>	<u>\$6,461</u>	\$6,938
Rental of space (GSA)	4,545	4,770	5,236	5,715
Reproduction Equipment Rental	70	43	70	70

	FY 2002 <u>Actual</u>	FY 2003 <u>Actual</u>	FY 2004 <u>Estimated</u>	FY 2005 <u>Request</u>
Rents, Communications, and Utilities				
(Continued)				
Miscellaneous	8	8	. , 8	8
Audio-visual equipment rental	2	0	2	2
Conference room rental	3	6	8	8
FTS	235	181	210	210
Telephone (GSA & Commercial)	566	612	600	600
Miscellaneous Telecommunications	12	45	10	10
Postage	300	279	275	275
Labor-Management Cooperation Program	19	21	20	20
Reimbursable communications	12	14	20	20
Schoolyard communications	2	2	2	0
Printing and Reproduction	<u>\$69</u>	<u>\$57</u>	<u>\$78</u>	<u>\$68</u>
FMCS forms and other printing	50	43	50	50
Labor-Management Cooperation Program	0	0	3	3
Reimbursable printing	8	12	15	15
Schoolyard printing	11	2	10	. 0
Other Services	<u>\$1,864</u>	<u>\$1,959</u>	<u>\$2,053</u>	\$1,408
Training, tuition, related fees (SWCT)	77	81	92	92
Maintenance of ADP equipment	50	32	132	132
Support of ADP operations	462	291	630	216
Support of ADP operations (Payroll/Personnel)	30	28	40	40
Computer assisted legal research	5	5	5	5
Office repairs and alterations	17	29	20	20
Contractual services	393	408	200	200
Contractual services (SWCT)	114	127	268	230
OPM background investigations	4	9	8	8

	FY 2002 <u>Actual</u>	FY 2003 <u>Actual</u>	FY 2004 Estimated	FY 2005 Request
Other Services				
(Continued)				
Health Care service	18	19	30	30
Maintenance of office equipment	68	115	110	110
Official station transfers	0	0	0	0
Official representation fund	2	2	5	5
Guard security services	72	126	80	80
Office equipment moving	12	27	10	10
Labor-Management Cooperation Program	39	16	30	30
Reimbursable services	234	527	216	200
Schoolyard services	267	117	177	0
Supplies and Materials	\$ <u>427</u>	\$ <u>506</u>	\$ <u>473</u>	\$ <u>450</u>
Office supplies and materials	218	270	220	220
ADP supplies and materials	100	80	120	120
Supplies & Materials (SWCT)	17	16	26	20
Subscriptions & training materials (SWCT)	32	38	43	43
Labor-Management Cooperation Program	3	4	7	7
Reimbursable supplies	27	34	40	40
Schoolyard supplies	30	64	17	0
<u>Equipment</u>	<u>\$806</u>	<u>\$509</u>	<u>\$566</u>	<u>\$250</u>
Furniture and equipment	183	121	66	100
ADP equipment	314	377	135	135
Audio-visual equipment	11	10	10	10
RE equipment	134	1	205	5
Schoolyard equipment	164	0	150	0

		FY 2002 <u>Actual</u>	FY 2003 <u>Actual</u>	FY 2004 Estimated	FY 2005 Request
Grants, s	ubsidies and contributions	<u>\$1,500</u>	<u>\$1,490</u>	<u>\$1,491</u>	<u>\$1,500</u>
	RESOURCES Appropriated	42,388 \$39,954	43,910 \$41,155	45,793 \$43,129	46,442 \$43,964
	Reimbursable and SWCT	\$2,434	\$2,755	\$2,664	\$2,478

FEDERAL MEDIATION AND CONCILIATION SERVICE

Amounts Available for Obligation

	2003 Actual	2004 Appropriation	2005 Estimate
Appropriation	\$41,425,000	\$43,385,000	\$43,964,000
Across-the-Board Recission	(\$269,263)	(\$255,972)	\$0
Reimbursable Agree- ments and other revenue*	2,755,000	2,664,000	2,478,000
Subtotal, adjusted appropriation	\$43,910,737	\$45,793,028	\$46,442,000
Obligated balance, start-of-year	4,651,000	4,646,000	5,325,000
Obligated balance, end-of-year	(4,646,000)	(5,325,000)	(5,499,000)
Offsetting Collections*	(2,755,000)	(2,664,000)	(2,478,000)
Outlays (net)	\$41,160,737	\$42,450,028	\$43,790,000

^{*}Reimbursable agreements (offsetting collections) received from various government agencies for Alternative Dispute Resolution (ADR), federal sector non-collective bargaining dispute work, international projects, and fees for Arbitration and FMCS Institute Services.

FEDERAL MEDIATION AND CONCILIATION SERVICE

APPROPRIATION HISTORY

Estimates to Congress	House Allowance	Senate Allowance	Appropriation
198320,190,000	21,721,000	21,321,000	22,015,000
198421,558,000	23,258,000	22,097,000	23,258,000
198522,685,000	23,845,000	23,885,000	23,845,000
198622,768,000	23,394,000	23,394,000	22,388,000
198723,220,000	22,656,000	24,390,000	23,892,000
198824,920,000	25,601,000	25,601,000	24,270,000 <u>1</u> /
198924,937,000	26,127,000	24,937,000	25,813,000 <u>2</u> /
199025,190,000	26,380,000	27,190,000	26,554,000 <u>3</u> /
199126,312,000	27,705,000	27,705,000	27,037,000 <u>4</u> /
199228,145,000	28,118,000	29,118,000	28,118,000
199329,594,000	30,195,000	30,195,000	29,953,000 <u>5</u> /
199430,241,000	30,241,000	30,241,000	30,241,000
199530,735,000	31,078,000	31,610,000	31,274,000 <u>6</u> /
199633,290,000	31,896,000	31,896,000	32,815,000 7/
199732,579,000	32,579,000	32,579,000	32,525,000 <u>8</u> /
199833,481,000	33,481,000	33,481,000	33,481,000
199934,620,000	34,620,000	34,620,000	34,561,000 <u>9</u> /
200036,834,000	36,834,000	36,834,000	36,693,000 <u>10</u> /
200139,001,000	37,500,000	38,200,000	38,200,000
200239,482,000	39,482,000	40,482,000	39,954,000 <u>11</u> /
200342,216,000 12/	40,718,000	40,718,000	41,155,737
200442,885,000	43,385,000	43,385,000	43,129,028 <u>13</u> /
200543,964,000			

APPROPRIATION HISTORY FOOTNOTES

- 1/ Reflects a reduction in the appropriation for travel and transportation of \$240,000 pursuant to Section 512 of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 1988, as found in P.L. 100-202.
- 2/ Reflects a reduction in the appropriation of 1.2 percent or \$314,000 in all programs, projects and activities pursuant to Section 517 of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1989, as found in P.L. 100-436.
- 3/ Reflects a reduction in the appropriation of \$231,000 in programs, projects and activities pursuant to P.L. 99-177 (Gramm-Rudman-Hollings).
- 4/ Reflects a reduction in the appropriation of \$668,000 pursuant to P.L. 101-467 and P.L. 101-517.
- 5/ Reflects an across-the-board reduction of .8 percent in the appropriation (\$242,000) pursuant to Section 511 of P.L. 102-394.
- $\underline{6}/$ Reflects a recision of \$70,000 in administrative costs pursuant to P.L. 104-19.
- 7/ Reflects a rescission of \$81,000 pursuant to P.L. 104-134.
- 8/ Reflects a rescission of \$54,000 pursuant to P.L. 104-208.
- 9/ Reflects a rescission of \$59,000 pursuant to P.L. 106-51.
- 10/ Reflects a rescission of \$141,000 pursuant to P.L. 106-113.
- 11/ Reflects a rescission of \$28,000 pursuant to P.L. 107-206.
- 12/ Includes \$1,498,000 for additional agency costs for CSRS and FEHB.
- 13/ Reflects the across-the-board cut of (\$255,972) pursuant to P.L. 108-199.

FEDERAL MEDIATION AND CONCILIATION SERVICE STAFFING HISTORY

Fiscal Year	Full-Time Equivalent
2005	292.00
2004	289.00
2003	285.53
2002	284.31
2001	282.48
2000	285.38
1999	281.54
1998	282.44
1997	281.51
1996	285.56
1995	294.05
1994	301.14
1993	313.79
1992	311.00
1991	310.38
1990	317.17
1989	318.02
1988	319.59
1987	313.26
1986	328.57
1985	345.02

FEDERAL MEDIATION AND CONCILIATION SERVICE Detail of Total Employment - End of Year

	2003 <u>Actual</u>	2004 Estimated	2005 <u>Estimated</u>
Executive Level III	1	· 1	. 1
SES	_2	_3	_3
Subtotal	_3	4_	4_
GS-15 GS-14 GS-13 GS-12 GS-11 GS-10 GS-9 GS-9 GS-8 GS-7 GS-6 GS-5 GS-4 GS-3 GS-2 Subtotal	30 176 13 19 5 0 5 21 9 8 3 0 0 0 289	26 170 34 6 5 0 5 20 9 8 2 0 0 0 285	27 180 24 8 5 0 5 20 9 8 2 0 0 0 288
Total employment, end of year	292	289	292
Full-time equivalent (FTE) usage	285.53*	289**	292*
Average ES level Average ES salary Average GS grade Average GS salary	6** \$142,500 12.82 \$ 83,564	N/A \$144,600 12.77 \$ 87,656	N/A \$150,000 12.90 \$ 89,700

^{* 9} FTE funded by reimbursable activities.
** ES Levels were eliminated Jan. 2004

FTE and STREAMLINING - I	FY	1996	TO	FY	2005
--------------------------	----	------	----	----	------

	FY 1996 3/	FY 19973/	FY 1998 3/	Actual FY <u>1999 3/</u>	Actual FY 2000 2/	Actual FY 2001 2/	Actual FY <u>2002</u> 2/	Actual FY 2003 5/	Estimate FY 2004 5/	Estimate FY 2005 5/
FMCS FTE Plan	296	290	290	290	292	292	292	289	289	292
National Office Management	15	15	14	16	15	15	13	15	- 15	15
National Office Staff	56	53	48	46	46	47	48	51	49	49
Mediators 1/			5	6	8	8	8	7	6	6
National Office Total	71	68	67	68	69	70	69	73	70	70
Field Management	14	14	15	15	15	15	16	14	12	12
Field Staff	15	15	15	16	14	14	15	14	14	14
Mediators	187	186	185	189	184	190	184	189	193	198
Field Total	216	215	215	220	213	219	215	217	212	224
FMCS Management Total	29	29	29	31	30	30	29	29	27	27
FMCS Staff Total	71	68	63	62	60	61	63	65	63	63
Mediator Total	186	184	190	190	192	198	192	196	199	205
FMCS FTE Total	286	281	282	282	285	282	284	285	289	292
Organizational Layers	3	3	3	3	3	3	3	3	3	3
Percentage of Mediators 4/ to FMCS FTE Total	70%	70%	73%	73%	73%	76%	73%	74%	73%	74%

^{1/} Program mediators for ADR/International Services

^{2/} FY 2000 - 2002 plans include six reimbursable funded FTE 3/ FY 95-99 plans include four reimbursable funded FTE

^{4/} Includes management mediators
5/ FY 2003 - 2005 plans include nine reimbursable funded FTE

FEDERAL MEDIATION AND CONCILIATION SERVICE MISSION AND PROGRAM STRUCTURE

Created as an independent agency of the United States government in reaction to a record number of strikes and widespread labor-management conflict occurring at the close of World War II, FMCS was directed by Congress in the Labor-Management Relations Act of 1947 to provide mediation, conciliation and arbitration services to labor and management. Since then FMCS' charter has been expanded by a variety of legislation and Executive Orders, assigning new venues for the application of the mediators' conflict resolution skills.

The agency's mission statement appropriately reflects its mandate from the Act, and affirms its role and reputation as a valued neutral in the institution of collective bargaining and the practice of conflict resolution:

- * Promoting the development of sound and stable labor-management relationships,
- Preventing or minimizing work stoppages by assisting labor and management to settle their disputes through mediation,
- * Advocating collective bargaining, mediation and voluntary arbitration as the preferred processes for settling issues between employers and representatives of employees,
- * Developing and advocating the art, science and practice of conflict resolution through the use of ADR,
- * Assisting parties in conflict through the provision of conflict resolution services,
 - And fostering the establishment and maintenance of constructive joint processes to improve labormanagement relationships, employment security and organizational effectiveness.

FMCS fulfills this mission through the following services:

• Collective Bargaining Interventions

- Dispute Mediation
- Preventive Mediation
- Education, Outreach and Advocacy
- Arbitration Services
- FMCS Institute
- Alternative Dispute Resolution/International Services
- Labor-Management Grants

Each of these services has distinct objectives and goals. However, they are integral and frequently interdependent steps in the achievement of the agency's highest level goal: promoting the adoption of best practices in conflict management and resolution by the broadest possible range of private, public and federal sector organizations.

PROGRAM STRUCTURE

Collective Bargaining Interventions

Dispute Mediation

Dispute mediation is the process through which the Service provides assistance, when needed, in the negotiation or renegotiating of collective bargaining agreements. It is a voluntary process in which a federal mediator, acting as a third-party neutral, assists employer and employee union negotiators in reaching an agreement on a contract. Mediators may make suggestions and offer procedural or substantive recommendations with the agreement of both parties; however, they have no authority to impose settlements. Their only tool is the power of persuasion. Their effectiveness derives from their acceptability to both parties, their broad knowledge and experience in the process of collective bargaining, and their status as respected neutrals.

FMCS mediators are in touch with both parties even before negotiations begin. The legally required notice of intent to open a collective bargaining agreement triggers the contact. In most cases, the mediator does not become

with the delivery of health care services to a particular community. Such procedures require findings of fact and recommendations within a statutory limitation of 15 days. This requirement, that the Director of the Service consider the use of a board-of-inquiry in each health care dispute, implies that the Service must enter every health care dispute.

Postal Service - The Service establishes fact-finding panels and arbitration boards if disputes between the Postal Service and the exclusive representatives of its employees are not resolved prior to statutory deadlines.

Preventive Mediation

FMCS was originally created to resolve collective bargaining disputes which threaten the free flow of commerce. But this beginning has evolved into a mission which includes, "promoting the development of sound and stable labor-management relations," and "fostering the establishment and maintenance of constructive joint processes to improve labor-management relationships, employment security and organizational effectiveness." We help companies and unions achieve the related goals of profits and jobs, and thereby contribute to the strength of the economy.

In the changing workplace and economic environment, the role of mediators has evolved. We are more than the "firefighters" who arrive at the last moment to assist the parties in resolving a contract dispute. Frequently, we become involved during the course of a contract to facilitate meetings and provide training for both sides in more effective bargaining and communication skills to improve the relationship.

The American workplace is the basic foundation of the United States economy, and the ability of American businesses to compete worldwide relates directly to workplace performance. The labor-management relationship in the workplace, therefore, has major economic implications because it affects product quality, productivity, the profits of firms, the jobs, and the employment security of workers. FMCS assists management and labor in improving their relationship so they can work together on issues of mutual interest, as a team instead of adversaries. FMCS offers a range of Preventive Mediation services, which are

broadly defined as collaborative union-management processes. These services address two areas:

• Improving the Labor-Management Relationship

Mediators help the parties expand and improve the work relationship, their ability to effectively resolve grievances and to manage pre- and post-negotiation problems.

• Improving Organizational Effectiveness and Employment Security

Mediators work with the parties to enhance joint problem-solving and decision-making capabilities, overcome barriers to quality and productivity, manage change collaboratively, jointly address work redesign and enhance employee job satisfaction and employment security.

Preventive Mediation activities can take the form of consultation or training.

Consultation

Parties to an agreement often are confronted with special problems during the contract term which are best treated with the assistance of a trusted third-party neutral. Mediators' broad scope of experience and constant participation in the process qualify them as ideal resources for the parties.

Mediators may chair meetings of special subcommittees established during contract negotiations to deal with issues which would have delayed settlement or even become strike issues at contract expiration. Other meetings may address conflicts arising during the administration period of the contract when it is helpful to have a credible and acceptable mediator familiar with the parties and their negotiations provide counsel, analysis, and recommendations.

Mediators may also be called in by the parties to provide advice and assistance in establishing cooperative processes.

Training

Training takes a variety of forms and flows from every FMCS activity but most often from Dispute Mediation. The trust and confidence which are built through the crisis intervention in Dispute Mediation provide a bond which gives the parties the ability to perceive the mediator and the

Service as capable instructors and facilitators in building or rebuilding a successful labor-management relationship. These programs may be single sessions to deal with a specific group or issue, or multi-sessions covering a broader spectrum of need.

This training is carried out by individual mediators or by teams of mediators who use current classroom techniques common to adult education programs such as multi-media aides, role-playing and simulations.

FMCS mediators assess the quality and development of the parties' relationship and identify areas that need improvement. Problems often encountered include lowered employee morale, decreased productivity, excessive numbers of grievances or unfair labor practice complaints or poor communication between union leadership and management. After analyzing the relationship and having discussions with the parties, the mediator recommends appropriate training processes to assist in addressing particular problems. The mediator may recommend one of the formal comprehensive training programs available in the FMCS Preventive Mediation Curriculum or create a customized skills training in such subjects as: Alternative Bargaining Processes, Conflict Management, Consensus Decision Making, Contract Administration, Effective Negotiation, Interpersonal Communications, Labor-Management Partnership Building, Team Building, and Union-Management Roles and Responsibilities.

The FMCS Preventive Mediation curriculum is a series of comprehensive training programs composed of particular combinations of these skill components. This curricula, formalized in FY 1996, represents the best training practices offered by mediators over the past seven years in a systematic curriculum with mediator instructor notes and participant handbooks. The curriculum is available electronically to all mediators via the FMCS Intranet and Resource Center CD-ROM. The curriculum is updated on a regular basis to include new techniques and innovations in the subject areas. Components of the curriculum are summarized below:

Orientation to Joint Labor-Management Initiatives (OJLMI)

This one-day workshop provides participants with a broad overview of cooperative labor-management working relationships, and affords labor and management leaders the opportunity to interact and share common experiences, a synopsis of the nation's economic climate and the impact of

international competition, an examination of the philosophy and values that form the foundation for labor-management cooperation. The workshop provides a look at concrete examples of companies and unions that have successfully implemented new work relationships and the opportunity for company and union participants to engage in a mediator-facilitated dialogue about the potential impact of cooperative labor-management programs within their organization.

Alternative Bargaining Techniques Training

Conducted for years under the term "Interest Based Bargaining," this training has expanded to include a range of variations of the original IBB model. While the pure IBB model remains in use, modifications to the model include "Modified Interest Based Bargaining," "Issue Specific Bargaining," "Enhanced Traditional Interest Based Bargaining," and "Bucket Bargaining." Regardless of the specific title employed, each training is designed to instruct the participants in the potential benefits of a non-traditional approach to bargaining. Avoiding the polarization associated with traditional position taking and listing of "demands" can be achieved by teaching the techniques associated with a joint problem solving approach to negotiations. The training programs are designed to lessen the negative image, costs and outcomes sometimes associated with a traditional negotiation model. designing processes that focus the parties on identifying and defining their underlying concerns surrounding issues, it is often possible for the parties to work together to find mutually beneficial ways of satisfying those real concerns.

Ultimately, these training programs enable the parties to establish relationships that avoid labor-management antagonisms and suspicions. These new techniques and approaches to contract negotiation can then be expanded, to resolve problems that arise in the workplace on a day-to-day basis.

Relationship By Objectives (RBO)

Sometimes an organization's labor-management relationship is so bad that, if allowed to continue or even worsen, jobs could be lost or the operation even closed down. This situation can occur following a particularly bitter or protracted strike or lockout, or after agreement on a first contract following a particularly contentious representation election.

An RBO program requires a strong commitment from both parties to improve the relationship. The process is usually conducted off-site over two or three days, and requires a team of mediators to assist the participants.

Ultimately, the objective is for both parties to identify specific problem areas, develop mutual problemsolving techniques to address these issues, and timetables for their resolution.

Labor-Management Committee (LMC)

Mediators help to design, establish and maintain joint committees. These organizations bring representatives of employers and employees into regular communication and contact over subjects of mutual interest. A fundamental building block for an organization committed to cooperative efforts, the joint LMC provides an ongoing forum to deal with common problems, ranging from attitudes to productivity improvements. FMCS can assist the parties in designing the framework for an effective committee, and can provide training in proven consensus building and problem-solving processes to promote successful LMC activities.

Partners In Change (P.I.C.)

This two day workshop is for organizations already committed to building or expanding a cooperative labor-management relationship. Participants have the opportunity to explore their full partnership potential by analyzing their organization's current cultural, political and technical systems, identifying separate and jointly-held perceptions of the organization, and creating a joint vision of the future. Based on that vision, participants can initiate a joint change process and develop the necessary skills to bring the desired change about. In recent years this program has been adapted to include elements required to create a high performance workplace.

Committee Effectiveness Training (CET)

Committee Effectiveness Training is a compendium of exercises designed to provide labor-management committee members with the knowledge and skills needed to become

effective contributors. The key to CET's flexibility is a "Needs Assessment Questionnaire" that enables the mediator to tailor the workshop to the specific needs and time constraints of the group.

CET is comprised of a guidebook and training modules which address: Effective Planning, Effective Meetings, Group Problem-Solving, Consensus Decision Making, and Effective Communication with Constituents. Three of the modules relate to maintaining effective group interaction: Understanding Self and Others, Interpersonal Skills, and Group Dynamics and Shared Leadership.

Labor-Management Worksite Committee Training

The Labor-Management Worksite Committee Training is designed to extend joint labor-management activities from Labor-Management Committees at the leadership level of an organization to work units. The program leads participants through a step-by-step process to form a worksite committee; develop the mission of the worksite committee; develop group interaction skills; learn techniques to manage change; and learn skills to monitor the work of the committee.

Contract Administration/Steward-Supervisor Training

Supervisors and union stewards represent the front line for translating a labor agreement into practice. Their ability to fulfill their roles and responsibilities will help determine the success of the implementation of the labor agreement. To equip stewards and supervisors to work effectively together administering the labor agreement, it is important for them to understand the process of arriving at the labor agreement, as well as their duties in managing the agreement.

The Steward and Supervisor Program is designed to provide shop stewards and front line supervisors with basic information on their roles and responsibilities. Program material includes overviews of the collective bargaining and grievance processes; summaries on the arbitration procedure; and interpersonal, communications, and problem-solving skills that are needed to resolve workplace issues. This program was completely updated in FY 1999.

The emphasis of the program is on relationship-building between stewards and supervisors and on their leadership roles within their organization. The program is predicated

on developing the interpersonal and communication skills needed to build a cooperative relationship. Information on the collective bargaining process, grievance process, and arbitration procedure is presented as a means to help participants analyze work-place problems and develop the analytical skills to resolve and prevent such problems.

Facilitation Training

Facilitation Training is designed to convey the knowledge, skills, and attitudes needed to facilitate group processes. The focus of this program is on the skills that facilitators need to manage a Labor-Management Committee meeting or similar labor-management group within an organization.

The Facilitation Program is intended to guide participants in: understanding the purpose of facilitation, understanding adult learning and working styles, planning and facilitating an effective meeting, and acquiring facilitation skills. The program provides a step-by-step design that explains the processes relating to facilitating effective meetings. Through a series of presentations and activities, participants acquire the necessary skills to successfully facilitate meetings that involve labor and management.

Alternative Dispute Resolution Mediation Training

The Alternative Dispute Resolution (ADR) Mediation Training Program is designed to acquaint participants with the fundamental skills of mediation. The program is specifically designed for governmental agencies implementing ADR strategies. The training provides a broad-based approach to mediating disputes and begins with what mediation is and how it is used in resolving conflicts. It then introduces basic mediation skills and provides opportunities to learn and apply these skills.

The ideas, methods, and techniques presented are designed to provide participants with some basic guidelines and proven strategies that will work in almost any circumstance. The objectives of the ADR Mediation Training Program are to help participants understand the following: the definitions of mediation and negotiation, the role of the mediator and mediation as "assisted negotiation" and as a type of ADR. Participants in this program acquire the knowledge and skills to apply ADR to disputes and are given

the opportunity to practice ADR skills in simulated settings.

Cultural Awareness Skills for Labor and Management

This program is designed to address cross cultural conflicts in any workplace setting. The objectives of the program are to introduce participants to the knowledge and awareness necessary to function effectively in a multicultural environment; present relevant statistics and definitions concerning this environment; develop awareness of cross cultural issues on personal, organizational, and societal levels; introduce participants to the concept of being allies; brainstorm strategies to interrupt culturally offensive behavior; develop key skills in cross-cultural team building, communication, conflict resolution and problem-solving in a multicultural context; and transfer the lessons learned in training to an organization's own environment.

The curriculum is best used in a labor-management setting when an issue or problem arises that may appear to be racial or cultural in nature, such as a sudden change in the makeup of the workforce or a sudden influx of workers or managers from a particular cultural group; negative cultural undertones surfacing during diverse negotiations indicating a need for follow-up intervention; a bargaining committee; a rise in grievances that appear to be racially or culturally motivated; and/or an existing or potential class action suit concerning race or culture.

Conferences/Seminars

In the rapidly changing, dynamic labor-management arena, the need for change and improvement is essential to keep pace with the most current manufacturing and service technology and the economy. An effective device for disseminating the most current information to promote this growth is through conferences, workshops, and seminars. FMCS works with a variety of local groups to co-sponsor events to improve labor-management relationships. The subject matter covers collective bargaining, contract administration, labor-management cooperation, quality of work life, grievance and arbitration, and other subjects that impact parties' relationships. Presentations include skills development, exposure to success stories, sharing of new or improved techniques, and general labor-management

information. These conferences and workshops are open to both labor and management representatives.

Ongoing Curriculum Development

As the parties increasingly recognize the benefits of cooperative efforts, they often seek out the mediator, who is a recognized professional neutral. Given the traditional adversarial labor-management relations model, it is a challenging assignment for the mediation staff to bring about an alternative approach built on mutual trust and cooperation. This alternative approach is conducive to peaceful settlements at the bargaining table and a harmonious and more productive relationship during the contract term. These are goals of the preventive mediation process. We continue to expand and update our curriculum with new conflict resolution techniques and tools, and update and support our preventive mediation training goals.

Education, Advocacy and Outreach Activities

Mediators participate in education, advocacy and outreach activities by attending university lectures, seminars and conferences. They meet with local leadership of their areas' collective bargaining community. Through these outreach activities, the labor-management community and the general public gain understanding of the uses of mediation, arbitration and collective bargaining. These activities familiarize the public with the growing number of services offered by FMCS which enhance labor-management cooperation and employee participation in workplace decision-making. While these activities consume only a small portion of the agency's resources, they offer much return in increased understanding of collective bargaining, labor-management relations, and the value of neutral participation in the process of dispute resolution and relationship building.

Arbitration Services

National labor policy favors the settlement of disputes arising under collective bargaining agreements by arbitration, which is far less disruptive than work stoppages, and faster and less costly than litigation.

The majority of collective bargaining agreements contain grievance procedures culminating in binding arbitration, whereby parties determine the method of

selecting the arbitrator, and pay the arbitrator's fees. Thousands of labor-management relationships, particularly in the public sector, utilize interest arbitration or fact-finders to aid in dispute resolution.

Pursuant to Title II of the Labor-Management Relations Act (LMRA), the Service maintains a roster of approximately 1,300 private arbitrators who are experienced, competent and acceptable in decision-making roles in the resolution of disputes arising from collective bargaining agreements. The Service provides to the parties names of qualified arbitrators, selected by the geographical area as determined by the parties, experienced in particular industries and issues, together with their biographical information and fee schedules. Continuous maintenance of the roster is required to ensure accuracy of arbitrator biographical information, as well as the availability and acceptability of its members.

The Service, under Public Law 93-360, is given special responsibilities to assist in resolving disputes in the health care industry. Those responsibilities include, in certain circumstances, the power to appoint Boards-of-Inquiry to investigate the issues involved in the dispute and issue a written report, including findings of fact. Persons appointed to boards of inquiry are private arbitrators normally selected from the Office of Arbitration Services' roster and specially qualified to perform those duties.

The Service, as part of its mandate under Title II of LMRA, has the responsibility to improve the quality and availability of arbitration services. The Service holds continuing education symposiums for new and established arbitrators. The Service has developed an extensive training program for labor relations professionals who are preparing to become labor arbitrators. In order to maximize the outreach for participants, the effectiveness of the programs and minimize cost and duplication, most programs are held cooperatively with other groups, such as bar associations, the National Academy of Arbitrators, local chapters of the Industrial Relations Research Association and Association for Conflict Resolution.

FMCS Institute

Data from the FMCS National Customer Surveys and frequent comments in GPRA Customer Focus Groups indicated a widespread desire for more training in the skills necessary

to approach the modern problems of labor-management relations and organizational change. Frequently, people who need such training do not have access to such training within their organization. Also, these subjects are sometimes better handled in a classroom atmosphere away from the shop or office floor, minimizing communication barriers between supervisors and employees.

The FMCS Institute responds to the needs expressed by our customers by making preventive mediation training and education more accessible, and by presenting this training in a different environment than our traditional preventive mediation settings. The FMCS Institute does not compete or conflict with our statutory preventive mediation activities; it expands and enhances training and education opportunities for our current customers in the organized sector of the nation's economy.

Institute activities include training in Mediation, Labor Relations, Collective Bargaining, Dispute Resolution Skills, Arbitrator and Arbitration Skills, Facilitation Process Skills, Group Dynamics and Multi-party Facilitation, Multi-party Mediation, Cultural Diversity, Equal Employment Opportunity Complaints, Work Place Violence Prevention and Response Skills, and Coping with Grief in the Workplace. Several of these courses are being offered multiple times in strategic locations nationwide.

Alternative Dispute Resolution/International Services

In 1998, FMCS Alternative Dispute Resolution (ADR) Services and International Affairs functions into Alternative consolidated Dispute Resolution/ International Services, allowing increased focus resources in both areas, and allowing FMCS to better meet a growing number of requests from agencies and institutions of friendly foreign governments for services in non-labor relations conflict resolution. The FMCS ADR/International department functions in three arenas: (1) Domestic ADR; (2) International Labor Education and Training; International ADR.

FMCS receives no appropriated funds for its International or ADR services. They are provided under interagency agreements, or contracts with friendly foreign governments or other organizations, through which FMCS is reimbursed for mediator time and expenses.

Domestic Alternative Dispute Resolution

FMCS has provided to United States government agencies, under authority of the Administrative Dispute Resolution Act of 1990 and the Negotiated Rulemaking Act of 1990 (both permanently reauthorized in the Administrative Dispute Resolution Act of 1996), a variety of Alternative Dispute Resolution services, outside the collective bargaining arena. These conflict resolution services are aimed at helping government avoid costly and time-consuming litigation to settle disputes by assisting parties in creating ADR structures and processes within agencies. Other ADR services offered by FMCS provide government with a more open and inclusive, less adversarial alternative to traditional government rule and policy making. Those services include:

- Consultation. Initial assessment of the customeragency's needs;
- Systems Design. Analysis of existing mechanisms and design of appropriate methods and strategies to establish or improve conflict resolution processes within the customer-agency;
- Education/Training. Programs aimed at educating ADR users and practitioners, including mediation skills training for potential customer-agency mediators, and mentoring mediator-trainees through active ADR cases;
- Mediation/Facilitation and Convening. Mediation or facilitation of disputes, or performing fact-finding or convening processes;
- Regulatory Negotiation/Public Policy Dialogues. Conducting consensus-focused public policy discussions regarding proposed rules or regulations for government agencies. FMCS is available to guide regulatory negotiations ("reg negs") aimed at bringing together the government regulators and those who will be affected by the rule or regulation to formulate the proposed rule by consensus. By formulating rules in a public negotiating process, potential or actual antagonists can be motivated to participate, and become invested in helping the agency solve a regulatory problem. The likelihood of subsequent challenges to a new regulation is greatly reduced, and the rule or policy that results is

generally superior because more points of view have been considered;

• Private Sector Alternative Dispute Resolution. Applying ADR processes to conflicts away from the negotiation table not directly related to collective bargaining. This is the value-added expansion of services to our legislatively-mandated customers, which includes facilitation of disputes within a corporate or union board, patent or trademark disputes, or mediation of issues surrounding voluntary recognition of a bargaining unit by an employer.

International Labor Education and Training

FMCS has become a major resource for friendly foreign nations in training and technical assistance in industrial relations practices, cooperative labor-management lations, and conflict resolution techniques. With the globalization of marketplaces, proliferation of trade pacts, and rapid technological advances, more countries are recognizing that industrial relations and conflict resolution systems are means of securing economic growth and competitiveness. In still others, particularly those regions with developing economies, such as Eastern and Central Europe and many nations in South America, industrial relations and conflict resolution systems and institutions have not existed previously. As a result, federal mediators conduct briefings and training programs for foreign labor, management and government leaders in the United States and overseas. FMCS International Labor and Training services include:

- Consultation on dispute resolution systems.
- Negotiation skills training.
- The collective bargaining process.
- Dispute mediation skills; training in labor dispute resolution.
- Mediator skills training to improve labor-management relations.
- Creation of labor-management committees at the national, regional, industry or enterprise levels.

- Introduction to advanced labor-management relations (demonstration projects) at specific company-union sites.
- Administration of mediation services.
- Introduction and use of alternative dispute resolution systems.

International/Alternative Dispute Resolution

The conflict resolution needs of other nations continue to evolve. Countries increasingly seek FMCS expertise in areas of their societies outside their industrial relations sectors. Federal mediators are now prepared to provide other countries and regions many of the same ADR processes and training which have proved effective with government agencies in the United States.

The potential arenas for application of FMCS conflict resolution skills and expertise through its International ADR services continue to develop. They include:

- Facilitation of consensus building dialogues related to economic growth and legal/institutional reform in developing countries.
- Mediation/negotiation skills-building for employees of regional organizations.
- Negotiation/conflict resolution training for police forces in post-conflict societies.
- Sponsorship or co-sponsorship of best practices seminars in the use of conflict resolution in topic specific conflicts, such as investment and trade, public policy, environmental disputes.
- Consultation and assistance in establishing international centers of dispute resolution.
- Training of co-mediation teams to mediate NAFTA disputes.

Labor-Management Cooperation Program

Established in fiscal year 1981 under the authority of the Labor-Management Cooperation Act of 1978 (PL 95-524), the Labor-Management Cooperation Program provides grants to encourage and support the establishment and operation of joint labor management activities. Grants are given primarily to labor-management committees at the company or plant level, on a community or area wide basis, within a particular industry, or covering the public sector. Federal agencies, however, are not eligible.

The labor-management activities funded under this program are not limited. In the past, committees have focused their efforts on improving labor-management relationships, job security, and organizational effectiveness; enhancing economic development; and, involving workers in decisions affecting the quality of work life. All applicants must present measurable outcomes/results of their efforts for grant funding.

Objectives:

The following are identified in the Labor-Management Cooperation Act of 1978 as general areas for which financial assistance would be appropriate:

- Improving communication between labor and management;
- Providing workers and employers with training to achieve organizational effectiveness through innovative joint approaches;
- Assisting workers and employers in solving problems of mutual concern which may not be resolved in the collective bargaining process;
- Exploring ways to eliminate potential problems which affect the economic development of the area;
- Enhancing workers' involvement in the decision making process;
- Improving working relationships between workers and managers; and,
- Establishing methods of communicating to encourage free collective bargaining.

It is the intent of the Act that funds awarded under this program support efforts of employees and employers who are covered by a formal collective bargaining agreement.

Applying for Funds:

Rules and regulations as well as instructions for preparing grant applications are revised and published annually in the FMCS Application Solicitation/Program Guidelines which includes the following information:

Program description and scope
Required program elements
Grantee selection criteria
Application submission deadline
Applicant eligibility criteria
Dollar range of awards
Duration of grant period
Cash match requirement
Application review process

Grant applications are usually available in January and must be submitted by the deadline (usually in May). The grants application process is available on-line.

Selection of Grantees:

Applicants compete for funding under criteria published in the Application Solicitation/Program Guidelines. Initial scoring is completed by a Grant Review Board made up of members of the labor-management community and FMCS mediators. The recommendations of the Boards are forwarded to the Director, Labor-Management Grants Program for final scoring and selection.

FEDERAL MEDIATION AND CONCILIATION SERVICE

OBJECTIVES DEVELOPED FOR THE FY 2005 BUDGET SUBMISSION

The Federal Mediation and Conciliation Service (FMCS) accomplishments in 2003 and objectives for the next two fiscal years are presented in five sections:

Collective Bargaining Interventions

Arbitration Services

Alternative Dispute Resolution/International Services

Youth Violence Prevention & Conflict Resolution

FMCS Institute for Conflict Management

Academic Partnerships

Registry of Neutrals

Labor-Management Cooperation Program

Within each section there is a review of 2003 accomplishments and objectives/goals for 2004 and 2005.

In accordance with the Government Performance and Results Act, FMCS has articulated a series of specific, measurable performance goals for each of our services. Our performance expectations are contained in both this narrative and the FMCS Annual Performance Plan submitted as an appendix. To accomplish our mission and meet our goals, FMCS is committed to continue our efforts to strengthen performance, improve the quality of our services and achieve customer satisfaction.

COLLECTIVE BARGAINING INTERVENTIONS

The primary mission of the Federal Mediation and Conciliation Service is to ensure the effective and efficient operation of the collective bargaining system in order to promote the free flow of commerce. Historically, FMCS assists parties with labor disputes in industries affecting commerce, to settle their disputes through mediation. Dispute mediation has been the prime process through which the Service provides direct assistance in the negotiation or renegotiation of collective bargaining agreements.

The economic uncertainty surrounding the war in Iraq, the slow and uneven economic recovery, the lingering impact of 9-11, the difficulties faced by the manufacturing sector in the U.S., corporate scandals, the globalization of the U.S. economy, cost and employment pressures in the health care industry, coupled with the continued presence of mergers at the union and corporate levels have placed heightened and unique stresses on the collective bargaining process. All of these aligned factors have also acted to place increased importance on the FMCS mission. That mission has taken on new meaning since interruptions to commerce may now result in the extinction of companies and, in some cases, entire industries.

While the nation's economy continues on a slow and sometimes sporadic road toward recovery, unions employers have been forced to confront the current economic uncertainty with a focus on continued uncertain economic forecasts for subsequent years. That economic uncertainty translates into a tenuous bargaining climate in which both parties seek increased certainty in an ever more uncertain world. At the time of this submission, the outcome of many of the most significant contract negotiations taking place in FY 2003, which are likely to impact the U.S. economy, has yet to be determined. Certainly, the most significant are those involving the "Big Three" auto companies. Those bargaining agreements are scheduled to expire in September. Additionally, the Rubber Industry (led by Goodyear) is still without new bargaining agreements, despite spring 2003 involving multiple expiration dates employers. Telecommunications conglomerate Verizon remains engaged in very difficult negotiations with both the CWA and the IBEW. The outcome of those negotiations will impact thousands of workers and communities throughout the U.S.

With the advent of rapid economic change increasingly longer contracts, preventive mediation and midterm interventions have become the natural extension of contract mediation. These processes renewal vehicles to assist the parties in resolving or minimizing conflict occurring during the term of a collective bargaining agreement. Even though the longer term contract trend is showing signs of moderation in FY 2003, a major source of conflict leading to work stoppages in contract renewal negotiations stems from the failure to resolve issues and problems as they occur during the term of the previous agreement. The heightened conflict leads to increased difficulty in the next round of bargaining and sets the stage for a continuing cycle of conflict. A longer contract during times of rapid market and technology change also eliminates the ability of the parties to defer necessary change until the expiration of the collective bargaining agreement. Additionally, the types of changes necessary may not readily lend themselves to resolution in a traditional negotiations setting. Finally, workforce change issues and problems may need in-depth cultural and social adjustments which require immediate and ongoing assistance.

Preventive Mediation activity is critical to break the potential cycle of conflict, address the need for rapid organizational change, and to address ongoing workforce issues of cultural and social conflict. It assists labor and management by increasing mutual understandings, improving communication, and providing processes to solve current and future problems.

Mediation, in all of its forms, is an integral part of the collective bargaining system advocated as a national policy. The system has very significant impact since most of the nation's basic industries continue to utilize the collective bargaining system, including mediation, to arrive at the terms and conditions of their labor-management relationship.

Effective interventions through Education, Advocacy and Outreach also become critical to the successful completion of the FMCS mission. While the services FMCS offers may be of critical importance to avoidance and minimizing workplace conflict, lack of knowledge about service availability or appropriate applicability may make its effective use impossible. Interventions under this category also provide the parties with critical opportunities to learn and experience different processes, away from an environment actually immersed in a problem or conflict. The Service, under this program category, also offers the parties an

opportunity to establish the kind of collegial and informal communication mechanisms rarely available to parties immersed in conflict. Through academic partnerships and professional affiliations, FMCS resources and expertise are also leveraged heavily here, so that our customers have the ability to learn and interact with academic institutions and industry experts.

ACCOMPLISHMENTS FOR FISCAL YEAR 2003

As the nation's economy tightened, but appeared slowly headed toward recovery, the war in Iraq created new economic concerns. Those concerns, coupled with the lingering impacts of 9-11, continued dramatic increases in health insurance costs, pension cost pressures caused by previous dramatic declines in financial markets and an aging workforce, technological changes impacting the nature of work and where work gets done, as well as increased global competition clearly impacted collective bargaining negotiations. Negotiations throughout the United States during 2002-2003, involved major contracts expiring in aerospace, defense, transportation, shipping, telecommunications, retail food, manufacturing and processing, manufacturing, construction, hotel service and maintenance, construction, health care, as well as federal, state and governments.

Even in the face of this difficult economic climate, significant contracts impacting commerce have been resolved. Important national examples of voluntary resolution include General Electric and the IBEW, who crafted new agreements without a work stoppage. In transportation, the Automobile Haulers and the IBT resolved a new national master contract without a work stoppage. In Aerospace, Boeing reached an early settlement with the Professional Engineers Association located in both Seattle and Wichita.

Successful FMCS efforts to prevent work stoppages in critical negotiations occurred thousands of times in FY 2003. A single example highlighting FMCS success in strike prevention, were the efforts focused upon the negotiations involving aerospace and defense contractor Northrop Grumman. Specifically, the negotiations involved Northrop Grumman Ship Systems and the Metal Trades Department in Pascagoula, MS. The negotiations involved thirteen unions, over 7,500 contract covered employees and impacted nearly 17,000 workers. Meeting with FMCS assistance, negotiations began in mid February of 2003. Early in morning on February 24th, following a lengthy mediation, the parties reached a

tentative agreement. Ratification votes were scheduled and held. On March 1, the parties notified FMCS that the contracts had been rejected. A major strike loomed against an international backdrop in which the coalition invasion of Iraq was imminent. Upon notification of the contract rejection and an assessment that a strike was likely, FMCS requested that the parties participate in a fourteen day "cooling off" period. Upon notification that the parties would honor the FMCS request, mediation sessions were begun and continued for the next week and a half. A new agreement was reached and ratified with FMCS assistance. All parties acknowledged the critical role played by FMCS in averting a strike.

In the best of economic times, FMCS attempts to prevent a work stoppage are not always successful. However, in accordance with its mission, FMCS mediation services can be critical in shortening the duration of a strike and lessening the negative economic impact. This critical aspect of the Service's mission was highlighted in FY 2003 by the efforts with the Pacific Maritime Association and the Longshoremen. In spite of extensive efforts on the part of FMCS to prevent a work stoppage, the employer decided to "lock out" the Longshoremen. The action resulted in a costly work stoppage estimated to cost the economy nearly a billion dollars a week. Following the first invocation of a Taft Hartley injunction in over 25 years, the FMCS Director called the parties back to the bargaining table and was able to assist them in reaching an agreement. The new contract, reached before the lockout could resume, brought an end to a work stoppage viewed by many as the most costly to the U.S. economy in over a quarter century.

Minimizing the duration and economic impact of work stoppages was evident in other FMCS efforts throughout FY 2003. In the health care industry, an example of the effort is found in the multiple health care institutions in Minneapolis-St. Paul area that had contracts expire without agreements covering over 7,000 employees represented by the Service Employees International Union. Despite the intervention of FMCS, the union commenced a series of one day intermittent strikes at several locations in an attempt to change the Hospital's contract offer. Ironically for the industry, a major unresolved issue was health care cost and coverage. Agreement was reached only after the FMCS mediator called the parties back together and fashioned an agreement during a marathon mediation session.

Defense contractor Lockheed Martin and the IAM in Marietta Georgia were unable to reach agreement prior to a work stoppage, despite multiple mediation sessions with FMCS. During the work stoppage FMCS remained in constant contact with the parties. Following unsuccessful attempts to resolve the contract at locally mediated sessions, FMCS requested that the parties travel to the FMCS national offices in Washington DC. The change in location produced the hoped for change in perspective as well and a tentative agreement was reached. At the conclusion of the negotiations both parties cited FMCS assistance efforts as critical to the successful agreement. The same employer and union also experienced a work stoppage in Dallas Texas. Like the dispute in Georgia, agreement was reached only after an FMCS mediator called the parties back to the bargaining table and assisted them in reaching agreement during a lengthy mediation session.

While cases involving work stoppages have remained constant or decreased in recent years, those that do occur often more protracted, difficult and contentious. Companies, increasingly governed far away from locations, seek changes to existing, longstanding conditions in order to remain competitive in the face of ever increasing global economic forces and double digit increases in health care costs. Simultaneously, unions represent workers who saw unprecedented economic prosperity in the 80's and 90's but still perceive their jobs threatened and eroding. These factors alone create tremendous tensions and increase the likelihood of work stoppage. FMCS mediators were active and played increasingly important roles in managing the conflict inherent in these critical negotiations. Their efforts, in most instances, led to contract agreements, rather than productivity damaging work stoppages.

Preventive mediation processes, ranging from joint labor-management training sessions to the initiation of industry-wide labor-management committees, were used with major corporations and their unions to restructure their relationships. A single example in FY 2003 was a successful Relationship-By-Objective (RBO) program conducted for the fourth largest public power district in the United States. Difficult bargaining in FY 2002 revealed a relationship strained to the point of breaking. Covering a wide geographic territory with multiple production, service and distribution locations, a positive union-management relationship was deemed critical to the parties as they attempted to compete in a rapidly deregulating industry with increasing cost pressures. Changes in corporate and union

leadership, together with industry pressures, created a rapidly deteriorating union management relationship in which distrust and dysfunction was beginning to contribute to organizational inefficiency. After multiple meetings with FMCS mediators to assess the genesis of their relationship problems, the parties decided to participate in an FMCS facilitated, intensive three day program. The RBO program is designed to identify specific problems and produce a specific problems solving plan. The jointly developed plan comes complete with timelines for problem resolution and named accountabilities for completion. At the conclusion of program the relationship had already begun transformation. Plan specific follow-up evaluations reveal a company and union jointly solving the challenges they confront and avoiding the inefficiencies which had plagued their increasingly adversarial relationship.

Preventive mediation programs, which have developed by the Service and are tailored to the needs of each individual labor-management relationship, programs such as Partners-In-Change, Orientation to Labor-Management Initiatives, Interest-Based Bargaining, Committee Training, Steward-Supervisor Training, Effectiveness Training, Worksite Committee Training, Facilitation Mediation Training for ADR processes, and the previously cited RBO. These programs were used extensively with FMCS labor-management clients, including federal sector groups, during the fiscal year. The programs are formalized into 9 comprehensive training curricula for use by all mediators. Materials are available on-line and on CD-ROM and are continually updated. Additionally, mediators' custom design training programs to meet specific customer needs. Workshops presented this year included programs on diversity and workplace violence prevention. Finally, the development and use of FMCS technology has enabled the organization to increase the efficiency of program delivery. The increased efficiency has enabled FMCS mediators to deliver the same or more material in less time, thereby reducing lost time and lost productivity to our customers.

CHALLENGES FOR FISCAL YEAR 2004

The alignment of economic and social factors which make the current bargaining environment stressful and difficult is not likely to change rapidly enough to significantly impact bargaining in FY 2004. Consequently, the current leading causes of conflict at the table -- job security, use of part-time workers to avoid hiring full-time workers, outsourcing, excessive overtime, work restructuring,

technology, renewed increase in pension costs, in addition to wages, pension, hours of work and the overwhelming increasing costs of health care will continue to drive bargaining conflict in 2004.

FY 2004 will also again present major challenges and opportunities to the nation's economy with the expiration of contracts in industries which have been severely impacted by global competition. Significant contracts expiring under this category include steel, clothing manufacturing, and telecommunications. The entertainment and service industries will also encounter significant contract expirations. Regional retail food contracts, impacting thousands of US workers and their communities, will again be subject to multiple contract expirations in FY 2004. Health care institutions in major US markets will also be impacted. Thousands of contractors and construction workers across the US will be impacted by multiple contract expirations in major markets.

In July and August over 40,000 employees represented by the United Steelworkers of America will have their contracts expire with multiple steel industry employers.

In the clothing and textile industry, the Clothing Manufacturers and Unite have a contract expiring in late April which covers nearly 45,000 employees. Levi Strauss and Unite are scheduled to negotiate a new contract covering nearly 6,000 employees. Hart Schaffner & Marx as well as TJ Maxx also have contracts expiring.

In telecommunications, AT&T, GTE, Verizon, Ameritech, Pacific Bell, Southwestern Bell, SBC-Ameritech and several smaller companies all have major contracts expiring in FY 2004. Excluding the smaller companies, the total number of employees covered under the listed expiring contracts exceeds 196,000.

In aerospace and auto, FY 2004 will again bring significant contract negotiations to the attention of FMCS. Boeing will be at the table with the International Association of Machinists in St Louis and with the UAW in Huntington Beach. Over 9,000 employees are covered under those two contracts. Cessna Aircraft Corporation and the IAM, with over 6,000 employees impacted, have a contract scheduled to expire in early September. Vought Aircraft Company, a division of Northrup-Gruman, and the UAW has a contract expiring in late September. It impacts 2,600 employees. US automakers could be impacted by the outcome of

negotiations between American Axle & Manufacturing Inc. and the UAW. Over 8,000 employees, at multiple locations, are covered under the contract scheduled to expire in February. Delphi Automotive Systems, General Motors Corporation, Delphi Packard Electric Systems Clinton MS. and Delphi Packard Electric all have contracts with the International Union of Electrical Workers scheduled to expire in mid-November. Over 30,000 employees are directly impacted by these multiple negotiations.

The entertainment, hotel and theme park industries will be challenged as well. In late June, the Alliance of Motion Picture and TV Producers contract with multiple unions will expire. Nearly 130,000 employees are covered by this contract negotiation. Walt Disney World will enter renewal contract negotiations with multiple unions including HERE. The current agreements, covering 30,000 employees are scheduled to expire May 1. Multi-employer negotiations will take place with the Hotel Employees & Restaurant Employees union (HERE) in San Francisco. Over 9,000 employees will be impacted. The hotels and casinos in Atlantic City have major contracts expiring at five properties. Those negotiations, with HERE Local 54, cover over 7,000 employees.

Extensive negotiations will occur in the retail food and construction industries in almost every geographical location. While the retail food industry is largely viewed as a regional economic force, national impact to the economy is quickly realized when data shows that over 359,000 employees represented by the United Food and Commercial Workers in the retail food industry will have significant contracts expiring in FY 2004. In California alone there are over 190,000 employees covered by expiring retail food agreements. Also in California, the Dole Fresh Vegetable Company contract with the International Brotherhood of Teamsters is set to expire in late June. Over 6,000 workers are covered by this contract. Nearly 10,000 employees are covered by a master contract with the International Brotherhood of Teamsters and various dairies in the Chicago Area. That agreement is scheduled to expire in late April.

Significant contracts in the construction industry throughout the nation will expire in FY 2004. Like the retail food industry, many of the contracts are viewed as local or regional disputes. However, when viewed collectively, they have extraordinary national economic impact. Numerous building trades contracts set to expire in Minnesota will impact numerous contractors and over 18,000 workers. In Cleveland Ohio, over 23,000 workers will be impacted in numerous building trades negotiations.

Like previous years, significant contracts will also expire in food processing, the paper industry, the health care industry (9,000 nurses in the Minneapolis-St. Paul area will have contracts simultaneously expire in FY 2004), as well as numerous significant contracts in the manufacturing sector.

In addition to the significant private sector negotiations cited above, federal sector employees as well as school, city and county employees in almost every state will be engaged in collective bargaining in FY 2004.

The information cited above demonstrates that over 1.1 million employees and numerous major industries will be impacted by the expiring contracts in FY 2004. Those cited represent a fraction of the total number of contracts expiring and the number of employers and employees impacted. Accordingly, it is critical that FMCS continue to provide service to the parties in labor-management disputes as its primary priority. While pattern or industry-wide bargaining may continue to diminish as more bargaining is accomplished on a company-by-company or enterprise basis, where it occurs, it is usually significant and has national economic impact. What the cited information also demonstrates is that, even with the structural change away from national pattern bargaining, bargaining within specific industries continues to have a large national economic impact. The structural change in pattern bargaining has created additional demand as well as opportunities for all of FMCS's mediation services. A single negotiation no longer drives an entire industry, multiple negotiations do. However, for the entire industry to prosper, more successful bargains must be made and more challenges met. FMCS must remain poised to help the parties successfully meet those challenges and successfully make those bargains.

FMCS preventive mediation services will continue to be provided to improve labor-management relationships. The increase in contract duration, though moderating, may actually fuel an increase in demand for these services. In a relatively short span of time, contract lengths have experienced a dramatic increase. With increased contract lengths, conflict management experiences a focus shift from contract expiration to mid-contract. If the conflicting issues are not resolved as they occur during the contract administration period, they will accumulate and fester, making peaceful contract negotiations more difficult. Coupled with the need to rapidly respond to market and workforce changes, these factors will require an increased

focus by FMCS on the use of existing preventive mediation services. Counter balancing the factors likely to increase demand for these services, is the increased adversarial environment created by the increased tensions at the bargaining table. Like our dispute mediation services, utilization of these services is also voluntary. Heightened emphasis on adversarial relationships leads to willingness by the parties to participate in joint programs. Accordingly, the development and experimentation of new services will also be required. While the trend toward longer-term contracts appears to be stabilizing, FMCS will need to offer new or altered programs addressing the heightened adversarial environment. The development and discovery of appropriate uses of technology to improve service delivery will also be required. Some of the experimentation may actually lead to continuous negotiation models using the alternative bargaining processes FMCS is already using with the parties. Some programs may not be so experimental at all but rather an acknowledgement that learning and practice in the fundamentals of human interaction forms a critical skill base that enable us all to function better organizationally.

In fiscal years 2004 and 2005, FMCS plans to continue the expansion of the CD-ROM based mediator Resource Center. The electronic Resource Center provides a variety of tools and training resources on every mediator's laptop. We will continue to review and revise existing preventive mediation curricula to reflect best practices and the changing workplace environment. The third national customer survey will be administered and our hope is that detailed results will enable us to alter our services in accordance with identified customers needs. Finally, providing mediators access to industry specific experts and information will become an increasing focus of FMCS internal training efforts.

CHALLENGES FOR FISCAL YEAR 2005

To achieve the highest levels of outcomes and results outlined in our performance plan, FMCS will continue to assist the parties through delivery of services. Because improvements in productivity directly relate to the survival of industries and job security of employees, it remains imperative to the national interest that FMCS continues and intensifies its work in both dispute and preventive mediation. Experience has demonstrated that the Service can contribute more effectively to building and maintaining constructive relationships by remaining active with the

parties during the life of their collective bargaining agreements. Therefore, an increasing demand exists for preand post-negotiation involvement in managing existing conflict. Additionally, it requires that the Service be prepared to provide necessary training to help the parties accomplish the change in relationships needed to survive and prosper in today's global marketplace. In fact, historical customer focus group feedback from all five FMCS regions begged for early and aggressive intervention from the mediators.

The impact of work stoppages on both the affected industries and the U.S. economy will remain significant in FY 2005. Prominent in FY 2005 will be the expiration of a number of aerospace and defense industry contracts including United Technologies-Pratt Whitney Division, Bombardier Learjet, Raytheon Aircraft, Lockheed Martin, Boeing Helicopters and Dyncorp. These companies all have contracts expiring covering over 13,000 employees represented by the IAM. One of the largest manufacturing employers in the US, Boeing Corp., will see its master agreement covering nearly 33,000 employees represented by the IAM expire in September of 2005.

In 2001, manufacturing in the U.S. began to record some of the most significant job losses experienced in the economy. The losses continued in 2002 and 2003. Those job losses played a major role in negotiations and are forecast to continue to do so in FY 2005. The major manufacturing contract scheduled to expire in FY 2005, played a significant role in shaping U.S. labor relations history in the 90's. In the first contract to expire since the end of a six year labor dispute, Caterpillar and the UAW will seek to avoid the debacle of their last negotiations. Twelve thousand employees are covered by the agreement scheduled to expire on October 1, 2004. Other significant contracts expiring include: Malden Mills (1,000), Mack Trucks(2,300), Detroit Diesel (2,000), Corning Inc. (1,600), Xerox Corp. (2,100), Rubbermaid (1,100), Mead Corp.(1,200), Rheem (1,200), Electrolux/Frigidaire (1,900), Consolidated Papers (2,900), Mitsubishi Motors (2,000) and Crown Cork and Seal (1,090).

National contracts impacting nearly 12,000 employees working in the U.S. Glass industry will be simultaneously expiring at the end of March 2005. Over ten regional power and energy companies will see their contracts expire at various locations around the U.S., impacting over 24,000 employees.

The entertainment industry will be significantly affected by contracts expiring in FY 2005. The Record Industries area-wide agreement with the AFM in the Northeast will expire in January, impacting 15,000 members. The AFM contract with the Motion Picture and Television Producers in California will also expire, impacting 3,000 members. The TV Programming area-wide national contract with AFTRA expires in November. The national Non-Broadcast Industrial Education Contract with AFTRA expires at the end of March. Those agreements cover nearly 80,000 members. The Motion Picture and Television contract with IATSE in the Northeast expires in Mid-May of 2005. Over 3,000 members will be affected.

Absent some sort of national or regional solution, health care will continue as a major dominating issue at the bargaining table in FY 2005. Among the factors impacting the issue is the state of labor relations in the health care industry itself. Two of the largest contracts in the industry and the nation are scheduled to expire in FY 2005. Nearly 55,000 members of SEIU Local 1199 in New York are covered by the contract with the League of Voluntary Hospitals which is scheduled to expire at the end of March. In early September, the Master Agreement with Kaiser Permanente and the Coalition of Kaiser Permanente Unions is scheduled to expire. At the time of this submission, 65,000 employees represented by multiple unions are covered by this master contract. In addition to those two agreements multiple significant health care agreements are scheduled to expire in FY 2005. Just eight of those expiring agreements will cover over 38,000 health care workers.

Retail food and food processing will again dominate collective bargaining in multiple locations around the U.S. The Shop-Rite grocery contract in New Jersey covers 13,000 UFCW represented workers and is scheduled to expire in Mid-March. Simultaneous significant expirations with other New Jersey food retailers will cover over 10,000 additional workers. Elsewhere on the East Coast, over 16,000 additional employees will have their retail grocery contracts expire in FY 2005. Both the Grocery and Meat cutter contracts with Kroger and the UFCW in Atlanta will expire in the beginning of May, affecting nearly 9,000 employees, and 5,600 will be impacted by grocery negotiations in St. Paul, 1,500 in Duluth, and over 1,200 in Green Bay. Rite-Aide in Southern California will have over 8,000 employees covered by two contracts scheduled to expire in July. Bakery Companies in Fresno will negotiate a new multiple location contract with the IBT covering over 17,000 workers. Food processing companies will seek to negotiate new contracts covering over

10,000 employees represented by the UFCW in the South and Midwest.

There is no question that the impact of the construction industry on a regional basis is significant. Less recognized is the aggregate impact the industry has on the national economy. In the states of New York, Massachusetts, New Jersey, Rhode Island and Connecticut over 110,000 construction and building trades workers will have contracts expiring in FY 2005. Master agreements, covering 23,000 workers with the Carpenters and Operating Engineers will expire in Ohio. In Chicago and Northeastern Illinois, 20,000 Carpenters will be impacted by the negotiations with the Residential Construction Employers Council.

In order to meet the critical demand for increased and improved service, FMCS must continue to explore improved methods for service delivery. More complex problems require improved information and a constant updating of mediator knowledge, skills and tools. Increased mediator expertise will be required as unions and employers attempt to cope with increasingly complex economic issues. The Service's efforts to increase mediator understanding and knowledge in industries critical to the US economy, first initiated in FY 2003, will continue in FY 2005. Using technology to more effectively and efficiently enable our customers to manage conflict and change will become increasingly important. Competition in the marketplace and membership demands requires that employers and unions maximize the efficient use of their resources. FMCS must be prepared to assist our customers in meeting that challenge as well as confronting the challenge in our own resource utilization.

The nearly one million employees and numerous businesses and industries cited in the brief list above represent a fraction of those who will actually be impacted by the collective bargaining system. Their importance to the economy is self evident. Their importance to the communities of this nation is no less so. Each of these cases, and thousands more will be monitored by mediators from FMCS. It will continue to be critical that FMCS keep its focus on the timely availability of dispute mediation services. It is equally critical that the Service be prepared to provide intensified dispute mediation when situations require it. The Director will continue to become personally involved in those situations which threaten severe and immediate impact on the nation's economy.

Of no less importance will be the agency's continued efforts to improve labor-management relations and assist our labor and management customers in the exploration of joint strategies designed to transform their relationships. There continuing demand for large-scale, coordinated preventive mediation programs. Because of the size and scope of some of these programs, they will require more resources than traditional preventive mediation cases. These activities include working with individual employers restructure their labor-management unions to relationships, moving from the traditional confrontational model to a more collaborative or partnering model where appropriate. The Service must continue to upgrade its technology in order to bring greater efficiency effectiveness to the conflict resolution process, to increase the potential of reducing conflict itself, and to improve the effectiveness and accessibility of preventive mediation programs.

Employers and employees are increasingly turning towards FMCS mediation services as a way of resolving the ever increasing types of workplace-related conflict. As resolution in an already overloaded judicial system becomes more time consuming, financially burdensome and ineffective, parties are naturally seeking more effective and efficient forums for dispute resolution. Mediation has been successfully applied to many types of workplace disputes, including grievances, EEO disputes, peer disputes and issues involving multiple parties in a work environment. For over a decade, FMCS has been a leading provider to government agencies and businesses in training and intervention in such disputes. FMCS will continue to respond to this demand while leveraging its dispute resolution expertise.

Because the potential costs of labor relations conflict to the US economy have risen so much, FMCS will continue its education, advocacy and outreach services to promote and disseminate information about best practices of collective improved labor-management relations bargaining, effective conflict resolution techniques. We will continue to work to better familiarize our customer base with the range of FMCS services at their disposal. Equally as important will be the continuation of formal customer focus group meetings and the continuation of formal customer evaluation of FMCS services. Identifying new services and the modification or elimination of some programs will continue to be based upon the direct input from our customers. In this ever changing economic and social environment, customer input must continue to drive the service output of FMCS.

ARBITRATION SERVICES

Arbitration is used widely to resolve labor disputes arising under collective bargaining agreements. In addition, arbitration is used in some industries as an alternative to a strike or as a method of resolving impasses in contract negotiations, particularly in the public sector. Under the Civil Service Reform Act of 1978, arbitration is the principal method for redress of grievances of federal employees. Under the Health Care Amendments of 1974, Public Law 93-360, FMCS is authorized to appoint boards of inquiry in health care industry disputes. A Board of Inquiry is usually appointed from the FMCS Roster of Arbitrators and administered by its Office of Arbitration Services.

The Arbitration Services staff maintains a roster of qualified neutrals to hear and decide disputes over the interpretation or application of collective bargaining agreements; provides parties to collective bargaining agreements with panels of experienced arbitrators; provides lists of arbitrators and their biographical information to parties to create union/company permanent arbitration panels; and, appoints arbitrators subsequently selected by the parties. The Director of Arbitration Services and the Arbitrator Review Board respond to complaints alleging violations of FMCS Arbitration Policies and Procedures and the Code Of Professional Conduct For Arbitrators of Labor-Management Disputes and answer questions regarding the arbitration process.

ACCOMPLISHMENTS FOR FISCAL YEAR 2003

The Government Paperwork Elimination Act requires federal agencies to provide the public with an option to submit information or transact business with the agency electronically. After careful review, FMCS determined that it would give its customers the opportunity to make panel requests and receive arbitrator panels on-line. In May of FY 2000, FMCS instituted its electronic filing system whereby customers could request panels of arbitrators via e-mail, fax or mail. To date, over 3,000 panels have been issued to parties via the agency's internet site, many to repeat customers who find the service convenient and fast.

During FY 2003, to further encourage use of the internet system to request and receive panels, the agency increased fees for manual requests for panels produced by

staff in the Office of Arbitration Services while maintaining the current fee for internet requests. The public's response to this service has been phenomenal. Compared to FY 2002, the requests for on-line panels have increased from to 386 to 2,140.

To save on postage costs, FMCS notified its customers of the new fee structure by strategically placing notices in labor relations publications, such as BNA and employer and labor newsletters and magazines. In addition, a notice of the forthcoming increase was placed in each panel issued at least 30 days prior to the date the increase became due. To insure that arbitrations were not delayed, the agency allowed a 30-day grace period for all requests received prior to the actual date of the increase. The notice was also placed on the agency's re-designed Internet site.

During FY 2003, the agency made further revisions to the Form R-43 (Request for Arbitration Panel) to conform to the requirements for on-line panel requests. In addition to the changes made in FY 2002, which clarified special requirements for panel's expanded list of acceptable methods of payment and gave customers new geographical areas from which to select arbitrators ("regional," "sub-regional" and "metropolitan"), the revised form now provide customers with the even more electronic payment options. As a result of the "metropolitan" selection which was added in FY 2002, 25% of the parties have realized substantial savings for travel expenses for the arbitration process by using this geographical selection area.

In FY 2003, FMCS convened one meeting of the Arbitration Customer Focus Group created to provide substantive feedback on a range of issues, including the processes that select the arbitrators and produce the panels, the timeliness of arbitrator opinions and the geographical makeup of the boundaries for selecting arbitrators. FMCS felt it was critical to hear the views of all of its customers — labor and management and the arbitrators who provide service to the collective bargaining community. The Focus Group includes representatives of management and labor and members and non-members of the National Academy of Arbitrators.

At its FY 2003 meeting, the Focus Group provided valuable comments on proposed changes in FMCS rules, as well as discussed ways in which members of the National Academy of Arbitrators could assist new arbitrators as they begin their practices. Focus Group members were asked to submit recommendations on ways FMCS' arbitration electronic system

could be improved to provide more efficient services to its labor and management customers and the arbitrators.

In response to the requirements of the Government Performance Results Act (GPRA) FMCS began to address a broad range of concerns about accountability and performance relating to its arbitration service. The Office of Arbitration Services periodically distributes customer surveys to determine the quality of services provided by arbitrators on its roster and by its staff.

During FY 2003, the Office of Arbitration Services completed its overhaul of its Arbitrator bio system. Of the 1,364 arbitrators who are "available" for selection on panels, 1,288 have submitted their revised bios, which are being circulated to the parties. The arbitrator biographical sketches, which are now produced in a "Word" format versus former outdated computer-generated form, significantly more information about the arbitrator's collective bargaining and arbitration experiences, as well as their fees, expenses and cancellation policies. The revised bios include the timeline for customers to cancel or postpone arbitration hearings prior to being assessed a fee. We believe the drastic reduction in the number of complaints regarding arbitrators' cancellation policies and fees is a direct result of customers having this information in advance of scheduling hearings. In addition, because more space is allotted for listing arbitrators' awards, customers can research arbitrator decisions prior to selection, as well as review their literary works, which they included on their revised bios under a new category, "Significant Publications."

During FY 2003, the agency observed a noticeable decrease in complaints regarding overdue awards as a result new procedures. During FY 2001, the agency instituted new procedures to address the problem of overdue awards. If the agency is able to confirm that an arbitrator has two or more overdue awards, that arbitrator's name is "unavailable" for selection by the parties until the awards have been rendered. During FY 2002, the agency went a step further and informed arbitrators that, upon confirmation of one late award regarding a discharge case, the agency would make the arbitrator "unavailable" until the award was rendered. Parties are now more comfortable in reporting these delays by arbitrators and have welcomed this new procedure as long overdue.

In FY 2002, arbitrator updates were distributed to over 1,300 arbitrators on the FMCS Roster to update and revise arbitrators' biographical information, as well as acquire data to allow more search features based on customers' needs. For example, FMCS asked arbitrators to submit their e-mail addresses for inclusion in its database. These addresses can be used to communicate with arbitrators thereby cutting down on postage costs. As a result of the updated information from arbitrators, we are now readily able to search for "fact finders" and arbitrators who are available for "Interest," "Employment," or "Expedited" arbitration. In addition, because of revised government procurement procedures, the data collected will include arbitrators who have registered with the Department of Defense as contractors, thereby accelerating the selection process for Defense agencies requiring arbitration services.

We recognize the diversity of the issues being heard by arbitrators, as well as the variety of industries in which labor and management work. As a result, during FY 2002, we revised our "Industry" and "Issue" listing to reflect theses changes and distributed them to the arbitrators on the Roster. During FY 2003, we entered data into 1,126 arbitrator records from the revised "Issue" and "Industry" listing to indicate the experience of the arbitrators in these areas.

During FY 2003, FMCS began a revision of its Arbitration Policies and Procedures to include several significant changes. For example, the criteria for admittance to the Roster have been more clearly defined as it relates to the collective bargaining experience required for admittance. For example, the rules will be modified to reflect the substitution of awards for successful completion of the labor arbitrator training sponsored by the FMCS Institute for Conflict Management. In addition, the rules will propose that arbitrators who have not been active on the Roster for a period of two years must reapply to the Arbitrator Review Board to gain admission back onto the Roster.

There was a slight increase in the number of panels produced in FY 2003. However, the complexity of the requests continues to require more staff time to process. We continue to see a marked increase in the number of "Special Requirements" requested by parties seeking FMCS arbitration services. Parties are jointly requesting that arbitrators have specific experience in specific industries and these requests require more time to process. In addition, the requests call for panels that cross regional lines, totaling

up to 15 arbitrators each, with exclusions of 40 arbitrators or more. The revised fee structure has provided an incentive for parties to use the Internet and gives the staff the necessary time to process the more complex requests.

To increase the professionalism and expertise of new arbitrators, the FMCS Institute for Conflict Management (the "FMCS Institute") conducted two arbitrator training courses for practitioners with substantial experience in industrial, labor or employment relations. The training included subjects in the laws of arbitration; basic arbitration practice, including scheduling and pre-hearing procedures; conduct of the arbitration hearing; evidence in arbitration; arbitrator ethics; and, award and opinion writing.

GOALS FOR FISCAL YEAR 2004

In FY 2004, FMCS may hold one Arbitration Customer Focus Group meeting to solicit feedback on the services provided by the Arbitration Services office and arbitrators who serve on the FMCS Roster. Additional meetings will not be necessary since the lines of communication between customers and arbitrators and the staff in Arbitration Services has opened tremendously to receive and provide continuous, on-going feedback. Work processes will continue to be reviewed internally, as well.

FMCS will continue its efforts to maintain a good response time for panel requests, issuing them in five working days or less, when possible. However, we will continue to concentrate on the accuracy of the panels, particularly since many customers are making multiple requests that include "special requirements." As a result of the increase in use of electronic filing, we believe the five day turnaround time can be met easily.

In conjunction with the FMCS Institute, the Director of Arbitration Services will continue to play a major role in training new arbitrators who seek admittance to the FMCS roster. The Institute will continue to sponsor Labor Arbitrator Training courses, aimed at expanding the Roster.

Revisions to the FMCS Arbitration Policies And Procedures will be published for comment and implemented in FY 2004.

FMCS will initiate a mentor program, in conjunction with the National Academy of Arbitrators, whereby Academy members would be available to answer questions from the new

arbitrators. To augment this program, FMCS will allow new arbitrators the use of its Electronic Room technology to talk to each other about the arbitration process, as well as ask questions regarding specific problems that might come up.

GOALS FOR FISCAL YEAR 2005

FMCS will continue to encourage the use of the on-line arbitration system to provide customers with fast and efficient service when panels are requested.

Technological improvements will include notification to arbitrators of appointments via electronic mail.

ALTERNATIVE DISPUTE RESOLUTION (ADR)/INTERNATIONAL SERVICES

ACCOMPLISHMENTS FOR FISCAL YEAR 2003- DOMESTIC ADR

FMCS concluded over 1300 ADR cases for numerous governmental agencies in fiscal year 2003, providing consultation, systems design, training, mediation facilitation, mentoring/co-mediation, as well as follow-up and program evaluation. FMCS continued its delivery of mediation services under two interagency agreements with the Equal Employment Opportunity Commission (EEOC), one agreement for "external" complaints from citizens filing discrimination charges against their employer or organization, the other agreement was for "internal" complaints filed by EEOC employees against the Commission itself. The United States Postal Service "Redress Program" again utilized FMCS to mediate cases in FY 2003. addition the Postal Service selected FMCS as the exclusive provider of mediation services for all non-bargaining unit disciplinary action grievance mediation (Postal 650) cases.

FMCS mediators continue to mediate work place and discrimination complaints for numerous federal agencies such as: Departments of Interior, Internal Revenue Service, Agriculture, Navy, Immigration and Naturalization Service, Employment Opportunity Commission, Office Personnel Management, U.S. Geological Survey, and the Federal Bureau of Investigation. We have had an exclusive agreement with Health & Human Services (HHS) since 1980 to mediate age discrimination complaints under the Age Discrimination Act of 1975, for federally funded institutions. Over 60 cases, coordinated through Departments of Labor, Agriculture, Education, Housing and Urban Development (HUD), HHS and Veterans Affairs were mediated during FY 2003.

The Service assists federal and some state agencies by convening and facilitating/mediating regulatory negotiations as well as less formal, public policy dialogues under the authority of the 1996 Administrative Dispute Resolution Act. FMCS continued to provide services for three major multi-party negotiations during FY 2003 and saw the conclusion and assisted in the follow up of a lengthy negotiated rulemaking over Native American Reservation Roads Funding. It is certain that the use of negotiated rulemaking and other highly interactive negotiating models will be the choice of agencies as a constructive way to

diminish litigation and enhance relationships with their constituencies.

FMCS began consultative services with the U.S. Environmental Protection Agency, Office of Research and Development (ORD). ORD is the scientific research branch of EPA and employs the nation's leading scientists throughout the United States at various EPA Labs and Centers. During the initial phase, FMCS worked with high-level officials at ORD to formulate a strategic outlook for targeted areas of employee morale improvement. As a result collaboration we began reaching out to the various subdivisions of ORD and designed site-specific improvement plans. FMCS staff worked at the local lab level and conducted individual outreach with employees in areas, such as Raleigh, North Carolina and Ada, Oklahoma. Various program initiatives included conflict management training in the various areas of communications, diversity, leadership development and management. ORD has adopted the Appreciate Inquiry approach towards incorporating its organizational change to address areas for improved morale legacy planning. FMCS continues to serve in consultative role for conflict management models. Most recently, FMCS has initiated the design of a comprehensive conflict management-training program which will be implemented in FY 2004.

ACCOMPLISHMENTS FOR FISCAL YEAR 2003-INTERNATIONAL DISPUTE RESOLUTION, EDUCATION AND TRAINING

FMCS continued to respond to requests for international dispute resolution training and technical assistance from all parts of the world in FY 2003.

Baltic Mediation Training Project

In September 2001, FMCS conducted training in dispute resolution techniques for labor, management, and government officials in Riga, Latvia and Vilnius, Lithuania. We maintained our cooperative efforts through fiscal year 2003 and developed a special training program to expose at least one mediator candidate from each country to FMCS dispute resolution techniques. One attorney from the central trade union confederation of Latvia, one labor attorney from the Estonian Ministry of Labor, and one mediator from an NGO

from Lithuania, were selected to participate. All three attended new mediator training in the United States (along with other newly hired FMCS mediators) and were assigned to an FMCS Regional Office for 3 weeks, where each had the opportunity to shadow mediators working in many different states. This project was funded by the Department of State, Northern European Initiative, and the U.S. Baltic Foundation. Our cooperation continues in the fall 2003, in Riga, Latvia, where we will train labor, management, and government officials in dispute resolution techniques.

Mediation and Arbitration Services in Bulgaria

For four years, FMCS assisted Bulgaria in building democratic institutions for conflict resolution. In previous years, we hosted high level officials from labor, management and government who observed a wide variety of labor-management conflict resolution systems. As a result, and with our assistance, the Bulgarian National Institute for Conciliation and Arbitration (NICA) was formed. In May 2003, 35 mediators were selected to join that organization, and we designed and implemented training for the newly appointed mediators. Introductory mediation training was provided in May 2003, and we have commenced discussions with NICA's Executive Director about follow-up training on arbitration services and the establishment of a code of ethics.

South Korea

South Korean's Labor Education Agency, Korea Labor Education Institute (KLEI), sent seven labor relations professionals, professors and attorneys to attend the FMCS Institute's course in mediation skills. Subsequently, five individuals from the Korean delegation participated in preventive mediation training and shadowed mediators in the Seattle area. FMCS and KLEI executed a memorandum of understanding agreeing to collaborate on their respective labor relations and alternative dispute resolution techniques and approaches.

Conciliation Institutions in Peru

The government of Peru asked for our assistance in strengthening its ability to provide mediation services. The government also sought assistance in creating and training private sector labor mediators. We conducted 4

training programs attended by representatives of labor, management and conciliators, and also conducted a "train the trainer" program for government conciliators who are expected to form the nucleus of a training team for other conciliators/mediators in the country.

With respect to strengthening the government's ability to provide mediation services, we facilitated a steering committee for the development of a new Center for Mediation, Arbitration & Investigation (CENCOAMITP) in the Ministry. It is now the first entity to provide labor conciliation outside of the judicial system. The Labor Minister personally attended the meetings that formed this new Center which commenced activities in July 2003.

were also asked to assist the government in development of a private sector labor mediation practice. The Ministries of Labor and Justice signed an agreement laying out a framework of cooperation allowing extrajudicial labor conciliation. The new Center for Mediation, Arbitration and Investigation is expected to train a cadre of private sector conciliators who will, for the first time, provide extrajudicial labor conciliators to generate agreements enforceable in a court of law.

Serbia and Montenegro

The American Center for International Labor Solidarity Center, in a project funded by US AID, asked the FMCS to promote and develop conflict resolution mechanisms for employers and government agencies in war-torn Serbia and Montenegro.

To achieve this objective, FMCS will work with the Solidarity Center from 2003 through 2005 to provide education and guidance on improving negotiations developing institutional capacity to resolve disputes. During this period, we will continue to conduct education programs with partners in Serbia and Montenegro to achieve these objectives. In April 2003, we met with labor, management and government officials separately, and in focus groups, to develop training needs and guide the development of training materials. In June 2003, commenced our first training session. It involved interest based bargaining techniques and communications skills for labor, management and government officials. The parties in both republics are committed to establishing a mediation

and arbitration service and to creating the necessary legal frameworks for these to flourish. Both ministries will draft legislation, and we have pledged our assistance in facilitating meetings among interested stakeholders in drafting the legislation. In the meantime, we continue to work with Serbia and Montenegro to develop training programs geared to problem-solving, grievance and arbitration machinery, appropriate contract language, and resolution of individual and collective labor disputes.

GOALS FOR FISCAL YEARS 2004 AND 2005-DOMESTIC ADR, INTERNATIONAL DISPUTE RESOLUTION, EDUCATION AND TRAINING

In fiscal years 2004 and 2005, as part of its Domestic ADR initiatives, FMCS will continue to promote the use of conflict resolution processes to agencies of government as an effective alternative to courtroom litigation in the settlement of workplace conflict, and as a better, more inclusive approach to government rule and policy making. A major role for FMCS in ADR in accordance with congressional legislation in FY 2004 will be dealing with the end result of the consolidation of numerous agencies forming the Homeland Security Agency. In fiscal years 2004 and 2005, FMCS anticipates greater uses of ADR processes from all levels of government. While the Service's focus and demand for services has come from federal agency headquarters here in Washington, we continue to see increased interest on the part of federal agency field offices and bureaus as well as individual state program offices. State offices responsible environmental, agricultural, or discrimination enforcement or regulation are examining ways to avoid costly and time-consuming litigation with our regional offices. FMCS mediators located throughout most of the fifty states in seventy-two field offices are recognized as professional problem solvers and excellent conflict managers. As the popularity and effective use of ADR processes grow, particularly with the preferred use of mediation, our mediators are ideally positioned to offer their services. We expect to assist in excess of fifty federal government entities in FY 2004. At least that number will seek assistance the following year. The extent of the assistance has continued to grow into the systems and internal capacity building for dispute resolution. We intend to offer more system design expertise to our private sector customers as a result of our study

and collaborative work with academic resources. In addition we plan to offer dispute resolution services in the area of employment disputes outside of the collective bargaining arena to our current customers.

We continue to foresee increasing demand in both numbers and time devoted to conflict resolution for the years to come. Interestingly, congressional representatives are beginning to refer state officials as well as private concerns to FMCS to assist them in coping with long standing local or regional conflicts. In some cases, the use of public policy dialogue is more appropriate than the more formal negotiated rule-making procedure. Nonetheless, we foresee continued demand for the use of the reg-neg related process for both 2004 and 2005.

In fiscal years 2004 and 2005, FMCS will continue to establish and revise performance level goals for the number of foreign governments assisted and the number of program participants exposed to and trained in ADR techniques. FMCS projects that International Labor services will be provided to more foreign governments and organizations seeking FMCS assistance, and that the agency will play a key role in the continuation of the World Employment Dispute Resolution Summit. Plans for a number of projects in dispute resolution in Peru, Mozambique, Argentina, Indonesia, Viet Nam, Columbia and a third major training program for APEC economies are well under way for fiscal years 2004 and 2005.

YOUTH VIOLENCE PREVENTION & CONFLICT RESOLUTION

Since its inception in 2002, the FMCS Youth Initiative has realized all five phases of the initial program plan. The initiative has expanded from an initial pilot program consisting of six sites to a total of ten community partner sites representing a broad cross-section of our nation's youth (Phase I). Stakeholders from each of these communities work collaboratively with federal mediators (Phase II) to develop unique software applications tailored to each site's specific needs (Phase III). FMCS enlists the support of a comprehensive academic research team to monitor the efficacy of the program (Phase IV). Finally, FMCS has completed development of a prototype for an interactive CDROM, called *Cool School*, designed to teach conflict resolution skills to primary-age children (Phase V).

ACCOMPLISHMENTS FOR FISCAL YEAR 2003

In fiscal year 2003, FMCS expanded the pilot program from the original six community partners, to include four communities at-risk for potential additional violence. Stakeholders from each community worked with FMCS mediators to develop and implement innovative Internetbased approaches to address issues that were identified as contributing factors to youth violence. collaboration with local law enforcement officials, concerned community members, and local school systems, these ten diverse communities successfully constructed electronic tools that enabled them to address the unique needs of their youth populations.

As a result of these collaborative efforts, one FMCS partner community received the Illinois *Governor's Cup Award*, recognizing outstanding community work in the area of youth violence prevention. Additionally, FMCS began program-wide implementation of an anti-bullying program designed to address conflict issues among elementary students, both in the school setting as well as in bus-related situations. Likewise, FMCS electronically stored and distributed a technology-based youth violence prevention program called *Teen Mediafest* that allows youth to explore pertinent social health issues through public service messages they create and air on local media hosts.

Other FMCS community partners constructed "Youth Court" sites that allow children to monitor court cases of juvenile offenders anonymously through assigned case numbers, thus encouraging dialog between youth and local officials. Multiple community sites have partnered with local Neighborhood Watch organizations to use FMCS technology to conduct secure online meetings, report suspicious activity, and promote dialog between youth, concerned community members, and law enforcement officials. Multiple student surveys were created and administered to garner valuable youth perspectives on such issues as campus safety and perceptions on violence.

Lastly, FMCS successfully completed the development of an interactive CD ROM, called *Cool School*, that teaches appropriate alternative conflict resolution skills to primary-age children in an engaging and stimulating fashion.

GOALS FOR FISCAL YEAR 2004

In fiscal year 2004, the FMCS Youth Initiative will include four additional partner communities, and will expand the anti-bullying and peer mediation programs into each of the fourteen community partner sites. Additionally, if funding permits, FMCS will produce the interactive *Cool School* CD ROM, and distribute it among community partners and other interested schools and youth care facilities nationwide.

FMCS Institute for Conflict Management

ACCOMPLISHMENTS FOR FISCAL YEAR 2003

The FMCS Institute for Conflict Management continues to meet the needs expressed by customers through the FMCS national customer surveys and frequent comments in customer focus groups. The flexibility built into the Institute's structure has enabled the agency to customize courses that provide skills necessary to approach the modern problems of labor-management relations. emplovee conflicts. abutting technological impacts organizational change. Frequently, people who need such training do not have this access; and, many organizations, federal agencies, businesses and labor unions cannot suspend operations or production to send large numbers of employees and managers to attend such training. Frequently, it may require only a few employees and managers to make a large positive impact on an organization by fostering and championing improved labor relations. However, without an opportunity such as one that the Institute provides, this training of just a few employees is rarely possible.

We have learned that the varied subjects offered by the Institute are often better handled in a classroom atmosphere, away from the shop or office floor, minimizing communication barriers between supervisor and employee and creating a nurturing atmosphere of mutual help, understanding, empathy, creative idea generation and safe experimentation.

The FMCS Institute for Conflict Management responds to the needs expressed by our customers by making preventive mediation training and education more accessible and by presenting this training in a different environment than our traditional preventive mediation settings. The FMCS Institute neither competes nor conflicts with our statutory preventive mediation activities; rather, it expands and enhances training and education opportunities for our current customers in the organized sector of the nation's economy, as well as executing our customers' requests for ADR education and training. In addition, the FMCS Institute for Conflict Management has been able to support ADR/International Services by sharing research and curricula components customized for courses delivered to International customers.

Institute activities included training in Mediation, Labor Relations, Collective Bargaining, Dispute Resolution Skills, Arbitrator and Arbitration Skills, Facilitation Process Skills, Group Dynamics and Multi-party Facilitation, Multi-party Mediation, Cultural Diversity, Equal Employment Opportunity Complaints, Work Place Violence Prevention and Response Skills, and Coping with Grief in the Workplace. Several of these courses were offered multiple times in strategic locations nationwide.

The FMCS Institute for Conflict Management continues to offer training in wide aspects of practical conflict management skills by giving the participants the opportunity to interact with, and learn from, experienced practitioners who use these skills everyday. Federal mediators go far beyond theory. They are the largest, most experienced cadre of professional conflict managers in the world.

Institute Course Offerings

In its inaugural year of 1999, the FMCS Institute offered training and education to labor and management practitioners in a classroom format that was more structured, accessible and convenient to individuals and small groups than FMCS' traditional, site-based preventive mediation programs.

In fiscal year 2003, the Institute grew and successfully sponsored thirteen courses. This included not only courses open to the public based on individual and organizational interest, but various "sponsored" programs customized directly for group interested in ADR processes.

Descriptions of the training courses offered included the following deliverables:

Labor Arbitrator Skills Training

This detailed course provides the arbitrator with the skills required to conduct labor arbitration hearings and a familiarization with FMCS arbitration procedures, policies and standards.

Training includes:

- FMCS arbitration procedures
- Arbitration legal foundations and fundamentals
- Tools and techniques
- Conducting hearings
- Responsibilities of the arbitrator
- Ethics

In subsequent years, the FMCS Institute built upon this and offered revised components to include areas of evidence, testimony, witness examination, ethics, decision writing, mock arbitration exercises, initial arbitrability problems and procedures for successfully applying to the FMCS Roster of Arbitrators.

Advanced Facilitation Skills

This highly interactive course provides a rigorous introduction to facilitation skills and techniques. Designed for customers who want to build and/or fine-tune their facilitation skills, the course draws heavily on exercises and simulations to give the participants opportunities to practice facilitating and to learn from one another. Videotaping may be used to highlight critical elements of the facilitation process and to provide in-depth feedback to participants.

Training includes:

- Facilitating large and small meetings
- Facilitating interest-based negotiations
- Dealing with contentious issues
- Managing problem behaviors
- Maintaining composure in difficult situations
- Conveying neutrality
- Encouraging active participation
- Communicating to diverse audiences
- Setting the agenda
- Using flip charts
- Reaching closure

Negotiating Contracts

This interactive workshop focuses on best practices and techniques needed for $21^{\rm st}$ century contract negotiations. Participants learn a wide array of successful collective bargaining skills to master both the "old" and "new" issues and problems facing our developing labor relations system. This course runs the gamut from traditional, adversarial style bargaining, through a hybrid of collaborative approaches to full interest based systems for negotiating contracts, labor problems, grievances, and other work place complaints. However, the majority of the course will focus on a mutual gains approach.

Known by many names and practiced in many variations and settings—Win-Win Bargaining, Principled or Interest-Based Negotiation, Interest-Based Problem Solving, Best Practice or Integrative Bargaining—the Interest-Based Bargaining (IBB) concept is a different way to negotiate. In the right situation, IBB provides an alternative, replacing traditional positional bargaining with a process of joint problem—solving.

IBB assumes that mutual gain is possible. Solutions that satisfy mutual interests are more durable, and the parties can help each other achieve a positive result. In the collective bargaining context, IBB can enhance the labor-management relationship.

Training includes:

- · Understanding the basic and advanced concepts of IBB
- Understanding how IBB differs from traditional bargaining
- · Techniques to enable the process to work successfully
- The process of IBB and its application in simulations
- How and when IBB works and fails in the collective bargaining arena

Mediation Skills for Workplace Disputes

Dealing effectively with conflicts in the workplace has become a critical function in public and private organizations. Employers and employees are increasingly turning towards mediation as a way of resolving workplace-related conflict to avoid costly and time-consuming litigation. Mediation has been successfully applied to many types of workplace disputes, including grievances, EEO complaints and peer disputes. Integrating theory and practice, this workplace mediation training teaches a combination of theory and practice to develop a conceptual understanding of the mediation process as applied to workplace issues.

System designs for specific applications are covered, including case assignments, case tracking, satisfaction measures, mentoring, shadowing, co-mediation models, styles of mediation preferences (directive/evaluative, facilitative, transformative, etc.), shared neutrals programs, substantive -v- process foci, and sustainability factors.

Facilitating and Mediating Multi-Party Disputes

The use of third parties in mediating and facilitating multi-party disputes such as public policy, regulatory and environmental issues is becoming increasingly more common.

This course is highly interactive and the majority of the time is spent in specially designed role-plays which reflect a variety of multi-party situations, including convening, planning, and facilitating public policy disputes and negotiated rulemakings. The training includes: understanding the dynamics of multi-party negotiations, working with constituents away from the table and diversity and culture among others. Additionally, concepts that overlap and differ from traditional two-party facilitations are examined. Co-facilitation models, convening questions, internal and external communication considerations, advantages, and pitfalls are covered.

GOALS FOR YEARS 2004 AND 2005

Courses presented in 2003 will continue to be offered in 2004 and 2005 with additional courses offered in dispute resolution skills and conflict management and on-line ethics. The courses will focus on both basic and advanced skills in negotiations, mediation and facilitation skills, grievance prevention, handling workplace relationship issues, communications during disputes, violence prevention and response, arbitration for advocates in labor relations, enhancing a diverse pool of trained labor arbitrators, and addressing the need for credentials for workplace mediators based on certain core competencies with attention being paid to continuous education and on-going ethics training. New ground will be broken in conflict management theory through collaboration with our academic associations as well. Additional components in transformative, narrative mediation and appreciative inquiry are examples.

The FMCS Institute for Conflict Management is funded by fees received for delivery of training services; all fees collected are utilized to recover expenses and administrative costs of the Institute. Training fees charged to customers are set at a level that provides both good value for training expenditures and allows the Institute to provide a professionally delivered product from one year to the next.

FMCS will continue to coordinate an outreach strategy to create an awareness of the Institute and its available training programs, including mediator outreach to current FMCS customers and contact with other potential user groups. The FMCS website will also be utilized to reach a broader spectrum of potential customers.

New and Continued Courses for FY 2004 and 2005:

Arbitration for Advocates

This intensive three-day program is designed to enhance the arbitration skills of experienced labor relations practitioners - union business agents and stewards, personnel managers and analysts, and attorneys - for both labor and management. Private and public sector representatives will benefit. The program will review substantive and procedural case-handling issues, using hypothetical situations in an interactive format.

Those attending will participate in a mock arbitration of a complex model case that raises discipline and contract interpretation issues. The faculty will include members of the National Academy of Arbitrators and respected advocates. Registrants will receive course texts and a specially compiled set of arbitration practice guides.

Topics include: educating the arbitrator prior to a hearing, opening the case with a winning statement, structuring the order of proof and examining witnesses.

Arbitration for Advocates in the Federal Sector

This course includes the various components described in the course above, but includes special aspects that are specific to the requirements to be found in the federal sector agencies and their unions under FLRA rules that may differ substantially from those promulgated by the NLRB.

Issues, interests and governing rules peculiar to the Federal sector agencies will cover the status quo and additionally consider upcoming changes in new statutes and procedural operations.

Mock Arbitration needs will be examined that fit the particular constraints of the federal sector, including but not limited to Titles V an VII, MSPB, Impasses Panels, FLRA approaches, EEOC tracks, Formal Meetings, etc.

Work Place Violence Prevention and Response

The basic concepts in conflict and violence prevention are introduced in lively presentations with high-impact graphic materials and question-and-answer periods. Case studies will promote sound judgment in dealing with instances of threat of violence. Fact-based scenarios challenge participants to fashion appropriate responses. Non-scripted, dynamic recreations of tense human interactions teach participants how to respond to sensitive or emotionally charged situations in the work setting. These lifelike simulations hone participants' ability to respond to critical incidents in their actual workplace.

This course enhances analytical and interpersonal skills of HR/IR managers, union officers, employment lawyers and others. The course prepares policy-makers to exercise leadership on the issues of workplace violence.

On-Line Mediation and Arbitration Ethics

This course will provide participants with the practice and understanding of on-line arbitration, mediation and dispute resolution ethics for both potential and current participants on the FMCS Roster of Neutrals. This approach will permit registrants to inexpensively and conveniently fulfill ethics knowledge obligations as set forth by FMCS codes of responsibilities.

Continued Courses Described Earlier in this Document Include:

- Labor Arbitration
- Mediation Techniques
- Negotiations
- Multi-party Facilitation

Fiscal year 2003 saw new Institute interest and growth, in addition to regularly scheduled classes, in a customer demand for services customized to particular needs. This growth is predicted to continue in years 2004 and 2005. Repeat customers include the following:

 Pacific Marketing International -- Leadership and Employee relations training

- United Mine Workers Eastern Sector Leadership in managing their areas of influence and internal conflict management
- Environmental Protection Agency (EPA) Workplace Relationship Enhancement and Communication (two courses)
- King County, Washington and City of Seattle two courses: Basic Mediation and Advanced Mediation for Inter-local Workplace Disputes
- Santa Clara Valley Water District (California) two courses scheduled (both 2003 and 2004) in systems design mediation for their internal leadership cadre (additional courses to be discussed)
- Association of Conflict Resolution jointly sponsored course (ACR, FMCS and National Academy of Arbitrators NAA) for emerging labor arbitrators (those with new practices)
- Potential City of Fresno Course in Conflict Resolution and Mediation Skills for FY 2004
- Tyson Foods Negotiations Skills

In each case, at the conclusion of these training courses, new courses or replications have been discussed for 2004 and 2005 so that additional persons may participate. There have also been continuous "leads" and inquiries from attendees at conference that continue to come to fruition over time and will undoubtedly do so in 2004 and 2005. Examples include interest from various agencies of the U.S. Government, Department of Defense, public and private sector customers.

Academic Partnerships

FMCS is acutely aware that a vast theoretical resource committed to conflict management and conflict resolution in the workplace exists throughout our nation's university and college systems. Talented researchers have for years developed theories, models, and constructs valuable to practitioners of alternative dispute resolution techniques whether they are mediators, facilitators, negotiators, arbitrators, fact-finders, investigators, EEO specialists, labor relations officers, union officials, external advocates, lawyers, or other professionals in the field of work place productivity support.

New approaches to leadership, management, motivation, morale, justice, and collaborative systems are being developed daily, as are those specialized skills necessary to maintain an open and safe work place environment, free of discrimination and retribution.

In order to benefit from the ongoing knowledge the academic world can provide, in 2001, FMCS began to develop relationships in order to share resources and opportunities with academic institutions around the country that have expressed a similar interest. The term "Academic Partnership" represents a special relationship developed with universities and colleges that take the form of shared resources, research, curricula, internships, mentoring and externships.

FMCS has entered into a variety of such partnerships with a number of schools over the last two years. They include:

- The Usery Center at Georgia State University (electronic conferencing center)
- The Strauss Institute at Pepperdine University
- The ADR and Law Schools at the University of Missouri
- The Kennedy School at Harvard University (electronic conferencing center)
- The University of North Texas (electronic conferencing center)
- Sullivan University (electronic conferencing center)
- Southern Illinois University (electronic conferencing center)

Registry of Neutrals

The Access to Neutrals was initiated in FY 2000 as a means to prepare for an anticipated increase in requests for assistance by neutrals with alternative dispute resolution processes. FMCS began to investigate its creation once the agency realized the growth of requests for mediation in the employment area might result in a demand for mediation that would outstrip the agency's ability to accommodate the FMCS also recognized parties may requests. utilize alternative dispute resolution processes, other mediation, for which they may be requesting assistance. The Registry is based on FMCS' belief that the most effective means of meeting the increasing needs of its present and future client base is to refer more cases to neutrals in private practice. To that end, the agency began exploring options for establishing a method for making such referrals. A prime consideration, however, was that any such option must allow FMCS to be confident its clients will receive quality alternative dispute resolution services.

FMCS convened a focus group in each of three years, FY 2000, 2001 and 2002 in order to determine how a Registry of Neutrals could best be established and utilized. The members of these focus groups included academics, practitioners and experts in the area of alternative dispute resolution. These groups discussed the best utilization of a Registry of Neutrals, the criteria for selection of individuals to be placed on the Registry, the procedure to be utilized to select those individuals and the procedure that current and future clients of FMCS would use to select neutrals from the Registry. A guiding principle for the national focus groups was that FMCS wanted to raise the professional bar on the practice of mediation by establishing objective standards in areas of experience, education and training, continuing education, which would be required for inclusion on the Registry of Neutrals. After the national focus groups submitted recommendations to FMCS, an internal focus group composed of FMCS commissioners and managers was convened to review the national group's recommendations and submit final recommendations to the Director of FMCS.

Based on the recommendations from both the national focus groups and the internal FMCS focus group, the agency proposed regulations containing the following plan for developing a Registry of Neutrals: Neutrals could qualify for the FMCS Registry through a flexible point system. The applicant could earn points through a combination of alternative dispute resolution experience, alternative

dispute resolution education or training, and substantive experience or training in the field of employment law or policy. Applicants must receive a minimum number of points for inclusion on the Registry. Points would be awarded for:

- Experience in handling alternative dispute resolution cases;
- Educational background in alternative dispute resolution processes;
- Work experience in handling employment related conflicts; and,
- Educational experience in employment related areas.

FMCS received between 45 and 50 comments concerning the proposed regulations; during FY 2004, FMCS will review the comments it received on the Access to Neutrals initiative and determine how the agency will proceed.

LABOR-MANAGEMENT COOPERATION PROGRAM

The Labor-Management Cooperation Program (LMCP) is designed to encourage and support joint labor management activities. This is done primarily through the formation of industry, area, and company labor-management committees in the public and private sectors, excluding the federal government. Through federal assistance, parties can develop better vehicles for discussing and resolving their problems and exploring ways to improve productivity and employment security, achieve economies and avert serious work stoppages. The Service awards grant funds, monitors their use and measures their effectiveness. In awarding grants, FMCS looks for novel approaches to collaborative labor-management relations and problem solving.

ACCOMPLISHMENTS FOR FISCAL YEAR 2003

In fiscal year 2003, the Federal Mediation and Conciliation Service awarded 10 new competitive grants, and 3 non-competitive grants at a cost of \$1.5 million to support labor-management cooperative efforts under the Labor-Management Cooperation Act of 1978. Once again, mediators and members of the labor management community were used to review applications and recommend those that were to receive further funding consideration.

Grants awarded with FY 2003 funds supported labor-management committees representing over 1.6 million employees in both the private and public sectors.

In fiscal year 2003, the Labor-Management Cooperation Program continued to streamline the review process and more effectively assess competing applications. In addition, FMCS continued its liberal grant extension policy and focused on funding new initiatives. FMCS increased the maximum funding per grant to reflect real dollar values. FMCS began the process of conducting surveys of former grantees that will measure the impact of their labor-management committee grant.

GOALS FOR FISCAL YEAR 2004 and 2005

FMCS will host the Twelfth National Labor-Management Conference in Chicago, Illinois in June, 2004. The conference is expected to attract close to 2,000 attendees.

In fiscal years 2004 and 2005, the program will follow plans similar to those mentioned for FY 2003. The grant application process, as well as the grant administration procedure will primarily be on-line. The grant review process is swiftly moving in that direction. Our goal is to increase the productivity and efficiency of the grants program using updated technology.

WORKLOAD PROJECTIONS FISCAL YEARS 2004 AND 2005

		Actual FY 2000	Actual FY 2001	Actual FY 2002	Actual FY 2003	Estimated FY 2004	Estimated FY 2005
I.	COLLECTIVE BARGAINING INTERVENTIONS						
	Dispute Mediation						
	Dispute case assignments	19,574	19,116	19,303	19,516	19,500	19,500
	Conference cases closed	6,321	6,424	6,757	6,640	6,340	6,340
	Preventive Mediation						
	Total cases closed	2,792	2,655	2,618	2,594	2,800	2,800
	Education, Advocacy and Outreach Activities	·	·				
	Total cases closed	5,621	5,645	5,881	5,484	5,600	5,600
	Total Number of Meetings Conducted	34,634	33,557	33,236	33,323	35,030	35,030
11.	ARBITRATION SERVICES						
	Number of panels issued	18,833	18,305	18,885	19,023	19,021	19,021
	Number of arbitrators appointed	8,829	8,749	8,335	8,595	8,800	8,800

WORKLOAD PROJECTIONS FISCAL YEARS 2004 AND 2005

		Actual <u>FY 2000</u>	Actual FY 2001	Actual FY 2002	Actual FY 2003	Estimated FY 2004	Estimated FY 2005
HI.	ALTERNATIVE DISPUTE RESOLUTION/INTERNATIONAL						
	Number of ADR cases closed	798	917	1,144	1,310	955	1,055
	Number of International Training Activities	70	70	65	75	75	75
IV.	FMCS INSTITUTE						
	Number of Institute Programs (1999 initiative)	13	9	12	13	12	12
	Number of Participants	402	237	270	373	373	373
V.	LABOR-MANAGEMENT COOPERATION PROGRAM						
	New Grants Awarded	20	18	18	13	18	18
	Total Amount of Grants	\$1,500,000	\$1,500,000	\$1,500,000	\$1,490,250	\$1,491,150	\$1,500,000

PROFESSIONAL DEVELOPMENT AND EDUCATION PLAN

FMCS's education and training initiatives are based on core competency inventories and continuous improvement plans identifying educational needs and activities. Educational opportunities are provided through two vehicles: traditional classroom instruction (using both internal and external resources) and an electronic Resource Center which utilizes current technology to provide information and tools for high quality service delivery. Since fiscal year 1999, education and training has been funded through fees collected for arbitration services. No appropriated dollars have been requested for professional development initiatives since that time, and no funds are being requested in FY 2005.

Education and training activities are focused primarily on the mediator workforce who represent 74% of our employees and are the front line service providers to the public. Mediator education and training has been focused on the following core competencies developed in 1995:

- Expertise in collective bargaining and labormanagement relations;
- 2. Assistance to the parties in the negotiation of collective bargaining agreements;
- 3. Processes to improve labor-management relationships;
- 4. Facilitation and problem-solving;
- 5. Processes to improve organizational effectiveness;
- 6. Design and implementation of conflict resolution systems;
- 7. Education, advocacy and outreach;
- 8. Knowledge, skill and ability in information systems.

Education and training activities in FY 2004 and 2005 will be focused on realigning our education and training initiatives to meet agency performance goals outlined in our strategic plan for 2004-2009. This will require us to reflect on and evaluate our current activities and policies to support the development of our mediators, managers and support staff. What follows is a summary of our 2003 accomplishments and our plans and objectives for FY 2004 and 2005.

Fiscal Year 2003 Accomplishments: In fiscal year 2003, FMCS pursued continuing education through skills training and information sharing. The focus was to improve mediators' skills and we trained the mediator core through:

- (a) modules on advanced mediation techniques;
- (b) seminars on economic forces affecting the marketplace (by Edward Potter, President of the Employment Policy Foundation);
- (c) seminars on the current and future outlook for collective bargaining from organized labors' perspective (by Richard Banks, Director, Center for Collective Bargaining at the AFL-CIO); and
- (d) technology issues including Technology Assisted Group Solutions (TAGS), e-room technologies and other information systems applications and requirements.

The agency is determined to utilize technology to advance learning agency-wide. The first of these efforts is our eLearning tool on "Advanced Mediation Skills." It is an interactive, self-paced CD-ROM that couples video lecture, with reinforced teaching points. The instructional and teaching points are reinforced through power point slides, short quizzes, and best practice information-sharing. The "Advanced Mediation" CD-ROM is the first of many eLearning tools designed to teach new skills through technology. This tool is particularly effective because the content is managed "in-house" and can be altered when appropriate.

In fiscal year 2003, we conducted three of the four training sequence for 24 new mediator employees hired during 2002 and 2003. The training involves intensive classroom training, coupled with interactive scenarios to reinforce classroom lecture and printed materials. The training also requires student participation through presentations and the practice of mediation and facilitation skills.

The Mediator Resource Center CD-ROM is a compilation of articles, videos, exercises, training programs, and other information consolidated in one CD-ROM. In essence, it is a technological library, providing mediators with all that they require to perform their jobs. It requires constant revision, and in 2003, we updated and distributed a new version with over 1,000 new information sources. The CD-ROM can now be updated through the agency's intranet.

In FY 2003, we determined that our core competencies required review and fine tuning. As a result we took the

initial steps of (1) evaluating the current mediator competency assessment; and, (2) interviewing mediators to identify new and existing competencies. This initiative will continue and expand in 2004 and 2005 and will form the substance of our education and training initiatives in the coming years.

Mediators, managers and national office staff continued to advance their skills by attending external conferences, seminars and training sessions.

Fiscal Years 2004 and 2005 Objectives:

As the dispute resolution practices in collective bargaining and in the workplace continue to grow and change, so will our response to internal education and training. The FMCS five year strategic plan, as revised in FY 2003, continues to make education and training an agency priority. We are committed to train and equip mediators with knowledge of current economic and labor issues facing key industries so that mediators can not only assist in the process of bargaining but use knowledge of the industry to help the parties fashion creative solutions to critical issues.

The cornerstone for training and education is the agency's core competency model. In FY 2003, we anticipated the need to re-examine our current mediator core competencies and make appropriate changes to the knowledge, skills and abilities required of our workforce. The changes to core competencies will have a significant impact on our hiring policies, training programs and evaluation systems. The following represents the agency's FY 2004 and 2005 training and education goals:

1. Mediator Core Competencies: Throughout 2004, and continuing into 2005, we will develop mediator competencies which will identify new requirements for mediator experience, knowledge, personal attributes and best practice behaviors. The new core competencies will affect our hiring practices, training practices, and evaluation techniques. In FY 2004, we will complete the process of reviewing and revising our current mediator core competencies and we will issue a new competency measurement tool. The assessment tool will be the cornerstone for electronic learning accounts for all mediators. These accounts will show learning needs, training activities to meet those needs, and information to track and evaluate the impact and costs of these activities.

The accounts will be managed by the individual mediators and their immediate supervisors.

- 2. Managerial Competencies and Learning Plans: In FY 2004, we will begin to focus on competencies for national office managers and field managers. Commencing in FY 2004, and continuing into 2005, we will develop competency models for our managers in the field and the national office. Each FMCS manager will participate in a competency assessment process that identifies the core competencies of their position and measures the current skills, knowledge and abilities. The results of this assessment will be used to develop a more concrete set of competencies for all managers and develop training tools needed to improve and measure performance. As with field mediators, managers will develop learning plans and electronic learning accounts.
- 3. Industry Seminars: We will develop internal seminars and training programs in critical industries, telecommunications, construction, healthcare. portation and aerospace, to educate field mediators on specific critical workplace issues arising in these industries and how to deal with them at the bargaining table. Commencing with aerospace and construction industries, we will use industry and labor executives on loan from Lockheed Martin, the International Association of Machinists, Parsons Construction and the Building and Construction Trade Unions, to educate field mediators on the critical economic and workforce issues affecting these industries. An equally important seminar will focus on health care and its affect on bargaining. We will develop a training seminar focused on healthcare costs and how mediators can deal with those issues as they arise in bargaining. All training sessions will be conducted to groups of 20 mediators, with a set syllabus. We will develop electronic mechanisms to continuously provide mediators information on these industries through the Mediator Resource Center and the Intranet. In FY 2005, we will develop sessions for the telecommunication and healthcare service industries and an additional subject in one of the following areas: diversity, technology, job security, and com-petitiveness, outsourcing, or retirement benefits.
- 4. New Mediator Assessments: In FY 2004, the mediator class of 2003 (those mediators hired and trained in 2002 and 2003) will complete their fourth and final sequence of training. At the conclusion of this training, a formalized assessment and learning plan process will be developed. Each new mediator hire will be asked to complete a self assessment of their strengths and areas needing improvement. The assessment will be submitted to the education and training

director, who will then discuss the assessment with each mediator and develop an initial "learning plan." This plan will be shared with each mediator's direct supervisor who will then add, refine and revise the plan based on their assessment of the mediator's developmental needs. This will then serve as the learning plan for the remainder of that mediator's probationary period.

Based on the outcome of the mediator competency review, we will review our current strategy for providing new mediators training in the core competencies. We anticipate that we will revise our strategy to address the new competencies as well as to meet the needs of our projected hiring over the next five years. We anticipate that we will have approximately 15 new mediator hires and at least one training session will be held in FY 2003.

5. Support Staff and Field Administrative Staff Learning Plans: Clerical and administrative support staff duties and responsibilities vary widely to meet the needs of the agency. Past attempts at identifying and measuring core competencies across all positions have proved cumbersome and ineffective in planning training. Beginning in FY 2004, we will implement a strategy that links training and development planning with the performance appraisal process. At each performance appraisal discussion (midyear assessment and yearly appraisal), training needs and interests will be discussed with the employee. This discussion will include an exploration of the competencies required of the incumbent's position and an assessment of the individual's strengths and areas needing improvement. It will also include a discussion of the employee's interest in professional enrichment conferences. If improvement areas are determined, then a learning plan shall be developed for that employee and be part of the written performance appraisal.

In addition to individual development activities, we will continue to offer our support and administrative employees the opportunity to learn about the core service areas of FMCS through site visits and seminars. In FY 2004, we will provide an opportunity for national office support staff to learn more about the mediator's role through a site visit and a mock bargaining session.

6. Preventive Mediation Curriculum Development: The Five Year Strategic plan includes a goal to increase the number of collective bargaining partners with an ongoing commitment to improving their relationship. This goal specifically relates to the agency's preventative mediation training and

facilitation programs designed to improve the labor-management relationship and develop approaches toward collective bargaining that prevent friction or disputes from arising.

In order to meet this goal, we will begin to measure the effectiveness of our training programs and evaluate whether our programs have "improved" the parties' relationship. This strategic goal also requires assessing our current relationship-building programs and implementing strategies for periodic review and refinement of our preventive mediation training and facilitation programs. Commencing in FY 2004, and continuing in 2005, we will begin the task of assessing our current tools, updating those that are of value, creating new tools to meet new needs that are identified though our customer survey and mediator input, and developing an evaluation system that will provide us measurable feedback about the impact of our programs.

- 7. Continued Assessment of elearning Tools: In order to improve on our elearning tools, we will evaluate the impact of our initial elearning tool on "Advanced Mediation" so that additional tools can be developed and disseminated using the most effective strategies. We will use this information in developing at least one new elearning tool each year.
- 8. The Mediator Resource Center: Throughout FY 2004 and 2005, we will continue to enhance the content of the Resource Center and integrate the CD-ROM into the FMCS Intranet. We will continue to work with educational institutions to identify information and resources for inclusion in the Resource Center. We plan to add a digital video clip library, making it possible for mediators to incorporate DVD educational videos and other flash animation directly into training presentations.
- 9. Technology Training: In FY 2004 and 2005, we anticipate the need for training of our national office IT staff, as well as users of our new IT systems, particularly our new case management system, scheduled for rollout in late FY 2004.

INFORMATION SYSTEMS

FMCS has embraced advanced technology as a vehicle for providing efficient and quality services to the public. The IT department purchases, manages, distributes and maintains the agency's hardware and software systems nationwide. The goal is to improve the effectiveness and efficiency of operations through implementation of technology.

I. FY 2003 Accomplishments:

A. E-Government Initiative - User Friendly-Website:

Our FY 2003 accomplishments center on the implementation of a user-friendly website. The website was designed with the President's Management Agenda e-government initiative in mind: it affords the public easy access to the agency and its programs. The website has the following capabilities:

- Statutorily-required contract expiration notices (F-7 forms) filed on-line through the website;
- Arbitration panel requests and payments are filed through the website;
- Grant applications are available on-line, and the application itself may be filed through the website;
- Quarterly submission of grantee progress reports filed on-line; request for funds from grantees are on-line;
- Registration for Institute courses may be prepared online:
- Publication of FMCS-related Federal Register announcements available on the website;
- Repository of all agency reports to Congress, including Annual Reports, Performance Plans and Strategic Plans;
- Regular updates on cases of national significance (i.e., West Coast Ports dispute and current Verizon dispute) with links to newspaper articles of interest;
- Video messages from the Director, speeches delivered by staff members, and articles published by employees are posted;
- Cases of interest and best practices are regularly posted; and,
- Communication from the public, via e-mail through the site, to agency personnel.

B. High Speed Lines, eLearning Tools, Resource Center & Intranet:

Other FY 2003 accomplishments include:

- **<u>High Speed Lines</u>**: To date, we have provided high speed data access to approximately 50% of our field staff.
- Deployment of elearning CD-ROM: To save on travel and training expenditures, the agency has implemented the use of elearning tools. Our elearning tools are CD-ROMS, the first of which covered "Advanced Mediation Skills." The CD-ROM is an interactive, self-paced CD that couples video lecture, with reinforced teaching points. The CD-ROM allows agency employees to self-educate at their own pace and when it is convenient. The elearning tool saves agency resources on formal classroom training and travel. This tool is particularly effective because the content is managed "in-house" and can be altered when appropriate.
- Mediator Resource Center: The Mediator Resource Center CD-ROM is a compilation of articles, videos, exercises, training programs, and other information consolidated in one CD-ROM. In essence, it is a technological library, providing mediators with all that they require to perform their jobs. This CD-ROM will be updated through the agency's intranet.
- Agency-intranet: During FY 2003, we commenced an overhaul of the agency's intranet. As with our website, the content is managed "in house" and will be as integrated as possible to the agency's other systems. The final version of the intranet will be rolled out in FY 2004.
- Case Management System: As detailed more fully below, (See Section C, infra) the IT department spent considerable time this fiscal year identifying the agency's requirements for a new case management system. Surveys and focus groups helped define the program needs. Additional meetings were held with national office staff members to determine agency's reporting requirements to the Administration and the Congress. Requirements for the system were

painstakingly defined and we are now in the process of developing a new case management system.

C. Case Management and Arbitration Systems:

Our FY 2003 submission identified a plan to unify some of our information technology systems. We have multiple stand-alone systems designed for different uses:

- Case management system (Casemain);
- Budget and finance system (GLOWS);
- Procurement system;
- Grants management system;
- Arbitration System;
- Travel voucher system;
- Public internet site;
- Private intranet site;
- Mediator e-resource system;
- Human resource management system;
- Reimbursable case management system;
- Technology Assisted Group Solutions (TAGS);
- FMCS Institute system;
- Exchange email server; and,
- Individual employee databases.

Integration of at least some of these programs in a unified system was our overarching FY 2003 and FY 2004 goal. During FY 2003, we prioritized the systems with the greatest need for replacement. Our two oldest systems are the "casemain" system and the arbitration system. The casemain system is used by our 200 mediators, field management and administrative assistants (to track case assignment and status); the arbitration system manages our roster of 1,400 arbitrators (non-government, independent contractors) and all of the cases assigned to them. These are old systems which are not user friendly and, as a result, create data entry errors. Because of the widespread usage of these two systems, and because they are the oldest systems currently in place (roughly 20 years old) their replacement became our priority in FY 2003.

The casemain system, although historically intended to be used by field mediators as a case "tracking" or "reporting" system, was recognized as inadequate to allow field mediators to 'manage' their day-to-day activities.

The lack of a user-friendly format has created a situation in which the system is often ignored or incorrect data is entered. The arbitration system, an equally antiquated system, is a large database with 1,400 arbitrators on the roster, and tracks information on all of the cases assigned to them; roughly 19,000 arbitrator panels were issued in FY 2003 and 8,500 arbitrator cases were assigned during the same year.

In FY 2003, we set our sights on a case management system that, while not unified with other systems, had the ability to use the data in one system to populate data fields in other systems. The new case management system, which is currently under development and will be further developed in FY 2004, will capture certain data needed for the agency's travel voucher and itinerary systems, and will populate fields in the latter two systems as well as keep track of the approximate 1.6 million dollars the agency receives for cases handled as reimbursable services. The system will be web-based so that it can be securely accessed anywhere, anytime.

In a similar vein, our new arbitration system will be wedded to our on-line panel request system to the greatest extent possible. The new system will utilize much of the web-based technology that we are developing for our case management system, including:

- enhanced external access to our arbitration system through the web;
- simplification of the dabatase;
- expansion of the database's ability to respond to complex arbitration panel requests;
- ability to hold extensive information regarding arbitrators' qualifications; and,
- ability to provide useful information to our customers, agency management, the Administration and Congress.

FY 2004 Goals:

FY 2004 will focus primarily on the work we began in FY 2003, particularly in the development and deployment of the new case management and arbitration systems. The following represents our IT goals for FY 2004:

Case Management System: We have developed identified a prototype of the case management system we desire. FY 2004 will focus on building the system deploying it. The building stage includes construction, development and testing of application in the system, including svstem engineering; developing a user-friendly interface; testing the application; and, converting pre-existing data from the old system to the new system. The deployment stage, the final phase of the project, requires deployment of the applications to select users for final testing and fine-tuning ("beta testing") and education of end users.

By the time the system is complete, it will have the following characteristics:

- (i) Database with a search engine that allows mediators to query the database and obtain information on any other cases involving similar issues, or dealing with similar disputes in a particular industry, involving specific parties, or disputes in a particular region of the country;
- (ii) Ability to query the database for statistical information, particularly required by our strategic plan. feature will allow us to look for specific trends in labor-management disputes;
- (iii) Ability to review "actions to be taken" on current cases;
- (iv) Required data fields to uniformity in data entry for every case;
- Maintenance of contact information to be used by the agency in other forms;

- (vi) To the extent practical and feasible create links to itinerary and voucher systems by using data fields entered into the case management system and populating the same fields in voucher and itinerary systems. All systems should share data, i.e., data entered into one system will automatically appear in the eliminating duplicative data entry;
- (vii). Web-based access to the system: it is critical to access the system "anytime and anywhere" if it is truly a case management system.
- Arbitration System: As indicated above, the new arbitration system will utilize much of the web-based technology we will develop for our case management system. Time required for processing arbitration panels will be substantially shortened. The system, with its enhanced external web-access and expansion of the database to hold specific information, will have the following features:
 - (i)Allows representatives of labor and management to request complex panels online and receive arbitrators' biographical information directly from the website;
 - (ii) On-line updating of arbitrator biographical information by the arbitrators themselves; and,
 - (iii) Ability to query the system for production of useful agency reports on trends in arbitration.
- Distribution of Laptops: Every field mediator is issued a laptop and uses it regularly. The majority of laptops currently used by field mediators are over 3 years old, with operating systems that are too slow and too limited to operate some of the newly designed programs (e.g., flash video on our website and eLearning tools, as well as the new case management system.) The agency has approximately 100 laptops, purchased in early FY 2003, that are assigned to our electronic conference centers. With some

reconfiguration, these newer laptops can be used to replace the older mediator laptops. The old mediator laptops will be placed in the electronic conferencing centers.

• High Speed Internet Connections: Although we provided high speed internet access for 50% of our field staff, the remaining staff must have this access to operate our newer systems. Access to the new case management system will require a high speed connection and we plan to use FY 2004 funding to complete installation of high speed lines in the field.

FY 2005:

FY 2005 budget includes funds to implement the following technological improvements:

Hardware:

- Continue to evaluate the effectiveness of the Personal Digital Assistants (PDAs) and purchase limited additional units if warranted;
- Upgrade some laptops used by field mediators, which will, by then, be 4 to 5 years old;
- Maintain and support the ADP equipment located in headquarters and the field, and upgrade communications for integrated information systems, i.e., telephone lines and rental charges for two ISDN lines, one DSL line into the national office servers, and mediator usage charges.

Software:

- Determine efficiency of eRoom and Fac.Com software currently in use and determine appropriate replacement if necessary;
- Refine the FMCS internet/intranet websites, using content management technology;
- Refine all web-based electronic forms;
- Complete and refine the new case management and arbitration systems;
- Continue development of computer security systems that protect our information infrastructure;

- Improve firewall security protection for all servers and antivirus protection for all agency computers connecting to servers; and,
- Continue usage of VPN access as a secure means to access internal network.

Fiscal Year 2003 Cameos

Dispute (Collective Bargaining) Mediation

Pacific Maritime Association//International Longshore and Warehouse Union, AFL-CIO

Fiscal year 2003 began with the West Coast ports dispute. The dispute involved 10,500 longshoremen and clerks represented by the International Longshore various terminal Warehouse Union, and employed by operators, stevedores, and shipping companies at 29 ports stretching from Seattle to San Diego. Collectively, the companies constitute a multi-employer association known as the Pacific Maritime Association (PMA). The challenging issue for these negotiations was technological advancement and the corollary effect on job security for union members. The public became aware of the dispute shortly after the July contract expiration, when it became increasingly apparent that the flow of goods may be halted. Over the next five months, the U.S. and the world economy were shaken by the dispute, which included a 10-day closure of the West Coast Ports. Viewing the closure of the ports as a threat to the health and safety of the nation, the President of the United States elected to invoke the Taft Hartley Act, for the first time in 24 years.

The 29 West Coast ports collectively handle nearly half of the container cargo entering or leaving the United States, with goods valued at more than \$300 billion a year. It is the entry point for electronics, automobiles, autoparts, apparel, and toys from Asia. The timing of the dispute, arising in July and continuing through October, was destined to have a critical impact on the ability of the U.S. economy to recover from the recession, as these months are crucial for the nation's retailers to prepare for the Christmas season.

The members of the PMA, a multi-employer association representing terminal operators, stevedore, and shipping companies, conduct business in a highly competitive environment. Success in this industry is measured by the ability to rapidly and economically move cargo on and off vessels. As dock space became increasingly limited, the efficient movement of cargo required implementation of technology to facilitate the processing of cargo.

Prior to 2002, implementation of technology had been uneven and unequal throughout the 29 ports. To address these challenges, the PMA proposed technological changes that would significantly alter the nature of the waterfront work, allowing them to operate efficiently, and compete globally. The union perceived these changes as a direct threat to job security. Accordingly, the union's response to management's bargaining demands included work preservation, wage increases for its current members, and pension plans improvements.

Setting the Stage for Conflict - The Technology Issue:

Labor and management generally approach technological changes from different perspectives: management views technological advancement as an opportunity to increase profits through increased efficiency and productivity, while labor views it as an attempt to replace its members. The ports dispute was no different.

Until the late 1990's, the maritime industry relied on information systems requiring unconnected intervention to ensure the timely flow of material. Imports and exports from and to the United States required telephonic or facsimile arrangements with a trucking or rail line company to pick up containers from the port, or to ship containers to the port. In turn, the trucking company or rail line clerk contacted the appropriate shipping line to notify of their intention to pick up a container from the port, or deliver a container to the port. These contacts were generally made telephonically, or via facsimile transmission, but always with the assistance of union-represented shipping clerks.

When shipping information entered any port terminal, an ILWU clerk received a phone call or facsimile transmission regarding shipping/receiving arrangements, and made any necessary changes or corrections to the shipping order. The clerk personally contacted the shipper, rail line, or trucking company to clarify shipping arrangements or explain any changes in shipping orders.

To minimize these time-consuming tasks, technological advances were introduced, establishing secure interconnected networks among various business entities. This new system effectively permitted the shippers themselves, from remote locations, to input and alter shipping orders

without the aid or assistance of a clerk. This technological advancement, referred to as 'the free flow of information,' allowed for real-time scheduling of truckers for transport of goods, thereby reducing traffic congestion at the ports, improving productivity, and, to the union's consternation, the likely elimination of a minimum of 400 clerk positions. To further improve efficiency, some yard and rail planner positions had been moved to other states, because the technology allowed shipping data to thereby be entered in a less costly manner.

PMA members also designed and implemented technological systems that tracked daily movement of cargo by crane operator and by ship. This information allowed shipping companies to quantify the potential savings and productivity improvements resulting from new technology, while simultaneously determining whether union members were working efficiently. This became a pivotal factor in the dispute.

July 1, 2002 - Contract Expiration and Weekly Extensions Through September:

The parties commenced negotiations close to three months before contract expiration, with no settlement of the primary issues. On July 1, 2002, the contract covering the docks' 10,500 employees expired. The parties agreed to weekly contract extensions until early September, when the PMA alleged that the union was staging a slowdown and paralyzing operations. The PMA's sophisticated system, tracking daily movement of cargo by crane operator and by ship, allowed it to ascertain if and when a slowdown was in effect.

FMCS mediators were in constant contact with the parties from the time negotiations began. When it was clear that a crisis could not be averted, the parties agreed to the active participation of our mediators. In October 2002, the Secretary Treasurer of the AFL-CIO joined the negotiations.

<u>September 29 to October 9, 2002 - The Lockout and Mediation</u> Attempts:

On September 29, 2002, the PMA locked out 10,500 employees alleging that they had engaged in a slowdown to pressure the employers in the negotiations. The union denied that it staged a slow down and instead argued that its members were adhering to contractually and federally mandated safety rules. The lockout resulted in significant cargo backups and delayed shipments, resulting in higher costs for thousands of retailers and manufacturers. Over 220 ships were essentially "parked" in the Pacific Ocean awaiting unloading, while exporters were forced to ship their goods with expensive air freight and others lost orders from the United States because earlier shipments were held in port terminals. Some shipping companies ceased sending vessels to the West Coast because of container shortages. The Director of FMCS arrived on the West coast shortly before the lockout began. Не and representatives, including the Deputy Director and the active local mediator, engaged in round-the-clock mediation efforts to resolve the dispute.

On October 6, 2002, the Director concluded negotiations close to midnight. The parties were unable to reach agreement or to extend the existing contract.

October 7, 2002 - Invocation of Taft Hartley Board of Inquiry Provisions:

On October 7, 2002, the President of the United States invoked the Taft Hartley Act to commence the process of reopening the ports and ending the lockout.

Section 206 of the Taft Hartley amendment to the National Labor Relations Act allows the President of the United States to appoint a Board of Inquiry if a strike or lockout affects an entire industry, or a substantial part thereof, which may "imperil the national health or safety." Upon receipt of the Board of Inquiry's written report of the factual elements of the dispute, Section 208 allows the President to petition a district court to enjoin any strike or lockout that, if permitted to continue, "imperils national health or safety." On October 7, 2002, the President signed an Executive Order creating a Board of Inquiry under Section 206 of the statute. The Board consisted of a former senator and two professors. The Board

of Inquiry immediately commenced a closed-door fact finding mission, inquiring into the issues involved in the dispute and ascertaining the causes and circumstances thereof. On October 8, 2002, the Board of Inquiry fulfilled its statutory mission and submitted a written report to the President. The Act does not allow the report of the Board to contain recommendations.

October 10, 2002 - Invocation of Taft Hartley "National Emergency" Injunction:

On October 10, 2002, after submission of the Board of Inquiry report, the President, through the General, sought a temporary restraining order under Section 209 of the statute enjoining both parties from engaging in any job action that would interfere with the continuation of dock work, including a management-led lockout or a union-supported slow down. The President cited economic damage from the lockout and the war on terrorism as a threat to the nation's health and safety. Although the parties agreed to continue processing military cargo during the lockout, the Defense Secretary in a sworn statement, asserted that a prolonged port closure could "degrade military readiness, hinder the department's ability to prosecute the global war on terrorism, and undercut other defense needs and world-wide commitments." On October 10, 2002, an United States District Court Judge issued a temporary restraining order reopening the ports and sending employees back to work. The judge scheduled a hearing for October 16, 2002, to determine whether a injunction mandated the statutory 80 day cooling off period.

October 10 - October 16, 2002 - The Ports Re-Open:

Under court order, employees returned to work and commenced the task of processing cargo, while the FMCS Director and his representatives continued their attempts to mediate an acceptable solution to the dispute.

Employees continued to work under court order, but with an understanding from the judge that if the union encouraged or participated in a slow down, the union could be held in contempt and ultimately face potential fines. The PMA continued to claim that employees engaged in a slowdown and forwarded productivity data to the Justice Department supporting its claim. The union asserted that

productivity and cargo movement was slow because of the significant backlog of work, and blamed the PMA for the lockout that caused the backlog. The union maintained its position that it was complying with federally mandated safety requirements when performing assignments and that it was not engaged in a slow down.

October 16, 2002: Judge Orders Permanent Injunction and 80 Day Cooling Off Period:

On October 16, 2002, the District Court Judge issued a permanent injunction that kept the ports open for the full 80 day cooling off period while the union and the PMA continued negotiations with the Director and his representatives.

NLRB Prepares for "Final-Offer" Election During Cooling Off Period While Director Mediates:

While the Director continued mediating the dispute under a tight timeline, the National Labor Relations Board prepared for a "final offer" election under Section 209(b) of the statute. The statute requires that, upon the issuance of a court order enjoining a work stoppage, the parties have 60 days in which to resolve the dispute. At the conclusion of the 60 day period, the parties' positions are to be reported to the President of the United States by the Board of Inquiry, along with efforts made to settle the case, statements by all of the parties, and a statement of the employer's last offer. Within 15 days thereafter, the NLRB is statutorily mandated to hold a secret ballot election on whether employees wish to accept the final offer. Due to the strict timelines involved, the parties continued the mediation process with the Director while the NLRB prepared its regional offices up and down the coast to hold a last offer election.

November 4, 2002 - Tentative Agreement Reached on Technology Issues:

After 3 weeks of ongoing negotiations, tentative agreement was reached covering the technological issues. The agreement in essence allowed the PMA to implement technological changes, but with notice requirements to the union and arbitration procedures to resolve disputes consistently throughout the ports. Any technological change, after notice to the union, may be submitted to a

joint labor-management technology committee for their In the absence of recommendation. agreement committee, either party can file for arbitration, first through an area (or local) arbitrator, but with appeal rights to a "coast" arbitrator. Review by a coast arbitrator satisfied one important objective: ensuring consistent, uniform and efficient technological changes industry-wide and an end to the practice of unequal and uneven implementation of technology. Although the union secured the return of previously transferred rail and yard planners, the introduction of new technology, in the short term, would cost the union 400 positions through retirement and transfers to other duties. Despite resolution of this significant issue, other issues remained, including pension benefits and wages.

November 5 - November 12, 2002 - Director Calls a One Week Recess:

The parties continued negotiations on the outstanding issues, but, under advisement from the FMCS Director, recessed negotiations for one week. Under instructions from the Director, PMA used the recess to collect data calculating the potential savings from the technological changes and evaluate the savings against the cost of enhancing pension benefits, health care coverage, and wages for remaining employees.

November 24, 2002: Parties Reach Final Agreement:

Following close to two weeks of continuous negotiations mediated by the Director and representatives, and a mere three weeks prior to the expiration of the cooling off period, the parties reached full agreement. The six-year agreement quarantees stability on the ports for a significant period. The contract quarantees job security for all existing clerks, increases in pay and benefits, continuation of full medical coverage, and pension increases. The contract was ratified by the largest margin in the union's history, the injunction was discharged, and the "final offer" election was cancelled, ending the most costly labor dispute in 25 years.

Verizon/International Brotherhood of Electrical Workers, AFL-CIO, and Communication Workers of America, AFL-CIO

Verizon is the nation's largest telephone company, employing approximately 78,000 technicians and telephone operators represented by the IBEW and CWA in 13 states stretching from Virginia to Maine. Collective bargaining agreements with both unions expired in August 2003, and the membership authorized a strike upon contract expiration. An 18-day strike in 2000 led to a backlog of 250,000 repairs and new phone orders that took months to process. A strike in this case would primarily affect installation of new phone lines, repairs, and ability to reach directory-assistance operators. Seeking to avoid another strike, the Director called all parties to Washington to commence mediation directly with him.

The parties in this case wrangled over issues plaquing collective bargaining negotiations in the last few years: the rising cost of health insurance, and how to balance job security with the company's need to respond to a tough economy and fierce competition. Regarding health insurance costs, citing a 12% increase in health insurance costs, Verizon proposed that its employees contribute more toward their health coverage when they previously contributed about 5 percent of the cost. Simultaneously, Verizon sought greater flexibility to reduce and relocate workforce. The expired contract allowed for no more than a 7% annual workforce transfer unless faced with pressures from "an external event." The company now demanded an increase to 8%. This demand came on the heels of an arbitrator's award, issued a few weeks prior to contract expiration, ordering Verizon to reinstate and make whole 2,300 laid off workers because the company violated the job security provisions when it laid them off. The arbitrator rejected the company's argument that new technology, increased competition and changing government policy was equivalent to "external factors" permitting the layoffs. Verizon continued to demand the right to lay off employees in shrinking business areas, such as traditional land-line telephone business, and expand it in faster growing areas where the company faces stiff competition, such as wireless and high-speed Internet access businesses.

The unions resisted changes in the health insurance costs partially because the company posted profits in the second quarter, immediately prior to contract negotiations.

As for job security, the unions wanted to maintain the expired contract language regarding job transfers, and sought an assurance that employees who lose their jobs in one area can obtain reassignment to another part of the company.

Amidst these positions, bargaining commenced with the FMCS Director and the Northeast regional management about 5 days prior to contract expiration. Talks continued in Washington, while local bargaining committees met in other parts of the Northeast. Negotiations continued for 10 consecutive days, including weekends and late night negotiation sessions. After a 2 week hiatus, the parties returned to the bargaining table with the Director and reached agreement on September 4, 2003. Verizon's Vice President praised the Director's "insightful approach" and the unions similarly saluted the Director's "dedicated efforts, experience and professionalism" in helping the parties resolve the contentious issues.

Northrop Grumman Ship Systems / Pascagoula Metal Trades Department, IBEW, IAM, and OPEIU

Northrop Grumman is a \$15 billion, global aerospace and defense company, providing products and services in defense and commercial electronics, systems integration, technology information and non-nuclear shipbuilding. Northrop Grumman Ship Systems (NGSS) is a division of Northrop Grumman, headquartered in Pascagoula, Mississippi. The group includes the Ingalls Operations and the Ship Systems Full Service Center, located in Pascagoula, and the Avondale Operations, located in New Orleans, Louisiana, Tallulah, Louisiana, and Gulfport, Mississippi. employs more than 17,000 shipbuilding professionals and is one of the nation's leading companies for the design, engineering, construction, and support of major surface ships for the U.S. Navy, U.S. Coast Guard, international navies, and commercial vessels of all types. Of these 17,000 employees, 10,000 are represented by 13 different labor unions (9 Metal Trade Unions, and locals of the IBEW, OPEIU, and IAM). Contracts in these units expired in late February 2003.

In November 2003, the parties commenced negotiations with the assistance of a mediator. The parties met daily in mid-February 2003 in order to reach agreement prior to contract expiration.

Throughout the 78 meetings held with the parties, complicated issues pervaded the negotiations, the most significant of which included health care premiums, drug costs and plan designs, wages, holidays, contract language, and contract duration. On February 24, 2003, tentative agreements were reached with the Metal Trades Council (9 of the unions involved), and, soon thereafter, agreements were reached with the remaining unions.

Ratification votes failed in every unit, and all unions had strike-vote authorization. FMCS immediately invoked a 14-day cooling off period and ordered all parties back into negotiations to avoid a highly disruptive work stoppage, that had the potential to affect the economies in three states and an impact on the impending war in Iraq.

With FMCS intervention and intense negotiations, all 13 unions reached 4 year agreements with NGSS and the contracts were ratified. The parties agreed to some of the most progressive and innovative agreements in the shipbuilding industry. They will form a joint labor-management committee to develop and implement a variable pay/gain sharing plan, and have formed a joint task force to address health care issues in order to avoid similar problems during successor contract negotiations.

Regional Transportation District (RTD)/Amalgamated Transit Union

Regional Transportation District (RTD) provides bus and light rail service for the metro Denver area as well as bus service in and from Boulder and Castle Rock. Approximate 250,000 riders utilize the service on a daily basis. For many riders, it is the only means of public transportation. A strike, involving 2000 unionized employees, would have significant impact on Denver and surrounding communities.

The contract expired in December 2002, and a strike was threatened months earlier. Bargaining commenced in November 2002 and the FMCS became active in the dispute in January 2003. Colorado's designated state mediator participated as well.

Mediation commenced with over 100 open issues, but were quickly narrowed to 20 in three negotiation sessions. Both sides prepared for a strike despite this progress.

The employer's final offer was rejected in March 2003, and the contract was extended for another month. The media soon gained an interest in the dispute, as the strike issues narrowed to wages, overtime pay, health insurance, management rights and workplace policies.

Hours before contract expiration, while employees readied for picketing, an agreement was reached resolving all outstanding issues. The morning news programs announced the successful resolution of the dispute.

Lockheed Martin Aeronautics/International Association of Aerospace and Machinists, Local 776

Lockheed Martin Aeronautics manufactures F-16 fighter jets in Fort Worth, Texas. They employ 14,000 employees, of which 4,000 are represented by the IAM. Historically, the parties' relationship grows increasingly adversarial during contract negotiations. The local mediator contacted the parties two weeks prior to contract negotiations, but the parties resisted mediation efforts at that time.

FMCS mediators became actively involved in the dispute about a week prior to contract expiration. The principle issues centered on the company's compressed work proposal and a new health care plan. The union resisted a compressed work schedule, was opposed to a new health care plan, and proposed increases to wages and pension plan benefits. Negotiations proceeded for five consecutive days under FMCS auspices when the company delivered its final offer. The union presented the offer to its membership without a recommendation. The membership rejected the offer and voted to strike.

The strike attracted media attention, and continued for one week, when the mediator invited the parties to return to the table. Thirteen days into the strike, the parties returned to negotiations with the mediator and tentative agreement was reached on the $14^{\rm th}$ day of the strike.

Minnesota Hospitals Association/SEIU

The Minnesota Hospitals Association (MHA) is a multiemployer association consisting of fourteen hospitals and large clinics in the Minneapolis/St. Paul metropolitan area. All of the hospitals are represented by Service

Employees International Union, Local 113, who represents more than 6,000 service and maintenance workers at the fourteen MHA facilities.

The collective bargaining agreements covering all the SEIU units were scheduled to expire in late February 2003. Despite multiple negotiation sessions, little progress had been made, and in early February, MHA requested the assistance of the mediator. The union opposed mediation at the time but assured the mediator, and MHA, that it would assent to mediation prior to any work stoppage. In mid-February, following the filing of appropriate notices with FMCS and the affected MHA institutions, the union commenced informational picketing at selected MHA institutions, amidst widespread media coverage.

Throughout February, the assigned mediator regional leadership of FMCS monitored the progress negotiations. When the contract expired, the consented to mediation. Negotiations were extremely complex; they were attended by over one hundred participants, and the parties remained far apart. More than fifty issues remained open and little progress was made. The union continued to demand their economic package, and other issues including contract duration and a neutrality agreement in future organizing campaigns. Negotiations stalled in March, with no future mediation sessions formally scheduled, yet the mediator maintained daily contact with both sides. After some time, the mediator asked the parties to return to the table and the mediator continued efforts to move the parties toward agreement. The employer presented the union with a final offer. Shortly after receipt of the final offer, the union filed unfair labor practice charges with the NLRB and simultaneously filed one day strike notices on selected MHA institutions. They did not submit the offer for a vote by the membership. The media showed interest in the dispute particularly when the strike notices continued and the first of the one-day strikes occurred in the middle of April.

Despite the mediator's attempt to generate movement by the parties, both sides remained firm. Concerned that no additional meetings were formally scheduled, the mediator persuaded the principal spokespersons to attend a meeting at the FMCS offices in Minneapolis. During this meeting, it became clear that there was a miscommunication between the parties regarding the final offer: the union believed that

the entire final offer "expired" on April 6, while the employer contended that only certain parts of the offer expired on that date. The employer requested that the final offer be submitted to the membership for a vote, while the union indicated their desire to expand the rolling strikes' duration from one to multiple days. Convinced that the dispute was in danger of escalating and concerned about the parties' ability to bring closure to the negotiations without significant economic and community disruption, the mediator explored different package options with the parties. The mediator persuaded the parties to meet faceto-face as a means to halt the escalation of the conflict.

When the parties met again with the mediator, the mediator suggested a "package" option to resolve the principal issues separating the parties, including wages, health insurance, pension and a neutrality agreement. At the conclusion of a long mediation session, a new package was outlined and the union agreed to submit it to its membership. The contract was ratified, averting a work stoppage that would have affected not only the employees, but access to health care for the residents of the Twin Cities.

Waukesha Engine/IAM:

Waukesha Engine produces diesel engines and employs 800 employees, of which 500 are represented by the union. The highly skilled unionized workforce is responsible for maintenance, welding and assembly of complex engines. The union has represented these employees for over 50 years and, in the past, had a positive working relationship with the company.

Waukesha Engine has been a profitable operation for many years, and as a result, employees have generally enjoyed superior wages and benefits. However, when negotiations commenced in January 2003, the company, while acknowledging profits, proposed \$5 million dollars in "cost saving" measures, including changes to the health insurance programs, layoffs out of seniority, and elimination of paid lunches for all employees. The company maintained that any contractual increases must be offset by corresponding "cost savings" reductions.

Although the parties resolved some issues without mediation, significant contract language issues and

economics were unresolved when FMCS was asked to join the negotiations. The company maintained its demand for \$5 million dollars in cost savings while the union searched for these savings in areas that would be acceptable to the membership. In May 2003, the union submitted the company's "final offer" to membership for a vote. The offer was rejected and the membership voted to strike. The strike began the afternoon of the vote and the company immediately hired 200 temporary replacements.

Almost 45 days into the strike, and after several mediated sessions, the membership rejected an 'amended' proposal. The company was prepared to declare impasse and implement its final offer. The mediator asked the parties to return to the table and worked with the parties to fashion an acceptable resolution. A contract and strike settlement was reached, 55 days into the strike.

In addition to the economic harm of the strike, there has been a significant deterioration of the good-will that existed between the parties prior to this labor dispute. The parties' historic labor-management partnership is now a memory and many cooperative efforts have been abandoned. With the contract now ratified, FMCS will extend our efforts to help the parties re-establish a good working relationship.

Winston Salem Journal/Communication Workers of America

This case involved negotiations that spanned 3 years. The union represents approximately 75 employees among the 150 employed by the company. The negotiations were protracted and litigious, involving unfair labor practice charges with the NLRB that lengthened the negotiations further. The most contentious issue originated with the purchase of the operation by a new owner, who sought significant changes to the parties' contract, particularly regarding compensation and seniority. The company sought flexibility in the seniority system and a merit based compensation with a reduced number system of classifications. The union wanted to maintain the past practice of guaranteed annual increases. After 3 years of negotiations, and involvement of a number of mediators, the parties reached agreement in May 2003.

Acme Markets, Inc./United Food and Commercial Workers Local 27

Acme Markets has 18 grocery stores in Delaware and Pennsylvania. Of its 3,000 employees, 1,760 are represented by the union. The parties' contract expired in July 2003. The bargaining focused on health care, wages, and uniformity of job classifications. A significant amount of time was spent negotiating an acceptable solution on health care costs. The parties ultimately reached a 5 year agreement, maintaining previously negotiated benefits, while simultaneously limiting the company's exposure to added medical costs.

Williams Controls/UAW

The employees of Williams Control have been on strike since September 2002. Since that date, the mediator has been actively involved in negotiating a settlement of the strike settlement. contract terms and a significant issue involved health insurance for retirees, and ultimately the right of the economic strikers to return to work. During the strike, the union filed unfair labor practices with the NLRB, but during the course of the NLRB's investigation, it became evident that the statutory strike notice was not timely filed with the FMCS, thereby affecting the statutory protection of the strikers and their reinstatement rights. In August 2003, almost a year after the strike began, the parties entered into a 5 year contract, allowing retirees to maintain their health insurance, and allowing the strikers to return to work within a four month period.

Southwest Washington Health District & Clark County Health Department/LIUNA

Southwest Washington Health District employed 120 employees represented by LIUNA. These employees were facing transfer to Clark County Health Department by January 2003. In September 2002, the FMCS was asked to mediate an interagency transfer agreement that eased the transition from Southwest Washington Health District to the Clark County Health Department. Using interest based bargaining techniques, the mediator facilitated a transfer agreement by January 1, 2003.

Once the transfer was complete, the FMCS was asked to mediate the first collective bargaining agreement between LIUNA and the Clark County Health Department. Using interest based bargaining techniques and an existing contract from an OPEIU bargaining unit in Clark County, the parties negotiated each provision of their new collective bargaining agreement. The process was complex and time consuming; they reviewed each provision of the OPEIU contract, determined its practical applications, compared each provision against LIUNA's previous agreement with Southwest Washington Health District, and determined which sections of the OPEIU and LIUNA contracts were acceptable to both parties. The parties were forced to deal with difficult issues, including seniority credit and relation to the transfer, new wage schedules, reclassification of certain positions due to the transfer. The mediator looked for consensus on each provision and ultimately the parties executed a two year agreement.

Pacific Gas and Energy / IBEW, Local 1245

Approximately 10,000 employees of Pacific Gas and Energy are represented by the IBEW. The unit consists primarily of linemen, who spend most of their work time outside, installing and repairing gas and electric lines. A work stoppage in this case could have caused rolling blackouts.

The parties have a 50 year collective bargaining relationship and approached this round of negotiations by sharing proposals and documents supporting their demands, including comparable wage and benefit information and costbenefit analyses. The union sought a cap on medical premium contributions, enhancements to pension payments and changes long term disability plan. After months of to the negotiations, and one month of active mediation, the company agreed to establish a committee to review long term disability insurance issues. The union agreed that their medical premiums and co-payments would remain uncapped, and in return, the company agreed to a lump sum wage increase of 4%, retroactive to January 1, 2003. The parties agreed that the lump sum payment would not effect pension payments.

San Francisco Ballet / International Association of Musicians

The San Francisco Ballet company employs approximately 67 musicians. The state of the economy and the decline in tourism has negatively affected endowment income, ticket sales and contributions to the Ballet.

While the contract between the American Federation of Musicians Local 6 and the Ballet Company expired in December 2002, the parties desired early intervention because of their previous positive working relationship with the FMCS mediators. Months before contract expiration, parties asked to use interest based bargaining techniques, using TAGS. With the help of two mediators utilizing our TAGS system, the parties resolved 18 of 27 non-economic issues in 3 days. Encouraged by this success, the parties agreed to address their outstanding economic issues. Generally, interest based bargaining is a difficult technique to use when resolving economic Nonetheless, the parties were able to complete the economic portion of negotiations in 2 days, also using interest based bargaining techniques. As a result of the cooperative efforts of the parties, the mediator has been asked to address a national convention of ballet directors regarding FMCS's dispute resolution services.

Preventative Mediation

Longmont Foods d/b/a ConAgra/UFCW Local 990 and IOUE Local 1

ConAgra is a turkey processing plant employing a culturally diverse workforce. Half of its workforce, about 400 employees, are represented by either UFCW or IOUE. In late 2002, FMCS worked with the parties to develop a labor-management committee. We facilitated committee meetings into December 2002, and assisted the parties in resolving workplace problems. Since the inception of the committee, the parties developed on-site foreign language classes, GED classes, arranged for assistance to employees with immigration issues, and developed a scholarship program for employees' children. The labor-management committee now works effectively on its own, with occasional site visits by the mediator.

Environmental Protection Agency/AFGE

The labor-management relationship at the EPA offices in Chicago was historically volatile. There were a large number of unresolved grievances and the parties functioned on an adversarial basis. When a new regional director was appointed in the Chicago office, he demonstrated commitment to the mediation process by sending EPA labor relations specialists to the FMCS Institute for a course in mediation The course was well received, as evidenced by the skills. EPA's request to replicate it in the Chicago office. fall of 2003, four mediators conducted a 5-day skills training class. In order to remain mediation responsive to the needs of the class, adjustments were made to the program agenda and content during the one week training program. The participants were anxious to apply their newly learned skills at the worksite. A follow-up facilitation session with the training participants, conducted several months showed later, that durina participants utilized the skills learned training. The EPA reported an increase in the grievancesettlement rate and improved communication between the parties. The EPA continues to work with FMCS on additional training for other managers and union officials.

Southeast Navy Regional Navy Command / American Federation of Government Employees (AFGE), International Association of Firefighters (IAFF), and the National Association of Government Employees (NAGE)

Navy's southeast region is headquartered Jacksonville, Florida. It is comprised of 17 commands and several thousand employees. The Southeast Navy Regional Command established a labor-management consortium, and, in August 2003, the FMCS was asked to train new members of the labor-management consortium using interest based problem solving techniques. After training, FMCS facilitated discussions concerning housing, security and safety among the labor-management consortium. Using members of subcommittees and interest based problem-solving processes, resolved many complex issues through consortium consensus and cooperation. Even where the parties were unable to reach agreement, they found other areas where agreement was achieved. The parties learned that occasional disagreement does not preclude cooperative efforts in other areas.

Perkins School District

The Perkins School District elementary school teachers and administrators asked for assistance in improving their overall working conditions. The parties complained of a growing distrust and lack of effective communication administrators. between teachers and **FMCS** met representatives of various factions within the district to fully assess their situation. We delivered a two-day training program for all teachers and administrators within the school, other district administrators, and all board of education members, focusing on advanced communication skills and development of a common vision for the school. Participants identified the issues dividing them developed an action plan to rectify the situation. parties created a labor-management committee to implement their objectives. The labor-management committee trained by an FMCS mediator, who currently facilitates their meetings, and all parties are optimistic that working conditions will soon improve.

Southern University Law School and Appalachian School of Law Mediation Training

The Southern University Law Center is part of the Southern University System. In the spring of 2003, thirtyfive students at the Law Center began forty hours of mediation training. All students were provided with a comprehensive workbook while a team of FMCS mediators instructed the class on the fundamentals of alternative dispute mediation, the importance of the parties' agreement to mediate a dispute, methods of mediation, how to conduct an effective mediation, individual mediator techniques, interest based bargaining skills, integrative methods, directive solutions, and the code of ethics for mediators. On-line mediation and telephonic mediation were discussed, and the FMCS TAGS system was demonstrated. As a result of the training, Southern University asked that we provide this training to its law students on a continuing basis. The second class was conducted in August 2003.

FMCS taught a similar class at Appalachian School of Law. Second year law students received instruction from FMCS mediators on mediation, alternative dispute resolution, and FMCS services in general.

Domestic Alternative Dispute Resolution

Bureau of Indian Affairs

facilitated a four-year regulatory FMCS negotiations process for the Bureau of Indian Affairs, a division of the Department of Interior. The Departments of Interior and Transportation funded 275 million dollars in road construction and maintenance, but a funding formula was required to determine the appropriate distribution of various stakeholders. The funds to stakeholder representatives included twenty-nine tribal representatives, representing the nation's 556 recognized tribes throughout the US, eighteen federal representatives, and over fifteen technical and legal consultants. Negotiations ran in excess of twenty months. This became a critical issue when current road projects, needing immediate attention, had to rely on special apportionment from the existing formula.

The committee faced a number of dilemmas: how, when, and at what level would funds be earmarked and distributed, to what tribes, and when. Partial funds were distributed, but planning was disrupted because of unclear mandates from government officials and tribal leaders. After 4 year negotiations, concluding in late 2002, agreements were reached on key issues of population, land use, mileage, maintenance and the crafting of two formula options. A notice was published in the Federal Register outlining the committee's draft rule for fund distribution based on specific formulas. Over 1,800 comments were received. Committee protocols required that the group consider these comments. After reviewing the public comments in 2003, adjustments were made to the proposed rule and the matter has been resolved.

Environmental Protection Agency

In September 2001, FMCS began consultative services with the U.S. Environmental Protection Agency, Office of Research and Development (ORD) seeking to improve employee morale. ORD is the scientific research branch of EPA and employs the nation's leading scientists at various EPA labs. During the initial phase of the working relationship, FMCS developed site-specific improvement plans and implemented a plan at the local lab level. Various program included conflict management training in communications,

diversity, leadership development, and management. ORD incorporated organizational change to address employee morale and legacy planning, and FMCS continues to serve as a consultant for conflict management models. Most recently, we designed a comprehensive conflict management training program, which will be implemented in FY 2004.

APPENDIX A



Federal Mediation & Conciliation Service

UNITED STATES GOVERNMENT

Fiscal Year 2005 Performance Plans and Reports

What is FMCS?

The Federal Mediation & Conciliation Service is an independent federal agency that was originally created to deal with record numbers of strikes and work stoppages that were crippling the U.S. economy in the period immediately following World War II. In the Labor-Management Relations Act of 1947 (also known as the Taft-Hartley Act), Congress directed FMCS to provide mediation, conciliation and related services to labor and management to alleviate damaging workplace strife during collective bargaining and other industrial relations disputes. Resolving conflict between our nation's unionized employees and their employers through provision of mediation services remains the FMCS' top priority. Since 1947, however, the agency's charter has been expanded by several pieces of legislation and Executive Orders that call for application of mediators' conflict resolution skills in new areas. At the same time, the number and variety of workplace disputes outside the scope of collective bargaining, including statutory and other non-contractual employment matters, are dramatically increasing, creating new demands for the agency's services.

The agency's mission statement reflects both the original congressional mandate and the FMCS' expanding role as provider of a range of conflict resolution services. The mission statement also charges the agency to preserve its critical role and reputation as a valued neutral both in the institution of collective bargaining and the general practice of conflict resolution:

- Promoting the development of sound and stable labor-management relationships,
- Preventing or minimizing work stoppages by assisting labor and management to settle their disputes through mediation,
- Advocating collective bargaining, mediation and voluntary arbitration as the preferred process for settling issues between employers and representatives of employees,
- Developing and advocating the art, science and practice of conflict resolution through the use of ADR,
- Assisting parties in conflict through the provision of conflict resolution services,
- Fostering the establishment and maintenance of constructive joint processes to improve labor-management relationships, employment security and organizational effectiveness.

How Does FMCS Fulfill This Mission?

Abstract

FMCS offers a wide array of conflict resolution services and resources consistent with its mission statement. In order to address the evolving needs of its customer base, the agency strives to keep abreast of current trends and external issues that affect these needs. This Performance Plan will identify the breadth and scope of FMCS conflict resolution activities *and* explain the associated performance measures, all in compliance with the Government Performance and Results Act (GPRA).

List of Services

The following is a list of FMCS interventions and activities in the service of its mission:

Collective Bargaining Interventions

- Dispute Mediation
- Preventive Mediation
- Education, Advocacy and Outreach

Arbitration Services

Alternative Dispute Resolution Interventions & Services

- EEO Mediation
- Grievance Mediation
- Dispute Resolution Systems Design
- Regulatory Negotiation
- Negotiated Rulemaking
- Stakeholder Consensus Building

International Dispute Resolution Services

- Mediation Technology Services
- FMCS Institute for Conflict Management
- Academic Partnerships
- FMCS Registry of Neutrals
- Labor-Management Grants

Labor-Management Conferences

Customer Satisfaction Monitoring System

Each of these services has distinct and measurable objectives. However, FMCS services are frequently interdependent as the agency seeks to fulfill its dual mission of conducting effective conflict resolution interventions *and* promoting the adoption of best practices in conflict resolution by the broadest possible range of private and public sector organizations.

Performance Plan

This is the fiscal year 2005 Annual Performance Plan, submitted by the Federal Mediation and Conciliation Service (FMCS) in accordance with the Government Performance and Results Act (GPRA) of 1993. In it we seek to build on the goals, objectives and performance measurement criteria established in previous FMCS Performance Plans, and to remain consistent with the 2004-2009 FMCS Strategic Plan. At present, FMCS performance planning is continually analyzed and updated. This Plan for fiscal year 2005 will be subjected to the same scrutiny and evaluation.

Customer driven. The story of the creation of FMCS and the agency's 56-year record of achievement demonstrates how conflict resolution is very much a "customer driven" business. Therefore, this Performance Plan will explain:

- How external trends and issues are currently affecting the practice of labor-management conflict resolution;
- How FMCS develops creative new tools, and refines traditional tools, in an effort to respond to change, improve its practice and ensure useful response to customers' needs;
- The methods FMCS uses to measure the performance of its conflict resolution practice;
- The agency's perspective on the future of conflict resolution in the labor-management relations sphere and beyond, and how it is preparing to meet the challenges that lie ahead.

What are the External Issues and Concerns Affecting Labor-Management Conflict Resolution?

Abstract

Developments in labor-management relations have created a significantly different environment for FMCS operations than that of just a few years ago. Additionally, the catastrophic events of September 11, 2001 had a measurable impact on labor-management relations and the role of FMCS, starting on the very next day. The changing context of industrial relations has major implications for the agency.

Real-World Conditions Affect FMCS Customers & Services

Following is a summary of the most relevant changes and trends that are affecting FMCS, our customers and the business of conflict resolution:

- ❖ 9-11 (1). The events of September 11, 2001 and the subsequent anthrax contamination in our postal system caused innumerable delays in the processing of F-7 "notices of bargaining"; many F-7s were simply lost. In the immediate aftermath of the terrorist attack, FMCS experienced a substantial loss of activity in all areas of the country. Many parties involved in ongoing collective bargaining, or that were due to begin bargaining around 9-11, simply agreed to extend their agreements or postpone their contract negotiations.
- ❖ 9-11 (2). Since the attacks of September 11, 2001, the resultant security fears and the need for increased vigilance in general have affected FMCS' approach to labor-management conflict resolution. To some extent, the desire for additional security measures in certain workplaces has affected contract negotiations and other mid-term bargaining. At the same time, parties have shown much less willingness to travel for bargaining, labor-management conferences, preventive mediation and training, and certain labor-management cooperative partnership work.
- Declining performance of the economy in general. Tighter budgets mean parties are less willing to make time and money available for training sessions, preventive mediation, and labor-management partnership work.
- * Increase in length of renegotiated collective bargaining agreements. In 1994, 92 percent of all collective bargaining agreements in the country were for 3-year terms, or shorter in length. A full 25 percent of collective bargaining agreements in that year were for two years or shorter. By 1999, the number of new collective bargaining agreements that exceeded three years

had jumped from 8 percent to 22 percent. An additional 9.1 percent were for five years or longer. Data from fiscal years 2000-2003 reflect a continuation of this trend. On one hand, this trend creates a potential for increased labor-management stability resulting from fewer negotiations. On the other hand, when negotiations do occur, they are frequently more contentious due to the accumulation of unresolved issues over a greater period of time. This trend to longer contract periods has resulted in conflict being shifted from the collective bargaining arena to mid-term conflict. In addition to increasing the complexity of dispute mediation for collective bargaining, and therefore the time federal mediators must spend working with such cases, this trend has also increased the demand for FMCS services to help resolve conflict during the term of the contract in the form of grievance mediation. In addition, this trend to longer contracts has also amplified the call to foster labor-management cooperation and preventive initiatives during these expanded periods of contract administration.

- * Rapid turnover in leadership. Though FMCS has not conducted a formal study, the rate of turnover of union and, to a lesser extent, management leadership appears to be increasing rapidly. Inexperienced leaders often do not have a grasp of relevant workplace issues, business concerns, industrial relations systems or the negotiation process. This frequently has a pronounced negative effect on the collective bargaining process, and makes it more difficult for both parties to reach a settlement. This phenomenon can also undermine critical FMCS preventive mediation efforts: even when leaders receive adequate training and consultation, turnover removes those leaders and new ones arrive.
- ❖ Consolidation of organizations. As union membership has declined steadily and significantly from its peak in 1979, there has been a corresponding increase in union mergers. These mergers make economies of scale possible by eliminating duplication of effort. This allows the combined entity to increase financial and administrative resources, as well as to augment organizing and bargaining power. Union mergers have also reduced the diversity of policies, practices and philosophies within the ranks of organized labor. On the management side, corporate mergers and their attendant consequences, such as workforce cuts and frequent culture clash, put a strain on positive labor relations by challenging bargaining norms and by disrupting established channels of communication.
- ❖ Changes in global marketplace. The pace of integration of free markets across the globe has increased, dramatically stimulating innovation in the workplace. New technologies and the Internet have also affected traditional modes of doing business and the security and stability in the marketplace and workplace. This situation has profound implications for contract negotiations, cooperative relationships and training. Further, in many parts of the world, accelerated market liberalization, rapid privatization of government-owned

industry and increased political support of free market economic policies is often not matched by similar growth in industrial relations processes or conflict resolution capabilities.

- ❖ Changing workplace demographics. The demographic composition of the work force will change significantly because of changes both to the population itself and to labor force participation. Two factors are of particular significance: first, the portion of the workforce populated mainly by "baby boomers" (composed largely of white males) will move into the later stages of work life and increasingly move out of the workforce into retirement. Second, diversity in the labor force is increasing rapidly. By 2008, a greater percentage of the workforce will be older, female, Hispanic, Asian, African-American, and foreign-born. These changes have broad implications for training, labor-management cooperation, and conflict management processes employed in the workplace.
- Changing structure of workforce. The Bureau of Labor Statistics has predicted substantial growth in the work force, mostly in service-producing industries. Manufacturing's share of total jobs is expected to continue to decrease. Productivity gains are anticipated to offset job loss so that manufacturing will maintain its share of total output. The health services sector is the second fastest growing industry. This structural change, coupled with the increased emphasis placed on new organizing by labor unions, will result in altered collective bargaining environments with new priorities, particularly in service industries.
- ❖ Increased acceptance of ADR as a means of resolving workplace conflict brings new challenges. While the use of alternative dispute resolution (ADR) is not new, the widespread and increasingly systematic use of ADR for labor-management, family, neighborhood, environmental, tribal, intergovernmental, international, legal and workplace disputes is new. A recent survey conducted by the Equal Employment Opportunity Commission (EEOC) found that 96 percent of all federal agencies are using ADR for workplace disputes.

Conclusion

FMCS will continue to service its traditional customer base in labor, business and industry in the organized sectors of the economy, and in government for federal (and often state and local) sectors, to promote the institution of collective bargaining and the value of third-party neutral mediation. Changes in the structure of business and industry, the economy, the workforce and attitudes toward alternative dispute resolution – particularly in a post-September 11 world – will continue to alter the face of customer needs and FMCS practices, tools and

services. The impact goals and performance measures set out in this Performance Plan reflect the evolving nature both of our work and of our customer base.

FMCS Develops and Applies Tools to Handle Customer Needs

Abstract

A brief look at how the responsibility of FMCS has expanded over the years in response to congressional and executive mandate, as well as to new challenges, reveals enhancements of expertise and offerings at the same time as innovations in approach. In addition to a comprehensive array of collective bargaining interventions in keeping with the agency's original mission, FMCS is also a leading provider of arbitration and other alternative dispute resolution services and interventions, technology-based conflict resolution services, custom-designed training programs, academic partnerships to encourage joint exploration of new approaches, labor-management cooperative enterprise grants and a dynamic new youth violence prevention and conflict resolution program. FMCS increasingly offers its services both domestically and internationally.

Background

With historically more collective experience in conflict resolution than any other agency of government, FMCS remains a nationwide leader in the field. In recent decades, the Congress has expanded the agency's mandate.

- In 1974, Congress extended the FMCS' jurisdiction beyond "industries affecting commerce" to non-profit health care institutions. By 1999, health care institutions represented 16.5 percent of the agency's business.
- In 1978, Congress extended the FMCS' jurisdiction to the federal government sector. Presently, 8.7 percent of all FMCS cases are in the federal sector.
- In 1978, Congress enlarged the FMCS mission with the Labor-Management Cooperation Act. The Act explicitly authorized and directed the agency to "encourage and support" joint labor-management committees "established for the purpose of improving labor management relationships, job security and organizational effectiveness, enhancing economic development or involving workers in decisions affecting their jobs including improving communication with respect to subjects of mutual interest and concern." The Act also authorized FMCS to provide grant funds to establish new labor-management committees, or to expand existing committees.

- In 1979, Congress extended the FMCS' jurisdiction to the U.S. Postal Service.
- In 1990, the Administrative Dispute Resolution Act and the Negotiated Rulemaking Act expanded FMCS' role as a resource for, and provider of, alternative dispute resolution (ADR) services.
- The 1996 Administrative Dispute Resolution Act affirmed the two 1990 Acts mentioned above, and authorized FMCS to provide consultation, training, dispute resolution systems design, third-party neutral services and facilitation of regulatory negotiations to all federal agencies (and to state and local government where the federal government is involved). The stated intent of these laws was to expand the use of ADR throughout the federal government to reduce litigation costs and promote better decision-making processes through facilitated negotiations and consensus building.
- The Homeland Security Act of 2002 gives the Secretary of Homeland Security the option of using "the services of the Federal Mediation and Conciliation Service" to "facilitate the process of attempting to reach agreement" on proposed personnel changes in dispute. A majority of employee representatives making recommendations with respect to proposed changes also have the option of calling for the services of FMCS.

Collective Bargaining Interventions

There are three integral components of FMCS Collective Bargaining Interventions: Dispute Mediation (DM), Preventive Mediation (PM), and Education, Advocacy and Outreach (EAO). Though each component has distinct performance goals and indicators, they are in practice one complete service. Different aspects of this methodology are applied at different points in bargaining relationships: all FMCS mediators are required to be fully proficient with all components of collective bargaining interventions.

Following is a description of FMCS collective bargaining intervention tools and their corresponding performance goals:

1. Dispute Mediation. An FMCS mediator assists labor and management to reach agreement in a collective bargaining negotiation. These include initial contract negotiations involving an employer and a newly certified union bargaining unit, successor contracts, and mid-term contract negotiations. Some mediation may also be required to handle grievances that arise during the term of an agreement. Dispute mediation has been the primary focus and

most visible service provided by FMCS for over 56 years as mediators have worked diligently to avert or reduce the duration of work stoppages.

2. Preventive Mediation. The changing nature of workplace labor relations and the economic environment in which they exist have required mediators to become purveyors of best conflict resolution practices and catalysts for positively changing relationships. Mediators must be able to assist, train, motivate and inspire labor and management to transform their relationships to become participatory, more collaborative, and more creative.

FMCS preventive mediation techniques range from the highly innovative to more traditional approaches. Mediators help the parties (1) develop and implement joint problem-solving and innovative conflict resolution methods, such as labor-management committees and other employee participation decision-making processes; (2) utilize non-confrontational methods of bargaining, such as interest-based bargaining and enhanced conventional negotiation; (3) develop more constructive channels of communication and relationship management, such as steward-supervisor training; and (4) help certain parties explore high-performance workplace strategies.

3. Education, Advocacy and Outreach (EAO). Customer outreach is central to our ability to fulfill agency performance goals. Over the past few years, in response to a national customer survey, FMCS has required each mediator to make a concerted effort to keep his or her customer base, potential customer base, and the public in general informed about the agency's full range of conflict resolution and training services.

EAO activities have three primary goals: (1) to inform the nation's collective bargaining community about the full range of services available; (2) to gather valuable feedback about how FMCS can improve its services, and (3) to promote wider understanding, acceptance and proper use of the collective bargaining process and third-party neutral assistance in the prevention and constructive resolution of labor-management and other types of disputes in the public arena.

Additionally, mediators lecture at educational institutions, showcase FMCS services at professional conferences, work with local labor-management committees and other community organizations, and meet one-on-one with members of the collective bargaining community. Through outreach and strategic alliances with other practitioners and organizations, we leverage our resources and thereby extend our reach.

Performance Goals FY 2005: Collective Bargaining Interventions

Performance Targets

- Increase dispute mediation activity during contract administration;
- Maintain the number and increase effectiveness of EAO meetings;
- Maintain number of cases closed in traditional collective bargaining dispute mediation.

What are the Agency-wide Strategies for Meeting Performance Targets?

- Survey customers to understand needs and ascertain that agency activities are meeting those needs;
- Develop new products and services to heighten efficiency of intervention activity and meet emerging customer needs;
- Promote the grievance mediation process to reduce conflict in contract administration;
- Increase use of technology in collective bargaining interventions;
- Take national leadership role in dissemination of conflict resolution "best practices;"
- Foster academic partnerships and inter-organizational cooperation to improve methodology and build outreach capability;
- Equip and train all mediators to become industry-specific knowledgeable, to take a leadership role in innovating the practice of conflict resolution for each of 5 particular industries construction, healthcare, aerospace, telecommunications, and transportation.

What are the Regional Strategies for Achieving Agency-Wide Performance Targets?

- Make personal contact with parties when cases are assigned, particularly when handling initial contract negotiations;
- If parties have little or no bargaining experience, provide information and offer pre-bargaining training;
- Offer use of FMCS field office facilities and conference rooms for meetings;
- Develop database of model contract language for inclusion in contracts;
- Promote early FMCS intervention in initial contracts;
- Identify and reach out to traditional "non-users" and "low-users" of FMCS services:
- Train customers in Modified Traditional Bargaining and Enhanced Conventional Negotiation;
- Make a more systematic effort to keep lines of communication with parties open during long-term contracts;
- Initiate EAOs and offer future PM services during dispute mediation interventions;

• Meet and train newly elected or appointed union and management officials and representatives.

Arbitration Services

Today, most collective bargaining agreements contain grievance and arbitration provisions. From its inception, FMCS has provided arbitration services by maintaining a roster of private arbitrators. FMCS has sought to establish standards in the areas of arbitrator qualifications, continuing education, and ethics. The agency has also sought to enhance its customer complaint mechanism.

Arbitration is widely used to resolve disputes arising over interpretation of contract provisions in collective bargaining agreements. It is favored by national labor policy, and arbitration provisions are treated as an implied "no-strike" clause. Upon request by parties, FMCS furnishes a panel of arbitrators, generally numbering seven names, or a list from a specific geographic area, from which the parties can select a neutral to hear and decide their case. Unlike mediators, who rely on their powers of persuasion to assist parties in settling disputes, arbitrators exercise the power to render binding decisions. Presently there are approximately 1,300 professional arbitrators on the FMCS roster.

Historically, there had been no comprehensive training available for new arbitrators admitted to FMCS' roster. In 1999 FMCS began to offer arbitrator training through the FMCS Institute for Conflict Management as a means of ensuring that a sufficient cadre of qualified private arbitrators will meet the future needs of FMCS' labor and management customers. Participation in the FMCS-sponsored training would substitute for the requirement that applicants submit five signed and dated arbitration awards. Arbitrators are required to meet all other qualifications prior to admission to the roster.

Performance Goals FY 2005: Arbitration Services

Performance Targets

- Maintain the number of arbitrator panels that will be provided in FY 2004 estimated at 19,021;
- Keep elapsed time between receipt of arbitrator panel request (filing of R-43 form) and provision of arbitrator panel at 5 days or less;
- Ensure and maintain a cadre of experienced, skilled arbitrators for the arbitration roster;
- Increase the number of panels generated by customers over the Internet.

What are the Strategies for Meeting Performance Targets?

- Implement the agency's Arbitration Policies and Procedures (24 CFR, Sec. 1404) to reflect the agency's new arbitrator roster admission policies;
- Develop and implement curriculum on arbitrator ethics;
- Provide labor arbitration training through the FMCS Institute;
- Continue conducting regional arbitration seminars and conferences to educate customers and attract arbitration roster applicants;
- Continue screening arbitrator roster applicants with Arbitration Review Board;
- Continue rigorous evaluation of standards and levels of compliance with Arbitration Review Board;
- Conduct annual arbitration service evaluation survey with customers;
- Partner with educational institutions such as law schools to increase arbitration training options.

What External Concerns Factor into Target Achievement?

- Number of requests for arbitration panels;
- Popularity of arbitration clauses in collective bargaining agreements;
- Nationwide reputation of FMCS Arbitration Services.

Alternative Dispute Resolution Interventions & Services

Outside the collective bargaining arena, FMCS has been involved in other "alternative dispute resolution" activities (ADR) for more than thirty years (although the agency's core labor-management mediation and arbitration services are a form of ADR in the ordinary sense of the term, it is used here to refer to those ADR activities performed outside of the traditional collective bargaining context). The initial involvement in ADR for FMCS included the resolution of land disputes, Native American issues and workplace mediation in government. The Administrative Dispute Resolution Act of 1990 and the Negotiated Rulemaking Act of 1990, along with the Administrative Dispute Resolution Act of 1996, which reauthorized the earlier Acts, expanded FMCS' role as resource and provider of ADR services. These statutes authorize FMCS to provide consultation, training, dispute resolution systems design and third party neutral services to all federal agencies (and to state and local agencies where the federal government is involved), including the facilitation of regulatory negotiations. FMCS has also responded to requests for ADR services from its existing customer base. The demand and interest from federal agencies, state agencies and the private sector has increased significantly since the agency introduced expanded ADR services. FMCS provides these services on a cost reimbursement basis.

Performance Goals FY 2005: ADR Services

Performance Targets

- Increase the number of ADR cases closed in FY 2004 by 10%;
- Maintain the number of regulatory negotiations at 5;
- Develop additional capacity to assist in intra-governmental disputes;
- Increase assistance to private sector customers who request ADR services.

International Dispute Resolution Services

The work of FMCS extends well beyond domestic borders. FMCS plays an important role in promoting collective bargaining and all forms of dispute resolution abroad by providing information and training in the use of mediation. arbitration and other forms of alternative dispute resolution. Our work in the international arena is a small, but integral part of our services. With proliferation of international trade pacts, the globalization of the marketplace, and rapid technological advances that have a dramatic effect on the workplace, requests for FMCS assistance from abroad have increased significantly in the last five years. In many regions with developing economies, such as Eastern and Central Europe, and many nations in South America, Central America and the Asia-Pacific region, industrial relations and conflict resolution systems and institutions barely exist, if at all. As a result, FMCS has become a major resource for training and technical assistance in industrial relations practices, cooperative labor-management relations and conflict resolution techniques. Federal mediators conduct briefings and training programs for foreign labor, management, and government leaders in the United States and overseas.

Our international activities are supportive of U.S. foreign assistance policy. Negotiating skills and conflict resolution capabilities are critical for developing peaceful and constructive labor-management relationships abroad, and for promoting greater workplace democracy and even solutions to human rights problems. In addition, as labor and employment disputes are no longer limited to the borders of the United States, this broadened international expertise has enhanced FMCS' abilities to assist our traditional customers in resolving disputes that have an international nexus.

As with our domestic ADR services, there are no appropriated funds for the expansion of ADR activities to customers; FMCS provides these services on a cost reimbursement basis. This is accomplished through funding from the U.S. Department of Labor, U.S. Department of State, United States Agency for International Development (USAID), Asian-Pacific Economic Cooperation (APEC), International Labour Organization (ILO) and other international and

domestic sources. In addition, we have partnered with a number of non-governmental (NGO) providers of dispute resolution activities to assist in the delivery of international services.

Performance Goals FY 2005: International Dispute Resolution Services

Performance Targets

- Increase the number of foreign governments and foreign organizations assisted in FY 2003;
- Develop closer associations with other international dispute resolution and industrial relations institutions;
- Develop closer institutional and financial ties with the Department of Labor, USAID and the ILO.

Mediation Technology Services

One of the chief activities of Mediation Technology Services is development and implementation of the FMCS Technology Assisted Group Solutions (TAGS) System. TAGS is a powerful network of mobile computers and customized software that skilled FMCS mediators use to help groups solve problems more effectively, make and implement decisions more successfully, and conduct internal elections, successful remote meetings, and online surveys - all from any Internet browser connection.

Using a mixture of group discussion and TAGS tools, participants can categorize and prioritize ideas, use electronic "ballots" to anonymously indicate their level of support for each idea, view tabulated results on-screen, and discuss results in an effort to reach consensus. Once agreement is reached, participants can use TAGS to assign tasks with completion targets and implementation timelines. The mediator can print out complete meeting notes before participants leave the meeting and archive meeting data for future use (or shred the information to ensure confidentiality). This technology does not replace expert mediation skills and human interaction among participants in a face-to-face meeting. Instead, the mediator uses this technology to enhance participant interaction and outcomes.

On the Internet. Think of TAGS as a virtual conference center. Participants enter a TAGS conference by clicking a link in an e-mail message, or by entering their user ID and password at the TAGS Web site, http://tags.fmcs.gov>.

Participants can go directly to a prescribed topic or enter a secure, virtual conference room and select a topic. Topics can include "live" remote meetings, surveys, documents to review, brainstorming sessions, an opportunity to assess ideas and view results, action planning sessions, ODR (online dispute resolution),

grievance or EEO claims, ratification votes or elections of officers. In some cases, participants can complete entire tasks online that used to require multiple face-to-face meetings. At other times, online work is designed to shorten and better focus the time spent face-to-face.

Face-to-face meetings. In a well-run traditional meeting, participants individually voice ideas while a facilitator tries to capture them on a flip chart, one-by-one. In a TAGS meeting, participants simultaneously contribute ideas with our easy-to-use software on a network of computers. All ideas immediately post to an electronic flip chart displayed on each person's computer and on a large screen at the front of the room. Participants build on others' ideas and continue to offer new ideas in their own words and with complete anonymity.

Applications. TAGS has been highly effective in interest based negotiations, traditional bargaining, surveys via the Internet, strategic planning, remote meetings, and collaborative processes like labor-management committees and partnership initiatives. TAGS can also enhance delivery of complex alternative dispute resolution services, such as negotiated rulemaking and mediation of large, complex public policy disputes.

- ❖ Interest-based problem solving. During fiscal years 2002 and 2003, the TAGS System helped parties engage in this interest-based process more effectively, often reducing the time necessary to achieve real solutions to complex problems. The TAGS System helped participants engage more openly, share knowledge and opinions more constructively, generate more ideas and build stronger commitment to joint action.
- ❖ Streamlining internal FMCS processes. The TAGS System has also enhanced the internal administrative procedures of FMCS. The agency has 71 field stations. Leadership is dispersed throughout 10 locations including Washington, DC. TAGS has proven its ability to increase internal communications and information gathering for critical decision-making.

Performance Goals FY 2004 & 2005: Mediation Technology Services

Performance Targets

- Train more FMCS customers to use TAGS to implement more effective and less costly group-based problem solving and to conduct internal elections, remote meetings, and online surveys;
- Promote TAGS-enabled Electronic Conference Centers which are available for FMCS customers in Atlanta, Boston, Cleveland, Dallas. Kansas City, Las Vegas, Louisville, Miami, Minneapolis, Newark, Oakland, St. Louis and Washington, D.C.;

• Continue to develop and apply technology to integrate internal payroll/personnel, budget and accounting, travel, procurement, grants, property management, arbitration and mediation assignment, tracking and reporting;

* * * *

FMCS Institute for Conflict Management

The FMCS Institute for Conflict Management develops customized training courses and materials to provide skills for labor, management and neutrals to approach the modern problems of labor-management relations and workplace conflicts and to improve conflict resolution techniques.

In the agency's experience, difficult subjects are often better handled in a classroom atmosphere, away from the shop or office floor, thus minimizing communication barriers between supervisor and employee and creating a nurturing atmosphere of mutual help, creative idea generation and safe experimentation.

The FMCS Institute does not compete or conflict with our statutory preventive mediation activities; rather, it expands and enhances training and education opportunities for our current customers in the organized sector of the nation's economy, as well as responding to our customers' requests for ADR education and training. In addition, the Institute supports the agency's International Dispute Resolution Services by sharing research and curricula components that can be adapted for courses delivered to international customers.

Current FMCS Institute activities include training in: mediation, labor relations, collective bargaining, dispute resolution skills, arbitrator and arbitration skills, facilitation and process skills, group dynamics and multi-party facilitation, multi-party mediation, cultural diversity, equal employment opportunity (EEO) complaints, workplace violence prevention, and coping with grief in the workplace.

As much as possible, the Institute teams with leaders in conflict management, including those from distinguished neutral associations, such as the National Academy of Arbitrators, to develop and deliver training.

Performance Goals FY 2004 & 2005: FMCS Institute

Performance Targets

- Maintain the number of courses offered in FY 2003.
- Continue to train cadres of union and/or company personnel to assist federal
 mediators in large group training for their organizations, allowing FMCS to
 reach more people in the organizations;
- Train more arbitrators and mediators so that FMCS can maintain qualified rosters and continue to supply lists of qualified neutrals to meet the needs of its labor-management customers;
- Develop online ethics instruction for neutrals.

Academic Partnerships

A substantial resource committed to conflict management and resolution in the workplace exists throughout our nation's university and college systems. Talented researchers have for years developed theories, models, and practices valuable to mediators, facilitators, negotiators, arbitrators, fact-finders, investigators, EEO specialists, labor relations officers, union officials, and other professionals in the field of dispute resolution.

In order to benefit from the ongoing knowledge the academic world can provide, FMCS began in 2001 to develop "Academic Partnerships"—special relationships with universities and colleges that take the form of shared resources, joint research, curricula, internships, mentoring and externships.

Partner institutions. FMCS has entered into a variety of such partnerships with a number of schools over the last two years, and the agency anticipates continuing to develop these relationships. They include:

- The Usery Center at Georgia State University (electronic conferencing center)
- The Strauss Institute for Dispute Resolution at Pepperdine University School of Law
- The ADR and Law Schools at the University of Missouri
- The Kennedy School of Government at Harvard University (electronic conferencing center)
- The University of North Texas (electronic conferencing center)
- Sullivan University (electronic conferencing center with "e-learning" and distance learning)
- Southern Illinois University (electronic conferencing center)

Performance Goals FY 2005: Academic Partnerships Program

Performance Targets

- Increase the number of academic partnership arrangements;
- Use academic partners to help develop curricula and training materials for FMCS, including online training for arbitrator and neutral rosters and programs for five specific industry expertise (construction, healthcare, aerospace, telecommunications and transportation);
- Work with academic partners to translate training materials, and TAGS interface, into Spanish;
- Work with academic partners to develop increased e-learning and distance learning capacities;

FMCS Registry of Neutrals

A marked proliferation of non-contractual workplace disputes and statutory employment claims has resulted in a demand for greater access to a larger pool of neutrals. In order to ensure this increased demand does not outstrip the agency's ability to accommodate requests for mediation, FMCS began in FY 2000 and 2001 to develop a program to simultaneously allow access to an expanded pool of qualified neutrals and raise the bar of alternative dispute resolution (ADR) professionals by establishing standards for experience, education, training and other attributes. A registry of neutrals will enable FMCS to offer neutrals from outside the agency to current and future customers facing employment disputes. The carefully maintained neutrality of FMCS, and its status as a government agency, makes FMCS a natural choice for maintaining this registry, just as FMCS currently maintains a roster of arbitrators.

Qualifications for neutrals. In order to raise the bar in the practice of ADR, FMCS has examined a number of elements, including:

- Number and type of cases in which the mediator is experienced;
- Nature, duration and type of formal or informal training completed;
- Nature, type, and current status of any ethics training received; and,
- Experience and training in the relevant subject matter (e.g., EEO law).

FMCS conducted focus groups for private sector, public sector, federal government and academic representatives that met three times (each session lasted several days) over fiscal years 2000, 2001 and 2002 to critique the Access to Neutrals initiative, develop criteria for establishing standards, and create review and application procedures. FMCS is also seeking to establish a consumer

complaint and investigation program in connection with the Access to Neutrals initiative.

Performance Goals FY 2004 & 2005: Roster of Neutrals

Performance Targets

- Develop an initial registry of neutrals during 2004;
- Use FMCS Institute and academic partners to develop programs to satisfy educational requirements for inclusion on registry;
- Implement complaint and monitoring system to ensure ongoing compliance by registry members;
- Commence accreditation program in FY 2004 to allow educational institutions to apply; and,
- Establish formal review process for renewing membership on registry.

Labor-Management Grants

The Labor-Management Cooperation Act of 1978 authorized FMCS to provide grants and technical assistance for the establishment and operation of facility-wide, area-wide, and industry-wide labor-management committees,. In awarding grants, FMCS looks for innovative approaches to collaborative labor-management relations and joint problem solving. Labor-management committees funded under this grants program have addressed a wide array of complex issues, such as health care cost containment, total quality management and industry competitiveness. Congress first appropriated funds for the labor-management grants program in 1981. Since that year, FMCS has awarded \$20.5 million in funds to over 290 labor-management committees. While the statute authorizes a funding level of up to \$10 million, actual funding has never exceeded \$1.5 million annually.

Performance Goals FY 2005: Labor-Management Grants Program

Performance Targets

- Maintain the number of labor-management committee grantees supported;
- Maintain current monitoring of grantees to identify best practices that have potential uses across geographic areas and/or industries;
- Maintain number of workers and managers positively impacted by committees established through the grants program;
- Increase use of technology to reduce the number of face-to-face meetings.

* * * *

Labor-Management Conferences

• Among the most effective forums to promote the development and wider use of innovative and joint approaches to problem solving and labor-management cooperation are conferences sponsored (or co-sponsored) by FMCS. The biennial National Labor-Management Conference, for example, is recognized as the premier labor relations learning event in the nation. Regional events in different parts of the country bring together business, labor, government and academic labor-management practitioners and scholars to share experiences and best practices. Labor-management conferences help parties forge stronger relationships to ease labor-management relations at the work site, avoid strikes and lockouts, and smooth contract renewal negotiations.

Performance Goals FY 2005: Labor-Management Conferences

Performance Targets

- Maintain or increase number of participants at national, regional and local labor-management conferences;
- Maintain or increase level of FMCS sponsorship of national, regional and local labor-management conferences.

Customer Satisfaction Monitoring System

FMCS uses several feedback processes to determine: how much customers know about the agency's range of services, how customers rate FMCS regarding the delivery of those services, and what FMCS could do to better meet their needs in collective bargaining interventions and labor-management relations. These systems include: National Customer Surveys that solicit (via telephone interviews) answers and opinions from representative samples of approximately 2,000 (1400-Private Sector, 300-Public Sector and 300-Federal Sector) employer and union leaders who have used FMCS services. For the surveys, FMCS has cooperative agreements with the Survey Research Center at the University of Massachusetts to ensure neutrality, credibility and respondent confidentiality.

Customer survey history. Baseline, follow-up and targeted surveys have been conducted frequently since 1996:

- Baseline FMCS customer survey, 1996;
- Baseline survey data distributed to agency and customers in 1997 & 1998:
- In 1998, FMCS conducted customer focus groups in each of the agency's five regions to discuss results of baseline survey and receive input to guide improvement efforts;

- In 1999, FMCS conducted a general follow-up survey of its customers;
- Also in 1999, FMCS surveyed its grant recipients in a "Grant Customers Survey;"
- In 2001 and 2002, the agency developed and implemented a process to collect and analyze feedback from customers of Preventive Mediation, Arbitration and ADR Services.
- In 2004, FMCS will conduct another follow-up survey of its customers.

FMCS' customer feedback and survey data are incorporated in our annual performance planning with our mediators. In addition, the agency's Regional Directors and the FMCS Mediator Partnership Council meet quarterly and advise the Director.

Performance Goals FY 2004 & 2005: Customer Satisfaction Monitoring System

- Conduct 3rd National Customer Survey in FY 2004;
- Conduct a regional focus group in each region in late FY 2004, early FY 2005;
- Continue Arbitration Evaluation Process;
- Continue Preventive Mediation and ADR Evaluation process,
- Continue Arbitration Customer Council:

* * *

Hierarchy of FMCS Objectives Best Practices for
Conflict Management and Resolution
Adopted by
Broad Range of Organizations
in the
Private, Public, and Federal Sectors

Collective Bargaining, Mediation, and Other Mechanisms for Strengthening Relationships and Resolving Conflicts Used by Assisted Organizations

FMCS Services

Collective Bargaining Interventions Alternative
Dispute
Resolution/International

Arbitration Services

FMCS Institute Labor Management Grants

Academic Partnerships

Registry of Neutrals

APPENDIX A FMCS SERVICE OUTPUTS

OUTPUTS	PERFORMANCE INDICATORS	DATA SOURCE	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Target	FY 2005 Target
	* World Mediation Meetings sponsored/co-sponsored	FMCS data base	3	Hosted English speaking mediation services		Attended Belfast and English speaking mediation services meetings	Host International workplace dispute resolution summit and attend Scotland and English speaking mediation services meetings	Attend Dublin and English speaking mediation services meetings
FMCS Institute	* Number of courses offered	FMCS data base	13	9	12	13	12	12
	* Number of participants	FMCS data base	402	237	270	373	Maintain class capacity	Maintain class capacity
Grants Provided	* Number of labor-management committees supported	FMCS data base	20	18	18	13	Maintain	Maintain
	* Number of people impacted	FMCS data base	1,633,000	1,600,000	380,000	1,600,000	Monitor	Monitor
National Labor Management Conference Held	* Number of participants	FMCS data base	2,000		1,686		2,000	
Regional Labor Management Conferences Held	* Number of FMCS sponsored conferences	FMCS data base	51	80	75	67	80	80
Connecticutes Field	* Number of participants	FMCS data base	11,190	15,610	13,310	11,719	11,750	11,750

Folder: C-S2005 Doc; Charts CS-05 2/4/2004 3:15 PM

APPENDIX A FMCS SERVICE OUTPUTS

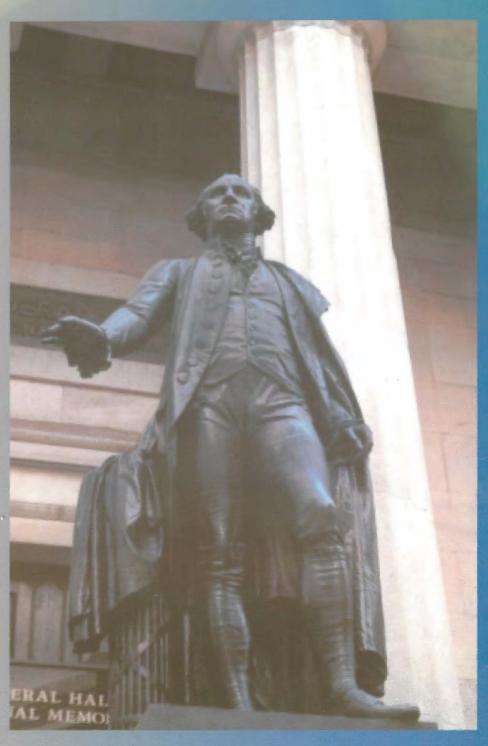
OUTPUTS	PERFORMANCE INDICATORS	DATA SOURCE	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Target	FY 2005 Target
Customer Satisfaction Monitoring System	* National Customer Surveys	Independent Nat. Customer Surveys 1996 & 1999				Began Conducting 3rd External Survey		
	* Grants Customer Surveys	Customer Surveys 1998 & 2002		-	Conducted 2nd Internal Survey			Conduct 3rd Internal Survey
	* Regional Focus Groups	FMCS data base	3		Deferred to 2004		2	3
Customer-Satisfaction Monitoring System (continued)	* Preventive Mediation Evaluation Forms	FMCS data base	Deferred	Deferred	Baseline	Evaluated	Develop an Evaluation Process for PM	Implement an Evaluation Process for PM
	* Arbitration Evaluation Forms	FMCS data base	Deferred	July	Continue	Continue	Continue	Continue
	* ADR/International Evaluation Forms	FMCS data base	Deferred	Deferred	Baseline ADR	Evaluated	Develop an evaluation for ADR/International	Implement an Evaluation Process for ADR/International
	* Arbitration Customer Council		4 Meetings	1 Meeting	1 Meeting	1 Meeting	1 Meeting	1 Meeting

APPENDIX C FMCS IMPACT

Best Practices for Conflict Management and Resolution Adopted by a Broad Range of Organizations in the Public, Private and Federal Sectors

OUTCOMES	PERFORMANCE INDICATORS	DATA SOURCE	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Target	FY 2005 Target
Degree to Which Mediation, Arbitration, ADR Techniques or other innovative processes are used in the Workplace	Percentage of federal agencies using ADR mechanisms to resolve discrimination complaints Percentage of arbitrators on Roster who receive appointments in the first year	EEOC Survey 1996 / 49% 1998 / 52%	96%		96%		Monitor Baseline % Those that took FMCS Arbitrator training Those that did not take FMCS Arbitrator training	Monito
Decrease frequency of workplace violence in situations where disputes exist	* Number of reported incidents of workplace violence	FMCS Regional Data	Conducted 16 workshops on workplace violence	Conducted 33 workshops on workplace violence	Conducted 18 workshops on workplace violence	Conducted 21 Field workshops on workplace violence	Continue workshops on workplace violence	Continue workshops on workplace violence

Federal Mediation
And
Conciliation Service



2006 Congressional Submission

FEDERAL MEDIATION AND CONCILIATION SERVICE

FISCAL YEAR 2006 Congressional Submission

FEDERAL MEDIATION AND CONCILIATION SERVICE CONGRESSIONAL SUBMISSION – FISCAL YEAR 2006

TABLE OF CONTENTS	Page No.
I. Executive Summary	1
II. Organizational Chart	4
III. Appropriation Language	5
IV. Statutory and Other Legal Authority	6
V. Budget Tables and Detailed Financial Requirements	10
VI. Mission and Program Structure	16
A. Collective Bargaining Mediation	16
B. Grievance Mediation	17
C. Relationship-Development and Training	17
D. Outreach	18
E. Employment Mediation	18
F. International Training and Exchange	19
G. Arbitration Services	19
H. Grants Program	19
I. FMCS Institute for Conflict Management	20
VII. Workload Projections	21
VIII. Program Objectives	26
IX. Administrative Services Performance Goals	44
a. Division of Administration and Information Technology	45
b. Office of Training and Education	46
c. Office of Human Resources	47
d. Office of the General Counsel	48
e. Office of Budget and Finance	48
f. Notice Processing Unit	49
g. Public Affairs	49
APPENDIX A – FY 2004 Collective Bargaining Mediation Cameos	
APPENDIX B – FY 2004 Relationship Development and Training and	d Grant
Cameos	
APPENDIX C – FY 2004 Employment Mediation Accomplishments	74 7
APPENDIX D – FY 2004 International Training and Exchange According to the Property of the Prop	mplishments
APPENDIX E – FY 2004 Youth Violence Prevention and Conflict	
Resolution Program Accomplishments	
APPENDIX F – FY 2005 and 2006 Arbitration Performance Goals	
APPENDIX G - FY 2005 Grants Performance Goals	4 D. O
APPENDIX H – FY 2005 and FY 2006 Institute for Conflict Manager	ment Performance
Goals	4.4. 3
APPENDIX I – FY 2004 Accomplishments in President's Management	nt Agenda

Fiscal Year 2006 Budget Estimates

I. Executive Summary

In this first decade of the 21st century, the Federal Mediation and Conciliation Service (FMCS) is positioned to play a key role in historic changes affecting our workplaces and our economy. Today, technology is advancing at an accelerating rate, redefining the way business is done, creating greater productivity, creating new industries but rendering others obsolete and reducing job growth. The duration of labor contracts is lengthening, and unions are merging and consolidating. With economic globalization has come the need for a flexible, mobile workforce. Free trade has engendered a new set of international competitors for U.S. companies. Health care costs continue to rise, placing a significant economic burden on employers and employees.

As an agency charged with assisting parties in conflict, we are confronted with formidable challenges in this new technological era and this new global economy. We are also presented with new opportunities to assist those who depend on us, to extend our reach to others who may benefit, and to more fully realize our mission with new techniques, training and communications tools.

FMCS delivers conflict resolution assistance to the nation's unionized workplaces. Helping employers and unions avoid work stoppages and their potentially devastating affects on the local, regional and national economy through mediation services constitutes the core work and focus of FMCS. Most often these services are provided during collective bargaining contract negotiations associated with the renewal of an existing contract or the negotiation of a first contract. Lesser known is the fact that FMCS mediation services frequently are requested by labor and management during the life of a contract. Labor and management can request that the FMCS provide relationship-development training programs during a contract to enable the parties to more effectively and efficiently manage the conflict that is inherent in their dealings with each other. In addition to growing numbers of joint requests to mediate grievances resulting from mid contract conflict, labor and management increasingly are relying upon the Agency's unique skills and knowledge to assist them during the life of their contract. The parties understand that the heightened cost and resulting economic inefficiencies associated with unresolved and unmanaged conflict are a competitive disadvantage in a global economic environment where only the most efficient are likely to survive. FMCS programs are designed to train the parties to manage conflict and develop dispute resolution processes that enhance productivity and overall competitiveness. Additionally, when potentially disruptive workplace conflicts arise during the terms of the parties' contracts, we offer to assist in resolving these disputes through expert mediation, providing a cost-effective and more efficient alternative to longer, more expensive methods of dispute resolution.

With a history of more than a half century of providing mediation and facilitation services, FMCS has more collective experience in dispute resolution than any other agency of government. We use our collective experience to promote conflict resolution in this country, and overseas by assisting friendly foreign governments to develop industrial relations systems that promote labor peace and economic development essential for free markets.

Future Challenges:

Each year, the FMCS becomes involved in more than 5,000 collective bargaining negotiations that collectively affect millions of U.S. workers. In FY 2006, we know that a number of major contracts will expire in the health care, manufacturing, transportation and construction industries that alone will directly impact more than half a million employees.

Complicating the task of mediating thousands of collective bargaining cases in vastly different industrial and geographic settings is that the competitiveness of U.S. companies, big and small, is significantly threatened by the rising cost of health care. Employers are shifting costs to their employees in order to remain competitive, causing significant tension at the bargaining table. Based on recent Agency experience, we anticipate that at least 55 percent of collective bargaining negotiations will focus on health care benefits during FY 2006. Where labor and management lack assistance from FMCS mediators in addressing these complex issues, strikes and lockouts are more likely to occur, potentially disrupting regional and national economies or paralyzing an industry that is critical to national security. A single work stoppage at a large employer or one that affects a major industry is capable of inflicting losses on the national economy that easily exceeds the entire budget of the FMCS. In 2004, for example, the 141-day Southern California grocery strike and lockout that was prompted in part by a dispute over health care benefits inflicted economic losses estimated at hundreds of millions of dollars in lost business for the supermarkets and lost wages for approximately 60,000 affected employees.

Updating the skills of FMCS mediators for many such significant negotiations and for assisting the parties in devising creative solutions to health care issues is a continuing challenge. In FY 2004, we created a tripartite training team consisting of experts from labor, management and the health care insurance industry to provide extensive instruction for Agency mediators on health care benefits, the rising cost of health care, and options available to labor and management for controlling the costs of employee health benefits. The effort has been so successful that the training is being adapted in FY 2005 for use in major labor-management conferences around the country to educate labor and management practitioners alike as to the best practices for bargaining on health care.

In addition to mediator training, two other Agency programs are key to our continuing efforts to improve labor-management relations and averting economically disruptive work stoppages. As indicated above, the Agency provides training for labor

2

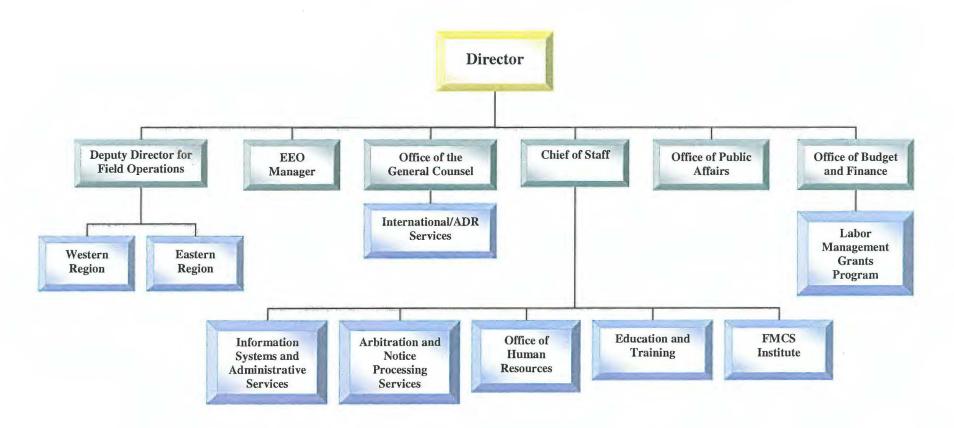
Folian C.5 FY 2005 Doc Euren-Sunny CS06 - 7A-AB-5B 27-2005 and management representatives at the company level to better prepare them for the negotiation process. FMCS also provides mediation services to labor and management to resolve contractual disputes that arise during the term of collective bargaining agreements. The need for mid-contract mediation and joint training is amplified by the continued trend to contracts of longer duration. In today's complex and rapidly changing economic environment, neither employers nor unions can delay addressing conflict until the longer term contract expires. The longer life of contracts beyond the traditional three-year agreement of the past has resulted in more demand for the Agency's mediation and training services, and we expect this trend to continue upward.

Given the number of anticipated collective bargaining mediations in FY 2006, coupled with increased demand and expectations of the labor-management community for mediation and training services from this Agency, I urge you to favorably consider this request for \$42,331,000.

3

Police CS FY 2006 Doe: Steen-Penay-CS05 - JA-AB-38 2-7 - 2005

II. FMCS Organizational Chart



III. Appropriation Language

FEDERAL MEDIATION AND CONCILIATION SERVICE

SALARIES AND EXPENSES

For expenses necessary for the Federal Mediation and Conciliation Service to carry out the functions vested in it by the Labor Management Relations Act of 1947 (29 U.S.C. 171-180, 182-183), including hire of passenger motor vehicles; for expenses necessary for the Labor-Management Cooperation Act of 1978 (29 U.S.C. 175a); and for expenses necessary for the Service to carry out the functions vested in it by the Civil Service Reform Act, Public Law 95-454 (5 U.S.C. ch 71), [44,797,000 including \$1,500,000, to remain available through September 30, 2006 for activities authorized by the Labor-Management Cooperation Act of 1978 (29 U.S.C. 175a)] \$42,331,000: Provided, That notwithstanding 31 U.S.C. 3302, fees charged, up to full-cost recovery, for special training activities and other conflict resolution services and technical assistance, including those provided to foreign governments and international organizations, and for arbitration services shall be credited to and merged with this account, and shall remain available until expended: Provided further, That fees for arbitration services shall be available only for education, training, and professional development of the agency workforce: Provided further, That the Director of the Service is authorized to accept and use on behalf of the United States gifts of services and real, personal, or other property in the aid of any projects or functions within the Director's jurisdiction. (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 2005.)

IV. Statutory and Other Legal Authority

FEDERAL MEDIATION AND CONCILIATION SERVICE

BUDGET ESTIMATES FOR FISCAL YEAR 2005

SALARIES AND EXPENSES, FEDERAL MEDIATION AND CONCILIATION SERVICE (FMCS), STATUTORY AND OTHER LEGAL AUTHORITIES

The Federal Mediation and Conciliation Service was established by Title II of the Labor-Management Relations Act (Taft-Hartley) in 1947 as an independent agency of the federal government whose primary mission was to prevent and minimize labor-management disputes affecting interstate commerce by providing mediation, conciliation, and voluntary arbitration services. All mediation and conciliation functions of the Secretary of Labor and the United States Conciliation Service were transferred to FMCS at that time. This mission includes both the private and public sectors, except for the railroad and airline industries, which are covered by the Railway Labor Act and the National Mediation Board.

In 1978, the Civil Service Reform Act directed FMCS to assist with dispute resolution in federal sector labor disputes. The Labor-Management Cooperation Act amended the Taft-Hartley Act in 1978 and authorized and directed FMCS to encourage labor-management cooperative activities. It also authorized the issuance of grants to support joint labor-management activities conducted by plant, area, public sector, and industry-wide committees.

In 1990, the Agency was authorized by the Administrative Dispute Resolution Act and the Negotiated Rulemaking Act to assist other federal agencies in resolving disputes arising out of grants, contracts, licenses, or other agency administrative actions, and to assist in the process of negotiated rulemaking. The Administrative Dispute Resolution Act of 1996 amended and permanently reenacted these 1990 Acts.

The Homeland Security Act of 2002 contains specific provisions "to ensure collaboration" between management of the newly created Department of Homeland Security and employee representatives that includes the availability of FMCS mediation in the event that the parties are unable to agree on proposed personnel changes. Similar provisions have recently been enacted with respect to FMCS availability for the Department of Defense and the Department of Veterans Affairs. In addition to specifically mandated services, FMCS has offered traditional mediation services applied to both collective bargaining and employment disputes, facilitation and training functions, applied particularly to the merging of different agency cultures, convening of disparate

agency and private groups, and conflict systems design assistance and training for organizational/workplace disputes as well as for handling external complaints.

Over the years, Congress and the Executive Branch have authorized FMCS to perform a variety of dispute resolution functions as well as to assist in the improvement of labor-management relationships. Specific statutory and other authorizations of agency programs are described below.

I. The Labor-Management Relations Act of 1947 (Public Law 80-101, 29 U.S.C. Sec. 173) directs the Service to prevent or minimize interruptions of the free flow of commerce growing out of labor disputes by helping the parties settle such disputes through mediation. Parties are required to notify the Service 30 days prior to a contract termination or modification date so that mediation services may be proffered.

The Act establishes a special procedure for threatened or actual strikes which in the opinion of the President imperil the national health or safety. In such a situation, the President may appoint a board of inquiry to ascertain the facts with respect to the dispute. After receipt of the report, the President may seek to enjoin the strike for not more than 80 days, and a court may do so if it finds that the threatened or actual strike or lockout affects a substantial part or all of an industry and would imperil the national health or safety.

- II. The Health Care Amendments of 1974 (Public Law 93-360, 29 U.S.C. Sec. 158(d)(3) (amending the National Labor Relations Act) include special responsibilities to prevent or minimize work stoppages in the health care industry. In the case of this industry, FMCS must be notified 60 days before the contract termination date. A 30-day notice is required in initial bargaining situations. If, in the opinion of the Director, a strike is threatened which would interrupt the delivery of health care in a locality, the Director may appoint a board of inquiry (29 U.S.C. section 183). The board has 15 days within which to operate and file its report and recommendations; parties must maintain the *status quo* for 15 days thereafter while further negotiations and mediation take place. The parties are required to cooperate in any mediation efforts by FMCS.
- III. The Civil Service Reform Act of 1978 (Public Law 95-454, 5 U.S.C. Sec. 7119(a)) directs the Service to provide mediation assistance in disputes arising from negotiations between federal agencies and the exclusive representatives of their employees.

- IV. The Postal Reorganization Act of 1970 (Public Law 91-375, 39 U.S.C. Sec. 1207(b)) requires the Service to establish fact-finding panels and arbitration boards if disputes between the Postal Service and the exclusive representatives of its employees are not resolved prior to certain statutory deadlines.
- V. Presidential Statement, March 24, 1953. The AtomicEnergy Labor-Management Relations Panel was established within the Service in March 1953, by President Eisenhower, in order to ensure the uninterrupted functioning of the Atomic Energy Program without strikes or lockouts due to labor-management disputes. This Panel was moved to the Atomic Energy Commission in March 1956 but was returned to FMCS under President Carter in April 1980 and renamed the Energy Labor Management Relations Panel (ELMRP).
- VI. Executive Order 11374, dated October 11, 1967, transferred the responsibilities of the Missile Sites Labor Commission (created by Executive Order 10946) to FMCS.
- VII. The Federal Insecticide, Fungicide and Rodenticide Act of 1978 (Public Law 95-396, 7 U.S.C. 136a(c)(l)(f)(iii)) requires the Service to provide for the appointment of arbitrators to decide disputes concerning compensation for the use or development of pesticide registration data.
- VIII. The Labor Management Cooperation Act of 1978 (Public Law 95-524, 29 U.S.C. 175(a)) amended sections 175 and 302 of the Labor Management Relations Act and authorizes and directs the Service to encourage and support joint labor-management activities conducted by plant, area, and industry-wide committees designed to improve labor-management relationships, employment security, and organizational effectiveness. The Act authorizes the Service to provide grant funds to assist in the establishment and operation of these labor-management committees.
 - IX. The Administrative Dispute Resolution Act of 1996(Public Law 104-320) 5 U.S.C., 571, et seq. authorizes and encourages agencies to use various alternative means of dispute resolution in the federal administrative process in order to avoid the time and expense of litigation. The 1996 Act amended and permanently reenacted the Administrative Dispute Resolution Act of 1990 as well as the Negotiated Rulemaking Act of 1990. The repeal of the sunset date (expiration dates) and the reporting requirements of the Acts suggest that the ADR and regulatory-negotiation "experiments" have become well-accepted processes of federal agencies.

A lead agency or interagency committee will be designated by the President to facilitate and encourage use of alternative dispute resolution.

Federal agencies are now required to consult with that lead agency or committee and are now permitted to participate in binding arbitration in some situations. Under the 1996 Act, coverage has been expanded to include additional dispute resolution techniques, such as "ombudsmen," and the use of ADR in some workplace conflicts, including Hatch Act violations, retirement, insurance, certain suspensions, removals, examinations and appointments. The 1996 Act directs the lead agency or interagency committee to develop guidelines to expedite the acquisition of neutrals and to encourage use of alternative dispute resolution in the federal government.

Lastly, this legislation amends the Labor-Management Relations Act of 1947 (Taft-Hartley) by permanently adding section 173(f) of Title 29 of the United States Code so that FMCS may provide all forms of ADR assistance to federal agencies. Under this legislation, FMCS continues to assist agencies in negotiated rulemaking processes as well as other ADR procedures by providing training, facilitation, mediation, and other neutral skills.

- X. The U.S. Code of Federal Regulations at 45 CFR 90.43(c)(3), issued by the Department of Health and Human Services, implementing its authority under the Age Discrimination Act of 1975, 42 U.S.C. 6101 et seq., authorizes the Service to provide mediation assistance for the resolution of age discrimination charges.
- XI. The Air Traffic Management Performance Improvement Act of 1996 (Public Law 104-264, 49 U.S.C. Section 40122(a)(2)), directs the FMCS to mediate disputes between the Administrator of the Federal Aviation Administration and its employee representatives if these bargaining parties fail to reach a negotiated agreement.
- XII. The Homeland Security Act of 2002 (Public Law 107-296), in Title VIII, Subtitle E, gives the Secretary of Homeland Security the option of using "the services of the Federal Mediation and Conciliation Service" to "facilitate the process of attempting to reach agreement" on proposed personnel changes in dispute. A majority of employee representatives making recommendations with respect to proposed changes also have the option of calling for the services of FMCS. Legislation has recently been enacted adding similar provisions for the Department of Defense and the Department of Veterans Affairs.

FEDERAL MEDIATION AND CONCILIATION SERVICE

BUDGET AND STAFFING BY ACTIVITY

(in thousands of dollars)

							Increase or De	ecrease	
	2004			2005		2006	2005 to 2	2005 to 2006	
	Full-Time		Full-Time		Full-Time		Full-Time		
	Equivalent	Amount	Equivalent	Budget	Equivalent	Budget	Equivalent	Budget	
	Employment	Obligated	Employment	Authority	Employment	Authority	Employment	Authority	
Dispute and Preventive Mediations, and Public									
Information*	210	\$32,074	218	\$33,269	211	\$33,385	-7	+	\$117
2. Arbitration Services	10	654	9	637	9	645	sir-ne	+	8
National Office Support and Administrative Services	46	8,051	45	8,169	47	8,301	2	+	132
Labor-Management Cooperation Program	3	1,853	3	1,868	0	0	-3	-	-1,868
5. School Yard Mediation	1	497	1	496	0	0	-1	_	-496
Sub-Total Appropriated	270	\$43,129	276	\$44,439	267	\$42,331	-9		\$2,107

Total Program

Increase or Decrease 2005 to 2006 2004 2005 2006 Full-Time Full-Time Full-Time Full-Time Equivalent Amount Equivalent Budget Equivalent Budget Equivalent Budget Employment Authority Employment Obligated Employment Authority Employment Authority 6. Reimbursable programs: Employment Mediation, International Training \$1,600 \$100 and Institute Courses...... 9 \$1,430 9 \$1,500 9 **FMCS** Training and Education (SWCT)..... 794 0 750 750 0 0 Sub-Total \$2,224 \$2,250 \$2,350 \$100 Reimbursable 9 9 9 0 **TOTAL RESOURCES** 279 \$45,353 285 \$46,689 276 \$47,031 -9 -\$2,007

Total Program

^{*}Collective Bargaining and Grievance Mediations (Dispute), Relationship Development Training (Preventive), and Outreach (Public Information) Workload

FEDERAL MEDIATION AND CONCILIATION SERVICE BUDGET ESTIMATES FISCAL YEAR 2005 FINANCIAL REQUIREMENTS

(in thousands of dollars)

	FY 2003 _ Actual	FY 2004 Actual	FY 2005 Estimated	FY 2006 <u>Request</u>
Personnel Compensation	23,393	24,295	25,732	25,362
Personnel Benefits	<u>\$6,030</u>	<u>\$6,479</u>	<u>\$6,805</u>	<u>\$6,920</u>
Benefits of Former Personnel	<u>\$5</u>	<u>\$71</u>	<u>\$10</u>	<u>\$0</u>
Travel and Transportation of Persons	<u>\$2,070</u>	<u>\$1,703</u>	<u>\$1,797</u>	<u>\$1,760</u>
<u>Transportation of Things</u>	<u>\$0</u>	<u>\$9</u>	<u>\$0</u>	<u>\$0</u>
Rents, Communications, and Utilities	5,972	6,126	6,484	6,584
Rental Payments to GSA	4,770	5,067	5,354	5,476
Rental Payments to Others	6	1	8	8
Communications, Utilities and Micellaneous Charges	1,196	1,058	1,122	1,100
Printing and Reproduction	<u>\$45</u>	<u>\$58</u>	<u>\$52</u>	<u>\$50</u>

	FY 2003 <u>Actual</u>	FY 2004 <u>Actual</u>	FY 2005 <u>Estimated</u>	FY 2006 Request
Other Contractual Services	1,224	1,969	1,486	1,081
Advisory and Assistance Service	41		1,480 30	30
Other Services	543	845	655	250
Other purchases of goods and services from	043	040	655	250
Government Accounts	126	85	89	89
Operation and Maintenance of Facilities	29	4	20	20
Medical Care	19	19	30	30
Operation and Maintenance of Equipment	466	995	662	662
Supplies and Materials	\$ <u>418</u>	\$ <u>300</u>	\$ <u>340</u>	\$ <u>329</u>
<u>Equipment</u>	<u>\$508</u>	<u>\$628</u>	<u>\$245</u>	<u>\$245</u>
Grants, Subsidies and Contributions	<u>\$1,490</u>	<u>\$1,491</u>	<u>\$1,488</u>	<u>\$0</u>
Sub total of appropriated	\$41,155	\$43,129	\$44,439	\$42,331

	FY 2003 <u>Actual</u>	FY 2004 Actual	FY 2005 Estimated	FY 2006 Request
Reimbursable Programs (non-appropriated)	<u>\$2,047</u> 924	<u>\$1,430</u> 773	<u>\$1,500</u> 826	<u>\$1,600</u> 826
Compensation Benefits	208	185	220	220
Travel	327	228	200	200
Communications	14	12	10	10
Printing	12	1	0	0
Other contractual services	527	212	125	125
Supplies and materials	34	18	19	19
Equipment	1	1	100	200
Sub total of Reimbursable Programs	\$2,047	\$1,430	\$1,500	\$1,600
FMCS Training and Education (non-appropriated)	<u>\$708</u>	<u>\$794</u>	<u>\$750</u>	<u>\$750</u>
Seminars, Workshops, Conferences and Training	448	385	325	325
New mediator costs	0	0	80	80
Tuition	80	92	92	92
Other contractual services	126	248	190	190
Supplies & materials	16	26	20	20
Subscriptions & training materials	38	43	43	43
Sub total of FMCS Training and Education	\$708	\$794	\$750	\$750
TOTAL RESOURCES	\$43,910	\$45,353	\$46,689	\$44,681

FEDERAL MEDIATION AND CONCILIATION SERVICE

Detail of Total Employment - End of Year

	2004 <u>Actual</u>	2005 Estimated	2006 Estimated
Executive Level III	1	1	1
ES-6	3	<u>3</u>	<u>3</u>
Subtotal	4	4	4
GS-15	24 170 28 3 4 1 4 20 10 7 2 0 0 0 273	24 184 25 3 3 1 4 18 10 7 2 0 0 0	23 184 23 2 3 1 3 16 9 6 2 0 0 0
Total employment, end of year	277	285	276
Full-time equivalent (FTE) usage		285*	276*
Average ES Salary Average GS Level Average GS Salary	12.86 \$ 88,414	\$165,333 12.95 \$ 91,552	12.96 \$ 95,034

^{*9} FTE funded by reimbursable activities.

VI. MISSION AND PROGRAM STRUCTURE

The 1947 Taft-Hartley amendments to the National Labor Relations Act (herein called the Labor-Management Reporting Act, or the LMRA), established the FMCS as an independent agency charged with mediating all labor-management disputes substantially affecting interstate commerce.¹ Congress stated its intent to advance and promote the best interests of employers and employees through the collective bargaining process, mediation of disputes and voluntary arbitration.² Our mission is to:

- Promote the development of sound and stable labor management relationships;
- Prevent or minimize work stoppages by assisting labor and management to settle their disputes through mediation;
- Advocate collective bargaining, mediation and voluntary arbitration as the preferred processes for settling issues between employers and representatives of employees;
- Develop and advocate the art, science and practice of conflict resolution through the use of alternative dispute resolution;
- Assist parties in conflict through the provision of conflict resolution services;
 and,
- Foster the establishment and maintenance of constructive joint processes to improve labor-management relationships, employment security and organizational effectiveness.

For fifty-seven years, the Agency has embraced these principles. FMCS programs, developed and enhanced over the decades, demonstrate the Agency's commitment to the prevention or minimization of interruptions to the free flow of commerce growing out of labor disputes, and to improving the relationship between labor and management. FMCS programs include the following:

A. Collective Bargaining Mediation

Mediation of collective bargaining contract negotiations is the primary work of this Agency. This includes mediation for an initial contract and contract renegotiations in both the private and public sectors. The mediator's task is to develop alternative

FMCS jurisdiction under Taft-Hartley excludes the rail and airline industries, which are covered by the Railway Labor Act and the National Mediation Board.

Section 201 of the LMRA.

solutions and compromises, encourage settlement where appropriate, control the critical timing of offers, and persuade the parties to honestly identify their differences.

FMCS has jurisdiction over the private sector and the Federal sector.³ Federal sector work includes mediation of mid-term contract disputes, mediation over terms and conditions of employment in successor contracts, and other alternative dispute resolution systems.

For FY 2004 Cameos in the arena of collective bargaining mediation, see Appendix A.

B. Grievance Mediation

Grievance mediation involves the use of a neutral party to mediate grievances arising during the life of a contract. This service is provided to the private and public sectors. Of all contracts reached in FY 2004, 19% were of more than 3 years duration.⁴ Longer contract terms raise the specter of increased grievances. Left unresolved, the grievances become sources of contention between the parties. We have seen an increase in grievance mediation over the last three years,⁵ and in FY 2004 grievance mediation activity increased to over 1600 cases.

C. Relationship-Development and Training

Since its inception, FMCS has offered relationship development and training programs designed to improve the labor-management relationship and develop approaches that prevent friction or disputes from arising. The training improves the quality of the parties' relationship and makes collective bargaining as a whole more effective. In FY 2003, this work represented 16.2% of our workload, and in FY 2004, it represented 15.2% of our workload.⁶ FMCS relationship-development and training programs include:

• Alternative Bargaining Training: This program teaches the benefits and techniques of a non-adversarial, joint problem-solving approach to negotiation focusing on the interests that underlie the parties' positions.

In 1974, FMCS jurisdiction was expanded to include health care institutions, and in 1978, our jurisdiction was expanded further to include disputes arising in the Federal sector. In 1979, Congress extended our jurisdiction to the U.S.P.S.

⁴ 2427 cases divided by 12,753 agreements reached nationwide. This percentage is roughly equivalent to the number for FY 2000, 2001 and 2002. Data from reports generated on August 11, 2004.

⁵ See Workload Projection Chart in Section VI.

Calculated by dividing the number of relationship-development and training cases provided this fiscal year by the sum of collective bargaining mediation, grievance mediation, relationship-development and training, and outreach cases (total of 14,910).

- Relationship by Objective: Improves the parties' relationship with one another, particularly where the relationship has worsened after a contentious representation election, initial contract negotiation, or strike. These training sessions are held off site and require a team of mediators.
- Committee Effectiveness Training: Assists the parties in developing joint labor-management committees designed to bring the parties into regular communication.
- Partners in Change: Explores the organization's current culture, identifies perceptions within the organization, creates a vision for the future, and designs systems that effectuate change.
- Labor-Management Work Site Committee Training: Helps labormanagement committees extend to the work site level, forming work site committees, group interactions, and learning techniques to manage change.
- Contract Administration/Steward-Supervisor Training: Training for front line supervisors and shop stewards on their roles and responsibilities in contract administration, grievance processing, the arbitration procedure, and interpersonal communications for building cooperative relationships.
- Facilitation Training: Training that focuses on the skills needed to build a successful labor-management committee through facilitation, understanding of adult learning and working styles, and planning effective meetings.
- Cultural Awareness Skills for Labor and Management: Addresses cross cultural conflicts in a workplace setting and how to function in a multicultural work setting.
- Collective Bargaining and Mediation Training: Designed to train the parties on effective negotiation and communication skills.

For FY 2004 Cameos in Relationship-Development and Training, see Appendix B.

D. Outreach

FMCS mediators meet with representatives of labor and management to educate the parties regarding alternative dispute resolution and how the FMCS can be of service to them. These outreach events include one-on-one meetings, presentations, conferences, symposia, and workshops.

E. Employment Mediation

Outside the collective bargaining arena, FMCS has been involved in employment mediation in the public sector, primarily for the Federal sector, but also for state and municipal governments. The Administrative Dispute Resolution Act of 1990, the Negotiated Rulemaking Act of 1990, and the Administrative Dispute Resolution Act of 1996 expanded FMCS's role as a provider of alternative dispute resolution services to the Federal sector. The legislative design was to expand the use of alternative dispute resolution throughout the Federal government, reduce litigation costs, and promote better government decision making. FMCS mediators handle employment-related complaints

from Federal agencies⁷ and provide consultation and training to many Federal agencies.⁸

For FY 2004 accomplishments in employment mediation see Appendix C.

F. International Training and Exchange

The work of FMCS extends beyond the domestic border. The Agency plays an important role in promoting collective bargaining and conflict resolution in other nations. Our international work is a small, but integral part of the Agency's services. Other nations struggle to compete effectively in a globally integrated marketplace. Part of that struggle includes an assessment of the role and structure of the country's labor relations systems. Other nations and foreign organizations have sought our assistance in designing systems that resolve and prevent industrial conflict where a formal system has not been developed to manage it. International training programs are also a knowledge-sharing experience; we are "cross-trained" as we gain familiarity with complex issues affecting the global economy. As a result, we are more effective in assisting labor and management in resolving disputes with international implications. The International Training and Exchange program runs as a reimbursable program and is funded by sponsors such as the United States Department of Labor, the International Labor Organization, and the Department of State.

For FY 2004 accomplishments in this arena, see Appendix D.

G. Arbitration Services

Arbitration is favored by national labor policy and is used almost universally to resolve disputes arising over contractual terms. FMCS maintains a roster of 1400 private arbitrators, and, upon request from the parties, FMCS furnishes a list of names from which they can choose an arbitrator to hear their case and render a decision. We maintain standards for arbitrators' admission to the FMCS roster, including requiring ethics training, and have a customer feedback mechanism by which we measure our performance in issuing panels of qualified arbitrators.

For performance goals for FY 2005 and 2006, see Appendix F.

H. Grants Program

The 1978 Labor-Management Cooperation Act authorizes the Agency to encourage and support joint labor-management committees "established for the purpose

⁷ Some of our larger contracts include the Equal Employment Opportunity Commission, Federal Bureau of Investigation, Department of Homeland Security, Immigration and Citizen Enforcement, Internal Revenue Service, and United States Postal Service.

⁸ Training for Federal agencies in FY 2004 included the Environmental Protection Agency, and National Strategic Gaming Center, National Defense University

of improving labor management relationships, job security and organizational effectiveness, enhancing economic development or involving workers in decisions affecting their jobs including improving communication with respect to subjects of mutual interest and concern." Congress funds this initiative in the Agency's annual appropriations, and grants are distributed to encourage labor-management committees to develop innovative joint approaches to workplace problems. In fiscal year 2004, we awarded 11 new competitive grants and 4 non-competitive at a cost of \$1.3 million. These grants supported labor-management committees representing approximately one million employees in both the private and public sector. The 2006 budget does not include any funds for grants.

For performance goals for FY 2005, see Appendix G.

I. FMCS Institute For Conflict Management

The FMCS Institute offers training and education to labor and management practitioners in a centralized classroom format. Institute classroom training, provided away from the workplace, maximizes communication among all the participants. The Institute gives training in practical conflict resolution skills, collective bargaining, arbitrator and arbitration skills-building, facilitation process skills, group dynamics, multi-party facilitation, cultural diversity, equal employment opportunity complaint mediation skills, and workplace violence prevention. The Institute runs as a reimbursable program and is funded by fees received for delivery of training.

For performance goals for FY 2005 and 2006, see Appendix H.

20 Crog Solom 2006 - AB

Section 205A(a)(1).

VII. WORKLOAD PROJECTIONS FY 2005 and FY 2006

The matrix on the following pages represents the Agency's workload over prior fiscal years and the estimated workload in FY 2005 and FY 2006. It should be read in conjunction with the Agency's strategic program objectives detailed in Section VIII.

WORKLOAD PROJECTIONS OUTPUTS AND OUTCOMES (IMPACT) FISCAL YEARS 2005 AND 2006

PROGRAM SERVICES	Actual FY 2001	Actual FY 2002	Actual FY 2003	Actual FY 2004	Estimated FY 2005	Estimated FY 2006
1. COLLECTIVE BARGAINING MEDIATION	F1 2001	F 1 2002	F1 2003	F 1 2004	F1 2005	F1 2000
Assigned Cases ¹⁰	19,116	19,303	19,516	18,493 ¹¹	19,000	19,000
Private Sector	17,241	17,266	17,568	16,738	17,167	17,167
Public Sector (State and Municipal)	NA	NA	1,329	1,295	1,328	1,328
Federal Sector	NA	NA	619	460	505	505
Active Cases ¹²	6,424	6,757	6,640	4,748 ¹³	5,781	4,781
Private Sector	NA	NA	4,912	3,274	4,191	3,291
Public Sector (State and Municipal)	NA	NA	1,218	1,077	1,150	1,050
Federal Sector	NA	NA	510	397	440	440
Activity Rate ¹⁴	33.6%	35%	34%	26%	30%	25%

Section 8(d) of the Act requires that any employer or labor organization provide notice to this Agency 60 days prior to contract expiration. This is known as an "F-7" notice. All F-7 notices where the bargaining unit is greater than 15 employees are assigned to a mediator. There are cases, therefore, that are not assigned, because of the size of the bargaining unit. Additionally, all newly certified units (certified by the National Labor Relations Board or the Federal Labor Relations Authority) are also assigned to a mediator regardless of the unit size.

This number is less than it was in prior years because the Agency determined that it was no longer appropriate to group collective bargaining mediation cases with grievance mediation cases. In prior years, this number included assigned grievance mediation cases and assigned collective bargaining mediation cases. The Agency determined that these cases are sufficiently different as to warrant separation.

Active cases represent the number of assigned cases where mediators have become active in the negotiations. Because mediation is a voluntary process, a mediator cannot become involved in contract negotiations unless the parties agree. When the parties consent to a mediator, the case is considered "active." "Active" is defined as attendance at a joint bargaining session with the parties. Activity rate is defined as the percentage of assigned cases where the offer of mediation was accepted by the parties.

As with assigned cases, this number is less than it was in prior years because the Agency determined that it was no longer appropriate to group collective bargaining mediation cases with grievance mediation cases. In prior years, this number included assigned grievance mediation cases and assigned collective bargaining mediation cases. The Agency determined that these cases are sufficiently different as to warrant separation. This is the case for all line items under "Active Cases."

PROGRAM SERVICES	Actual	Actual	Actual	Actual	Estimated	Estimated
	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Number of Active Cases Settled		5,128	4,988	3,768	4,626	3,824
Percentage of Active Cases		75%	74%	79%	80%	80%
Settled through FMCS ¹⁵						
2. GRIEVANCE MEDIATION						
Assigned Cases	NA	1,011	1,419	1,639	1,471	1,471
Active Cases	NA	989	1,407	1,544	1,441	1,441
Private Sector	NA	NA	NA	1,168	1,128	1,128
Public Sector	NA	NA	NA	205	168	168
Federal Sector	NA	NA	NA	171	145	145
Number of GM cases settled	NA	NA	NA	1,264	1,174	1,174
Percentage of Cases Settled Through FMCS ¹⁶	NA	NA	NA	82%	81%	81%
3. RELATIONSHIP-DEVELOPMENT AND FRAINING						
Number of Courses Provided	2,655	2,618	2,594	2,281	2,600	2,281
Private Sector		1,747	1,693	1,565	1,650	1,550
Public Sector (State and Municipal)		871	901	599	800	600
Federal Sector			213	117	150	131
Percent of Courses Surveyed	NA	NA	NA	NA	Baseline in FY 2005	
Number of new and existing L-M committees	344	337	349	347	350	350

Defined as the number of active cases divided by the number of assigned cases.

Defined as the number of active cases settled divided by the total number of active cases.

Defined as the number of GM cases settled divided by the number of active cases.

PROGRAM SERVICES	Actual	Actual	Actual	Actual	Estimated	Estimated Ext. 2006
4 PLANT ON THE WAY AND A STORY	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
4. EMPLOYMENT MEDIATION						
Number of Employment Mediation		1,198	1,310	1,596	1,700	1,700
Cases						
Federal Sector		539	525	1,417	1,095	1,095
Public Sector (State and Municipal)		31	8	5	5	5
Private		430	628	174	600	600
Percent of EM Cases Settled	NA	NA	59%	45%	50%	50%
5. OUTREACH						
Number of Outreach cases ¹⁷	5,645	5,800	5,392	4,741	4,700	4,700
Number of CBM, RDT or EM Cases	NA	NA	NA	NA	Baseline to be	
Resulting from Outreach Activity ¹⁸					determined in FY 2005	
6. ARBITRATION SERVICES						
Number of panels issued	18,305	18,885	19,023	18,033	19,021	19,021
Number of on-line panel requests	NA	NA	500	8,807	10,000	12,000
Number of arbitrators appointed	8,749	8,335	8,595	7,875	8,600	8,600
Average number of days between receipt of	5.02	6.85	7.61	7.34	5 workdays	5 workdays or
request and panel provided	workdays	workdays	workdays	workdays	or less	less
Average number of days for arbitrator appointment	NA	NA	NA	NA	Baseline	3 workdays or less

¹⁷ In order to increase their visibility in the labor-management community, FMCS requires all mediators engage in outreach activities to meet with labor representatives and management representatives within their territory or jurisdiction. These kinds of activities include attendance at conferences, meeting with local and state officials to offer FMCS services, meeting union and company representatives at places of business, and lectures.

In order to determine the effectiveness of outreach activity, FMCS's new case management system, deployed on 10/1/2004, will have fields to collect data on cases

generated from the outreach effort.

PROGRAM SERVICES	Actual	Actual	Actual	Actual EX 2004	Estimated Ext 2005	Estimated Ex 2006
	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Arbitration Program Evaluation	Used by program director	Used by program director				
Notification of arbitrator appointments by e-mail	NA	NA	NA	Baseline		
Number of complaints regarding overdue awards	NA	NA	NA	Baseline		
7. INSTITUTE						
Number of Courses Provided	9	12	13	17	15	15
Number of Participants	402	237	270	540	400	400
8. LABOR MANAGEMENT COOPERATION GRANTS						
New Grants Awarded	18	18	13	15	18	0
Percentage of grantees meeting their stated goals and objectives at least 80% of the time.	NA	NA	NA	NA	Baseline to be determined in FY 2005	
Number of employees impacted	1,600,000	380,000	950,000	1,791,111		
Secure questionnaires from 80% of grantees at the end of grant period to evaluate performance	NA	NA	NA	NA	Baseline	

Cong Sabus 2006 - Att

VIII. PROGRAM OBJECTIVES FOR FY 2006 BUDGET SUBMISSION

Program objectives for each service area are guided by the Agency's five-year strategic plan. Indicators of performance are incorporated into this section of the budget submission. For each strategic goal, there is a matrix identifying the strategic goal, the programs impacted by the goals, objectives for FY 2005 and FY 2006, and performance indicators to measure Agency success over time.

GOAL 1: Minimize the number and severity of work stoppages influencing interstate commerce, national security, and/or the U.S. health care industry. FMCS strategies include:

- 1. Define and flag cases that involve severe work stoppages;¹⁹
- 2. Determine the impact of a work stoppage on the economy;
- 3. Measure the benefits of mediation to the economy by the development of formulas and/or matrixes that estimate savings to the economy; ²⁰
- 4. Increased involvement in disputes with significant impact on interstate commerce; and
- 5. Significant focus on the health care industry.

<u>Programs Impacted</u>: This goal has its greatest impact on FMCS core mission work, collective bargaining mediation. It also impacts the information technology department. Our objectives and performance indicators for FY 2005 and FY 2006 for this strategic goal are:

26 Comp Solven 2008- Al

Severe is defined in the disjunctive as a work stoppage that has any of the following criteria:

[•] Economic impact, including a shutdown of a major industry or ancillary industry;

Substantial job loss, although the precise number might vary depending on the circumstances;

[•] Impact of the work stoppage on the community and its residents;

Workplace violence, such as picket line violence;

[•] National security issues, such as a work stoppage in an industry providing goods or services to the Department of Defense or the Department of Homeland Security;

[•] Health care, where a work stoppage risks the well-being of patients at acute care and other health care institutions:

[•] International impact, where our trading partners, relying on our goods and services, show concern about the work stoppage and its impact on their economy; and/or

[•] Unit size, although the size of the unit, on its own, may not be a factor, but can be an overall economic impact factor.

For example: the percentage of work stoppages averted because of mediator involvement, number of strike duration days reduced because of mediator involvement, and the direct or indirect impact of a strike on other industries.

Strategic Goal 1 – Minimize Work Stoppages Impacting Interstate Commerce

<u>Objective</u>	FY 2005	Performance Indicator	Accomplished (Yes/No)	FY 2006	Performance Indicator	Accomplished (Yes/No)
Collect data on severe work stoppages	Generate report through new database on severe work stoppages	Ability to run monthly reports in new database system, with data on severe work stoppages			Demonstrated managerial ability to utilize the work stoppage report to monitor strike situations.	
	Secure labor economist to generate baseline impact of work stoppages	Contract with labor economist and monitor contract to ensure that baseline is secured by the end of FY 2005			Utilize economic model to project impact of Agency services on work stoppages	
Economic Benefits of Mediation	Secure labor economist to generate baseline impact of mediation impact on the economy	Contract with labor economist, and monitor contract to ensure that baseline is secured by the end of FY 2005			Utilize economic model to project impact of mediation on the overall economy.	
Increase Activity Rates in Industries with Significant Impact on Commerce	Determine which industries we have not penetrated	Convene field committee to discuss and prepare memorandum listing the industries where we are not active and the basis for lack of activity.		Select 2 industries to target	High level meetings in two industries, using the strategies developed in FY 2005	

<u>Objective</u>	FY 2005	Performance Indicator	Accomplished (Yes/No)	FY 2006	Performance Indicator	Accomplished (Yes/No)
	Determine if there is greater resistance to FMCS involvement within employer community	Attend employer oriented programs and meet with appropriate employer representative to gain input for programs designed to overcome resistance.	,	Develop communications program and plan for internal change to address employer concerns about FMCS involve-	Implement a communications program and any necessary internal changes to address employer concerns about FMCS involvement.	
	Plan strategy for increased activity	Field committee working group to generate concrete strategies to employ in order to increase penetration in industries where we are not active		ment.	Implement field committee recommendations. In subsequent years, review the activity rate for industries targeted.	
Focus on Industries with Impact on Economy	Demonstrate pre-assignment of case prior to receipt of contract expiration	As of 3/30/2005, demonstrate that Directors of Mediation Services have pre-assigned cases in the new database system.			Continued demonstration of pre- assignment of cases through the new system.	
	Demonstrate industry expertise Information sharing	Completion of industry seminars in FY 2005 (See strategic goal 2) Completion of Intranet to post industry settlement information				

28 .

<u>Objective</u>	FY 2005	Performance Indicator	Accomplished (Yes/No)	FY 2006	Performance Indicator	Accomplished (Yes/No)
Focus on Health Care Industry	Prepare and post specific information relating to the health care industry	Demonstrate that new database can generate monthly reports in health care, for posting on the Intranet. Report should include the following issues: • Consolidation/merger issues; • Community concerns, e.g., neighborhood concerns; • Sole health care institutions within a community; Access to health care. Demonstrate posting and dissemination of information on health care.			Commence Intranet site for articles and information of interest in the health care industry.	
Outreach	Determine number of outreach cases resulting in increased activity rates	Demonstrate that new database system can generate a report indicating how many outreach cases resulted in CBM, RDT, or EM work.			Ensure that outreach activities are generating interest in FMCS services and change strategy if necessary.	

<u>GOAL 2:</u> Increase the number of collective bargaining partners with an ongoing commitment to improving their relationship.

Programs Impacted: This goal relates to the Agency's relationship-development and training programs, the Institute for Conflict Management, and the grants program. The relationship-development and training programs, in particular, are designed to enable the parties to more effectively and efficiently manage conflict that is inherent in a unionized environment. These programs are designed to improve the labor-management relationship and develop approaches toward collective bargaining that prevent disruption or disputes from arising. Relationship-development and training programs are delivered by mediators to private and public sector labor-management partners. The Institute provides centralized classroom training to large groups, but also targets the improvement of the collective bargaining relationship and the workplace overall. The Institute runs as a reimbursable program. We have provided grants to labor-management committees that have improved the parties' relationship and made contract negotiations more productive (See Appendix B for specific examples of how the grants program improved collective bargaining). Our strategic goal envisions that, through these programs, we can:

- 1. Increase the number of collective bargaining partners committed to cooperation on a variety of issues;
- 2. Assess the success of the relationship-building programs provided through evaluations:
- 3. Change programs based on evaluations;
- 4. Reduce workplace disputes;
- 5. Increase productivity, and
- 6. Improve labor-management communications.

Based on these strategic goals, the following are FY 2005 and FY 2006 objectives and performance indicators:

30 Cong Salan 2006 - AB

Strategic Goal 2 – Increase Number of Collective Bargaining Partners Committed To Improvement of the Relationship

<u>Objective</u>	FY 2005	Performance Indicator	Accomplished (Yes/No)	FY 2006	Performance Indicator	Accomplished (Yes/No)
Relationship Development and Training Programs	Build an evaluation system to be used immediately after training, 6 months after training, and one year after training	Using field input, develop a post evaluation tool to determine the impact of the training.		Commence use of the new evaluation tool	Use evaluation/survey tool to determine the impact of training programs, whether the parties' relationship improved, how it improved, and the impact of training on collective bargaining as a whole.	
	Use new case management system to randomly select parties for evaluation	Demonstrate that over the course of FY 2005, we can generate reports in the new database system to commence evaluating RDT customers		Focus on relationship-development programs such as RBO, CET and LMC to determine effectiveness of programs	Develop evaluation tools that specifically measure programs that are designed solely to improve the relationship.	
Institute	Post training evaluations	After every course, conduct evaluations and provide analysis memorandum		Post training evaluations	After every course, conduct evaluations and provide analysis memorandum	
Institute		Post-course evaluations for Arbitration for Advocates			Post-course evaluations for Arbitration for Advocates course measured against	

Objective	FY 2005	Performance Indicator	Accomplished (Yes/No)	FY 2006	Performance Indicator	Accomplished (Yes/No)
		course to determine success of the program. See Appendix H.			the baseline secured from FY 2005 evaluations. See Appendix H.	
Grants	Percentage of grantees meeting	1. Compile a list of all grants expiring in 2004.		Monitor grants expiring in 2005, 2006	1. Compile a list of all grants expiring in 2005.	
	their stated goals and objectives at least 80% of	2. Send questionnaires to grantees at the end of grant period to evaluate performance. Secure 80%		and 2007 and determine percentage of grantees	2. Send questionnaires to grantees at the end of grant period to evaluate performance. Secure 80% return rate.	
	the time.	return rate. 3. After site visits by		meeting their stated goals and objectives	3. After site visits by mediators, submit written reports by mediators, assessing accomplishment of grantees'	
		mediators, submit written reports by mediators, assessing accomplishment of grantees' goals.		at least 80% of the time.	goals.	

<u>Goal 3</u>: Facilitate a commitment to, and development of, systems for handling workplace disputes arising outside of the collective bargaining context.

In a May 2004 survey, fifty percent of responding companies estimated that an employment lawsuit cost a company at least \$100,000. Ten percent of these companies indicated it cost more than a million dollars. New alternative processes are available to resolve individual employment disputes that threaten competitiveness, efficiency, productivity and morale.

The Agency partnered with the Straus Institute for Dispute Resolution at Pepperdine University to research and develop approaches to dispute resolution systems design in the workplace. The focus was on systems that addressed conflicts in the unionized workplace that are not ordinarily handled through an organization's collective bargaining agreement. The goal was to promote and facilitate the design of dispute systems to labor and management partners who are interested in developing a system that handles workplace disputes that fall outside of the collective bargaining arena, such as EEO complaints, morale problems or other statutory issues not contemplated by the collective bargaining agreement. Based upon intensive review of emerging best practices, FMCS developed a dispute systems design protocol through which the Agency can help organizations create their own internal systems for handling disputes that fall outside the collective bargaining agreement. The approach, known as DyADS (Dynamic Adaptive Dispute Systems) is currently being piloted by FMCS in several different settings.

<u>Programs Impacted</u>: This goal impacts employment mediation work but only tangentially. We do not anticipate substantial new involvement in mediation of EEO cases arising from the design of the system. Instead, our goal is to work with the parties in designing a system to handle employee complaints, monitor the progress of the system, and evaluate its success. We do expect, over the long term, to develop synergy with our relationship-development and training programs since the process of constructing DyADS is likely to impact labor-management relationships generally. Below are the objectives of this goal for FY 2005 and FY 2006:

Strategic Goal 3 – Assist Labor and Management in Creating Dispute Systems to Resolve Conflict

<u>Objective</u>	FY 2005	Performance Indicator	Accomplished (Yes/No)	FY 2006	Performance Indicator	Accomplished (Yes/No)
Identify pilot projects	Complete private sector pilot	Analyze the impact of the DyADS system on the private sector pilot, including reduction of workplace complaints as a result of the DyADS system		Complete evaluation of pilots	Review and revise programs as necessary based on the experiences during pilot program; include evaluation of workplace complaints as a result of the DyADS system	
	Commence facilitation and design of system for further pilots, including the Federal sector	Identify and commence facilitation for other DyADS projects. Secure one Federal sector customer for a DyADS pilot		Commence wider rollout to customer base		
	Regional conferences to explain the program to existing customer base	Conduct 4 or 5 conferences in FY 2005 to market the program to LM customers				

<u>Goal 4</u>: Assist labor and management to effectively deal with major issues that drive conflict in the evolving workplace.

Bargaining takes place in an environment laden with rapid changes: technological advancements, rising health care costs, and a demographically changing workforce that now includes a high percentage of immigrants, employees of different races and national origin, and generational changes. Our task is to prepare ourselves and the parties to deal with these trends that drive conflict in the workplace. This goal is designed to meet this demand. Our strategies include:

- 1. Industry seminars to educate field staff on specific critical labor issues arising in critical industries and how to deal with them at the bargaining table;
- 2. Development of a nationwide committee, consisting of high-level labor and management officials, and academicians, to addresses health care issues that arise at the bargaining table and devise successful solutions;
- 3. Train all mediators to handle difficult issues during bargaining;
- 4. Benchmark work stoppage reports against specific issues (i.e., health care, technology, globalization and diversity) to gauge the percentage of strike situations where these issues were factors;
- 5. Train the labor-management community how to effectively bargain over these complex issues.

<u>Programs Impacted</u>: This goal will directly impact collective bargaining mediation and relationship-development and training programs provided to the public. It will also impact administrative/support services such as the Training and Education Department and the Information Technology Department. Below are the objectives of this goal for FY 2005 and FY 2006:

Strategic Goal 4 – Assist Collective Bargaining Partners In Handling Major Issues Driving Workplace Conflict

Objections	FY 2005	Performance Indicator	Accomplished	FY 2006	Performance Indicator	Accomplished
<u>Objective</u>	<u>F1 2005</u>	Performance indicator		F 1 2000	Performance indicator	
Industry Seminars by Training and Education Department	Hold industry seminars in health care for all mediators and hold initial seminars on	All seminars should be completed by the end of FY 2005	(Yes/No)	Complete Pension Issue Seminars and continue industry seminars in the	Commence at least two of the training programs identified.	(Yes/No)
	the issue of Pensions.			Telecommunica- tions or the Utilities industry		
Through RDT, provide training to L-M community on diversity, globalization, technological advancements and rising health care costs	Measure how many RDT programs train on diversity, globalization, technological advancements, and rising health care costs. Commence public education seminar on the issue of Healthcare. Explore the need to develop training programs for use by field mediators in areas of	FY 2005 database will identify the number of RDT programs on these issues.		Return to LM partners receiving RDT training and evaluate the program. Pilot and offer new or revised RDT programs	At least one new program offered	
	globalization, technology and diversity					

<u>Objective</u>	FY 2005	Performance Indicator	Accomplished	FY 2006	Performance Indicator	Accomplished
			(Yes/No)			(Yes/No)
Track number	New database	FY 2005 database will			FY 2006 database will have	
of work	system will track	have work stoppage			work stoppage report that can	
stoppages	work stoppage	report that can identify			identify work stoppages	
where	cases where	work stoppages involving			involving these issues.	
diversity,	diversity,	these issues.				
globalization,	globalization,					
technological	technological					
advancements	advancements and					
and rising	health care are					
health care	"strike" issues					
costș are a						
strike issue						

Cong Selen 2000 - A

<u>Goal 5</u>: Share knowledge gained from the Agency's experience in workplace conflict resolution with those outside of the workplace context.

The purpose of this goal is to encourage dissemination of conflict resolution processes domestically and internationally. Since the passage of the Administrative Dispute Resolution Act of 1996, the Agency has expanded the Agency's practice of alternative dispute resolution outside the workplace collective bargaining context. ADR has become the preferred choice in working toward settlement and our mediation experience places us in a unique position to disseminate the knowledge we gather and to share it with others.

<u>Programs Impacted</u>: This goal focuses on all mediation services, but particularly on outreach and the international training and education programs. Below are the objectives of this goal for FY 2005 and FY 2006:

38

Cong Sahan 2008-

Strategic Goal 5 – Share Knowledge Gained From Workplace Conflict Resolution

<u>Objective</u>	FY 2005	Performance Indicator	Accomplished (Yes/No)	FY 2006	Performance Indicator	Accomplished (Yes/No
Determine Criteria for Knowledge Sharing	Promote through: 1. FMCS authorship of academic publications, law reviews, and other scholarly publications; 2. Involvement in professional organizations such as ACR, FDR, IRRA and share knowledge gained through circulation of notes or agenda from	Number of publications by field staff Number of cooperative efforts with professional organizations	(Yes/No)	Authorship, publications, involvement in professional organizations, and dissemination of information	Number of publications by field staff Number of cooperative efforts with professional organizations	(Yes/No
	meetings nationwide; 3. Centralization of information through public affairs office and use of technology to disseminate information.	3. Frequent dissemination of industry settlements	·		3. Frequent dissemination of industry settlements	

<u>Objective</u>	FY 2005	Performance Indicator	Accomplished (Yes/No)	FY 2006	Performance Indicator	Accomplished (Yes/No
International	1. Greater involvement in China 2. Technical assistance in free trade agreements (bilateral, regional and multilateral) 3. Continuation of technical assistance with ILO Declaration of Fundamental Principles of Rights At Work			Development of criteria for involvement in international projects that impact the workplace relationship.		
	4. Partnership with NGOs, USAID to support democracy programs 5. Greater partnership with international organizations, such as Organization of American States, Asia Pacific Economic			-		

Goal 6: Expand the Agency's presence in the Federal sector.

The purpose of this goal is to expand FMCS services to the Federal sector by providing employment mediation to Federal agencies. Section 173(f) of the LMRA provides that "the Service may make its services available to Federal agencies to aid in the resolution of disputes under the provisions of subchapter IV of chapter V title 5." The same section of the statute provides that FMCS services can "include assisting parties to disputes related to administrative programs, training persons in skills and procedures employed in alternative means of dispute resolution, and furnishing officers and employees of the Service to act as neutrals." Accordingly, the statutory intent was for the FMCS to assist Federal agencies in resolving employment and other workplace disputes.

<u>Programs Impacted</u>: This goal impacts employment mediation services provided by the field offices and by the National Office's ADR department. Below are the objectives of this goal for FY 2005 and FY 2006:

Comp Sales 2001 - AB

Objective	FY 2005	Performance Indicator	Accomplished	FY 2006	Performance Indicator	Accomplished
			(Yes/No)			(Yes/No
Determine Criteria for Seeking Employment Mediation Work	Short Term Focus In Following Areas: Government and Federal administrative agencies: Where there is a governmental interest, or where the work is inherently governmental,	1. Increase number of Federal agencies with active contracts for mediation of employment cases or for relationship-development and training programs 2. Measure number of cases where co-mediation		Increase Federal sector work.	1. Increase number of Federal agencies with active contracts for mediation of employment cases or for relationship-development and training programs	<u>(Yes/No</u>
	FMCS should have substantial involvement because of the statutory intent of the Administrative Resolution Act of 1996. State and local agencies: (political and administrative divisions of the state) Coordinate, communicate, and cooperation with state and local agencies for efficient delivery of services. Academic Partners: (formal and informal): Work with universities to partner on ADR coursework; Courts: Court-directed mediation relating to the workplace context;	occurred with state agencies 3. Develop baseline number of ADR courses with universities 4. Develop baseline number of court mediation cases 5. Develop baseline number of training sessions held for foreign governments to provide conflict resolution skills, and building capacity for mediation services. 6. Develop baseline number of participants in foreign training sessions				

FY 2005	Performance Indicator	Accomplished	FY 2006	Performance Indicator	Accomplished
		(Yes/No)			(Yes/No
International organizations and foreign governments: Training for friendly foreign governments, ILO local officials, and NGOs, in conflict resolutions skills to resolve workplace disputes and in building mediation agencies. Long Term Focus Develop criteria along these lines: 1. Workplace nexus; 2. Impact on core mission work; 3. Impact on interstate commerce, on the workplace, and on the community; 4. Scope and nature of the conflict/project; 5. "Return" or "benefits;" 6. Financial and human capital resource allocation needs;	Develop committee responsible for determining a matrix tracking the criteria and evaluating the work based on the criteria.	Accomplished (Yes/No)	International organizations and foreign governments: Training for friendly foreign governments, ILO local officials, and NGOs, in conflict resolutions skills to resolve workplace disputes and in building mediation agencies. Long Term Focus Use criteria along these lines for selection of projects: 1. Workplace nexus; 2. Impact on core mission work; 3. Impact on interstate commerce, on the workplace, and on the community; 4. Scope and nature of the conflict/project; 5. "Return" or "benefits;" 6. Financial and human	Performance Indicator	Accomplished (Yes/No
	International organizations and foreign governments: Training for friendly foreign governments, ILO local officials, and NGOs, in conflict resolutions skills to resolve workplace disputes and in building mediation agencies. Long Term Focus Develop criteria along these lines: 1. Workplace nexus; 2. Impact on core mission work; 3. Impact on interstate commerce, on the workplace, and on the community; 4. Scope and nature of the conflict/project; 5. "Return" or "benefits;" 6. Financial and human capital resource allocation needs; 7. Goodwill costs versus	International organizations and foreign governments: Training for friendly foreign governments, ILO local officials, and NGOs, in conflict resolutions skills to resolve workplace disputes and in building mediation agencies. Long Term Focus Develop criteria along these lines: 1. Workplace nexus; 2. Impact on core mission work; 3. Impact on interstate commerce, on the workplace, and on the community; 4. Scope and nature of the conflict/project; 5. "Return" or "benefits;" 6. Financial and human capital resource allocation needs; 7. Goodwill costs versus	International organizations and foreign governments: Training for friendly foreign governments, ILO local officials, and NGOs, in conflict resolutions skills to resolve workplace disputes and in building mediation agencies. Long Term Focus Develop criteria along these lines: 1. Workplace nexus; 2. Impact on core mission work; 3. Impact on interstate commerce, on the workplace, and on the community; 4. Scope and nature of the conflict/project; 5. "Return" or "benefits," 6. Financial and human capital resource allocation needs; 7. Goodwill costs versus	International organizations and foreign governments; Training for friendly foreign governments, ILO local officials, and NGOs, in conflict resolutions skills to resolve workplace disputes and in building mediation agencies. Long Term Focus Develop criteria along these lines: 1. Workplace nexus; 2. Impact on core mission work; 3. Impact on interstate commerce, on the workplace, and on the community; 4. Scope and nature of the conflict/project; 5. "Return" or "benefits;" 6. Financial and human capital resource allocation needs; 7. Goodwill costs versus benefits. ILO local officials, and NGOs, in conflict resolutions skills to resolve workplace disputes and in building mediation agencies. Long Term Focus Use criteria along these lines for selection of projects: 1. Workplace nexus; 2. Impact on interstate commerce, on the workplace, and on the community; 4. Scope and nature of the conflict/project; 5. "Return" or "benefits;" 6. Financial and human capital resource allocation needs; 7. Goodwill costs versus benefits.	International organizations and foreign governments: Training for friendly foreign governments, ILO local officials, and NGOs, in conflict resolutions skills to resolve workplace disputes and in building mediation agencies. Long Term Focus

Cong Subm 2006 - AB

IX. ADMINISTRATIVE SERVICES

The Agency has performance goals for its administrative services and other departments run by the National Office in Washington, D.C. The National Office departments and administrative services include:

- a. Office of Administration and Information Technology: Information technology, procurement, and other administrative matters.
- b. Training and Education: Training for all Agency employees, subscriptions for books and journals, and attendance at conferences.
- c. Office of the General Counsel: Legal and policy advice/support to the Director, representation of the Agency before the Merit Systems Protection Board, the Office of the Special Counsel, the Equal Employment Opportunity Commission, the Federal Labor Relations Authority, and FOIA inquiries.
- d. Office of Budget and Finance: All budgetary and financial matters, including the accountability of the external audits and the processing of all payments made to and from the Agency.
- e. Human Resources: Responsible for all human resource and personnel matters in the National Office and the field, including hiring mediators.
- f. Notice Processing: Data processing of all contract expiration notices required by Section 8(d) of the Act, new certifications under Section 9 of the NLRA, and arbitration panel requests from parties.
- g. Public Affairs: Handles all media and congressional inquiries.

Below are the performance goals and objectives for each of these departments and services for FY 2005 and FY 2006.

44

Long Switch 24,

a. Office of Administration and Information Technology

Objectives	FY 2005	Accomplished	FY 2006	Accomplished
	Performance Indicator	(Yes/No)	Performance Indicator	(Yes/No
Case	Deploy new case		Continuous improvement in	
Management	management system		functionality of case management	
Systems	nationally		system and deployment of version 2	
Arbitration	Continued development of		Finalize development and deployment	
System	new arbitration system to		of new arbitration system to	
	electronically manage and		electronically manage and process	
	process arbitration panel		arbitration panel request	
	request			
Technological	Evaluate effectiveness of		Evaluate effectiveness of PDAs and	
Improvements	PDAs and determine		determine usefulness of additional	
	usefulness of additional		purchases	
	purchases			
	Upgrade laptops for field		Upgrade laptops for field mediators	
	mediators with computers		with computers older than 3 years	
	older than 3 years			
	Evaluate efficiency and		Evaluate efficiency and usefulness of	`
	usefulness of e-Room and		e-Room and Faciliate.Com software	
	Faciliate.Com software			
	Refine Web-based		Refine Web-based electronic forms	
	electronic forms			
	Continue development of		Continue development of computer	
	computer security system		security system to protect IT resources	
	to protect IT resources			

b. Office of Training and Education

Objectives	FY 2005	Accomplished	FY 2006	Accomplished
1. T	Performance Indicator	(Yes/No)	Performance Indicator	(Yes/No)
Mediator	Edit and revise content.		Continue to edit and revise	
Resource	Issue new CD-ROM that		content. Maintain electronic	
Center	can be updated		update system.	
	electronically.			
	Integrate Resource			
	Center CD with the			
	Intranet			
Industry	As noted in Strategic		Complete pension issue seminars	
Seminars	Goal 4, industry		and then focus on	
	seminars to be presented		1. Telecommunications or	
	on the Health care	,	2. Construction	
	(industry) and initiate			
	seminars on the issue of			
	pensions			
Davidan	As indicated in Strate -:-		Daview DDT evaluation mass-	
Development of RDT	As indicated in Strategic		Review RDT evaluation process	
	Goal 2, develop		and implement continuous	
Curriculum	evaluations for RDT		evaluation of RDT programs	
	programs and conduct		through online customer surveys nationwide.	
	evaluations of FMCS		nationwide.	
	services immediately			
	after training, 6 months			
	later and one year later.			
	Pilot evaluation process			
	in at least two regions	<u> </u>		
	Revise RDT curriculum		Continue to update and revise	
			RDT curriculum	
	Explore the need to			i
	develop training		Pilot and offer new or revised	
	programs for use by field		training programs as indicated by	İ
	mediators in areas of		2005 review.	
	globalization technology,	1		1
	health care, and			
	diversity.			
Evaluate Value	Conduct cost/benefit			
of E-Learning	analysis of whether e-			
Tools	learning tools are			
	appropriate for continued			
	resource allocation			
Develop New	Revamp new mediator		Evaluate success of new mediator	
Mediator	training programs based		program	
Training	on revised mediator			
	competencies			
Training for	Develop a managerial		Evaluate managerial training and	
Managers	training and succession		succession plan and continue to	
Linked to New	plan and implement		provide training.	
Competencies	training practices		1	
and Succession				
Planning.				
0				
			1	

46

Cong Sobra 21

Objectives	FY 2005	Accomplished	FY 2006	Accomplished
_	Performance Indicator	(Yes/No)	Performance Indicator	(Yes/No)
Knowledge	Using electronic		Evaluate and continue to provide	
Sharing	resources, determine		opportunities for mediator	
	strategies for increased		information sharing.	
	information sharing			
	among mediators			

c. Human Resources

Objectives	FY 2005	Accomplished	FY 2006	Accomplished
	Performance Indicator	(Yes/No)	Performance Indicator	(Yes/No)
Revision of	Identify new and		Assess impact of changes and modify	
Mediator Core	existing mediator		as necessary	
Competencies	competencies			
	Revise Recruitment			
	Bulletin			
	Alter critical elements			
	to align with new			
	competencies			
	New performance			
	evaluation system to			
	reflect new			
	competencies and			
	critical elements			
	New mediator			
	assessments to			
	determine individual			
<u> </u>	education and			
	improvement plan for			
D	new employees			
Revision of	Determine best		Design and deliver initial training.	
Managerial Core	practices			
Competencies	Outline critical	<u> </u>	A d	
	elements for managers		Assess training programs and make	
			necessary changes.	
	based on best practices New managerial			
	performance appraisal			
	system to reflect new			
1	competencies and			
	critical elements			
	Identify training			
	options and vendors			
ļ	for initial and	(
	continuing			
	manager/supervisor			
	training			
	Τ	<u> </u>	<u> </u>	1

d. Office of the General Counsel

Objectives	FY 2005	Accomplished	FY 2006	Accomplished
	Performance Indicator	(Yes/No)	Performance Indicator	(Yes/No)
Policy Advice	Advising Director on		Advising Director on important policy	
	important policy issues.		issues	
Streamline	Activate online searches for			
FOIA	public to retrieve			
Requests	information on notice filing			
	without the need for paper			
	FOIA request			
Legal	Keeping abreast of		Keeping abreast of Federal/regulatory	
Developments	developments in the law of		requirements applicable to FMCS.	
	dispute resolution as		Keeping abreast of developments in the	
	applicable to FMCS and		law of dispute resolution as applicable	
	updating managerial and		to FMCS and updating managerial and	
	field personnel as		field personnel as appropriate	
	appropriate			
	Keeping abreast of		Keeping abreast of Federal/regulatory	
	Federal/regulatory		requirements applicable to FMCS.	
	requirements applicable to			
	FMCS.			

e. Office of Budget and Finance

Objectives	FY 2005	Accomplished	FY 2006	Accomplished
	Performance Indicator	(Yes/No)	Performance Indicator	(Yes/No)
Timely payments	No penalties paid for late payments		No penalties paid for late payments	
Unqualified audit	Clean opinion on external audit		Clean opinion on external audit	
No erroneous payments	No duplicate or unauthorized payments		No duplicate or unauthorized payments	
Funds accountability	100% reconciled fund accounts		100% reconciled fund accounts	
Timely monthly closing and reports	Monthly travel and operating reports complete by the 10 th work day		Monthly travel and operating reports complete by the 10 th work day	

f. Notice Processing

Objectives	FY 2005 Performance Indicator	Accomplished (Yes/No)	FY 2006 Performance Indicator	Accomplished (Yes/No)
Accurate Data Entry	Deployment of new system		Refine new F-7 on-line system; refine NPU functionality in case management system; begin development of web functionality for customers.	
Timely Entry of F7 Notices	Timely entry of F7 Notices (within 30 days prior to expiration).		Timely entry of F7 Notices (within 30 days prior to expiration).	
Increase online filing of F7 Notices	Notify parties whose contracts are expiring via e-mails when possible Increase online filing by 10%		If we meet the 10% in FY 2005, then additional 5%.	

g. Public Affairs

Objectives Communicate	FY 2005 Performance Indicator Maintain or improve year-	Accomplished (Yes/No)	FY 2006 Performance Indicator Maintain or improve year-over-year	Accomplished (Yes/No)
FMCS	over-year recognition of		recognition of mission and value of	
mission and	mission and value of FMCS		FMCS services over 2005 as	
services to	services over 2004 as		indicated by surveys of and feedback	
key audiences	indicated by surveys of and feedback from media, customers and other key audiences		from media, customers and other key audiences	
Encourage cost-effective public use of FMCS information and services via Web site online access	Increase 2005 Web site year- over-year traffic from 2004 monthly levels		Increase 2006 Web site year-over- year traffic from 2005 monthly levels	
Provide resources on collective bargaining trends	Upgrade Agency Intranet to provide such resources and measure staff usage of resources		Upgrade Agency Intranet with information resources and increase staff usage of resources as measured year over year	

49

Cong South 2

APPENDIX A

FY 2004 Collective Bargaining Mediation Cameos

Industry-Wide Impact – Retail Supermarket Negotiations

The retail food industry and its unions have endured contentious labor disputes during this fiscal year, and in each case, the most significant issue during bargaining was health care costs.

Before the high profile Southern California supermarket strike began, 3300 employees at 44 Kroger stores in West Virginia, Ohio and Kentucky went on strike. FMCS commenced mediation prior to the strike and continued its presence during the 59-day strike. The central issue was health care. During the strike, FMCS regional leadership asked the parties to change the venue of negotiations to the Agency's Cincinnati office. Once the parties arrived in Ohio, a 2-day marathon bargaining session was held and tentative agreement was reached bringing the 59-day work stoppage to a close. The economic and social impact on the parties and the public was significant: Kroger did not operate their stores during the strike and consumers in some areas had to travel 30 miles to purchase food. The Governor of West Virginia and the mayors from some of the affected major cities remained in constant contact with the Agency regarding the status of negotiations.

Meanwhile, as mediators assisted the parties in West Virginia, Ohio and Kentucky, the Southern California supermarket negotiations were underway. On October 11, 2003, 60,000 grocery employees of Vons, Safeway, Ralphs, Kroger and Albertsons, struck or were locked out, affecting 859 stores. The strike lasted for 20 weeks. The tense situation garnered significant local and national press, and the FMCS continued to receive thousands of calls from strikers pleading for a solution. The AFL-CIO staged picket lines at other grocery stores throughout the country. The Governor of California remained in touch with the Agency on the progress of negotiations. The Director intervened at a number of critical points during the strike. The parties were deadlocked over the cost and scope of health benefits and two-tier wage system for future employees. The employers were particularly concerned about their ability to compete with other supermarket chains like Wal-Mart. After a 16-day marathon session, the Director succeeded in finding a mediated solution that included a two-tier wage and benefit plan. Industry experts report that the strike cost the grocery stores \$2 billion dollars in lost sales. It was a punishing strike for all involved and the longest running in the industry.

While negotiations were ongoing in Southern California, other supermarkets commenced contract talks with their unions. Forty-thousand employees of Stop and Shop on the East Coast (in Rhode Island, Connecticut and Massachusetts) threatened to strike. The strike was narrowly averted just hours before the unions planned to vote on a walkout. The strike would have been seen as an extension of the contentious dispute in Southern California, and many believed it came close to becoming a nationwide strike affecting all grocery retailers. However, with the help of a mediator, agreements were reached on primary issues, pay increases and health care, and a strike was averted.

1

Coop Selon 2006

The settlements reached in each of these three cases clearly impacted the industry as a whole. In each of the above cases, the parties agreed to a two-tiered health plan, providing for lesser benefits for newly hired employees compared with maintenance of benefits for senior employees. That two-tier pattern became the framework for settlement in the Giant-Safeway contract for the Baltimore-Washington, D.C., area covering 24,000 employees. After the Giant-Safeway negotiations concluded for the Baltimore-Washington, D.C., area, labor and management reported that the Southern California experience made both sides more careful about taking hard-line stances.

Contracts around the country covering 67,000 employees in Houston, Kentucky, Seattle and Northern California expire in the next few months. Two-tier agreements seem to becoming more common in the industry as the union tries to maintain a health care package for its members.

Allegheny General Hospital/SEIU 1199P

Allegheny General Hospital (AGH) is a 728-bed academic health center serving Pittsburgh and the surrounding five-state area as a Shock Trauma Center, the highest certification available. The hospital is highly ranked for overall health care services in the nation, particularly for kidney and heart disease. It admits 29,000 patients annually and logs more than 450,000 outpatients. The hospital's 1400 nurses are represented by SEIU 1199P.

The parties commenced negotiations on August 5, 2003, for renewal of their contract which was to expire on October 13, 2003. The union's top five priorities included: safe staffing ratios, adjusted for acuity; banning mandatory overtime; across-the-board percentage wage and salary increase and an improved longevity scale for all RNs; affordable, quality health benefits; and improving pension and retirement benefits. The hospital also submitted extensive contract proposals, including substantial changes in healthcare coverage and premiums.

At the first bargaining session attended by an FMCS mediator, the parties discussed the ramifications of a strike and if the union intended to engage in one when the contract expired in October. By statute, the Director of FMCS may appoint a Board of Inquiry (BOI) when a "threatened or actual strike or lockout affecting a health care institution will substantially interrupt the delivery of health care in the locality concerned." The Board of Inquiry is responsible for investigation of the issues and submits a written report containing the findings of fact as well as non-binding recommendations for settling the dispute.

A Board of Inquiry was recommended because of a strike's significant impact on health care in the surrounding area. Because of the size and special services of the facility, a strike or lockout would substantially interrupt the delivery of health care in Western Pennsylvania. The parties stipulated to a BOI based on a certain timeline.

The parties agreed to share information relating to their proposals, particularly regarding staffing and mandatory overtime issues. Bargaining intensified in September, before contract expiration. Sixteen negotiation sessions took place with a Federal

Clamp Subra 2006 - A

mediator, and upon contract expiration, the parties agreed to extend it for a ten-day period. After the ten-day period expired, the Agency informed the parties that the BOI would commence if the parties did not reach an overall tentative agreement shortly. The prospect of a BOI renewed the parties' efforts to reach agreement and, finally, after a 41-hour bargaining session, the parties reached agreement.

<u>Scavenger Companies (Chicago Garbage Companies) / International Brotherhood</u> of Teamsters

The International Brotherhood of Teamsters represents 3300 garbage haulers employed by 16 private waste-hauling firms in Chicago. City high-risers and business districts were affected, as well as 36 suburbs. Over a half million people did not have garbage collected for nine days while the employees were on strike. The strike shut down transfer stations and dumping sites, leaving no place to haul the garbage, even if there were truck drivers available to remove it. According to press reports, the lack of garbage collection posed such a serious health threat that Cook County considered seeking a court injunction forcing the employees back to work. Uncollected garbage causes bacteria growth and attracts flies and vermin, which spread disease from the garbage to human food sources nearby, according to environmentalists at the University of California, whose comments on this issue appeared in the press. The issues for negotiation included wages, health insurance, management rights, vacations, pensions and contract duration. After an 18-hour marathon mediation session with the FMCS, the employers raised their final offer, which was accepted and ratified by the union membership.

Cook County Hospital / International Nurses Association

Cook County Hospital is a conglomerate of 20 different hospitals, health centers and ambulatory care centers, with 1800 nurses working in its various departments. The hospital has 464 beds in its medical, obstetrics, pediatric, intensive care, neonatal intensive care and burn units. The emergency room alone treats roughly 124,000 patients a year and 302,000 patients are treated in outpatient clinics. The hospital is well known for providing obstetrics, pediatrics, various child diagnostic care, geriatric care, and HIV care to indigent patients. A strike in a unit of 1800 nurses could severely cripple the county's health care system. The issued during negotiations involved wages, hours and overtime. The most significant concern among the nurses was the hospital's proposal that was consistent with the pattern set by the county in the past. The nurses desired a far greater increase. During the middle of the stressful negotiations, new union representatives took their place at the bargaining table, which lengthened the processes.

The negotiations were tense, and worsened monthly, because the contract expired in November 2001, and the nurses worked without a contract for almost 17 months. A strike vote was passed in January 2003, over a year after negotiations commenced. The AFL-CIO, and Secretary-Treasurer Richard Trumka personally, asked the Director to escalate the mediation to higher levels of Agency management. One of the Agency's regional directors held lengthy talks with the parties, and the parties finally reached agreement.

Metro Health / AFSCME

Metro Health is a comprehensive health care provider and one of Cleveland's largest employers. Their 2200 employees are represented by the Association of Federal, State, County, and Municipal Employees (AFSCME Locals 3360 and 3353). For the first time, the parties desired a more cooperative approach to bargaining and used interest-based problem solving techniques to settle all the terms of the contract. This was a significant departure from their last round of negotiations, which were hostile and created an adversarial relationship between the parties. The parties completed their negotiations in just seven days with FMCS assistance. Although the negotiations were amiable, the parties dealt with some very difficult issues. Wages and health care benefits were settled by striking a balance between the needs of the employees and the ability of the employer to provide the benefits and still remain competitive.

Rubber Associates/UFCW

Rubber Associates' 75 employees in Ohio are represented by United Food and Commercial Workers, Local 880. During bargaining in late 2003, the company indicated its desire to lower overall production costs, including health insurance, wages and pension, to allow for greater competitiveness. The union was concerned about job security and wages. The company locked out its employees on November 1, 2003, and hired temporary replacements. The company calculated that it had sufficient inventory to last through a three-month lockout. During the lockout, the union filed unfair labor practice charges with the NLRB, while the FMCS mediator continued the mediation process, including working with the parties to research alternative health care plans, pension arrangements and wage options. Calculating that the NLRB decision could impact the parties' position, the mediator called the parties back to the table on the eve of the NLRB decision. The mediator offered some ideas for settlement to avoid protracted litigation and an even longer work stoppage. Without the mediator's efforts, at that critical moment, the parties would not have reached agreement. The parties settled and the 64-day work stoppage ended.

Disney World / UFCW, UNITE HERE, IBT, IATSE and TCIU

Disney's Buena Vista, Florida, theme park and resorts employs over 22,000 employees who are represented by various unions, including the United Food and Commercial Workers, UNITE HERE, International Brotherhood of Teamsters, of Theatrical Stage Employees and Transportation International Alliance Communications International Union. Together, the unions formed the Service Trades Council Union. The parties enjoyed a cooperative relationship until this round of contract negotiations. The contract expired on May 1, 2004, and the parties negotiated continuously for seven months. The bargaining unit rejected three contract proposals and ultimately authorized a strike. The major issues involved health care and wages. The employer historically paid for health care coverage, but due to increases in health care costs, sought to shift some of the costs to employees through premiums and copayments. Of additional concern was the pension plan and wages, particularly a wage package that sufficiently offset health care costs. During negotiations, union members demonstrated at

4.

the grand opening of Disney's newest World of Disney store on Fifth Avenue. After the third rejection of a contract offer, the employer threatened to withdraw proposed retroactive pay increases and withhold proposed bonuses that would be triggered before the holidays. At that time, the parties consented to FMCS intervention. In mid-November, the parties met under FMCS auspices and reached agreement soon thereafter. After ratification, the parties attributed the successful resolution to FMCS involvement.

Coop Seten 3756-A8

APPENDIX B

FY 2004 Relationship Development and Training and Grant Cameos

Impact of Relationship Development and Training Programs

Labor and management can request that the FMCS provide relationshipdevelopment training programs during a contract to enable the parties to more effectively and efficiently manage the conflict that is inherent in their dealings with each other. The training improves the quality of the parties' relationship and makes collective bargaining as a whole more effective, as in the following examples:

AM General & United Automobile Workers

AM General manufactures the military vehicle, the Humvee. The employer and the union had some adversarial bargaining during the 1970s and 1980s, and soon thereafter, the parties received FMCS training on interest-based bargaining techniques to improve their contract negotiations.

In the late 1990's, AM General offered a civilian version of the Humvee (called the H1) for public sale. The demand for the H1 spawned the H2 vehicle (The Hummer) and the need for a new manufacturing facility. In 1999, the parties entered into a ten year labor contract. AM General built a new plant and started production of the H2 vehicle with the union's agreement. The UAW represents 1600 employees at the H1 and H2 plants, but each falls under separate contracts.

Due to a change in union leadership and the hiring of new managers to handle the production demand for the Hummer and military vehicles, the parties experienced an unwanted shift from the vision of a team-based work environment, threatening to affect the success of the operations. Grievance activity and absenteeism increased and requests for transfers to other plants were frequent, signaling problems at the H2 plant.

Against this background, AM General was awarded a new contract estimated at \$1.2 billion for the production of the Humvee military vehicle. AM General and the UAW turned to the FMCS to provide training and guidance in an attempt to improve the relations between the parties.

After assessment of the problems at the plant, FMCS led an intensive "Relationship by Objectives" training program for the top management and union leadership representatives. In addition to the "Relationship by Objectives" training, the parties have asked FMCS to provide "Grievance Administration, and the Supervisor / Steward Relationship" training for first-line supervisors and union stewards to enhance their leadership skills, minimize grievances, and improve the relationship.

6

Cong Subsu 200

NiSource Energy Companies:

NiSource distribution companies serve 3.7 million natural gas and electric customers primarily in nine states and collectively they are the third largest natural gas distributor in the United States. Its subsidiaries, Columbia Gas of Pennsylvania, Columbia Gas of Kentucky, Columbia Gas of Maryland, Columbia Gas of Ohio and Columbia Gas of Virginia, have been working with the FMCS since 1997.

PACE, UWUA, USWA and Portsmouth Gas Workers Union Local 477 represent Columbia's operations personnel. For nearly 8 years, the FMCS has provided approximately 50 training programs to the labor and management of Columbia companies in mediation, interest-based problem solving, facilitation, strategic planning, and alternative dispute resolution skills. The Agency further supported these efforts with a small monetary grant to Columbia companies and their unions. Coupling the skills learned from FMCS training programs with the grant funding, Columbia companies and their unionized workers developed labor-management committees to jointly develop a curriculum for training personnel to meet new Department of Transportation requirements; employees completing the technical training classes earn Continuing Education Units (C.E.U), which can be applied toward an on-line associate's degree in applied sciences. So far, more than 600 employees have benefited from the classes at Columbia companies.

The strong FMCS support enabled the parties over the eight-year period to transform what had been an adversarial labor-management environment into one of collaboration and cooperation—for the mutual benefit of the company and its workers. In praising the Agency for its help, Ed Santry, NiSource/Columbia Vice President of Human Resources, said, "Many areas of the federal government get criticized, but the FMCS is an Agency that has its act together. So we here at NiSource/Columbia Gas applaud and commend you and thank you for what you've done for us."

Impact of Grants Program

The FMCS grants program has an outstanding history of helping labor and management find solutions to joint problems. In addition to fostering labor-management cooperation and collaboration, the program provides support for innovative workplace solutions that keep American workers and companies competitive. Although awarded on a yearly basis, each FMCS grant represents a long-term Agency commitment to grantees to help them succeed. In some cases, it may require a few years before a grantee's final goal is reached, but the results most often prove the wait was worthwhile, as in the following examples:

<u>Labor/Management Health Care Coalition of the Upper Midwest:</u>

In 2002, the FMCS provided a grant to a labor-management coalition in the Upper Midwest, which was working on rising health care costs in Wisconsin, Minnesota, and Iowa. The grant led to the formation of the Labor/Management Health Care Coalition of the Upper Midwest, a fund that today includes 24 Taft-Hartley health and welfare funds with over 290,000 covered lives—many of them individuals who otherwise might not

have health insurance. This Labor-Management Coalition promotes purchasing coalitions, and encourages an evidence-based medicine approach to health care, which makes health care benefits more affordable for participants. As a result, unionized companies in the Upper Midwest region have an opportunity to become part of this Taft Hartley health insurance fund. Without access to this fund, each employer would have to separately negotiate with labor over the terms of a self-insured plan, which would mean significantly higher costs for employers and employees, who perhaps could not afford to pay.

Alliant Techsystems:

In 2002, the FMCS awarded a grant to Alliant Techsystems (ATK), an aerospace and defense company that employs approximately 14,000 people in 23 states. ATK is the world's leading supplier of solid propulsion systems and the nation's largest manufacturer of ammunition. The company manufactures both strategic and tactical solid rocket propulsion systems, warheads, medium and large caliber ammunition, flares, metal parts and composite structures. The FMCS grant allowed the company and its unions to develop a labor-management committee that devised criteria for quality and productivity improvements. As a result of increased productivity, the company sales and earnings improved, allowing ATK to hire an additional 4,000 U.S. employees.

8

Coop Salvas 2004 -

APPENDIX C

FY 2004 Employment Mediation Accomplishments

Although the Agency provides employment mediation services to the private sector, efforts are concentrated on Federal sector employment mediation.²¹ Section 173(f) of the statute provides:

The Service may make its services available to Federal agencies to aid in the resolution of disputes under the provisions of subchapter IV of chapter V title 5. Functions performed...may include assisting parties to disputes related to administrative programs, training persons in skills and procedures employed in alternative means of dispute resolution, and furnishing officers and employees of the Service to act as neutrals. Only officers and employees who are qualified in accordance with Section 573 of title 5 may be assigned to act as neutrals.

The chart below represents FMCS's most significant employment mediation cases in the Federal sector.

Federal Agency	Purpose of FMCS Involvement	Number of Cases Mediated
Internal Revenue Service	Workplace and EEO complaints	158
Department of Homeland Security, Immigration and Customs Enforcement	EEO complaints	57
United States Postal Service	Non bargaining unit disciplinary cases and adverse action appeals and MSPB claims and REDRESS combined	848
Equal Employment Opportunity Commission	Internal and external EEOC cases	114
Health and Human Services, Office of Civil Rights	Age discrimination cases under ADA of 1975	185
Federal Bureau of Investigation	EEO complaints	36

²¹ Employment mediation in the private and public sectors are reimbursable activities. The Agency is compensated for travel, delivery and preparation time for each case handled.

APPENDIX D FY 2004 International Training and Exchange Accomplishments

The International Training and Exchange Department provides technical assistance and training to friendly foreign governments seeking to improve their labor relations systems. In FY 2004, FMCS conducted the following programs, with sponsorships from the organizations identified below:

Country	Purpose of the Program	Sponsoring Agency
Colombia	 Labor Management Training Program in Cali and Medellin Labor-Management Training in Bogotá Advanced Training for Senior Level LMG Officials 	International Labor Organization
Korea	Relationship development and training for the Korean Labor Education Institute	Korean Labor Education Institute
Vietnam	Training for labor, management and government representatives in interest-based problem-solving and skills/ techniques/paradigms for cooperative labor relations.	ILO
Bulgaria	Techniques of labor-conflict resolution and prevention for both new mediators and advanced mediators in the newly formed Bulgarian mediation agency	ABA-CEELI
Ireland	Training on interest-based bargaining processes	OD Consultants
Peru	Ongoing consulting and delivery of training program for Ministry of Justice	Department of Labor
Serbia and Montenegro	Training on formation and operation of dispute resolution mechanisms at the enterprise and industry level and development of a governmental mediation/conciliation institution	USAID
Philippines	Training facilitators and advocates to promote workplace cooperation and the quality of work life in the Philippines and other countries in the Asia-Pacific region.	Philippine Association of Labor- Management Councils
Cyprus,	Advised acceding EU countries on National Development Plans for the	European Foundation
Czech	provision or strengthening of governmental labor mediation services.	for the Improvement
Republic,	Workshops and conferences held in Prague and Ljubljana, Slovenia	of Living and
Estonia,		Working Conditions,
Hungary,		European Union
Latvia, Lithuania,		
Malta,		
Poland,		
Slovakia,		
Slovenia		
China, P.R.C.,	Developed and taught a 4-week course in international negotiations and	Whittier Law School,
Macao and	dispute resolution to Chinese and American law students at Sun Yat-sen	Costa Mesa, CA
Hong Kong	University.	

APPENDIX E – FY 2004 Youth Violence Prevention and Conflict Resolution **Program Accomplishments**

Community Partners

Tucson, AZ
Louisville, KY
Gallia County, OH
Los Angeles, CA
Boston, MA
Parma, OH

Washington D.C. Metro Area Frederick MD Chickasaw Nation, Ada, OK

Des Plaines, IL Chapel Hill, NC Millcreek, PA

- Peer Mediation and Curriculum Training: The FMCS Youth Initiative provides comprehensive peer mediation training to staff, faculty, and students in several community partnerships.
- Mentorship Program: In conjunction with the Joint Action in Community Service (JACS) and the Job Corps of Grafton, MA, we launched a comprehensive youth mentorship program aimed at increasing retention rates of at-risk youth participating in the Job Corps programs within that state. This model is serving as the model for a larger, regional application.
- Teen Mediafest: We have expanded this program to include an entire school district in Gallia County, Ohio, and multiple organizations in the Chapel Hill, NC community. The program offers cash incentives and community recognition to youth for winning entries that address various social health issues linked to youth violence.
- eInstruction Tools: An innovative new survey and training tool has been introduced to several community partner sites that allows stakeholders to administer electronic assessment surveys and provide much-needed education programs to youth who do not have access to computers or the Internet.
- Antibullying Program: Our comprehensive elementary-level antibullying program has significantly reduced the number of reported incidents of youth violence in one community, and is being emulated in sister community partner sites. This program seeks to teach children at an early age about the devastating effects of bullying, and provide them with alternative responses to bullying and conflict resolution.
- Interactive CD ROM: Cool School: Where Peace Rules is an interactive CD ROM that targets children in the five-to seven-year age range and teaches appropriate conflict resolution skills and behaviors in a fun, imaginative setting. This project is currently in the final development phase, and has the endorsement of educational leaders in the field of children's conflict resolution at such esteemed institutions as the University of Maryland and the University of Southern California.
- Electronic Surveys and Assessment Tools: Each partner community has used FMCS innovative software to gather valuable information from their youth, teachers, parents, law enforcement officials, and other community members to help identify problems and possible solutions in the area of youth violence.

APPENDIX F - FY 2005 and 2006 Arbitration Performance Goals

Objectives	FY 2005	Accomplished	FY 2006	Accomplished
	Performance Indicator	(Yes/No)	Performance Indicator	(Yes/No)
Decrease the	Target of 5 days from		Target of 5 days from request to	1
average time	request to panel provided		panel provided	
for providing			_	
panels				
Conduct arbitration evaluation customer forms	Submit evaluation forms in at least 20% of cases		Submit evaluation forms in at least 20% of cases	
Mentoring new arbitrators	Provide assistance to newly appointed arbitrators by establishing a mentoring program		Provide assistance to newly appointed arbitrators by establishing a mentoring program	
Increase online filing of panel requests	Increase by 25%.		If goal achieve in FY 2005, increase by an additional 5%	

APPENDIX G - FY 2005 Grants Performance Goals

Objectives	FY 2005 Performance Indicator	Accomplished (Yes/No)
* *		(165/110)
Measure	Grantees will meet their stated goals and objectives as modified by program approval	
impact of	throughout the year at least 80% of the time.	
grants		
	Questionnaires sent to grantees at the end of grant period to review performance. Secure	
	80% return of the evaluations	
	Site visits or telephonic contact by mediators	

<u>APPENDIX H – FY 2005 and FY 2006 Institute For</u> <u>Conflict Management Performance Goals</u>

Objectives	FY 2005	Accomplished	FY 2006	Accomplished
	Performance Indicator	(Yes/No)	Performance Indicator	(Yes/No)
Measure	Post-course evaluations for		Post-course evaluations for	
Impact of	Arbitration for Advocates course		Arbitration for Advocates course	
Courses	to determine success of the		measured against the baseline	
	program. This course is the one		secured from FY 2005 evaluations:	
	that is most frequently offered.			
	Measurement indicators can include:		Measurement indicators can include:	
	1. Measure of preparedness as a	E.	1. Measure of preparedness as a	
	result of the course;		result of the course;	
	2. Improved presentations as a		2. Improved presentations as a	
	result of the course;		result of the course;	
	3. Additional skills utilized as a		3. Additional skills utilized as a	
	result of the course;		result of the course;	
	4. An improved understanding of		4. An improved understanding of	
	the arbitrator's needs.		the arbitrator's needs	

APPENDIX I – PRESIDENT'S MANAGEMENT AGENDA

PRESIDENTIAL MANAGEMENT AGENDA INITIATIVE I: STRATEGIC MANAGEMENT OF HUMAN CAPITAL

ELEMENTS	METHODS OF COMPLIANCE
Compress layers within the agency to reduce distance between government and citizens Reduce number of managers and layers	 Involvement by Director of the Agency in significant and high profile cases. Eliminated 3 Regional Director positions through 1 retirement and 2 buyouts. Restructured to 2 Regional Directors (East and West) with 10 Directors of Mediation Services as line supervisors in the field, also delivering services in the field. Redistributed high-level positions by having front-line delivery of services provided to citizens by National Office managers, i.e., Director of the Institute (for development of courses, curricula, program oversight), Director of Arbitration Services (services to citizens). These programs have now reduced distance between government and
Adopt IT systems that capture the knowledge and skills of retiring employees	 Use of eLearning Tool on Advance Mediation to capture knowledge and skills of retiring employees. Jointly with eRoom technology, it allows mediators to log on, capture and share mediator best practices and experiences concerning mediation tools. Resource Center captures and shares mediator best practices in all areas of FMCS services. Holds hundreds of programs and exercises used by mediators. To increase effectiveness of this tool, the use of Resource Center will be integrated into performance criteria and field management responsibilities.

PRESIDENTIAL MANAGEMENT AGENDA INITIATIVE I: STRATEGIC MANAGEMENT OF HUMAN CAPITAL

ELEMENTS	METHODS OF COMPLIANCE
Acquire and develop talent and leadership by performance-based compensation and provide other tools to recruit, retain and reward high quality employees	 Will evaluate "acting DMS" opportunities for field mediators to serve in that position and prepare them for future leadership roles. Agency will continue to explore methods of acquiring and developing talent and leadership by performance-based compensation by: increasing the usage of QSIs, increasing the pool of money available for spot awards, and sending high quality employees to OPM training programs that prepare them for future leadership roles.
Determine core competencies within the Agency and decide whether to build internal capacity in those areas, or contract for services from the private sector	 In FY 2004, significant effort placed to identify mediator and manager core competencies. Project will continue through FY 2005. In Institute program, half of the courses use external personnel. Several courses are composed of a hybrid of both internal Agency employees as well as external experts. Many IT and other administrative functions are outsourced, such as design of new case management system and design of Agency brochures.

PRESIDENTIAL MANAGEMENT AGENDA INITIATIVE II: COMPETITIVE SOURCING

ELEMENTS METHODS OF COMPLIANCE Identify job classifications In FY 2004, we identified an additional 9 FTEs as commercial. that are susceptible to outsourcing from the private Agency has contracted work on the Web site instead of hiring government employees in Training and sector (this is generally Education and Public Affairs Departments for Web site. referred to as FAIR Act inventories, a list of job Training and Education Department has a cooperative agreement with Northeastern University to procure classifications that are research, data collection and update content for Resource Center. considered "inherently governmental" and not FMCS subcontracts organizational development work provided in connection with the Environmental susceptible to private sector Protection Agency contract. It utilizes private sector contractors in international projects for administrative services, work, compared with job logistics of conference travel, lodging, and data collection rather than have Agency personnel travel overseas for this classifications that are purpose. Institute uses outside personnel to teach some courses. considered "commercial" and may be performed by Arbitrators that are on the FMCS roster are **not** FMCS employees. Instead, the list of contractors is available non-government employees. to outside parties to use when needed. FAIR Act inventories should be public and readily available according to OMB

Circular A-76);

PRESIDENTIAL MANAGEMENT AGENDA INITIATIVE III: IMPROVED FINANCIAL PERFORMANCE

ELEMENTS	METHODS OF COMPLIANCE
Improve timely budget submissions by instituting quarterly financial statements, accelerating end-of-year reporting, comparative financial reporting on specific financial performance measurements, and integrating financial and performance	 Budget and Finance Department uses GLOWS (Orion Microsystems), a certified off the shelf software system that complies with the Joint Financial Management Improvement Program (JFMIP) requirements, Facts II, and Treasury's Standard General Ledger. The result is accurate and timely financial statements and clean audit opinions. FY 2006 OMB submission is now performance based, integrating performance information and activity based costing with Agency's budget and strategic plan.
information	• The FMCS Institute and the Office of Arbitration are now using the United States Treasury's Pay.gov for online requests to register for courses, request panels for arbitration, and pay for them online.

PRESIDENTIAL MANAGEMENT AGENDA INITIATIVE IV. EXPANDED E-GOVERNMENT

ELEMENTS	METHODS OF COMPLIANCE
Submit effective planning and performance of IT investments; decrease public reporting burden by reducing multiple filings	 Web site use to request arbitration panel online, for a cost savings of \$20 per application. Agency's list of arbitrators also keep in touch with parties and arrange hearing dates through e-mail. F-7s (statutory 8(d) notices) can be filed online.
Automate internal processes to reduce costs	 Budget and Finance Department use of online voucher system. Paperwork is reduced, vouchers are approved electronically, audited and processed through GLOWS, and all information is automatically uploaded into an access database to provide financial budget and expenditure reports on travel. For collections, Budget and Finance uses new systems for Paper Check Conversion (PCC), and Pay.gov. Through the PCC system, all checks that are received are scanned and converted to ACH debit. Used for arbitrations services, Institute payments, and reimbursable work. Streamlines processes, increases accountability for funds, reduces paperwork costs, speeds collection, automates deposit ticket, and provides electronic record of transaction. Arbitration Services incorporates all credit card information into their program system which is then linked electronically to the Mellon Bank Credit Card structure through Budget and Finance. Prior to automation, Budget and Finance would enter each credit card into the Mellon Bank system manually. Use of eRoom as a repository for Agency-wide information instead of distribution of paper copies.

	 In 2004, implemented credit card transactions through Pay.gov for Arbitration Services and added FMCS Institute program for both ACH debit and credit card transactions. Will reduce paper transactions and affiliated costs and ensure timely deposit of funds. Implementation of e-travel through Zegato company which will provide online reservations and bookings for airlines, hotels, and rental cars. For 2004, completion of case management system (CCMS) that tracks all elements of case management and
	case information.
Undertake a Federal Public Key Infrastructure (PKI) to promote digital signatures for transactions	Incorporated PKI for high-level Agency managers
Use a single e-procurement portal, www.FedBizOpps.gov, to provide access to notices of solicitation over \$25,000	NONE
Apply for and manage grant funds online through a common Web site	• All grant applications are filed online through Agency Web site. Grantees must submit minutes of meetings, milestone completion and quarterly reports online. Requests for grant disbursements are now electronic.
Utilize the Web to inform citizens of cases pending and allow access to the development of rules.	 Agency's Web site is used to communicate information to the public about the services of the Agency, best practices and the status of high-profile cases, i.e., the West Coast Ports dispute, Verizon, California grocery strike. Web site also contains Agency's performance and strategic plans. Over 200 e-mails received per month through the Web site, inquiring about Agency services.

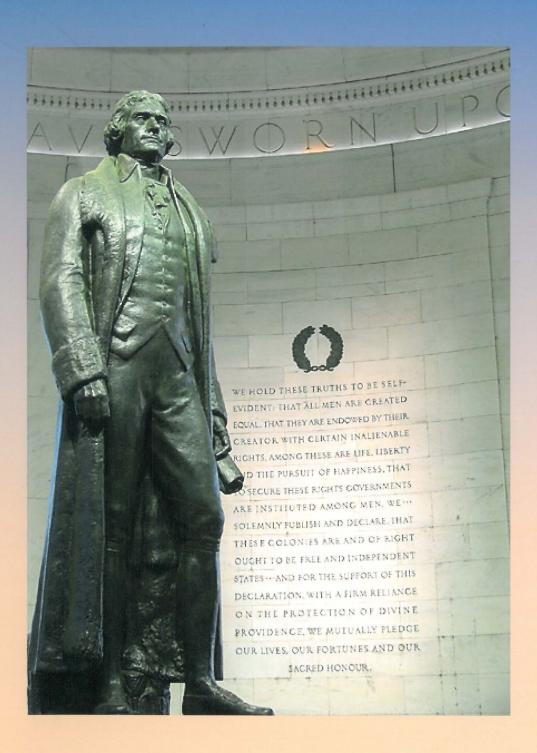
Coog Subun 2006 - AB

PRESIDENTIAL MANAGEMENT AGENDA INITIATIVE V. BUDGET AND PERFORMANCE

ELEMENTS	METHODS OF COMPLIANCE
Integrate performance review with budget submissions (commencing with the FY 2003 budget	Integrated strategic plan's performance goals with budgetary resource requirements in 2006 submission document.
submission)	• In RDT work and grant work, Agency will show greater impact and show how these programs make collective bargaining as a whole more effective. In Relationship-development and training (RDT) cases, we will randomly select completed programs and survey them for program effectiveness. With grants provided through 2005, we will determine how grantees maintained their LMCs after the grant period was over.
	• The FMCS Institute identifies high quality outcome measures, monitors performance of programs and integrates associated cost of the program by establishing a budget for each course and determining the threshold number required to meet financial obligations. After each course is delivered, a course assessment based on the attendance, evaluations, financial obligations and adherence to Agency goals and objectives is conducted, which forms the basis for continuing, altering, or discontinuing a particular course.
Identify high quality outcome measures, monitor performance of	In FY 2005, Agency will consider the following:
programs and integrate with associated cost of the program	 Analysis of retention and performance levels of new hires based on completion of new mediator training sequences. Measures can include performance rating in first year and time frame of promotions. Measure mediator competency based on training events conducted. Measure performance of mediators based on use and submission of new materials to Resource Center. Measure use and learning applications of e learning tool compared to classroom training events and costs associated with traveling to such events.

	 Compare customer feedback concerning relationship-development and training, use of the Resource Center, and training provided in feedback period. Comparison of customer survey data from 2000 to 2004 in areas of mediator competencies. Look for changes and measure against training provided.
	Grants provided through 2005 will have significant performance measurements tying back to core mission.
Budget the full cost of resources and align the budget with program activity	• Agency will review its Outreach program (which includes attendance at conferences, training programs, professional organization conferences). We will determine the costs associated with Outreach and compare it with the benefit/outcome of the program (evaluating "what we get out of Outreach").
	• Review the costs of regional labor-management conferences and compare with the results/outcome of these programs.

Federal Mediation And Conciliation Service



2007 Congressional Submission

FEDERAL MEDIATION AND CONCILIATION SERVICE

FISCAL YEAR 2007 Congressional Budget Submission

FEDERAL MEDIATION AND CONCILIATION SERVICE CONGRESSIONAL SUBMISSION – FISCAL YEAR 2007

TABLE OF CONTENTS	Page No
I. Executive Summary	1
II. Organizational Charts	4
III. Appropriation Language	6
IV. Statutory and Other Legal Authority	7
V. Budget Tables and Detailed Financial Requirements	11
VI. Mission and Program Structure	20
A. Collective Bargaining Mediation	21
B. Grievance Mediation	21
C. Relationship-Development and Training	22
D. Outreach	22
E. Employment Mediation	23
F. International Training and Exchange	23
G. Arbitration Services	23
H. Grants Program	24
I. FMCS Institute for Conflict Management	24
VII. Workload Projections	25
VIII. Program Objectives	30
IX. Administrative Services Performance Goals	46
a. Office of Administration and Information Technology	47
b. Office of Training and Education	48
c. Office of Human Resources	49
d. Office of the General Counsel	50
e. Office of Budget and Finance	51
f. Office of Notice Processing	52
g. Office of Public Affairs	52

Fiscal Year 2007 Budget Estimates

I. Executive Summary

FMCS delivers conflict resolution assistance to the nation's unionized workplaces. The core work of FMCS is to help employers and unions avoid costly work stoppages and their potentially devastating effects on local, regional or the national economy through use of our mediation services.

In this first decade of the 21st century, the Federal Mediation and Conciliation Service (FMCS) is positioned to play a key role in historic changes affecting our nation's workplaces and our economy. Today, technology is advancing at an accelerating rate, re-defining the way business is done, creating greater productivity, creating new industries but weakening others. With economic globalization has come the need for a more flexible, mobile workforce. Free trade has engendered a new set of international competitors for U.S. companies. Health care and pension costs continue to rise, placing a significant economic burden on employers and employees. This year, the labor movement faced its own internal uncertainty when a number of unions disaffiliated from the AFL-CIO. All of these dynamics present formidable challenges to the Agency charged with assisting parties who are negotiating in this rapidly changing economic environment. At the same time, they provide us with new opportunities to assist those who depend on us, and to more fully realize our mission with new techniques, training and communications tools.

In FY 2005, FMCS contracted with the Employment Policy Foundation (EPF), a nonprofit, nonpartisan public policy research foundation that focuses on workplace trends, to determine the impact of our services. Using conservative modeling techniques, their research shows that work stoppages in FY 2004 are estimated to have caused the loss of approximately 72,065,000 work hours directly. This loss resulted in at least \$1.497 billion lost wages and \$285.07 million in lost company profits. In FY 2005, the work stoppages that occurred are estimated to have caused at least \$426 million in lost wages, and \$91 million in lost company profits. In FY 2005, through early intervention in collective bargaining disputes, FMCS is estimated to have prevented 276 work stoppages and reduced work stoppage duration in 175 cases, saving at least \$2.1 billion in wages and company profits for U.S. businesses.

EPF research also showed that early FMCS involvement is critical when work stoppages actually occur. In FY 2004, FMCS involvement at any time prior to contract expiration reduced work stoppage durations by an average of 46%. In that fiscal year where the FMCS met with the parties at any time before contract expiration, work stoppages lasted an average of 15 days. However, in cases where the parties consented to mediation only after the contract expired, the average work stoppage more than doubled in length to 32 days. The impact for FY 2005 was more dramatic. If FMCS met with the parties prior to contract expiration, work stoppages lasted an average of 18.7 days, a 67% reduction compared with post-contract mediation where work stoppages averaged 58.2 days.

While the work stoppage data demonstrate the economic benefits of mediation, the data also dramatically understate the real value FMCS services bring to the U.S. economy. That value is more difficult to measure in precise economic terms because of the difficulty in

modeling the value of the stoppages that are avoided through mediation. In our third, separate and independent national study, matched pairs of labor and management chief spokespersons stated that FMCS mediation averted a likely work stoppage 51% of the time.

FMCS, like the customers we serve, is committed to the efficient use of allocated resources. In FY 2005, the Agency designed and implemented a performance matrix to measure the performance of field offices. This performance matrix compares each of our 69 field stations against the agency's national averages. Performance is evaluated over a rolling period of four fiscal years to determine collective bargaining trends in specific field stations. The results are used to ensure allocation of staff resources in a manner that maximizes efficiency.

FMCS services most often are provided during collective bargaining contract negotiations associated with the renewal of an existing contract or the negotiation of a first contract. FMCS also provides other assistance in response to requests by labor and management, such as relationship-development training that enables them to better manage any disputes during the life of a contract. Labor and management also may jointly request FMCS to mediate employee grievances that may arise after a contract is signed. These two examples are part of a menu of FMCS programs for labor and management that increase mutual understanding, improve communications, and train the parties to develop processes that enhance the productivity and competitiveness of the business unit and its workers.

With a history of more than a half century of providing mediation and facilitation services and relationship-development training, FMCS has more collective experience in dispute resolution than any other agency of government. We use our collective experience to promote conflict resolution in this country and overseas by assisting foreign governments in the development of industrial relations systems that are essential to industrial democracy and a free market.

Future Challenges

In FY 2005, approximately 17,000 collective bargaining agreements were assigned to FMCS mediators; FMCS mediation was provided at the request of the parties in approximately 30% of them. In FY 2005, FMCS mediators were at the table in more than 5,000 negotiations. Millions of U.S. workers and thousands of employers are affected by our services. In FY 2007, contracts covering almost one million employees will expire in key private sector industries, including construction, utilities, manufacturing, automobile, retail food, and hotel industries. A single work stoppage of long duration, or one affecting a large number of employees in any of these industries can cause harm to our economy that far exceeds FMCS' entire budget.

Competitiveness of U.S. companies, big and small, is significantly threatened by the rising cost of health care. Employers are shifting costs to their employees in order to remain competitive, causing significant tension at the bargaining table. In FY 2005, 45% of all collective bargaining negotiations mediated by FMCS were impacted by health care concerns. Pension costs also have become the source of increased conflict during contract negotiations. Fundamental changes are taking place in the nature and structure of employer provided retirement systems. FMCS mediators are trained to assist labor and management in

addressing these complex issues, helping them to avoid strikes and lockouts that potentially can disrupt regional and national economies or paralyze an industry that is critical to national security.

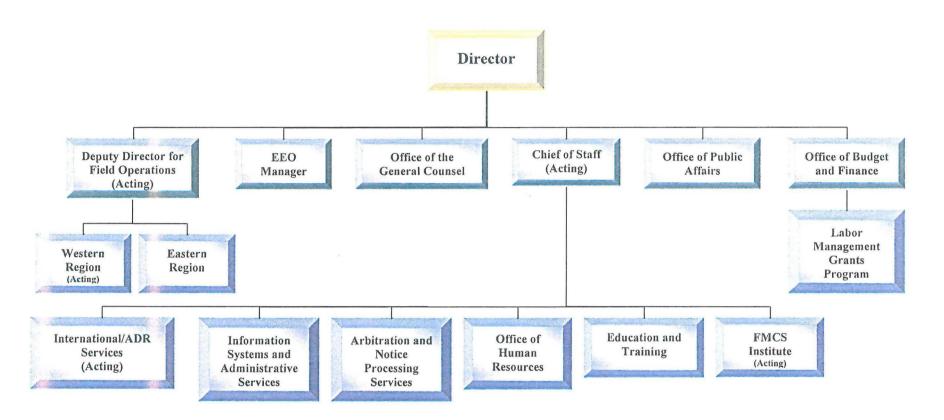
Updating the skills of FMCS mediators is an ongoing process and additional training will be deployed in FY 2006 and FY 2007, focusing on pension and outsourcing issues and on specific industry issues critical to the nation's economy. Significant emphasis will be placed on increasing the parties' understanding of mediation benefits and increasing the number of negotiations in which FMCS mediators are active.

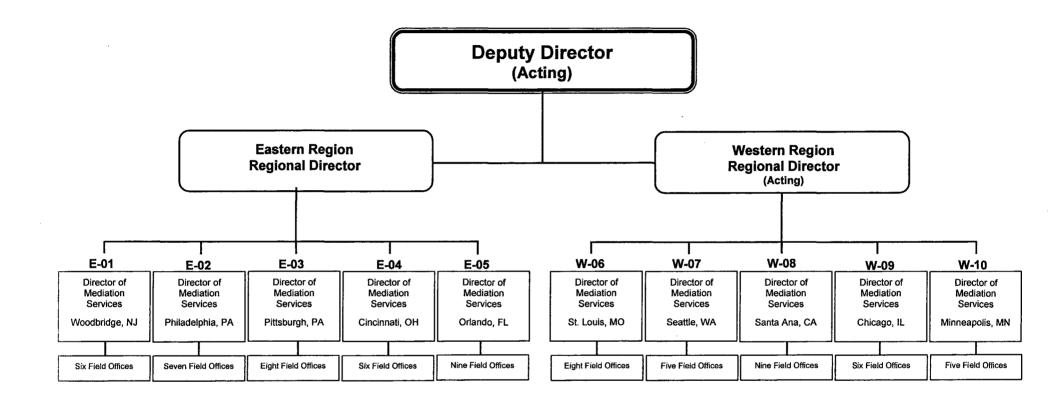
Conclusion

FMCS' mission statement reflects the statutory intent for the Agency. Our mission is to promote the development of sound and stable labor-management relationships and to prevent or minimize work stoppages by assisting labor and management in settling their disputes through mediation.

As the collective bargaining issues facing labor and management grow in complexity, the ability of FMCS to achieve its mission is critical to averting labor strife that can damage the competitiveness and productivity of U.S. companies and their employees. Given the number of anticipated collective bargaining mediations in FY 2007, coupled with increased demand and expectations of the labor-management community for related FMCS services which make collective bargaining more effective, I urge you to favorably consider this request for \$42,841,557.

II. FMCS Organizational Chart





Sixty-nine (69) Field Offices

Federal Mediation and Conciliation Service - Field Organization Chart Prepared by the Office of Budget and Finance As of February 6, 2006

III. Appropriation Language

FEDERAL MEDIATION AND CONCILIATION SERVICE SALARIES AND EXPENSES

For expenses necessary for the Federal Mediation and Conciliation Service to carry out the functions vested in it by the Labor Management Relations Act of 1947 (29 U.S.C. 171-180, 182-183), including hire of passenger motor vehicles; for expenses necessary for the Labor-Management Cooperation Act of 1978 (29 U.S.C. 175a); and for expenses necessary for the Service to carry out the functions vested in it by the Civil Service Reform Act, Public Law 95-454 (5 U.S.C. ch 71), [\$43,031,000, including \$400,000, to remain available through September 30, 2007, for activities authorized by the Labor-Management Cooperation Act of 1978 175a)] \$42,841,557: U.S.C. Provided, notwithstanding 31 U.S.C. 3302, fees charged, up to fullcost recovery, for special training activities and other conflict resolution services and technical assistance, including those provided to foreian governments international organizations, and for arbitration services shall be credited to and merged with this account, and shall remain available until expended: Provided further, That fees for arbitration services shall be available only education, training, and professional development of the agency workforce: Provided further, That the Director of the Service is authorized to accept and use on behalf of the United States gifts of services and real, personal, or other property in the aid of any projects or functions within the Director's jurisdiction. (Departments of Labor, Health and and Education, and Related Agencies Human Services, Appropriation Act, 2006.)

IV. Statutory and Other Legal Authority

FEDERAL MEDIATION AND CONCILIATION SERVICE

BUDGET ESTIMATES FOR FISCAL YEAR 2007

SALARIES AND EXPENSES, FEDERAL MEDIATION AND CONCILIATION SERVICE (FMCS), STATUTORY AND OTHER LEGAL AUTHORITIES

The Federal Mediation and Conciliation Service was established by Title II of the Labor-Management Relations Act (Taft-Hartley) in 1947 as an independent agency of the Federal Government whose primary mission was to prevent and minimize labor-management disputes affecting interstate commerce by providing mediation, conciliation, and voluntary arbitration services. All mediation and conciliation functions of the Secretary of Labor and the United States Conciliation Service were transferred to FMCS at that time. This mission includes both the private and public sectors, except for the railroad and airline industries, which are covered by the Railway Labor Act and the National Mediation Board.

In 1978, the Civil Service Reform Act directed FMCS to assist with dispute resolution in federal sector labor disputes. The Labor-Management Cooperation Act amended the Taft-Hartley Act in 1978 and authorized and directed FMCS to encourage labor-management cooperative activities. It also authorized the issuance of grants to support joint labor-management activities conducted by plant, area, public sector, and industry-wide committees.

In 1990, the Agency was authorized by the Administrative Dispute Resolution Act and the Negotiated Rulemaking Act to assist other federal agencies in resolving disputes arising out of grants, contracts, licenses, or other agency administrative actions, and to assist in the process of negotiated rulemaking. The Administrative Dispute Resolution Act of 1996 amended and permanently reenacted these 1990 Acts.

The Homeland Security Act of 2002 contains specific provisions "to ensure collaboration" between management of the newly created Department of Homeland Security and employee representatives that include the availability of FMCS mediation in the event that the parties are unable to agree on proposed personnel changes. Similar provisions have recently been enacted with respect to FMCS availability for the Department of Defense and the Department of Veterans Affairs. In addition to specifically mandated services, FMCS has offered traditional mediation services (applied to both collective bargaining and employment disputes), facilitation and training functions (applied particularly to the merging of different agency cultures), convening of disparate agency and private groups, and conflict systems design assistance and training for organizational/workplace disputes as well as for handling external complaints.

Over the years, Congress and the Executive Branch have authorized FMCS to perform a variety of dispute resolution functions as well as to assist in the improvement of labor-management relationships. Specific statutory and other authorizations of agency programs are described below.

I. The Labor-Management Relations Act of 1947 (Public Law 80-101, 29 U.S.C. 173) directs the Service to prevent or minimize interruptions of the free flow of commerce growing out of labor disputes by helping the parties settle such disputes through mediation. Parties are required to notify the Service 30 days prior to a contract termination or modification date so that mediation services may be proffered.

The Act establishes a special procedure for threatened or actual strikes which, in the opinion of the President, imperil the national health or safety. In such a situation, the President may appoint a board of inquiry to ascertain the facts with respect to the dispute. After receipt of the report, the President may seek to enjoin the strike for not more than 80 days, and a court may do so if it finds that the threatened or actual strike or lockout affects a substantial part or all of an industry and would imperil the national health or safety.

- II. The Health Care Amendments of 1974 (Public Law 93-360, 29 U.S.C. 158(d)(3)) (amending the National Labor Relations Act) include special responsibilities to prevent or minimize work stoppages in the health care industry. In the case of this industry, FMCS must be notified 60 days before the contract termination date. A 30-day notice is required in initial bargaining situations. If, in the opinion of the Director, a strike is threatened which would interrupt the delivery of health care in a locality, the Director may appoint a board of inquiry (29 U.S.C. 183). The board has 15 days within which to operate and file its report and recommendations; parties must maintain the status quo for 15 days thereafter while further negotiations and mediation take place. The parties are required to cooperate in any mediation efforts by FMCS.
- III. The Civil Service Reform Act of 1978 (Public Law 95-454, 5 U.S.C. 7119(a)) directs the FMCS to provide mediation assistance in disputes arising from negotiations between federal agencies and the exclusive representatives of their employees.
- IV. The Postal Reorganization Act of 1970 (Public Law 91-375, 39 U.S.C. 1207(a),(b)) requires the FMCS to establish fact-finding panels and arbitration boards if disputes between the Postal Service and the exclusive

representatives of its employees are not resolved prior to certain statutory deadlines.

- V. Presidential Statement, March 24, 1953. The Atomic Energy Labor-Management Relations Panel was established within the FMCS in March 1953, by President Eisenhower, in order to ensure the uninterrupted functioning of the Atomic Energy Program without strikes or lockouts due to labor-management disputes. This Panel was moved to the Atomic Energy Commission in March 1956 but was returned to FMCS under President Carter in April 1980 and renamed the Energy Labor Management Relations Panel (ELMRP).
- VI. <u>Executive Order 11374</u>, <u>October 11</u>, <u>1967</u>, <u>transferred the responsibilities of the Missile Sites Labor Commission (created by Executive Order 10946) to FMCS.</u>
- VII. The Federal Insecticide, Fungicide and Rodenticide Act of 1978, as amended (Public Law 95-396, 7 U.S.C. 136a(c)(1)(F)(iii)) requires the FMCS to provide for the appointment of arbitrators to decide disputes concerning compensation for the use or development of pesticide registration data.
- VIII. The Labor Management Cooperation Act of 1978 (Public Law 95-524, 29 U.S.C. 175(a)) amended sections 175 and 302 of the Labor-Management Relations Act and authorizes and directs the FMCS to encourage and support joint labor-management activities conducted by plant, area, and industry-wide committees designed to improve labor-management relationships, employment security, and organizational effectiveness. The Act authorizes the Service to provide grant funds to assist in the establishment and operation of these labor-management committees.
 - IX. The Administrative Dispute Resolution Act of 1996 (Public Law 104-320, 5 U.S.C., 571, et seq.) authorizes and encourages agencies to use various alternative means of dispute resolution in the federal administrative process in order to avoid the time and expense of litigation. The 1996 Act amended and permanently reenacted the Administrative Dispute Resolution Act of 1990 as well as the Negotiated Rulemaking Act of 1990. The repeal of the sunset dates and the reporting requirements of the Acts suggest that the ADR and regulatory-negotiation "experiments" have become well-accepted processes of federal agencies.

A lead agency or interagency committee will be designated by the President to facilitate and encourage use of alternative dispute resolution. Federal agencies are now required to consult with that lead agency or committee and are now permitted to participate in binding arbitration in some situations. Under the 1996 Act, coverage has been expanded to

include additional dispute resolution techniques, such as "ombudsmen," and the use of ADR in some workplace conflicts, including Hatch Act violations, retirement, insurance, certain suspensions, removals, examinations and appointments. The 1996 Act directs the lead agency or interagency committee to develop guidelines to expedite the acquisition of neutrals and to encourage use of alternative dispute resolution in the Federal Government.

Lastly, this legislation amends the Labor-Management Relations Act of 1947 (Taft-Hartley) by permanently adding section 173(f) of Title 29 of the United States Code so that FMCS may provide all forms of ADR assistance to federal agencies. Under this legislation, FMCS continues to assist agencies in negotiated rulemaking processes as well as other ADR procedures by providing training, facilitation, mediation, and other neutral skills.

- X. The U.S. Code of Federal Regulations at 45 CFR 90.43(c)(3), issued by the Department of Health and Human Services, implementing its authority under the Age Discrimination Act of 1975, 42 U.S.C. 6101 et seq., authorizes the FMCS to provide mediation assistance for the resolution of age-discrimination charges.
- XI. The Federal Aviation Reauthorization Act of 1996 (Public Law 104-264, 49 U.S.C. 40122(a)(2)), directs the FMCS to mediate disputes between the Administrator of the Federal Aviation Administration and its employee representatives if these bargaining parties fail to reach a negotiated agreement.
- XII. The Homeland Security Act of 2002 (Public Law 107-296, 5 U.S.C. 9701 (e)), gives the Secretary of Homeland Security the option of using "the services of the Federal Mediation and Conciliation Service" to "facilitate the process of attempting to reach agreement" on proposed personnel changes in dispute. A majority of employee representatives making recommendations with respect to proposed changes also have the option of calling for the services of FMCS. More recently, legislation has been enacted adding similar provisions for the Department of Defense (National Defense Authorization Act for 2004, Public Law 108-186, 5 U.S.C. 9902 (f)) and the Department of Veterans Affairs. (Veterans Health Care, Capital Asset and Business Improvement Act of 2003, Public Law 108-170, 38 U.S.C. 7403 (h) (4) (c)).

FEDERAL MEDIATION AND CONCILIATION SERVICE

BUDGET AND STAFFING BY ACTIVITY

(in thousands of dollars)

							Increase or De	ecrease
		2005		2006		2007	2006 to 2	2007
	Full-Time		Full-Time		Full-Time		Full-Time	
	Equivalent	Amount	Equivalent	Budget	Equivalent	Budget	Equivalent	Budget
	Employment	Obligated	Employment	Authority	Employment	Authority	Employment	Authority
Dispute and Preventive Mediations, and Public								
Information*	211	\$33,476	209	\$32,945	211	\$33,646	2	\$701
2. Arbitration Services	9	643	9	662	8	645	(1)	(17)
National Office Support and Administrative Services	43	8,091	45	8,301	44	8,551	(1)	250
Labor-Management Cooperation Program	2	1,733	0	396	0	0	-	(396)
5. School Yard Mediation	1	496	0	297	00	0		(297)
Sub-Total Appropriated	266	\$44,439	263	\$42,601	263	\$42,842	0	\$241

Total Program

^{*}Collective Bargaining and Grievance Mediations (Dispute), Relationship Development Training (Preventive), and Outreach (Public Information) Workload

	Full-Time	2005	Full-Time	2006	Full-Time	2007	Increase or De 2006 to 2 Full-Time	
	Equivalent	Amount	Equivalent	Budget	Equivalent	Budget	Equivalent	Budget
	Employment	Obligated	Employment	Authority	Employment	Authority	Employment	Authority
Reimbursable programs: Employment Mediation, International Training and Institute Courses	6	\$950	9	\$1,327	9	\$1,408		\$81
FMCS Training and Education (SWCT)	0	640	0	750	0	750		
Sub-Total Reimbursable	6	\$1,590	9	\$2,077	9	\$2,158	0	\$81
TOTAL RESOURCES	272	\$46,029	272	\$44,678	272	\$45,000	0	\$322

Folder: C-S FY 2007 excel Bgt Athur Stafg

Total Program

FEDERAL MEDIATION AND CONCILIATION SERVICE BUDGET ESTIMATES FISCAL YEAR 2007 FINANCIAL REQUIREMENTS

(in thousands of dollars)

	FY 2004	FY 2005	FY 2006	FY 2007
	Actual	Actual	<u>Estimated</u>	<u>Budget</u>
	•			
Personnel Compensation	24,295	<u>25,149</u>	<u>25,250</u>	<u>25,895</u>
Full-time permanent	23,784	24,511	24,700	25,335
Full-time permanent positions	23,484	24,354	24,700	25,335
Labor-Management Program compensation	225	157	0	0
Schoolyard compensation	75	0	0	0
Other than full-time permanent	225	289	230	240
Other than full-time permanent positions	225	289	230	240
Other Personnel Compensation	286	349	320	320
Overtime & holiday pay	32	21	20	20
Cash Incentive Awards	254	328	300	300
Personnel Benefits	\$6,47 <u>9</u>	<u>\$6,774</u>	<u>\$7,038</u>	<u>\$7,213</u>
Civilian Personnel Benefits	6,479	6,774	7,038	7,213
CSRS Retirement Contribution	446	436	365	340
FERS Retirement Contribution	1,813	2,007	2,100	2,200
Federal Retirement Thrift Savings Plan Contribution	797	838	890	920
Group life insurance	43	44	45	50
Health Insurance Contribution	1,234	1,363	1,470	1,520
OASDI - FERS	1,018	1,058	1,140	1,200
Employee compensation	599	575	593	528

	FY 2004 <u>Actual</u>	FY 2005 <u>Actual</u>	FY 2006 <u>Estimated</u>	FY 2007 <u>Budget</u>
Personnel Benefits (continued)				
Civilian Personnel Benefits (continued)				
Relocation expenses (PCS)	46	0	0	0
Cost-of-living allowance	41	43	43	45
Subsidy for commuting costs	25	22	25	25
Medicare contribution	337	348	367	385
Labor-Management Program benefits	57	40	0	0
Schoolyard benefits	23	0	0	0
Benefits of Former Personnel	<u>\$71</u>	<u>\$65</u>	<u>\$1</u>	<u>\$0</u>
Unemployment compensation	2	6	1	0
Voluntary separation incentive	69	36	0	0
Labor-Management Program benefits	0	23	0	0
Travel and Transportation of Persons	<u>\$1,703</u>	\$1,719	<u>\$1,800</u>	\$1,650
National office travel	148	173	140	140
Official car	6	10	10	10
Field office travel	1,519	1,527	1,650	1,500
Labor-Management Program travel	18	4	0	0
Schoolyard travel	12	5	0	0
Transportation of Things	<u>\$9</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Transportation of household goods (PCS)	9	0	0	0

.

	FY 2004 <u>Actual</u>	FY 2005 _ Actual	FY 2006 <u>Estimated</u>	FY 2007 <u>Budget</u>
	_ Actual	Actual	Estimated	<u> buuget</u>
Rents, Communications, and Utilities	<u>6,126</u>	6,208	<u>6,332</u>	<u>6,632</u>
Rental Payments to GSA	5,067	5,201	5,356	5,656
Rental payments to GSA	5,067	5,201	5,356	5,656
Rental Payments to Others	1	4	3	3
Conference room rental	1	4	3	3
Communications, Utilities and Miscellaneous Charges	1,058	1,003	973	973
Reproduction equipment rental	56	71	70	70
Miscellaneous charges	8	8	8	8
Audio-visual equipment rental	1	2	2	2
GSA Phones	292	289	277	277
FTS Phones	107	67	67	67
Commercial Phones	265	269	269	269
Data communication services	108	147	140	140
Postal services and rentals	201	134	140	140
Labor-Management Program communications	20	16	0	0
Schoolyard communications	0	0	0	0
Printing and Reproduction	<u>\$58</u>	<u>\$56</u>	<u>\$30</u>	<u>\$30</u>
FMCS forms and other printing	57	32	30	30
Labor-Management Program printing	. 0	0 -	0	0
Schoolyard printing	1	24	0	0

	FY 2004 _ Actual	FY 2005 <u>Actual</u>	FY 2006 <u>Estimated</u>	FY 2007 <u>Budget</u>
Other Contractual Services	<u>1,969</u>	<u>2,100</u>	<u>1,247</u>	<u>913</u>
Advisory and Assistance Service	21	31	28	28
Computer assisted legal research	0	14	10	10
OPM background investigations	2	6	6	6
Office equipment and machinery relocation	19	11	12	12
Other Services	845	916	547	219
Management and professional services	477	449	245	214
Official representation fund	2	2	5	5
Labor-Management Program services	9	4	0	0
Schoolyard services	357	461	297	0
Other purchases of goods and services from Government Accounts	85	88	89	89
Guard security services	85	88	89	. 89
Operation and Maintenance of Facilities	4	7	8	8
Office repairs and alterations	4	7	8	8
Medical Care	19	43	33	42
Medical care	19	43	33	42

	FY 2004 <u>Actual</u>	FY 2005 <u>Actual</u>	FY 2006 <u>Estimated</u>	FY 2007 <u>Budget</u>
Operation and Maintenance of Equipment	995	1,015	542	527
Maintenance of office equipment	87	88	105	90
Maintenance of information technology equipment	193	152	132	132
Information Technology Support Services	681	658	270	270
Support of payroll/personnel operations	27	117	35	35
Household goods storage (PCS)	7	0	0	0
Supplies and Materials	\$300	\$3 <u>22</u>	\$280	\$280
Office supplies and materials	205	231	200	200
Information technology supplies and materials	88	84	80	80
Labor-Management Program supplies	3	1	0	0
Schoolyard supplies	4	6	0	0
Equipment	<u>\$628</u>	\$ <u>558</u>	<u>\$227</u>	<u>\$229</u>
Furniture and fixtures	139	178	48	50
Information technology Hardware/Software	439	334	169	169
Audio-visual equipment	26	46	10	10
Schoolyard equipment	24	0	0	0
Grants, Subsidies and Contributions	<u>\$1,491</u>	<u>\$1,488</u>	<u>\$396</u>	<u>\$0</u>
Sub total of appropriated	\$43,129	\$44,439	\$42,601	\$42,842

	FY 2004 Actual	FY 2005 _ Actual	FY 2006 Estimated	FY 2007 Budget
			Loumated	<u>Duago</u> t
Reimbursable Programs (non-appropriated)	<u>\$1,430</u>	\$9 <u>50</u>	\$1,327	\$1,408
	ψ1,430 773	<u>φ330</u> 463	<u>Ψ1,327</u> 764	<u>Ψ1,400</u> 780
Compensation Benefits	185	116	220	255
Travel	228	207	150	150
Communications	12	2	3	3
Printing	1	_ 1	0	0
Other contractual services	212	134	171	200
Supplies and materials	18	27	19	20
Equipment	1	0	0	0
Sub total of Reimbursable Programs	\$1,430	\$950	\$1,327	\$1,408
FMCS Training and Education (non-appropriated)	<u>794</u>	<u>640</u>	<u>750</u>	<u>750</u>
Seminars, Workshops, Conferences and Training	385	270	325	325
New mediator costs	0	71	80	80
Tuition	92	121	92	92
Other contractual services	248	114	190	190
Supplies & materials	26	12	20	20
Subscriptions & training materials	43	52	43	43
Sub total of FMCS Training and Education	\$794	\$640	\$750	\$750
Sub total of non-appropriated (reimbursable obligations)	\$2,224	\$1,590	\$2,077	\$2,158
TOTAL RESOURCES	\$45,353	\$46,029	\$44,678	\$45,000

FEDERAL MEDIATION AND CONCILIATION SERVICE

Detail of Total Employment - End of Year

	2005 <u>Actual</u>	2006 Estimated	2007 <u>Estimated</u>
Executive Level III	0	1	1
ES	0	4	4
Subtotal	<u> </u>	5	5
GS-15	23	22	21
GS-14	171	171	180
GS-13	25	20	16
GS-12	6	7	4
GS-11	4	3	2
GS-10	1	1	1
GS-9	5	5	6
GS-8	19	18	18
GS-7	10	10	9
GS-6	8	8	8
GS-5	2	2	2
GS-4	0	0	0
GS-3	0	0	0
GS-2	0	0	0
Subtotal	274	267	267
Total employment, end of year	274	272	272
Full-time equivalent (FTE) usage	272 *	272 **	272 **
Average ES Salary	\$0	. \$149,200	\$153,500
Average GS Level	12.83	12.84	12.89
Average GS Salary	\$91,596	\$94,238	\$97,230

^{* 6} FTE funded by reimburable revenue.

^{** 9} FTE funded by reimburable revenue.

VI. MISSION AND PROGRAM STRUCTURE

The 1947 Taft-Hartley amendments to the National Labor Relations Act (herein called the Labor-Management Reporting Act, or the LMRA), established the FMCS as an independent agency charged with mediating all labor-management disputes substantially affecting interstate commerce.¹ In this legislature, Congress stated its intent to advance and promote the best interests of employers and employees through the collective bargaining process, mediation of disputes and voluntary arbitration.² The mission of FMCS is to:

- promote the development of sound and stable labor-management relationships;
- prevent or minimize work stoppages by assisting labor and management to settle their disputes through mediation;
- advocate collective bargaining, mediation and voluntary arbitration as the preferred processes for settling issues between employers and representatives of employees;
- develop and advocate the art, science and practice of conflict resolution through the use of alternative dispute resolution;
- assist parties in conflict through the provision of conflict resolution services;
 and,
- foster the establishment and maintenance of constructive joint processes to improve labor-management relationships, employment security and organizational effectiveness.

For fifty-eight years, the Agency has embraced these principles. FMCS programs, developed and enhanced over the decades, demonstrate the Agency's commitment to the prevention or minimization of interruptions to the free flow of commerce growing out of labor disputes and the improvement of the relationship between labor and management. According to an independent study by the Employment Policy Foundation, work stoppages in FY 2004 directly caused the loss of approximately 72,065,000 work hours.

FMCS jurisdiction under Taft-Hartley excludes the rail and airline industries, which are covered by the Railway Labor Act and the National Mediation Board.

Section 201 of the LMRA.

These work stoppages are estimated to have caused \$1.497 billion in lost wages and \$285.07 million in lost company profits.³ FMCS's primary objective is to prevent or minimize this kind of national and regional economic harm.

FMCS programs include the following:

A. Collective Bargaining Mediation

Mediation of collective bargaining contract negotiations is the primary work of this Agency. This includes mediation for an initial contract and contract renegotiations in both the private and public sectors. The mediator's task is to develop alternative solutions and compromises, encourage settlement where appropriate, control the critical timing of offers, and persuade the parties to honestly identify their differences.

FMCS has jurisdiction over the private sector and the Federal sector.⁴ FMCS gets involved in public sector disputes where there is no viable state mediation service, or, by request of the state agency and the parties. Federal sector work includes mediation of mid-term contract disputes, mediation over terms and conditions of employment in successor contracts, and other alternative dispute resolution work.

B. Grievance Mediation

Grievance mediation involves the use of a neutral party to mediate grievances arising during the life of a contract. This service is provided to the private and public sectors. Of all contracts reached in FY 2005, 19% were of more than 3 years duration. Longer contract terms raise the specter of increased grievances. Left unresolved, grievances become sources of contention between the parties. Many labor relations academicians and professionals consider unresolved grievances as having a negative impact on employee morale and efficiency of operations. (The Agency has seen an

Work stoppages between 1999 and 2004 that involved bargaining units of 1,000 or more members lasted, on average, 44 days. Stoppages in smaller-sized bargaining units averaged between 42 and 57 days. Stoppages in 2000 had the greatest impact on wages, with 406 work stoppages causing 172 million lost work hours and totaling more than \$3.3 billion in lost wages. Lost profits ranged from \$20 million in 2002 to \$285 million in 2004. The total direct impact of all 1,976 US work stoppages between 1999 and 2004 was \$12.7 billion.

In 1974, FMCS jurisdiction was expanded to include health care institutions, and in 1978, FMCS jurisdiction was further expanded to include disputes arising in the Federal sector. In 1979, Congress extended jurisdiction to the U.S. Postal Service.

⁵ 2721 cases divided by 13,982 closed assignments (19.4%). (FY 2004 showed 19% of contracts exceeded three years in duration.) Data for FY 2005 was generated from the Agency's database records for FY 2005.

See Davey, Bognanno, and Estenson, "Contemporary Collective Bargaining," (1982), 160-183. The contract's grievance machinery "provides a peaceful way of resolving any dispute that may arise. Orderly and efficient operation of any enterprise and the logic of employee democracy require that a mechanism be available for fair disposition of any case where an employee feels aggrieved."

increase in grievance mediation over the last three years.⁷ In FY 2005, grievance mediation activity remained stable compared to FY 2004).

C. Relationship-Development and Training

For decades, FMCS has offered relationship development and training programs designed to improve the labor-management relationship and develop approaches that prevent friction or disputes from arising. The training improves the quality of the parties' relationship and makes collective bargaining as a whole more effective, reducing the potential for conflict. FMCS relationship-development and training programs include:

- o Alternative Bargaining Training: Teaches the benefits and techniques of a non-adversarial, joint problem-solving approach to negotiation.
- o Relationship by Objective: Improves the parties' relationship with one another, particularly where the relationship has worsened after a contentious representation election, initial contract negotiation, or strike.
- o **Committee Effectiveness Training**: Assists the parties in developing joint labor-management committees designed to bring the parties into regular communication.
- o **Partners in Change**: Explores the organization's current culture, identifies perceptions within the organization, creates a vision for the future, and designs systems that effectuate change.
- Labor-Management Work Site Committee Training: Helps labormanagement committees extend to the work site level, forming work site committees, group interactions, and learning techniques to manage change.
- Contract Administration/Steward-Supervisor Training: Trains frontline supervisors and shop stewards on their roles and responsibilities in contract administration, grievance processing, the arbitration procedure, and interpersonal communications for building cooperative relationships.
- Cultural Awareness Skills for Labor and Management: Trains the parties in cross-cultural conflicts in a workplace setting and how to function in a multicultural work setting.
- o Collective Bargaining and Mediation Training: Trains the parties on effective negotiation and communication skills.

D. Outreach

FMCS mediators meet with representatives of labor and management to educate the parties about the economic benefits that can result from mediation and how alternative dispute resolution services provided by FMCS can increase labor-management collaboration, improve productivity, increase efficiency and avert work stoppages. These outreach events include one-on-one meetings, presentations, conferences, symposia, and workshops.

⁷ Section VI, workload projections chart

E. Employment Mediation

Outside the collective bargaining arena, FMCS has been involved in employment mediation in the public sector, primarily for the Federal sector, but also for state and municipal governments. The Administrative Dispute Resolution Act of 1996 expanded FMCS's role as a provider of alternative dispute resolution services to the Federal sector. The legislative design was to expand the use of alternative dispute resolution throughout the Federal government, reduce litigation costs, and promote better government decision-making. FMCS mediators handle employment-related complaints from Federal agencies and provide consultation and training to many Federal agencies as a cost-reimbursable service.

F. International Training and Exchange

FMCS plays an important role in promoting collective bargaining and conflict resolution in other nations. FMCS international efforts are designed to level the economic playing field for American companies and workers by strengthening the rule of law and workers' rights in developing countries. In addition to supporting U.S. companies and workers in the global market by advocating core labor standards for all nations, the program helps create the stable and productive work forces in developing countries that are needed to attract foreign investment and to improve living conditions. Equally important, FMCS helps developing democracies establish labor relations institutions that are key to the smooth functioning of free market economies. The International Training and Exchange Program is a reimbursable program and is funded by sponsors and other overseas organizations such as the United States Department of Labor, the International Labor Organization, and the Department of State.

G. Arbitration Services

Arbitration is favored by national labor policy and is used almost universally to resolve disputes arising over contractual terms. The statute encourages the FMCS to provide arbitration services for resolution of labor disputes. FMCS maintains a roster of 1400 private arbitrators. Upon requests from the parties, FMCS furnishes a list of names from which they can choose an arbitrator to hear their case and render a decision. Standards for arbitrators' admission to the roster are maintained, ethics training is required, and a customer feedback mechanism is in place to measure performance in timely issuance of panels to the public.

H. Grants Program

The 1978 Labor-Management Cooperation Act requires the Agency to encourage and support joint labor-management committees "established for the purpose of improving labor management relationships, job security and organizational effectiveness, enhancing economic development or involving workers in decisions affecting their jobs including improving communication with respect to subjects of mutual interest and

concern."⁸ The program has demonstrated that it can improve workplace relationships and instill effective and efficient conflict resolution skills. Grants awarded in FY 2004 supported labor-management committees representing approximately 1.7 million employees in both the private and public sector. The 2007 Budget eliminates funding for these grants, and focuses FMCS' resources on its core mission of mediation and conciliation.

I. FMCS Institute For Conflict Management

The FMCS Institute offers training and education to labor and management practitioners in a centralized classroom format, including courses in conflict resolution skills, collective bargaining, arbitration skills for advocates and arbitration skills-building. Institute courses are designed specifically for labor relations practitioners who want to build their skills in alternative dispute resolution. The Institute is a reimbursable program and is funded by fees received.

⁸ Section 205A(a)(1).

VII. WORKLOAD PROJECTIONS FY 2006 and FY 2007

The Agency's workload over prior fiscal years, caseload estimates, accomplishments for FY 2005, and estimated workload in FY 2006 and 2007 are included in the following pages. These estimates should be read in conjunction with the Agency's strategic program objectives detailed in Section VIII.

WORKLOAD PROJECTIONS OUTPUTS AND OUTCOMES (IMPACT) FISCAL YEARS 2005 - 20079

PROGRAM SERVICES	Actual FY 2002	Actual FY 2003	Actual FY 2004	Actual FY 2005	Estimated FY 2006	Estimated FY 2007
1. COLLECTIVE BARGAINING	11100	112000	2 2 200 1	1 2 2000	112000	2 2 200.
MEDIATION						
Assigned Cases ¹⁰	19,303	19,516	18,493 ¹¹	17,102	17,000	17,000
Private Sector	17,266	17,568	16,738	15,489	15,470	15,470
Public Sector (State and municipal)	NA	1,329	1,295	1,160	1,190	1,190
Federal Sector	NA	619	460	346	340	340
Mediated Cases ¹²	6,757	6,640	4,748 ¹³	5,215	4,536	4,536
Private Sector	NA	4,912	3,274	3,847	3,260	3,260
Public Sector (State and Municipal)	NA	1,218	1,077	1,086	1,026	1,026
Federal Sector	NA	510	397	256	250	250

⁹ In FY 2005, the Agency migrated to a new database system (which impacts the value of comparative data).

Section 8(d) of the Act requires that any employer or labor organization provide notice to FMCS 60 days prior to contract expiration. This is known as an "F-7" notice. All F-7 notices where the bargaining unit is greater than 15 are assigned to a mediator. If the bargaining unit size is less than 15, the case is unassigned. However, all newly certified units (certified by the National Labor Relations Board or the Federal Labor Relations Authority) are assigned to a mediator regardless of the unit size.

This number is less than it was in prior years because, in FY 2004, the Agency determined that it was no longer appropriate to group collective bargaining mediation cases with grievance mediation cases. (In prior years, this number included assigned grievance mediation cases and assigned collective bargaining mediation cases). These cases are sufficiently different as to warrant separation.

Mediated cases (formerly called "active" cases) represent the number of cases in the FY where mediators have become active in the negotiations. The Agency "activity rate" reflects mediated cases as a percentage of the assigned cases that are closed in the fiscal year. For FY 2005, the activity rate is calculated as 30% (4,084 cases with meeting with either party, divided by 13,982 closed assignments).

As with assigned cases, this number is less than it was in prior years because the Agency determined that it was no longer appropriate to group collective bargaining mediation cases with grievance mediation cases. (In prior years, this number included assigned grievance mediation cases and assigned collective bargaining mediation cases).

PROGRAM SERVICES	Actual FY 2002	Actual FY 2003	Actual FY 2004	Actual FY 2005	Estimated FY 2006	Estimated FY 2007
Activity rate ¹⁴	35%	34%	26%	30%	30%	30%
Number of mediated cases settled	5,128	4,988	3,768	3,557	3,946	3,946
Percentage of mediated cases settled through FMCS ¹⁵	75%	74%	79%	87%	87%	87%
Activity rate in significant cases ¹⁶	52%	50%	51%	47%	50%	50%
2. GRIEVANCE MEDIATION						
Assigned cases	1,011	1,419	1,639	1,705	1,550	1,550
Mediated cases	989	1,407	1,544	1,675	1,518	1,518
Private Sector	NA	NA	1,168	1,334	1,195	1,195
Public Sector	NA	NA	205	270	199	199
Federal Sector	NA	NA	171	141	124	124
Number of GM cases settled	NA	NA	1,264	1,212	1,138	1,138
Percentage of cases settled through FMCS ¹⁷	NA	NA	82%	72%	75%	75%
3. RELATIONSHIP-DEVELOPMENT AND TRAINING						
Number of training programs provided	2,618	2,594	2,281	2,257	2,100	2,100
Private Sector	1,747	1,693	1,565	1,315	1,380	1,380
Public Sector (State and Municipal)	871	901	599	749	620	620

Defined as the number of closed cases where there was at least one meeting divided by the number of total closed assignments.

Defined as the number of active cases settled divided by the total number of active cases.

Significant cases are defined as situations were the bargaining unit exceeds 1,000 or where the case will have a significant impact on interstate commerce (i.e. utilities or defense contracting work).

Defined as the number of grievance mediation cases settled and closed within the fiscal year divided by the number of closed GM assignments.

PROGRAM SERVICES	Actual FY 2002	Actual FY 2003	Actual FY 2004	Actual FY 2005	Estimated FY 2006	Estimated FY 2007
Federal Sector		213	117	117	100	100
Percent of training surveyed	NA	NA	NA	NA	5%-10% of RDT participants surveyed	5%-10% of RDT participants surveyed
4. EMPLOYMENT MEDIATION					501110	
Number of employment mediation cases	1,198	1,310	1,596	1,446	1,300	1,300
Federal Sector	539	525	1,417	1,202	1,235	1,235
Public Sector (State and Municipal)	31	8	5	47	5	5
Private	430	628	174	79	60	60
Percent of EM cases settled	NA	59%	45%	48%	50%	50%
5. OUTREACH						
Number of outreach cases ¹⁸	5,800	5,392	4,741	3,513	3,500	3,500
6. ARBITRATION SERVICES						
Number of panels issued	18,885	19,023	18,033	16,787	17,500	17,500
Number of on-line panel requests	NA	500	8,807	10,218	6,000	7,000
Number of arbitrators appointed	8,335	8,595	7,875	7,592	7,000	7,000
Average number of days for arbitrator appointment	NA	NA	NA	2.58	3 workdays or less	3 workdays or less
Number of complaints regarding overdue awards	NA	NA	NA	8	5	5

¹⁸ In order to increase their visibility in the labor-management community, FMCS requires all mediators to engage in outreach efforts, including meetings with labor and management representatives within their territory or jurisdiction. These kinds of activities include attendance at conferences, meeting with local and state officials to offer FMCS services, meeting union and company representatives at places of business, and lectures.

PROGRAM SERVICES	Actual FY 2002	Actual FY 2003	Actual FY 2004	Actual FY 2005	Estimated FY 2006	Estimated FY 2007
7. INSTITUTE						
Number of courses provided	12	13	17	17	10	10
Number of participants	237	270	540	450	300	300

VIII. PROGRAM OBJECTIVES FOR FY 2007 BUDGET SUBMISSION

Program objectives for each service area are guided by the Agency's five-year strategic plan. Indicators of performance are incorporated into this section of the budget submission. For each strategic goal, there is a matrix identifying the strategic goal, the programs impacted by the goals, performance objectives and accomplishments for FY 2005, and performance goals for FY 2006 and 2007.

GOAL 1: Minimize the number and severity of work stoppages influencing interstate commerce, national security, and/or the U.S. health care industry. FMCS strategies include:

- 1. define and flag cases that involve severe work stoppages to better allocate resources for work stoppage cases;¹⁹
- 2. determine the impact of a work stoppage on the economy;
- 3. measure the benefits of mediation to the economy by the development of formulas and/or matrixes that estimate savings to the economy; 20
- 4. increased involvement in disputes with significant impact on interstate commerce; and,
- 5. significant focus on the health care industry.

<u>Programs Impacted</u>: This goal has its greatest impact on FMCS core mission work, collective bargaining mediation. It also impacts the information technology department. FY 2005's performance goals and accomplishments, and goals for FY 2006 and 2007 are listed below.

¹⁹ Severe is defined in the disjunctive as a work stoppage that has any of the following criteria:

[•] economic impact, including a shutdown of a major industry or ancillary industry;

[•] substantial job loss, although the precise number might vary depending on the circumstances;

[•] impact of the work stoppage on the community and its residents;

workplace violence, such as picket line violence;

[•] national security issues, such as a work stoppage in an industry providing goods or services to the Department of Defense or the Department of Homeland Security;

health care, where a work stoppage risks the well-being of patients at acute care and other health care institutions;

[•] international impact, where our trading partners, relying on our goods and services, show concern about the work stoppage and its impact on their economy; and/or

[•] unit size, although the size of the unit, on its own, may not be a factor, but can be an overall economic impact factor.

For example: the percentage of work stoppages averted because of mediator involvement, number of strike duration days reduced because of mediator involvement, and the direct or indirect impact of a strike on other industries.

Strategic Goal 1 – Minimize Work Stoppages Impacting Interstate Commerce

FY 2005 Objective	Performance Indicator	Accomplished (Yes/No)	FY 2006 Objective	Performance Indicator	Accomplished (Yes/No)	FY 2007 Objective
Collect data on severe work stoppages	Reports on severe work stoppages.	1. Yes. New data base system generates weekly work stoppage reports, disseminated to the field to facilitate resource allocation.	1. Pre-assignment of work stoppage cases	1. 30% of work stoppage cases in FY should be preassigned.		1. Pre-assignment of work stoppage cases
	2. Baseline impact of work stoppages on economy.	2. Yes. Study completed on impact of work stoppages on economy.	2. Utilize economic model to project impact of Agency services on work stoppages	2. For all work stoppage cases in FY, conduct "impact" analysis using economic model principles. Share the results of economic model with labor and management to increase acceptance of mediation.		2. Continued utilization of economic model to demonstrate impact of work stoppages
Increase utilization of mediation prior to contract expiration	Generate baseline on impact of mediation on the economy.	Yes. Study completed on impact of mediation on the economy.	Increase utilization of mediation prior to contract expiration	Early intervention Demonstrate that shortened work stoppages benefits the economy in an amount equivalent to the FMCS budget.		Increase or maintain utilization of mediation prior to contract expiration

Objective(Yes/No)Objective(Yes/No)Increase activity rates in industries with significant impact on1. Yes. Field committee established in FY 2005.Increase mediation utilization in industries with significant impact on commerce1. Determine industries where FMCS is least industries with significant impact on commerce2. Attend employer- oriented programs and meet3. Determine industries where FMCS is least industries with significant impact on commerce	Objective
significant 2. Attend employer- 2. No. Deferred to 2006. 2. Attend employer- oriented programs and meet oriented programs and meet	and
with employer representatives to overcome resistance to mediation. 3. Develop communications program and plan for internal change to address employer concerns about FMCS involvement. 4. Develop mediator best-practices to increase activity rates and early intervention.	

FY 2005	Performance Indicator	Accomplished	FY 2006	Performance Indicator	Accomplished	FY 2007 Objective
Objective		(Yes/No)	Objective		(Yes/No)	
Focus on industries with impact on economy	1. Demonstrate pre- assignment of case prior to receipt of contract expiration.	1. No. Goal moved to FY 2006.	Increase activities in industries with impact on economy	1. Demonstrate pre- assignment of case prior to receipt of contract expiration.		Increase activities in industries with impact on economy
	2. Demonstrate industry expertise.	2. Yes. 100% of mediators completed training on health care as an issue in bargaining and health care as an industry.		2. Demonstrate early intervention in contract negotiations by meetings prior to contract expiration.		Demonstrate results of early intervention through increased activity rates.
	3. Completion of Intranet to post industry settlement information	3. Yes. Intranet completed. Industry settlements posted weekly. Mediator template on health care used by mediators during negotiations and industry settlements posted.		3. Train 100% of mediators in (1) energy/utility industry, (2) pension as an issue at the bargaining table, (3) outsourcing and (4) telecommunications.		Demonstrate results of industry expertise training through increase in activity rates.
	4. Develop performance matrix for allocation of resources.	4. Yes. Although not included in FY 2006 submission, Agency developed a performance matrix to better evaluate activity rates and place available FTEs in locations where need is.		4. Implementation of the performance matrix for allocation of resources. Evaluate all 69 field stations based on the matrix, and allocate all budgetary resources based on need.		

FY 2005 Objective	Performance Indicator	Accomplished (Yes/No)	FY 2006 Objective	Performance Indicator	Accomplished (Yes/No)	FY 2007 Objective
Increase assistance to health care industry	Prepare and post specific information relating to the health care industry on industry issues.	Yes/No 100% of mediators were trained in health care as industry. Industry information is posted on Intranet. Reports on health care industry issues not disseminated.	Continue to disseminate information on health care as an issue at the bargaining table, and disseminate information about the health care industry.	Review activity rates in the health care industry. Continue to monitor the percentage of cases involving health care as an issue during bargaining.		Monitor activity rates in health care industry and monitor cases where health care is an issue at bargaining table
Measure the benefits of Outreach	Determine number of outreach cases resulting in increased activity rates.	Yes/No 15.4% of RDTs originated as outreach (349/2258). System unable to identify CBMs resulting from outreach. Goal moved to FY 2006.	Measure the benefits of Outreach	Determine appropriate methodology to measure the impact of RDT and outreach on CBM. Develop a comprehensive plan for coordinated and focused outreach.		Measure the benefits of Outreach

GOAL 2: Increase the number of collective bargaining partners with a commitment to improving their relationship.

Programs Impacted: This goal relates to the Agency's relationship-development and training programs, the Institute for Conflict Management, and the grants program.

The relationship-development and training programs, in particular, are designed to enable the parties to more effectively and efficiently manage conflict that is inherent in a unionized environment. These programs are intended to improve the labor-management relationship and develop approaches toward collective bargaining that prevent disruption or disputes from arising. Relationship-development and training programs are delivered by mediators to private and public sector labor-management partners.

The Institute provides centralized classroom training to large groups and labor relations professionals that want to improve their skills in alternative dispute resolution. The Institute runs as a reimbursable program.

Grants have been provided to labor-management committees that can demonstrate improved communications between the parties, making contract negotiations more productive. The strategic goal is for these programs to:

- 1. Increase the number of collective bargaining partners committed to cooperation on a variety of issues;
- 2. Evaluate the success of the relationship-building programs;
- 3. Change programs based on evaluations;
- 4. Reduce workplace disputes;
- 5. Increase productivity; and,
- 6. Improve labor-management communications.

Based on these strategic goals, the following are FY 2005 performance goals and accomplishments, and performance goals for FY 2006 and 2007.

Strategic Goal 2 – Increase Number of Collective Bargaining Partners Committed To Improvement of the Relationship

FY 2005 Objective	Performance Indicator	Accomplished (Yes/No)	FY 2006 Objective	Performance Indicator	Accomplished (Yes/No)	FY 2007 Objective
Relationship development and training programs	Evaluate RDT program and impact on the labor- management relationship.	Yes. Voluntary RDT online survey developed.	Implementation of RDT survey	Use new case management system to randomly select parties for evaluation.		Change RDT program as necessary based on evaluations
	2. Use new case management system to randomly select parties for evaluation.	2. No. Moved goal to FY 2006.		2. Seek 10% response rate.		
	3. Demonstrate that reports can be generated in new database system to commence evaluation process.	3. Yes. Reports can be generated, but evaluation process will not take place until FY 2006.	·	3. Use new case management system to randomly select parties for evaluation.		

FY 2005 Objective	Performance Indicator	Accomplished (Yes/No)	FY 2006 Objective	Performance Indicator	Accomplished (Yes/No)	FY 2007 Objective
Institute for conflict management	After every course, conduct evaluations and provide analysis memorandum.	1. Yes.	Focus on evaluation of Arbitration for Advocates course	1. Post-course evaluation for Arbitration for Advocates, the course most frequently offered.		Based on evaluation, change course as necessary
	2. Post-course evaluations for Arbitration for Advocates course to determine success of the program.	2. No. Goal moved to FY 2006.		2. Measurement indicators to include: (1) Measure of preparedness as a result of the course; (2) Improved advocacy as a result of the course; and, (3) Additional skills utilized as a result of the course.		
Evaluation of grants	Percentage of grantees meeting their stated goals and objectives at least 80% of the time. Site visits with mediator including reports assessing grantees accomplishments.	 Yes. 100% of FY 2002 grants met their goals. Yes, but intermittent reports. 	Evaluation of Grants	Percentage of grantees meeting their stated goals and objectives at least 80% of the time. Site visits with mediator and quarterly submitted reports assessing grantees accomplishments.		Conduct external survey to evaluate long term impact of grants on the labormanagement relationship.

<u>Goal 3</u>: Facilitate a commitment to, and development of, systems for handling workplace disputes arising outside of the collective bargaining context.

In a May 2004 survey by Chubb Insurance, fifty percent of responding companies estimated that an employment lawsuit costs a company at least \$100,000. Ten percent of these companies indicated it cost more than a million dollars. New alternative processes are available to resolve individual employment disputes that threaten competitiveness, efficiency, productivity and morale.

The Agency partnered with the Straus Institute for Dispute Resolution at Pepperdine University to research and develop approaches to dispute resolution systems design in the workplace. The focus was on systems that addressed conflict in the unionized workplace that are not ordinarily handled through an organization's collective bargaining agreement. The goal was to promote and facilitate the design of dispute systems to labor and management partners who are interested in developing a system that handles workplace disputes that fall outside of the collective bargaining arena, such as EEO complaints, morale problems or other statutory issues not contemplated by the collective bargaining agreement. Based upon intensive review of emerging best practices, FMCS developed a dispute systems design protocol through which the Agency can help organizations create their own internal systems for handling disputes that fall outside the collective bargaining agreement. The approach, known as DyADS (Dynamic Adaptive Dispute Systems) is currently being piloted by FMCS in several different settings.

Programs Impacted: This goal impacts employment mediation work but only tangentially. FMCS does not anticipate substantial new involvement in mediation of EEO cases arising from the design of the system. Instead, the goal is to work with the parties in designing a system to handle employee complaints, monitor the progress of the system, and evaluate its success. There is a long-term expectation to develop synergy with the relationship-development and training programs since the process of constructing DyADS is likely to impact labor-management relationships generally. Below are FY 2005 performance goals and accomplishments, and goals for FY 2006 and FY 2007.

Strategic Goal 3 – Assist Labor and Management in Creating Dispute Systems to Resolve Conflict

FY 2005 Objective	Performance Indicator	Accomplished (Yes/No)	FY 2006 Objective	Performance Indicator	Accomplished (Yes/No)	FY 2007 Objective
Develop pilot program	1. Complete private sector pilot. 2. Analyze the impact of the DyADS system on the private sector pilot, including reduction of workplace complaints as a result of the DyADS system. 3. Commence facilitation and design of system for further pilots, including the Federal sector.	 Yes. Private sector pilot completed in Akron OH hospital. DyADS system covers about 1000 employees. Yes/No Impact on workplace complaints is difficult to measure. However, evaluation will be performed on the parties' satisfaction with the DyADS development and design process. Yes. Public sector pilot underway with the District of Columbia's Department of Human Services. 	Continue developing pilot programs	1. Complete and evaluate additional private sector pilot and public sector pilot currently underway. 2. Secure at least 2 or 3 additional pilots. 3. Showcase pilots at the Spring 2006 National Training Seminar and National Labor-Management Conference (August 2006).		Evaluate pilot programs
	4. Regional conferences to explain the program to existing customer base.	4. Yes. Program rolled out at National Labor Management Conference in June 2004 with gathering of 1400 labor and management representatives.				
	5. Conduct 4 or 5 conferences to market the program to L-M customers.	5. No. Regional conferences not held.				

Goal 4: Assist labor and management to effectively deal with major issues that drive conflict in the evolving workplace.

Bargaining takes place in an environment laden with rapid changes: technological advancements, rising health care costs, and a demographically changing workforce that now includes a high percentage of immigrants, employees of different races and national origin, and generational divisions. Our task is to prepare ourselves and the parties to deal with these trends that drive conflict in the workplace. This goal is designed to meet this demand. Strategies include:

- 1. Industry seminars to educate mediators on specific critical labor issues arising in strategic industries and how to deal with them at the bargaining table;
- 2. Establish best practices in bargaining health care issues;
- 3. Train all mediators to handle key newly emerging issues during bargaining;
- 4. Benchmark work stoppage reports against specific issues (i.e., health care, technology, pensions, outsourcing, globalization and diversity) to gauge the percentage of strike situations where these issues were factors; and
- 5. Train the labor-management community how to effectively bargain over complex issues such as health care.

<u>Programs Impacted</u>: This goal will directly impact collective bargaining mediation and relationship-development and training programs provided to the public. It will also impact administrative/support services such as the Training and Education Department and the Information Technology Department. Below are the performance objectives and accomplishments for FY 2005, and goals for FY 2006 and FY 2007.

Strategic Goal 4 – Assist Collective Bargaining Partners In Handling Major Issues Driving Workplace Conflict

FY 2005 Objective	Performance Indicator	Accomplished (Yes/No)	FY 2006 Objective	Performance Indicator	Accomplished (Yes/No)	FY 2007 Objective
RDT for L-M Community	Health care conferences for labor and management nationwide.	1. Yes. Six conferences held nationwide. Evaluations showed that 57% of respondents were more inclined to consult with FMCS regarding health care issues after the presentation; 76% indicated that they either agree or strongly agree that FMCS might be helpful during negotiations on other complex costs.	1. RDT survey to evaluate programs	1. Survey 10% of programs.		Continue RDT programmatic evaluations
	2. Train baseline percentage on diversity, globalization, and technological advancements.	2. FY 2005 database indicates that 73% (1649 closed cases out of 2257 assignments) RDTs trained parties on issues involving health care; 3% trained the parties on globalization.	2. Pilot and offer new or revised RDT programs	2. At least two new programs: generational differences in the workplace and another on basic collective bargaining processes.		
				Explore the need to develop training programs for use by field mediators in areas of globalization, technology and diversity.		

FY 2005 Objective	Performance Indicator	Accomplished (Yes/No)	FY 2006 Objective	Performance Indicator	Accomplished (Yes/No)	FY 2007 Objective
RDT for L-M Community (continued)	3. Explore the need to develop training programs for use by field mediators in areas of globalization, technology and diversity.	3. No. Moved to 2006 and 2007.				
Track cause of work stoppages	For appropriate resource allocation, determine percentage of work stoppage cases caused by globalization, technological advancements and health care.	1. Yes. 56% percent of work stoppages were caused by health care issues. 2.4% of work stoppage cases were caused by globalization. 1.8% of work stoppages were caused by technology issues. Because work stoppages are caused primarily by health care issues, Agency appropriately focused resources in this area. Agency also developed performance matrix to evaluate where the Agency is in the greatest need of resources based on the workload.	Continue to determine the causes of work stoppages	For appropriate resource allocation, determine percentage of work stoppage cases caused by globalization, technological advancements, and health care.		Continue to determine the causes of work stoppages and focus FTEs in these areas

Goal 5: Expand the Agency's presence in the Federal sector and internationally.²¹

Since the passage of the Administrative Dispute Resolution Act of 1996, the Agency has expanded its practice of alternative dispute resolution outside the collective bargaining context.

The purpose of this goal is to expand FMCS services to the Federal sector by providing employment mediation to Federal agencies. Section 173(f) of the LMRA provides that "the Service may make its services available to Federal agencies to aid in the resolution of disputes under the provisions of subchapter IV of chapter V title 5." The same section of the statute provides that FMCS services can "include assisting parties to disputes related to administrative programs, training persons in skills and procedures employed in alternative means of dispute resolution, and furnishing officers and employees of the Service to act as neutrals." Accordingly, the statutory intent is for the FMCS to assist Federal agencies in resolving employment and other workplace disputes. All ADR cases handled by the FMCS are reimbursable.

<u>Programs Impacted</u>: This goal impacts employment mediation services provided by the field offices and by the National Office's ADR department. Below are FY 2005 performance goals and accomplishments, and performance goals for FY 2006 and 2007.

Goal 5, formerly called "Knowledge Sharing," was re-evaluated during FY 2005. That goal has been eliminated from the Agency's strategic plan and from the budget as immeasurable. Goal 6, Federal Sector ADR and International Efforts, is now re-numbered Strategic Goal 5. The change is also reflected in the Strategic Plan.

Creater for employment mediation cases. Short-Term Focus: Short-Term Focus: Short-Term Focus: Increase number of Federal employment mediation cases. I. Increase government and Federal administrative agencies work. Short-Term Focus: Increase number of Federal employment mediation cases Increase number of Federal employment mediation number of Federal sector Increase number of Federal employment mediation number of Federal sector Increase number of Federal employment mediation cases Increase number of Federal employment mediation number of Federal sector Increase number of Pederal sector Increase number of participants in federal sector Increase number of Pederal sector Increase number of participants in foreign Increase number of participants in foreign Increase number of participants in foreign Increase number of participants Increase number
employment mediation cases. 1. Increase government and Federal administrative agencies work. 2. Court-related work and develop baseline number of court mediation cases. 3. Academic Partnership efforts by baseline coursework with universites. 4. Training for friendly foreign governments in conflict resolutions skills to resolve workplace disputes. Develop baseline number of participants in foreign

	Performance Indicator	Accomplished (Yes/No)	FY 2006 Objective	Performance Indicator	Accomplished (Yes/No)	FY 2007 Objective
Objective Criteria for employment mediation cases. (continued) 11 22 W 33 cc W 44 cc	Develop criteria that focus agency resources on cases that have: 1. Workplace nexus; 2. Impact on core mission work; 3. Impact on interstate commerce, on the workplace, and on the community; and, 4. Financial and human capital resource allocation needs.	Accomplished (Yes/No) Long-Term Focus: Criteria not developed. Will be developed in FY 2006 to strategically focus the agency's ADR work.	Objective Criteria for employment mediation cases. (continued)	Develop criteria that focus agency resources on cases that have: 1. Workplace nexus; 2. Impact on core mission work; 3. Impact on interstate commerce, on the workplace, and on the community; and, 4. Financial and human capital resource allocation needs.	(Yes/No)	Objective

IX. ADMINISTRATIVE SERVICES

The Agency has performance goals for its administrative services and other departments run by the National Office in Washington, D.C. The National Office departments and administrative services include:

- a. Office of Administration and Information Technology: The Office of Information Systems provides a full range of information technology including the development and maintenance of all data systems for our mediation, arbitration and financial management systems which support the national office, 69 field stations and our customers. Administrative Services support functions include procurement, contracting, office space management, supply, printing, mail services, communications, and facilities management and security.
- b. Training and Education: The Office of Education and Training identifies, coordinates and provides needs-based education and training opportunities for mediators, managers and the support services staff. The Office operates the FMCS Resource Center to capture and disseminate existing knowledge, to make external knowledge sources available and to support a dialogue to share experiences and broaden knowledge. The Office also coordinates the development and distribution of "state of the art" mediation and relationship development and training tools and curriculum.
- c. Office of the General Counsel: The Office the General Counsel provides legal and policy advice/support to the Director, representation of the Agency before the Merit Systems Protection Board, the Office of the Special Counsel, the Equal Employment Opportunity Commission, the Federal Labor Relations Authority, and FOIA inquiries.
- d. Office of Budget and Finance: The Office the Budget and Finance is responsible for all budgetary and financial matters, including the accountability of the external audits and the processing of all payments made to and from the Agency.
- e. Office of Human Resources: The Office Human Resources is responsible for agency-wide human resource policy development and implementation, workforce planning, leadership succession planning, strategic human capital management, and regulatory accountability.
- f. Office of Notice Processing: The Office Notice Processing provides data processing of all contract expiration notices required by Section 8(d) of the Act, new certifications under Section 9 of the NLRA, and arbitration panel requests from parties.
- g. Office of Public Affairs: The Office Public Affairs is responsible for media and congressional relations, outreach and strategic communications, including the Agency web site.

Below are the FY 2005 performance goals and accomplishments for each of these areas, and objectives for FY 2006 and 2007.

a. Office of Administration and Information Technology

Objectives	FY 2005 Performance Indicator	Accomplished (Yes/No)	FY 2006 Performance Indicator	Accomplished (Yes/No)	FY 2007 Performance Indicator
Case management system	Deploy new case management system nationally.	Yes.	Continuous improvement in functionality of CCMS Version 2.		Continue to enhance the CCMS system to better meet data requirements.
Arbitration system	Continued development of new arbitration system to electronically manage and process arbitration panel requests.	Yes. Under development. To be deployed in FY 2006.	Finalize development and deployment of new arbitration system.		Work with public users of the system to provide additional features desired.
Technology improvements	Evaluate effectiveness of PDAs and determine usefulness of additional purchases.	Yes. Advances in this technology are monitored and adapted accordingly. Minor purchases of new units.	Evaluate effectiveness of PDAs and determine usefulness of additional purchases.	•	Monitor technological advancements in PDAs and alter our use to maximize these changes.
	Upgrade laptops for field mediators with computers older than 3 years.	Yes.	Upgrade laptops for field mediators with computers older than 3 years.		Upgrade laptops for field mediators with computers older than 3 years.
	Evaluate efficiency and usefulness of e-Room and Faciliate.Com software.	Yes. This software continues to be heavily used by a core group of Agency employees.	Evaluate efficiency and usefulness of e-Room and Faciliate.Com software.		Continue to monitor software usage and evaluate alternative products.
	Refine Web-based electronic forms.	Yes.	Refine Web-based electronic forms.		Update Web-based electronic forms to match system changes.
	Continue development of computer security system to protect IT resources.	Yes. A complete security evaluation was started this FY that will be completed in FY 2006.	Continue development of computer security system to protect IT resources.		Continue to evaluate computer security and take warranted actions in response.

b. Office of Training and Education

Objectives	FY 2005	Accomplished	FY 2006	Accomplished	FY 2007
•	Performance	(Yes/No)	Performance	(Yes/No)	Performance
	Indicator	,	Indicator		Indicator
Mediator	Edit and revise	Yes.	Continue to edit and		Continue to edit and
resource	content. Issue new		revise content.		revise content.
center	CD-ROM that can		Maintain electronic		Migrate to an Intranet
	be updated		update system.		system or maintain
	electronically.		Evaluate the need to		off-line CD-Rom
			continue an off-line		based system.
			CD-ROM or		
•			implement complete		
			integration with		
			Intranet.		
	Integrate Resource	Software has been	Implement new		Continue to maintain
	Center CD with the	selected that will	software for FMCS		FMCS Library and
	Intranet.	integrate the CD-	Library catalogue and		Resource Center
		ROM and the	Resource Center CD-	:	material. Complete
		FMCS library into	ROM.		the full integration of
		an online catalogue			Library and Resource
		system using the		-	Center via the
		Intranet.			Intranet site.
Industry	As noted in	Yes/No	Hold FMCS national		Continue with at least
seminars	Strategic Goal 4,	Industry seminars	professional develop-		one industry or issue-
	industry seminars	conducted on	ment seminar to		specific seminar.
	presented on the	Health Care, The	provide mediators		
	health care	Industry. Pension	with training in two		
	(industry) and	moved to FY 2006.	industries, two		
	initiate seminars on		collective bargaining		
	the issue of		issues and other		
	pensions.		subject specific		
	1		sessions.		
Development	As indicated in	Yes.	Review RDT		Continue to monitor
of RDT	Strategic Goal 2,		evaluation process		RDT evaluation
curriculum	develop		and implement		process.
	evaluations for		continuous evaluation		
	RDT programs and		of RDT programs		
	conduct		through online		
	evaluations of		customer surveys		
	FMCS services		nationwide.		
	immediately after			}	
	training, 6 months				
	later and one year				
	later.				
	Revise RDT	Yes. A plan has	Continue to update		Continue to update
	curriculum.	been developed to	and revise RDT		and revise RDT
		review selected	curriculum according		curriculum on an as-
	Explore the need to	RDT programs for	to plan created in FY		needed basis.
	develop training	improvements.	2005.		
	programs for use	•			
	by field mediators		Pilot and offer new or		
	in areas of		revised training	1	
	globalization,		programs as indicated		
	technology, health		by 2005 review.	1	
	care, and diversity.		_		

Objectives	FY 2005 Performance	Accomplished (Yes/No)	FY 2006 Performance	Accomplished (Yes/No)	FY 2007 Performance
	Indicator	(105/110)	Indicator	(103/1(0)	Indicator
Evaluate value of e-learning tools	Conduct cost/benefit analysis of whether e-learning tools are appropriate for continued resource allocation.	No formal analysis was conducted. Agency decision to use the Intranet as much as possible for training and information sharing.	Continue use of Web- based training, videoconferencing and other online training vehicles.		Expand use of successful online training.
Develop new mediator training	Revamp new mediator training programs based on revised mediator competencies.	Yes. First class took place in August 2005.	Hold remaining training sequences and evaluate success of new mediator program.		Revise training based on feedback from FY 2005 and FY 2006 sessions.
Training for managers linked to new competencies and succession planning.	Develop a managerial training and succession plan and implement training practices.	Yes. Managerial training plans developed and implemented. Succession plan developed for FY 2006 implementation.	Evaluate managerial training and continue to provide training. Implement managerial succession plan.		Continue to monitor and update managerial training plans.
Knowledge sharing	Using electronic resources, determine strategies for increased information sharing among mediators.	Yes.	Evaluate and continue to provide opportunities for mediator information sharing.		Continue to provide opportunities for mediator information sharing.

c. Office of Human Resources

Objectives	FY 2005 Performance Indicator	Accomplished (Yes/No)	FY 2006 Performance Indicator	Accomplished (Yes/No)	FY 2007 Performance Indicator
Revision of mediator core competencies	Identify new and existing mediator competencies.	Yes.	Assess impact of changes and modify as necessary.		Review impact of core competencies on performance.
	Revise recruitment bulletin.	No. Anticipating new Director, deferred the goal to 2006.	Revise recruitment bulletin.		
	Alter critical elements to align with new competencies.	No. Anticipating new Director, deferred the goal to 2006.	Alter critical elements to align with new competencies.		

FY 2005	Accomplished	FY 2006	Accomplished	FY 2007
Performance	(Yes/No)	Performance	(Yes/No)	Performance
Indicator		Indicator		Indicator
New performance	No. Anticipating new	New performance		Implement
evaluation system	Director, deferred the	evaluation system		appropriate
to reflect new	goal to 2006.	to reflect new		individual plans.
competencies and		competencies and		
critical elements.		critical elements.		
	'			
N	V			
	Yes.			
*				
	Vac	Train field and		Train field and
	ies.	j		national office
practices.				i 1
		managers.		managers.
Outline critical	No Anticipating new	Access training		Assess training
				programs and make
				necessary changes.
	goal to 2000.	necessary changes.		necessary changes.
	No. Anticipating new	Outline critical		Outline critical
				elements for
		1		managers based on
reflect new	0			best practices.
				- 322 F
critical elements.				
Identify training	Yes.	New managerial		New managerial
options and		performance		performance
vendors for initial		appraisal system to	-	appraisal system to
and continuing		reflect new	:	reflect new
manager/supervisor		competencies and		competencies and
		critical elements.		critical elements.
	Performance Indicator New performance evaluation system to reflect new competencies and critical elements. New mediator assessments to determine individual education and improvement plan for new employees. Determine best practices. Outline critical elements for managers based on best practices. New managerial performance appraisal system to reflect new competencies and critical elements. Identify training options and vendors for initial and continuing	New performance evaluation system to reflect new competencies and critical elements. New mediator assessments to determine individual education and improvement plan for new employees. Determine best practices. Outline critical elements for managers based on best practices. New managerial performance appraisal system to reflect new competencies and critical elements. Identify training options and vendors for initial and continuing manager/supervisor No. Anticipating new Director, deferred the goal to 2006. Yes. Performance Indicator New performance evaluation system to reflect new competencies and critical elements. New mediator assessments to determine individual education and improvement plan for new employees. Determine best practices. Outline critical elements for managers based on best practices. New managerial performance appraisal system to reflect new competencies and critical elements. No. Anticipating new Director, deferred the goal to 2006. Train field and national office managers. Assess training programs and make necessary changes. Outline critical elements for manager based on best practices. New managerial performance appraisal system to reflect new competencies and critical elements. Identify training options and vendors for initial and continuing manager/supervisor	Performance Indicator New performance evaluation system to reflect new competencies and critical elements. New mediator assessments to determine individual education and improvement plan for new employees. Determine best practices. Outline critical elements for managers based on best practices. New managerial performance appraisal system to reflect new competencies and critical elements. No. Anticipating new Director, deferred the goal to 2006. Train field and national office managers. Assess training programs and make necessary changes. Outline critical elements for managerial performance appraisal system to reflect new competencies and critical elements. No. Anticipating new Director, deferred the goal to 2006. South in the programs and make necessary changes. Outline critical elements for managerial performance appraisal system to reflect new competencies and critical elements.	

d. Office of the General Counsel

Objectives	FY 2005 Performance Indicator	Accomplished (Yes/No)	FY 2006 Performance Indicator	Accomplished (Yes/No)	FY 2007 Performance Indicators
Policy advice	Advising Director on important policy issues.	Yes.	Advising Director on important policy issues.		Advising Director on important policy issues.
Streamline FOIA requests	Activate online searches for public to retrieve information on notice filing without the need for paper FOIA request.	Yes.	Review FOIA program consistent with executive order issued on Dec 14, 2005, improving Agency disclosure of information.		Implement FOIA changes consistent with executive order issued Dec 14, 2005, improving Agency disclosure of information.

Objectives	FY 2005	Accomplished	FY 2006	Accomplished	FY 2007
	Performance	(Yes/No)	Performance	(Yes/No)	Performance
	Indicator		Indicator		Indicators
Legal	Keeping abreast of	Yes.	Keeping abreast of		Keeping abreast
developments	developments		Federal/regulatory		of Federal/
	applicable to FMCS		requirements,		regulatory
	and updating		developments in the		requirements,
	managerial and field		law of dispute		developments in
	personnel as		resolution as		the law of
,	appropriate.		applicable to FMCS		dispute
			and updating		resolution as
			managerial and field		applicable to
			personnel as		FMCS and
			appropriate.		updating
					managerial and
					field personnel
					as appropriate.

e. Office of Budget and Finance

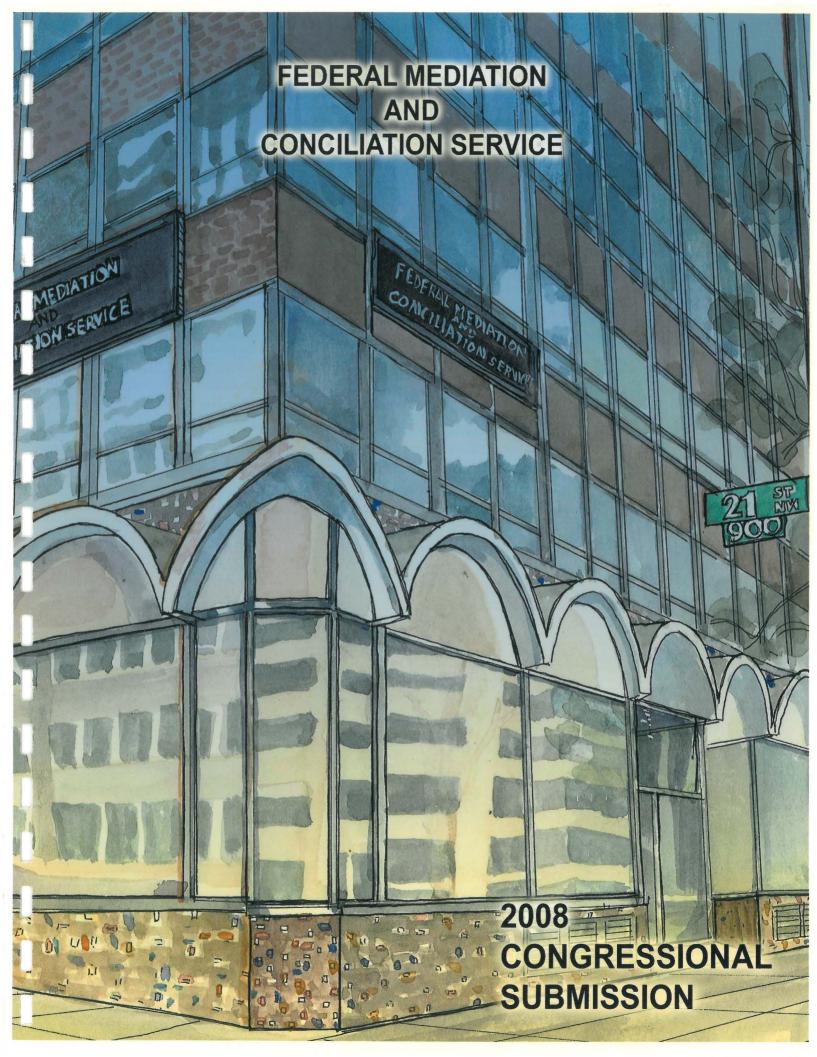
Objectives	FY 2005 Performance Indicator	Accomplished (Yes/No)	FY 2006 Performance Indicator	Accomplished (Yes/No)	FY 2007 Performance Indicator
Timely payments	No penalties paid for late payments.	Yes.	No penalties paid for late payments.		No penalties paid for late payments.
Unqualified audit	Clean opinion on external audit.	Yes.	Clean opinion on external audit.		Clean opinion on external audit.
No erroneous payments	No duplicate or unauthorized payments.	No. Two erroneous payments were found by internal staff and corrected.	No duplicate or unauthorized payments.		No duplicate or unauthorized payments.
Funds accountability	100% reconciled fund accounts.	Yes.	100% reconciled fund accounts.		100% reconciled fund accounts.
Timely monthly closing and reports	Monthly travel and operating reports complete by the 10 th work day.	No. Several months were late by over 5 days.	Monthly travel and operating reports complete by the 10 th work day.		Monthly travel and operating reports complete by the 10 th work day.

f. Office of Notice Processing

Objectives	FY 2005	Accomplished	FY 2006	Accomplished	FY 2007
	Performance Indicator	(Yes/No)	Performance Indicator	(Yes/No)	Performance Indicator
Increase online filing of F7 notices	Notify parties whose contracts are expiring via e-mails when possible.	No. Deferred to 2006.	Notify parties whose contracts are expiring via e-mails when possible.		Notify parties whose contracts are expiring via e-mails when possible.
	Increase online filing by 10%.	Yes. Online filings have increased by 40%	If 10% met in FY 2006, then additional 5%.		If we meet the 10% in FY 2006, then additional 5%.
		FY 2004= 660 FY 2005= 1,752			

g. Office of Public Affairs

Objectives	FY 2005 Performance Indicator	Accomplished (Yes/No)	FY 2006 Performance Indicator	Accomplished (Yes/No)	FY 2007 Performance Indicator
Communicate FMCS mission and services to key audiences	Maintain or improve year-over-year recognition of mission and value of FMCS services over 2004 as indicated by surveys of and feedback from media, customers and other key audiences.	Yes. Conducted 3 focus groups with customers.	Maintain or improve year-over-year recognition of mission and value of FMCS services. Link outreach events to increase awareness of FMCS activities and services among key audiences.		Develop plan for coordinated outreach in industries with a significant impact on the economy.
Encourage cost-effective public use of FMCS information and services via Web site online access	Increase 2005 Web site year-over-year traffic from 2004 monthly levels.	Yes.	Increase 2006 Web site year-over-year traffic from 2005 monthly levels.		Increase 2007 Web site year-over-year traffic from 2006 monthly levels.
Provide resources on collective bargaining trends	Upgrade Agency Intranet to provide such resources and measure staff usage of resources.	Yes.	Upgrade Agency Intranet with information resources and increase staff usage of resources as measured year-over- year.		Upgrade Agency Intranet with information resources and increase staff usage of resources as measured year-over- year.



FEDERAL MEDIATION AND CONCILIATION SERVICE

FISCAL YEAR 2008
Congressional Budget Submission

FEDERAL MEDIATION AND CONCILIATION SERVICE CONGRESSIONAL SUBMISSION – FISCAL YEAR 2008

TABLE OF CONTENTS	<u>Page No.</u>
I. Executive Summary	1
II. Organizational Charts	4
III. Appropriation Language	
IV. Statutory and Other Legal Authority	7
V. Budget Tables and Detailed Financial Requirements	11
VI. Mission and Program Structure	20
A. Collective Bargaining Mediation	21
B. Grievance Mediation	21
C. Relationship-Development and Training	21
D. Outreach	22
E. Employment Mediation	22
F. International Training and Exchange	22
G. Arbitration Services	23
H. Grants Program	23
I. FMCS Institute for Conflict Management	24
VII. Workload Projections	25
VIII Program Objectives	20

Fiscal Year 2008 Budget Estimates

I. Executive Summary

The Federal Mediation and Conciliation Service (FMCS) delivers conflict resolution assistance to the nation's unionized workplaces. The core mission of FMCS is to provide mediation services that help employers and unions avoid costly work stoppages and minimize their potentially devastating effects on regional or national commerce.

In this first decade of the 21st century, FMCS is well positioned to work with labor and management to help them resolve difficult issues affecting our nation's workplaces and our economy. Rising health care costs are placing a significant economic burden on employers and employees. Ensuring retirement security among an aging labor force is challenging decades-old relationships. Technological change is rapidly re-defining the way business is done at the expense of some existing industries and occupations. Globalization has created the need for a more flexible, mobile labor force. Free trade has engendered a new set of international competitors for U.S. companies. All of these issues collide at the bargaining table and present formidable challenges to the Agency. At the same time, they provide us with new challenges to assist those who depend on us, and to more fully realize our mission through new techniques, training and communications tools.

In FY 2005, FMCS entered into an agreement with the Employment Policy Foundation (EPF), a nonprofit, nonpartisan public policy research foundation that focuses on workplace trends, to determine the impact of our services. Using EPF's conservative modeling techniques, the agency estimates that work stoppages in FY 2005 and FY 2006 caused employees to lose an estimated 43 million working hours and cost \$950 million in lost wages and \$263 million in lost company profits. Disruption to ancillary businesses is estimated to have cost an additional \$1.137 billion. In FY 2006 alone, through early intervention in collective bargaining disputes, FMCS is estimated to have prevented 251 work stoppages and reduced work stoppage duration in 196 cases, preventing the loss of at least \$1.7 billion in employees' wages and company profits for U.S. businesses.

EPF research also showed that early FMCS involvement is critical when work stoppages actually occur. In FY 2006, FMCS involvement at any time prior to contract expiration reduced the duration of any subsequent work stoppage by an average of 25 percent. When FMCS met with the parties before the contract expired, work stoppages lasted an average of 67 days. However, in cases where the parties consented to mediation only after the contract expired, the average work stoppage lasted 89 days.

While the work stoppage data demonstrate the economic benefits of mediation, the data also dramatically understate the real value FMCS' services bring to the U.S. economy. That value is harder to measure in precise economic terms because of the difficulty in modeling the actual value of the stoppages that are avoided through mediation.

FMCS, like the customers we serve, is committed to using allocated resources efficiently. In FY 2006, for the second consecutive year, the Agency used a performance matrix to measure the case load performance of its field offices. This performance matrix compares each of our 69 field stations against the Agency's national caseload averages.

Performance is evaluated over a rolling period of four fiscal years to determine collective bargaining trends in specific field stations. The results help ensure that staff and resources are effectively allocated.

FMCS most often provides its services during collective bargaining contract negotiations associated with the renewal of an existing contract or the negotiation of a first contract. FMCS also provides other assistance such as relationship-development training in response to requests from labor and management. This training enables parties in a bargaining relationship to better manage any disputes that arise during the life of a contract. Labor and management also may jointly request that FMCS mediate any employee grievances that arise after a contract is signed. These two examples are part of a comprehensive FMCS program for labor and management that is designed to increase mutual understanding, improve communications, and train the parties to develop processes that enhance the productivity and competitiveness of the business unit and its workers.

With a history of more than a half century of providing mediation and facilitation services and relationship-development training, FMCS has more experience in dispute resolution than any other government agency. We use our expertise to promote conflict resolution in this country and overseas by assisting foreign governments in the development of industrial relations systems that are essential to industrial democracy and a free market.

Future Challenges

In FY 2006, over 15,000 collective bargaining cases were assigned to FMCS mediators, who were at the bargaining table at the request of the parties in nearly 5,500 negotiations. Millions of U.S. workers and thousands of employers are affected by our services. In FY 2007, more than 10,000 collective bargaining agreements will expire in key private sector industries, including construction, manufacturing, automobile, retail food, and hotel industries. These expiring contracts account for nearly 30 percent of the private sector unionized workforce. For FY 2008, the Agency anticipates expiring contracts covering more than 15 percent of the private sector unionized workforce, and includes the West Coast ports. The Agency estimates that direct wage losses alone from a single day of work stoppage in the largest of these expiring contracts would easily exceed FMCS' entire annual budget and cause avoidable damage to our economy.

Competitiveness of U.S. companies, large and small, is threatened by the rising cost of health care. In FY 2006, collective bargaining negotiations mediated by FMCS were significantly impacted by health care concerns. Pension costs and retirement security also have become the source of increased conflict during contract negotiations. Recent legislative and regulatory changes in the nature and structure of employer provided retirement systems may increase this potential for conflict. FMCS mediators are trained to assist labor and management in addressing complex issues, helping them to avoid strikes and lockouts that potentially can disrupt regional and national commerce or paralyze an industry that is critical to national security.

Updating the skills of FMCS mediators is an ongoing process. Additional training will be deployed in FY 2007 and FY 2008 that focuses on the recent legislative and regulatory changes that impact employees' retirement security, employers' continuing

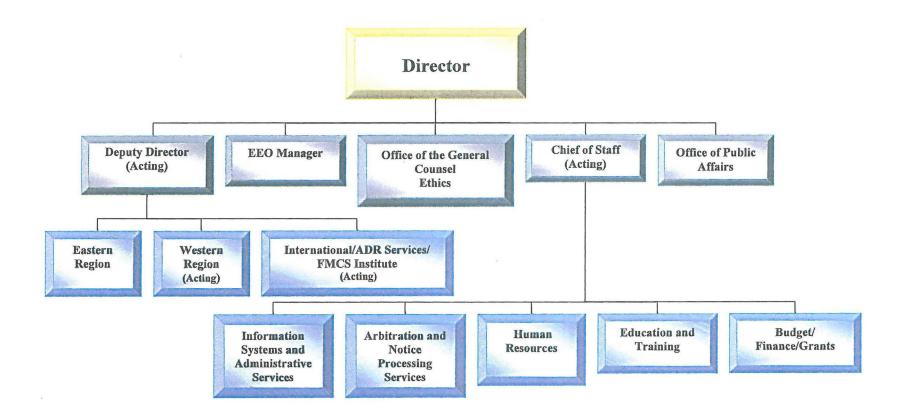
struggle to contain health care costs, as well as specific issues arising in industries critical to the nation's economy. Significant emphasis will be placed on increasing the parties' understanding of mediation benefits and increasing the number of negotiations in which FMCS mediators are active.

Conclusion

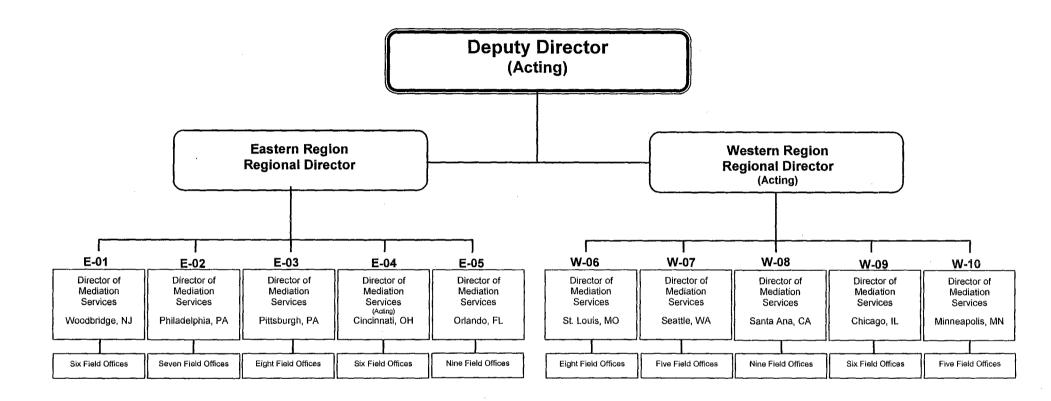
FMCS' mission statement reflects the statutory foundation of the Agency: to promote the development of sound and stable labor-management relationships and to prevent or minimize work stoppages by assisting labor and management in settling their disputes through mediation.

As the scope and complexity of collective bargaining issues facing labor and management grows, FMCS will continue to play a critical role in averting labor strife that can damage the competitiveness and productivity of U.S. companies, the welfare of their employees, and our nation's economic well being. Given the anticipated size and number of collective bargaining mediations in FY 2008, the complexity of the issues the parties face, and the increased demand and expectations of the labor-management community for FMCS services which make collective bargaining more effective, we urge you to favorably consider this request for \$43,800,000.

II. FMCS Organizational Chart



As of January 20, 2007



Sixty-nine (69) Field Offices

Federal Mediation and Conciliation Service - Field Organization Chart Prepared by the Office of Budget and Finance As of January 20, 2007

III. Appropriation Language

FEDERAL MEDIATION AND CONCILIATION SERVICE

SALARIES AND EXPENSES

For expenses necessary for the Federal Mediation and Conciliation Service to carry out the functions vested in it by the Labor Management Relations Act of 1947 (29 U.S.C. 171-180, 182-183), including hire of passenger motor vehicles; for expenses necessary for the Labor-Management Cooperation Act of 1978 (29 U.S.C. 175a); and for expenses necessary for the Service to carry out the functions vested in it by the Civil Service Reform Act, Public Law 95-454 (5 U.S.C. ch 71), [\$42,841,557] \$43,800,000: Provided. That notwithstanding 31 U.S.C. 3302, fees charged, up to full-cost recovery. for special training activities and other conflict resolution services and technical assistance, including those provided to foreign governments and international organizations, and for arbitration services shall be credited to and merged with this account, and shall remain available until expended: Provided further, That fees for arbitration services shall be available only for education, training, and professional development of the agency workforce: Provided further, That the Director of the Service is authorized to accept and use on behalf of the United States gifts of services and real. personal, or other property in the aid of any projects or functions within the Director's jurisdiction. (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 2007.)

IV. Statutory and Other Legal Authority

FEDERAL MEDIATION AND CONCILIATION SERVICE

The Federal Mediation and Conciliation Service was established by Title II of the Labor-Management Relations Act (Taft-Hartley) in 1947 as an independent agency of the Federal Government whose primary mission is to prevent and minimize labor-management disputes affecting interstate commerce by providing mediation, conciliation, and voluntary arbitration services. All mediation and conciliation functions of the Secretary of Labor and the United States Conciliation Service were transferred to FMCS at that time. This mission includes both the private and public sectors, except for the railroad and airline industries, which are covered by the Railway Labor Act administered by the National Mediation Board.

The Civil Service Reform Act of 1978 authorized FMCS to assist with dispute resolution in federal sector labor disputes. The Labor-Management Cooperation Act amended the Taft-Hartley Act in 1978 and directed FMCS to encourage labor-management cooperative activities. It also authorized the issuance of grants to support joint labor-management activities conducted by plant, area, public sector and industry-wide committees.

In 1990, the Agency was authorized by the Administrative Dispute Resolution Act and the Negotiated Rulemaking Act to assist other federal agencies in resolving disputes arising out of grants, contracts, licenses, or other agency administrative actions, and to assist in the process of negotiated rulemaking. The Administrative Dispute Resolution Act of 1996 amended and permanently reenacted these 1990 Acts.

The Homeland Security Act of 2002 contains specific provisions "to ensure collaboration" between management of the Department of Homeland Security and employee representatives that include the availability of FMCS mediation in the event that the parties are unable to agree on proposed personnel changes. Similar provisions have been enacted with respect to FMCS' availability to the Department of Defense and the Department of Veterans Affairs. In addition to specifically mandated services, FMCS has offered traditional mediation services (applied to both collective bargaining and employment disputes), facilitation and training functions (applied particularly to the merging of different agency cultures), convening of disparate agency and private groups, and conflict systems design assistance and training for organizational/workplace disputes as well as for handling external complaints.

Over the years, Congress and the Executive Branch have authorized FMCS to perform a variety of dispute resolution functions as well as to assist in the improvement of labor-management relationships. Specific statutory and other authorizations of Agency programs are described below.

I. The Labor-Management Relations Act of 1947 (Public Law 80-101, 29 U.S.C. 158(d), 173 et seq.) directs the Service to prevent or minimize interruptions to the free flow of commerce growing out of labor disputes by helping the parties settle such disputes through mediation. Parties are required to notify the Service 30 days prior to a contract termination or modification date so that mediation services may be proffered.

The Act establishes a special procedure for threatened or actual strikes which, in the opinion of the President, imperil the national health or safety. In such situations, the President may appoint a board of inquiry to ascertain the facts with respect to the dispute. After receipt of a report, the President may seek to enjoin the strike, and a court may do so if it finds that the threatened or actual strike or lockout affects a substantial part or all of an industry and would imperil the national health or safety.

- II. The Health Care Amendments of 1974 (Public Law 93-360, 29 U.S.C. 158(d)(4)) (amending the National Labor Relations Act) include special provisions intended to prevent or minimize work stoppages in the health care industry. In the case of this industry, FMCS must be notified 60 days before the contract termination date. A 30-day notice is required in initial bargaining situations. If, in the opinion of the Director, a strike is threatened which would interrupt the delivery of health care in a locality, the Director may appoint a board of inquiry (29 U.S.C. 183). The board has 15 days within which to operate and file its report and recommendations; parties must maintain the *status quo* for 15 days thereafter while further negotiations and mediation take place. The parties are required to cooperate in any mediation efforts by FMCS.
- III. The Civil Service Reform Act of 1978 (Public Law 95-454, 5 U.S.C. 7119(a)) directs the FMCS to provide mediation assistance in disputes arising from negotiations between federal agencies and the exclusive representatives of their employees.
- IV. The Postal Reorganization Act of 1970 (Public Law 91-375, 39 U.S.C. 1207) requires the FMCS to establish fact-finding panels and arbitration boards in disputes between the Postal Service and the exclusive representatives of its employees.
- V. <u>Presidential Statement, March 24, 1953</u>. The Atomic Energy Labor-Management Relations Panel was established within the FMCS in March

1953, by President Eisenhower, in order to ensure the uninterrupted functioning of the atomic energy program without strikes or lockouts due to labor-management disputes. This Panel was moved to the Atomic Energy Commission in March 1956 but was returned to FMCS under an inter-agency agreement with the Department of Energy in April 1980 and renamed the Energy Labor Management Relations Panel (ELMRP).

- VI. Executive Order 11374, October 11, 1967, transferred the responsibilities of the Missile Sites Labor Commission (created by Executive Order 10946) to provide priority resolution of labor disputes at missile sites to FMCS.
- VII. The Federal Insecticide, Fungicide and Rodenticide Act of 1978, as amended (Public Law 95-396, 7 U.S.C. 136a(c)(l)(F)(iii)) requires the FMCS to provide for the appointment of arbitrators to decide disputes concerning compensation for the use or development of pesticide registration data.
- VIII. The Labor Management Cooperation Act of 1978 (Public Law 95-524, 29 U.S.C. 175a, 186) added Sections 205A and 302(c)(9) to the Labor-Management Relations Act and authorizes and directs the FMCS to encourage and support joint labor-management activities conducted by plant, area, and industry-wide committees designed to improve labor-management relationships, employment security, and organizational effectiveness. The Act authorizes the Service to provide grant funds to assist in the establishment and operation of these labor-management committees.
 - IX. The Administrative Dispute Resolution Act of 1996 (Public Law 104-320, 5 U.S.C., 571, et seq., 29 U.S.C.173(f)) authorizes and encourages agencies to use various alternative means of dispute resolution in the federal administrative process in order to avoid the time and expense of litigation. The 1996 Act amended and permanently reenacted the Administrative Dispute Resolution Act of 1990 as well as the Negotiated Rulemaking Act of 1990. The repeal of the sunset dates and the reporting requirements of the Acts suggest that the ADR and regulatory-negotiation "experiments" have become well-accepted processes of federal agencies.

Under the 1996 Act, coverage has been expanded to include additional dispute resolution techniques, such as "ombudsmen," and the use of ADR in some workplace conflicts, including Hatch Act violations, retirement, insurance, certain suspensions, removals, examinations and appointments. The 1996 Act encourages the development of guidelines to expedite the selection of neutrals and to facilitate the use of alternative dispute resolution in the Federal Government.

Lastly, this legislation amends the Labor-Management Relations Act of 1947 (Taft-Hartley) by permanently adding Section 173(f) of Title 29 of the United States Code so that FMCS may provide all forms of ADR assistance to federal agencies. Under this legislation, FMCS continues to assist agencies in negotiated rulemaking processes as well as other ADR procedures by providing training, facilitation, mediation, and other neutral skills.

- X. The U.S. Code of Federal Regulations at 45 CFR 90.43(c)(3), issued by the Department of Health and Human Services, implementing its authority under the Age Discrimination Act of 1975, 42 U.S.C. 6101 et seq., authorizes the FMCS to provide mediation assistance for the resolution of age-discrimination charges.
- XI. The Federal Aviation Reauthorization Act of 1996 (Public Law 104-264, 49 U.S.C. 40122(a)) directs the FMCS to mediate disputes between the Administrator of the Federal Aviation Administration and its employee representatives concerning changes to the FAA's personnel management system.
- XII. The Homeland Security Act of 2002 (Public Law 107-296, 5 U.S.C. 9701 (1)(B)(iii)) gives the Secretary of Homeland Security the option of using "the services of the Federal Mediation and Conciliation Service" to "facilitate the process of attempting to reach agreement" on proposed personnel changes in dispute. A majority of employee representatives making recommendations with respect to proposed changes also have the option of calling for the services of FMCS. More recently, legislation has been enacted adding similar provisions for the Department of Defense (National Defense Authorization Act for 2004, Public Law 108-136, 5 U.S.C. 9902 (f)(B)(iii)) and the Department of Veterans Affairs (Veterans Health Care, Capital Asset and Business Improvement Act of 2003, Public Law 108-170, 38 U.S.C. 7403 (h)(4)(C)).

V. Budget Tables and Detailed Financial Requirements

FEDERAL MEDIATION AND CONCILIATION SERVICE

BUDGET AND STAFFING BY ACTIVITY

(in thousands of dollars)

		2006		2007	•	2008	Increase or De	crease 2008
	Full-Time		Full-Time		Full-Time		Full-Time	
	Equivalent	Amount	Equivalent	Budget	Equivalent	Budget	Equivalent	Budget
	Employment	Obligated	Employment	Authority	Employment	Authority	Employment	Authority
Dispute and Preventive Mediations, and Public								
Information*	207	\$32,945	204	\$33,606	204	\$34,486	-	\$880
2. Arbitration Services	9	789	8	755	8	760	-	5
National Office Support and Administrative Services	43	8,174	46	8,481	46	8,554	-	73
4. Labor-Management Grants	0	396	0	. 0	0	0	-	-
5. Schoolyard Program	0	297	0	0	0	0		
Sub-Total Appropriated	259	\$42,601	258	\$42,842	258	\$43,800	0	\$958

^{*}Collective Bargaining and Grievance Mediations (Dispute), Relationship-Development Training (Preventive), and Outreach (Public Information) Workload

Total Program

		2006		2007		2008	Increase or De	ecrease 2008
	Full-Time	2000	Full-Time	2007	Full-Time	2008	Full-Time	2008
	Equivalent Employment	Amount Obligated	Equivalent Employment	Budget Authority	Equivalent Employment	Budget Authority	Equivalent Employment	Budget Authority
Reimbursable programs: Employment Mediation, International Training and Institute Courses	7	\$1,030	9	\$1,400	9	\$1,443	. 	\$43
FMCS Training and Education	0	750	0	750	0	750	<u></u>	
Sub-Total Reimbursable	7	\$1,780	9	\$2,150	9	\$2,193	0	\$43
TOTAL RESOURCES	266	\$44,381	267	\$44,992	267	\$45,993	0	\$1,001

Total Program

FEDERAL MEDIATION AND CONCILIATION SERVICE BUDGET ESTIMATES FISCAL YEAR 2008 FINANCIAL REQUIREMENTS

(in thousands of dollars)

	FY 2005 <u>Actual</u>	FY 2006 <u>Actual</u>	FY 2007 Estimated	FY 2008 <u>Request</u>
Personnel Compensation	<u>25,149</u>	<u>25,090</u>	<u>25,895</u>	<u>26,522</u>
Full-time permanent	24,511	24,562	25,197	26,049
Full-time permanent positions	24,354	24,562	25,197	26,049
Labor-Management Program compensation	157	0	0	0
Schoolyard compensation	0	0	0	0
Other than full-time permanent	289	198	370	145
Other than full-time permanent positions	289	198	370	145
Other Personnel Compensation	349	330	328	328
Overtime & holiday pay	21	20	28	28
Cash incentive awards	328	310	300	300
Personnel Benefits	\$ <u>6,774</u>	\$ <u>6,925</u>	<u>\$7,320</u>	<u>\$7,482</u>
Civilian Personnel Benefits	6,774	6,925	7,320	7,482
CSRS Retirement Contribution	436	422	380	347
FERS Retirement Contribution	2,007	2,077	2,210	2,256
Federal Retirement Thrift Savings Plan Contribution	838	874	933	1,002
Group life insurance	44	46	45	45
Health Insurance Contribution	1,363	1,428	1,550	1,600
OASDI - FERS	1,058	1,070	1,220	1,261
Employee compensation	575	593	528	502

	FY 2005 <u>Actual</u>	FY 2006 <u>Actual</u>	FY 2007 <u>Estimated</u>	FY 2008 <u>Request</u>
Personnel Benefits (continued)				
Civilian Personnel Benefits (continued)				
Relocation expenses (PCS)	0	0	0	0
Cost-of-living allowance	43	44	44	44
Subsidy for commuting costs	22	22	25	25
Medicare contribution	348	349	385	400
Labor-Management Program benefits	40	0	0	0
Schoolyard benefits	0	0	0	0
Benefits of Former Personnel	<u>\$65</u>	<u>\$3</u>	<u>\$0</u>	<u>\$0</u>
Unemployment compensation	6	3	0	0
Voluntary separation incentive	36	0	0	0
Labor-Management Program benefits	23	0	0	0
Travel and Transportation of Persons	<u>\$1,719</u>	<u>\$1,665</u>	\$1,710	\$1,710
National office travel	173	111	130	130
Official car	10	10	-10	10
Field office travel	1,527	1,544	1,570	1,570
Labor-Management Program travel	4	0	0	0
Schoolyard travel	5	0	0	0
Transportation of Things	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Transportation of household goods (PCS)	0	0	0	0

	FY 2005 Actual	FY 2006 Actual	FY 2007 <u>Estimated</u>	FY 2008 Request
Rents, Communications, and Utilities	<u>6,208</u>	<u>6,053</u>	<u>6,354</u>	<u>6,523</u>
Rental Payments to GSA	5,201	5,141	5,431	5,600
Rental payments to GSA	5,201	5,141	5,431	5,600
Rental Payments to Others	4	3	3	3
Conference room rental	4	3	3	3
Communications, Utilities and Miscellaneous Charges	1,003	909	920	920
Reproduction equipment rental	71	63	70	70
Miscellaneous charges	8	11	10	10
Audio-visual equipment rental	2	0	2	2
GSA Phones	289	244	250	250
FTS Phones	67	34	40	40
Commericial Phones	269	259	269	269
Data communication services	147	162	140	140
Postal services and rentals	134	136	139	139
Labor-Management Program communications	16	0	0	0
Schoolyard communications	0	0	0	0
Printing and Reproduction	<u>\$56</u>	<u>\$20</u>	\$30	<u>\$30</u>
FMCS forms and other printing	32	20	30	30
Labor-Management Program printing	0	0	0	0
Schoolyard printing	24	0	0	0

	FY 2005 <u>Actual</u>	FY 2006 <u>Actual</u>	FY 2007 Estimated	FY 2008 Request
Other Contractual Services	<u>2,100</u>	<u>1,618</u>	<u>948</u>	<u>948</u>
Advisory and Assistance Service	31	17	26	26
Computer assisted legal research	14	4	10	10
OPM background investigations	6	1	6	6
Office equipment and machinery relocation	11	12	10	10
Other Services	916	787	245	245
Management and professional services	449	510	240	240
Official representation fund	2	4	5	5
Labor-Management Program services	4	0	0	0
Schoolyard services	461	273	0	0
Other purchases of goods and services from Government Accounts	88	97	97	97
Guard security services	88	97	97	97
Operation and Maintenance of Facilities	7	26	10	10
Office repairs and alterations	7	26	10	10
Medical Care	43	22	33	33
Medical care	43	22	33	33

	FY 2005 <u>Actual</u>	FY 2006 Actual	FY 2007 Estimated	FY 2008 Request
Operation and Maintenance of Equipment	1,015	669	537	537
Maintenance of office equipment	88	84	100	100
Maintenance of information technology equipment	152	321	132	132
Information Technology Support Services	658	233	270	270
Support of payroll/personnel operations	117	31	35	35
Household goods storage (PCS)	0	0	0	0
Supplies and Materials	\$322	\$388	\$285	\$285
Office supplies and materials	231	284	200	200
Information technology supplies and materials	84	104	85	85
Labor-Management Program supplies	1	0	0	0
Schoolyard supplies	6	0	0	0
Equipment	<u>\$558</u>	\$443	<u>\$300</u>	<u>\$300</u>
Furniture and fixtures	178	95	40	40
Information technology Hardware/Software	334	317	250	250
Audio-visual equipment	46	7	10	10
Schoolyard equipment	0	24	0	0
Grants, Subsidies and Contributions	<u>\$1,488</u>	<u>\$396</u>	<u>\$0</u>	<u>\$0</u>
Sub total of appropriated	\$44,439	\$42,601	\$42,842	\$43,800

	FY 2005 <u>Actual</u>	FY 2006 <u>Actual</u>	FY 2007 Estimated	FY 2008 <u>Request</u>
Reimbursable Programs (non-appropriated) Compensation Benefits Travel Communications Printing Other contractual services	\$950 463 116 207 2 1	\$1,030 582 150 196 2 0 88	\$1,400 685 195 200 3 0	\$1,443 902 268 150 3 0 100
Supplies and materials	27	12	15	20
Equipment	0	0	0	0
Sub total of Reimbursable Programs	\$950	\$1,030	\$1,400	\$1,443
FMCS Training and Education (non-appropriated)	<u>640</u>	<u>750</u>	<u>750</u>	<u>750</u>
Seminars, Workshops, Conferences and Training	270	427	325	325
New mediator costs	71	43	80	80
Tuition	121	63	92	92
Other contractual services	114	146	173	173
Supplies & materials	12	12	20	20
Subscriptions & training materials	52	59	60	60
Sub total of FMCS Training and Education	\$640	\$750	\$750	\$750
Sub total of non-appropriated (reimbursable obligations)	\$1,590	\$1,780	\$2,150	\$2,193
TOTAL RESOURCES	\$46,029	\$44,381	\$44,992	\$45,993

FEDERAL MEDIATION AND CONCILIATION SERVICE

Detail of Total Employment - End of Year

	2006 <u>Actual</u>	2007 <u>Estimated</u>	2008 <u>Estimated</u>
Executive Level III	1	1	1
ES	0	4	4
Subtotal	1	5	5
GS-15	23	23	23
GS-14 GS-13	167 22	178 11	178 11
GS-12	5	4	4
GS-11	3	3	3
GS-10	2	2	2
GS-9	4	5	5
GS-8	17	17	17
GS-7.:	9	9	9
GS-6	8	9	9
GS-5	1	1	1
GS-4	0	0	0
GS-3	0	0	0
GS-2	0	0	0
Subtotal	261	262	262
Total employment, end of year	262	267	267
		*	
Full-time equivalent (FTE) usage	266 **	267 *	267 *
Average ES Salary	\$0	\$156,600	\$161,000
Average GS Level	12.91	12.92	12.92
Average GS Salary	\$96,167	\$101,009	\$107,272
***************************************		**********************	**********************

^{* 9} FTE funded by reimbursable revenue.

TOTALEMP C-S 2006

^{** 7} FTE funded by reimbursable revenue.

VI. MISSION AND PROGRAM STRUCTURE

The 1947 Taft-Hartley amendments to the National Labor Relations Act (herein called the Labor-Management Reporting Act, or the LMRA), established the FMCS as an independent agency charged with mediating all labor-management disputes substantially affecting interstate commerce.¹ In this legislation and subsequent amendments to it, Congress tasks FMCS with minimizing the economic effects of labor disputes by promoting the collective bargaining process, mediation of disputes and voluntary arbitration.² The main components of FMCS' mission are to:

- promote the development of sound and stable labor-management relationships;
- prevent or minimize work stoppages by assisting labor and management to settle their disputes through mediation;
- advocate collective bargaining, mediation and voluntary arbitration as the preferred processes for settling issues between employers and representatives of employees;
- develop and advocate the art, science and practice of conflict resolution through the use of alternative dispute resolution;
- assist parties in conflict through the provision of conflict resolution services; and,
- foster the establishment and maintenance of constructive joint processes to improve labor-management relationships, employment security and organizational effectiveness.

For nearly 60 years, the Agency has embraced its mission. FMCS programs, developed and enhanced over the decades, demonstrate the Agency's commitment to preventing or minimizing interruptions to the free flow of commerce that result from labor disputes and improving the relationship between labor and management. The cost of labor disputes is substantial. Using a model developed by the Employment Policy Foundation, the Agency estimates that work stoppages alone in fiscal years 2005 and 2006 caused employees to lose an estimated 43 million working hours and cost \$950 million in lost wages and also reduced company profits by \$263 million.

² Section 201 of the LMRA.

¹ FMCS jurisdiction under Taft-Hartley excludes the rail and airline industries, which are covered by the Railway Labor Act and the National Mediation Board.

FMCS' primary objective is to prevent or minimize this kind of national and regional economic harm.

FMCS programs include the following:

A. Collective Bargaining Mediation

The primary work of this Agency is to mediate collective bargaining contract negotiations. This includes mediation for an initial contract and contract renegotiations in both the private and public sectors. During mediation, the mediator's task is to identify alternative solutions and compromises, encourage settlement where appropriate, control the critical timing of offers, and persuade the parties to honestly discuss their differences.

FMCS has jurisdiction over the private sector and the federal sector. FMCS gets involved in public sector disputes where there is no viable state mediation service, or by request of the state agency and the parties. Federal sector work includes mediating midterm contract disputes, the terms and conditions of employment in successor contracts, and other alternative dispute resolution work.

B. Grievance Mediation

Grievance mediation involves the use of a neutral party to mediate grievances arising during the life of a collective bargaining contract. This service is provided to the private and public sectors. Continuing recent trends, 24 percent of the contracts negotiated were of more than 3 years duration. Longer contract terms increase the importance of resolving contentious issues arising during the term of a contract. Left unresolved, these grievances become major sources of contention between the parties in subsequent negotiations. In FY 2006, FMCS mediated 1,625 grievance mediation cases and helped the parties reach agreement in over 1,200.

C. Relationship-Development and Training

For decades, FMCS has offered relationship-development and training programs designed to improve the labor-management relationship and develop approaches that prevent friction or disputes from arising. The training improves the quality of the parties' relationship and makes collective bargaining as a whole more effective, reducing the potential for conflict. FMCS relationship-development and training programs include:

- o **Alternative Bargaining Training**: Teaches the benefits and techniques of a non-adversary, joint problem-solving approach to negotiation.
- o **Relationship by Objective**: Improves the parties' relationship with one another, particularly where the relationship has worsened after a contentious representation election, initial contract negotiation, or strike.

- Committee Effectiveness Training: Assists the parties in developing joint labor-management committees designed to bring the parties into regular communication.
- o **Partners in Change**: Explores the organization's current culture, identifies perceptions within the organization, creates a vision for the future, and designs systems that effectuate change.
- o Labor-Management Work Site Committee Training: Helps labormanagement committees extend to the work site level, forming work site committees, group interactions, and learning techniques to manage change.
- Contract Administration/Steward-Supervisor Training: Trains front-line supervisors and shop stewards on their roles and responsibilities in contract administration, grievance processing, the arbitration procedure, and interpersonal communications for building cooperative relationships.
- Cultural Awareness Skills for Labor and Management: Trains the parties how to function in a multicultural work setting including the resolution of cross-cultural conflicts in a workplace.
- Collective Bargaining and Mediation Training: Trains the parties on effective negotiation and communication skills.

D. Outreach

FMCS mediators meet with representatives of labor and management to educate the parties about the economic benefits that can result from mediation and how alternative dispute resolution services provided by FMCS can increase labor-management collaboration, improve productivity, increase efficiency and avert work stoppages. These outreach events include one-on-one meetings, presentations, conferences, symposia, and workshops.

E. Employment Mediation

Outside the collective bargaining arena, FMCS has been involved in employment mediation in the public sector, primarily for the Federal sector, but also for state and municipal governments. The Administrative Dispute Resolution Act of 1996 expanded FMCS' role as a provider of alternative dispute resolution services to the Federal sector. The legislative design was to expand the use of alternative dispute resolution throughout the Federal government, reduce litigation costs, and promote better government decision-making. FMCS mediates employment-related complaints from Federal agencies and provides consultation and training to many Federal agencies as a cost-reimbursable service.

F. International Training and Exchange

FMCS' international efforts are designed to level the economic playing field for U.S. companies and workers by strengthening the rule of law and workers' rights in developing countries. To cite an important example of this work, FMCS is taking part in

an ongoing initiative by the U.S. government to engage the People's Republic of China on labor and rule of law issues. In FY 2006, a team of four FMCS mediators worked with the U.S. Department of Labor and the Chinese Ministry of Labor and Social Security to help establish labor relations committees in China and to train Chinese government arbitrators in mediation. This project, involving three trips to Qingdao, China as well as work in Beijing, has contributed to the establishment of fifteen labor relations committees. A significant outcome of this initiative has been a continuing dialogue with Chinese government officials and leading academics on the advantages of the U.S. labor relations system as well as the importance of collective bargaining and the recognition of workers' rights. With the recent proposed reform of Chinese labor law regarding the resolution of workplace disputes, FMCS is well-positioned to continue its engagement with the government of China on labor issues of concern to U.S. workers and the companies that employ them.

In addition to supporting U.S. companies and workers in the global market by advocating core labor standards for all nations, the program helps create the stable and productive work forces that are needed to attract foreign investment and improve living conditions. Equally important, FMCS helps establish the labor relations institutions that are essential to the smooth functioning of free market economies. In addition to industrial relations, FMCS mediators assist with rule of law initiatives, thereby helping to support economic growth and investment. These initiatives include training in mediation and working with NGOs and other civil society organizations to develop mediation and other ADR programs. FMCS' International Program operates as a part of the FMCS reimbursable program, with funding from a number of foreign and U.S. agencies, including the U.S. Department of Labor, the U.S. Department of State, the U.S. Agency for International Development, and the International Labor Organization.

G. Arbitration Services

Arbitration is favored by national labor policy and is used almost universally to resolve disputes arising over contractual terms. The statute encourages the FMCS to provide arbitration services for resolution of labor disputes. FMCS maintains a roster of 1,400 private arbitrators. Upon requests from the parties, FMCS furnishes a list of names from which they can choose an arbitrator to hear their case and render a decision. Standards for arbitrators' admission to the roster are maintained, ethics training is required, and a customer feedback mechanism is in place to measure performance in timely issuance of panels to the public.

H. Grants Program

The 1978 Labor-Management Cooperation Act requires the Agency to encourage and support joint labor-management committees "established for the purpose of improving labor management relationships, job security and organizational effectiveness, enhancing economic development or involving workers in decisions affecting their jobs including improving communication with respect to subjects of mutual interest and

concern.³" Grants awarded in fiscal years 2004 and 2005 supported labor-management committees representing over 2 million employees in both the private and public sector. The proposed 2007 Budget eliminates earmarked funding for these grants.

I. FMCS Institute For Conflict Management

The FMCS Institute offers training and education to labor and management practitioners in a centralized classroom format, including courses in conflict resolution skills, collective bargaining, arbitration skills for advocates and arbitration skills-building. Institute courses are designed specifically for labor relations practitioners who want to build their skills in alternative dispute resolution. The Institute is a reimbursable program and is funded by fees received.

³ Section 205A(a)(1).

VII. WORKLOAD PROJECTIONS FY 2007 and FY 2008

The Agency's workload over prior fiscal years, caseload estimates, accomplishments for FY 2006, and estimated workload in FY 2007 and 2008 are included in the following pages. These estimates should be read in conjunction with the Agency's strategic program objectives detailed in Section VIII.

WORKLOAD PROJECTIONS **OUTPUTS AND OUTCOMES (IMPACT) FISCAL YEARS 2007 - 2008**

PROGRAM SERVICES	Actual FY 2003	Actual FY 2004	Actual FY 2005	Actual FY 2006	Estimated FY 2007	Estimated FY 2008
1. COLLECTIVE BARGAINING	F1 2005	F1 2004	11 2003	F 1 2000	11 2007	F1 2000
<u>MEDIATION</u>						
Assigned Cases ⁴	19,516	18,493	17,102	15,072	16,000	16,000
Private Sector	17,568	16,738	15,596	13,539	14,500	14,500
Public Sector (state and municipal)	1,329	1,295	1,160	1,219	1,200	1,200
Federal Sector	619	460	346	314	300	300
Mediated Cases ⁵	6,640	4,748	5,215	5,484	4,540	4,540
Private Sector	4,912	3,274	3,873	3,874	3,264	3,264
Public Sector (state and municipal)	1,218	1,077	1,086	1,319	1,026	1,026
Federal Sector	510	397	256	291	250	250
Activity rate ⁶	34%	26%	30%	35%	30%	30%
Number of mediated cases settled	4,988	3,768	3,557	3,864	3,950	3,950
Percentage of mediated cases settled through FMCS ⁷	74%	79%	87%	86%	87%	87%
Activity rate in significant cases ⁸	50%	51%	47%	45%	50%	50%

Section 8(d) of the Act requires that any employer or labor organization provide notice to FMCS 60 days prior to contract expiration. Not all cases providing notices are assigned. Actual FY 2006 FMCS case intake exceeded 23,000.
 Mediated cases (formerly called "active" cases) represent the number of cases in the FY where mediators have become active in the negotiations.
 Defined as the number of closed cases where there was at least one meeting divided by the number of total closed assignments.
 Defined as the number of active cases settled divided by the total number of active cases.
 Significant cases are generally defined as situations where the bargaining unit exceeds 1,000.

PR	OGRAM SERVICES	Actual	Actual	Actual	<u>Actual</u>	Estimated	Estimated
		FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
2.	GRIEVANCE MEDIATION						
	Assigned cases	1,419	1,639	1,705	1,632	1,550	1,550
l	Mediated cases	1,407	1,544	1,621	1,625	1,518	1,520
	Private Sector	NA	1,168	1,232	1,219	1,130	1,130
	Public Sector (state and municipal)	NA	205	263	270	265	265
	Federal Sector	NA	171	126	136	125	125
	Number of GM cases settled	NA	1,264	1,212	1,219	1,138	1,140
	Percentage of cases settled through FMCS ⁹	NA	82%	72%	75%	75%	75%
3.	RELATIONSHIP-DEVELOPMENT AND TRAINING						
	Number of training programs provided	2,594	2,281	2,085	2,445	2,100	2,100
	Private Sector	1,693	1,565	1,273	1,552	1,370	1,370
Į	Public Sector (state and municipal)	688	599	708	730	630	630
	Federal Sector	213	117	104	163	100	100
4.	EMPLOYMENT MEDIATION						
	Number of employment mediation cases	1,310	1,596	1,008	1,022	1,100	1,100
	Federal Sector	674	1,417	917	993	1,035	1,035
	Public Sector (state and municipal)	8	5	31	13	30	30
	Private	628	174	60	16	35	35
	Number of EM cases settled	773*	718*	484	523	550	550
	Percent of EM cases settled through FMCS	59%	45%	48%	51%	50%	50%

Defined as the number of grievance mediation cases settled and closed within the fiscal year divided by the number of closed GM assignments.
 * Approximate

PROGRAM SERVICES	Actual FY 2003	Actual FY 2004	<u>Actual</u> FY 2005	Actual FY 2006	Estimated FY 2007	Estimated FY 2008
5. OUTREACH						
Number of outreach cases ¹⁰	5,392	4,741	3,513	3,859	3,200	3,200
6. ARBITRATION SERVICES						
Number of panels issued	19,023	18,033	16,787	16,854	17,000	17,000
Number of arbitrators appointed	8,595	7,875	7,592	6,860	7,000	7,000
Average number of days for arbitrator	NA	NA	2.58	1.08	3	3
appointment					workdays	workdays
		:			or less	or less
Number of complaints regarding overdue awards	NA	NA	8	9	5	5
7. INSTITUTE						
Number of courses provided	13	17	17	7	10	10
Number of participants	270	540	450	172	240	240

¹⁰ FMCS requires all mediators to engage in outreach efforts. These kinds of activities include non-bargaining meetings with labor and management representatives, attendance at conferences, meetings with local and state officials to offer FMCS services, and presentations designed to increase public knowledge.

VIII. PROGRAM OBJECTIVES FOR FY 2008 BUDGET SUBMISSION

Program objectives for each service area are guided by the Agency's five-year strategic plan. Performance indicators are incorporated into this section of the budget submission. For each strategic goal, there is a matrix identifying the strategic goal, the programs impacted by the goals, performance objectives and accomplishments for FY 2006, and performance goals for FY 2007 and FY 2008.

GOAL 1: Minimize the number and severity of work stoppages influencing interstate commerce, national security, and/or the U.S. health care industry. The overall strategy in pursuing this goal is for the Agency to encourage labor and management to employ mediation in their contract negotiations.

Specific FMCS strategies include:

- 1. Define and identify cases that involve potentially severe work stoppages to better allocate resources for work stoppage cases;
- 2. Identify reasons why potential users of FMCS mediation services choose not to do so; and,
- 3. Encourage mediator contact with parties prior to the contract expiration date.

Programs Impacted: FMCS collective bargaining mediation is the activity most impacted by pursuit of this goal. This mediation is designed to help the parties that are negotiating a new or renewed collective bargaining agreement and represents the Agency's near-term work. FY 2006 performance goals and accomplishments, and goals for FY 2007 and FY 2008 are listed on the next page.

Strategic Goal 1 – Minimize Work Stoppages Influencing Interstate Commerce

FY 2006 Objective	Performance Indicator	Accomplished (Yes/No)	FY 2007 Objective	Performance Indicator	FY 2008 Objective
Increase or maintain mediator activity levels in significant cases.	Maintain or improve case activity rates in significant cases over previous three years.	No, due to high percentage of significant cases in construction industry.	Increase or maintain mediator activity levels in significant cases.	Maintain or improve case activity rates in significant cases over previous three years.	Increase or maintain mediator activity levels in significant cases.
Increase or maintain activity levels in assigned cases.	Maintain or improve mediator assigned case activity rates over previous three years.	Yes.	Increase or maintain activity levels in assigned cases.	Maintain or improve mediator assigned case activity rates over previous three years.	Increase or maintain activity levels in assigned cases.
Increase or maintain use of mediation prior to contract expiration date.	a) Maintain or improve mediation activity prior to contract expiration over previous three years.	a) Yes.	Increase or maintain use of mediation prior to contract expiration date.	a) Maintain or improve mediation activity prior to contract expiration over previous three years.	Increase or maintain use of mediation prior to contract expiration date.
	b) Demonstrate that shortened work stoppages benefit the economy in an amount equivalent to or greater than the FMCS budget.	b) Yes.		b) Demonstrate that shortened work stoppages benefit the economy in an amount equivalent to or greater than the FMCS budget.	

<u>GOAL 2</u>: Expand FMCS' role in facilitating the resolution of workplace disputes. The overall strategy in pursuing this goal is for the Agency to advocate mediation and voluntary arbitration as the preferred methods for settling issues between labor and management.

Specific FMCS strategies include:

- 1. Evaluate effectiveness of FMCS mediation and arbitration services;
- 2. Focus on major issues leading to work stoppages, particularly related to health insurance, technology, pensions, and outsourcing; and,
- 3. Develop long-term strategy and set criteria for accepting Federal and international work.

Programs Impacted: This goal has its greatest impact on the Agency's arbitration, employment mediation, and grievance mediation work. These programs are designed to resolve problems that arise during the term of a collective bargaining agreement before they spill over into the next collective bargaining negotiation period. FY 2006 performance goals and accomplishments, and goals for FY 2007 and FY 2008 are listed on the next page.

$Strategic\ Goal\ 2-Expand\ FMCS'\ role\ in\ facilitating\ the\ resolution\ of\ workplace\ disputes.$

FY 2006 Objective	Performance Indicator	Accomplished (Yes/No)	FY 2007 Objective	Performance Indicator	FY 2008 Objective
Improve quality of arbitrators on FMCS roster.	Maintain or improve the number of participants attending the FMCS institute "Becoming a Labor Arbitrator" course.	No.	Improve quality of arbitrators on FMCS roster.	Maintain or improve the number of participants attending the FMCS institute "Becoming a Labor Arbitrator" course.	Improve quality of arbitrators on FMCS roster.
Increase the skills and abilities of labor and management participants in the arbitration process.	Maintain or improve the post-course evaluations for "Arbitration for Advocates" course.	No, deferred to FY 2007	Increase the skills and abilities of labor and management participants in the arbitration process.	Maintain or improve the post-course evaluations for "Arbitration for Advocates" course.	Increase the skills and abilities of labor and management participants in the arbitration process.
Increase mediators' and labor-management parties' knowledge of collective bargaining issues that lead to work stoppages or affect workplace relationships.	Develop and deliver new or revised training programs and supporting materials.	 a) Yes. Provided training to all FMCS mediators on pensions, outsourcing, and health care. b) Yes. Developed and piloted programs in workplace generational differences, basic collective bargaining, and diversity. 	Increase mediators' and labor-management parties' knowledge of collective bargaining issues that lead to work stoppages or affect workplace relationships.	Develop and deliver new or revised training programs and supporting materials.	Increase mediators' and labor-management parties' knowledge of collective bargaining issues that lead to work stoppages or affect workplace relationships.
Improve labor- management relationships in Federal sector.	Increase number of Federal EM cases by 5% and increase other activities	Yes, increased Federal EM cases by 17.5%	Improve labor- management relationships in Federal sector.	Maintain or improve the number of Federal employment mediation cases and other activities.	Improve labor- management relationships in Federal sector.
Improve labor- management relationships internationally.	Increase FMCS' international work.	No. Development of strategic plan deferred until FY 2007.	Improve labor- management relationships internationally.	Increase FMCS' international work.	Improve labor- management relationships internationally.

<u>Goal 3</u>: Improve long-term labor-management relationships. The overall strategy in pursuing this goal is for the Agency to promote the use of FMCS programs to develop sound and stable long-term labor-management relationships.

Specific FMCS strategies include:

- 1. Promote best practices in the labor-management community;
- 2. Advocate the art, science, and practice of conflict resolution through the use of alternative dispute resolution;
- 3. Develop new training programs in key subject areas; and,
- 4. Ensure that grantees meet their stated goals and objectives.

Programs Impacted: This goal has its greatest impact on the Agency's alternative dispute resolution, education, advocacy and outreach programs, grant programs, and other activities. These programs are designed to promote, maintain, and enhance successful long-term relationships between labor and management. FY 2006 performance goals and accomplishments, and goals for FY 2007 and FY 2008 are listed on the next page.

Strategic Goal 3 – Improve long-term labor-management relationships.

FY 2006 Objective	Performance Indicator	Accomplished (Yes/No)	FY 2007 Objective	Performance Indicator	FY 2008 Objective
Increase parties' utilization of cooperative approaches.	Increase or maintain the number of joint training programs requested.	Yes, within one percent.	Increase parties' utilization of cooperative approaches.	Increase or maintain the number of joint training programs requested.	Increase parties' utilization of cooperative approaches.
Update RDT programs for mediator training and labor-management to keep current with evolving workplace issues.	a) Create at least two new programs for labor-management.b) Create at least two new programs for use by mediators.	a) Yes. Generational differences in the workplace and basic collective bargaining processes.b) No. One program for diversity issues.	Update RDT programs for mediator training and labor- management to keep current with evolving workplace issues.	Create at least one new program.	Update RDT programs for mediator training and labor- management to keep current with evolving workplace issues.
Improve communications between labor and management through grants program.	a) Ensure grantees meet their stated goals and objectives at least 80% of the time.b) Review quarterly reports and conduct site visits.	a) Yes. 100% of FY 2003 grantees met their stated goals and objectives.b) Quarterly site visits made by mediators and reports submitted.	FY 2007 proposed budget eliminates earmarked funding for grants.		