

Settlement Agreement

This Settlement Agreement is entered into by and between the United States Department of State, Passport Services ("Agency" or "Management") and the National Federation of Federal Employees, Local 1998 ("Union"), collectively referred to as the "Parties." On October 29, 2007, the Union filed a Grievance with the Agency titled "Involuntary Assignment to the 4/10 CWS and Second Shift". The Union invoked arbitration on February 15, 2008 (FMCS Case Number 080215-53614-A). The Parties now wish to fully and finally resolve this grievance, without the need for arbitration. Except where specifically referencing a particular Passport Agency or Center, this Settlement Agreement applies throughout the nationwide Passport Services bargaining unit.

Now Therefore, the Parties Mutually Agree as Follows:

1. Management agrees to move the following Washington Passport Agency (PPT/WN) employees from the night shift to the day shift, effective Monday, May 26, 2008:
1, 2, 3, 4, 5, 6, 7, 8, 9 and 9. These employees' exact daytime schedules will be decided in coordination with their supervisors, and in accordance with the Washington Passport Agency Regional Union/Management Council's Work Schedule Agreement.
2. Employees who meet the following criteria shall be considered to have been given fair warning about the requirement to work the night shift (including the 4/10 CWS at PPT/WN) as a condition of being hired by Passport Services:
 - a. The employee received a hiring letter affirmatively indicating that shift work is a requirement of the position. This would include, but is not be limited to employees who received a hiring letter with the following wording:
 - i. "Please take into consideration that shift work is a requirement of your employment as a Passport Specialist."
 - ii. "You are being hired to work the evening shift where the tour of duty is _____ to _____."
 - iii. "You are being hired to work the night shift."Employees who received a letter with substantially similar wording—i.e. any letter indicating that shift work is a requirement, or indicating the hours of the employee's tour of duty—satisfy this criteria. Employees receiving hiring letters indicating only that shift work *could be or may be* required do not satisfy this criteria.
 - b. The employee was initially directed to report to duty, for his/her first day on the job, on the second shift or night shift and continuously (with the exception of training classes such as the National Training Program or other circumstances described in paragraph 4c of the attached Article 38) has worked the night shift since that time.
 - c. The employee was hired based on a job announcement that specifically stated that the position was for a second shift or night shift. Employees hired based

on a job announcement indicating only that the second shift or night shift was a possibility do not satisfy this criteria.

- d. The employee was told orally or in another written communication prior to his or her first day of work that he or she would be assigned to a second shift or night shift. Employees who received a communication indicating only that the second shift or night shift was a possibility do not satisfy this criteria.
3. Current employees who did not receive fair warning in accordance with # 2 above may elect to move to the day shift if notice is given prior to Friday, June 13, 2008, whether they were hired with the intention by management to staff a second or night shift, or whether they asked to move to a second or night shift. An employee must provide such notice by e-mail to his or her immediate supervisor no later than 8:00 P.M. local time on June 13.
4. Except as provided in paragraph 3, an employee on a second shift or night shift may only be assigned to the day shift in accordance with the provisions of the new collective bargaining agreement Article 38, which is attached hereto.
5. The Employer will assign to the day shift those employees who elected to leave the second or night shift pursuant to paragraph 3 in accordance with the following terms:
 - a. Assignments to the day shift will be made as openings on the day shift become available, as determined in its discretion by the Employer.
 - b. Such assignments will be completed no later than Tuesday, August 12, 2008, at all passport agencies and centers with the possible exception of the National Passport Center (PPT/NPC), the Charleston Passport Center (PPT/CPC), and the Chicago Passport Agency (PPT/CG). Construction to expand capacity is underway at PPT/NPC, PPT/CPC, and PPT/CG. Management will notify the Union of the expected completion date of the construction, as well as keeping the Union informed during progress of any changes (e.g., delays).
 - c. For PPT/NPC, PPT/CPC, and PPT/CG, the Employer will assign employees to the day shift as openings become available, as determined in its discretion by the Employer, and will complete all reassignments under this paragraph within one month of the completion of construction.
 - d. Desk sharing and other arrangements to maximize the use of available space may be required to accommodate reassignments under this paragraph.
6. The Union withdraws the grievance. The grievance will not be submitted to arbitration.
7. The Parties have timely cancelled the arbitration hearing. If the arbitrator contacts the Parties regarding any billing issues, Management agrees to be responsible for resolving the matter with the arbitrator.
8. Management agrees that no employee or Union official will suffer any retaliation in any manner whatsoever (including disciplinary or performance based actions) for participating in this case and that the Union as an entity will suffer no retaliation.
9. The Parties at the PPT/WN will amend the local work schedule agreement to incorporate the night shift, and will note that the night shift operates only four nights a week and requires a 4/10 CWS tour of duty.
10. The Parties reiterate that participation in Flexitour, Compressed, and part-time work schedules are VOLUNTARY. An employee on the day shift may not be forced to work a Flexitour, Compressed, or part-time work schedule. In offices that have a

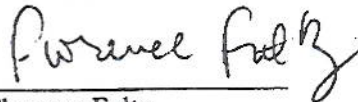
second shift or night shift open for 5 evenings/nights in a normal week, employees may not be forced to work a Flexitour, Compressed, or part-time work schedule. In offices that have a night shift open for only 4 evenings, that only allows for the 4/10 Compressed Work Schedule, and therefore employees working the night shift in those offices may be required to work the 4/10 CWS so long as the provisions of the new Article 38 below are followed.

11. The Parties reiterate that the terms and wording of the collective bargaining agreement cannot be amended at the local office level. Only the Parties at the national level may amend, supplement, or modify the collective bargaining agreement. Agreements or policies reached through bargaining or otherwise instituted at the local office level must be consistent with the provisions of the collective bargaining agreement.
12. The Parties agree that if there are any disputes over the application or interpretation of this agreement that cannot be settled by the Parties, then either Party (or an individual employee) may submit a grievance in accordance with Article 20 of the CBA.
13. The Parties at the national level amend and supplement the collective bargaining agreement by deleting Section 4d from Article 26 and by adding a new Article 38 as follows below the signatures of the Agency and Union representatives.

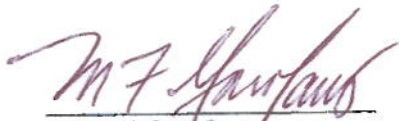
Executed this 22nd day of May, 2008:



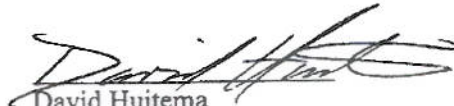
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Passport Services & NFFE Local 1998



Amendment/Supplement to the Agreement

Pursuant to Article 37 of the Agreement Between Passport Services and the National Federation of Federal Employees – Local 1998, Federal District 1, International Association of Machinists and Aerospace Workers, AFL-CIO (hereafter referred to as “the Agreement”), the Parties agreed to the following Amendment and Supplement on May 22, 2008:

NEW Article 38: Second Shift & Night Shift

1. If the Employer proposes to institute a second shift or night shift in addition to the standard work week addressed in Article 25, the Employer will give the Union notification in accordance with the procedures set forth in Article 12 (Negotiations). The proposal shall specify the hours of work and schedules (e.g., regular 8 hour, 4/10 compressed work schedule, etc.) that the Employer wishes to institute. The Union shall be given the opportunity to request negotiations as appropriate. The Parties recognize that the Parties at the local office level may negotiate over desk sharing and other issues related to the institution of a second shift or night shift. Assignment of employees to a second shift or night shift will be consistent with the provisions of this Article.

2. In each office that has a second shift or night shift, or which has reached a final decision to institute such a shift, job offer letters for new employees whom the Employer wishes to assign to a second shift or night shift must specify the anticipated tour of duty, including the possible hours of work and whether a compressed work schedule may be involved (e.g., "Please take into consideration that shift work is a requirement of your employment as a Passport Specialist. You are being hired to work the evening shift where the tour of duty is 7:00 PM to 5:45 AM"). The Employer agrees to continue to electronically transmit to the Union President, on a monthly basis, a list of all new employees in accordance with Article 10, Section 2. Upon request, the Employer agrees to provide the Union with a scanned copy of any new employee's job offer letter.

3. Assigning Employees to the Second Shift or Night Shift

a. Moving from Day Shift to Second Shift or Night Shift: When first instituting a second shift or night shift, the Employer will solicit volunteers for the second shift or night shift during an open season at least 4 weeks in duration. Offices that already have a second shift or night shift will maintain a register of employees interested in

moving to the second shift or night shift. Employees on the register will be assigned to the second shift or night shift when an opening becomes available as determined by the Employer in its discretion. The Employer will first check with the employee on the register to confirm that he/she is still interested in moving to the second shift or night shift prior to changing the employee's shift. If there are more volunteers than space available, then the decision to allow employees to move to the second shift or night shift shall be based on most seniority in Passport Services. If there is a tie, then the Employer shall use a random method of selecting from the employees with equal seniority (e.g., coin flip). A Union representative shall witness the selection unless no Union representative is available at an agency (in that event, either the employees in question shall witness the selection or the Union shall designate a witness).

b. If the second shift or night shift is not fully staffed by volunteers, the Employer may fill any vacancies by hiring new employees. The hiring letter for such new employees must specify that the anticipated tour of duty is the second shift or the night shift, and must specify if a compressed work schedule is involved.

4. Moving from Second Shift or Night Shift to Day Shift:

a. Each office that has a second shift or night shift will maintain a register of employees interested in moving to the day shift. Employees on the register will be assigned to the day shift when an opening becomes available as determined by the Employer in its discretion. The Employer will first check with the employee on the register to confirm that he/she is still interested in moving to the day shift prior to changing the employee's shift. Employees will be selected from the register based upon seniority within Passport Services. If there is a tie, then the Employer shall use a random method of selecting from the employees with equal seniority (e.g., coin flip). A Union representative shall witness the selection unless no Union representative is available at an agency (in that event, either the employees in question shall witness the selection or the Union shall designate a witness).

b. At any time, an employee on the second shift or night shift may request to be moved to a day shift for medical reasons. The Employer may require medical documentation to verify the request. An employee may also request to be temporarily removed from the night or second shift if he/she has a justifiable reason. The employee will be responsible for providing all necessary information and/or documentation to support such a claim of justifiable reason. The decision to approve such requests will be made on a case-by-case basis, may involve space/desk availability, and will be made fairly and impartially. The employee should not presume that the request will be approved.

c. The Employer may temporarily move an individual bargaining unit employee from a second shift or night shift back to the day shift in order to address any one or more of the following circumstances:

(1) Emergencies;

- (2) Temporary work functions or requirements (with the consent of the employee);
- (3) Training that cannot be accomplished during the second shift or night shift;
- (4) Employees with deficiencies in their performance that can only be addressed through closer supervision and direction provided on the day shift.

Employees will be given reasonable advance notice of the schedule change to the extent possible (normally at least 2 weeks).

5. Assignment of Transfers to a Tour of Duty: An employee transferring from one Passport Services office to another will be informed, prior to the approval of the transfer, which shifts have openings. The employee may request to be transferred to a shift that has an opening, but an employee transferring from another office will not be given preference over employees who are already on a registry seeking to move to the shift desired by the transferring employee.

6. The tour of duty for an employee assigned to a second shift or night shift shall be the hours of work established for that shift pursuant to Section 1 of this Article. Article 26 will continue to govern an individual employee's deviation from the tour of duty applicable to his or her shift, and the adoption of an Alternative Work Schedule pursuant to Article 26 must be voluntary. The details of the Alternative Work Schedule options available to employees assigned to a second shift or night shift shall be covered in the local work schedule agreement addressed in Article 26. The local work schedule agreement must specify what is the standard tour of duty for the second shift and/or night shift, from which the other Article 26 options would deviate.

7. The requirements, objectives and mission are the same for all shift work. General schedule employees working a night shift receive a ten percent differential of their rate of basic pay when they perform regularly scheduled night work between the hours of 6:00 PM and 6:00 AM. General schedule employees regularly scheduled on a night shift are also eligible for this night differential when participating in certain training in accordance with 5 CFR 410.402(b), when excused from work on a holiday or other non-workdays, and while on official travel status. For general schedule employees, night shift differentials are paid in addition to overtime, Sunday or holiday pay, but are not included in the rate of base pay used to compute these payments.