

EA Negotiations - Update 05OCT21

As you all know, we have been in negotiations all summer. Our negotiations this year includes wages, market rates, contract language and benefits. Our negotiations team worked very hard to achieve what I consider very good results. As an overview, we have made some monumental changes this year we believe are good for our members. We are not able to do any of this without our members' support. Thanks for being a member! You matter and we believe your voice was heard with much success during this process. Of course, there are things that we were unable to achieve, like the 10 hours shift pay issue. This brings all of us great disappointment. However, most of our goals for negotiations were achieved and were big wins – like annual base pay wage increases, elimination of individual pay goals, emphasis with management on variable and off cycle performance increases, large market rate changes for many of our positions, 3-year benefits agreement and the establishment of a new pay level for career employees!

Let's consider all these things and give a final overview of each of these areas.

Wage Negotiations:

As earlier reported, TVA and the EA have an agreement to forego goal setting. This means that going forward annual wages will be paid to everyone eligible. The pay increase will be based on your midpoint (FY22 market rate) and paid as a base pay increase not to exceed the market range of 120%.

We have a 3-year agreement for wages. FY22 began 27SEP21.

FY22	3.1%	FY23	3.0%	FY24	3.0%
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Market Rates:

Per the contract, every three years, the language allows for a “true-up” of market rates through joint negotiations, however, a true up has not been done since 2012. On this first year, we looked at survey data to determine what the market rate (midpoint) should be for all our jobs. On the subsequent 2 years, the midpoints move 75% of the pay budget. As you recall, over the past 10 years or so, the annual wage increase has been based on a 3% pay budget with the midpoint of each job moving 75% of the pay budget or 2.25%. This year is that ‘true-up’ year.

To start the process, the parties agreed on 53 benchmark positions. These 53 jobs were a mix of mostly B-level jobs with some specialist C-level jobs included in the

review. Each job was successfully priced with some upward movement. All jobs not selected for benchmarking were slotted, based on similar duties, to one of the 53 benchmark jobs and will receive the same percentage increase in midpoint as the benchmark job.

The good news is that none of the midpoints went down...although the survey of the benchmark positions, in some cases, might have indicated a reduction or no change to the midpoint was in order. Of course, we argued for no decrease and TVA agreed to not lower any of our midpoints. So, all our midpoints were increased, quite a few of the midpoints increased a lot through this negotiation process.

See FY22 midpoints attachment.

Contract Language changes:

Let's look at all the proposals from both sides:

EA Proposals:

TVA and the EA have reached agreement.

The EA proposed that we overhaul pay for performance and uncouple annual wage increases and the performance review process to include eliminating individual goal setting. TVA showed great interest in this proposal, and it became a joint TVA-EA proposal. After much discussion, we reached an agreement.

Our bargaining unit will no longer establish yearly goals or receive yearly performance reviews. Under the new process, all eligible bargaining unit employees will receive an annual adjustment in pay, based upon the negotiated pay budget (this year 3.1%) which will be paid as a negotiated percentage applied to the midpoint for each job.

How will we reward good performance? We didn't forget that. There are two places in the contract that allow for payouts for performance. S-4:E and S-4:M3. TVA has a renewed commitment to use this language rather than taking performance pay out of the annual wage increases.

TVA and the EA did not reach agreement. EA proposed a language change that would allow *FLSA Non-exempt employees* to receive 1.5x the

straight-time rate for the first non-workday and 2x the straight-time rate for the second non-workday worked in a workweek. This would allow those on 10 hour shifts to receive double-time on either of their last two off days in the workweek, provided the employee works two of the three off days – they would be paid 2x pay for the second off day they work.

TVA has no interest in correcting this inequity in pay. NO agreement was met. We are extremely disappointed regarding this outcome. We will continue to bring this up to TVA in the months ahead...but at negotiations, we were not successful.

TVA and the EA have reached agreement. EA proposed adding language that would protect employees from excessive callouts for work in which they did not actually have to report on site. The parties have agreed to a one-year pilot program for the Technology & Innovation (T&I) group – which is the area in which we had seen the most issues. This pilot language allows for T&I employees “*called for, but not reporting to work, and performing the requested work be paid (inflexible schedule employees) or afforded compensatory time (flexible schedule employees) for the actual time worked, but no less than 1 hour.*” After this one-year pilot, the parties will meet and discuss possibly expanding this provision to the rest of our bargaining unit.

TVA and the EA have reached agreement. The parties have agreed regarding temporary promotions that we will reduce the number of consecutive scheduled workdays of higher-level duties from 10 days to 5 days. The amount of the promotion will continue to be determined under already existing language (S-4:M2a) which allows for a 5-12 percent increase to base annual salary rate. This provides for our members to be temped up for periods of a week at a time which aligns with typical leave periods for vacation.

TVA and the EA have reached agreement. The parties agreed to add language that would allow the EA to engage in new employee orientation by including a link that would provide an introduction of our EA bargaining unit to new EA employees.

TVA Proposals:

TVA withdrew their proposal to increase the overtime threshold from 2.5 hours per workweek to 5 hours per workweek and the 7.5 overtime hours worked to 10 overtime hours worked per week.

TVA withdrew their proposal to set new hire employees' pay above the market rate.

TVA withdrew their proposal to limit grievances to discipline & non-selection.

TVA and the EA have reached agreement. TVA and the EA have agreed to setting 3-year agreements regarding benefit plan design and TVA's contribution to premiums. The first 3-year window covers the period from 2022 – 2024 (same period as the extension of the Agreement).

Benefits negotiations

The following changes to benefits were agreed upon by TVA and the EA for calendar year 2022:

- Add family building benefits (fertility coverage, adoption, and surrogacy) with a lifetime maximum of \$30,000.
- Expand pharmacy benefits to include prescription weight loss drugs
- Replace the maximum amounts of spousal coverage on the voluntary benefits life insurance from \$25,000 to \$250,000
- During calendar year 2022, the deadline to make medical and dental changes because of a life event change, will be expanding from 30 days to 60 days. (Timing of the change in 2022 is yet to be determined)

There is no change to the provision that TVA's contribution toward the cost of the medical plan will be 80% of the cost of the 80% PPO plan.

There is no change to the provision that TVA's contribution toward the cost of the dental plan will be 80% of the cost of the Dental 1200 plan.

In accordance to changes we agreed to during last year's 2020 negotiations, we agreed to allow the first half of the increase to occur in 2020 and the second half to occur in 2022 for these provisions:

- Increase deductible on the 80% PPO plan to \$550 (was \$500) for individual coverage and \$1,100 (was \$1000) for family coverage.

- Increase out of pocket maximums on the 80% PPO plan to \$3,250 (was \$2750) for individual coverage and \$6,500 (was \$5500) for family coverage.

TVA and the EA have agreed on a 3-year deal for benefits which means that deductibles, out of pocket maximums and the formula to determine TVA's contribution will not change during this period.

2022 Medical Premiums per pay period

	80% PPO	CDHP
Individual	\$68	\$20
Individual + spouse	\$144	\$43
Individual + child	\$123	\$36
Family	\$192	\$56

2022 Dental Premiums per pay period

	Dental 2000	Dental 1200	Dental 750
Individual	\$8.78	\$2.72	\$1.03
Individual + spouse	\$17.55	\$5.44	\$2.05
Individual + child	\$19.29	\$5.98	\$2.26
Family	\$28.07	\$8.70	\$3.28

One last thing:

The EA has heard our members regarding a lack of progression opportunity after achieving the B-level (career/senior level). The EA has successfully reached agreement with TVA on instituting a new five-tier classification structure. This new classification will be called Senior-II level. TVA and the EA will insert a new classification level (B-II) between our current B and C-level positions. To achieve the new SR-II level classification, you will need to have 10 years' experience in the senior level classification. The new level II will provide a time-based promotion that will be automatic. So, for our classification system and for all families, the movement through the classifications will be A, B, B-II, C and D. Each of the levels will maintain an eight percent market rate increase to maintain a direct line of promotion from the existing B-level to the new SR-II level and to the current C-level. Midpoints for our D level positions will be no less than 104% of the C-levels for their respective positions.

We are excited that TVA agreed that there is a need for this new classification. It addresses the fact that not everyone will eventually be a C or D level. This new level allows a career senior level the chance to move into a new pay classification. It honors the time you've spent in your classification with something tangible - pay.

We have a bit of work to do with TVA to set up this new classification. Therefore, it will take us some time to implement. TVA and the EA are going to jointly look at each person who is currently at the B level and validate that you have 10 years in the B level classification. We don't want to miss anyone who is eligible.

The date of full implementation will be set for later this year or early calendar year 2022. However, the implementation will be retroactive to 27Sep21 – the beginning of the current pay year FY22. Your payout for FY22 annual wage increase will be adjusted retro and your pay will also be adjust according to the contract language in S-4:M, which allows for a 5-12% increase to base pay.

There will likely be impacts to C and D levels as well. Once the Sr-II level pay is added in and we establish it at 8% above the current Sr level (B) we will likewise move the market rates for levels C & D accordingly. So, there will be some retro-pay for these folks too because your annual wage increase pay is based on the market rate which will increase/change due to the TVA/EA agreement.

In closing: Again, we appreciate your support of the negotiating team. We'd love to hear from you. Thanks for sticking with us this summer. Glad to finalize everything.

EA Negotiation Team:

Gary Jordan	Carolyn Wilson	Alan Turpen	Mike Cavote
Greg Jennings	Jerri Dolan	Terry Readus	David Littlejohn
Renaie McKenzie	Gary Watson		

In solidarity,

Gay Henson

EA President