Notice: This decision may be formally revised before it is published in the District of Columbia Register. Parties should promptly notify this office of any formal errors so that they may be corrected before publishing the decision. This notice is not intended to provide an opportunity for a substantive challenge to the decision.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
PUBLIC EMPLOYEE RELATIONS BOARD

In the Matter of:
District Council 20, American Federation of State, County and Municipal Employees, Locals 1200, 2776, 2401 and 2087, Complainants,
v.
District of Columbia Government,
and
Anthony Williams, Chief Financial Officer (Office of Financial Management (a.k.a. Financial Operations); Department of Finance and Revenue (a.k.a. Office of Tax and Revenue); and Accounting, Budget and Financial Management Personnel Employed at the D.C. Department of Human Services or at the University of the District of Columbia who are subject to the Chief Financial Officer’s Authority Pursuant to Section 152 of the 1996 District of Columbia Appropriation Act, Public Law No. 104-134 (1996) and/or Section 142 of the 1997 District of Columbia Appropriation Act, Public Law No. 104-194 (1996),
Respondents.

PERB Case No. 97-U-15A
Opinion No. 590

DECISION AND ORDER
The Complainants District Council 20, American Federation of State, County and Municipal Employees, Locals 1200, 2776, 2401 and 2087 (AFSCME), are the bargaining representatives of certain employees employed by the District of Columbia Office of Financial Management (OFM); the Department of Human Services (DHS); Department of Finance and Revenue (DFR) and the University of the District of Columbia (UDC). These agencies and the Complainants have been operating under the terms of a master agreement that has been in effect since August 12, 1996.

Pursuant to the Financial Responsibility and Management Assistant Act (FRMAA), certain bargaining unit employees from OFM, DFR, DHS and the UDC were placed under the authority of the Office of the Chief Financial Officer (hereinafter Respondents or CFO). AFSCME had been in the midst of multi-employer negotiations for a successor master agreement with these agencies when the placement of these employees under the CFO's authority occurred.

AFSCME alleged that the CFO violated these bargaining unit employees' rights under the Comprehensive Merit Personnel Act (CMPA). The CFO argues that the Omnibus Consolidated Rescissions and Appropriation Acts of 1996 and 1997 (OCRAA) and the FRMAA, vitiate the rights accorded employees and their representatives under the Labor-management sub-chapter of the CMPA to the Complainants.

1/ The Respondents are described in the caption of this Decision and Order as stipulated by the parties in a document entitled "Joint Recommendation to the Hearing Examiner." The Hearing Examiner's nonconformance with this description precipitated one of the Complainants' exceptions to her Report and Recommendation. (AFSCME Except. 3.) Since no objection has been raised by the Respondents, we grant this exception by so describing the Respondent in the caption of this Decision. As a result of recasting the CFO as the Respondent in a "Restated Amended Unfair Labor Practice Complaint", the Hearing Examiner granted previously filed Motions to dismiss UDC and the Mayor of the District of Columbia as original Respondents in this proceeding.

2/ The FRMAA transferred to the CFO all the authority of the Mayor with respect to financial management matters. The OCRAA transferred the personnel authority for all budget, accounting, and financial management personnel in the executive branch from the Mayor to the CFO. The CFO's contention that employees of these affected agencies are no longer covered by the CMPA, in the main, turns on three arguments. First, the CFO has maintained that under these Acts, employees placed under its authority have been rendered at-will employees. The CFO contends that this status is inconsistent with the employee status accorded both bargaining and non-bargaining unit employees under the CMPA. The CFO has also contended that Section
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The background and issues underlying this case are set out by the Hearing Examiner in her Report and Recommendation.3/ The Hearing Examiner found the Respondents committed unfair labor practices under the CMPA, as codified under D.C. Code § 1-618.4(a)(1), (2) and (5), by (1) discontinuing an established practice of permitting union representatives to attend non-adverse action meetings with bargaining unit employees; and (2) making statements to union officials and bargaining unit employees that it no longer recognized the union. (R&R at 14)

Based on these findings and conclusions, the Hearing Examiner recommended the Board issue a cease and desist order and other appropriate relief. The Hearing Examiner dismissed most claims in the Complaint, including allegations of: (1) direct dealing with employees with respect to issues of compensation; (2) repudiation of existing working conditions contained in the Master Agreement covering employees; and (3) unilateral changes of those working conditions.

The case is now before the Board on Exceptions to the Hearing Examiner's Report and Recommendation filed by both parties. Oppositions to the Exceptions were also filed. Pursuant to D.C. Code § 1-605.2(3) and Board Rule 520.14, we have reviewed the findings and conclusions of the Hearing Examiner and adopt her findings of fact and conclusions of law with respect to the violations found.

With respect to the claims dismissed by the Hearing Examiner, we adopt her findings of fact. In addition, we make other factual findings below. We find, contrary to the Hearing Examiner, that the CFO's pervasive and undisputed unilateral changes in employees' existing terms and conditions of employment are violations of its statutory bargaining obligations under the

152 of the OCRAA gives the CFO its powers "[n]otwithstanding any other provision of law... ." The CFO has interpreted the legislative history of this provision as relieving it from the obligation to follow any and all regulations, including the CMPA. Finally, the CFO makes the general contention that compliance with the CMPA is inconsistent with achieving the CFO's objectives under the OCRAA and FRMAA and therefore, the CFO's enabling legislation was intended to preempt such inconsistent preexisting laws. We have found otherwise in AFSCME, D.C. Council 20, Local 1200 and D.C. Office of the Controller, Division of Financial Management, 46 DCR 461, Slip Op. Nos. 503 and 508, PERB Case No. 96-UC-01 (1996). That Decision and Order was appealed by the CFO and is currently pending review before the D.C. Superior Court.

3/ The Hearing Examiner's Report and Recommendation is attached as an appendix to this Opinion.
AFSCME filed sixteen (16) Exceptions to the Hearing Examiner's Report. Many of AFSCME's Exceptions request that the Board supplement the Hearing Examiner's Report and Recommendation with additional facts from the record to: (1) provide context for other exceptions and (2) add details in the event of an appeal to the Courts. (Gen. Except., Except. 1-10 and 15.) Given the nature of these exceptions, they will be addressed to the extent they are significant to our discussion of the issues and disposition of the Complaint allegations presented by this case.4/ We have considered AFSCME's other objections and conclude no further changes to the Report and Recommendation are warranted. To the extent the amendments to the Hearing Examiner's Report proposed by these exceptions are substantiated by the evidence, that evidence is part of the official record of this case.5/

Based on largely undisputed evidence, the Hearing Examiner found the CFO violated the CMPA by declaring that it no longer recognize the union and discontinuing a past practice of permitting union representatives to be present at non-disciplinary meetings with employees. The Hearing Examiner agreed with AFSCME's charge that the CFO directly dealt with bargaining unit employees over compensation, but she found it a contract, not statutory, violation. Finally, the Hearing Examiner found no evidence of unlawful retaliation by the CFO against bargaining unit employees who supported the union. The Hearing Examiner recommended that this charge be dismissed for lack of proof.6/

4/ AFSCME objects to the Hearing Examiner's failure to make findings of fact as to its claims concerning terminated employees, notwithstanding the parties agreement that no conclusions of law or recommended relief were to be made with respect to these allegations. These claims were effectively made the subject of another Complaint, i.e., PERB Case No. 97-U-15B. (AFSCME Except. 1 and 4.)

5/ Although the CFO has generally opposed these exceptions, it takes the position that AFSCME's Exceptions 1 through 10 and 15 have no specific impact on the issues presented by this case.

6/ In Exception 15, AFSCME alleged employees feared retaliation. The Hearing Examiner rejected this claim. (R&R at 13.) AFSCME objects to this finding. AFSCME asserts that Paragraph 9 of its Complaint does not allege a violation by the CFO. Rather, it merely makes an
The Hearing Examiner concluded that the CFO violated the collective bargaining agreements, not the CMPA, by ignoring its provisions. She found the Board lacks jurisdiction over such contract violations and recommended they be dismissed.7/ (AFSCME Except. 6.)

We turn now to AFSCME's Exceptions to certain legal conclusions made by the Hearing Examiner and the recommended relief. Exceptions 11 through 14 take issue with the Hearing Examiner's conclusion that the CFO did not violate the duty to bargain in good faith by its failures to adhere to existing terms and conditions of employment and its unilateral actions.

The Board has held that where a bargaining obligation exists between the parties, an employer's failure to implement or comply with CBA provisions arising from a refusal or failure to recognize its bargaining obligation constitute a repudiation of the collective bargaining process and thereby a violation of the duty to bargain in good faith. See, Teamsters Local Unions No. 639 and 730 a/w IBTCWHA v. D.C. Public Schools, 43 DCR 6633, Slip Op. No. 400, PERB Case No. 93-U-29 (1996). See also, AFGE, Local 872 v. D.C. Water and Sewer Authority, 46 DCR 4398, Slip Op. No. 497, PERB Case No. 96-U-23 (1999)("when a party simply refuses or fails to implement an award or negotiated agreement where no dispute exists over its terms, such conduct constitutes a failure to bargain in good faith").8/

The CFO contends that pursuant to the OCRAA and the FRMAA, it has no obligations under the CMPA to the Complainants. Consequently, the CFO maintains that it is not bound by CBAs that were negotiated by the Complainants on behalf of employees placed under its authority. The Board, however, has previously ruled

assertion concerning employees’ state of mind. Given the alleged violations the parties agreed would be advanced to hearing, we find no basis for adopting the Hearing Examiner’s findings concerning the assertion made in paragraph 9.

7/ Provisions of the Master Agreement that the Hearing Examiner identified as violated or unilaterally changed by the Respondent covered such subjects as the following: (1) filing job vacancies; (2) promotion policy; (3) performance evaluation; (4) use of leave; (5) contracting out; (6) union accommodations; (7) labor-management meetings; (8) compensation; (9) introduction of new technology; and (10) significance of seniority. (R&R at 6, 10-11 and n. 20.)(Resp. Second Amended Ans.) (Except. 6.) (Compl. Exh. 3, Except. 8.)

8/ The Board followed the rationale espoused by the NLRB in Electronic Reproduction Serv. Corp. 213 NLRB 758 (1978).
that these employees' collective bargaining rights under the CMPA survived their placement under the CFO's authority. See, AFSCME, D.C. Council 20, Local 1200 and D.C. Office of the Controller, Division of Financial Management, 46 DCR 461, Slip Op. Nos. 503 and 508, PERB Case No. 96-UC-01 (1996).  

The CFO neither recognized the Complainants as employee representatives nor considered itself bound by the CBAs covering these employees. (Tr. 96, 146, 148, and 266.) (AFSCME Except. 4 and 9.) Coupled with the CFO's undisputed unilateral changes in numerous provisions of the CBAs establishes that the CFO repudiated its statutory duty to bargain with the Complainants and violated the CMPA.

Respondents argue that no violation of the duty to bargain can be found when, as here, there is no evidence that the Complainants demanded bargaining or grieved the matters in dispute under the CBAs. (Resp. Op. to Except. at 3.) The Respondents cite prior Board precedent holding that "[a] unilateral change in established and otherwise bargainable terms and conditions of employment does not constitute an unfair labor practice under the CMPA, when such terms or conditions are specifically covered, as here, by the provisions of a collective bargaining agreement in effect between the parties." University of the District of Columbia Faculty Association/NEA v. University of the District of Columbia, 43 DCR 5594, Slip Op. No. 387 at 2, PERB Case No. 93-U-22 and 93-U-23 (1996).

Unlike the facts of this case, in University of the District of Columbia Faculty Association/NEA the respondent agency had not

9/ See, also, The Government of the District of Columbia, et al. v. All Unions Representing Bargaining Units in Compensation Units 1, 2, 13, and 19, et al., 45 DCR 4005, Slip Op. No. 540, PERB Case No. 97-UM-02 (1998). In that case, the Board reaffirmed that bargaining unit employees placed under the CFO's authority remained in Compensation Unit 1 for purposes of the Complainants' authorization to negotiate their compensation. We noted that this status was conditional pending: (1) judicial review of our Decision and Order in AFSCME, D.C. Council 20, Local 1200 and D.C. Office of the Controller, Division of Financial Management, 46 DCR 461, Slip Op. Nos. 503 and 508, PERB Case No. 96-UC-01 (1999) or (2) an alternate determination pursuant to any Petition for Unit Modification filed by the CFO. (Except. 10.)

10/ An employer's unilateral changes in existing negotiable terms and conditions of employment constitute per se violations of the duty to bargain. A violation exists even if it is found that the unilateral changes were made in good faith. See, NLRB v. Katz, 369 U.S. 736 (1962).
repudiated the provisions of the effective collective bargaining agreement. When, as we found here, pervasive unilateral changes in an effective agreement are precipitated by a fundamental rejection of the bargaining relationship, a request to bargain is not a prerequisite to finding a violation of the duty to bargain. American Federation of Government Employees, Local 3721 v. D.C. Fire Department, 39 DCR 8599, Slip Op. No. 287, PERB Case No. 90-U-11 (1992). Further, resort to a contractual grievance arbitration procedure provided under a repudiated CBA is futile. Not doing so does not otherwise preclude finding a statutory violation of the duty to bargain under these facts.

In this case, the CFO repudiated the bargaining relationship. The Hearing Examiner found that the CFO offered salary raises directly to bargaining unit employees and then removed those employees from the bargaining unit further establishes the CFO repudiation of its bargaining obligation. (R&R 11.) We have found that by-passing bargaining unit employees' exclusive bargaining representative and dealing with such employees outside the context of the bargaining unit constitutes a fundamental violation of the duty to bargain. Doctors Council of DCGH v. D.C. General Hospital, Slip Op. No. 482, PERB Case Nos. 95-U-10 and 95-U-18 (1996) and Doctors Council of DCGH v. D.C. General Hospital, Slip Op. No. 475, PERB Case No. 92-U-17 (1996). Therefore, we reject the Hearing Examiner's finding and conclusion that these acts and conduct by the Respondents do not constitute statutory violations under the CMPA.11/

We turn to the Exceptions filed by the Respondents.12/ The CFO argued that it should be considered a successor employer of the affected bargaining unit employees and it relies on the rationale espoused in NLRB v. Burns Security Services, 406 U.S. 272 (1972). As such, it would not be bound by the CBAs.

11/ AFSCME's Exception 16 takes issue with the Hearing Examiner's recommended relief in view of the violations AFSCME have argued should have been found. This Exception is granted in part and denied in part to the extent consistent with our disposition of the Complaint allegations and as reflected in our Order.

12/ The CFO has requested an opportunity to appear before the Board to present oral argument on its exceptions. The Board does not routinely grant such requests unless it determines that there was some significant knowledge that could be gained by granting the request that was not adequately addressed in the pleadings. We find the parties pleadings, the record and our own review of the law sufficient to address the issues presented. Therefore, the CFO's request is denied.
The Hearing Examiner ruled that arguments based on Burns Security Services must fail in view of the Board's Decision and Order in AFSCME, D.C. Council 20, Local 1200 v. D.C. Office of the Controller, Division of Financial Management, 46 DCR 461, Slip Op. No. 503, PERB Case No. 96-UC-01 (1998). (R&R at fn. 14.) In AFSCME, D.C. Council 20, Local 1200 the Board held that the OCRAA and FRMAA did not remove employees placed under the control of the CFO from the Labor-management subchapter of the CMPA.

We agree with the Hearing Examiner that our holding in AFSCME, D.C. Council 20, Local 1200, requires the CFO to comply with statutory obligations to recognize and negotiate with the exclusive certified representatives of these employees. However, our prior decision did not address whether the CFO was bound by the terms of collective bargaining agreements previously negotiated for these employees.

Our discussion of the successorship issue is informed by decisions of the NLRB which have found employer successorship exists when the "new employer 'uses the same facilities and work force to produce the same basic products or service for essentially the same customers in the same geographical area.'" Valley Nitrogen Producers, 207 NLRB 208 (1973). Relying on this test, we find the CFO is not a new employer.

When the functional role and employees of a public employer/agency are transferred to a new entity established to perform in the same capacity, other jurisdictions have held that the new agency is not a new employer for purposes of collective bargaining. See, e.g. SAU # 16 Cooperative School Board, 719 A.2d 613 (1998); American Federation of State, County & Municipal Employees, AFL-CIO, Local 298 v. City of Manchester, 366 A.2d 874 (1976); and Board of Education of Prince Georges's County v. Prince Georges's County Educators' Association, Inc., 522 A.2d 931 (1987). Under such circumstances, the entity was subject to the existing terms and conditions of employment contained in the collective bargaining agreement covering the employees placed under its authority. Id. Our holding in AFSCME, D.C. Council 20, Local 1200 makes it is clear that the CFO has no separate existence outside the context of the District of Columbia Government which is the employing personnel authority for the employees placed under its authority.

We find further support for our conclusion in a recent decision addressing the obligations of another entity created under the OCRAA and FRMAA under a collective bargaining agreement. University of the District of Columbia Faculty Association v. D.C. Financial Responsibility and Management
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Assistance Authority, No. 98-7024, Slip Op. (D.C. Cir, Dec. 22, 1998) (hereinafter UDC). The Court expressly rejected the notion that Congress, in the OCRAA and the FRMAA, implicitly authorized District officials, to abrogate collective bargaining agreements. We find the Court's reasoning equally applicable here. Therefore, we find no merit to the CFO's arguments that it is a successor employer.

The CFO's only other exception takes issue with the Hearing Examiner's conclusions that its refusal to "allow Union representatives to attend meetings they were previously permitted to attend" violated the CMPA. (R&R at 14.) The CFO contends that the record does not establish that such a practice existed. The CFO further contends that no violation can be found when employees are denied the right to request union representation at non-disciplinary meetings, relying on analogous precedent by the NLRB.

The Hearing Examiner found a past practice of permitting union representatives to be present at non-disciplinary meetings with employees was unilaterally changed. Relying on N.L.R.B. v. J. Weingarten, Inc., 420 U.S. 251 (1975), the CFO argues that such a practice is at odds with the limited statutory right of unions to attend employee meetings that are disciplinary in nature. The CFO's argument, however, is misplaced. Terms and condition of employment established through past practice are not limited by related rights that are afforded by statute (as are the right of unions to attend employee disciplinary meetings addressed in N.L.R.B. v. J. Weingarten, Inc.). We therefore limit our discussion to the CFO's contention that the record does not establish a threshold finding that there was a past practice to support a violation.13/

There is little discussion in the Hearing Examiner's Report of the evidence supporting this violation. The Hearing Examiner based her conclusion on her finding that the CFO did not dispute AFSCME's allegations. However, the CFO stated that it was without sufficient knowledge to admit or deny the specific allegation. (February 10, 1998 Answer.) AFSCME notes, however, that it did not specifically allege that the violation stemmed from a past practice until its subsequently filed "Supplement to Restated Amended Unfair Labor Practice Complaint." While the CFO did not specifically deny that such a practice existed in its

13/ The CFO also contended that the Hearing Examiner's conclusion erroneously assumes that the Master Agreement is applicable to the CFO. In view of our disposition of the CFO's first exception, we find no reason to address this contention further.
Answer to Supplement to Restated Amended Complaint, it denied "generally and specifically," AFSCME's supplemental allegations of specific instances of this alleged violation. (Answer to Supplement to Restated Amended Complaint at p. 3.)

Board Rule 520.6 expressly provides that an answer asserting a lack of knowledge to admit or deny an allegation operates as a denial. Such an answer to complaint allegations precludes finding the answer an admission. Subsequent amendments to the alleged violation that do not state new violations do not place the onus on the respondent to deny again or risk admitting the alleged violation. The Board does not interpret its rule so as to elevate form over substance. We find that the CFO's responses to this alleged violation provided AFSCME with due notice that it would have to meet its burden of establishing all elements at hearing by a preponderance of the evidence. We find AFSCME failed to prove a past practice of permitting union representatives to attend management's non-disciplinary meetings with employees existed.

Based on the pleadings and the record evidence, we find that the Respondents acts and conduct, as discussed above, constituted statutory violations under the CMPA of the collective bargaining rights of the Complainants and the employees represented by the Complainants that were placed under the Respondents' authority. Specifically, the Respondents' committed unfair labor practices in violations of D.C. Code § 1-618.4(a)(1) and (5), by: (1) refusing to recognize the Complainants as the exclusive collective bargaining representative of bargaining unit employees placed under its authority; (2) repudiating the master agreement negotiated by the Complainants on behalf of these employees; and (3) pervasive unilateral changes to bargaining unit employees' established terms and conditions of employment. By this same action Respondents have interfered with the existence of the Complainants in violation of D.C. Code § 1-618.4(a)(2). We further conclude that the Respondents violated D.C. Code § 1-618.4(a)(3) and (5) by dealing directly with certain bargaining unit employees over issues of compensation and then removing those bargaining unit employees from their collective bargaining unit. Exceptions made by the parties not expressly or implicitly granted in this Decision and Order are hereby denied.

Notwithstanding the egregious and pervasive nature of the violations found, in view of the still-pending appeal by the Respondents of our Decision and Order asserting jurisdiction over the Respondents, we find that it would not be in the interest of justice to require that the Respondents pay the reasonable costs incurred by the Complainants' during this proceeding. Therefore, the Complainants' request for costs is denied. See, American
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ORDER

IT IS HEREBY ORDERED THAT:

1. The District of Columbia Government, Office of the Chief Financial Officer (Office of Financial Management (a.k.a. Financial Operations); Department of Finance and Revenue (a.k.a. Office of Tax and Revenue); and Accounting, Budget and Financial Management Personnel Employed at the D.C. Department of Human Services or at the University of the District of Columbia who are subject to the Chief Financial Officer's Authority Pursuant to Section 152 of the 1996 District of Columbia Appropriation Act, Public Law No. 104-134 (1996) and/or Section 142 of the 1997 District of Columbia Appropriation Act, Public Law No. 104-194 (1996) (hereinafter CFO or Respondents) shall cease and desist from failing to meet its bargaining obligation under the Comprehensive Merit Personnel Act (CMPA) by denouncing or otherwise refusing to recognize the American Federation of State, County and Municipal Employees, D.C. Council 20, Locals 1200, 2776, 2401 and 2087 (hereinafter Complainants) as the exclusive bargaining representatives of bargaining unit employees placed under its authority and for whom the Complainants are the certified representative.

2. The CFO shall cease and desist from refusing to meet its statutory duty to bargain under the CMPA by repudiating the terms and conditions of employment of bargaining unit employees under Respondents' authority, as established in the collective bargaining agreements covering these employees.

3. The CFO shall cease and desist from unilaterally implementing changes in compensation and other terms and conditions of employment without first notifying and, if requested, bargaining with the exclusive bargaining representative of affected bargaining unit employees.

4. The Respondents shall cease and desist from dealing directly with bargaining unit employees concerning compensation and other terms and conditions of employment without first notifying and, if requested, bargaining with the exclusive bargaining representative of the affected bargaining unit employee(s).

5. The Respondents shall cease and desist from interfering, in any like or related manner, with the rights guaranteed employees
by the Comprehensive Merit Personnel Act.

6. The Respondents shall recognize the Complainants as the exclusive bargaining representative of all bargaining unit employees, as defined in their respective bargaining unit descriptions, that were placed under the Respondents' authority.

7. The Respondents shall adhere to the established terms and conditions of employment for bargaining unit employees placed under its authority as contained in the collective bargaining agreements covering these employees.

8. The Respondents shall rescind the unilateral changes made to the terms and conditions of employment referenced in paragraph 7.

9. The Respondents shall make employees whole for any loss of compensation or other benefits directly resulting from its repudiation of the Master Agreement covering the affected bargaining unit employees placed under its authority.

10. The CFO shall, within fourteen (14) days from the service of this Decision and Order, (1) post for thirty (30) consecutive days copies of the attached Notice, dated and signed, conspicuously at all of the affected work sites for thirty (30) consecutive days; and (2) send a copy of said Notice to all bargaining unit employees represented by the Complainants that have been placed under the authority of the Chief Financial Officer.

11. The CFO shall notify the Public Employee Relations Board, in writing, within fourteen (14) days of the date of the Order, what steps it has taken to comply with paragraphs 1 through 10 of this Order and that the Notices have been posted accordingly.

12. The Complainants' request for costs is denied.

13. Pursuant to Board Rule 559.1, this Order shall be final upon issuance.

BY ORDER OF THE PUBLIC EMPLOYEE RELATIONS BOARD

Washington, D.C.

May 28, 1999