

SUBJECT: Corpus Christi Army Depot (CCAD) Asbestos Arbitration

**PURPOSE:** To provide information regarding CCAD Asbestos Environmental Differential Pay (EDP) Arbitration

**DISCUSSION:**

- **Background.** On 24 March 2000, an arbitrator awarded EDP to virtually all CCAD wage grade employees (over 1,800 employees). The EDP award was retroactive to six years prior to filing of the grievances. The total amount of back pay will amount to tens of millions of dollars.
- **Payment of the Award.** AMC has requested that the award be paid as a “non-recoverable loss” to the Working Capital Fund to minimize impact to the CCAD rates. A final decision has not been made on this request.
- **Future EDP.** We are currently attempting to negotiate a settlement with the Unions that will resolve the back pay and future EDP issues. We would expect that any future EDP costs would be treated as a normal cost of doing business and be included in CCAD rates.
- **Government-wide Impact.** The CCAD decision is the largest EDP award against any federal agency. The decision has little precedence value since arbitrators are not bound by precedent and each arbitration case is decided on its own merits. However, the CCAD decision is likely to encourage other unions to seek similar EDP awards.
- **Potential Regulatory/Legislative Solution.** DoD recently proposed a new OSHA based asbestos EDP standard. The AFGE Union was highly critical of the DoD proposal. The Federal Prevail Rates Advisory Committee (FPRAC) is currently reviewing this matter. If the FPRAC will not support the DoD proposal, DA supports requesting special legislation to resolve this problem.

RELEASED BY: EDWARD J. KORTE  
COMMAND COUNSEL  
DSN 767-8031

ACTION OFFICER: STANLEY R. CITRON  
ASSOC CMD CNSL  
DSN 767-8043.