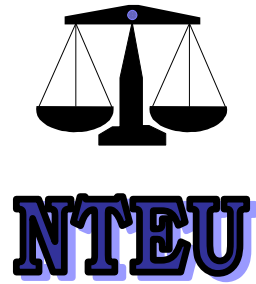


December 2002

Alert!



Chapter 52

Everything can be Justified.

Compiled from AP releases

President George W. Bush has declared that large pay hikes for government employees would threaten America's efforts in the **war on terrorism** and therefore has reduced raises that federal workers were to receive in January. Bush has authorized a 3.1 percent increase and slashed the boost in the so called "locality pay". Bush stated the the locality pay would be too expensive and "inappropriate" at this time. Locality payments would remain at current levels because "our national situation precludes granting larger pay increases ... at this time," Bush said. This is another decision made by the Bush Administration which has dealt a blow to the civilian work force in the sweeping changes being made in the government bureaucracy.

Before the November recess, the House had passed a bill which would have given federal employees a 4.1 percent raise as of January 2003. The bill stalled in the Senate as time ran out. This would have been a parity raise with that of the military, who will are still slated for the larger amount. For the last two years, the Bush Administration has been pushing for a 2.6 raise for the civilian sector.

It should be noted that Congress found plenty of time to give themselves a raise before leaving Washington D.C.

"The same week the president claimed victory on the creation of the Homeland Security Department, he is sending the wrong message to the employees who will work there," said Rep. Steny Hoyer, D-Md. Hoyer who is the ranking Democrat on the House Appropriations subcommittee on the Treasury, postal service and general government, said he plans to fight in Congress next year for a bigger pay raise. "Federal employees from the CIA to the CDC to the Defense Department are on the front lines of efforts to protect our communities from terrorists. Anything less than the 4.1 percent pay adjustment sends the regrettable message that the service they provide to America every day are not valued," the congressman said.

Under a 1990 law, federal employees would receive a 3.1 percent increase in basic pay, plus a "locality" increase based on private-sector wage changes in the metropolitan areas where they work. But Bush is freezing that second increase, referred to as locality pay.

In a letter to Congress, Bush announced he was using his authority to implement an alternative plan in times of "national emergency" or "serious economic conditions affecting the general welfare." He said he was limiting raises to the 3.1 percent across-the-board boost.

"Such cost increases would threaten our efforts against terrorism or force deep cuts in discretionary spending or federal employment to stay within budget," he said. "Neither outcome is acceptable."

Bush noted that the pay raises still amounted to more than the current inflation rate of 2.1 percent. On the other hand, The White House has also estimated the overall pay gag between private and government workers is about 18.6 percent. Bush said, "I do not believe this decision will materially affect our ability to continue to attract and retain a quality federal workforce." This only makes sense when you realize that he wants to replace the federal workforce with private industry. Why should he care?

Earlier this month, the administration unveiled plans to allow the private sector to compete for as many as 850,000 government jobs, from mowing the White House lawn to civilian positions in the military, sparking a backlash from unions and their Democratic allies in Congress.

"Given the Bush administration's record on federal employee issues, we have every reason to believe that it will be designed to the advantage of contractors and to the disadvantage of taxpayers and federal employees," said Jacqueline Simon, public policy director for the American Federation of Government Employees, the largest union for government employees with 600,000 members.

This law outlining federal pay, kicks in because Congress has not yet passed the appropriations legislation directing a specific increase, said Amy Call, a spokeswoman for the White House's Office of Management and Budget.

The White House quietly released the letter to journalists via e-mail late on Friday, the middle of a long holiday weekend when most Americans were apt to be paying little attention.

"This is just another slap at federal employees," said Bobby L. Harnage Sr., president of the American Federation of Government Employees, which represents 600,000 federal workers. The Bush administration says "they want to recruit the best and the brightest, but they can't even keep the best and the brightest in those jobs now."

Bush said granting the full raises would cost about \$13.6 billion in 2003, or \$11.2 billion more than he proposed for the year - a cost the nation can't bear as it continues to battle the war against terror. He did not address why he opposed a partial increase.

"It's been a tough year for federal employees," said Paul Light, senior fellow at the Brookings Institution and an expert on the federal work force. "I don't think any one of them will be surprised. It's one of several lumps of coal in the stocking this year."

HOUSE PASSES REVISED '10 DEADLY SINS'; SENATE UNLIKELY TO FOLLOW

An article by Amy Hamilton, Tax Analysts

The House early November 15 passed by unanimous consent a bill that follows up the IRS Restructuring and Reform Act of 1998 by striking two of the "10 Deadly Sins" and striking the automatic termination requirements.

At a House Ways and Means Committee markup in March, Republican and Democratic tax writers said it was time to correct provisions in the 1998 reform act that they now considered Draconian, written in rage, and that hindered -- rather than helped -- the IRS reform effort. The bulk of H.R. 3991, the Taxpayer Protection and IRS Accountability Act of 2002, contained provisions now familiar to observers of the IRS reform effort; most had been publicly sought for more than a year by former IRS Commissioner Charles O. Rossotti and National Taxpayer Advocate Nina E. Olson. Two members of the National Commission on Restructuring the IRS -- Reps. Rob Portman, R-Ohio, and Benjamin L. Cardin, D-Md. -- helped draft the bill, and the Bush administration supported many of its provisions.

That bill made it to the House floor in April, but was defeated on the grounds that it included a controversial provision that would create a tax loophole in recently passed federal campaign finance reform. At that point House Ways and Means Committee Chair William M. Thomas, R-Calif., declared the otherwise non-controversial bill dead.

In the early-morning hours of November 15, the House revived non-controversial provisions of H.R. 3991 and unanimously approved the new bill, H.R. 5728, the Tax Administration Reform Act of 2002. The new bill contained one new provision incorporating a bill (H.R. 586, the Tax Relief Guarantee Act) to make the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA; P.L. 107-16) permanent.

The Senate has never approved any provision to make the Bush tax cut permanent. Given this, combined with the fact that the Senate Finance Committee has never considered the underlying revisions to the IRS reform act in committee, it is unlikely the Senate will approve the newly House-passed tax administration reform bill.

However, there is consensus among House tax writers at least that some provisions of the IRS reform act are due to be revised. The November 15 House passage of revived reform act provisions provides evidence of the areas most likely to be addressed in the next Congress.

As for the "10 Deadly Sins," long observed to be one of the most problematic sections of the 1998 IRS reform bill, originally there were only seven. Senate Finance Committee member Phil Gramm, R-Texas, got hold of the list as the IRS reform bill was moving through Congress and introduced sins 8, 9, and 10 on the Senate floor.

Congress is moving toward striking two of the 1998 reform law's sins committed by IRS employees -- the late filing of refund returns and employee (as opposed to taxpayer) allegations of misconduct against them by another employee. House tax writers then would add a new sin to the list: the willful, unauthorized inspection of returns and return information (also called browsing). Also, Congress is moving toward specifying that violations of any of the remaining deadly sins must be willful on the part of the IRS

employee. Finally, House tax writers at least would strike the requirement of termination for committing any one of the sins and instead give the IRS commissioner authority to issue guidelines determining the appropriate level of discipline.

If the Senate fails to approve the non-controversial provisions of the tax administration reform bill this year, the IRS will not be the only immediate loser. The House wants to amend the definition of low-income taxpayer clinics to exclude from eligibility for grants those clinics that provide tax return preparation (unless that function is specifically related to a taxpayer's legal controversy with the IRS). Further, the provisions passed by the House would increase the congressional authorization for low-income taxpayer clinic funding to \$ 12 million for 2003 and \$ 15 million for 2004.

House tax writers continue to use this vehicle to try to move the Bush administration's request to extend the filing deadline for taxpayers who file electronically to April 30.

Holidaze

By Brian Friel bfriel@govexec.com

It's that time of year again. Time to start wondering whether President Bush will give federal employees extra time off during the holidays. If you're a gambler, bet no.

First of all, the president never gives federal employees a free holiday on the day after Thanksgiving. It's just not done, according to Office of Personnel Management records.

When presidents give federal workers extra time off, it's usually near Christmas: on Christmas Eve when Christmas itself falls on a Tuesday and on Dec. 26 when Christmas falls on a Thursday. For example, in 2001, Christmas fell on a Tuesday and President Bush gave federal workers Monday off (Christmas Eve). In 1997, when Christmas fell on a Thursday, President Clinton gave workers the day off on Friday, Dec. 26.

When Christmas falls on a Friday, workers sometimes get a few extra hours off on Christmas Eve. When Christmas was on a Friday in 1998, for example, President Clinton gave workers a half-day off on Christmas Eve, Thursday, Dec. 24.

Bah, Hump-bug

This year, Christmas falls on a Wednesday. When Christmas is on hump-day, federal workers are usually expected to come to work the rest of the week or take vacation time.

But not always. In 1946 and 1957, Christmas fell on a Wednesday. In each of those years, the president gave federal employees a half-day off on Christmas Eve.

However, 1957 was the last year in which workers got extra time off when Christmas fell on a Wednesday.

Christmas also fell on a Wednesday in 1963, 1968, 1974, 1985, 1991 and 1996. In each of those years, federal workers had to come to work on Christmas Eve and the day after Christmas. Based on 40 years of tradition, the overriding precedent for President Bush this year is to keep the government open every day but Wednesday during the week of Christmas.

That's the bad news for this year. The good news is that, thanks to leap year maneuvering of the calendar, Christmas won't fall on a Wednesday again until 2013.

In 2003, Christmas is on a Thursday, and there's much more precedence for an extra day off then.

What About New Year's Eve?

Usually, the only time federal employees get the day off on New Year's Eve is when New Year's Day falls on a Saturday. Then the federal government celebrates New Year's Day on Friday, which is, of course, New Year's Eve.

Federal workers almost never get extra time off at New Year's. The last time they did was in 1973, when President Nixon gave employees a full day off on Dec. 31. Christmas and New Year's Day both fell on a Tuesday that year. Federal employees got half days off on New Year's Eve in 1957, when New Year's Day, 1958 was on a Wednesday; and 1953, when New Year's Day, 1954, was on a Friday. When New Year's Day, 1955 was on a Saturday, employees who usually worked on Saturday got a half-day off on Friday, New Year's Eve, 1954.

Will federal workers get extra time off this New Year's Eve, which falls on a Tuesday? Bet no.

Fun Facts Here are some fun facts about federal holidays.

- Usually there are 10 federal holidays. Sometimes, federal workers get an 11th holiday, most often when Christmas falls on a Tuesday or Thursday. Federal employees who work in Washington, D.C., Montgomery and Prince Georges counties in Maryland, Arlington and Fairfax counties in Virginia and the cities of Falls Church and Alexandria in Virginia get an 11th holiday every four years-Jan. 20, Inauguration Day. It's conceivable that Washington-area feds could have 12 holidays in one year. In 1969, federal employees got two extra holidays because it was an inauguration year and President Nixon granted all federal workers the day off on Friday, Dec. 26. But at that time, federal workers only got eight standard holidays per year.
- The official name of King Day is "Birthday of Martin Luther King Jr." Official names of federal holidays are spelled out in Title 5, Section 6103(a) of the United States Code. King was born on Jan. 15. The federal government celebrates his birthday on the third Monday of January each year. The first Martin Luther King Jr. Day was celebrated in 1986.
- The official name of Presidents Day is "Washington's Birthday." Previously celebrated on Feb. 22 each year, the holiday was moved to the third Monday in February in 1971. Most people refer to it as Presidents Day, however, and most schools use the occasion to teach students about all presidents, or at least about Washington and Lincoln, both of whom were born in February. Some states, such as Oregon, have officially designated the day as Presidents Day.
- Four holidays are set by date: New Year's on Jan. 1, Independence Day on July 4, Veterans Day on Nov. 11 and Christmas Day on Dec. 25. Veterans Day was moved to the fourth Monday in October in 1971, but moved back to Nov. 11 in 1978 after veterans groups protested. Nov. 11 marks the end of World War I, and veterans long celebrated their day on Nov. 11 (originally Armistice Day). Veterans didn't want the holiday moved just so people could have a long weekend. In 2003, Veterans Day will be on a Tuesday.

- When the four date-governed holidays fall on a Saturday, the federal government celebrates them on the preceding Friday. When those holidays fall on a Sunday, they are celebrated on the following Monday. That goes for Veterans Day, as with the three others.
- Five holidays always occur on Monday: King Day on the third Monday of January; Washington's Birthday on the third Monday in February; Memorial Day on the last Monday in May; Labor Day on the first Monday in September; and Columbus Day on the second Monday in October. Washington's Birthday and Memorial Day were moved from Feb. 22 and May 30, respectively, to Mondays, in 1971. Columbus Day became an official holiday in 1971 as well.
- Thanksgiving is always on the fourth Thursday in November. Though the federal government doesn't give the next day as a holiday, some state governments, including those of California, Texas and Maryland give their employees time off the day after Thanksgiving.
- Officially, New Year's Day has an apostrophe. Veterans Day does not.

(Editor's Note: The email and FedWeek article floating around was pulled from FedWeek's archive files from last year. To date there is no schedule time off for Christmas Eve or after Christmas Day.)

PRESIDENT BUSH SIGNS HOMELAND SECURITY BILL, NOMINATES RIDGE

In a news article from the *FedManager*, November 26, 2002.

On Monday, President Bush signed into law the bill to create the Department of Homeland Security (DHS), and named Tom Ridge, who now heads up the Office of Homeland Security at the White House, as the nominee to lead the new Cabinet-level department. Navy Secretary Gordon England will be nominated to serve as Deputy Secretary, and Asa Hutchinson, currently the Administrator of the Drug Enforcement Agency, will be nominated for the position of Under Secretary for Border and Transportation Security. The President wants Congress to appropriate approximately \$40 billion to the DHS for fiscal year 2003. The new department will not cost the government or the taxpayers any extra money, says the White House, because of the savings that will come from eliminating existing duplicative programs. While the DHS is supposed to be up and running within a year, experts predict that it may take several years to fully integrate 22 federal agencies and 170,000 federal employees into one department.

SENATE PASSES LONG-TERM CONTINUING RESOLUTION, LEAVES FOR THE YEAR

In a news article from the *FedManager*, November 26, 2002

As expected, the Senate passed a continuing resolution last week that will keep the government operating until January 11, 2003, and then left town for the remainder of the year. The House passed the same continuing resolution the week before. This means that 11 of the 13 Fiscal Year 2003 Appropriations bills have not yet been passed, and will not be taken up until the 108th Congress convenes on January 7th. We'll let you know what happens. (Editor's Note: The IRS has requested \$10.4 billion for FY 2003, and increase of \$482 million. The Agency plans to use \$91 million of the additional money to improve

customer service by hiring an additional 1,595 employees to assist taxpayers. Another 1,857 new employees are planned, using \$125 million of funding, to improve taxpayer compliance.)

TPS Catchup Deal – Even Better than you Thought!

By Mike Causey, Federal Report 11/22/02,

<http://www.federalnewsradio.com/>

The new catchup contribution plan for the federal Thrift Savings Plan is probably even better than you thought. Under the legislation, federal workers who are 50 or older, or who turn 50 next years, will be able to put in an extra \$2,000 into their Thrift Savings Plan.

They can do it regardless of salary, regardless of any percentage limit on their regular TSP contributions, regardless of the IRS elective deferral limit. Many readers questioned our earlier column on the subject. But the Federal Retirement Thrift Investment Board says it was correct. The extra contributions are an add-on (that is are over and above) any other 401k plan limits.

Under the new plan:

- Feds, postal workers and military personnel who are 50 or older (or who turn 50 anytime next year) can put in the extra \$2,000. Those who will celebrate a 50th in 2003 can start making the contributions BEFORE their actual birthday.
- The \$2,000 catchup or add-on in 2003 will become \$3,000 in 2004; \$4,000 in 2005 and rise to \$5,000 in 2006. Same deal. You must be 50 or older and the add-ons are in ADDITION to any salary or percentage, or IRS, limits. By 2006 anybody, 50 and older should be able to contribute a total of \$20,000 to the TSP.
- If you want to put more money in the TSP and can take advantage of the catchup for 50-somethings, make your changes NOW. The TSP open season is in full swing. Changes made (in the amounts you contribute via payroll deduction) won't be effective until the end of the year.
- Remember, the contributions are tax-deferred. That's why they -- like other TSP and other 401k plan contributions -- must be made via payroll deduction. You can't wait until the middle or end of the year and dump a pile of money into the TSP. You must make the contributions on a regular basis, via payroll deduction.
- Retirees can't take advantage of the catchup. Workers with money in the TSP can leave it there when they retire. And they can move from one fund to another. But they cannot add money to the TSP (remember, it's gotta be via payroll deduction) once they are retired.
- Most financial planners say the catchup program is a must for feds, especially those under the new FERS program. Reason: The civil service benefit under FERS isn't as generous as the CSRS benefit. Also FERS benefits don't get cost of living adjustments (COLAs) until the retiree is age 62. And there is also a provision for smaller (diet COLAs) for FERS retirees than for CSRS retirees. The bottom line is that FERS people-- -- like those in the private sector -- need to have a lot more savings and investments to have a comfortable retirement.

Remember, the catchup plan is an add-on. It's over and above any other limits. All you need is to be 50 or older (or standing on the verge) -- and the money to set aside.

(Editor's Note: a \$2000.00 catchup over 26 pay periods is about \$76.92per pay period; \$3000. \$115.38; \$4000. \$153.84; \$5000. \$192.30)



THE FUNDS – Rates of Return

<http://www.tsp.gov/>

Rates of Return were updated on **December 4, 2002.**

	G Fund	F Fund	C Fund	S Fund	I Fund
November 2002	0.34%	(0.01%)	5.87%	6.76%	4.49%
<u>Last 12 Months*</u> (12/1/2001 - 11/30/2002)	5.04%	7.36%	(16.48%)	(9.90%)	(12.68%)

* The G, F, C, S, and I Fund returns for the last twelve months assume, except for the crediting of earnings, unchanging balances (time-weighting) from month to month, and assume earnings are compounded on a monthly basis.



New Senior Commissioner’s Representative

On November 25, 2002, Donna Morris reported as the new SCR for the Dallas, Houston, Oklahoma City, San Antonio, Austin and all other satellite post of duties. She comes from a Labor/Employee Relations – Corporate Education background. Her office will be in Dallas, Texas and she can currently be reached at 972-308-7056. The former SCR was Paul Cordova from Houston, Texas. The SCR was made a full-time position.

Who has been a Chapter 52 Union Member the longest?



The answer is Mollye Mitchell! Mollye has been with the Internal Revenue Service since July 1960, and a N.T.E.U. member for the last 41 years. Mollye is a Revenue Agent in the Bryan post of duty and on July 16, 2002, Chapter 52 and her fellow employees recognized her for her achievement. Chapter President Tom Jones is seen here with Mollye during a presentation of flowers, cake and a small token of our appreciation. We wish to thank Mollye for her years of support as a member and former steward. Thanks Mollye, keep smiling!

Life on the Outside

It very fortunate some of our members can exceed in areas outside of the Agency. When this happens we are happy to report these great opportunities and share in their good fortune.

How many of you fellow members know that Kathleen, (aka: Kat) Nelson (formerly O'Connor), Technical Support Advisor in Austin, is an accomplished singer, songwriter and performer?

Kat will be releasing her first solo CD of 12 of her songs titled "*Find Your Way*" later in January 2003.

The list of featured performing musicians is impressive: Lloyd Maines, father of Grammy winner daughter, *Natalie Maines* of *The Dixie Chicks*, and producer of *The Dixie Chicks* latest CD, "Home", plays steel, acoustic and dobro guitars.

Glenn Fukanaga on bass, also a bass player for the 'Chicks' and Eliza Guilkysen. Glenn Kawamoto on bass and Chip Dolan on keyboards both play with Tish Hinohosa.

David Webb on keyboards plays with Jimmie LaFave and Eliza Guilkysen. Joel Guzman on button accordion, Stephano Intelligamo on keyboards/accordion.

And last but not least, well respected guitarist Kenny Grimes; and renowned percussionist and producer of Kat's CD, Paul Percy.

Our very own Diane Williams-Holland, RO at The Echelon, is a featured vocalist on the song "*Find Your Way Back Home*". Diane is awesome!

Kat's diverse CD has been described as, "an artist's pallet; feeling, raw, serene, intense and rocking!"

"*Find Your Way*" will be sold at Waterloo Records and other Austin record stores for starters. The CD will also be sold on line through e-commerce at CD BABY.com.

For those of you outside Austin, "*Find Your Way*" will be available by direct mail order for \$10.00 plus \$1.50 shipping and handling.

If you would like an autographed CD, please send your name, mailing address and check for \$11.50 to: 68 RED ROSES, 10900 Research Blvd., Suite 160-C, Box #53, Austin, Texas 78759. For those of you in Austin, just call Kat and she will deliver.

Kat thanks all of you who have encouraged her to follow her bliss.

If anyone else has a success story please let us know.'



TOM'S HUMOR PAGE

Murphy's Law and those other guys.

Excerpts from: *Murphy's Law and other reasons why things go wrong*, by Arthur Bloch.

Murphy's Law: If anything can go wrong, it will.

Corollaries: Nothing is as easy as it looks. Everything takes longer than you think. Every solution breeds new problems.

O'Toole's Commentary on Murphy's Law: Murphy was an optimist.

Boling's Postulate: If you're feeling good, don't worry. You'll get over it.

Heller's Law: The first myth of management is that it exists.

Johnson's Corollary: Nobody really knows what is going on anywhere within the organization.

Godin's Law: Generalizedness of incompetence is directly proportional to highestness in hierarchy.

Vail's Axiom: In any human enterprise, work seeks the lowest hierarchal level.

Parkinson's Fifth Law: If there is a way to delay an important decision, the good bureaucracy, public or private, will find it.

Jay's First Law of Leadership: Changing things is central to leadership, and changing them before anyone else is creativeness.

H.L. Mencken's Law: Those who can – do. Those who cannot – teach.

Martin's Extension: Those who cannot teach – administrate.

Jones' Law: (no relationship) The man who can smile when things go wrong has thought of someone he can blame it on.

Putt's Law: Technology is dominated by two types of people:

Those who understand what they do not manage. Those who manage what they do not understand.

Sattinger's Law: It works better if you plug it in.

Weiler's Law: Nothing is impossible for the man who doesn't have to do it himself.

Editor's Corollary: Those who criticize the most are the ones who didn't have to do the job.

Jones' Motto: (again no relationship) Friends come and go, but enemies accumulate.



Change in Alert! News Staff

The Alert! News staff of one has recently changed. For the last few years Susan Ryan has put the Alert! together and is responsible for its current format. Susan has gone back to the field as a full time Revenue Officer and as a steward for the San Antonio office. We would like to thank Susan for all her hard work and efforts on the Chapter 52 Alert! Newsletter. Beginning with the October newsletter, the staff of one has changed. Let me introduce myself, my name is Mick Eskew. For those of you who don't know me, I have been a Revenue Officer in San Antonio for over 16 years. I have been a Chapter steward for approximately five years. I am currently the Area B Vice-president, Assistant Chief Steward, Chapter 52's web master, and maintain the Chapter's membership and other databases. I hope to keep you informed through the web site www.nteu52.org and the Alert! So let me hear from you.



This **Chapter 52 Alert!** and all **Alerts!** for the last two years can be found on our

Chapter Web Page at www.nteu52.org

You can e-mail any Chapter officer, staff member or steward from the site.

Chapter 52 Board:

President, Tom Jones

Executive Vice President, Patricia Kelley

VP Area A & Chief Steward, Bill Grace

VP Area B & Asst. Chief Steward, Mick Eskew

VP of Finance & Recordation, Fran Dunagin

*Send comments and/or articles to
1700SANW or fax 210-706-5376,
attention Alert! Mick Eskew*

