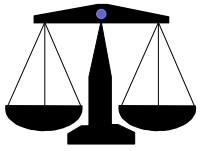


February 2003



**NTEU**

# Alert!

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## **Pay Raise...Are We There Yet?**

*Complied from stories in FEDmanager January 21-28, 2003*

Not surprisingly, the Senate decided to roll the remaining 11 Fiscal Year 2003 appropriations bills into one omnibus bill last week – instead of trying to pass the 11 bills separately - in the hope that it could pass the measure quickly. But while the move makes the appropriations measures one step closer to enactment, Senate Republicans and Democrats continue to squabble over how much to allocate to particular agencies and programs, and the cost of the final legislation. On January 23rd, the Senate passed the 2003 omnibus appropriations bill, which included a 4.1 percent pay raise for federal civilian workers. If enacted, the raise would be retroactive to the beginning of this year. While the Bush Administration hoped to have the FY 2003 appropriations bills finalized by the President's State of the Union on January 28th, the Senate's version of the bill differs significantly from the House's version. The differences are reflected primarily in funding priorities and amounts. This means that the bill will have to go to a House-Senate conference so that lawmakers can hammer out the differences. Consequently, the omnibus bill is not likely to be signed into law for at least a few more weeks. We'll let you know what happens.

### **FUNDING COULD BE TIGHT, THOUGH**

*From FedWeek article dated January 15, 2003*

One force working against acceptance of a 4.1 percent increase is the desire by the new Senate Republican leadership to hold overall spending within targets set by the White House. With the spending bills covering defense functions already enacted into law, that effectively means a need to cut \$10 billion or more from domestic spending levels of around \$350 billion set last year when Democrats controlled the Senate. With each percentage point on the federal raise costing about \$1 billion, there will be pressure to keep the raise to 3.1 percent. In similar past situations, Congress has ordered agencies to absorb the cost from their other spending. This year, with budgets already tight, such an order could translate into pressure to hold down or even reduce employment levels.

# **NEW E-PAYROLL SYSTEM WILL CONSOLIDATE 22 DIFFERENT SYSTEMS, WITH AN ESTIMATED SAVINGS OF \$1.2 BILLION**

*From FEDmanager article dated January 21, 2003*

Last week, the Office of Management and Budget (OMB) and the Office of Personnel Management (OPM) unveiled the new e-Payroll initiative, which will consolidate 22 federal different payroll systems, saving an estimated \$1.2 billion over the next decade. The initiative is part of the President's Management Agenda, which is intended to streamline government operations and save taxpayer dollars. Currently, 22 federal agencies process more than 46 million paychecks for federal employees each year. Under e-Payroll, just four agencies - the General Services Administration, and the Departments of Agriculture, Defense, and Interior - will handle all paycheck processing for federal employees. Since none of the agencies had the ability to process all of the paychecks, OPM asked the four selected agencies to partner with one another to handle the work. As a result, the Department of Agriculture's National Finance Center and the Department of Interior's National Business Center will form one partnership, while the Department of Defense's Defense Finance and Accounting Service and the General Services Administration will form the second partnership. The Departments of Veterans Affairs, State, Transportation, and Health and Human Services also competed for the work, but were not selected.

As OPM and OMB explain it, e-Payroll will create a consolidated, non-duplicative, standardized system that will dramatically lower payroll-processing costs. As it stands now, it costs the government between \$45 and \$600 per employee to process payroll each year. The new system should help to reduce that figure to \$45 per year for each federal employee.

At this point, say OMB and OPM, the focus is on consolidation. The four selected agencies now process 75 percent of the government's paychecks, but the additional 25 percent must be moved to the selected agencies. Once that's done, OPM will standardize the policies for calculating leave and comp time, since agencies compute these differently, with some using 6-minute increments and others using 15-minute increments. Finally, software will be purchased to fully update the payroll system and replace the antiquated legacy systems. All federal employees are expected to be paid under the new e-Payroll system by September 30, 2004.

## **What's Next?**

### **2004 PAY RAISE BATTLES TO BEGIN SOON**

*From \*FedWeek article dated January 15, 2003 and \*\*FEDmanager January 28, 2003*

\*With Congress still at work deciding whether the 2003 federal pay raise will be 3.1 or 4.1 percent, officials already are looking ahead to an upcoming fight over the January 2004 raise. President Bush is expected to release on February 3 his fiscal 2004 budget that will contain a pay raise recommendation that as in past years likely will be only the starting point for protracted deliberations. Several months ago, a trial balloon effectively was floated suggesting that he might

recommend a raise of about 2 percent. That would be consistent with Bush's late November order advocating a 3.1 percent 2003 raise rather than 4.1 percent on grounds that inflation and federal turnover are low, and that the nation is under emergency conditions. Under a law enacted in 2000, annual military raises through 2006 are to be set a half percentage point above the unreduced ECI figure. That means a target military raise for 2004 of 3.7 percent—although there has been speculation that the administration will abandon that formula and recommend a lower figure. Should President Bush again recommend a lower figure for federal employees than for uniformed personnel, employee-friendly members of Congress no doubt would work once again to maintain pay parity between the two groups. That parity has been maintained in most years over the last two decades and that process is continuing to play out as the raise for this year remains under debate. A resolution (S. Con. Res. 1) already has been introduced in the Senate by Sen. Paul Sarbanes, D-Md., to maintain parity between federal and military pay in 2004. Resolutions are not binding but in the past they have served as the vehicles to garner support for maintaining pay parity as part of binding budget measures.

\*\*With the President's fiscal year 2004 budget due out early next month, Office of Personnel Management Director Kay Coles James and Office of Management and Budget Deputy Director Mark Everson have announced that President Bush will propose an across-the-board pay raise of 2 percent for federal civilian workers next year, while creating a \$500 million Human Capital Performance Fund for agencies to tap to give high-performing employees additional pay raises. The proposal is intended to move agencies away from the current system, which Administration officials say provides employees with pay raises based on longevity, to a system that is based primarily on "pay for performance." Employees would continue to receive within-grade increases and be eligible for bonuses; in addition to any across-the-board pay raise and performance-based pay increase they may receive. Under the plan, the "pay for performance" raises would be permanent pay increases that would affect both how much employees could contribute to their Thrift Savings Plan accounts and employees' retirement calculations.

## **ANOTHER CIVIL SERVICE REFORM PROPOSAL ISSUED**

*From FedWeek article dated January 15, 2003*

A high-profile commission led by former Federal Reserve chairman Paul Volcker has issued a report calling for numerous broad-ranging civil service reforms, a follow-up to a similar report issued more than a decade ago that laid the groundwork for higher salaries for senior federal executives, among other changes. The commission, like numerous other similar bodies in recent years, recommended greater flexibilities in personnel management systems, simplified and accelerated hiring processes, linking employee pay to current market conditions by abolishing the general schedule system and putting a greater emphasis on pay for performance. Other proposals include: reducing the number of political appointees, dividing the Senior Executive Service into separate corps of managers versus professional and technical experts, reducing financial disclosure requirements on employees, and raising salaries of appointees and other high-level employees.

The commission is not a formal government body but its views likely will be taken seriously by both the executive branch and Congress, since its members include many leading experts on civil service matters.

The Volcker Commission—formally, the National Commission on the Public Service--report said the government is “hamstrung by organizations and personnel systems developed decades ago” and that the government “is a layered jumble of organizations with muddled public missions.” It recommended reorganizing the government into a “limited number of mission-related executive departments,” in effect calling for mergers of agencies that share closely related missions, to be accomplished by new presidential authority to recommend a package of changes that would be put to a straight congressional up-or-down vote.

The two largest federal unions, the American Federation of Government Employees and the National Treasury Employees Union, reacted harshly to the Volcker Commission’s report, particularly its proposals to give management greater leeway over setting salaries and rewarding performance. AFGE said the proposals risk corruption and the takeovers of federal jobs by contractors with few controls, while NTEU criticized the proposal to increase pay at high levels as damaging to morale of other employees and termed the idea to merge agencies premature before the results of the Department of Homeland Security merger are known.

## **MILEAGE REIMBURSEMENT RATES FOR PERSONALLY OWNED VEHICLES DECREASE**

*From FEDmanager article dated January 21, 2003*

Federal employees' reimbursement rates when using a privately owned vehicle to travel on official government business decreased this year. Effective January 1, 2003, reports the General Services Administration (GSA), federal employees will be reimbursed 36 cents per mile – instead of 36.5 cents per mile - when using their own automobiles. The reimbursement rates for privately owned motorcycles and airplanes declined as well, from 28 cents per mile for motorcycles in 2002 to 27.5 cents per mile in 2003, and from 97.5 cents per mile for airplanes last year to 95.5 cents per mile this year. By law, GSA had to reduce the reimbursement rates after the Internal Revenue Service lowered the mileage reimbursement rates for tax purposes.

## **APPOINTMENT OF NEW IRS COMMISSIONER**

President Bush has named Mark W. Everson, a top efficiency expert to head the Internal Revenue Service. Formerly, Mr. Everson was Deputy OMB director for management, in a high-profile effort to improve government performance. In the past he has worked on government wide financial management and technology issues. Mr. Everson’s appointment is likely to put a new focus on the agency’s big modernization budget, as well as efforts to make its balky collections; enforcement and taxpayer-communications programs work better. Congress must confirm Mr. Everson’s appointment.

## Around the Office

By Chapter 52 Alert! Editor

### CD RELEASE ANNOUNCEMENT!

A follow up on a previous story presented in Chapter 52 Alert! Fellow NTEU 52 member, Kat Nelson's (formerly O'Connor), long awaited CD has finally arrived and is being released as we speak. Kat is performing at her CD release party on Feb. 15, 2003, 5-6:30pm at Wild About Music in Austin. Everyone is invited to celebrate.

Kat's diverse CD has been described as, 'an artist's pallet; feeling, raw, serene, intense and rocking!' Special performances on the CD by producer Paul Percy, Lloyd Maines, Glen Fukunaga, Joel Guzman and other accomplished musicians. 'Find Your Way' is being sold at Waterloo Records and other Austin record stores. The CD is also being sold on line through e-commerce at CDBABY.com. For those of you outside Austin, 'Find Your Way' will also be available by direct mail order for \$10.00 plus \$2.00 for shipping, tax and handling.

If you would like an autographed CD, please send your name, mailing address and check for \$12.00 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 wholeheartedly thanks all of you who have encouraged her to follow her bliss!

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Do you have a conflict of Interest on a case? If you are a Revenue Agent or Revenue Officer, or any one with contact with the public and you think you have a conflict of interest in a case. What do you do? Simple, contact your manager and tell him/her of the conflict and ask for the case to be reassigned. What if your manager refuses to reassign the case? According to Stuart Endick, Chief, Ethics & General Government Law Branch states, the employee must immediately file Form 6782 with his or her supervisor, notifying the supervisor of the potential conflict. Management should ***immediately*** contact the Office of Associate Chief Counsel/DEO at 202-283-7900 for advice. The employee must not be permitted to work on the assignment until the matter is resolved.

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Many question have been raised regarding overtime vs. comp time, I will list a couple of the items listed in the official handbook. The following are excerpts from the Time and Leave Handbook, Document 11103

1) An employee may not earn credit hours for travel because travel in connection with Government work is not voluntary in nature. In other words, travel itself does not meet the definition of credit hours in 5 U.S.C. 6121(4), which provides that credit hours are hours within a flexible work schedule in excess of the employee's basic work requirement which the employee elects to work so as to vary the length of a workweek or a workday. If travel time creates overtime hours of work, the employee must be compensated by payment of overtime pay or under the rules for granting or requiring compensatory time off. It was Congressional intent that whenever practicable an employee's travel should be scheduled within his/her regularly scheduled working hours. It was recognized that situations will develop when the employee will be required to travel

away from his/her official duty station outside his/her regularly scheduled work hours. When such travel is performed under the conditions set out below, it is compensable as "hours of employment" or "hours of work".

2) Compensatory time off for nonexempt employees may be granted ONLY upon the request of the employee. **There is no legal authority for a manager to require that a nonexempt employee take compensatory time off in lieu of overtime pay.**

See your Union Steward if you need additional information.

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Here is an update of the Search for new facilities for the San Antonio post of duty. On Thursday, February 6<sup>th</sup>, the GSA, facilities and union members toured five potential sites in the selected area. Now GSA will ask for bids on the most desirable sites. We will keep you informed as things develop.

Is your manager trying to charge you with AWOL? According to the National Agreement, Article 32, Section 9, when the Employer determines that it will charge an employee AWOL, it will notify the employee being charged of its intention to do so in writing as soon as possible, but no later than the end of the pay period in question. Such notice will include the reason for charging AWOL and include the time period(s) in question and will be delivered to the employee in person if the employee is in the workplace.

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Are you on extended sick leave? You may be required to furnish reasonably acceptable evidence to substantiate a request for approval of sick leave if it exceeds three consecutive workdays. The certificate should state that you have been under the doctor's care; you are incapacitated for duty and when you can be expected to return to work. You do not need to release to your manager what is wrong with you or any details. Your manager does not have any legal authority to require you to disclose to him or her the diagnosis or prognosis of your medical condition. If the Employer makes further inquiry, the employee may choose to provide this information only to the Employer's representatives who are medically certified.

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Flexiplace is also an issue for some of our members. Management seems to believe that Chapter 52's local Flexiplace Agreement is not valid, that the agreement went the way of NORD V. Not so, in the National Agreement (which replaced NORD V) Article 50, Section 9(A) states, "local agreements which conform to the provisions of subsection 2E and 2F of this article will remain in effect, and there will be no locally initiated changes."

The local agreement, which can be located on the Chapter's web site, states in part:

H. Performance Standards and Expectations

1. Employees participating in Flexiplace will have no higher performance expectations than those employees not participating in Flexiplace. Performance expectations must be clear, objective, and consistent with those of employees in the conventional work place.
2. Employees participating in Flexiplace may be removed from Flexiplace if the employee's performance falls below fully successful. Participating employees will be given advance notice of their performance falling below fully successful along with the reasons for their drop in performance. Participating employees will also be given sufficient opportunity to improve their performance prior to receiving a rating of less than fully successful. Termination from the Flexiplace Program will occur after exhausting all grievance procedures within the District. The applicable employee will be reinstated in the Flexiplace Program if the performance appraisal is raised through binding arbitration, or when a later appraisal indicates performance at or above fully successful.
3. Employees will be expected to follow IRS standards of conduct and ethical behavior in order to participate in Flexiplace. An employee may be terminated from the Flexiplace Program if that employee has committed a conduct violation, which negatively impacts the Flexiplace Program or the Internal Revenue Service



**THE FUNDS – Rates of Return**

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



Rates of Return were updated on **February 5, 2003**.

	<b>G Fund</b>	<b>F Fund</b>	<b>C Fund</b>	<b>S Fund</b>	<b>I Fund</b>
January 2003	0.35%	0.10%	(2.67%)	(2.35%)	(4.24%)
<u>Last 12 Months*</u> (2/1/2002 - 1/31/2003)	4.89%	9.52%	(22.99%)	(18.42%)	(15.00%)

\* 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.

Time Period	G Fund	F Fund	LBA Bond Index	C Fund	S&P 500 Stock Index	S Fund	Wilshire 4500 Stock Index	I Fund	EAFE Stock Index
1998	5.74	8.70	8.69	28.44	28.58	-	8.63	-	20.09
1999	5.99	(.85)	(.82)	20.95	21.04	-	35.49	-	26.72
2000	6.42	11.67	11.63	(9.14)	(9.10)	-	(15.77)	-	(14.17)
2001	5.39	8.61	8.44	(11.94)	(11.89)	(2.22)*	(2.52)*	(15.42)*	(14.88)*
2002	5.00	10.27	10.26	(22.05)	(22.10)	(18.14)	(17.80)	(15.98)	(15.94)

\* Rates of return for May (inception of S and I Funds) through December 2001.

2002	%	%	%	%	%	%	%	%	%
Feb.	.40	.98	.97	(1.92)	(1.93)	(2.64)	(2.83)	.66	.70
Mar.	.44	(1.66)	(1.66)	3.73	3.76	6.83	6.78	5.82	5.41
Apr.	.46	1.89	1.94	(6.06)	(6.06)	(1.06)	(.98)	.25	.66
May	.45	.88	.85	(.75)	(.74)	(2.39)	(2.21)	1.29	1.27
June	.43	.97	.87	(7.10)	(7.12)	(6.67)	(6.84)	(3.87)	(3.98)
July	.43	1.19	1.21	(7.70)	(7.80)	(9.93)	(9.73)	(9.99)	(9.87)
Aug	.40	1.58	1.69	.67	.66	.58	.58	(.26)	(.23)
Sep	.37	1.63	1.62	(10.87)	(10.87)	(6.84)	(6.74)	(10.75)	(10.74)
Oct	.33	(.44)	(.46)	8.77	8.80	3.38	3.28	5.42	5.37
Nov	.34	(.01)	(.03)	5.87	5.89	6.76	6.86	4.49	4.54
Dec.	.38	2.08	2.07	(5.85)	(5.88)	(4.32)	(4.21)	(3.27)	(3.36)
<b>2003</b>									
Jan.	.35	.10	.09	(2.67)	(2.62)	(2.35)	(2.16)	(4.24)	(4.17)

Last 12 Months 4.89 9.52 9.46 (22.99) (23.02) (18.42) (18.02) (15.00) (14.93)

Percentages in ( ) are negative.



## TOM'S HUMOR PAGE

Q: What do you call a lawyer who has gone bad?

A: Senator.

Q: What do you call an honest lawyer?

A: An oxymoron

Q: What do you have when 100 lawyers are buried up to their neck in sand?

A: Not enough sand.

Q: Why are lawyers buried 10 feet underground?

A: Because deep down, they're really not that bad!

Q: What do you get when you cross a lawyer and a pig?

A: Nothing. There are some things even a pig won't do!

Q: What's the difference between a catfish and a lawyer?

A: One's a slimy scum-sucking bottom-dwelling scavenger, the other is just a fish

There was a lawyer and he was just waking up from anesthesia after surgery, and his wife was sitting by his side. His eyes fluttered open and he said, "You're beautiful!" and then he fell asleep again. His wife had never heard him say that so she stayed by his side. A couple minutes later his eyes fluttered open and he said, "You're cute!" Well, the wife was disappointed because instead of "beautiful" it was "cute." She said, "What happened to 'beautiful'?" His reply was "The drugs are wearing off!"

Boss: Who said that just because I tried to kiss you at last month's Christmas party, you could neglect to do your work around here?

Secretary: My lawyer.

A guy walks into a post office one day to see a middle-aged, balding man standing at the counter methodically placing "Love" stamps on bright pink envelopes with hearts all over them. He then takes out a perfume bottle and starts spraying scent all over them. His curiosity gets the better of him and he goes up to the balding man and asks him what he's doing.

"I'm sending out 1,000 Valentine's Day cards signed, 'Guess who?'"

"But why?" asks the man. "I'm a divorce lawyer."





Chapter 52 *Alert!*, all the news that is fit to be copied!

This **Chapter 52 *Alert!*** and all ***Alerts!*** since January 2001, can be found on our

Chapter Web Page at <http://www.nteu52.org/>

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

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