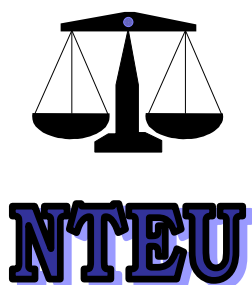


November 2002

# Alert!



# Chapter 25

## More News on “Privatization” and “Contracting Out”?

In a news article from the *Los Angeles Times*, by Edwin Chen, *Times* staff writer  
November 15, 2002.

President Bush plans to allow the private sector to compete for nearly half of the nation's 1.8 million federal civilian jobs, the White House said Thursday in a move that enraged labor unions and their Democratic allies in Congress.

As many as 850,000 workers -- covering a wide range of white- and blue-collar jobs -- could be affected, according to the White House Office of Management and Budget.

"We're talking about every imaginable type of job: military logistics and support, information technology, data collection, people who work in OSHA [Occupational Safety and Health Administration], in mine safety," said Jacqueline Simon, public policy director of the 600,000-member American Federation of Government Employees, the largest federal employee union.

Other jobs subject to privatization under Bush's plan include mapmakers, computer programmers, engineers, landscapers, park-fee collectors, road builders and lens- and eyeglass-makers, according to Trent Duffy, an OMB spokesman. High-ranking government jobs will not be affected, the administration said.

The White House said the change was designed to reduce costs and increase the federal bureaucracy's efficiency. "What we're trying to do is make government work better for the American taxpayer," White House Deputy Press Secretary Scott McClellan told reporters.

But Simon denounced the move. "It's certainly one aspect of union-busting," she said.

In taking on one of the Democratic Party's core constituencies, the abrupt and unilateral move by the president suggested that he is prepared to play hardball despite his post-election call for bipartisan cooperation.

At the White House, McClellan called the positions "non-core" jobs and said studies have shown that such privatization can save "in excess of 30%." The theory is that competitive bidding will force the bureaucracy to lower costs and improve service, or lose jobs to the private sector.

The White House sent the new rules to the Federal Register for publication today after posting them Thursday on the Web site of the OMB ([http://www.whitehouse.gov/omb/circulars/a076/a76\\_111402.doc](http://www.whitehouse.gov/omb/circulars/a076/a76_111402.doc)). They would take effect after a 30-day comment period, Duffy said. The administration wants at least 15% of the jobs opened to competition by October.

Administration officials said the president's initiative does not require congressional approval. Privatization efforts have been allowed since 1998 under the Federal Activities Inventory Reform Act, although there have been few efforts beyond the Defense Department. But some analysts nevertheless predicted controversy. "This isn't like pouring gas on fire. It's more like Paul C. Light, a government studies expert at the Brookings Institution, a centrist Washington public policy center.

For a variety of reasons, the timing of Bush's move was a surprise. To be sure, it comes at a time when Republican priorities face daunting obstacles because of a mounting budget deficit and privatizing jobs would remove them from the government payroll. In addition, the move surely would please private contractors, a traditional Republican constituency. But the president's initiative also flies in the face of his months-long efforts to court elements of the labor movement, particularly the International Brotherhood of Teamsters and the United Brotherhood of Carpenters and Joiners of America.

Now all that could change, predicted Norman J. Ornstein, a political analyst at the American Enterprise Institute, a conservative Washington think tank. "This seems like a radical plan that would unite Democrats and a lot of their allies," he said. Ornstein and other analysts also said the privatization drive raised questions about Bush's recent assertions that his insistence upon greater management leeway over employees in the proposed Department of Homeland Security was not motivated by a desire to privatize the work force and should not be seen as anti-union.

"This is going to really cast some serious doubt on their motives in the homeland security area," Ornstein said. Added Light: "This is a form of bureaucratic trash talking that obviously inflames labor."

On Capitol Hill, some of labor's most ardent champions quickly offered their own withering critique of the Bush plan. "Now we see the real White House agenda -- it's not homeland security, it's union-busting," said Sen. Edward M. Kennedy of Massachusetts, the senior Democrat on the Labor and Human Resources Committee.

"This proposal means that the safety of our communities could be entrusted to the administration's favorite companies and their lobbyists, instead of to dedicated, trained federal workers," he added.

The OMB's Duffy rejected the notion that the president's initiative is anti-union. "This is to give taxpayers the best deal for their dollar and the best service of their government," he said.

But Sen. Barbara Boxer (D-Calif.) said: "I have often found that privatizing federal responsibilities leads to higher costs to the taxpayer and a lower quality of services. "At this time of national and economic insecurity for so many Americans ... I don't understand why the president would place 800,000 workers who have good jobs, good pensions and good health care in jeopardy."

Duffy said the administration expects the unions to compete and win many contracts. But with the exception of the Defense Department, little such competition has occurred, according to Light. One reason, he said, is that such competitions can be time-consuming and "very expensive to conduct."

In successful competitions, private firms are supposed to be selected by federal agencies if the companies demonstrate that they can provide a product or a service at a savings of 10% or more, Light said.

## **Victors and Spoils**

November 19, 2002 By PAUL KRUGMAN (Copyright 2002 The New York Times Company)

Rule No. 1: Always have a cover story. The ostensible purpose of the Bush administration's plan to open up 850,000 federal jobs to private competition is to promote efficiency. Competitive vigor, we're told, will end bureaucratic sloth; costs will go down, and everyone except for a handful of overpaid union members will be better off.

And who knows? Here and there the reform may actually save a few dollars. But I doubt that there's a single politician or journalist in Washington who believes that privatizing much of the federal government a step that the administration says it can take without any new legislation is really motivated by a desire to reduce costs.

After all, there's a lot of experience with privatization by governments at all levels - state, federal, and local; that record doesn't support extravagant claims about improved efficiency. Sometimes there are significant cost reductions, but all too often the promised savings turn out to be a mirage. In particular, it's common for private contractors to bid low to get the business, then push their prices up once the government work force has been disbanded. Projections of a 20 or 30 percent cost saving across the board are silly and one suspects that the officials making those projections know that.

So what's this about?

First, it's about providing political cover. In the face of budget deficits as far as the eye can see, the administration determined to expand, not reconsider the program of tax cuts it initially justified with projections of huge surpluses - must make a show of cutting spending. Yet what can it cut? The great bulk of public spending is either for essential services like defense and the justice system, or for middle-class entitlements like Social Security and Medicare that the administration doesn't dare attack openly.

Privatizing federal jobs is a perfect answer to this dilemma. It's not a real answer the pay of those threatened employees is only about 2 percent of the federal budget, so efficiency gains from privatization, even if they happen, will make almost no dent in overall spending. For a few years, however, talk of privatization will give the impression that the administration is doing something about the deficit.

But distracting the public from the reality of deficits is, we can be sure, just an incidental payoff. So, too, is the fact that privatization is a way to break one of the last remaining strongholds of union power. Karl Rove is after much bigger game.

A few months ago Mr. Rove compared his boss to Andrew Jackson. As some of us noted at the time, one of Jackson's key legacies was the "spoils system," under which federal jobs were reserved for political supporters. The federal civil service, with its careful protection of workers from political pressure, was

created specifically to bring the spoils system to an end; but now the administration has found a way around those constraints.

We don't have to speculate about what will follow, because Jeb Bush has already blazed the trail. Florida's governor has been an aggressive privatizer, and as The Miami Herald put it after a careful study of state records, "his bold experiment has been a success at least for him and the Republican Party, records show. The policy has spawned a network of contractors who have given him, other Republican politicians and the Florida G.O.P. millions of dollars in campaign donations."

What's interesting about this network of contractors isn't just the way that big contributions are linked to big contracts; it's the end of the traditional practice in which businesses hedge their bets by giving to both parties. The big winners in Mr. Bush's Florida are companies that give little or nothing to Democrats. Strange, isn't it? It's as if firms seeking business with the state of Florida are subject to a loyalty test.

So am I saying that we are going back to the days of Boss Tweed and Mark Hanna? Gosh, no those guys were pikers. One-party control of today's government offers opportunities to reward friends and punish enemies that the old machine politicians never dreamed of.

How far can the new spoils system be pushed? To what extent will it be used to lock in a permanent political advantage for the ruling party? Stay tuned; I'm sure we'll soon find out.

## **Your Rights and the Field Trip Visitation**

The question that has recently arisen lately, does management have the right to ride with the employee for a field trip visitation? This whole question brings about all types of questions; some are employee's rights, and liability.

Doesn't the employee have the right to select whomever rides in their vehicle? Of course they do! Does management have the right to direct you or override your choice who enters your private property? Of course they don't! Management does have the right to assign work (you are assigned a case), management has the right to review that case (field visit) and they have the right to direct you in how the case is worked, but there are no provisions in the IRM or any other regulation, for employees to transport their manager at any time during work hours.

The other issue is liability. Does your insurance cover passengers while you are using your vehicle on the job? In our research, we found out there are three types of insurance coverage that exist for the casual consumer: Individual Coverage, Business Coverage and Commercial Coverage. Individual coverage is for the average citizen going to and from work and the store. Business coverage is an increase in premium, if your car is used in your business/occupation. Commercial coverage, a much higher premium, is required if you carry the tools of your trade in your vehicle. Now the question becomes, are you covered if you transport another employee? You may wish to contact your insurance carrier to determine your own coverage and personal liability issues. Let's move this one more step, WHAT IF, you were transporting your manager on a field visit, you have a serious wreck and the manager is injured. The manager then sues you and your insurance company, doesn't that become a conflict of interest? Here is the person who writes your evaluations suing you for several thousand dollars. At least it would certainly make a tense work place. Your premium would certainly go up if you were lucky enough not to get cancelled.

Fortunately, the issue has been resolved in Chapter 10, Chicago, Illinois. Thanks to a couple employees who alerted the Union office, Tom Jones, President Chapter 52, was able to contact the Chicago chapter and obtained some very useful information. It appears they had the same problem and filed a grievance, before the grievance was heard, the Chapter President went to the Senior Commissioner's Representative and resolved the problem. Here is what William L. Thompson, Director Compliance, Area 7, Senior Commissioner's Representative-Illinois had this to say:

SUBJECT: Management Grievance – Collection Issue

As a result of a grievance filed by NTEU Chapter 10, Illinois, and in settlement of said grievance, this memorandum provides guidance to all SBSE Compliance Area 7 Collection managers on the appropriate manner to conduct field observations of Revenue Officers.

IR Manual 114, "Compliance and Customer Service Manager's Handbook", provides guidance to all Collection managers in observing the revenue officer during face-to-face contacts, either in the field or office. While we all recognize that these activities provide a tremendous opportunity for the manager to assess the employees' abilities, in no way does this guidance **require the employee to transport the manager during field visitations.**

Effective immediately, all Collection managers in Area 7 are instructed to:

- 1) inform their employees that there is no requirement to transport managers, and
- 2) to discontinue any practice or activity of having employee to pick up managers' at their place of residence or office.

Tom has contacted Glenn Henderson, Director Area 10, asking him to send a similar memorandum to all Collection managers in this area. To date, there has been no response. We will keep you apprised.

Footnote: Oklahoma Chapter states in there area, it is the Revenue Officer's choice if they allow the manager to ride along. Kansas Chapter, the manager takes his/her own vehicle on field visitations.



### THE FUNDS – Rates of Return

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

	G Fund	F Fund	C Fund	S Fund	I Fund
October 2002	0.33%	(0.44%)	8.77%	3.38%	5.42%
<b><u>Last 12 Months*</u></b> (11/1/2001 - 10/31/2002)	5.07%	5.91%	(15.10%)	(8.99%)	(13.46%)

\* 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.





## TOM'S HUMOR PAGE

Stella Awards...It's time once again to consider the candidates for the annual Stella Awards. The Stella's are named after 81-year-old Stella Liebeck who spilled coffee on herself and successfully sued McDonalds. That case inspired the Stella awards for the most frivolous Successful lawsuits in the United States. The following are this year's candidates:

1. Kathleen Robertson of Austin, Texas, was awarded \$780,000 by a jury of her peers after breaking her ankle tripping over a toddler who was running inside a furniture store. The owners of the store were understandably surprised at the verdict, considering the misbehaving little toddler was Ms. Robertson's son.
2. A 19-year-old Carl Truman of Los Angeles won \$74,000 and medical expenses when his neighbor ran over his hand with a Honda Accord. Mr. Truman apparently didn't notice there was someone at the wheel of the car when he was trying to steal his neighbor's hubcaps.
3. Terrence Dickson of Bristol, Pennsylvania, was leaving a house he had just finished robbing by way of the garage. He was not able to get the garage door to go up since the automatic door opener was malfunctioning. He couldn't re-enter the house because the door connecting the house and garage locked when he pulled it shut. The family was on vacation, and Mr. Dickson found himself locked in the garage for eight days. He subsisted on a case of Pepsi he found, and a large bag of dry dog food. He sued the homeowner's insurance claiming the situation caused him undue mental anguish. The jury agreed to the tune of \$500,000.
4. Jerry Williams of Little Rock, Arkansas, was awarded \$14,500 and medical expenses after being bitten on the buttocks by his next-door neighbor's beagle. The beagle was on a chain in its owner's fenced yard. The award was less than sought because the jury felt the dog might have been just a little provoked at the time by Mr. Williams who was shooting it repeatedly with a pellet gun.
5. A Philadelphia restaurant was ordered to pay Amber Carson of Lancaster, Pennsylvania, \$113,500 after she slipped on a soft drink and broke her coccyx (tailbone). The beverage was on the floor because Ms. Carson had thrown it at her boyfriend 30 seconds earlier during an argument.
6. Kara Walton of Claymont, Delaware, successfully sued the owner of a nightclub in a neighboring city when she fell from the bathroom window to the floor and knocked out her two front teeth. This occurred while Ms. Walton was trying to sneak through the window in the ladies room to avoid paying the \$3.50 cover charge. She was awarded \$12,000 and dental expenses.
7. This year's favorite could easily be Mr. Merv Grazinski of Oklahoma City, Oklahoma. Mr. Grazinski purchased a brand new 32-foot Winnebago motor home. On his first trip home, having driven onto the freeway, he set the cruise control at 70 mph and calmly left the drivers seat to go into the back and make himself a cup of coffee. Not surprisingly, the R.V. left the freeway, crashed and overturned. Mr. Grazinski sued Winnebago for not advising him in the owner's manual that he couldn't actually do this. The jury awarded him \$1,750,000 plus a new motor home. The company actually changed their manuals on the basis of this suit, just in case there were any other complete morons buying their recreation vehicles.



**Chapter 52 has recently registered its Domain Name.**

**We now can be found at: [www.nteu52.org](http://www.nteu52.org)**



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

Chapter Web Page at [www.nteu52.org](http://www.nteu52.org)

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

*Chapter 52 President, Tom Jones  
Chief Steward, Bill Grace  
Asst. Chief Steward, Mick Eskew*

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