

August 2003

Alert!

4.1 Percent 2004 Raise Proposed

Fedweek July 30, 2003

Federal employees would get an average 4.1 percent pay raise in January 2004 under language added to a key spending bill for the upcoming fiscal year, the Treasury-Transportation spending bill approved by the House Appropriations Committee. The figure was added in the name of maintaining pay parity with uniformed military personnel, who stand to get raises averaging that amount under separate legislation moving through Congress. While the committee vote is significant, there remains a long process ahead before the figure is enacted into law. The administration initially proposed a 2 percent raise for federal employees for next January and by the end of August can make another formal recommendation under the federal pay law. A battle last year between the White House and Congress over a similar initiative for the 2003 raise lasted many months and in fact spilled over into the early part of this year. Under the House plan, agencies further would have to absorb from their general overhead budgets the difference between 2 percent and 4.1 percent, potentially causing pressure to hold down employment levels, training and other expenses funded from those accounts.

Congress Leaves Work Unfinished

Fedweek August 6, 2003

The Senate has joined the House in taking the annual congressional recess through Labor Day, with both chambers leaving a long list of unfinished legislation affecting federal employees to be dealt with in the autumn. At the top of that list is the transportation-Treasury spending bill for the fiscal year beginning October 1, which has become the vehicle for the January 2004 federal pay raise. The House likely will vote soon after reconvening on that bill, which provides for a 4.1 percent raise in the name of maintaining parity with uniformed military personnel. The Senate has not begun drafting its version of the bill, however, and the White House can make another raise recommendation by the end of August that could continue to advocate the administration's original proposal for 2 percent for federal workers plus a \$500 million fund--which would work out to about a half-percentage point of pay, if divided up equally--to reward good performers. The House bill would set up that fund, but would put just \$2.5 million into it, effectively just seed money to get the program into law.

Administration Sticking to 2 Percent So Far

Fedweek, August 20, 2003

The 4.1 percent figure for 2004 was added to the House appropriations bill in the name of maintaining pay parity between military and federal civilian raises. But in a recent statement on a Defense spending bill (HR-1588) that says parity should be maintained to the maximum extent practical, the administration said civilian-military pay linkage "is not necessary" and that the proposed 2 percent figure "is very generous at this time when many in the private sector are unemployed or facing shrinking paychecks." The administration further said it was concerned about the cost of boosting the raise, which it estimated at \$2.1 billion. That statement also pointed to the administration's proposal for a \$500 million fund to reward good performers; however, the House Transportation-Treasury spending bill provides only \$2.5 million for the fund--enough to get it operating, but with little if any available to pay out to employees.

Hill Considers Limits on Contracting

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Meanwhile, Congress is continuing to seek restrictions on contracting-out policy as part of the annual spending bills for the upcoming fiscal year, setting up potential fights with the White House when those bills come up for final voting. The House Appropriations Committee has approved language as part of the Transportation-Treasury spending measure requiring agencies to report on how much they spend on consultants to operate cost comparisons between in-house and possible contractor performance; because many agencies lack the expertise to conduct those studies themselves, many have turned to contractors to see if work should be performed by other contractors, an arrangement that federal employee organizations say stacks the deck against in-house employees. The language also would require reporting on the scope and cost of competitive sourcing programs, including how much they are spending on using in-house employees to conduct the studies.

The Bush administration has said it "strongly opposes" attempts to restrict the contracting-out program, to the extent of threatening to veto bills containing such provisions. For example, in comments on the Interior Department bill, the administration said: "Now is the wrong time to short-circuit implementation of the common-sense principle of competition--a proven way of protecting taxpayers' dollars while providing better service and performance enhancements, especially since numerous agencies are starting to make real progress. Prohibiting funding for public-private competitions is akin to mandating a monopoly regardless of the impact on services to citizens and the added cost to taxpayers. If the final version of the bill were to contain such a provision, the President's senior advisors would recommend that he veto the bill."

Law Enforcement Issues Particularly Thorny

Fedweek August 13, 2003

Another especially troublesome aspect of creating the DHS personnel system will be deciding what to do about the special pay authorities for law enforcement employees of agencies that were folded into

DHS. Various allowances and other provisions have built up over the years, both at the urging of the individual agencies and certain members of Congress, that have resulted in a mish-mash of compensation practices. Crafters of the new system are faced with the question of whether to leave those authorities in place, at the risk of creating disparities within the department depending on which subcomponent an employee works for, or standardizing them, at the risk of high costs if the best benefits of each are given to all, or of alienating some employees by taking away benefits they already have by crafting a middle-of-the road approach. In addition, the project might become the vehicle for addressing differences in standards for which positions qualify for the special retirement provisions for law enforcement officers. The National Treasury Employees Union has been pushing for years to win that status for Customs Service inspectors and canine officers, among others and repeated that pitch at a recent House civil service subcommittee hearing focusing on the differences in law enforcement personnel practices.



THE FUNDS – Rates of Return

Rates of Return were updated on **August 1, 2003**.

	G Fund	F Fund	C Fund	S Fund	I Fund
July 2003	0.30%	(3.41%)	1.78%	4.60%	2.35%
<u>Last 12 Months*</u> (8/1/2002 - 7/31/2003)	4.06%	5.29%	10.55%	21.13%	6.18%

* The G, F, C, S, and I Fund returns for the last 12 months assume unchanging balances (time-weighting) from month to month, and assume that earnings are compounded on a monthly basis.

About Those TSP Returns

Fedweek, August 20, 2003

While happy that the returns on the Thrift Savings Plan's stock funds have looked better lately than at most times in the prior three years, some investors are nevertheless puzzled how funds that were showing significant losses in their 12-month accountings only recently are now well into positive territory. For example, the latest 12-month accounting, through July, shows the small- and mid-capitalization stock (S) fund up 21.13 percent, the common stock (C) fund up 10.55 percent and the international stock (I) fund up 6.18 percent. In contrast, through March, the S fund was down 22.23 percent, the C fund down 24.71 percent and the I fund down 23.51 percent. The reason for the reversal is twofold. First, the three funds have been performing well lately, with both the S and C funds up for five straight months and the I fund rising for four straight, including six monthly gains among them in that period above 5 percent. Second, each 12-month accounting knocks out the same month in the prior calendar year. Those three funds collectively posted only two monthly gains in April-July 2002 and six of their 10 monthly losses in that period exceeded 6 percent. The S fund's 4.6 percent gain in July 2003, for example, replaced its 9.93 percent loss in July 2002 in the latest accounting.

The stock funds' 12-month returns could fluctuate widely in the months ahead due to the same effect. While the C and S funds posted modest gains in August 2002 and the I fund a modest loss, all three funds were down sharply last September, losing 10.87, 6.84 and 10.75 percent, respectively. Knocking those losses out of the 12-month returns will make the performance of the funds look all that much better--unless, of course, the funds do worse than they did last year. All three funds posted substantial gains last October and November and substantial losses last December.

TSP Woes Attract Hill Scrutiny

Fedweek July 23, 2003

The continuing problems related to the Thrift Savings Plan's new computer system have drawn attention from Capitol Hill, with the House Government Reform Committee scheduled to hold hearings later this week. The hearings, which would be the first such oversight of the TSP in many years, come as investors continue to experience problems in connecting to the customer service section of the TSP Web site, where they are trying to check account balances, transfer money among the investment funds or request loans and withdrawals. Those issues, and how well the TSP is doing in responding to them, will be the focus of the House hearing. The TSP says it is working on Web site technical issues and devoting more resources to the phone system; it also has posted on its site some tips for improving the system's response, including advice to avoid peak usage time of 8 a.m. to 4 p.m. on business days.

Some investors report that they have tried to get through without success numerous times--in some cases, waking up in the middle of the night in the hope that the system would be more likely accessible then. Investors also complain that they experience long waits--or can't get through at all--on the customer service phone line. Some investors who were counting on getting loans for home purchases or other purposes by a certain date say their life plans have been seriously upset. Others say loan payment deductions are continuing to come from their paychecks even though they have paid off their loans. Another concern from investors regarding the new TSP system involves the accuracy of the data, especially loan data.

TSP Open Seasons Could Be Abolished

Fedweek, August 13, 2003

Among the topics under consideration by the TSP's governing board is the concept of abolishing the twice-yearly open seasons the TSP conducts. During open seasons, eligible employees not currently participating may join the program, and all investors may change the amount of their regular biweekly payroll withholding. However, many other transactions--such as changing the allocations of ongoing investments or current account balances, or making "catch-up" contributions--need not be done during an open season. Further, the government contributions for newly hired employees under the FERS system are linked to open seasons, meaning a delay in those contributions of potentially upwards of a year. The TSP board believes that abolishing open seasons would simplify the program and improve participation, but such a change would require legislation

The Next New-and-Improved IRS

Reprinted with permission of Clyde Waltermate, President Chapter 36, Shoptalk Newsletter

After nearly a half-century of endless reorganizations, the IRS “transitioned” into bedlam almost from the moment RRA 98 was signed into law. According to Govexec.com (July 21, 2003) former IRS commissioner Margaret Richardson recently described RRA 98 as “the blind leading the deaf.” But there were many promotions along the way – some even in the bargaining unit. The mantra was that every employee would have a job in the next new-and-improved IRS. Not unlike the perennial fantasy “Wizard of Oz,” where a drab dustbowl orphan – told to find a place where she would not get in anyone’s way – escaped into a colorful dream world, the IRS has been marching merrily along its own Yellow Brick Road for the past five years.

The bubble is now about to burst. An IRS restructuring that guaranteed every employee a job is officially over and a reduction in force is on the way.

The IRS apparently believes that by outsourcing some jobs and centralizing other – which will ultimately impact thousands of employees in MITS, AWSS, Service Centers, Call Sites and compliance case processing – it can wave a magic wand and create many new frontline compliance jobs.

Unlike Dorothy, who woke up and came back to the real world, the nation’s tax collector is apparently unable or unwilling to wake up from its Technicolor fantasy. Therefore, promises of new compliance jobs – probably already earmarked for contractors from Arthur Andersen, WorldCom and Enron – will only insure that the next new-and-improved IRS “transitions” from a rusty Tin Man in search of a heart to a limp Scarecrow that sorely needs a brain

Around the Office

By Alert! editor Mick Eskew

NTEU National Convention

During the week of August 4th, the executive board of Chapter 52 attended the NTEU National Convention in Honolulu, Hawaii. Business consisted of the passing of numerous resolutions, amendments to the national by-laws, selection of convention site for 2007, the election of regional vice-presidents, national executive vice-president and national president, to name a few.

Colleen Kelley was re-elected as National President of NTEU by more than a 98% margin. Frank Farris was also re-elected to his position as the National Executive Vice-President, by a similar margin.

The Hawaii location was selected at the 1999 National Convention in Las Vegas by 84% of voting delegates. The next convention, in 2005, will be held in San Diego, California. It was decided at this convention that the 2007 convention would be held in New York City. Other cities in the running were Boston, San Diego and Miami. Selections are limited to a union hotel with sufficient rooms and space, at a reasonable rate and have a metropolitan airport in the immediate area.

San Antonio POD is Moving!

The following is a copy of the email sent by San Antonio's Commissioner's Representative Susan Graham on August 15, 2003.

"Our lease is signed!! Here are the details, that I know to date:

The lease for the San Antonio POD has now been awarded. The lease is in the Petroleum Towers at 8626 & 8700 Tesoro Drive, just off Loop 410, east of the Airport and North Star Mall. There are two Tower buildings connected by a solarium; the TAC center will be located in the solarium and a small part of Tower II, the remaining IRS and TIGTA offices will be located in Tower I on the 2nd, 4th, and 5th floors.

The phasing plan is to have the TAC office completed to occupy (by) mid to end of December to be ready for 2004 filing season, the remaining office areas are scheduled to be completed for occupancy my mid to end of February 2004."

The Space Planning Committee currently consist of: Susan Graham and Audrey Entzenberger, CR/SB/SE; John LaCoke, Appeals; Janet Gordon, LMSB; Jesse Olguin, W&I; Mick Eskew, NTEU; Kathy Mattord, MITS; Connie Jacobson, Lesa Bailey, Armando Sanchez and Gayle Needham, AWSS Real Estate. Committee meetings are already scheduled and I will keep you informed as we progress.

GSA selected the building site, the union had no input in the selection. I know some of the San Antonio folks are unhappy about a proposed increase in commuting, but there seems to be an equal amount of folks who will enjoy the shorter drive.

How Does Your Manager Stack Up?

By Tom Jones, President Chapter 52

Last month we had a great response to this feature. Unfortunately some wanted to know why their division was not included. Simple, lack of available space. There are more SB/SE employees than in the other divisions so they went first. We will attempt to get everyone's division (all 11 of them) into the newsletter as soon as possible. Again, the figures below are based solely on CJE average scores from appraisals given between October 1, 2002 and March 31, 2003. Scores are listed from the lowest average score to the highest average score. The results for other divisions will follow in subsequent issues.

Score	Territory	Group	Manager	POD
0.00	San Antonio 2	146	Raul Garza	HAR
0.00	Houston 1	140	Raul Garza	CC
4.00	Houston 1	134	Dewayne Coleman	HAL
4.05	San Antonio 2	141	Jesse Olguin	SANW
4.12	Dallas 3	149	Frank West	DAL
4.20	Dallas 3	150	Kim Jordan	FBT
4.22	San Antonio 2	144	Evelyn Robinsion	AURU
4.24	Dallas 3	151	John Wood	ELP
4.27	Dallas 3	152	Vincent Walker	FWR
4.40	Houston 1	136	Veronica Star	HOU
4.44	Dallas 3	148	Tracey Banks	DAL
4.53	Houston 1	135	Neal Stellars	HAL
4.60	Dallas 3	153	Joyce Kimzey	LUB

- Connie Jacobson and other AWSS persons are hard at work trying to get floor plans made for the new San Antonio office, getting input, then revising those floor plans. All the furniture must be order very soon to ensure that it will be delivered on time. All employees are scheduled to get modular furniture, except for managers who will maintain the typical existing separate office structure. It appears Territory Managers will be on the same floors as the employees they are responsible to and for.
- Chapter 52 is tentatively scheduling a chapter meeting in the Austin Echelon office in September. Watch for the announcement and plan to attend. It will be held after duty hours.
- Enough cannot be said about not using your government computers for the wrong personal reasons. Employees continue to go to web sites when they should not and accessing IDRS information that they don't need. The strange thing is that it happens mostly to employees who have been around for a long time. Guess what, they are not around much longer! The Union can help in some cases but sometimes it is even too blatant and egregious for us.
- If you have any news regarding your POD or an event, please fax your story to 210-706-5376 or mail to NTEU Chapter 52, Stop 1700SANW.

TOM'S HUMOR PAGE



A Texan was taking a taxi tour of London, and was in a hurry.

As they went by the Tower of London the cabby explained what it was and that construction started in 1346 and was completed in 1412. The Texan replied, "Shoot, a little ol' tower like that? In Houston we'd have that thing up in two weeks!"

The House of Parliament was next – the cabby explained the construction started in 1544 and was completed in 1618. The Texan again replied, "Well boy, we put a bigger one than that in Dallas and it only took a year!"

As they pass Westminster Abbey, the cabby was silent. The Texan shouted, "Whoah! What's that over there?" The cabby replied, "Heck if I know mate, it wasn't there yesterday."



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

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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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