

Alert!

Chapter 52
National Treasury
Employees Union

December, 2004

Pay Raise Moves Ahead

FedWeek, November 24, 2004

The 3.5 percent January 2005 federal pay raise, which has been working its way through Congress for most of this year, is only a few steps from reality, as Congress has added that figure to a wrap-up spending bill covering the rest of the current fiscal year. President Bush is expected to sign the bill-even though the White House objected to the figure once again in a letter to the lame-duck session of Congress that finalized the spending measure-and to issue an order soon specifying how the amount will be split between across-the-board and locality pay for general schedule employees. Earlier the Federal Salary Council recommended that if a 3.5 percent raise is approved, 2.5 percentage points should go across the board and the money for the other percentage point be split up as locality pay. That would be consistent with past practice in similar situations.

In other action on the catchall spending bill, House and Senate members dropped language-earlier approved by the full House and by Senate committee-that would have barred the Bush administration from carrying out several of the key changes in contracting-out policy ordered last year. The White House had threatened a veto over the provision, claiming it would undercut its "competitive sourcing" initiative, which is one of the cornerstones of the administration's management reform agenda. However, President Bush earlier signed measures imposing restrictions at the Defense Department, which does about two-thirds of the government's contracting out. Those provisions generally require that work can be converted only if the contractor bid would produce savings of at least 10 percent or \$10 million, and additionally would create a process through which the in-house side could appeal a contracting-out decision-although the appeal would have to be filed by management, not by employees or their union representatives.

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Early Marker Set for 2006 Raise

FedWeek, November 24, 2004

An early marker has been set for the January 2006--not 2005--federal pay raise, as the Bureau of Labor Statistics reported that the employment cost index measure used for determining the across-the-board component of that raise was 2.6 percent in the pertinent measuring period. Under federal pay law, a half percentage point is supposed to be shaved off that amount in order to keep employees roughly apace with private sector wage growth, and locality pay is supposed to be paid on top of it in order to close local pay gaps. That system has never been implemented as designed, however. According to the latest government figures, a total raise of 13.1 percent would be needed to bring federal pay in compliance with the law. In many years the reduced ECI figure--in this case, 2.1 percent--has been proposed as the total raise and Congress has added a locality pay component on top of that. However, the Bush administration broke with that formula in its last several budget proposals by recommending federal raises based on consumer price inflation, not private sector wage growth, while seeking to link additional raises to employee performance.

NTEU Welcomes Supplemental Dental-Vision Insurance

NTEU News, December 06, 2004

NTEU welcomed congressional approval of legislation that would provide federal employees with the opportunity to purchase supplemental vision and dental insurance at lower group rates.

NTEU President Colleen M. Kelley applauded the move, and thanked Senators Susan Collins (R-ME) and Daniel Akaka (D-HI) for their leadership in pressing Congress to enact this new supplemental benefit package." Kelley added: "This legislation addresses a glaring hole in the federal employee benefit package."

As approved, the vision-dental program calls for employees to pay the entire cost of the supplemental coverage, which would be outside the Federal Employees Health Benefits Program (FEHBP). At the same time, the program allows federal employees to pay premiums using pre-tax dollars through the government's premium conversion plan—a program initiated at NTEU's urging—that allows employees to save a substantial amount of money on health care costs.

NTEU continues to believe that the federal government "should contribute toward these additional benefits," the union leader said.

On a related health insurance matter, President Kelley praised the legislation for its requirement that the Office of Personnel Management (OPM) review the possibility of continuing coverage for full-time students under FEHB family policies beyond age 22.

That is now prohibited to federal employees, although the practice is quite common among private sector employers and state and local governments. "This family-friendly change in the law would be another step toward making the federal government an employer of choice," Kelley said.

Mid-Term Bargaining

The Agency and NTEU are beginning mid-term bargaining for the current NTEU and IRS National Agreement. The following are some of NTEU proposals and those by Management. After reading these, consider who is really looking after your good will.

NTEU Has Proposed:

Article 11 (Facilities)

*provide for local negotiations over space

Article 12 (Appraisals)

*abolish the “review and reconsideration” process and return to the normal grievance process

Article 13 (Promotion)

*bar the movement of a non-unit employee to a unit position absent competition

Article 18 (Awards)

*remove caps on award amounts
*increase bilingual awards to \$450

Article 23 (Hours of Work)

*establish a process for expanding the AWS options available
*expand the right of employees to start work before 7 a.m.

Article 41 (Grievance Procedures)

*reinstate the informal grievance step
*clarify some procedural aspects of the grievance process

Article 50 (Flexiplace)

*require IRS to compensate employees for the reasonable costs of working at home

IRS Has Proposed:

Article 11 (Facilities)

*force all “field” employees to share a work stations under a ratio of 5 field employees to one work station

Article 12 (Appraisals)

*limit the need to counsel employees in advance of lowering an appraisal score

Article 13 (Promotion)

*no longer grant promotion points for awards

Article 18 (Awards)

*limit awards only to those with “Outstanding” ratings and abolish bilingual awards

Article 23 (Hours of Work)

*give supervisors the right to temporarily remove employees from AWS for unspecified performance problems and without due process
*prohibit even more employees from starting work earlier than 7 a.m.

Article 41 (Grievance Procedures)

*limit the matters that may be grieved
*permit the employer to ignore a grievance that it believes to be frivolous and force the union to arbitrate or withdraw

Article 50 (Flexiplace)

*require employees to give managers keys to their home

Van Hollen Criticism of Congressional ‘Double-Speak’ On Tax Debt Privatization Draws NTEU Support

NTEU News, December 6, 2004

Washington, D.C.—With the House poised to repeal legislation tonight that would have expanded congressional access to tax returns, the leader of the National Treasury Employees Union (NTEU) applauded a call by Rep. Chris Van Hollen (D-MD) for the administration to scrap a separate, risky plan to turn sensitive taxpayer information over to private sector debt collection agencies.

“Rep. Van Hollen is right on the mark” in describing as ‘a risky scheme’ an Internal Revenue Service (IRS) plan to turn over as many as 2.6 million tax returns to private sector companies, said NTEU President Colleen M. Kelley, who has been leading the fight against administration efforts to privatize federal work, including tax collection.

Van Hollen, who called on the IRS to find “a more effective means” of collecting tax debts, made his statement as the House planned action later tonight, during a second lame duck session, to repeal a provision in the 2005 Omnibus Appropriations bill, which would expand the number of members of Congress and their staffs who would have access to tax returns.

That provision, approved in the first post-election lame duck session last month, has generated a great deal of opposition. The Senate earlier approved a resolution striking the language from the omnibus bill. While strongly supporting repeal, Van Hollen criticized Congress for “speaking out of both sides of its mouth” on this issue, since it struck from the omnibus a House- approved amendment he supported and which was introduced by Rep. Shelley Moore Capito (R-WV) that would have prevented the IRS from using any funds to hire private debt collectors. He called that “a similar mistake” to the “clearly bad idea” that would broaden congressional access to private tax returns.

Under the congressional approval the IRS won earlier this year, it would be permitted to hire private sector debt collectors and pay them a bounty of up to 25 percent of the money they collect. Critics of the plan, led by NTEU, include a broad coalition of consumer and public interest groups that have argued that the risks to taxpayer privacy are too great to proceed with the program.

That view is continuing to gather public support. Most recently, a University of Cincinnati law professor, quoted in the ABA Journal of the American Bar Association (Vol. 90, Dec. 2004, by David L. Hudson Jr., reprinted by permission), said he not only believes proponents of the privatization plan overstate the amount of revenue to be collected by the private firms, but that the risks outweigh any possible benefits.

“More fundamentally,” said law professor Paul L. Caron, “I think private collection threatens taxpayer privacy and opens up the collection process to abuse by overzealous private contractors.”

He added: “If private debt collectors are paid purely on the basis of a percentage of the taxes they collect, this will encourage strong-arming taxpayers. I would rather improve any deficiencies in the IRS collections process and let them collect the taxes as they have done for over 90 years.”



THE FUNDS – TSP Rates of Return



Rates of Return were updated on **December 1, 2004**.

	G Fund	F Fund	C Fund	S Fund	I Fund
November 2004	0.28%	(0.86%)	4.08%	6.96%	6.16%
Last 12 Months* (12/1/2003 - 11/30/2004)	4.42%	4.35%	12.83%	15.62%	23.79%

*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

TSP Bill Has Hopes

FedWeek, November 24, 2004

A similar back and forth occurred on plans (S-2479 and HR-4324) to end the twice-yearly open seasons in the Thrift Savings plan and allow employees to join the program or change ongoing investment levels at any time. The House ultimately dropped a provision-estimated to cost \$1.1 billion over ten years-that would have started automatic and matching government contributions for newly hired employees immediately, rather than keeping them on the current schedule in which those payments don't start until nearly a year has passed in some cases. However, the Senate didn't take up the bill in its final form. A chance for passage this year remains, however, since the Senate is due to return for a brief work session in which it might take up the bill.

L Fund Preparations Progressing

FedWeek, November 24, 2004

The Thrift Savings Plan expects to have its planned new "lifecycle" (L) fund available in mid-2005, following issuance of a contract to a firm to develop details of how the fund will operate. The new fund will allow investors to set a target withdrawal date-in the mutual fund industry, five year increments are common, although that is still to be decided for the L fund-and the money will be distributed among the TSP's five current funds depending on a predetermined risk/reward formula. The allocation will be adjusted periodically and also will become more conservative as the projected withdrawal date approaches.

Around the Office

By Alert! editor Mick Eskew

- I am sorry to report the death of former Revenue Agent Chuck Banks. He died on December 2, 2004, after a battling with ALS since April 2004. Chuck was with the IRS for 21 years, retiring on September 2, 2003, he worked in the San Antonio office.
- As you may remember, Juan Aranda, a former Revenue Officer from Harlingen, was terminated by the agency several months ago after many years of service. A few days before his case was scheduled to be heard by an arbitrator, the Agency offered Juan a very satisfactory settlement. Juan has decided to accept the settlement but not return to the IRS. He will continue to work at his current position with another government agency for the remainder of his career. Our congratulations and good luck go out to Juan. A lot of hard work was done by Chapter 52's Chief Steward Bill Grace, President Tom Jones, NTEU attorney Anne Elzey and others, for fighting for and protect Juan's rights.
- Now our attention turns to fight for the rights of a Revenue Officer terminated from the San Antonio post of duty. That arbitration is schedule for March 2005. A lot of more hard work ahead.
- Other events lately have included a conference call with Collection Area manager Ellen Dolby. Subjects discussed included, administrative burden on the employees, down grading of cases, confusing interim guidance memos and the break down in communications between layers of management and the employees. We hope these types of conference calls will continue and produce some positive results for the members.
- Stewards continue to present grievances on subjects such as AWOL charges, assault charges, higher graded duties, award amounts, non selection for promotion/new job, retaliation and of course appraisals.

TOM'S HUMOR PAGE

More Booz, Less Allen

Once upon a time a shepherd was tending his sheep at the edge of a country road when a brand new BMW screeched to a halt next to him. The driver, a trendy young man in expensive clothes, jumped out and asked the shepherd, "If I can guess how many sheep you have, will you give me one of them?"

The shepherd looks at the young man, then looks at the sprawling field of sheep and says, "Okay." The young man connected his laptop computer, entered a NASA site, scanned the ground using his GPS, opened a database using 60 Excel tables filled



with algorithms, printed a 150 page report on his high tech mini printer, then turned to the shepherd and said, "You have exactly 1,586 sheep here." The shepherd answered, "That's correct! You can have your sheep."

The young man took one of the animals to the back of his vehicle. The shepherd then looked at him and asked, "Now, if I guess your profession, will you pay me back in kind?" The young man answered, "Sure!" The shepherd said, "You are a Booz-Allen consultant." "Exactly! How did you know?" asked the young man. "Simple. You came here without being called. You charged me a fee to tell me something I already knew. And you obviously understand nothing about what I do, because you took my dog!"

The same consultants who collected huge fees to "shepherd" us into bedlam with silly ideas we knew wouldn't work will probably now "shepherd" us back to the old IRS. And they still don't have a clue what we do. Or care

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

This **Chapter 52 Alert!** along with all other **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 this site.

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