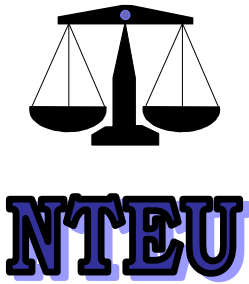


October 2002

Alert!



Chapter 25

Is it “Privatization” or is it “Contracting Out”?

Either way it is a loss of Federal jobs

“Government should be market-based-we should not be afraid of competition, innovation, and choice. I will open government to the discipline of competition.” Governor George W. Bush

In his report to Congress for fiscal year 2002, President Bush strongly reiterated his commitment to the subject of federal jobs to receive competition from private contractors. In fact, competitive sourcing is shown as the #2 priority of the President’s Management Agenda. As early as 1955, it has been the Executive Branch policy that the Government will only provide what its citizens (i.e. the private sector) cannot. Hence, the purpose of competitive sourcing is rooted in the firm belief that the Government should not compete with its citizens. Therefore, it is the administration’s position that federal agencies generally should obtain commercially available services from the private sector. The current administration has ordered Agencies to develop specific performance plans to meet the 2002 goal of completing public-private or direct conversion competition on not less than 5% of the FTE (Full Time Equivalent) employees listed on the Federal Activities Inventory Reform (FAIR) Act of 1998 (PL 105-270) inventories. The administration has further ordered that the performance quota will increase by 10% in 2003. It is the administration’s belief that nearly half of the tasks performed by federal employees should be competed with the private sector. That comes out to be about 425,000 jobs. The administration’s memoranda, asserting these commitments, can be found at the Office of Management and Budget (OMB) web site at www.omb.gov. So far, the administration has only established quotas of 5%, 10%, with an anticipated quota of 50% over the next couple years. There has been no mandate by the administration to compete positions past 2005.

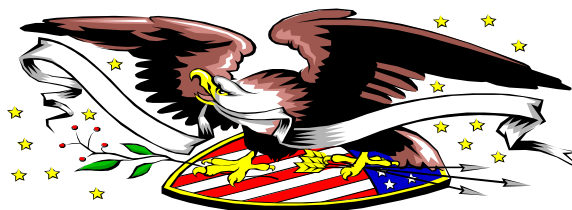
Each agency has been required by OMB to identify the positions that management believes to be performing activities that are commercial in nature. For some agencies, OMB has pressured them to add other positions that management had not identified as commercial in nature. The director of OMB and the White House Staff are very much in line with the administration’s policies and wishes. That is why they have their jobs! Each year NTEU challenges the inclusion of bargaining unit positions on the list. Employees should let their local chapters know why they think the work they are doing is inherently governmental so that we can include those arguments in the challenges. NTEU has also challenged OMB with the arbitrary percentages of 5 and 10 percent, only to be told that if you don’t like it we will make it 100%.

Now back to the original question, is it “Privatization” or “Contracting Out”? There is no right answer, because both are harmful to the federal employee. In general, Outsourcing is the contracting of a commercial activity. Contracting Out or Competitive Sourcing as it is sometimes called, is the process whereby the cost of government performance of a commercial activity is formally compared to the cost of performance by a private source. Under competitive sourcing, the Government retains ownership and control of the commercial activity regardless if the service provider is from the public or private sector. Upper agency management provides oversight of the activity but the work would be done by non-government employees. Under privatization, the Government divests itself of ownership and control of the activity.

In a very complicated way, the procedures to determine if jobs are to be privatized or contracted out are directed by FAIR Act and OMB Circular A-76. The whole process takes about 3 years. Once the contract is issued, the contract will continue to the end of the contract period (which is usually several years with option years), as long as quality of service is acceptable and competitive prices are fair and reasonable. If there is a private vendor failure, the Circular A-76 provides for a cost comparison to be done to convert the work back in-house, although this authority has rarely been used. Unless otherwise stated in the contract, the private sector employees will not be held to the same standards (i.e. RRA 98 1203 for Internal Revenue Employees) and will probably not receive the same benefits.

Employees not to be included in all this are upper management, Labor Relations, Human Resources and federal law enforcement personnel.

NTEU is working hard to preserve your rights and your job. Read your *NTEU Bulletin* for additional information.



MORE THAN 75,000 JOBS ARE ELIGIBLE FOR OUTSOURCING

According to agencies' first round of inventories identifying jobs that are not "inherently governmental" in nature, approximately 75,000 federal jobs in more than 20 agencies are eligible for outsourcing to the private sector. Of the nearly 250,000 jobs examined in the first round, more than 30 percent were listed as the types of jobs that could be performed by contractors instead of federal employees. The inventories are compiled each year by agencies to satisfy the requirements of the Federal Activities Inventory Reform Act, commonly known as the "FAIR Act." This is the first release of the 2002 FAIR Act inventories; the second and third rounds of inventories will be released over the next few months. Some of the largest of the agencies included in the first round include NASA, the Department of Health and Human Services, the Department of Housing and Urban Development, and the Department of Treasury. This year, the agency inventories also identify activities that are inherently governmental. By law, jobs that are inherently governmental in nature cannot be contracted out to the private sector. Those who disagree with an agency's determination can challenge the inclusion or omission of an activity on the list, and if not satisfied with the review, can also demand a higher agency review and appeal. Under a Bush Administration policy, agencies are required to subject 15 percent of their jobs that are not "inherently governmental" in nature to competition by October of next year. However, a provision recently included in the fiscal year 2003 Treasury-Postal Appropriations bill would block the policy from being enforced. The FY 2003 Treasury-Postal Appropriations bill is one of the appropriations bills expected to be taken up by the Senate when it returns on November 12th. To view the first round of the FAIR Act inventories, click on http://www.whitehouse.gov/omb/fedreg/print/fair2002_1.html.
-Story from the FEDmanager Weekly E mail Newsletter, October 29, 2002

New FEGLI Rates – They dropped!!

Effective January 1, 2003, new premiums and age bands will apply in the Federal Employees' Group Life Insurance program, the Office of Personnel Management (OPM) has announced. OPM which periodically reviews FEGLI premium and claims rates for needed adjustments, said that because of generally lower mortality rates, the premium for Basic insurance, which provides coverage equal to the salary rounded up to the next \$1,000.00 plus \$2,000.00, will drop from 15.5 cents per biweekly pay period per \$1,000.00 of coverage to 15 cents. There will be no change in Option A insurance, which provides \$10,000.00 of additional coverage, but premiums will be reduced slightly for Option B insurance, which provides coverage of up to five multiples of salary, starting with the age bands applying to those age 45 and older. The matter earlier this year, after some 19 years of litigation and negotiation. The case began in 1983 when NTEU challenged an OPM regulation governing how salaries would be calculated for a group of federal workers paid "special salary rates" because their jobs were hard to fill.

The judge set Nov. 18 for a "fairness" hearing on the matter. At that time, the court will consider any comments of class members and will decide whether to grant final approval to the settlement. Earlier this year, the special salary rates case was transferred to the Court of Federal Claims, which has special jurisdiction over large claims against the United States, from the U.S. District Court for the District of Columbia. Reprinted from NTEU Chapter 239 Newsletter



LONG-TERM CONTINUING RESOLUTION PASSES, CONGRESS HEADS HOME

Last week, Congress passed a continuing resolution to fund federal government operations through November 22nd, and then headed home until after the November 5th elections. The move allows the lawmakers a few weeks to focus on campaigning before they are expected to return for a lame duck session on November 12th. The Senate left without having passed any legislation to establish a Department of Homeland Security. Serious conflicts over union rights and other personnel issues continue to hold up any bill in that chamber. Both Senate and House leaders have said that they may convene sooner than November 12th if there is a breakthrough in negotiations on homeland security or other key legislation, although most believe such a breakthrough is unlikely. When they return, lawmakers plan to wrap up all remaining business - including 11 of the 13 fiscal year 2003 appropriations - in a lame-duck session lasting no longer than one week. To complete all of the FY 2003 appropriations bills by November 18th, as they have said they plan to do, Congress will likely have to roll them into a single omnibus bill. -Story from the FEDmanager Weekly E mail Newsletter, October 22, 2002

PRESIDENT SIGNS DEFENSE APPROPRIATIONS BILL, GIVES MILITARY 4.1 PERCENT PAY RAISE

Last Wednesday, President Bush signed a \$355 billion Fiscal Year 2003 Defense Appropriations bill into law, representing a more than \$37 billion increase from FY 2002. Included in the bill was a 4.1 percent pay raise for members of the military. While the White House continues to push for a 2.6 percent pay raise for federal civilian workers, many on Capitol Hill have vowed to ensure there is pay parity for both federal civilian employees and military personnel. The federal civilian pay raise for next year will not be set until the Senate returns in mid-November and passes the FY 2003 Treasury-Postal Appropriations bill, which must then be signed into law by the President. However, the fact that military members are receiving a 4.1 percent pay increase next year, along with the House's passage of the FY 2003 Treasury-Postal Appropriations bill last July, which contained a 4.1 percent pay raise for federal civilian workers for 2003, make it very likely that 4.1 percent will be the amount federal civilian employees can expect to see for a pay raise next year. We'll let you know what happens when Congress comes back into session in a few weeks. -Story from the FEDmanager Weekly E mail Newsletter, October 29, 2002



HOUSE APPROVES TSP CATCH-UP LEGISLATION

The House passed H.R.3340, a bill that would allow certain eligible participants to make such additional contributions to the Thrift Savings Plan (TSP) as are permitted by: provisions of the Internal Revenue Code pertaining to catch-up contributions to pension, profit-sharing, and/or stock bonus plans for individuals age 50 and over; and consistent regulations of the Executive Director of the Federal Retirement Thrift Investment Board.

The legislation would allow federal employees age 50 and over to raise their TSP contributions to the same level as private sector 401(k) retirement plans. Essentially, the bill would permit federal workers age 50 and over to contribute an additional \$2,000 tax-deferred to their TSP accounts next year, a change that would raise the contribution limit for this age group in 2003 to \$14,000. In 2004, the catch-up-contribution limit would rise to \$3,000. Starting in 2006, and each year thereafter, anyone in government or a member of the military who is at least 50 could invest an additional \$5,000 to any of the TSP's five funds.

Another bill recently introduced by Rep. Rob Portman, H.R. 5553, would also allow for catch-up contributions for federal employees. Under the Portman bill, both CSRS and TSP participants would be allowed to make increased catch-up contributions to their retirement funds.

Open season for TSP runs from October 15, 2002 to December 31, 2002. During this period you may increase your contributions to a maximum of 13%. You must use Employee Express in order to change your contributions.

THE FUNDS – Rates of Return

	G Fund	F Fund	C Fund	S Fund	I Fund
September 2002	0.37%	1.63%	(10.87%)	(6.84%)	(10.75%)
Last 12 mos.	5.16%	8.63%	(20.50%)	(7.49%)	(15.89%)

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NOT HAPPY WITH YOUR ANNUAL PERFORMANCE APPRAISAL?

REQUEST FOR REVIEW

In the new National Agreement, between the Internal Revenue Service and NTEU, a new provision was established as an exception to the negotiated grievance procedure set forth in Article 41. This alternate process is outlined in Article 12 Section S, which will be used exclusively to grieve disputes regarding performance appraisals.

Any disagreement between the supervisor and the employee over the content of the performance appraisal should be resolved in an expedited manner through open and constructive dialogue. Within 15 workdays of receipt of the annual performance appraisal, the employee may submit a Request for Review of that appraisal with the immediate supervisor. Contact your Union Steward who has been trained do this for you. The request must be in writing and set forth the employee's reasons for the request.

The review meeting will include the supervisor, the employee and the steward. The meeting will provide an opportunity for the employee to present and discuss the aspects of their performance during the rating period. This is a good opportunity for the employee to review the "Self Appraisal" that they submitted to their supervisor prior to the evaluation. The employee must show how their performance was better than what the appraisal outlines. Within 5 workdays of the Review Meeting, the supervisor will provide a written decision to the employee affirming or modifying, as appropriate, the employee's original performance evaluation, with a copy will be furnished to the steward.

REQUEST FOR RECONSIDERATION

If the employee is not satisfied with the Review Response, he/she may file an appeal called a Request for Reconsideration to either their second-level supervisor or the employee's first level Executive. The request must be submitted to the appropriate management official within 10 workdays of receipt of the Review Decision. The second-level supervisor shall schedule and hold a Reconsideration Meeting within 5 workdays of receipt of the employee's request. The employee and the steward will attend the meeting. If the second level supervisor is an Executive the meeting is optional.

The second-level manager will issue a written decision to the employee and a copy to the steward within 10 workdays of the meeting. This response is considered final.

The Union may appeal Reconsideration Decision to arbitration in accordance with the expedited arbitration procedures set forth in Article 43 and the Union must invoke arbitration within 30 calendar days.

TOM'S HUMOR PAGE



ONE LINERS: Words to Live by

Notice! Take lettuce from the top of the stack, or heads will roll!

Well, if Jerry Springer isn't education TV, why does it make me feel so much smarter?

A TV can insult your intelligence, but rubs it in like a computer.

I tried to get in touch with my inner child but he isn't allowed to talk to strangers.

I have to take my paycheck to the bank. It's too little to go by itself.

We're lucky to have C-SPAN. Not many countries can watch their government in action.

Mountaintop Glue-Ru: "Stick to it! Stick with it! Stick it out! Stick to your guns! Stick up for yourself!"

I must be following my diet too closely. I keep gaining on it.

Welcome to Mega-computer's 24-hour help-line. If you have been waiting Less than 24 hours, please remain on the line.

Whenever I'm in a mood to watch the world go by, I just keep to the posted speed limit.

When you get to the point where you really understand your computer, it's probably obsolete.

For every action, there is an equal and opposite malfunction.

A computer program will always do what you tell it to do, but rarely what you want it to do.

(Editor's Note: This is the place you give that collective sigh and ugh.)



Chapter 52 Alert!

Chapter 52 has recently registered its Domain Name.

We now can be found at: 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

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

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

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

