



## **National Treasury Employees Union Legislative Action**

109th Congress 1st Session

### **FAIR AND EQUITABLE PAY FOR FEDERAL EMPLOYEES**

The Administration has asked Congress to provide only a 2.3% pay raise for federal workers next year. This not only fails to recognize the important role of our Nation's workforce in protecting our homeland and providing services to the American public, it is less than the 3.1% average pay raise the President recommends for the military. The White House's support for a higher military pay raise ignores the essential role federal employees play in protecting our nation at the borders, in the domestic and international movement of money, in public health, in nuclear security, and in the collection of revenue.

For most of the last twenty years, government employees in civil service and military service have received the same pay raises in recognition of the fact that they work side by side in support of our country. Moreover, the Federal Employees Pay Comparability Act (FEPCA), enacted in 1990 to close the gap between federal and private sector pay, has never been fully implemented, leaving a large disparity between federal employees and their private sector counterparts. Under the President's plan, federal employees will fall even further behind the private sector.

Bringing federal worker pay into line with the private sector would be the most effective cure to the federal government's hiring crisis. At a minimum, federal employees should receive a 3.1% pay raise next year, the same as is proposed for their military counterparts. While in every year of its term, the Bush Administration has proposed inequitable pay adjustments for federal employees, bi-partisan majorities in Congress have overridden the White House position and mandated parity for federal employees. Last year, the House of Representatives voted 299-126 in favor of pay parity.

**NTEU seeks your commitment to pay parity and support for a minimum 3.1% pay raise for the Nation's federal workforce for FY 2006. We also ask that you co-sponsor H. Con. Res. 40, sponsored by Rep. Steny Hoyer and S. Con. Res. 8, sponsored by Sen. Paul Sarbanes, which call for parity between civilian and military pay raises.**



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### **GOVERNMENT PRIVATIZATION**

The Administration seeks to open up 850,000 federal employee jobs—one out of every two—to private contractors. It even wants inherently governmental work to be done by contractors. Last year, it succeeded in getting authority from Congress to allow the IRS to use private collection companies to collect federal taxes.

Provisions were included by both the House and Senate in the FY 2005 Treasury – Transportation Appropriations bills that would have required more fairness in the contracting process, but the Administration threatened a veto and they were dropped from the final bill.

Before contracting out any more government work to the private sector, the playing field for public-private competitions must be leveled. There are several areas where Congress should require OMB to make changes to the A-76 contracting rules in order to reflect a fair outsourcing process.

First, federal employees must be allowed to offer their best bid with a most efficient organization (MEO). Under the revised A-76 process, a “streamlined” competition allows the agency to avoid organizing an MEO and just take a “snapshot” of the current work being performed and the costs associated with it.

Second, a minimum cost savings of 10% or \$10 million must be required of the contractor in order for the work to be contracted out. There is no requirement under current statute or under the revised A-76 Circular which requires the contractor to provide a savings at least equal to the amount it costs to run a competition. Congress ought to require the contractor to save the agency at least enough so that the competition is paid for and taxpayers aren't cheated.

Third, the process should prohibit the contractor from receiving a cost advantage in the competition by offering an employer-sponsored health benefit inferior to what federal employees receive.

Fourth, Congress must make sure that federal employees are treated fairly throughout the competition process by being afforded the same legal standing before GAO for appeals purposes as has long been enjoyed by contractors.

**NTEU asks Members of Congress to support these provisions when they are offered as committee or floor amendments and to support legislation to block the use of private collection agencies to collect federal taxes.**



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### SOCIAL SECURITY PRIVATIZATION

President Bush has called for drastic changes in Social Security, including the possibility of deep cuts in future benefits and the risky proposition of allowing monies to be diverted from the Social Security Trust Fund to private accounts. The President continues to mischaracterize his Social Security plan as being just like the federal employee Thrift Savings Plan (TSP). This is not the case.

The Federal Employees Retirement System (FERS) is Social-Security based and employees pay the full 6.2% toward Social Security. Federal employees also have the option of participating in the Thrift Savings Plan **ON TOP OF** their Social Security retirement contributions. No money is taken from the Social Security Trust Funds to fund the TSP. Unlike the TSP, the President's plan robs the Social Security Trust Fund to create private savings accounts and injects an unacceptable and unnecessary level of risk into the Social Security program. Workers who opted for these accounts would likely be required to forgo future Social Security benefits in an amount equal to the amount they chose to place in a private account. If their investments did well, they could conceivably earn a higher benefit in retirement than if they had left their money in the Social Security Trust Fund. However, if their investments did poorly, they would face retirement with dramatically reduced Social Security and little more.

Diverting money from Social Security to private accounts makes it even harder to address long-term Social Security funding issues, making deep benefit cuts and increases in the retirement age more likely. With the baby boom generation on the verge of retirement, it makes no sense to take money out of the system and incur the enormous costs associated with setting up private accounts.

There are more fiscally sound ways to address Social Security's long term funding issues than establishing costly – and risky – private accounts. The cost of making the Bush tax cuts permanent, for example, is roughly three times the size of the Social Security shortfall over the next 75 years. Rolling back those tax cuts for some of this country's wealthiest citizens would be a step in the right direction to solving Social Security's long term problems.

**The President's risky Social Security scheme jeopardizes the future Social Security benefits and the secure retirement of the Nation's federal workforce. NTEU urges you to oppose plans to divert payroll taxes from the Social Security Trust Fund to set up private accounts.**



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### **HEALTH AND RETIREMENT ISSUES**

Federal Employees Health Benefits Program (FEHBP) premiums continue their steady climb, rising another 7.9% for 2005. Since 2001, FEHBP premiums have risen by more than 50%. At the same time that premiums have been increasing, health plans have raised their co-payments and deductibles and reduced covered services. The result has been an increasing number of federal workers who cannot afford to participate in the FEHB program. This trend is particularly troublesome as the federal government attempts to recruit and retain the workforce it will need for the future.

The federal government currently pays an average of 70% of the insurance premium for its employees. This contrasts sharply with most large private sector and state and local government employers who routinely pay an average of 80% of their employees' health insurance premiums. NTEU supports legislation introduced by Congressman Steny Hoyer (D-MD), H.R.633, which seeks to increase the federal government's share of health insurance premiums to 80% and asks that you cosponsor this important bill.

In addition to rising health insurance costs, federal employees' retirement benefits continue to be impacted by two offsets that affect their retirement security. The Government Pension Offset (GPO) unfairly penalizes many federal retirees who are also eligible for Social Security benefits based on a spouse's work record. The GPO reduces the Social Security spouse's or widow's benefit by two-thirds of the amount of the individual's Civil Service Retirement System (CSRS) pension. This offset is especially devastating to female federal employees who are often eligible for smaller pensions as a result of interruptions in their careers while raising their families.

The Windfall Elimination Provision (WEP) also affects federal retirees and impacts an individual's own earned Social Security benefit. An employee eligible for both Social Security and a pension from work not covered by Social Security (such as CSRS), finds that a lower benefit formula is applied when his or her Social Security benefit is calculated at the time of retirement. H.R.147, legislation introduced by Congressman Howard McKeon (R-CA) would repeal both the Government Pension Offset and the Windfall Elimination Provision. NTEU asks that you cosponsor this vital bill.

**NTEU seeks your co-sponsorship of H.R.633 which would make health insurance premiums more affordable for the Nation's workforce and H.R.147, legislation to repeal the GPO and the WEP Social Security offsets.**



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### **DEPARTMENT OF HOMELAND SECURITY ISSUES**

#### **NEW PERSONNEL REGULATIONS DO NOT PROVIDE FOR COLLECTIVE BARGAINING AS REQUIRED BY THE HOMELAND SECURITY ACT**

##### **NO INDEPENDENT REVIEW**

The final DHS personnel regulations issued on February 1, transfer responsibility for adjudicating collective bargaining disputes from the Federal Labor Relations Authority (FLRA) to an internal DHS Labor Relations Board, whose members are hand-picked by the DHS Secretary with no Senate approval. Meaningful collective bargaining must have independent determination of disputes. The final regulations do not provide for that and, therefore, do not provide for collective bargaining as required by the HSA.

##### **DRASTIC NARROWING OF NEGOTIABILITY**

Negotiability under the final regulations is so limited that employees will no longer be permitted to bargain processes for such routine matters as rotation between shifts or posts of duty and the scheduling of days off. In addition, DHS will be able to avoid bargaining over otherwise negotiable matters and void current collective bargaining agreements simply by issuing department-wide regulations. Bargaining is currently curtailed only for government-wide regulations and agency regulations for which a "compelling need" exists. Use of this broad authority severely restricts any meaningful form of collective bargaining for DHS employees.

##### **UNIQUE APPEALS STANDARD IMPOSSIBLE TO MEET**

The HSA gave the Secretary and OPM Director authority to modify the appeals procedures of Title 5, but only in order "to further the fair, efficient and expeditious resolution of matters involving the employees of the Department." Instead, the final regulations limit the Merit System Protection Board's (MSPB) current authority to modify agency-imposed penalties in DHS cases to situations where the penalty is "wholly unjustified," a virtually impossible new standard for DHS employees to meet.

##### **LAW ENFORCEMENT STATUS**

Unlike nearly all other federal officers, including Capitol Hill Police, Customs and Border Protection (CBP) Officers are currently not considered law enforcement officers for retirement benefits purposes, despite the fact that they carry weapons and have arrest authority. Congressmen Bob Filner and John McHugh will be introducing a bill to correct this disparity. This piece of legislation would provide CBP officers with law enforcement officer status including 20-year retirement.

**NTEU urges you to support efforts to bring DHS regulations into compliance with the Homeland Security Act (HSA) and ensure fair treatment of DHS employees. NTEU also urges you to become a cosponsor of Congressmen Filner and McHugh's legislation that would provide law enforcement officer status for Customs and Border Protection (CBP) Officers.**



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### **EXPANDING DHS PERSONNEL REGULATIONS GOVERNMENT-WIDE**

Last year, the Administration pressed Congress to approve sweeping changes in the pay, bargaining and due process rights of employees of the Department of Homeland Security (DHS). In advocating for these unreasonable changes at DHS, the Administration claimed that they were necessary for national security. NTEU strongly disagrees. The regulations set up an undefined and subjective pay system, deprive employees of the right to collectively bargain over basic issues and severely restrict employees' ability to appeal penalties or punishments imposed on them. The final regulations go well beyond the "national security" needs of the agency and represent an assault on the rights of the employees charged with guarding our nation's borders.

The DHS regulations are an experiment - an experiment that has not even begun to be tested. In addition, several of the proposed personnel changes contained in the DHS regulations are years away from being implemented at DHS. There is no logical reason to extend these regulations to the rest of the federal government. Moreover, the regulations' intended purpose was to assist with the "national security" emphasis of DHS; there is no basis for applying the DHS regulations to other agencies. They were not designed for other agencies and have yet to be tested in any agency - including DHS

Yet, late last year, management at the FDIC, an NTEU represented agency, sent Congress a proposal based on the DHS model. It would take away employee rights and protections, provide new authority for management to set its own appeals process for disciplinary actions, allow management discretion to determine which employees would be terminated in a RIF and make much of the agency workforce temporary or provisional. Clearly, the FDIC does not have special national security needs.

Despite the fact that the DHS regulations were just announced at the end of January and are years away from being fully implemented, the Administration is now proposing that they be extended to all agencies of the federal government. Not only does NTEU oppose the sweeping changes the regulations will impose on DHS employees, we categorically oppose their imposition on other federal agencies.

Respected private sector analysts continue to predict that the federal government will increasingly face recruitment and retention problems in the coming years. Imposing these new regulations on DHS employees was unnecessary; however, extending these untested, unproven and incomplete regulations to the rest of the federal workforce makes no sense at all. It will only serve to exacerbate the federal government's recruiting problems and undermine efforts to retain the dedicated employees who currently work for the federal government.

**NTEU urges you to oppose legislation to expand the DHS personnel system to the rest of the federal government.**



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### **PRESIDENT'S BUDGET CUTS IRS CUSTOMER SERVICE**

The President's FY 2006 IRS budget proposal is woefully inadequate to provide the resources necessary to meet its enforcement goals to reduce the outstanding U.S. tax gap. In addition, the President proposes a 1 percent decrease in Taxpayer Service. More specifically, the President's budget proposes to cut \$134,103,000 and 1,205 positions from customer service, with Taxpayer Assistance Centers targeted for reductions.

IRS Taxpayer Assistance Centers are taxpayers' source for personal, face-to-face tax help. Taxpayers who have complex issues, need to resolve a tax problem, or are more comfortable talking with someone in person can visit a local Taxpayer Assistance Center. IRS representatives in these offices can help with inquiries or adjustments to tax accounts, payment plans for those who owe tax and cannot pay the full amount, questions about IRS letters and notices, and levies on wages or bank accounts.

These cuts will decrease customer service to taxpayers who rely on their local Taxpayer Assistance Centers to help them with their tax inquiries. This means that seniors, who rely on face-to-face contact more than younger taxpayers, will be forced to travel farther distances in order to get the tax assistance they need. This also means that minorities and low-income taxpayers, who rely on the Centers to help with language barriers, the earned-income tax credit and general tax preparation, will also see the tax services they rely on cut. The IRS identifies 367 Taxpayer Assistance Centers on its website. They are listed on the back of this fact sheet.

**NTEU will provide Congress with more specific details as they become available. In the meantime, we ask Congress to be aware of the President's proposal to cut customer service for taxpayers and 1,205 jobs for IRS employees, and oppose any attempts to move forward with the proposal.**

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