

May 25, 2008

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Dear Chairmen:

The undersigned labor unions greatly appreciate your inclusion of Section 103 of Division C in the FY2008 Consolidated Appropriations Act, which prevents the Corps of Engineers (CoE) from implementing OMB Circular A-76 privatization reviews as well as High Performing Organizations (HPO's); and we urge its retention in the FY2009 Energy and Water Appropriations Bill.

While we have no doubt about the good intentions of the senior CoE officials who have developed the plan for the HPO for locks and dams operations and maintenance personnel, fleet maintenance personnel, and district office personnel, we have reservations about the origins of HPO's, how they have been used in the past, and how they might be used in the future.

HPO's are considered by the Office of Management and Budget (OMB) to be an alternative to the A-76 privatization process. Indeed, CoE is using HPO's for logistics, locks and dams, as well as resources management to achieve an arbitrary numerical federal employee quota established by OMB. Combined, these three HPO's will involve almost 7,000 CoE employees. The locks and dams HPO will comprise 3,500 employees, while the resources management HPO will involve 3,000 employees. Both are far larger than the largest A-76 privatization review ever attempted. Moreover, HPO's involve both commercial and inherently governmental functions; and they can be used to add or delete services, unlike an A-76 privatization review, which is limited to determining who will perform a particular service. Despite the potentially widespread and far-reaching effects from the implementation of HPO's, there are virtually no rules governing how OMB uses the HPO process other than those devised by OMB.

CoE used the logistics HPO to deprive 400 employees of their collective bargaining rights. Although the employees are still performing the same jobs in the same locations, they report to a different official within the agency's management. There was no reason to remove these employees from their unions. CoE officials apologize for this mistake. However, that such a mistake could occur highlights the need for the establishment of rules that would ensure HPO's can't be used to carry out the worst parts of the Bush Administration's discredited civil service "reforms".

HPO's have also been used to impose arbitrary reductions in the affected workforce. For example, an HPO at Edwards Air Force Base, which was originally supported by the union Local, is required by the Department of Defense (DoD) to achieve a 35% reduction in the size of its workforce, according to a recent auditor's report. This assumption is based on the savings DoD thinks the Air Force would have generated if it had instead conducted an A-76 review.

Forget that the Government Accountability Office and the DoD Inspector General have never documented savings claims of 35% from the use of the A-76 circular. Forget that the A-76 circular and HPO's are two different processes. This means that the HPO is being used to eliminate the jobs of federal employees irrespective of the circumstances of this particular reorganization or its impact on services—just to fit an arbitrary assumption that has no basis in fact or relation to the functions being studied.

As mentioned earlier, we have faith in the good intentions of CoE managers who have developed the locks and dams HPO. We take their assurances that this HPO will not be used to deprive employees of their union membership, that this HPO will not be used to perpetrate excessive downsizing, and that this HPO will not be used to force employees to reapply for their positions without regard to seniority and veterans preference as was the case with the CoE's information technology A-76 study. However, we don't know if even more senior CoE officials, or OMB officials, will allow them to keep their promises. In a little over seven months, there will be a new Administration. Since we have no way of knowing if the next President will continue to implement President Bush's contracting out agenda, we believe holding off on any additional HPO's in CoE would be a prudent course of action.

Thank you for your consideration of our views on this important matter. We would be delighted to answer any questions you might have.

Sincerely,

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO

**AMERICAN FEDERATION OF STATE, COUNTY,
AND MUNICIPAL EMPLOYEES, AFL-CIO**

AMERICAN FEDERATION OF TEACHERS, AFL-CIO

DEPARTMENT FOR PROFESSIONAL EMPLOYEES, AFL-CIO

INTERNATIONAL ASSOCIATION OF MACHINISTS, AFL-CIO

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO

**INTERNATIONAL FEDERATION OF PROFESSIONAL
AND TECHNICAL ENGINEERS, AFL-CIO**

METAL TRADES DEPARTMENT, AFL-CIO

NATIONAL ASSOCIATION OF GOVERNMENT EMPLOYEES

NATIONAL FEDERATION OF FEDERAL EMPLOYEES, AFL-CIO

PROFESSIONAL AVIATION SAFETY SPECIALISTS, AFL-CIO

UNITED AUTO WORKERS, AFL-CIO