

April 9, 2007

The Honorable Dianne Feinstein
Chairwoman, Senate Appropriations
Subcommittee on Interior, Environment,
and Related Agencies
131 Hart Senate Office Building
Washington, DC 20510

The Honorable Norm Dicks
Chairman, House Appropriations
Subcommittee on Interior, Environment,
and Related Agencies
B-308 Rayburn House Office Building
Washington, DC 20515

RE: INCLUDING BIPARTISAN REID-TAYLOR LANGUAGE IN FY08 INTERIOR APPROPRIATIONS BILL TO STOP OMB FROM TELLING DOI HOW MANY EMPLOYEES TO REVIEW FOR PRIVATIZATION, WHICH EMPLOYEES TO REVIEW FOR PRIVATIZATION, AND WHEN TO DO SO.

Dear Chairmen:

We urge you to follow the bipartisan example of Senator Harry Reid (D-NV) and Representative Charles Taylor (R-NC) in FY04 and include language in the FY08 Interior Appropriations Bill that would prevent agencies funded by that bill from beginning any new privatization studies during the next fiscal year.

The Department of the Interior (DoI) is aggressively reviewing larger and larger parts of its in-house workforce for privatization because of intense pressure from the Office of Management and Budget (OMB) to achieve a numerical privatization quota. Imposition of this quota by OMB requires DoI to review for privatization a specific number of federal employee jobs before the end of FY07 under the controversial OMB Circular A-76. The use of such quotas was outlawed by the Congress in early 2003 and subsequently repudiated by OMB. However, recent internal DoI memoranda show that OMB is telling career managers at DoI how many employees to review for privatization, and when to do so. In fact, DoI career managers are shown by the internal memoranda to be reviewing employees for privatization solely in order to achieve OMB's quotas, not on the basis of any research or analysis as to what would be good for taxpayers or DoI.

In large part out of concern over the quotas, then Interior Appropriations Subcommittee Chairman Taylor included language in the FY04 Interior Appropriations Bill that would have defunded new privatization reviews. Senator Reid offered an amendment on the floor to put the Taylor language in the Senate bill, but his effort was defeated, 51-44, with five Democrats absent. The resulting conference report imposed ultimately meaningless limitations on how much money could be spent by DoI on privatization studies generally.

In documents obtained last year by the department's employees, DoI is charged by OMB with reviewing for privatization 1,400 employees in FY07, which is almost twice the number of employees reviewed for privatization by DoI in FY06 and a significant part of the workforce, considering that DoI is one of the smaller cabinet-level departments—with a workforce of 67,000 employees. In a June 6, 2006, memorandum from Paul Hoffman, Deputy Assistant Secretary for Performance, Accountability, and Human Resources, it is written, "The Department's FY2005-2008 Competitive Sourcing Green Plan approved by OMB in January 2005, projected that we would announce competitions involving approximately 1,400 FTE during FY2007...(T)he Department's Green Plan was approved by OMB based on the overall level of commitment made by all of the bureaus/equivalent offices to support the President's Management Agenda. While substitutions based on sound business decisions and preliminary planning efforts are perfectly appropriate, we expect bureaus/equivalent offices to maintain at least a level of competitive sourcing activity to honor the original commitment." In other words, while the details might change, DoI must review at least 1,400 jobs for privatization.

The chart attached to the Hoffman memo (Dol 2007 Commercial Activities Likely To Be Announced For Competition) has blank spaces for all categories: bureaus, # of FTE, announcement date, type of competition, and comments—but one item, and only one item, is filled in already: 1,400, the total number of FTE to be reviewed for privatization. In other words, the entire objective of the FY2007 competitive sourcing effort is to come up with 1,400 jobs to review for privatization; it doesn't matter how those jobs are chosen, whether Dol managers believe those choices to be in the best interests of taxpayers or the agency's mission, because all that ultimately matters is meeting the quota established by OMB that the department review for privatization 1,400 jobs.

There is a palpable sense of anxiety in Dol's August 17, 2006, Competitive Sourcing Team Meeting Minutes, "For '07 we only have 117 FTE + 118 Fire FTE (if we can study these) for a total of 253 FTE out of the 1400 FTE number we submitted to OMB." The meeting minutes even desperately muse that, "We might be able to count 156 JWOD direct conversions." Javits-Wagner-O'Day (JWOD) Act direct conversions to the blind and the handicapped obviously have nothing to do with the A-76 circular.

After much scrambling, the department was able to cobble together more jobs to meet the OMB quota, according to Dol's November 16, 2006, Competitive Sourcing Team Meeting Minutes. Nevertheless, the obsession with meeting the OMB quota is inescapable: "If we are not allowed to study Fire, we will be short approx. 400 FTE on the 2007 Green Plan. We will need the Bureau's to substitute FTE in order to meet our commitments." OMB, however, is still not pleased by the Dol effort. According to the January 18, 2007, Competitive Sourcing Team Meeting Minutes, "OMB did not accept NPS's (National Park Services') green plan and we will be working with NPS this quarter to resubmit a more robust plan". In other words, OMB is forcing NPS to review more employees for privatization than what is thought appropriate by NPS career managers.

The entire objective of Dol's FY07 "competitive sourcing" effort is to come up with 1,400 jobs to review for privatization in order to satisfy OMB officials; it doesn't matter how those jobs are chosen, whether Dol managers believe those choices are in the best interests of taxpayers or the agency's mission, because all that ultimately matters is meeting the quota established by OMB. Political appointees at OMB and their staff should not be telling federal agencies how many jobs to review for privatization, which jobs to review for privatization, and when to do so. This sort of privatization has nothing to do with public policy and everything to do with politics—and it should be prevented from happening again next year in Dol by including the bipartisan Reid-Taylor language that would eliminate funding for new OMB Circular A-76 privatization studies in agencies funded by the FY08 Interior Appropriations Bill.

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 FIRE FIGHTERS, AFL-CIO
INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, AFL-CIO
INTERNATIONAL FEDERATION OF PROFESSIONAL AND TECHNICAL ENGINEERS, AFL-CIO
NATIONAL FEDERATION OF FEDERAL EMPLOYEES, AFL-CIO
PROFESSIONAL AIRWAYS SYSTEMS SPECIALISTS, AFL-CIO
SERVICE EMPLOYEES INTERNATIONAL UNION
TRANSPORT WORKERS UNION, AFL-CIO
UNITED AUTO WORKERS, AFL-CIO