Destroying Jobs in Order to Save Them

By Ellen Dannin

Unions have been big news this year, but missing were stories on public employees, where 30-40% are union members, and working conditions most under attack. Republican governors in Indiana, Missouri, Maryland, and Kentucky have unilaterally eliminated public sector workers' right to bargain collectively and rescinded their collective bargaining agreements and imposed inferior working conditions. Governors or legislatures in Iowa, Mississippi, and California are attempting to do the same. President Bush removed bargaining rights for Department of Homeland Security employees.

In addition, there have been direct attacks on public employees by Republican governors in California, Florida, New York, and Colorado who are avidly contracting out state workers' jobs. The federal administration is also outsourcing jobs, even when there is clear evidence that this is not in the public interest. It plans to privatize collection of tax debts, despite a study that found it is ten times more cost effective for IRS employees to do the work. The administration is pushing for IRS privatization even as six private tax collectors were indicted for destroying 80,000 federal tax returns and $1 billion in payments so their employer, a private contractor, would appear to have met its performance deadlines.

The Equal Employment Opportunity Commission (EEOC) is paying $4.9 million to Pearson Government Solutions to run an EEOC call center. This is ironic given that its sister company, NCS Pearson, was the target of many complaints of age, race, sex, and disability discrimination when it managed airport screening for TSA after 9-11. Calls to the privatized EEOC call centers will be answered by workers with only two weeks training, hardly sufficient to answer the complex questions they are asked. This sort of service hardly demonstrates that this Administration is committed to discrimination-free workplaces.

In addition, there is no evidence this plan will save money. A pilot test found that using a call center made no difference in the number of calls EEOC employees had to answer, suggesting that the call center employees were unable to provide answers.

Indeed, privatized call centers in other federal agencies have not been found to be effective. In December 2004, the Government Accountability Office (GAO) reported that privatized call center provided accurate information only 61% of the time, but that is a huge improvement over a July 2004 GAO study. There the call center gave correct and complete answers only 4% of the time.

These results are not an aberration. Deloitte Consulting, an advisor on outsourcing, recently found that 70% of private and public employers reported negative experiences with outsourcing. Problems included vendor underperformance, loss of control, greater costs, loss of knowledge, compromised security of intellectual property, breaches of confidentiality, hidden costs, governance issues, vendor employee turnover and training, loss of flexibility, and locked in contracts that led to loss of bargaining power.

What these studies of contractor performance show is that outsourcing is often not in the public's interest. Yet the Bush administration continues to push agencies to contract out jobs. In some cases, the demand is direct and arbitrary. For example, the Office of Management and Budget (OMB) announced that the Forest Service must contract out 100 IT jobs, on top of the 1200 jobs it already put up for outsourcing. So instead of working on maintaining our national forests, Forest Service officials had to find 100 jobs to be put on the auction block.

The President's Management Agenda (PMA) actually awards agencies red, yellow, or green 'stickers' for their performance in five categories, such as agency faith- based initiatives and contracting out work.

As silly as this sounds, it seems to work. When OMB threatened to downgrade the Agriculture Department from yellow to red - the lowest rating - unless it put at least 100 Forest Service jobs up for bid, Agriculture towed the line. The U.S. Department of Labor bragged, with no irony, that it is the first federal agency to get greens in all five categories and to be the agency in the forefront of contracting out jobs.

Even more diabolical is the way this system forces public sector unions to collaborate in their own destruction. For example, IRS workers recently won a public-private job competition, but at great cost. It made good jobs into bad jobs. Work that used to be done by 346 permanent, 55 temporary, and 82 intermittent employees will now employ 98 permanent, 124 temporary, and 455 intermittent workers. Intermittent employees have no fixed work schedule and are not eligible for sick or annual leave, health or life insurance benefits, or pensions.

Those who push privatization argue that their only opponents are lazy public workers. They make outsize claims about money that will be saved, but what studies of actual contractor performance show is that outsourcing is often not in the public's interest.

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