USE OF SOCIAL SECURITY TRUST FUND MONEY TO FINANCE UNION ACTIVITIES AT THE SOCIAL SECURITY ADMINISTRATION

HEARINGS

BEFORE THE

SUBCOMMITTEE ON SOCIAL SECURITY

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

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USE OF SOCIAL SECURITY TRUST FUND MONEY TO FINANCE UNION ACTIVITIES AT THE SOCIAL SECURITY ADMINISTRATION

TUESDAY, JUNE 4, 1996

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON SOCIAL SECURITY,
Washington, DC.

The Subcommittee met, pursuant to call, at 2 p.m., in room B–318, Rayburn House Office Building, Hon. Jim Bunning (Chairman of the Subcommittee) presiding.

[The advisories announcing the hearings follow:]

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON SOCIAL SECURITY

FOR IMMEDIATE RELEASE
May 28, 1996
No. SS-4

CONTACT: (202) 225-9263

Bunning Announces Oversight Hearing on Use of Social Security Trust Fund Money to Finance Union Activities at the Social Security Administration

Congressman Jim Bunning (R-KY), Chairman of the Subcommittee on Social Security of the Committee on Ways and Means, today announced that the Subcommittee will hold a hearing to examine use of Social Security Trust Fund money to finance union activity at the Social Security Administration (SSA). **The hearing will take place on Tuesday, June 4, 1996, in room B-318 of the Rayburn House Office Building, beginning at 2:00 p.m.**

In view of the limited time available, oral testimony will be heard from invited witnesses only. However, any individual or organization may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

BACKGROUND:

The Federal Government's labor-management relations policies have evolved gradually in the last three decades. A 1962 Executive Order by President Kennedy formally recognized unions to represent Federal employees, mandated Federal agencies to periodically consult with unions over working conditions and personnel practices, and permitted Federal agencies to provide unions with support services at agency expense. In the case of SSA unions, most support services are paid for from the Social Security Trust Funds.

In 1970, an Executive Order issued by President Nixon created the Federal Labor Relations Council (FLRC), a central authority charged with administering Federal labor-management relations, and established a third-party process for negotiating labor-management impasses.

The Civil Service Reform Act of 1978, signed into law by President Carter, vastly expanded the scope of collective bargaining and codified the existing authority for Federal agencies to use Federal funds to pay the cost of union facilities and support services (such as telephones, fax machines, and computers) within the agencies, and to pay the salaries and travel expenses of Federal employees to perform union activities for part or all of their work week. In the case of SSA unions, most of the cost of union facilities, support services, and salaries for SSA employees is paid for from the Social Security Trust Funds. The 1978 Act also created the independent Federal Labor Relations Authority, which replaced the FLRC.

In 1993, President Clinton issued an Executive Order making unions full, participating partners in the management decision-making process at Federal agencies. This order further expanded the rights of unions in the management of Federal agencies by requiring Federal agencies to bargain with unions over organizational issues, including work methods, technology, and organizational staffing patterns.

In announcing the hearing, Chairman Bunning stated: "I am very concerned about funding union activity at SSA from the Social Security Trust Funds. Hard-working Americans deserve to know that millions of dollars of their Social Security taxes are being spent from the Social Security Trust Funds each year to pay the salaries of Social Security employees, who do union work, sometimes full time, instead of serving the public. This is especially troubling, given the fact that SSA field offices have lost over 10,000 employees, or 25 percent of their staff, in the last 10 years. As a result, it is getting more and more difficult for dedicated front-line employees to serve the public. Allowing Social Security employees to work full time on union activities at the expense of serving the public strikes me as a case of misplaced priorities. I have asked the General Accounting Office (GAO) to thoroughly investigate the situation at SSA, and to report its findings at the hearing."

WAYS AND MEANS SUBCOMMITTEE ON SOCIAL SECURITY
PAGE TWO

FOCUS OF THE HEARING:

The Subcommittee will focus on the preliminary findings of the GAO review about the scope of union activities at SSA, the extent to which they are subsidized from the Social Security Trust Funds, and the accuracy and completeness with which this spending is accounted for by SSA.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Any person or organization wishing to submit a written statement for the printed record of the hearing should submit at least six (6) copies of their statement, with their address and date of hearing noted, by the close of business, Tuesday, June 25, 1996, to Phillip D. Moseley, Chief of Staff, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements wish to have their statements distributed to the press and interested public at the hearing, they may deliver 200 additional copies for this purpose to the Subcommittee on Social Security office, room B-316 Rayburn House Office Building, at least two hours before the hearing begins.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal-size paper and may not exceed a total of 10 pages including attachments.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. A witness appearing at a public hearing, or submitting a statement for the record of a public hearing, or submitting written comments in response to a published request for comments by the Committee, must include on his statement or submission a list of all clients, persons, or organizations on whose behalf the witness appears.

4. A supplemental sheet must accompany each statement listing the name, full address, a telephone number where the witness or the designated representative may be reached and a topical outline or summary of the comments and recommendations in the full statement. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press and the public during the course of a public hearing may be submitted in other forms.

Note: All Committee advisories and news releases are now available over the Internet at GOPHER.HOUSE.GOV, under 'HOUSE COMMITTEE INFORMATION'.

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ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON SOCIAL SECURITY

FOR IMMEDIATE RELEASE
June 17, 1996
No. SS-5

CONTACT: (202) 225-9263

Bunning Announces Continuation of Hearing on Use of Social Security Trust Fund Money to Finance Union Activities at the Social Security Administration

Congressman Jim Bunning (R-KY), Chairman of the Subcommittee on Social Security of the Committee on Ways and Means, today announced that the Subcommittee will continue with a second day of a hearing to examine the use of Social Security Trust Fund money to finance union activity at the Social Security Administration. **The hearing will continue on Thursday, June 27, 1996, in room B-318 of the Rayburn House Office Building, beginning at 10:00 a.m.** The hearing began on Tuesday, June 4, 1996. (See Subcommittee Advisory No. SS-4, dated May 28, 1996.)

In view of the limited time available, oral testimony will be heard from invited witnesses only. Witnesses will include officials from the Social Security Administration. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Any person or organization wishing to submit a written statement for the printed record of the hearing should submit at least six (6) legal size copies of their statement, with their address and date of hearing noted, by the close of business, Thursday, July 18, 1996, to Phillip D. Moseley, Chief of Staff, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements wish to have their statements distributed to the press and interested public at the hearing, they may deliver 200 additional copies for this purpose to the Subcommittee on Social Security, room B-316 Rayburn House Office Building at least one hour before the hearing begins.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal-size paper and may not exceed a total of 10 pages including attachments.

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3. A witness appearing at a public hearing, or submitting a statement for the record of a public hearing, or submitting written comments in response to a published request for comments by the Committee, must include on his statement or submission a list of all clients, persons, or organizations on whose behalf the witness appears.

4. A supplemental sheet must accompany each statement listing the name, full address, a telephone number where the witness or the designated representative may be reached and a topical outline or summary of the comments and recommendations in the full statement. This supplemental sheet will not be included in the printed record.

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Note: All Committee advisories and news releases are now available on the World Wide Web at 'HTTP://WWW.HOUSE.GOV/WAYS_MEANS/' or over the Internet at GOPHER.HOUSE.GOV, under 'HOUSE COMMITTEE INFORMATION'.

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Chairman BUNNING. The Subcommittee will come to order.

Today's hearing has been called as a result of discussions I had early last year with a number of the Social Security Administration's field managers from all over the country. These dedicated frontline managers told me they were concerned about a 1993 Executive order issued by President Clinton creating what is known as "Partnership." This so-called "Partnership," they said, hindered their ability to run the agency and provide quality service in the best interest of our Nation's taxpayers.

As a result, in July 1995—and I stress July 1995—I asked the GAO to audit the use of money from the Social Security Trust Fund to pay people who work at SSA, not serving the taxpayers and beneficiaries, but doing full time union work. I am deeply troubled by the results of the GAO's audit.

While it has been a longstanding and legal practice for the government to pay full time SSA union workers out of the Social Security Trust Funds, there has been a surge since 1993 in the amount of money going to full time union work at SSA. There has also been a sharp jump in the number of SSA employees who work full time as union representatives, but whose salaries, health benefits, and pensions come from the money set aside for the Social Security benefits of our elderly and disabled citizens.

Let's be clear about what is going on here. The money that pays these Social Security employees to do full time union work comes from payroll taxes taken out of the paychecks of every American worker. Under current law, working Americans have no say in this and, worse, they may not even know it is being done.

But, that is not all. Senior citizens count on the trust fund money to pay for their benefits, and I think they would be outraged to learn that part of the trust funds are going to pay the salaries of Social Security employees to do full time union work. Although SSA says $12.6 million is only a small amount compared to their total budget, I doubt American seniors would see it that way.

Today, I have invited the GAO to report their findings to us. I also invited the head of the Social Security Administration, Shirley Chater, to join us. Unfortunately, Commissioner Chater is unable to come today, so I intend to continue this hearing on a date when she is available. Her response to this audit is important and I look forward to hearing from her.

This is a very serious matter. The Social Security Trust Funds face a long-term funding crisis and Congress has the responsibility to protect the trust funds. Working people have a right to know that their Social Security taxes go toward their intended purpose.

I am grateful for the hard work of the GAO in bringing the facts of this matter to light, and I look forward to hearing their findings. I am sorry that the Ranking Member, Andy Jacobs, could not be here today. I do not believe he and I have ever missed a hearing together since we have been on this Subcommittee. There is no one present on the other side to make a statement, but I invite all Members to submit opening statements for the record.

[The opening statement follows:]

Opening Statement
Chairman Jim Bunning
June 4, 1996 Hearing before the Social Security Subcommittee

Today's hearing has been called as a result of discussions I had early last year with a number of the Social Security Administration's field managers from all over the country.

These dedicated front-line managers told me they were concerned about a 1993 executive order issued by President Clinton creating what is known as "partnership".

This so-called "partnership", they said, hindered their ability to run the agency and provide quality service in the best interest of our nation's taxpayers.

As a result, in July of 1995, I asked the General Accounting Office to audit the use of money from the Social Security Trust Fund to pay people who work at SSA, not serving the taxpayers and beneficiaries, but doing full-time union work.

I am deeply troubled by the results of GAO's audit.

While it has been a long-standing and legal practice for the government to pay full-time SSA union workers out of the Social Security Trust Funds, there has been a surge since 1993 in the amount of money going to full-time union work at SSA.

There has also been a sharp jump in the number of SSA employees who work full-time as union representatives, but whose salaries, health benefits, and pensions come from the money set aside for the social security benefits of our elderly and disabled citizens.

Let's be clear about what's going on here. The money that pays these social security employees to do full-time union work comes from the payroll taxes taken out of the paychecks of every American worker.

Under current law, working Americans have no say in this, and worse, they may not even know it's being done. But that's not all.

Senior citizens count on Trust Fund money to pay for their benefits, and I think they would be outraged to learn that part of the Trust Funds are going to pay the salaries of social security employees to do full-time union work.

Although SSA says 12.6 million dollars is only a small amount compared to their total budget, I doubt American seniors would see it that way.

Today, I have invited the GAO to report their findings to us. I had also invited the head of the Social Security Administration, Shirley Chater, to join us. Unfortunately, Commissioner Chater is unable to come today, so I intend to continue this hearing on a date when she is available. Her response to this audit is important, and I look forward to hearing it.

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Working people have a right to know that their social security taxes go toward their intended purpose.

I'm grateful for the hard work of the GAO in bringing the facts of this matter to light, and I look forward to hearing their findings.

I'm sorry that Andy Jacobs couldn't be here today. If there is no one who wishes to make a statement in his place, I invite all members to submit statements for the record. And now, I'd like to ask GAO to come forward and begin.

And now I would like the GAO to come forward and begin their testimony. Ms. Ross, Mr. Miller. If you would begin, please.

Let me introduce Jane Ross, Director, Income Security Issues, Health, Education, and Human Services Division, accompanied by Roland Miller, Assistant Director, Income Security Issues.

For the benefit of our guests, GAO is an arm of Congress that does its audit and investigative work. Ten months ago I asked them to conduct an audit of time spent on union activity. They have done a considerable amount of work in a relatively short period of time, considering that this was a tremendous task.

We look forward to hearing your findings. Welcome. Ms. Ross, would you please begin?

STATEMENT OF JANE L. ROSS, DIRECTOR, INCOME SECURITY ISSUES, HEALTH, EDUCATION, AND HUMAN SERVICES DIVISION, U.S. GENERAL ACCOUNTING OFFICE; ACCOMPANIED BY ROLAND MILLER, ASSISTANT DIRECTOR, INCOME SECURITY ISSUES

Ms. ROSS. I will summarize my written statement.

I would like to talk to you a little bit today about the work we have been doing on time spent on union activities at the Social Security Administration. Given the budget constraints facing Federal agencies this Subcommittee expressed concern about the amount of time and expense devoted to union activities and paid for by the Federal Government. More specifically with regard to SSA, you were concerned about the use of the Social Security Trust Funds to pay for union activities.

We began our work on this assignment last August. Our focus today is on the statutory basis for the Federal Government to pay employee salaries and expenses for union activities, the amount of time spent on, and costs associated with union activities at SSA and at other agencies, and I will provide a limited amount of information about union activity in the private sector.

Let me begin with some brief background. Federal labor-management relations were formalized by Executive order in the early sixties. Since that time, labor-management relations have evolved so that today Federal unions are involved in a broad range of operational decisions. The current arrangement is referred to as "partnership."

A 1962 Executive order permitted Federal agencies to grant time away from assigned duties so that union representatives could participate in certain meetings with management. This is called "official time." Use of official time for union activities has become a routine method of union operations in the Federal Government.

While SSA employees are represented by three unions, AFGE, the American Federation of government Employees represents over 95 percent of the employees who are represented by a union. Of SSA's 65,000 employees, about 52,000 of them are nonsupervisory employees and they are represented by the unions. About 47 percent of those, or about 25,000 people, are actually dues-paying union members.

SSA has a national system for reporting time spent on union activities by union representatives. The system is partly automated and partly a manual system. This union recordkeeping system is

separate from the agency's time and attendance system and also from the workload reporting system.

Under the union time reporting system, union representatives fill out and submit forms to their supervisors to account for union time. The hours reported on these forms are then periodically aggregated and submitted to SSA headquarters in order to be added into a national total.

The large chart, the one on your left, shows the total time spent at SSA on union activities, including some additional time that we discovered as a part of our audit that was not included in SSA's system, so that the solid line is SSA's reported time and the dotted line above it includes some additional time that we found in the course of doing some verification of these time records. The overall time spent on union activities has grown steadily from 254,000 hours in 1990 to over 413,00 hours in 1995. This is the equivalent of paying the salaries and other expenses of about 200 SSA employees to represent the 52,000 employees in the bargaining unit in 1995.

To determine what contributed to the increase in time spent on union activities, we developed information on the categories of time used. Time spent on union- or employee-initiated grievances, as well as on other union-initiated activities, remained relatively constant between 1990 and 1995. Most of the increase in time spent on union activities during this period is attributable to bargaining activities related to changes in work assignments and working conditions.

Now, if I could move from time to costs and turn your attention to the other chart, SSA's estimates of union costs showed an increase from $6 million in 1993 to $11 million in 1995. As you know, SSA's total administrative expense budget for fiscal year 1995 was about $5.5 billion.

In order to determine the accuracy of SSA's cost estimates, we constructed our own estimates of union-related costs. We identified about 1,800 union representatives who are currently authorized by the union to spend time on SSA's union activities.

SSA has also reported that the number of full time union representatives, those spending 75 percent of their time, or more, on union activities, grew from 80 to 145 in the last 6 years. We identified about the same number. We identified 146 full time union representatives.

The average salary in 1995 for these 146 full time union representatives was about $42,000. We estimate that the total costs to SSA for union activities of all union representatives was about $12.6 million, so our estimate shown on the chart is slightly different from the one from SSA. SSA estimated the cost of union activities to be $11 million compared to our estimate of $12.6 million. Ninety percent of this $12.6 million was personnel costs. The remaining $1.2 million in total SSA costs included travel expenses, SSA's share of arbitration costs, and support costs such as supplies, office space and telephone use.

Regarding the amount of union dues collected from union members, we determined that about $4.8 million was collected in 1995, mainly through payroll deduction. The unions use these funds for their internal expenses, which include the cost of lodging and

transportation for union-provided training, the union's share of grievance costs, and miscellaneous furniture, supplies, and equipment for some union offices, the salary of the AFGE local president, who represents SSA headquarters employees and his staff, and a share of national union expenses.

SSA's managers, both individually and through their managers association have expressed some concern to us and to the Congress about limitations in their ability to effectively manage their operations and to control the use of time spent by their employees under the current union management arrangement. By contract, the assignment of union representatives and the amount of time spent on union activities are determined by the union without the consent of the local managements.

On the other hand, many of the union officials and union representatives we talked to felt that it was counterproductive in the era of partnership to focus on tracking time spent on union activities. They believed that union representation is an important function that is authorized by negotiated agreements with SSA that authorizes them to represent the interests of their coworkers.

We tried to do some comparison of the time and costs at SSA with that at the IRS and the Postal Service. At the Postal Service, we were unable to get a total estimate of the amount of union time paid by the service itself. At IRS, records show that their union representatives spent 442,000 hours on union activities in the most recent year for which we had data.

We did not try to verify these numbers, as we did for the SSA numbers, but if you look in table 2 in our written statement, it shows the amount of time that these two agencies reported with all the caveats and the bargaining size of each of the organizations.

When you turn from what happens in other agencies to what happens in the private sector, union operations in private industry vary widely. First of all, in addition to bargaining over working conditions, as SSA unions do, unions in private industry bargain over wages, hours, and benefits. When it comes to payment, we were told that some private sector firms do in fact pay in the same way as is paid in the Federal Government, while some firms pay nothing at all for union representation.

SSA like other Federal agencies and some private firms pays for approved time spent by their employees on union activities. SSA has a special fiduciary responsibility to effectively manage and maintain the integrity of the Social Security Trust Funds from which most of these expenses are paid. In a time of shrinking budgets and personnel resources, it is especially important for SSA, as well as other agencies, to evaluate how resources are being spent and to have reliable monitoring systems that facilitate this evaluation.

To ensure accurate tracking of time spent on union activities and the staff conducting these activities, SSA has developed and is testing a new time reporting system for its field offices and teleservice centers. We agree that these are valuable goals for a timely reporting system and we think SSA should consider implementing this system agencywide.

Mr. Chairman, this concludes my formal remarks. I would be glad to entertain any questions you have.

[The prepared statement follows:]

Statement of Jane L. Ross, Director
Income Security Issues
Health, Education, and Human Services Division

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the time spent on union activities at the Social Security Administration (SSA). Union activities generally include representing employees in complaints against management, bargaining over changes in working conditions and the application of personnel policies, and negotiating union contracts with management. The federal government pays its employees' salaries and expenses for the portion of time they are allowed to spend on union activities; it also provides other support, such as space, supplies, equipment, and some travel expenses.[1] Federal union members generally cannot bargain over wages and cannot strike, and federal employees are not required to join unions and pay union dues in order to be represented by the union.

Given the budget constraints facing federal agencies, the Subcommittee expressed concern about the amount of time and expenses devoted to union activities and paid for by the federal government. The Subcommittee expressed particular concern about SSA unions regarding the amount of money paid for union activities out of the Social Security trust funds.

As requested, I will focus my remarks on the history of union involvement in the federal government, the statutory basis for the federal government to pay employee salaries and expenses for union activities, and the amount of time spent on and costs associated with union activities at SSA and how the agency accounts for it. The Subcommittee also asked us to comment on how the amount of time and money spent at SSA on union activities compares with what is spent at other large federal agencies, such as the Department of Veterans Affairs (VA) and the Internal Revenue Service (IRS), and how it compares with the amount spent by the U.S. Postal Service, which operates more like a private-sector company. As requested, we have also provided information on union activities in the private sector.

In response to your request, we began our work at SSA in August 1995. To develop this information, we interviewed management and union officials in SSA headquarters and 4 of SSA's 10 regional offices. We also reviewed union contracts, payroll records, and time-reporting forms. To determine the amount of time spent on union activities, we reviewed yearly reports of time spent on union activities and verified the time reported by reviewing source documents at one region and selected headquarters components. We supplemented our field work with telephone calls to three additional SSA regions to verify that similar time reporting procedures were used.

We also met with union and management officials at VA, IRS, and the Postal Service to compare their union time and costs with SSA's. VA does not operate a national union time-reporting system and therefore could not provide data on union activities. Consequently, we are not providing any information concerning VA. At IRS and the Postal Service, we obtained available information on union activity from headquarters and selected field facilities but did not verify its accuracy. We also discussed the role and function of unions in the federal government with the Office of Personnel Management (OPM) and discussed the private-sector use of official time for union activities with labor-relations experts at various trade associations, colleges, and universities. We also reviewed a 1992 Bureau of National Affairs publication that summarized trends in labor/management contracts for private

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[1]The U.S. Postal Service generally does not pay the salaries and expenses of full-time union representatives. Instead, salaries and expenses are covered by union dues. The Postal Services does, however, pay for the time spent on union activities by some part-time union representatives and for union-occupied space in postal facilities.

industry. Finally, to determine the types of contract provisions that exist in private industry with regard to the use of official time, we reviewed ten contracts on file at the Bureau of Labor Statistics.

In summary, federal labor/management relations were formalized by executive order in the early 1960s.[2] In 1962, an executive order permitted federal agencies to grant official time for certain meetings between management and union representatives, at the discretion of the agency. The management control prevalent when the first executive order was issued has evolved over time, and today unions operating at federal government agencies have significant involvement in operational and management decisions. The use of official time, which is authorized paid time off from assigned duties for union activities, has become a routine method of union operation in the federal government. OPM officials told us that currently no governmentwide requirement exists to capture or report the amount of official time charged to union activities. They further noted that managers and employees would spend time interacting on personnel and working condition matters even if there were no unions operating at agencies.

We determined that over the last 6 years, the time spent on union activities at SSA has grown from 254,000 to at least 413,000 hours, at a cost to SSA's trust funds of $12.6 million in 1995 alone. That is, SSA currently pays the equivalent of the salaries and expenses of about 200 SSA employees to represent the interests of the approximately 52,000 employees represented by unions at SSA. This cost represents a portion of the $5.5 billion SSA incurred in administrative expenses for fiscal year 1995.

In addition, SSA has reported to the Congress that the number of full-time union representatives, those devoting 75 percent or more of their time to union activities, grew from 80 to 145 between 1993 and 1995. We found, however, that the reporting system for collecting such data does not adequately track the number of union representatives charging time to union activities or the actual time spent. Consequently, we conducted a limited verification of the hours spent on union activities reported by SSA and found that time spent on union activities was underreported. While SSA is currently developing a new system to more accurately track the time spent on union activities, it plans to implement this system to replace only the automated reporting system for union representatives in the field offices and teleservice centers. SSA is not planning to improve the less accurate manual time-reporting system for its other components.

Under the terms of the current SSA union contract negotiated in 1993, the selection of union representatives and the amount of time they spend on union activities are determined by the union without the consent of local managers. We found that over 1,800 designated union representatives in SSA are authorized to spend time on union activities, although most of the time spent is by SSA's 146 full-time representatives. Some SSA field managers told us that their having no involvement in decisions about how much time is spent by individuals and who the individuals are causes problems in managing the day-to-day activities of their operations. Union representatives, on the other hand, told us that the time they use is necessary to fully represent the interests of their coworkers.

SSA reported that it paid for 404,000 hours for union activities in fiscal year 1995, as compared with 442,000 hours reported by IRS in fiscal year 1994, the most recent information available. The Postal Service reported that 1.7 million hours

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[2]Postal labor/management relations are governed by the Postal Reorganization Act of 1970, which incorporates many provisions of the National Labor Relations Act.

spent on union activities in fiscal year 1995 related to grievances. This Postal Service estimate does not include substantial additional time spent on other types of union activities and paid for by either the unions or the Postal Service.

With regard to union activity in private industry, some employers pay some or all of the salaries and expenses of union representatives, as the federal government does, while others do not

BACKGROUND

Labor unions are groups of employees organized to bargain with employers over such issues as wages, hours, benefits, and working conditions. The current federal labor/management program differs from nonfederal programs in three important ways: (1) federal unions bargain on a limited number of issues--bargaining over pay and other economic benefits is generally prohibited,[3] (2) strikes and lockouts are prohibited, and (3) federal employees cannot be compelled to join, or pay dues to, the unions that represent them. At SSA, employees are represented by three unions: the American Federation of Government Employees (AFGE), which represents over 95 percent of SSA employees who are represented by a union; the National Treasury Employees Union (NTEU); and the National Federation of Federal Employees (NFFE). Of SSA's 65,000 employees, about 52,000 nonsupervisory employees are represented by the unions, and about 47 percent of those represented are dues-paying union members. Union operations at SSA are governed by a national AFGE contract and six other union contracts with individual NTEU and NFFE components.

At the other federal organizations we visited, five unions had national collective bargaining agreements--four at the Postal Service and one at IRS. There were 751,000 employees represented by unions at the Postal Service and 97,000 at IRS. Although other unions without national collective bargaining agreements represented Postal Service employees, the number of employees represented by these unions is less than one percent of all represented employees.

There are two main categories of official time, or government paid time spent on union activities, at SSA. The category known as "bank time" in field offices, and equivalent categories of official time in other components, refers to time that is negotiated and limited by SSA contracts with its unions. Bank time includes time spent on union- or employee-initiated grievances (complaints regarding any matter related to employment) as well as on union-initiated activities, such as training or representational duties. The category known as "nonbank time" in field offices, and equivalent categories in other components, generally refers to time spent on management-initiated activities; bargaining over changes to work assignments and working conditions (such as disallowed leave, employee work space, and equipment); management-initiated grievances; and any other time not specifically designated as bank time.

HISTORY OF UNION ACTIVITY IN THE FEDERAL GOVERNMENT

In 1912, the Lloyd-LaFollette Act established the right of postal employees to join a union and set a precedent for other federal employees to join unions. The government did little to provide agencies with guidance on labor relations until the early 1960s.

In 1962, President Kennedy issued Executive Order 10988, establishing in the executive branch a framework for federal

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[3]Postal unions, however, can bargain over wages and other economic benefits.

agencies to bargain with unions over working conditions and personnel practices. The order established a decentralized labor/management program under which each agency had discretion in interpreting the order, deciding individual agency policy, and settling its own contract disputes and grievances.

In 1969, President Nixon issued Executive Order 11491, which established a process for resolving labor disputes in the executive branch by forming the Federal Labor Relations Council to prescribe regulations and arbitrate grievances. This order clarified language to expressly permit bargaining on operational issues for employees adversely affected by organizational realignments or technological changes.

In 1970, the Postal Reorganization Act brought postal labor relations under a structure similar to that applicable to companies in the private sector. Collective bargaining for wages, hours, and working conditions was authorized subject to regulation by the National Labor Relations Board. Like other federal employees, postal employees could not be compelled to join or pay dues to a union and could not strike.

The Civil Service Reform Act of 1978 provided a statutory basis for the current federal labor/management relations program and set up an independent body, the Federal Labor Relations Authority (FLRA), to administer the program. The act expanded the scope of collective bargaining--the process under which union representatives and management bargain over working conditions--to allow routine negotiation of some operational issues, such as the use of technology and the means for conducting agency operations.

In 1993, President Clinton issued Executive Order 12871, which articulated a new vision of labor/management relations, called "Partnership." Partnership required agencies to involve labor organizations as full partners with management in identifying problems and crafting solutions to better fulfill the agency mission. It also expanded the scope of bargainable issues. This new arrangement was intended to end the sometimes adversarial relationship between federal unions and management and to help facilitate implementation of National Performance Review initiatives, which were intended to improve public service and reduce the cost of government.

BASIS FOR PAYING SALARIES OF UNION REPRESENTATIVES

In 1962, Executive Order 10988 permitted federal agencies to grant official time, which is authorized paid time off from assigned government duties, for meetings between management and union representatives for contract negotiation, at the discretion of the agency. In 1971, Executive Order 11491 was amended to prohibit the use of official time for contract negotiation unless the agency and union agreed to certain arrangements. Specifically, the agency could authorize either (1) up to 40 hours of official time for negotiation during regular working hours or (2) up to one-half the time actually spent in negotiations. Over the next 4 years, a series of Federal Labor Relations Council decisions and regulations continued to liberalize the use of official time by allowing negotiations for the use of official time for other purposes.

The Civil Service Reform Act of 1978 authorized official time for federal agency union representatives in negotiating a collective bargaining agreement.[4] The act also permitted agencies and unions to negotiate whether union representatives would be

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[4]The Postal Service is not governed by this act. The basis for paying certain union representatives for specified union activities at the Postal Service is contained in union contracts. Contract negotiations are carried out at union expense.

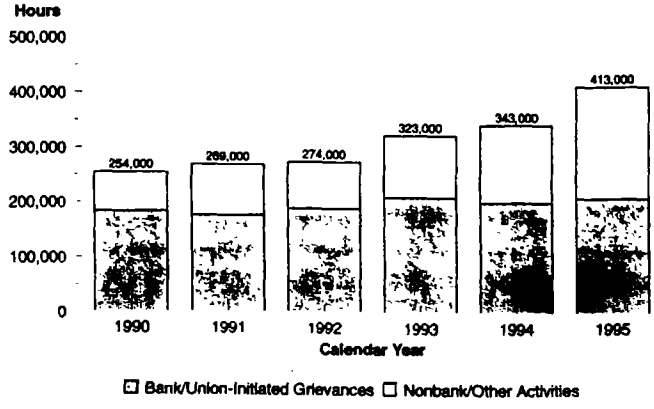
granted official time in connection with other labor/management activities, as long as the official time was deemed reasonable, necessary, and in the public interest. The act continued to permit agencies to provide unions with routine services and facilities at agency expense. The act prohibited the use of official time for internal union business, such as solicitation of members.

TIME SPENT ON AND COST OF UNION ACTIVITIES AT SSA

SSA has a national system for reporting time spent on union activities by union representatives. This system is separate from the agency's time and attendance and workload reporting systems. Under this system, union representatives generally fill out and submit forms to their supervisors to account for union time. The hours reported on these forms are then periodically aggregated and submitted to SSA headquarters for totaling. This time-reporting system consists of two component systems that cover roughly an equal number of employees. The first is an automated system that captures time reported by union representatives working in field offices, which are the primary point of public contact with SSA, and at teleservice centers, where calls to SSA's national 800 number are answered. The second component is a manual system used to capture time spent by union representatives at SSA headquarters, as well as at Program Service Centers, the Office of Hearings and Appeals, and other components. Neither system is designed to capture either time spent by management on union-related matters or the number or names of individuals charging union time.

We conducted a limited verification of time captured in SSA's national reporting system at one SSA region and several headquarters components. By tracing source documents for union representatives' time to reported totals in the system, we discovered additional time not captured by the two systems. These gaps occurred primarily in the manual system and resulted from inaccurate reporting from the source documents, overlooked reports for some union representatives, and uncounted reports for some organizational units during certain reporting periods. We also verified that similar procedures were being used at three other regions, which could result in similar underreporting at these locations. Figure 1 shows the total time spent at SSA on union activities, including the additional time we discovered.

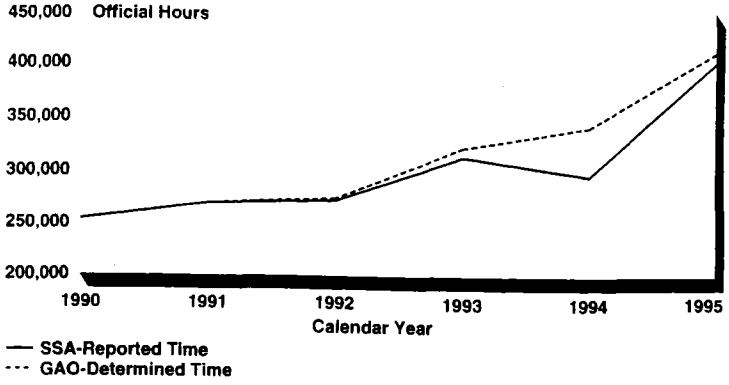
Figure 1: Total Time Spent on Union Activities at SSA, 1990-95



Source: SSA national time reports and results of GAO verification.

The overall time spent on union activities has grown steadily from 254,000 hours in 1990 to over 413,000 in 1995. This is the equivalent of paying the salaries and other expenses of about 200 SSA employees to represent the 52,000 employees in the bargaining unit in 1995. Figure 2 shows the difference between SSA's national time reports and our estimated time. SSA reported 254,000 hours of official time devoted to union activities in 1990, 269,000 in 1991, 272,000 in 1992, 314,000 in 1993, 297,000 in 1994, and 404,000 in 1995.

Figure 2: Time Spent on Union Activities by Social Security Employees, 1990-95



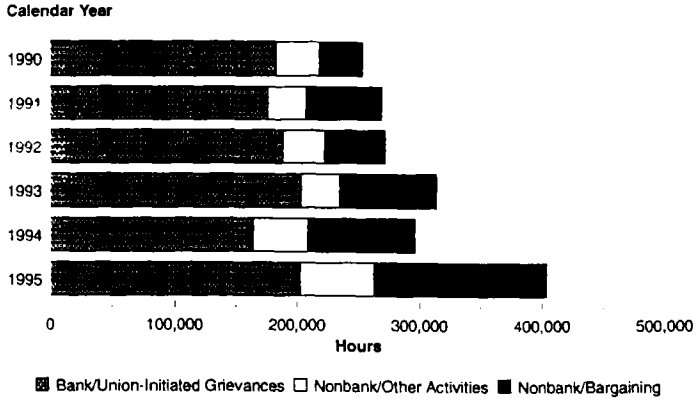
Note: GAO's verification of time charges was focused on 1995. Some additional unreported time was discovered in several of the earlier years.

Source: SSA national time reports and results of GAO verification.

Because of limitations in SSA's reporting system, it is not possible to estimate actual time spent agencywide for any reporting period. Although it is likely that the actual time spent agencywide exceeds our estimates, our verification sample was not large enough to be statistically valid, so it cannot be extrapolated to all of SSA.

To determine what contributed to the increase in time spent on union activities, we developed information on the categories of time used. Figure 3 shows that bank time has remained relatively constant between 1990 and 1995, and that most of the increase in time spent on union activities during this period is attributable to nonbank time--mainly for bargaining activities.

Figure 3: SSA-Reported Official Time by Activity, 1990-95

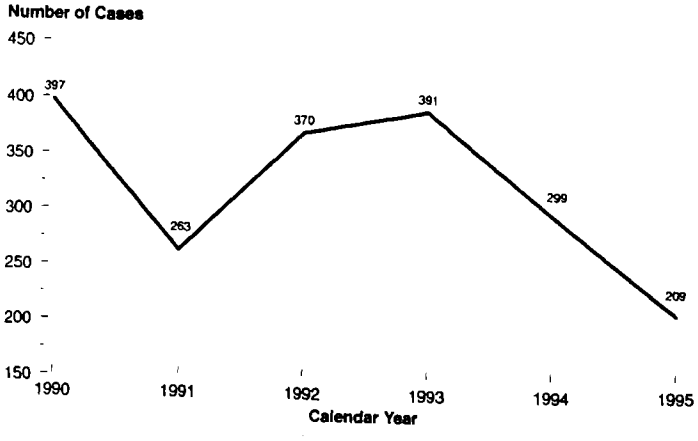


Note: This chart does not include additional unreported hours found by GAO.

Source: SSA national time reports.

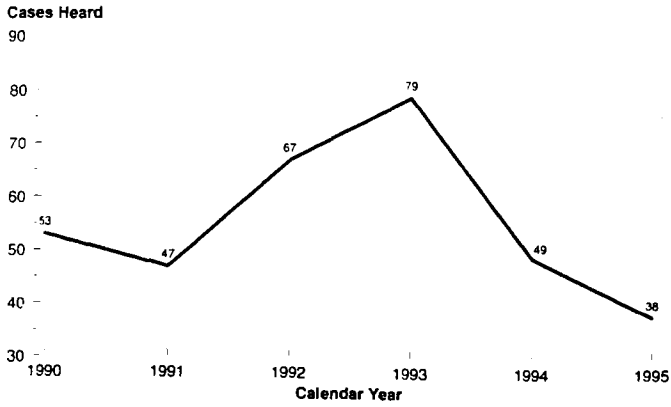
Figures 4 and 5 show that the number of other nonbank activities, such as unfair labor practices (ULP) cases and arbitration cases (nonbank in the hearing stage), that result from unsettled grievances, has declined in recent years.

Figure 4: Number of Unfair Labor Practices Cases at SSA, 1990-95



Source: SSA Office of Labor Management Relations.

Figure 5: Number of SSA Arbitration Hearings, 1990-95

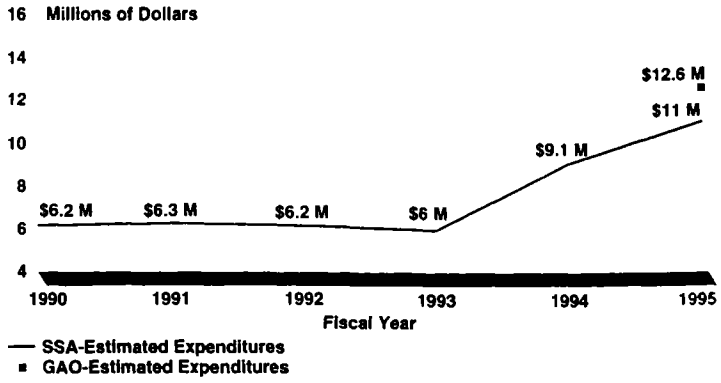


Source: SSA Office of Labor Management Relations.

SSA is currently developing a new system to better track and account for time spent on union activities in its field offices and teleservice centers. SSA says the purpose of this system is to provide management and the union with a more accurate and up-to-date accounting of time spent and the number of employees working on union activities and to ensure that time expended on certain activities does not exceed time allotted to the unions by the contracts. SSA, however, has no current plans to apply this new system to headquarters, the Program Service Centers, the Office of Hearings and Appeals, or other components using the manual system and did not explain why the agency made this decision.

SSA has no system for routinely calculating and reporting the cost of union activity, although it does provide annual estimates of the expenses for union activities to the Congress. Figure 6 shows that SSA's estimates of union costs increased from $6 million in fiscal year 1993 to $11 million in fiscal year 1995. SSA's total administrative expense budget estimate for fiscal year 1995 was $5.5 billion.

Figure 6: SSA Expenditures for Union Activities, 1990-95



Source: SSA Justifications of Estimates for Appropriations Committees (FY 1990-1995) and GAO cost estimate for 1995.

In order to determine the accuracy of these estimates, we tried to construct our own estimate of union-related costs. Because the salaries of union representatives make up most of the cost, we asked SSA for a list of current representatives and the time they spend on union activities. SSA estimated that there were about 1,600 union representatives, but the lists they maintained were outdated and incomplete. We identified about 1,800 union representatives who are currently authorized by the union to spend time on SSA union activities. SSA has also reported to the Congress that the number of full-time representatives--those spending 75 percent or more of their time on union activities--grew from 80 to 145 between fiscal years 1993 and 1995. We identified 146 current full-time representatives. The average annual salary in 1995 for the 146 full-time representatives was $41,970. In 1996, their salaries ranged from $23,092 to $81,217. Table 1 shows the annual salary ranges of these representatives in 1996.

Table 1: 1996 Salary Ranges of Union Representatives Spending 75 to 100 Percent of Their Time on Union Activities

Salary ranges	Number of representatives
0-$10,000	0
10,001-20,000	0
20,001-30,000	16
30,001-40,000	36
40,001-50,000	79
50,001-60,000	9
60,001-70,000	5
70,001-80,000	0
80,001-90,000	1
Over $90,000	0
Total	**146**

Source: SSA Office of Labor Management Relations and SSA personnel records.

We estimate that the total cost to SSA for union activities of all representatives was about $12.6 million in 1995. We calculated the 1995 personnel cost to be $11.4 million by multiplying the average hourly salary of union representatives (about $27.64, including benefits) by the 413,000 hours we estimated the representatives spent on union activities.

The remaining $1.2 million in total SSA costs for union activities includes related travel expenses; SSA's share of arbitration costs; and support costs, such as supplies, office space, and telephone use. More specifically, in accordance with the union contracts, SSA pays for travel related to contract negotiations and grievance cases. In addition, it pays the travel and per-diem costs of all union representatives, whenever meetings are held at management's initiative. Union representation at major SSA initiatives, such as the reengineering of its disability programs, the National Partnership Council, and Partnership training, has added to travel and per-diem costs. In 1995, SSA estimated that it spent about $600,000 on travel-related expenses for union representatives. Union representatives told us that the union pays travel costs for union-sponsored training, internal union activities, and some local travel.

Under the national contract agreements, arbitration fees and related expenses are shared equally between the union and SSA. SSA reported that its share of arbitration costs was $54,000 for the 38 cases heard in 1995.

SSA also incurs other costs for telephones, computers, fax machines, furniture, space and supplies used by union representatives. In 1995, SSA estimated this cost at $500,000.

Regarding the amount of dues collected from union members, we determined that about $4.8 million was collected in 1995, mainly through payroll deduction. The unions use these funds for their internal expenses, which include the cost of lodging and transportation for union-provided training; the union's share of grievance costs; miscellaneous furniture, supplies, and equipment for some union offices; the salaries of the AFGE local president and his staff, who represent SSA headquarters employees; and a share of national union expenses.

The recent advent of Partnership activities in SSA will likely increase the time spent on union activities. The executive order on Partnership directs agencies to involve unions as the representatives of employees to work as full partners with management to design and implement changes necessary to reform government. Partnership activities at SSA are just starting, and we found that these limited activities are not routinely designated by SSA in its union time-reporting system. It is possible that time spent on Partnership activities is currently being reported in other activity categories. Consequently, as Partnership activities increase, we would expect the time devoted to them to also increase. However, this will be evident only if agency time-reporting systems adequately designate this time. It should be noted that many public and private organizations without unions are involving employees in quality management initiatives similar to Partnership activities.

SSA Management and Union Views on Union Time

SSA managers and union officials and representatives have offered their views about the use of official time for union activities. SSA managers, both individually and through their managers' associations, have expressed concern to us and to the Congress about limitations in their ability to effectively manage their operations and control the use of time spent by their employees under the current union/management arrangement. By contract, the assignment of union representatives and the amount of time they spend on union activities are determined by the union without the consent of local management.

Of the 31 field managers we interviewed, 21 said that it is more difficult to manage day-to-day office functions because they have little or no control over when and how union activities are conducted. They said that they have trouble maintaining adequate staffing levels in the office to serve walk-in traffic, answer the telephones, and handle routine office workloads. Additionally, 18 expressed concern about the amount of time they spend responding to union requests for information regarding bargaining and grievances. We did not verify the accuracy of any of the field managers' statements. We tried to quantify the time spent by managers on union related activities, but SSA had no time reporting system to track it. However, managers would be spending some of their time interacting with employees about similar issues even if there were no unions.

Nine out of the 15 union officials and representatives we talked to felt that it was counterproductive in the Partnership era to track time spent on union activities. They believe that union representation is an important function that is authorized by a negotiated agreement with SSA that authorizes them to represent the interests of their coworkers. They consider the amount of time currently allocated for their activities as appropriate and believe that more attention should be paid to the value of their efforts than to the time it takes to conduct them.

COMPARISON OF TIME SPENT AND COST OF UNION ACTIVITY AT IRS, THE POSTAL SERVICE, AND SSA

The Postal Service and IRS provided data to us on time spent on union activities in their agencies. Postal Service records show that during fiscal year 1995, union representatives at the Postal Service reported spending 1.7 million hours of official time on grievance processing and handling in the early stages. This number does not include substantial amounts of official time spent on employee involvement programs similar to SSA's Partnership activities, which are paid for by the Postal Service. Neither does this number include official time spent on activities such as employee involvement training and ULP charges.

IRS records showed that their union representatives reported spending 442,000 hours on union activities in fiscal year 1994, the most recent year for which data are available. We did not attempt to verify these estimates. Table 2 shows the amount of time reportedly spent and the bargaining unit size of each organization. In fiscal year 1995, the Postal Service reported spending $29 million in basic pay on grievance processing and handling for the 1.7 million hours. IRS did not develop cost data for union operations.

Table 2: Fiscal Year 1995 Comparative Union-Related Data

Organization	Bargaining unit size	Dues-paying members	Time spent (hours)	Cost (millions of dollars)
Postal Service	751,000	623,000	1,744,000[5]	29.2
IRS	97,000	43,000	442,000[6]	No data
SSA	52,000	24,000	404,000	11.0

Source: Unverified data provided by agencies.

WHO PAYS UNION COSTS IN PRIVATE INDUSTRY?

Union operations in private industry vary widely. In addition to bargaining over working conditions as SSA unions do, unions in private industry bargain over wages, hours, and benefits. In discussions with National Labor Relations Board officials, we were told that some private-sector firms do not pay their employees' salaries for the time they spend performing union activities, and other firms pay for some or all of the time. For example, during our review of 10 contracts, we found that 7 provided for company employees, acting as union representatives, to perform certain union functions in addition to their company duties, at the expense of the employer. In a 1992 publication that summarized basic patterns in private industry union contracts, the Bureau of National Affairs (BNA) reported that over 50 percent of the 400 labor contracts it analyzed guaranteed pay to employees engaged in union activity on company time. It also reported that 22 percent of the contracts specifically prohibit conducting union activities on company time.

Private-sector employers negotiate company time with pay for union representatives to handle grievances more frequently than they do for contract negotiations. Of the contracts reviewed by BNA, 53 percent guaranteed pay for union representatives to present, investigate, or handle grievances. This practice was reported occurring twice as often in manufacturing as in nonmanufacturing businesses. BNA reported that only 10 percent of the contracts guaranteed pay for employees to negotiate contracts.

Forty-one percent of the private-sector contracts guaranteeing employees pay when they conduct union activities on company time place restrictions on representatives. BNA reported that in 19 percent of the cases with such pay guarantees, management limited the amount of hours that it would pay for. Our review of 10 private-sector contracts submitted to the Bureau of Labor Statistics found one negotiated contract under which employees were

[5]This number does not include substantial additional time spent on union activities and paid for by either the unions or the Postal Service.

[6]This number is based on data from fiscal year 1994, the latest year for which data are available.

limited to 6 hours a day of company time for union representation and another under which they were limited to 8 hours per week of company time for processing grievances.

CONCLUSIONS

SSA, like other federal agencies and some private firms, pays for approved time spent by their employees on union activities. SSA has a special fiduciary responsibility to effectively manage and maintain the integrity of the Social Security trust funds from which most of these expenses are paid. In a time of shrinking budgets and personnel resources, it is especially important for SSA, as well as other agencies, to evaluate how resources are being spent and to have reliable monitoring systems that facilitate this evaluation.

To ensure accurate tracking of time spent on union activities and the staff conducting these activities, SSA has developed and is testing a new time-reporting system for its field offices and teleservice centers. We agree that these are valuable goals for a time-reporting system and believe that it should be implemented agencywide, including at headquarters, Program Service Centers, the Office of Hearings and Appeals, and other components currently using the less reliable manual reporting system. With an improved agencywide system, SSA management should have better information on where its resources are being spent.

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Mr. Chairman, this concludes my formal remarks. I would be happy to answer any questions from you or other members of the Subcommittee. Thank you.

Chairman BUNNING. Thank you, Ms. Ross.

Chairman BUNNING. Mr. Miller, do you have a statement?

Mr. MILLER. I will respond to questions.

Chairman BUNNING. I am putting the Subcommittee on notice that we will be limited to 5 minutes, including myself, so we can all have time to answer questions.

Let me start by asking, is there any cap on the amount of trust fund money that the unions can spend for time and expenses devoted to union activities?

Ms. ROSS. The basic answer is no. There is a cap on the amount of bank time that is part of the negotiation between the unions and SSA.

Chairman BUNNING. What time?

Ms. ROSS. Bank time. It is time that is used for union-initiated activities. So, a piece of the union time is controlled, but there is another piece that is not controlled, so overall, you would have to say there is no cap.

Chairman BUNNING. Is there a cap on how many SSA union representatives can be paid by the trust fund money while working full time on union activity?

Ms. ROSS. Our understanding is, there is no such cap.

Chairman BUNNING. In other words, it is negotiated between the union and the SSA as far as what can be and what cannot be done?

Ms. ROSS. The amount of time for union-initiated activities is limited, and that would be a controlling factor in how many full time union representatives there could be. But, there is no other limitation.

Chairman BUNNING. When does the current agreement between SSA and the union that represents employees expire?

Ms. ROSS. In November of this year.

Chairman BUNNING. How many SSA employees are authorized and paid to act as union representatives on government time?

Ms. ROSS. We put together a list with SSA's help, and we have documented that 1,800 people are currently authorized to charge time for union activities.

Chairman BUNNING. How many full time?

Ms. ROSS. 146.

Chairman BUNNING. And what is the average salary of the full time employee?

Ms. ROSS. $42,000.

The average union employee?

Chairman BUNNING. Yes.

Ms. ROSS. $42,000.

Chairman BUNNING. Can you give me the salary range from low to high? In other words, some people are paid obviously a lot less and some people are paid more.

Ms. ROSS. In our testimony, we gave a salary range for the full time union representatives.

I will be glad to tell you right now.

Of the 146, there were 16 in a salary range between $20,000 and $30,000, and most of the full time union representatives were between the $40,000 and $50,000 range. There was one person who was in a range of $80,000 to $90,000.

Chairman BUNNING. You are telling me that an SSA employee makes over $80,000 a year and performs full time union representation, and that the average salary is $42,000?

Ms. ROSS. This is the information that we secured from SSA and that we verified.

Chairman BUNNING. Does that include any fringe benefits, like pension or health care or any of the other benefits?

Ms. ROSS. Those are base salaries. They do not include benefits.

Chairman BUNNING. Who designates these people as union employees?

Ms. ROSS. The union designates people——

Chairman BUNNING. That is also part of the contract between SSA and the unions that represent employees. The SSA has no say, except when they negotiate the contract, who is and who is not a union representative?

Ms. ROSS. That is our understanding, that there is a list of people that the union is supposed to submit to SSA, but the union determines who the union representatives will be.

Chairman BUNNING. This will be my last question.

Looking at the GAO chart entitled Social Security Expenditures for Union Activity, I see that these expenditures have dramatically increased, beginning in 1993.

What was the date of the Executive order from President Clinton?

Ms. ROSS. The Executive order on Partnership was quite late in 1993.

Chairman BUNNING. October 1, 1993.

Ms. ROSS. It sounds like the right date.

Chairman BUNNING. I yield to Mr. Johnson.

Mr. JOHNSON. Thank you.

Is it true or false that SSA keeps track of union activity and work?

Ms. ROSS. SSA has a time recording system to account for union time.

Mr. JOHNSON. How is it that you had to go to the unions then to find out the time? At least you told us earlier that you got most of your information from the union itself.

Ms. ROSS. If we left you with that impression, it was an incorrect impression. We got most of our information from the Social Security Administration, and then we went into the field ourselves and verified a lot of information.

Mr. JOHNSON. So you are saying that SSA does properly manage and account for spending from the trust fund for union activities?

Ms. ROSS. Maybe I could explain the system to you.

Each union representative is supposed to fill out a form and submit it to a supervisor before he uses any time for union activities. The data from those forms is entered into an automated system. The forms are then submitted to SSA headquarters biweekly.

For about half of SSA, there is a manual system. The union representatives fill out the forms, but they are collected every 6 months and sent to headquarters.

While verifying, we found that there were a great deal more problems in the manual system than the automated system. The possibility of records being mislaid in a 6-month period for one.

Mr. JOHNSON. But, if they are on the payroll of SSA, is it not true that they have the ability or should have the ability to know, especially if they are a full time employee, how much time they are spending on union activity? Is there a report like that?

Ms. ROSS. That is what I am describing to you.

Mr. JOHNSON. There is one?

Ms. ROSS. Yes.

Mr. JOHNSON. So you know, Mr. Miller, exactly what the employees are doing all the time?

Mr. MILLER. SSA's system gives an idea, how much time is being reported by both full- and part-time people. We found differences when we compared what we found and what SSA reported.

Mr. JOHNSON. Do you have supervisory responsibility over those individuals?

Mr. MILLER. I am a GAO employee.

Mr. JOHNSON. Does the SSA have responsibility, managerial responsibility?

Mr. MILLER. Yes. To the extent that you have a supervisor of a part-time employee—a "part-time employee" meaning they spend part of their time on SSA work and part of their time on union work—they have supervisory responsibility, and they sign the forms of full time and part-time people.

Mr. JOHNSON. Let me quote something out of your report.

SSA managers, both individually and through their managers association, have expressed concern—and to the Congress—about limitations in their ability to effectively manage their operations and control the use of time spent by their employees under the current union management arrangement.

Did you find that to be true? Can they control their employees, especially the part-timers, and use them the way they should be used?

According to your report, they cannot. Is that true or false?

Ms. ROSS. Among the local field office managers we talked to, some had problems, for instance, a union representative would say that he or she had union-initiated activities to address, and the local manager did not feel as if he or she had any right to question or object, they would just let them go. That is the report we received from several people, and I believe it is the same report you have received from field office managers.

Mr. JOHNSON. OK. Did you go into what the union dues were used to support, seeing as how Federal trust fund money is used to support their employees?

Ms. ROSS. We had limited information on what their funds were being used for, union-initiated activities, grievance costs, furniture, and other miscellaneous costs.

Mr. JOHNSON. $4.8 million, according to you, are the dues that they collect?

Ms. ROSS. Yes, sir.

Mr. JOHNSON. Is it all used within the SSA itself?

Ms. ROSS. My understanding is that part of the money is sent from the local union to the national union, but we did not have a detailed accounting of exactly where the moneys went.

Mr. JOHNSON. Thank you very much.

Chairman BUNNING. Mr. Collins.

Mr. COLLINS. Ms. Ross, following up on that line of questioning, could you tell by the forms the actual activities that the individual who requested time from official time for union time, what activities they were actually conducting?

Ms. ROSS. The forms are categorized, so the union representative checks the appropriate category. We tried to aggregate those, add them up as best we could. Sometimes union representatives would report 8 hours, and would not say how they used the time.

Mr. COLLINS. Can you give me some examples of those activities?

Ms. ROSS. Yes. Some of it is for union representation. They are categorized as union, bank time for union-initiated grievances, nonbank time for bargaining, and nonbank time for other activities.

I do not have the detailed list of six or eight categories at this time, but I can get it for you.

[The following was subsequently received:]

Time spent on union activities by union representatives is recorded in the following six categories.

1. Bargaining.
2. FLRA, Federal Labor Relations Authority and MSPB, Merit Systems Protection Board proceedings.
3. Equal Employment Opportunity Commission proceedings.
4. Management filed grievances.
5. Travel time for any of the above.
6. Union initiated grievances and other on-going labor relations activities.

Mr. COLLINS. But, the purpose of the Partnership by Executive order was actually so that the union would work in partnership with the SSA management in improving the system to better service those who are recipients of Social Security; is that not true? Is that the understanding of the Partnership?

Ms. ROSS. That is my understanding of the Partnership.

Mr. COLLINS. I understand the increase in costs and hours dedicated to union activities worked more for the benefit of the union instead of actually establishing better methods of operation; is that what I am hearing?

Ms. ROSS. I would say it differently from that.

What we found was that some of the kinds of more adversarial relationships, such as arbitration hearings and unfair labor practices, those categories of time actually decreased in the last couple of years. So, the kinds of things that are more adversarial seem to have gone down, and we show that in a couple of charts in our testimony.

The place that the union time grew was in the category that we are calling "bargaining," negotiating working conditions.

Mr. COLLINS. Just what can the union bargain for with the Social Security Administration, with reference to their job? What can they bargain for?

Mr. MILLER. It is not wages and benefits. It is working conditions and personnel practices.

Mr. COLLINS. Unsafe working conditions?

Mr. MILLER. It could be that, or it could be sizes of cubicles, it could be air-conditioning, ergonomic furniture, anything that affects the conditions under which you work.

Mr. COLLINS. In your view, during your report, did you actually stay inside the Beltway or did you actually go to field offices?

Mr. MILLER. We went to field offices in Texas, Arizona, and California, mainly in the San Francisco area. We made telephone calls to the Chicago and Philadelphia field offices to check to see if they used primarily the same type of time reporting as the field offices we verified in California.

Mr. COLLINS. In your visits to those offices, did you find conditions that were unsuitable to workers?

Mr. MILLER. That was not the subject of the work that we did.

Mr. COLLINS. When you walked in, you did not feel you were in a hazardous place, did you?

Mr. MILLER. Well, it depended on the office.

Mr. COLLINS. I am talking about the actual conditions.

That is all I have, Mr. Chairman.

Chairman BUNNING. Mr. English.

Mr. ENGLISH. Thank you, Mr. Chairman.

Ms. Ross, I very much appreciate your testimony. As a former internal auditor myself, I can appreciate the time and effort you put into this audit.

I was wondering, when you commenced your audit, I believe it was——

Ms. ROSS. It was in August.

Mr. ENGLISH. It was in August 1995. I wonder if you could expand for the Subcommittee on some of the difficulties you encountered when doing this job.

Ms. ROSS. I will begin and let Rod do the other part of it.

We were trying to get a look at both the time that was spent by the unions and some estimate of cost. So we wanted initially to get whatever we could from SSA on time and on costs, and then we wanted to go verify to make sure that what they were reporting to us was what we found.

I will let Rod tell you a little bit about the verification procedures.

Mr. ENGLISH. Your audit conformed to GAGUS?

Ms. ROSS. It did.

Mr. MILLER. Generally, we did a pretty bottoms-up approach. We used the source document filled out by each of the union representatives in the locations that we went to, traced the individual documents, which could have been filled out on a daily or weekly basis under the automated system, to the biweekly submissions that the office manager would have made into the automated national system.

In cases where there was no automated system, we checked the individual forms submitted by each representative. The had supervisory approval, and are submitted only twice a year. We had to aggregate all of these forms on an individual representative basis to be able to verify that those times were actually getting into the national system.

Mr. ENGLISH. Exactly how does SSA track the time used by SSA employees to do union work?

Mr. MILLER. Just that way. They have to fill out a form, sometimes prospectively, sometimes right after the activity has taken place; and the information from each form is put into the automated system, the forms are the signed by the supervisor. The forms are aggregated on a pay period basis every 2 weeks, and the

office manager inputs that 2-week aggregation of time spent by each union representative under his or her control into the national system.

In the nonautomated system, the completed forms are kept at the office and only aggregated to the national system every 6 months.

Mr. ENGLISH. From the sound of it, SSA does not appear to have what I would consider to be normal centralized or automated records. Were the records complete?

Mr. MILLER. As much as I could tell, particularly for the automated system, yes. They seemed to track the individuals for all pay periods. You could see where zero time had been spent in pay periods and it appeared to be pretty complete. We found a few glitches in the automated system.

But, in the manual system there was much more of an opportunity for records to be missed. In previous years, we even found whole components that were missed for a specified time period, and we think that is because of less rigid controls over submissions.

Mr. ENGLISH. Did you do a complete audit or did you do a sampling?

Mr. MILLER. Very small samples. We did the verification only in the San Francisco region for all types of Social Security facilities and in headquarters for about half a dozen to a dozen components there.

Mr. ENGLISH. Were you able to get complete information as per your request from AFGE?

Mr. MILLER. We asked AFGE for help primarily on trying to track the number of representatives, both full and part time, and did not receive a response.

Mr. ENGLISH. Thank you, Mr. Chairman.

Chairman BUNNING. Mr. Christensen.

Mr. CHRISTENSEN. Thank you, Mr. Chairman. Historically, the Social Security Administration has always maintained that it has a fiduciary responsibility to the Social Security Trust Fund, that they must protect it. I believe that the GAO has also stressed this in their 1991 report on the overpayment recovery.

In your view, what is the Social Security Administration's responsibility to properly manage and account for spending from its trust funds?

Ms. ROSS. I think that this fiduciary responsibility means that you monitor spending in all of the places where it occurs so that you would have a handle on all the cost centers or the cost activities.

Mr. CHRISTENSEN. In your view, does the Partnership Agreement that President Clinton signed in October 1993 violate the spirit of that fiduciary responsibility?

Ms. ROSS. I do not think that the Executive order itself violates anything. What is important at SSA is how they are going to monitor this kind of an activity. At the moment, they have not made a decision about how they are going to deal with the partnership.

I have an opinion that if you are going to have an important activity like this, you would want to capture that time. Maybe you capture it based on who is an SSA employee and who is a union

employee, but it seems appropriate and responsible to capture time for a major activity.

Mr. CHRISTENSEN. After reviewing your findings and your report, have you found that the SSA has simply decided not to keep track of the union spending because it violated the spirit of the Partnership Agreement?

Ms. ROSS. I do not know how they are reporting time for partnership activities. We found—as we said, a substantial increase in union costs over the past couple of years. We said, what category does it show up of the categories that are on this form, and it showed up in the bargaining category.

Now, whether bargaining was used just in its traditional sense or that is where people were putting in time for partnership, I do not know, but it would seem appropriate for SSA to consider keeping track of partnership activities because it is a cost center.

Mr. CHRISTENSEN. Thank you, Mr. Chairman.

Chairman BUNNING. Mr. Laughlin.

Mr. LAUGHLIN. When you talk about the fiduciary responsibility, you are talking about the responsibility of the SSA to the Social Security beneficiaries, aren't you?

Ms. ROSS. To the beneficiaries and to the taxpayers.

Mr. LAUGHLIN. But, there is not a fiduciary responsibility to the employees of the SSA, is there?

Ms. ROSS. That is not what I meant when I talked about trust fund responsibility.

Mr. LAUGHLIN. It is to the taxpayers and Social Security beneficiaries, limited to that group, and you are not trying to include employees?

Ms. ROSS. No, I am not.

Mr. LAUGHLIN. When we have heard about the accounting and recordkeeping, I have read several times in your report that it was not possible to estimate the actual time spent agency wide for any reporting period. Do you mean by that that you are unable to look at the SSA records and determine how much time was spent actually performing services to the taxpayers and the Social Security beneficiaries, or were you saying you could not keep up with the union activity time, or both?

Ms. ROSS. I think we were talking at that point about the union activity and the extent to which we were able to track and monitor it. There is an entirely separate system for finding out what the Social Security workers are doing at any point during the day. It is a work monitoring system, and it is different from the union system.

Mr. LAUGHLIN. So, in the union system it is difficult to determine what they are doing because it is sort of a blanket report, union time, 8 hours.

Ms. ROSS. There are categories provided on the form that a union representative can check off indicating the usage of his or her union time.

Mr. LAUGHLIN. Is it possible for an employee at SSA to confuse whether he or she is performing union activity or constituent Social Security beneficiary services? Do they overlap or are there gray areas between the two?

Ms. ROSS. I think you would be better off asking SSA employees, with one exception. I think this new partnership era, where employees and managers are talking together trying to resolve issues, I think there is some confusion there among union members and local managers as to whether that is considered union time.

Mr. LAUGHLIN. In trying to resolve beneficiary problems?

Ms. ROSS. That is clearly an agency activity.

Mr. LAUGHLIN. Who verifies that an employee is actually away from the SSA job of providing services to taxpayers and Social Security beneficiaries and is actually off on union time? Who verifies that? Who is the watchdog?

Ms. ROSS. There is no verification of that action. The employee tells his supervisor and writes it down. He or she indicates the number of hours being used for union activity. It is no ones job to monitor and make sure that all hours were spent were spent as designated.

Mr. LAUGHLIN. So, there is no accountability on what actual union activity is taking place at taxpayer expense and trust fund money expense?

Ms. ROSS. I think that is an accurate statement. What we were trying to do was tell you about the system starting with what people reported, assuming most people would try to report to the best of their ability.

Mr. LAUGHLIN. Well, in that case, the specific language of the President's Executive order, 12–871, was not complied with in section 2 where it requires the members of the council to propose to the President of the United States by January 1994 statutory changes necessary to achieve the objectives of this order, and it goes on.

You know the paragraph I am talking about; it looks like it is on the second page of this agreement. You do not want me to read all that, do you?

Ms. ROSS. Well, I can tell you honestly, I do not know it.

Mr. LAUGHLIN. Subparagraph 2 on the second page.

Chairman BUNNING. Would you submit it for the record?

[The information follows:]

PRESIDENT'S EXECUTIVE ORDER, 12–871, SECTION 2, SECOND PAGE.

No. 706.

In January 1994 the National Partnership Council issued "A Report to the President on Implementing recommendations of the National Performance Review." The report outlined the following types of statutory changes necessary to achieve the objectives of the Executive order:

1. Create a flexible and responsive system.
2. Reform the general schedule classification and basic pay system.
3. Authorize agencies to develop programs for improvement of individual and organizational performance.
4. Authorize agencies to develop incentive award and bonus systems to improve individual and organizational performance.
5. Strengthen systems to support management in dealing with poor performers.
6. Clearly define the objective of training as the improvement of individual and organizational performance.
7. Eliminate excessive red tape and automate functions and information.
8. Form labor-management partnerships for success.

Mr. LAUGHLIN. Did you find that agreement, did you find the proposed statutory changes so that the objectives of this Executive order were met? Did anyone show that to you?

Ms. ROSS. Not to my knowledge. Let me—I should supply an answer for the record on that one.

Mr. LAUGHLIN. My time is up. Maybe another witness can clarify that.

Thank you, Mr. Chairman.

Chairman BUNNING. I would like to welcome the Chairman of the Health Subcommittee, Mr. Thomas.

You may question.

Mr. THOMAS. I am a former member of the Social Security Subcommittee—back in 1983 when we restructured it. It is a pleasure to be with you. I want to continue the line of questioning in a slightly different way.

We have contracts between employer-employee, and obviously they are limited in what they can negotiate under the contract.

Ms. ROSS. Yes.

Mr. THOMAS. The control of time, bank time versus nonbank time, is that part of the negotiations? Is that part of the contract?

Ms. ROSS. Our understanding is that the contract governs the amount of bank time or time that will be used for union-initiated activities.

That is my word; "union-initiated."

Mr. THOMAS. I understand.

Does this have a statutory basis in the 1978 law? Do you know when the Civil Service Reform Act was passed?

Ms. ROSS. It permits the use of official time for union activities. The particular way they have done it at SSA has resulted from their own unique history.

Mr. THOMAS. Fine. Is the amount of time part of the negotiating process, how much time would be spent on the bank time?

Ms. ROSS. Yes, it is, a maximum amount.

Mr. THOMAS. A maximum amount. In President Clinton's Partnership program, the nonbank time, which is that employee who works on union activities some of the time, is controlled by management and so you would have a partnership negotiated between management and the employee on the nonbank time. You testified that on the bank time, management does not control when that is drawn on, spent or carried out; is that correct?

Ms. ROSS. Yes.

Mr. THOMAS. So, the partnership as advocated by President Clinton is only on company time. When those individuals do their union work, there is no partnership. Those folks control the situation completely, is that correct, in terms of their time?

Ms. ROSS. On the bank time, the union has a much larger role in initiating the activities.

Mr. THOMAS. You indicated that people who keep track of their bank time would put as little information down as "*x* hours," or could fill out an option category, a checkoff form as to what they did during those hours.

Ms. ROSS. They are supposed to fill that out.

Mr. THOMAS. Is that negotiated or is that a voluntary one on the part of the union, the checkoff list of activities?

Mr. MILLER. I do not think that it is required. The terms "bank" and "nonbank" only apply to field office facilities. They do not apply

to other types of organizations in SSA. So it becomes muddy because the term "bank" is not used outside the field offices.

Mr. THOMAS. Fine. I was trying to use those terms to separate the two. I would prefer to use "union activity" and "official time."

Mr. MILLER. It is all referred to as "union activity" and it is all referred to as "official time" whether it is bank or nonbank.

Mr. THOMAS. Fine. Then I will use union time and official time, which is a preferred term.

Mr. MILLER. The form has categories which can be filled out——

Mr. THOMAS. My point is, were the categories negotiated as part of the union agreement, or are they simply voluntary and they can fill them out if they want to or not?

Mr. MILLER. No. They are required to fill out the forms.

Mr. THOMAS. Then how do they get authorized for time when there are simply hours put down and not what they spent their time on?

Mr. MILLER. The hours go against the bank cap of 300,000 hours.

Mr. THOMAS. But, are they required to explain what they do when they put in the hours?

Mr. MILLER. In broad categories, yes.

Mr. THOMAS. And if they do not, how do they get the hours?

Mr. MILLER. They are granted the hours by filling out the form saying that they need——

Mr. THOMAS. No. Let me try it again. I understood you to say that some people simply put down the hours and not what they did during the hours.

Mr. MILLER. They always categorize it between "bank" and "nonbank."

Mr. THOMAS. Perhaps Mr. Gage can enlighten us. In Mr. Gage's written statement he says, union representatives can use official time only for those activities which are reasonable, necessary, and in the public interest.

How can the management of SSA determine if that official time is for activities that are reasonable, necessary, and in the public interest if the only form filled out is for designating hours used?

Mr. MILLER. To the extent to what we verified, they do not control that. We could not see how a supervisor could make that determination.

Mr. THOMAS. Yet he says that they can only use official time for that, so there is no ability to determine if the time spent for which the taxpayers paid is carrying out those responsibilities for which they can only get official time; is that correct?

Mr. MILLER. I could see no verification.

Mr. THOMAS. Thank you.

Chairman BUNNING. Mr. Postman will inquire.

Mr. PORTMAN. Thank you, Mr. Chairman. I have a number of questions. First is a general question that may have come up prior to my getting here.

What do you attribute the huge increase starting in 1992 to? Is it entirely the Executive order? Starting with 1993, based on your chart on page 9 of the testimony with regard to hours spent, and then with regard to the amount of funds coming out of the trust fund on page 12, which is the second chart we see before us, does that have to do with the Executive order solely or does it also have

to do with other circumstances which changed at SSA, including downsizing?

Ms. ROSS. What we found was this category called "bargaining," which was the category that increased—we did not attribute that to the partnership or not. We do not know in particular what people may have put, whether people would have put partnership activities in there.

I can tell you that——

Mr. PORTMAN. Let me interrupt you. So even though you have done, what I consider to be, a very good report, you are not sure that the 1993 increase—which is significant in terms of dollars, we go from 1993 to 1995, from $6 million to over $12 million—you are saying that we are not sure, other than the fact that it is bargaining, what it is attributable to?

Ms. ROSS. We did our audit based on what these categories included and what employees said they were using as their union activities, and bargaining was the category that grew the most. Getting underneath the bargaining category since 1993, there were a significant number of changes in work processes and major initiatives at SSA, all of which could have caused a considerable amount of bargaining.

Beyond that, our audit would not permit us to guess.

Mr. PORTMAN. But in your interviews, you were not able to ascertain that. You think it probably is the Executive order, but there may be other——

Mr. MILLER. Our interviews at the time of verification did not focus on that. SSA has reported as Ms. Ross has stated that there were changes in the agency during that time which could have generated an increase in the time spent, operational changes.

Chairman BUNNING. Would you yield?

Mr. PORTMAN. Yes.

Chairman BUNNING. You are telling me that from 1993 to 1995 when the expenditures for union payment goes from $6 million to over $12 million—and the fact of the matter is that in 1993 there was a Partnership Executive order—you see no relationship at all to the doubling of expenditures for union activity? Is that what you are telling us?

Ms. ROSS. No, it is not. What I am telling you is that when we tried to put these numbers together, what we used were the time reports that all the union representatives filled out.

Chairman BUNNING. I understand all the background and all what is written on the papers, but I am trying to get to the basis for doubling the expenditures out of trust fund money for union activity, and you are telling me that the so-called Partnership had nothing to do with it?

Ms. ROSS. I am not telling you it had nothing to do with it. I am telling you I do not know the degree to which it is responsible.

Chairman BUNNING. I yield back.

Mr. PORTMAN. Thank you, Mr. Chairman, for yielding back.

To me, it would be very important to get a better breakdown as to what the increase was caused by. It is interesting, when you look at the numbers, they are so flat between 1990 and 1993. So, this is not only a dramatic increase, but it is, at least in that short

term, historically significant, unprecedented, because there was this period of flat activity.

The second question has to do with—I am going to run out of time here, Mr. Chairman. Maybe you will give me a minute.

In your report you talk about SSA managers and indicate that the managers have said to you that they are having difficulty managing SSA, and particularly having control over people's time and how it is spent. Whether it is the public sector or private sector, this is important to us as a panel and to the Congress. Then the management issue isn't really fleshed out, and I wonder if you could give us a little more detail on that. You indicate that because of current practices the managers are expressing concern. Is that because of the 1993 change or is it because of other issues? Can you give us any more information on that?

Ms. ROSS. Do you want to talk about the managers you actually talked to?

Mr. MILLER. Actually, the one thing that I would say to you is that from what we could tell, and I know I am caveating this, but the only folks who were reporting partnerships separately on forms, that we looked at, were the folks in the program service centers in the San Francisco area. They were not in district and branch offices. Consequently, we could not verify how much partnership time was taking place in the district and branch offices, the field managers who we are talking about.

Mr. PORTMAN. OK.

Mr. MILLER. To the extent that they were talking about current practices, I can only assume that they were more concerned about the potential for the effective partnership than what had actually taken place, because most partnership activity in SSA, up until the time we were there, was taking place in the regional offices and in the program service centers. So, I think that concern was aimed at the potential for partnership to affect their activities.

They were specifically talking about, I think, in the current sense, the current way that the forms are filled out and their lack of control over the time of individuals, as having an effect on what they viewed as normal office operations.

Mr. PORTMAN. OK.

Mr. MILLER. Not relating that directly to partnership.

Mr. PORTMAN. OK. I will not ask any more questions. Just one quick comment. I think we need to focus on what these managers are saying. You indicate that 21 of the 31 field managers you interviewed expressed serious concerns about the ability to manage, and they went into some detail. And I think to the extent that it is related also to the specific initiative in 1993, we need to know that and follow that line.

Thank you, Mr. Chairman.

Chairman BUNNING. OK. I just wanted to make a comment that prior to the signing of the Partnership Executive order, that funding for union activity was flat, 1990, 1991 and 1992. After that date in October 1993, funding for union activity went from $6 million to $12.6 million. And I find a very strong relationship to the signing of that Executive order.

Otherwise, I will ask this question: How many new members in the union were there in SSA from 1993 on, that would allow the

creation of all these extra hours and dollars being spent on union activity? Tell me how many new employees SSA hired in October 1993 through the current time.

Ms. ROSS. I do not know the precise number, but SSA's numbers over the last several years have decreased.

Chairman BUNNING. The money spent by the Social Security Administration for union activities comes out of the trust fund; is that correct?

Ms. ROSS. Yes, sir. A part—a portion of it does.

Chairman BUNNING. Over or around 50 percent of the money is spent directly out of the Retirement Trust Fund.

Ms. ROSS. Yes, sir.

Chairman BUNNING. Another amount, $2 million, comes out of the Medicare Trust Fund; is that correct?

Ms. ROSS. Yes, it is.

Chairman BUNNING. In other words, as we see our Medicare Trust Fund shrink to the point where it will go belly up in the year 2001, we are spending $2 million annually on union activity at SSA. And how much money are we spending annually out of the Social Security Retirement Trust Fund?

Mr. MILLER. I believe it is about 48 percent.

Ms. ROSS. Yes.

Mr. MILLER. If you could——

Chairman BUNNING. Right at 48 percent of the total?

Mr. MILLER. If you can draw a relationship between——

Chairman BUNNING. Right around $6 million.

Mr. MILLER. If you can draw a relationship between the expenditures from administrative expenses attributable to title II programs, which is retirement and disability, that is about 48 percent; SSI is about 37 percent and about 15 percent would be associated with Medicare.

Chairman BUNNING. The only money coming out of general funds would be attributed to SSI then?

Mr. MILLER. That is correct.

Chairman BUNNING. I find it interesting, and I believe the senior citizens of this country would be very interested to find out that their Retirement and their Medicare Trust Funds' money are being expended on union activity, which is not controllable by the Social Security Administration as far as time and what those union members are doing in the field offices particularly. At least that is what I have had field managers tell me.

In other words, if someone comes and writes down that they want to do some bargaining, or whatever it might be, the field office manager, cannot stop them from doing that; is that correct?

Ms. ROSS. They are supposed to be able to say that this is not the best time or can we work it out a little bit differently. But our—what we have heard is that local managers feel that it is very difficult to have that exchange, and most times union representatives do things when they feel they need to.

Chairman BUNNING. OK. Let me ask you about the $4.8 million in dues collected by the Social Security Administration from the union employees.

Is any of that money expended on union activities at the Social Security Administration?

Ms. ROSS. I am sorry. Of this $4.8 million——

Chairman BUNNING. Are any of the people full time employees paid out of the union dues?

Ms. ROSS. One AFGE——

Chairman BUNNING. One employee.

Ms. ROSS. One AFGE President, Mr. Gage, is paid that way, and some of his staff are paid—they are full time employees paid from union dues.

Chairman BUNNING. How many of the SSA employees who do full time union work are paid out of union dues?

Ms. ROSS. We were talking about the 146 who were full time SSA employees.

Chairman BUNNING. That is what I am talking about.

Ms. ROSS. None of those are paid by the union.

Chairman BUNNING. None, zero?

Ms. ROSS. Right.

Chairman BUNNING. Is there any breakdown or do you know of any breakdown of the union money that is paid by the union members that does not go to the national union? Or do you have any breakdown of the union money in your audit?

Mr. MILLER. No, we do not.

Ms. ROSS. We have no information like that.

Chairman BUNNING. All right.

Mr. MILLER. We know the types of categories and that is all.

Chairman BUNNING. Mr. Johnson.

Mr. JOHNSON. Thank you.

Let me just ask a quick question. Are there any reimbursements from the union for their work to the Social Security Fund out of union dues?

Ms. ROSS. When you say, "their work," you mean for things like collecting the dues or something?

Mr. JOHNSON. Yes.

Ms. ROSS. No, sir.

Mr. JOHNSON. So, the Social Security Administration collects the dues and that administrative cost is borne totally by them?

Ms. ROSS. Yes. It is a part of their payroll deduction.

Mr. JOHNSON. Even though a portion of the employees belong to the union?

Ms. ROSS. Yes, sir.

Mr. JOHNSON. You indicated that about a half million dollars was spent on office space and furniture. Is that true? So, we are furnishing the union all of this space and equipment.

Mr. MILLER. Not 100 percent. The space, yes. Some of the furniture was contributed. It was excess furniture no longer being used by the agency. The union was providing some—I cannot give you a percentage, but some of its own fax machines. They were not providing telephone service; SSA was. They were providing some computers.

Mr. JOHNSON. OK. I do not have any more questions.

Thank you.

Chairman BUNNING. Mr. Collins.

Mr. COLLINS. Ms. Ross, on the page for 1993 in your report, it shows bank union-initiated grievances, and in 1993, it looks like a little over 200—maybe 220,000 hours, roughly. And then in 1995,

you have approximately the same number of hours. Am I reading that right?

Ms. ROSS. I did not follow you. Can you tell me where you are?

Mr. COLLINS. The year 1993, the bank—union-initiated grievances, that is the number of hours that was spent on grievances——

Ms. ROSS. OK.

Mr. COLLINS [continuing]. —Are practically the same in 1993 as they were in 1995.

Ms. ROSS. Yes.

Mr. COLLINS. But, you indicated that the number of grievances had declined considerably from 1993 to 1995.

Ms. ROSS. The numbers we were giving are shown on charts—figures 4 and 5. It was the unfair labor practices cases and the arbitrations which we pointed out that went down.

Mr. COLLINS. Well, why would not the hours go down if the number of grievances went down?

Ms. ROSS. Grievances was a different category than this unfair labor practices and arbitration.

Mr. COLLINS. OK. But they—also in this same period of time, bargaining went up considerably, the number of hours used for bargaining?

Ms. ROSS. Yes, sir.

Mr. COLLINS. Do you have any record of actually what they were bargaining?

Ms. ROSS. Do we have a record of what they were bargaining?

Mr. COLLINS. Yes.

Ms. ROSS. No, we do not. We did talk to people at SSA about the significant number of initiatives that were underway in that period of time, major operational changes in the agency.

Mr. COLLINS. Did you discover who they were bargaining with, what individual or what supervisors or what level of supervision?

Ms. ROSS. No, we did not. We cannot tell you whether we are talking about negotiations at a very local level or at the national level. Again, it just comes out of this recordkeeping system, and that is what we were basing this on.

Mr. COLLINS. And to go back to the point that the Chairman was making, those dollars that go to pay for these hours are coming out of not only the Social Security Trust Fund but the Medicare Trust Fund, part A, and also out of general funds. And, of course, general funds are used, too, for Medicare, part B, as well as many other expenditures of the Federal Government.

But, you could not verify the actual hours spent, what they were bargaining for, how many hours were actually spent for grievances, what those grievances were or actually what the other activities were, based on the records that you actually saw, or who they were bargaining with?

Ms. ROSS. Right. In part because of what we were attempting to do, which was to verify the amount of time spent. And because that was the question, we went about it by looking at the time records. If we had been trying to figure out with whom they were bargaining or exactly what had happened, we would have probably done the study in a different way and then I could have been more responsive to your question.

Mr. COLLINS. Well, I appreciate that. I think we will probably hear that from the representative of the union, and I am sure he will try to convince us of areas that—of activities that have been moneys that have been well spent. I would think that would be coming. I wish they had been more cooperative with you and had given you that type of information where we could have shared that, too.

Thank you, Mr. Chairman.

Chairman BUNNING. Mr. English.

Mr. ENGLISH. No further questions, Mr. Chairman.

Chairman BUNNING. Mr. Laughlin.

Mr. LAUGHLIN. Thank you, Mr. Chairman.

Ms. Ross, when you were doing your audit research and investigation, were you able to determine when the actual union activity hours substantially increased in 1993, and what the level of delivery of constituent Social Security services were?

Ms. ROSS. We did not look at that question in particular.

Mr. LAUGHLIN. You did not look to see if there was an increase in Social Security beneficiary services?

Ms. ROSS. No, we did not.

Mr. LAUGHLIN. Did anyone volunteer that to you?

Ms. ROSS. Not to my knowledge.

Mr. LAUGHLIN. Well, the reason I asked, in the President's Executive order of October 1, 1993, in the very first paragraph two different times it talks about reforming government to increase the delivering of the highest quality of services to the American people. I think we are entitled to know if this increase in expenditure of trust fund money, wherever it goes, gives the highest quality of services to the American people.

Would you agree with that?

Ms. ROSS. I think it is very important to know how—about the quality of service provided by SSA.

Mr. LAUGHLIN. Would you want that information in order to conclude where the trust money went, whether it was justified to be spent the way it was spent, as an auditor?

Ms. ROSS. If I was doing that piece of work, yes, I might want to do that. But, that was not what we were doing.

Mr. LAUGHLIN. OK. But, if you were trying to determine if the fiduciary responsibility in using taxpayers' money and trust fund money was justified with a substantial increase of activity in any category, if the ultimate goal is to provide services to senior citizens and beneficiaries, wouldn't you want to find some substantial justification?

Ms. ROSS. Yes, sir, I think you would. I think you would want to say that this activity was worth it in terms of how the Agency could be measured on any sort of outcome measures, but especially service to the public.

Mr. LAUGHLIN. And even though that was not part of your directive in your audit, did you see any indication of increase in services to the Social Security beneficiaries?

Ms. ROSS. I do not have a response to that.

Mr. LAUGHLIN. Did anyone show you an increase or decrease in Social Security beneficiary complaints lodged with SSA?

Ms. ROSS. We did not see anything like that; nor did we ask.

Mr. LAUGHLIN. You did not ask for it. OK.

Now, you indicated earlier in your testimony that you were unable to obtain the union time from the U.S. Postal Service when you were trying to make your comparative analysis between——.

Ms. ROSS. Yes.

Mr. LAUGHLIN. —You named another Federal Agency, which I have forgotten.

Ms. ROSS. The IRS.

Mr. LAUGHLIN. Yes. You got the IRS but you could not get the U.S. Postal Service.

Could you tell us why?

Ms. ROSS. Not entirely, but I will do my best. They kept very good records for part of the time spent. It was on certain kinds of grievances. But, they had a different way of operating than some other agencies, and I do not think we had enough time to fully comprehend exactly what we would ask for.

Their method of payment was different from SSA, and we just were not able to work through it enough to pull all the information together.

Mr. LAUGHLIN. And in fairness—it would be important to know this—are the same unions involved at the Postal Service as are involved at SSA?

Ms. ROSS. Not to my knowledge.

Mr. LAUGHLIN. I do not know, either.

Ms. ROSS. I mean, I do not know if AFGE is there at all. They are not the major union at the IRS. But I am sorry, you would have to ask them. I do not think there is any overlap.

Mr. LAUGHLIN. OK.

I see the yellow light on.

Thank you very much for your time.

Chairman BUNNING. Mr. Portman.

Mr. PORTMAN. Mr. Chairman, I will be brief because I know we have other witnesses we want to hear from. But, I want to make a quick statement.

I thank them, both of our witnesses, for their testimony.

I read the GAO report. And the conclusion, I think, is right on target. We do need an accurate tracking of time. We need to more carefully evaluate how resources are being spent.

We need some additional information and that would include, within this more accurate tracking of time, a breakdown of the time in order to properly analyze it. And second, with regard to carefully evaluating how resources are being spent, I think we need to understand its impact on management, not so much the money, but service.

I know we will hear later from Mr. Gage on that topic, and I look forward to it, but I think there are some questions that are brought up by the report which we now need to find more information on in order to be able to properly analyze it. Again, I appreciate your good work.

Chairman BUNNING. Just to finish up, you said that the contract between the SSA and their union runs out this November?

Ms. ROSS. Yes, sir.

Chairman BUNNING. Will this be a new contract, the first one that the independent Social Security Administration negotiates with their union?

Ms. ROSS. Yes, it will be, because they have been independent only a little over one year.

Chairman BUNNING. The current Acting Commissioner and the political appointees presently on board at SSA will be the people negotiating the new contract with the employee unions?

Ms. ROSS. I would expect so.

Chairman BUNNING. I want to thank you both for being here.

Thank you for your hard work. It was not an easy task and we deeply appreciate your testimony.

Thank you.

I would like to ask Mr. John Gage to take a seat at the table.

Mr. Gage is president of local 1923 of the American Federation of Government Employees. His local represents the 10,000 Social Security bargaining unit employees who work at the Social Security Administration headquarters in Baltimore.

Welcome, Mr. Gage. And would you please begin your testimony.

STATEMENT OF JOHN GAGE, PRESIDENT, LOCAL 1923, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, BALTIMORE, MARYLAND

Mr. GAGE. Thank you, Mr. Bunning.

My local represents employees in the Social Security Administration, Health Care Financing Administration, Department of Veteran Affairs and Office of General Counsel. And thank you for the opportunity to testify and set the record straight on some things.

The use of official time within the government and specifically within SSA has a long history. When Congress enacted the Civil Service Reform Act, a deliberate decision was made to directly support certain union functions by allowing the use of official time rather than require nonmembers to pay their fair share of the representation and services the union is obligated by law to provide.

Since the Civil Service Reform Act, the parameters of official time at SSA have been further defined by litigation and more positively by collective bargaining. A final chapter in SSA's policies concerning official time occurred in the late eighties with the combination of arbitration decisions favoring the union and a collective bargaining agreement which moderated and further defined official time. This agreement proposed by Commissioner Hardy and finalized by Commissioner King set realistic parameters and accountability procedures which have served us well.

After the conclusion of the litigation of bargaining there was an increase in the number of union representatives utilizing most of their time for union activities. However, this was due mostly to concentrating time in fewer representatives without an overall increase in the amount of official time usage.

Union representatives can use official time only for those activities which are reasonable, necessary and in the public interest. These standards were imposed by law and all of our activities are within these standards.

Union representatives are prohibited from using official time on any internal union matters. This means they cannot use official time to organize workers, solicit new members, campaign for office or conduct union elections. Union representatives are also forbidden to use official time for any partisan political activities.

Our contract provisions detail a procedure by which union representatives request official time and identify the nature of the union activity and receive approval from the manager. A form is used to codify these requests.

The use of agency equipment, such as photocopiers, is also subject to the standards set by law and contract. Newsletters, fliers, and bulletin board material must not malign individuals nor contain partisan political material. Distribution of such newsletters or fliers must be made on nonduty time of the union representative and the union employees receiving it. Any abuses are acted upon swiftly by the Agency and the union hierarchy.

We are extremely mindful of our responsibility and obligation in this area and proud of our ethical record of policing and living up to the statutory and contractual boundaries governing the proper use of official time. But, I think now we can get to what the confusion is about regarding some of this official time.

Even before the emergence of labor-management partnership in the Federal sector and President Clinton's Executive order, it was apparent that at SSA we needed a new way of doing business. An understanding developed that genuine changes in the effectiveness of the Agency's mission were possible only when labor and management worked together to improve quality as well as the working conditions of our employees to deliver the best possible service to the American people.

We identified our common interests, talked through and better understood our differences, and fundamentally changed the nature of union representation within SSA. Much of the union representative's time is now devoted to activities which can best be described as collateral duties, or those shared by labor and management, rather than traditional grievance handling.

The parties have been able to interface earlier in the decision-making process which permits union/employee input on the front end. Many times we have been able to complete bargaining obligations informally because of predecisional involvement, which alleviates costly and frequent adversarial processes on the back end. Litigation in all areas is significantly down and the prospects are bright for further reductions.

The many changes now taking place within the Agency affecting employees and requiring union involvement normally translate into a significant increase in official time and litigation expense. However, better communication and joint union management problem-solving processes have precluded increases of official time while lowering litigation time and expenses.

While there is still pockets of managers and union representatives who are slow to adapt to this new way of working, the momentum of change is quickly permeating through the organization. I must say that I was disappointed to see the GAO basically conduct all of their interviews in the San Francisco region, which is exactly one of those pockets.

Our union and I believe the Agency does not see union activities and greater union involvement coming at the expense of the American people but rather to their benefit. By any reasonable measure, SSA's investment in better labor management relations is paying big dividends through better service to the American taxpayer.

During the time that the union and SSA management, approached most issues in an adversarial manner our relationship was still quite sophisticated. That same intensity in sophistication is now much more positively channeled and our new way was not really born with President Clinton's Executive order. Both parties saw other high performance organizations like Saturn, Corning Glass, Harley Davidson, demonstrate that necessary improvements were doomed to fail without the support and active involvement of employees in their unions.

Even before the Executive order we were shifting away from confrontation and toward cooperation based on mutual goals. In short, our relationship today is not so much the result of a radical notion dreamed up by President Clinton but more a pragmatic evolution based on our knowledge of the high performance organization and enhanced by our deep commitment to public service.

The most striking observation that should be made from studying the issue of official time in union activities is not how much time and resources are spent on union activities but how much of the work of the union done by our union is dedicated toward gains in productivity, improvements in customer service, redesigning antiquated work systems and cutting the cost of doing business.

Rather than a case of misplaced priorities, devoting reasonable resources to union activities is a necessary investment to improve quality and deliver the best possible service. It may be surprising to some to find elected union leaders talking about greater union involvement in workplace decisionmaking as a vehicle for productivity and better customer service. But, this is not about Democrats and Republicans, conservatives or liberals. It is about a commonsense, bottom-line approach to the American public's rightful demand for a more responsive and more effective government.

Our union shares this Subcommittee's concern about resources to administer our important programs. Indeed, as you know, Mr. Chairman, from our previous appearances before this Subcommittee, we have a long history in expressing those concerns.

However, suppressing union activities is not a solution. Not only would a return to the old adversarial way cost more in resources, but we will lose the speed and efficiency we have developed in dealing with the increasing demands in SSA. Just a few recent practical examples demonstrate the cost efficiency and creativeness enabled by the progressive relationship between the union and management.

I can elaborate on each of these as well as probably a dozen more, but we created a direct service unit which moved employees from staff and management positions into a versatile operations group, being able to respond to various backlog pressures. And our world class 800 number, we have been working on that for a number of years. And, I think that the beneficiaries out there know or

should know that union activities have gone a long way to make that the best in the world.

And, we also renovated a creaky performance management system that took up huge amounts of time and money with little value added.

Clearly union activities at SSA are not separate mysterious uses of resources but an integral part of the Agency's business geared toward better fulfilling its mission and wholly within the public interest.

I would be happy to respond to some questions.

Chairman BUNNING. Mr. Gage, before I begin questioning you, I want to let you know that we will be sending you some written questions for the record in addition to the ones that we ask you today.

Mr. GAGE. We welcome them, sir.

Chairman BUNNING. Thank you.

I understand that SSA bargaining unit employees are organized into six councils.

Mr. GAGE. Correct.

Chairman BUNNING. And that you are the president of the Headquarters Council, which covers about 10,000 employees; is that correct?

Mr. GAGE. Yes, but I also represent, in my local, the Philadelphia region of field offices.

Chairman BUNNING. So, how many more people would that be?

Mr. GAGE. Another almost 2,000 bargaining units.

Chairman BUNNING. So, it would be 12,000 altogether?

Mr. GAGE. Right.

Chairman BUNNING. Are you an official SSA employee or a union employee?

Mr. GAGE. I am on leave without pay from Social Security. I am paid by the union.

Chairman BUNNING. What does that mean, that you are an official SSA employee?

Mr. GAGE. I am officially on the books as an SSA employee, but I am not paid.

Chairman BUNNING. Your salary is paid by?

Mr. GAGE. By the local.

Chairman BUNNING. By your local union. Why is that?

Mr. GAGE. Well, because we have a number of bargaining units in our local, and my activities are not just spent on SSA activities. So, we would not—some of my activities also are internal union business. It would not be proper under our contract for me to receive official time and a government salary.

Chairman BUNNING. Do you receive federally subsidized health care?

Mr. GAGE. No.

Chairman BUNNING. You do not?

Mr. GAGE. I have the Federal health plan, but I pay for it without government contribution.

Chairman BUNNING. In other words, you pay it out of your own pocket, or the union pays it for you?

Mr. GAGE. That is correct. I pay both sides of it, the government——

Chairman BUNNING. Do you still accrue Federal retirement benefits?

Mr. GAGE. Same thing there. I pay both ends of it. The government does not pay.

Chairman BUNNING. Under FERS or CSRS?

Mr. GAGE. Under CSRS.

Chairman BUNNING. In other words, you pay both ends?

Mr. GAGE. Yes.

Chairman BUNNING. Well, then what is the advantage of being on leave from SSA?

Mr. GAGE. Sometimes elections do not go well.

Chairman BUNNING. You mean as an employee of SSA?

Mr. GAGE. Yes. I would go back to my job.

Chairman BUNNING. Are any officers from the other five councils paid by the union?

Mr. GAGE. Yes, when they do internal union business.

Chairman BUNNING. They are paid on a part-time basis by the union?

Mr. GAGE. Correct.

Chairman BUNNING. When do they get paid by SSA?

Mr. GAGE. When they are doing activities under our contract, they are paid by SSA.

Chairman BUNNING. In 1993, the Social Security Administration came before this Committee and asked for $200 million to relieve the problem of huge CDR, continuing disability review, backlogs in the Social Security Disability Program.

Mr. GAGE. The backlogs are still there.

Chairman BUNNING. Well, you are going to have the money to do them.

Let me get back to the $200 million that was put into the Social Security Administration's administrative budget. Were you one of the employees that received a bonus from that?

Mr. GAGE. No.

Chairman BUNNING. Did any of your union members receive a bonus from that $200 million?

Mr. GAGE. Are you asking me if some union representatives receive bonuses?

Chairman BUNNING. I am asking you a simple question—$200 million was given to SSA to work down the backlog of CDRs. The Social Security Administration did not use the $200 million for that. They used it to pay bonuses and many other things, 50 to 65 percent of the Social Security Administration's employees received bonuses. I am asking you a simple question.

Mr. GAGE. Sir, I do not know where the money for the bonuses came from. You have to ask the Agency.

Chairman BUNNING. I did ask the Agency that already.

Then it did go to employees?

Mr. GAGE. If the Agency said that——

Chairman BUNNING. Sixty-five percent of the employees were paid a bonus.

Mr. GAGE. If the Agency said that they used the money for the CDRs as part of the money for employee bonuses I am sure they would know.

Chairman BUNNING. They did not use it for the CDRs.

Mr. GAGE. Well, If you are asking me how the Agency paid for awards, out of what budget, I am not qualified to say.

Chairman BUNNING. The Social Security Administration came to us and asked for money for a specific purpose. We gave SSA the money out of a supplemental appropriation. SSA used it for a different purpose. And all I am asking is if your union employees were paid a bonus?

Mr. GAGE. Yes. We received a bonus last year, 65 percent of our employees did, and they were well-deserved bonuses.

Chairman BUNNING. Whether the bonuses were deserved or not is not the point. It is the ability to attract from Congress money for one purpose and use it for another. That is the only thing I was trying to discuss.

Mr. GAGE. I am not the man to discuss that one.

Chairman BUNNING. OK.

Mr. Johnson.

Mr. JOHNSON. Thank you, Mr. Chairman.

Let me follow up on that. Did any of your full time union employees get a bonus?

Mr. GAGE. Yes.

Mr. JOHNSON. Why?

Mr. GAGE. Because many of their activities are certainly in the best interest of the Agency.

Mr. JOHNSON. Now, wait a minute. They are not dealing directly with SSA matters. They are dealing with union matters.

Mr. GAGE. That is not true, sir.

Mr. JOHNSON. What do they do then?

Mr. GAGE. Well, union activities are not off and away somewhere or out of sight, out of mind in some mysterious type of activity. These are working on task teams. We are almost collateral duties, where the union will be providing its input up front, in a work group, with other employees and managers, to come up with solutions to work through problems, to do a whole range of things.

Mr. JOHNSON. Well, tell me about one specifically.

Mr. GAGE. Well, we could talk about moving work from OHA into other components. Our backlogs are terrible. We have recruited people from other parts of the Agency to quickly assist OHA, Office of Hearings and Appeals.

Mr. JOHNSON. So, how much has the backlog gone down since you started dealing with this in 1993?

Mr. GAGE. Well, we did not start in 1993 on that one, but we knocked off about 9,000 a month using other employees, staffpeople, to go into the OHA backlogs, moving that work to other components, training the people quickly and getting them up to write decisions. Yes. That is one area. We could go on into——

Mr. JOHNSON. But, I mean, that sounds like management correction activity to me. Why do you get a bonus for that? That is your job.

Mr. GAGE. Well, coming up with it and getting employee—I mean, there is a lot—there is a lot of things to it, moving the work to other components, getting employees to leave other jobs, volunteer to go in there and pitch in to work on jobs that are out of their experience. And the union was a big part in facilitating how that was done, and that is not the only issue. Many types of work shifts

are going on now, and we are really trying to build our work force to be much more versatile. And the union, I think, is a big player in that.

Mr. JOHNSON. But, why did the costs go up double plus?

Mr. GAGE. Our accounting system is probably the strongest in the government for union time. But, we have not built in partnership time. For instance, the GAO said, well, this is all bargaining. It is not bargaining.

Sometimes in partnership settings we do accomplish the labor/management bargaining obligation. Many times it is much more informal. It is certainly not adversarial. It is done on the front end.

The form does not take in account now for these bargaining activities—for these partnership activities, and our representatives will simply put down "bargaining" because that is the closest category on the form. But, the accountability also on partnership is a lot more direct.

There is no question of abuse because we are actually there working on task teams face to face, so management clearly knows what the union representatives are doing, how much time they are using, because they are working on the project together.

Mr. JOHNSON. Why does the union pick those representatives and not the management?

Mr. GAGE. Well, we need employee representatives. Management needs input from employees on many of these things. And we represent the employees.

Mr. JOHNSON. Is the management not capable of picking employees from their own work force?

Mr. GAGE. Well, this is a long—you know, this is a——

Mr. JOHNSON. OK. Let us not pursue that question. Let me ask you another question.

You said in your testimony that any time there was an abuse by an employee, such as stepping over the line doing union activity or something else when they are supposed to be doing work, was challenged.

Have you ever challenged an employee on that for an abuse?

Mr. GAGE. Yes.

Mr. JOHNSON. What kind of action did you take?

Mr. GAGE. Fired them as a steward.

Mr. JOHNSON. As a what?

Mr. GAGE. As a steward. We call our union representatives "stewards."

Mr. JOHNSON. So, they are out of the union, but are still working for Social Security; is that true?

Mr. GAGE. Yes, they would no longer be in an official time position. Most of our representatives are very dedicated. But, when there is a problem with official time, where management might allege abuse or we catch an abuse, we take quick action to remove the person.

Mr. JOHNSON. OK. We are running out of time, so let me ask you one more question.

You indicate that it is not a partisan thing, you are not Republican or Democrat. Does your union take extra dues from your people for political purposes as the unions across the Nation have said they are doing now?

Mr. GAGE. Sir, our union——

Mr. JOHNSON. Yes or no?

Mr. GAGE. We have a PAC, political action committee that employees can contribute to separate from their dues.

Mr. JOHNSON. That isn't the question I asked you. The unions have tasked every union member for extra dues for political purposes.

Mr. GAGE. No, we have not.

Mr. JOHNSON. Does your union do that?

Mr. GAGE. We have not asked our people for any extra dues, no.

Mr. JOHNSON. Are they doing it through their PAC?

Mr. GAGE. We do have employees who contribute to an AFGE PAC. That is not from dues.

Mr. JOHNSON. So, it is partisan to a degree, then, if it is being used for political purposes against republican candidates?

Mr. GAGE. That is not dues, sir. Clearly, that is not dues money.

Mr. JOHNSON. What is it?

Mr. GAGE. This is an extra contribution that employees make to a PAC, like any other PAC, as citizens; not dues money.

Mr. JOHNSON. But it is union.

Thank you very much.

Chairman BUNNING. Mr. Collins will inquire.

Mr. COLLINS. Mr. Gage, to follow up on Mr. Thomas' earlier question, it is on the first page of your testimony, the fourth paragraph, union representatives can use official time only for those activities which are reasonable and necessary and in the public interest. And I believe it was stated earlier that oftentimes only hours are recorded and no specific activity listed. How do you determine, if just hours are listed, they are actually in the best interest of the public or if they are necessary or reasonable? What is reasonable? What is necessary?

Mr. GAGE. Sir, that is not the procedure that we bargained. The forms that we have, require the union representative to state the nature of the business, and a supervisor does have authority to disapprove that union time.

Now, I have not seen the GAO data on this. Sometimes there is a long relationship between a steward and a manager, and they might shorthand the information if the manager knows what that union person is doing. And I think a lot of it might have to go to that. But, now we are not interested in official time abuse, or being accused of it, and our accounting procedure by contract is set. And I might also say that a question was left open that there is no cap on the amount of union representatives we can have. That is not true. We have clear caps on them, as well as the amount of time. And managers do have a control of that activity.

Social Security is not giving this away on official time. These things are actual and reasonable, necessary for the mission of the Agency.

Mr. COLLINS. But, there is an indication at the field level that oftentimes a supervisor does not ask for a form to be signed or even accept a form because they know they cannot deny it, or they cannot make a certain request, or——

Mr. GAGE. That is his the supervisor's problem. It is really—when I say that, a good supervisor can ask and should ask. And

if he suspects an abuse of official time, he is not doing his job if he does not correct it.

Mr. COLLINS. Well, there seems to be a good bit of intimidation at that level from those union members to those supervisors, which in the long run winds up not helping the situation, not helping to accomplish the goal of the job of all of the employees.

Mr. GAGE. Sir, I think it comes——

Mr. COLLINS. Whether it be union or nonunion members.

Mr. GAGE. That is not our interest.

Mr. COLLINS. The kind of report we are getting from field representatives is that it is intimidating. They cannot control the situation. They are not able to accomplish the goals of what the employees, whether they are union or nonunion, are supposed to be doing, and that is to see that the Social Security Administration prioritizes those who receive Social Security benefits and have problems within the Agency. The employees are not able to accomplish their goal. That is one of the things that brought this issue to the forefront.

Mr. GAGE. Yes, I hear that.

Mr. COLLINS. You say that you all have been able to gain in your activities, and that you should actually—based on your testimony, the costs should be going down, not up.

Mr. GAGE. I think the costs have gone down.

Mr. COLLINS. Well, my God, they—the reports do not show that.

Mr. GAGE. Well, we have about 145 people on full time. And I think it was characterized, you know, that we have an $80,000 or $90,000 person who is on full time. That is not what GAO said. I understand you got that impression from them. We have an actuary steward. He is a research guy who is paid that much, and he uses maybe 3 hours a year on union activities. But, he filled out a form so he is included in how many union representatives we have.

So, we do not have any full time person who is paid like that from the—from the trust fund.

Mr. COLLINS. My time is running out, though, John.

Let me ask you this. You cannot bargain for benefits. You cannot bargain for a salary. Is the job situation so that you had to double the amount of time, double the amount of expense on behalf of the union and the union time? Is the situation on the job level, in the workplace, that bad? Have the problems doubled in the last 2 years?

Mr. GAGE. Things are pretty tense on the work site. There are a lot of concerns there. There are a lot of changes that we are trying to make, such as health, and safety.

Mr. COLLINS. Like what?

Mr. GAGE. The health and safety 800 number; for instance, moving the 800 number into other components so that employees can help with the 800 number calls.

Mr. COLLINS. What about health and safety? I mean, if you were a construction contractor and you were digging and laying lines 10, 15 feet in the ground, I can understand safety. But, I mean, these are office spaces.

Mr. GAGE. Well, the office spaces are not exactly in places that are safe. We need guards. We are talking about different align-

ments of the offices to protect the beneficiary and our workers from some public situations. You know, Oklahoma City is not far from our memory, and much of this safety initiative has occurred since then.

Mr. COLLINS. You had to double your expenditure and double your hours to talk about that?

Mr. GAGE. I do not think we have doubled expenses, sir. I would say that our litigation expenses have not been put up there, and I think they are way down. And I think the official time is higher because there is more of this involvement on the front end. But, I would say overall expenses are down.

Mr. COLLINS. My time is up. Thank you.

Chairman BUNNING. Mr. Laughlin.

Mr. LAUGHLIN. Thank you, Mr. Chairman.

Mr. Gage, just to follow up on Mr. Johnson's question about union dues, does any of the union dues go into the union political—AFL–CIO Political Activity Fund?

Mr. GAGE. Very few of our SSA locals are affiliated with the AFL–CIO. Mine is. I do pay a per capita tax to the AFL–CIO for my dues.

Mr. LAUGHLIN. So, for those chapters that are affiliated with AFL–CIO, some percent, and it's not important what amount, but some percent go——

Mr. GAGE. It's pennies a month per member.

Mr. LAUGHLIN. —Goes into the Political Activity Fund?

Mr. GAGE. No, that does not go into political activities. This goes into the central labor bodies who provide us with various services.

Mr. LAUGHLIN. Eventually, it gets into the political fund?

Mr. GAGE. Well, that is above my pay grade there.

Mr. LAUGHLIN. I thought you were president of this union.

Mr. GAGE. I am president of my local. But, we pay money into our central labor bodies for services, and there are laws on what you can use political money for, and dues money.

Mr. LAUGHLIN. It has been my experience that when a company announces a layoff of employees, there is generally a standard practice that the union representing the employees of that company protests in some form or fashion that we do not need to have this 500 or 2,000 person layoff; if we would just retrain, redo, or reorganize, that we would save all these jobs. Isn't that your experience?

Mr. GAGE. Well, OK, I would like to hear the rest of it.

Mr. LAUGHLIN. Do you agree with me? Historically, doesn't a union try to save all the jobs when the management or the president of the company announces he or she is going to lay off a certain number of employees?

Mr. GAGE. We try to represent our people the best way we can. And, there are a million cuts in between.

Mr. LAUGHLIN. Sure.

Mr. GAGE. And we try to get the best deal we can for our workers.

Mr. LAUGHLIN. Every company in every situation has its own facts, but historically the union tries to save all the jobs, or the vast majority of them.

Mr. GAGE. OK.

Mr. LAUGHLIN. That is fair, in a generality?

Mr. GAGE. Yes.

Mr. LAUGHLIN. All right. In 1993, when President Clinton announced he was going to lay off 272,000 Federal employees, do you know of any pronouncements of disagreement with the President's statement of laying off 272,000 Federal employees by any Federal union representing Federal employees?

Mr. GAGE. Oh, yes. We were quite concerned about it. It was one of those things where you did not take an all-or-nothing approach. We had quite a bit of internal consternation about that, but we looked and saw what was trying to be done with the Federal Government and hoped to minimize those losses. So, that was a very tough policy for AFGE to work with.

Mr. LAUGHLIN. Could you Mr. Gage, for the record, provide any press release that your union issued attacking or strongly criticizing the President of the United States' statement that he was going to lay off, fire, discharge, remove from Federal employment 272,000 employees?

Mr. GAGE. I probably could.

Mr. LAUGHLIN. OK. And if you can, if you will just submit it to the Chairman.

[The information was not available at the time of printing.]

We have a statement submitted for the record by Dr. Shirley Chater, Commissioner of Social Security, in which she says that by 1999 the SSA is to be streamlined, downsized by 4,500 employees.

Do you know of any organizational plan—have you seen any plan to reach that number?

Mr. GAGE. Yes. We are doing it almost daily. We are—basically what we are doing now is getting down in supervisory and personnel and administrative workers, converting many of them to direct service, and then attritioning down to those numbers.

Mr. LAUGHLIN. My time is about to expire with the amber, and I will quickly ask this question; On page 2, subparagraph 2 of the President's October 1, 1993, Executive order, it says that there will be legislation proposed to the President by January 1994 laying out the statutory changes necessary to achieve the objectives of this order, including legislation, consistent with the National Performance Review's recommendation. Has anyone shown you that proposed statutory change, statutory language?

Mr. GAGE. I believe I am somewhat familiar with it.

Mr. LAUGHLIN. Do you know what the status is, whether it has been released to the public, or is it something that the unions are still negotiating with management?

Mr. GAGE. I am sorry. That is more of our national office area.

Mr. LAUGHLIN. Above your pay grade, I take it, to use your words.

Mr. GAGE. I am just a little local president.

Mr. LAUGHLIN. You have not seen the language. You just know it is in the works?

Mr. GAGE. Yes.

Mr. LAUGHLIN. OK.

Chairman BUNNING. Mr. Portman.

Mr. PORTMAN. Thank you, Mr. Chairman.

I have a number of questions. Again, getting back to some of the questions that I asked the GAO representatives, Mr. Gage, I was interested in your response to both the Chairman and Mr. Collins.

When you look at these charts and the numbers they have given us, it shows a dramatic increase starting in 1993. You take great pains in your testimony to point out that it was not the Clinton Executive order that has caused these changes. I find three or four places in your testimony where you talk about that.

You go so far as to say that the relationship today is not so much the result of a radical notion dreamed up by President Clinton—I would never say it was radical—but more of a pragmatic evolution, it was not really born with the Executive order, it was before the emergence, and so on.

What I am really trying to find out is why we have these increased costs and how they are offset. You indicated, or at least suggested, in response to Mr. Collins, that maybe there are some savings on the litigation side that would counteract those.

Mr. GAGE. Big savings.

Mr. PORTMAN. I want to give you a chance to put that in the record. If you have that information, it would be very helpful.

But, to what do you attribute the very steep increase? Just look at the chart in terms of the numbers. We have some flat years. I do not know how far that goes back, before 1990, and then a sudden increase. To what is that attributable? What would you say the reason is?

Mr. GAGE. I am not saying that these partnership activities have not cost more in official time. But, the point I am trying to make is that the official time is significantly different. It is not the litigation official time, which then had the added expense of litigation. It is really working on projects in a much more predecisional way.

You know, employees would have to be pulled up anyway to do a lot of this work. And we are getting tagged for official time and expenses through the partnership because employees, some who we recommend, some might be a union steward who is also very good in an area of Agency initiative. who will then sit on one of these groups and working as a collateral duty, and that is being charged as official time. I am saying it should not be. We have to clarify that.

Mr. PORTMAN. OK. You say some——

Mr. GAGE. That is what that——

Mr. PORTMAN [continuing]. —We may recommend. These were people all recommended or, in fact, appointed by the union, correct? I mean, to the extent there is official time charged here.

Mr. GAGE. Well, we represent employees, yes.

Mr. PORTMAN. That is fine. I am just saying let us be clear as to what it is.

Mr. GAGE. Well, the point is——

Mr. PORTMAN. This is not just time that is being spent by supervisors that ends up on your records.

Mr. GAGE. No.

Mr. PORTMAN. Nonunion.

Mr. GAGE. It is not union activities that are off and away partisan activities, anything like that.

Mr. PORTMAN. I understand that. I am not suggesting that. I think it would be helpful for us just to understand how this happens, and why these costs are escalating. They all come out of the trust fund, so obviously it is something everybody wants to scrutinize.

In reading the material and looking at the GAO report, when you come into this notion of official time and full time union representatives I am just confused—you, again, very carefully distinguished between internal union activity, which is prohibited from being charged to official time, and nonofficial. I mean, if someone is full time union, whether they are making $30,000 or $80,000, does that person spend necessarily 40 hours a week doing Social Security Administration work? And I am not saying that it is not union-related or partnership related.

And then the internal work, which I assume everyone has to do—I mean, don't you have to do some internal work if you are a full time employee? Is that charged beyond that 40 hours? How does that work? I just do not understand it.

Mr. GAGE. Well, I would agree with your characterization that these employees are working on Social Security activities more than union activities, and they are receiving time for it. They are representing the union also on that Social Security activity. That really is what I see the difference in concepts here are, how we are misunderstanding the usage of time.

Mr. PORTMAN. No. I think I understand that. And my question is: Are you suggesting that those people spend more than 40 hours a week doing their job, because necessarily don't they have some other functions that are not official?

Mr. GAGE. Some of these people are detailed into central office, or they are detailed into a regional office.

Mr. PORTMAN. That may be 20 or 30 out of 145?

Mr. GAGE. Yes.

Mr. PORTMAN. OK. But, the bulk of these people are out in the field working day to day, with the Social Security supervisors and so on.

I would just make one final comment because I know I am running out of time.

When we look at this, and what got the Subcommittee interested was when the supervisors came to us and said, we are having difficulty managing the Agency. Two-thirds of the supervisors interviewed by GAO say there is a real problem here.

Mr. GAGE. All in San Francisco, right.

Mr. PORTMAN. Well, wherever they did it. You indicated that may be a pocket, but still two-thirds is a pretty substantial number. That is what we are trying to get at here. And the question is, how do you attribute these activities to various activities because they are coming out of the trust fund? That is very sensitive. We need to evaluate that.

Chairman BUNNING. The gentleman's time has expired.

Mr. PORTMAN. But also, how do we get the mission of the Agency back on track? That is what we are trying to get at.

Thank you, Mr. Chairman.

Chairman BUNNING. You are welcome, Mr. Portman.

How do the 146 SSA employees who are also full time union representatives perform their regular jobs?

Mr. GAGE. They do not. Some of their regular jobs might be record maintenance clerk——

Chairman BUNNING. In other words, they have no other responsibility except their union responsibilities?

Mr. GAGE. Again, with the caveat that those union responsibilities are very tied to agency responsibilities.

Chairman BUNNING. I understand.

I am going to yield to Mr. Johnson for one more question.

Mr. JOHNSON. Thank you, sir, and thank you for your responses. I appreciate it.

If we are reducing the agency by 5,000 or so, why did the full time union employees go from 80 to 146?

Mr. GAGE. We concentrated time. Instead of having 1,000 people out there, or whatever the number is, on 10 percent, 20 percent, we concentrated the time in fewer individuals. We thought we got more bang for the buck on that, both the agency and the union, because you are dealing with someone who is——

Mr. JOHNSON. Eighty to 146 is not fewer; that is more.

Mr. GAGE. It is more, but the total amount of official time, agencywide, did not go up.

Mr. JOHNSON. The 1,800 have always been there?

Mr. GAGE. Yes. We have stewards in virtually every field office.

Mr. JOHNSON. So, those are the 1,800 essentially. But, why did you need more full time?

Mr. GAGE. Well, because you get people with more expertise, they have more experience in handling things, they can handle a wider range of issues.

The activities spur the official time. It is not like we just go out and we have nothing to do, we sit around and do nothing. The activities spur the official time, and I think it averages that the 145 we have come up to in the last couple of years has been because of the tremendous changes in the agency that we have a responsibility to our members to handle, to represent them on.

Chairman BUNNING. Mr. Laughlin will inquire.

Mr. LAUGHLIN. Mr. Gage, as President of Local 1923 here in the Washington, DC area, do you have any participation in the national organization, as a director, or participation since the bulk of Federal employees are here in this city?

Mr. GAGE. I am from Baltimore, sir.

Mr. LAUGHLIN. That is not far away. It is just across the county line.

Mr. GAGE. I participate in our conventions and I am a deputy spokesperson for our Social Security locals.

Mr. LAUGHLIN. Isn't it true that AFGE is contributing per capita tax to the AFL–CIO on the fund that was imposed by the AFL–CIO for campaign dollars?

Mr. GAGE. I imagine so. I do not have direct knowledge of that.

Mr. LAUGHLIN. It has been reported in the Federal Times on April 18, 1996 that your union pledged $300,000 to the biggest ever political campaign by organized labor.

Mr. GAGE. We are a member of the AFL–CIO and proud of it.

Mr. LAUGHLIN. I wouldn't suggest you shouldn't be, but the point is, as reported in the Federal Times, your union made a $300,000 commitment to that political fund, is that not true?

Mr. JOHNSON. Will the gentlemen yield?

You told me you did not donate any money.

Mr. GAGE. I did not say we did. He is asking me if there was a commitment made. I am saying we have not made donations. We do it through our PAC, our national office does. If they are making that contribution, I am sure it will be done under the law.

Mr. JOHNSON. But, it is your money and you do not know where it goes.

Mr. GAGE. It is our money and money from people who are contributing especially for that fund.

Mr. LAUGHLIN. Don't they do that through their dues?

Mr. GAGE. Not necessarily, sir. You know the hard money, soft money situation.

Chairman BUNNING. Would you mind explaining that to me? I would like to know how a union has soft money to donate to a campaign.

Mr. GAGE. You know more about this than me, and I am not an expert on it, but I know you can contribute dues money for certain activities of a national party, but hard money for political campaigns has to be direct contributions. Direct contributions cannot be taken out of dues money.

Chairman BUNNING. In other words, if you sponsor a commercial on television that does not advocate a candidacy, that would be considered soft money.

Mr. GAGE. There are parameters there, and within those parameters, if it would be educational, it is soft money.

Mr. LAUGHLIN. At any rate, we understand political money is being used.

Mr. GAGE. I am sure you do.

Mr. LAUGHLIN. I really do and I am sure that is why the people who are absent are not here when we see the increase in union time and trust money being spent on the increase from 1993 until today.

Did your union keep any record demonstrating an increase or decrease in constituent taxpayer benefits or complaints?

Mr. GAGE. Could you repeat that, sir?

Mr. LAUGHLIN. Sure. If you will look at the chart over there, since 1993, GAO tells us, there has been an increase in time spent on union activities by the SSA employees. They have also told us that there has been a substantial increase in the Social Security Trust Fund money being spent on union time.

Mr. GAGE. We have extensive records on the issues that we handle and bargaining——

Mr. LAUGHLIN. That is not my question. Looking at the increase in union time and the increase in taxpayer Social Security Trust money going to union time, union activities, does your union have any records demonstrating either an increase in Social Security beneficiary services or an increase or decrease in Social Security beneficiary complaints?

Mr. GAGE. Yes. I think we can clearly establish a record showing how activities that we participated in contributed to people getting

their checks on time, getting their questions answered on time and correctly. I think the whole demeanor of SSA, the public service there, we contribute to that. All our activities are directly connected.

Mr. LAUGHLIN. You are not answering my question. I would like you to take the question for the record and go back and bring us any record that shows—and this will be part of the record if the Chairman would permit—that shows an increase in constituent Social Security beneficiary benefits, services benefits, or—and it is really "and"—a record of any increase or decrease in complaints by Social Security beneficiaries.

Mr. GAGE. Be glad to.

[The information was not available at the time of printing.]

Chairman BUNNING. Thank you, Mr. Gage for appearing; we appreciate it.

We had another gentleman scheduled to testify, Mr. Mastriani. Would you please submit your testimony for the record, or would you like to come up and give us 5. Then I have some conclusions I would like to draw.

Mr. MASTRIANI. I have a statement in writing that I have submitted for the record. If the Subcommittee is interested in my waiving oral testimony, I would be happy to do that and, instead, submit my written statement for the record for your review and answer any questions in writing for you if you have any questions.

Chairman BUNNING. We deeply appreciate that and we thank you for staying.

[The prepared statement follows:]

STATEMENT OF JAMES W. MASTRIANI
LECTURER, SCHOOL OF MANAGEMENT AND LABOR RELATIONS
RUTGERS UNIVERSITY
NEW BRUNSWICK, NEW JERSEY

Mr. Chairman and Members of the Subcommittee: Good afternoon. My name is James W. Mastriani. I am currently a lecturer at the School of Management and Labor Relations at Rutgers University in New Brunswick, New Jersey. I also work in a private dispute settlement capacity in both the public and private sectors. I formerly served as Chairman of the New Jersey Public Employment Relations Commission for 16 years. In 1987, I served as President of the Association of Labor Relations Agency (ALR), a professional organization with membership consisting of state, federal, and international labor relations agencies. I have been a professional neutral in the field of labor relations and dispute settlement for almost thirty years. My comments reflect my personal professional experience and knowledge, particularly with state and local governments over this period of time.

In general, it is common for public employers and employee organizations to engage in processes and procedures involving paid union time. Some are provided by law and others are governed by provisions in collectively negotiated agreements. Such provisions in negotiated agreements are normally found in larger bargaining units where the issues in contract negotiations and administration are more complex and where the organizational needs of the employer and the employee organization require a greater mutual commitment to creating and preserving a stable work environment.

Provisions in these agreements typically refer to the types of activities which are authorized and to the amount of time or number of employees who are involved in these activities.

Traditionally, paid employee organization time was reserved mainly for negotiations and grievance processing. Other common activities included committee participation on issues such as job safety or employment related training programs.

In New Jersey, I have been personally involved with public employers and employee organizations who have benefitted from negotiations, grievance resolution, and jointly sponsored programs involving paid union time. A productivity and efficiency agreement on a major toll road involving scheduling and the deployment of a part-time work force saved several million dollars during a three year contract with guaranteed future savings. In a large urban school district, a site based management agreement created a more effective learning environment with greater parental involvement in the functioning of the schools. At a community college, a relationship building program involving all levels of management and employees helped reshape attitudes resulting in the sharp reduction of conflict and hostility. A positive and productive relationship was formed and led to creative long-term labor agreements. In each of these cases, both the employer and the union derived benefits from these joint activities held, in substantial part, during work time.

More recently, state and local governments have followed the lead of the private sector and begun to engage in workplace innovations with their labor organizations based upon defined employee participation and cooperative labor-management approaches. The common thread is the desire to improve the delivery and quality of services recognizing the demands of the public for cost effectiveness. Jurisdictions experiencing success with these models have, in fact, improved services, reduced costs, and helped reform bureaucracies.

The success of these programs is well documented and not limited by geography or political affiliation. Ironically, some of them have occurred in jurisdictions which appeared to be headed toward confrontation but instead chose to pursue a structured, cooperative relationship with payoffs for the public as well as for the employer and the employees. "Buying in" to this approach is not easy, not without risks, and does not

guarantee success. It is well accepted that this approach involves employee participation during work time. Support for this changed approach had been made by many public employer and governmental associations as well as by labor organizations.

Time does not permit an extensive layout of these initiatives, but I would direct your attention to jurisdictions including the states of Ohio and Massachusetts, the cities of Indianapolis and Portland, Maine, and the counties of Multnomah, Oregon and Ulster, New York. These and other jurisdictions have achieved productivity increases, cost reductions, and service improvements within resource constraints through the cooperative, employee participation approach. Typical issues tackled by these committees included lower cost health insurance, lower worker compensation costs, overtime cost reductions, introduction of new technologies, organizational changes, new work processes, and the overall methods and means of improving the manner in which services were provided to the public.

In New Jersey, the work of a joint labor-management committee was critical to the success of a dramatic reorganization of the New Jersey judicial system. Over 6,000 employees were transitioned from county to state government. The legislative and organizational implications from the restructuring were successfully resolved by the work of the joint committee. Bargaining units were reduced by almost 90 percent and individual task forces created to assist in the reorganization of the judiciary's work. The most substantial work of these committees has been performed during work time.

The most essential ingredient in the success of these programs is the effective use of the joint labor-management committee. Such groups meet regularly, set agendas, agree upon areas of activity, and help structure project teams and monitor progress. The costs associated with these activities, when balanced against their measurable successes, appear to be a good deal for all the participants including the public who receives the services and the taxpayer who pays for them.

Thank you for the opportunity to appear, and I would be happy to respond to any questions.

Chairman BUNNING. I would like to draw a few conclusions from the GAO report. I point to the charts showing that since President Clinton implemented his "Partnership Agreement," and Executive order, funding for union activity at SSA has more than doubled, going from $6 million to $12.6 million.

The money to pay Social Security employees who work full time on union activities comes out of the Social Security Trust Fund, the Medicare Trust Fund and General Fund. More than 65 percent, comes out of the Social Security Trust Fund and the Medicare Trust Fund. Our senior citizens understand it is our responsibility to protect that money and they know how concerned we are.

I am not quite sure that the money should come out of the Social Security Trust Funds. I would suggest to SSA that they look at this in negotiations of the new contract that is coming up, because it is in my opinion and the opinion of some Members of this Subcommittee that if this type of practice continues, that the Social Security Subcommittee will look at legislation to do a better job of protecting the Social Security Trust Funds and the Medicare Trust Funds.

If anybody else would like to have a closing statement they may. Mr. Portman.

Mr. PORTMAN. I have a quick question for you. That is, if Mr. Mastriani is interested in coming to the table, I am just getting started here. I would like to hear him and have an opportunity to question him.

Is it because of our time? I am willing to stay.

Chairman BUNNING. It is because of our time and you were just a little tardy, Mr. Portman.

Mr. PORTMAN. Is he going to come before us to answer questions?

Chairman BUNNING. You can submit any questions in writing and he will respond to the Subcommittee in writing.

Mr. PORTMAN. Thank you, Mr. Chairman.

Chairman BUNNING. This Subcommittee is in recess until we receive the testimony of Commissioner Shirley Chater on this subject.

[Whereupon, at 4:10 p.m., the hearing was adjourned, to reconvene on Thursday, June 27, 1996, at 10 a.m.]

USE OF SOCIAL SECURITY TRUST FUND MONEY TO FINANCE UNION ACTIVITIES AT THE SOCIAL SECURITY ADMINISTRATION

THURSDAY, JUNE 27, 1996

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON SOCIAL SECURITY,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:03 a.m., in room B–318, Rayburn House Office Building, Hon. Jim Bunning, (Chairman of the Subcommittee) presiding.

Chairman BUNNING. The Subcommittee will come to order.

Today's hearing is a continuation of the Subcommittee's June 4 hearing on the use of Social Security Trust Funds to support union activities at SSA. Commissioner Chater's schedule did not allow her to testify on June 4, so I held the hearing over until today to accommodate her schedule.

Before we start, there are a couple of things I would like to make clear for the record. Back in July 1995—I repeat that—back in July 1995, nearly 1 year ago, I called on the General Accounting Office to audit the use of taxpayers' money to pay the salaries and support services for our SSA employees who work full time on union activities.

My request for the GAO audit came as a result of discussions that began early in 1995 and continued over a period of many months with frontline SSA field office managers from all over the country. These managers sought me out because they were deeply concerned about the negative impact President Clinton's Partnership initiative was having on SSA. In fact, a couple of recently retired field managers have submitted testimony for today's hearing.

Their statements reflect what field managers were saying to me over one year ago, that all balance between management and the unions has been lost at SSA and that union activity has escalated to the point that workloads and public service are suffering. In short, under partnership, the interest of the taxpayers and beneficiaries are being forgotten.

If things had gone as I wanted, this hearing would have taken place in January. But, this was such a labor-intensive job that GAO was not able to complete its work by then. The GAO audit and this hearing have nothing to do with an attack on the unions. They have everything to do with the proper use of Social Security Trust Funds to pay employees who work at SSA to serve the public.

Just because it's common practice and legal for SSA to pay full time union representatives from the trust funds does not mean this Subcommittee should turn a blind eye when spending for union activity doubles in 3 years.

The sharp jump in both the cost of union activity and the number of SSA employees who work full time as union representatives demands that this Subcommittee find out the policy changes that caused these increases.

Working Americans have every right to know how their Social Security payroll taxes are being used, and seniors have an equal right to know what the trust funds are being spent for.

Commissioner Chater is simply here to respond to the GAO audit and to tell us what policies have caused the cost of SSA union activity to double under her commissionership. Having made this clear, let us proceed.

In the interest of time, it is our practice to dispense with opening statements, except from the Ranking Democrat Member, Mr. Jacobs.

All Members are welcome to submit statements for the record and I yield to Congressman Jacobs for any statement he may wish to make.

Mr. JACOBS. Thank you, Mr. Chairman.

First, I think it is proper to conduct this hearing. On the face of it, a question is raised about the increase in expenditures for union activities at the Social Security Administration. It is not unique. The practice, spans many administrations and is found in private industry. So, the fact that it exists is not exactly shocking and I believe not only legal but required by law.

I think I would take exception to the GAO assertion that the consequence of the so-called partnership between the union and the management people has led to a degradation of service. USA Today reported a few months ago that a survey conducted by Dalbar, Inc., showed that the long troubled 800 number telephonic service to the public of the Social Security Administration had not only improved but had improved to the point that it was more efficient than several leading private firms, whose principal activities involved serving the public through telephones—that is fewer busy signals, faster answers, and all the rest.

So, as they say, they must be doing something right and this is a change.

Now, it is generally perceived by Americans that we learned this from the Japanese, that if companies would develop better relationships with their workers and listen to the workers, they could also development better management techniques and greater productivity. That is not true.

Dr. Demming, an American, taught the Japanese that. You might say that he tried to teach the concept to American industry but, to use a Biblical term, he came unto his own and his own received him not. So, he took a trip across the Pacific and they have a big statute to him, I believe, in Tokyo now. He is sort of the George Washington of modern industry in Japan. But, that's where American business has taken its cue, indirectly from an American, to have these worker relationships and more cooperation.

And I assume that the dramatic improvement in productivity at Social Security, in terms of the person who picks up the phone and wants to know what his or her situation is with regard to the government, must be a consequence of that effort.

And, finally, Mr. Chairman, we have discussed this in private, I have been a Member of this Subcommittee since the day it was founded in 1975. And I understand that the witness is to be given the oath and her testimony is to be given under oath. It has never happened before and I want to say, for the record, that when all this started, when Dr. Chater, who happens to be a nurse—when Dr. Chater was appointed as Commissioner of the Social Security Administration the rumor I heard was that she was too nice and too honest to run such a vast organization.

I have never heard the slightest suggestion from anybody that Dr. Chater is anything less than an absolutely honorable person or, in the case of Texas where she was a university admistratrix, that her word was her bond and a handshake was sufficient. So, I just want to make clear that there is nothing wrong with it, nothing wrong with taking the Pledge of Allegiance to the Flag, nothing wrong with taking the pledge that you will tell the truth, but I want to say, for the record, that that should not be taken as an inference that there is any question whatsoever about Dr. Chater's character. Or, to put it another way, that swearing her in is not tantamount to cursing her out.

Thank you.

Chairman BUNNING. You put it very well. I would like to, for the record, submit an article by James K. Glassman of the Washington Post dated Tuesday, June 25, and I would like to put that in the record without objection.

[The following was subsequently received:]

THE WASHINGTON POST TUESDAY, JUNE 25, 1996 A17

James K. Glassman

What Can Government Do?

In a modern republic such as ours, politics frequently produces good policy—that is, it's a system that finds out people's desires and acts on them. But politics rarely produces good government—that is, it's a system that puts policies into place in a messy, inefficient, often counterproductive way.

"Look," says Peter Drucker, the great management guru, in a recent interview with the editor of Inc. magazine, "no government in any major developed country really works anymore. The United States, the United Kingdom, Germany, France, Japan—none has a government the citizens respect or trust."

The big problem, Drucker says, is that "no one, as far as I can see, is yet asking the right question: What can government do?" Not what *should* it do, but what *can* it do.

I've always been a "should" kind of guy—questioning whether government has the right to involve itself in the arts, agriculture, railroading, etc. But Drucker's "can" perspective is a brilliant way to look at the problem.

Consider Social Security. Yes, government should help poor people retire with dignity. But *can* it run an efficient retirement system for the entire nation? It's doubtful, given political pressures—for example, the need to please labor unions, which spend millions to help elect Democrats.

Here's a typical horror story: Using the payroll taxes of Americans, the Social Security Administration is paying the salaries of 146 full-time union representatives who work in Social Security offices around the country. The average annual salary of these taxpayer-paid union officials is $41,970. Ninety-four of them make at least $40,000, and one makes $81,000.

The General Accounting Office reported on this union activity recently, at the request of Rep. Jim Bunning (R-Ky.), a Ways and Means subcommittee chairman. Jane Ross of GAO said her office "found that over 1,800 designated union representatives in SSA are authorized to spend time on union activities." Total time: more than 400,000 hours. Total cost to the taxpayers: $12.6 million.

What makes this episode so outrageous is that it's perfectly legal. After an executive order by President Clinton in 1993, full-time union reps at SSA jumped from 80 to 146, according to GAO. Total costs to the taxpayers doubled. Meanwhile, the Social Security trust fund is approaching insolvency.

The truth is that effectively running a retirement scheme for a nation of 260 million may not be something that a government is able to do.

By contrast, the private sector has learned, through trial and error and the pressures of the marketplace, to handle complex financial transactions—and give good service. For example, Fidelity Investments, with 20,000 employees, handles 20 million mutual-fund customers—marketing, buying and selling stocks, sending out regular statements. Fidelity's managers don't stand for election, so they don't have to pander to labor, or any other interest group, for votes. They're free, subject to market forces, to run their business.

It's no accident, either, that costs of government-run health care systems—Medicare and Medicaid—are rising so fast. The federal government—under political pressure from doctors, hospitals, seniors, governors and insurers—simply can't cut expenses and deliver good service the way that companies subject mainly to the pressures of the marketplace can. (For an even more horrifying example, look at the Veterans' Administration, with its own 581 health-care institutions, providing jobs for constituents of nearly every member of Congress.)

The point is that politics can, with validity, produce a national health policy. But it should not be the force that shapes the management of that policy.

One solution to the problems of both Social Security and public health care is to get the government out of management entirely. Let it issue vouchers with which Americans themselves can purchase retirement plans or medical services from private firms. There should be oversight, but not a 65,000-employee bureaucracy.

On management issues, the Clinton administration gets credit for interest, but not for action. The president brags about eliminating government jobs. Yes, but of the 192,000 cut, 145,000 were in the Defense Department—a "peace dividend" brought about by the end of the Cold War. We can't really cut government jobs unless we cut government functions.

Drucker says that the United States doesn't have a government that "citizens respect or trust." But as we've seen over the past year, citizens not only distrust government, they distrust politicians who say they will dismantle it. That's the paradox for Republicans.

But what citizens do know is that government today is out of control. So here's my suggestion to Bob Dole (or Bill Clinton!): Announce right now that, if elected, you will freeze government in place. No more new programs, no additional spending on current programs, no increases in tax revenues.

A hard freeze of this sort would leave the deficit at about $140 billion, a safe number. Then, over the next four to eight years, we can debate what government should—and, more important, can—do.

For doubters, Dole can issue an "Outrage of the Week" report on excesses like the 146 union officials at Social Security or the $5 billion in fraud, which, according to a new study by Citizens Against Government Waste, afflicts the Food Stamp program.

But we can't bring government back under control with a single contract or a single election. As Drucker says, "Government, rather than business . . . is going to be the most important area of entrepreneurship and innovation for the next 20 to 25 years." So let's freeze now, and get those entrepreneurs to work on solutions.

Chairman BUNNING. Commissioner Chater, I would like to ask you and Mr. Dyer and Ms. Pierce to please take your seat at the table.

Commissioner Chater is accompanied by John Dyer, Acting Principal Deputy Commissioner and Ruth Pierce, Deputy Commissioner for Human Resources.

If you would just remain standing and we will swear you in, just raise your right hand, and respond. Do you solemnly swear that the testimony that you will give before the Subcommittee in the matter now under consideration will be the truth, the whole truth and nothing but the truth, so help you God?

Ms. CHATER. I do.

Mr. DYER. I do.

Ms. PIERCE. I do.

Chairman BUNNING. Thank you, all.

Mr. JACOBS. Would the Chairman yield?

Chairman BUNNING. Yes, sir.

Mr. JACOBS. I would like to be sworn in, too, I solemnly swear that anything I say today will be the truth, so help me God.

Chairman BUNNING. I never suspected otherwise and I never suspected any of the witnesses to tell anything but the truth.

Mr. JOHNSON. Would the Chairman yield?

Chairman BUNNING. Yes.

Mr. JOHNSON. I would just like to make the statement that you are elected and approved as an official and Mrs. Chater has not been confirmed by the Senate at this point.

Mr. JACOBS. Well, we all know why. There is more than one way to abuse a woman and I know the guy who blocked her confirmation if you want to get into that.

Chairman BUNNING. Well, I do not want to get into that. [Laughter.]

We have other business today, so, we will proceed.

Dr. Chater, you can begin your testimony and thank you all, for being here today.

TESTIMONY OF HON. SHIRLEY SEARS CHATER, PH.D., COMMISSIONER, SOCIAL SECURITY ADMINISTRATION; ACCOMPANIED BY JOHN R. DYER, ACTING PRINCIPAL DEPUTY COMMISSIONER, AND RUTH A. PIERCE, DEPUTY COMMISSIONER FOR HUMAN RESOURCES

Ms. CHATER. Thank you, Mr. Chairman, and I want to thank you, too, for giving me this opportunity to present some testimony by honoring my request to do whatever it was on my schedule that I had to do when you held the first hearing.

But, for the record, I do want to correct something that I think Mr. Johnson said. I was confirmed by the Senate October 1993. So, I am Commissioner of Social Security with all of the responsibilities for managing this Agency.

Mr. JOHNSON. Thank you, I was not aware of that.

Ms. CHATER. In the past 2 years, the Social Security Administration and its management and all of its employees have, as you well know, faced many challenges. And we have tried very hard to respond to these challenges by making improvements throughout the entire Social Security Administration.

Now, how have we been able to make the improvements that we have made? Well, I have to say to you that we have made those changes and have achieved our results with the assistance and the support of a labor/management partnership. We have made them through employee involvement. We have made these changes through increased communication and information sharing with all employees and we have created a highly productive work place because of these initiatives.

We are, as an agency, absolutely determined to improve customer service and we recognize that every change we make to deliver improved customer service to the American public affects every employee, for it is the employees who are providing these services on a daily basis. And it is essential that the employees are involved in developing policy and procedural changes. Just implementing them is not enough.

As we downsize and, at the same time, as we face an increasing workload, the employees and their representatives need to participate in meetings and the decisions that determine the future of the agency.

I would like to call your attention to the chart to my left which lists for you some of the changes that we have been able to make in the time that I have served as commissioner of Social Security.

With the support of our union colleagues and the employees they represent, I am proud to say that taxpayers are receiving world class service at every level.

Mr. Jacobs mentioned the 800-number service, and the fact that we were selected to receive an award. On the chart you will read that recent 800-number service busy rates are less than half of what they were last year.

Second, Social Security has processed 41 percent more hearings in 1995 than we did in 1993.

Third, the number of continuing disability reviews processed increased from 116,000 in 1993 to 285,000 in 1995.

Fourth, the average time it takes to assign a Social Security Number was cut in half between 1993 and 1995.

During the same 2 year period, disability claims processing time also went down by 11 percent.

And, sixth, in fiscal year 1995, Social Security issued 10.7 million PEBES, the personal earnings and benefit estimates statements informing the public about their benefits, up from 3.7 million in 1993.

And, Mr. Bunning, a few months ago you personally asked me do to something about the Administrative Law Judge's decisions that had been made but not written. I personally took your challenge, to our employees, who worked with management to reduce the number of decisions waiting to be written. At the time you asked me to do this, we had 47,000 waiting to be written and today, in only a few months, we have 27,000 that need to be written.

Some of our initiatives have been recognized by outside sources. In 1995, Dalbar, Inc., which is an independent financial services company, did a survey of the providers of telephone service that the best one was not a private sector company, but it was, indeed, Social Security, and our competition were companies like L.L.

Bean, and Disney and Nordstrom. We have also been selected as having one of the five best Web pages on Internet of all government agencies.

I want to point out that the practice of labor/management partnership activities is not limited just to Social Security or government alone, but has long been an established private sector practice by companies such as GM, AT&T, and Saturn and so on.

Now, it is true that President Clinton signed an Executive order to form the National Partnership Council which has guided us in our work. It had a goal of encouraging labor/management cooperation and partnership, but the basis of our partnership was already in place and has been there for about 30 years under both Democratic and Republican administrations. The Federal Labor Management Relations statute requires the Social Security Administration to pay for certain union expenses related to management improvement activities, including official time.

Under the Internal Revenue Code and the Social Security Act, all SSA administrative activities are paid for by apportioning the costs between both general revenue and the trust funds.

Since this is required for all activities, official time expenditures come from these sources as well. Therefore, we are complying fully with Federal law and have been doing that since the statutory requirements were enacted.

Let me say something about the cost of official time. It is very small when taken in the context of the benefits that we feel we receive from union/management partnership. As you well know, our administrative budget for Social Security is less than 1 percent of our annual revenues. And the amount of money, $11.7 million in fiscal year 1996, spent on official union time is less than three-tenths of 1 percent of our administrative budget. But, that small percentage of funds pays for representatives of more than 52,000 employees in 1,500 field offices across the country.

So, besides creating a highly productive work place, there is another positive outcome. Because of labor/management cooperation, unfair labor practice charges have decreased from 467 in fiscal year 1990 to just 209 in 1995.

The GAO estimates that the cost of a single charge is about $28,000, and so one can extrapolate from that and say that we have a potential savings of about $7 million each year by having fewer of these cases.

By fulfilling our statutory obligations, we feel that we are creating a new and more productive organizational culture and we are committed to maintaining that working relationship. We are committed to working together to solve problems that are mutual.

We think the partnership is making a difference, not just to the thousands of Social Security Administration employees who serve the public but to the millions of Americans who rely upon us to do our work.

Thank you.

[The prepared statement and attachments follow:]

STATEMENT OF
DR. SHIRLEY S. CHATER, COMMISSIONER
SOCIAL SECURITY ADMINISTRATION

Mr. Chairman and Members of the Subcommittee:

I am here today in response to your invitation to discuss the use of the Social Security trust funds to pay for employee union activities, particularly expenditures for salaries and related expenses of Social Security Administration (SSA) employees who conduct union business on official time.

At the outset, I would like to clarify several points. Under the law, the Social Security Administration pays for official union time from general revenues and trust fund moneys. SSA is fully in compliance with the Federal Labor Relations Act, the Social Security Act, and the Internal Revenue Code. Working in partnership with our employees and their representatives assures the delivery of quality customer service. For this same reason, there are many examples of private companies, such as General Motors, Ford, Chrysler, Inland Steel and Armco Steel, who pay for official union time. During the last several years, SSA has had many reasons to devote time to labor-management relations. These activities have ranged from improving security to ensure employee safety to Congressionally-mandated streamlining and downsizing the agency by 4500 employees by 1999.

Authority to Pay for Union Expenses

First, it is important to note that all of SSA's administrative expenses are paid for from a combination of funds derived from the trust funds and from general revenues. In full compliance with the law, allocation of union official time is distributed between the trust funds and general revenues in the same proportion as all SSA administrative expenses. The authority to devote trust fund dollars to administrative expenses derives from Section 201(g)(1) of the Social Security Act and Sections 9704 through 9706 of the Internal Revenue Code of 1986.

Secondly, SSA is bound by both Federal law and its own collective bargaining agreements to pay for certain union expenses. The Civil Service Reform Act of 1978 (CSRA) codified a series of executive orders which began in the early 1960s, and allowed the use of Federal funds to pay for these expenses.

SSA employees who serve as representatives of the unions use what is referred to as "official time" when performing union representational activities. The first national collective bargaining agreement which covered official time became effective on June 11, 1982 when John A. Svahn was SSA Commissioner. Under the law governing union activities, known as the Labor-Management Relations Statute, (which was part of the CSRA), official time is defined as time employees spend acting as union representatives which they would otherwise spend in duty status and for which an agency pays the employees as if they were performing their normal duties. It is important to understand that official time granted to union representatives to engage in activities on behalf of the union is deemed to be Agency work.

The Government is required by law to authorize official time for the negotiation of a collective bargaining agreement, including attendance at impasse proceedings. In addition, except for certain restricted activities specified in the statute, official time must be granted in any amount the union and management agree to be necessary, reasonable, and in the public interest. Other uses of official time include attending formal meetings at which management discusses conditions of employment with employees and consulting with management and negotiating memoranda of understanding, also known as impact and implementation bargaining.

The law prohibits the granting of official time for union activities involving internal union business, such as soliciting membership, conducting elections of labor organization officials, and collecting dues. Thus, SSA does not pay for union expenses related to these activities.

In concert with the statutory authorization of official time, SSA and the unions have negotiated collective bargaining agreements which set guidelines for the amount of official time allowable for management-initiated and union-initiated activities. Union officials and SSA must agree on the amount of official time and the number of union representatives which are allowed for labor-management relations. These agreements are accomplished through mutual agreement or negotiations. If the parties disagree the matter may ultimately be resolved by third parties such as arbitrators, the Federal Service Impasses Panel (FSIP), the Federal Labor Relations Authority (FLRA), or the courts. Thus, either the parties mutually agree on the number of full-time representatives or a third party will make the final decision. In fact, it is important to note that such issues as the amount of official time a union representative may use, the number of full-time union representatives, and access to agency facilities have often been decided by third parties.

In addition to the full-time representatives, the part-time representatives must be identified by the appropriate local union president or council in order to be granted official time. The total amount of official time authorized for representatives and the procedures for requesting and documenting time is covered in the union-management agreement.

Union officials are required to document the amount of time they spend on union activities. Supervisors report each pay period the amount of time used by representatives under their immediate supervision, and SSA maintains cumulative records concerning official time usage by union representatives.

Tracking the use of official time is important to both SSA management and the American Federation of Government Employees. To improve tracking of official time usage, SSA will be piloting a system, called the Official Union Time Tracking System, which will allow better tracking of time spent on union activities. This pilot will run for 4 to 6 months in the Chicago region and is expected to begin this summer. We hope to implement these improvements nationwide within the next year.

The bargaining agreements also contain provisions dealing with the union's use of customary and routine supplies, materials, and equipment such as bulletin boards, telephones, photocopy equipment, facsimile machines, and mail. This usage is linked to union representational functions and labor-management business. Additionally, usage is subject to certain conditions. For example, it may not interfere with Social Security operations and it may not be related to internal union business.

Union-Management Partnerships

I would like to emphasize the importance of the partnership between SSA and the unions which represent its employees. One of SSA's three fundamental goals set forth in our Agency Strategic Plan is to create an environment that ensures a highly skilled, motivated workforce dedicated to meeting the challenges of SSA's public service mission. We look on our partnership with the unions as an important means of advancing that goal. By working

with the unions, we involve our employees in discussions about things that need to be done and how we will do them.

The National Performance Review (NPR) recommended the formation of "labor-management partnerships for success" across government. In October 1993, President Clinton issued Executive Order 12871, which created the National Partnership Council, a team of senior union, neutral, and management leaders in support of the NPR's goal of encouraging labor-management cooperation and partnership throughout the Federal Government. SSA and the American Federation of Government Employees (AFGE), which represents about 50,000 SSA employees, signed an agreement on June 21, 1994, for the purpose of implementing and maintaining such a cooperative working relationship between labor and management in order to identify and solve problems, and to improve the day-to-day operations of SSA, especially those affecting service to the public. In this respect, it is in SSA's best interest to support the union's continued participation by funding certain activities, since the ultimate success of our efforts to improve our operations rests with the employees who put them into practice every business day.

In past years, official time has traditionally been used in litigious, adversarial, costly third party matters such as arbitrations and unfair labor practice complaints. Under our partnership agreement, our relationship with the union has shifted away from such litigation to more joint activities, such as involving union representatives in the decision making process to help craft solutions to better serve our customers and creating labor-management partnership councils and committees at the national and local levels of SSA, including health and safety and security committees. We believe that this shift has made us a better Agency and a better provider to the American public.

We recently engaged in interest-based bargaining on certain initiatives to quickly reduce the Office of Hearings and Appeals disability decision writing backlogs, which resulted in some 9,000 decisions being written in about a month's time.

Aside from the official time which is used for partnership agreement activities, congressionally mandated initiatives to streamline and downsize government have increased the need for official time to be used to bargain over the impact these changes have on employees and working conditions.

Union Expenditures

I would like to turn now to the question you asked in your letter of invitation concerning our expenditures for union activities at SSA.

SSA has three unions, AFGE, the National Treasury Employees Union, and the National Federation of Federal Employees, which represent SSA's bargaining unit employees. There are about 1,900 union representatives nationwide representing 52,000 SSA bargaining unit employees in most of our field and headquarters facilities. Of that number, approximately 145 employees are union representatives who spend the majority of their time on union activities, and are considered to be performing union activities full-time. The remaining employees work only part-time on union activities, averaging about 40 to 60 hours a year.

In fiscal year 1996, we estimate that we will pay for a total of $11.7 million in union-related expenses, which equals about 0.2 percent of our total administrative budget. The vast majority of this amount--$10.4 million--is for salaries. The

rest is spent on travel expenses, office space, telephones, and arbitration expenses. I have attached to my testimony the information you requested for fiscal years 1990 through 1995.

Private Sector Practices

I might mention that the practice of an employer funding union activities is not limited to the Federal government alone, but has long been established in the private sector. The practice first began in World War II, when the War Labor Board strongly encouraged companies to pay union representatives, especially those involved in grievance matters, and provide office space. The practice continued after the war in many industries. For example, it is quite common among the "Big Three" automobile manufacturers to provide office space on the shop floor and pay the salaries of the shop committee. This results in quicker resolution of grievances and even works to reduce formal grievances by establishing a mechanism for resolving disputes before they escalate and possibly lead to litigation.

The General Motors (GM) labor contract provides for full-time union representatives whose salaries are paid by GM. For the GM plant in Baltimore, 15 representatives serve a bargaining unit of 3,000 employees.

In addition, to General Motors many other private companies have similar arrangements where the companies pay salaries of employees participating in official union activities. These including Ford Motor Company, Chrysler, Inland Steel and Armco Steel.

Conclusion

Mr. Chairman, we all agree that SSA's administrative expenditures should reflect personnel policies and decisions that are based on efficient use of human resources.

SSA's policies and practices regarding the use of official time fully comply with applicable labor laws, but we also believe that union involvement has a positive effect on our reengineering teams and on other Administration efforts to increase efficiency and improve our service. Union-management partnership encourages, and has been successful in achieving, full union involvement in major Agency initiatives.

The partnership has also helped us reduce the high costs associated with protracted litigation of grievances. For example, we have seen a reduction in litigation, specifically unfair labor practice charges, from 467 charges in FY 1990 to 209 charges in FY 1995. The General Accounting Office previously estimated the cost to the federal Government to fully process one unfair labor practice as in excess of $28,000, so that the reduction represents a potential savings of over $7 million per year.

SSA is committed to design, implement, and maintain within SSA a constructive working relationship between labor and management. Our emphasis is on developing an organizational culture in which labor-management relations are based on trust, mutual respect, common goals, and shared accountability. While we realize that this will take time, we must take the long-term view and make these investments now that are vital to ensure our future success. The American people deserve no less.

Attachment

Limitation on Administrative Expenses Account
Union Expenditures
($ in millions)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY [illegible]
Salary	$5.7	$5.8	$5.5	$5.2	$8.1	$[illegible]
Travel and Per Diem	.1	.1	.2	.3	.4	.6
Office Space and Telephones	.3	.3	.4	.4	.5	.5
Arbitration	.1	.1	.1	.1	.1	.1
Total	$6.2	$6.3	$6.2	$6.0	$9.1	$11.0

Excerpts from...

Accountability Report For Fiscal Year 1995

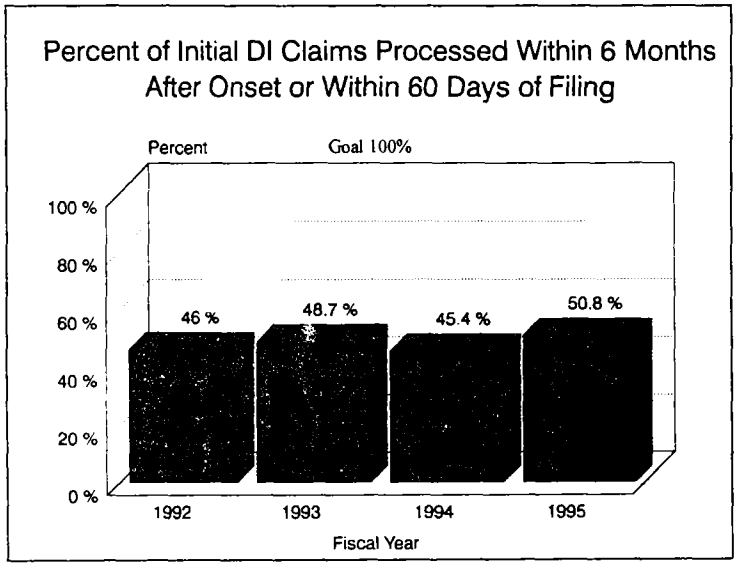
Linking Program and Financial Results

Has Public Service Improved Under SSA--Union "Partnership"?

SSA GOAL: Provide world-class public service

I. SSA will process all initial DI claims within 6 months after onset or 60 days of effective date.

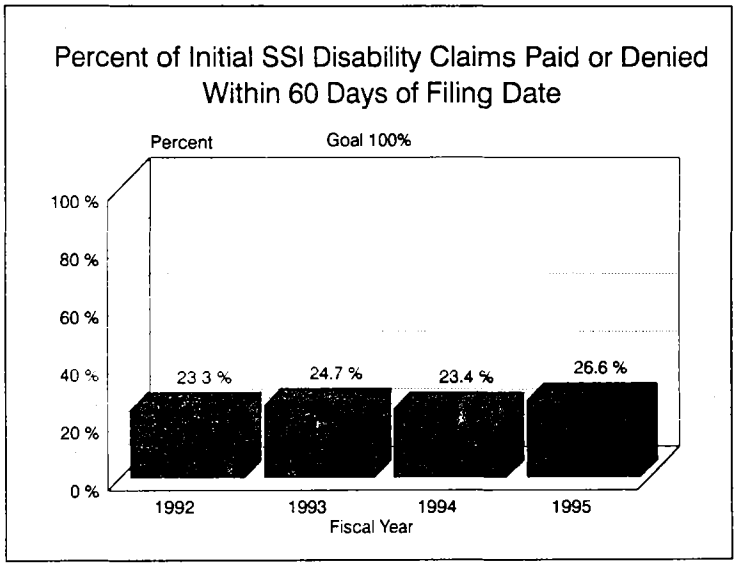
(Results: SSA is off their mark by 50%, with less than a 4% improvement rate since 1992.)



Source: SSA Accountability Report For Fiscal Year 1995

II. SSA will pay or deny all initial SSI disability claims within 60 days of filing date.

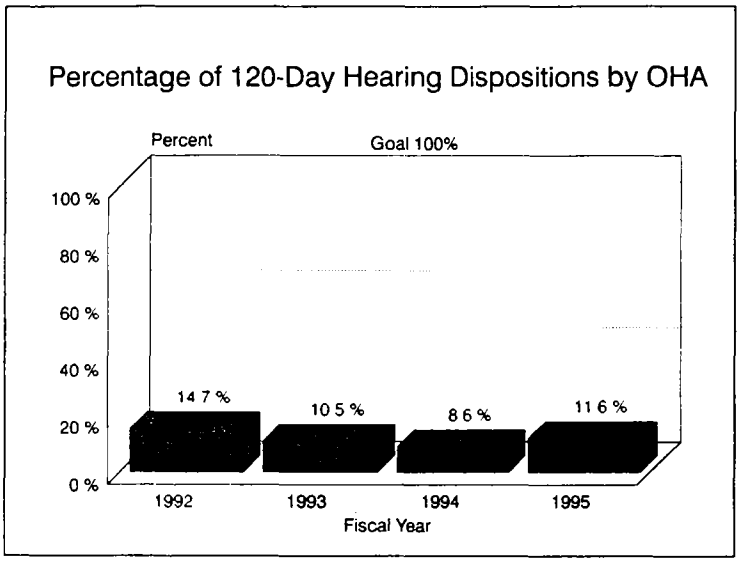
(Results: SSA is off their mark by 75%, with a 3% improvement rate since 1992.)



Source: SSA Accountability Report For Fiscal Year 1995

III. SSA will issue hearing level decisions and send notices to claimants within 120 days after filing date.

(Results: SSA is off their mark by 89%, and performance has deteriorated by 3% since 1992.)



Source: SSA Accountability Report For Fiscal Year 1995

Use of the Social Security Trust Funds for Union Activity at SSA
Overview of the Preliminary Findings of the GAO Audit

- **The cost and scope of taxpayer-financed union activity at SSA has risen dramatically since 1993, while work force size remained flat:**

Measures of Union Activity	1993	1995	Increase
Dollars	$6,000,000	$12,600,000	110%
Total SSA Work Force	64,800	65,200	1%
Total SSA Employees Who Are Full Time Union Reps.	80	146	83%
Hours of Government Time Used for Union Activities	323,000	414,000	28%

- Hours spent on taxpayer-financed union activity at SSA is systematically under-reported by SSA (by almost $2 million in 1995).

- **The relative level of taxpayer financed union activity at SSA is disproportionate compared to that at IRS and the Postal Service:**

Organization	Hours per represented employee	Cost per represented employee
Social Security	8	$211
Postal	2.3	$39
IRS	4.5	n/a

- **Expenditures for union activities at SSA are appropriated from the Social Security Trust Funds** (as are the salaries of all SSA employees and all SSA administrative expenses).

- The increased activity is the result of the 1993 Clinton Executive Order (#12871) known as "Partnership." This made the unions full, equal partners with management in the operation of SSA offices. This means that taxpayers' **Social Security taxes** are being used for meetings about such issues as **ergonomic office furniture, the allocation of office space, the awarding of bonuses,** instead of doing their regular Social Security work (processing Social Security claims, etc.). This trend is expected to increase considerably as "Partnership" fully takes hold.

- Front-line SSA managers believe that this further drains staffing resources that can be actually devoted to serving the public. **Management cannot question or limit the amount of time a designated employee devotes to union activities.** Front-line managers strongly believe that since the Clinton "Partnership," no one is looking out for the public interest -- that is, the taxpayers and beneficiaries.

- The head of the SSA headquarters union, who is regarded as the chief union spokesperson at SSA, has technically remained an SSA employee by taking leave without pay status, even though he performs no SSA work. He is paid from the $4.8 million of union dues collected from the 25,000 dues paying union members (there are 53,000 SSA bargaining unit employees but only 47% pay dues). SSA pays the administrative costs of withholding these dues from employee pay and forwarding the funds to the union. **All SSA employees who are full-time union reps should be paid by the union from these dues -- NOT from the Social Security Trust Funds.**

- Taxpayer funding for federal union activities was legalized in statute in the Civil Service Reform Act, signed into law by President Carter in 1978.

Chairman BUNNING. Thank you Commissioner Chater.

I will question and then Mr. Johnson can question and then we will put everybody on the 5-minute rule. I am not going to take much more than 5 minutes, because we are going to get around more than once.

GAO, in its report, estimated that in 1995, $12.6, not $11.7 million, in trust fund moneys were spent on union activity. If each of the 1,800 part-time union responsibilities spent only 25 percent of their time on union work that would equate to 450 employees doing full time union work, at an average salary of $42,000, this is approximately $18.9 million, alone, without including the salaries and benefits of the 146 full time union responsibilities.

That sum does not include the millions of dollars in management salaries spent on processing grievances, meetings with union responsibilities responding to frivolous union charges, and so forth.

Commissioner Chater, does not it appear to you that both the $11.7 million that SSA reported in its 1997 appropriation justification for SSA union in 1995 and the $12.6 million verified by GAO are gross under estimates of the total cost of union activity at SSA?

I am not asking for a statement justifying this spending, just your view on whether $12.6 million really represents the full cost?

Ms. CHATER. According to our records, which we believe are accurately kept to the best of our ability, the costs that we have estimated match the number of employees who are working on union/SSA related activities.

Chairman BUNNING. In other words, you do not believe that the part-time employees spend anywhere close to 25 percent of their time on union activity?

We are now referring to 1,800 people.

Ms. CHATER. Yes, that's true. Perhaps Mr. Dyer can tell us how we calculated those costs?

Mr. DYER. Well, again, the way we get the costs, Mr. Chairman, is that we actually do surveys of where the time is spent by the union employees. They report the amount of time spent on union/SSA-related activities to our managers, and then we tally it, and that's how we got the calculations that we gave you.

Chairman BUNNING. Well, that still does not answer my question. My question was, do the part-time union employees, union representatives spend 25 percent of their time on union activities?

Now, if you keep good records, that should be very available to you.

Mr. DYER. Again, I am not familiar with the exact details of records, but my own personal experience with working with the stewards and various union officials and now people that are, as you call them, part time, is that it ranges from a very small percentage of their time to 25 percent. It is all over the place.

Chairman BUNNING. You would say, in answer to the question, that no part-time employees spend as much as 25 percent of their time on union activities?

Mr. DYER. I cannot say that.

Ms. PIERCE. Congressman, some part-time employees——

Chairman BUNNING. Excuse me.

Mr. DYER. I cannot say that. I know that some probably do spend up to 25 percent, but it is all over the place. I do not have the figures and I do not think we have the data collected in detail.

Chairman BUNNING. You do not have the data, you ought to have the data.

Mr. DYER. I do not have it here.

Chairman BUNNING. I would request that you furnish that data to this Subcommittee, of those 1,800 people that are supposed to be part-time employees.

Mr. DYER. Right. Well, let me turn to Ruth. Ruth, you are more familiar with the kind of data we collect.

Ms. PIERCE. Yes. Congressman, we keep records of official time that is spent. For the 1,800 or so part-time employees that you are referring to in the field offices, they submit reports that are actually accumulated in terms of an automated process. We do have that data, as well as other manual reports which, as the GAO has indicated in its report, we are going to try to automate, and make the records more precise, as well.

But, to specifically answer the question as to whether any of the 1,800 employees do spend 25 percent, we are sure some of them do and some of them spend less time than 25 percent, as well.

Chairman BUNNING. In the 1995 Social Security Administration Report, Commissioner Chater, the Social Security Administration reported that 404,000 hours of official or government paid time was used for union activity. GAO verified that 413,000 hours were used, an underreported rate of about 2 percent.

However, the GAO audit was very limited in scope. It only covered half of 1995 and included 5 out of 1,300 offices, 2 out of 37 tele-service centers, 1 out of 137 appeals, and 3 out of the many components at Baltimore headquarters.

And, just for the record, roughly how many components are there at the headquarters?

Ms. CHATER. There are seven major components at headquarters.

Chairman BUNNING. Commissioner Chater, how much would the underreporting rate be if GAO actually audited all of SSA?

Ms. CHATER. I have no idea. I cannot say.

Chairman BUNNING. Ten times, 20 times higher?

Ms. CHATER. I'm sorry?

Chairman BUNNING. Would it be 10, 20, or 30 times higher?

Ms. CHATER. I do not think so.

Ms. PIERCE. Our numbers show 404,000 hours and GAO shows 413,000 hours spent on official time.

Chairman BUNNING. About a 2 percent difference.

Ms. PIERCE. But, when you compare what they did with other agencies, they did not followup at all, because no records were kept. But, our records are fairly accurate, and I believe the GAO report indicated the same.

Chairman BUNNING. No. Those were actual numbers that they took.

Ms. PIERCE. Yes. But, they were different timeframes, too, Congressman, if you recall.

Chairman BUNNING. Well, that is not important.

Ms. PIERCE. Well, yes, I think it is.

Chairman BUNNING. The important part is that GAO took actual figures from your records.

Ms. PIERCE. They extrapolated the numbers on an annual basis, a calendar year basis and ours were for the fiscal year.

Chairman BUNNING. No, they were not. I mean read the report.

When Mr. Gage appeared before this Subcommittee on June 4, he stated that SSA partnership with the unions is, "Paying big dividends through better service to the American taxpayer."

In your testimony, Commissioner Chater, you state that SSA partnership with the unions has made us a better agency and a better provider to the American public.

What quantifiable proof can you cite supporting these statements?

Ms. CHATER. I can cite for you some of the examples that we have on the chart that I presented in my oral testimony. Some of the progress that we have made is definitely due to employee involvement, to bringing people in at the front end, to having them buy into the initiatives that we feel are important. I would say that the fact that we are redesigning our business processes means that we need to communicate and involve our employees so that they understand what we want to do.

We utilize those employee comments and suggestions for the redesign material that we are currently working to put into place. We can show you that we have made progress by citing the actual successes that we have had in carrying out our objectives.

As I said, we are dedicated to improving customer service and we are working very hard on two issues, primarily, the 800 number, to which we have devoted a lot of time, and the redesign for our disability claims process.

Chairman BUNNING. Let me not get into a hassle but the Social Security Administration accountability report for fiscal year 1995 shows that service to the American taxpayer in the area of disability does not seem to have changed since 1993.

As a matter of fact, the number of hearing decisions made within 120 days is actually down over 20 percent since 1992, before partnership, from about 15 percent in 1992 to about 12 percent in 1995.

Those are your numbers, they are not mine.

Ms. CHATER. Yes, I believe you are quoting from the accountability report that we submitted, but I would remind you that these are our goals for a long-term period. The achievement of the goals that we have put into our accountability report very much depend upon our success with the reengineering proposal to reexamine our disability claims process.

We know that we are not where we ought to be, we know we have a lot of work to do, but we have made progress and will continue making that progress over the next years to bear out our objectives that we have set forward. Our objectives are very ambitious, we know that, but we have made progress, Mr. Bunning.

Chairman BUNNING. Mr. Jacobs.

Mr. JACOBS. Thank you, Mr. Chairman.

I have just one question and then I would like to reserve the balance of my time.

Ms. Pierce, that 400,000-hour figure, can you tell us or can you even give us a ballpark figure of what percent that would be of all the man and woman hours worked at SSA for the relevant period?

Ms. PIERCE. I guess the man and woman hours worked in the Social Security Administration for the relevant period of over 1 year, quickly calculating in my head, would be approximately 115 million hours, give or take a few, and, given 400,000, I guess that is a pretty minuscule amount. It probably comes out, Congressman, to maybe one hour of one week's time for all of our installations across the country.

Mr. JACOBS. And Dr. Chater, you testified that the amount of taxpayer money involved in compensating the union people in representing the people and dealing with management was about, was it three-tenths of 1 percent of the income to the system?

Ms. CHATER. Yes. Two- or three-tenths of 1 percent of our administrative budget.

Mr. JACOBS. So, when you give that figure, maybe like a little chemotherapy for the mountain, it becomes a little more like a mole hill. The figure of 400,000, when compared to the number of hours actually worked is less dramatic. At first glance 400,000 hours sounds like a long time to me. It would take me a long time to get 400,000 hours behind me, although I may have been in Congress longer than that, I do not know.

I just wanted to put in perspective what percentage it is of the hours worked.

Thank you.

I reserve the balance of my time.

Chairman BUNNING. Mr. Johnson will inquire.

Mr. JOHNSON. Thank you, Mr. Chairman.

I would like to point out, Mr. Jacobs, that I do not think it makes any difference whether it is one-half of 1 percent or 1 one-tenth of 1 percent, if it is millions of dollars—and that is what it is—of taxpayer dollars, if it is one penny of taxpayer dollars that is wrongly spent, it is wrong.

Mr. JACOBS. Would the gentleman yield?

Mr. JOHNSON. Sure.

Mr. JACOBS. If it produces what the witnesses have said, under oath, if it produces that, I do not think it was wrongly spent.

Mr. JOHNSON. Well, let me reclaim the balance of my time.

Are you aware of reports coming to you as to use of union time by your employees?

Ms. CHATER. Yes.

Mr. JOHNSON. Do you, personally, see them?

Ms. CHATER. I see the calculations, of course, that we make on how many people are doing how many hours of work, yes.

Mr. JOHNSON. It has been said in testimony here and by some of your ex-employees that you have an unwritten policy that under the Partnership, "We do not say no to the union."

Is that true or false?

Ms. CHATER. Oh, that is false.

Mr. JOHNSON. Well, do you have some example of saying, no, to the union?

Ms. CHATER. Yes, of course.

When the union representative in a field office, for example, asks for official time to do union-related work, our managers know that they have the responsibility of saying, no, on occasion if taking someone off a particular assignment would not be in the best interests of getting our work done to serve the American public.

Mr. JOHNSON. How often does that happen? In the past year, how many times did that occur?

Ms. CHATER. I cannot tell you exactly how often it has happened, but I can give you an example.

Mr. JOHNSON. You said you saw the reports, is that not a number on the reports?

Ms. CHATER. No.

Mr. JOHNSON. It is not included in your reports?

Ms. CHATER. Not that specific detail, no.

Mr. JOHNSON. Well, you would think you would want to know where they are being used or not.

I am also told that grievances which went down, according to you and others who have testified, was not because of your union partnership but because of the change in the pass/fail system that you use now for employees.

Now, is that true or false?

Ms. CHATER. I believe that is false because the pass/fail system has only come into being in the last year and we have seen a reduction of those grievances before that time.

Mr. JOHNSON. But, when did President Clinton authorize you to use unions as a partnership?

Ms. CHATER. The Executive order went into effect in October 1993.

Mr. JOHNSON. And when did your pass/fail system go into effect?

Ms. CHATER. And our Partnership Agreement was written in June 1994, but before that we were already working together with union officials in cooperative ways.

Ms. PIERCE. And the pass/fail system was implemented in fiscal year 1995.

Mr. JOHNSON. I was told 1993.

Ms. PIERCE. No.

Ms. CHATER. No.

Mr. JOHNSON. So, you did not do it until 1995?

Ms. PIERCE. No. this is the first year that it has been in existence.

Mr. JOHNSON. When did you see a decrease in grievances? And let me have the Commissioner answer, please.

Ms. PIERCE. Surely.

Ms. CHATER. The grievances went from 467 in 1990 to 209 in 1995.

Mr. JOHNSON. OK. I understand that you are trying to downsize the agency to some degree and over the past few years have eliminated up to 10,000 employees, is that true?

Ms. CHATER. No, that is not true.

Mr. JOHNSON. Are you trying to downsize?

Ms. CHATER. Definitely.

Mr. JOHNSON. And have you eliminated some employees?

Ms. CHATER. We have made a commitment to downsize about 4,500 employees over a 5-year period. Some of that downsizing will take place in 1998, 1999, and so on.

Mr. JOHNSON. None of it has happened to date?

Ms. CHATER. Yes, some of it has happened to date. We have used buy-outs, we have had some people take early outs, we have had not only a downsizing plan in place but a redeployment plan in place where we are making efforts to move people from headquarters into direct service positions in the field and elsewhere.

Mr. JOHNSON. How do you account for the downsizing of your employees, when the union workers doubled in the same period of time?

Ms. CHATER. Well, when we downsize and when we make plans to redeploy our employees, trying to move them out into customer service direct positions, we need to consult with the union about how to do that, when to do it, and we have been doing that.

Mr. JOHNSON. So, you do not have management responsibility, you are allowing the union to control your decisionmaking process?

Ms. CHATER. Absolutely not.

Mr. JOHNSON. You just said that.

Ms. CHATER. No. I do not believe I said that. I said to you that we consult with and work through partnership to solve our mutually established problems and we do it together. And, as I said, we have a long history in the Social Security Administration of employee involvement.

Mr. JOHNSON. I am told that only at headquarters can there be grievances filed against the union, is that true or can you get them from your field offices in your outlying areas?

Ms. CHATER. I would like to have Ms. Pierce answer that question.

Mr. JOHNSON. Because you do not know it or what?

Ms. CHATER. We have grievances filed in every part of the agency. We have committees that sit together to see if we can solve the problem before it actually becomes a filed grievance.

Mr. JOHNSON. Do you personally work with the union, yourself, and union leaders?

Ms. CHATER. I personally work with the union leadership, yes. I am a member of the Partnership council.

Mr. JOHNSON. Which means that you are not in total management control, which you said earlier. And, I think we're misusing taxpayer money if that is the case. Don't you have a fiduciary responsibility over that trust fund?

Ms. CHATER. I certainly do have a fiduciary responsibility for the trust fund and I take it very seriously. But my point to you today, Mr. Johnson, is even without a union we would want to involve our employees in a problem solving approach so that employees know what we are doing, that we do what is best for the American public, and that we do it together.

It is sort of the wave of the future for employee involvement, for employee cooperation.

Mr. JOHNSON. I understand all that but when you abrogate your authority to a union, I do not think that is what is happening.

I am out of time.

Thank you, Mr. Chairman.

Mr. NEAL. Thank you, Mr. Chairman.

Thank you for your timely, I think, and superb testimony this morning, Doctor. I think it is entirely accurate in the perspective you have presented it to us.

And let me say this, that through a process of downsizing you should consult with the union. My experience—which may be different than some of the panelists this morning—is as a mayor of a good-sized city in which I used to bargain with 6,000 employees in 36 different bargaining units. And if you want an atmosphere that is conducive to increased productivity where people get along and morale is high, you stay in contact with representatives of the work force.

And, as you have indicated, even in the absence of the union that would still be a desirable goal to hear what the employees have to say.

Now, specifically my question is this, does it not seem logical that in a process of downsizing that new problems would occur, unforeseen problems would occur?

Ms. CHATER. That is true.

Mr. NEAL. The result of which would require a different solution or something, perhaps that had not been thought out?

The idea, I think that is being presented here—and I disagree with the panelist who offered the last suggestion—if you want a really strong work force they have got to feel as though the outcome is part of their doing.

And, the additional suggestion that I would offer, and give you an opportunity to comment on is, management's job is not to come in every day and order people around; and to think that in this atmosphere and the changes that have overtaken our society during the last 5 decades that somehow that is going to be conducive to a healthy work place.

I think, by and large as one who was on the other side of many union decisions, that keeping a union in contact with you, speaking to them regularly you can cut off an awful lot of problems in their early stages. It is only when the problem is allowed to fester that morale problems really set in.

Now, I know that that is a general analysis, but I would like you to, perhaps, speak to it. And I used to deal with these issues every single day for 5 years of my life.

Ms. CHATER. Well, I could not agree with you more. That is the philosophy that we are implementing. I want to call your attention to a report from the Department of Labor that has just come out called Working Together for Public Service, and this report supports very much the philosophy that we are trying to implement in the Social Security Administration. I would just read to you one sentence if I might that says, "Based upon more than one year of extensive analysis, the task force who wrote this report is unanimous in its belief that the movement toward employee participation and cooperation between labor and management offers State and local government an unparalleled opportunity to improve delivery and quality of services."

And so, my philosophy is that what we are doing, working with the union in a cooperative ways, can only help us improve service,

while it improves morale and involves the employees in joint problem solving.

Mr. NEAL. Has the litigation of grievances increased or decreased?

Ms. CHATER. Decreased.

Mr. NEAL. Significantly?

Ms. CHATER. Yes.

Mr. NEAL. What would you offer as a potential savings or a number to me?

Ms. CHATER. Well, GAO has suggested that for every charge of an unfair labor practice, the cost was about $28,000. If we use that and multiply the number of unfair labor practice charges by which we decreased, we estimate that we are saving about $7 million a year.

Mr. NEAL. And that does not mean that you end up doing what the union wants, it means that you listen to what the union has to say and then you make a decision after carefully analyzing their suggestion, right?

Ms. CHATER. That is correct.

The whole idea of collective bargaining in the past, became adversarial.

Mr. NEAL. Exactly.

Ms. CHATER. Two groups came together and they had to do conflict resolution. What we are trying to do now is to sit at the same table, share information, identify the problems that we have and mutually solve them, in ways that will decrease the number of grievances and litigations.

Mr. NEAL. And grievances are not only demoralizing but they really are terribly time consuming, are they not?

Ms. CHATER. They are very time consuming.

Mr. NEAL. And once it builds the anger grows and confrontation comes about, polarization and the level of trust is diminished?

Ms. CHATER. Yes, and morale is low.

Mr. NEAL. Exactly. So, the idea, it seems to me, that you are attempting to implement is to have a good working relationship, not to give up your management responsibilities or obligations, but at the same time to include employees in the final product which is as much theirs as well.

Ms. CHATER. Well said, thank you.

Mr. NEAL. Thank you.

Ms. PIERCE. And, Congressman, if I could add, as evidence of the fact that we are not giving up any management responsibilities, we recently issued a memorandum in April 1996 to clarify to any field manager who may have had a different understanding that it is essential that public service be achieved, and the union representative had to do public service before their union duties. And, that is clarified for all managers to follow.

Mr. NEAL. Let me just close on this note—and I thank the panelists very much—when I ran for Congress in 1988 the business community and the chamber of commerce endorsed me as well as the AFL–CIO.

Chairman BUNNING. And? There has got to be a closing line to that.

Mr. NEAL. My point, Mr. Chairman, is this, that if management and labor both seek to find common ground and there is a trusting relationship, that in the long run not only does it benefit the employees and management but, most importantly, it benefits the consumer and the public and it can be done every day. And we are headed down a road, I think, to even more changes in this arena.

I think that we have to get past the notion that one side ought to have the upper hand, that there ought to be a trusting relationship. And I think in the long run, the individual who comes in for the service, the citizen and the taxpayer, benefits enormously from that relationship.

Chairman BUNNING. That is not the subject for this hearing, but I understand your philosophy.

Mr. NEAL. Thank you, Mr. Chairman.

Chairman BUNNING. Mr. Laughlin will inquire.

Mr. LAUGHLIN. Thank you, Mr. Chairman.

Dr. Chater, I think the goals and objectives that you have told us about in your leadership as commissioner are commendable. They are certainly the ones I try to implement with my office. I have fewer employees than you do. I ran a law firm and tried to do it there. And I happened to be company commander of a field intelligence in the army that had over 100 people, and one time they were scattered in three countries, and in none of those instances did I have to deal with a labor union to make sure I met those objectives.

I say that to say to you, and I do not think the presence of the labor union is necessarily the problem that we are trying to address today. What we are trying to address is the use of taxpayers' hard earned money going into a trust fund and being used for other things when they expect that money to be available when they reach their retirement years.

And since this topic has come to my attention, I have discussed it with a wide range of people and editorial writers in my district and not one of them was aware that trust fund money went for union activity.

So, I would like to focus on that.

Since 1993, our information to this Subcommittee is that union costs have doubled. Would you agree with that?

Ms. CHATER. Yes, that is true.

Mr. LAUGHLIN. And you are telling us that you are trying to downsize and have downsized? My question to you is are the managers—and the leadership appointed from the President of the United States down through the various levels—the mangers who are accountable to the people of this country, are they making the decisions on downsizing or is it that the managers are relying upon the union advisors to tell them how to downsize?

Ms. CHATER. Well, first, I would comment on the fact that we are using trust funds. We are using both trust funds and general revenues, as our administrative budget is apportioned between the various categories.

Mr. LAUGHLIN. And which percent of trust fund money versus general revenue money are you using for union activities?

Ms. CHATER. It is about 65 percent, including Medicare, for trust fund expenditures. I also want to say to you that, no, managers are

not giving away their responsibilities by working with the union, that's not the idea at all. Because we, by law, can take our administrative expenses from the trust fund. In fact, it is the only place besides general revenue that we can take expenses from. Our administrative budget does, indeed, partially come from trust funds. Official time is considered an administrative expense.

Mr. LAUGHLIN. In your efforts to lead your agency next year and the following year, have you come up with any estimate of how much money it will cost for union activity in the year 2000?

Ms. CHATER. We expect that the partnership that we have worked out with our union will certainly continue and, indeed, will improve.

Mr. LAUGHLIN. That is not my question, Commissioner. My question is how much money? Is it going to be more money, is it going to be less money, is it going to be about the same?

Ms. CHATER. We think it is going to be about the same. We expect the number of people to be working on full time union activities, for example, to level off.

Mr. LAUGHLIN. And where is the supporting documentation that allows you to tell us that you expect the cost to the taxpayer is going to remain the same for this union activity that has dramatically increased since the Partnership Agreement signed by President Clinton in 1993, where full time union activity on the part of the SSA employees has more than doubled and the amount of taxpayer dollars being spent on full time union activity in the last 2 years has more than doubled, where is the data—can you give it to us, will you give it to us—that allows you to tell us in this hearing that you expect it to remain the same it the next 4 years?

Ms. CHATER. I am only making a projection that it will remain the same because we know, for example, that a lot of union partnership work has gone into the redesign process for disability. We plan to have that process totally in place by the year 2000.

Mr. LAUGHLIN. Are you telling us that you expect union activity just to go flat this year?

Ms. CHATER. I am telling you that I think that, between now and the future years, we will have reached a leveling off of the number of people who work full time in our union.

Mr. LAUGHLIN. Even though there is been the dramatic increase in union activity, union membership, union expense at taxpayers' cost, you expect it to go flat this year?

Ms. CHATER. I expect that it will stabilize because many of the reasons that caused us to increase——

Mr. LAUGHLIN. No, but stabilize tells me one thing, I am asking about dollars being increased.

Ms. CHATER. Well, dollars will slightly increase as salaries go up, of course, but the——

Mr. LAUGHLIN. That makes me awful nervous, Commissioner, when you say, "slight increase," because in my 8 years here when I hear slight, it often gets into millions and sometimes in real dollars, in billions.

What do you mean by slight increase?

Ms. CHATER. What I mean is that whatever is passed as the percent of salary increases across the Federal Government applies to us as well.

Mr. LAUGHLIN. Would you say the figures that we are dealing with since 1993 are a slight increase in cost to the taxpayer or a dramatic increase?

Ms. CHATER. No, sir, they have increased considerably, which I have already said, because we are doing so much more than we have done in the past with our union/labor management partnership.

Mr. LAUGHLIN. Mr. Chairman, could I have one more question? I see the red light is on but it has to do with money.

Chairman BUNNING. Yes, if you keep it short.

Mr. LAUGHLIN. The question will be short but I hope the answer is not. What reports do you get on taxpayers' money going for union dues that are used for political purposes?

Ms. CHATER. I cannot answer a question that has to do with union dues. I do not know the answer to that.

Mr. LAUGHLIN. In your partnership agreement with the unions, they do not confide that information with you?

Ms. CHATER. Well, we have nothing to do with how union dues are spent.

Mr. LAUGHLIN. Well, you are paying them.

Ms. CHATER. We do not——

Mr. LAUGHLIN. It is part of your budget.

Ms. CHATER. No, we do not pay union dues.

Mr. DYER. It comes out of the salaries.

Mr. LAUGHLIN. Well, you are paying the salaries. So, in your partnership agreement——

Chairman BUNNING. That is it. We will move on to the next questioner.

Mr. LAUGHLIN. All right. We will have another round.

Mrs. KENNELLY. I think the record will show that Mr. Laughlin was never a member of a union. [Laughter.]

Thank you, Dr. Chater for coming and I have been listening to this and I would like to mention for the record, that Federal unions are permitted to bargain under Federal statute. We are not discussing anything that is not absolutely regulated by the law. Furthermore, in 1993, President Clinton issued an Executive order which called for improving labor/management relations through partnerships designed to bring labor into the early stages of agency decisionmaking and avoid subsequent conflicts.

And as you and I know, Dr. Chater, this initiative is throughout the entire Administration. It is part of a reinventing government, it is part of the downsizing to make a more efficient Federal Government. We are all aware that the taxpayers are very concerned about where their dollars are going and they want a more efficient government and that is the whole point of the partnership.

And I salute you for carrying out what you have been asked to do by the President of the United States. Mr. Chairman, some of the staff and myself were interested in what this union participation in the Social Security Administration did during the official time under the Federal statutes. And we have compiled a list that we think more or less says more than the chart before us.

The Social Security Administration is redesigning the disability system from the ground up to streamline the process, reduce delays and backlogs, and improve customer service. The agency has established a redesign team for a new claims process and the list goes on from there.

They have a committee on security with memory of the Oklahoma City situation. The security system has added 101 security guards, established stricter procedures for access to offices, national employer awareness training of security, and so forth.

Mr. Chairman, if I could submit this for the record as my thought of what probably this has brought about but noting that——

Chairman BUNNING. It is perfectly all right if there is a disclaimer on it, your disclaimer.

Mrs. KENNELLY. It is from me, absolutely.

[The following was subsequently received:]

The Honorable Barbara Kennelly
June 27, 1996

Mr. Chairmen, following are a few of the examples provided to me by the American Federation of Government Employees of their participation in activities designed to enhance the operation of the Social Security Administration. The two examples below include the redesign of the disability determination process and security at local Social Security offices.

UNION PARTICIPATION AT SSA
EXAMPLES OF USE OF "OFFICIAL TIME"

REDESIGNING DISABILITY

- SSA is redesigning the disability system from the ground up to streamline the process, reduce delays and backlogs and improve customer service. The union -- through the Partnership -- has participated extensively in redesign.

- The agency established a redesign team. After many months of work and consultation, the agency issued a plan for a new claims process in September, 1994.

- The union participated through a disability Redesign Advisory Group which submitted written comments on the plan. The union engaged in a comprehensive effort to solicit employee input through surveys and established nearly full-time committees to analyze the proposals and provide comments from employees.

- After the plan was issued, the agency established a Disability Process Redesign Team to implement the plan. The union provided 6 members for the Team. They worked full time on implementation along with SSA managers and other SSA employees.

- The union established a redesign committee of 13 members to familiarize themselves with the issue and provide communication and advice to employees and management.

- The agency established regional redesign implementation committees. SSA has 10 regions -- thus 30 members work on this issue nationally to implement the plan.

- Task teams were created on specific portions of the Plan for a New Disability Process. Two union employees serve on each task team. Task teams include, among others:

  - streamlining medical evidence
  - sequential interviewing
  - starter applications
  - quality assurance
  - role of the medical consultant
  - disability claims manager

OFFICE SECURITY

- There is a national Health and Safety Partnership Committee on Security. Many local offices are in dangerous inner-city areas. Employees -- who deal with the mentally ill for example -- have been regularly threatened with bodily harm.

  In addition, the memory of Oklahoma City is never far from their minds.

- The Security Committee is 10 persons and meets monthly. The Committee has accomplished such changes as:

  - agreement to add 101 security guards at local offices;
  - establishing stricter procedures for access to offices;
  - national employee awareness training on security;
  - improving lighting at parking lots.

Mrs. KENNELLY. Doctor, I noticed as we were preparing for this meeting that in this GAO report they complimented you on a new system they were currently testing to gauge how much time is being spent on union activities. Evidently you have a pilot program?

Ms. CHATER. Yes, we do. We will be implementing a pilot program in the Chicago region very shortly, I believe. Ms. Pierce has been working very closely with the people who are doing that.

Would you like to expand?

Ms. PIERCE. Yes. What that system will do, Congresswoman Kennelly, will be to better track the information on individual official time spent in the offices. The system will improve on what the GAO report showed, although we were planning the system far in advance of the GAO audit. It will enable us to more precisely determine the exact hours and time spent and define the areas in which individuals are working, as well.

I might add, as a result of some of the GAO recommendations, we will be looking to expand that automation after the results of the pilot to establish precisely what time is spent on partnership and to ensure that we expand this automated system to other units in the agency, as well.

Mrs. KENNELLY. Thank you.

So, that means it is going to go throughout the system eventually?

Ms. PIERCE. Yes.

Mrs. KENNELLY. Doctor, obviously knowing your background and your expertise, I would imagine you have looked at private industry and their use of partnership activities. It is my understanding that a recent study suggested roughly 50 percent of private industry uses partnership activities such as the Executive order has asked you to carry out?

Ms. CHATER. I understand that on the Internet one can now receive a list of 75 major private companies that are involved in some sort of partnership arrangement, yes.

It is the wave of the future. It is a good way to proceed, and a wonderful way to try to change the culture of the Federal Government. We are working very hard to change the culture from a command and control idea to one of participatory management, of cooperation, of mutual problem solving.

Mrs. KENNELLY. Thank you, doctor.

Dr. Chater, often when we are in a hearing like this, we go home and we talk about it at our town meetings or radio show.

If you were answering questions on this hearing, how would you respond? You were asked to come testify before us concerning the partnership and I heard your lengthy testimony which I thought was excellent. But if you were me, going home, what would you say to the people I represent about why this hearing was called and how you answered the concerns? Short, like in a timeframe that I usually get to explain it.

Ms. CHATER. Well, first of all, we have been invited to come and respond to the GAO report. And, second, the main question that has been asked of us is to justify the expenditure of trust fund money on union Social Security-related activity. In answer to the latter, we are doing nothing that is not authorized by Federal stat-

ute. We see this partnership as a very important part of our administrative style and strategy. All of our administrative expenses are apportioned among the funds that I have already referred to and that is why we are using trust fund money to make a better agency and to improve customer service.

Mrs. KENNELLY. Thank you and your staff for the good work you are doing.

Chairman BUNNING. Mr. English will inquire.

Mr. ENGLISH. Thank you, Mr. Chairman.

In view of the limitations on time in this hearing, I will simply pass.

Chairman BUNNING. Mr. Portman.

Mr. PORTMAN. Thank you, Mr. Chairman.

I earlier heard my friend, Mr. Jacobs, talk about relativity and, you know, the number of hours spent on union activities versus the number of hours spent on all Social Security activities and in the interest of relativity, just to get back to that, we have had a doubling since 1993 of the amount of time spent, the amount of money spent. I think it went from about $6 million to $12.6 million. We have heard a lot of explanations about that today.

One was that the number of grievances have been reduced. But then Mr. Neal said, well, the great thing about that is that grievances are terribly time consuming, which they are, which would seem to run counter to the notion that somehow with fewer grievances there needs to be more time.

The point which I tried to make in the last hearing when we had an opportunity to speak with GAO and some of the representatives of management, was that I am not convinced that we have the accuracy and the completeness of the records we need to be able to even analyze the situation.

And I was interested to hear Ms. Pierce's response, Dr. Chater, to the question from Mrs. Kennelly about the pilot program and the automation. But, I still think we have to focus on the fact that there has been a doubling of time since 1993, that there does not seem to be any ability within the Social Security Administration to tell us, as an oversight panel, exactly how much time is being spent. The notion of part-time people, how much they are really spending.

And automation is great, but automation is only as good as the information you put in. And my biggest concern is this notion of the completeness and the accuracy of the spending. This is in the context of your having, just as I understand it, rolled over the contract for another 3 years, so that the union activity would continue much as it is, I guess until 1999.

And in doing so, I would hope that we would have a better system in place. So, if I could get back to that issue, Mr. Dyer, you talked earlier about a survey that is completed by employees and that management are given some sense of how much people spend. But, how precisely do people record their time and how can we improve that system?

I open it up to whoever would like to respond.

Mr. DYER. Well, I think that we do a pretty good job, management and the union, reporting the time. Everywhere I have been and talked to our managers, they are aware that the time is

reported. The union officials are aware that their job is to report it and that the reports are recorded.

When you look at us compared to other agencies, we have the best system in place. The GAO report showed it. We have a pretty good idea of the amount of official time used. GAO did not find official time that anybody was failing to report, or was reporting inaccurately.

So, based on the evidence that we have, we think we are doing a pretty good job.

Mr. PORTMAN. I guess I read the GAO report a little bit differently in terms of the completeness and the accuracy of the data. I think, in fact, they were concerned about that. And I would just again ask, if you could just walk through it for an individual employee, how that employee, the part-time employee, for example, in the field office, currently report the union activity?

Mr. DYER. There is a form that the part-time employee in the field office uses to put in the amount of time that he or she is spending and, in general, what the union activity is that he is spending it on. They submit that form to staff in the management arena where it is automatically put into what we call a YY report. That is one of our district office reports.

What we are doing to revise our system, Congressman, is to streamline the report and enhance it so that it better captures the time, and also so that we will have better accountability for that time. In other areas outside the field offices, where we have large processing centers, those reports are handled manually and are accumulated over time which causes a problem with accuracy. That is where I believe the GAO indicated that they found inaccuracies, and that is the area where we have really got to streamline and improve the process.

There is one point you made that I would like to respond to, if you do not mind. You talked about us rolling over the contract and your concern about that.

Mr. PORTMAN. Hmm-hmm.

Mr. DYER. Actually, the rolling over of the contract is another area where we are saving money. In 1993, while some of the money was for some of the activities that we have discussed, much of it was for the actual negotiation of the contract.

When we renegotiate a contract with the union, we bring in managers throughout the country to go through every article in our contract to determine what areas they have problems with, what things we need to enhance, what we need to improve, and it takes a great deal of time and study. Then, once we get through with the negotiations, which by their very nature in the past have been adversarial and long, it usually takes 2, 3, sometimes 4 months of actual negotiation.

Mr. PORTMAN. My concern about rolling over the contract is that even though it may save some money as compared to renegotiating an entire contract—although you did have some add-ons, as I understand it—is that if you do not have a good sense of how much union activity that is currently going on and how much official time is being used for union activity when it could be used for processing claims and so on, and getting into some of these backlogs we talked

about earlier, that it seems to me it is not wise to extend a contract for another 3 years.

Do we know we need 146 full time union employees? Do we know we need to have another 1,800 people to work part-time? If we do not have that data—and I understand it is a living contract, so we can go back into it and I think that is good—but why go ahead and roll over without getting the information first and figuring out how to do it?

That is my concern. It is more a matter of having the data to be able to analyze it so we know whether you need 400,000 hours of taxpayer paid time.

Mr. DYER. Let me clarify that that has nothing to do with the contract. The numbers of union officials are not in that contract.

Mr. PORTMAN. But, when you renegotiate the contract—that is the context within which all this goes on, the partnership and all the activity—I assume with the downsizing, the degree to which you are interacting with the union, what the requirements are and so on.

So, my sense, again, is that what the Social Security Administration ought to be doing is redoubling its efforts not only in terms of automation, which is important, but also in terms of getting the actual information so that it is more accurate, more complete, so that you can tell us at the next hearing how many people are spending 25 percent of their time, how many people are spending 15 percent of their time, 5 percent of their time, so that we have this kind of information and we can decide.

Mr. DYER. And, I think we are in agreement there, Congressman.

Mr. PORTMAN. Thank you, Mr. Chairman.

Chairman BUNNING. Commissioner Chater, I have a copy of a brief memo, dated June 21, 1996, to GAO from Pat Randall, Director of the Social Security Administration's Office of Labor Management relations regarding awards paid to full time Social Security Administration union employees. It was requested as part of the audit I asked GAO to do on the use of trust fund moneys for union activity.

I am sure that you or Ms. Pierce or Mr. Dyer are familiar with it. Are you familiar with it?

Ms. CHATER. No. I am not familiar with that specific letter.

Chairman BUNNING. All right. It states that in fiscal year 1995 and for fiscal year 1994, $10,080 in performance awards were paid to SSA employees who spent 100 percent of their work time on union activities.

To the best of your knowledge, would that be correct?

Ms. CHATER. That is correct, yes.

Chairman BUNNING. To the best of your knowledge, were any other rewards or incentives paid above and beyond salary made in full to union representatives in that same period?

Ms. CHATER. I can tell you that the data that you just gave us was for performance awards.

Chairman BUNNING. That is correct.

Ms. CHATER. There may be other——

Chairman BUNNING. I am asking you if there were any others?

Ms. CHATER. I presume there might have been, yes.

Chairman BUNNING. And could you tell me what they might have been?

Ms. CHATER. Well, we offer something called an, "On the Spot Award." If somebody does something quite special at a moment in time, the managers have the prerogative of presenting a small on the spot award, for whatever that was. Those could be in addition to this.

Chairman BUNNING. Now, Commissioner Chater, I am wondering just how SSA was able to determine that these full time union representatives merited a performance award since, according to everything I have been told, management is not allowed to question union employees about what they do on official time.

Ms. CHATER. We——

Chairman BUNNING. Can you explain how you measured the performance of these employees and determined they should receive a cash award averaging over $1,000?

Ms. CHATER. The determination was based on their last performance measure within the agency.

Chairman BUNNING. When was that?

Ms. CHATER. And I would like Ms. Pierce to tell you exactly what year we are dealing with——

Chairman BUNNING. These are full time union representatives that do not do Social Security Administration work.

Ms. PIERCE. I understand.

Chairman BUNNING. How do you measure a performance that does not perform?

Ms. PIERCE. Well, let me answer why they have a rating and how that is done, Congressman. When our contract was negotiated in 1988—it goes that far back—there was agreement reached that union officials who spent 100 percent of their time on union business would be able to carry over their last appraisal of record before they began spending 100 percent of their time on union activities in order to be eligible for promotional opportunities.

What subsequently happened was that our award system provided that individuals who received outstanding ratings were entitled to an award. As a result, union officials who carried over the outstanding ratings were given awards.

Chairman BUNNING. Seven years ago?

Ms. PIERCE. I challenged that process when I became the Deputy Commissioner in 1991. Congress indicated that it was in appropriate for 100 percent union officials to receive awards based upon performance done in a job where they worked before they became 100 percent union officials.

That challenge was subsequently litigated. We lost and the Federal Labor Relations Authority upheld that and required us to continue paying those awards.

Chairman BUNNING. In the new contract that you just negotiated, what did you do?

Ms. PIERCE. Under the new contract which we just negotiated, we now have a pass/fail appraisal system and we no longer will be paying awards based on outstanding ratings alone.

Chairman BUNNING. OK. That same memo further states, "100 percent union representatives will not receive awards in fiscal year 1995." And you are telling me it is because of that fail-safe?

Ms. PIERCE. It is because of the fact that we have changed our appraisal process and also because we have changed our award process, yes.

Chairman BUNNING. I have a copy of a document entitled, "AFGE/SSA Region 2 Award Agreement."

Commissioner, which region is region 2?

Ms. CHATER. New York.

Chairman BUNNING. I assume that you, Ms. Pierce, or Mr. Dyer is familiar with this agreement since it appears to be well in effect?

Ms. PIERCE. I have not seen the agreement for New York.

Chairman BUNNING. You have not?

Ms. PIERCE. No, I have not.

Chairman BUNNING. Have any of you seen the agreement?

Ms. CHATER. No.

Chairman BUNNING. OK. According to this agreement, which I have, which applies to 1996 awards, "All current employees in good standing and who have been on duty for at least 90 days, will receive a CASA award based upon the following scale. Grades 1 through 4, $200; Grade 5, $266; Grades 6 and 7, $315; Grade 8, $382; Grades 9 and 10, $436; Grades 11 and 12, $500."

Are you familiar with that, any of you?

Ms. PIERCE. No. I have not seen that.

Chairman BUNNING. I am a little confused then. First this agreement appears to be saying that all employees, all, are going to receive a service award, yet, I understand that Social Security Administration employees now are evaluated on a pass/fail system.

Would you explain to me how Social Security Administration went about determining what exactly it is that each and every New York regional employee in good standing did to earn a commendable award or a service award?

Ms. PIERCE. Congressman, I can only respond to that by saying that the negotiated contract and the partnership agreement for awards calls for each component to work together, union and management, to determine how their awards would——

Chairman BUNNING. And that would include all employees including the SSA employees who do nothing but union work?

Ms. PIERCE. No, it should not. And I do not, as I said——

Chairman BUNNING. You just told me that was excluded.

Ms. PIERCE. I said it was excluded and I do not know what New York did specifically but I am trying to explain to you that what each component does is negotiate their own agreement. Now, the guideline specifically said 100——

Chairman BUNNING. You said that each region negotiates their own agreement?

Ms. PIERCE. Yes, they do, working with the union in terms of the awards. The guidelines are provided and the guidelines did preclude 100 percent union officials from receiving awards.

Now, before I can respond to what New York did I would have to check because I just do not know.

Chairman BUNNING. Well, they have signed the agreement.

Ms. PIERCE. But, I have not seen it.

Chairman BUNNING. How could they sign the agreement without the approval of the people here that are sitting at this table?

Ms. PIERCE. Because they have been delegated the authority to approve that as part of our agreement.

Chairman BUNNING. Well, that seems a little unusual, to say the least.

Just to refresh your memory and for the benefit of those here, I was the first of many Members of Congress and the Senate to express outrage when you spent money that Congress gave you to reduce disability backlogs and you will remember the amount, $200 million, on employee bonuses.

Ms. CHATER. I do.

Chairman BUNNING. Particularly egregious was the $9,000 paid at your recommendation to one of your staffpeople, a deputy——

Ms. CHATER. Yes.

Chairman BUNNING. —I am not going to bring his name up—which he later returned, and the fact that almost 70 percent of all Social Security Administration employees got bonuses or awards, almost twice the percentage of employees in other government agencies. And, Commissioner, this outrage was not partisan in any nature

As a matter of fact, I have a fist-full of news clippings expressing public outrage on this issue as well as an entry from the May 20, 1994, Congressional Record in which the Vice Chairman of this Subcommittee, who was then Subcommittee Chairman, introduced legislation that would prohibit that practice. The bill was H.R. 4466.

So, I ask you, Commissioner, is this deja vu all over again or doesn't what Congress did in 1994 mean anything? We are having the same problem with awards to people who do not seem to have earned them.

Ms. CHATER. First of all, I want to make it very clear, Mr. Bunning, that we have not spent the $200 million earmarked for disability on anything but disability.

Chairman BUNNING. Well, that money is fungible——

Ms. CHATER. And awards did not come out of that fund.

Chairman BUNNING. Madam Commissioner, I am not going to get into that debate because we know that it was spent. I mean you can say you spent $200,000 or $200 million here and you did not spend it there. But, the fact of the matter is, it was specifically designated for backlog reduction in CDRs, and it was not spent for that.

Ms. CHATER. I beg to differ with you, for the record, it was spent exactly as intended. And I am absolutely positive about that. Nevertheless, your question has to do with the percent of people who have received awards. It is quite true that when I came to the Social Security Administration about 70 percent of our employees received an award. Now, we are under a guideline that no more than 37 percent of our employees receive awards.

Chairman BUNNING. That is about what the average is for the rest of the Federal Government.

Ms. CHATER. Well, paid in 1995 for fiscal year 1994, the percentage of our employees, overall, who received a performance award was 21 percent. So, we have decreased that considerably.

Chairman BUNNING. All right, go right ahead.

Ms. CHATER. And, we have guidelines in place now that high percentages of people should not receive performance awards because it dilutes the whole notion of being rewarded for performance.

Chairman BUNNING. Do you know how much interest, Vice Chairman Jacobs and I have in getting you more money to do your job better?

Ms. CHATER. I do and I appreciate it immensely.

Chairman BUNNING. In the earnings limit bill, we insured that SSA gets CDR money to reduce the over 3 million case backlog now waiting for a continuing disability review, these were supposed to have been done in 3 years, they were not. There are other things that we have tried to accomplish to make sure that you have the money to do your job properly. That is why we are concerned about awards for people who are no longer eligible for awards.

Ms. CHATER. I will say to you that people who work 100 percent on union Social Security Administration related activities will not receive performance awards, Mr. Bunning.

Chairman BUNNING. Mr. Jacobs.

Mr. JACOBS. Thank you, Mr. Chairman.

In the interest of lunch, I pass.

Chairman BUNNING. Mr. Laughlin.

Mr. LAUGHLIN. Thank you, Mr. Chairman.

Commissioner, isn't it true, for the record, that it is most likely the case that virtually all full time Social Security Administration union representatives received awards or bonuses in the last several years?

Ms. CHATER. Yes.

Mr. LAUGHLIN. And could you just give us, for the record, later in a timeframe that, Mr. Chairman, you would agree to, the names and the amounts of the awards of the full time union employees?

Ms. CHATER. Yes. We can do that for you.

[See written questions later submitted by the Subcommittee; question No. 18, page 137.]

Mr. LAUGHLIN. OK. Now, who is it that collects the union dues of the Social Security Administration employees who actually belong to the union?

Ms. CHATER. The union I presume.

Ms. PIERCE. For those individuals who agree to have their dues withheld from their pay, it is done in the payroll process. We then submit a check to the union.

Mr. LAUGHLIN. So, it is not the union who actually collects it, it is the Social Security Administration through the administrative process of paying the employee for his or her time.

Ms. PIERCE. Where the employee elects dues checkoff, yes.

Mr. LAUGHLIN. I see. And has there been any calculation of the cost for the withholding process?

Ms. PIERCE. That is part of our administrative budget costs, yes. I cannot tell you precisely what it is, but it is captured.

Mr. LAUGHLIN. Well, how much is collected in dues say in 1995?

Ms. PIERCE. I think it was $4.8 million but I cannot say that unequivocally.

Mr. LAUGHLIN. Is there any reason that you know of that this money could not be used to justly finance union dues, I mean union activities, to pay the salaries or expenses of the full time or part-

time Social Security Administration employees who are doing union activity?

Ms. PIERCE. My understanding is that legislation requires that we pay it from our administrative expenses.

Mr. LAUGHLIN. Now, in the downsizing that has taken place at the Social Security Administration in recent years, since 1993, there has been downsizing has there not?

Ms. CHATER. Yes.

Mr. LAUGHLIN. Can you give us any idea of the percent or number of employees who have been reduced from the force who are union employees versus the percentage or numbers who were nonunion employees?

Ms. CHATER. No. I do not have that data.

Mr. LAUGHLIN. Is it impossible to do that? I mean if you are withholding the union dues through a check off it would seem that it would be possible to do it.

Ms. PIERCE. It might be difficult. We will make an effort, but it might be difficult. I do not know.

Ms. CHATER. Most of the downsizing that we have done to date has been done through buyouts and early retirements. We have been able through regular attrition to lose some of our employees and so we have not particularly captured the data you are interested in.

Mr. LAUGHLIN. OK. If it is possible if you will submit it to the gentleman for the record, that will be satisfactory with me.

Ms. CHATER. Yes.

[The following was subsequently received:]

There has been a total of 2,448 employees who have attrited from the Social Security Administration since downsizing began in fiscal year 1994. Of that number, approximately 55 percent (1,335 employees) were bargaining unit employees (eligible for union representation, but not necessarily dues paying members), and 45 percent (1,113) were nonbargaining unit employees, such as supervisors or managers, who are precluded from union representation under Title VII of the Civil Service Reform Act of 1978.

Mr. LAUGHLIN. Now, I cannot see your name on the far end, I believe Ms. Pierce?

Ms. PIERCE. Pierce, that is correct.

Mr. LAUGHLIN. When you were talking about the negotiations with the union on the contract, you were talking about parts of the contract that the union had concerns with or problems with, if I am recalling your words correctly?

Ms. PIERCE. No. What I was talking about was the amount of time that we spend as an agency, in total, in reviewing the whole process and the contract, both management and the union.

Mr. LAUGHLIN. OK. But, I understood you to say something about addressing parts of the contract that the union had problems with or——

Ms. PIERCE. I do not recall saying that, sir, no.

Mr. LAUGHLIN. Well, then I misunderstood.

Ms. PIERCE. OK.

Mr. LAUGHLIN. Mr. Chairman, that is all of the questions I have at this time.

Chairman BUNNING. I passed over Mr. Johnson and I apologize. Go ahead.

Mr. JOHNSON. No problem.

Thank you, Mr. Chairman.

Let me follow up, if I may, on what I was asking you earlier. Over the last few months, we have heard from employees in a number of Social Security Administration offices who do not believe that the union, in this case, AFGE is representing their interests. In fact, the employees believe the only interest the union represents is its own.

I wonder if you could explain how an office can decertify the union as its repesentative? Is it simple, is it straightforward? Has it ever occurred?

Ms. CHATER. I will have to turn to Ruth for that.

Ms. PIERCE. Well, it is complex, but the process is established and laid out by the Federal Labor Relations Authority, sir. I would have to get that specific information. While it is not easy to decertify the union, it is not impossible. But, I do not recall within the agency any recent time that we have had decertification of a union.

Mr. JOHNSON. So, to your knowledge, you do not know of any that have been decertified in recent history?

Ms. PIERCE. No, not recently.

Mr. LAUGHLIN. Would the gentleman yield on that?

Mr. JOHNSON. Sure.

Mr. LAUGHLIN. I apologize. I was looking for that information myself. Did you say you were going to check and submit to the Subcommittee the——

Ms. PIERCE. I will submit the process to the Subcommittee because it is very complex, yes.

Mr. LAUGHLIN. I had that very thought in my mind and had made myself a note that the last question I wanted to ask was on decertification.

Ms. PIERCE. The guidelines are laid out by the Federal Labor Relations Authority, which we will provide.

Mr. LAUGHLIN. In fact, Ms. Pierce, I have to tell you I read the process as the employee understood and I will tell you as I read it, it is easier to impeach the President of the United States than it is to decertify. [Laughter.]

Ms. PIERCE. I do not know what you are referring to in terms of what the employees—is this one of the statements for the record?

Mr. LAUGHLIN. That is why we need it.

Ms. PIERCE. OK. We will be sure and provide it to you according to the way the FLRA requires it.

[See written questions later submitted by the Subcommittee; question No. 19, page 146.]

Mr. JOHNSON. Does that comment mean you do not know how to impeach the President or you do not know how to decertify the union or both?

Ms. PIERCE. I think I will just pass on both questions, Congressman. [Laughter.]

Mr. JOHNSON. Well, let me ask you another question.

Back to our Chairman's questioning on the awards, I have been reading this agreement in New York and it is amazing to me that you are unaware of it. It says, a new article in the national agreement between AFGE and SSA. That would indicate to me that you made the agreement if it is a national agreement, is that true?

Ms. PIERCE. Once again, I have not seen the agreement, but my assumption is that they are saying that, because we had the national partnership agreement, which includes the new awards article 17, the negotiations in the New York Region then subsequently developed whatever that product is. But, that does not mean that we were a part of that.

As I tried to indicate before, the agreement——

Mr. JOHNSON. You do not make the agreements between the——

Ms. PIERCE. The national agreement provided guidelines for the regions and components to establish their own process.

Mr. JOHNSON. So, you are saying the president of the union would know but you would not because he——

Ms. PIERCE. No, that is not what I said at all, sir. What I said is that the national union partnership with management established the guidelines to which I believe the document you are reading is referring, but since I have not seen the document I cannot say that unequivocally. What the document that we established nationally provides for is for the regions to then work with their management and union officials to negotiate their local awards process.

Mr. JOHNSON. And Dr. Chater said, unequivocally, that no full time union employee would get an award.

Ms. PIERCE. Which is part of the national guidelines.

Mr. JOHNSON. Well, this thing says, all current employees who have been on duty for at least 90 days will receive commendable act or service award. Now, did you restrict those union employees from just some kind of service award or a whole number of awards. Do you know how many different awards there are?

Ms. PIERCE. Probably about six or seven.

Mr. JOHNSON. OK.

Ms. PIERCE. And what we are precluding the 100 percent union officials from are performance awards, specifically.

Mr. JOHNSON. Just one of them. So, you are saying that the other awards can be given to full time union employees?

Ms. PIERCE. That is negotiated with the panel, sir.

Mr. JOHNSON. A panel?

Ms. PIERCE. With the panels.

Mr. JOHNSON. Which panels?

Ms. PIERCE. The joint union/management award panels, such as was done in the New York Region.

Mr. JOHNSON. So, this statement in here that says all current employees are eligible or will receive, it really says they all will receive an award.

What we are doing is guaranteeing them extra dollars at the beginning if they work for 90 days or more, is that the way you would perceive it?

Ms. CHATER. Mr. Johnson, since we have not seen the memo that you are reading, I would like very much to explore this to see to what extent the New York Region is being consistent with our policies and will let you know.

Chairman BUNNING. We will be glad to provide that.

Mr. JOHNSON. Yes, I appreciate that. I am just wondering if this occurs in New York, does it occur in all your regions? And how many cash awards are there? I mean she said six or seven. Do these moneys come of trust fund dollars, as well?

Ms. CHATER. We will check on all of that and let you know.

Mr. JOHNSON. OK, we would appreciate you responding to the Subcommittee with that information when you get it.

Thank you very much.

[The following was subsequently received:]

Our records indicate that no full time union representatives have received performance based awards in 1996.

The types of cash (or cash-equivalent) awards given by SSA are:

- Commendable Act of Service Award, given to groups or individuals for significant accomplishments or contributions which have promoted the mission of the agency;
- Recognition of Contribution Award, given to employees who have maintained high quality performance throughout the assessment cycle;
- On-the-Spot Award, given for singular or noteworthy accomplishments; and
- Time Off Award, also granted for singular accomplishment.

All administrative expenses, including awards, are allocated based on SSA's cost allocation formula to SSA's various funding sources, including the trust funds and general revenues. For fiscal year 1995, about two-thirds of SSA's administrative expenses were charged to the trust funds (Old Age and Survivors Insurance, Disability Insurance, and Medicare Insurance Trust Funds) and one-third to the general fund.

Chairman BUNNING. Last but not least, I wrote you 2 days ago and asked you for a list of the full time employees, union employees and their awards up until now.

Ms. CHATER. Yes.

Chairman BUNNING. And your office has not produced that. It seems to me that would be a very easy list to produce. If you know who they are. I do not have any problem with my payrolls in my offices knowing exactly what I pay my people. You just happen to have a few more.

But, there are only 146 that I am interested in. So, can I count on you to furnish that to me by the end of the day or the end of the week?

Ms. CHATER. We will certainly have it to you as soon as we can, but you really only gave us about 24-hours notice to do that. Because you have asked for names of people I am always concerned about the confidentiality of our data and I want to be sure that what we give you is accurate.

And, so, when we give it to you we will have checked to be sure those names and numbers will be accurate.

Chairman BUNNING. When will you give it to us?

Ms. CHATER. Perhaps by the end of the week.

Chairman BUNNING. Thank you.

Mr. JACOBS. Mr. Chairman, I have reserved some of my time.

Chairman BUNNING. You did, go right ahead.

Mr. JACOBS. I just have one question of Ms. Pierce. I think the one thing that has not been nailed down here is that you say that you negotiate nationally with the union for guidelines for the regional negotiations.

Are those guidelines binding?

Ms. PIERCE. They should be, yes, sir.

Mr. JACOBS. OK, if they are binding, then, anything that New York did that is at variance with the national guidelines would be vitiated by the national guidelines?

Ms. PIERCE. We would be moving to correct them if we find something not in compliance.

Mr. JACOBS. Thank you.

Chairman BUNNING. Mr. Laughlin has one more question.

Mr. LAUGHLIN. Commissioner, have you seen the James Glassman article that was in the Washington Post Tuesday that was entitled——

Chairman BUNNING. I put it in the record earlier.

Ms. CHATER. Yes, I did.

Mr. LAUGHLIN. OK. And did you ask her these questions?

Chairman BUNNING. No, I did not ask these questions.

Mr. LAUGHLIN. I just wanted to know what your reaction was to the article?

Ms. CHATER. Well, I do have a reaction actually. We studied it quite carefully because the company with which we were compared was Fidelity Instruments, which has 20,000 employees for 20 million customers, which is a ratio of 1:1,000.

But, our ratio is one employee per 3,400 customers and I would dare say that Social Security carries out a lot more duties than simply selling a product and investing the funds. We, as you know, do all the disability claims and take care of workers, as well as beneficiaries and so on.

So, yes, I read the article very carefully but I think the comparison is not quite fair.

Mr. LAUGHLIN. Does it cause you any concern that the public could get disenchanted with the Social Security Administration because of the perception that management is giving away the store to the unions in this process and, in fact, the public would look for an alternative to the Social Security Administration?

Ms. CHATER. Well, it always concerns me when there is some notion of people losing confidence in the Social Security Administration. In fact, one of my major objectives for our agency is to restore, enhance, if you will, the confidence in the Social Security system. So, of course, it concerns me.

But, we have in place a larger initiative to try to restore, maintain and enhance the confidence in our Social Security program, because we believe in it so strongly.

Mr. LAUGHLIN. In closing, commissioner, I represent two of the three most senior populated counties in Texas, and we have 254, by age. And I represent a lot of Social Security recipients. And I have talked about their trust fund money going for union activity and I have yet to find one in my district that knew that was happening, and I have got to confide in you, they feel like their trust has been undermined.

Ms. CHATER. But I have to say this, that when we talk about union activities it is very important, as I have been doing today, to use the phrase union activities related to Social Security work. The union activity we are talking about today is union activity that contributes to a cooperative arrangement between labor and management.

I would go so far as to say that if we did not have a union and we were not paying these salaries that we are talking about today, we would still be paying the salaries of our employees to do much of what the union does now.

That is, work with us on redesign, work with us on changing our business processes, work with us to make a more productive work

force, change the culture in our organization from command and control to let us participate and do this together.

So, it is important for us to understand, I think, that union activities are Social Security Administration related and we would be doing these whether we had a union or not. Therefore, I think it is absolutely justified that this money be taken from the only place we get our administrative budget, and that is trust funds and general revenue.

Chairman BUNNING. Dr. Chater, it is hard to explain to someone in Owenton, Kentucky, that they are putting their tax, SSI, FICA dollars in a trust fund and the money is used to pay union activists in a Social Security system to do union duties.

I give you an E for effort, but it is impossible to explain it to the rank and file people that pay their SSA FICA taxes into the trust fund when they think that trust fund money is going to be used for their retirement. That is the reason for this hearing.

Ms. CHATER. But, it is not fair to say union activities.

Chairman BUNNING. That is totally incorrect because all of the activity of those employees at the Social Security Administration are on union activities, totally and completely.

Ms. CHATER. But, those activities are SSA related to every single one of our objectives.

Chairman BUNNING. I understand that but the fact of the matter is they are doing union activity only.

Ms. CHATER. No, they are not.

Chairman BUNNING. Are you telling me now that the 148 or 147 employees are not full time union employees?

Ms. CHATER. No, I am not telling you that. I am saying to you the way that we define union activity is SSA-related work and if we did not have a union——

Chairman BUNNING. I mean you can define it any way you want——

Ms. CHATER. But, that is the truth of the matter.

Chairman BUNNING [continuing]. You can define it any way you want but the fact of the matter is that they have no SSA duties.

Ms. PIERCE. Congressman, can I give you an example of——

Chairman BUNNING. They have no SSA duties, they do union activity only and you are paying them out of trust funds.

Ms. PIERCE. Congressman, if I can give you an example of what seven of those full time union employees have been doing for the last year, they are working with the redesign work group, full time, 40 hours a week, 5 days a week, working on suggestions, processes, reviewing the redesign, but they happen to be the union repesentatives, so——

Chairman BUNNING. Redesign of what?

Ms. PIERCE. The redesign of the disability system. They are union representatives and they are doing that full time as union representatives but they are working on that program.

Chairman BUNNING. But maybe if they were doing CDRs, there would be less of a CDR backlog. Maybe if they were doing continuing disability reviews, we would not have a continuing disability review backlog of over 3 million.

Ms. PIERCE. Then you might not have a disability redesign.

Chairman BUNNING. Well, that is very possible. We have not had a redesign for a very long time and that is why we have a backup of 3 million people waiting.

Mrs. Kennelly.

Mrs. KENNELLY. Obviously, there is a difference of opinion here—[Laughter.]

On the necessity of unions and union activities, but once again, I want to emphasize for the public, and that is why we do these things, that Federal unions are permitted to bargain over agency working conditions, personal practices, some operational issues, by statute. However, official time may not be used for internal union business.

The purpose of partnership activities is to make the agency run more efficiently so that more dollars will go where they belong, to the public, who give their money to this trust fund and depend upon it.

And I think the report shows us that these activities and this partnership has brought forth those efficiencies that make the taxpayer dollar work better.

And, since we are putting things in the record from public papers, I would like to put a dangerous lack of knowledge from the Federal Times in the record, which has to do with this hearing.

Chairman BUNNING. So ordered, without objection.

[The following was subsequently received:]

FEDERAL TIMES

The Independent Weekly For Federal Employees

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Group Senior Editor
Donna M. Peterson

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Marianne Lester

Managing Editor
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OPINION

EDITORIAL

A Dangerous Lack of Knowledge

Unfortunately, a handful of Congress members recently demonstrated a disappointing lack of knowledge about labor relations in federal agencies.

In a hearing on Capitol Hill, Republican members of the House Ways and Means subcommittee on Social Security grilled agency and union chiefs about the use of "official time."

We agree that keeping official time aboveboard and focused on employee issues is critical to maintaining a union's integrity.

And Congress members have every right to ask about statistics like those in a General Accounting Office report showing the Social Security Administration went from 80 people working every day on official time in 1990 to 146 today.

But this particular examination revealed some members of the House appear ignorant of some basics in labor laws and relations.

One member asked if partnership violates the spirit of Social Security's oversight of trust funds — the taxpayer money used to pay benefits. Where's the connection here? Isn't it in the interest of the agency — and the taxpayer and benefits recipients — to have better management-labor relationships?

A recent Capitol Hill hearing revealed some members of the House appear ignorant of some basics in labor laws and relations.

Also troubling were questions that alleged the union uses official time to work on political or internal union activities. Rules on official time say the time is for work on employee issues, period. Why didn't the member know that? And if he was implying this union was using official time for something other than employee issues, why didn't he come right out with it?

But the real doozy was one Congress member's question about why the union gets to pick which employees work on official time.

Why can't management select who works on official time for the union? For the same reason a state legislature can't just say we don't like the guy you elected so we're sending someone we picked to Congress.

Such trivializing of union rights would be funny if it weren't so dangerous. This panel has the power to curtail official time at Social Security. And after that, which agency would be next?

Chairman BUNNING. I am sorry but Mr. Collins arrived a little late and we are going to allow him to question. Go right ahead.

Mr. COLLINS. Thank you, Mr. Chairman.

I will be brief. What is so difficult to explain to constituents is the fact that work does not get done, and that the money spent on union activity doubled from $6 million a year in 1993 to $12.6 million in 1995.

Now, that is difficult to explain, I do not care how you shell it, that is tough to explain.

You know, based on your most recent comments, and you and Ms. Pierce, it seems to me that you do not think you could operate the Social Security Administration without the union. Could you or could you not operate the Social Security Administration without the union?

Ms. CHATER. We benefit from having a union partnership through which to work and do——

Mr. COLLINS. That was not my question.

Could you operate the Social Security Administration without the union?

Ms. CHATER. I have already said that even if we did not have a union we would have employees involved in our mutual problem solving and our decisionmaking.

Mr. COLLINS. Well, I am not opposed to union. I mean I think it is a right to, in the private sector especially, to have collective bargaining but it is also a right to choose to either belong or not belong. But, all indications from your comments are that you could not operate without the union. The union does it all.

What about your other workers, do they have any input? According to your testimony a few minutes ago, you insinuated the other employees are just there, they have no input as to how the procedures are, how to change the procedures, how to redesign the programs, how to be more efficient to the beneficiaries, is that true?

Ms. CHATER. No, that is not true. All of our employees have access to managers to make suggestions about how we change our processes and how we do our business. Where we are having very great success is with the union partnerships at local levels, where they are working together in very cooperative ways for the safety of employees and how to get our work done in new and different ways.

Mr. COLLINS. You mean at the local Social Security office in hometown, USA?

Ms. CHATER. Yes.

Mr. COLLINS. Well, why do we hear differently from the managers? The managers say it is the most disruptive organization and the most disruptive time that they have experienced in years, trying to administer and meet the needs of the beneficiaries? Why are we hearing something different from that end than what you are saying from this end?

I know we are inside the beltway and things change when you get inside this beltway, but why are we hearing at home that this partnership is not working? They are frustrated. The managers are frustrated as to how they have to try to administer the needs of beneficiaries and, yet, they will use the union as a stumbling block for them.

Is that the way it should be?

Ms. CHATER. You have heard from some managers that they do not feel their partnership is working very well.

Mr. COLLINS. They do not even feel like they are part of the partnership.

Ms. CHATER. Now, remember, we are talking here about 1,500 offices across the country, many of which I have visited. I have met with union officials and I have met with employees who are represented by those officials, and I have met with managers and I can tell you many, many stories about successes in working together as partners.

So, when you have 65,000 employees, of course, you are going to have some who think that it is not going as well as it ought to. And we have work to do. We are not perfect. We have a lot of strengthening to do of our partnership but we are working on that because we believe in it.

Mr. COLLINS. Are only the union members doing the work, to design more efficient programs? I mean that was the indication a while ago from your comments.

Ms. CHATER. Yes. Is that right, Ruth?

Mr. COLLINS. Only union members——

Ms. PIERCE. We have others in the work groups as well. I was explaining that some of the official time people are working and was trying to describe that they are not doing——

Mr. COLLINS. No, Ms. Chater insinuated that only union members participate in the design programs.

Ms. CHATER. No, that is not true.

Mr. COLLINS. Well, we go back to your comments earlier and you laid it all in the laps of the union members as to all the great success that has gone on in the last 2 or 3 years. And you did not give the other employees of the Social Security Administration any credit for any input. You insinuated that only the partnership of the union members is successful.

Ms. CHATER. No, I did not mean to insinuate that only the people who serve on partnership councils are responsible for the successes that we have made, that is not true. All of our employees are involved in various employee involvement programs and that differs across the United States by region. It differs by how well the partnership councils are working together. It differs by a manager's particular inclusive style and bringing people together to work as teams.

So, while it differs, I would say that all of our employees are involved and we hope that they will stay involved with partnership, in general, but specifically the union/management partnerships that we have in place in a formalized way.

Mr. COLLINS. Well, in other words, now you are saying that those who are nonunion members are part of the team with union members to reach decisions on how to better administer the program?

Ms. CHATER. Yes, that is true.

Mr. COLLINS. Well, you know, I find it odd that the Administration would issue such an Executive order within the Social Security Administration to have these type partnerships between nonunion and union members but, yet, they are adamantly opposed to the Team Act which does the very same thing in the private sector.

Thank you, Mr. Chair.

Chairman BUNNING. Commissioner, thank you for coming and thank you, Ms. Pierce and Mr. Dyer, as well.

Before we conclude, I would just like to advise you that I will be sending over a number of questions for you to answer for the record, on behalf of myself, Congressman Tom Coburn of Muskogee, Oklahoma, and several other Members who are particularly concerned about taking action to correct the problems that we have discussed here.

Congressman Coburn has been extremely involved in trying to address the problems at the Social Security office in Muskogee, and I appreciate all the help that he and his staff have given this Subcommittee. Because this Subcommittee intends to give this very serious problem immediate action, I ask you to give it a top priority to respond to our questions.

I want to thank you very much for coming.

[The following questions and answers, and attachments were subsequently received.]

1. The GAO audit of official time devoted to union activities found underreporting for 1995--413,000 hours, versus 404,000 reported by SSA. However, GAO pointed out that their audit was limited to only a few components and only 5 out of 1300 offices, not agencywide, and that agency underreporting would be significantly higher. What specific action have you taken, or will you take, to improve the system and process used to record and report use of official time for union activities?

As I noted in my testimony and in comments to the General Accounting Office, tracking the use of official time is important to both SSA management and the American Federation of Government Employees (AFGE). To improve tracking of official time usage, SSA, in concert with AFGE, is piloting a system called the Official Union Time Tracking System, which will allow better tracking of time spent on union activities. SSA's new system will be piloted and tested in field offices and teleservice centers. The first phase is a limited test, being conducted in several offices in one region. The test started in the later part of 1996 and will run for 4-6 months. The results of the test will be evaluated and the system phased in or fully implemented in the field office structure. If the system proves to be successful, we will expand it Agencywide. At the same time, we will be issuing agencywide instructions in the very near future for tracking time spent on partnership activities, as well as time spent by management in carrying out its labor-management responsibilities. These efforts will likely result in the showing of a significant increase in time reported for union activities because there has been inconsistent tracking of partnership activities throughout the Agency, and, for the first time, we will be tracking management time. In addition, as partnership continues to mature since its inception in FY 1994 and FY 1995, we will likely see increases in this area in the short term.

2. In 1995, SSA reported that 404,000 hours of "official," or Government-paid time was used for union activities. GAO verified that 413,000 hours were used--an underreporting rate of about 2 percent. However, GAO's audit was very limited in scope. It covered only half of 1995, and included only 5 out of 1300 field offices (a fraction of 1 percent); 2 out of 37 teleservice centers (5 percent); 1 out of 137 hearings and appeals offices (less than 1 percent); 1 out of 10 regional offices (10 percent); 1 out of 6 program service centers (17 percent), and 3 out of the many components at Baltimore headquarters. Please provide for the record the number of components at headquarters.

For official time reporting purposes, SSA headquarters is considered a single component. Currently, there are seven major components at headquarters, which are headed by Deputy Commissioners. These offices are: Human Resources; Systems; Communications; Programs and Policy; Operations; Legislation and Congressional Affairs; and Finance, Assessment and Management.

3. Since the 1993 Executive Order creating "Partnership," how have employee hours devoted to activities related to "Partnership" been recorded and reported? Of the employee hours reported by SSA in Appropriations documents as devoted to union activities since fiscal year 1993--314,000 in 1993, 297,000 in 1994, and 404,000 in 1995--how many were reported as devoted to activities related to "Partnership?" How many employee hours do you estimate will be devoted to union activities in FY 1996? How many to "Partnership" activities?

As I noted in my testimony and in comments to GAO, in past years, official time was traditionally used in litigious, adversarial, costly third party matters such arbitrations and unfair labor practice complaints. Under our partnership agreement, our relationship with the union has shifted away from such litigation to more joint activities, such as involving union representatives in the decision making process to help craft solutions to better serve our customers and creating labor-management partnership councils and committees at the national and local levels of SSA, including health and safety and security committees. We believe that this shift has made us a better Agency and a better provider of service to the American public.

Aside from the official time which is used for partnership agreement activities, congressionally mandated initiatives to streamline and downsize government have increased the need for official time to be used to bargain over the impact these changes have on employees and working conditions.

We would like to underscore the importance of the partnership between SSA and the unions which represent its employees. One of SSA's three fundamental goals set forth in our Agency Strategic Plan is to create an environment that ensures a highly-skilled, motivated workforce dedicated to meeting the challenges of SSA's public service mission. We look on our partnership with the union as important means of advancing the goal. As partnership matures it is expected that there will be an increase in hours devoted to partnership activities.

As indicated in my response to question 1, because of the inconsistent tracking of partnership time, and in order to more accurately record all usages of official time, we will soon be issuing instructions concerning the tracking of partnership time.

4. For 1995, SSA reported that 404,000 employee hours were devoted to union activities. How many corresponding hours of management time would you estimate were devoted to union-related activities, in particular processing grievances and unfair labor practice complaints, providing data and information requested by the union, responding to frivolous union charges, etc.?

At present, SSA does not track management time devoted to discharging its labor-management responsibilities under the Federal Service Labor-Management Relations Statute. However, as indicated in my response to question 1, we will soon be issuing instructions concerning the tracking of time spent by management on labor relations activities, as well as time spent on partnership activities.

5. Do you believe that taxpayers and senior citizens have a right to know how much official time is devoted to work other than that directly related to Social Security claims processing and information services, such as to union and "Partnership" activities--and how much trust fund money is used to pay for it? Don't you keep track of the time SSA spends on all its workloads, such as processing claims? Isn't this just another workload that should be tracked like all others?

We have tracked union official time. This information has been made public for many years in our report to the Appropriations Committees of both the House and the Senate. As I noted in my response to question 1, the Agency and the union are working together in an effort to improve the tracking of official time usage at SSA. These efforts include an automated system for reporting official time, as well as issuing agencywide instructions for more consistently capturing partnership time and capturing time spent by management on labor-relations activities.

6. Does SSA ever audit the paperwork used in reporting "official time" to determine that the full amount of time used was reported, and that the time specified was actually used as indicated? If it does, please provide full details.

We depend on managers to oversee the use of official time. If misuse of official time is suspected, we require that it be brought to the attention of appropriate management and union officials for resolution.

As you requested, SSA's Office of the Inspector General will be initiating work in this area.

7. You stated that you expect the number of employees using official time for union activities to level off (rather than continue to increase) and that expenditures for union activities to be about the same as they are now (at least through 2000). Since this is radically different from the pattern since 1993, please describe in detail your rationale and basis for these expectations.

As I noted in my testimony, this is a projection. We would like to clarify that the reported expenditures thus far have identified traditional labor-management activities, and we are discussing the development of a process to track partnership activities.

We do have some reason to believe that these expenditures will level off over the long term, but in the short term we expect to continue to see some increases because we will be more consistently capturing partnership time and will be capturing management time for the first time. A lot of union partnership work already has gone into our streamlining processes, and interest-based bargaining (IBB) and facilitator training is almost complete. We are looking at more efficient means of dealing with our labor-management relations responsibility; e.g., a more cost-effective way of delivering contract training than the face-to-face sessions traditionally used, which incurred travel expenses. We are resolving more of our labor-management relations issues in a cooperative process rather than through litigation.

Our recent experience has indicated that many major changes have occurred Agencywide as a result of implementation of direct service/customer service enhancements; partnership initiatives; legislation; National Performance Review initiatives; Governmentwide regulations and Disability initiatives. Their implementation required consultation and/or bargaining with union representatives in Headquarters and/or Regions under the Federal Service Labor-Management Relations Statute. A list of these initiatives is attached.

As we gain more experience working in a partnership mode, we anticipate that costs should level off, and more importantly, that costs will reflect a more productive use of our resources than litigation and traditional adversarial bargaining.

Attachment

AGENCYWIDE INITIATIVES*

- Implementation of Executive Order 12871 Partnership Initiatives Agencywide--such as:

  - National Partnership Council Meetings;
  - Component and Regional Partnership Council Meetings;
  - Interest Based Bargaining (IBB)/Alternative Dispute Resolution Workgroup;
  - National Health and Safety Partnership Committee for Security;
  - Physical Security Conferences;
  - Headquarters and Regional IBB and Facilitator Training;
  - Component and Regional Award and Merit Promotion Assessment Workgroups and Panels; and
  - Third Party Assistance Team.

OTHER INITIATIVES

- Implementation of Direct Service/Customer Service Enhancements, such as:

  - Intelligent Work Station/Local Area Network and Furniture Installation nationwide;
  - Headquarters Direct Service Unit;
  - Expansion of the Baltimore Teleservice Center;
  - 800 Number Expert System;
  - Remissioning of Western Data Operations Centers to Teleservice Centers;
  - Central Office SPIKE Unit; and

- Expansion of the Program Service Center SPIKE Units.

- Implementation of Legislation Agencywide--such as:
  - Drug Addiction and Alcoholism;
  - Welfare Reform: Noncitizens and Childhood Disability Standard Changes; and
  - Debt Collection

- Implementation of National Performance Review Initiatives Agencywide--such as:
  - Payment Cycling;
  - Focus Groups;
  - Reengineering/Streamlining; and
  - World Class Service.

- Implementation of Governmentwide Regulations Agencywide--such as:
  - Early Retirements/Buyout;
  - Redeployment Programs;
  - Travel Regulations;
  - Mandatory Use of American Express Cards;
  - Family Friendly Leave Act;
  - Voluntary Leave Transfer Program;
  - Voluntary Leave Bank; and
  - Family and Medical Leave Act.

- Disability Initiatives--such as:
  - Screening Units;
  - Decision Writing Units;
  - Adjudication Officer;
  - Disability Claims Manager;
  - Third Party Assistance;
  - Disability Processing Centers;
  - Early Decision List/Sequential Interviewing;
  - Disability Models.

*** Many or most of these initiatives are the subject of the Memoranda of Understanding we provided the GAO**

8. You stated that the union was instrumental in reducing the hearing backlog. Isn't it true, as we have been advised by both current and retired SSA managers, that any reduction in the hearing backlog was achieved in spite of efforts by the union to block operational changes proposed by SSA?

We believe that union involvement has had a positive effect on our efforts to increase efficiency and improve our service.
As I stated in my testimony and in comments to GAO, the National Performance Review (NPR) recommended the formation of "labor-management partnerships for success" across government. In October 1993, President Clinton issued Executive Order 12781, which created the National Partnership Council, a team of senior union and management leaders, in support of the NPR's goal of encouraging labor-management cooperation and partnership throughout the Federal Government. SSA and AFGE, which represents about 50,000 SSA employees, signed an agreement on June 21, 1994, for the purpose of implementing and maintaining such a cooperative working relationship between labor and management in order to identify and solve problems, and to improve day-to-day operations of SSA, especially those affecting service to the public. We believe Partnership has made us a better agency and a better provider of service to the American public.

9. How is the union held accountable to the agency and to the public for its role in SSA management decisions, now that it is a so-called "full partner" in SSA management decisions?

SSA partnership practices are consistent with the current principles that apply to labor-management relations in the Federal sector. Specifically:

- On September 7, 1993, Vice President Al Gore released the Report of the NPR. The report of the NPR found that, ". . . Quality organizations require full and equal worker and union participation . . . ."

- President Clinton's Executive Order of October 1, 1993 directed Federal agencies to ". . . involve employees and their union representatives as full partners with management representatives to identify problems and craft solution to better serve the Agency's customers and mission . . . ."

- On December 16, 1993, the Office of Personnel Management issued guidance which states, ". . . Involve employees and union representatives as full partners with management representative . . . ."

- On June 22, 1994, SSA entered into a Union/Management Partnership Agreement with the committed purpose to identify problems and craft solutions.

All partnership practices are consistent with management's reserved rights under the Federal Labor-Management Relations Statute.

10. Current law and your national agreement authorize the granting of official time as long as the time is deemed "reasonable, necessary and in the public interest." Who makes this determination, and on what basis? When a union official requests official time, what documentation must be provided in terms of the specific activity (not just category of activity) that the time will actually be used for? Can management deny the request? And if field management does deny the request, can you explain what then happens? How is the disagreement settled?

As you may recall, §7101 of the Federal Service Labor-Management Relations Statute states:

> The Congress finds that --
>
> (1) experience in both private and public employment indicates that the statutory protection of the right of employees to organize, bargain collectively, and participate through labor organizations of their own choosing in decisions which affect them --
>
> (A) safeguards the public interest,
>
> (B) contributes to the effective conduct of public business, and
>
> X X X
>
> . . . Therefore, labor organizations and collective bargaining in the civil service area is in the public interest.

At SSA, union representatives are required to follow the procedures outlined below before they use official time:

- Union representatives are required to account for their time-in-duty status using sign-in/sign-out sheets, other procedures utilized by employees or other arrangements acceptable to management.

- The Federal Service Labor-Management Relations Statute and implementing case law mandates and/or authorizes official time for representational activities such as bargaining, third-party litigation proceedings (arbitrations, Merit Systems Protection

Board, Equal Employment Opportunity Commission, Federal Labor Relations Authority), grievances, union-management committee and workgroup meetings, formal management/employee meetings, and some types of training.

- In accordance with 5 USC 7131(b) of the Federal Service Labor-Management Relations Act, official time is not granted for internal union business such as soliciting membership, conducting union elections and collecting dues.

- Unless otherwise arranged, union representatives are required to request and arrange with appropriate management officials in advance for their usage of official time. Supervisors need to receive sufficient general information to assure the activity is one for which official time would be authorized. Union representatives ordinarily are not required to discuss the substance of the activity. However, supervisors may question unexplained requests for time or what appears to be excessive amounts. Further, in situations where union official time is requested while serious operational concerns exist, the official time may be rescheduled for the earliest convenient time when the situation has passed.

- If abuse of official time is suspected, we require that it be brought to the attention of appropriate management and union officials for resolution.

11. Please provide examples and documentation of at least five instances in the past year where field office managers denied requests for official time and were supported by Regional Offices and/or Headquarters.

We do not collect this kind of information because these disputes are handled and resolved at the local level. However, we provided guidance to field office managers regarding use of official time (copy attached).

Attachment

DEPARTMENT OF HEALTH & HUMAN SERVICES

Refer to S7C

Memorandum

Date: APR 0 2 1996

From: Deputy Commissioner
for Human Resources

Subject: Use of Official Time by Social Security Administration (SSA) Employees In Representing the American Federation of Government Employees (AFGE)--Information and Action

To: All Regional Commissioners, Managers and Supervisors in Field Offices with AFGE Recognition

In light of our recent experiences on the use of official time by employee union representatives, I want to assure that our managers understand and fulfill their obligations and responsibilities under our labor agreements, the law, and Executive Order 12871.

As most of you are aware the area of official time has been controversial within SSA over the last decade. Although we are in a new era of partnership with the union, there remain certain concepts which all managers need to follow. Many guidelines have already been set out in detailed instructions on this subject in the Manager's Handbook for the 1993 National Agreement. Nonetheless, I want to take this time to reinforce the message in certain areas.

Recently, situations have developed where union representatives have requested official time while serious operational concerns exist. In such circumstances the union representative should be informed that a request can not be granted at that time due to the existence of an operational exigency; however, the request should be approved for the earliest possible time when this situation no longer exists. For instance, a union representative/claims representative is taking an interview, and wants to terminate the interview in order to go on official time. In general, the time should be denied until sometime after the interview is completed. We would consider the disruption of the interview to be an interference with the Agency mission to serve the public, and its completion would be viewed as an exigency.

Likewise, if the union representative is in a critical reception/interviewing position of dealing with the public, and there is a shortage of personnel in that position on a given day, then an exigency would exist and the granting of official time could be deferred until the operational hardship is relieved. This, of course, would have to be a situation of limited duration, and would not apply to a long term staffing shortage.

Hopefully, we will be able to successfully work with the union in these situations, and the time can be rescheduled/ temporarily postponed to the next/earliest convenient time after the situation has passed. If this is not the case, managers must still direct these employee/representatives in order to do what is necessary to accomplish the mission. All employees are expected to follow the principle of "work now and grieve later". A failure of any employee to follow a proper written or oral order could be grounds for discipline.

Furthermore, managers should be alert to suspected official time abuse situations and do what they can to ensure the integrity of the system. We can anticipate occasional difficulty in reaching agreement with the union in this area. However, managers with suspected abuse situations can and should act. This needs to be done by escalating the allegation to involve regional management and central labor relations staff, before any action is taken locally. We know that such allegations are sensitive in nature to the union, and we want you to bring all levels of management on board before any action is undertaken. Our objective is to minimize reversals that will appear to undercut your position.

It is important to recognize that in normal situations the union does have wide latitude in deciding what it needs to do in fulfilling its representational role. Usually, the amount of time the union seeks to use on a particular activity should be approved unless the request is clearly unreasonable. Putting it another way, managers should not substitute their judgment for that of the union so long as the request is within the range of reasonable approaches.

In closing, a review of the history of our efforts in this area will show that we preferred to retain considerably more authority over these resources than we currently have. While only part of our objectives in this area have been realized over the years, we still have the responsibility and accountability that we need to prevent abuse, and to insure that public service is provided. Hopefully, the current efforts at partnership and cooperation with AFGE will enhance, rather than detract from our goals in this area. I choose to think that our declining resources, and emphasis on improved public service, will tend to bring the union and management closer in regard to these official time matters. I feel that we have a workable system, and I ask the affected managers to do what they reasonably can to make the system work.

Ruth A. Pierce

12. I noted in your testimony that official time may be granted to union representatives if it is necessary, reasonable and in the public interest. How can you say that it is necessary and reasonable and in the public interest to double the union's allocated time, at taxpayer expense, in just three years. How can this situation be in the public's interest when the continuing disability review backlog stands at 3.1 million cases and over 60,000 disability cases are pending at the Office of Hearings and Appeals? Who is looking out for the interests of the taxpayers and beneficiaries when SSA employees are asking to be released to do union work at taxpayer expense?

The last few years have been marked by a number of events impacting on official time, thus resulting in increased expenditures. First, SSA and AFGE negotiated a new National Agreement in 1993, necessitating extensive training and orientation for managers and employees, and union representatives were deeply involved in this process. Second, the Executive Order 12871 on Partnership was issued in October 1993, and we began the efforts to establish a viable partnership, necessitating more union-management consultations, and joint partnership training. Third, SSA initiatives in response to National Performance Review objectives of improving customer service necessitated more labor-management dealings and interface, via bargaining, partnership activities, and work teams.

SSA has undertaken many initiatives in order to improve its service to taxpayers (See the attached list of initiatives). Implementation of these initiatives requires consultation and/or bargaining with union representatives under the Federal Service Labor-Management Relations Statute.

Attachment

AGENCYWIDE INITIATIVES*

- Implementation of Executive Order 12871 Partnership Initiatives Agencywide--such as:

  - National Partnership Council Meetings;
  - Component and Regional Partnership Council Meetings;
  - Interest Based Bargaining (IBB)/Alternative Dispute Resolution Workgroup;
  - National Health and Safety Partnership Committee for Security;
  - Physical Security Conferences;
  - Headquarters and Regional IBB and Facilitator Training;
  - Component and Regional Award and Merit Promotion Assessment Workgroups and Panels; and
  - Third Party Assistance Team.

OTHER INITIATIVES

- Implementation of Direct Service/Customer Service Enhancements, such as:

  - Intelligent Work Station/Local Area Network and Furniture Installation nationwide;
  - Headquarters Direct Service Unit;
  - Expansion of the Baltimore Teleservice Center;
  - 800 Number Expert System;
  - Remissioning of Western Data Operations Centers to Teleservice Centers;
  - Central Office SPIKE Unit; and

- Expansion of the Program Service Center SPIKE Units.

- Implementation of Legislation Agencywide--such as:
  - Drug Addiction and Alcoholism;
  - Welfare Reform: Noncitizens and Childhood Disability Standard Changes; and
  - Debt Collection

- Implementation of National Performance Review Initiatives Agencywide--such as:
  - Payment Cycling;
  - Focus Groups;
  - Reengineering/Streamlining; and
  - World Class Service.

- Implementation of Governmentwide Regulations Agencywide--such as:
  - Early Retirements/Buyout;
  - Redeployment Programs;
  - Travel Regulations;
  - Mandatory Use of American Express Cards;
  - Family Friendly Leave Act;
  - Voluntary Leave Transfer Program;
  - Voluntary Leave Bank; and
  - Family and Medical Leave Act.

- Disability Initiatives--such as:
  - Screening Units;
  - Decision Writing Units;
  - Adjudication Officer;
  - Disability Claims Manager;
  - Third Party Assistance;
  - Disability Processing Centers;
  - Early Decision List/Sequential Interviewing;
  - Disability Models.

*** Many or most of these initiatives are the subject of the Memoranda of Understanding we provided the GAO**

13. I understand that the contract that was scheduled to expire in November 1996 was recently extended for another three years. If that is correct, how can you justify extending the current contract for three more years when you really don't have a clear picture of how much money is truly being spent on union activities, and what the so-called "official time" is actually being spent on?

In other words, how do you know you need to release 146 SSA employees to work full time on union activities, and another 1800 to work part time? How do you know that over 400,000 of taxpayer-funded time needs to be devoted to union activities instead of social security work, like processing disability claims and CDRs?

Since your policy is apparently to give the union whatever it wants at the expense of public service and everything else, just how do you know what union concessions good labor-management relations at SSA would really require?

As I noted in my testimony, procedures are in place for requesting, approving, and tracking official time, and those procedures are being strengthened. The contract does not define the number of full-time union representatives. Rather, time is requested and approved on a case-by-case basis, consistent with statutory and contractual requirements. The preponderance of time requested is for bargaining, approval of which is mandated by the Federal Service Labor-Management Statute, and therefore, is outside the purview of the contract. Renegotiating the contract would have diverted substantial Agency resources from day-to-day business and ongoing initiatives to improve customer service and, based on past experiences, likely would have incurred substantial costs. We believe we have a sound collective bargaining contract in place and it was in the best interest of our agency to extend it.

14. In testimony submitted for the record, three retired SSA managers--Maxine Nielsen, David Mauldin, and Carroll Ferguson--independently stated what countless current field managers from across the country have been telling us--that use of "official time" for union activities is seriously underreported, the unwritten policy under "Partnership" is that managers do not say "no" to the union; that the union basically gets everything it wants, that all balance between the union and front-line managers has been lost; and that under Partnership, no one is protecting the interests of the taxpayers and beneficiaries. How do you respond to these very serious allegations?

We disagree with this assessment of Partnership. As I noted in my testimony, I would like to again emphasize the importance of the partnership between SSA and the unions which represent its employees. One of SSA's three fundamental goals set forth in our Agency Strategic Plan is to create an environment that ensures a highly skilled, motivated workforce dedicated to meeting the challenges of SSA's public service mission. We look on our partnership with the unions as an important means of advancing that goal. By working with the unions, we involve our employees in discussions about things that need to be done and how we will do them.

In past years, official time traditionally was used in litigious, adversarial, costly third-party matters such as arbitrations and unfair labor practice complaints. Under our partnership agreement, our relationship with the union has shifted away from such litigation to more joint activities, such as involving union representatives in the decision making process to help craft solutions to better serve our customers and creating labor-management partnership councils and committees at the national and local levels of SSA, including health and safety and security committees. We believe that this shift has made us a better Agency and a better provider of service to the American public.

15. John Gage of AFGE testified that the decline in unfair labor practice complaints and grievances filed is a result of "Partnership." In the statement you submitted on June 4, you strongly agreed. But in their statements for the record, Mr. Mauldin, Ms. Nielsen and Mr. Ferguson strongly disagree that "Partnership" had anything to do with this decline. In 1993 and earlier, wasn't annual performance appraisals the major issue employees grieved? Now that the system has been replaced by a pass-fail system, how many grievances were filed during the last appraisal period?

Of SSA's 65,000 employees, roughly how many were evaluated based on the new pass-fail appraisal system this year, and of these, how many failed?

Unfair labor practice charges and grievances represent two distinct processes. The former concern alleged violations of the Federal Service Labor-Management Relations Statute; e.g. failure to provide the union with an opportunity to bargain over changes in working conditions, and rarely concern an individual employee matter such as appraisal, the grievance procedure being the vehicle for dealing with the latter. Therefore, the decline in unfair labor practices was unrelated to the change in the appraisal system which occurred in 1995. It is true that the major issue being grieved prior to 1995 was appraisals, and that the number of appraisal grievances filed after implementation of the new appraisal system diminished. Approximately five grievances were filed during the last appraisal period.

Information reported to date shows that approximately 62,755 employees were rated under the pass/fail system; of those, six employees were rated as not in good standing.

16. Mr. Ferguson indicated that trust fund monies subsidize virtually every expense needed for the union to do business, including full salaries and benefits; the full cost of space, utilities, telephone and fax charges, photocopiers, computers, and so forth. Is this true?

Why shouldn't union dues be used to pay the salaries of full-time union representatives and related union activity expenses, rather than trust fund and other taxpayer-provided monies?

As I noted in my testimony, under law, SSA pays for official union time from general revenues and trust fund moneys. SSA is fully in compliance with the Federal Service Labor-Management Relations Statute, the Social Security Act, and the Internal Revenue Code. Working in partnership with our employees and their representatives assures the delivery of quality customer service.

It is important to note that all of SSA's administrative expenses are paid for from a combination of funds derived from the trust funds and from general revenues. In full compliance with the law, allocation of union official time is distributed between the trust funds and general revenues in the same proportion as all SSA administrative expenses derived from Section 201(g)(1) of the Social Security Act and Section 9704 through 9706 of the Internal Revenue Code of 1986.

SSA in bound by case law developed by the Federal Labor Relations Authority and the courts and its own collective bargaining agreements to pay certain union expenses. The Federal Service Labor-Management Relations Statute codified a series of Executive Orders which began in the early 1960s, and allows the use of Federal funds to pay for these expenses.

17. I understand that SSA handed out $14.7 million in performance awards in fiscal year 1995 for employee performance in fiscal year 1994. What is a performance award given for? How many of the SSA employees who work full time on union activities received performance awards in 1995 and 1996?

Chapter 43 of title 5 of the United States Code provides for recognizing and rewarding employees whose performance so warrants. A performance award recognizes individuals who have maintained high quality performance. No employee who worked full time on union activities received performance awards for FY 1995 or FY 1996.

18. For 1993, 1994, 1995 and 1996, please submit for the record the list of SSA employees devoting full time to union activities who received awards, bonuses, or cash incentive payments of any kind. For each year, please give employee name, office, and amount of award, by Region. For each year, please provide a summary listing the total number of appraisals in each category -- e.g., outstanding, excellent, fully successful, marginally successful, and unacceptable -- for the employees who received such payments.

Why doesn't SSA ask the union to pay the cost of any awards given to SSA employees who do no production work, but do union work full time?

The requested information is attached.

Attachment

Compensation Over and Above Salaries to Union Representatives[1] 1993

	NAME	OFFICE	AMOUNT
Boston	Conrad, Susan	Sommerville, DO	$ 325
	Krall, Andrew	Worcester, DO	$ 510
New York	Angelet, Ana	San Patricio, BO	$ 800
	Ballard, Evan P.	Utica, DO	$ 325
	Bigelow, Kirk	New York City - Downtown, DO	$ 325
	Comito, Francis G.	Camden, DO	$ 800
	DeJuliis, Ralph C.	Patterson, DO	$ 325
	Edmonds, Jeanette	Jersey City TSC	$ 325
	Fahlikman, Charles	Bushwick, DO	$ 325
	Fretwell, Warren C.	Syracuse, DO	$ 325
	Hampton, Barbara A.	Brooklyn OHA	$1400
	Kroman, Stanely	Jamaica ROPIR	$ 325
	Levine, Howard W.	Hoboken, BO	$ 325
	Mauger, Robert C.	Amherst, DO	$ 325
	Panagiotopoulos, Andrew	Mineola, DO	$ 325
	Pastore, Gianmarco	Glassboro, BO	$ 800
	Sheehan, Michael V.	Flatbush, DO	$1075
Philadelphia	Berkowitz, Samuel H.	Philadelphia - West, DO	$ 325
	Bristow, Gwendolyn	Upper Darby TSC	$1700
	Flovick, Carolyn E.	Suffolk, BO	$ 800
	Holley, Phil	Charlestown, DO	$ 800
	Jefferson, Terence L.	Baltimore TSC	$ 325
	Merritt, Frank S.	Baltimore TSC	$ 875
	Pyle, Rita	Townson, DO	$ 325
	Rosendale, Patrick S.	Baltimore TSC	$ 675
	Southam, Jean	Wilmington, DO	$ 800
	Wilmer, Archie	MATPSC	$ 800
Atlanta	Adams Jr., William B	Augusta, DO	$ 630
	Burke, Jacqueline F.	Hendersonville, DO	$ 575
	Burton, Sue B.	Jackson OHA	$1170
	Delong, Sharon L.	Asheville, DO	$ 800
	Endsley, Donald R.	Charlotte, DO	$ 575
	Limoges, Yvonne Y.	Petersburg, DO	$ 800
	Mallette, Julius W.	Ft. Lauderdale TSC	$ 325
	Marsh, Matthew C.	Gainsville, DO	$ 800
	Nelson, Barry K.	Birmingham ROPIR	$ 825
	Norris, Jerald C.	Birmingham, DO	$ 425
	Young, Anthony	SEPSC	$1055

(1993 -2)

Chicago	Campana, Jim	Lansing, DO	$ 800
	Davis, Sheron S.	Indianapolis - East, BO	$ 720
	Joseph, Agatha J.	GLPSC	$ 575
	Keillor, Kenneth L.	Grand Rapids, DO	$ 325
	O'Connor, William	Chicago Southwest, BO	$ 325
	Schumann, Gary R.	Milwaukee - North, DO	$ 725
	Seaman, Rose	Akron, DO	$ 800
	Skwierczynski, Witold	Chicago- Northwest, DO	$ 325
	Tucker, Earl P.	Chicago ROPIR	$ 325
Dallas	Lambert, Deloris	Dallas ROPIR	$ 800
	Lucas, Rose M.	Alburquere TSC	$ 500
	March, Patricia A.	McAlester OHA	$ 750
	Smith, Robert R.	Tulsa, DO	$ 500
Kansas City	None		
Denver	None		
San Francisco	Brant, Daniel C.	San Diego TSC	$ 100
	Campbell, Nelson C.	Mesa, DO	$ 900
	Codon, Michael B.	Fairfield, DO	$1000
	Egerman, Howard D.	Foothill, BO	$ 850
	Estudillo, Charles R.	Santa Rosa, DO	$ 425
	Fehner, Carol	Oceanside, DO	$ 325
	Klemz, Gary P.	Santa Cruz, DO	$ 900
	Mack, David C.	WNPSC	$ 425
	Martinez, Carmen B.	Compton, BO	$ 325
	Matthis, Sandra S.	San Diego, DO	$ 900
	Perkins, Jeanette C.	Downey, BO	$ 425
	Young, Jim	San Francisco - Civic Cntr, DO	$ 325
Seattle	DelaCruz, Yvette I.	Auburn TSC	$1400
	Kirshner, Joan	Seattle OHA	$1330
	Kofahl, Stephen	Portland - East, DO	$ 325
	Loesch, Cheryl	Seattle ROPIR	$ 325
	Mack, John	Seattle - West, BO	$ 325
Headquarters	Chandler, Bernadina	Woodlawn HQs	$1400
	Ches, Henry	Woodlawn HQs	$ 343
	Cornish, Reginald E.	Woodlawn HQs	$ 540
	Dishong, Patricia	Woodlawn HQs	$ 610
	Elder, Emma	Woodlawn HQs	$ 585
	Ennis, Cynthia	Woodlawn HQs	$ 325
	Lowery, Rhonda V.	Woodlawn HQs	$ 350
	Rusk Jr., Harold D.	Woodlawn HQs	$ 410
	Shpiegelman, Jan	Woodlawn HQs	$ 325
	Slebzak, James	Woodlawn HQs	$ 325
	Spivak, Arnold	Woodlawn HQs	$ 325
	Tumminello, Vincent	Woodlawn HQs	$1400
	Whelan, John	Woodlawn HQs	$ 800

(1993 -3)

Falls Church OHA	Atkinson, Betty J.	Falls Church OHA	$1590
	Carrozza, Albert B.	Falls Church OHA	$ 890
	Marshall, James E.	Falls Church OHA	$ 890
	McKenna, Greg	Falls Church OHA	$ 325

Represents Union Representatives who spent 75% or more of their time on union business.

Compensation Over and Above Salaries to Union Representatives[1]
1994

	NAME	OFFICE	AMOUNT
Boston	Sincavage, George E.	New Haven, DO	$1110
New York	Comito, Francis G.	Camden, DO	$ 300
	Fahlikman, Charles	Bushwick, DO	$ 500
	Fretwell, Warren C.	Syracuse, DO	$ 150
	Hampton, Barbara A.	Brooklyn OHA	$ 830
	Sheehan, Michael V.	Flatbush, DO	$ 200
Philadelphia			
	Brantley, Marlene A.	Philadelphia-Ger, DO	$1110
	Evans, Richard A.	Baltimore TSC	$ 60
	Flovick, Carolyn E.	Suffolk,BO	$ 120
	Jefferson, Terence L.	Baltimore TSC	$ 50
	Merritt, Frank S.	Baltimore TSC	$ 400
	Rosendale, Patrick S.	Baltimore TSC	$ 150
Atlanta	Adams Jr., William B.	Augusta, DO	$ 100
	Burke, Jacqueline F.	Hendersonville, BO	$ 200
	Delong, Sharon L.	Asheville, DO	$ 100
	Endsley, Donald R.	Charlotte, DO	$ 200
	Limoges, Yvonne Y.	St. Petersburg, DO	$ 200
	Mallette, Julius W.	Ft. Lauderdale TSC	$ 600
	Marsh, Matthew C.	Gainsville, DO	$ 200
	Norris, Jerald C.	Birmingham, DO	$ 400
	Sanders, Gary V.	Palm Beach, DO	$ 200
	Seidel, Doreen M.	Ft. Lauderdale TSC	$ 150
	Young, Anthony	SEPSC	$ 300
Chicago	Davis, Sheron S.	Indianapolis - East, BO	$ 150
	Keillor, Kenneth L.	Grand Rapids, DO	$ 250
	Lamotte Jr., John E.	Columbia - Downtown, DO	$ 330
	Schumann, Gary R.	Milwaukee - North, DO	$ 100
Dallas	Cruz, Raymond E.	Albuquere, DO	$1110
	Hernanadez, Pablo R.	McAllen, DO	$ 175
Kansas City	Clause, William D.	MAMPSC	$ 50
Denver	None		

(1994-2)

San Francisco	Duggins, Dana C.	Redding, DO	$1110
	Egerman, Howard D.	Foothill, BO	$ 50
	Lopez, Katrina R.	Oakland, BO	$ 150
	Mack, David C.	WNPSC	$ 400
	Martinez, Carmen B.	Compton, BO	$ 125
	Matthis, Sandra S.	San Diego, DO	$ 100
	Perkins, Jeanette C.	Downey, BO	$ 100
	Thompson Aaron I.	Inglewood, DO	$ 50
	Weich Jr., Ivan E.	San Diego TSC	$ 100
	Campbell, Nelson C.	Mesa, DO	$ 100
Seattle	DelaCruz, Yvette I.	Auburn TSC	$ 830
	Powell, David H.	Auburn TSC	$ 220
	Thomas, Kittie A.	Auburn TSC	$ 200
Headquarters			
	Chandler, Berdina G	Woodlawn HQs	$ 920
	Cornish, Reginald E.	Woodlawn HQs	$ 920
	Gordan, Noreen E.	Woodlawn HQs	$ 920
	Lowery, Rhonda V.	Woodlawn HQs	$ 550
	Smith, John A.	Woodlawn HQs	$ 50
	Tumminello, Vincent	Woodlawn HQs	$1110
Falls Church OHA	Atkinson, Betty J.	Falls Church OHA	$1590

[1] Represents Union Representatives who spent 75% or more of their time on union business.

Compensation Over and Above Salaries to Union Representatives[1] 1995

There were no awards given for Fiscal Year 1995.

[1] Represents Union Representatives who spent 75% or more of their time on union business.

Compensation Over and Above Salaries to Union Representatives[1] 1996

There were no awards given for Fiscal Year 1996.

[1] Represents Union Representatives who spent 75% or more of their time on union business.

Summary Appraisal Information for Full-Time
Union Officials who Received Awards
(Question #18)

FY 1993

Appraisal Category	Number of Ratings
Fully Successful	40
Excellent	36
Outstanding	9

FY 1994

Appraisal Category	Number of Ratings
Fully Successful	18
Excellent	20
Outstanding	12

19. Over the last few months the Subcommittee has heard from unhappy employees in a number of SSA offices who do not believe that the union -- in this case, AFGE -- is representing their interests. In fact, these employees believe that the only interests the union is representing are its own. Please describe, step by step, and in a clear and detailed manner, the process that a group of employees must follow to decertify the union as their representative.

How many offices have de-certified the union as their representative since you became Commissioner? In the last 10 years?

SSA provided this information to GAO and, subsequently, on September 9, 1996 to the Committee on Ways and Means.

§7105 of the Federal Service Labor Management Relations Statute vests the Federal Labor Relations Authority (not SSA) with the "power" and "duty" to determine the appropriateness of units for labor organization representation.

The Federal Labor Relations Authority Regulations in 5 CFR §2422.2(b)(2) states:

> A petition by any employee or employees or an individual acting on behalf of any employee(s) . . .
> accompanied by a showing of interest of not less than thirty percent (30%) of the employees in the unit indicating that the employees no longer desire representation by the currently recognized or certified labor organization and an alphabetical list of names constituting such showing.

Detailed information on this matter may be obtained from the Federal Labor Relations Authority.

No SSA office has been decertified since the SSA/AFGE National Consolidated Unit was certified by the Federal Labor Relations Authority in 1979.

Attachment

Section 2422.32 of Chapter 5 of the Code of Federal Regulations, Chapter XIV (Federal Labor Relations Authority), states the process of decertification. The section follows.

tion, examine the record in evaluating the application. An application must specify the matters and rulings to which exception(s) is taken, include a summary of evidence relating to any issue raised in the application, and make specific reference to page citations in the transcript if a hearing was held. An application may not raise any issue or rely on any facts not timely presented to the Hearing Officer or Regional Director.

(c) *Review.* The Authority may grant an application for review only when the application demonstrates that review is warranted on one or more of the following grounds:

(1) The decision raises an issue for which there is an absence of precedent;

(2) Established law or policy warrants reconsideration; or,

(3) There is a genuine issue over whether the Regional Director has:

(i) Failed to apply established law;

(ii) Committed a prejudicial procedural error;

(iii) Committed a clear and prejudicial error concerning a substantial factual matter.

(d) *Opposition.* A party may file with the Authority an opposition to an application for review within ten (10) days after the party is served with the application. A copy must be served on the Regional Director and all other parties and a statement of service must be filed with the Authority.

(e) *Regional Director Decision and Order becomes the Authority's action.* A Decision and Order of a Regional Director becomes the action of the Authority when:

(1) No application for review is filed with the Authority within sixty (60) days after the date of the Regional Director's Decision and Order; or

(2) A timely application for review is filed with the Authority and the Authority does not undertake to grant review of the Regional Director's Decision and Order within sixty (60) days of the filing of the application; or

(3) The Authority denies an application for review of the Regional Director's Decision and Order.

(f) *Authority grant of review and stay.* The Authority may rule on the issue(s) in an application for review in its order granting the application for review. Neither filing nor granting an application for review shall stay any action ordered by the Regional Director unless specifically ordered by the Authority.

(g) *Briefs if review is granted.* If the Authority does not rule on the issue(s) in the application for review in its order granting review, the Authority may, in its discretion, afford the parties an opportunity to file briefs. The briefs will be limited to the issue(s) referenced in the Authority's order granting review.

§ 2422.32 Certifications and revocations.

(a) *Certifications.* The Regional Director will issue an appropriate certification when:

(1) After an election, runoff, or rerun,

(i) No objections are filed or challenged ballots are not determinative, or

(ii) Objections and determinative challenged ballots are decided and resolved; or

(2) The Regional Director issues a Decision and Order requiring a certification and the Decision and Order becomes the action of the Authority under § 2422.31(e) or the Authority otherwise directs the issuance of a certification.

(b) *Revocations.* Without prejudice to any rights and obligations which may exist under the Statute, the Regional Director will revoke a recognition or certification, as appropriate, and provide a written statement of reasons when:

(1) An incumbent exclusive representative files, during a representation proceeding, a disclaimer of any representational interest in the unit; or

(2) Due to a substantial change in the character and scope of the unit, the unit is no longer appropriate and an election is not warranted.

§ 2422.33 Relief obtainable under part 2423.

Remedial relief that was or could have been obtained as a result of a motion, objection, or challenge filed or raised under this subpart, may not be the basis for similar relief if filed or raised as an unfair labor practice under

part 2423 of this chapter: *Provided, however*, that related matters may be consolidated for hearing as noted in § 2422.27(d) of this subpart.

§ 2422.34 Rights and obligations during the pendency of representation proceedings.

(a) *Existing recognitions, agreements, and obligations under the Statute.* During the pendency of any representation proceeding, parties are obligated to maintain existing recognitions, adhere to the terms and conditions of existing collective bargaining agreements, and fulfill all other representational and bargaining responsibilities under the Statute.

(b) *Unit status of individual employees.* Notwithstanding paragraph (a) of this section and except as otherwise prohibited by law, a party may take action based on its position regarding the bargaining unit status of individual employees, pursuant to 5 U.S.C. 7103(a)(2), 7112 (b) and (c): *Provided, however*, that its actions may be challenged, reviewed, and remedied where appropriate.

EFFECTIVE DATE NOTE: At 60 FR 67291, Dec. 29, 1995, part 2422 was revised, effective March 15, 1996. For the convenience of the reader, the superseded text is set forth below.

PART 2422—REPRESENTATION PROCEEDINGS

Sec.
2422.1 Who may file petitions.
2422.2 Contents of petition; procedures for consolidation of existing exclusively recognized units; filing and service of petition; challenges to petition.
2422.3 Timeliness of petition.
2422.4 Investigation of petition and posting of notice of petition; action by Regional Director.
2422.5 Intervention.
2422.6 Withdrawal, dismissal or deferral of petitions; consolidation of cases; denial of intervention.
2422.7 Agreement for consent election.
2422.8 Notice of hearing; contents; attachments; procedures.
2422.9 Conduct of hearing.
2422.10 Motions.
2422.11 Rights of the parties.
2422.12 Duties and powers of the Hearing Officer.
2422.13 Objections to conduct of hearing.
2422.14 Filing of briefs.
2422.15 Contents of record.
2422.16 Decision and Order of the Regio Director.
2422.17 Application for review of a Decis and Order of the Regional Director.
2422.18 Election procedure, request for thorized representation election obse ers.
2422.19 Challenged ballots.
2422.20 Tally of ballots.
2422.21 Certification; objections to electi determination on objections and ch lenged ballots.
2422.22 Runoff elections.
2422.23 Inconclusive elections.

AUTHORITY: 5 U.S.C. 7134.

SOURCE: 45 FR 3498, Jan. 17, 1980, unl otherwise noted.

§ 2422.1 Who may file petitions.

(a) A petition for exclusive recogniti may be filed by a labor organization reque ing an election to determine whether should be recognized as the exclusive r resentative of employees of an agency in appropriate unit or should replace anoti labor organization as the exclusive r resentative of employees in an appropri unit.

(b) A petition for an election to determi if a labor organization should cease to be t exclusive representative because it does r represent a majority of employees in the isting unit may be filed by any employee employees or an individual acting on beh of any employee(s).

(c) A petition seeking to clarify a matt relating to representation may be filed by activity or agency where the activity agency has a good faith doubt, based on jective considerations, that the current recognized or certified labor organizati represents a majority of the employees the existing unit or that, because of a su stantial change in the character and scope the unit, it has a good faith doubt that su unit is now appropriate.

(d) A petition for clarification of an exi ing unit or for amendment of recognition certification may be filed by an activity agency or by a labor organization which currently recognized by the activity or age cy as an exclusive representative.

(e) A petition for determination of elig bility for dues allotment (pursuant to U.S.C. 7115(c)) may be filed by a labor organ zation.

(f) A petition to consolidate existing exci sively recognized units may be filed by labor organization, or by an activity or age cy, or by a labor organization and an acti ity or agency jointly.

20. I am interested in your reaction to the June 25, 1996 Washington Post op-ed piece by James Glassman entitled "What Can Government Do?" The American public has repeatedly said that it wants leaner government that works. I wonder if it has occurred to you that you may be jeopardizing the futures of the 65,000 employees at SSA by your continued efforts to "give away the store" to the unions to the extent that the public may become disenchanted with SSA, and look for other alternatives?

Based on you many visits to the SSA field, is it your belief that most SSA field office employees really believe that the unions are helping them in the long run if so-called "Partnership" causes the public to have to wait longer for poorer quality services?

- We disagree that our partnership activities are in any way jeopardizing the future of our employees. On the contrary, as I testified before the Subcommittee last year, we look on our partnership with the union as an important means of advancing the goal set forth in our Agency Strategic Plan: to create an environment that ensures a highly skilled, motivated workforce dedicated to meeting the challenges of SSA's public service mission. By working with the unions, we involve those of our employees who are often in the best position to make useful suggestions about improving service in deciding about things that need to be done and how we will do them.

- Under our partnership agreement, we have seen our relationship with the union shift away from a costly and litigious one to a more cooperative one, involving union representatives in the decision making process to help craft solutions to better serve our customers. I believe that this shift has made us a better Agency and a better provider of service to the American public.

- We also believe it is in SSA's best interest to support the union's continued participation by funding certain activities, since the ultimate success of our efforts to improve our operations rests with the employees who work with them every day.

- The implication that the public is waiting longer for poorer quality service is unfounded. As one piece of evidence to the contrary, we would note that an independent survey in 1995 conducted by Dalbar, Incorporated, rated SSA's telephone service as being the best when compared to companies renowned for customer service.

Chairman BUNNING. Thank you all and the hearing is adjourned.
[Whereupon, at 11:45 a.m., the hearing was adjourned.]
[Submissions for the record follow:]

WRITTEN STATEMENT
OF
CONGRESSMAN TOM A. COBURN, M.D.

511 Cannon House Office Building
U.S. House of Representatives
Washington, D.C. 20515
(202) 225-2701

Submitted June 4, 1996 to the Subcommittee on Social Security of the House Committee on Ways and Means

Mr. Chairman, members of the Committee, I would like to take this opportunity to relay to the Committee my concerns regarding Social Security Administration (SSA) personnel conducting union activities and utilizing government services during normal business hours. Representing the people of the second district of Oklahoma, I am specifically concerned about such practices occurring in the Muskogee, Oklahoma Social Security office.

The purpose of my statement is not to condemn the employees of the SSA for seeking representation through the American Federation of Government Employees -- AFL-CIO, for I truly believe that the union has aided thousands of government employees over the years. Rather, it is to question the appropriateness of government officials being paid to conduct purely union activities. With that in mind, please consider the following:

In 1980 the Muskogee SSA office had approximately fifty employees, in 1995 there were only twenty-seven, and now in 1996 there are only seventeen. As you can imagine, the Muskogee office has become overburdened with an increased workload and a decreased staff. This problem, however, is compounded by the fact that one of the sixteen has been designated a "100% union employee." It is my understanding that this federal employee is permitted to spend 100% of her time on union activities, not on Social Security casework. In an already understaffed office, we simply cannot afford to pay a full-time employee who never handles a single case.

During the year and a half in which I have been in office, my staff has become aware of numerous instances where the "sixteen actual employees" of the SSA office were unable to process claims in a reasonable amount of time. Consequently, the SSA is paying benefits to many unqualified recipients because the Muskogee office simply does not have the necessary staff to adequately review the applications. But, it is my contention that before we ever consider hiring additional SSA staff we should verify that all current employees are actually working to serve the public interest, working to resolve the problems of Social Security recipients, performing the job we have entrusted to them.

Furthermore, our 100% union employee is using SSA facilities (office, desk, phone, copiers, fax machines, etc.) to carry out union business. It seems to me that given the controversial nature of employing a union representative in an SSA office and given our already stretched resources, it would be a greater service to the citizens of Oklahoma to pay another full time case worker rather than a full time union representative.

These problems are not limited to the Muskogee SSA office. I understand that the Tulsa, Oklahoma office, which serves many of my constituents, employees two 100% union representatives and two other individual who spend approximately 25% of their time on union activities. While the Tulsa office has not experienced the dramatic loss in staff that the Muskogee office has, it is still reasonable to assume that the Tulsa office, and the individuals it serves, would also be better off if every employee was devoted to the activities of the SSA.

The fact that both the part-time and full-time union employees are paid, with full benefits, out of the Social Security Trust Fund is a clear violation of the faith which

millions of Americans have placed in the system. We mandate that both the employee and the employer contribute to trust fund, and promise that their money will only be used to pay eligible recipients. Now we learn that this money is being used to openly fund union activities. The fact the cost to SSA for union employees is a small percentage of the total SSA expenditures does not make it right. I cannot, in good conscience, tell either working families or retired individuals who rely on Social Security as their sole source of income that we are using any of their money for union activities, particularly when we are fully aware that the Social Security Trust Fund will be bankrupt by the time my children reach retirement age.

Employing individuals who are 100% union representatives is also a disservice to the thousands of honest, hard-working SSA employees. Invariably the efficiency of any SSA office is lowered when an individual is designated as a union employee. Such an individual is still considered as an SSA employee despite the fact that they may not be performing any SSA duties. Consequently, the productivity per employee of that particular office is lowered by the fact that at least one individual is not contributing to the designated workload of the office.

Following this statement, please find letters received in my office which further document these problems. The first letter (Attachment 1) is from Mr. David Mauldin, who recently retired as the Director of the Social Security Office in Muskogee. The second letter, with attachments, (Attachment 2) is from Ms. Bettie Hulsey, a current, long time employee at the Muskogee office. The third letter, with attachments, was sent by Ms. Virginia Rowan, who recently retired from the Muskogee office. These letters represent the opinions and experiences of their authors and I ask that they be submitted to the record.

These problems are not limited to the Social Security offices of Eastern Oklahoma. Apparently, SSA offices throughout the country employ full or part-time union representatives. Considering the overall impact of this practice, I urge this Congress to take action. The people of the Second District of Oklahoma and the people of the United Sates would be outraged if I were to employ, at taxpayer expense, a full time union representative in my office. They should be equally outraged to learn their local SSA office not only does this, but that it is perfectly legal.

Given that employing union representatives through the SSA clearly limits the ability of an office to fully service its clientele, given that it is a clear misuse of the Social Security Trust Fund, and given that employing union representatives is a disservice to the actual SSA employees; I suggest that we take immediate action to make such practices illegal. If SSA employees desire local advocates, they should pay for the expenses of such a service in the same manner as the private sector - through their union dues. I am confident in the fact that under such a system SSA employees will receive more than adequate representation. At the same time we will ensure that our tax dollars are used only for their designated purpose: the Social Security system.

I would like to thank the Chairman and the members of the Subcommittee for allowing me this opportunity to comment on this issue. I look forward to the subcommittee's findings and I welcome the opportunity to correct this problem.

Faithfully submitted this fourth day of June, Nineteen-hundred and Ninety-six,

Tom A. Coburn

Tom A. Coburn, M.D.
Member of Congress

Attachments:
1) Letter from David Mauldin
2) Letter from Bettie Hulsey
3) Letter from Virginia Rowan

The attachments are being held in the Subcommittee files.

STATEMENT OF CARROLL D. FERGUSON
RETIRED SOCIAL SECURITY DISTRICT MANAGER
AUSTIN, TEXAS

Mr. Chairman and Members of the Social Security Subcommittee:

In 1995, I completed a 35-year career with the Social Security Administration and retired as District Manager of the Austin, Texas, Social Security Office, a position I held for eight years. Austin Texas is incidentally the oldest SSA Field Office in the country, and is a large, or "Class 1" office. Before going to Austin, I held a number of top-level positions throughout the SSA organization, including Assistant Regional Commissioner for Assessment(Dallas Region); Assistant Regional Commissioner for Field Operations (Kansas City Region); Regional Field Commissioner (Seattle Region); Area Director (Chicago Region); and Executive Assistant to the Director of District Office Operations, SSA Headquarters, Baltimore, MD. I mention this only as a way of illustrating that I have had wide experience within SSA throughout my career, and have seen the agency in operation in many parts of the country, and at many levels.

Members of the Committee may be wondering why a retired SSA manager like myself would have an interest in making a statement for the record on use of the Social Security trust funds for union activities at SSA. There are several reasons. First, like thousands of front-line SSA managers and employees across the country, I am extremely proud to have been a part of SSA's unique public-service tradition, and I care deeply about both what is happening to SSA now, and what SSA's future may be. In my view, there was no finer public service agency in the country, or maybe even the world, than the SSA that existed in the first 50 years of its operation. However, I am growing ever more disturbed about what has happened to SSA, especially in the last decade, and I am convinced that if action is not taken, SSA is in danger of self destruction. I realize that these are strong sentiments, but I believe that the situation at SSA is so dire that perhaps only Congress, through further legislative action, can save SSA from itself. And so, my remarks are made with the most constructive intent, based on my deep desire to help SSA, and on my deep belief that <u>someone</u> has to tell Congress the truth!

I am submitting this statement because of the particular concern I share with my colleagues who still work for the agency, as well as my peers who have also left the organization, over the direction SSA is taking in the area of Labor-Management Relations. As you can imagine, because many of my colleagues are still working managers far from retirement, it is difficult for them to contradict the "party line" without putting their careers at risk. Specifically, I and the other managers in SSA are concerned about the future of SSA because of the forced mismanagement of the agency and our trust funds through tolerated union abuses, allowing AFGE to misuse both the public's trust and monies. These abuses have been especially prevalent since the 1993 "Partnership" Executive Order, issued by President Clinton, which has created an atmosphere resulting in near total abrogation of authority of front-line managers to manage their offices in the interests of the public. The result of "Partnership" has been to protect and expand the interests, first, of union officials, and second, of SSA employees, at the expense of service to the public. In short, because of "Partnership," no one is looking out for the interests of the taxpayers and beneficiaries. I will state for the record that this played in my decision to retire from government service.

The purpose of my statement is not to take issue with the American Federation of Government Employees or the union's right to exist. However, **I believe it is inappropriate for any federal employee to receive full government pay and benefits from American taxpayers' hard earned tax dollars while working full time for the union and doing no productive work for the**

taxpayer. The union collects up to $12 per pay period from each of its members, accruing millions of dollars each year. It is those dues which should be used to pay the employees of the union, not Social Security payroll taxes. If the union had to use the dues it collects to support union activities at SSA, I strongly believe that some measure of balance would be restored at SSA. In the current "Partnership" climate, the unions are in fact running SSA to the detriment of achieving SSA's mission to serve the public.

The General Accounting Office testified before your committee on June 4, 1996 concerning this issue. In their testimony, GAO reported that there are 146 employees who currently work full time for the union and over 1,800 employees who are designated as part-time union workers. That is, between 25% to 75% of their working day is designated for union only work and they cannot be assigned any agency work during that period. The average wages for employees working for the union is $42,000 per year. GAO was able to document $12.6 million dollars per year in union support.

I would submit the following for your consideration:

1. **Neither the Union nor SSA has a clear idea of how much time is spent on union activities.** Record keeping is very unreliable and every working manager in SSA today will probably tell you that the time charged to the union "Bank Hours" is far, far under reported. The time tracking system is poorly designed and reports do not reflect all of the employees' time spent in union activities. When the union misreports or under reports their time, challenges by management go back to the union for their decision on their own reporting failure. Consequently, AFGE seldom corrects their reporting problems.

2. **GAO's report to your committee includes expenses only for the 146 full time employees. It does not include expenses incurred by over 1,800 part time union employees. Nor does it include the time or expenses of over one thousand employees who serve as local stewards and are not included in the number of part timers listed above.**

3. **GAO reported that there are over 1,800 designated part time workers. Once again, record keeping in this area is unreliable because even the union is unsure of how many employees are actually designated as part time workers.** When an employee is designated as a part timer, management has very little say in when they spend their time on union activities and when they will be able to work. When they are questioned about their time spent, they often respond with threats of ULPs and grievances. Consequently, they are rarely challenged and often spend more than their designated time in union work.

4. **If each of the 1,800+ part timers spent only 25% of their time in union work, that is the equivalent of over 450 employees taken out of production, in addition to the 146 full time employees. If the part timers averaged 50% of their time in union activities,(a more realistic number than the 25% minimum figure), that is the equivalent of over 900 employees who could be put back into production on behalf of the taxpayers of America.** Nine hundred employees multiplied by an average of $42,000 wages per year equals 37.8 million dollars. This expenditure on union support is far, far more than GAO's report of only $12.6 million in support, calculated using expenses of the full time union employees only, and it does not include all of the before mentioned office operating expenses SSA pays for the union to conduct its own business.

5. GAO reported in their June 4, 1996 testimony (page 16) to the committee, using acknowledged understated numbers, that SSA spends 16.8 union hours per year per dues paying member. In comparison, the IRS spends 10.3 hours per year per dues paying member and the Post Office spends only 2.8 hours per year per dues paying employee. **Hence, SSA spends far more per dues paying employee in union support than either the Post Office or IRS, (a 6:1 ratio in comparison with the Post Office).**

6. GAO's report does not include the millions of dollars in wages for the management time spent in hundreds of ULPs, Grievances, union conferences, responding to frivolous charges, etc.

GAO's report indicated the number of Unfair Labor Practice complaints and Grievances filed by the union have declined steadily since 1993. John Gage, AFGE President, testified before your committee on June 4, 1996, stating that the decline in ULPs and Grievances is a result of SSA's new partnership with the union and SSA's investment, through trust fund support, in the union. However, I believe every manager in SSA would disagree with this premise. Again, I offer the following for your consideration:

Grievances- We estimate that at least 80% to 90% of the grievances filed in SSA in the last several years were related to our old appraisal system. SSA had a five tier appraisal system which weighed heavily in determining award amounts and eligibility for promotions. Our previous Commissioner signed an agreement with the union which prohibited managers from using numerical standards to appraise production and quality and from using any hard data to support the appraisal process. Consequently, management was forced to use more subjective criteria for determining the employees appraisal level. Employees frequently grieved their appraisal. Many who received "Fully Satisfactory" ratings felt they should be rated "Excellent" and many with "Excellent" ratings wanted "Outstanding" ratings.

In 1993 and 1994 SSA issued instructions to managers not to lower any appraisals, but to roll over previous appraisals which could not be raised. In 1995, we did not issue appraisals at all, but rather scrapped the five tier system and installed a "Pass/Fail" appraisal system. In January 1996, SSA issued "Pass" appraisals to about 99% of the employees. **Therefore, beginning in 1993, we basically removed the main source of grievances for SSA. The decline in the number of grievances is not an indication of better cooperation with the union, but simply a result of moving to an appraisal system under which everyone passes.**

ULPs- It is the policy within SSA that ULPs filed by management against the union can only be filed by Central Office. Regardless of how outrageous the actions of the union are against management, Central Office refuses to file ULPs against the union. There have been many documented instances in which the union has threatened management, called them names, refused direct orders, overstepped their bounds while recruiting, interfered with production, and abused nearly every privilege SSA affords them. **Yet, even when field managers have begged and pleaded for action, Central Office refuses to challenge union misbehavior. This has become a common practice under partnership and the union uses it to full advantage.**

Another unwritten policy, under partnership, is that we do not say no to the union. Because we do not say no, the union basically gets everything they request or demand. Since they are never denied, they have fewer opportunities

to file ULPs. **SSA managers strongly believe that the decline in the number of ULPS does not reflect better cooperation with the union. Nor does it reflect a better process. It simply is a result of an agency giving in and letting the union have everything they demand, regardless of the expense to the beneficiary and the taxpayer.**

Thus, the so called partnership is a farce. The union will not file ULPs or encourage mass grievances so long as SSA's leadership in Central Office gives them what they want.

I realize that the use of trust fund money to support union activities is based on law and is legal. **But, I do not believe the good people who framed the law allowing fiscal support of the union ever in their wildest imaginations, dreamed that the cost of union support would grow so dramatically with no ceiling in sight.** Furthermore, while the law provided the basis for union support, the Social Security Administration created the concept of "Bank Hours" and the poorly designed system for capturing union time which have worked together to allow the union to move people out of production and into union work at will.

The many managers with whom I worked for nearly four decades and **I strongly believe that taxpayers are not aware of and would not condone the use of trust fund money to support union activity.** As an agency, we boast of our frugal record to the public, telling them that we operate the agency on less than 1% of the FICA taxes deducted from their hard-earned money. Most of those taxpayers still believe that their FICA taxes are going into a trust fund to pay benefits for themselves and other workers. They would be furious to learn that we pay a couple thousand people $42,000 per year not to work on their claims and their parents' claims, but to work on behalf of the union.

Mr. Chairman, as a federal manager I was frustrated by this abuse of trust fund monies. As a taxpayer I am outraged, and I know the American public would share my view if they were fully aware of the fact that trust fund dollars are used to pay for salaries, awards and retirement benefits, as well as health and life insurance benefits of people who work for the union and not the taxpayer. **The union is a big business, collecting millions of dollars each year in dues. Yet, SSA pays all of its operating expenses using trust fund dollars.** These expenses include, besides full salaries and benefits for the union's employees, the full cost of space (rent), utilities, telephone equipment and costs, including unlimited long distance service, and photocopiers, fax machines and supplies, computers, envelopes and postage -- virtually any expense needed for the union to operate its business.

Since SSA pays nearly 100% of the union's expenses, the dues they collect can be used for other purposes having nothing to do with agency business. While federal managers grow more frustrated witnessing this, we are also seeing more and more political involvement by the unions, using the dues they accrued while receiving federal subsidies for their operating expenses. While AFGE and their parent organization are buying favor with the current administration, federal managers are questioning the continued trust fund support of the union. We ask, "Would they be able to afford such a high political contribution if they had to pay for their own expenses and employee salaries?" Because the use of trust fund dollars frees the union to spend their dues revenues on things other than operating expenses, SSA is, in effect, using trust fund money to subsidize AFGE's political activity.

Conclusion

Mr. Chairman, I am not asking the committee to do away with federal unions at SSA. **Rather, I ask the committee to help restore balance in the process.** In SSA today, there are 146 full time union employees, plus over 1,800 designated part time union employees, plus well over 1000 union stewards. There are over 3,000 front-line production employees, such as claims representatives, spending all or part of their workdays doing union business.

I believe this can be brought back into balance simply by requiring the union to pay the salaries, benefits and office expenses for every employee who is doing union business. This will not stifle the union's ability to represent employees. The union stewards could still represent employees in addition to their assigned tasks. SSA has always agreed to allow union stewards to take time away from their duties for representational purposes only. But, this would end the practice of taking an ever-increasing number of people out of production and designating them as full time and part time union employees.

Mr. Chairman, during the last 15 years, SSA has reduced its work force by over 20,000 employees. Yet, during this same period, in spite of a declining bargaining unit, AFGE has increased its union employees radically from a few dozen in 1980 to thousands in 1996. While SSA was losing production employees to downsizing, we were also losing production employees to the union.

Mr. Chairman, I respectfully ask your committee to initiate legislation which would stop trust fund support of the union and require the union to use the money they collect in dues to pay for their operating expenses and the salaries of employees for the time they spend on union only work. Furthermore, I request that you instruct the agency to scrap the concept of "Bank Time" and implement a new system which clearly defines a limited number employees who can be involved in union activities for representational purposes only. **No SSA employee should spend time on internal union business and recruiting for the union, as the 146 full timers and 1,800+ part timers do currently. Those activities should be performed by employees of the union which are paid by the union from funds they collect in dues, not trust funds.**

Mr. Chairman, please let me end by expressing my gratitude to you and the committee for the responsibility you have shown to the American public and the trust they place in Congress for calling this hearing and requesting GAO to research this issue. We depend on you for the good stewardship needed to keep Social Security alive and well into the next century. The questions you have raised in this hearing will help assure the working taxpayers that Social Security will make the right choices in both protecting their FICA investment and in using that FICA investment to achieve its mission, which is to serve the public.

I again thank you for hearing me out, and would be happy to answer any questions by mail or phone, since the precarious health of my parents prevents me from appearing in person as I would have liked.

STATEMENT OF J. DAVID MAULDIN, RETIRED
SUBMITTED BY DR. SHIRLEY CHATERER, COMMISSIONER
SOCIAL SECURITY ADMINISTRATION

Mr. Chairman and Members of the Subcommittee:

I request that this statement be accepted by the subcommittee, in response to an earlier written statement by Commissioner Shirley Chater.

An earlier letter of mine, addressed to Congressman Tom Coburn, was included with his written statement to the subcommittee.

I worked almost 37 years for SSA, from 1959 until this year, when I retired. The last 22 years were spent as a district manager in Beaumont, Texas and Muskogee, Oklahoma. I remain in touch with many friends and acquaintances within SSA. I have met and talked with most SSA Commissioners during my career, including Shirley Chater. I think of her as a considerate, energetic and concerned person. I could not believe the tone of the statement she submitted to the subcommittee. At best, I would describe it as incomplete.

Many of my colleagues are also disappointed by her statement. To be blunt, those of us who follow her believe that her submission was written by the AFGE. It reflects the type of union appeasement that goes on today at the highest levels in SSA management.

I am no longer obligated to toe the official policy line. I can be frank. My colleagues still with SSA do not have this freedom. I would like to provide the subcommittee with a viewpoint from SSA field management.

In her statement, the commissioner justifies paying full-time AFGE reps by comparing SSA with some private companies that do so. At the risk of stating the obvious. federal union representatives in SSA do not bargain with SSA managers on wages, salaries, leave policy, health and life insurance, etc.. Federal employees also have substantial job security. Local SSA union bargaining is limited to the general category of work rules. "Consultation" was once the required norm. Now the AFGE has the *right* to bargain on the "Impact and Implementation" of changes in working conditions.. According to the union, and top SSA management agrees, "anything" is a change in working conditions, even moving a chair from one place to another. It is hardly accurate to compare General Motors labor relations with SSA labor relations.

The commissioner stated that SSA is bound by law and it's own bargaining agreement to pay certain union expenses. She is right and that is the problem – current law and the SSA agreement. For what ever reason, SSA has conceded issues to the union that have eroded management's control of the organization. It started before commissioner Chater arrived on the scene. Let me give you just one example. The de-certification election acts as a governor of potential union excesses. A union that becomes obsessed with its own power, or fails to represent its members, or both, can be voted out. The law, 5 USC 7111 ©, seems deceptively simple. The AFGE has arranged for insurance against that possibility, within SSA. I have been unable to obtain a copy of the AFGE's procedures for a de-certification election. I am advised that, briefly, the process works like this:

An office (employee) that wants to de-certify it's union, must petition each and every other AFGE office in the nation, and get 10% of the units' members to sign a petition. There were approximately 1,000 such units. If that is done, the initiating office sends the stack of petitions to the AFGE for their review! The AFGE determines the accuracy of the petitions. The AFGE can return the petitions if, in their sole judgment, one or more units were omitted. The AFGE is not required to specify the missing units (and won't)! An election, conducted by the FLRA, is scheduled by the AFGE, without guidelines on time! It could take years!

In practical terms, AFGE recognition is akin to a lifetime appointment. In my experience, the AFGE has failed to tell employees of the extreme complexity of de-certification, which apparently was written by the AFGE. SSA employees are denied their basic right to determine their own union representation on a continuing basis. The remedy is legislation.

Commissioner Chater states that the law prohibits official time for internal union business and "Thus, SSA does not pay for union expenses related to these activities." The law may say that, but the union ignores it and SSA ignores the union ignoring it. I have ignored it myself on instruction from superiors, and so have most other SSA managers with whom I have talked. The word is, **DON'T QUESTION THE AFGE'S USE OF OFFICIAL TIME!** If a manager has a complaint about AFGE's use of official time, the manager is instructed to discuss it with a management Labor Relations person. That is where the complaint ends. The Commissioner's reference to supervisors reporting this time and SSA keeping records, sounds like a control. It is not. Supervisors sign the form and forward a copy. If you can't question it, it is not a control. The contract provides field office unions 100,000 hours of official time per year. Hours not used in one year may be carried forward. Excluded from these "bank" hours are time spent in consultation with management officials and local bargaining. To my knowledge, only the unions in field operations offices have "bank" hours. Other parts of the organization have other types of official time definitions, from "reasonable," to specified percentages of time, to specific hourly limits.

Before the issue of furloughs came up, my information is that the dues paying AFGE members amounted to about 24% of their bargaining unit people. Now, GAO indicates that figure is 47%. The point is, anyone who thinks that the solicitations for these additional members, and the distribution of union literature, were conducted solely outside of official time, within the letter of the law, never watched the AFGE at work. I can not accept the idea that Commissioner Chater really believes what has been written.

The so-called Union-Management Partnership has worsened labor relations in SSA field offices, not improved it. Before partnership, many local social security offices had their own local. They had their own local president who also performed SSA job duties and for the most part, fairly represented the local employees. The Partnership brought with it, the consolidation of locals into larger, area locals. These consolidated locals consist of 10 to 20 offices, or more, with appointed presidents. These new local presidents control AFGE's actions in local SSA offices. On site stewards are little more than reporters, in many locals. The local presidents seldom are familiar with all the needs in various offices. Nonetheless, local managers must deal with them. Increasingly, local presidents are becoming more authoritative and more confrontational. They are more aggressive because SSA does not file ULP charges against the union. The only union-management grievance filed by management, in many years, was filed just weeks ago. The subcommittee has already been advised of that action.

Under these circumstances (top management allowing AFGE free rein), the AFGE is moving into traditional management areas. The AFGE is gaining more control and authority over SSA operations with no responsibility to the taxpayers. The word is starting to go out: only dues paying members will benefit from AFGE authority. Recently, that authority was extended to deciding cash awards (who and how much) for bargaining unit members. In another area, employees who request a hardship transfer (i.e., spouse sick, aging sick parents, etc.) need the usual management approval. If the office sought is one with AFGE representation, the request must ALSO be approved by the AFGE. If the AFGE does not approve, the employee can not be transferred. In SSA management circles, we call the authorizing MOU "The Memo From Hell." SSA is allowing the creation of a second managerial organization that is responsible only to

itself! Again, the taxpayers are paying for this. Does anyone doubt that dues paying membership might increase?

Regarding costs, statements from the commissioner and GAO indicate that in SSA taxpayers pay at least 67% of the support of the AFGE, probably more!

The frequent, obligatory reference to improving public service is boilerplate. Service to our clients, the public, is not on the AFGE agendas that I have dealt with. But then, why should it be? That is management's area of concern. The AFGE is interested in things that affect employee's that will increase two things: (1) union dues, and (2) union power. In my experience, concern for our clients, the taxpayers, is an afterthought. Field managers watch what the AFGE does, as well as read what they write.

Shirley Chater applauds the partnership as helping reduce the costs for grievances and charges of unfair labor practices. This is pure deception, and in my opinion another device to try to make an ugly "Partnership" look better. In the past, the huge majority of all grievances were over annual performance appraisals. SSA hasn't given an honest appraisal to an employee in three years. They have been rolled over, suspended or postponed. Now, SSA has adopted a Pass-Fail annual appraisal system, which the AFGE wanted, and the number of grievances will continue to be much lower. Yes, the number of grievances has declined, but Partnership had nothing to do with it.

Unfair labor practice charges **have** declined. Like grievances, these are AFGE charges against management. SSA management doesn't file ULPs. ULPs have declined since "Partnership", **because** SSA top management has told field management, and others, to get along with the union. In effect, DON'T SAY NO TO THE UNION. The decline in ULPs has not been due to any shared respect or newly discovered mutual understanding. With compliant managers, the union has fewer reasons to file ULPs. A social security field manager can not file a ULP against the AFGE. That right is reserved by Headquarters. It is not used.

In conclusion, the nexus between the AFL-CIO pledge of $35 Million to re-elect the administration and a pro-union congress, and the administration's actions to financially advantage an affiliate of the AFL-CIO, can not be ignored. You are better able than I to assess that situation.

The taxpayers of this country pay for social security. The administration is just a fiscal agent. Taxpayers deserve an objective, even-handed management of the largest civilian undertaking in our history. In my opinion, we are not getting that!

In my April 19, 1996 letter to Congressman Coburn, I requested the removal of taxpayer subsidies to federal unions. To that, I add the request for legislation to guarantee federal employees a right: the right to elect union representation or de-certification on an equal basis. They deserve and need that right!

Sincerely,

J. David Mauldin

STATEMENT OF
MAXINE NIELSEN, RETIRED,
SOCIAL SECURITY ADMINISTRATION

Mr. Chairman and Members of the Social Security Subcommittee:

My name is Maxine Nielsen. My career with the Social Security Administration began as a Claims Representative in Dallas, Texas, June 19, 1963; and I retired as the Teleservice Center Manager, Ft. Lauderdale, Florida, January 20, 1995. During my thirty one years with the Agency, I also held the following positions: Operations Supervisor, Assistant District Manager, Acting Assistant Regional Representative for Family Assistance Planning, Staff Officer and Staff Assistant in the Dallas Regional Office, District Manager and Teleservice Center Manager. I have met and worked with all of the SSA Commissioners who served during my career.

In preparation for this statement, I contacted Social Security managers and employees in various offices in the Atlanta, Chicago, Dallas, New York and San Francisco Regions - in other words, across the country.

After speaking with Regional Office Staff, Area Directors, managers and employees in the various Regions, I found, without exception, that both current management officials and employees were "afraid to speak on the record" to anyone unless they were subpoenaed by Congress and required to do so. They feared not only damage to their current positions, but also Regional Office and/or Headquarters retaliation. The statements I obtained were forwarded to me only after I assured each of them I would not disclose either their names or offices.

The following concerns were common to all of the managers and employees I spoke with across the country. I want to emphasize that these are concerns about problems that exist throughout SSA, Nationwide.

(1.) UNION-MANAGEMENT PARTNERSHIP
The Executive Order creating the "Partnership" has almost destroyed the Agency. In theory, it is excellent. In reality, a disaster. The Union (AFGE) has historically been and continues to be more self-serving than Agency or public-service oriented. The union is not interested in either public-service or efficiency. Its primary functions are to expand its power and to protect those employees either unable or unwilling to perform their jobs.

(2.) LACK OF LEADERSHIP
There is a total lack of high-level leadership at SSA. Commissioner Chater is a political appointee who is not only incompetent but also uninformed regarding Agency operations. Her primary goal is to be confirmed as Commissioner, regardless of the cost to the Agency.
In addition, Regional management officials are "afraid" for their positions and either will not or are unable to "stand up" to Headquarters.
In short, "Higher management will do anything to save their skins."

(3.) "OFFICIAL" TIME

(A) Union time in field offices is out of control. The unreported time is at least four times the amount of reported time. Non-bank hours are rarely either accounted for or reported to Headquarters.

(B) The managers indicated the telephone bills for union calls average 30% of the total office monthly statement. A manager of a district offie with 46 employees has two (2) Claims Representatives who are 100% union. Another manager with 43 employees in his office has four (4) 100% union officials.

(C) Numerous managers, supervisors and employees stated when they are in the vicinity of the 100% union officials work station/area, they are able to overhear the union officials openly involved in personal discussions such as football games, both professional and college, baseball games, basketball games, fishing, dating, marital problems, movies, television, etc. They indicated the union officials no longer even make a pretense of conducting union business all of the time. Managers and supervisors have given up attempting to regulate union time due to the lack of support from upper management, and Regional Offices and Headquarters conceding management rights to the union.

(4.) FRONT-LINE MANAGERS HAVE LOST ALL AUTHORITY TO MANAGE

(A) Several managers stated "The only difference in the union and management is the salary scale. In the Atlanta Region, the union has all the power."

(B) Pass/Fail Appraisal

Due to the change over to the Pass/Fail appraisal rating system, management is no longer permitted to reward the "Excellent" and "Outstanding" employees. This is another example of the union's protection of employees who are not performing above an acceptable level and who would previously have been rated either poor or unsatisfactory. Under the current system, SSA has no method of rewarding superior work performance by an employee, which is extremely demoralizing to SSA's top performers.

(C) Due to union pressure, management is no longer permitted to adequately review and appraise performance on on-going basis. In the Teleservice Centers (TSCs), supervisors are only permitted to Service Observe (SO) five (5) calls per Teleservice Representative (TSR) per month. The supervisor must obtain permission from the TSR prior to observing the calls. The average TSR answers 1,500 calls per month and only observing 5 of the 1,500, with the TSR's permission, is basically worthless as a supervisory performance appraisal tool. The supervisors are no longer permitted to evaluate performance based on unannounced SO of the calls.

(D) It is next to impossible to terminate an employee based on poor performance . Not only is the documentation time consuming, but also the union intervenes, alleges either EEO, discrimination or harassment, and must be dealt with on a continuing basis.

(E) Union involvement on promotion panels for management positions is another concern. How did SSA get in the situation of having interview panels, with AFGE members, for the selection of the South Eastern Program Service Center Director? Is this intended to be precedent setting for other management positions or vacancies?

(F) Hardship transfers have become very difficult to obtain for employees who are not union members since the union has a say in their authorization. Employees who are not union members have, in some instances, been forced to join the union in order to obtain the union's approval of the hardship transfer.

(G) The union manufactures work in the DOs, BOs and TSCs in order to justify upgrades. An example given was the work items transferred to SRs and TSRs following their upgrade in 1994.

(H) Workmen's Compensation (W/C) is a severe problem in all Regions. The employee is permitted to remain on the job, and management must make "Reasonable Accommodations" until the W/C claim is either approved or denied. The union actively solicits W/C cases. Carpal Tunnel Syndrome and Temporomandibular Joint Syndrome (TMJ) have become "prime projects" of the union.

(I) Because of union pressure, so-called "Reasonable Accommodations" for employees who either can't or don't feel like performing their assigned duties is another major problem for many managers. Management is obligated to assign different duties to employees who don't feel well enough to perform their normal duties but who come to work, generally because of poor sick leave balances, in order to receive their salaries. Examples are an employee with a sore throat who can't/doesn't feel well enough to interview the public or speak to callers over the telephone and an employee with a bad back who can't sit at the desk but must either lie down or be moving around all day.

Three current, union-initiated activities are of special concern to managers I contacted: award panels, the promotion plan work-group, and the bi-lingual pay demonstration plan.

AWARD PANELS

Because of union involvement in the 1996 employee award panels, the SSA-wide cost of processing the awards has exceeded 30% of the total awards budget of $23,400,000 - a cost to the taxpayers of over $7,040,000. This figure does not include loss of service to the public, efficiency and production due to union and employee involvement in the awards panels.

One Area Director stated the cost of processing the $250,000 in awards in his area has exceeded $100,000 in salary expenses alone. This is not taking into consideration loss of public service, efficiency and production in the local district and branch offices. A San Francisco Regional Office official stated the region has used in excess of 4,000 employee hours in processing awards, and the project had not been completed when I spoke with him. He indicated the average employee's salary in the San Francisco Region is in excess of $39,000 per year.

NATIONAL PROMOTION- PLAN WORKGROUP

Nine SSA personnel, 4 management, 4 union and 1 union facilitator, were selected to negotiate national SSA promotion plans for thirty-nine (39) different positions. Earlier this year, the workgroup met for two weeks, 1 week in San Francisco and 1 week in San Diego. During the first two weeks of negotiations, they were unable to reach agreement on the promotion criterion for one single position.

The union insisted the following items be the rating criterion:
(1.) Experience (Seniority)
(2.) Only three (3) names be submitted on the Well Qualified List
(3.) The Selecting Official would be forbidden to contact the applicant's manager/supervisor for a recommendation.

The workgroup returned to San Diego in July for an additional two weeks of negotiations. After the two weeks, the workgroup was unable to reach a consensus on the size of the Well Qualified List, and the package was returned to the Deputy Commissioner Operations, Headquarters Partnership Council for resolution. This is yet another example of costly, unproductive union involvement in what should be a management perogative.

BILINGUAL PAY DEMONSTRATION PLAN - (5% Pay Raise for Non-management Bilingual Employees)
The following was received from a bilingual management official:

"Although (I am) a supporter of proper recognition and remuneration for employees who truly utilize their bilingual skills, the proposed demonstration project will overcompensate a large segment of the bilingual employee population that does not necessarily utilize a second language in the performance of their duties and many who may not even be proficient in this second language, yet they have been identified as bilingual.

"In the current environment of Partnership, diversity, Articles 17, 21, and 26, a potentially divisive measurement as pay differential for a segment of our employee population just does not fit and our decision makers need to realize we can not be politically correct all of the time. We also need take into consideration a second language proficiency, in many cases, was already an eligibility factor in our recruitment actions and promotional opportunities. A pay differential could further polarize our human resources to the extent it could become a detrimental force in our organization.

"For whatever it is worth, I dare to suggest we need to tie any additional pay remuneration for bilingual employees to the true performance of their duties in a second language and to the benefits our customers and Agency will derive from this performance. I also have a serious problem with our decision makers, again in trying to be politically correct, excluding members of management with bilingual skills from this pilot. This exclusion alone is sufficient for many to suspect that SSA is not truly concerned about providing world class service to the non-English speaking if it chooses to exclude bilingual managers - who have been the driving force in penetrating the non-English speaking communities in our Country to better inform this public and provide the much needed outreach on behalf of our Agency.

"The Bilingual Demonstration Plan is another union-initiated project with a cost to the taxpayer of $10 to $15 million dollars per year."

RESPONSE TO COMMISSIONER CHATER'S JUNE 27, 1996 STATEMENT

OFFICIAL TIME

Commissioner Chater stated the law prohibits the granting of official time for union activities involving internal union business such as soliciting membership; and "Thus, SSA does not pay for union expenses related to these activities." This is totally inaccurate. The union ignores the prohibition and, at will, conducts union business on government time, using government equipment, telephones, FAX, and facilities. SSA management has been repeatedly informed by Headquarters and Regional Offices that they have no control over union activities and "not to rock the boat". Part of Partnership is management not questioning the actions of union officials. Local managers who complain to the Regional Office are labeled "non-team players" and "trouble makers."

At their discretion, union stewards solicit membership, grievances, Unfair Labor Practices (ULPs), EEO complaints, etc. during normal working hours. The word from Headquarters and Regional Offices is "Don't question the union's use of official time." The union representative completes the time reporting form, and the supervisor simply signs it. This is not a control of the time. It is a self-reporting system with no accountability and which cannot be verified.

The area union president has the authority to appoint officers for the area union locals and to allocate bank hours for their use. Field offices that in the past have not had local representatives have been informed by the area president that certain employees have been appointed as area officers, and that time must be approved for union business. In one area of twenty two field offices, the area president has appointed sixteen area officers, one each in sixteen of the field offices, and has designated each officer either a "75%" or "full time" union official. The Area Director and the local managers were informed by the Regional Office they had no control over union appointments as long as the union hours were available. The local managers were also informed they must comply with the union appointments and the 75% union time designation, which in effect, removed these sixteen employees from doing any Social Security work and from serving the public.

GRIEVANCES AND UNFAIR LABOR PRACTICES (ULPS)

Commissioner Chater applauds the reduction in the cost of grievances and ULPs due to the Partnership Agreement. Partnership has absolutely nothing to do with the reduction in the number of grievances and ULPs. The majority of the grievances were based on the employees' annual performance ratings. In the past three years, the appraisals have either been rolled over, suspended or postponed. With the implementation of the union supported Pass/Fail Appraisal System, the basis for almost all grievances was eliminated. Since there are no "Outstanding " and "Excellent" employees (per the Pass/Fail system), and few, if any, employees are rated less than "Pass", what is there left to grieve? The number of grievances will continue to decline. The number of ULPs have declined because SSA top management has informed field managers to "get along with the union." The word is out, loud and clear, "Don't say NO to the union"------so, there is no longer a reason for the union to file ULPs.

The union gets what it wants! For the record, an SSA field manager is not permitted by Headquarters to file a ULP against AFGE.

OFFICE OF HEARINGS AND APPEALS (OHA) - DISABILITY APPEALS DECISIONS
Commissioner Chater stated that interest-based bargaining had reduced the OHA disability decision writing backlogs by 9,000 in about a month's time. The partnership had nothing to do with the reduction. Since the Memorandum of Understanding (MOU) was signed with AFGE on May 25, 1995, employees from Regional Offices, field offices , teleservice centers and program service centers have been detailed to OHA to assist in the writing of decisions. The union "fought" the decision to send the employees to OHA to assist with the backlog. The union was also against management's involvement in the disability writing process and insisted that only bargaining unit employees be considered for the detail. I am submitting seperately to the Subcommittee, for verification, copies of the MOUs and Memorandum between SSA and AFGE listed below regarding the details to OHA:

(1.) MOU dated 5/25/95 regarding details to OHA
(2.) Memorandum dated 2/28/96 to Arthur B. Johnson, AFGE
(3.) Memorandum dated 3/20/96 to Arthur B. Johnson, AFGE
(4.) MOU dated 3/27/96 requiring both short-term and long-term initiatives to provide additional support to OHA
(5.) Settlement Agreement between SSA and AFGE dated 3/27/96.

REDUCTION IN 800 NUMBER BUSY SIGNALS
The reduction of the 800 number busy signal rate was, again, not due to the Partnership Agreement. The reasons for the reduction of the busy signals were:
(1.) Additional staff were hired, trained and assigned to work answering the telephones in the teleservice centers.
(2.) Benefit Authorizers (BAs) from the Program Service Centers (PSCs) were trained as TSRs and assigned to answer the 800 number during all "peak periods" and the first quarter of the new year. This resulted in the BAs being removed from their regular duties and the development of severe backlogs of their work in the PSCs.
(3.) The method of computing the busy signal rate was changed, thus reducing the busy signal percentage reported for the 800 number. Currently, overflow calls are answered by a recording asking callers to call back, and those calls are not recorded and do not count as busy signals.

1994 PERFORMANCE AWARDS FOR 100% UNION OFFICIALS
Attached is information listing the 100% union representatives and the amount of the 1994 Performance Award received by each. A Headquarters official stated no union official with a performance rating of less than "Excellent" received a performance award for 1994. Some of the union officials listed received performance ratings of "Fully Satisfactory". All of the officials listed received performance awards regardless of their appraisal rating. Julius Mallette, the Ft. Lauderdale Teleservice Center employee was rated "Fully Satisfactory" and received an award of $975.00.

RECOMMENDATIONS

The following is a consolidated list of recommendations from the many managers and employees with whom I spoke:

(1.) Eliminate all taxpayer monetary subsidies to AFGE including, but not limited to, salaries, telephones, postage, FAX, space, etc. paid to and for the use of union representatives.

(2.) If taxpayer funding cannot be stopped, require all SSA components to implement a non-self-reporting, ACCURATE and THOROUGH ACCOUNT of ALL time, both bank and non-bank hours, used by AFGE officials.

(3.) Pass legislation to guarantee all Federal employees not only the right to elect union representation, but also the right to request de-certification of the union at the local DO, BO and TSC level.

(4.) Call for an independent, immediate, in-depth, special investigation, similar to "White Water", into AFGE, AFL/CIO, activities. This investigation should be conducted not only in the Social Security Administration, but also through-out the entire Federal Sector. Both SSA management and employees should be subpoenaed to testify regarding union activities, and all must be afforded protection from reprisals from not only SSA top management officials, but also from AFGE AFL/CIO officials. The Special Investigation should be conducted under the direction of the Committee on Ways and Means, Subcommittee on Social Security, U.S. House of Representatives. The final report should be submitted to both the House Ways and Means Committee and the Committee on Finance, Subcommittee on Social Security and Family Policy, U.S. Senate.

We believe these recommendations will result in a finding that AFGE activities have cost the U.S. taxpayers hundreds of millions of dollars in lost salaries, efficiency, production and public service. The Executive Order creating the Partnership has proven to be a true detriment to public service, a betrayal of the public trust and a financial disaster for the taxpayers.

Thank you for your concern with the AFGE situation, the effect of union activities on SSA operations and for the opportunity to submit this statement for consideration by the Subcommittee. In the interest of brevity, I have not attached all of the many statements and items that document my statement; however, I will be submitting them seperately to the Subcommittee. If I can be of further assistance, please do not hesitate to contact me.

COMPONET/ UNION REP	LEVEL	AMOUNT DUE	LESS PRIOR RECOGNITION	TOTAL DUE
ROPIR				
Kruman, Stanley	3 X 3	$975		$975
Lambert, Delores	4 X 3	$2,400	$780	$1,620
Loesch, Cheryl	3 X 3	$975		$975
Nelson, Barry	3 X 3	$975		$975
Tucker, Earl	3 X 3	$975		$975
DOCS				
Lucas, Rose	4 X 3	$2,400		$2,400
Pekarski, Carolyn	4 X 3	$2,400		$2,400
PSCS				
Armet, James	3 X 3	$975		$975
Collender, Herb	3 X 3	$975		$975
Hucy, Reggie	3 X 3	$975		$975
Johnson, Arthur	3 X 3	$975		$975
Joseph, Agatha	3 X 3	$975		$975
Mack, David	3 X 3	$975		$975
Wilmer, Archie	4 X 3	$2,400	$360	$2,040
FIELD OFFICE				
Angelet, Ana	4 X 3	$2,400		$2,400
Bain, Ron	3 X 3	$975		$975
Ballard, Evan	4 X 3	$2,400		$2,400
Berkowitz, Sam	3 X 3	$975		$975
Bigelow, Kirk	3 X 3	$975		$975
Brant, Dan	4 X 3	$2,400		$2,400
Brinner, Judith	4 X 2	$1,600	$1,220	$380
Bristow, Gwen	5 X 3	$4,200		$4,200
Bryant, Sandy	3 X 3	$975		$975
Campana, James	4 X 3	$2,400	$570	$1,830
Campbell, Craig	4 X 3	$2,400		$2,400
Carruthers, David	4 X 1	$800		$800
Clifton, Jimmy	3 X 3	$975		$975
Codon, Mike	4 X 3	$2,400		$2,400
Comito, Frank	4 X 3	$2,400		$2,400
Conrad, Susan	3 X 3	$975		$975
DeJulis, Ralph	3 X 3	$975		$975
DeLaCruz, Yvette	5 X 1	$1,400		$1.400
DeLong Sharon	4 X 2	$1,600		$1,600
Edmonds, Jeanette	3 X 1	$325		$325
Egerman, Howard	4 X 3	$2,400		$2,400
Endsley, Reggie	3 X 3	$975		$975
Estudillo, Charles	3 X 3	$975		$975

MP GR

COMPONET/ UNION REP	LEVEL	AMOUNT DUE	LESS PRIOR RECOGNITION	TOTAL DUE
Fahlikman, Charles	3 X 3	$975		$975
Fehner, Carol	3 X 3	$975		$975
Flovick, Carolyn	4 X 1	$800		$800
Fretwell, Warren	3 X 3	$975		$975
Hasting-Ellis, Jill	3 X 3	$975		$975
Holley, Phil	4 X 3	$2,400		$2,400
Jefferson, Terrace	3 X 1	$328		$328
Joyner, Brenda	4 X 3	$2,400		$2,400
Keiller, Ken	3 X 3	$975	$300	$675
Klemz, Gary	4 X 3	$2,400		$2,400
Kofahl, Steve	3 X 3	$975		$975
Lawson, Barbara	4X2-3X1	$1,925	$1,895	$30
Levine, Howard	3 X 3	$975		$975
Lezcano, Lollie	4 X 1	$800		$800
Limoges, Yvonne	4 X 2	$1,600		$1,600
Mack, John	3 X 3	$975		$975
Mallette, Julius	3 X 3	$975		$975
Marsh, Matthew	4 X 1	$800		$800
Martin, Dorothy	3 X 3	$975		$975
Martinez, Carmen	3 X 3	$975		$975
Matthis, Sandra	4 X 3	$2,400		$2,400
Mauger, Robert	3 X 3	$975		$975
Morris, Jerald	3 X 3	$975	$250	$725
O'Connor, Bill	3 X 2	$650		$650
Pastore, Gian M.	4 X 3	$2,400		$2,400
Perkins, Jeannette	3 X 3	$975		$975
Pond, Constance	4 X 3	$2,400	$740	$1,660 *
Poulos, Andrew	3 X 3	$975		$975
Pyle, Rita	3 X 3	$975		$975
Ramos, Osvaldo	3 X 3	$975		$975
Rasmussen, Vivian	3 X 3	$975		$975
Riordan, John	3 X 3	$975		$975
Roberts, Dan	3 X 2	$650		$650
Saul, Jeff	3 X 1	$328		$325
Seaman, Rose	4 X 3	$2,400	$690	$1,710 *
Skwierczynski, Witold	3 X 3	~~$926~~ 975 MP		~~$923~~ 975 MP
Slater, Alice	4 X 2	$1,600	$680	$920
Southam, Jean	4 X 3	$2,400		$2,400
Wilson, David	4 X 1	$800		$800
Young, James C.	3 X 3	$975		$975

AFGE LOCAL 1923

Chandler, Berdina	5 X 2	$2,800		$2,800
Ches, Henry	4 X 2	$1,600	$914	$686
Dishong, Pat	4 X 2	$1,600	$380	$1,220
Elder, Emma	4 X 2	$1,600	$430	$1,170
Ennis, Cynthia	3 X 3	$975		$975

MP

COMPONET/ UNION REP	LEVEL	AMOUNT DUE	LESS PRIOR RECOGNITION	TOTAL DUE
Gordon, Noreen	6 X 1	$1,400		$1,400
Hollenbaugh, Earle	5 X 3	$4,200		$4,200
Hungerford, Wendy	5 X 3	$4,200		$4,200
Kinnemon, Thomas	4 X 3	$2,400	$540	$1,860
Levy, Alvin	3 X 3	$875		$875
Moynihan, Mike	4 X 1	$800		$800
Price, Robert	4 X 3	$2,400	$540	$1,860
Roof, Harold	3 X 3	$875		$875
Shield, Dana	5 X 2	$2,800		$2,800
Shpiegleman, Jan	3 X 3	$875		$875
Skidmore, Sandra	5 X 3	$4,200		$4,200
Slebzak, James	3 X 3	$875		$875
Spivak, Arnold	3 X 3	$875		$875
Tumuinello, Vincent	5 X 3	$4,200		$4,200
Whelan, John	4 X 3	$2,400		$2,400
Wilkerson, Steve	5 X 2	$2,800	$940	$1,860
TOTAL		~~$151,800~~ $152,850		~~$140,313~~ $141,221

* The Agency shall rescind the cancellation of those individuals' award recognitions for FY91, as well as, the request for refund of the payment amount received.

SETTLEMENT AGREEMENT FOR OWA REPRESENTATIVES

1. The Parties agreed to the following settlement amounts for union officials identified herein for fiscal years (FYs) 1991, 1992 and 1993:

NAME	SETTLEMENT AMOUNT
David Hess	$3,500
James E. Marshall	$1,100
Albert B. Carrozza	$1,100
Betty J. Brazil	$1,750
Gregory McKenna	$1,200
Carmen Alfonso	$1,200
Barbara Hampton	$2,800
Sue B. Burton	$1,120
	$13,770

The amounts cited above includes adjustments for any amounts previously received.

2. The Agency agrees to pay the pending claim before Arbitrator Blackwell for attorney fees in connection with 48 FLRA No. 31 (CO-9-91) in the amount of $6,005.00.

(2)

6. The parties agree that for FY 1995 and, thereafter, the issue of union representatives' entitlement and recognition shall be addressed through a process created under the SSA/AFGE National Partnership Council.

FOR THE AGENCY

DATE: June 9, 1994

FOR THE UNION

DATE: June 9, 1994

STATEMENT OF GORDON S. JONES
LEGISLATIVE DIRECTOR, THE SENIORS COALITION
ON
SOCIAL SECURITY-FINANCED UNION ACTIVITIES

DELIVERED TO
THE SOCIAL SECURITY SUBCOMMITTEE
HOUSE COMMITTEE ON WAYS AND MEANS
HONORABLE JIM BUNNING, CHAIRMAN

June 27, 1996

Mr. Chairman:

The Seniors Coalition greatly appreciates the subcommittee's attention to the issue of taxpayer-financed union activity. On behalf of our two million members, I would like to thank you for turning a much-needed spotlight on one more example of the disdain in which the nation's retirement program is held.

Two weeks ago, the Social Security/Medicare Trustees issued a report detailing the future insolvency of the trust funds on which so many senior citizens depend. Barring substantial changes in the way those trust funds managed, that insolvency is sure and certain.

At about the same time, 53 of your colleagues, led by Representatives Mark Neumann of Wisconsin and David McIntosh of Indiana, introduced legislation which would protect the year-to-year surpluses in Social Security taxes from misuse by Congress. Their point was that those surpluses are currently being used to mask the size of the overall federal deficit, making it easier to continue spending on projects which otherwise could not stand public scrutiny. Offered a choice between funding Social Security honestly and paying "volunteers" $28,000 a year, few elected officials would make the wrong choice. When the surpluses can be used for profligate spending, and simply replaced with a promise to pay at some point in the future, the choice doesn't have to be made.

The Seniors Coalition is well aware that the "full faith and credit" of the United States stands behind those IOUs. But all that means is that, in the future, taxes will have to be raised or benefits cut. With all due respect to the intentions of today's politicians, we at The Seniors Coalition do not believe that taxes can be raised sufficiently to make those deferred payments, and we obviously will resist any effort to abrogate the promises made to our retired citizens.

We resist anything which weakens, in any way, the integrity of the Trust Funds. That is why we support Neumann-McIntosh, and that is why we are horrified by the scandal which is the subject of your hearing today.

Mr. Chairman, let me make this statement in the strongest terms possible: **IT IS SIMPLY UNACCEPTABLE TO USE THE FICA CONTRIBUTIONS OF TODAY'S WORKERS TO FINANCE LABOR UNION ACTIVITY WITHIN THE SOCIAL SECURITY ADMINISTRATION.**

Those contributions have one purpose, and one purpose only: to pay Social Security benefits to today's retirees and to pay for the management of those payments. And to the extent there are surpluses, as I have indicated above, those should be invested in real, interest-bearing securities, in a real Trust Fund, out of which future retirees will draw their benefits.

Under no circumstances should they be used to pay for Social Security employees whose only duty is to conduct union organizing activities.

There are at least two objections to this odious practice. The first is, as I have indicated, that it weakens the Social Security Trust Funds. Every dollar that goes to pay a union organizer is a dollar that is not paid to a retiree or set aside to pay a future retiree. To that extent, the Social Security system is, quite simply, the poorer. That alone is unconscionable.

The second objection derives from the unfairness of forcing anyone to subsidize activities of which he does not approve. Many of those paying FICA taxes are obviously union workers. Just as obviously, many are not. Those who are already subsidize union activities through their union dues. They should not be forced to subsidize the activities of some other union through a diversion of a portion of their FICA taxes.

More importantly, those who do not belong to unions (or union members who object to union activities) should not be forced to subsidize union organizing activity with which they do not agree. The matter is just that simple. Using FICA taxes for these purposes is absolutely unacceptable.

The Seniors Coalition urges immediate legislative action to correct a situation which cannot be allowed to continue.