



WASTE REPORT for August 23, 2016

Official Waste!!

Are you a federal employee and in a union? Well, if you answered “NO,” you might be surprised to find out you are paying for union representation for federal employees.

According to the Office of Personnel Management (OPM), “Official time, broadly defined, is paid time off from assigned Government duties to represent a union or its bargaining unit employees.”¹ **That is right. Federal employees get paid by the taxpayers to do union work, and, according to OPM, Official Time (OT) cost taxpayers \$157.2 million in salary and 3.4 million hours not performing governmental duties in 2012.**²

However, a 2014 report by the Government Accountability Office (GAO) questioned OPM’s methodology in calculating OT costs. GAO indicated that, based on a sample of 10 agencies, OPM had under calculated the cost by 9 percent on average,³ which, if true across the board, would put the total figure closer to \$171.3 million. Even worse, the GAO stated, “**OPM said reporting on official time is not a priority at this time...**”⁴ Maybe that’s why OPM’s FY 2012 report on OT is the most recent available.

GAO’s 2014 report notes that **386 employees were on OT full-time (2/3rds were attached to the VA).**⁵ **Americans for Limited Government used FOIA requests to estimate that number at 490 employees this year.**⁶ In other words, these are federal employees that perform no government function yet receive full compensation, including federal benefits like health care and retirement.

“Time off,” as OPM says, implies time away. Maybe they’re down at the union hall, using union equipment? Nope. **Union contracts (negotiated by taxpayer-funded union reps) often include non-payroll OT expenses such as travel, office space, equipment, etc.** Most agencies and OPM do not generally report these costs. The Social Security Administration (SSA), however, does. In FY 2013, **non-salary OT cost taxpayers an additional \$1.8 million at SSA.**⁷ That is just one agency.

How did this all come to be? Well, OPM reports that “**voluntary membership in Federal sector unions results in considerable reliance by unions on the volunteer work of bargaining unit employees,** rather than paid union business agents...”⁸ Of course, that is not quite true. These are paid union agents (almost 500 work full-time for the union), only they are paid by the taxpayers they are negotiating against rather than with the dues from the members they are representing.

¹ <https://www.opm.gov/policy-data-oversight/labor-management-relations/reports-on-official-time/#url=Overview>

² <https://www.opm.gov/policy-data-oversight/labor-management-relations/reports/labor-management-relations-in-the-executive-branch-2014.pdf>

³ <http://www.gao.gov/assets/670/666619.pdf>

⁴ Ibid

⁵ Ibid

⁶ https://getliberty.org/wp-content/uploads/2016/06/ALGF-Full-Time-Official-Time-Report_Final_Binder_06.28.16.pdf

⁷ <http://www.gao.gov/assets/670/666619.pdf>

⁸ <https://www.opm.gov/policy-data-oversight/labor-management-relations/reports/labor-management-relations-in-the-executive-branch-2014.pdf>



Why are taxpayers paying union reps when union members pay dues?

Does this voluntary membership system really leave federal employee unions (FEUs) unable to collect enough dues to, you know, represent their members? Well, the FSO subcommittee dug into Department of Labor financial filings of the four largest FEUs, representing about 88 percent of all federal unionized workers. **We found that, for just FY 2015, they collectively reported \$205 million in receipts for their headquarters operations and over \$100 million for the locals. They also reported \$117.8 million in net assets.**⁹ In all, dues should be more than enough to fund union representatives.

With dues money not going to negotiating contracts and addressing grievances, **FEUs can put it to work against the taxpayer.** In one example, FEUs are currently advocating for a 5.3 percent pay increase for federal employees instead of the 1.6 percent increase President Obama has proposed.¹⁰ Keep in mind that, over the last 12 months, inflation has been just 1 percent,¹¹ and the non-partisan **Congressional Budget Office found in 2012 that federal employees made on average 2 percent in wages and 48 percent in benefits more than their private sector counterparts.**¹² By the way, this pay increase would be in addition to the automatic pay hikes, known as “step increases,” that federal employees also receive.

That example is pretty direct. FEUs, however, are generally less direct, arguing their main focus is the overall public good. As Milton Friedman famously summarized Adam Smith, it is much easier to get a special advantage by framing it as a public good (even when it is not) than to simply ask for special treatment.¹³

Take, for example, the bipartisan effort to reform the Department of Veterans Affairs (VA) after the recent waiting list scandal, where veterans actually died. The FEU representing VA employees is opposing such reforms, but not because they may adversely affect union members. Instead, **the president of the union argued in an op-ed that the VA is working well, and that it would actually hurt veterans to seek reform because of “minor” problems.**¹⁴ Minor? PEOPLE DIED. Of course, the op-ed made mention of the VA being understaffed, but it somehow omitted the \$31 million and 1.07 million hours the VA spends on OT.¹⁵

In another example, the FEU representing SSA employees lambasted the House Appropriations Committee for holding operation spending constant.¹⁶¹⁷ In Washington logic, no increase is actually a cut. This FEU warns that this policy will cause almost two lost weeks of work, which will adversely affect benefits (even though the legislation had nothing to do with benefits).¹⁸ But it forgot to acknowledge the \$7 million and almost 250,000 hours of OT done on its behalf at SSA. That comes out to about two workweeks for over 3,050 employees.

Corporate Welfare: Now for Fed. Employee Unions, Too!!!

⁹ FSO Calculation using DOL data

¹⁰ <http://www.nffe.org/ht/display/ArticleDetails/i/109026> & <https://www.nteu.org/media-center/heritage-report>

¹¹ <http://www.bls.gov/news.release/cpi.nr0.htm>

¹² <http://www.cbo.gov/sites/default/files/cbofiles/attachments/01-30-FedPay.pdf>

¹³ Friedman, Milton & Rose. *Free to Choose: A Personal Statement*. Retrieved from <http://bit.ly/2bjjFxl>

¹⁴ <http://thehill.com/blogs/congress-blog/healthcare/279529-no-the-va-is-not-broken>

¹⁵ <http://www.gao.gov/assets/670/666619.pdf>

¹⁶ <https://www.afge.org/article/social-security-is-under-siege-and-no-one-is-talking-about-it/>

¹⁷ According to the House Appropriations Committee, relative to FY 2016, spending was reduced due to a one-year building renovation.

¹⁸ <https://www.afge.org/article/social-security-is-under-siege-and-no-one-is-talking-about-it/>