

## CHAPTER FIFTEEN

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**Unions** Government Accountability Office  
Interagency Collaborators **Citizens** White House  
**Office of Management and Budget**  
Interest Groups and Associations **Interagency**  
**Councils** State and Local Governments  
Congress **Inspectors General** **Media**

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# UNIONS

*By Robert M. Tobias*

You are assuming the leadership of your agency at a time when 80 percent of eligible federal government workers have union representation. While much of the tone of your relationship will be set by the president and the administration, it will be up to you to create the labor-management relationship you desire. Based on my observations and experience over the years, I recommend that you develop a collaborative approach based on mutual trust and engage employees through their elected representatives. The choice you make will have a direct impact on the achievement of your agency goals.

## **Background on Labor Relations in the Federal Government**

The formal history of labor-management relations in the federal sector dates to 1963, when President John F. Kennedy issued Executive Order (EO) 10988. Through subsequent Executive Orders issued by President Richard M. Nixon, and the codification of labor-management relations in President Jimmy Carter's 1978 Civil Service Reform Act, a period of compliance ensued. That is, the parties litigated to enforce their respective rights. The period was summarized in a 1991 GAO report: "We have never had so many people spend so much time, blood, sweat, and tears on so little."

In 1993, President William J. Clinton issued Executive Order 12871 to transform this adversarial history by creating collaboration through labor-management partnerships. "Only by changing the nature of federal labor-management relations so that managers, employees, and employees' elected union representatives serve as partners will it be possible to design and implement comprehensive changes necessary to reform government," EO 12871 explained.

President Clinton assumed that to increase executive branch productivity, employees must be involved in designing new work processes, procedures, and organizational structures. He believed employee involvement was necessary to unlock the mystery of how work is actually performed, how it can be performed more efficiently and effectively, and how necessary changes might be implemented promptly. He also recognized that in the federal sector, involvement must be fostered through the employees' union representatives.

## **What Can Be Achieved by Developing an Effective Working Relationship with Unions**

There is much evidence that by developing an effective relationship with unions, you will enhance the performance of your organization and

significantly increase the chances of achieving agency goals. Based on the experience during the Clinton administration, the National Partnership Council (NPC) reported in 1997 that 72 percent of all federal sector bargaining unit employees were covered by partnership agreements. The overall result was fewer grievances and unfair labor practices filed, fewer days spent in formal negotiations, and movement from addressing “traditional” labor-management issues to solving “non-traditional” issues—like agency reorganizations and improvement in customer service—and examining issues such as the impact of new technology, reductions in force, budget, staffing, and privatization. Although the non-traditional issues were not bargainable, pre-decisional discussions with unions led to faster implementation of needed changes. The NPC report reflected significant movement from compliance to more collaborative labor-management relations.

There is not as much quantitative analysis of the impact of collaboration on agency performance as we would like to have. The only comprehensive analysis of return on investment was an examination of the partnership initiative between the United States Customs Service and the National Treasury Employees Union (NTEU) over the period FY 1994–1998. The study calculated all of the costs (primarily labor and travel) associated with the design, implementation, and subsequent meetings of labor and management officials across the country, and found a 25 percent (\$3 million) return on a \$12 million investment, not including non-quantifiable factors:

The benefits generated since the implementation of the partnership from 1994 to 1998 equate to total return on investment of approximately 25 percent. In addition to the dollar benefits, the non-dollar benefits from partnership [increased drug seizures, improved customer service, increased compliance with Customs and U.S. laws and regulations, and decreased process time] increased Customs efficiency and effectiveness in meeting its mission.

The success of the Customs/NTEU partnership represented the integration of employee, union, and management interests. Knowledge-based federal employees were enthusiastically involved in accomplishing the Customs mission; union leaders were able to involve many more of their members and potential members (the 95 percent who never file a grievance); and agency managers achieved a more efficient and effective Customs Service.

## **What You Can Do in Your Agency**

The historical relationship between unions and the federal government is played out at two levels: (1) at the government-wide level in which the president and the Office of Management and Budget set the tone for the

## A Note to the President of the United States

Mr. President, you are assuming office at perhaps the most critical juncture of our nation's history. Your administration's legislative and policy initiatives to meet the challenges before you are ambitious. But the indispensable element in addressing those challenges—the crucial link between policy and achievement—is federal employee performance.

Thus the question I pose is: What kind of a labor-management relationship do you envision to maximize federal employees' contributions to achieving your administration's goals? It seems to me that a relationship built on mutual agreement to problem-solve collaboratively would serve both your administration and the nation better than one focused on ensuring compliance with statutes, regulations, and collective bargaining contracts.

The history of federal sector labor-management relations suggests combining the best of the two prior administrations: a collaborative labor-management environment focused on increasing performance, with performance measurement enforcement and support provided by the Office of Management and Budget and the Office of Personnel Management.

With this approach, agencies' and departments' desire to perform efficiently and effectively, union leaders' desire to involve members in devising better methods to achieve agency mission, and your desire to deliver better service to the public will dovetail perfectly.

– Robert M. Tobias

relationship, and (2) at the agency level in which individual agency heads can develop effective working relationships with the unions represented in their agency.

The Internal Revenue Service (IRS) followed the pre-decisional involvement path when it decided to reorganize the IRS from a geographic to a functional organization. Every bargaining unit job was placed in a different organizational structure, and the work performed was often substantially different. Then-Commissioner Charles O. Rossotti chose to include elected union officials and employees appointed by the union to participate in every facet of the design and implementation of the new organizational structure. In *Many Unhappy Returns*, Rossotti quoted an e-mail message from an employee who was given the opportunity to participate in the design of the reorganization through the union: “[W]hen we as employees are allowed to help structure the change that will affect our work life, it helps to ease the uneasiness and abate much of the fear that is often associated with change.” When the IRS “flipped the switch” on the reorganization, affecting approximately 85,000 bargaining unit employees, not one grievance was filed.

You can develop good working relationships by doing some of the following:

- Hold initial meetings with union representatives to build trust prior to having to meet with them for the first time when there is a serious issue.
- Mutually create a process and structure to enable regular discussions with the union representatives about both traditional and non-traditional labor-management/business issues.
- Mutually create a process to solicit ideas from frontline employees. It has become well known that many of the best ideas on improving performance on the front line come from workers themselves.

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