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REPORT OF THE U.S. SECRETARY OF LABOR'S
TASK FORCE ON EXCELLENCE IN STATE AND LOCAL
GOVERNMENT THROUGH LABOR-MANAGEMENT COOPERATION

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Co-chairs:
Governor James J. Florio
Mayor Jerry Abramson

Submitted to: Robert B. Reich, Secretary
U. S. Department of Labor

Issued May 1996

*The Secretary of Labor's Task Force
on Excellence in State and Local Government
Through Labor-Management Cooperation*

May 28, 1996

The Honorable Robert B. Reich
Secretary of Labor
U.S. Department of Labor
Washington, DC

Dear Mr. Secretary:

In today's climate of taxpayer revolts and hostility toward government in general, perhaps the single most important thing that government can do is to restore faith in its ability to deliver quality services in a cost-effective manner. Clearly needed is a change from more traditional ways of planning and delivering services and the traditional roles of labor and management.

Based upon more than a year of extensive analysis, this Task Force 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.

We have been impressed by the benefits enjoyed by those jurisdictions where workplace innovations are being built upon serious and well-structured employee participation. They are recording measurable improvements in service, cost-effectiveness, productivity, efficiency, quality of worklife and in labor-management relations, and related reform of bureaucracy.

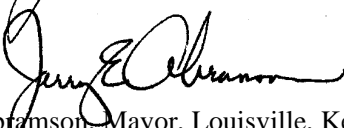
In return, these cities, counties, special districts and states are beginning to be "rewarded" for their service excellence by a public more willing to make necessary investments to help workers and management acquire skills and tools needed to perform in this new and challenging environment.

This report provides not only dozens of examples, but lays out specifics on how to initiate and sustain such workplace practices. It details how roles of labor and management leadership and of key professionals in a highly productive and cooperative public workplace are often quite different than traditional labor, management, and administrative roles. These superior results have emerged from every kind of history, including those with a tradition of problem and crisis. The report calls upon labor and management leaders to be willing to break some molds and take some risks in the pursuit of better public service. Many are already doing so, and their stories are told in the report.

While this cooperative and participatory approach is not yet widespread and not all localities will be able to adopt it, the Task Force is encouraged by the strong interest and actions displayed by workers, their unions, management, public officials and others who influence the workplace.

We appreciate the opportunity to contribute to the effectiveness of public service through this study and look forward to more and more state and local jurisdictions adopting this more fruitful approach to workplace relations and service delivery in state and local government.


Jim Florio, Former Governor, State of New Jersey


Jerry Abramson, Mayor, Louisville, Kentucky

Acknowledgments

The backbone of the Task Force conclusions comes from visiting and analyzing successful service improvement in dozens of communities and governmental institutions across the country. The Task Force thanks and congratulates the hundreds of state and local government employees, managers, elected officials, union leaders and staff and others responsible for these cooperative efforts and who assisted us in learning through their explanations, data and facilitation of Task Force visits.

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The Task Force also appreciates the many contributions of Rebecca Bennett Crow, David Applebaum, Lisa Osborne Ross, Rickie Harmon and Colleen Young.

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The Task Force also appreciates the courtesy of the David Lipsky, Dean of the Cornell University School of Industrial and Labor Relations and the Library Director, Stuart Basefsky, who made research and background material available to the Task Force often on short notice. The Task Force is grateful to many other colleagues in the labor, management, neutral and academic communities who were generous with their time and thoughtful with their input. ■

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EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

The economic success of our nation and the social well-being of its citizens depend, in large measure, on the essential services and infrastructure provided by state and local governments. We rely upon those employed within the public sector to teach our children, to protect us from crime and fire, to maintain roads, bridges and sanitation systems, to provide necessary social services, and to safeguard the environment.

“In this era of reinventing government, our nation’s citizens need and deserve high-quality, cost-effective state and local government services,” observed US Secretary of Labor Robert B. Reich when he formed this Task Force to examine labor-management cooperation in state and local governments. “Further, the imperative to compete in an increasingly worldwide economy and to respond to increasing societal demands requires that governments at all levels perform in a timely and cost-effective manner.

“I am relying on this Task Force to chart a clear path toward that goal through labor-management cooperation.”

To this end, the Task Force’s research included five regional visits across the United States, seven Washington, D.C. hearings and approximately 55 detailed responses to a Task Force survey. During the regional visits, the Task Force carefully examined and analyzed nearly 50 examples of cooperative approaches to labor-management relationships that were instrumental in creating service-oriented environments. The examples came from state, county and city governments, schools, transit and other special services. First-hand observations were further supported by reports of other impressive service improvements from jurisdictions the Task Force was unable to visit.

Key Findings

The findings in this report are the unanimous conclusions of a 14 member Task Force on Excellence in State and Local Government through Labor-Management Cooperation, whose members were drawn from the ranks of labor, management, elected officials,

neutrals and academics.

The findings include the following:

- To meet their obligations, state and local governments must transform the way services are planned and delivered, the way the public workplace is managed and how public worker knowledge is engaged in the process.
- In most places, the public workplace of the future will have to be different than it is today in order to meet the challenges it will face. Traditional methods of service delivery, traditional personnel and administrative systems, traditional styles of supervision and workplace communication, and traditional approaches to collective bargaining will not be sufficient.
- In order to meet these challenges, many state and local governments have begun to move away from traditional ways of doing business. Like many successful private sector companies, they are depending upon the participation of employees. When successful, this strategy leads to continuous improvement, not merely one-time changes.
- Service improvement through workplace cooperation requires that the confrontational rhetoric be lowered and that elected officials, union leaders and workers focus on their common tasks. To do so, they will need new tools. Those tools are in use in many places now.
- A focus on service with employee participation can also be a doorway to reducing confrontation in collective bargaining relationships that have had a history of conflict.
- The possibilities appear to be greater than recognized for labor-management cooperation in the public sector to contribute to service improvement and

provide avenues for employee participation, and perhaps greater than in the private sector.

- Looking across the dozens of examples that it examined, the Task Force found that labor-management cooperation which engaged employees in decisions around service planning and implementation typically resulted in:

- ▶ *Better Service.* Services frequently became faster; often new or expanded services were offered, and all were more responsive to citizens.
- ▶ *More Cost-Effectiveness.* Money was saved and money better spent.
- ▶ *Better Quality of Work Life.* Employees experienced far more involvement and greater opportunities to contribute, learn skills. They gained greater job security and found increased respect.
- ▶ *Improved Labor-Management Relations.* Less conflict, faster conflict resolution, more flexible contracts, and emphasis on mutual responsibilities for service improvement.

Challenge to Labor and Management

In view of these and other findings summarized below and the need for transformation in the way public services are delivered, the Task Force challenges labor and management leaders, both locally and nationally, to follow the lead of the examples in this report, to break some molds, forge new ground and seek a new approach.

Some Quick Examples

Here is a sample of what was observed

- A labor-management committee in Connecticut's Department of Mental Retardation with District 1199/New England Health Care Employees Union (SEIU) tackled the issue of how to improve employee safety. In one year, the committee's recommendations produced a 40 percent reduction in injuries and a 23 percent reduction -- or nearly \$5 million -- in what had been an annual \$25 million workers' compensation expenditure.
- In Peoria, Illinois, health care was becoming a yearly budget-buster. Costs were climbing annually at 9 percent to 14 percent, while total city revenues were going down. With cooperation of all city unions, Peoria took health care off the bargaining table in 1993 and placed it in its own Joint Labor-Management Committee to Control Health Care Costs. The result was 1994 health care costs of \$1.2 million less than the expected \$6 million. In sharp contrast to past experience, when virtually every health care decision was fought over and bitterly arbitrated, no health care decisions have been arbitrated since this plan was implemented.
- In Madison, Wisconsin, as part of a city-wide quality initiative, labor-management cooperation dramatically improved a contentious relationship between city building inspectors, represented by AFSCME Local 60, and private electrical contractors. Management, employees and their union worked together with contractors to develop a compliance effort that emphasizes education instead of punishment. It led to a program that now enhances electrical safety, conserves resources, focuses inspection efforts on safety outcomes instead of inspection processes, and improves customer relations. Inspectors happily report they now receive compliments instead of complaints.
- Spurred by a severe, city-wide budget crunch, the Los Angeles Bureau of Sanitation formed a joint labor-management committee with SEIU Local 47 in 1994 with the twin goals of trimming costs and improving service delivery. Thanks to the work of this committee, the Bureau increased truck availability from 75 percent to 94 percent, largely by improving cooperation between drivers and mechanics and their respective departments; and reduced overtime by 54 percent due to increased truck availability. Over the

ensuing three years, it expects a 25 percent departmental cost reduction without lay-offs.

- At the Foshay School in south-central Los Angeles, scholastic records were among the lowest in the state before the new principal and the leadership of United Teachers of Los Angeles introduced a Leadership Council, which brings together administrators, teachers, parents and community members to work together to improve the education of the largely minority student body. Student drop-outs have fallen from 21 percent of the student body to 3.5 percent; suspensions have dropped from 400 cases to 40, and student scores on a comprehensive test of basic skills in math, reading and language have improved to near the state average.
- In Phoenix, Arizona, a new fire chief and new president of Firefighters Local 493 took office in 1978. They decided it was time to work together and end nearly 40 years of contentious and adversarial relations. They initiated annual planning retreats during which labor and management jointly develop annual plans for addressing problems and seeking improvement. Arbitration has not been used in Phoenix for 10 years.

Similar stories sprinkled through this report are found in activities that cover a spectrum of services, in jurisdictions large and small, and in all regions of the country. They tell of improvements that citizens, workers, managers, elected officials and union leaders everywhere would be happy to see occur within their own communities.

The experiences of these jurisdictions and programs provide compelling evidence that engaging employees in workplace decision-making -- a model with parallels to similar efforts in the private sector -- can be a powerful tool to achieve tangible improvements in service, cost savings, quality of work life and labor-management relations.

These examples, and several others in richer texture, make up Chapter One, "Typical Results." Six

examples, called "Snapshots," are presented in considerable detail following each chapter, and dozens of others are used to illuminate the principles in Chapter Four. (The Appendix includes a full listing of examples visited and submitted.)

Pressures and Challenges to Change

Chapter Two, reviewing pressures on state and local government, and Chapter Three, on trends that define and affect state and local government employment, describe some of the important forces that compel or offer opportunities for change:

- More pressure to take up tasks formerly or currently done by the Federal government
- Increasing challenges as communities grow more complex and more diverse, as environmental pressures grow and as technology changes the way people live, work and communicate
- Growing awareness of and demand for quality services.
- Financial pressures requiring more cost effectiveness, better ways of delivering service
- Growing awareness of the need to handle pension funds responsibly
- Decades of using procedures for budgeting, personnel, and labor relations which don't easily permit a focus on service delivery, stemming from traditions and practices developed in a different era
- Trend towards joining unions, reflecting partially a desire to better bring problems and ideas to the attention of employers
- A highly educated public workforce, which shows a strong interest in participating in workplace decisions

- A desire among workers for more cooperative ways of dealing with employers
- Pressures to perform better, forcing labor and management to examine relationships that have traditionally been conflictual
- Public employee unions active nationally and locally, that support workplace innovation and service improvement
- Generally, a less adversarial labor-management climate than in the private sector
- Despite rhetoric to the contrary, willingness among many elected officials and managers to work with the workforce and with union leaders
- A growing realization that labor and management are in the same boat. They must work together and contribute their respective influence, knowledge and skills to improve public service
- Increased interest in contracting out as an alternative for cost reduction or service improvement has created a variety of pressures and responses, many of which vary from common perceptions on the subject. (See Chapters Two and Three for discussions of issues and trends in contracting out.)

Overall, there is a confluence of pressures, interests and opportunities for change in the way public services are delivered, and the opportunity to use participative workplace principles, particularly labor-management cooperation, as a primary means to do so.

How to Implement Broader Use of Workplace Partnerships that Improve Service

Chapters Four (“Nuts and Bolts”) and Five (“Everyone Has a Role to Play”) describe barriers and ingredients to developing workplace partnerships.

Typical Barriers to Establishing Workplace Partnerships

- ▶ Mistrust, often arising from a history of difficult workplace relationships, recent campaigns, impasses, or other conflicts
- ▶ Lack of skills for carrying on participative relationships. Parties otherwise fall back on skills common to hierarchical management or traditional labor-management relationships
- ▶ Failure to recognize that the partnership program must be developed in concert with all affected parties. It rarely works if it is only the idea of one group
- ▶ Continued reliance on formal aspects of personnel/labor relations, such as refusal to try new approaches, or reluctance to discuss issues necessary to service improvement
- ▶ Fear of job loss makes employees and some managers reluctant to join in problem-solving
- ▶ Union leaders, unwilling to support the effort if a participative program ignores their role and is seen as an attempt to bust the union
- ▶ Mid-level managers or union officials who may feel their traditional roles or status threatened by the team-oriented and participative arrangements

How to Begin

- ▶ *Start Small.* Typically, the effort starts small, in one part of the jurisdiction or agency, takes time to develop, take root, and spread. Some begin with a broader scale attempt to alter the work culture. Most start with one of the following:
 - * a service improvement project -- usually one that has posed challenges
 - * desire to reduce conflict, usually grievances
 - * desire to improve a difficult collective bargaining relationship
- ▶ *It's a Circle.* Whether the participative effort begins with a service project, or any of the others, the same skills, people and relationships are involved. These factors, and the trust that builds,

can transfer from one area or project to another.

► *Where You Start Depends On Where You Begin.* Every place has its own history and possibilities. Therefore, the choice of where to begin must be a local decision by the parties.

► *Leadership Commitment.* Success requires leadership commitment, on both sides, to start and overcome mistrust, to keep people focused in the early going, overcome early barriers and resistance, and put the effort and relationship on track after inevitable mistakes.

► *Break with Past Habits.* It is too easy to revert to old habits and ways of doing business. To move into these new ways of planning and delivering services, there must be no more business as usual.

* *Training.* Usually, there was some degree of training to help the parties get started. When training is connected to beginning and sustaining new ways of managing and of involving workers, it's likely to be a good investment. The most effective and accepted training is jointly developed and sponsored. Necessary are development of new skills:

- in conflict resolution and group problem solving
- in order to perform jobs in new ways
- for analyzing and changing work processes

* *Neutral Assistance.* Most new relationships had the benefit of a skilled neutral to assist and often to train the parties.

* *Conflict Resolution.* Ensure that efforts and mechanisms to resolve conflicts are in place. Unnecessary conflict can breed mistrust that interferes with cooperation and participation. Make use of alternative dispute resolution practices that fit the issues.

► *Employment Security.* It may seem counter intuitive, but although layoffs are often a favorite method of seeking cost savings, examples show the opposite to hold more promise:

* Job "safety net" programs, including in some instances no-layoff guarantees, were common practice in workplaces that have

achieved significant cost savings and service improvements.

* This doesn't mean there are no layoffs, but when there are, it is done under a plan that show commitment to employee welfare.

* The security assurances allow employees to focus on innovation without undue fear of job loss. They also allow union leaders to focus on service improvement rather than spending time seeking ways to save jobs one at a time.

► *Respecting the Role of the Union.* Similarly, when the legitimacy and role of the union is not challenged, union leaders can focus their efforts on service improvement. Mutual respect of labor and management leadership is critical to success.

► *Flexibility on Both Sides.* A willingness to try new approaches as well as a new processes for decision-making are necessities for finding innovative service solutions.

► *Increased Cohesion Within Each Side.*

* Legislative and executive branches, and the various management functions must be in sufficient harmony, otherwise one or the other of the factions can upset the relationship by acting in the old ways or being otherwise unaware.

* By the same token, unions involved normally form a coalition. Among other things, such coalitions facilitate resolution of jurisdictional problems interfering with service improvement.

► *Changed Roles for Labor and Management in Collective Bargaining Relationships.*

* In successful cooperative arrangements, management operates in less hierarchical ways and agrees, through joint and team structures established, to share decision-making authority where it has not traditionally done so.

* The counterpart phenomenon is that union leaders share power in a responsible fashion while still vigorously defending worker interests. Normally there is less necessity to de-

pend in the old ways, since many problems are resolved through joint problem-solving over service issues before they become contentious.

* In these successful ventures, union leaders often take on, and execute well, significant responsibility for service delivery improvement and cost control.

► *Success Can Come From Even the Poorest of Histories.* Some of the most impressive successes come from relationships that had been extremely contentious.

Spreading and Sustaining Successful Cooperative Relationships

► *Spreading the Innovation and Expanding the Participation.* Even successful experiments struggle with how to spread the use of a successful cooperative effort to another service or department. It is important that the same leaders have influence in the new area, and that there are leadership and training resources applied to the germination. Also, the new effort must come to be owned by those newly involved, which implies that they have a role in forming it.

► *Leadership Turnover.* Perhaps the largest challenge is sustaining useful changes in the face of the common phenomenon of leadership turnover. Unlike many private sector leadership changes, in public life, there seems to be a more common penchant for declaring “ineffective” everything that came before. Campaigns are often run and won this way. Particularly with the frequent occurrence of blaming problems on public employees, a return to confrontation is often a danger in a period of turnover. A number of methods seem to contribute to sustaining the gains of a cooperative relationship following a transition -- some formal, some informal:

* Among the more formal is the presence in a labor contract of the main features of the system, including a joint committee, training and other features.

* Less formal is the involvement of a broad sample of front line workers committed to the system.

* In non-bargaining situations, a major factor seems to be the tenure of a long serving chief executive committed to employee involvement.

► *Improvements in Administrative Systems.* Improvements that make administrative systems more responsive to service needs accompany most of the successful examples. Front line workers and union leaders have demonstrated they have a lot to contribute in identifying system blockages and proposing practical reform:

* Personnel systems were changed to allow more responsiveness to service.

- classification systems were revised to have fewer titles, some reduced by more than 50 percent, and ranges broadened to allow more flexible deployment in the face of changed service delivery methods and efficiencies

- advent of gainsharing.

- much greater use of team, rather than individual, recognition

- improved accountability and coaching for workers

- more use of peer evaluation and scrutiny to ensure everyone is carrying his or her share of the load

- better management development and selection to improve accountability and management style in a non-hierarchical setting

* Changes in accounting, budgeting, and purchasing practices to better measure and support service improvement.

- improved cost and quality measures, to allow examination of inputs to services, and make more accurate comparisons with privately offered services

- simpler procurement and other internal systems

Many of these systems have for years been

targets of generalized reform. Examples from this effort suggest reform may come more easily and have more community and political support if the change is more targeted, and explicitly related to service and cost improvement. Labor and management often go together to the appropriate authorities to seek changes that, in past years, they might have fought over.

► *Service-Oriented Relationships and Collective Bargaining Structures.* Employees have shown a strong interest in, and ability to contribute to, workplace decisions affecting service quality if the requisite structure is in place for them to do so. In specific ways outlined in the report, the Task Force found that the structure and roles in a formal labor-management relationship, when carried out using cooperative principles, are extremely supportive of quality improvement efforts and outcomes in public services.

Public employees have shown, in the large majority of the instances where they have the opportunity, an interest in being collectively represented. There is reluctance among managers and elected officials in many places to afford employees the right of representation by unions. Unfortunately, not all labor-management relationships are productive and some are overly conflictual.

However, the application of a cooperative, service-focused model of labor-management relationships, as the Task Force has seen, is capable of producing superior service results and cost effectiveness as key products of the relationship. Although adversarial aspects of the workplace relationship necessarily remain, a far different climate and result pertain when the relationship is based on cooperative and service-oriented principles.

Task Force members support the right of individuals to choose whether or not they wish to have collective representation. Where public employees choose to be represented, their collective bargaining rights should be exercised in a framework where: the focus is on service delivery; conflicts can be effectively resolved; and

where the relationship, structure and roles are defined and developed to support service improvement, effective workplace participation and partnerships, and constructive conflict resolution.

Jurisdictions contemplating the establishment of collective bargaining relationships should develop their laws with these cooperative, service-oriented principles in mind. In doing so, the laws should be drawn in a way that the parties can realistically address service problems. On the other hand, in making these arrangements, care should be taken not to unduly interfere with the overall mission of an agency or program and the responsibilities of public officials.

Where an established bargaining relationship has been conflictual, the parties should move towards the cooperative model. The possibility of doing so--even out of historically difficult relationships--has been clearly demonstrated in the work of the Task Force. This report contains guidance on how to begin or how to transform labor-management relationships into mutually productive vehicles for quality service and more satisfying work.

Whether or not employees are collectively represented, the examples in bargaining and non-bargaining settings examined by the Task Force make it clear that employees, managers, elected officials and citizens benefit from employee participation and involvement in determining how best to provide public services.

Organizational Structures that Support Participation

► *Flatter Organizations.* Rather than rely on hierarchy, common organizational changes in successful service partnerships include fewer supervisory layers and the use of teams. These often cross departmental lines and include a greater proportion of employees in line service positions. Teams make, or continue to make, key decisions that were previously the preserve of a supervisor. Often heard were phrases like “None

of us is smarter than all of us.”

► *Joint Labor-Management Committees.* Perhaps the most common organizational and communications device in successful partnerships is the establishment of a top level labor management committee, usually in a department, but sometimes in the overall jurisdiction. This group typically sets the agenda and the pace for partnership initiatives, and has representation from union leadership and program management. Personnel and labor professionals are most productive in this setting when their role becomes facilitative rather than advocacy; a role transformation, and one they report as very satisfying. Such a committee meets regularly and identifies agreed upon areas for activity and then engages appropriate talent and resources in specific projects.

► *Project Teams.* Typically, project teams are formed, often receiving their mandate from the joint committee. Project teams, or teams for an ongoing activity, are one of the primary engines in workplace participation. They bring together workers and managers from different parts and levels of the organization to resolve problems and make improvements.

► *Team and Committee Selection.* Even in non-bargaining states where the Task Force saw examples, employees involved, not chosen by their peers, found that their standing and capacity to act within the committees or teams would have been enhanced if they had been chosen by their co-workers rather than by management. Thus, in either case, it is important for effective labor-management cooperation that employee representatives be selected by their co-workers. When employees have an opportunity to choose representatives to reflect their own viewpoints and represent their interests on joint labor-management committees and project teams, the results of participative committees and similar activities have a greater likelihood of being trusted, accepted and implemented by the rank and file.

► *Meetings are better.* Without the need to observe hierarchy, with new skills for group problem solving and a mandate to solve problems, be flexible, and try new things, there is greatly improved communication, participation and problem-solving efficiency in workplace meetings.

Changes in Labor-Management Relations

In addition to what has already been discussed, important improvements in collective bargaining relationships accompany service-oriented workplace partnerships:

- greater mutual focus on service delivery within and around the bargaining relationship
- reduction in conflict; reduced reliance on legalistic, formal means of resolution; many fewer formal grievances
- faster contract settlements, sometimes in weeks; reduction in resort to arbitration
- predominance of “win-win” and “collaborative bargaining” rather than traditional bargaining, but parties are still effective advocates for their constituency’s interests
- contract preambles describing mutual service responsibilities and mutual respect
- more flexible contracts, allowing easier adjustments to service needs
- more focus in contracts on how problems will be resolved
- labor relations professionals on both sides to concentrate on the service impact of the relationship
- more candid mutual acknowledgment of electoral and constituency issues faced by both management and labor leaders
- parties willing and able to discuss all issues affecting service delivery without invoking formal constraints and fear of precedent

Institutional Support

Successful parties are not alone. New skills are

necessary, and so is peer support. It's difficult for a labor or management leader to step out and take the risks inherent in breaking with the past. (Chapter Five discusses some of these support needs, and efforts already underway.)

■ *Labor Organizations.* National and international unions are increasingly active in support of these workplace innovations.

▶ Many have already invested in activities to develop local leadership abilities to participate in cooperative workplace partnerships. Support of national and regional leaders and institutions provide peer support as does training and consulting resources made available by national organizations

▶ Also, service to individual members concerning their own professional development is growing, as for example in education, in which there are major national initiatives

▶ Many of these service activities and the support of union leadership would be surprising to some observers, yet they support what surveys cited in Chapter Two describe as employee interest in participation and adding to the quality of the service

■ *Management Institutions.* Management organizations that help elected and appointed officials get acclimated to new roles are in a pivotal position to help them gain immediate perspective on how to engage in the more complex, but ultimately productive, dialogue with the workforce and its representatives; to show newly elected officials and their key advisers this positive tool for resolving service and cost issues for which they are accountable and jointly responsible.

■ *Finance and Personnel Professionals.* National organizations supporting finance, personnel and other key professions can assist and are already pursuing system changes that will better support services, and can develop more service-oriented principles to

guide administrative systems.

■ *Universities and Training Centers.* These institutions can also expand their efforts and offerings to support labor and management leadership development that displays these more effective approaches. For almost everyone involved in workplace relationships and public service systems, new roles and approaches are necessary and the places where individuals receive their professional training, information and guidance will have to adapt to the needs of the public sector workplace.

■ *Neutral Agencies.* Also helpful are many neutral agencies, none more than the Federal Mediation and Conciliation Service, with its technical assistance to parties, and particularly well-regarded workplace cooperation grants and conferences program supporting cooperative labor-management relationships. Many of the state public employment relations boards have begun, and others are beginning, to expand their preventative training and technical assistance activities.

Without the support of national labor and management organizations, and other institutions affecting the process, the local parties will not have the resources, the knowledge or the backing to make the necessary changes.

Food for Thought

A number of issues require further observation in order to assist the success of participation and cooperative labor-management relations in promoting service delivery improvement. (A number of these, although by no means a comprehensive list, are presented in Chapter Six.) For example:

■ Determining how to spread the new approaches from one project to broader application

■ Assessing and gaining leadership commitment and involvement

- Connecting quality efforts and collective bargaining
- Developing better cost and quality measures
- Identifying the most important skills for effective worker and management participation
- Identifying resistance of mid-level supervisors and union officials
- Examining effects of unit composition and scope of bargaining
- Defining changed roles of key players in the process
- Studying impacts and efficacy of contracting out
- Assessing use of ADR for resolving disputes over workplace rights

Without question, the challenges facing state and local government can get an important assist from the application of significant employee participation and cooperative labor-management relationships. Large scale service improvement, major cost savings, more loyal, creative and satisfied employees, and better labor-management relations are the result. Elected officials and managers, as the following examples show, are as gratified by the results as are employees and union leaders. Many elected officials, who were skeptical of public workers' ability to meet service and cost goals, later became convinced of the value of the participative approach and of doing so within a labor-management partnership. In some instances where contracting out was the preferred strategy during an election campaign, cooperation became the dominant strategy after some experience with both.

While the practice of contracting out takes place in some jurisdictions as part of an overall service-improvement strategy, the degree and simplicity of contracting out does not appear to be as substantial or on the rise to the extent portrayed in popular discussion.

Within a cooperative workplace partnership, for most core services, reforms that emerge from employee participation usually produce equal or better quality and cost results than contracting out.

There are identifiable ingredients to begin and support cooperative, service oriented workplace relationships. Some are directly part of the workplace relationship, others involve other systems and institutions that affect service delivery. Almost all can be affected through a labor-management partnership.

The Task Force, composed of elected officials, managers, neutrals, academics and labor leaders, is unanimous in its view that this cooperative and participative approach represents a significant opportunity to respond to the pressures and demands on public officials and public workers. It can help turn confrontative labor-management relations into a productive interaction that enhances service improvement and cost consciousness and is representative of the way in which the public workplace must be transformed to respond to the forces that are already upon us.

Not every jurisdiction or workplace can do this. Some histories are too bitter; some leaders lack the ability. But many more than are currently engaged can do so, given the knowledge, resources and peer support becoming available. The Task Force urges them to try. Many painful histories have been plowed under as a result of successful cooperation.

The Task Force has had an opportunity through its regional visits and hearings to get a glimpse at the future of the state and local government workplace. Elected officials, administrative professionals, managers, union leaders and the organizations that support each of them, and which prepare them for and chronicle their interactions, all have an obligation to each other and to citizens to take up the unanimous challenge of this Task Force: to break the traditional habits of hierarchy, bureaucracy, confrontation, and over-reliance on formalities, and begin now--even while protecting their capacity to exercise their responsibilities--to develop the cooperative and participative patterns in the public workplace and in labor-management relations that support innovation and mutual focus on excellence in public service. ■

C H A P T E R



O N E

T Y P I C A L R E S U L T S

LABOR-MANAGEMENT COOPERATION AS A POWERFUL TOOL FOR SERVICE
IMPROVEMENTS, COST-SAVING AND A BETTER QUALITY OF WORKLIFE

From school house to fire house, a growing number of state and local governments are forming cooperative workplace partnerships in an effort to transform their public agencies into flexible, customer-responsive organizations better equipped to serve citizens.

From the impressive and convincing array of data collected, the Task Force firmly believes that workplace cooperation -- in a model with

The Task Force observed the following Typical SERVICE Improvements:

- Better school test performance
- More school safety and discipline
- More police and fire services
- Workers redeployed to underserved programs
- Improved response to snow, other emergencies
- Better vehicle readiness for service
- Schedules and shift changes to improve service
- Faster processing of cases, permits, licenses
- Reduction of regulatory burden
- More convenient transit routes
- Increased ridership

major parallels to quality and cooperative efforts in the private sector -- can be a powerful tool to achieve improvements in service, cost savings, quality of work life and labor-management relations.

During hearings and site visits, the Task Force saw examples of all of these improvements occurring in activities that cover a spectrum of services, in jurisdictions large and small, and in all regions of the country. As the examples in this chapter show, these are improvements that citizens, workers, managers, elected officials and union leaders everywhere would be happy to see within their own communities.

One of the most impressive aspects of workplace partnerships observed by the Task Force is the renewed sense of job satisfaction and excitement which comes to those involved. Comments such as these by Rich Meserve, a Public Works Department employee and member of the American Federation of State, County, and Municipal Employees (AFSCME) Local 481 in Portland, Maine, were heard frequently: “We used to do the same thing every day. Our morale was sacked. Now the phrase is, “Let’s do it”, not *just* do it. We had pride in our work, but something was missing. Now we have different challenges every day and a belief we can handle all challenges. It’s been a trip. People are doing different things every day and enjoying it. It’s

fun to come to work every day.”

Equally impressive are the examples of innovations born from labor-management cooperation that allowed service improvements to be made not only within financial resource constraints, but which in many cases also led to cost savings and stable tax rates. Where the parties devoted their efforts, it was not uncommon to see increases of 30 percent to 50 percent in productivity and decreases of 25 percent in time-loss expense, such as workers’ compensation, overtime and absenteeism. In situations where the public employees successfully bid for jobs against the private sector, it was not unusual for their bid to be more than 20 percent lower. Where overall cost savings were targeted, substantial reductions in department budgets were achieved.

The major assignment facing the Task Force was to determine how labor-management cooperation can best achieve service excellence; i.e. how it can be applied as a process to improve the quality of public services. Given this assignment, the Task Force was led immediately to observe labor-management relationships in which employees now are involved in meaningful decision-making on aspects of work that traditionally were considered the purview of managers and supervisors. Additionally, conflicts are more effectively and quickly resolved.

The Task Force observed the following Typical QUALITY OF WORKLIFE Improvements:

- Excitement about work
- Increased opportunity to use skills & judgment to improve service
- Ability to participate in problem solving
- Cross-training to learn & teach
- Upgrades based on skill
- Injury reduction
- Reduction in mandatory overtime
- More family-friendly schedules & leave policies
- Participation in continuous service improvement

The Task Force observed the following Typical COST Improvements:

- Service improvements made within resource constraints
- Stable tax rates
- Productivity increases
- Decreases in time-loss expense
- Reductions in department budget
- Decreases in absenteeism
- Decreases in overtime
- Frequently lower cost than private sector bid
- Equipment-saving preventive maintenance program
- More productive equipment purchases
- Reductions in health care costs
- Reduction in overhead functions
- Technology used to service growing population without increase in workforce

The intent of this chapter is to offer a quick glimpse at concrete improvements which these arrangements are providing to the benefit of local communities or states.

Snapshots of Success from Across the Country

The following stories highlight specific results and improvements that are occurring in local and state governments engaged in labor-management partnerships and employee involvement arrangements. These examples illustrate that where management engages workers and, in bargaining settings, their unions, in workplace innovations, the results are better; more cost effective services are combined with better quality of worklife and better labor-management relations.

Fewer Injuries, Millions of Dollars Saved

Here's what labor-management cooperation accomplished after one year of joint attention to employee safety in the State of Connecticut's Department of

Mental Retardation:

- 40 percent reduction in injuries,
- 25 percent reduction in hours lost due to injury,
- Nearly a \$5 million reduction from what had been an annual \$25 million workers' compensation expenditure.

And these benefits occurred when the program was only underway in one-half of the department!

This is but one example of the results stemming from pilot programs initiated by a Quality of Work Life program funded annually at \$350,000 through the collective bargaining agreement between the Department of Mental Retardation and District 1199/New England Health Care Employees Union (SEIU). Pilot programs drawing on these funds have been established in areas such as child care, training, absenteeism and safety.

In this example, labor-management committees analyzed the incidence of time-loss injuries, focused on the most common ones and put in a site-by-site injury analysis and prevention program. The employees used data and analysis, combined with their own knowledge of the job and desire to find an answer, to develop a prevention-oriented solution that increased the safety at the job site and reduced disruption to patient lives, mandatory overtime and scheduling problems.

It was determined that most of the injuries were sustained in lifting and transferring patients in the bathrooms and in related activities.

The solution: Minor remodeling, including the

**The Task Force observed the following Typical Improvements in:
LABOR-MANAGEMENT RELATIONS**

- Time to settlement substantially reduced
 - Dramatic reduction in grievances filed
 - Reduction in classifications
 - Fairer, more effective discipline
 - Contracts better reflect service needs
 - Simpler, more flexible contracts
 - Use of gainsharing
 - Joint approaches to legislative, administrative bodies for policies to help service delivery
-

**The Task Force observed the following
Typical Results in:
SAFETY & WORKER’S COMPENSATION**

- Joint development of safety programs
 - Prevention focus on policy, practices, training
 - Improved return-to-work rates
 - Large savings in overtime, time loss expenses
-

overwhelmingly simple application of non-skid surfaces onto the tile floors; purchase of back-support belts at about \$19 each; and a training program developed and run by the employees themselves, giving each site a chance to perform its own analysis and to target the training.

Controlling Spiraling Health Care Costs

For the city of Peoria, Illinois, health care was becoming a yearly budget-buster. Costs were climbing annually at an average of 9 percent to 14 percent, while total city revenues were going down. Solutions seemed limited: take away benefits or ask employees to pay more through higher deductibles and/or cost sharing.

“Unfortunately, that’s what we as a City Council did in past years,” said City Councilman Dave Koehler, who also is director of the Peoria Area Labor-Management Committee. “We couldn’t come up with good solutions. Two years ago, what we did has turned out to be very logical and the best decision of all. We turned this challenge over to the employees who were the users of the health care plan and said, ‘We’ll provide the resources. You solve the problem.’ With union cooperation, Peoria took health care off the bargaining table in 1993 and placed it in its own Joint Labor-Management Committee to Control Health Care Costs. After many months of education, frustration and compromise, the following parties entered into a three-year agreement to form the joint labor-management committee: the City of Peoria; City of Peoria Municipal Employees Association/American Federation of State, County and Municipal Employees Local 3464 (COPMEA); Peoria Firefighters Local 50; Peoria Po-

lice Benevolent Association; Teamsters, Chauffeurs and Helpers Local Union 627; Laborers’ International Union of North America Local Union 165; Central Illinois District Council of Carpenters Local Union 183; International Brotherhood of Painters and Allied Trades Local Union 157, and International Brotherhood of Electrical Workers Local Union 51.

City and union officials alike testified that the agreement to take health care “off the bargaining table” made mutually agreed-to flexibility possible and produced win-win solutions for everyone. A primary result of the cooperative effort has been a shift away from adversarial decision-making about health care to one based on cooperatively and jointly owned decisions.

In 1994, the city’s health care plan was expected to cost \$6 million, but because of the committee’s success, actual costs were \$4.8 million, for a \$1.2 million savings. In the past, virtually every health care decision was fought over and ultimately arbitrated. Since the joint committee completed its planning and implementation work, no health care decisions have been arbitrated.

The committee consists of 8 union and 8 administration employees. It makes all decisions by consensus. This consensus-based decision-making process reassured the unions that they were not giving away their right to negotiate health care, and management that it was not losing control of this very costly area -- the medical care plan.

**The Task Force observed the following
Typical Results in:
HEALTH CARE**

- Improved bidding and provider selection
 - Cost savings, employee satisfaction
 - Improved, more tailored benefit package
 - Better plan design
 - More incentive for effective utilization
 - Joint local utilization review
 - Joint work with expert staff & consultants
 - Continuing joint effort to improve plan and economize
 - Less conflict and fewer appeals
-

City and union officials credited the outside assistance provided by Health Research Institute of Walnut Creek, California. HRI offered a neutral, facilitative type of expert assistance unavailable in the past. HRI's approach is to educate and assist joint committees in identifying their mutually agreed-upon goals, then to identify actions that can be used as win-win steps to accomplish the goals. In fact, the two key ingredients for change such as this are education/communication and joint goal-setting, according to those testifying before the Task Force.

Reducing Regulation, Improving Customer Relations

In Madison, Wisconsin, as part of a broader labor-management quality effort, a labor-management cooperative project was initiated not to save money (although savings did result), but to improve electrical safety and ameliorate conflict between city building inspectors and private electrical contractors. The relationship was characterized by so much animosity that one service inspector was nicknamed "Dr. No." Inspections used to occur after hours, allowing for no direct contact with customers. Instead, contractors would arrive the next day to find red stickers awaiting them.

The need to change the method of operations also was driven by the increasingly diverse workforce in construction, along with more work being done by homeowners themselves with little or no knowledge of codes. Finally, the Building Inspection Unit of the city's Department of Planning and Development recognized the need to anticipate and cope with technological and other changes.

Management, the inspectors and their union, AFSCME Local 60, arrived at a bold idea: Develop a training program in conjunction with electrical contractors and deliver it on-site to the front-line electricians. In addition, inspectors began to work more as a team, not only in the field but in planning ways to make the inspection process more customer-oriented. Inspectors also have succeeded in convincing clients that the primary focus of the inspection is safety -- not onerous regulation.

Many positive effects have emerged from changes in process and continued employee involvement:

The Task Force observed the following Typical Results in: ADMINISTRATIVE & CASE PROCESSING

- Faster case processing
- Use of technology to help customers and workers
- Elimination of unnecessary steps
- Collaborative education of customer
- More field workers, fewer layers

- By changing their role from "policeman" to "consultant", inspectors have built goodwill among clients. Inspectors now are able to suggest fire safety standards not covered in the code, such as educating contractors regarding the potential for fires caused by neon lighting or the old-fashioned "knob and tube" wiring found in old buildings

- The department has become more consistent in enforcement and has acquired knowledge about problem areas not covered adequately in the code.

- The quality of work life for inspectors has improved tremendously as their roles have changed. They now receive compliments instead of complaints from customers.

- While cost reductions were not the goal of the program, the training has reduced by 25 percent the number of inspections needed to complete a project. This saves about \$30,000 annually, compared with the \$3,000 to \$4,000 annual cost to conduct the training program.

- In summary, the city has found that a compliance effort that emphasizes education instead of punishment enhances electrical safety, conserves resources, focuses inspection resources on safety outcomes, not inspection processes, and improves customer relations.

Reducing Department Budget Without Lay-Offs

Spurred by a severe, city-wide budget crunch, the Los Angeles Bureau of Sanitation, in 1994, formed a joint labor-management committee with the Service

Employees International Union (SEIU) Local 47 with the twin goals of trimming costs and improving service delivery. The initial effort of the joint committee was to set work standards that defined such things as the average number of containers drivers should collect per hour. This led the group to recognize that any goal would be difficult to meet if vehicles were not available in ready condition.

Through the work of teams, the Bureau:

- Increased truck availability from 75 percent to 94 percent, largely by improving cooperation between drivers and mechanics and their respective departments;
- Reduced overtime by 54 percent due to increased truck availability; and
- Over the ensuing three years, expects a 25 percent departmental cost reduction without any lay-offs.

“The worker who does the job on a daily basis knows firsthand of the waste and inefficiency that exists in the system, yet they seldom are asked for their input,” said Los Angeles City Council member Jackie Goldberg, who was instrumental in passing legislation that established the joint labor-management committee. “Instead, their jobs are threatened with privatization.

“If there are lessons from the private sector that the city should examine, it would be to follow compa-

nies such as Xerox that have regained their market share dramatically by involving line employees in the decision-making process.

“City leaders should be looking for new ways to include workers in the dialogue to enhance service quality while making the shrinking budget dollar go further.”

Increasing Police Services Without Increasing Costs

As part of an employee involvement effort, working in teams in 1982, the Charleston, South Carolina, Police Department began a comprehensive, anti-crime campaign referred to as “Take Back The Streets.” It was designed to target several commercial and residential areas and reduce the incidence of crime and the influence of criminals. The Police Department tackled this challenge by creating a team-oriented community policing model that permits not only a neighborhood focus, but the sharing of resources and talents among neighborhood teams for vexing problems requiring special attention. Essentially, teams “borrow” resources and talents from each other. This not only eliminates a layer of specialists at headquarters, but also allows police officers to more fully use and develop their own skills, which leads to a greater variety of tasks and increased job satisfaction.

The result has been an increase in police services without an increase in budget, leading to a consistent, downward crime trend since 1982 in Charleston, including a period when most American cities had their highest crime increases ever.

Through the team approach and joint problem-solving, more services are provided within the existing budget. In addition:

- Coordinating with other teams, team leaders are able to draw upon greater resources for their neighborhoods.
- Merchants, citizens and tourists are safer.
- Police officers are able to use more of their talents, pooling their skills within the department to provide the equivalent of several additional positions.
- The department provides more services without the necessity of hiring a number of specialists for a central staff.

The Task Force observed the following Typical Results in: REDUCING OVERTIME

- Changed or added shifts for better coverage
 - Schedule changes to reduce set-up and take-down time
 - Reduced injuries
 - Better equipment maintenance and readiness
 - Cross-training to increase skills available
 - More flexible work practices
 - Flexible leave policies that reduce absenteeism
 - Contract out non-core or fringe tasks
 - Union leadership responsibilities for services & costs
 - Team responsibilities to complete tasks
-

Improving Student Performance and School Safety

At the Foshay School in south-central Los Angeles, surrounded by fences and drug deals, the chapter chair of the United Teachers of Los Angeles told the Task Force, “No one was able to focus on education here until this principal arrived. Now we have a partnership,” said Wayne Stevens.

Principal Howard Lappin arrived in 1989 at Foshay, a K-11th-grade school with 2,900 students. Two-thirds of the students are Hispanic; one-third are black, and 91 percent qualify for the Title One program (Federal compensatory education funding; also used to determine numbers of students who qualify for the free lunch program). The scholastic records were among the lowest in the state.

Faced with an 80 percent student turnover rate, Lappin and Stevens worked together to institute a school-based management program and a Leadership Council to govern the school. The Leadership Council consists of parents, community members, teachers, staff, students, the principal, the chapter chair, other union representatives and a bilingual coordinator.

For the past six years, teachers and administration have worked together to improve the education of minority children. For the first time, teachers were involved in planning and curriculum as well as decision-making in general. The school’s test scores in reading and writing have moved from near the bottom to the state and district average.

As Task Force members toured the school, they saw a safe environment with halls and classrooms filled with active, well-behaved students and teachers excited about their work. The annual dropout rate has gone from 21 percent of the student body to 3.5 percent and suspensions have dropped from 400 cases to 40. The contrast between the school and the world just outside the fence could not have been greater

The Task Force observed the following Typical Results in: EDUCATION

- Better test scores
- More safety and order in building
- Peer selection of teachers to better match school needs
- Peer rehabilitation for teachers
- Peer evaluation
- Professional development for teachers
- Reduction in administrative costs
- Joint curriculum improvement
- More parent involvement
- Links with social service agencies

Improved Labor-Management Relations Leads to Improved Customer Service and Cost Savings

Labor has had a 100-year presence in the transit and sewer agencies that have been combined into METRO. METRO serves King County, Washington, which includes metropolitan Seattle. Non-exempt employees are represented by the Amalgamated Transit Union, the International Brotherhood of Electrical Workers, and the Service Employees International Union. Over this long history, labor-management relations have been quite contentious, including a major impasse in the early 1990s. Increasingly dissatisfied with their adversarial relationship, labor and management turned to interest-based negotiations, seeking a more cooperative, service-oriented partnership. Since the introduction of interest-based negotiations, the collective bargaining process has moved much more smoothly and quickly -- an agreement recently was reached in one month instead of the usual two years of prior talks. Equally important, this new approach has allowed METRO to embark on a major cultural change process that involves considerable employee involvement with restructuring and redesign of work. The effort first began in the water quality division handling sewage issues, and later moved to transit.

**The Task Force observed the following
Typical Results in:
PUBLIC WORKS**

- More efficient road & infrastructure repair for better service
 - Changed shifts
 - Routing and transfer efficiencies
 - Better equipment and crew configuration
 - Equipment sharing and scheduling
 - Better equipment readiness
 - Supervisory layers removed
 - More use of team leaders
 - Gainsharing leading to cost savings
 - Improved inter-departmental coordination
-

The impressive results of this cooperative approach are widespread throughout the agency as employees, organized into teams that often cross departmental or divisional lines, work with management to produce concrete results in terms of customer service and cost savings. A sampling:

- Teams of workers, represented by ATU Local 587, through a collaborative effort with management, were able to identify a number of significant cost savings in maintenance of the underground transit tunnel that runs through downtown Seattle. For example, working in teams, they reduced time required to complete routine work and made room for more frequent heavy cleaning, keeping a much higher standard of commuter cleanliness and appearance in the heavily used tunnel. Private contracting previously handled much of this cleaning work for \$150,000 per year. Part of the solution also involved redeploying outdoor workers during seasonal downtime.

- In another tunnel maintenance project, METRO employees sealed the granite floors for \$150,000 less than the estimated cost of work contracted out.

- Fixing chronic water leaks in the tunnel used to require more than \$100,000 per year in outside contracting. An intra-divisional team has developed a different method, costing around \$35,000 annually.

- Similar employee-management teams, in 1994, found ways to reduce power interruptions to the elec-

tric buses from an annual average of 31 to only eight. This has provided significant relief for the hundreds of commuters who had been forced either to endure hour-long waits for repairs or were re-routed over alternative paths to avoid the disabled bus, not to mention fewer traffic tie-ups for auto commuters.

- The unit that provided telephone information on routes and schedules dramatically improved its customer service through an employee-management team. The unit was receiving five million customer calls a year (the bus system handles 250,000 daily riders), but answering only 50 percent. Employee morale was so low and a group evaluation of the supervisor was so negative that she resolved to make the unit a better place to work. With that catalyst, a team of employees tackled the various issues and became involved in a range of tasks that used their knowledge of customer needs. For example, they now help plan routes and schedules; they have developed an improved system map, and have developed a phone menu system to answer calls more effectively. The team's efforts led to increased morale and far better customer service. The number of daily route-information calls answered increased to 90 percent from 50 percent, while the average wait time was decreased from 157 to 65 seconds.

- Gainsharing, in which a portion of the savings were returned to employees and a portion to ratepayers via the budget, also was part of a major effort to reduce costs and improve service in the large sewage treatment portion of METRO. Gainsharing was negotiated and developed by METRO and SEIU Local 6.

**Joint Problem-Solving Leads to
Increased Productivity**

Rock Hill, South Carolina, a city of some 42,000, believes that if employees are more involved in decisions around their work, they will perform better. That's why an employee involvement program led to a significant restructuring of work in the horticulture department, the agency charged with keeping the City's landscape attractive. The City views landscaping as an important tool to instill pride in its citizens and to attract future residents.

Previously, workers were divided into four crews: litter, mowing, mowing the ballpark, and shrubs and

flowers. They moved from site to site with no particular attachment to any park or area. Under the restructuring, teams of two or more workers -- which include a lead worker and crew worker(s) depending on the number of workers a job requires -- gained responsibility for the full range of jobs at particular sites (there are 110 sites).

The benefits are noticeable:

- Productivity has increased as a result of a new work ethic that says no one is done until everyone is finished. Thus, the workload is spread more equitably, also ensuring that citizens receive full service in all city parks.

- Cost savings were realized from decreased travel times between sites. Also, new communications styles and technologies -- each team has a radio as a result of an employee suggestion -- have reduced the need for trips to headquarters, and teams can communicate easily with each other. Teams have determined efficiencies that have allowed attrition to reduce the needed number of positions.

- Teams decide who should be dispatched to finish any uncompleted job.

- A savings of \$40,000 in maintenance costs plus the elimination of one maintenance position resulted after supervisors began sharing with employees budgets and financial constraints. Now that workers have access to operating and capital budgets, they are working more cost effectively. This includes increased preventive equipment maintenance to control costs.

- Other savings resulted when group leaders developed a plan to remove incentives to use sick leave. Sick days dropped from 20 per person to about three annually.

The Rock Hill experience indicates that training is a key factor in the system's success: new workers receive 50 hours of horticultural training and 32 hours in customer service. Crew leaders get three hours in performance management training.

Simpler, More Flexible Contracts

Inspired by the need to remedy service problems, Mercer Island, Washington (population: 21,700), initiated a dramatic reorganization in the Maintenance Department in 1990 that has resulted in the replacement

of a traditional, hierarchical structure with a flat, team-oriented structure established around products and services. This reorganization followed a similarly successful one in the Development Services Department.

The City worked closely with maintenance workers and their union, AFSCME Local 21-M. The move to self-directed teams involved rethinking and re-engineering virtually all aspects of the department, including organizational mission, the labor agreement (or "compact" as it came to be called), worker responsibilities and authorities, management responsibilities and authorities, and other issues.

Key to the success of this effort was early and constant involvement of employees and their union and a continuing recognition of the need to maintain job and pay security. According to Mercer Island representatives, the promise was made: "No one will lose their job, no one's pay will be reduced, but the work will change!"

Equally important were the changes made to the labor contract, which was transformed from a long, cumbersome, legalistic document into a much simpler, service-focused agreement. The new contract focuses on the collective service responsibilities of the parties and defines the structure through which the parties will discuss and resolve issues facing them. Contract provisions concerning wages and working conditions are clear. Provisions concerning work rules are subject to constant, joint re-examination by labor and management if service needs or quality of work life requires a re-examination. Continuous improvement is a fundamental part of the ethic in this relationship.

Today, nearly 50 percent of the maintenance employees are divided into four product teams: environmental, utilities, support services and special projects. There is no department director. Instead, four team leaders report to the city manager as a self-directed team. The city's Labor-Management Committee continues to serve as the problem-solving group for the union and the city.

The results of this move to self-directed teams include:

- Through attrition, full-time positions (mainly supervisory) were reduced from 42 to 35, with attendant cost savings.

- There have been demonstrated improvements

in customer satisfaction, public relations, productivity and worker morale.

- The new organization has led to improved record keeping, reduced labor costs on a product by product basis, reduced overhead costs, and consistency in decision-making that has resulted in increased community and political acceptability of the department's efforts and credibility for its decisions.

Using Cooperation to Produce RESULTS

Even in a community where services were generally considered good, labor and management found that cooperative approaches produced substantial service improvements.

Beverly Stein, the county chair of Multnomah County, Oregon, won office in August 1993 on a platform of providing better services called "Results Not Excuses." Her first task was to seek innovative ways to improve county services and increase efficiency. What has emerged is a plan to do no less than transform county government. Emphasizing the county's commitment to outcome-based measurements, the plan was named RESULTS (Reaching Excellent Service Using Leadership & Team Strategies). The goal of the RESULTS campaign: to empower managers and employees so they can provide quality service, practice continuous improvement and, above all, improve the county's ability to efficiently respond to the needs of its customers while improving the work life of its employees.

Joe Devlaeminck, president of the American Federation of State, County and Municipal Employees, Local 88, in Multnomah County recalled that when the chair ran for office, "I thought she was nuts. I thought that our workers were doing the best jobs that could be done. But, now I know we can do better. We all have a responsibility."

Since then, Multnomah County has engaged in a serious and effective labor-management partnership that produced some \$160,000 in savings in its very first round of projects from a workforce already credited with being hard-working and productive.

"We need to engage government and community in a whole new way," said Stein. In Multnomah County, that involves developing a core of people in the county

who are systems thinkers, have skills in team building, communications and facilitation, and are able to work as partners with other agencies, nonprofits, businesses, schools and community groups.

As Multnomah County and union officials recognize, this transformation will not occur overnight. As in all places seeking a new form of partnership, these changes in historic relationships and workplace culture will take time.

The county chair stressed that government, by its very nature, is inclusive and its policy-making processes entail reaching out to many different constituencies, its citizens and taxpayers, who have a right to be involved and be heard. That takes time.

Transforming Labor-Management Relationships

For nearly 40 years, a contentious relationship existed between the Phoenix Fire Department and the International Association of Fire Fighters Local 493, which represents some 1,400 members. Then, in 1978, both a new fire chief and new union president took office. They decided it was time to focus upon their relationship in order to improve customer service. Their personal relationship was a key ingredient to the success of this cooperative effort and was critical to getting it started.

Since then, firefighters and management have held joint annual planning retreats. This process of jointly developing annual plans has become ingrained in the way the Fire Department does business and thus is expected to continue despite any turnover in leadership. The parties' effectiveness in jointly resolving issues was enhanced in 1984 when labor and management received training by the Federal Mediation & Conciliation Service in "Relationships by Objectives." RBO, which is separate from the collective bargaining process, creates a way to place issues on the agenda and provides a focal point from which to start discussions. It also can indirectly influence the collective bargaining process.

Today, arbitration has not been used in Phoenix for 10 years. Labor and management no longer are preoccupied with fighting one another. Instead, they are working cooperatively to improve the delivery of

**The Task Force observed the following
Typical Results in:
PUBLIC SAFETY**

- More services to community with same workforce
- More responsive to neighborhood
- More crime and fire prevention activity
- Shared resources & talents for specific needs
- Increased coverage to problem areas
- Reduction in incidents
- Better vehicle investments for effectiveness
- Better costing/chargeback for special events
- More equitable pay system
- Less confrontational bargaining

services to its customers -- both citizens and employees.

Creating High-Performance Workplaces

A decade ago, Hampton, Virginia (population: 134,000), had a workforce of 1,300 full-time positions, dwindling resources, and stagnated population growth. Businesses began moving to neighboring cities.

Today, the city attracts world-wide businesses, has one of the lowest tax rates in the southeastern Virginia area, boasts a low-debt service and has improved its commercial tax base. It sports a new corporate center, a revitalized downtown waterfront park and plaza, and a new golf course (built by city employees after private bids proved too high). And the size of the workforce is about the same as 10 years ago -- one of the smallest ratios of workers to citizens served of any city in the state.

The city reversed its fortunes by tackling its problems head-on with a decade-long re-engineering process that concentrated on promoting the qualities present in high-performance workplaces: clarity of purpose, and a willingness to share power with employees and customers, to take risks and tolerate failures and to remain focused upon results instead of activities.

The city developed a mission -- "To establish

Hampton as the most livable city in Virginia" -- and a statement of organizational values -- "responsiveness to citizens, quality, integrity, teamwork, professionalism and innovation."

It then set to work to redesign the government's structure. This involved decentralizing management, refocusing assistant city managers from line tasks to strategic issues, extensively training employees in everything from benchmarking to joint problem-solving, and assembling most employees into self-directed work teams.

The human resources department has shifted its role. It serves as a consultant to departments, helping them create and implement workable ideas, but doesn't dictate any programs to be established.

According to *Personnel Journal*, this applies to the city's incentive program as well. Called 'The Achievement Program,' it requires each department to develop an alternative reward system that provides incentives for innovation and productivity improvements. The only stipulation is that departments must share 10 percent of their annual savings with employees who make cost savings suggestions. There are no limits on non-monetary rewards. So far, the program has generated more than \$4 million in savings since its inception in 1985, while rewarding workers more than \$200,000."¹

Citizens of Hampton, VA consistently rate employees' performance well above average -- more than 85 percent -- in annual citizen satisfaction surveys.

Streamlining Operations to Increase Customer Satisfaction

Faced with an extremely critical report of its employees, the South Carolina Department of Motor Vehicles formed a quality team of front-line workers plus district managers to recommend improvements. The team was assisted by two facilitators, one from inside the department, one outside.

After team members were trained in the quality process, they began gathering data on customer complaints, wants and needs. The most frequent complaints

¹ Dawn Anfuso, "City of Hampton: a Public Deployment of Corporate Tactics," *Personnel Journal*, January 1995, 70-71.

by the public concerned long lines, and the need to make repeat visits because of inadequate documentation and unclear instructions and letters sent by the department. The team made 90 recommendations for improving service to the public, 10 of which required legislative action. As of April 1995, eight legislative initiatives had passed, following testimony by the front-line employees.

Team solutions led to both improved customer service and cost efficiencies, such as:

- Extending the vehicle tag conversion (license plate replacement) period from six to 10 years, resulting in a \$6 million savings;
- Extending the driver license renewal period from four to five years;
- Eliminating the notary requirement on applications;
- Installation of 1-800 help telephone service;
- Ability to issue most titles at branch offices, rather than only at headquarters;
- Allow fully accredited dealerships to issue tags and registrations to customers.

Turning an Adversarial Bargaining Relationship into a Productive Partnership

For years, the University of Montana paid the lowest salaries in the nation for any Ph.D. granting institution. Labor-management relations were adversarial and narrowly focused. The University Teachers Union (UTU), an American Federation of Teachers affiliate, used to bargain with management over the “crumbs” left by the legislature, testified School of Business Professor Jerry Furniss, who also had been UTU president and chief negotiator. Since they were starting at the bottom, all issues other than money were ignored, he said.

All that has changed since Montana Governor Mark Racicot agreed in 1993 to try a whole new approach that involved the sharing of information and exploration of a wide range of issues, including workload and student access to classes, with the professors and their union. A strategic plan for bargaining was developed with the involvement of a professional mediator and trainer. Because of the traditionally adversarial nature of their relations, both manage-

ment and labor leaders had to persuade their colleagues to participate. Furniss, for instance, put a chief dissenter to the process on the bargaining team and reassured members that they could go back to traditional bargaining at any time.

But early progress under the cooperative approach eliminated anyone’s desire to return to the old bargaining techniques. Instead of stalemates and confrontation, a new agreement virtually “wrote itself,” said Furniss, through the successful use of techniques such as:

- Loosening up the hierarchy in the bargaining teams;
- Eliminating chief spokespersons in the talks;
- Breaking stakeholders into smaller satellite groups to work on specific issues;
- Using a mediator/facilitator and joint problem-definition and problem-solving;
- Setting time frames for completion of tasks and issues, and;
- Honoring confidentiality and permitting any party to withdraw from the process at any time. (No one has withdrawn.)

Savings From a Simpler Procurement Process

The Oregon Health Science’s University had 14 different departments in procurement. Neither customers nor suppliers were happy with the process or costs stemming from such a needlessly complicated arrangement. A labor-management steering group, including employees represented by AFSCME and the Oregon Nurses Association from the various affected departments, initiated a study of the procurement process with the assistance of a consultant.

From flow charts, the team saw what the old process looked like, saw the opportunities for savings, designed a new process and decided how to implement it.

Pointing the Way to the Workplace of Tomorrow

These are just a few of the dozens of examples described in greater or lesser detail throughout this report that demonstrate the various ways in which pub-

lic workplaces were made more effective, efficient and better places to work by involving and relying more substantially on employee judgment and experience. Some, called “Snapshots,” are described in greater detail to provide an idea of the atmosphere and overall elements of the program in that location. Others are mentioned more briefly in connection with a particular ingredient, technique or issue.

All of the instances cited required new attitudes, approaches, changed roles and the use of a communication and decision-making structure to gain the interaction necessary to achieve workplace effectiveness. The examples take place in a variety of services and settings, and arise from different histories. All represent possibilities for other communities or programs that choose to venture into this more promising way of planning and providing public services.

The following chapter describes some of the forces compelling these new approaches to service delivery. Chapter Three summarizes some major demographic and financial features and trends concerning public service and the people that work there, as well as results of surveys and public opinion polls regarding government services. The report goes on in Chapter Four to describe “Nuts and Bolts”, the “how to’s” and conditions of achieving the kinds of service and workplace successes described above. The last two chapters (Five and Six) go over some activities by organizations at a national level that are required to support this more effective model of the state and local government workplace, and describe, particularly in Chapter Six, some of the issues that could benefit from further attention. ■

S n a p s h o t : M A S S H I G H W A Y

What began as a union response to the contracting out of state highway maintenance work has evolved into a highly successful example of labor-management cooperation resulting in numerous improvements to the Massachusetts Highway Department (MassHighway) and benefits for the workers, motorists and taxpayers.

The catalyst came in 1993 when Governor William F. Weld announced he was expanding the contracting out of highway maintenance to include all of Eastern Massachusetts. Bids were solicited from private firms and from MassHighway employees for seven geographic areas. Faced with competition in the workplace and the possible loss of 424 maintenance worker jobs, three unions -- SEIU Local 285, AFSCME Local 1009 and the National Association of Government Employees (NAGE, SEIU Local 5000) -- formed a unique alliance to compete with the private contractors and ultimately were awarded three of the seven contracts in October 1993, saving 264 jobs.

Charles E. Kostro, chief policy analyst for the Massachusetts Executive Office of Transportation and Construction, told the Task Force: "The public workers who were awarded these three contracts remained as state employees with full pay and benefits. These workers, however, were bound to fulfill the obligations of their contract just as if they were a private company. MassHighway managers met weekly with union and worker representatives to address operational issues for the one-year duration of the contract. During this time, the cooperation which developed between management and labor as a part of this process resulted in numerous improvements to MassHighway and benefits for the workers, motorists and taxpayers."

Following the first year of the new arrangements, dramatic improvements and changes were cited by Kostro, Frank Borges,

secretary-treasurer, SEIU, Local 285, and other union representatives:

- The state and taxpayers saved more than \$7.8 million in operating from the overall efficiency program in the department of which this cooperative effort was a major component.
- There was a 60 percent reduction in workers compensation claims.
- On union-operated drawbridges, workers designed flexible work schedules to reduce overtime expenses by 70 percent and sick time usage by 49.5 percent when compared with a similar period prior to this program.
- There was a renewed pride and interest in the work of the department.

Borges pointed out that road sweeping used to be done sporadically -- a few roads in an area were spot-cleaned. But in 1994, "for the first time in probably 25 years, [union-managed] areas were swept completely." Union workers also spent hundreds of hours washing bridges, he said. This previously neglected task involved clearing years of debris from gutters. "If gutters aren't free," he explained, "water accumulates on the road instead and makes winter travel unsafe."¹

These efforts allowed the union workers to compete effectively with the private contractors and when the maintenance contracts were re-bid in the summer of 1994, the MassHighway workers retained their three contracts and were once again competitive bidders on much of the remaining work.

Kostro pointed out that as a result of the cooperation between management and labor in this area, several other aspects of MassHighway's operation were improved. Suggestions by the union workers for improved vehicle and equipment maintenance have been adopted by MassHighway, for example. This improvement in vehicle and equipment maintenance

¹ Nicole Crawford, "We Thought You'd Never Ask!" Union, March/April 1995 7-9.

nance has provided management with the confidence to purchase and lease new vehicles and equipment, further improving MassHighway's efficiency and performance.

"Finally," Borges said, "MassHighway's work force has been energized by their experience of the past year. The unions' membership happily sees the unions changing to meet the new conditions. They also are satisfied that it was their union which freed them from traditional job restrictions and allowed them to perform a more professional and respect-worthy job.

Kostro responded: "Management has been energized by this program as well. Public employee unions at MassHighway are no longer viewed as obstacles, but as partners in achieving the agency's productivity goals."

The roles of workers, their unions and management have all changed significantly as a result of this cooperative approach.

Since winning the bids, Borges told the Task Force, unions assumed the responsibility for organizing and managing highway jobs, just as their private-sector competitors. Union leaders have been engaged in virtually continual meetings with their membership. Officers have de-emphasized their role as "grievance handlers" in favor of becoming "motivators" who urge employees to work smarter to save their jobs. They act as liaison between workers and management in sharing concerns and solving service problems, including those that might develop because of poor managers or inefficient management policies or systems. Union leaders also have had the opportunity to become much more sophisticated in the use of operational and budget information. They have input into budget matters since they now share accountability for the bottom line. The union locals received moral and technical support from their national and international unions which supplied money, research materials, consultants, encouragement and suggestions.

For workers, morale is higher than ever.

They exercise peer pressure to see that tasks are performed in a timely and effective fashion. The development of clearer and more measurable work standards has led to substantial self-management by workers (as well as more service and production leadership by union reps and more effective management by managers themselves).

Two maintenance workers, Steve Lowery and Lee Devereaux, liaisons between SEIU Local 285 and the Highway Department, told the Task Force that they attributed much of the success to teamwork and planning. They reported that they get two or three times the work done with half the workforce. The workers now take on things not in the contract. For example, although snow and ice removal was not in the bid or contract, the unionized workforce helped with snow and ice removal in the extraordinarily hard winter of 1994. Normally, snow and ice removal is contracted out. As a result of the efficiency, flexibility, and improved communication in the new relationship, the workers and team leaders rescheduled and readied the necessary equipment and teams. They were able, thereby, to contribute to the task, reducing the need for additional contracting out in those areas.

Management has become much more open to the sharing of information and to acknowledging that front-line workers have expertise that is of substantial and important value in determining how the work can be done better. Improved communications with workers has helped management to realize that real authority should be vested in the supervisors and workers who actually oversee the work. Management used to be reluctant to get the whole workforce together, union spokespersons testified, but now full staff meetings are held every two months. The increased sharing of information has improved both work processes and trust.

As a result of this experience, MassHighway indicated the cooperative and participative model is more likely to be used as the primary approach in other attempts to improve service and efficiency in the department. ■

C H A P T E R



T W O

**PUBLIC SERVICES AND THE
PUBLIC WORKPLACE FACING
PRESSURE FOR CHANGE**

A RESPONSIBILITY TO MEET THE CHALLENGE

Many forces are converging upon government today, driving an urgent need for a thorough re-examination of the way jobs are performed and a fundamental reshaping of the way services are delivered.

These forces often appear to be in conflict: On one hand is the demand for more services; on the other, an outcry for a leaner government. Business and government alike are seeking ways to become more customer- and service-oriented in response to people's demands for better, more cost-effective products and

services. The workplace itself is undergoing constant change as rapid technological advances continuously affect the way workers do their jobs, communicate with each other and, ultimately, deliver services.

The intent of this chapter is to describe what those forces are, how they are affecting the public workplace and why the traditional workplace arrangements must change to enable local and state governments to respond effectively.

The work of this national Task Force comes at a useful moment in the national debate over public services and the role of government.

In accepting the challenge to investigate how labor-management cooperation can lead to the provision of high quality government services within this constantly changing environment, the Task Force focused upon the intersection of the way jobs are performed, the way public services are delivered and the kind of workplace interactions that can improve both.

The Task Force's findings offer local and state government a proactive and positive approach to making changes needed to remove inefficiencies, to improve service delivery and to create excellence in the public sector. The extent to which the kind of workplace practices described in the Task Force's research and analysis are discussed and widely attempted will affect the degree to which citizens will reap the benefits of applying the best practices available to provide excellent, cost-effective services. □

The Context for Change

There are many different historical, political and other forces pressuring local and state governments to re-examine how they can provide high quality service.

Problems Facing Communities and their Governments are More Complex.

Problems and issues are becoming more complex. For example, people are living longer, populations are increasingly diverse, greater accommodations are being sought and offered to citizens with various handicaps, the courts are more crowded, and local and national conflicts over economic development and envi-

ronmental protections have increased. At the same time, interest groups are becoming stronger, better organized and more vocal. Thus, governments are finding greater, more insistent demands placed upon them at a time that their financial and other resources are dwindling.

Citizens Expect More.

Citizens, as consumers, generally have become much more aware of quality in service and product and have come to expect more as a consequence. This extends beyond demanding a quality automobile or a better service in a supermarket to include services delivered by government, as well

Emergence of Quality Improvement Movement.

Increased attention to finding ways to "work smarter" has led to a more focused approach to improving quality on a continuous basis in the workplace. As a result, there are now many useful examples and techniques available to engage people in continuously producing higher quality services, constantly re-examining the steps of the work processes to gain greater cost-effectiveness, and improving the quality of work life. These approaches have relied on front-line participation in product and service decisions.

Learning How to Provide Better Products and Services.

Considerable progress has been made in the private sector during the past decade or so in learning how to provide better products and services. The dramatic turnaround in the U.S. automobile industry is a good example of how a business, when faced with intense competition driven by a changing environment, found new ways to produce better products and services. This knowledge is transferable not only among private sector industries, but also to the public arena.

Citizens Increasingly Skeptical of Government.

The public expresses dissatisfaction with government at every level. Many voters and taxpayers believe they do not get a good value for their tax investment in public services. Elected officials are trying to balance taxpayers' demands for fiscal austerity with expectations for improved quality in services and, at the same time, fulfill their roles as public stewards responsible for the long-term, overall health of the community.

Many Public Sector Workers Feel Maligned.

Public sector employees are distinguished by a higher average level of education than the rest of the nation's work force, indicating the level of skills required and that highly skilled individuals are choosing to be public sector employees. (See Chapter Three for demographic data.) However, many are becoming disheartened by the weight of bureaucracy and the difficulty in making changes. Years of budget cuts have too often targeted innovative programs, useful training or created impossible workloads without changes in priorities or work systems.

Generalized anti-government sentiment is wearing away at employees' pride, job satisfaction and productivity. It is important to note, however, that while public attitudes are very negative on a general level, when people are asked for their opinions regarding the performance of nearby workers, like their children's teachers, the postal workers or sanitation workers on their route, these nearby workers receive approval ratings in the 80 to 90 percent range.

Effects of Restrictive Government Systems.

In many instances, procurement, budgetary, civil service, regulatory and other systems have become so complex that in the effort to add accountability, service effectiveness and needed flexibility have been severely diminished.

More Services at the State Level.

Current policy discussions underway as this Task Force Report was being completed suggest that some functions traditionally performed at the federal level may come to the individual states for delivery and implementation. Therefore, the need for service excellence, cost effectiveness and a means to continuously seek improvement is even more urgent.

Increased Discussion of "Contracting Out" of Public Services to Private Sector.

Faced with limited resources and the need for high-quality, cost-effective services, governments increasingly are exploring the notion of contracting out some public services to private businesses. The Task Force found that this issue can be very controversial and divisive for labor and management, particularly when based solely or primarily upon the notion that the private sector can do a better job. On the other hand, there are a number of areas where advocates and opponents are not in total disagreement.

Contracting out, like other service delivery approaches, has risks and complexities, as pointed out by Richard Loomis, senior vice president of COMARCO, Inc., testifying on behalf of the Contract Services Association (CSA), a group of some 150 government contractors.

Loomis said that, as a general rule, the process of seeking bids for a project is helpful even if the work ultimately is kept in-house. Further, he noted that privatization or contracting out works only as a long-term strategy, not as a quick fix. It should not be used, he mentioned, for union-busting or to solve short-term cash problems. He spelled out some criteria by which decisions on whether to contract out should be made: Governments should make a conscious effort not to displace employees if cost savings are not significant or measurable. Issues of quality, corruption and cost inflation need to be addressed. He also agreed with other witnesses that governments should maintain some in-house capability.

It is very important, he said, for managers to have good cost and quality data to support their decisions.

The ability to measure -- and thus compare -- results is key to cost-effective service improvement, regardless of whether the service is delivered by public or private sector employees. This brings accountability into the process and enables comparison of performance against goals.

Ron Utt, former Associate Director of Privatization for the Federal Office of Management and Budget and currently a Fellow at the Heritage Foundation, noted among other considerations, that a major obstacle is that state and local governments do not maintain accounting systems that can determine the cost effectiveness.

Added Diana Orantes Ceresi, associate general counsel for the Service Employees International Union, in her testimony: "In this era of heightened budget consciousness, it is also easy to forget that governments have a responsibility to publicly promote values beyond mere cost reduction," she said. "These include access, quality and effectiveness of services, equality of opportunity and increasing improvements in the general standard of living for its citizens. These values are the 'givens' that should not be overlooked when government services are contracted out."

"Experience has taught us that contracting out is not a panacea for the budget crisis facing state and local governments. It should never be resorted to without careful consideration of all factors involved and assurance that necessary safeguards are implemented."

Understandably, public employees oppose contracting out when it is forced on them. However, the Task Force observed instances where public employees can accept it when evaluations and decisions on contracting out are handled in an open fashion, and where the facts and comparison methodologies were sensible and fairly derived. In many of those instances, given a level playing field, the public employees were able to produce better cost and quality results than private competitors.

The current debate over contracting out reflects the pressure on government to perform efficiently, and illustrates just one more element pressing on state and local governments to change the way they deliver services. Chapter Three, which follows, includes a brief description of some trends in contracting out observed

through the work of the Task Force.

Opportunity for Improvements in Labor-Management Relations.

The principles and structures that today define public sector labor-management relations in most states date from 20 to 30 years ago. At that time, only limited experience with public sector bargaining and labor-management relations was available. Practices were developed state-by-state and rarely has there been an opportunity to review the experience from among the states, particularly with respect to service effectiveness. Thus, systems were established within the context of the times and with significant dependence on interpolations of private sector experience. Among other differences, public sector organizations have structures and controls reflecting separation of powers that are not characteristic of private organizations. Public sector organizations are also affected by elections and electoral politics. Observations of the Task Force (reflected in Appendix H) provide some lessons useful in assisting states which are establishing, or revising, collective bargaining laws to cause these laws to more directly support service improvement.

For a variety of historical and legal reasons, collective bargaining practices in many jurisdictions have developed in an overly conflictual manner, often enveloped by a legalistic or formal tone.

Collective bargaining relationships that are characterized by confrontation not only make it more difficult to work on effective long-term responses to service improvement and to work effectively on a daily basis, but they also attract unfortunate attention to the conflict. While it may make good newsprint or political fodder for elections, the attention drawn by such conflict undermines public confidence in both workers and elected officials. Further, such conflict draws important energy and resources of management and labor leaders into the conflict rather than into the resolution of service issues affecting the public and the work environment of public employees. Confrontational rhetoric rarely contributes to finding solutions to real problems like resource limitations and service needs of a community.

In other places, however, relationships or traditions have developed in the public workplace that provide for more effective problem-solving, usually resorting less frequently to formal methods and relying less on outside adjudication of conflicts. A number of states and localities are well known for leadership in these developments -- some over many years, some more recently. The Task Force saw or heard from many of them. Even here, the inherent adversarial nature of the relationship doesn't disappear, but the parties can cooperate substantially and effectively in the way they deal with issues.

These public sector examples -- many highlighted in this report -- demonstrate that there is a substantial opportunity for labor-management cooperation to contribute to service improvement and alter, where it exists, some of the negative imagery associated with public services and employment.

Reflecting on the many successful joint labor-management efforts made by his union, John J. Sweeney, testifying before the Task Force as International President of the Service Employees International Union, said: "The public sector, unlike private industry, has a relatively high rate of unionization, and less adversarial labor-management relations are more the norm. These factors have combined to produce an environment that is conducive to joint efforts for promoting excellence." Also evoking these possibilities, Governor George Voinovitch of Ohio, where a substantial labor-management equality partnership effort is underway, said, "My feeling is that labor is key to this whole thing."¹ (For more information on Ohio, see "Snapshot: State of Ohio" following Chapter Four.)

As part of its findings, this report, in subsequent chapters, describes how collective bargaining relationships can better realize their potential to join worker talent with management authority and resources. Where practiced in a less conflictual and formalistic manner, and more in a way that focuses on workplace participation, collective bargaining relationships demonstrate particular value in supporting better service results. The results of this review of service excellence makes it clear that labor-management cooperation can play a

major role in developing a strategy for service excellence.

The juxtaposition of the possibilities of cooperation with the missed opportunities of confrontation creates an imperative for state and local government to take advantage of the opportunities that stem from more participative and cooperative labor-management relationships in the public sector.

A Confluence of Forces of Change

All of these pressures affecting state and local government create a clear need to make the most of the capacities of state and local government workers, managers and elected officials to provide effective service. Also clear is the degree of change that has -- and will -- occur and, therefore the urgent need to seek ways for public workers and leaders to respond and continue to respond effectively.

Although the challenges and barriers are substantial, public officials and workers have not, in all instances, done their collective best job for the public. Today's changing conditions provide an opportune moment to identify where they have done their best and to see how the overall system and practices can be improved by following the examples of those who have succeeded.

The enormity of this challenge should not be underestimated. Meeting it will require doing many things differently, not just getting along better. Labor and management must work together to ensure everyone has the skills not only to perform new jobs but to adapt to new skills and workplace behavior. There must be changes in philosophies, attitudes, roles, work practices and more.

As the report illustrates, the Task Force saw many examples of how this transformation can be made. It does require a willingness to break with past habits and traditions, to take risks and learn new ways.

All of this will take time. But if public managers and workers fail to seize the initiative to "fix the system," sweeping changes may be foisted upon them by an increasingly hostile citizenry frustrated by government's perceived lack of responsiveness and effectiveness. The result could very well be a series of

¹Jonathan Walters, "TQM, Surviving The Cynics," *Governing*, September 1994, 40-45.

changes in government driven more by negative politics than by a desire to achieve service excellence.

As Gerald W. McEntee, president of the American Federation of State, County and Municipal Employees, testified, “I honestly believe it is not too dramatic to say that the viability of our institutions of governance depends at least in part on the success of our journey as we begin to move from confrontation to cooperation.

I challenge the Task Force -- to challenge us --to make our public workplaces laboratories of experimentation to drive and manage these kinds of changes.” ■

S n a p s h o t : I N D I A N A P O L I S

When Stephen Goldsmith ran for mayor of Indianapolis, he vowed to engage in widescale privatization; in other words, transferring delivery of services to private contractors. Convinced that Indianapolis was in a struggle with its neighbors for both business and residents, raising taxes to pay for improved city services did not seem a viable option. Goldsmith believed that market forces and competition would ultimately serve citizens better than what he and his staff call the government "monopoly."

Once in office, however, he says he quickly came to realize that the real answer to improving service delivery was not privatization because "monopolies, public or private, are inefficient." Instead, Indianapolis launched a comprehensive effort that features labor-management cooperation and, in some areas, fosters competition between city departments and private contractors. In these instances, it treats city departments as businesses and gives workers a voice in ways to cut costs. If the department can put in a winning bid against private competitors, the city workers continue to provide that particular service.

In addition, city workers also bid for new work and work that was previously contracted out--returning those services to the public sector when it can be done there in a competitive fashion. For example, both the sign shop and fleet maintenance services are now performing work purchased by community organizations, by other governments and by local utilities.

Although Indianapolis receives much attention for its competitive initiatives, the Task Force found in its site visit that the structured, cooperative relationship pervading city operations is the unsung hero of the service and cost improvements.

In fact, where the union has bid, city and union officials estimate that public employ-

ees have won the bulk of the contracts put up for competition by examining methods, systems and cost structures in conjunction with management.

"I was increasingly impressed with the inherent ability of our own employees to perform better when the system allowed them to; I underestimated what they could do if we unloaded the bureaucracy off the top of their heads," Goldsmith said.¹

His goal then became providing the best service at the lowest cost for citizens -- a goal embraced by the city's workers, largely represented by the American Federation of State, County and Municipal Employees (AFSCME). AFSCME leadership viewed the competitions as a way to help eliminate the myth that the private sector always is more efficient than the public sector, as well as to take back work that had been contracted out years ago.

"Using the private sector as a yardstick with which to measure ourselves, we're fine with that institutionally," said Steve Fantauzzo, executive director of Indiana's State Council 62, AFSCME. "But to simply say that the private sector is always a better answer, that's simply not true." Fantauzzo points out that under public management, for example, refuse collection routes have been redesigned and worker productivity has doubled, producing annual savings close to \$15 million.²

In another example, the city's fleet maintenance workers outbid three outside companies. This effort had its roots in a cooperative labor-management program started several years earlier under the leadership of the president of the local AFSCME unit and the department administrator of Indianapolis Fleet

¹ Rob Gurwitt, "Indianapolis and the Republican Future," *Governing*, February 1994, 24-28

² "Indianapolis Wins Big on Savings, Safety, Effluent Quality Under Contract O&M," *Public Works Financing*, March 1995, 14-16

Services (see Chapter Four). This cooperative program predated the Mayor's initiatives, and became a helpful vehicle for success by the department's workforce under the new arrangements. As part of the cooperative effort, fleet maintenance workers voted to forgo a raise in the first year of their four year collective bargaining agreement. In exchange the union's service contract to provide fleet maintenance specifies that, in addition to negotiated wage increases for subsequent years, employees will share 25 percent of any savings below the bid price and 30 percent during the following two years. (For more details, see below.)

This gainsharing program has been a major component in changing how line level employees and managers look at their work. It has resulted in participating employees receiving an average of over \$2,200 each in bonuses for work in 1994 and 1995.

Since taking office in 1992, Goldsmith has reduced the city's operating budget by \$26 million without raising taxes for the eighth straight year while still managing to invest more money in public safety and infrastructure improvements than at any other time in the city's history. The only layoffs came shortly after Goldsmith's election, when he eliminated hundreds of political patronage jobs, in the ranks of middle managers. While this initially prompted fear among workers that "if middle managers could be laid off, they'll do it to anybody," the union eventually viewed the move as a commitment by Goldsmith to eliminate "the bureaucratic stranglehold on employees." No rank-and-file workers have lost their jobs. As functions have improved and changed, workers have been redeployed and retrained under a comprehensive employment "safety net" program.

Indianapolis presents a comprehensive example of how a municipal government accrued tremendous benefits through labor-management cooperation. To effect this cultural change, Goldsmith took several steps that are

helping Indianapolis to improve delivery through improved labor-management cooperation, including:

SELTIC. Goldsmith created the Service, Efficiency and Lower Taxes for Indianapolis Commission to identify opportunities for competitive bidding of city services. It is composed of the most entrepreneurial members of the Indianapolis business community. SELTIC has identified many areas with potential savings for taxpayers. Thus far more than 68 city services have been open to competition with the private sector.

Strategic Tools Initiative. It became clear from the first day that if the city was going to be successful in creating a more efficient and responsive government, a whole new set of financial and management tools would be necessary. City employees would need new financial tools in order to analyze costs and make improvements. The administration would need to be able to make "apples to apples" comparison of public versus private sector costs of provision. Thus, both labor and management recognized that without clear measures of comparison, bids by public sector operations might be disadvantaged by such things as assigned overhead costs and other internal requirements of city administrative systems. Decisions on competition require a level playing field and cost analyses fair to both sides. Several strategic initiatives were taken in this regard:

1. Activity-based costing. The city needed to know how much every service and activity of government cost in order to measure performance and improvements and to make relevant comparisons when necessary.

2. Performance measures. Competitive contracting required very clear standards describing how the contracts would be evaluated. Inputs, outputs and efficiency measures are now used to review services provided to the city.

3. Infrastructure balance sheets.

City government had never kept systematic track of the value and condition of its roads, bridges, parks and other assets. Proper maintenance and valuation of city services led Indianapolis to create “infrastructure balance sheets” tracking the value of its assets.

Financial training. Another useful initiative instrumental to success was financial training. Employees were trained by both AFSCME and the city in advanced financial issues, including how to make bids. Today, many union officers share managerial and service responsibilities and have computers at their work stations. Line employees and union officers now talk about fund transfers and similar issues previously reserved for upper management. The result is greater accountability and problem-solving.

Partnership with unions. Following a typical adversarial beginning, the union and management committed to a good faith attempt to work together. The collective bargaining process was used to define the parameters of a level playing field; set the rules for contracting out, including timely notice and the opportunity to bid, and plan training to develop employee skills. AFSCME participated in defining core services. This aggressive partnership also helped union leaders become more comfortable with the cooperative route. As elected leaders, the union officials took a risk in attempting to persuade employees to try the new approach. Union leaders received considerable criticism from some members the first year that they participated in the bid process. Many of their members were afraid they would lose their jobs as a result -- the mayor’s election upon a campaign to privatize services was quite fresh in their minds. The union leaders “buy-in” essentially put the union’s credibility on the line.

Fantauzzo acknowledged that the reinventing process demands a lot more of

public employee unions. “If it’s not working and we’ve been invited to the table and have had a part in developing a level playing field, then we can’t sit back and say, ‘You’re the problem.’ “ Nationally, he predicts that the public employee unions will “proactively move to fix what’s wrong with government and also re-examine the way we do business. Some of the restrictions may actually be contractual, not just purchasing, bureaucracy and all the other things.”³

Employee safety net. Because natural attrition creates vacant positions, Goldsmith pledged from the beginning that “no earnest, hard working employee whose position has been eliminated but wants to continue working for the city” would be denied the opportunity to do so. If employees do not win a particular bid, they are shifted to other jobs. This involves constant training to ensure a skilled, flexible work force. When management of the waste water treatment plant was privatized, some layoffs were expected. However, this was avoided by a combination of efforts developed with the new contractor and in a “safety net” provision negotiated into the city’s collective bargaining contract with AFSCME. These provisions effectively ensured that any city worker displaced by competition would have employment if they want it. A combination of redeployment, retraining, and placement assistance is used. These programs and the commitment of the parties to them contribute to employment security in a way that provides cooperation towards service efficiency.

Involvement of front-line workers. Front-line workers have an opportunity to determine how to perform services more efficiently. Says Goldsmith, who joins a crew of city employees on a job once a week, “Nobody knows better than the worker how the job can be done more efficiently. You spend an hour with a guy filling potholes, and he can give you a dozen good ideas about ways to

³ Ibid.

make the service more efficient.”⁴

Managers are on the line, too. Interestingly, even when there is private competition for a service, the managers and the union members work together: They succeed or fail together in the bid and performance. More frequently, however, cooperative partnerships determine this mutual success.

The combination of strategic tools, improved measures and comparisons, and a cooperative union-management effort to eliminate barriers to effectiveness have provided strong motivation for workers to find ways to perform their jobs more efficiently.

Before Goldsmith was elected, “We didn’t give a hoot what anything cost,” recalled Isaac Sanders, a city crew leader responsible for street repair.⁵ Previously with a monopoly on street repairs, Sanders continued an age-old practice of using five trucks and 12 city workers to perform the same work he now does with two vehicles and eight workers. Once equipped with the necessary skills and information and

⁴ Dirk Johnson, “In Privatizing City Services, It’s Now ‘Indy-a-First-Place’,” *New York Times*, 2 March, 1995

⁵ William M. Stern, “We got Real Efficient Real Quick,” *Forbes*, 20 June, 1994.

offered an opportunity and incentive to find a better way to perform the service -- and guaranteed a level playing field -- workers and their managers consolidated equipment and duties and modified work rules.

The Competition and Costing program jointly implemented by the City and AFSCME Council 62 won a 1995 Innovations in American Government Award by the Ford Foundation and the John F. Kennedy School of Government at Harvard University. The parties say they will use the \$100,000 award to provide further training to enable employees to participate effectively in competitive bidding, to develop a video and other informational materials and to host delegations from other localities seeking to learn from the Indianapolis model.

The Indianapolis program was the only winner with a union (AFSCME Council 62) as a co-applicant. In a press release announcing the award, Steve Quick, representative for AFSCME Council 62 and president of Local 725, said, “Indianapolis has empowered its AFSCME members as partners in the process of redesigning government. Tomorrow [at an October 26, 1995 award ceremony] that partnership will win a national award, but our community has already been awarded better services and more efficient government. ■

MUNICIPAL FLEET SAVES JOBS WITH INSOURCING VICTORY*

Member [of NAFA] John McCorkhill, Administrator of Indianapolis Fleet Services, and his staff won a bid in February over three national private competitors to manage, maintain, and repair 2,771 vehicles owned by the city of Indianapolis.

* Reproduced, with permission, from *NAFA Fleet Executive*, April 1995, 10-11.

Indianapolis Mayor Stephen Goldsmith’s challenge when taking office in 1992 to “either make this place competitive, make the customers happy, or this operation is going to be gone,” further inspired McCorkhill to propose efficiencies which will save city taxpayers \$8 million.

The adrenaline rush of competing for their own jobs, plus the vision and support of municipal leaders, cooperation with and from local union management and workers willing to make sacrifices,

helped put IFS over the top, according to McCorkhill.

"We knew we would have to get competitive if we wanted to stay in business," he said.

McCorkhill actually began preparing for the competition in 1992 by reorganizing the department, trimming middle management and empowering employees to work in self-directed teams. "The game plan at the end of two years of reorganizing was to take this operation to the street to get the price (of services) that had never been established," he said. "At least seven consulting reports had been done on the agency and each spoke highly of the level of service but none addressed the issue of price."

A selection team including individuals from legal, purchasing and the Mayor's office plus McCorkhill and an individual from the fleet department's customer base wrote the bid specifications in conjunction with consultant Chip Taggart with David M. Griffith & Associates. The specifications were mailed November 2, 1994 with proposals due on Friday, January 13, 1995.

Sacrifices and Incentives Essential to Bidding Success

McCorkhill and his staff made personal sacrifices to meet and beat the competition but also had built-in incentives to save costs in the bid proposal. IFS employees agreed to forego raises in the third year of the three-year agreement and adopted a plan that gives them an incentive to generate additional savings beyond those in the proposal itself. Fleet services employees will share 25 percent of any savings below the bid price during the first year of the contract and 30 percent during the following two years, which effectively ties

raises to strict performance.

Based on the proposals received, McCorkhill knew the specs were literally on the money. "Not one of the bidders questioned the performance standards stated in the specs as being too rigid or unrealistic nor questioned whether the city employees were doing the job. I think many of them sensed that this is not a traditional municipal operation, that some good things are in place here.

"In addition, we didn't want to create a situation where someone could come in and piecemeal the operation. The bid covered the whole gamut of repairs and service. We could have broken it down without going to a bid. That was not the intent. We wanted to make sure that when we received prices from the private sector people that the comparison was apples to apples. Each of the bidding contractors said they would comply fully with the specification which is a boiler-plate of everything we do.

"I figured one of our private competitors would possibly undercut it to get their foot in the door but it didn't happen. But we had honed our price to the point that it didn't matter. Often, government will keep the in-house provider unless the vendors offer services for a savings of at least one percent or more. This did not happen to us. We actually beat their price by almost 1 percent."

The IFS will still outsource selectively. "We have always looked for what is best for us to do. We have two body shops at two facilities but we still farm out probably 15-20 percent of the work if we can't do it with the time and people available.

We are constantly looking at the economies and time periods of doing it in-house and make decisions from there."

Union Cooperation, Support from Leaders Sewed Up Bid

McCorkhill credits Indiana Local 3131 of AFSCME, and Dominic Mangine its president, with a significant role in the bid victory. "You've got to get your union working with you as a team rather than fighting and bickering with each other. By working with the union, we started empowering them and making some of the employees working group leaders. And now they actually help manage the process. Rather than a lot of foremen looking over their shoulders, we made these people responsible for getting the work done. They not only turn the wrenches but they lead and guide.

"Another neat thing about our bid is that I didn't play a part in getting the numbers together. As a matter of fact, I took a driving vacation and was not within reach by phone. Mr. Mangine and my deputy, Steve James, were responsible for the IFS bid and handled it without my overview."

What put IFS over the top started at the top, according to McCorkhill. "It starts with a leader with a vision to see what needs to be done, then be willing to take on the challenge. Our Mayor, Stephen Goldsmith, has taken a lot of heat within the City because of his agenda for competition and his willingness to accept challenges and not walk away. He in turn gave me a challenge. Knowing the competition was there staring you in the face. . . we made absolutely sure we were competitive going in." ■

FLEET PREPARED YEARS PRIOR TO OUTSOURCING THREAT

Member John McCorkhill, Administrator of Indianapolis Fleet Services, and his staff found it essential to get the operation down to fighting weight before competing to retain control of fleet services for the City of Indianapolis. With the support of city management and cooperation from unions he made the following remarkable changes after taking charge in 1991:

- IFS has reduced its work force from 117 in 1991, before competition, to 86 in 1994*
- IFS has reduced its spending from \$11.1 million in 1991 to \$9.1 million in 1994. (IFS spending in 1994 was the lowest since 1988.)*
- Productivity is up significantly: billable hours per mechanic are up by 21 percent over 1991 levels.*
- Quality is up as well, the number of written complaints plummeted from 149 in 1990 to 5 in 1994.*

"Another neat thing about our bid is that I didn't play a part in getting the numbers together. As a matter of fact, I took a driving vacation and was not within reach by phone. Mr. Mangine and my deputy, Steve James, were responsible for the IFS bid and handled it without my overview."

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C H A P T E R



T H R E E

S O M E B A S I C D A T A

TRENDS AND ATTITUDES IN PUBLIC SECTOR SERVICE AND EMPLOYMENT

No matter our job or age, services provided by public workers and managers assist and influence our every day life. The intent of this chapter is to provide some basic facts about the state and local public sector, such as who works there, services provided, projections of future trends in terms of employees, revenues, and expenditures, recent trends in contracting out, the extent of union representation, employee attitudes, and public opinion.

Dimensions of the Public Sector

As of 1995, there were 16.5 million employees of state and local governments in the United States, compared to 97.3 million private sector employees. These numbers are presented below in Figure 1 for both 1995 and 1985. When federal employees also are considered, total public employment as a percent of total U.S. employment has remained fairly steady at between 15 percent and 16 percent since 1980. Total public employment as a percent of total U.S. population has also remained steady during the period at approximately 7.5 percent.

Both employment and the U.S. population have been growing, however, and state and local public employment has been consistent with this growth. Figure 2 shows employment in state and local government from 1970 through 1996. Following a slight dip in local government employment in the recessionary periods of the early 1980's, both local and state employment have grown at a steady pace in recent years. Local government employment has grown at a higher rate than state employment, having increased by more than 20 percent over the last 15 years.

Since 1983, Bureau of Labor Statistics figures show that the average annual rate of change of state and local government employment has been somewhat higher than the rate of population growth. Projections into the year 2005 show the rate of population growth

Fig. 1 Employment in Private Industries, and State and Local Government, 1995 Annual Averages

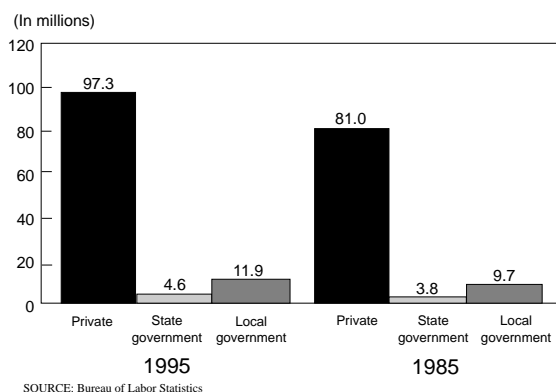
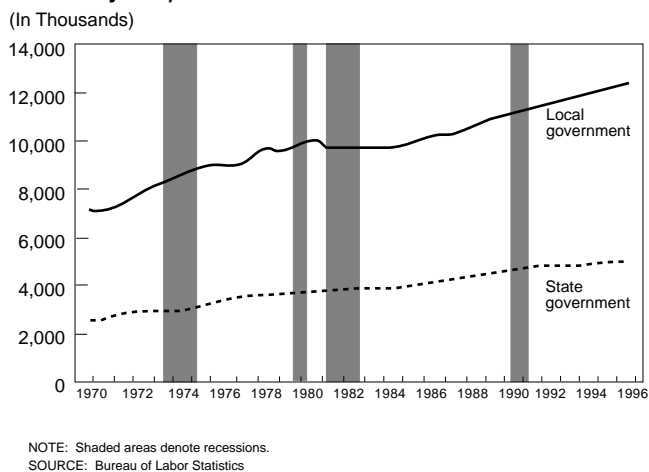


Fig. 2 Employment in State and Local Government, seasonally adjusted, 1970-96



declining, while the rate of state and local employment growth remains steady, primarily due to growing demand in education and corrections. Figure 3 indicates the magnitude of past and future growth in state and local government employment.

When all three components of the public sector are combined, as in Figure 4, it is apparent that the local sector accounts for the largest share, with 59 percent of all public employment. State government is

Fig. 3 Population Growth vs. State and Local Government Employment Growth

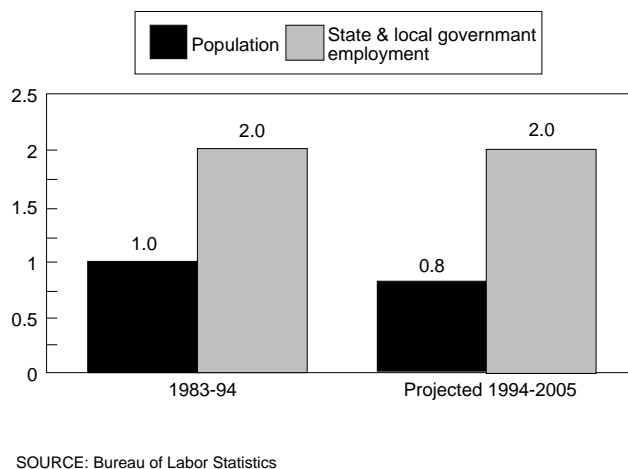
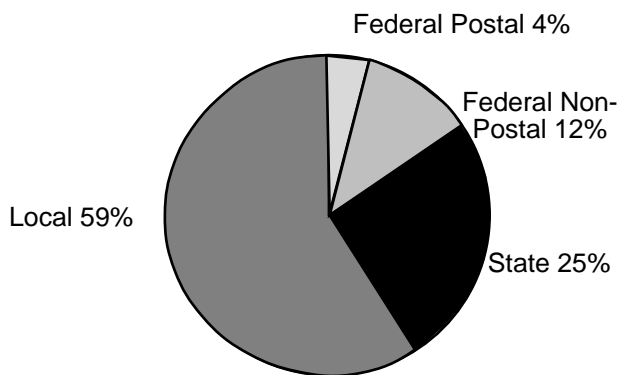


Fig. 4 Most Public Sector Employees Work in State or Local Government (1992)



SOURCE: U.S. Bureau of the Census, Public Employment: 1992, Series GE/92-1. U.S. Government Printing Office, Washington, D.C. 1994

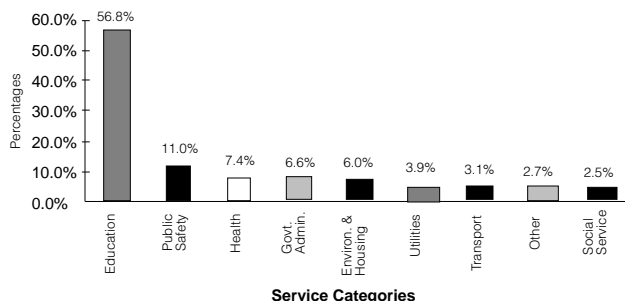
the second largest, accounting for 25 percent, with the federal government running third at 16 percent.

The three sectors also are distinguished by the relative size of the different public functions in each:

Education is by far the largest component of both state and local government employment.

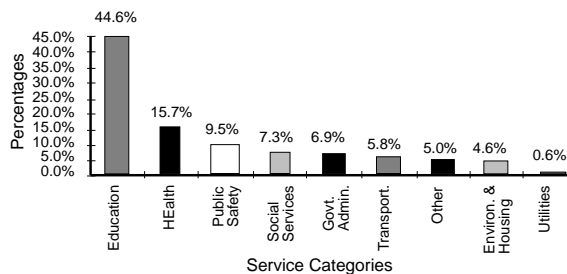
Health is the second largest component of state government and third largest component of local government.

Fig. 5 Services Provided by Local Government Employees (1992)



Source: U.S. Bureau of the Census, Public Employment: 1992, Series GE/92-1. U.S. Government Printing Office, Washington, D.C. 1994

Fig. 6 Services Provided by State Government Employees (1992)



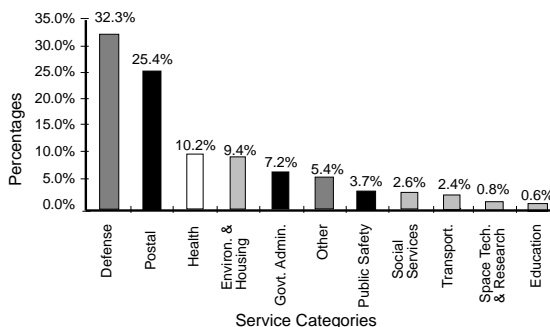
Source: U.S. Bureau of the Census, Public Employment: 1992, Series GE?92-1. U.S. Government Printing Office, Washington, D.C. 1994

Public safety is the second largest employer in local government and third largest in state government.

The federal government, by contrast, has a different employment mix with defense forming the largest employment sector, followed by postal services, with health running a distant third. These employment components of state, local and federal government are presented in Figures 5, 6 and 7.

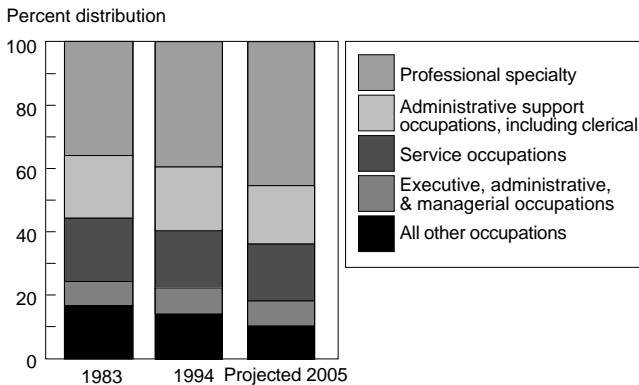
Professional specialty occupations make up the largest part of state and local government employment, accounting for 33.6 percent of state employees and 37.2 percent of local government employees. Such occupations include teachers, registered nurses, social work-

Fig. 7 Services Provided by Federal Government Employees (1992)



Source: U.S. Bureau of the Census, Public Employment: 1992, Series GE/92-1. U.S. Government Printing Office, Washington, D.C. 1994

Fig. 8 Employment in State and Local Government by Major Occupational Group



SOURCE: Bureau of Labor Statistics

ers. These make up 21.7 percent of state employees and 18.1 percent of local government employees in such occupations as teacher aides, secretaries, clerks, and library assistants.

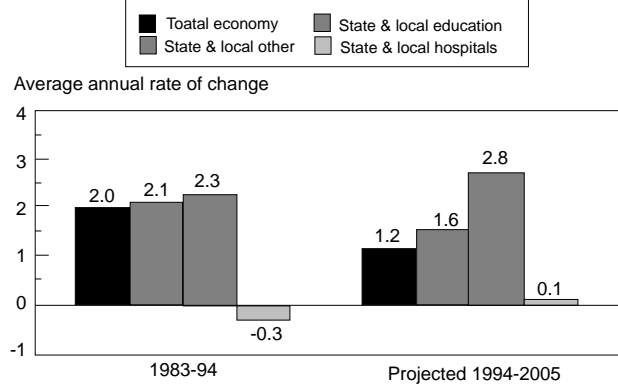
The third largest group is composed of service occupations, such as police and corrections officers, fire fighters, janitors, cooks and nurses aides. This group accounts for 16.7 percent of state employees and 21.3 percent of local government employees.

The smallest major group of state and local government employees is composed of executive, administrative and managerial occupations, accounting for 14.3 percent of state employees and 9.3 percent of local government employees. Figure 8 displays the past, present and projected future relative size of occupational groups in state and local government.

Future Public Sector Growth

The state and local public sectors are expected to continue some growth. Although the average annual rate of change in population growth through the year 2005 is expected to equal 0.8 percent, the rate of employment growth in state and local government is expected to average 2 percent. (See previous Figure 3.) This growth in public sector employment will be largely attributed to the growth in state and local education, which is expected to grow much faster than any other

Fig. 9 Total Employment vs. State and Local Government Employment



SOURCE: Bureau of Labor Statistics

component of state and local government. The “State and local other” category shown in Figure 9 below is a diverse grouping of many other components of state and local employment, including service occupations, administrative and support occupations, precision production workers, professional occupations, and executive/managerial occupations. A preliminary breakdown of this group indicates that the protective service subgroup (fire fighters, police, and correction officers) will experience the second highest average annual rate of growth into the year 2005.

State and local government purchases are expected to increase at a significantly lower average annual rate into the year 2005. When compared to the projected lower rate of increase in private demand, there will also be a relative slowing of the pull of state and local purchases on the Gross Domestic Product. These relationships are presented in Figure 10.

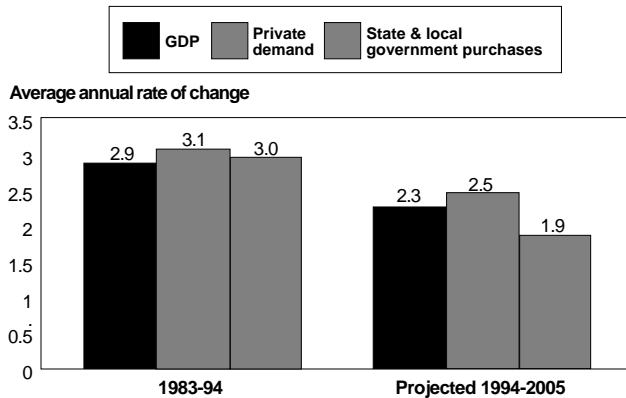
An important factor which may accentuate the growth of the state and local component of the overall public sector in the future may be the devolution of federal functions to state government and the state or local operation of previously national programs.

Public Sector Revenue and Expenditures

State and local taxes made up 44 percent of all non-Social Security taxes collected by all levels of

Fig. 10 GDP vs. State and Local Government Purchases

[1987 dollars]



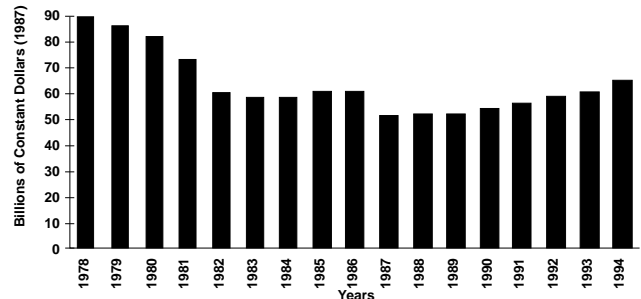
SOURCE: Bureau of Labor Statistics

government in 1992. This was an increase of 8 percent since 1981. Excluding Social Security, income taxes account for nearly 90 percent of federal public sector revenue, but only about 25 percent of state government receipts. The bulk of state and local government revenue is made up of sales, excise, and property taxes, plus user fees. Approximately one-third of state revenue and more than one-half of local revenue come from these later sources.

Another very significant source of state and local government revenue is federal grants-in-aid, which accounted for more than 18 percent of state and local budgets in 1980. Federal grants have decreased since that time, however, dropping substantially between 1980 and 1990. After bottoming in 1987, the amount of grants, in real dollar terms, leveled out and began to rise very slightly. These trends are presented in absolute dollars Figure 11.

The pattern of revenue from various sources differs significantly when state and local government are compared. State governments receive a smaller portion of their revenue from other governments than do local governments and rely more on sales taxes and other non-income, non-property taxes. In 1992, local governments received 33.4 percent of their revenue from other governments, while states received only 22.8 percent of their revenue from this source. State governments received 26.3 percent of their income

Fig. 11 Federal Grants to State and Local Governments (1978-94)

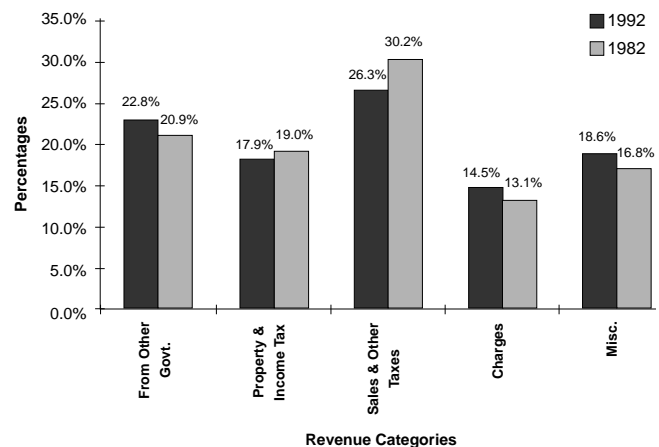


Source: Office of Management and Budget, Historical Tables: Budget of the United States Government, FY 1996.

from sales taxes, while local governments received only 6.6 percent of their revenue from this source. Local government, on the other hand, received 28.5 percent of their revenue from property and income taxes as compared to 17.9 percent received from this source by state government. These comparisons can be seen in Figures 12 and 13 for both 1992 and 1982.

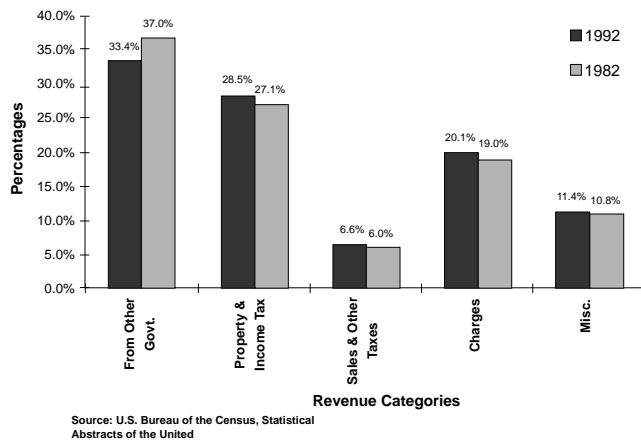
State and local government revenues are very sensitive to changes in both national and regional economies. If the growth of personal income does not keep pace with needs for revenue through income or sales taxes, jurisdictions must adjust expenditures or

Fig. 12 State Government Revenue by Source



Source: U.S. Bureau of the Census, Statistical Abstracts of the United States: 1995 and 1985. Washington, D.C.

Fig. 13 Local Government Revenue by Source



tinker with revenue mechanisms to assure sufficient resources. Most state and local governments do not have the option of deficit spending. Many state constitutions require balanced budgets and allow the incurrence of debt only for capital expenditures, primarily through the issuance of bonds. There is a real-market check on borrowing in this manner, imposed by bond ratings and interest rates, which can serve to enforce a substantial level of fiscal discipline on state and local governments.

In recent years, state and local revenue growth has suffered from the change in direction of the U.S. economy from a manufacturing to a service orientation. Revenue-producing measures have lagged behind this trend in several respects. Although sales taxes are the most important revenue source for most states, they are usually assessed only on goods and only in limited ways on services. A service-based economy may also be characterized by lower wages and less capital investment and may, therefore, limit the revenue potential of property and income taxes.

In some states, local taxing authorities may exist for special municipal or regional purposes, such as the public schools, utility service districts, and others. In such cases citizens may have an effective veto or approval power over the raising of revenue for such services through their ability to vote on specific income or property tax increases.

Federal policies have had a great effect on state and local government revenue in recent years. While there has been a decline of federal grants-in-aid to state and local governments, total federal aid has increased over the last 20 years, when payments to individuals as entitlements, such as Medicaid, are included. Medicaid expenditures have increased steadily. Rising health care costs and population increases also have been factors. Federal financial support for Medicaid entitlements may decline or grow less rapidly in the future with perhaps little corresponding decline in the expectations of benefit recipients. This prospect for devolution of federal responsibilities may force hard choices onto state governments and bring pressure on state and local revenue. The use of revenues may be affected, which in turn, may influence demand for local services.

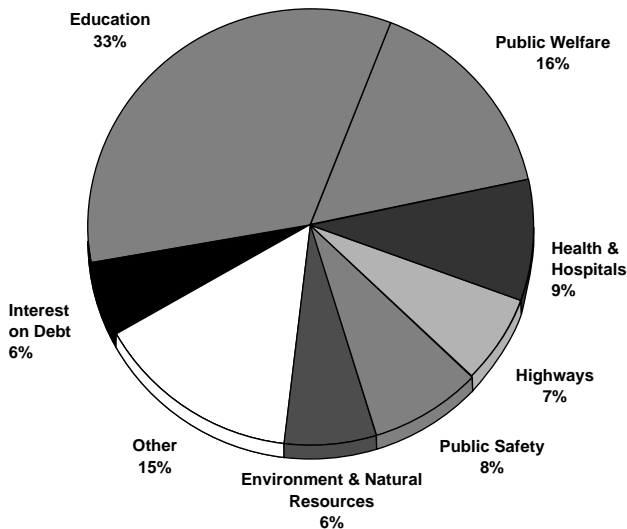
Total expenditures of the public sector equal \$2.9 trillion. The federal sector spends 53 percent of this total, while the state and local sectors split the remainder almost equally at 24 percent and 23 percent, respectively. The largest portion of state and local government spending, 33 percent, is devoted to education. Public welfare and "other," which includes housing and community development, account for 16 percent and 14 percent of expenditures, respectively. Figure 14 depicts fiscal year 1992 state and local government expenditures by all categories.

Pressure on state and local governments are being brought by three increasingly large components of spending: education, corrections and Medicaid.

Medicaid is the fastest growing component of expenditures, having increased by 8.4 percent between 1994 and 1995. Expenditures in corrections, where major capital improvements and increasing operating costs are projected into the future, grew 8 percent over the same one-year period.

Expenditures for primary and secondary education grew at a 4 percent rate from 1994 to 1995. Litigation has required some states to become more involved in the financing of school operations, since local expenditures for kindergarten through 12th grade have fallen short of needs in some areas. Related to this trend, there have been serious questions in some states regarding the equity of school funding when poor

Fig. 14 State and Local Government General Expenditures (1992)



Note:

- 1) "Public Safety" includes only police, fire, and corrections -- judicial administration is included in "other."
- 2) "Environment & Natural Resources" includes parks & recreation, sewerage and solid waste.
- 3) "Other" includes housing & community development and administration.

Source: NCSL chart based on census data reported in U.S. ACIR, "Significant Features of Fiscal Federalism -- 1994."

districts or communities are contrasted to areas with a more robust tax base. Expenditures for higher education also grew at a 4 percent rate last year and are expected to continue experiencing financial pressures.

Finally, public employee pension funds represent a large sum of capital. As of the end of 1994, total state and local government retirement funds equaled nearly \$1.176 trillion dollars, according to the Employee Benefit Research Institute. Of concern as fiscal pressure mounts in state and local government is the importance of appropriately managing these dollars. Because of their size and the complexity of evaluating fund assets, pension plans are sometimes scrutinized in the context of budget balancing activities. This practice is the subject of controversy. The predicted demands on public employee retirement plans in the coming decades will be large, necessitating careful planning for benefits and sound management of pension funds.

Trends in Privatization and Contracting Out

Privatization and contracting out of functions and services of state and local government have been politically in vogue and have received a lot of attention in recent years. Strictly speaking, privatization involves a divestiture of public responsibility, resources and/or facilities. Contracting out involves the government entity retaining a measure of control, and sometimes providing facilities or resources. While the Task Force did not set out to research privatization trends in a comprehensive manner, there is information of significance to share from a full day of testimony and from field visits, that hopefully will contribute constructively to the debate and consideration of the topic.

On the one hand, contracting out is not new. Government has long contracted out for many services, prominent among them major construction projects, food services, certain social services, janitorial services, golf courses and, to some extent, sanitation services. Growth in these typical areas seems to continue, perhaps paralleling growth in state and local populations and government services. Despite the increased level of discussion and debate on privatization or contracting out, especially in non-traditional areas, the extent of any increase in it is far less clear, and may be overstated in the current conventional wisdom.

Whether or not contracting out grows substantially in the future, and in which areas, is open to further observation and tests of efficacy in different settings. In hearing testimony from advocates, opponents and observers and in visiting many communities where contracting out was an important subject of discussion, a number of trends and issues worthy of note to a rational debate seem to emerge from observations in both union and non-union settings:

First, although the level of discussion of, and interest in, contracting out is quite substantial, any increase is far less dramatic than the level of discussion and popular reporting suggests. Even in areas which were reputed to be active in contracting out, new contracting out was actually limited, normally to a few services, and normally to a small impact on numbers of employees. There are some dramatic examples of

contracting out or privatization, but those seem to be the exception rather than the rule.

Second, contrary to much of the current popular discussion, private sector costs are not necessarily lower than the cost of providing the service within the governmental structure. As the Task Force saw in numerous site visits, where internal systems are reformed and overhead reduced, and the work, in some instances, redesigned, in-house cost of services can be even with or cheaper than outsourcing. There does not appear to be a widespread inherent cost advantage to outsourcing, particularly in core services. As in other comparisons, the advantages or disadvantages depend importantly on local factors and history, as well as the leadership and imagination of the employees, union officials and managers on the local scene.

Some projected cost savings may actually represent cost-shifting to another budget or to the future, although it is early yet to fully measure or assess. One example of cost shifting that requires examination is that payroll savings for a jurisdiction may show up as welfare or health care costs in a different budget or at another level of government. There is some evidence that workers laid off through contracting out and, who do not find other work, or work with benefits, can end up receiving public assistance and health care through emergency room service, funded through state or county programs. In regard to long-term costs, as opponents and proponents all acknowledge, creating private monopolies risks lack of attention to or control of costs.

Third, where it has been attempted, contracting out does not appear to be as quick or easy as is often suggested. Monitoring contracts of complex, hard-to-measure services is far more difficult than traditional contracting or purchasing. Many public jurisdictions do not have well-established means to set effective bid requirements and conditions, to thoroughly evaluate the bids, and then to measure performance.

Fourth, there is a general lack of adequate financial and performance data to actually measure cost and quality in order to know whether either a bid or later performance represents an improvement in cost or quality of the service. Most public jurisdictions do not collect financial information in a way that allows those

comparisons to be made. Without such data, comparisons between in-house work and outsourced work are nearly impossible. In fact, without the data to make year-to-year comparisons, it is equally difficult to identify improvements or difficulties in cost and service levels when performed in-house.

Fifth, in some of the popular discourse on privatization or contracting out, there is an implication that public employee wage and benefit levels make it impossible to match private sector costs of the same service. While wage and benefit levels can certainly have an effect, depending upon the combinations of skills and schedules applied to accomplishing particular work, the wage and benefit levels appeared to be far less significant factors than changes in systems, work practices and improvements in communication and coordination arrangements. Even in the most impressive examples found by the Task Force of public employees matching private sector bids (or otherwise achieving significant cost and quality improvements through systems changes, elimination of overhead, redesign and other reforms), the levels of employee wages and benefits were unchanged.

Sixth, the presumption that quality is lower when done by government appears to be a part of the government bashing that is currently popular, rather than a reflection of reality. As noted and acknowledged in site visits and in testimony, excellent work, in fact, is available in both sectors. Employees with the tools to affect the way in which the job is done can provide high quality service, whether they work in government or the private sector. Where service was not sufficiently effective or costs were too high, poor management systems, poor accountability, poor planning and other problems were noted in both contracted and in-house services.

Seventh, a major issue about which there is substantial agreement among proponents and opponents is the importance of a "level playing field." This concept involves having fair and clear ground rules -- primary among them, what cost comparison methodology will be used -- as well as other expectations of the competitive process, such that the public actually gets a real benefit in quality and cost of services. Some new contracting out is occurring in the context of "level

playing field” arrangements. Naturally, public employees oppose contracting out that is simply imposed, since it threatens their jobs and because the surrounding discussion often demeans their personal abilities.

However, where public employees whose jobs would otherwise be on the line have a full and fair chance at preserving those jobs through effective opportunities at systems reform and other changes, they were most often able to demonstrate their ability to deliver the services in a sufficiently cost effective and high quality manner to preserve those jobs. This was most commonly accomplished through cooperative labor-management relationships where employees and their representatives participated in defining the ground rules for cost comparisons, and which also served as the structure for identifying reforms in the way the work was performed.

Overall, the trends are clearly toward an increased level of discussion of contracting out, with some interesting experiments, and no diminution of traditional areas of contracting. Despite some increase, the use of contracting out appears to be more limited and with far more variables affecting cost and quality than simply the difference between government or private sector responsibility for the service. While there are examples of successful contracting out as one tool in a service improvement strategy, and instances which take

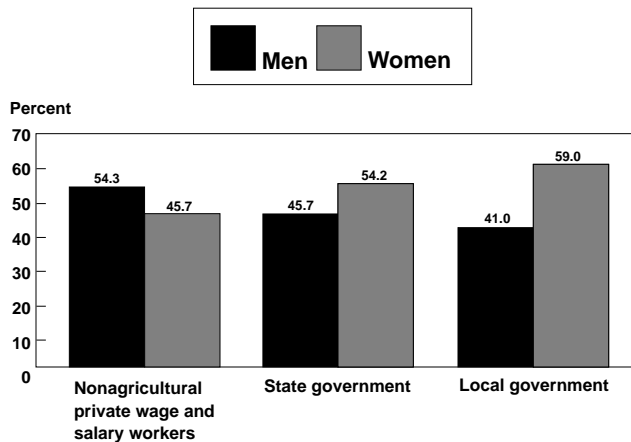
place within the context of a cooperative collective bargaining relationship, it has not become a widespread substitute for delivery of core government services. (For additional observations concerning contracting out, that draws further on site visits and testimony, see Chapters Two and Six. Witnesses and sites where this issue was considered are noted in Appendix C and D.)

Demographics of the State and Local Government Workforce

The demographic characteristics of the state and local government work force are somewhat different from the private sector. The previous Figure 1 compares the private sector work force with that of state and local governments over a 10 year period. In 1995, state and local governments employed a higher percentage of women and blacks than the private sector. Although Hispanic employment has been less than that in the private sector, the proportion of Hispanics in the state and local sectors increased significantly over the last ten years. These comparisons are reflected in Figures 15 and 16 below.

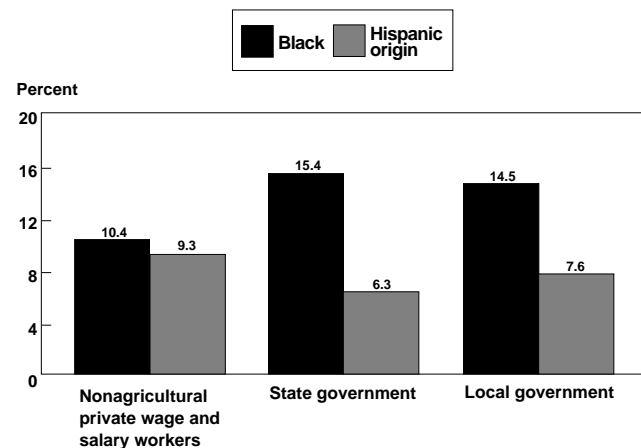
State and local governments also employ higher percentages of older workers than the private sector,

Fig. 15 Percent of Employed Persons in State and Local Government by Sex, 1995 Annual Averages



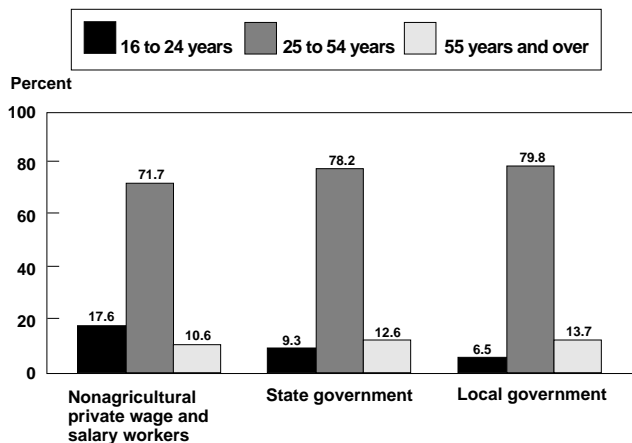
SOURCE: Bureau of Labor Statistics

Fig. 16 Percent of Employed Persons in State and Local Government Who are Black and of Hispanic Origin, 1995 Annual Averages



SOURCE: Bureau of Labor Statistics

Fig. 17 Percent of Employed Persons in State and Local Government, by Age, 1995 Annual Averages

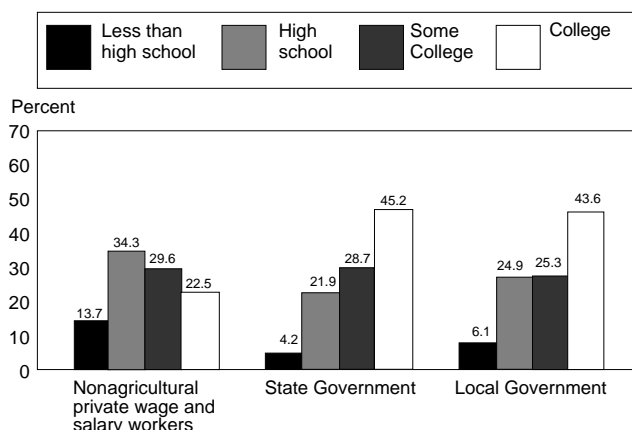


SOURCE: Bureau of Labor Statistics

as shown in Figure 17. Job tenure tends to be slightly longer in the public sector. Average tenure in the same job is more than eight years in state government and more than nine years in local government, compared to fewer than seven years in the private sector.

Educational attainment in the public sector is higher than in the private sector. Figure 18 shows that twice as many employees of state and local govern-

Fig. 18 Educational Attainment of Wage and Salary Workers in State and Local Government, 1995 Annual Averages



SOURCE: Bureau of Labor Statistics

ments graduated from college as have employees in the private sector. While approximately the same percentage of workers in all three sectors attended some amount of college short of graduation, the private sector employs significantly more workers with only a high school education or less than does state or local governments.

Public Employee Attitudes Towards Participation and Representation and Comparisons to the Private Sector

In early 1994, a survey of private sector workers was released which examined their attitudes towards workplace participation and representation was presented to the Dunlop Commission.¹ Princeton Survey Research Associates performed the survey and the analysis was by Richard Freeman of Harvard University and Joel Rogers of the University of Wisconsin. Their analysis and conclusions noted a high level of interest among private sector workers in participating in decisions at their workplace. One important conclusion was that employees felt that they could contribute far more to the improvement of products or services if given the chance.

Also, most workers responding to this private sector survey said that the most effective workplace employee organization would be one that management accepted and with which management cooperated. Cooperation rather than conflict was the preferred way of dealing, although the independence of the employee organization was important to them.

After reviewing the analysis and hearing testimony from one of the authors, the Task Force commissioned the same group to do a parallel study of public worker attitudes at the state and local level.² The purpose, similarly, was to gauge the attitudes and ex-

¹ Report and Recommendations of the (Dunlop) Commission on the Future of Worker-Management Relations, December 1994, Appendix A, p.63

² The private sector survey was funded by the Russell Sage, Sloan, and Joyce Foundations. The public sector study was funded by the Task Force through a grant from the Office of the Assistant Secretary for Policy, U.S. Department of Labor.

perience of public sector employees in the areas of participation and representation. Among the observations, several factors emerged that may make the environment for participative programs in the public sector at least somewhat more hospitable than in the private sector. These included the somewhat unexpected high incidence of participative programs in the public sector than in the private sector. It was even a bit higher, proportionately, than in the private sector.

The following is a summary of results of the public sector study, with references to interesting comparisons with the 1994 private sector workforce survey.

Job Satisfaction

Public employees report higher levels of job satisfaction than employees in the private sector. About 75 percent of public employees say they look forward to going to work every day. Interestingly, by education, 22 percent of college graduates report dissatisfaction and 32 percent of those without college report dissatisfaction with their jobs in the public sector.

Evaluation of Managerial Competence

Public workers saw managers as competent and concerned, but rated them as mediocre in leadership and poor to negative on fairness and sharing power. These results suggest some opportunities for improving managers' ability to lead in a more participatory workplace and also probably reflect some of the difficulties in leadership and decision-making in the often changing public sector environment.

Participation

The incidence of participatory programs was higher in the public sector than in the private sector, but private sector workers found the programs effective twice as often as did public employees. In the public sector there are more participative programs in union settings. Only 20 percent of public workers found participation mechanisms "very effective" in improving productivity or quality, although a majority

of workers found them "somewhat effective." Many workers felt that they could contribute more if given the opportunity.

There was also significant sentiment that public sector management is only completely dedicated to existing participatory programs 30 percent of the time. Fifty-one percent of the time they were "mostly committed" and 17 percent of the time they were "not too committed". In the private sector nearly 50 percent of employees covered by participative programs thought management was completely dedicated. In reviewing these results, the survey analysts suggest that there is a "shallowness" to a high proportion of the public sector participation efforts, reflecting perhaps lesser experience or investment in working out program details.

While all public employees show a high desire for input into service and workplace issues, teachers show the highest desire. About 17 percent of public employees say they are "very satisfied" with their degree of input. Twenty-six percent of public employees said they were "not too satisfied" or "not at all satisfied". In the middle were 56 percent who reported being "somewhat satisfied" with their level of input. Teachers, once again, led in satisfaction with 20 percent saying they were very satisfied with their ability to have input. Public safety employees were the least satisfied, with only 10 percent describing themselves as "very satisfied" with their degree of involvement in decisions. (In hearings, police representatives reported that they could find few, if any, examples of labor-management cooperative programs to report to the Task Force.) More generally, 85 percent of respondents said they wanted more involvement in decisions, pointing out that it was not simply for the benefits they might receive, but for making the program or service more effective.

Representation

Like the private sector, employees in public agencies thought that employee representation on workplace teams and committees would be more effective if employees were directly elected, were volunteers or were selected by a union or employee organization. Only 8

percent in the survey favored management selection.

In rating unions, 64 percent of public sector union members said they were “good” or “very good;” only 8 percent said they were “bad” or “very bad.” Eighty-three percent of union members said they would keep the union in place if given a choice today, while 13 percent said they would get rid of it. Like the results of the private sector survey, employees in public agencies indicated that in being represented, they preferred an employee organization that a) selected its own representatives to workplace teams, and b) had independent resolution of disputes (such as by an arbitrator). However, they wanted more “jointness” or cooperation with management as a standard way of operating. Cooperation was preferable to conflict, although public employees were willing to have an employee organization more independent of—and less cooperative with—management than were private sector employees. Clearly, however, a conflictual form of representation was not preferable. Public employees saw a better climate than did private sector employees for cooperative relationships between management and employee organizations.

Survey Summary

To summarize the results, public workers are generally somewhat more satisfied than are private sector workers with their jobs. As do private sector employees, public employees believe that cooperative relations with management are more productive; they wish to be attentive to service needs and seek greater workplace influence in improving government productivity and performance. Similarly, public workers welcome management’s interest in workplace innovation and cooperative programs, but would like to see stronger programs in which they feel they can play an effective role and have a real voice in decision making. So, while existing private sector programs may often be more fully developed, there appears, interestingly, to be a greater proportionate incidence and interest in participative programs in the public sector. These factors suggest a more receptive environment in public employment. If so, the public sector could benefit from some leadership effort and investment in strong em-

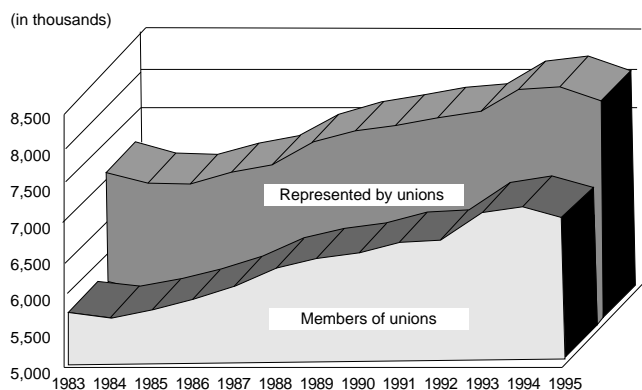
ployee participation programs in order to upgrade service quality, cost-effectiveness and quality of work life.

Representation and Collective Bargaining

Union presence in the public sector is substantial. In 1995, there were 7 million union members working for federal, state and local governments. This was nearly 38 percent of the total employment in the overall public sector. By comparison, there were 9.4 million union members in the private sector in 1995, equal to 10.4 percent of total private employment. The total percent of public sector workers represented by labor unions (not all are members) is 43.5 percent, equal to 8.2 million employees. Figures 19 and 20 below display the characteristics of unionization in the combined federal, state, and local government sectors.

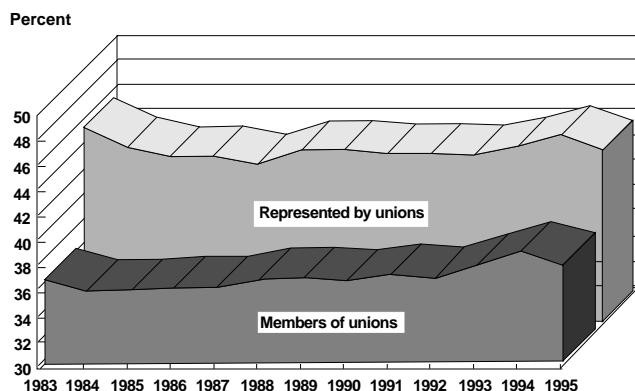
State and local government employees are not covered by the national labor laws which govern representational and collective bargaining rights and procedures for federal and private sector workers. Unlike the private sector and federal employment, where all workers have the right to collective representation, state and local workers have rights to representation and collective bargaining only if authorized by state law and, in a few instances, local ordinances. Currently, 23 states and the District of Columbia have laws governing the representational and collective bargaining rights

Fig. 19 Union Membership in Government, 1983-95



¹Includes Federal, State, and local government employees
SOURCE: Bureau of Labor Statistics

Fig. 20 Union Membership in Government¹ as a Percentage of Employment, 1983-95



¹Includes Federal, State, and local government employees.
SOURCE: Bureau of Labor Statistics

of public workers. These laws cover more than 9 million workers in those jurisdictions. Thirteen additional states have laws which govern certain occupational groups, such as state employees only or, perhaps, police, fire fighters or teachers. Some 750,000 out of the 2.5 million public workers in these states are covered under the partial statutes.

Fourteen states have no state-wide representational or collective bargaining statute, affecting 4 million state and local public employees. In some of these states, jurisdictions have passed local ordinances or elected officials have issued executive orders granting some representational or collective bargaining rights to public employees. Figure 21 is a map which summarizes the states that have laws providing collective bargaining rights for public employees.

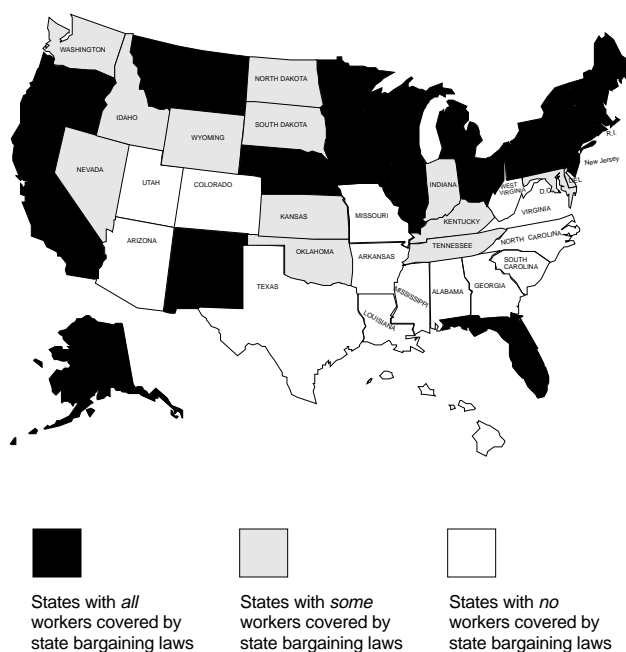
The negotiation of collective bargaining agreements in state and local government is carried out under procedures unique to the public sector. For example, the right-to-strike is limited or more usually nonexistent. Some states have separate labor relations and collective bargaining systems, and often a special method for contract dispute resolution, for police and fire fighters. In contrast to the private sector, there is a separation between the executive and legislative functions of government affecting financial commitments. Unlike most private sector situations, this can result in

a legislative body exercising the “power of the purse” over an agreement negotiated between the executive branch and employee representatives.

Where state laws provide for public employee collective bargaining, union representation is high. Nearly 60 percent of state and local employees who are guaranteed the right to collective bargaining by state law are covered by a union contract. In general, when state or local public sector employees seek to organize for union representation, a recent study by Kate Bronfenbrenner of Cornell University and Tom Juravich of the University of Massachusetts³ suggests they are successful far more often than in the private sector.

³ Kate Bronfenbrenner and Tom Juravich, “The Current State of Organizing in the Public Sector: Final Report,” 1994 study funded by contributions from the AFL-CIO Public Employee Department and AFL-CIO Organizing Department, American Federation of State, County & Municipal Employees, American Federation of Teachers, Service Employee’s International Union, Communication Workers of America and National Education Association, 1994.

Fig. 21 Collective Bargaining Status for Public Employees



Through painstaking research, Bronfenbrenner and Juravich considered all representation elections held in 1991 and 1992. Their study concluded that in elections for union representation in the state and local public sector, employees chose union representation 84.9 percent of the time compared to 48 percent of the time in private sector elections. The margin of victory in favor of union representation in the public sector was also higher, 83.2 percent compared to 68.2 percent. Interestingly, these results were consistent across all levels of employment and professions. Bronfenbrenner and Juravich also found a first contract negotiation rate of 88.4 percent in the state and local public sector as compared to the 67 percent rate in the private sector, as estimated by the (Dunlop) Commission on the Future of Worker-Management Relations. The authors attribute these public and private sector differences largely to a greater level of employer hostility to unionization in private employment.

The Public's Opinion of State and Local Government

Several Task Force witnesses presented data addressing the declining credibility of government with the public. This seems to be especially true with respect to confidence of citizens in state and local governments' ability to provide citizens with timely, efficient and cost-effective services.

Geoff Garin of Garin-Hart Strategic Research presented to the Task Force an overview of data concerning attitudes towards government gathered by various polling organizations over the last 24 years. He found that public opinion as to whether the federal government was doing a "good" or "fair" job fell from 70 percent to 42 percent between 1972 and 1992. The favorable opinion of state government fell from 63 percent to 51 percent over the same period, though it rose in some intervening years to as high as 70 percent. Additionally, the favorable rating of local government fell from 73 percent in 1987 to 60 percent in 1992.

Garin suggested that these results should be placed in the context of a general cynicism concerning

government, politicians and special interest groups. In a poll conducted by his organization in 1992, only 43 percent of the respondents believed that the majority of public employees deliver an honest day's work. Only 19 percent, however, felt that public employees were not dedicated or were incompetent, apparently placing some of the blame for poor performance on managers, politicians, or other systemic factors. Sixty-three percent indicated that workers don't receive proper motivation and assistance from the heads of their agencies.

In a poll of registered voters in New York, presented in Figure 22, Garin found that the public believed that the state legislature and governor were the most responsible for New York's problems. Fewer voters put the blame on state or local government employees. In fact, more felt that state and local employees were a part of the solution to problems than were politicians. While 53 percent believed that public employee unions and contractors were part of the problem, more people indicated that the unions were part of the solution as opposed to the contractors. The results of the New York State survey are presented in Figure 22.

Despite their somewhat jaundiced view of the results of government activities, the American public in a 1993 Roper poll indicates that they still look to government to help individuals, families, communities and businesses to prosper. Figure 22 indicates the percentage of citizens who support more government action in various areas. Most of the activities highlighted in the Roper study are, in large part, functions of state and local governments. Garin also suggested that research indicated that citizens are not necessarily looking for less government, but for better government at the most reasonable cost. They want governmental leaders to set standards of accountability for programs, employees, and contractors and fix or eliminate programs that aren't working.

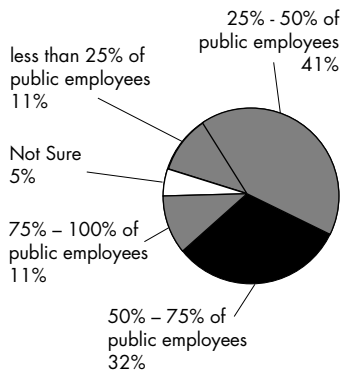
Summarizing the trends described in this chapter, fiscal pressures will continue to grow, even as demand for state and local government services increases, especially in education, but also in other areas. Contracting out, while interest is expanding, remains controversial and is not a panacea for addressing fiscal

Fig. 22 Results of the New York Survey⁴

▼▼
*If a program
 isn't working,
 the public wants it fixed
 or eliminated.*
 ▲▲

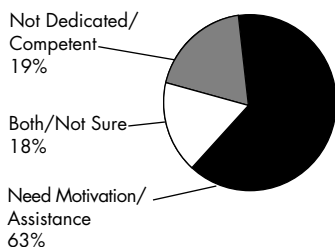
Citizens Want Accountability. . .

Q: "What percentage of public employees in state and local government give an honest day's work for an honest day's pay?"



. . . And Citizens Want Motivation to Support It

Q: When public employees' performance falls short, do you think it's usually because they're not as dedicated or competent as they should be, or because they don't receive proper motivation and assistance from the heads of their agencies?"



**Citizens Say Changing Incentives
Is Key To Redesign**

Pollster Geoffrey Garin of Garin-Hart Strategic Research recently shared poll results reflecting the public's diagnosis of how government runs — and how managers, workers and contractors can improve performance.

Garin — an advisor to President Clinton — testified before the U.S. Department of Labor's "Task Force on Excellence in State and Local Government Through Labor-Management Cooperation." Following are excerpts of his testimony, which focused on a 1992 poll of 603 New York state voters.

PUBLIC OPINION

No Confidence in Politicians

The decline in public confidence in government is first and foremost a vote of no-confidence in politicians.

The symbol of what is wrong with government today is not so much the lazy bureaucrat as the special interest lobbyist and the elected official who bends to his and her influence. Perceptions of whether government operates efficiently or is "consumer friendly" contribute much less to the public's skepticism. (See table on page 5.)

Citizens Want to Hold Government Accountable. People want to see their governmental leaders setting standards — most importantly, a standard of accountability. The public wants leaders to insist that if a program isn't working, it will be fixed or eliminated.

But the public believes those kinds of standards don't exist. They doubt that anyone ever even checks to see whether programs are working the way they are supposed to.

**Are Politicians and Public Employees Part of the Solution —
Or Part of the Problem?**

Q: "Please tell me if you think [each group] helping to make New York a better place, or if you think it is part of the problem with the things that are wrong in New York?"

Group	Problem?	Solution?
State Legislature	70%	20%
Cuomo Administration	54%	37%
State Govt. Employees	31%	46%
Local Govt. Employees	43%	43%
Public Employee Labor Unions	53%	33%
Outside Contractors	53%	21%

Source: 1992 Garin-Hart Strategic Research poll of 603 registered New York state voters.

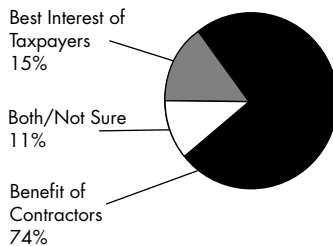
⁴ Reproduced, with permission, from *The Public Innovator*, June 8, 1995, 4-5.

Continued

Fig. 22 Continued

Who Benefits from Privatization?

Q: "Do you think [government contracts] tend to be negotiated more in the best interests of the taxpayers who pay the bill, or more for the benefit of the businesses who get the contracts?"



- ▶ *Geoffrey Garin, Garin-Hart Strategic Research, 202-234-5570, fax 202-232-8134.*
- ▶ *Jonathan Brock, Executive Director, U.S. Department of Labor Task Force on Excellence in State and Local Government Through Labor-Management Cooperation, can be reached at the University of Washington's Cascade Center for Public Service, 206-685-0523, fax 206-616-1748.*

Management Must Motivate. While process issues are secondary to leadership in the public's mind, people view the labor-management relationship as important — and motivation as crucial to performance. Are government employees motivated, citizens wonder, and do they have a reason to be motivated? Do we have a system that rewards initiative?

More than half of those polled believed fewer than half of public employees deliver an honest day's pay for an honest day's work. But there is a strong sense that public managers can do a lot more to achieve better performance from their employees. Part of the problem, the public believes, is the lack of reward mechanism for workers willing to take initiative and do things differently and better. (See "Citizens Want Accountability" "And Motivation" graphs, page 4 and at left, and "Management and Spending Matter," page 6.)

Privatizing Not a Panacea. While the public considers private sector workers to be more motivated than public sector workers, the public does not necessarily see privatization to be an ideal solution.

Most citizens believe government contracts are negotiated for the benefit of the contractors rather than the taxpayers — and believe contracting out creates all sorts of opportunities for corruption and favoritism. (See "Who Benefits from Privatization?" graph at left.)

The public's bottom line is not that government should do fewer things than it now does — but that it should get the job done with less waste, less bureaucracy and a keener sense of the people paying the bill.

The Role of Unions. There is a strong support for public employee's right to unionize. But the public is more sympathetic toward employees themselves than to their unions (see table, above) — and there is concern about whether workers have enough voice in union decision-making.

To the extent labor-management cooperation and other reforms are about making government work better, the public will appreciate it. But remember: The public believes labor-management cooperation is a means to an end, not an end in itself. — *Geoffrey Garin*

problems. Citizens are skeptical of government, find inefficiencies and waste, but are usually very appreciative of individual public employees with whom they have contact. Public employees have strong backgrounds and skills, and seek a greater voice in and more cooperative structures for, service provision and workplace problem solving.

In conjunction with the pressures and opportunities described in Chapter Two, the information in this

chapter only adds to the need for participatory and cooperative approaches to public service delivery and labor-management relations. The next chapter offers a description of the common ingredients that went into successful attempts to use workplace cooperation and participation, particularly in labor-management partnerships, as a primary strategy for improvement in public service and cost-effectiveness. ■

S n a p s h o t : P O R T L A N D , M A I N E

Hadlock Field is Portland, Maine's most visible example of the benefits of labor-management cooperation. The city wanted to build a baseball stadium to attract a minor league team, but it did not have the \$8-\$10 million other cities spent to build their ballparks. So management challenged city workers to build it themselves. And they did -- at a cost of only \$2.5 million and in record time. Work began in August 1993, and the stadium was ready for opening day 1994, despite the severity of the intervening winter.

This feat would not have been possible a decade ago when the city's labor-management relations were characterized, at best, as confrontational.

Portland's labor-management strife began in 1981, when the city was grappling with economic hard times. At that time, the Parks and Public Works Departments were merged, 48 pieces of heavy equipment were sold, and 38 percent or 128 employees of the city's Department of Public Works were laid off.

"The memory of that time will never leave me," said Jim Pritchard, president of AFSCME Local 481, who had the unpleasant task for telling many of his co-workers they no longer had a job. "It affects how this department works to this day."¹

When a similar budget crunch arose in 1990, City Manager Bob Ganley took a different approach. Ganley sought to work with the unions to find ways to work smarter, to reduce spending and the size of the workforce. As a first step, a 26-person labor-management committee was formed that included an equipment operator, a working foreman, an assistant city manager, a secretary, an arborist, an engineer, and the head of the department as well as Pritchard. The joint committee prioritized

issues, studied them in subcommittees and brainstormed new ideas leading to cost savings and increased efficiencies.

For example, the city achieved a 10 percent reduction in positions with no layoffs and workers actually received pay raises and benefit improvements. Taxes decreased four years in a row, yet service levels were maintained.

We've been able to move away from an adversarial relationship to more of a team concept," said Robert Giampetruzzi, Parks and Public Works employee of the year and Local 481 vice president. "There's no more 'us' and 'them'," added 30-year veteran Joey Esposito.²

The city's cooperative labor-management efforts have received the strong backing of Mayor Philip John Dawson, who told the Task Force: "Workers work beyond the work order just because it's the way to do the job right. We felt like the private sector was taking advantage of the city. We could do it better if workers do their work well. And that reflects well on us as elected officials. It makes it easier to run again for office."

For many Local 481 members, the new relationship with management took some getting used to. City Manager Ganley did his fair share to improve labor-management relations by holding several meetings with individual workers. "The rank-and-file had to hear it from me," said Ganley, who worked his way up through the ranks. "I understand that if you want to know where to save money, you ask the employees. But they have to understand that if you want a stake in the decision-making process, you have to take responsibility."³

This mantra of cooperation and mutual respect became the key to implementing the labor-management committee's specific innovations, such as a calendar of city services. This calendar was developed to alert residents to the

¹ "Versatility and Innovation Keep Maine Workers One Step Ahead of Privateers," *Public Employee*, May/June 1993, 4-7.

² Ibid.

scheduling of services such as leaf removal and heavy item pickups. It also introduces citizens to city employees through photos and project descriptions and, not insignificantly, saves the city the money it used to spend on advertising such special services. Woven throughout all the projects is the philosophy of cooperation and respect, and the responsive chord it has struck among workers. As a result, workers constantly talk of the pride they feel as they rise to the challenge of serving the public better.

The building of the baseball stadium began like all other projects: a labor-management team was created to figure out a process for the project. The project team started with a base of Public Works employees (the field itself was prepared and maintained by the Parks division). City workers built everything but the steel structures and seating. The labor-management team hired a retired contractor to help with planning, along with drawing upon skills from the engineering department. Volunteers were sought to work on the project, and a broad range of previously unknown talents were identified in all parts of the city workforce. For example, truck drivers, workers in white collar and other jobs were found to have electrical, masonry and welding skills. By sharing their skills through cross-training, other team members learned new skills from fellow workers for use on the stadium and future projects. This cross-training has since enabled many to move to other jobs with the city and to use a broader range of skills, frequently at a higher classification. The greater range of skills has permitted the city to more effectively provide public works services to neighborhoods.

At first, it was feared that several aspects of the project might create difficulties in labor relations, but that never happened. Moreover, because of the trust that had developed between union leaders and management, the project team was able to identify certain provisions in the city's collective bargaining agree-

³ Ibid.

ment with the union that could have potentially created impediments to the project. The union insisted on the integrity of the main contract, but on a major issue -- working out of class -- the contract clause was waived, but not permanently changed, in order to complete the stadium. Later, the newly gained skills benefited both the city and the workers, through skill upgrades and promotions.

The project team decided matters such as the work schedule, a system of incentives, including points for timely completion, safety, attendance, and so forth. Team members received comp time as well as free tickets, "recognition nights" at ball games, and other awards befitting the nature of the project. For instance, much of the reward system was based on public recognition of city workers, in front of their families and the whole community, for the contributions and sacrifices they made. This was particularly appropriate since the families also contributed to the project's success by not only adjusting to the sometimes long work schedules needed to accommodate weather and time changes, but by providing meals, snacks and moral support.

Few grievances -- and no formal ones -- developed in this atmosphere characterized by cooperation between labor and management. Whenever there was a problem, the dispute was dealt with by taking what became known as "the walk to center field." That's where individuals involved immediately met to attempt to resolve their conflicts. This method worked: the deputy director of the division was jointly empowered to make on-the-spot decisions to keep the project -- and the teamwork -- moving along. This smooth working relationship illustrates one of the key lessons of Hadlock Field: when people communicate and believe in each other, they develop trust and teamwork.

The success of this extraordinary project has been reflected in a number of other new ways of work organization that are continuing to contribute to the excellence of city

services.

For instance, the public works division is now divided into five districts based on the boundaries of city council districts. Five teams of five members were selected with an eye to spreading a variety of talents throughout the city. Training and cross-training provided during the stadium project were expanded so that the teams are responsible for all public works functions in their district. Through daily meetings of team leaders, they share or swap people and equipment across districts lines, as needed. The teams have developed a sense of ownership of the work, accountability to the citizens and their political leadership and a good-natured competition for improved performance and recognition. Team competition and performance measurements are facilitated by the availability of data by district on specific tasks. A sophisticated report is presented to the city council at the end of each year detailing such things as hours worked and dollar costs per function.

Another innovative effort is the city construction company, formed after the stadium project demonstrated the ability to do construction projects in-house at lower cost. The company puts together written plans for projects and

checks them against expected or actual bids. In one example shown to the Task Force, the company built a brick sidewalk in a historic district for 42 percent less than the estimated cost of traditional contracting out. City workers have shown flexibility in the ability to change shifts rapidly, especially in winter. In one area, they adopted a 4 p.m. to 10 p.m. work schedule, took responsibility for equipment and continued to search for other means by which set-up and take-down time can be saved.

Taxpayers reap the benefits of lower costs, increased efficiency and attention to safe work practices. But workers also are rewarded through a system of bonuses based on cost savings on a per project basis, much like a gain-sharing system. For instance, if cost savings of 10 percent to 25 percent are achieved on an individual project, workers receive a \$100 bonus. For savings of 25 percent to 50 percent, the bonus is \$250.

But perhaps the real reward is the fact that by working together, labor and management have found a way to retain a loyal and talented public workforce, to enable managers to share power and credit, and to receive the trust and confidence of local elected officials. ■

C H A P T E R



F O U R

N U T S A N D B O L T S

H O W T O B U I L D A N D S U S T A I N C O O P E R A T I V E ,
S E R V I C E - F O C U S E D W O R K P L A C E R E L A T I O N S H I P S

Much has been learned in the private sector during the past decade about producing service excellence. In an effort to properly serve and retain customers, a growing number of businesses and their workers have greatly increased worker participation as an effective tool to produce and deliver high quality products or services in the most efficient and cost-effective manner possible.

Contrary to popular belief, this push for excellence is

not limited to the private sector. In fact, the Task Force saw dramatic and compelling evidence that high performance through greater employee participation is being achieved in the public sector, as well. The Task Force saw much of this being achieved through labor-management partnerships where employees are represented by unions or otherwise play a role in selecting their representatives. In some settings, improved performance is being achieved through employee involvement and other approaches.

Over the past few years, an increasing number of elected officials, administrators, employees and union leaders around the country have come to realize that the public is impatient for and demanding excellence in public service delivered in the most cost-effective manner possible. They have come to realize that, despite the differences between them, they all face the same daunting challenge to provide services to the taxpayers in an era of limited resources coupled with greater societal needs, competing demands and more complex tasks. Moreover, these challenges are being raised in an atmosphere of growing hostility by a public increasingly skeptical of government's ability to effectively operate in this environment.

Where this new cooperative approach has been taken, leaders and workers also realized it was in their collective best interest and that it was their collective task to regain public trust by re-examining and ensuring that they deliver quality services at a reasonable cost. These pioneering leaders and workers are involved in joint efforts that are transforming states, cities, towns and their agencies into more flexible, customer-responsive organizations better equipped to serve the public.

"We see this movement toward cooperation as an essential ingredient in improving the quality of government services and the delivery of those services," testified Gerald W. McEntee, president of the American Federation of State, County and Municipal Employees.

"Labor and management must both accept that jointly achieving excellence is necessary for each side to achieve its goals," agreed John J. Sweeney, testifying as International President, Service Employees International Union. "Furthermore, we must accept as the final arbiters of excellence our customers -- taxpayers

and clients. Meeting our responsibility to taxpayers includes undertaking joint steps to eliminate wasteful and unnecessary spending."

Mayor Paul Soglin of Madison, Wisconsin, whose city initiated its quality improvement efforts in 1985, pointed out: "Quality customer service requires the involvement of all stockholders, both customers and employees, in the defining of excellence and making sure our delivery systems reflect those requirements. The more we strive to meet our customer needs, the more our unions and management must work together. Our continuing efforts are aimed at building these opportunities into the day-to-day activities of the organization and not as special events."

The mayor of Louisville, Kentucky, Jerry Abramson, agrees. His city also has begun to replace the top-down management style that dominates typical government organization with a high-performance system built around collaboration and problem-solving teams, called CityWork.

"If you engage the hearts and minds of the people closest to the problem, their knowledge and experience will give them an edge in figuring out a better way to do the job," says the mayor, whose city won a 1995 Innovations in American Government Award given by the Ford Foundation and the John F. Kennedy School of Government at Harvard University.

"CityWork has proved that engaging workers with different perspectives and experiences in structured problem-solving can produce breakthroughs on problems that have confounded managers, workers, and union leaders for years. CityWork also demonstrates that a culture of innovation can become a permanent fixture of local government."

Similar comments to these were expressed by elected officials and managers throughout the Task Force's year of research, which included five regional visits across the United States, seven Washington, D.C. hearings and 55 detailed responses to a Task Force survey.

During the regional visits, the Task Force carefully observed and analyzed 47 examples that support the premise that cooperative labor-management partnerships in the public sector produce far more innovation in services than traditional relationships, and that

this approach supports development of new and better approaches to work. These findings were further supported by survey responses reporting impressive service improvements in jurisdictions the Task Force was unable to visit. In addition, many other examples and observations by experts in both the public and private sectors were related during the Task Force's seven Washington, D.C. hearings.

Obviously, there are many examples of this trend occurring in more places than could be visited or invited by the Task Force. What's even more evident, is that this cooperative participatory approach can -- and should -- be adopted in more public jurisdictions and agencies as a primary tool for pursuing service improvements.

While every situation is different, there appear to be common ingredients that can help foster cooperative relationships. This chapter summarizes the factors and ingredients the Task Force found contributed to or were necessary for a successful service-oriented workplace relationship -- from how to initiate a cooperative, service-oriented relationship, to how to sustain it over time. The chapter also points out some common barriers that often have to be overcome in order to be successful. The examples included here are drawn from situations reviewed by the Task Force.

It is useful to note that labor-management cooperation that is specifically focused upon employee participation and service improvement represents a fundamentally different approach from more traditional labor-management relations. In traditional relationships employee involvement in problem-solving is limited or absent and the organization is characterized by hierarchical service delivery and decision-making systems. Workplace problems and conflicts are likely to be more difficult to identify and resolve. In a successful and stable labor-management partnership, labor and management agree to assume and allow new roles for managers, workers and their representatives in workplace decision-making. This means that employees participate on a daily basis in decisions about services in areas traditionally reserved only for supervisors and managers. In exchange, the workers and their representatives are committed to responsible improvement of public services.

"Contrary to the prevailing view that unions block workplace innovations, when given the chance for genuine involvement in strategic, operational and working level decision-making, unions can and do work as allies with public management to elicit and sustain commitment that is essential to teamwork and improving productivity," testified Jerome M. Rosow, president of Work in America Institute. This institute, founded in 1975, strives to improve U.S. productivity and the quality of working life through labor-management partnerships, using its national research and diverse members, which include leaders from labor, management, government and academia. "Workplace innovations built upon genuine employee participation give the organization a sharp competitive edge, a sustaining life force which goes beyond technology and capital, and an inherent capacity for self-renewal," according to Rosow.

To begin these new relationships, however, requires bold action, takes time and careful nurturing in order to grow. Labor and management leaders at the local, state and national levels must be willing to take some risks, to learn some new ways and to break some molds. The pace of change in communities, in the national and local economies, in workforce demographics and in technological advancements all demand that labor-management relations be carried out in ways that depart from traditional practices. Or as AFSCME President Gerald McEntee observed, "The way I see it is that we all need to change simply to stay alive to be able to serve our customers."

The Task Force challenges elected and appointed officials, union leaders, personnel and labor relations experts, researchers, and others to step forward, to learn from their peers, to be willing to try something new, to provide the strong, creative leadership necessary to make labor-management relations a strong tool for problem-solving and achieving service excellence within their own communities.

Barriers to Overcome

Adopting a cooperative approach will not mean all conflict will be eliminated in labor-management interactions or that labor and management will agree

on every issue. By providing an avenue for meaningful participation by employees, cooperation can provide a creative response to our changing times. These approaches embody several of the practices generally associated with high-performance work systems, such as joint problem-solving activities at various levels and self-managed teams at the workplace level; continuous training, and other learning opportunities.

Characteristics of a High-Performance Workplace

- Employee Participation
 - Employment Security Strategies
 - Education, Training/Retraining , Skill Upgrading
 - Gainsharing
 - Safe, Flexible, Family-Friendly Workplace
-

Starting something new, however, entails a willingness to try something new. It means taking risks. Therefore, it is important to recognize that significant change in the culture of a workplace will occur. Patience and flexibility -- demonstrated first by elected officials and union leaders -- will be needed by everyone involved. Increased and refocused training and other systems changes also are necessary to develop a service-oriented partnership based upon excellence.

In every example examined by the Task Force, those present faced -- and overcame -- one or more similar obstacles in order to proceed with a cooperative relationship. Workers and managers in jurisdictions or agencies whose leaders choose the cooperative route should be prepared to face at least some of the following common barriers to changing the workplace relationship:

Difficulty in Convincing Everyone of the Need to Change

The Task Force observed that it can be difficult to convince some mid-level managers, shop stewards, senior managers, elected officials, and front-line employees or union leaders of the need to change. No group is immune from being difficult on these matters. Typi-

cally, people who are positioned in the middle rungs of the organizational or union hierarchy exhibited the most resistance and misunderstanding and experienced the greatest sense of threat from the outset of a workplace partnership or participation scenario.

Unaddressed Personal or Institutional Concerns

In the absence of assurances or arrangements to the contrary, fears of layoffs as a means to achieve efficiencies -- or as a result of efficiencies -- understandably inhibit employees' willingness to engage in service improvement. Where a union is present, and union leaders see the efficiency initiatives as union-busting or as a circumvention of representation rights and duties, they will not be willing to cooperate. If members' personal security concerns or the union's viability is thus threatened, union leaders and the members they represent frequently will feel there is no choice but to defend the status quo. Conversely, if a mayor's need to clearly demonstrate concerns to constituents for efficiency is not acknowledged or understood by the union, he or she is unlikely to begin a cooperative relationship.

Internal Inability to Agree or to Develop Cohesion

The inability of managers or workers to agree among themselves internally about issues makes it difficult for them to work cooperatively with the each other. Thus, it is critical to have some way to develop internal cohesion within labor or management, respectively. If division and department managers -- or employees and leaders of several bargaining units -- can not agree sufficiently among themselves on issues that arise, then the necessary relationships with other groups cannot begin or succeed. Often, important obstacles and problems lie within one group or another, just as much or more than across the table.

As John Loos of the Communications Workers of America told the Task Force in describing an agreement between the New Jersey State Judiciary and some 6,500 employees represented by about 75 bargaining

units across 21 counties, “Labor-management cooperation is challenging, but you shouldn’t forget the challenge of labor-labor cooperation!”

Must Learn to Work Together; Cannot Impose Cooperation

Just as you cannot impose trust -- you have to build it -- cooperative relationships cannot be imposed. If budget or personnel office managers want to initiate “total quality management,” but they don’t engage the cooperation and support of program managers, the affected workers and their representatives, as well as the city council and mayor, it won’t work. The parties have to start early together, before a plan is well developed, and then march down the road together. Otherwise the process of cooperation is very difficult to start.

Political Considerations or Forces

Another common obstacle is found in situations in which candidates for public office “run against” workers or where union leaders “run against” management. While such situations obviously make it more difficult to begin cooperative work, they don’t make it impossible if early efforts are made to initiate or restore trust. For instance, the Task Force observed situations where chief elected officials, whose campaigns were run against public employees, now are considered among the leaders of cooperative work. Similarly, the Task Force also saw union leaders who were aggressive in their adversarial approach turning to a partnership approach as being in the best interests of their members. In other situations, the Task Force saw unions that were fully engaged with total quality management programs yet politically opposed to the elected officials who were their workplace partners.

Intent to Contract Out “No Matter What”

The Task Force observed that a management intention to contract out “no matter what” can interfere with cooperation because of the lack of trust engendered by the implicitly negative message to employees. However, the Task Force also observed that where

criteria and systems for making relevant cost and quality comparisons are developed through discussions or negotiations with workers and their unions, or in the context of a partnership, contracting out can be considered in a more objective, service-oriented manner. (See Chapters Two and Three for a more thorough discussion of these conditions.)

Over-Reliance on Legalisms and Formalities; Formalistic Traditions of Personnel/Practices and Labor Relations

In instances where the parties emphasized legalisms and formalities, vital issues can go undiscussed because governing bodies may fear losing a non-negotiable managerial prerogative or unions may fear the dilution of a statutory or contractual benefit. Fear of setting a precedent often seems to interfere with developing a solution to a significant problem. These attitudes can be obstacles to making the commitments necessary to resolving personnel, labor relations and service-related issues.

The nature of most civil service systems and practices also creates a barrier to change and service effectiveness. Prominent are the difficulties imposed by traditional job classifications, which make it difficult to adapt positions and redeploy and train workers to address changing workplace needs and to developing new skills in response.

Scope of Bargaining

The Task Force heard conflicting testimony on the scope of bargaining as it affects participative, service-oriented relationships. Because it affects the capacity of an agency or jurisdiction to improve service, the clearest need is for workers, managers, and union leaders to be able to discuss the full range of issues affecting the service they are working to improve. In a traditional labor-management relationship characterized by formal or legalistic approaches, such discussion often is precluded by concerns over setting precedents that might lead to giving up prerogatives. When focused on the process question, many parties fail to discuss service and workplace issues that could improve

service as well as their relationship. Cooperative relationships that foster joint work between labor and management rarely fall prey to this failure. These parties find a way to talk about what must be addressed either within the existing contract framework or by modifying that framework to accommodate the mutual interest and responsibilities for service excellence.

In a comment reflective of what the Task Force saw in successful examples of labor-management partnerships, Albert Shanker, president of the American Federation of Teachers, noted that those parties with a successful cooperative relationship in place that improved a school or system found a way to talk about all issues affecting education, despite any restrictive statutory or contract language. Where it was necessary to bargain over an issue, he said, the issue was brought to the appropriate forum and effectively handled.

As this report was being prepared, legislative battles were taking place in a number of states over efforts to restrict the statutory scope of bargaining. The Task Force recognizes that this is a highly symbolic issue to many labor and management leaders. However, relative to the capacity for cooperation, these initiatives and battles may miss the point in the quest for better public service. Service problems can best be solved and innovation encouraged when workers can talk with management about a wide range of issues within appropriate problem-solving settings. While it is important not to inappropriately delegate or interfere with the responsibilities of elected officials and managers, the importance of the opportunity to discuss seriously matters affecting the quality of service and related aspects of the workplace should not be overlooked.

Pensions and Financial Security

An important backdrop to cooperation and trust is the issue of employee pensions. In tight economic times, pensions can be a controversial issue, particularly if there is the suspicion that monies in pension funds are being used to balance budgets.

Harold Schaitberger, legislative counsel to the National Conference on Public Employee Retirement Systems and assistant to the president of the Interna-

tional Association of Fire Fighters, testified that public sector retirement systems should guarantee the future financial security of employees' families. He noted, however, that some jurisdictions treat pension obligations as a budget item and, consequently, some retirement systems face dangers. Such threats and fears can become another wedge separating labor and management.

Schaitberger and Ian Lanoff, a former Administrator of Employee Retirement Income Security at the U.S. Department of Labor and presently a partner in the law firm of Groom and Nordberg, testified persuasively on the need to govern the administration of public sector retirement funds in accordance with recognized professional practices. Applicable standards, they noted, always should be utilized to protect the integrity of the funds. This would include representation by both labor and management on pension boards of trustees. Schaitberger noted that conflicts in the pension area can be very destabilizing to labor and management cooperation. As an example, he cited the present situation where Orange County, California, has filed for bankruptcy, where pensions have become the subject of controversy and labor-management relations are in a highly unproductive status.

Mistrust and Difficulty in Beginning New Relationship

A key obstacle observed in many places is an institutional history of mistrust, which makes it difficult to begin a new relationship. Building trust takes time and usually is achieved in small steps. It also takes leadership courage because someone has to be the first to step out and accept the risk to try something new. (There are many techniques for building trust, as observed in the subsequent section, "Where to Begin.")

In summary, however, the Task Force saw examples of all of these obstacles successfully overcome by agencies or jurisdictions ultimately more interested in jointly establishing and achieving workplace excellence and more effective relationships. □

Where to Begin

Over the course of a year, the Task Force saw four prevalent approaches serving as catalysts for labor-management cooperation. Some began from workplace relationships that were very contentious; others came from more positive roots. In the majority of the situations reviewed, some sort of crisis or difficulty provided the motivation to try something new. Here are the four beginnings most frequently observed:

1. Service Improvement Project

A changed relationship with employee participation often began when labor and management successfully worked together on a specific project with the defined goal being to improve a particular service or its cost-effectiveness to the public. In these instances, the experiences and expertise of front-line employees were drawn upon, making them partners in the decision-making processes and thus shifting away from traditional, hierarchical decision-making relationships.

For instance, city officials in Portland, Maine, working with the employees and leaders of AFSCME Local 481, built a baseball stadium for the city's minor league franchise in record time and at a record price, providing the catalyst for labor and management to view cooperation as an effective and powerful means to improve a wide variety of services. Since this initial and dramatic success, the entire public works system for providing infrastructure and other services has been revamped into self-managed teams with a high level of community, labor and management satisfaction. Cost savings, faster response times, less conflict and continuous innovation are now regular features of much of the public service in Portland. (See "Snapshot: Portland, Maine")

2. Improved Bargaining

In some jurisdictions, the desire to improve the bargaining relationship -- perhaps after a strike or a series of impasses -- prompted an effort to depart from a tradition of confrontation. In these situations, bargain-

ing had become increasingly bitter, prolonged and focused more upon legalistic challenges and procedures than on ways to improve services or the work place environment.

Such was the case in the transit and sewer utility (METRO) that serves King County, Washington, where employees are represented by the Amalgamated Transit Union, the Service Employees International Union, and the International Brotherhood of Electrical Workers. Increasingly dissatisfied with their adversarial relationship, labor and management turned to interest-based negotiations, seeking a more cooperative, service-oriented partnership. Since the introduction of interest-based negotiations, the collective bargaining process has moved much more smoothly and quickly -- an agreement recently was reached in one month instead of the usual two years experienced in prior talks. Equally important, this new approach has allowed METRO to embark on a major cultural change process that involves considerable employee involvement with restructuring and redesign of work. This process has given rise to widespread labor-management partnerships throughout the agency ranging from maintenance to scheduling, marketing, and customer service.

3. Better Conflict Resolution

The Task Force also saw examples of jurisdictions or agencies confronted with a clogged-up grievance system or other workplace conflicts that were diverting the attention and energy of all involved away from service improvements and creating mistrust that precluded candor necessary for cooperation. That was the situation at the State of Oregon Health Care Sciences University. Here employees, represented by AFSCME and the Oregon Nurses Association, and management turned to interest-based negotiations in an effort to stem the growing tide of worker grievances, among other issues. Labor and management received training to learn how to solve problems themselves, instead of resorting to arbitration. The grievance-handling system was changed, eliminating two of the five steps involved, to push the process down lower in the hierarchy and closer to where the problems occurred. As a result, filed grievances have been reduced by 40

percent and a grievance adjustment board composed of four members, two each from labor and management, has reduced reliance on arbitration. Later, the parties used the same skills and relationships to cooperatively develop a major cost savings plan for the hospitals at the University.

4. Cultural Change

In some instances, cooperation sprang from efforts at large-scale change in the work culture initiated by a desire for a different workplace environment and service improvement in the pursuit of excellence. This method was less usual as a beginning strategy, but often resulted after a cooperative relationship was first established through these other routes, underscoring its importance not only as a place to start, but as a strategy to sustain or institutionalize the cooperative relationship.

Cultural change was how Madison, Wisconsin, started on the road to labor-management cooperation with unions and employee associations -- Teamsters Local 60, AFSCME Local 690, Madison Professional Police Officers Association, Laborers International Union Local 236. In 1985, under then-Mayor Sensenbrenner, the city initiated training and other techniques for both management and its workforce to establish a total quality management culture throughout city agencies. These ongoing efforts have resulted in numerous service improvements projects, reduction in grievances and other workplace conflicts and have improved the bargaining relationship. For example, the streets and sanitation activities have saved more than \$550,000 in five years and added services as a result of joint labor-management efforts in their quality program. Preventative maintenance programs prioritized and developed as a result of worker input have saved nearly \$200,000 in the Motor Vehicle Equipment Division and in the Police and Fire Departments. Other cost savings have been realized in public health and forestry activities as well as in the public library.

The RESULTS (Reaching Excellent Service Using Leadership & Team Strategies) plan in Multnomah County, Oregon, is a more recent but similarly comprehensive approach to quality improvement. RE-

SULTS is conducted through a partnership with AFSCME Local 88, the Oregon Nurses Association, the Multnomah County Corrections Officers Association and six other unions. Here, the approach is to combine a quality program with a move toward a cooperative labor-management relationship in a strategy to change the culture to one of high-performance workplace. (For a more detailed example of cultural change, see "Snapshot: State of Ohio.")

In summary, the Task Force found that regardless of the route taken toward cooperation, the approach often migrated into the other areas -- service improvement projects, better bargaining, better conflict resolution, or changed culture. The same skills, the same people, the same trust that allowed workers and management to work together on a service improvement project eventually produced positive benefits in other areas, such as improved bargaining or conflict resolution. Where there is a structure established for carrying out and expanding the partnership-- such as a senior-level joint committee -- these improved relationships and problem-solving skills can more easily migrate.

In short, the basic skills and relationships are transferable. To begin, the parties must choose a starting point that fits their circumstances and possibilities. Every workplace is different and each should take into consideration its own organization's history and particular workplace and service characteristics. But it takes leadership on both sides to move the trust and skills to other parts of the organization and other services or processes. The truly strategic and flexible leaders interested in a cooperative approach, whether labor or management, will begin early to lay the groundwork for trust and constantly look for opportunities to initiate cooperative relationships. In so doing, they will always be looking ahead, anticipating what will be needed to begin and sustain cooperative relationships. They will avoid situations that place them in the traditional, rigid, adversarial-only mode that restrains them from achieving excellence in a demanding environment.

People also must recognize that success is not guaranteed, and acknowledge that the road may not be smooth. Similarly, parties should not be afraid to try something new for fear of failing. Sometimes it takes

several attempts before the effort really begins to take root and succeed, as was the case in the state of Ohio, which is now among the leading examples.

But the opportunity to achieve excellence in service for the benefit of citizens surely is worth the risk.□

Key Ingredients to Begin Cooperative Relationships

Breaking with the past and beginning a new, service-oriented relationship built upon trust and cooperation will require more than a single event. It will require a careful strategy and structure that recognizes the unique characteristics, traditions, histories, politics and so forth of each jurisdiction and then adopts techniques and approaches to address these elements today and in the future. During its work, the Task Force observed several key elements that helped to foster cooperative, service-oriented relationships:

Top Leadership Support

Top officials of both labor and management must be supportive of any cooperative, participative effort. Without top leadership support on both sides, it's difficult to get started, convince others to take a new approach, allocate resources and, particularly, to guide the process through inevitable problems in the early going. In a typical scenario, someone will revert to doing things the "old" way. Then someone on the other side sees it as retreat from the new, not-yet-fully trusted approach. Normally, at these moments, assurances from top management or labor officials to one another and admonitions to their own side are necessary to put things back on track.

Commitment to Real and Responsible Decision-making

Cooperative, service-oriented partnerships require a different approach to decision making. Employees gain significant participation and often become primarily responsible for decisions previously made by supervisors. Employees and their representatives must be committed to responsible participation and manag-

ers must be committed to real involvement and power sharing.

Breaking Past Habits

In order to engage in a new, cooperative relationship, it almost always is necessary for all parties to acquire new skills through such processes as:

Joint training: The use of joint training -- jointly sponsored and jointly attended by labor and management -- in conflict resolution and group problem-solving skills typically is used to help parties break with past habits. Almost all successful new relationships observed by the Task Force contained some such training at the outset. In addition, in the more sophisticated or longer-lasting experiments and innovations, joint training for labor and management was conducted in process analysis to teach techniques of identifying service problems and in using organizational systems, such as budgeting, procurement and so forth.

Benchmarking: The ability to establish measurements or benchmarks to gauge progress or to identify effective practices often can be developed by visiting high performance organizations in other locations in the public and private sector performing similar services. Witnesses told the Task Force that some improved relationships and trust can begin on such visits while the parties learn lessons to bring home.

Neutral assistance: Bringing in some neutral assistance from the outside normally helps the parties move along farther and faster in the new relationship.

Recognizing the Need to Attend to Individual Security Concerns

Workplaces that wish to engage in innovation need to create a safe environment that encourages employees to come forward with new ideas and ways to improve the efficiency and effectiveness of their work. In almost all cases examined by the Task Force, there was some very substantial employment security "safety net" or program for at-risk employees that paid attention to their income and personal security. In these employment security/safety net programs, significant and valuable investments in retraining combined with placement and classification reforms served to increase

both trust and productivity. Typically, a jointly developed set of tools used to create this assurance would include:

- Planning ahead to see where jobs will change, what kinds of skills will be needed;
- Worker re-training to prepare for new positions;
- Eased transfers, often through centralization of vacancies and simplification of job classification policies;
- Building of an “Income Safety Net” for those who do lose their jobs, such as early retirements, employment services and so forth; and
- Active pursuit of new jobs, in the public or private sector, for laid-off workers.

Key players in this process, along with senior management and top employee representatives, are human resource departments and labor relations professionals.

For example, the Wisconsin Department of Industry, Labor and Human Resources (DILHR), working with AFSCME, the State Engineers Association and the Wisconsin Professional Employees Council, developed a joint Labor-Management Advisory Council in May 1992 to improve labor relations within the department. This Council subsequently created an “at-risk” program for workers facing job loss due to work redesign, introduction of technology and so forth. When voice mail was introduced in the Unemployment Insurance offices and weekly claims could be filed by phone, AFSCME anticipated that the jobs of 360 employees were at risk. However, only one worker actually was laid off. Displaced workers were given priority for vacancies within the department. They received time off to interview and were reimbursed for travel, moving expenses and training. The state later adopted this “at-risk” system for all its agencies as they faced cutbacks -- a system that did not require any modification to civil service laws.

Contrary to many expectations, even where full job security was addressed by a “no layoff” guarantee, the Task Force still saw tangible benefits to citizens and major cost reductions because of the improvements in systems, managing attrition and so on.

Acceptance of Union Presence and Role

In situations where employees are considering whether or not to be represented, negative tactics should not be used by either side. Otherwise, antagonisms between labor and management naturally will develop. This initial antagonism can significantly interfere with subsequent attempts to develop a cooperative labor-management program and a high-performance workplace due to the residual, negative impact on trust and credibility.

In situations where a cooperative relationship was established within a unionized setting, formal management recognition of, and commitment to, working with the union enabled the union leadership to fully participate in the cooperative process and to serve as a focus for employee leadership and communication. With recognition and acceptance, union leadership can participate without feeling it has to defend its legitimacy. Even in established relationships, clear acceptance of the union role enables the participative process to go forward.

For instance, Bill Burwell, manager at the Renton Water Treatment Plant operated by METRO of King County (Seattle), Washington, credited SEIU Local 6’s leadership as critical to his agency’s successful transformation into a “Participative Workplace Program” built upon the principles of labor-management cooperation. “If you had asked me six years ago, I would have said otherwise,” he said during a Task Force visit to the plant. But he has since realized that “we have gotten farther, faster with the union” as it adds structure to the process, helps convince employees of the legitimacy of the effort needing attention and helps to identify problems.

Echoing these reasons, the Task Force observed in summarizing its observations that collective bargaining relationships, applied in cooperative, service-oriented ways, provide the most consistently valuable structure for beginning and sustaining a workplace partnership with effective service results. Neither collective bargaining nor any other workplace arrangements automatically produce these results, but a collective bargaining framework and roles provide the essential elements, if applied appropriately with the necessary

mutual commitments and energy. The various ingredients in this chapter pertaining to labor-management relationship suggest some of the elements helpful to building and sustaining such a service-oriented relationship.

Program Managers Directly Involved in Labor Relations

Traditionally, personnel experts or labor negotiators are the primary individuals involved in labor relations. But for true cooperation to work, program managers who influence resources and have day-to-day decision making authority must be involved in order to help share that authority and the practical perspective of the workplace. In the Wisconsin DILHR, the involvement of Department Secretary Carol Skolnika and several assistant secretaries was credited with making the process work.

Flexibility by Both Sides Towards New Approaches

Flexibility requires the willingness to take risks and try new approaches. But the necessary trust to take risks isn't created overnight. Therefore, openness to new approaches on the part of leaders on both sides is critical.

Leaving Old Structures In Place as a "Fallback"

The Task Force found that both sides often feel more secure while advancing and trying new ideas if they know that they still have access to the formal, traditional personnel and labor practices, including access to administrative bodies, courts and so forth. Interestingly, rarely -- if ever-- did the Task Force see anyone return to the traditional practices once they began to develop cooperative, service-oriented approaches to achieving cost improvement and excellence. Nevertheless, parties frequently gain substantial comfort from the fact that those protections remain. This is especially important to convince recalcitrant members of management, union leadership or the workforce to experiment with a new, more cooperative approach.

For instance, in Montana, the cooperative relationship between the University Teachers Union (AFT) and the state Department of Higher Education eventually fell into place when it was pointed out to some of the stalwarts that access to the old methods remained available.

Cohesive Management; Cohesive Work Force

On both sides, management and labor, there must be an internal sense of shared commitment and a means of accommodating internal differences in interests. In union settings, where there is more than one bargaining unit, typically a multi-unit coalition is necessary. Many issues and programs require crossover between departments and skills to improve or provide services effectively. The multi-unit coalition is almost always present in successful service improvements and cost savings. Similarly, on the management side, program managers, executives, the legislative body and others have to be sufficiently in agreement.

Referring again to Montana's higher education system, the university regents were part of the partnership that was developed to solve long-standing budget, wage, quality and working condition problems that had previously been handled only between bargaining representatives.

Attention to the Value of Leadership Roles by Both Management and Labor

Management leadership plays a very valuable role in helping to bring along recalcitrant managers by clearly supporting the commitment to share power with labor. In the same fashion, union leadership, including local officers, shop stewards, building representatives and so forth, serve a crucial role in bringing other union leaders and employees into the process. Where there is a union or association, union leaders serve as a point of contact with management: they can come to the table with program ideas and speak with one voice on behalf of employees and then go back to employees with a valid program and persuade them to become engaged.

Motivating Factors: Trust or Tension

Either trust or tension can be a motivating factor in developing labor-management cooperation: A trust-producing event is one where leaders on one side or the other have some vision and develop a constructive relationship based upon mutual interest in service excellence. A tension-producing event, usually involves some sort of crisis or threat, such as a highly criticized service, a strike, financial pressures, a difficult negotiation, the threat of contracting out services to the private sector, etc. However, a crisis situation can only lead to a more positive, cooperative effort if both parties ultimately use it as a catalyst to build trust and an effective approach to joint problem-solving. □

Key Ingredients to Sustain Cooperative Relationships

Once a program is put into place, what elements are needed to keep it in place over time? Creating continuity is a critical element in sustaining cooperative programs, yet can be difficult to achieve in the public sector where there may be a frequent turnover of elected leaders and top administrators. In addition, cooperative relationships need to find ways to maintain participants' interest and abilities to ensure their participation as full partners.

The Task Force identified certain ingredients that are useful to help sustain the cooperative relationship. These should be considered by jurisdictions or agencies when developing their strategies for change. Specifically, the Task Force found that as cooperative, service-focused relationships matured, shifts in the nature of the labor-management relationship often were coordinated with, and supportive of, efforts to reform an organization's "systems," including budget and accounting, personnel and other administrative systems that often become anachronistic and impede service quality and efficiency improvements in government. In fact, the Task Force saw significant reform take place in key systems as a by-product of a service improvement strategy, and often more easily than when such improvements were sought for their own sake. For ex-

ample, local parties reported more easily achieving changes in specific personnel system reforms as part of a service improvement effort than when seeking on their own reforms to improve the personnel system overall.

The following are some common ingredients the Task Force found necessary to sustain innovative relationships:

Trust

Repeatedly, parties involved in cooperative workplace arrangements spoke of the trust that had developed and how essential it was to resolving matters, especially the more complex and seemingly insoluble problems. They also acknowledged that at the beginning of the process, they did not have such trust and did not foresee the extent of its development. Nevertheless, trust was among the most frequently cited ingredients of successful workplace partnerships. The many other items listed in this chapter contributed in various combinations to the development of the necessary trust.

Project Goal or Service Standard with Customer Focus

Once a program of workplace innovation and service excellence begins, having an agreed upon project goal or service standard with a customer focus almost always is necessary to sustain the initiative. No matter what the goal is -- cost reduction, quality or productivity improvement -- what really matters is that the goal be clearly understood and agreed upon by all involved -- management and labor -- and that it relate to customer service and excellence. Then, plans, projects and day-to-day decisions can be made to help advance the goal.

Cost and Quality Comparison Measures

In order to measure internal improvements over time or to make comparisons with other public or private sector providers, it is important to have comparable data that accurately measure cost and quality of providing services. Otherwise, it is not possible to de-

termine if a service is improving or performing at an equivalent level to other public jurisdictions. Also, it is difficult to determine whether a private contractor is presenting a more attractive alternative. However, public jurisdictions traditionally do not collect budget data in a way that allows such comparisons. (See following section on budget and accounting systems.)

Budget and Accounting Systems Changes and Improvements

Most line-item budget systems do not collect information or produce incentives to improve services. Thus, in successful cooperative relationships, the parties normally turn to some budget reforms to help them focus upon service improvements. The City of Milwaukee's representative described to the Task Force many of the deficiencies in most public budgeting systems relative to supporting service improvement. He also outlined efforts to begin addressing those problems.

In this and other testimony and observations, several trends were noted in budgeting systems. The fabled year-end incentive to spend the remainder of a budget now is giving way to a gainsharing approach. Budget information is available to those responsible for providing service and cost control, including front-line people and their representatives, project managers, crew chiefs and foremen. Better cost accounting information is collected so that actual costs of particular services, like handling a public assistance case, making standard street repairs or hauling a certain tonnage of trash, can be determined and usefully measured and compared.

The very act of collecting good cost comparison data and reforming the cost accounting system compels workers and management to re-examine every step of a process, including what it takes in employee hours, materials and overhead, to provide each service or unit of service. Reforms flow from the development of such data as well as from subsequent examinations and comparisons that the data make possible. In developing such data in Indianapolis, the consultant, KPMG Peat Marwick, worked with front-line employees and managers to identify the full range of cost components and to develop cost figures for specific tasks.

Bridget Anderson, partner, KPMG Marwick, in her testimony, emphasized that if workers are empowered to understand and manage their own budgets, it is possible for labor and management to work together to reduce costs.

For instance, team leaders and front-line employees were trained in budget and accounting systems so that they could access and use those systems as part of their responsibilities for cost effectiveness. Dominic Mangine, president of AFSCME Local 3131 in Indianapolis, who helped to lead many cost and quality innovations, said, "The best thing management ever did was to teach me to read the budget." Mangine oversees numerous cost savings in his role in a cooperative workplace partnership, and has even initiated decisions to contract out non-core services as a result.

Personnel Systems Changes and Improvements

There have been a number of efforts at civil service reform since the late 1970s, with varying degrees of success. One observation that can be made from the work of the Task Force is that dramatic changes in classification, pay, discipline and other features of public personnel systems came as part of the response to a needed service improvement. So, rather than reforming civil service systems as an end in itself, reform in response to specific, mutually determined service needs seems to be a more effective and agreeable route, particularly in light of the complex nature of such reform. Not only can the collective talent and lobbying support of the parties be applied to the change, but energy can be focused upon the features most in need of change.

Classification systems: The Task Force saw important changes in personnel systems in those places where there was successful service innovation. Most common were changes to classification systems, thus helping to reform a structure that many found to be a major barrier to service improvement and cooperative relationships. In almost every instance of success, the systems were simplified, resulting in fewer and broader classifications. By reducing the number of classifications by as much as half and by "broad-banding" the remaining classifications, barriers to redeployment or improvements in pay often were substantially reduced.

This was especially important in facilitating redesign and other service improvements that created efficiencies in one area and permitted the addition of employees or the transfer of employees to other areas as required. Hence, simplification of the classification systems strongly supported service improvement as well as job security.

Charlotte, North Carolina, provided an example of classification reform. Here, employee committees were established in the general government area and separate committees for the specialized systems in police and fire. Each committee produced changes in the classification and other systems that were adopted as city policy. (For more detail, see “Snapshot: Charlotte.”)

Many other successful jurisdictions also simplified their classification systems. In these instances, the system is now seen as fairer, less regulatory, more logical and as providing more flexibility to program management and more opportunities for job security.

Pay systems: Although traditional pay systems often work well, the Task Force saw a substantial trend towards more team-based rewards and lesser reliance on individual pay-for-performance comparisons. In some select instances, pay systems were emerging where employees were compensated based upon relevant skills, rather than on a point system or pure seniority. Where successful, such as in Mercer Island, Washington, labor and management had developed sophisticated measuring systems and methodology.

The Task Force also saw the beginnings of different kinds of compensation activities. Taking advantage at times of more flexible, broad-banded systems, workers who qualified were being upgraded to reflect their broader responsibilities and the cross-trained skill levels that came from changes in practices that improved services and job quality. Performance-appraisal systems were developed that evaluated team performance, rather than individual performance. Other reforms were made in appraisal systems as part of participative relationships. In police and fire department examples, many kinds of team-based incentive programs are being developed to reflect, for example, community policing approaches.

The Task Force discovered an increase in the use

of “gainsharing” (i.e. when savings are accomplished, some of that is shared with workers), particularly to help teams focus upon achieving savings and efficiencies. Sometimes the gainsharing shows up in employees’ pay; sometimes it takes the form of more resources for training, better equipment and other means to improve productivity and the quality of work life. The gainsharing is based upon team performance. King County Metro/SEIU in Washington and the Portland Water Bureau/AFSCME Council 75 in Oregon, have prepared booklets that carefully explain their methodology in gainsharing and are available for others to review. (See Appendix D for contact persons.)

The Task Force also noted some helpful efforts to correct a misuse of classification systems, namely that of promoting strong performers and others to supervisory positions in order to reward them via increased recognition and pay. By using other approaches to reward and compensate, this practice was being scaled back and better means of recognition sought.

Care should be taken in any pay system reform, however, particularly when compensation is linked and dependent upon the measurement of individual skills and performance. It is difficult to make fine distinctions among individuals. With the move towards team-oriented work or problem-solving in the context of partnerships, there could be a variety of difficulties with any overemphasis on measuring individual performance and skills. Nevertheless, these new developments deserve examination and the parties involved seemed pleased with their efforts.

The Task Force also observed that there are other ways that management and peers successfully recognize workers for a job well done. Task Force members repeatedly heard workers comment that it is not just money that motivates them to provide excellent service, it’s also the personal satisfaction that comes from knowing that they are doing a good job and contributing expertise to better service -- and getting some recognition for it from peers and the community. Farsighted managers and union leaders understand the valuable role that recognition plays. A wide range of formal and informal employee recognition programs connected to team and individual work were observed. In some sense, the very act of becoming engaged in

service improvement provides important personal recognition and intrinsic motivation, but awards, banquets, letters, praise and other forms can add to the sense of achievement as long as it is customized to have meaning to those involved.

Evaluation and Assistance for Accountability:

Interestingly, the Task Force found many examples in public schools, public safety and other sectors where the disciplinary system was simplified by agreement of the parties. These improved systems were developed by joint agreement and characterized by joint approaches to necessary administrative and legislative bodies or through contract change. They often featured significant peer review, coaching and judgment, as seen with the AFT locals and school administrators in the Toledo and Cincinnati, Ohio schools. This cooperative process began in 1985 with a program of peer assistance and evaluation. The intent is to help new or struggling teachers. Master or consulting teachers intervene as mentors, assisting and evaluating such teachers. New teachers must pass an “apprenticeship” in two years or be subject to removal under a review process in which the effective recommendation comes from a review panel, thus avoiding arbitrations over dismissals. (For more detail, see “Snapshot: Cincinnati.”)

Where employees are engaged in high performance workplace environments, all agree that ensuring full participation and performance by the entire peer group is critical. Hence, some alternatives for traditional discipline were sought and developed that focused upon encouraging positive behavior versus the more traditional, complicated and negative disciplinary processes. When necessary, the systems permit more effective discipline that is seen as fair and effective by both management and labor leadership. These types of changes in coaching and disciplinary systems gain effectiveness and credibility by their joint nature and are helped by the work and presence of worker-selected employee representatives.

Holding managers accountable: Just as there are systems to hold employees accountable for performing their work, parallel actions should exist to ensure managers are doing their jobs as well in the new environment. The emphasis -- as on the employee side -- should be on developing ways to assist managers to do

a better job. In addition to evaluation, coaching and training, the more advanced workplaces are seriously reviewing criteria for placement and promotion to supervisory positions to better select individuals with the appropriate leadership skills for the new workplace.

Increased Training: Without increased training, workers and managers have insufficient means to develop the necessary new skills and habits required to engage in cooperative and service-oriented relationships. Although training is often cut off when looking for cost savings, it is a critical ingredient for identifying and sustaining cost savings and service improvements and for producing a humane and effective workplace.

Nearly all of the successful examples included significantly increased training, most often sponsored on a joint labor-management basis, that improved service and the underlying capacity to resolve problems. In addition to joint training in workplace relations and problem-solving, such as conflict resolution, this included retraining for redeployment in response to changed job responsibilities; cross-training, which resulted in skill upgrades; and training for workers and managers in the analysis of work processes in order to become more efficient and eliminate unnecessary steps. Training activity went well beyond the initial stages of instilling workplace cooperation to include ongoing training so that as new people came into the workforce, they became knowledgeable about the way that workplace operated. Among the successes, jointly developed safety training can produce dividends, as in the State of Connecticut/SEIU example described in Chapter One. Training workers and managers in better use of budget, personnel and procurement systems also produces dividends. Many successful jurisdictions began to build some in-house capacity to conduct quality and other training, recognizing the constant need to acquaint new entrants, transfers and the like, as well as continuous management training.

Overall administration of civil service and personnel systems: To effectively accommodate labor-management cooperation, civil service and personnel systems must change from a rule-driven focus to one of customer service emphasizing flexibility and responsiveness. In Hennepin County, Minnesota, Human Re-

sources Administrator Charles Sprafka noted that cooperative labor-management efforts began a decade ago, and so predate current efforts such as “reinventing government” or Total Quality Management. Working with AFSCME Council 14, the county has enacted changes in civil service as well as other cooperative labor-management efforts to meet the challenge of health care costs. Sprafka noted that while his department has become much more customer-oriented, it still continues to operate within merit principles. That concept was underscored by testimony from Linda Hanson of the Iowa Department of Personnel, who noted that it is important to remember that it is systems -- not the merit principles -- that often are not working to provide the flexibility and responsiveness called for in customer-driven programs.

Procurement and Other Administrative Systems Changes and Improvements

Governments often have internal procedures that interfere with productivity and service effectiveness. As Mayor Stephen Goldsmith of Indianapolis has observed, “Contrary to their undeserved poor public image, most civil servants are hard-working and talented, and they know a lot more about how to do their jobs well than mayors or union presidents do. The problem is that they historically have been trapped in a system that punishes initiative, ignores efficiency and rewards big spenders. It’s time to free them from the shackles of bureaucracy.”

Labor and management together can identify barriers imposed by procurement and other systems and jointly identify changes. As a result, procurement and administrative systems typically are simplified with an increased customer orientation.

Rather than seeking overall procurement system reform, the parties are able to focus their efforts on the areas that most hinder effective service. This targeted approach, driven by jointly identified service imperatives, is seen as the more effective route to administrative reforms.

Organizational Structures and Communication

Rarely was reorganization itself a primary tool to gain service improvement. Instead, the changes came about by adopting different approaches to accomplishing specific tasks, which usually included teams configured around a problem or project. These approaches included:

Organization-wide labor-management committees and project teams: As at the Wisconsin DILHR and in the Ohio models, a common mechanism was the presence of a top-level labor-management committee to guide the cooperative effort. Such committees must involve the key players (the people considered leaders on both sides), usually with equal representation of both labor and management. These joint committees often appoint specific teams to find solutions to problems needing attention. This top leadership group ordinarily deals with a wide range of labor-management issues and policy questions, depending upon the nature of the agreement and the maturity of the relationship. This group, in various ways, will sponsor or oversee joint teams put together for specific tasks or projects. This does not substitute for normal organizational lines of accountability; rather it complements them.

One example of such a joint committee structure and subgroup in operation is the Joint Labor-Management Committee of the Washington State Department of Labor and Industries. Under the umbrella of the labor contract, this committee established a sophisticated and practical set of protocols and practices regarding the formation, resources and responsibility of quality teams and the way in which the overall labor-management committee would accept and implement teams’ recommendations. (Three unions represent the department’s 2,600 employees: AFSCME, IBEW and Plumbers and Pipefitters.) The agency’s quality initiative included a large training component to ensure that team members and facilitators had the appropriate skills. Among many initiatives, the joint labor-management effort included a large data automation project that dramatically reduced the time needed to process worker compensation claims. The new technology, which al-

lows for instant retrieval of files by computer instead of the previous two to three weeks under the old microfiche system, cost \$19 million. It is projected to save the state \$10 million a year.

Concerning project teams and committees, the Task Force observed and survey results suggest that employees in union and non-union situations prefer that representatives not be selected by management. Even in non-union settings, employees involved in decision-making committees for which they were not selected by their peers, found that their standing and capacity to act would have been enhanced if they had been chosen by their co-workers rather than by management. Thus, in either case, labor-management cooperation towards service results is better achieved if workers select their own representatives. When employees have an opportunity to select representatives to reflect their viewpoints and interests, the results of participative teams and committees and similar activities are more likely to be trusted, accepted and implemented.

Work teams: Organizations successfully employing labor-management cooperation often find themselves moving toward flattened hierarchies with less dependency upon reorganization, a popular tool of the past few decades. The ongoing use of work teams (different from the often temporary project teams described above) and team leaders leads to a need for fewer supervisors, many of whom will be redeployed. The teams themselves can display better coordination, moving easily across departmental and divisional lines, resulting in better project information.

Changes and uncertainties for supervisors and mid-level managers: It is common to find a reduction in supervisory layers where a cooperative, participative relationship is in place. Several reasons were identified for this trend:

1. The roles of supervisors and mid-level managers change significantly as does the role of union stewards. Supervisors and mid-level managers generally serve as the link between employees and management and therefore possess significant implementation powers. In the participative arrangements, however, employees tend to deal more directly with upper management. The roles of many mid-level union or management officials become more facilitative, resulting in less

clarity regarding their authority, but with more real influence in the workplace.

2. The use of self-managed teams and team leaders reduces the need for supervisors.

3. In reversing old patterns in job classifications, many supervisory positions are removed with the acknowledgment that these positions initially were created as a way to get around restrictions within classification systems that precluded higher pay for skilled professionals at the top of their classification. An end to this practice is welcomed by labor, management and human resource professionals alike. More positive programs also have helped.

As an example, the Cincinnati Public School District and the American Federation of Teachers developed a Master Teacher Program which recognizes and gives more responsibility to particularly skilled teachers. This eliminates the practice of pulling highly skilled teachers out of the classroom and promoting them to administrative positions in order to increase their pay. Now, these teachers receive a higher level of compensation and recognition commensurate with their skills, while remaining in the classroom to do what they do best.

4. Not surprising, this changing role and status may produce confusion and some anxiety among affected mid-managers and union officers. Therefore, it is not uncommon to find these mid-level people resistant to the cooperative structures. Interestingly, at least on the management side, the job security of these middle managers often is more at risk than either top-level managers or front-line employees. Where the cooperative relationships prove successful, the roles and needs of this middle management group are usually addressed in some explicit fashion. More should be learned about this dynamic, as these individuals can be an important source of resistance to change.

Improved communications: A major reform, which may seem like common sense, is that work-related communications also improves within teams, among teams, between front-line workers and management and across departments. This is done through use of regular or improved team meeting arrangements that cross traditional lines and draw better upon group problem-solving skills.

The Task Force also observed that when cooperative relationships begin, it normally is important for labor and management to communicate with the rest of the organization and key outside parties about the nature of the new relationship and what activities are taking place. This often is done through newsletters, e-mail or other communication avenues the parties find jointly useful. Also, there is much one-on-one discussion between leaders of the effort and skeptics.

Because cooperative partnerships are new -- and possibly threatening -- it is important to provide information to allay fears. It is also important to invite comment and participation. The more inclusive the parties can be at the outset and as the relationship progresses, the easier it seems to be to gain acceptance for the new approach.

Changing roles: In service-oriented, cooperative arrangements it is common -- and essential -- for managers to move away from their traditional, hierarchical roles. As the private and public sector experience makes clear, to make this partnership succeed, managers must be prepared to share decision-making authority with employees and their unions and to encourage others to do the same. Union leaders must similarly be prepared to engage in responsible power sharing.

In cooperative partnerships, it is common to find union local presidents and stewards serving as team leaders, coordinators and facilitators. Union leadership under these arrangements has a much greater responsibility for, and voice in, ensuring service delivery improvements. And this leadership proves pivotal to rapid and effective movement to cooperative workplace partnerships. At the Massachusetts Highway Department, for example, cooperation between labor and management has resulted in the role of union leaders changing dramatically as they became much more involved with determining how the actual work would be performed. (See "Snapshot: MassHighway," and the following section, "Changes in Labor-Management Relationships: Change in Emphasis for Union Leadership")

The roles of the human resources office, human resource professionals and labor relations professionals also change with the adoption of cooperative programs. These individuals become more facilitative and

less regulatory. Increasingly, they serve as sources for objective information and for facilitation of problem-solving. For instance, in some successful programs, the human resources office provides all information to both sides on labor-management committees working on benefits, health care and other workplace issues.

Also, rather than being management's lead in labor negotiations, human resource and labor relations officials now work more substantially with department and program directors in labor negotiations, rather than going it alone. Changing roles often is one of the most significant variables in building cooperative relationships. Human resource and labor relations professionals, whose roles changed in this large way, reported a much greater degree of job satisfaction as they become increasingly focused upon service outcomes, rather than process, and become a meaningful part of improving service delivery.

Maintaining Continuity

As administrations change -- either labor or management, but particularly on the management side -- there is an inherent danger that the cooperative structure, and particularly the trust that underlies the structure, will be jeopardized. There is evidence in both the private and public sectors that moments of leadership turnover represents a danger point in the life of a partnership, especially in the early years.

While recognizing the prerogative of newly elected officials to implement change and to promote agendas on which they were elected, the Task Force observed that parties involved with cooperative structures were concerned that the more productive relationships might be dismantled for political or other reasons, despite their effectiveness. In communities where such turnover has been experienced, several strategies seemed fruitful.

Where there is a collective bargaining agreement, one tactic observed was the negotiation of a cooperative structure into a contract. In one example, a school superintendent, when confronted with the cooperative structure in the contract, after some brief observation reportedly responded, "Well then, I guess we'd better make it work." He then suggested a more comprehen-

sive structure in the next contract, which was agreed upon by both management and labor. Sometimes the cooperative structure is put into a local ordinance, thus ensuring basic continuity.

Whatever the specific program objectives may be, it would seem a useful priority to find ways to preserve the infrastructure that is working to produce excellence. In addition, it is common to see union or management officials use their personal or institutional standing to fight for cooperative programs through a leadership transition. Generally speaking, the union is in a stronger position to make this effort, but the Task Force saw managers who also were vocal and effective champions for maintaining the cooperative structure and approach.

Such strategies include building community support for the improvements, often by communicating the benefits attained and sustained by successful partnerships. When local community leaders visibly support cooperative approaches, for instance, it becomes more difficult for skeptical elected or appointed leaders to dismantle them. Often, community leaders who recognize the benefits of the partnership are able to discuss the value with newly elected officials.

Some union and management officials alike realize it is important to develop a succession strategy before leadership changes occur, and to ensure that the cooperative structure is one that would serve any leader striving for excellence. Thus, leadership development on both sides can help avoid dismantling programs of a successful partnership.

Continuity of union leadership or contractual provisions appear to be extremely helpful in maintaining a cooperative, service-focused partnership. Continuity of a mayor or city manager also is important, especially in non-union situations: most workplace service partnerships and other significant employee participation arrangements in non-union situations are sponsored by long-serving chief executives.

In the end, however, longevity of a program will depend mostly upon its acceptance by the front-line workers. The Task Force saw and heard that the more people involved -- workers and managers -- the more ingrained the cooperative model became. As the sense of ownership for this approach spreads among many,

cooperative labor-management relations simply become the way of doing business. As the approach continues to meet with success, labor and management increasingly will feel more secure in the new processes, making it more difficult for others to ignore or remove the process. □

Changes in Labor-Management Relationships

There are changes in labor-management relationships that go along with cooperative, service-oriented workplace partnerships. Conflictual or even many traditional approaches to collective bargaining do not foster cooperation and partnerships affecting service improvements. Instead, where the Task Force found service improvements arising from cooperation, it found workplace relationships and other aspects of collective bargaining practices used much more constructively.

Making a change from a conflictual approach in labor-management relations will not be an overnight process. Most importantly, no such change can take place unless both labor and management are prepared to accept each other's legitimate role. The Task Force noted some important features that characterize productive labor-management relationships that support participation and service improvement:

Reduction in Conflict

To the extent that both sides can reduce unnecessary conflict, their energies can be focused upon improving service and working together. The Task Force saw many examples of better contract resolution, primarily through the use of interest-based bargaining and similar techniques; and improved grievance resolution, through mediation and other uses of alternative dispute resolution principles. A wide variety of approaches have evolved to fit local circumstances.

Stephen Goldberg, professor of law at Northwestern University, testifying about grievance mediation, suggested that it assists the overall labor-management relationship in several ways:

- Mediation teaches settlement skills and generally improves how parties get along, which has positive, spill-over effects on the overall relationship. In

fact, the goal of mediation is to put all arbitrators and mediators out of business eventually by teaching problem-solving skills to the parties.

- The mediator has both mediation and arbitration experience and gives an advisory opinion on the spot.

- Mediation is off the record and “no risk.”

- The process is faster and cheaper than arbitration as no attorneys are involved.

- Mediation has few drawbacks. Mainly, it could discourage settlement at earlier stages and adds a step if arbitration follows mediation as a matter of course.

Goldberg said results from mediation are demonstrable. He presented figures showing that in the grievance mediation systems, 83 percent of grievances are resolved without arbitration. Among his examples, he described a 95 percent success rate with grievance mediation of discipline and discharge grievances in a previously difficult corporate environment.

In a private utility example presented by Boston Edison and Local 369 of the Utility Workers Union of America, a new vice president for labor relations approached Local 369 about a mediation program to reduce a large backlog and reduce future conflict in the collective bargaining relationship. After a successful program of training in grievance mediation and expedited problem resolution, the parties went on to a much changed labor-management relationship. The old phrase so often used previously to prevent resolution -- “that will set a precedent” -- was set aside and problems then were rapidly resolved.

In contrast to the contentiousness of the past, the new relationship was characterized by rapid settlement of a six year collective bargaining agreement that used to be a highly acrimonious event, and a long-term no-layoff and retraining program to prepare the company and the workforce for changes coming in the utilities industry. Problem-solving methods that began with a joint effort to resolve grievances and reduce the backlog has migrated to every part of the workplace relationship and to overall business planning, and includes a long-term reform in the selection and development of managers. Also changed is the development of a more positive, service orientation for personnel department staff and first line managers.

Leadership commitment, training, and effective use of outside neutral facilitation helped the parties move to a productive partnership following the success of improved conflict resolution and the trust that then developed. This sequence of events -- improved conflict resolution leading to a transformation of the overall relationship, leading to a greater service orientation and a more satisfactory work environment -- was a common theme of Task Force observations.

Another good example is the City of Phoenix, Arizona and the Phoenix Firefighters Association Local 493. The two have jointly sponsored a novel, annual retreat of labor-management leadership since 1984 to deal with collective bargaining issues. Originally conceived with the assistance of the Federal Mediation and Conciliation Service, the retreat is used to tackle issues labor and management feel they can resolve. Similarly, both sides agree not to allow difficult issues to distract them from working on areas of agreement.

Use of Alternative Dispute Resolution for Rights Guaranteed By Law and for Other Workplace Disputes

Noting that resolution of conflicts helps create the necessary trust for a cooperative workplace relationship, the Task Force looked into efforts and ideas for better conflict resolution. Testimony was invited from knowledgeable parties and reference was made to the extensive work of the Dunlop Commission. This led the Task Force to discussions of grievance mediation and other means of resolving contract disputes. But there were also significant vestiges of other types of conflicts affecting employees in union and non-union workplaces, usually conflicts over statutory workplace rights.

In Chapter IV of its May 1994 Fact Finding Report, the Dunlop Commission explored in some detail¹ the topic of “Employment Regulation, Litigation and Dispute Resolution” and reviewed some of the difficulties and expense in resolving a variety of workplace

¹ See Chapter IV of the *Fact Finding Report* of the Commission on the Future of Worker Management Relations, May 1994, pp. 105-122 and Chapter IV of the *Report and Recommendations*, December, 1994, pp. 25-34.

disputes through established administrative procedures and the courts. It also noted that the dwindling resources, clogging of courts and administrative processes, and the complexity of enforcement of statutory workplace rights leaves conflicts outstanding for years, some virtually never to be resolved. In this regard the Commission reported difficulties in employees' gaining access to resolution and closure in disputes under such diverse statutes as those dealing with employment discrimination, including the Equal Employment Opportunity Act, the Americans With Disabilities Act, as well as the Family and Medical Leave Act, the Occupational Safety and Health Act, and other programs of the Labor Department.

Illustrating some of these difficulties, on page 113 in its Fact Finding Report, the Dunlop Commission summarized that:

"The administrative procedures and remedies used to enforce workplace laws vary widely, involve multiple agencies from different departments of the federal government, and are administered on a stand-alone basis, with little or no regard for overlap or conflicting requirements."

"The number of employment suits in federal courts increased by 430 percent between 1971 and 1991. Another 10,000 cases charging unlawful discharge are filed annually in state courts."

"The EEOC handles approximately 90,000 complaints per year, compared to 56,000 in 1980." (Elsewhere, on page 12, the Dunlop Commission notes that only 10 percent of these cases are eventually filed in court, most by individuals, not the agency.)

"Access to legal relief through the courts is limited for the majority of employees whose earnings are too low to cope with the high costs and contingency fee requirements of private lawyers."

Noting these barriers to closure of the conflicts in these legal and regulatory disputes, significant attention in that Commission's proceedings was then devoted to the exploration of alternative dispute resolution methods, including mediation and arbitration. A series of quality standards was adopted in the Final Report, pp. 30-33, intended to guide the formation of any private dispute resolution alternatives that might develop in the private sector, where there is already

some admired, as well as controversial, experience with ADR systems for employment disputes.

Concerned about the effect of unresolved conflict on the possibilities for developing cooperative workplace relationships and also concerned about the lack of access to justice, the Secretary's Task Force decided to look further into the possibilities for addressing such conflicts in the state and local government workplace setting. The Task Force invited comment from several witnesses who appeared before the Dunlop Commission on the applicability of such mechanisms in the public sector to resolve disputes that otherwise might not have a sufficient channel for fair and prompt resolution.

Overall, it appeared that the public workplace might be more receptive to such alternative systems, particularly to setting them up in a manner that protected the fact and appearance of neutrality and independence, and providing employees access to courts if they felt their case was meritorious or did not choose to use the ADR system. Among other controversies, one of the stumbling blocks to widespread acceptance of such systems in the private sector was the insistence of some private employers and employer representatives that use of a company ADR system be a pre-condition of employment, precluding access to courts. The Dunlop report reviews some of the legal history and experience with this sort of arrangement in the Fact Finding report, cited above, and in its Final Report, recommends strongly against such pre-employment requirements. This Task Force agrees.

In exploring possibilities in the public sector, there was more receptivity and fewer barriers to such ADR mechanisms. As part of its effort to ensure a workplace environment where conflict does not unduly interfere with cooperation, the Task Force created a subgroup to further explore the possibilities and conditions for introducing more extensive use of ADR systems into the public workplace for resolving conflict over these statutory and other mechanisms. Recognizing the need for systems that are fair, well-understood, effective and which clearly preserve employee and employer rights, the Task Force consulted further with the witnesses who appeared, as well as others in the employer, employee and workplace civil rights commu-

Quality Standards and Key Principles for Effective Alternative Dispute Resolution Systems for Rights Guaranteed by Public Law and for Other Workplace Disputes²

- A neutral mediator or arbitrator who is trained in and applies expertise in the substantive area of law, and diversity and balance in the pool of available neutrals.
- A fair and simple method by which the employee can secure the necessary information to present his or her claim, including the right to discovery and deposition.
- A fair method of cost sharing between the employer and employees to ensure affordable access to the system for all employees.
- The right to independent representation
- A range of remedies equal to those available through litigation
- A written opinion by the arbitrator explaining the rationale or the result, demonstrating appropriate application of relevant statutes.
- Sufficient judicial review to ensure that the result is consistent with the governing laws and that the process is consistent with these standards.
- ADR available to all employees of employer without preference or limitation
- Employee agreement to mediate or arbitrate shall be voluntary and post-dispute.
- Where an employer agrees to be party to such an ADR system, litigation will only be pursued should the employee refuse to remain within the ADR system.
- If an employee opts for litigation, he or she can only re-enter the system by mutual agreement.
- Employees should receive clear notice, including but not limited to right to counsel, to ensure that they are informed of their rights and alternatives for pursuing those rights.
- ADR should normally not be used in cases that represent tests of significant legal principles or class action.
- There should be an equitable arrangement for compensating neutrals that does not influence their role or rehire considerations.
- Arrangements should be made for suitable reimbursement of employees' representation fees that encourages access and appropriate use of the system.
- There should be joint selection of the mediators and arbitrators, or an agreed upon procedure for their appointment.
- ADR systems not conforming with these quality standards should be challengeable.

See Appendix H for further details.

² Separate from the work of the Secretary's Task Force, the agreed upon "Protocols of the Special Task Force on Alternative Dispute Resolution," co-chaired by labor, management and neutral leaders has carefully studied these issues and has useful guidance on selection and performance of arbitrators and mediators. These "Protocols" are reproduced in Appendix H of this report.

nities who have followed these issues.

The result is a set of principles which the Task Force recommends as necessary to a workable and fair ADR system which it believes would have broad acceptability, and would not interfere in the exercise of collective bargaining rights. In order to meet local conditions and be seen as fair, such systems would need to be set up as a neutral forum by local parties.

The Task Force encourages the voluntary development of such systems and urges national employer, labor and rights groups to assist local parties in developing such systems.

Included with this chapter is a table (p.82) that is a general summary of the principles recommended by this Task Force. The first seven are drawn from the Dunlop report, the remainder are added from the work of this Task Force, but appear consistent with the Dunlop principles. Appendix G details these principles and describes key administrative and other features.

Contract negotiations and administration focus upon service purpose

Where present in a cooperative relationship, the collective bargaining agreement offers an established infrastructure to communicate, problem-solve and provide leadership. In some instances, the contracts are changed to provide a greater focus upon service purposes. Where the contract is used as the foundation of cooperation, it becomes a more flexible and service-oriented instrument and less focused upon legalistic resolutions of disputes.

Similarly, administration of collective bargaining agreements becomes considerably more connected to the service-improvement effort and the need to improve the labor-management relationship. Contract administration is often explicitly or implicitly carried out, or at least guided by, a senior-level joint labor-management team. The joint committee is able to provide a broad perspective on the relationship between service needs and workplace needs, allowing resolution of contract problems that are respectful both of the contract and of customer service. The parallel need exists for resolving workplace conflicts in non-bargaining situations or with exempt employees.

Most conflicts are resolved with reference to the service and the cooperative philosophy, and not isolated. Grievances are sometimes handled in a separate process, and sometimes part of the service effort, depending on how the parties choose to do it.

Quality Improvement Efforts and Bargaining

The Task Force saw two primary approaches to the relationship between an organization's "continuous quality improvement" and its collective bargaining relationship: Some relationships purposefully separate quality improvement procedures from the bargaining relationship; Others integrate it with the bargaining relationship.

For instance, the state of Ohio, which has a comprehensive labor-management and service improvement relationship, consciously separates bargaining from quality improvement initiatives. The city of Portland, Maine, chose a more explicitly integrated way.

Regardless of which approach, it is important that the relationship between quality efforts and the bargaining process be clear so that issues can find their way to the appropriate forum. Secondly, the decision whether or not to combine the two should be decided by those directly involved based upon their collective judgment on what would work best for them.

However, the informal relationship of quality efforts to bargaining is always present: It is the same people with the same skills. More fundamentally, service improvements require changes in the way work is done, thus touching upon bargaining subjects. It is impossible to separate service quality discussion from discussion of underlying work practices and systems. Frequently, the level of trust gradually builds up so that there is some informal integration of the two processes even when kept formally separate. In non-bargaining settings, the quality effort and the functioning and structure of the formal personnel system also have inevitable linkages for change.

Change in Emphasis for Union Leadership

Under a cooperative model, union leaders find the focus of their roles shifting. As opposed to the old assumption that union leaders sometimes spend 90 per-

cent of their time settling grievances and other issues of conflict for a minority of the workers, they now are engaged in leading service improvement and cost effectiveness efforts -- things in which 90 percent of the employees want to engage.

“My job used to be to go around and ask people what grievances they had. My job is now to go around asking people what ideas they have to improve this job,” related Frank Borges, President of SEIU Local 285, who gained first-hand experience with labor management cooperation in the Massachusetts Highway Department. (See “Snapshot: MassHighway.”)

Local union leaders in these partnerships now spend a great deal of time educating their members on how to participate and how to become involved in the cooperative process without fear of downgrading or job loss. Differences between labor and management are settled on a more informal basis, closer to the source of any conflicts.

As Steve Fantauzzo, executive director of Indiana Council 62, AFSCME, who has been intimately involved with the City of Indianapolis’s move to labor-management cooperation, put it: “My job is to get people involved, one at a time, and the more of them I get involved, the more excited they get about it.”

It is a matter of Task Force record that union leaders who testified spoke of the increased satisfaction from the work they are doing in the cooperative, participatory environment. Also, contrary to another common assumption, union leaders who were engaged in cooperative, service oriented efforts found themselves most often re-elected.

Change in Emphasis for Labor Negotiators

Common to a cooperative relationship is that the two parties become more focused on problem-solving than winning and more focused on services than legal issues. Thus, management spokespersons, too, report enjoying greater job satisfaction as they become more involved in resolving service issues.

Cooperative or Interest-Based Bargaining

Cooperative bargaining normally is a part of service improvement efforts. At the outset, participants

usually lack an understanding of how to make the shift away from adversarial relations. Usually and most effectively, that can be overcome through the assistance of neutral facilitators and training to create a more cooperative, service-oriented negotiating process. In instances of complete lack of trust between labor and management, the Task Force saw successful examples of a neutral, third party coming in to jointly teach and later help both sides use new skills and processes to cooperate and team problem-solve.

In Oregon, for instance, a representative of the Oregon Nurses Association testified that she had developed an ulcer when the union and an employer had been involved in traditional bargaining. When they finally turned to interest-based negotiations following training by a state mediator, it was so successful that now they “wouldn’t do it any other way.”

In Ulster County, New York, with a workforce of about 1,600, a joint labor-management committee was established 20 years ago in the collective bargaining agreement with Civil Service Employees Association, Local 856. According to testimony from the parties, the relationship did not become a truly productive joint problem-solving team until nearly 10 years later. In 1985-86, the county, union and state employment relations board received a grant from the Federal Mediation and Conciliation Service that included extensive process and communications training and the hiring of a full-time coordinator to facilitate the meetings and the work of the group. The cooperative relationship is now characterized by trust. As in many other successful relationships, the parties testified that now “you can’t tell who is management and who is labor in meetings.” There also has been a salutary effect on collective bargaining: In 1992, the agreement took 24 months to reach. In 1995, agreement was reached in “only a few days.”

Cooperative bargaining does require both sides to essentially “leave their credentials at the door.” They then are able to concentrate on how to solve problems rather than play traditional roles. Again, this type of approach generally involves significant use of smaller subcommittees that come together often to solve current problems.

The following table illustrates a useful view of the contrast between traditional and cooperative bargaining.

One View of the Contrast between Traditional Collective Bargaining and Problem-Solving or Interest Based Bargaining³

TRADITIONAL BARGAINING

PREPARATION

Scrutinize the existing contract and survey constituencies to identify each and every provision that might be improved.

Prepare formal demands and proposals, often in the form of rewritten or new contract articles.

Keep demands and goals more or less “secret” from the other side until they are revealed at the table. Speculate about the other party’s demands and strategy.

COMMUNICATION

Maintain contact with both constituencies and public through various media to promote positions on issues.

After settlement, prepare press releases describing gains.

INTEREST BASED BARGAINING

PREPARATION

Consider whether there are compelling concerns related to the existing contract. Discuss those issues openly and widely, well prior to the start of bargaining.

Focus on major concerns that may require a contract change to resolve. Do not draft contract language or draw up demands, but do contemplate possible solutions.

Enter high-level, joint, informal, preliminary meetings to discuss broad concerns and goals, identify and limit the issues, and set the tone for negotiations.

COMMUNICATION

Issue joint communications to constituencies and public on progress of negotiations.

Prepare a joint press release describing mutual gains.

Continued

³ Submitted by Thomas Hustoles as part of his testimony to the Task Force on January 10, 1995. It was developed by Dinah Rink, Director of Collective Bargaining and Contract Administration, Western Michigan University, and Professor Arnie Johnston, American Association of University Professors, Western Michigan University.

TRADITIONAL BARGAINING

NEGOTIATIONS

Exchange demands in contract language. Try to obtain all the other party's demands before revealing all of yours.

Prepare and exchange formal counter-proposals.

Obscure your "bottom line" by keeping many proposals on the table and modifying positions slowly. Settle minor matters first, leaving "real" concerns for later marathon sessions.

Maintain bargaining team discipline. Permit only authorized team members to speak and, especially, to make proposals.

Save sidebar meetings of chief negotiators and/or subcommittees until late in negotiations.

Initial final written agreements. Management prepares new contract for union to review.

POST-BARGAINING RELATIONS

Enforce the new contract.

Maintain record of contract problems with a view to preparing demands for future negotiations

INTEREST BASED BARGAINING

NEGOTIATIONS

Enter into a discussion of concerns and possible solutions, keeping written exchanges minimal, informal, and explanatory.

Approach each other's concerns as joint problems for mutual resolution.

Discuss your major goals immediately and openly.

Encourage the exchange of ideas by team members, recognizing that such discussions can help solve problems.

Use sidebar meetings whenever they appear useful, early or late in the process.

Reach a "meeting of the minds," then jointly draft contract language in subcommittee for examination and approval by teams. Discuss loose ends (with prior commitment to deal reasonably with any overlooked matters). Jointly prepare, review, and proofread new contract.

POST-BARGAINING RELATIONS

Implement the new contract, with an eye to catching problems early to facilitate informal resolution.

Maintain a problem-solving approach through regular discussions between contract administrators, as well as periodic, high-level, informal meetings. Try to solve problems promptly and reduce agenda for future negotiations.

Recognize Electoral and Union Politics

Both sides must recognize the importance and impact of electoral and union politics upon labor-management relations. If they don't, they generally have a much harder time dealing with each other. By better recognition of factors like the timing of elections and each other's respective constituencies, the parties can better resolve service problems and other issues.

Don't Hold the Relationship Hostage to Other Issues

Many parties reported that it is important not to hold the labor-management cooperative relationship hostage to a particular issue, no matter how difficult. In fact, those who refused to engage in such tactics as, "No, we won't talk until this issue is resolved," but rather kept up the dialogue, seem to have the most success with the more difficult issues. □

Starting Along the Road to Improvement

As this chapter describes, there are many key ingredients to establishing and sustaining a cooperative labor-management relationship in pursuit of excellence in the public workplace. The Task Force found that there is no single route to follow when embarking upon this new path. The challenge for labor and management leaders is to find the right mix of ingredients that can begin and sustain this better way of working together in each service or community. This challenge also provides an unparalleled opportunity for creative leaders to build upon the best practices, to experiment with innovative approaches and to forge productive partnerships that fit the local circumstances. Managers, elected officials, administrators, and citizens all benefit from employee participation and involvement in determining how best to provide public services. ■

S n a p s h o t : S T A T E O F O H I O

Improving the delivery of public services through labor-management cooperation “isn’t about hitting home runs,” says Steve Wall, director of Ohio’s Office of Quality Services. “This is about hitting single after single after single after single. You score a lot more runs that way.”¹

Steve Wall and Paul Goldberg, executive director of the Ohio Civil Service Employees Association (OCSEA), an affiliate of the American Federation of State, County and Municipal Employees, made a presentation to the Task Force of their comprehensive cooperative labor-management relationship. As they explained, in the three years since Ohio launched its Quality Services through Partnership (QStP) initiative, more than 100 improvement teams have scored numerous, tangible results that are adding up to increased customer satisfaction and cost savings through reduced errors, elimination of delays and increased employee productivity. (See below, “Highlights of Improvement Teams” and Appendix D)

The purpose of QStP is to transform state government into an organization where employees work together to continuously improve how work is done. Ohio Office of Quality Services materials assert, “We must unleash each employee’s creativity and identify new ways to do our jobs more effectively. QStP supplies us with the knowledge and tools that will enable us to streamline the bureaucracy, analyze problems and improve our ability to respond to customer needs.”

Central to the success of QStP is the real partnership between labor and management to improve service delivery, says OCSEA’s Goldberg. QStP evolved from an earlier Total Quality Management Program after Governor George Voinovich was persuaded that the real key to quality improvement was cooperation

with the state’s five unions.

Today, Voinovich says that without labor support, any total quality management efforts will fail. “My feeling is that labor is key to this whole thing.”² This is from a politician who spent his first term battling with the Ohio Civil Service Employees Association over a new collective bargaining agreement and was elected on a platform of privatizing services.

Goldberg is similarly startled by the governor’s response. “If you had asked me on January 7, 1991, whether we were going to have this kind of relationship, I’d have said, ‘No way.’”³

It is clear that both Goldberg and Voinovich have worked hard to ease the traditional stances of labor and management.

Today, Voinovich does not try to sell QStP as “a way to do more with less.” In fact, contract language has been written to ensure that QStP will not result in layoffs, and thus employees feel free to make improvements even if they result in fewer workers in that particular agency or department.

And Goldberg, who admits that “some of the older labor people might think that young turks like me have been co-opted,” says he can handle the accusation if that’s what it takes to get his members some say in how they do their jobs.

While the state and the unions have agreed to keep the QStP initiative separate from the collective bargaining process, it was noted during the Task Force’s hearings that collective bargaining and QStP are like parallel railroad tracks that seem likely to converge at some distant point. At the present time, the parties are establishing trust, building a record of success and learning to work together -- all skills that are slowly creeping into their handling of a range of issues. For instance, QStP has reduced

¹ Jonathan Walters, “TQM, Surviving The Cynics,” *Governing*, September 1994, 40-45.

² Ibid.

³ Ibid.

union grievances even though that was not one of its objectives.

The QStP State Steering Committee consists of equal numbers of union and management leaders. In an arrangement typical to successful cooperative relationships, each department also has a steering committee to guide its QStP efforts made up of equal numbers of management and union personnel. To make the leadership structure work, more than 500 union and management members attended partnership training, called "Building Effective Steering Committees." Thus, QStP is developing a network of facilitators and a capacity for providing in-house training in joint quality improvement processes. Both union and management employees provide training and facilitate teams throughout departments, frequently co-facilitating or co-training with their counterparts.

Approximately 10,000 of the 59,500 state employees have completed a 3-day training program on QStP, another 5,000 employees have completed a shorter QStP overview and 120 employees have completed advanced training as QStP facilitators. "Quality forums" are held monthly and draw an average of 350 people. Each two-hour session brings state employees in contact with people and teams who have successfully used the tools and techniques of QStP.

Ohio QStP initiatives are in the beginning stages of implementation and are focused primarily on the first three steps of the state's strategic plan. The plan outlines specific "Steps to Quality" that will:

1. Build awareness and commitment of QStP with management and union leadership through extensive training. This process goes on

continuously.

2. Develop the plan and structure, including vision and values, partnerships, quality leader and networks, steering committees, agency assessments and strategic planning.

3. Ready organizations for cultural change, including preparing managers for quality leadership, employees to work as team members, union and management to work in partnership, pilot learning programs and celebrate efforts.

4. Empower problem-solving at all levels: Establish quality improvement teams; push decision-making down to the lowest possible level; implement employee ideas; inter-agency teams to align organization's processes, and strengthen partnerships and increase communication with all employees.

5. Integrate quality in all systems as government's business philosophy: Measure success and progress based upon customer requirements, renovate systems to reward team efforts and encourage leadership, move from hierarchies to networks, all agencies mission-driven and customer-focused, and develop customer/supplier relationships with all branches of government and the private sector.

The ultimate goal is to reach the time when the principles, process and tools will simply become the normal, preferred way of doing business. Experts say it will take five to 10 years to achieve the final step, and that people who try to move up the steps too quickly will fail. But with persistence, patience and continuous learning -- underscored by the fundamental belief that incremental change is more long-lasting than home runs -- the state of Ohio intends to successfully reach its goal. ■

Highlights of Improvement Teams

In addition to millions of dollars in savings thus far,⁴ each month, new improvement teams are formed as QStP steadily makes it away through Ohio state government. Following are a few highlights of some QStP team action and results:

Streamlining a process from 28 to five days

The Ohio Department of Transportation purchase-order process had been taking 28 days from start to finish -- a source of constant customer dissatisfaction. A team of people from Purchasing, Accounting, Finance, Data Processing and a District came together to simplify the process. Eventually, they implemented a fully automated process that did away with most paperwork.

Results: The processing time now averages just five days -- an 82 percent reduction! Now, 15 percent of all requisitions are processed in one day. Additional savings are coming in because the new system uses so little paper. Customer satisfaction has been restored.

Adding four years to vehicle life

The effective "life" of a dump truck is about 11 years. After analyzing the factors contributing to dump truck demise, a Department of Transportation team developed a plan for extending the "life" of the fleet at minimal cost.

Results: The team foresees a one-third increase in a dump truck's life span -- from 11 to 15 years. Since there are 129 vehicles in the fleet, at a replacement cost of \$55,000 each, the potential savings are enormous.

⁴ See Appendix D, p. 165 for a further description of overall program features and savings.

Saving 59,000 work hours per year

Two accounting systems had been operating side by side in the Ohio Department of Transportation, leading to duplicate entries and data in keeping track of equipment costs. A team put together a consolidation plan, discontinuing the old system and merging data into the newer system. The team was a true cross-functional effort, bringing together people from Finance, Accounting, Maintenance and a District office.

Results: The improvement is saving 59,000 work hours a year, plus an additional \$5,800 in eliminated printing expense.

Trimming process time from 12 to 5 1/2 weeks

The process to fill requests for bids, for both services and highway materials, had long been a time-consuming undertaking. The Department of Transportation's Bureau of Purchasing set up a team to streamline the process, eventually developing and implementing five improvement strategies, including a revised procedure for batching bids.

Results: The average time for moving from requisition submission to purchase award has been cut in half -- from 12 to 5 1/2 weeks.

Yearly savings of \$11,000

Some 150,000 work hours a year had been spent processing two notorious forms to record vehicle mileage and equipment use. A team took shape, bringing together people from Payroll & Federal Billing, Operations and District Offices. Team members identified better recording methods and ended up discontinuing the old forms.

Results: The work already is paying off, saving the Department of Transportation at least \$11,000 annually. ■

S n a p s h o t : S T A T E O F O H I O

C H A P T E R



F I V E

EVERYONE HAS A ROLE TO PLAY

ENSURING THAT STATE AND LOCAL GOVERNMENTS
CAN MEET THE CHALLENGE

Making cooperative labor-management relations that support service improvement the norm in government instead of the exception will require ongoing leadership and assistance from the extensive network of organizations and institutions to which labor and management belong, or can turn to for guidance or support.

This support network must be ready to provide assistance, training, encouragement and expertise to those labor and management leaders

across the country who demonstrate a willingness to engage in a cooperative approach to relationships focused upon public service improvements

Taking the first step requires courage and leadership from local labor and management leaders. In fact, the Task Force observed numerous examples where local leaders were much more willing to take risks when they had assistance and backing from their peers, their professional associations or other supportive institutions and professionals. In addition, the Task Force saw a direct connection between the success of these pioneering efforts and the level of assistance and encouragement local leaders received at the regional and national level. If service excellence, particularly through labor-management cooperation, is to become a reality in state and local government, these institutions will necessarily play a key role. The Task Force encourages the necessary expansions, new efforts and related investments needed to further develop these support capacities.

Who is in this support network? It's a diverse mix that includes:

- national and international unions, their staffs and their regions or districts;
- organizations of elected officials at all levels -- local, state and national,
- employer associations,
- professional associations of personnel officers, labor negotiators, budget officers and other professions;
- the various quality network organizations;
- "neutral" resource organizations, such as state labor relations boards or the Federal Mediation and Conciliation Service;
- independent neutrals.
- universities and other training institutions; and
- private consulting and training organizations;

Each and every one of these groups can have a valuable role to play in promoting labor-management cooperation to improve public services. They can educate parties and provide them with new skills. They can be catalysts for change. They can expose people to new ideas, processes and strategies that lead to mutual gains. They can serve as "institutional" memories to assure continuity of the best practices. In professions that have a high turnover rate (such as elected or politi-

cally appointed officials), providing institutional memory even while responding to new ideas would serve a particularly important purpose.

The intent of this chapter is to discuss the ways in which these institutions can assert the necessary leadership and support to become powerful locomotives on the track toward labor-management cooperation in the pursuit of service improvement. □

Becoming an Agent of Change

As Gerald W. McEntee, president of the American Federation of State, County and Municipal Employees, observed, "We have a number of quality, collaborative, cooperative or problem-solving experiments taking place around the country. Not nearly enough, and certainly fewer than there will be next year, but the point is we have taken the leap and there is no turning back."

This chapter highlights needed activities as well as some activities currently underway by specific members of this support network. They represent a useful start, but clearly the expansion of these types of activities is essential to the growth of labor-management cooperation in pursuit of service improvements. In the following observations, the Task Force suggests specific ways that members of this network can adopt more active and enhanced roles to expand these activities. It is important to keep in mind that these organizations or institutions have considerable overlap of members as well as types of support. □

Encouraging Progressive Leadership Behavior

Labor-management cooperation requires change in relationships and processes and therefore requires change in leadership knowledge and behavior. Institutions that orient, support and train these leaders have an obligation to help people understand and adjust to their new roles in productive workplace arrangements for service improvement. This includes union and management leaders at all levels.

Thus, the national and international unions and

professional associations where labor and management leaders tend to turn for advice, support, resources, and expertise, must keep up with the changing times. These institutions need to be ready to serve their members on these questions of service improvements and cooperative relations. When these institutions are current and active in the area, then the local players will have better information and expertise available.

Further, if the message from these different national labor and management institutions and information services is reasonably consistent -- i.e., that cooperation and employee participation creates an opportunity for mutual success -- they will serve to reinforce each other. Consequently, it then would be more likely that local parties would be able to engage in service improvements through cooperation rather than perpetuate conflict over questions that traditionally have separated them.

The Task Force observed that a foundation of such support is beginning to be laid through a variety of initiatives.

Management Organizations

Relatively few officials come to public office with the background needed to successfully initiate service-oriented cooperative relationships, or related service issues. However, there are peer organizations or a set of associations to which they can turn for orientation or advice in making the transition from political candidates to stewards of a broad range of public services and issues. These groups provide orientation, training and technical assistance and learning from peers. They provide forums in which to share policy goals and receive feedback.

These organizations are in an excellent position to use their materials, their training, their staff and other resources, to share lessons like those the Task Force has learned regarding the accomplishments of cooperative labor-management relations in achieving service excellence. This will allow newly elected leaders, who demonstrate an intention to apply these innovative approaches, to do so for the benefit of their communities.

Information on cooperative, service-oriented re-

lationships would be particularly valuable in instances where officials came into office following campaigns premised on negative views of public employees. Perhaps the avoidance of campaigns "against" public employees, and instead, campaigns based on possibilities for reform would speed the advent of cooperative service initiatives.

The Task Force saw first-hand the importance of the services and support rendered by these peer organizations in changing officials' perspectives, in opening them to new possibilities, in giving them information and ideas, even in assisting them in considering the internal politics of their own organizations or communities so that they would assume the risks, take the steps, and have the confidence to begin or persevere in a cooperative, service-oriented relationship.

For example, **the Council of State Governments**, which has followed closely the Task Force's activities, serves as the institutional memory of a wide variety of professions. Their outreach includes elected legislators, personnel and human resource directors, and finance officers, through the means of conferences, technical assistance and publications. **The National Conference of State Legislatures** is a primary resource group for state legislators, tracking policy developments throughout the country and sharing information with its thousands of members and their staffs around the country. **The National League of Cities** also offers a widespread training and publications program affecting the knowledge base of mayors and other municipal officials.

In addition to its work on national policy issues affecting the cities, the **U.S. Conference of Mayors** has long had an informational service related to labor-management relations. Its staff has closely followed Task Force activities. Additionally, the Conference recently inaugurated a "best practices" session at its annual conference to share service improvement accomplishments and strategies. The role of front-line workers and the manner in which their involvement is developed could be an important dimension of such a useful session. With two cities (Indianapolis and Louisville) recently winning Harvard/Ford Foundation Innovation awards for workplace service improvements through cooperation, the Conference has much to contribute.

Similarly, **the National Governors' Association**, which brings together the nation's governors to debate and influence policy, helps new governors and their key staff to hit the ground running through a mentors program and many other activities affecting management and administration. This association also works with sitting governors and their staffs and has several members on the forefront of labor-management cooperation at the state level. Much could be identified and shared to highlight how workplace partnerships are supporting service improvement -- and how this is happening without regard to political party, but rather for the sake of effective government.

The International City/County Managers Association has many members with comprehensive municipal service responsibilities, some of whom enjoy workplace partnerships that produce greatly improved service results. This association has examples to share in addition to its well-known program of publications, professional training requirements and other services to help professional city managers become leaders in innovative workplace practices leading to service excellence.

The National Association of Counties (NACo) provides new officials with a full-day orientation session, including training and education on labor-management cooperation and other issues. Randy Franke, immediate past-president of NACo and a 17-year Marion County, Oregon, commissioner, said the session is available upon entering office, usually in March--"the earlier the better." Franke pointed to the pressing need to aggressively market cooperation among elected officials and then to follow up with the education and training to build the needed skills. NACo, he said, can use several approaches to spread the word about labor-management cooperation, including achievement award programs, a data base of projects and key contact people as well as by holding conferences and issuing publications.

Important to the area of education are the efforts being made by the **National Association of School Boards, the American Association of School Administrators, and the National Parent-Teacher Association**, an independent, community-oriented organization for the betterment of schools. The two management

organizations educate, encourage and provide technical assistance to elected boards and appointed administrators engaging in labor-management cooperation as a strategy for improving public schools. The PTA can help play a leveling role on the parties when old, confrontational habits threaten to disrupt cooperative approaches at the local level.

Representing university administrators, Thomas Hustoles, a partner in the Michigan based law firm of Miller, Canfield, Paddock and Stone, cited experience from many examples where "mutual gains" or collaborative bargaining were superior to traditional bargaining, and where sharing rather than withholding budget and related information among the parties went a longer way toward solving problems. His firm has had experience with these more productive kinds of bargaining relationships, helping resolve financial and other problems universities face and making effective use of faculty input. He also described the use of arbitration and other conflict resolution practices as useful alternatives to litigation, solving the problem more quickly and with less negative impact on trust in the relationship. Experiences like these by innovative professionals, perhaps, could be shared effectively with peers in other states under the auspices of the appropriate professional organizations.

Labor Organizations

Everywhere the Task Force went, it heard the same thing: Employees yearn for a voice in decision-making at the workplace. They crave the ability to help create a more efficient public service and to be respected for who they are and what they accomplish. Front-line workers have something to contribute to how the job can be done better and more cost-effectively. Unions have a strong motivation to help their members have a voice and a clear role to play. And, as the Task Force has seen, all the major labor organizations in the public sector are beginning to develop the resources and expertise they need to better serve their members in the cooperative arena.

Additionally, many union leaders told the Task Force how important it is to be able to hear how other local leaders are able to enter workplace partnerships,

particularly those that follow such unpromising situations as negative political campaigns or difficult rounds of bargaining. The details of how these relationships occurred, including how the external and internal politics are managed, allows more local union leaders to confidently enter a set of discussions and negotiations over possible partnerships.

The Task Force found that it was union leaders more often than managers who brought proven principles from union training or reports of other leaders into their discussions with management prior to establishing a cooperative relationship. This phenomenon is reflective of the very useful efforts begun in many of the national and international unions to ensure that members and leaders are part of the effort to improve the quality of services.

The American Federation of Teachers and the National Education Association have a number of substantial institutional initiatives and field activities to help members as well as state and local leaders acquire improved professional skills and knowledge. These activities are focused upon improving our nation's educational system as well as efforts to develop cooperative relationships.

The AFT provided the Task Force with numerous examples of creative local bargaining, participation and cooperation including Cincinnati, Ohio, where a comprehensive labor-management partnership affects a broad range of educational improvement issues, and Albuquerque, New Mexico where a similar initiative is in progress. (For more detail, see "Snapshot: Cincinnati.") Two national initiatives provide examples of promoting service-oriented professional behavior that can contribute to a shared vision of workplace purpose. AFT funded an award-winning Educational Research and Dissemination program in response to members' desires for easier access to state-of-the-art classroom management and professional practice techniques. This program has been so popular that it has now a "train-the-trainers" component, so that more members can get more information faster. The AFT also sponsors a national professional issues forum called "The Quest Conference" that brings together national education leaders from all sectors of the education community to share experiences, research and models for improving edu-

cation. Such conferences provide assistance to both labor and management on how to apply research at the local level to raise standards.

This program reflects the AFT's position on the importance of improving schools' academic standards and standards of conduct and behavior. Also, based on this theme, the AFT has launched a nationwide campaign called "Responsibility, Respect, Results: Lessons for Life." This campaign involved not only AFT members, and school officials, but others in the local community, including business, civic and neighborhood groups in an effort to focus on changes leading to excellence in education.

In addition to professional development, the NEA also has specific programs to help parties in adversarial relationships gain a better understanding of how to work together. Marilyn Monahan, testifying as National Education Association secretary-treasurer, pointed to Illinois as an example, where job satisfaction as well as dollars is recognized as important and is achieved through increased teacher involvement in professional decisions. In Bellevue, Washington, she described a relationship based on an acknowledgment of mutual dependence, respect and shared interest that has led to trust and cooperation. Other local NEA initiatives supported by the national association include forward-looking attempts to redefine bargaining relationships, and others to directly work with management on educational needs. These service-focused initiatives have reduced workplace conflict and improved and speeded bargaining outcomes.

The **American Association of University Professors**, in an appearance before the Task Force by its president and by its general secretary, described a number of efforts of value to cooperative labor-management problem solving, with particular reference to the public sector. They referenced a number of helpful local initiatives to resolve service and quality issues in colleges and universities, and described a number of national level activities, including publications, to support this type of cooperative problem solving activity. Given the pressures on higher education, such efforts are to be commended and encouraged for expansion.

The American Federation of State, County and Municipal Employees conducts extensive staff train-

ing and sponsors national and regional conferences in order to re-orient union staff toward a more cooperative approach to labor-management relations. AFSCME also funds field trips for union staff to see innovative joint programs first hand and to view the positive attitude displayed by AFSCME members who have demonstrated their willingness to embark on cooperative ventures. Steve Fantauzzo, executive director of Indiana AFSCME Council 62, in a typical comment, noted how much he learned about the benefits of cooperation and how to engage members, through exposure to the subject during national union conferences.

The Service Employees International Union has expert staff who report directly to the president with responsibility for research and technical assistance on workplace cooperation. This technical assistance often proves critical to the ability of locals to compete with the private sector and begin labor-management cooperative ventures. At MassHighway, for example, international SEIU staff assisted local members with knowledge and funding during the preparation of an effective bid. In Los Angeles, sanitation department workers received considerable information and consultation from the international regarding effective techniques for cooperation. A recent survey of 86 SEIU local unions revealed 61 separate programs in labor-management cooperation and strong worker enthusiasm for these efforts.

Alfred Whitehead, testifying as president of the **International Association of Fire Fighters**, described how the union has resources devoted to service improvements. He said that the most significant factor contributing to service improvements is a cooperative partnership between labor and management. Some of the areas in which the IAFF has assisted local governments are: development of national performance standards for the profession, the design of functional systems and the conduct of training. For example, the union provided hazardous materials training to Contra Costa, California, at no cost to the county. He described an excellent cooperative relationship with the City of Phoenix, resulting in low turnover, superior working conditions and the recognition of the department for excellence. In Portland, Oregon, the union partnered in designing the Emergency Medical Services system.

For the past decade, **The Public Employee Department (PED) of the AFL-CIO** has directed an active program of promoting labor-management cooperation as a strategy for problem-solving and service improvements. Through numerous publications and conferences, the Public Employee Department has offered assistance in such areas as grievance mediation and other forms of alternative dispute resolution. Among the Department's recently produced resources is a widely distributed booklet, *"Excellence in Public Service,"* with three dozen examples of productive labor-management cooperation leading to service improvement. The commitment of the public employee unions comprising the PED to labor-management cooperation is reflected in their 1995 unanimous resolution to advocate workplace cooperation.

The AFL-CIO's George Meany Center for Labor Studies, the Federation's education center, began its work on labor-management cooperation after the AFL-CIO's Committee on the Evolution of Work issued its February 1994 report on labor-management partnerships. The center, together with four international unions (United Auto Workers, United Steel Workers, Communication Workers of America and Amalgamated Clothing and Textile Workers) and the Department of Labor's Office of the American Workplace, created the Labor Leadership Institute for Workplace Change, which completed its first-year, private-sector program in October 1995. This program will be offered to other AFL-CIO affiliates beginning in 1996. The center is developing a Labor Leadership Institute for Workplace Change that gives particular attention to public sector partnerships.

The center also is developing a pilot, public sector curriculum in cooperation with the AFSCME Education Department and AFSCME Local 11, the Ohio Civil Service Employees Association. The center's training is targeted at full-time experienced staff and the skills emphasized are primarily the development and implementation of organizational change strategies. This training supports the labor-management quality initiative described in "Snapshot: State of Ohio."

"I am persuaded that today's workers are hungry for a new way of dealing with their employers," Thomas R. Donahue, president of the AFL-CIO at the time

of his testimony, told the Task Force. “I am likewise persuaded that the labor movement has not kept up with the changing work force and has not sufficiently adapted to the new workplace. And I believe that it is the responsibility of the AFL-CIO to help this generation -- and to develop a new generation -- of labor leaders who are prepared to function in a very different environment requiring expertise and skills quite different from those required in the past.”

Develop New Management and Planning Practices and Policies

Many of today’s practices and processes for managing and planning public services are insufficient to respond to today’s climate of efficiency demands, fiscal pressures, impact of changing technology on the work force, or to respond to the value of employee involvement. The institutions that develop and promote effective management and administrative processes need to adapt to this changed world and come up with processes for planning and management that are effective in this climate.

The Task Force heard repeatedly how, with present budgeting practices, it is impossible for most jurisdictions to say how much it costs to perform a specific service, such as trash collection or street repair. Many cost accounting practices make it hard to measure and therefore compare and improve services.

One response is being developed by the **Finance Officers Association**. It has organized a national task force headed by Paul Soglin, the mayor of Madison, Wisconsin. This group is charged with finding new methods of budgeting and cost accounting that, among other things, will allow workers, managers and elected officials to identify cost and service improvements, and allow labor and management to better cooperate in productivity efforts. Many existing budget systems implicitly discourage otherwise avoidable cost savings partly because of the difficulty in trying to measure costs. Some of the problems stem from systems which are not timely in their reports; others because of incentives for year-end spending, and because of other shortcomings.

Personnel departments have too often been focused upon the legal and regulatory dimensions of the workplace relationship, often to the detriment of problem-solving and service. While everyone agrees that civil service protections are important, many of the current systems preclude flexibility in response to service needs. These systems require serious re-examination. Service has not been part of the mandate of many systems. Instead, the mandate is regulatory control, which generally leads to less-useful service improvement decisions. Where the system is administered within the context of a service-oriented, cooperative workplace relationship (e.g., a facilitative versus regulatory approach), the result and the capacity for reform is greater.

The Task Force found that jurisdictions which have been successful in promoting service improvement, retraining of people, providing job security and responding to constant change also implemented major changes in the role of the human resource and labor relations professionals. These same jurisdictions often reported major changes in jobs classifications and in hiring and disciplinary practices.

Progressive leadership by many of these professions has produced effective efforts in a variety of jurisdictions. The Task Force heard about many partnerships and reform activities underway in various states.

Much needs to be done to refocus and update personnel practices to reflect the service, team and partnerships required to deal with the kind of workplace changes expected in the future. **The International Personnel Management Association** and **the National Association of State Personnel Executives** have shown a keen interest in Task Force work and are in a key position to affect the progressive future of their fields.

Unique among the management-oriented organizations, the **International Association of Fire Chiefs** testified about, among other things, a set of joint conferences. One such conference was held in Massachusetts in cooperation with the International Association of Fire Fighters. Attendees had to come in pairs -- chiefs and local union leaders -- to learn skills for problem-solving, service improvement and better workplace re-

relationships. This joint conference may be an interesting model with which other professionals can experiment.

When organizations that oversee these administrative and management practices demonstrate their innovative capacities and focus increasing attention on service needs, then they can best help develop practices that actually support these better services. Through their national conferences, literature and training programs, they can spread the word on what can be done to improve management skills in this connection.

FMCS: A Catalyst for Change

The Task Force wishes to recognize the valuable and influential role played by the Federal Mediation and Conciliation Service in the promotion of labor-management cooperation to improve public service. No single institution has proven more capable of exerting such a wide-ranging, positive influence than the FMCS, particularly through its cooperative grants program. In the examples studied by the Task Force, the FMCS frequently played an important financial or technical assistance role.

The agency provides five types of services in collective bargaining settings, all of which are focused upon the ultimate goal of improving labor-management relationships, job security and organizational effectiveness, said FMCS Director John Calhoun Wells in testimony to the Task Force:

- Mediation of collective bargaining contract negotiations (state and local governments account for 16 percent of the FMCS caseload);
- Preventive mediation and training to labor and management in skills and processes to help transform adversarial environments into more collaborative ones (in 1994, at least 14 percent of the 2,200 preventive mediation cases were in the non-federal public sector);
- Arbitration to resolve collective bargaining disputes (in 1994, about 6.5 percent of all panels of arbitrators sent to requesting parties were for public sector disputes);
- Alternative dispute resolution, in which mediators assist agencies in institutionalizing mediation and

other forms of conflict resolution as an alternative to costly litigation, and

- Labor-management cooperative grants programs designed to improve relationships and workplace processes. Since 1991, nearly a third of the \$10.9 million in grants has gone to public sector applicants.

Wells noted that these grants have launched many innovative projects. In the city of Miami, for example, labor-management committees were developed in 16 departments represented by four unions to address issues of mutual interest such as health care cost containment and community concerns facing the police department. In the city of Burlington, Vermont, city-wide labor-management committees developed an entire city budget. The Chicago Regional Transportation Authority developed joint approaches to dealing with accessibility to commuter rail service for persons with disabilities. The Pennsylvania Health Care Cost Containment Council promoted joint efforts to control health care costs.

Union leaders and employees in Seattle, Washington, representing thirty-three different unions, recently joined with the city's administration to provide employees in various departments with the opportunity to make decisions affecting their workplaces, aimed at increasing the city's productivity, efficiency, quality control and customer service. FMCS mediators provided skills training in joint problem-solving techniques, information sharing, communications and consensus decision-making to ten employee committees and twenty committee facilitators.

The FMCS has a proven track record in effectiveness and clearly is deserving of support in order to continue these kinds of activities. These innovative projects have multiplier effects that extend the benefits far beyond the original projects.

Labor Relations Professionals Moving Beyond Tradition

Similar to human resource professionals, labor relations professionals can be in a pivotal position to promote labor-management cooperation. These professionals conduct negotiations at city, county and state levels and normally serve as chief advisors to mayors,

governors, chief executives and others in positions of leadership. Labor relations professionals often possess well-developed skills in problem-solving. However, these professionals are being called upon to adapt to the demands of a service-oriented, partnership-style workplace -- a situation different from the adversarial relationship that often has prevailed and for which they normally have been prepared.

The National Public Employer Labor Relations Association has a growing following and program agenda that can be of enormous influence. Its executive director, Roger Dahl, testified before the Task Force about many of the issues facing the field, and the organization has shown a keen interest in the Task Force's findings. A similar, but smaller organization, the **National Association of State Employee Relations Directors**, is in a key position to provide helpful advice to governors where opportunities exist to engage in cooperative labor-management relationships.

Similarly, state labor relations boards exist in states with collective bargaining laws to resolve conflicts and, as necessary, adjudicate conflicts in labor-management relationships. Among their other responsibilities, these boards provide mediation services, and thus have become a neutral source of problem-solving assistance that both labor and management turn to and trust. The ability of these professionals to assist labor and management to initiate cooperative processes is contingent upon their mandate and the extent to which they know about practices and successful innovations.

When the **Association of Labor Relations Agencies**¹ (ALRA) conducted a detailed survey of its members' activities 10 years ago, labor-management cooperative processes were not even mentioned. Similarly, in a text ALRA publishes on public sector labor relations, the first two editions contained only a brief reference to cooperative processes.

"But now that is changing," testified Shlomo Sperka, director of Michigan Bureau of Employment Relations/Employment Relations Commission and immediate past-president of ALRA. He said state agencies hold an influential position because they are neu-

tral, credible and committed to protecting the rights of all parties. They are dedicated to assist the collective bargaining process, have expertise in dispute resolution and are familiar with the parties and their issues. They are used to working side by side with the FMCS, both in "dual" mediation situations and working as a resource to the labor-management cooperative grants program.

"State labor agencies must now assert leadership in helping their clients, the public sector employers, labor organizations and employees, cooperate in achieving excellence in public services," Sperka said. "Organizations such as ALRA can coordinate and reach a large number of agencies. Staff members can be introduced to new ideas at conferences and through various training activities. State and federal cooperation, as demonstrated in Michigan, can quickly increase skills levels and introduce new ideas... Use of cooperative processes will grow either because parties ask the state agency for help or the agency suggests new approaches to parties. Therefore, we need to stimulate both. As parties become more aware, they will ask agencies to assist them. As the agencies become more aware, they will propose new ideas."

In some states, notably Oregon (see below) but in others as well, some of these state agencies have developed expertise in training for cooperative collective bargaining relationships. These training efforts and related facilitation efforts in early stages of cooperative relationships have been cited with great enthusiasm by numerous Task Force witnesses.

The Oregon Employment Relations Board's State Conciliation Service, which provides conflict resolution and other services for collective bargaining relationships in public agencies, has developed an innovative program which the Task Force found also employed by the FMCS and, to some extent, by a handful of states. Known as collaborative bargaining using interest-based negotiations, it aims to change the parties' historical way of relating, covering grievance procedures as well as collective bargaining negotiations. Oregon labor and management officials from more than 69 jurisdictions and state agencies have been trained in the various techniques including interest-based negotiations, consensus decision-making and problem-solving. Participants

¹ ALRA is made up of U.S. and Canadian state, provincial and federal agencies. Of its approximately 55 member agencies, more than 40 are U.S. agencies.

testified that while the training can be time-consuming (2-3 days), the results are very gratifying and provide the ability to frame new, cooperative relationships. Further, between 1990 and 1994, when interest-based negotiations were first introduced as pilots and then expanded, there was only one strike of public employees. This is in marked contrast to the 31 strikes that occurred between 1974 and 1990. This program is a model and holds great promise for other state mediation agencies.

The Task Force believes that neutral agencies must do more of this preventive kind of work in order to foster development of the cooperative kinds of relationships that will be necessary in the future. This type of neutral agency work is a worthy investment of public resources.

Labor relations agencies also could play a salutary role in sharing information about those states which engage in cooperative labor-management training with others. By shining the light on these progressive models, the Task Force and ALRA can help state labor relations boards assist their clients in breaking with the past.

Another important player is **The State and Local Government Labor-Management Committee**, which brings together major national-level public employer and union organizations. Ever since its initial meeting in December 1985, the committee has dedicated itself to the promotion of excellence in government through labor-management cooperation. At the committee's urging, the Council of State Governments included in its 1994 volume of Suggested State Legislation the committee's draft legislation to provide for state-sponsored public sector labor-management cooperation.

The committee has produced "Working Together," a video that depicts examples of labor-management cooperation in cities, counties, states and public school districts across the country. The program has appeared on 153 public television stations.

In 1992, the committee hosted a symposium that brought together 16 top-level political and labor leaders, heads of management organizations and various "think-tank" institutions to explore ways for labor and management to work together more effectively. One of the more important outcomes of an event such as this is the unusual opportunity it provides participants to

share views and visions with others who wouldn't normally have the opportunity for candid exchange.

In 1994, the committee brought together public sector labor and management leaders in Ohio and separately in Wisconsin for in-depth discussions of cooperative activities. Using its membership from the major management and labor organizations (many of them discussed in this chapter), the committee is in a unique position to disseminate credible information, assistance and encouragement and to sponsor training, pilot projects and forums for discussion and problem-solving. A recent, additional grant from the Ford Foundation to the committee holds great promise for several new initiatives that can be undertaken to build on the work of this Task Force. Expected are a series of training programs and workshops for both labor and management in the practical aspects of beginning and sustaining a cooperative relationship as well as other kinds of technical assistance for local parties.

The Task Force encourages all of the member labor and management organizations to take an active part in assisting and responding to the work of this useful committee. (For listing of the institutional members, see Appendix F)

Re-energizing Academic Interest in Public Sector Labor Relations

From the late 1960s through the 1970s, there was a surge of scholarly interest in public sector labor relations, coinciding with many states enacting collective bargaining laws for their public employees, according to testimony by both David Lipsky, dean of Cornell University's School of Industrial and Labor Relations and Margaret Hallock of the Oregon Labor Education and Research Center and the University and College Labor Education Association (UCLEA).

This legislative activity was accompanied by considerable research as well as opportunities for training and service as "neutral" parties in public sector negotiations. As the laws matured, conflict declined and the challenges in the field diminished or held less interest for academics. The pendulum swung toward more interest in private sector bargaining, which in the late 1970s was beginning to face the challenges of deregu-

lation, international competition and globalization. Then, the number of courses and students studying private sector relations, particularly in the field of international labor-management relations, increased relative to those involved in the public sector.

Consequently, since the early 1980s, the number of public sector courses being taught has dwindled. There has been a virtual stoppage of books and articles on this sector's labor relations, reflecting an almost total lack of academic research -- despite the fact that demands and pressures on the public workplace have been increasing.

There is a critical need for both intensified research and revamped training/educational programs. Just like the private sector, those leading and those employed in the public workplace need to learn how to respond to the rapidly changing conditions and pressures they face. Only a handful of schools of labor relations, by their own admission, have begun to recognize the need to train union and management leaders as well as workers on how best to participate in effective workplace partnerships.

Universities, community colleges and similar training institutions should be natural places to which local officials and leaders can turn for help and guidance when they seek worker-retraining programs, relationship training, critical research and other assistance.

Margaret Hallock, chair of the international committee and former executive board member of UCLEA, noted in her testimony that a key aspect of achieving labor-management cooperation is learning how to restructure jobs for both service and job quality. Hallock pointed out that universities and other training institutions are recognizing that two distinct types of learning are needed for the successful introduction of workplace change: training in the constellation of technical skills implicit in how the work gets organized, and training in skills for participation. In this latter area, which she says is too often overlooked and needs better attention, she listed training for workers in communications, decision-making, planning, leadership, participation and problem-solving.

Hallock explained that UCLEA primarily consists of public learning institutions throughout the U.S. and Canada that offer both credit and non-credit courses

focusing upon managing change in today's workplace, such as introduction of new work systems, technology and the development of labor-management partnerships.

The Industrial Relations Research Association is another source of research. The IRRA frequently gathers together labor, management and neutral professionals, as well as academics for serious discussions of labor-management relations issues, including cooperative partnerships. For instance, a recent conference sponsored by an IRRA chapter and the Governor's office in Oregon brought together local, regional and national speakers on trends, examples and workshops covering specific issues in achieving cooperative, service-oriented relationships in the public and private sectors. This type of conference, which brings all sides together, shows much promise for spreading thoughtful and practical information by practitioners and observers about participation and cooperative approaches.

Based upon its year of fact-finding, the Task Force knows there is a rich research agenda and a need for training services, including identification and confirmation of the best labor-management cooperative practices as well as the public policies and legal structures to support these practices. Case studies should be produced for others to analyze and learn from and to serve as objective sources of non-advocacy information. Schools need to identify resources to allow them to be sources of research, training and technical assistance to their local communities. Hopefully, foundations interested in the future of our communities can devote some resources to the necessary research and services.

Educational institutions, in their research function, should accept a leadership role in providing objective and thorough examination of issues affecting service-oriented and cooperative workplace practices. Often, the study of such issues is conducted by advocacy organizations. While these organizations normally have good intentions, they also have their own particular agendas and perspectives. In addition, advocacy groups often do their work during the early development stages of new practices, rather than later, when more results are available. Research from such organizations often spawns new ideas and useful debate, but there remains a need for later objective study and

research, which can be usefully performed by appropriately selected universities and research institutes.

Role of Quality Networks

The Task Force saw evidence of an emerging trend among public employers and employees to form organizations similar to those in the private sector that are dedicated to supporting local quality efforts and provide valuable training forums and information exchange. **Oregon Quality Initiative, the Washington State Service Quality Network, the Madison Area Quality Improvement Network, the South Carolina State Quality Network Association and the American Society of Quality Control** are all illustrative of networks that often include community, university and private sector leaders, as well as those from the public sector. They share a common philosophy that successful models are the best teachers and quality begins with trust. These quality networks will become increasingly valuable as word spreads that they are a source of information about what other places are doing. The American Society for Quality Control, for example, recently began a public section similar to its private sector activities that is becoming a useful national clearinghouse for the exchange of ideas.

Role of Nonprofit and For-Profit Organizations

Consulting firms, be they nonprofit or for-profit, can have a constructive role to play in assisting the evolution from traditional or adversarial relations to more productive labor-management partnerships.

For example, KPMG Peat Marwick, a national accounting and consulting firm, used to run advertisements that basically promised to show jurisdictions how to contract out services and fire employees. Today, KPMG Peat Marwick advertises that it gets down into the trenches with front-line employees to learn how work is actually performed and seek improvements. This knowledge helps to develop better cost accounting measures so jurisdictions can, in fact, make the measurements needed to know how much it costs to do certain jobs. This capability allows cities like Indianapolis (where KPMG's efforts to directly involve

employees and their unions first began), not only to analyze but to measure, report and compare service improvement initiatives. Such a data-driven approach as part of a cooperative relationship is obviously much more constructive and helpful in finding service improvements than pitting two sides against each other in a conflictual relationship.

Also, many independent neutrals and consultants have assisted parties in a wide range of jurisdictions to learn the skills or create a process for service improvement in a labor-management partnership.

News Media

Although not generally considered a part of the network of organizations and institutions to which labor and management turn for advice, the news media wields enormous influence in the dissemination of information, and thus the forming of public opinion. The Task Force believes that jurisdictions engaging in successful cooperative relationships that are producing measurable, positive benefits for the public should take the initiative to tell this story through the news media. In so doing, local jurisdictions should keep in mind that few news outlets, (the exception being those in large, metropolitan areas) have reporters who cover the subjects of labor relations or workplace efficiencies on a regular basis. Thus, just as labor and management must educate themselves regarding cooperative relationships, they must be willing to take the time to "educate" reporters as to the importance of this new approach to the delivery of services in the public workplace.

Similarly, the Task Force encourages those media having reporters regularly assigned to labor relations or service quality issues to realize their responsibility to go beyond the negatives, the strikes, the discord, and to seek out and report upon the positive benefits being accrued from the cooperative partnership approach. Labor-management cooperation that produces improved public services is "news." □

Leading by Example

National professional and peer organizations can have a positive impact upon the quality of government

service. In some cases, this will require an expansion of their mission; for some, the addition of new services; for others, a change in philosophy or interest toward service or workplace issues.

Some organizations' conference agendas are beginning to include more on labor-management cooperation, others focus more upon service delivery. These areas can be merged to provide more "how to's." Rather than training that focuses on "how to win" at bargaining or arbitration -- no matter which party offers it -- the American public would be better served if the emphasis is on joint problem-solving and service improvement. Conference and training sessions that focus on legal and technical dimensions of the workplace relationship would be more useful if they focused instead on the integration of service and workplace issues, or at least give these topics their proper place. While recognizing and respecting differences, leaders in all of these organizations can seek to lower the rhetoric at the national and local level. They have the responsibility to demonstrate to their members the possible benefits from working with the other side on issues of common concern and responsibility -- namely, the provision of excellent public services in a cost-effective manner. ■

Snapshot: CHARLOTTE, NORTH CAROLINA

Saddled with a pay system for some 2,000 police officers and fire fighters that had become so complex no one really understood it, the city of Charlotte decided to go directly to those affected to find a better way.

Using an employee involvement approach, the city assembled in 1993 two teams of employees (police and fire) representing different ranks and assignments, including civilians. The task forces tackled the task of developing a new performance management process in addition to the compensation system question. This effort took place against a backdrop of larger organizational change being instituted citywide in response to increased service demands and rising costs, coupled with a continuation of flat revenues and a City Council mandate to hold the line on taxes.

While a trend toward employee involvement in developing programs, processes and philosophies has been the norm in Charlotte since the 1980s, the police and fire departments had yet to successfully integrate a change in focus from procedures and regulations to customer service. These compensation task forces also served to open up communication and problem-solving on service improvement workplace issues.

Thus, this bottom-up approach to change in the police and fire departments required a willingness by top department management to let go of the process and give the teams free rein. Fire Chief Luther Fincher acknowledged he had to give away some power. But he told the Task Force that the employee committee process did a better job on the tasks than the management staff would have done. Management showed faith in the abilities of both committees as they were empowered to speak directly to the City Council. As Captain Tim Rogers, a leader of the firefighters' committee said, "The Chief never said, 'No.'"

The role of the Human Resources Department personnel also changed. The

department no longer tried to dictate the results of the process. Instead, its role was to support and facilitate the process, which was controlled by the employees. In the case of the firefighters, Human Resources staff rode along on the trucks in order to better understand firefighters' service issues and to develop mutual trust and understanding.

Human Resource officials, Bill Wylder and Karen McCotter told the Secretary's Task Force this transition was not easy make. However, with department staff reduced from 32 to 18 as part of the larger organizational change, the change in role from "doing everything" to facilitating and consulting also had its attractions.

The Police Department task force used the redesign process to:

- Evaluate the problems associated with the old compensation plan;
- Identify the desired elements of a new public safety pay plan;
- Determine the market value of the various police ranks by collecting and reviewing salary data from other cities of comparable size; and
- Develop recommended pay plan changes that would address these concerns while ensuring that salaries stayed competitive with the market.

The plan that emerged for both the Police and Fire Departments involved simplification of steps, elimination of across-the-board increases and closer ties to performance. Each department had a compensation budget for implementation for the fiscal year. The only constraint was to remain within the salary budget. Thus, adjustments to salaries based on market values had to be made within the parameters of the budget. The people in the departments made the required choices in salary rates and schedule of adjustments, completing the shift from centralized to decentralized compensation management.

The police task force also used the process to shift the focus of its performance management system from a procedures orientation to an outcome orientation, with particular emphasis on customer service. This mirrors the ongoing change from traditional policing to community policing. (When the Task Force visited Charlotte in April 1995, the Fire Department task force was in the process of developing its performance management process with HR once again serving as consultant.)

The new police performance evaluation systems attempts to build objectivity, uniformity and fairness by instituting a uniform check-list and otherwise attempting to eliminate the inconsistency in ratings that can come from varying personalities of supervisors (for example, those who like to write lengthy appraisals versus those who don't). Excessive paperwork, such as the six-month rating, was eliminated and individuals became responsible for helping to flesh out their own appraisals by reminding superiors of what they've done.

Police officers say they now are evaluated on actions which are more relevant to their jobs. For example, they no longer just count arrests. Now, they attempt to measure outcomes, the individual's knowledge of the district, communications, and whether the response provided is appropriate to the nature of the call (particularly in terms of time expended). All use of sick days used to be counted in the performance evaluation; now it only figures in if there is a problem.

As a result, the evaluation system is more flexible to accommodate the changing nature of the work. According to workers and management, several factors contributed to the success of the task forces' efforts:

- Employees were involved in the identification of the organizations surveyed for market data, increasing confidence in the data collected.
- Top managers were willing to delegate the power and authority, while remaining

involved in a supportive capacity.

- The implementation decisions which balanced preferred pay plan design characteristics with available funds were made by employees instead of Human Resource and Budget Office staff, increasing acceptance and practicality of the new plan.

- Team members regularly shared information and consulted constantly with the rank-and-file, visiting all facilities and shifts, testing ideas and taking input.

- Employees developed the criteria for the performance appraisal, which increased confidence in the applicability of measures.

- Task Force members from the Police and Fire Departments worked separately to develop systems to address their specific concerns. However, the two periodically discussed their progress and shared the basis for concerns and proposed resolutions. This sharing improved the products of both departments, increased the understanding of the differences and similarities between the police and fire functions and resulted in an acceptable level of plan consistency between the two departments.

- Members of the police task force conducted the majority of the training needed in their new system (initially, 75 sessions over a six-week period), increasing the credibility and acceptance of the new processes. This had the added benefit of drawing out or enhancing skills of task force members, most of whom had never done any training before.

- The activity of Human Resources personnel as facilitators was an important factor and represented a useful change in role.

- Some committee members were members or officers of local employee associations and made effective use of their leadership skills, relationships and credibility to gain input and acceptance.

- Members had a "can do" attitude and were willing to give their time to the project.

- Members put aside rank and self-interests to seek the best plan within the money available. ■

C H A P T E R



S I X

F O O D F O R T H O U G H T

I S S U E S F O R F U R T H E R A T T E N T I O N A N D O B S E R V A T I O N

During more than a year of careful research and examination, the Task Force observed numerous examples of service excellence within the public sector achieved primarily through the efforts of labor and management working together. At times, the results contradicted generally accepted beliefs.

Close analysis of the ingredients contributing to successes indicated the emergence of many new and innovative approaches to public sector services that appear worthy of

emulation. The Task Force also observed, however, that there are some issues -- such as the impact of new pay systems, the connection of a quality process to a bargaining process, how to sustain new work systems in the face of leadership turnover -- where the data is less clear or the results not yet sufficiently accessible or compelling.

By necessity, the history, traditions and needs of each community require different approaches and makes different degrees of cooperation possible. Thus, labor-management cooperation for service improvement is an emerging and evolving trend -- one that warrants further attention on a variety of issues and one where closer examination of specific settings could produce a greater understanding that could be applied elsewhere.

The intent of this chapter is to highlight some of these issues or trends that need to be tracked in order to draw accurate and useful observations that can provide guidance to others venturing into these areas.

The Task Force invites unions, management organizations, universities and others to research and study these issues, to share their experiences and knowledge, and to discuss and debate these issues in forums, conferences and other appropriate settings. Following are a selection of issues:

1. How to spread cooperation and participation in service improvement on one issue to other areas

Once a jurisdiction or agency has a successful effort underway in one corner, how does the effort spread beyond the initial project? This question was posed by a number of jurisdictions looking for ways to broaden and sustain the cooperative approach beyond an initial project.

The state of Ohio, for example, has adopted a thorough and comprehensive approach that calls for, and has shown success in, integrating labor-management cooperation and quality efforts throughout all aspects of state government over a multi-year time span.

The Task Force believes that this question deserves more in-depth study, particularly because it seems to bedevil many public jurisdictions. Case studies need to be watched for longer periods than the Task

Force life span for careful, continued observation, work and analysis. Possibly, a menu of useful tools can be developed that will greatly assist jurisdictions in spreading initial successes.

Similarly, there is the need to discover how best to sustain the cooperative, service-oriented relationship in the face of leadership turnover.

2. How to gain and gauge leadership commitment

It would be useful to study the process of gaining and utilizing top leadership commitment, as well as the various means by which a top union or management official becomes and remains engaged in the partnership concept. Questions to be further researched include: How and on what basis was the idea made interesting to the top leadership? How was their commitment carried through?

Some inventorying and analysis of these dynamics would seem valuable in identifying ways to bring the cooperative, participative approach into more workplaces. It also would seem useful to know more about the ways such commitment could be manifested. Greater knowledge of the variations on leadership roles might permit more leaders to find a comfortable means to become involved.

Related to leadership involvement, given the popular mythology that negativism wins campaigns in unions or communities, some analysis might be instructive of labor or management election and campaign results when there is a cooperative service-focused relationship.

3. How to reconcile different levels of interest among elected and administrative officials

Splits in interest levels between elected or administrative officials in forging cooperative relations can make it very difficult to pull together the necessary commitment. The Task Force observed examples of this: sometimes the mayor was interested, but the council wasn't. Sometimes, the shop steward of the union local was interested, but the president wasn't -- or vice versa. Or maybe the elected official (be it mayor, governor, etc.) was interested, but his or her top administrators -- the budget director, the personnel director and

so forth, were not. Some useful examination might be made also of the ways in which elected leaders have been successful -- or unsuccessful -- in convincing reluctant administrative staff such as department managers, division directors or others, to engage in the effort.

These divisions made it more difficult to initiate new work systems, yet many succeeded as one person or another persevered. It might be helpful to look at such situations more closely and determine how to overcome the differences, and how the idea ultimately came to be embraced by top leadership and by other key officials.

4. The connection between collective bargaining and quality efforts

The Task Force saw and heard of several different approaches regarding the connection between quality improvement efforts and the collective bargaining relationship and process. Some say they must be integrated; others are very careful to keep them separate. Still others suggest the approach should be determined at the operating level.

Formal or not, there clearly is a connection: cooperative service-improvement relationships require discussion of all issues that can affect betterment of the service. Where there is a bargaining relationship, some of these issues are appropriately the subject of collective bargaining and can be resolved through that process or deliberately moved to a separate and distinct second process.

More attention is needed to explore some effective ways to appropriately relate quality improvement issues with the bargaining issues in ways that are respectful of local circumstances. What are the different methods of linkage that are effective under varying circumstances? In non-bargaining settings, how are changes in working conditions, the personnel system or classification system determined in the move toward quality improvement?

5. Bargainable issues

As noted throughout this report, it is very important that the parties be able to discuss and delve into any issues that affect service improvement. In the examples noted, this has included scheduling, equipment

configurations, leave policies, classification systems, cost allocations, technologies for delivering the service and more. Where a cooperative relationship is in place, the range of issues explored and the ability of the parties to responsibly handle the information is quite impressive.

Recognizing that the scope of bargaining is often a controversial topic, this report has sought to point out the importance of opening up the possibilities for discussion and not artificially restricting the ability of the parties to address service improvement needs. At the same time, this report has recognized the importance of respecting the duties and responsibilities of elected and appointed officials and mission mandates of an agency.

But much of the typical debate focuses on prerogatives -- on the part of both parties -- with insufficient consideration of how to establish a range and depth of discussion that will best promote service. Also, the possibilities for discussion that neither advantage or disadvantage either party seem different in a cooperative, participatory, collective bargaining relationship than in a traditional relationship.

Beneath the legislative and legal arguments are practical ways that parties are finding to engage in service-focused discussion. By studying those who have been successful, perhaps ideas for a more effective, less controversial balance could be advanced for more general use. With the criteria of service delivery as part of the discussion of bargaining scope, and surrounded by practices in which participation and service improvement are linked, perhaps some careful observation and research can be fruitful. Service focus has allowed other knotty problems, such as in civil service reform, to receive renewed, non-rhetorical attention.

6. Developing better financial measurement instruments and budgeting practices to better support service improvement

In order to gauge service improvements, it is critical that a jurisdiction be able to measure their costs and quality. If a city is trying to improve services, it needs to know how much it costs and be able to measure improvements. Otherwise, it will be impossible to tell if the actual changes really do save money, are better than

before or are more expensive to provide than the private sector. Some places are beginning to reform the ways cost and quality data is collected.

More needs to be done in this area. More sophisticated cost and quality measurement methodology that is integrated with budget systems probably needs to be developed. This area requires attention by financial professionals, such as accounting firms, professional associations and others.

Many other issues in budget practices are being examined by the Soglin Committee with the Government Finance Officers Association. This study and other efforts like it should be encouraged and examined for results.

7. Skills that front-line workers need to participate effectively

To ensure successful cooperative relationships that work over the long run, workers will need to acquire training to become better able to make judgments about ways to streamline work practices, improve customer services and enhance job performance. It is clear that the most effective training comes when workers and their unions play a partnership role in identifying the necessary skills and help plan for the development of these skills. Where done in partnership, the results have normally been gratifying and the more practical and effective the partnership.

The better educated and trained workers and their union leaders become, the more confident, willing and able they will be participate in actions to modify or change in work practices. This training extends into numerous areas, such as how to engage in interest-based negotiations, joint-problem-solving, process analysis, general skills improvement, learning a new job or learning about important organizational systems that assist their ability to participate in redesign or daily decisions. Sometimes, training in very basic skills in communication, calculations, analysis or similar issues is a necessity. In other instances, it may be necessary that workers be kept current on the latest technological or knowledge advancements that serve to increase productivity in their area of responsibility.

In short, as jobs are redesigned, workers will need a range of training options to allow them to continue to

be productive and motivated employees over the long term.

Serious study needs to be given to what kind of training workers need in order to perform most effectively in a range of situations. Is there some training that should be considered basic, regardless of task or location? What are the forms of more advanced training? What is the most effective way to deliver this training and encourage workers to participate?

8. Skills that managers and supervisors need to participate effectively

Many organizations need to alter selection and development policies, training and opportunities for managers and supervisors in order to ensure their ability to face change and support participation in a cooperative setting. Identification of the necessary skills could aid in training, selecting and developing managers who can effectively participate, just as parallel training helps the workers and their union leaders.

9. Overcoming resistance of mid-level managers and supervisors

The Task Force found that mid-level managers and supervisors often are resistant to participative approaches. This mid-rank resistance often is paralleled within the union ranks by mid-level leaders.

When organizational hierarchies become flattened as a result of participative work arrangements, in many cases middle managers and supervisors find threats to their stature and security, confusion over their new roles and a lack of input into the change process.

This is an area needing further understanding and ideas for its resolution. It would be very useful to have more facts regarding the attitudes of those affected so that these issues can be handled more effectively and incorporated into the overall approach.

10. Difficulties arising from serving front-line workers and supervisors in the same bargaining unit and other unit-related issues

This issue is related to the preceding one. In some unionized situations, bargaining units include both front-line workers, supervisors and managers in the same unit. Where supervisory roles are being threat-

ened, this situation may present an apparent dilemma for bargaining unit representatives, especially when front-line workers argue that certain supervisory or mid-level management positions are unnecessary and obstruct their ability to get the job done effectively. This puts the union representatives in the difficult and uncomfortable position of not adequately representing one group or the other.

The Task Force also observed that in unionized settings, many cooperative relationships were between management and a coalition of unions in the jurisdiction rather than through one-to-one dealings. This phenomenon merits examination in terms of its impact on successful service-oriented partnerships. Additionally, some careful observations of patterns in bargaining unit construction or interaction which contribute to cooperation would be useful.

11. Impact of new pay systems and recognition programs

Many jurisdictions have pay systems that adapt very well to labor-management cooperation. However, the Task Force saw evidence of two new ways of compensating and motivating people stemming from several improvement projects. Both approaches are intriguing and deserve further study.

Gainsharing and team-based performance: Gainsharing has the benefit of shifting people's focus from spending to saving and promotes greater common accountability to do things better. It also shifts the focus from individual performance to team performance. Gainsharing and other team-based methods of compensation deserve more research and observation on such aspects as: what practices are working; how are the systems best developed; what is the impact of employee or union involvement in the efficacy and effectiveness of the system; what kinds of formulae are working; what is the impact of gainsharing on individual and team motivation and performance; what is the relationship between gainsharing and service quality; what is the impact on cost-effectiveness; and, what are the impacts on pay or real wages?

Skill-based systems and individual pay-for-performance systems vs. team-based measures and incentives: The Task Force observed a handful of jurisdictions, such as Mercer Island, Washington, that have developed a way to compensate individuals based less upon traditional job classification methods and more upon what the individual contributes to the work of the organization through increased skills.

Those who have implemented this approach are very enthusiastic. However, there is a long history in the public -- and private -- sector of difficulties in trying to manage and administer individual compensation measurements of performance and skills.

This approach implies sophisticated systems of measurement, criteria and an ability to make assessments that are considered fair by workers as well as management. In an era where team work is being increasingly emphasized, this is a system that rewards individual performance and thus presents a potential drawback. These new approaches nonetheless merit examination. The Task Force urges caution when moving forward with implementation of such individual- or skills-based systems to ensure that proposed changes are based on a rigorous examination of results and the implementation issues, and that existing systems working effectively are not sacrificed for pursuit of an interesting trend.

The Task Force also observed that non-monetary recognition as well as financial rewards, most often on a team basis, is being used to demonstrate appreciation and improve the quality of worklife. An evaluation of the various forms being used, and how individual and team recognition figure respectively into the mix and what measurements are being used, would help spread the most effective practices.

12. Shifting role of human resource and labor relations professionals

Traditionally, personnel experts or labor negotiators have primary responsibility for handling labor relations. Most successful workplace partnerships examined by the Task Force emphasized greater involvement of line managers in employee relations and less focus on formal systems. For cooperation to work, line or program managers who influence resources and make

day-to-day decisions must be more involved in personnel and labor relations in order to help share that authority from the practical perspective of the workplace. This has many implications for the role of labor relations and human resource managers in terms of their new relationship with line managers.

Research and observation would be beneficial on the most important aspects of these new roles as well as how the transition to a new relationship can be made successfully. A similar analysis would be valuable in examining changes in the role of union stewards and other officers and how those roles can best be carried out and implemented in the context of cooperative, service-oriented partnerships.

13. Impacts of contracting out

The Task Force saw cooperative structures producing cost and quality results equivalent to and better than results produced by competitive proposals from private business. The Task Force also observed contracting out being used effectively as part of an overall strategy of service improvement, usually in the context of a collective bargaining relationship. Along the way, many questions and concerns were raised by observers. As experience develops with contracting out and with using alternatives, such as the labor-management partnership, the longer term results could be compared and the ancillary affects examined.

It might be particularly interesting to examine two types of experiences. First, in instances where labor and management have developed a level playing field and approach contracting out within the context of a constructive relationship, what are the results and what means were employed? How does the experience and results compare to other settings? Second, what can we learn about the differences between contracting situations outside of a working arrangement with employees about how it would be done, and those that are the product of an understanding about the practice?

In either case, what are the cost and quality implications? What are the effects on the workforce, its size, productivity, income and attitude? To what extent does cost shifting take place? What is the impact of integrating contracted services with in-house services? What is the impact of different kinds of con-

tracting out decisions on labor-management cooperation?

The research agenda in this arena is rich, and the volume of the debate cries out for careful research, facts, and evaluation.

14. Alternative Dispute Resolution

ADR has been a subject of research in recent years, perhaps more so than many of the other topics in this section. Nevertheless, its use in resolving grievances and other disputes merits further observation as parties develop interesting means to address their local circumstances. Also useful to examine is the effect of improved dispute resolution practices on other parts of the service improvement process and other dimensions of the workplace relationship.

Finally, to the extent that mediation and arbitration systems are developed, as described in Chapter 4 and Appendix H in connection with rights under public law, these efforts should be carefully tracked and compared.

15. Resources

The public record of Task Force activities includes completed questionnaires from some 54 jurisdictions as well as summarized testimony and full-hearing tapes and volumes of materials submitted by participants regarding their particular partnerships. Contact names of those who appeared before the Task Force and sites visited are listed in Appendix D. The Task Force invites interested parties to utilize these resources.

It also is anticipated that the State and Local Government Labor-Management Committee, which brings together major national-level public employer and union organizations concerned with labor relations in state and local government, will develop additional information and resources that will assist with further learning and inquiry. (For more information regarding the work of this Committee, see Chapter 4, and for a list of member institutions, see Appendix F.)

16. Laboratories

George Taylor, a pioneer in public labor-management relations, suggested many years ago that the states, developing unique systems to match local circum-

stances, could be “laboratories for experimentation.” As different cooperative workplace relationships are developed in state or local government, results should be analyzed for lessons that can be replicated. The agenda is much broader than suggested here. It is important for states not only to examine their own activities, but also that states, associations, unions, universities and other research institutions work to make comparisons and examine the range of activities going on.

The practice and improvement of state-by-state bargaining practices and workplace activities supporting participation has suffered from insufficient sharing and comparisons, as well as from insufficient activity and interest in recent years. The Task Force hopes that the examples it has uncovered will remind potential observers of the importance and promise of excellence in the public sector. ■

Snapshot: CINCINNATI, OHIO PUBLIC SCHOOLS

When Cincinnati voters failed to renew a tax levy in 1994, the Cincinnati Public Schools faced another round of budget cuts — \$31 million out of a \$320 million budget. This wave of cuts came on the heels of a \$53 million reduction made between 1992-94, when over 50 percent of the central office and 225 teaching positions were cut. At that time, many ineffective, outdated or low priority programs were eliminated; bureaucracy was slashed.

Thus, in 1995, it was no longer possible to spare from cuts classroom and other important services to students. Secondary librarians, guidance counselors, nearly all extracurricular activities and popular magnet programs were cut. Another 200 positions were eliminated, and 150 teachers laid-off.

Hard times are a rigorous test of the strength of labor-management cooperation. Testifying in mid-1995 about a relationship that began in 1985: “But the Cincinnati Federation of Teachers (an AFT affiliate) and the administration of the Cincinnati Public Schools have not allowed the cuts to pit us against each other,” Monica Curtis, a senior representative of the Superintendent’s office, told the Task Force. “Instead, we have joined forces to seek additional revenue from state, city and county government and to try to pass two tax levies in November 1995.¹ This is possible because union leadership knows the district’s budget, knows there is no painless way to balance the budget; nearly all CFT suggestions for cutting waste or inefficient spending have been adopted.”

The Cincinnati Public Schools have 50,000 pupils and 3,500 teachers, including substitutes. The student body is 65 percent African American, 35 percent Caucasian and 67 percent receive free or reduced cost lunches. Property taxes provide 60 percent of the budget.

¹ Subsequently, both levies passed, a renewal and an increase.

In Ohio, school systems have their own taxing authority, but must seek voter approval for their levies.

The partnership between the teachers and the administration did not happen overnight. Teachers and their union, CFT Local 1520, and administrators have spent a decade carefully building and solidifying their cooperative relationship. Today, that collaborative approach is integrated into every aspect of their relationship, from the collective bargaining process to joint efforts in professionalism, from shared decision-making at the district level to managing resources and balancing the budget.

The process began in 1985 with development of a Peer Assistance and Evaluation Program for beginning teachers and veterans with teaching deficiencies, testified CFT President Tom Mooney. Consulting teachers, jointly selected by CFT and CPS administration, mentor both new teachers through an internship program and also work with veteran teachers who show serious deficiencies. The joint CFT-CPS panel adopts program guidelines and hears appeals from teachers rated unsatisfactory.

Demonstrating the value and objectivity of peer evaluations, in the program’s first year, 1985-86, consulting teachers rated 10.5 percent of their interns less than satisfactory compared to 4 percent of new teachers evaluated by administrators. Five percent of beginning teachers under peer review were dismissed, compared to 1.6 percent of those evaluated by principals. Results for subsequent years have been similar.

Results of the intervention program during its first five years were encouraging, Mooney said. One-third of teachers referred have been found not to require intervention, one-third have improved their performance to at least a satisfactory level as a result of intervention. One-third have been removed from the

classroom during intervention through termination, resignation or retirement.

Peer Assistance and Evaluation, first proposed by CFT in 1983, was negotiated in the 1985 collective bargaining contract. It is now offered to teachers in all fields, including support service professionals. Results of both internship, begun in September 1985, and intervention, which started a year later, demonstrate that performance standards have been raised. During its first five years, 61 percent of teacher dismissals for performance reasons have resulted from peer review; 39 percent from evaluation by administrators.

This program was the first of several major reforms jointly undertaken by the CFT and CPS in teacher training, induction evaluation and career development in order to raise professional standards in teaching. Today, Mooney said, Cincinnati teachers are increasingly taking on leadership in instruction and program improvement. Other examples include:

- Career in Teaching Program, started in 1990, builds on peer review. Teachers can advance through four levels based on advanced education, experience and skill. Teachers acquire more rights, professional status and pay as they advance. At the top, lead teachers earn about \$5,000 beyond the regular salary schedule in return for taking on more responsibility in a variety of leadership roles.

- Professional Practice Schools in which graduate student interns spend a year in paid, clinical internship supported by a team of lead and career teachers.

- High School for the Teaching Profession, which has 200 students enrolled in this magnet program for future teachers. This effort also is serving to boost recruitment of minority teachers by “growing our own” teachers, Mooney said.

- National Board for Professional Teaching Standards is in the process of developing standards and devising assessments to issue certificates of advanced proficiency in

approximately 36 teaching fields. Cincinnati has served as a field test site for the NBPTS. A CFT member has served on the National Board since its inception.

- School-based staff selection was negotiated in 1994 and implemented in the spring of 1995, removing this function from the central office. It empowers teachers and principals to select candidates for teaching vacancies whether the position is filled by transfer or hiring. The principal and a panel of four teachers from the department, team or unit screen and interview applicants and make the selection.

Another area in which labor-management cooperation is firmly established is shared policy decision-making, Curtis said. She said that district-level joint committees are empowered to deal with policy, resource allocation, oversight of key programs and logistics. In addition to the following specific examples, Curtis emphasized that informal consultation on policy and direction is an equally important aspect of making shared decision-making successful.

Examples include:

- Educational Initiatives Panel, which oversees innovation and reform in instructional areas, plans future innovations, approves applications for state and federal funds. It is co-chaired by the CPS superintendent and the CFT president.

- Teacher Allocation Committee, which oversees compliance with class size provisions of the collective bargaining contract, monitors allocation of teachers to schools (the district’s largest expense) and has authority to allocate additional teachers, instructor assistants or overload pay (from a limited pool) when classes exceed limits or to reduce a school’s allocation and reassign teachers to other schools. This arrangement allows the district to guarantee teaching and learning conditions while managing its budget.

- Budget Commission, formed in 1994,

recommends the annual budget to the superintendent and analyzes the budget to determine percentage spent on instruction and other direct services to students versus amount spent on administration, logistics and support services. This group strives to increase the percentage going to the front-line by monitoring district revenue and identifying strategies to seek additional revenue.

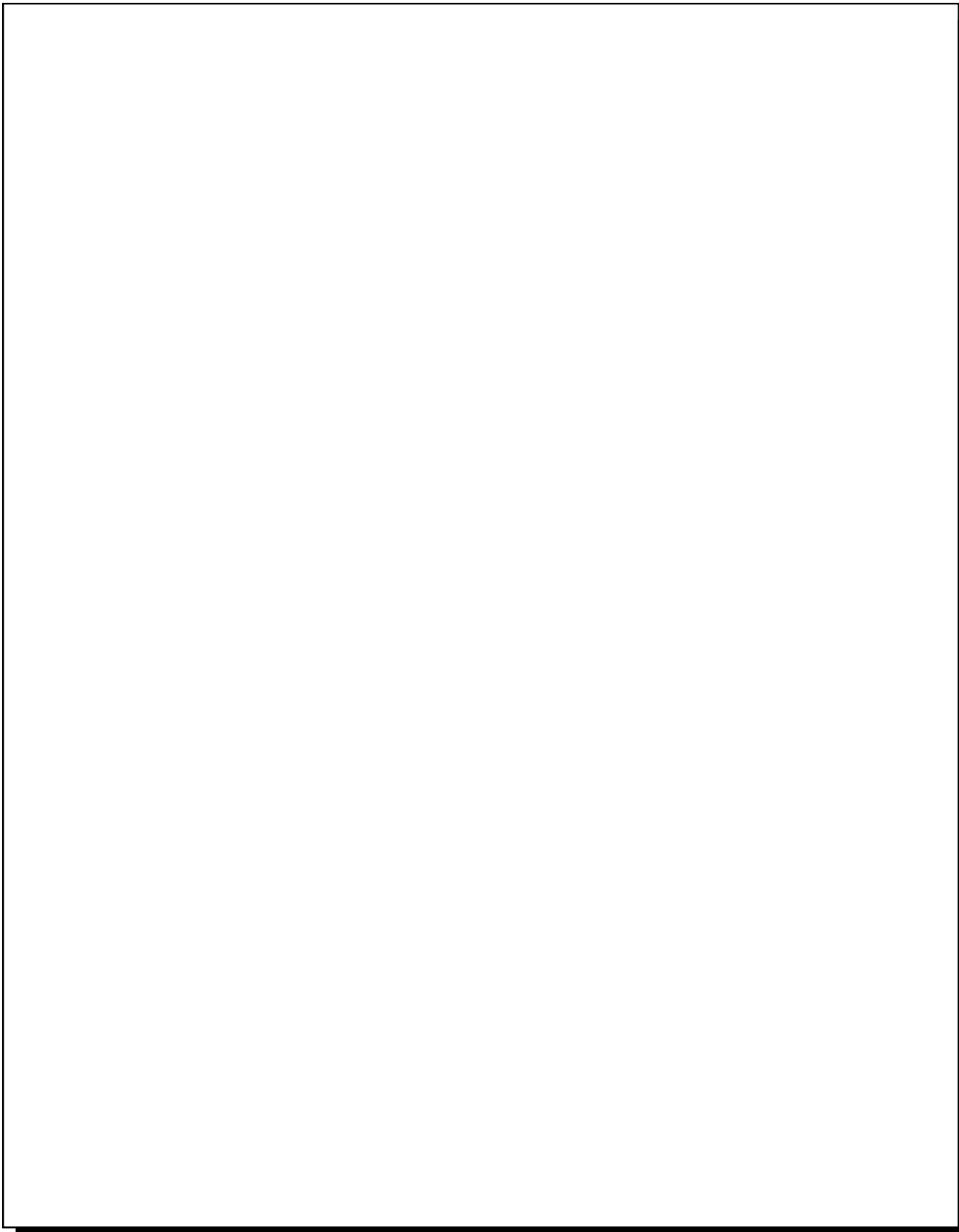
- Curriculum Councils, formed in 1993 in 11 major subject areas, consist of delegates from each school where the subject is taught. The Councils adopt their own by-laws, have their own steering committees and a chair, who is a lead teacher. The contract describes their role: to work with the CPS Department of Quality Improvement to develop and maintain high quality curriculum, books and other teaching materials and assessments.

- Peer Review Panel and Career in

Teaching Panel. (See above)

- The Employee Benefits Committee monitors utilization of health benefits and intervenes when there are problems with insurance carriers. The Health and Safety Committee monitors hazards, can conduct inspections and recommend actions to prevent or correct problems. The teachers and administrators have also developed a code of conduct and discipline for students that has assisted the learning environment by increasing safety and order in the schools.

In testimony typical of cooperative efforts in other community, CPS and CFT representatives described how the strong labor-management partnership has been extended into the community to include top business leaders. This three-way alliance has been particularly effective in efforts to pass local school levies and to downsize administrative bureaucracy. ■



**A P P E N D I X
T O T H E R E P O R T O F**

**T H E S E C R E T A R Y O F L A B O R ' S T A S K F O R C E O N
E X C E L L E N C E I N S T A T E A N D L O C A L G O V E R N M E N T
T H R O U G H L A B O R - M A N A G E M E N T C O O P E R A T I O N**

Appendix A

Task Force Mission Statement

The economic success of our Nation, as well as the social well-being of its citizens, depend, in large measure, on the essential services and infrastructure provided by state and local government. The imperative to compete in an increasingly worldwide economy and to respond to increasing societal demands requires that governments at all levels perform in a timely and cost-effective manner. It is essential that public management and organizations of their employees work together in order to respond effectively to these fundamental needs.

To this end, the Secretary of Labor has established a Task Force on Excellence in State and Local Government through Labor-Management Cooperation. The task force will investigate the current state of labor-management cooperation in government and report to the Secretary in response to the following questions:

1. What, if any, new methods or institutions should be encouraged to enhance the quality, productivity and cost-effectiveness of public sector services through labor-management cooperation and employee participation, recognizing the broad variety of func-

tions performed by different levels of government and various other agencies and public organizations?

2. What, if any, changes to legal frameworks which impact on labor-management relations, including collective bargaining and civil service legislation could be considered to enhance cooperative behaviors that would improve the delivery of services by reducing conflict, duplication and delays?

3. What, if anything, should be done to increase the extent to which workplace problems are resolved directly by the parties themselves rather than through recourse to administrative bodies and the courts?

4. What, if anything, can be done to improve the coordination between appropriate executive and legislative bodies to enhance labor-management relations in the public sector and to create a climate where productivity improvement, innovation and risk taking are encouraged and rewarded?

5. What conditions are necessary to enable elected political leaders, public managers, public employees and labor organizations to work together to achieve excellence in state and local government? What are the obstacles, and how can they be overcome?

6. What examples of successful cooperative efforts are appropriate to serve as public sector models? Why have some initially successful efforts failed, and what can be done to enhance prospects for success?

Appendix B

Task Force Members Biographies

Task Force Co-Chairs

JIM FLORIO was governor of New Jersey. Under his leadership, New Jersey embarked on an agenda of economic development, business creation, property tax relief, health and welfare reforms, housing, environmental and education initiatives. He previously served seven terms in the U.S. House of Representatives and three terms in the New Jersey General Assembly.

JERRY ABRAMSON has been mayor of Louisville, Kentucky since 1985 and is a past president of the U.S. Conference of Mayors. His work to make government more accessible to citizens and his formation of a variety of public-private partnerships has brought him a number of honors, including being named “Most Valuable Public Official in City Government,” “Municipal Leader of the Year” and “Special Award for Outstanding Personal Leadership.” Under his leadership, Louisville received the 1995 Innovations in Government Award from the Ford Foundation and Harvard University’s John F. Kennedy School of Government.

Task Force Members

ARVID ANDERSON is retired as chairman of the New York City Office of Collective Bargaining, a post he held since the New York City Collective Bargaining Law was passed in 1967. He is presently an active arbitrator. He previously was associated with the Wisconsin Employment Relations Commission as Executive Secretary and as Commissioner for 19 years. He is a past president of the Association of Labor Relations Agencies, and the National Academy of Arbitrators.

MARTHA BIBBS currently serves as Deputy State Personnel Director for Workforce Planning & Innovation and is a key partner of Michigan’s statewide quality initiatives. Bibbs served as state personnel director for the Michigan Civil Service Commission for seven

years and was president of the National Association of State Personnel Executives for two years. She is also a member of the International Personnel Management Association.

AL BILIK was elected as president of the Public Employee Department of the AFL-CIO in 1988. His career in the labor movement spans some 40 years. Bilik has been associated with the American Federation of State, County and Municipal Employees (AFSCME) for more than 30 years in various staff positions including deputy director of District Council 37 in New York, executive director of the Cincinnati District Council, and assistant to the AFSCME president for organizing. He was president of the Cincinnati AFL-CIO labor Council for six years.

HEZEKIAH BROWN is director of labor-management programs at Cornell University, New York School of Industrial and Labor Relations; project director for the minority arbitrators training program co-sponsored by Cornell, Hofstra School of Law and the American Arbitration Association; and an active labor mediator and arbitrator. He previously was chairman of the New York State Mediation Board and the State Employment Relations Board. He was a commissioner with the Federal Mediation and Conciliation Service for 12 years.

LUCILLE CHRISTENSON is director of the Office of Human Resources within the Department of Labor and Industries in the State of Washington. This office combines traditional human resources functions with the agency’s Quality Initiative staff. She previously supervised the Governor’s Human Resource and Labor Relations policy staff, and managed a consulting service within the Office of Financial Management which provided management and operational assistance to state agencies. She also served as executive director of the Governor’s Efficiency and Accountability Commission which used teams made up of private and public sector loaned executives to improve efficiency, effectiveness, and resource utilization in state government.

MARY HATWOOD FUTRELL is the dean of The Graduate School of Education and Human Development, associate professor in the Department of Education Leadership, and director of the Institute for Cur-

riculum, Standards and Technology at The George Washington University. She has served as President of Education International since 1993. She previously was president of the National Education Association from 1983 to 1989.

ARTHUR HAMILTON is minority leader of the Arizona House of Representatives, having served in that capacity since 1981 and as Representative since 1973. He is a past president of the National Conference of State Legislatures. He is employed as a public affairs representative for the Salt River Project, a Phoenix-based water and electric company.

MICHAEL LIPSKY is a program officer for governance and public policy at the Ford Foundation. Previously, he taught at the Massachusetts Institute of Technology, the University of Wisconsin, and Harvard University. Lipsky is the author of *Street-Level Bureaucracy: Dilemmas of the Individual in Public Service*, and co-author of *Nonprofits for Hire: The Welfare State in the Age of Contracting*.

JAMES MASTRIANI is chairman of the New Jersey Public Employment Relations Commission, currently serving his fifth term in this office. He is also a part-time professor at the School of Management and Labor Relations at Rutgers University. He is a member of the labor-management education committee for the American Arbitration Association (AAA) and is on the national panel of labor arbitrators of AAA and the Federal Mediation and Conciliation Service. He was president of the Association of Labor Relations Agencies in 1987.

BEVERLY STEIN was elected as Multnomah County Chair (Portland, OR) in 1993, having served in the Oregon legislature since 1988. Stein presides over the 5-member Board of County Commissioners and is the chief executive of 4,000 county employees. In December 1994, *Governing Magazine* named Stein "Public Official of the Year." The flagship of Stein's government is the RESULTS Initiative (Reaching Excellent Service Using Leadership and Team Strategies), a labor-management cooperative effort. RESULTS is a team based initiative for increasing government productivity, employee morale, and taxpayer confidence. She serves on the national board of the Alliance for Redesigning Government.

KENNETH YOUNG is retired as executive assistant to the president of the AFL-CIO, having served in that capacity since 1980. He previously was director of AFL-CIO's legislative department. He has worked as an organizer, an editor, a researcher and a labor educator in a career in the labor movement that spans 40 years.

KENT WONG is director of the UCLA Center for Labor Research and Education and president of the Asian Pacific American Labor Alliance. He teaches labor and ethnic studies at UCLA. He previously worked for six years as staff attorney for the Service Employees International Union representing Los Angeles County employees.

Executive Director

Jonathan Brock is associate professor in the Graduate School of Public Affairs, and chair of the Cascade Center for Public Service, at the University of Washington in Seattle. He serves frequently as a neutral in labor-management relations and other conflicts. He is author of *Managing People in Public Agencies* and *Bargaining Beyond Impasse*. He has served as a Special Assistant to the U.S. Secretary of Labor, and as Executive Assistant to the Assistant Secretary of Labor for Occupational Safety and Health

Designated Federal Official

Chuck Richards is the Deputy Assistant Secretary for Labor-Management Programs at the U.S. Department of Labor. He worked in the labor movement for 26 years; sixteen with the American Federation of Teachers as a National Representative, Organizing Director and Assistant to the President. He then spent 10 years as Director of Field Activities at the Public Employee Department, AFL-CIO, where he developed a strong interest in labor/management cooperation. For the year immediately preceding his appointment at the Department of Labor, he was an assistant campaign manager and was the National Labor Coordinator for the Clinton/Gore campaign.

Appendix C Hearing Agendas and Witnesses*

Identifying information is correct as of the hearing date. Within each hearing, witness names are listed alphabetically by issue.

WASHINGTON, D.C.
OCTOBER 19-20, 1994

Opening Remarks

Robert B. Reich, Secretary of Labor
U.S. Department of Labor

Jerry Abramson
Mayor of Louisville, Kentucky
Task Force Co-Chair

Jim Florio
Former Governor of New Jersey
Task Force Co-Chair

Witnesses

Roger Dahl, Executive Director
National Public Employer Labor Relations
Association

John T. Dunlop, Chairman
Commission on the Future of Worker
Management Relations
Lamont University Professor, Harvard University

Barbara Dwyer, Executive Director
Alliance for Redesigning Government

Paul Goldberg, Executive Director
Ohio Civil Service Employees Association,
AFSCME
Local 111

Thomas Glynn, Deputy Secretary of Labor
U.S. Department of Labor

Elaine Kamarck, Senior Policy Advisor to the
Vice President

Office of the Vice President

Gerald McEntee, President
American Federation of State, County and
Municipal
Employees

Robert Shapiro, Associate Solicitor
U.S. Department of Labor

John J. Sweeney, President
Service Employees International Union

Robert Tobias, President
National Treasury Employees Union

Steve Wall, Executive Director
Ohio Office of Quality Services

WASHINGTON, D.C.
JANUARY 10-11, 1995

Some Views on Excellence in Education Through Labor-Management Cooperation

Educational Leaders -- K-12 Education and General Issues

Harlow Claggett, Labor Relations Director
Michigan Association of School Boards
Representing the National Association of
School Boards

Roland Haun, President
American Association of School Administrators

Ed McElroy, Secretary-Treasurer
American Federation of Teachers

Marilyn Monahan, Secretary-Treasurer
National Education Association

Kathryn Whitfill, President
National Parent Teachers Association

Focus on Higher Education

Mary Burgan, General Secretary
American Association of University Professors

* Because of the numerous employees, managers and union leaders who spoke to the Task Force in field visits, some individuals were not on the manifest or not fully recorded for those events. The Task Force, nevertheless, appreciates all of the input received.

Thomas Hustoles
Miller, Canfield, Paddock and Stone
Representing Institutions of Higher Education
James Perley, President
American Association of University Professors

Example of Collaborative Problem-Solving in Higher Education

Jerry Furniss, Past President and Former Chief Negotiator
University Teachers Union, University of Montana

Alternative Means of Workplace Problem Solving

Alternative Dispute Resolution and Collaborative Bargaining as Means to Cooperation, Problem Solving and High Performance State and Local Government Workplaces

Stephen Goldberg, President
Mediation Research and Education Project, and Professor of Law, Northwestern University
William Hobgood, Vice President,
Mediation Research and Education Project

Example of Alternative Dispute Resolution in the Workplace

John Higgins, Senior Vice President
Boston Edison Company
Donald Wightman, Vice President
Utility Workers Union of America

Overview of the Demographics of the State and Local Public Workforce

Ronald Kutscher, Associate Commissioner
Office of Employment Projections
Bureau of Labor Statistics
U.S. Department of Labor
Thomas Plewes, Associate Commissioner
Office of Employment and Unemployment

Statistics
Bureau of Labor Statistics
U.S. Department of Labor
Kimberly Zieschang, Associate Commissioner
Office of Compensation and Working Conditions
Bureau of Labor Statistics
U.S. Department of Labor

NORTHWEST REGIONAL MEETING FEBRUARY 7-8, 1995

SEATTLE and OLYMPIA, WASHINGTON FEBRUARY 7, 1995

City of Seattle, Washington

Lizanne Lyons, Director of Labor Relations
Tony Vivenzio
Seattle Firefighters Union Local 27

City of Mercer Island, Washington

Rich Conrad, Assistant City Manager
David Hart, Maintenance Team Technician
AFSCME Local President
Marcy Olson, Maintenance Team Member
AFSCME Local Vice-President
Lindsay Andreotti, Manager of Organizational Effectiveness
Diane White, Director of Development Services
Janet Gocken, Public Team, Development Services
Susan Davidson, Private Team, Development Services

King County Metro Transit

Evelyn Ahrens, Administrative Staff Assistant
WPCD Team
Judith Boitenott, Custodian
John Campagnaro, Electrician, Tunnel Team
Elaine Chapman, Chief of Training
Public Safety Partnership
Lottie Cross, Chief, RISP Team

Chris Daniels, Information Operator
RISP Team
Darrell Dudgeon, Base Chief, Trolley Team
Jim Ellis, Supervisor, Tunnel Team
Michael Freund, Transit Operator
Trolley Team
Gordon Guhl, Transit Operator, Trolley Team
Don Honeycutt, Senior Information Operator
RISP Team
John Kruse, Senior Operator, WPCD Team
Dan Linville, President
Amalgamated Transit Union Local 587
Mark McKeown, Line Crew Chief, Tunnel Team
Paul Muirhead, Technical Trainer, WPCD Team
Gloria Overgaard, Manager of Transit
Operations
Peggy Renfrow, Project Administrator in
Operations
Curtis Robinson, Base Supervisor
Security Task Force
Mattie Robinson, Operator of the Year
Dick Rowe, Chief, Tunnel Team
Linda Smith, Manager of Sales and Customer
Service
Paul Toliver, Director of Transit
Barry Uchida, Manager of Power and Facilities
Rick Walsh, General Manager
Terry White, Assistant Chief, RISP Team
Sherman Willis, Technical Assistant, Tunnel
Team

Metro Renton Water Treatment Plant

Bill Burwell, Operations Manager, WPCD Team
Barney Cain, Facilities Constructor
WPCD Team
Irene Eldridge, WPCD Team
SEIU Local 6
Daryl Grigsby, Director of Water Pollution
Control
Gary Locke, County Executive
King County
David Piper, Maintenance Electrician

Washington State Department of Labor and Industries

Overview of Quality Initiative and Reorganization

Mark Brown, Director
Washington Department of Labor and Industries
Lucille Christenson, Assistant Director for
Human Resources
Washington Department of Labor and Industries
Diane Lutz, Chief Negotiator
Washington State Federation of Employees
Tina Peterson, Director of Personnel Board
Activities
Washington Federation of State Employees
Mike Watson, Deputy Director for Policy
Washington Department of Labor and Industries
Theresa Whitmarsh, Division Director
Washington Department of Labor and Industries
Mike Zenk, Business Agent
IBEW Local 76

Imaging Project

Doug Connel, Program Manager for Claims
Sara Spiering, Industrial Insurance
Compensation Supervisor
Theresa Whitmarsh, Division Director
Washington Department of Labor and Industries

PORTLAND, OREGON FEBRUARY 8, 1995

Portland Water Bureau

Larry Attinger, Executive Director
AFSCME Local 189
Randy Holly, Supervising Engineer
Michael Rosenberger, Administrator

Northeast Health Clinic (Multnomah County)

Kathy Blosser, Gresham Division
Oregon Nurses Association
Mike Gittens, Facilitator, Gresham Division
AFSCME
April Kramer, Facilitator, Gresham Division
AFSCME
Teresa Williams, Manager

Quality Initiatives

Carolyn Mark, Director
Oregon Quality Initiative
Michael McCoy, Vice President
Northwest Natural Gas
Richard Oare, Labor Relations Specialist
IUOPE Local 11

Multnomah County

Deanna Cicotti, Librarian and Shop Steward
AFSCME Local 88
Barry Crook, Budget and Quality Manager
Multnomah County
Joe Devlaeminck, President
AFSCME Local 88
Cindy Gibbon, Director of Community Services
Multnomah County Library
Bunny Harrold, Representative, Multnomah
County
Oregon Nurses Association
Beverly Stein, County Chair
Multnomah County
Phil Sund, President
Multnomah County Corrections Officers
Association

State of Oregon

Nancy Brown, Conciliator
Oregon Employment Relations Board

Oregon Health Care Sciences University/ AFSCME Local 328 Labor Management Committee

Linda Bachman, Steward
AFSCME Local 328
David Blair, Director of Labor Relations
Pete Seidel, Manager
Keith Tintle, Associate Hospital Director
of Professional Services

WASHINGTON, D.C. MARCH 14-15, 1995

Police

Gilbert Gallegos, National Vice President
National Fraternal Order of Police
Gil Kerlikowske, Police
Commissioner, Buffalo, NY
Police Executive Research Forum
Robert Kliesmet, President
International Union of Police Associations
Robert Scully, Executive Director
National Association of Police Organizations

Fire Fighting

Tom Siegfried, President
International Association of Fire Chiefs
Alfred K. Whitehead, President
International Association of Fire Fighters

Corrections

Joseph Puma, Executive Director
AFSCME Council 82

Worker Attitudes Survey Results

Joel Rogers
The University of Wisconsin-Madison

**Public/Private Comparison of Union
Organizing and Elections**

Kate Bronfenbrenner

Cornell University

Tom Juravich

University of Massachusetts

Organizing and Service of Professionals

Lovely Billups, Director of Field Service

Educational Issues Department

American Federation of Teachers

Nancy Mills, Coordinator of Worker

Participation Programs

Service Employees International Union

Jacques Nacson, Senior Policy Analyst

National Center for Innovation

National Education Association

Larry Spivack, Collective Bargaining

Supervisor

AFSCME Council 31

**Briefing on Workplace Regulatory Issues
and Alternative Dispute Resolution**

Donna Lenhoff, General Counsel

Women's Legal Defense Fund

Lawrence Z. Lorber

Verner, Liipfert, Bernhard, McPherson & Hand

R. Gaul Silberman, Commissioner

Equal Employment Opportunity Commission

**Citizen Attitudes and Expectations of
State and Local Government**

Geoff Garin

Garin-Hart Strategic Research

NORTHEAST REGIONAL MEETING
APRIL 11-12, 1995

BOSTON, MASSACHUSETTS
APRIL 11, 1995

**Massachusetts Highway Department/
SEIU Local 285**

Frank Borges, Secretary-Treasurer

SEIU Local 285

Lee Deveraux, Heavy Equipment Mechanic
and Maintenance Liaison

SEIU Local 285

Charles Kostro, Chief Policy Analyst

Massachusetts Executive Office of

Transportation and

Construction

Steve Lowry, Heavy Equipment Mechanic
and Maintenance Liaison

SEIU Local 285

Anthony Salamanca, Deputy Chief Engineer for
Privatization

Massachusetts Highway Department

Kevin Sullivan, Deputy Commissioner

Massachusetts Highway Department

**The Commonwealth of Massachusetts,
Joint Labor-Management Committee for
Municipal Police and Fire**

James Costello, Labor Senior Staff

Donald Hawkes, Management Senior Staff

Morris Horowitz, Vice-Chair

Robert McCarthy, Alternate Fire Member

President, Professional Fire Fighters of

Massachusetts

Raymond McGrath, Police Chairman

International Brotherhood of Police Officers

David Owen, Management Member

Town Administrator, Burlington

Roger Turdeon, Management Chair

PORTLAND, MAINE

APRIL 11, 1995

City of Portland and AFSCME Local 481
Hadlock Field, Districting Program, and
Construction Company

Russ Brown, District Leader
AFSCME Local 481
Nadeen Daniels, Assistant City Manager
City of Portland
Ken Dietrich, Main State Field Representative
AFSCME
Steve Early, District Coordinator
Robert Ganley, City Manager
City of Portland
Larry Goodson, District Leader
AFSCME Local 481
Rich Meserve, District 4
AFSCME
Roy Mulkern, District Leader
AFSCME 481
Kevin Noys, Foreman
Jim Pritchard, President
AFSCME Local 481
Craig Pyy, Construction Foreman
Mark Spiller, District Leader
AFSCME

**Maine Employee Health Commission
Insurance Program**

Jo Gill, Executive Director
Maine State Employee Health Insurance Program
Bill McPeck
Maine State Employees Association, SEIU

**Massabesic Teachers Association and the
Maine Labor Relations Board
Preventive Mediation Initiatives**

John Alfano, Mediator
Maine Labor Relations Board
Millard Gethner, Chairman
Massabesic School Board
Priscilla Wood, President
Massabesic Teachers Association

**NEW BRUNSWICK, NEW JERSEY
APRIL 12, 1995**

**State of Connecticut - District 1199/New
England Health Care Employees Union
(SEIU) Quality of Worklife Program**

Tom Heads, Supervising Clinical Psychologist
Connecticut Department of Mental Retardation
Christopher Lassen, Coordinator
Quality of Worklife Program
Del Pelletier, Assistant Regional Director
Connecticut Department of Mental Retardation
Lou Weisenbacher, Mental Retardation
Program Supervisor
Department of Mental Retardation Local 1199

**Bridgeport, Connecticut Labor-Management
Cooperative Program**

Charlene Hosticka, Labor-Management
Coordinator
City of Bridgeport
Dennis Murphy, Chief Administrative Officer
City of Bridgeport
Mardi Schroer Mattei, Field Representative
Connecticut Education Association

**Ulster County, New York/Civil Service
Employees Association Labor Management
Committee**

Thomas Costello, Personnel Officer
Deborah DeCicco, Tax Map Technician
CSEA Local 856
Karen MacIntosh-Frering, Labor-Management
Coordinator
Ulster County
Karen Lucas, Management Analyst

Local Union Leadership, Quality and Cooperation Efforts

Jeffrey Keefe, Associate Professor of Labor & Employment Relations
Rutgers University, School of Management & Labor Relations

New Jersey State Judiciary and The Judicial Employees Labor Alliance

John Loos, Legislative and Political Liaison
Communications Workers of America
Representing the Judicial Employees Labor Alliance

Mark Rosenbaum, Administrator of Labor and Employee Relations
New Jersey Administrative Office of the Courts

**SOUTHEAST REGIONAL MEETING
APRIL 20-21, 1995**

**CHARLOTTE, NORTH CAROLINA
APRIL 20, 1995**

O. Wendall White, City Manager
City of Charlotte

Public Safety Pay Plan / Performance Evaluation - Charlotte Police Department

Jack Boger, Chief
Mary Broderick, Administration
Larry Blydenberg, Captain
Dale Green, Sergeant
Dave Grose, Captain
Freda Lester, Officer
Jackie Maxwell, Sergeant
Karen McCotter, Human Resources Department
Ken Miller, Sergeant
Pat Tynan, Officer
Stephanie Whitsides, Budget Office

Pay Plan / Performance Evaluation - Charlotte Fire Department

Jay Adams, Fire Fighter I
Tommy Bolinger, Captain
Rob Bowline, Captain
Rob Brisely, Engineer
Art Brown, Administrative Officer
Kelly Brown, Fire Fighter II
Kent Davis, Fire Fighter II
Luther Fincher, Chief
Glen Garris, Engineer
Steve Goggio, Fire Fighter II
Keith Helms, Captain
Sam Jones, Fire Fighter I
Pete Lambeck, Fire Fighter II
Karen McCotter, Human Resources Department
David Morre, Fire Fighter II
Kenny Nantz, Battalion Chief
Tim Rogers, Captain
David Taylor, Assistant Chief

Implementation of a Broadbanding Pay System

Karen McCotter
Charlotte Human Resources Department
Joanne Perez
Charlotte Human Resources Department
Pamela Syfert, Deputy City Manager
City of Charlotte

Issues of Competition

Wayman Pearson, Director
Charlotte Solid Waste Services
David Cooke, Director
Charlotte Business Support Services

**City of Hampton, Virginia
Self-Directed Work Teams**

Kevin Gallagher, Recycling Manager
Tharon Greene, Director of Human Resources
Christine Snead, Budget Manager

CHARLESTON, SOUTH CAROLINA
APRIL 21, 1995

**South Carolina Department of Revenue
& Taxation Division of Motor Vehicles
Quality Service Team**

Terry Bozell, Branch Specialist
Gregorie Frampton, Executive Administrator
Ike McFarlan
Leslie Spratlin

South Carolina Quality Network

Gregorie Frampton, Board Member

City of Charleston, South Carolina

Joseph Riley, Mayor

Charleston Parks Department

Danny Burbage, Assistant Superintendent
Franklin Freelow, Foreman
Ben Green, Custodial Supervisor
Connie Hires, Inspector
Cynthia Wright, Assistant

Charleston Police Department

Gregory Batts, Sergeant, Team 2
Anita Craven, Investigator 4
Nancy Fanning, Lieutenant, Team 3 Commander
Ron Hamilton, Captain
Anthony Januszkiewicz, Lieutenant, Team 4
Rovert Kemp, Corporal, Team 4
Roger Reagor, Lieutenant, Team 2

South Carolina Executive Institute

Philip Grose, Director

City of Rock Hill, South Carolina

Michael Kropp, Supervisor
Grounds Maintenance

Latrell McAllister, Personnel Supervisor
Calvin McCullough, Horticulturist

SOUTHWEST REGIONAL MEETING
MAY 3-4, 1995

LOS ANGELES, CALIFORNIA
MAY 3, 1995

City of Los Angeles, California

Jackie Goldberg, Council Member
Los Angeles City Council

**Joint Labor-Management Benefits
Committee**

Ray Allen, Assistant General Manager
Los Angeles Personnel Department
Michelle Buehler, Administrative Assistant
SEIU Local 347
Henry Hurd, Employee Benefits Manager
Jeannette Ross, Chairperson of Joint Labor-
Management Benefits Committee
Engineers and Architects Association

**California Joint Labor-Management
Child Care Committee**

Linda Morrison, Statewide Affirmative
Action Coordinator
California State Employees Association
Patricia Pavone, Chief, Benefits and Training
Division
California Department of Personnel
Administration

Foshay Middle School

Howard Lappin, Principal
Foshay Middle School
Wayne Stevens, Chapter Chair
United Teachers of Los Angeles

ALBUQUERQUE, NEW MEXICO
MAY 4, 1995

Jefferson Middle School

Julie Ambroggi, Principal
Jefferson Middle School
Michael Houser, Director, Employee Relations
Albuquerque Public Schools
Don Whatley, President
Albuquerque Teachers Federation

City of Phoenix, Arizona

Robert Cantwell, Assistant Fire Chief
Phoenix Fire Department
Gary Pykare, Business Manager
IAFF Local 493

City of Hobbs, New Mexico

Andy Graham, Captain
Hobbs Fire Department
Michael Gray, Fire Chief
Hobbs Fire Department
Fran Mosher, Personnel Director
City of Hobbs
Michael Ravanelle, Captain
Hobbs Fire Department
Larry Wood, Driver Engineer
Hobbs Fire Department

City of Salt Lake City, Utah

Roger Black, Director of Public Services
Salt Lake City Corporation
Gordon Ottley, President
AFSCME Local 1004

WASHINGTON, D.C.
MAY 16-17, 1995

**Comparing Viewpoints in the Debate on
Contracting Out: Implications for
Labor-Management Cooperation**

Marshall Barry, Director
Labor Research Center of Miami and Boston
Diana Ceresi, Associate General Counsel
Service Employees International Union
Laurence Clements, Director
University of Iowa Labor Center
Richard Loomis, Senior Vice President
COMARCO
James Mercer, President
Mercer Group
Elliott Sclar, Professor
Columbia University
Ronald Utt, Visiting Fellow
Heritage Foundation

**Role of Labor-Management Cooperation
in Service Improvement and Efficiency
City of Los Angeles (Bureau of Sanitation
and Department of General Services)
and SEIU Local 347**

Craig Bierlein, Refuse Truck Operator
Bureau of Sanitation
SEIU Local 347
Sharon Delugach, Chief of Staff
Office of Council Member Jackie Goldberg,
13th District
James Keehne, Automotive Supervisor
Fleet Services Division
Department of General Services
Rayfield Lewis, Refuse Truck Operator
Bureau of Sanitation
SEIU Local 347
Marilyn McGuire, Manager
Refuse Collection Division
Art Sanchez, Refuse Truck Operator
Bureau of Sanitation
SEIU Local 347
Drew Sones, Assistant Director
Bureau of Sanitation
Sandy Spencer, Senior Personnel Analyst
Bureau of Management/Employee Services

Dmitri Tatum, Field Representative

SEIU Local 347

Jesse Taylor, Refuse Truck Operator

Bureau of Sanitation

SEIU Local 347

Dave Trowbridge, General Manager

SEIU Local 347

**Massachusetts Highway Department and
SEIU Local 285**

Frank Borges, Secretary-Treasurer

SEIU Local 285

Lee Deveraux, Heavy Equipment Mechanic and
Maintenance Liaison

SEIU Local 285

Charles Kostro, Chief Policy Analyst

Executive Office of Transportation &
Construction

Steve Lowrey, Heavy Equipment Mechanic and
Maintenance Liaison

SEIU Local 285

**MIDWEST REGIONAL MEETING
JUNE 5-6, 1995**

**INDIANAPOLIS, INDIANA
JUNE 5, 1995**

City of Indianapolis, Indiana

Steve Fantauzzo, Executive Director

AFSCME Council 62

Mike Stayton, Director

Department of Public Works

Ray Wallace, Special Assistant to Mayor

Goldsmith on Costing

Indianapolis Fleet Service

Stephen James, Assistant Administrator

Dominic Mangine, President

AFSCME Local 3131

John McCorkhill, Administrator

Oliver Webb

AFSCME Council 62

**Indiana State Employee Labor-
Management Project**

Lee Balliet, Project Director

Steve Fantauzzo, Executive Director

AFSCME Council 62

Karl Frederiksen

Unity Team (UAW/AFT Local 9212)

Tom Iles

Marion County Office of Family and Children

**City of Peoria, Illinois
Joint Labor-Management Committee to
Control Health Care Costs**

Jerry Belcher, Vice President

Peoria Municipal Employee's Association/
AFSCME Local 3464

Tom Jackson, Treasurer

IAFF Local 50

Dave Koehler, Executive Director

Peoria Area Labor-Management Committee

Member of Peoria City Council

Pat Parsons, Director

Peoria Office of Personnel and Labor Relations

**City of Cincinnati, Ohio
Cincinnati Federation of Teachers/
Cincinnati Public Schools**

Monica Curtis, Director of Public Affairs

Cincinnati Public Schools

Tom Mooney, President

Cincinnati Federation of Teachers

**MADISON, WISCONSIN
JUNE 6, 1995**

City of Madison, Wisconsin

Tom Mosgaller, Quality Coordinator

Mike Murphy,

AFSCME Local 60

Paul Soglin, Mayor

Madison Metro/Teamsters Local 695

John Annen, Operator

Teamsters Local 695

David Hoeft, Operator

Teamsters Local 695

Paul Larrouse, General Manager

Madison Metro

Ryan Larson, Manager

Metro Plus

James Remsik, Steward

Teamsters Local 695

Frances Walls, Steward

Teamsters Local 695

Madison Department of Planning and Development, Building Inspection Unit

George Austin, Director

Department of Planning and Development

Thorston Horton, Customer

Rolland Kiel, Inspector

AFSCME Local 60

William Neitzel, Inspector

AFSCME Local 60

Harry Sulzer, Supervisor

Department of Planning and Development

Mike Van Erem

Department of Planning and Development

Madison Police Department

Joseph Durkin, Sergeant

Madison Professional Police Offices Association

Michael Masterson, Captain

Richard Williams, Chief

Madison Streets and Sanitation Division

Roger Goodwin, Superintendent

Christopher Kelly

Laborers International Union Local 236

University and City Partnership: In Pursuit of Quality

Soren Biscard

Center for Quality and Productivity

Francois Sainfort, Professor of Industrial Engineering

John Wylie, Provost

University of Wisconsin at Madison

Wisconsin Department of Industry, Labor and Human Relations Labor-Management Advisory Council

Eric Baker, Deputy Administrator

Wisconsin Department for Unemployment Compensation

Shirley Baumann, Internal Communications Coordinator

Greg Krohm, Administrator

Wisconsin Workers Compensation Division

Jean MacCubbin

State Engineers Association

Sandy Oemichen

Wisconsin Professional Employees Council

Pat Pagel

Wisconsin State Employees Union/AFSCME

WASHINGTON, D.C.

JUNE 22-23, 1995

Effects of Finance, Budget, and Pension Trends on Labor-Management Cooperation

Bridget Anderson, Partner

KPMG Peat Marwick

Steven Kreklow, Budget and Management

Special Assistant

Milwaukee, Wisconsin

Ian Lanoff, Partner

Bredhoff & Kaiser

Harold Schaitberger, Legislative Counsel
National Conference on Public Employee
Retirement Systems
Albert Shanker, President
American Federation of Teachers
Christopher Zimmerman, Chief Economist
National Conference of State Legislatures

Experiences of State or Local Elected Officials in Implementing Workplace Changes

Philip John Dawson, City Councilor
Portland, Maine
Charles Quincy Troupe, State Representative
Missouri, 62nd Legislative District

WASHINGTON, D.C.
JULY 10-11, 1995

Role of Neutral Agencies in Promoting Workplace Cooperation

Daniel Ellis, Chairman
Oregon Employment Relations Board
Shlomo Sperka, Director
Michigan Employment Relations Commission
Immediate Past-President, Association of Labor
Relations Agencies
John Calhoun Wells, Director
Federal Mediation & Conciliation Service

Legal Issues

Peter Paschler, Former Member
Iowa Public Employment Relations Board
Herman Torosian, Commissioner
Wisconsin Employment Relations Commission
Schlomo Sperka, Director
Michigan Employment Relations Commission

High-Performance Work Environments

Jerome Rosow, President
Work In America Institute

Magma Metals

John Champagne, President
Magma Metals
Robert Gadiana, Director
United Steelworkers, Sub-District 8

AT&T

Pam Hanchett, Government Finance Manager
AT&T Credit
Daphne Harris, Credit Manager
AT&T Credit
Ann Henry, Head of Organizational Design &
Development
AT&T Capital
Mark Hoffman, Unit Facilitator
AT&T Credit
Becky Snyder, Portfolio Asset Manager
AT&T Credit
Bob Weingardner, Sales Support Manager &
Reseller Account Manager
AT&T Credit

Effects of Civil Service

National Association of State Personnel Executives (NASPE)

Robert Dumont, President-Elect (NASPE)
Administrator, Massachusetts Department of
Personnel Administration
Linda Hanson, Executive Committee Member
(NASPE)
Director, Iowa Department of Personnel
Oscar Jackson, Jr., President (NASPE)
Administrator & Secretary of Human Resources
Oklahoma Office of Personnel Management
Stephen Osborne (NASPE)
Director, South Carolina Office of Human
Resources

**International Personnel Management
Association (IPMA)**

Steve Marincel

Business Representative, AFSCME Council 14
Hennepin County, Minnesota

Charles Sprafka (IPMA)

Associate County Administrator for Human
Resources
Hennepin County, Minnesota

Perspectives of Elected Officials

Paul Soglin, Mayor

Madison, Wisconsin

Michael Stayton, Director of Public Works

Representing Mayor Stephen Goldsmith
Indianapolis, Indiana

WASHINGTON, D.C.

SEPTEMBER 13-14, 1995

Thomas Donahue, President

AFL-CIO

The View from Counties

Randy Franke

Vice Chair, Commissioners' Office, Marion
County Oregon

Immediate Past President, National Association
of Counties

**The Role of Schools of Labor Relations
and Labor Studies**

Margaret Hallock, Director

Labor Education and Research Center
University of Oregon

David Lipsky, Dean

New York State School of Industrial and
Labor Relations
Cornell University

Robert Pleasure

Chair, Labor Studies, The McGregor School,
Antioch University

Executive Director, The George Meany Center

Appendix D

Summaries from Site Visits and Examples, Including Contact Persons

The analysis and discussion in the Task Force report draws substantially on first hand observation and analysis of service improvements and cost savings from successful use of workplace cooperation and participation in state and local government. These Task Force interactions took place with hundreds of labor and management leaders, front line workers, elected officials, and often with community members. All of the examples are summarized briefly in this Appendix and contact persons at each site are noted.

The Task Force held ten days of field hearings and site visits in five regions of the country. All examples are arranged in the Appendix by region, whether they were part of these field hearings or received in Washington, DC hearings. In cases where the example is referred to in the report text or in the “Snapshots” following each chapter, the reader is referred there for more detail.

Many of the sites visited or heard from had more substantial programs than could be examined during a brief visit, and space limitations preclude comprehensive descriptions. Those limitations are reflected in the scope of these summaries. The purpose is to provide an indication of the range of settings and services we visited in which useful improvements were taking place, and the different ways in which they were approached.

Such a listing is necessarily incomplete. There are many other communities and government institutions that have cooperative service improvement partnerships and other successful participation programs. The Task Force tried to get a sample of them across regions of the country, at different levels of government, and in a range of services offered by state and local government. These and the many others that the Task Force was unable to visit, provide inspiring and informative examples from which others can learn.

NORTHWEST REGION SUMMARIES

King County, Washington

Note: For additional detail on the following, see Chapter 1 of this report.

Department of Metropolitan Services (METRO)

Issues: COLLABORATIVE BARGAINING,
WORK TEAMS, JOB REDESIGN

Management: Paul Toliver, Director of Transit,
King County METRO (206)684-1441

Labor: Dan Linville, President, Local 587,
Amalgamated Transit Union (206)448-8588

Metro employees represented by ATU and the IBEW drive buses, provide power to the trolley buses and perform work in station and vehicle maintenance, rider information, safety and shelter design. Labor-management relations had been contentious for years, but the use of collaborative bargaining now produces quicker and more satisfactory settlements. Greater involvement of operations personnel in bargaining led to a change in emphasis from “problem avoidance” to “problem-solving.” Through labor-management cooperation, Metro and its unions restructured and redesigned jobs, including the creation of work teams. Resulting cost savings and improved customer service include: fewer power interruptions to the electric trolleys, tunnel cleaning costs reduced by more than \$100,000 over previously contracted out services as well as other savings; bus shelters free of graffiti because of the community’s “buy-in” to a refurbishment project; ridership increased by 50 percent over the projected goal on specific routes as a result of a joint labor-management “drive for excellence.” Phone information employees worked in teams to deal with the 5 million calls received per year. They left the office to learn how customers actually experience the services Metro delivers. Working with route planners and schedulers they developed a system map and a phone menu system, among other system improvements. The percentage of calls handled jumped from 50 percent to 90 percent, accuracy increased, and the average wait fell from 157 seconds to 65 seconds.

METRO Water Treatment Facilities

Issues: WORK TEAMS, GAINSHARING, INTEREST-BASED NEGOTIATIONS

Management: William Burwell, Operations Manager, METRO East Division Reclamation Plant (206)684-2408

Labor: Irene Eldridge, Union Representative, SEIU Local 6 (206)448-7348

Seattle's water treatment facilities are also part of Metro. The Renton plant has won awards for technical excellence and has also dealt creatively with changes in the workforce through a "Participative Workplace Program" (PWP) covering both union and nonunion employees. Out of 550 total employees, about 200 are in SEIU Local 6. A design committee of union, staff and management developed a plan for employee participation through "business teams" (natural work teams) and cross-functional project teams. Employees are empowered to "run their own part of the business" through enhanced communications and information sharing and exercising decision-making powers in many key areas, such as scheduling and maintenance. Supervisors are now "coaches, teachers, leaders." The change process also involved the development of a labor-management partnership based on collaboration and mutual goals. A joint labor-management policy committee addresses issues and helps to interpret the contract and deal with or prevent conflicts. In effect, this committee serves as the bridge between collective bargaining and workplace collaboration.

Gainsharing is provided for all workers -- union, non-union, and managers -- who have an impact on costs. The program is a performance-based, team-incentive plan that links employee compensation with improvement at the plants and off-site facilities through employee involvement. Specific performance measures are targeted and a baseline has been established. Workers receive half the cost savings achieved: a recent quarterly net gain amounted to \$133,332, of which half was returned to Metro and half went to employees. A description of the program is available. The joint labor-management committee is also working to develop a job and pay progression system in which

advancement takes place through acquisition of skills, not just seniority. The goals are to apply the same measurable criteria to all employees and to encourage employee initiative and career advancement.

Mercer Island, Washington

City of Mercer Island

Issues: TEAMWORK, CHANGE PROCESS, PUBLIC WORKS, MORE FLEXIBLE CONTRACT, REGULATORY REFORM, EMPLOYMENT AND INCOME SECURITY

Management: Rich Conrad, Assistant City Manager, City of Mercer Island (206)236-3570

Labor: Dave Hart, President, Washington State Council of County and City Employees Local 21-M, AFSCME (206)236-3656

The task force heard from union and management representatives from Mercer Island, a small island/city in Lake Washington, just east of Seattle, which underwent restructuring and job redesign in 1991 to remedy service problems. First, in a non-union situation, the city improved its development services, such as issuance of building permits and conduct of inspections, by adopting a team approach and by "flattening" the department through elimination of some management positions. Then, members of the Public Works Department, represented by AFSCME, requested that their department undergo a similar process.

Key to the success of these efforts was early and constant employee and union involvement and a continuing recognition of the need to maintain employment security and pay security. A flattened organization replaced traditional hierarchies, and now almost 50% of employees work in a team structure. For example, maintenance employees work in construction, mechanical, environmental and support teams with no intervening supervisory level between them and the city manager. In the team structure, team leaders (not in the bargaining unit) facilitate work assignments, while team generalists act as field foremen. The parties developed a labor-management compact and an employee bill of rights in which parties strive to identify joint interests and not concentrate on pay and rules.

There has been a natural impact on the collective bargaining agreement. The contract was described as more flexible and primarily focused on customer service and related objectives. Its length and complexity were also substantially reduced. There is deliberate inclusion of viewpoints of elected officials (through involvement of the mayor, council members, budget staff) in the cooperative relationship focused on service.

Seattle, Washington

City of Seattle

Issues: RESPONSES TO CONTRACTING OUT, JOINT LABOR-MANAGEMENT COMMITTEES, INCLUSION OF ELECTED OFFICIALS

Management: Lizanne Lyons, Director of Labor Relations, City of Seattle (206)684-4000

Labor: Tony Vivenzio, Executive Director, Seattle Fire Fighters Union Local 27 (206)285-1271

In the City of Seattle, a beginning effort at service focused cooperation developed between management and a coalition of about 30 unions in 50 bargaining units in response to a prolonged period of difficult relations. The situation had come to a stalemate -- with some in management seeking a contracting-out ordinance and unions planning a public campaign -- when, instead, labor and management crafted a "Statement of Joint Commitment." This statement set forth a shared cost-savings approach as an alternative to possible contracting out, and a structure of joint problem-solving committees whose membership includes city council members and staff. The process had just gotten under way with the selection of projects to work on. Bargaining issues may be discussed in the process, but they are pushed to the bargaining committee for consideration of actual changes. Both sides acknowledge, however, that the trust and candor built up in the committee process have improved the collective bargaining relationship. In the most recent round of talks, the parties settled COLA and medical issues for the non-safety services before the agreements expired, which is apparently unusual in that jurisdiction.

Some of the results thus far include efficiencies from equipment sharing and scheduling adjustments,

and saving from a redefinition of overtime, with 50% of the latter savings earmarked for employee training and development. Unlike earlier attempts at "TQM," which were "top-down" and more staff driven, this effort was agreed to by both labor and management principals. The inclusion of council members and council staff brought in another key stakeholder, cited as important for success in view of the council's important role in the budget.

Washington State

Note: For additional information, see Chapter 4 of this report.

Department of Labor and Industries

Issues: TOTAL QUALITY MANAGEMENT, JOINT LABOR-MANAGEMENT COMMITTEES, TRAINING, INTEGRATION OF TECHNOLOGY, CROSS-FUNCTIONAL TEAMS, CONTRACT CONTAINING QUALITY PROCESS

Management: Lucille Christenson, Assistant Director for Human Resources (360)902-4226

Labor: Dianne Lutz, Director of Union-Management Relations, AFSCME Council 28 (360)352-7603; Mike Zenk, Business Representative, IBEW Local 76 (206)475-1192; Al Gilmore, Business Manager, United Association of Journeyman and Apprentices of the Plumbing and Pipefitting Industry Local 32 (206)728-1832

The Washington Department of Labor and Industries (L&I) headquartered in Olympia has collaborated with AFSCME, IBEW and PPF representing its approximately 2,600 employees to implement quality initiatives, reorganize the Department and the workers' compensation office, and revolutionize claims processing through the adoption of imaging technology. AFSCME represents about 2,400 L&I workers, the IBEW about 150, and there are 25 plumbers and pipefitters. Restructuring of L&I was undertaken to improve customer service, access and satisfaction. The effort, accomplished between March 1993 and 1994, followed the principles of a Total Quality Management initiative embarked upon two years prior: customer

focused, employee involvement and data driven.

The reorganization plan sought to eliminate “turf” issues that got in the way of customer service by organizing around common customers as opposed to statutes or funding source, and to eliminate or combine duplicate services. The effort was driven by data from over 3,200 customer contacts (internal and external). The number of supervisors was reduced from 500 to 300, number of divisions reduced from eight to four and fully empowered regional service delivery organizations were created. Many managerial and supervisory positions were eliminated and their incumbents redeployed to provide direct customer service and/or to field service locations. According to witnesses, the reorganization worked because there was a successful labor-management relationship, employee involvement, customer focus, and good involvement of stakeholders and a supportive administration.

Cross-functional teams redesigned the five major service areas of the department. Managers were urged to serve on the teams. Unions either assigned a liaison to the team or had members on the team; part of their role was to identify issues on which formal collective bargaining had to take place. A significant effort was made to protect the basic employment security of the workers. Notably, the cooperation was so effective that no grievances were filed over the reorganization, even though hundreds of jobs were affected. (A hiring freeze resulted in more than 300 jobs being offered to the 110 managers losing their positions. There were only two bumps.) Witnesses noted some spill-over from the teams’ efforts to later collective bargaining negotiations, since relationships of trust had been built between labor and management.

As an example of ongoing quality efforts, the new technology of “claims imaging” has transformed case processing in the workers’ compensation area. It was implemented as a result of labor-management quality efforts. Under the old microfiche technology, it took two or three weeks for a claims manager to get updated files once key information was received. Now, they can have the file almost instantaneously when they receive an inquiry. Timeliness and accuracy of case handling have improved vastly and customers are being served in much less time. Labor-management co-

operation was instrumental in getting retraining for workers (e.g., in keyboard and other computer skills) so that layoffs were avoided. An ad hoc labor-management committee addressed issues such as ergonomics, selection of equipment, and design of new jobs. The new technology is projected to save the state \$10 million a year.

Portland, Oregon

Portland Water Bureau

Issues: PARTNERSHIP, INVOLVEMENT OF ELECTED OFFICIALS, QUALITY, CONTRACTING OUT, REDEPLOYMENT, GAINSHARING

Management: Michael Rosenberger, Administrator, Portland Water Bureau (503)823-7555

Labor: Thomas O’Dea, Council Representative, AFSCME Council 75 (503)239-9858

The Portland Water Bureau’s 500 employees are represented by AFSCME and five other unions. The Bureau’s quality improvement process began in 1989 with an effort initiated from the top down by union and management leadership and that focused on work groups and an overall culture change. In 1991, the city completed installation of a new consolidated water control system that cut in half the number of operators needed, and brought about a 10 percent reduction in energy costs needed to run the pumps. The control center and laboratory were redesigned through labor-management collaboration. Working together to address the need to reduce positions overall in the bureau, the parties were able to bring about redeployment without layoffs. Joint planning in the earliest stages let employees cycle into vacancies; thus a key element of the success of the cooperation was that people knew they wouldn’t lose their jobs.

Political leaders (i.e. city commissioners) are included in the overall planning process along with managers and union leaders. Moreover, the role of labor has changed: it is more than a stakeholder, it is an “equal sponsor” of change. Collective bargaining issues are not part of the partnership (though the parties do use a collaborative approach to bargaining). A sig-

nificant area for cooperation is in the broad area of assessing how to provide the best services economically. Although pressed to consider privatization, the Water Bureau does not assume that privatization is automatically the right idea, rather, the question is posed: "What is most economic and effective?" Parties are collaborating in addressing the development of sophisticated measurement tools for making cost comparisons, as well as the careful listing and consideration of other criteria for such decisions: e.g., customer service, long-run human resource development, how best to serve the ongoing needs of maintaining the system. A booklet has been produced by the parties on this subject.

Multnomah County, Oregon

Note: For additional detail on the following summary, see Chapter 1 of this report.

Multnomah County

Issues: TEAMWORK, PARTNERSHIPS, QUALITY FOCUS, INCREASED PUBLIC SERVICE, CULTURAL CHANGE

Management: Beverly Stein, Chair, Multnomah County (503)248-3308; Barry Crook, Manager, Budget and Quality Manager, Multnomah County (503)248-3575; Ginnie Cooper, Director of Libraries, Multnomah County (503)248-5403

Labor: Joe Devlaeminck, President, AFSCME Local 88 (503)248-3749; Bunny Harrold, Representative, Multnomah County, Oregon Nurses Association (503)248-6168

Multnomah County government has engaged in a comprehensive labor-management cooperative approach to improve delivery of public services in which the wall between labor and management is crumbling.

Chapter One describes their comprehensive quality and cooperation efforts, "RESULTS: Reaching Excellent Service Using Leadership and Team Strategies." As an example, a panel from the library system described changes that occurred as the system moved from private to publicly run. Separate unions cooperated, and the work began to be done in teams. They

addressed issues such as scheduling and the development of performance standards -- very different from the traditional areas in which employees had input. As in other government functions, the customer determines what is good service. The bottom line for this group was that their survival depends on their ability to cooperate. A noteworthy result of their efforts is that libraries are now open one more day a week with no staff increase and an increasing number of cost savings are emerging.

Northeast Health Clinic

Issues: TEAMWORK, BECOMING COMPETITIVE, RESPONDING TO MARKET

Management: Teresa Williams, Clinic Manager (503)248-5183

Labor: Michael Alexander, Labor Representative, Oregon Nurses Association (503)293-0011; Jim Younger, Business Representative, AFSCME Local 88 (503)239-9858

The Northeast Health Clinic is a large, primary care facility run by Multnomah County. Employees are represented by the Oregon Nurses Association and AFSCME Local 88. Relationships were formerly adversarial, with a bitter nurses' strike in 1980. Although attempts to establish quality programs were initiated subsequently by management, it was the institution of the Oregon Health Plan in early 1994 -- putting the Clinic into competition with other providers -- that has brought about the most significant developments in union and employee involvement, a focus on customer satisfaction, and joint problem-solving. The process has involved creation of a quality improvement steering committee and a customer service/professionalism committee. A vision statement and standards for excellence were developed, and there is increased emphasis on teamwork, problem-solving, joint information-gathering, and a change in attitude toward the clientele. Customers benefit from a multilingual staff, better information signs in the clinic, and other service improvements.

State of Oregon

Oregon Health Sciences University

Issues: COLLABORATIVE BARGAINING, TOTAL QUALITY MANAGEMENT, PROCUREMENT, GRIEVANCE REDUCTION

Management: Keith Tintle, Associate Hospital Director, Oregon Health Sciences University (503)494-4035

Labor: Dianne Lovell, Council Representative, AFSCME Council 75 (503)239-9858; Randi Post, Labor Relations Representative, Oregon Nurses Association (503)293-0011

The adoption of interest based negotiations, improvements in grievance handling, and joint projects to streamline procurement were described by a panel of labor and management from the State of Oregon Health Sciences University. Employees are represented by AFSCME and the Oregon Nurses Association. After individuals attended an FMCS-sponsored labor-management conference in Washington D.C. about five years ago, the parties began to initiate collaborative bargaining and TQM. With regard to the negotiations process, training in problem-solving has been provided by a state conciliator. Facilitators who were generalists learned how to teach the parties how to solve problems themselves. The quality process helped to smooth contract negotiations, and when the negotiations got in trouble, the parties had the foresight to look beyond those problems. Changes in grievance-handling pushed the process lower down the hierarchy and eliminated two of the five steps. Grievances have been reduced by 40 percent, and a grievance adjustment board made up of two each from labor and management has reduced reliance on arbitration.

An example of where teamwork has produced substantial savings, and is likely to produce much more, is procurement. Fourteen different departments at the university engaged in procurement; customers and suppliers were not satisfied, either with the process or the costs. A labor-management steering group from the various units initiated a study of the procurement process with the help of a consultant. From flow charts, the team saw what the old process looked like, saw the

opportunities for savings, designed a new process, and decided how to implement it. It is expected that savings resulting from the team's efforts in this area will be substantial. Although there has been no guarantee of continued employment, attrition and retraining have been relied on to ensure that the smallest possible number of workers are affected.

State of Montana

Note: This testimony was received during the Task Force's January 10-11, 1995 Washington, DC hearing.

University of Montana

Issues: HIGHER EDUCATION

Management: James Lopach, Associate Provost, University of Montana (406)243-4829

Labor: Jerry Furniss, Associate Professor, University of Montana Business School and Past President, University Teachers Union (406)243-2062

Testimony was presented on how the employer-employee relationship was turned around at the University of Montana, where labor-management relations had traditionally been adversarial and narrowly focused: all issues other than money were ignored. In 1993, a new approach was attempted that involved the sharing of information and exploration of a wide range of issues, including workload and student access to classes. A strategic plan for bargaining was developed with the involvement of a neutral mediator and trainer. Training of parties in the process was done jointly, the process was broadened to include those who could implement the decisions, and other stakeholders, such as students, the board of regents, and the governor's office, were included. Parties acknowledged they were taking a risk because the outcome of such a process was uncertain, and union members received assurances that they could go back to traditional bargaining at any time. This seemed to give them needed security to engage in the process, which included more emphasis on problem-solving, joint problem-definition, and data-gathering.

NORTHEAST REGION SUMMARIES

State of Massachusetts

Note: For additional detail on the following summary, see Snapshot: MassHighway.

Massachusetts Highway Department

Issues: TEAMWORK, COMPETITION, SCHEDULE CHANGES, REDUCTION IN OVERTIME, SICK TIME AND TIME LOST; IMPROVED SKILLS, TRUST, BETTER COMMUNICATION

Management: Charles Kostro, Chief Policy Analyst, Executive Office of Transportation and Construction (617) 973-7255

Labor: Frank Borges, Secretary-Treasurer, SEIU Local 285 (617) 426-0410 ext 113; AFSCME Council 93 (617)367-6000 ; NAGE (617)376-0220

In 1992, Governor Weld's administration proposed to turn over all highway maintenance to one private contractor. In meetings with employees, the possibility of an in-house bid was discussed. Under the initial program, seven contracts were put out for bid in Essex County: four went to private contractors, three to a union consortium (NAGE and AFSCME were part of the group).

According to the parties the results have been excellent. Drawbridge operators have produced a 70 percent reduction in overtime, and substantial decreases in sick time. For the entire workforce that won contracts, there has been a 60 percent reduction in workers' compensation claims, and workers are credited with being directly responsible for the improvements in highway maintenance. Workers' ideas produced savings from such changes as flexible scheduling, putting maintenance personnel in the field, adding night shifts, or identifying where preventive maintenance could usefully be done. Much of the success has been due to teamwork and planning, as well as skills enhancement that has enabled internal, upward mobility. Virtually all the changes have been made within the scope of the current collective bargaining agreement, its wage and benefit provisions, and the personnel system, although

the degree of trust and focus on service and customer satisfaction allows the parties to use those systems more flexibly. Nearly \$8 million have been saved through a variety of cost saving improvements undertaken including the benefits of this effective cooperative relationship. Union and management are looking for ways to extend similar cooperation and cost savings to other parts of the state.

Massachusetts Joint Labor-Management Committee for Municipal Police and Fire

Issues: ALTERNATIVE DISPUTE RESOLUTION, JOINT LABOR-MANAGEMENT COMMITTEE, CONTRACT DISPUTES, IMPROVING TIME TO SETTLEMENT, PUBLIC SAFETY

Management: Don Hawkes, Management Senior Staff (617)727-9690

Labor: James Costello, Labor Senior Staff (617)727-9690

The Joint Labor-Management Committee, established by legislation in 1977, has six members representing labor, six representing management, and two neutrals all appointed by the governor for three-year terms. It exercises broad oversight responsibility for collective bargaining negotiations involving municipal police officers and fire fighters. It assists the parties in resolving contract disputes without going to arbitration by invoking mediation and other voluntary forms of dispute resolution and problem-solving; serves as a forum for the discussion of current issues in public safety labor-management relations, and strives to foster an environment conducive to productive and responsible collective bargaining.

The committee may invoke a specified form of limited arbitration in cases that "have remained unresolved for an unreasonable period of time" and that "constitute a potential threat to public welfare." In such cases, the decision shall be binding on the union and the employer "subject to the approval of a funding request by the municipal legislative body" (city council or town meeting). The committee process also permits the voluntary use of arbitration by agreement of the parties. The committee each year issues a report detailing its activities in settling disputes.

This approach is an example of innovative uses of alternative dispute resolution in a labor-management context, keeping parties focused on problem solving.

Boston Edison Company

Note: This testimony was received during the Task Force's January 10-11, 1995 Washington, DC hearing.

Boston Edison Co.

Features: GRIEVANCE MEDIATION, CROSS-FUNCTIONAL TEAMS, CONTRACT SETTLEMENT, LONG-TERM CONTRACTS, SAFETY NET, IMPROVED BARGAINING RELATIONSHIP, LONG TERM BUSINESS PLANNING

Management: John Higgins, Senior Vice President, Boston Edison (202)273-1960

Labor: Don Wightman, Vice President, Utility Workers Union of America (202)347-8105

In this example, the Task Force heard testimony about labor relationships in a privately owned utility company because of the similarities between such regulated utilities and the public sector.

Boston Edison had a history of unproductive labor-management relations, including bitter strikes and thousands of grievances, since at least the 1960s. In the mid 1980s, competition forced the company to change how it did business internally. It brought in a neutral expert to develop systems for mediation and expedited handling of the grievance backlog. The goal -- and result -- was to shift from a perspective of win-lose and scoring points to one of problem-solving. The witnesses provided figures to indicate a much higher settlement rate under the new system, with greatly reduced costs. No cases have even been mediated in the past two years -- the issues are being resolved at lower levels. Total per-case mediation costs average \$200 versus \$3,000 for arbitrator fees alone.

The parties indicated that the improved skills, trust and relationships from the process have also affected contract talks, prompting easier settlements. They created cross-functional teams to deal with cus-

tomers, and used problem-solving techniques to consolidate job classifications, moving in one area from 70 to 35 workers without layoff (retraining was provided, along with a higher rate of pay for remaining workers). Open discussions led to operating changes. The labor agreement is for six years and remaining issues are being addressed in problem-solving groups.

Management selection and development practices are changing to develop leaders who work more effectively in problem-solving with employees and union leaders.

The parties noted that commitment of top leadership on both sides is crucial to success of such efforts. Further, the union emphasized the importance of job security to encourage creativity, risk taking and acceptance of dramatic change.

Portland, Maine

Portland, Maine has a comprehensive labor-management program producing service and cost improvements. For a detailed account of the following summary, see *Snapshot: Portland, Maine*.

Hadlock Field

Issues: JOINT COMMITTEES, TEAMWORK, SELF-MANAGED TEAMS, CROSS-TRAINING, GAINSHARING, GRIEVANCES, CONTRACTING-IN

Management: Robert Ganley, City Manager, City of Portland (207)874-8689; Nadeen Daniels, Assistant City Manager, City of Portland (207)874-8779

Labor: Jim Pritchard, President, AFSCME Local 481 (207)874-8300 ext 8821

The task force heard testimony from city officials and employees of Portland, Maine on three major cooperative efforts: construction of a baseball stadium, the public works districting program, and the city construction company. The city had fairly adversarial labor relations in the 1980's, and over a third of the city's public works employees (represented by AFSCME local 481) were laid off in 1981. When a financial crunch again faced the city in 1990, management joined with union leaders and employees in a labor-management

committee that prioritized issues, studied them in sub-committees, and brainstormed innovations that led to cost savings and increased efficiencies.

In 1993, the city decided to build a baseball stadium to attract a minor league team, but realized that the cost of using outside contractors would be prohibitive. The city manager challenged city workers to build it themselves. Begun in August 1993, it was ready for opening day 1994, despite the severity of the intervening winter. The stadium cost the city \$2.5 million (minor league ballparks in other cities have cost \$8 million to \$10 million). The stadium was built through cooperation and teamwork. The stadium project also inspired other new ways of work organization producing excellence in city government. (See *Snapshot: Portland, Maine*)

State of Maine

Employee Health Commission

Issues: JOINT LABOR-MANAGEMENT COMMITTEE, HEALTH CARE COST SAVINGS

Management: Jo Gill, Executive Director, Maine State Employee Health Insurance Program (207)287-6780

Labor: Bill McPeck, Health Commission Member, Maine State Employees Association, SEIU (207)622-3151

The Maine Employee Health Commission was created to deal with health care issues when traditional collective bargaining failed to deal with a strict funding cap imposed by the legislature. (The size of the premium paid by workers is still subject to bargaining.) The commission has created the first, statewide managed care program in Maine. The commission operates by consensus and has succeeded in bringing labor-management cooperation to bear on the costs and complexities of health care in the face of typical political and fiscal pressures facing state governments.

Massabesic, Maine

Massabesic Public Schools

Issues: COLLABORATIVE BARGAINING,

IMPROVING BARGAINING RELATIONSHIP, IMPROVING TIME TO SETTLEMENT

Management: Millard Gethner, School Board Chairman, Maine School Administration District 57 (207)247-3221

Labor: Priscilla Wood, President, Massabesic Teachers Association (207)247-6126

Neutral: John Alfano, Mediator, Maine Labor Relations Board (207)282-3992

In this example, the parties had a very unsatisfying and contentious relationship: bargaining was positional and confrontational, and there was no binding resolution of economic items. Both sides were willing to take the risk of trying something new, and agreed to try preventive mediation. They employed major elements of collaborative bargaining, including jointness in problem solving, developing standards for solutions through brainstorming, and bringing more peoples' ideas to the table. The traditional caucus method of developing positions and demands was not used. People -- union reps and board members alike -- came to the table with problems, not answers, and they focused on problem-solving instead of trade-offs. The contract was settled in much less time than before. Both parties agreed it was a better agreement, with more mutually satisfactory solutions.

State of Connecticut

Note: For additional detail on the following summary, see Chapter 1 of this report.

Department of Mental Retardation

Issues: SAFETY, TEAMS, COST SAVINGS, REDUCTION OF TIME-LOSS INJURIES

Management: Christopher Lassen, Coordinator, Quality of Worklife Program (203)566-3249; Del Pelletier, Assistant Regional Director, Department of Mental Retardation (860)579-6030

Labor: Lou Weisenbacher, Member, New England Health Care Employees Union, SEIU District 1199 (203)262-9623

The statewide Quality of Work Life program has

been funded through the collective bargaining agreement at the rate of \$350,000 per year. Pilot programs have been established, by consensus between labor and management, in areas such as child care, training, absenteeism, and safety. One pilot program focused upon a statewide safety improvement program in living units of the state's custodial mental health facilities. The program approached the issue by empowering the caregivers with the ability to improve safety in the individual work site. It was noted that only direct care staff can reduce injuries so a team approach was needed that included the active involvement of facility leadership. Labor-management teams were then established one-by-one in several facilities. Significant decreases in injuries and time loss, including nearly \$5 million savings in the first year, were identified. (*See Chapter 1*).

Bridgeport, Connecticut

Labor-Management Cooperative Program

Features: JOINT LABOR-MANAGEMENT COMMITTEE, HEALTH CARE COST CONTAINMENT, RESPONSES TO FINANCIAL PROBLEMS, TOTAL QUALITY MANAGEMENT, EFFECT ON BARGAINING RELATIONSHIP

Management: Dennis Murphy, Chief Administrative Officer, City of Bridgeport (203)576-7119; Charlene Hosticka, Labor-Management Coordinator, City of Bridgeport (203)576-8358

Labor: Mardi Schroer Mattie, Field Representative, Connecticut Education Association (203)378-2101

Bridgeport, with a population of 142,000, was described as "the biggest and poorest [city] in the state, with the highest taxes." It filed for bankruptcy in 1991 and has experienced significant layoffs. The FMCS funded a position to coordinate labor-management cooperation among 15 bargaining units. The city has 4,000 employees, 40 of whom are not unionized.

When the city's health care plan was canceled, the labor-management group was used to help solve the crisis. The joint approach led to a single-provider plan, with equalized benefits among unions. The revamped program was reported to have saved the city

more than \$8 million. Annual costs of the new program have stayed level for the last few years.

Building on the success of its involvement in health care, Bridgeport's cooperative program has been broadened to focus on other areas, using TQM principles. A labor-management steering committee has selected five project areas out of 40 initially identified as possible areas of focus. Teams of employees are currently working on such projects as reducing illegal dumping, reducing costs and improving purchasing of office products and services, increasing use of existing computer equipment and output, and improving the telephone system to improve customer satisfaction and effective use of resources. The cooperative behaviors learned in these efforts have affected the collective bargaining relationships positively, as trust and problem-solving skills have been found to be useful in bargaining as well.

Ulster County, New York

Labor-Management Committee

Issues: JOINT LABOR-MANAGEMENT COMMITTEE, EFFECT ON BARGAINING RELATIONSHIP

Management: Karen MacIntosh-Frering, Labor-Management Coordinator, Ulster County (914)340-3542

Labor: Deborah DeCicco, Ulster County Local Government Representative to the Board of Directors, CSEA Local 856 (914)340-3491

A joint labor-management committee was established 20 years ago in the collective bargaining agreement between Ulster County, New York (with a work force of about 1,600) and CSEA Local 856, but the relationship did not become a truly productive problem-solving team effort until nearly 10 years later. In 1985-86, the county, union and the New York State PERB jointly received a grant from the FMCS to develop and improve the effectiveness of the existing committee through process training, full-time facilitation, and adoption of consensus decision-making. The county-wide committee has joint co-chairs and 10 members each from labor and management. There are

also four departmental committees at the county's largest agencies: mental health services, social services, the residential health care facility, and Ulster County Community College. Over the last 10 years, the committees have addressed many issues of mutual concern, including cost containment, training needs, scheduling of work (including implementation of flexitime), fair administration of a furlough program, safety and security concerns of employees.

The cooperative relationship has had a salutary effect on collective bargaining: While the 1992 agreement took 24 months to reach, the 1995 contract took only "a few days." The parties attributed this to the trust, communications, and problem-solving skills that had developed in the cooperative process.

State of New Jersey

State Judiciary

Issues: JOINT COMMITTEE, CONSOLIDATING UNITS, APPROACHING LEGISLATIVE BODIES

Management: Mark Rosenbaum, Administrator of Labor and Employee Relations, New Jersey Administrative Office of the Courts (609)633-6540

Labor: John Loos, Legislative and Political Liaison, Communications Workers of America (609)392-2771

This example describes a joint labor and management response to a sweeping reorganization of the judiciary in New Jersey. Over a five year period (1992-97), a workforce of 6,500 employees were to be shifted from county to state employment and approximately 75 bargaining units across 21 counties represented by different unions would be drastically reduced. The restructuring was complicated by the fact that the judiciary had historically not considered itself to be bound by civil service and collective bargaining laws. A joint labor-management committee was formed under the sponsorship of the Chief Justice to work on the personnel and labor relations implications of the consolidation. Members received substantial process training. A basic guideline was that no employee should be significantly harmed or experience a significant "wind-fall" from the reorganization. It was recognized that commitment from top leadership was crucial, as well

as vesting decision-making authority in the people who participate in the process.

The results of the committee process were significant: The parties agreed on a proposed statute and a side letter of agreement to establish the framework for labor relations in the judiciary (which became subject to PERC jurisdiction without a statutory amendment that might have raised questions about the separation of powers). The parties presented the proposed act and letter of agreement to the legislature together, and the legislature adopted the bill "without a comma changed." The letter of agreement also protects employees' compensation and benefits, and provides for their fair treatment, upon conversion to state service.

Five joint committees continue to address issues such as work force planning and job design, rationalization of health care coverage (including cost containment) and salary disparities. Testimony provided to the Task Force noted the creative power available when labor and management come together in a problem-solving mode.

AT&T Credit

Issues: TEAMWORK, COMPETENCY-BASED PAY

Contact: Ann Henry, Vice President, Organizational Design & Development, AT&T Capital Corporation (201)397-4114

Note: This program was described to the Task Force at its July 10-11, 1995 Washington, DC hearing, arranged with the assistance of the Work in America Institute to examine significant private sector examples.

A panel of team members and leaders described employee involvement at AT&T Credit, a clerical and professional group of employees specializing in leasing at the AT&T Capital Corporation, a nonunion company. The company, which won the NJ Quality Achievement Award in 1993, provides customer financing to support the sales and leasing of AT&T products. It is 86 percent owned by AT&T after a public stock offering, in which employees (called "members") received stock options equivalent to 10 percent of sal-

ary.

Credit work once done outside by a bank was brought in-house because the company had found that they couldn't serve their customers adequately. It was determined that in-house workers would provide more personalized service and more accountability to customers. This improvement was due to the members themselves, who felt they should be empowered because they are closest to the customer. They also wanted "end-to-end accountability" for the life of the lease. Likewise, customers wanted faster turnaround on decisions.

There are presently 13 self-managed teams of 20 to 25 members each. The team culture is embedded in the company, although individuals are given recognition in addition to team incentives. Team members are selected through a team interview process, and performance evaluation involves peer appraisal. The company has competency-based pay and training.

SOUTHEAST REGION SUMMARIES

Charlotte, North Carolina

Note: For additional detail on the following summary, see Snapshot: Charlotte, N.C.

New Pay System: Broad-Banding

Issues: PAY FOR PERFORMANCE, BROAD-BANDING CLASSIFICATION, EMPLOYEE TEAMS, EMPLOYEE INVOLVEMENT, ROLE OF PERSONNEL PROFESSIONALS

Contact: Karen McCotter, Performance Management Manager, Department of Human Resources (704)336-4508; Joan Perez, Consulting Services Manager, Department of Human Resources (704)336-6005

Charlotte's implementation of a broad-banding pay system was designed and implemented in 1993, with active input by an employee advisory committee representing all major departments (other than police and fire). The employee advisory committee served as the link to others by providing progress updates and sharing suggestions from those not on the committee.

Employees now are grouped into six, broad pay bands, replacing five separate pay plans (including up to 25 pay ranges and nine steps each). The effort involved a cultural shift from pay entitlement to pay for performance and for adding value to the organization. Tools for managing pay were placed in the hands of departmental managers, thereby enhancing decentralized decision-making and resulting in a 25 percent decrease in the size of the HR department without a reduction in service levels.

Managers now have flexibility to reward performance without substantially increased resources. Salary costs are controlled because the projected cost of previous step increases and a possible across-the-board increase have been replaced with an overall merit increase based on a percent target for the year. In terms of improved management, performance-based pay has increased communications between supervisors and workers, strengthened performance measures and more closely linked employee performance and the goals of government. Efficiencies resulted because layers of management, which had been put in place to reward employees, could be eliminated in favor of more direct, performance-based rewards. Employees learn new skills and can assume broader or more complex duties.

Police and Fire Departments

Issues: PAY AND PERFORMANCE SYSTEMS, EMPLOYEE INVOLVEMENT, TEAM INVOLVEMENT IN TRAINING, CLASSIFICATION, PUBLIC SAFETY, EVALUATION SYSTEMS, ROLE OF PERSONNEL PROFESSIONALS

Management: Chief Jack Boger, Charlotte Police Department (704)336-2971; Chief Luther Fincher, Charlotte Fire Department (704)336-2492

Employees: Sergeant Jackie Maxwell, Charlotte Police Department (704) 336-3691; Art Brown, Administrative Officer, Charlotte Fire Department (704)336-3852

Teams comprising members of the City of Charlotte Police and Fire Departments, with human resources staff serving as consultants, have been devel-

oping new pay and performance systems and measures. Police and fire employees had been exempted from the broad-banding pay reforms made applicable to other jobs in the city in 1993 (see following summary). Recent merger of the city and county police forces also drove the restructuring of police compensation. The change process involved formation of a team of employees for each service representing different ranks and assignments, including civilians. Selection was by the respective chief, and included those knowledgeable about the pay system and other volunteers. The departments cooperated in market analysis (e.g., comparisons with salary data from other cities of comparable size), and periodically discussed progress and shared proposed solutions. The pay plans that emerged involved simplification of steps, elimination of across-the-board increases and closer ties to performance.

The police performance management system shifted from a “procedures orientation” to an “outcome orientation,” with particular emphasis on customer service. The evaluation system attempts to build objectivity and eliminate inconsistencies while also measuring outcomes such as whether the response provided was appropriate to the nature of the call. The police appraisal system is more flexible to accommodate the changing nature of the work and the increasing move to community policing. The fire department has increased liaison with community groups, schools and churches about fire prevention and safety issues.

Team members shared information and consulted frequently with rank and file, and conducted needed training in the new systems. They provide orientation on the new systems to new employees, taking on a function previously performed by the human resources department. The process had direct ties to the community. For example, the committees were empowered to speak directly to the City Council. Both workers and the public have benefitted from the increased morale, competence, and empowerment of employees and the shifting focus to customer service.

Solid Waste Collection

Issues: COST INFORMATION, BENCHMARKING

Contact: Wayman Pearson, Director, Solid Waste Services (704)336-3410; David Cooke, Director,

Business Support Services (704)336-6252

This example described how solid waste services were considered for bid. Initially, it was realized that a change needed to be made in the way garbage was collected: economics forced a change from a backyard pickup to curb-side. When cost savings by city personnel were demonstrated, the work was kept in-house. The projected savings from employee input is more than \$1 million.

Hampton, Virginia

Note: For additional detail on the following summary, see Chapter 1 of this report.

Issues: SELF-DIRECTED WORK TEAMS, TRAINING, MARKET-BASED COMPENSATION, GAIN-SHARING, COST MEASURES, QUALITY MEASURES

Contact: Tharon Greene, Director, Department of Human Resources (804)727-6437

About a decade ago this small city, with 1,300 full-time positions, faced dwindling resources and competition from neighboring cities. Hampton responded to these competitive pressures by developing a mission and a statement of organizational values that stress responsiveness to citizens, quality, integrity, teamwork, professionalism and innovation. Assistant city managers were re-focused from line tasks to strategic issues. Training in business techniques, such as benchmarking, was provided to enable employees to make comparisons with other jurisdictions. Employees were regrouped into self-directed work teams and taught teaming skills. Sound performance goals were developed, concentrating on “results, not activities.” Ad hoc problem-solving teams supplement the permanent work team structure; employees even built the golf course after private bids proved too high.

Hampton noted that it shares with Charlotte a focus on customer service, a changed role for human resources, considerable decentralization of management, and revamped compensation, performance and incentive systems. (Also, the Charlotte city manager

started the program in Hampton at an earlier stage.) Pay is market driven. Under an incentive program for innovation and productivity improvements departments share 10 percent of their annual savings with employees who make cost-saving suggestions.

State of South Carolina

Note: For additional detail on the following summary, see Chapter 1 of this report.

Department of Motor Vehicles

Issues: TEAMWORK, TOTAL QUALITY MANAGEMENT, CUSTOMER SERVICE, APPROACH TO LEGISLATIVE BODY, POLICY IMPACT

Management: Gregorie Frampton, Executive Administrator, Department of Revenue and Taxation (803)737-9830

Employees: Terry Brazell, Leslie Spratlin, Ike McFarlan (803)737-1782

Members of the quality service team of the Division of Motor Vehicles, state Department of Revenue and Taxation in Columbia, S.C., described how they addressed customer service problems in response to concerns expressed by the legislature. After receiving training in the quality process, a team of rank-and-file workers, district managers, and two facilitators gathered data on customer complaints, wants and needs. The most frequent customer complaints concerned long lines, the frequent need to make repeat visits because of inadequate documentation and unclear letters received by customers. The team made approximately 90 recommendations for improving service to the public; 10 required legislative action, and as of June 1995, eight had been enacted.

About nine quality teams are functioning now. They are managed by a special management team where the project is located. The DMV quality team was the first employee group to make a presentation to the Ways and Means subcommittee of the legislature. In addition to statutory changes to remove a number of service improvements, one result was a \$600,000 appropriation for total quality management and training.

State Quality Network Association

Issues: QUALITY, BENCHMARKING

Contact: Phyllis Mayes, Assistant Executive Director, South Carolina Budget and Control Board (803)737-9389

The South Carolina State Quality Network Association is a group of about 40 agency leaders responsible for some 40,000 employees. The network meets regularly and shares resources regarding quality improvements. This is part of an effort by the ASQC to promote information sharing on service quality improvements. When the state legislature moved to mandate a program, the network was able to tell the legislature what was already going on, producing publications that set forth progress reports on member agency initiatives, a strategic plan for future efforts, and encouragement of further involvement of employees at all levels. (Currently, suggestions for improvement average 69 per employee per year.) There is a continuing effort to encourage innovations from the bottom up in order to deal with the problem presented by frequent political changes in top leadership. Future efforts intended include examining the efficacy of entire systems, such as tax collection; eliminating duplication of efforts, and bolstering recognition and rewards.

South Carolina Executive Institute

Issues: MANAGEMENT TRAINING

Contact: Phil Grose, Director, South Carolina Executive Institute (803)737-0844

The South Carolina Executive Institute is administered under the state Budget and Control Board in Columbia as a "virtual organization." It has no buildings and little bureaucracy. Instead, it draws upon the talents of faculties and the physical facilities of educational organizations within the state to provide leadership development programs. In operation since 1991, it has trained some 145 executives from 46 state agencies, two non-state governmental units, and 11 non-governmental and corporate organizations. It is based on the premise that training senior leaders fosters a productive and positive work climate that promotes service improvements.

Charleston, South Carolina

Department of Parks

Issues: TOTAL QUALITY MANAGEMENT, BUDGETING, SELF-MANAGED TEAMS

Contact: Danny Burbage, Superintendent, Department of Parks (803)724-7416

Five employees described how TQM has become a way of life in this 176-worker department. Restructuring of the work, along with training, has given individuals more responsibility. For example, an 18-year employee, the operations coordinator of the janitorial crew, not only handles the budget in his area but has also acquired the ability to judge the political sensitivity of complaints. As another example, opportunities have opened up for a former \$4.50-an-hour day laborer and former waitress, who has advanced by dint of initiative and training to the post of environmental inspector: showing an eye for design, she has planted trees and done landscaping. Given other opportunities to learn, she acquired a commercial driver's license and now can operate equipment, and has moved up in pay.

There has been a deliberate reduction in supervisory positions as workers have been given more and more responsibility. Workers show flexibility in their skills and utilization. They make suggestions and get involved in all processes including budget and equipment purchases, such as writing specifications for lawn mowers.

Note: For additional detail on the following two summaries, see Chapter 1 of this report.

Police Department

Issues: TEAMWORK, COMMUNITY INVOLVEMENT

Contact: Captain Rod Hamilton, Charleston Police Department (803)720-2459

When the current mayor was elected in 1975, the city work force in general was underpaid and police were the lowest paid in the area. They had low educa-

tional standards, poor training, and no affirmative action. Now, more than 15 members of the force have advanced degrees, the majority are college educated, and the 330-member force is now the highest paid in state. They believe strongly in the team concept, and everyone is considered part of the solution to the problems of the community. They have a very low turnover, which reflects the level of pay, benefits, morale, job satisfaction, and the sense of teamwork and family. Education is encouraged for all city workers, who received released time for classes and extra pay for degrees. Like other parts of the city, police work in teams and participate in decision-making on the job. Four geographic teams of six officers each hold weekly meetings, anticipate scheduling problems and trade manpower. They work together on matters such as special plans for epidemics of purse snatching and other crimes, and use quality circles for tactical planning. Ideas are solicited from the bottom up. With increased autonomy and initiative, squads are given freedom and power to solve problems as they see fit. Problems are moved to lower levels, using the skills of individuals on the teams. A system of meaningful rewards has been developed, such as days off for "good" arrests (i.e., performed in a quality manner).

In terms of service to the community, the force holds meetings in the community to help develop plans. They have assigned officers to work with the public housing agency to reduce crime by screening applications and assisting with evictions. Their liaison with homeless shelters has reduced panhandling and increased resources available for daily meals. In cooperation with neighborhoods, they have selected certain problem locations and effectively designated them an entire beat as required.

In sum, they gauge success not by the bare number of arrests but by assessing the feeling of security in the community.

Rock Hill, South Carolina

Horticulture Department

Issues: TEAMWORK, SHARING OF FINANCIAL INFORMATION, TRAINING

Management: Latrelle McAllister, Personnel Supervisor, City of Rock Hill (803)329-5575

Employees: Michael Kropp, Grounds Maintenance Superintendent (803)329-5336; Calvin McCullough, Horticulturist (803)329-5540

Rock Hill is a South Carolina city of some 42,000 located about 20 miles south of Charlotte, N.C. Like others, it has found itself in competition with surrounding communities for population. Landscaping is one tool by which the city instills pride in citizens. All city employees have had customer service training, including teaming. In a significant restructuring of work to give employees ownership of their jobs, the Horticulture Department moved to a site-specific rather than functional division of labor. Previously the workers were divided into four crews: litter, mowing, mowing the ballpark, and shrubs and flowers. They would move from site to site and not have a particular attachment to any park or area. By giving teams of two workers, a crew leader and a crew worker, responsibility for the full range of jobs at particular sites (there are about 100 sites), productivity has been enhanced. Workers have a collective interest in getting the work done because they can leave for the day when all of the teams have finished their tasks. Savings come also from decreased travel time between sites, better communications among teams and between employees and management. Teams can swap equipment if needed to fill in for equipment that is out of service, and can combine on certain jobs if there is too much work for one group to finish. Quality control is also in workers' hands.

Armed with financial information from supervisors, employees determine operating and capital budgets, how to work more cost-effectively and make better procurement decisions. An employee-inspired preventive maintenance program, for example, resulted in savings of \$40,000. Other savings resulted when group leaders developed a plan to "disincentivize" the use of sick leave, and typical sick day usage dropped from 20 to about three annually. Training is a key factor in the success of the system. New workers receive 50 hours of horticultural training, 32 hours in customer service; crew leaders get three hours in performance management training.

SOUTHWEST REGION SUMMARIES

Los Angeles, California

Note: For additional detail on the following summary, see Chapter 1 of this report.

Bureau of Sanitation and Department of General Services

Issues: JOINT TEAMS, COST REDUCTION, CROSS-DEPARTMENT COMMUNICATION, RESPONSES TO PROSPECTS OF PRIVATIZATION, PREVENTIVE MAINTENANCE

Management: Marilyn McGuire, Division Head, Solid Resources Collection Division (213)485-4902

Labor: Dave Trowbridge, General Manager, SEIU Local 347 (213)482-6660

This is a story of service improvements and efficiencies brought about by labor-management cooperation as well as department-to-department and worker-to-worker cooperation. The city has 720,000 customers whose trash is collected twice a week. Since 1983, the city had been working with the union to reduce costs and develop plans for conversion to a more automated system. In November 1993, the mayor began to implement a competitiveness process in six areas in the city. Pursuant to a city council resolution, a task force of employees and managers was created to assess service costs so that cost improvements could be found in solid waste. This "joint team for work standards" (JTWS) developed a mission statement, targeted goals, set standards for the new "automated" method of collection, and began to analyze how to control overtime. It soon became clear that a major point of attack to reduce overtime would be through vehicle maintenance. However, this approach was problematic because the work is performed by another department, the Bureau of Fleet Services.

The team's work, and subsequent employee involvement through district-based process action teams (PATs), brought worker input into areas that traditionally have been reserved to management, and has

brought about true shared decision-making. It also was decided to develop closer working relationships with the public through the creation of customer focus groups. The team committed to a 25 percent cost reduction over three years, reducing overtime and non-productive time. Working with the mechanics, they actually improved reliable availability from 74 percent to 93 percent after about a year, far exceeding the goal of 85 percent. They hope, and expect, to reach 100 percent through additional training, as mechanics now train drivers in avoiding mechanical problems. With respect to another stated goal, the overtime hours have declined over the period 1993-1995 from 17,000 to 9,100. Key elements in the success of the process were the development of trust between workers and management and among workers; and the memoranda of understanding negotiated in 1994 providing for job security: no one was laid off or terminated or suffered loss of pay as result of contracting out or efficiencies achieved through cooperation. (Some supervisors were reassigned -- for example, by being placed out in the field. Some reduction in management through attrition is expected.) The PATs will be addressing the issue of bonuses or other section or team-based incentives, and a related team concept for goal measurement.

Joint Labor-Management Benefit Committee

Issues: JOINT LABOR-MANAGEMENT COMMITTEE, HEALTH CARE BENEFIT COST CONTAINMENT

Management: Ray Allen, Assistant General Manager, Department of Personnel (213)847-9746; Henry Hurd, Director, Employee Benefits (213)485-2048

Labor: Michelle Buehler, Administrative Assistance, SEIU Local 347 (213)482-6660; Jeanette Ross, Chairperson of Joint Labor-Management Benefits Committee, Engineers and Architects Association (213)620-6920

Los Angeles' Joint Labor-Management Benefit Committee was created in 1989 and formally authorized by City Council legislation in 1990 for the purpose of attempting to reduce the cost of benefits. The 10 members are evenly divided between union and

management representatives. A jointly selected consultant assists the committee, and joint labor-management teams have been used to examine certain issues. Development of a flexible benefit plan was the first labor-management committee effort. While health insurance benefits were difficult to address as any changes were viewed as a take-away, employees' pay checks were not affected by any of the changes: a 7 percent to 8 percent savings in health care costs was achieved by changing the health care delivery system. The committee gained significant assistance from human resource professionals serving as neutral advisers and facilitators.

Foshay Middle School

Note: For additional detail on the following summary, see Chapter 1 of this report.

Issue: LABOR-MANAGEMENT-COMMUNITY PARTNERSHIP, SITE-BASED MANAGEMENT

Management: Howard Lappin, Principal, Foshay Middle School (213)735-0241

Labor: Wayne Stevens, Chapter Chair, United Teachers of Los Angeles (213)735-0241

Foshay is a middle school with 2,900 students, two-thirds Hispanic and one-third African-American. There is an 80 percent student turnover rate, and 95 percent of the children are in the Chapter One program. With a history of low student test scores and the threat of loss of funds, a school-based management program was instituted to improve the performance of the students and the school. Through the cooperative program, teachers and parents developed ownership of the change process, including the hiring of teachers. (Similarly, it was noted, when the time comes to select a new principal, teachers will be involved in the selection process with the support of the union and the community.) The principal helped by obtaining the grants that provided the necessary funds to improve the technology of the school and supplement the learning process.

The school-based management program and a labor-management partnership helped to change the cul-

ture of the school. Witnesses noted that for this process to work, union and management leaders must be partners and trust each other. The collective bargaining agreement allowed teachers to waive parts of the contract so that the school-based management program could be implemented. In addition, to a now-effective learning environment through a program to maintain order and enhance the classroom experience, test scores are now near the state average, rising from near the bottom dropouts and suspensions are drastically reduced.

State of California

Joint Labor-Management Child Care Committee

Issues: JOINT LABOR-MANAGEMENT COMMITTEE

Management: Patricia Pavone, Chief of Benefits and Training Division, Department of Personnel Administration and Chair of Child Care Committee (916)324-9371

Labor: Linda Morrison, Statewide Affirmative Action Coordinator, California State Employees Association (916)326-4271

The Child Care Committee was established in 1984 and had 22 members. The CSEA and two other unions approached management with the proposal to establish child care centers in government office buildings. The three unions spent a year researching the issue and developing the proposal. There was strong support for child care centers as a CSEA survey found that the lack of child care was one of the top concerns of its members. Initially, \$1 million was provided, and 21 child care centers were established serving approximately 1,000 children of state employees. Benefits of the child care centers included reduced use of leave to care for children, improved employee morale, and less personnel turnover. The Committee went out of business in 1993 when its funding was not continued. The established day care centers continue to operate on a break even basis. There is concern they are not being widely used by lower-wage employees because they can't afford the fees.

Albuquerque, New Mexico

Jefferson Middle School

Issues: WIN-WIN BARGAINING, SITE-BASED MANAGEMENT, JOINT LEADERSHIP TEAMS, COMMUNITY INVOLVEMENT

Management: Julie Ambrogi, Principal, Jefferson Middle School (505)268-2334; Michael Houser, Director, Employee Relations, Albuquerque Public Schools (505)842-3524

Labor: Don Whatley, President, Albuquerque Teachers Federation (505)262-2657

Labor-management cooperation activity started at this 55-year old school in 1986. The parties received training from FMCS on win-win bargaining principles, which also helped them resolve grievances. In their partnership agreement, the parties focused on common interests and used contract negotiations to address restructuring issues and to establish a Joint Restructuring Leadership Team (JRLT) at the district level. (The union had received and shared information on restructuring through the use of labor-management cooperation from AFT headquarters staff.) The contract also established the role of parents in the school-based management process. A School Restructuring Council, with broad-based representation of parents, teachers and administrators, addresses the needs of students, considering issues that impact the instructional program. The Council has authority over the discretionary accounts of the budget (\$2.1 million) and can move funds around. It provides a means for dialogue between parents and teachers. Task forces are used to address certain issues, perform outreach work to constituent groups, and conduct surveys. Keeping constituent groups informed, especially parents, about the issues discussed by the Council is critical to its success.

Phoenix, Arizona

Note: For additional detail on the following summary, see Chapter 1 of this report.

Fire Department

Issues: TEAMS, GRIEVANCE REDUCTION, IMPROVED BARGAINING, JOINT PLANNING

Management: Assistant Chief Robert Cantwell,
Phoenix Fire Department (602)262-1645

Labor: Pat Cantelme, President, IAFF Local 493
(602)997-1231

IAFF Local 493, formed in 1936, represents about 1,400 members who provide fire and emergency medical services for Phoenix residents. Until 1978, the relationship between the union and management was very contentious and adversarial. At that time, a new fire chief and union president took office and focused their relationship on improving customer service. Their relationship was a key ingredient to the success of this cooperative effort and was critical to getting it started. Arbitration has not been used in 10 years.

In 1984, the parties received "Relationships By Objectives" training from FMCS. RBO is separate from the collective bargaining process. It creates a way to place issues on the agenda and provides a focal point from which to start discussions and may indirectly influence the collective bargaining process. Since 1978, the parties have used the department-funded annual retreats at Flagstaff, Arizona, to develop their annual plan. Labor-management teams focus on carrying out the action plan issues of the annual plan and receive training, if needed. Quarterly labor-management meetings are held to track the progress of the action plans. The process of developing annual plans has become institutionalized and would continue if there was a personnel turnover. The focus of the parties has been on improving the delivery of services to its customers both external (citizens) and internal.

Hobbs, New Mexico

Fire Department

Issues: EMPLOYEE PARTICIPATION

Management: Chief Michael Gray, Hobbs Fire Department; Fran Mosher, Personnel Director, City of Hobbs (505)397-9228

Employees: Larry Wood, Emergency Medical Service Specialist, Hobbs Fire Department (505)397-9308; Captain Michael Ravenelle, Hobbs Fire Department (505)397-9308

The city manager requires that department heads set goals and develop action plans. A participatory approach is used to accomplish this, and a culture has been developed that encourages employees to raise ideas and to accept responsibility for finding solutions. For example, employees were given responsibility for developing a fire hydrant maintenance plan. Accountability is pushed to the lowest organizational level. Among the complications encountered to these developments have been resistance by middle management and the difficulty of compensating employees for accepting more responsibility.

Salt Lake City, Utah

Public Services

Issues: QUALITY FOCUS, TEAMWORK, JOINT LABOR-MANAGEMENT COMMITTEE, IMPROVED BARGAINING, REDUCTION IN GRIEVANCES

Management: Roger Black, Director of Public Services, City of Salt Lake City (801)535-6426

Labor: Gordon Ottley, President, AFSCME Local 1004 (801)532-1009

When Mayor Coridini came into office, she initiated a Quality Service Plan to improve the delivery of city services. The program is city-wide and has been in existence for three years. Its goals are to know who the customers are, educate employees to work in teams, and develop accurate data to justify why services are done in-house. Despite early skepticism, AFSCME was involved in the development of the plan, and union officials received training from AFSCME headquarters staff. Private consultants also advised on the program. Top management and union leadership supported it, while, as is sometimes the case, middle- and lower-level managers were a source of resistance. Witnesses credited the labor-management partnership aspects of the program with managing the elimination of 120 positions wherein only two employees were let go. Working together in the development of the quality program helped develop trust and understanding which, in turn, facilitated more harmonious collective bargaining negotiations. Fewer grievances have been pro-

cessed. A labor-management committee was established as a result of contract provision.

The quality program has made city services more competitive, and as a result few have been privatized. Custodial services for the airport and city buildings are privatized, but shuttle transportation at the airport, and general sanitation services for the city, both of which had been privatized, are now done by city workers.

MAGMA METALS

Note: This program was described to the Task Force at its July 10-11, 1995 Washington, DC hearing, arranged with the assistance of the Work in America Institute to examine instructive private sector examples.

High-Performance Work Environment

Issues: JOINT LABOR-MANAGEMENT COMMITTEES, GAIN-SHARING, TEAMS, TRAINING, IMPROVED BARGAINING,

Management: John Champagne, President, Magma Metals (520)385-3593

Labor: Robert Gadiana, Director, United Steel Workers of America, Subdistrict 8 (520)888-8440

The Task Force received testimony on this private sector illustration of a relationship that changed dramatically from confrontation to cooperation. The witnesses pointed out that at Magma, cooperation was possible in mines and smelters where the physical working conditions are extremely arduous. They observed, "Don't say this isn't possible in government, where good working conditions usually prevail."

Magma is the third largest producer of copper in the U.S. The industry has seen a substantial economic recovery in recent years, but both parties realized in 1989 that the company's survival was at stake and depended on the adoption of a new, more cooperative labor-management relationship. A true partnership has supplanted the frequent strikes, high labor costs and low productivity that characterized the parties previous relationship. Ten unions represent workers at Magma, with the USWA being the largest. The sense

of crisis contributed to all 10 unions to work together, since all wanted to have a voice in affecting their future. The parties decided to look at what their industry would be like in 1997, and attempted to reach agreement on a creative and innovative way to help the industry and company survive. A joint committee was created to work on building a new relationship, with a commitment to develop trust, integrity and a sense of mutual interdependence. Following that, teams of workers have redesigned work processes, levels of management were reduced, and supervisors now function as team leaders.

A gain-sharing program was initiated in 1991 which split the gains from productivity, cost and safety improvements 60-40 between the company and the workforce. From 1988-1994, labor productivity increased by 86%, production cost have declined by 20¢ per pound, production has increased by 70%, safety has improved, and absenteeism and grievances have gone down dramatically -- a figure cited was 1,000 grievances in 1991, reduced to 19 in 1992. The company has paid out over \$40 million in gain-sharing since 1992. Also in 1991, the parties signed an unprecedented, 15-year contract with a seven-year, no-strike clause. The union is represented on the company's board of directors. A group of 140 employees, called "the voice of Magma" and representing all constituencies throughout the 5,000 person workforce, developed the company's initial "charter" or vision for the future in 1993 and meets quarterly to provide leadership to the company. The company has heavily invested in leadership training, which all managers and employees receive.

MIDWEST REGION SUMMARIES

Indianapolis, Indiana

Issues: LABOR-MANAGEMENT PARTNERSHIPS, TECHNOLOGY, COST ANALYSIS, GAINSHARING, COMPETITION, PUBLIC WORKS FLEET SERVICES, TRAINING SAFETY-NET

Management: David Lips, Special Assistant to the Mayor for Policy Development, City of Indianapolis (317)327-5806; Mike Stayton, Director, Department of Public Works (317)327-3725; John McCorkle, Administrator, Fleet Services (317) 327-2741

Labor: Steve Fantauzzo, Executive Director, AFSCME Council 62 (317)632-1432; Dominic Mangine, President, AFSCME Local 3131 (317)327-2756

Note: Indianapolis has a comprehensive city-wide service improvement program underway through labor-management cooperation. For a more detailed account as well as other features of the Indianapolis program, see *Snapshot: Indianapolis*.

Indianapolis has a comprehensive service improvement and cost savings program. A substantial dimension of this program is a partnership with bargaining units representing city employees. Mayor Goldsmith was elected on a platform of “privatization,” but the policy later turned to one of working with employees and their representatives at the same time as the city developed what it terms a process of “marketization” under which some services are put out for bid, with the goal of providing the best cost services, regardless of source. City employees have demonstrated that they are very competitive, as labor and management have learned to work together more cooperatively and cost-effectively. The union initially feared the loss of members’ jobs, although it also saw the competition effort as an opportunity to show that the private sector is not inherently more efficient than the public sector. Both labor and management recognized that decisions on competition require a level playing field and costing analyses that are fair to both sides: Without clear measures of comparison, bids by public sector operations may be disadvantaged by such things as assigned overhead costs and bureaucratic requirements. With the assistance of KPMG Peat Marwick, activity-based costing was developed, and employees received training (some city-provided) in financial issues, including how to make bids. No rank and file employees have lost their jobs, yet costs have decreased and services have improved, and some services have

been brought in-house.

Union workers won a substantial proportion of the services they bid on, and it was not unusual for union-performed work to come in at 25 percent beneath that bid when the work was actually performed. (Part of the savings are shared with employees. For example, waste collectors recently received a \$1,700 payout from this gainsharing.) There have been no layoffs in the unionized force, but there were significant cuts in mid-management jobs. (See *Snapshot: Indianapolis* for details of the program.)

State of Indiana

State Employee Labor-Management Project

Issues: JOINT LABOR-MANAGEMENT COMMITTEE, TRAINING, EFFECT OF CIVIL SERVICE

Joint Committee: Lee Balliet, Director, State Employee Labor-Management Project (812) 232-6524

Labor: Steve Fantauzzo, AFSCME Council 62 (317)632-1432; Karl Frederickson, Unity Team (AFT-UAW) (317)632-1432

The Indiana State Employee Labor-Management Project was funded initially by an 18-month grant of about \$100,000 from FMCS. A state-level, joint labor-management committee wrote the grant proposal that was submitted to FMCS. Thus far, six local committees have been set up: two in prisons, two in mental health facilities, and two departments of family and children services. The local committees have union and management members. Teams meet monthly, with formal bylaws and specific rules to ensure high commitment from members. This process has resulted in changes in how people deal with each other, including the replacement of voting by consensus decision-making.

A needs assessment survey was done at all sites, receiving a better than 50 percent response rate, to assess matters such as employee views of labor-management issues, workplace problems, and training needs. The intent was to first address local problems, but many issues surfacing in the needs assessment are related to

state personnel policies, and parties recognized the need to deal with potential conflicts between the collaborative process and civil service rules.

The project has held a two-day training retreat for 90 committee members, with initial training focused upon process and viewing the project as a new opportunity for dialogue and problem-solving outside the collective bargaining process. It was noted the labor-management cooperative process was not a substitute for collective bargaining and is supportive of it. This was intended to make sure that the joint labor-management committee did not get involved with such issues as individual grievances, but stayed focused on those issues of concern to the majority of persons in the affected unit. Examples of issues discussed including career ladders and the need to heal the traditional rifts between clericals and case workers, and the desirability of providing EMS training to prison guards.

Peoria, Illinois

Note: For details on the following summary, please see Chapter 1 of this report.

Joint Labor-Management Committee to Control Health Care Costs

Issues: HEALTH CARE COST CONTAINMENT, GAINSHARING (OF COST SAVINGS), INVOLVEMENT OF ELECTED OFFICIALS, JOINT LABOR-MANAGEMENT COMMITTEE

Management: Dave Koehler, Executive Director, Peoria Area Labor-Management Committee and Member of Peoria City Council (309)674-7256; Pat Parsons, Director of Personnel and Labor Relations, City of Peoria (309)672-8575

Labor: Jerry Belcher, Vice President, City of Peoria Municipal Employees Association, AFSCME Local 3464 (309)672-8537; Tom Jackson, Treasurer, IAFF Local 50 (309)693-0522

In an attempt to control spiraling health care costs without cutting employee benefits or raising employee costs, the issue of health care benefits was removed from the bargaining table and placed in a joint-labor management committee with representatives from

management and the city's eight unions. The program was developed by a planning process involving all stakeholders: covered individuals (workers, retirees, and family members); taxpayers, the city and city officials, the claims payer and the vendors providing services. Unrepresented employees were also consulted, and a professional health care consultant assisted with the process. A primary result of the cooperative effort has been a shift away from adversarial decision-making about health care to one based on cooperatively and jointly owned decisions.

The Committee is composed of 16 members with equal numbers from union and management. The committee sunsets after three years unless renewed. As a result of this cooperative approach, the benefit package was improved and the revised health care plan saved \$1.2 million in 1994, its first full year of operation.

Cincinnati, Ohio

Note: For additional detail on the following summary, see Snapshot: Cincinnati, Ohio.

Cincinnati Public Schools

Issues: SCHOOL IMPROVEMENT, PROFESSIONAL DEVELOPMENT, HEALTH CARE COST CONTAINMENT, JOINT COMMITTEES, PEER EVALUATION AND COACHING, RESOURCE ALLOCATION

Management: Monica Curtis, Public Affairs Director, Cincinnati School Board (513)475-7023

Labor: Tom Mooney, President, Cincinnati Federation of Teachers (513)961-2272

This example described how the parties have worked together cooperatively both inside and outside of the collective bargaining process. Issues addressed include the importance of ensuring order in the schools, professionalization of teaching (one of the issues considered most time-consuming) and health care cost containment. The union is deeply involved in matters such as screening, training and removal of teachers, as well as in shaping curriculum. The collaborative process began in 1985 with a program of peer assistance

and evaluation in which master or consulting teachers help new or struggling teachers. Other joint efforts in the professionalization area include a negotiated career ladder, a school-based teacher transfer process and a master or lead teacher plan. The Cincinnati experience also involves a three-pronged alliance between unions, area businesses and the school district, dealing with issues such as structural reform of school financing (in Ohio property taxes provide 60 percent of the budget and school systems have their own taxing authority) and sometimes producing joint business-labor support for school board candidacies.

Additional changes came about after the school system reached a crisis point in 1991, when a commission issued a very critical report. "Social promotion" of students was effectively halted and new discipline standards were adopted. In an effort to put needed structures in place, a joint educational initiatives panel, chaired by the local union president and the superintendent, sets policy, while another joint committee addresses issues of teacher supply. The school board since has had three consecutive balanced budgets. Parties are committed to making sure resources stay focused in the classroom. The 1991 report launched other reform initiatives which cut 50 percent-60 percent of central office bureaucracy, and set up curriculum councils in 11 subject areas. Teacher positions also were trimmed, with a heavy reliance on an early retirement plan and provision of out-placement services to ease the displacement. Joint committees address issues such as quality improvement, employee benefits, and health care. In this latter area, eight unions, including teachers, are covered by the city plan and participate in the discussions. A move to a managed care health plan has saved \$7 million per year over three years.

Madison, Wisconsin

Note: The following examples come from a citywide program.

City Quality and Productivity Programs

Issues: CONTINUOUS IMPROVEMENT, INVOLVEMENT OF ELECTED OFFICIALS, TOTAL QUALITY MANAGEMENT, COST

SAVINGS, INTEGRATION OF SERVICES, JOINT DECISION-MAKING

Management: Paul Soglin, Mayor, City of Madison (608)266-4611; Tom Mosgaller, Director of Organizational Development/Training, City of Madison (608) 266-9037

Labor: Mike Murphy, Steward, AFSCME Local 60 (608)266-4956

Madison's quality improvement efforts began after then-Mayor James F. Sensenbrenner and his staff were exposed to the teaching of W. Edwards Deming in 1983. A pilot project at the motor equipment division made substantial improvements in prioritizing repairs, improving communications with customers, reducing steps in the inventory purchasing process and, ultimately, reducing vehicle down time, all of which saved money and improved service at the same time. Based on the success of the pilot, it was decided to expand the philosophy throughout city government. A range of quality improvement projects, with active involvement by union members, saved the city between \$1.1 million to \$1.4 million over a four-year period, agency heads estimated. In another example, community neighborhood teams in 10 neighborhoods bring together city workers such as building inspectors, police, health care and community social workers to share information and more effectively meet community needs. The city recently expanded stakeholder involvement in the quality process to include city council members and unions. Next steps include plans to develop an external citizen/taxpayer feedback process and a more sophisticated benchmarking and measurement system. Top union officials now usually attend Mayor's cabinet meetings.

Madison METRO Transit System

Issues: TOTAL QUALITY MANAGEMENT, TEAMWORK, CONFLICT RESOLUTION, ROUTE AND SCHEDULE DESIGN, SAFETY

Management: Paul Larrouse, General Manager, Madison METRO (608)267-8777

Labor: James Remsik, Steward; Frances Wall, Steward; John Annen, Driver; David Hoeft, Driver; Teamsters Local 695 (608)266-4904

Mechanics, operators, and other workers described quality initiatives, cost savings and teamwork being employed within the transit system. The system was privately owned until 1970 and employees were not considered city employees until 1984. A 1988 grant from the Federal Transit Administration set in motion the development of cooperative labor-management processes. Today, these initiatives include a leadership team, a coordinating committee and functional teams in maintenance, drivers, operations supervisors, and buildings and grounds. These processes have shown impressive results. For example, the drivers' TQM team designed a project to cut down on garage vehicle accidents. Using data-based decision-making -- a key element of the city of Madison's quality process -- the team took pictures of problem areas and produced computerized charts identifying numbers, types, timing and locations of accidents between 1993-94, along with the cost per incident and average costs. Contrary to expectations, the team found that the basic cause of accidents was not speed, but the construction of the building and the way it is used. The team came up with three sets of recommendations regarding lighting and painting, training and dispatch. In another example Metro&Plus, the handicap access service provided pursuant to the Americans with Disabilities Act, has received substantial driver and community input on the design and implementation of routes and timing which has improved service quality.

Collective bargaining at Metro was described as fairly traditional, though it was noted that workers are covered by different rules to some extent than other city workers by virtue of the federal employee protections in section 13(c) of the FTA. The parties were about to undergo collaborative bargaining training provided by the Wisconsin Employee Relations Commission, as recommended by the city. Grievance handling under their contract differs from other traditional systems in that the only time requirement is that the grievance be filed within 10 days. It is then sent to a large joint labor-management group that meets once or twice a month to attempt to reach consensus decisions on grievances. The parties have gone to arbitration only once in eight years.

Department of Planning and Development Building Inspection

Note: For additional detail on the following summary, see Chapter 1 of this report.

Issues: TEAMWORK, CUSTOMER FOCUS, REGULATORY REFORM

Management: George Austin, Director, Department of Planning and Development (608)266-4635

Labor: Rolland Kiel, Member (608)266-4554; William Neitzel, Member (608)266-4520; AFSCME Local 60

The Building Inspection unit is part of the Department of Planning and Development. It has 150 employees, most of whom are represented by AFSCME Local 60. Like other city agencies, this department has decided to focus its efforts on the quality of service provided by recognizing the importance of the customer. The department has enhanced the quality and cost effectiveness of the services it provides by developing a clear understanding of the purpose of the service being provided, seeking out and recognizing the range of talents among employees and working hard to try to match talents to the task, while always attempting to achieve "the biggest result" with the least resources.

Concrete results in terms of increased customer service and lowered costs were achieved, for example, in an electrical contractor training project. The original goal of the project was not to save money (although savings did result), but to improve the relationship between contractors and inspectors. Driven by the need to ease adversarial tensions between contractors and inspectors and to accommodate an increasingly diverse workforce and technological changes, inspectors began to work more as teams, not only in the field but in planning their work. The timing of inspections became customer-driven with many adjustments made in scope, content and targets of the contractors' training programs. The department sought significant customer input into the process. Since training is more effective, the contractors reap savings from knowing

what to do in the first place, thereby saving on rework. City costs have also decreased since the team process has reduced from four to three the number of inspections needed to complete a project, saving about \$30,000 a year. Because the process now emphasizes education, the compliance effort enhances electrical safety, conserves resources, and improves relations with contractors. In addition, the quality of working life for the inspectors has improved in many ways: They now work in a safer environment and thrive on being able to give positive reinforcement to customers (contractors).

City of Madison Police Department

Issues: PUBLIC SAFETY, COST DATA, PRICING SERVICES

Management: Chief Richard Williams, Madison Police Department (608)266-4022

Labor: Sergeant Joe Durkin, President (608)2664003; Captain Mike Masterson, Training Team(608)266-6234; Madison Professional Police Officers Association

Witnesses testified that the changing nature of police work, from paramilitary structures to community policing techniques and philosophy, requires both increased employee input into the work and changes in how people are led. As is often the case in public safety unions, Madison police up to and including the rank of sergeant are in the MPPOA. Higher ranks belong to organizations of supervisors. The president of the union is part of the management team. The department attempts to follow principles of quality leadership: improve work systems, listen to those who do the work, focus on problem-solving, foster risk-taking and teamwork, and, in furtherance of all these objectives, gather good information. Witnesses cited savings achieved for the community through the development of cost data. For example, the department now accurately figures the extra police costs special events entail and requires event organizers to reimburse the city for those costs.

Other joint efforts have examined training and selection, overtime, and staffing. The staffing committee consists of three members designated by the

union, three by management, and three “Alder-persons.” This group benchmarked with cities inside and outside the state and recommended that the size of the force be increased, given the geographical spread of the community, while not exceeding the average statewide staffing ratio.

Streets and Sanitation Division

Issues: TOTAL QUALITY MANAGEMENT, TEAMS, SAFETY, INFORMATION AND COST DATA

Management: Roger Goodwin, Superintendent, Streets and Sanitation Division (608)266-4680

Labor: Christopher Kelly, President, Laborers International Union Local 236 (608)246-4532

Witnesses noted that the division’s operations in the past were characterized as largely top-down management, little data collection, little communications and little intra-governmental cooperation on matters such as equipment sharing. Labor-management relations were described as “respectful, but not overly productive,” with most of the communicating occurring during bargaining or through grievances. Under the impetus of the city’s overall quality efforts, however, workers and managers during the past eight years have formed teams and conducted 15 major projects. Examples include addressing safety issues to determine why so many back and shoulder injuries occurred during in refuse collection; career development and training; snow removal (a team of employees wrote snow and ice booklets for the public); the drop-off system, and large-item removal. Witnesses pointed out that development of projects requires good information and implementation can produce significant cost savings. For example, a citizen survey regarding brush removal revealed that the public would accept less frequent collection if the date of the monthly pickup was firm and known in advance. Parties testified that issues yet to be addressed include further identifying customer needs, building trust, and changing not only the structure but the culture of the workplace.

University of Wisconsin/City of Madison Partnership

Issues: QUALITY IMPROVEMENT NETWORK

Contacts: John Wiley, Provost, University of Wisconsin at Madison (608)262-1304; Soren Biscard, Director, University's Center of Quality and Productivity (608)263-2654

Task force members had the opportunity to meet informally with members of the Madison Area Quality Improvement Network, a nonprofit organization founded about 10 years ago by a cross-section of community leadership from the city of Madison and Wisconsin state government, the University of Wisconsin-Madison, and the private sector. MAQUIN supports local quality efforts and provide a forum for the exchange of information.

The task force was told that the university/city relationship has been very productive in bringing consciousness of quality to local government. At present, the university's Center for Quality and Productivity is involved with a study of city employees' perceptions of the use of quality management tools in daily work, as well as a needs assessment for external customers. The university also assists private companies in the community; for example, it helped foundry workers to be more effective and assisted another local company in a better design of their product.

The process of developing TQM at the university also was described. There has been an improvement in the time required to process admissions applications: 90 days to two, saving some \$60,000 a year. One of the preliminary findings is that it is desirable to combine the quality function with other functions, such as planning and training. This allows more main direct engagement with line functions. If quality efforts permeate the workforce, they are more likely to survive changes at the top.

State of Wisconsin

Department of Industry, Labor, and Human Relations Labor-Management Advisory Council

Issues: EFFECTS ON BARGAINING, SAFETY NET, TECHNOLOGY, POLICY CHANGE, TOP LEADERSHIP COMMITMENT

Management: Eric Baker, Deputy Administrator, Department of Unemployment Compensation (608)266-2284

Labor: Pat Pagel, President, Wisconsin State Employees Union, AFSCME (608)255-9435

The DILHR Labor-Management Advisory Council was established in May 1992 in response to a recommendation by a group of DILHR employees who were asked by the governor how labor relations could be improved within the department. The council, headed by the secretary of the department, has six union-selected and six management representatives who serve one-, two- or three-year terms. The council is charged with recommending policies to foster cooperation and trust in the department. Although its recommendations are advisory, they are adopted by consensus, and the secretary has implemented all of them to date. The administrator of the workers' compensation division noted that DILHR has been able to establish better service to customers through improved working relationships with employees: Electronic filing for workers' compensation claims has been established, and these costs are dropping. With the introduction of voice mail in the UI offices and the change to weekly claims filing over the phone, the jobs of an estimated 360 employees were at risk (at least 25 local offices were no longer needed). Yet only one worker was laid off as an "at-risk" system, developed by the LMAC and later adopted for every state agency, made it possible to assign workers to needed jobs elsewhere in state government without any modification to civil service laws.

The trust developed in the council process has affected collective bargaining as well. The number of grievances has declined substantially in the last two years, and only two cases have gone to arbitration, all due to the willingness of union and management to "talk out" and settle potential grievances. A member of the negotiating team is on the council and brings to the bargaining process the experience of working together.

Milwaukee, Wisconsin

Note: This testimony was received during the Task Force's June 22-23, 1995 Washington, DC hearing.

Budgeting and Accounting

Issues: TOTAL QUALITY IMPROVEMENT, BUDGET AND ACCOUNTING PRACTICES, BENCHMARKS

Contact: Steve Kreklow, Budget and Management Special Assistant, Department of Administration (414)286-8523

Milwaukee has adopted a performance budget involving economic analysis and fiscal forecasting, strategic planning, performance measurement, and evaluation. Management has been improved through a total quality initiative, wherein management focus has shifted from an internal, short-term perspective to a long-term one with a service goal orientation. Departments are becoming more data conscious. The city has consulted with the University of Wisconsin to develop measurements of impacts. Efforts are being made to get more employee involvement and community involvement in the process, more consistent and widespread participation by the departments, and better assessment of outcomes.

Milwaukee benchmarks with other jurisdictions, such as Multnomah County, Oregon, and the City of Indianapolis, and the states of Oregon and Minnesota, to gauge their successes. The city has privatized some functions, but some have been returned to city operation (e.g., towing). The city holds meetings with union officials at the beginning of the budget process to begin the discussion of operational changes early in the process.

Hennepin County, Minnesota

Note: This testimony was received during the Task Force's July 10-11, 1995 Washington, DC hearing.

Hennepin County

Issues: JOINT LABOR-MANAGEMENT COMMITTEE, HEALTH CARE COST SAVINGS, CIVIL SERVICE, CLASSIFICATION CHANGE

Management: Charles Sprafka, Associate County Administrator for Human Resources, Hennepin County (612)348-5009

Labor: Steve Marincel, Business Representative, AFSCME Council 14 (612)455-0773

The first major joint problem-solving effort by the parties was a joint committee to deal with rising health care costs and other frustrations with the system. Labor and management set up a process to communicate outside collective bargaining, involving at first 11 of 19 bargaining units. Parties engaged in self-education and committed to share information, brought in health experts to talk with both sides, and agreed to use shared decision-making (consensus) in the choice of health care providers.

In terms of results, health care costs dropped 9% between 1986-1990 and there have been no premium increases in the last two years. The quality partnership grew out of this initial success, and less adversarial ways of relating have been reflected in increased trust at the collective bargaining table, and more value for taxpayers. For example, parties have agreed on a voluntary, not mandated basis, to keep courts open longer hours as employees recognized that the public is better served by such a change. Job classifications have been consolidated and the number reduced by 20%. Parties strive for continuous improvement, focus on quality service to the customer, and work together in the design and implementation of the program. Labor and management both agree on the importance of training. The parties said they have just begun to track efforts regarding the specific cost savings of quality partnership.

Labor-management cooperation has played a major role in more flexibly administering the personnel system and achieving important changes in traditional areas like classification. The partnership between labor and management has helped Hennepin County resolve workplace issues with focus on effective service delivery.

State of Ohio

Note: For a more detailed account of the following summary, see *Snapshot: State of Ohio*. Ohio has a very comprehensive statewide program. This testimony was received during the Task Force's October 19-20, 1995, Washington, D.C. hearing.

Issues: TOTAL QUALITY MANAGEMENT, JOINT LABOR-MANAGEMENT COMMITTEES, LEADERSHIP AND QUALITY TRAINING

Management: Steve Wall, Executive Director, Ohio Office of Quality Services (614)644-5154

Labor: Paul Goldberg, Executive Director, Ohio Civil Service Employees Association, AFSCME Local 11 (614)487-9191 ext 6704

When a new Governor of Ohio was elected on a platform of privatization, the Ohio Civil Service Employees Association, an affiliate of AFSCME, sought to assure employment security and gain input into strategic decision-making. The result was a joint program called Quality Services Through Partnership (QStP). QStP operates through a joint statewide steering committee and department level labor-management steering committees in each agency. Communication among participants is accomplished through handouts, agency newsletters and monthly meetings of the Ohio Quality Network, composed of a labor and management official from each State agency. The result has been one of the most recognized and fully structured quality partnerships in state and local government.

QStP is developing a network of facilitators and a capacity for providing training in joint quality improvement processes. It has expanded beyond its original seven pilots to all components of State government, with high commitment from both labor and management. More than 10,000 employees have been jointly trained in problem solving, analysis and team approaches, in classes taught jointly by labor and management officials. More than 100 improvement teams have been created, each starting with an initial charter to make specific changes. The program recognizes that most quality problems are caused by systemic defects and it attempts to confront control and power issues so

that the parties do not slip back into old habits.

The quality program has been kept formally separate from collective bargaining, but the processes complement each other as many of the same people participate. Tangible measures of QStP's success included a reduction in the number of client telephone hang-ups in the workers' compensation department from 14,000 per year to none, and consolidation of 73 job training programs into 13, with savings of \$13 million. The program has also reduced grievances, although that was not one of its specific objectives.

Appendix E

INDEX of SURVEYS RECEIVED*

NORTHWEST

Coalition Labor Agreement

The parties achieved a consolidation of six union contracts into one and “cleaned-up” their employer-employee relationships.

Clark County, WA

360-699-2456

Steve Foster

Human Resources Director

Clark County

P.O. Box 5000

Vancouver, WA 98666-5000

Consensus Decisions & Collaborative Bargaining

A significant decrease in adversarial positioning resulted from moving to a process of consensus decision making.

Rainier, OR

503-556-3777

Gene Carlson

Rainier School District

P.O. Box 160

Rainier, OR 97048

Development of and Training in Interest-Based Problem Solving

Salem, OR

503-378-3807

Daniel Ellis

Chairman

Oregon Employment Relations Board

528 Cottage Street, NE; Suite 400

Salem, OR 97310

NORTHEAST

Challenge to Change and Time to Cooperate

The parties achieved a substantial improvement in the handling of biosolids.

Philadelphia, PA

215-686-2150

Michael Nadol

Special Assistant to the Mayor

Mayor's Office of Management & Productivity

Municipal Services Building

1401 JFK Boulevard, 14th Floor

Philadelphia, PA 19102-1684

Compressed Salary Schedule

School employees eliminated six steps in their pay schedule and received a substantial pay increase.

Manassas, VA

703-791-7451

Zuill Bailey

Director of Information Services

Department of Information Services

Prince William County Public Schools

P.O. Box 389

Manassas, VA 22110

Court Unification through Labor Management Cooperation

Process developed to aid in the transition from a county-funded trial court system to state-funded system.

Trenton, NJ

609-633-6540

Mark Rosenbaum

Administrator of Labor and Employee Relations

Administrative Office of the Courts

Richard J. Hughes Justice Complex, CN 966

25 Market Street

Trenton, NJ 08625

* The Task Force solicited responses to a detailed survey on service and cost improvement activities that have come about through labor-management cooperation. These jurisdictions responded and their responses are on file in the Task Force records.

Continuous Quality Improvement

This joint effort (85% of employees unionized in Department of Transportation) has focused on safety improvement and now includes an annual quality training and recognition conference. It's an award-winning program.

Harrisburg, PA

717-783-1068

Richard Harris

Director

Operations Review Group

Pennsylvania Department of Transportation

105 Transportation & Safety Building

Harrisburg, PA 17120

Curbside Refuse Collection Program

The focus is on the Remote Water Meter Reading Program and the Refuse Collection Program. Both have decreased cost and improved customer satisfaction.

Rochester, NY

716-428-6836

Edward Woisin

Principal Staff Assistant

Department of Environmental Services

City of Rochester

300-B City Hall

Rochester, NY 14614-1290

Labor Management Committee

This joint committee in the Rochester school district examines and resolves problems that the contract does not address.

Rochester, NY

716-546-2681

Martha Keating

Labor Management Committee

Rochester Teachers Association

30 North Union Street

Rochester, NY 14607

Loan Interchange Law (RIGL 42-40)

A cooperative project that permits state government agencies, in times of austerity, to share (loan) staff.

Providence, RI

401-277-2200

Beverly Dwyer

Human Resource Program Administrator

Rhode Island Department of Administration

One Capitol Hill

Providence, RI 02908-5860

Merger and Reorganization of Fire Department and the Bureau of Paramedical Rescue

Norfolk, VA

804-664-4789

Claus Koepke

Management Services

City Manager's Office

City of Norfolk

1101 City Hall Building

Norfolk, VA 23501

Handling Citizen Complaint Calls Through the Total Quality Transformation (TQT) Process

Erie, PA

814-870-1340

Robert Walczak

Superintendent

Bureau of Streets

City of Erie

2001 French Street

Erie, PA 16503

Philadelphia School District Cooperative Initiative

A formalized, inclusive communications process involving all employee groups representing school district staff.

Philadelphia, PA

215-351-1180 ext 31

Naomi Alper

Communications Director

Philadelphia Area Labor Management

Committee

414 Walnut Street, Fifth Floor

Philadelphia, PA 19106

Plan for School-Based Planning and Shared Decision Making

A way to improve the quality of instruction and the work environment for teachers.

East Syracuse, NY

315-437-0109

Maureen McManus

President

East Syracuse-Minoa United Teachers,

Local 2623

303 Roby Avenue

East Syracuse, NY 13057

Quality through Participation

How a change in state political leadership has changed this union's perception of the value of cooperation

Albany, NY

518-785-1900 ext. 223

Lorelei Landau

Labor-Management Coordinator

New York State Public Employees

Federation, AFL-CIO

1168-70 Troy-Schenectady Road

Albany, NY 12212-2414

Remote Meter Program

Describes the benefits, human and financial, achieved by converting from direct read to electronically encoded water meters.

Rochester, NY

716-428-7509

Donald Navor

Director

Bureau of Water & Lighting

City of Rochester

10 Felix Street

Rochester, NY 14608

Testing Services Division Revitalization

A project to consolidate, automate, and engage all levels of workers in an effort to improve the quality of work and worklife.

Albany, NY

518-457-5465

Willard Merwin

Assistant Director

Testing Services Division

New York Department of Civil Service

The W. Averell Harriman State Office

Building Campus

Albany, NY 12239

Ulster County-CSEA Labor/Management Committee

Kingston, NY

914-340-3542

Karen MacIntosh-Frering

Labor-Management Coordinator

Ulster County-CSEA Labor-Management

Committee

P.O. Box 1800

Kingston, NY 12402

SOUTHEAST

Alabama D.A.R.E. (Drug Abuse Resistance Education) Training Center

Trains police officers to work cooperatively with public schools on drug prevention programs.

Huntsville, AL

205-532-7201

Ric Ottman

Chief

Huntsville Police Department

P.O. Box 2085

Huntsville, AL 35804

CALM (Cooperative Association of Labor and Management)

Improve labor/management communication with focus on problem areas; where communication has broken down.

Fort Lauderdale, FL

305-761-5310

Scott Milinski

Employee Relations Director

City of Fort Lauderdale

100 North Andrews Avenue

Fort Lauderdale, FL 33301

Collaborative Efforts to Stop the Demand for Drugs

Huntsville, AL
205-539-7339
Deborah Soule
Executive Director
Partnership For a Drug Free Community, Inc.
P.O. Box 2603
Huntsville, AL 35804

Compensation Review Study and Resulting Market-Based Pay System

Virginia Beach, VA
804-427-8374
Fagan Stackhouse
Director
Department of Human Resources
City of Virginia Beach
Municipal Center, Building 18
Virginia Beach, VA 23456

Employee Involvement in Public Safety Compensation and Performance Management Systems Design

Charlotte, NC
704-336-4508
Karen McCotter
Performance Management Manager
Human Resources Department
City of Charlotte
600 East Fourth Street
Charlotte, NC 28202

Excellent People Improving Quality (EPIQ)

Employees work in teams to identify ways to improve customer service.

Altamonte Springs, FL
407-263-3789
Allison Marcous
Quality Management Coordinator
City of Altamonte Springs
225 Newburyport
Altamonte Springs, FL 32701

The Fox Squad

Community policing in high crime, high density public housing.

Huntsville, AL
205-532-7201
Ric Ottman
Chief
Huntsville Police Department
P.O. Box 2085
Huntsville, AL 35804

Personnel Rules Revision Committee

Venice, FL
941-485-3311
Rollie Reynolds
Director of Personnel
City of Venice
401 West Venice Avenue
Venice, FL 34285

Refuse Collection Incentive Program

Has resulted in significant crew performance and customer satisfaction.

Winston-Salem, NC
910-727-2638
David Martin
Department of Public Works
City of Winston-Salem
P.O. Box 2511
101 North Main Street
Winston-Salem, NC 27102

Safety Bonus Day Program

A joint labor-management project to make work safer for employees and save money on worker compensation premiums.

Lauderhill, FL
954-730-3000
Desorae Giles
Assistant to the Mayor
City of Lauderhill
2000 City Hall Drive
Lauderhill, FL 33313

Springfield Initiative

A customer/employee service survey to improve city services.

Springfield, MA

413-787-6058

Patricia Devine

Personnel Department

City of Springfield

36 Court Street

Springfield, MA 01103

Quality Management in Arkansas State Government

A program to involve state employees in problem solving and decision making.

Little Rock, AK

501-682-5352

Artee Williams

State Personnel Administrator

Arkansas Department of Finance and Administration

P.O. Box 3278

Little Rock, AK 72203

SOUTHWEST

Alternate Work Schedule

Extends hours that staff is available to clients in a way that better serves both employees and customers.

San Diego, CA

619-525-3675

C.J. Thomas

San Diego Housing Commission

1625 Newton Avenue

San Diego, CA 92113

Building Austin's Standard in Customer Service (BASICS)

A cooperative program that has succeeded in improving citizen attitudes about city services.

Austin, TX

512-499-3215

Joe Canales

Director

Human Resources and Civil Service

City of Austin

P.O. Box 1088

Austin, TX 78767

Citizen and Neighborhood Services Pilot Projects

Is a labor-management project that seeks to create an efficient, user-friendly information and response systems throughout the city.

Tucson, AZ

520-791-4204

Cathy Reynolds

Organizational Effectiveness

City Manager's Office

City of Tucson

P.O. Box 27210

Tucson, AZ 85726-7210

Goal Planning for the Future

Employee involvement in setting the goals for this fire department has resulted in better morale and service quality.

Hobbs, NM

505-397-9308

Mike Ravenelle

Captain

Fire Department

City of Hobbs

301 East White Street

Hobbs, NM 88240

"Kaiser-on-the Job" 24-Hour Managed Care

A project to test the effectiveness of bringing managed care to workers' compensation.

San Diego, CA

619-236-2203

Terry Aronoff

Employee Benefits Coordinator

Department of Human Resources

County of San Diego

444 West Beech Street, 3rd floor

San Diego, CA 92101-2942

Mutual Gain Bargaining and Labor Management Committees

Also called interest based negotiations, this process leads to less adversarial bargaining.

San Jose, CA

408-277-5849

Regina V.K. Williams

City Manager

City of San Jose

801 North First Street

San Jose, CA 95110

Neighborhood Improvement Program

Staff from city departments formed teams to address problems specific to neighborhoods

Napa, CA

707-257-9586

Tom Johnson

Operations Chief

City of Napa

P.O. Box 660

Napa, CA 94559-0660

Reinventing Union Sanitary District

This project improved operational effectiveness and customer service through employee empowerment.

Fremont, CA

510-790-0100 ext 256

Judi Berzon

Human Resource Administrator

Union Sanitary District

37532 Dusterberry Way

Fremont, CA 94536

MIDWEST

Collective Bargaining Health Care Saving Transferred into Base Wage Increase

Lansing, MI

517-485-3310

Fred Parks

Executive Director

Michigan Corrections Organization,

SEIU Local 526M

426 South Walnut Street.

Lansing, MI 48933

Cooperative/Collaborative Process

Focuses on how the cooperative process has improved employee morale and the quality of education.

Berea, OH

216-826-3311

Robert Cistolo

President

Berea Federation of Teachers

P.O. Box 271

Berea, OH 44017

Disability Management Project

Lansing, MI

517-335-4274

Karen Beauregard

Administrator

Disability Management Office

Michigan Department of Civil Service

Capitol Commons Center

400 South Pine

Lansing, MI 48909

Employee Insurance Task Force

Decisions about employees insurances no longer made by City Administrator but by Employee Insurance Task Force who negotiate coverage and cost directly with insurance companies.

Newton, IA

515-792-2787

Barbara Majerus

Assistant City Administrator

City of Newton

P.O. Box 399

Newton, IA 50208-0399

**Innovation in Recruiting and Hiring:
Attracting the Best and Brightest to
Wisconsin State Government**

Madison, WI
608-266-1136
Robert Lavigna
Administrator
Division of Merit Recruitment and Selection
Wisconsin Department of Employment Relations
137 East Wilson Street
Madison, WI 53702

Joint Health Care Committee

A cooperative approach to negotiating health care coverages and costs.

Columbus, OH
614-466-2923
Teri Decker
Management Co-Chair
Office of Collective Bargaining
Ohio Department of Administrative Services.
106 North High Street, 7th Floor
Columbus, OH 43215-3019

**Joint Labor-Management Committee to
Control Health Care Cost**

Peoria, IL
309-672-8575
Patrick Parsons
City of Peoria
419 Fulton Street, Room. 203
Peoria, IL 61602

**Labor-Management Committees & Shared
Decisions**

Promotion and creation of cooperative committees by State Bureau of Mediation Services and the Minnesota School Boards Association.

St. Peter, MN
507-931-2450
Carol Ries
Minnesota School Boards Association
1900 West Jefferson Avenue
St. Peter, MN 56082-3015

**Labor-Management-Health Care Cost
Containment Committee**

Toledo, OH
419-245-1001
Daniel Hiskey
Assistant Operations Officer
Office of the Mayor
City of Toledo
One Government Center, Suite 2200
Toledo, OH 43604

Operation “Street Pride”

This joint labor-management project established a “safe haven” symbol and process for the children of Springfield to use in times of distress.

Springfield, OH
513-324-7321
James Bodenmiller
Personnel Director
City of Springfield
76 East High Street
Springfield, OH 45502

Quality Minneapolis Budget System Redesign

A process that involves all stakeholders in budget redesign and outcome based decision making.

Minneapolis, MN
612-673-2591
Tom Tiedemann
Quality Coordinator
City of Minneapolis
350 South Fifth Street, Room A-25
Minneapolis, MN 55415-1393

State Human Resources Reform Act of 1994

A project to reform Oklahoma’s State Government personnel system.

Oklahoma City, OK
405-521-6301
Oscar Jackson
Administrator and Cabinet Secretary of Human Resources
Oklahoma Office of Personnel Management
2101 North Lincoln Boulevard, Suite G-80
Oklahoma City, OK 73105-4904

State of Nebraska Labor/Management Council

An FMCS initiated program in the Department of Public Institutions to help them resolve workplace issues, like the disciplinary process.

Lincoln, Nebraska

402-471-4605

Sherri Collins-Wimes

Labor Relations Representative

Nebraska Department of Administrative Services

301 Centennial Mall South

P.O. Box 95061

Lincoln, NE 68509-5061

THE VIRGIN ISLANDS**Grievance Mediation**

The Virgin Islands of the United States

809-773-5580

Lorin Kleegeer

Counsel

Virgin Islands Public Employee Relations Board

P.O. Box 2984

Christiansted, USVI 00822

Total Quality Management

An effort to improve service delivery systems through the practices of TQM.

Palatine, IL

847-359-9057

Sam Ferguson

Director of Data Processing

Village of Palatine

200 East Wood Street

Palatine, IL 60067

Upward Mobility Program

Is a joint training program which provides career counseling, direct tuition payment, and promotional priority.

Springfield, IL

217-524-1381

Tammy McClure

Deputy Director of Human Resources

Bureau of Personnel

Illinois Department of Central Management

Services

503 Stratton Office Building

Springfield, IL 62706

Appendix E (continued)

Task Force Survey

As part of its information gathering activity, the Task Force sought examples of excellence in public service that came about through workplace cooperation. Some of the people that provided examples were asked to make presentations at some of the regional hearings of the Task Force. This questionnaire was completed by the persons in an organization who were involved in seeking service and workplace excellence.

SURVEY FORM

The Secretary's Task Force is seeking examples of excellence in policy, programs or services that have significant or primary roots in workplace cooperation. The Secretary's Task Force has a mandate to identify such examples of excellence and to identify the factors that support and sustain cooperation leading to excellence. The Task Force will be able to hear from or visit a selected number of examples brought to its attention. The Task Force will examine the trends and common features in other examples provided to us, and will publicize, through its report and other means, examples, resources, and key principles from which other public workplaces can learn.

In this questionnaire, we are asking your organization to inform us about examples of workplace excellence from which we and others in the public service can learn. Please answer the attached questions. If possible, please fill out jointly, so that the employee and management groups involved can comfortably sign off on the form. Please complete and return as soon as possible in order to maximize the chance of your example being included in the Task Force's report.

When completed please fax to Professor Jon Brock (206) 616-1748 or mail to Prof. Brock at the Cascade Center for Public Service, University of Washington, 303 Parrington Hall, DC-14, Seattle WA 98195.

If you have questions, please call Leslie Redd at the Cascade Center, (206) 685-0523.

Agency: _____

Address: _____

Contact person(s): _____

Phone: _____

Fax: _____

Name of Project or Initiative: _____

RESULTS

1. Please describe the primary result of the cooperative effort you are describing in terms of improvement in service effectiveness or efficiency. On an attached page, please write a few paragraphs that summarize the impact of the improvement, i.e., change in service effectiveness, improvement in service quality or customer satisfaction, better match of skills to task, lower cost of a key service, policy change, etc. If you have any measurements that demonstrate the extent of the improvement, please note them also.
2. Please describe the results in terms of the impact on the quality of work and worklife.
3. Describe changes, if any, in the process or technology or in the way the job is done. Include changes in interactions within the agency and relationships with other agencies, customers or suppliers.
4. How pervasive is the change? For example, what is the size of the agency budget and workforce involved? Does it represent a whole department, the whole city, county, state, school district, fire district, etc.? If it has moved beyond its original location, how was the idea transferred?
5. Has there been any alteration in features of the personnel or civil service system as a result of or as a prelude to this service improvement? For example, were there any changes in classification practices, compensation systems, hiring, transfer or removal practices as part of this service improvement?

PROCESS

1. Were there any false starts or barriers in the process that were overcome on the way to success? What were those and how were they overcome?

2. How long has this service improvement project been going on?

Since the idea was first raised. Date:
Since the service change or improvement was put into place. Date:

3. What accounts for the longevity of the project, or for its demise? What has sustained it?

4. From where was the most resistance and how was it handled? How successfully?

5. Is there a state bargaining law operational in this jurisdiction? Are there aspects of that statute and its related regulatory structure that contributed to making this change successful? Are there aspects of that structure that had to be worked around in order to implement the changes described above?

If there is not a state bargaining law, was there an employee association involved?

6. If this has been done in conjunction with an organized employee organization, please briefly note the results or major impacts, if any, in terms of labor management relations such as:

Contractual changes
Work rule changes
Improved or new joint committees
Changes in contract administration
Changes in statute
Changes in bargaining relationships
Changes in conflict resolution practices
Impact on grievances or grievance handling

7. Has this change in service and relationships now survived an election cycle or change in either labor or management leadership? What effect have elections, elected officials or political relationships had on the project?

TYPE OF CORPORATION

1. How is the cooperation carried out? Is there a formal committee or other forum? Please describe.

2. What form of agreement defines the ongoing cooperative arrangement or other governance of this change in service or policy?

GENESIS

1. How did this cooperative relationship begin?
Was there a leader who believed in or heard about this approach? Was there a crisis? Budget pressure? An opportunity? Other?

2. What commitments or provisions, if any, were made regarding the impact on employees, services? For example:
Retraining programs/re-deployment to other functions
Early out incentives
Placement opportunities
Measurements

3. What, if any other outside assistance was helpful (or harmful!)?

4. What else should others know about this change in service and job quality that would help them do something similar or otherwise learn from your experience?

5. Is there any other feature of this service improvement through cooperation you are especially proud of or wish to highlight?

Appendix F

The State and Local Government Labor- Management Committee

The committee brings together the major national-level public employer and union organizations concerned with labor relations in state and local government. From its initial meeting in December 1985, the committee has dedicated itself to the promotion of excellence in government through labor- management cooperation.

Participating organizations

AFL-CIO Public Employee Department
Council of State Governments
American Federation of State, County and
Municipal Employees
International City Management Association
American Federation of Teachers
National Association of Counties
Communications Workers of America
National Conference of State Legislatures
International Association of Fire Fighters
National Governors Association
International Brotherhood of Teamsters
National League of Cities
International Federation of Professional and
Technical Engineers
National Public Employer Labor Relations
Association

International Union of Operating Engineers
National School Boards Association
International Union of Police Associations
Laborer's International Union of North
America
Service Employees International Union
U.S. Conference of Mayors

In cooperation with:
Federal Mediation and Conciliation Service
U.S. Department of Labor

State and Local Government Labor- Management Committee

815 16th Street, NW.
Washington, DC 20006
202 (393-2820)

Co-Chair Al Bilik

President, Public Employee Department
AFL-CIO
(202) 393-2820

Co-Chair Roger Dahl

Managing Director, Office of Program
Development & Technical Assistance
U.S. Conference of Mayors
and
Executive Director, National Public
Employer Labor Relations
Association
(202) 296-2230

Appendix G

Features of a Service-Oriented Collective Bargaining Law

This section contains a collection of principles intended to be helpful to jurisdictions which desire or intend to create or amend state collective bargaining statutes. These principles are proposed, when incorporated into a statute, to encourage the beginning or development of service-oriented collective bargaining relationships that support a high performance workplace.

General Background

Basically, all of the 36 state public sector bargaining statutes protect the right to organize and bargain collectively over wages, hours and working conditions of employment, similar to the laws governing the private sector. While 23 state laws are comprehensive in coverage, other laws vary greatly as to coverage, e.g., local but not state employees; some cover only firefighters and police; still others apply only to teachers. Virtually all of the laws provide a means of determining a majority representative in an appropriate unit with exclusions for managerial or high level supervisors. The various laws have different forms of impasse resolution, from fact finding with recommendations, e.g. Florida and New York State; to binding arbitration, e.g., Iowa and Wisconsin, the limited right to strike in Ohio or Alaska.

While the Task Force saw service-oriented workplace relationships under almost every kind of legal structure, constructive collective bargaining relationships and workplace change can more easily be achieved when certain identifiable ingredients and attitudes are in place. Experience with these more productive collective bargaining relationships and several decades of experience with a variety of public bargaining laws suggest at least the following features in a bargaining law will be of significant assistance in promoting the necessary attitudes, skills and structures.

This is not intended to be a model law or even a comprehensive guide for constructing a bargaining law.

Any workable statute must provide for the basic provisions of a collective bargaining relationship, such as referred to above, and respond to the local needs and history and more specific legal considerations. Individual states will find that local circumstances offer other opportunities and problems requiring attention. This document is intended to emphasize features that would support the development of service oriented relationships encouraging employee participation.

These principles seek to make the spirit, features, and practices emanating from the bargaining law focus on the parties' mutual responsibilities for effective service delivery and improvement, on structures for effective workplace partnerships and on constructive conflict resolution. Similarly, standard provisions for ensuring the preservation of the employer's mission, fair treatment and employee protections, and for protecting and adjudicating bargaining rights should all reflect these principles.

Chapter 4 refers in detail to the range of ingredients that contribute to service-focused bargaining relationships that involve employees in workplace decisions, and interested parties are referred there for further detail or explanation. Interested parties are also referred to the model law on public sector labor-management cooperation, published by The Council of State Governments.¹

Preamble

Many statutes contain preambles that include general statements concerning the need for harmonious relationships. Notably absent, however, are references to joint or partnership-based relationships committed to excellence. While many jurisdictions carry on certain of these activities, an effective policy statement may serve to help prevent or deter established behavior patterns more common in conflictual rather than service-oriented relationships.

The preamble to a collective bargaining law can assist in clarifying these intentions by describing the

¹ See "Public Sector Labor-Management Cooperation Act, in 1994 Volume 53, *Suggested State Legislation*, the Council of State Governments, Lexington, KY.

obligations of the parties to include the following:

- a mutual commitment to service excellence and continuous improvement
- a mutual commitment to quality of work life
- a mutual commitment to constructive problem solving and conflict resolution
- a mutual commitment to a cooperative workplace relationship and cooperative approaches
- a mutual commitment for state level labor and management leaders and neutral officials to make the necessary investments to provide resources for local parties (i.e. officials and union leaders from state agencies, counties, schools and other independent districts and cities) to gain the necessary skills and perspectives and assistance to begin and carry on effective collective bargaining relationships, workplace partnerships and resolve conflicts that inevitably arise
- a mutual recognition of obligations to citizens for a constructive labor-management relationship that supports service excellence

Provision for Putting the Statute in Place

Recognizing the importance of beginning or re-inventing the structure and relationship in a constructive service-oriented manner, key labor and management leaders, should jointly acquaint themselves with public and private sector relationships that have experience with the cooperative and participative models of workplace relationships. This will provide a means of preparing key leaders for the necessary interactions and concentration on participative practices and service issues.

- An initial statewide joint labor-management advisory committee, with labor, management, community and neutral leaders should be established to facilitate resolution of problems in implementation of the statute, including responsibilities to ensure a constructive beginning to the process. All parties, particularly the administrative agency, should be mindful of the importance of the impact of the early decisions on the ultimate nature of the relationship. For example, bargaining unit determinations should be substantially based on the ability of the parties to implement a service-oriented relationship and otherwise address ser-

vice problems.

- The joint committee should be charged with using its good offices and prestige to ensure that problems arising during initial activities, such as elections, and first contracts are handled constructively and with an eye towards the long term stability of the relationships in communities around the state.

- Under the sponsorship of this Joint Committee, offer joint training to develop the necessary problem solving skills and background for the beginning and maintenance of a constructive collective bargaining system. Training should be offered in effective collaborative bargaining and contract development for key labor and management leaders in agencies, and local jurisdictions. Eventually, the training should be available for all levels of participants in bargaining. Training such as provided by the Oregon Public Employee Relations Board would be one model to follow, although there are others. Similarly, there should be arrangements for appropriate orientation of those who will later be charged with overseeing and administering the statute. Any number of delivery systems that fit the local situation could be utilized.

Incorporating Service and Participation Considerations into Other Features of a Bargaining Statute

Conflict Resolution: Parties should be encouraged to use collaborative bargaining or similar approaches. Joint training in such techniques should be accessible for all local parties in districts, agencies, counties or cities. Local joint committees should attend to this in conjunction with appropriate administrative authorities and the statewide Public Employment Relations Boards should be a helpful resource and clearing house. In general there should be extensive use of mediation and other alternative dispute resolution (ADR) procedures available.

Impasse Resolution: Final resolution of contract issues is necessary in order to focus on joint efforts towards service improvements. Therefore, it is supportive of service improvement to have effective and trusted means of resolving bargaining impasses. Impasse procedures should rely significantly on me-

diation and informal problem solving, and include access to training and neutral assistance. Under current fact finding and arbitration provisions of collective bargaining laws, the arbitrator is required to take into consideration several criteria. One important criteria should be the impact of the settlement on quality and excellence of the services affected.

Whatever provisions are made for the final resolution of contract disputes, they should recognize the relationship of the final closure mechanism to the ability to address service quality issues and service improvements. Where there is a relationship between traditional bargaining issues and quality of services, any third party resolution process should be sufficiently flexible to deal with those issues. Alternative dispute resolution methods, such as various forms of enhanced mediation, show promise and should be emphasized.

In the case of binding arbitration, for example, the inclusion of service quality issues and the capacity to explore service improvements should be preserved in the steps following impasse, and in the criteria for third party resolution. A far greater degree of mediation and problem solving should be employed, including the ability to provide subsequent training and neutral assistance to parties in an effort to make more constructive habitually difficult relationships into more constructive ones, and to make a special effort to preclude resorting to external, third-party adjudication. (See the Massachusetts Joint Labor Management Committee for Municipal Police and Fire Fighters referred to in Appendix D, for one example of inserting increased problem solving into impasse resolution.)

Permissive, Mandatory and Prohibited Subjects of Bargaining: Whatever the particular scope outlined in statute, parties have the ability to discuss the range of issues necessary in order to improve service outcomes. In doing so, no party would gain or give advantage through discussion of service-related issues under cooperative arrangements. Management rights clauses should be structured to allow parties to discuss all issues affecting service delivery in a manner that permits broad-based discussion and resolution of problems, while ensuring that there is not undue interference in agency mission or in the responsibilities of elected and appointed officials.

Joint Committees: In each jurisdiction (i.e. city, county, school district, transportation or utility district, etc.) where there is a contract, a joint committee consisting of top leaders in labor and management covered by contracts in that jurisdiction normally should be established according to the needs of the local parties. Its charter will include workplace problem solving and encouragement of service quality and improvement efforts. In addition to jurisdiction-wide committees, usually departmental committees would be established for major departments or groupings to ensure that labor and management leaders who can affect service delivery can do so in the relevant context. Appropriate coordination should be established among the committees within a jurisdiction or district. Arrangements for management and employee leaders selected for such committees should permit full participation.

Members of joint committees should receive appropriate training and preparation for effective participation (see above), whether through the state board or locally identified providers.

Joint Training: Training in the necessary skills should be provided for in order to ensure that parties use effective conflict resolution and problem-solving techniques, and learn to deal effectively with the intersection of service and workplace issues in the context of a collective bargaining relationship. (See Chapter 4 for a description of skills normally required or helpful to support employee participation and effective problem solving.) Training should be jointly sponsored and developed for maximum relevance, acceptance, and effectiveness.

Relation to Civil Service Systems

When designing or modifying a bargaining law, parties should examine, perhaps through the state-wide labor-management committee, how the bargaining law and state or local civil service statutes mesh. The purposes and processes of each law should provide for accommodation as opposed to rigidities. A truly effective service-oriented system requires that each of these processes expand, rather than restrict, the abilities of the parties to address impacts on service and quality of work life. The jurisdiction-wide joint com-

mittee should periodically consult with the appropriate authorities to ensure that these systems work to further the purposes of the overall labor-management relationship.

Public Employment Relations Board (PERB)

A key ingredient is an administrative agency to determine questions of representation, to regulate unfair labor practices, to administer grievance resolution and to resolve impasses. To reflect the service emphasis, the mandate and normal services of such a body should reflect this preventive and service-supporting philosophy. Recognizing that such boards have a broad range of activities, the following issues are highlighted in connection with service and promoting cooperative relationships:

Preventive Focus: Public employment relations boards should be active and funded in preventive activities and processes, not only those that respond to conflict. These would include application of, and joint training in, appropriate ADR practices and related technical assistance to help relationships between the parties develop and evolve effectively. Agency staff should be trained in these skills.

The Board should employ and encourage the use of ADR or other preventive or rapid resolution of grievances and other conflicts close to the source. Training and technical assistance, advice, and referrals and service in conflict resolution and problems solving should be available through the PERB. Joint training and mediation assistance should be provided for all first contracts, and then generally available.

Unit Determination: Unit determinations should consider the ability to cross traditional occupational lines in order to flexibly respond to changes needed in the interest of service improvements and related impact on employees. Highly fragmented or a proliferation of bargaining units should be avoided, so that the integrated nature of service delivery can be reflected, and so that a proliferation of units doesn't place the parties in duplicative negotiations or cause other problems that interfere with a mutual focus on service and efforts at cooperation.

Enforcement Activities: All parties should be

assisted and encouraged in living up to their responsibilities under the law, including attention to service delivery and rights of employees. Here, as in other areas, alternative dispute resolution practices should be used to resolve differences wherever possible. Jurisdiction-wide or statewide labor-management committees might be helpful in addressing some of these issues, especially in the early going as parties gain experience. Legal enforcement, where it becomes necessary should be simple and avoid undue time and expense to the parties and the state.

Appendix H

Quality Standards and Principals for Developing an Effective Alternative Dispute Resolution System for Rights Guaranteed by Law and for Other Workplace Disputes*

Purpose

To provide a voluntary, fair, effective and expedient means to resolve allegations and conflicts over workplace rights guaranteed by public law and other workplace disputes and rights as an alternative to lengthy, expensive or conflictual processing through courts or administrative procedures.

To do so by encouraging interested local parties in a city, state, county, school board or other local jurisdiction to develop and experiment with ADR systems. Systems thus developed should take care not to interfere with the exercise or development of collective bargaining rights. Any system should arrange for objective evaluation after an initial period of operation.

The specific design and development of a dispute resolution system must fit the local circumstances and promote trust among those who will use it. The following principles are intended to suggest a foundation for a fair, effective and trustworthy system.

The “Basic Features” section below summarizes the principles from the ADR Table in Chapter Four of this report and the remainder of this Appendix expands the discussion of administrative and other features of workplace ADR systems.:

Basic Features

- Voluntary, only post-dispute
- Retain basic employee or employer rights
- Includes mediation and arbitration features
- Mediation can be used at any time prior to arbi-

tration award

- Employee has access to counsel or representative of his or her own choosing
- Employee can obtain, through discovery and other appropriate means, information necessary to pursue his/her claim
- Employee may exit system and go to court anytime prior to arbitration agreement. Employer will only pursue litigation if the employee has elected to pursue his or her claim in the courts
- Arbitration award shall be in writing
- Arbitrator to have same powers in developing an award or seeking evidence as a judge under the same statute
- Mediators and arbitrators to be trained in the relevant area of law.
- Not intended for class action or precedential cases
- Arbitration award is final and binding unless it is found by the standards of appellate review to be in violation of the arbitrator’s jurisdiction, or of the applicable federal or state statutes, or the procedures were irregular. Reference the Spielberg principle by the National Labor Relations Board [112 NLRB 1080 (1955)].
- ADR available to all employees of employer without preference or limitation

Administration and Operations

- Expedient time frames in goals and practices.
- Avoids actual or appearances of conflict or employer domination.
- An independent board or administrative structure should ordinarily administer the system in a manner that promotes independence and fairness and that is knowledgeable about dispute resolution practices.
- Such an entity should have an independent board or other governance arrangement that takes into account employer and employee interests as well as that of relevant community groups with expertise concerned with fair employment practices.
- The local system should coordinate with appropriate administrative bodies to ensure employee

* See Chapter Four of this report for additional description of alternative dispute resolution (ADR).

rights, such as by preserving statutory rights.

- The relationship of the ADR system to personnel regulations or collective bargaining rights should be clear and be respectful of established rights that do not violate public law.
- Should be flexible enough to avoid rigidities and complexity of administrative or court procedures, yet preserve due process rights.
- Employees should be educated re: their rights by appropriate, neutrally provided information, and primarily by access to counsel.
- Data on cases should be maintained to allow for disclosures permitting evaluation of quality, timelines, types of cases filed, by whom, against whom and decisions rendered.

Other Safeguards for Quality and Fairness

- It must be seen and arranged as a neutral forum, independent of bias, and governed and administered in a manner to support and protect such independence.
- To ensure and encourage access, provisions should be made for suitable reimbursement of employee counsel or representative, either through the system itself or by award of the arbitrator.
- Attorneys and neutrals paid under the system should receive their fees in a manner that does not influence their role or rehire considerations.
- Preferably, all funds for operating the system should be provided and segregated so as to avoid apparent “one to one” correspondence of cases and dollars.
- In addition to funding by the employer entity or entities, consideration may be given for obtaining some contribution from employees towards the operation of the system.
- As noted above, opportunity available for judicial review and not intended for class action and precedential cases.
- Systems not conforming with these overall standards should be challengeable.

Arbitrator Selection and Qualification

- Joint selection of arbitrator from an appropriate panel of qualified arbitrators. Body selecting panel of arbitrators shall have no economic interests in the outcome or process.
- Diversity of view and background should be important in developing the panel of arbitrators. Panels should exhibit balanced representation of minorities and women.
- The local parties should determine the most appropriate means of developing a panel, whether regional or national.
- Arbitrators to demonstrate that they are knowledgeable in procedure and substance of law. There must be full disclosure to the parties of arbitrator background and experience.
- The “Protocols” developed by the tripartite special task force are a useful reference to standards of arbitration and other matters ensuring quality and fairness.

References:

1. “Fact Finding Report,” May 1994, and “Final Report and Recommendations,” December 1994, of the Commission on the Future of Worker-Management Relations (Dunlop Commission), entitled in both volumes, Chapter IV, “Employment Litigation and Dispute Resolution”.
2. The agreed-upon “Protocols of the Special Task Force on Alternative Dispute Resolution”, attached, also has helpful guidance on qualifications of mediators and arbitrators. The Special Task Force on ADR was co-chaired by Arnold Zack, Chair, Max Zimny and Chris Bareca.

Appendix H (continued)

A Due Process Protocol for Mediation and Arbitration of Statutory Disputes Arising Out of the Employment Relationship*

The following protocol is offered by the undersigned individuals, members of the Task Force on Alternative Dispute Resolution in Employment, as a means of providing due process in the resolution by mediation and binding arbitration of employment disputes involving statutory rights. The signatories were designated by their respective organizations, but the protocol reflects their personal views and should not be construed as representing the policy of the designating organizations.

GENESIS

This Task Force was created by individuals from diverse organizations involved in labor and employment law to examine questions of due process arising out of the use of mediation and arbitration for resolving employment disputes. In this protocol we confine ourselves to statutory disputes.

The members of the Task Force felt that mediation and arbitration of statutory disputes conducted under proper due process safeguards should be encouraged in order to provide expeditious, accessible, inexpensive and fair private enforcement of statutory employment disputes for the 100,000,000 members of the workforce who might not otherwise have ready, effective access to administrative or judicial relief. They also hope that such a system will serve to reduce the delays which now arise out of the huge backlog of cases pending before administrative agencies and courts and that it will help forestall an even greater number of such cases.

* These protocols were produced outside of the Secretary's Task Force process. This document is provided as a resource for those interested in ADR standards.

A. Pre or Post Dispute Arbitration

The Task Force recognizes the dilemma inherent in the timing of an agreement to mediate and/or arbitrate statutory disputes. It did not achieve consensus on this difficult issue. The views in this spectrum are set forth randomly, as follows:

- *Employers should be able to create mediation and/or arbitration systems to resolve statutory claims, but any agreement to mediate and/or arbitrate disputes should be informed, voluntary, and not a condition of initial or continued employment.*

- *Employers should have the right to insist on an agreement to mediate and/or arbitrate statutory disputes as a condition of initial or continued employment. Postponing such an agreement until a dispute actually arises, when there will likely exist a stronger predisposition to litigate, will result in very few agreements to mediate and/or arbitrate, thus negating the likelihood of effectively utilizing alternative dispute resolution and overcoming the problems of administrative and judicial delays which now plague the system.*

- *Employees should not be permitted to waive their right to judicial relief of statutory claims arising out of the employment relationship for any reason.*

- *Employers should be able to create mediation and/or arbitration systems to resolve statutory claims, but the decision to mediate and/or arbitrate individual cases should not be made until after the dispute arises.*

The Task Force takes no position on the timing of agreements to mediate and/or arbitrate statutory employment disputes, though it agrees that such agreements be knowingly made. The focus of this protocol is on standards of exemplary due process.

B. Right of Representation

1. Choice of Representative

Employees considering the use of or, in fact, utilizing mediation and/or arbitration procedures should have the right to be represented by a spokesperson of their own choosing. The mediation and arbitration procedure should so specify and should include reference to institutions which might offer assistance, such

as bar associations, legal service associations, civil rights organizations, trade unions, etc.

2. Fees for Representation

The amount and method of payment for representation should be determined between the claimant and the representative. We recommend, however, a number of existing systems which provide employer reimbursement of at least a portion of the employee's attorney fees, especially for lower paid employees. The arbitrator should have the authority to provide for fee reimbursement, in whole or in part, as part of the remedy in accordance with applicable law or in the interests of justice.

3. Access to Information

One of the advantages of arbitration is that there is usually less time and money spent in pre-trial discovery. Adequate but limited pre-trial discovery is to be encouraged and employees should have access to all information reasonably relevant to mediation and/or arbitration of their claims. The employees' representative should also have reasonable pre-hearing and hearing access to all such information and documentation. Necessary pre-hearing depositions consistent with the expedited nature of arbitration should be available.

We also recommend that prior to selection of an arbitrator, each side should be provided with the names, addresses and phone numbers of the representatives of the parties in that arbitrator's six most recent cases to aid them in selection.

C. Mediator and Arbitrator Qualification

1. Roster Membership

Mediators and arbitrators selected for such cases should have skill in the conduct of hearings, knowledge of the statutory issues at stake in the dispute, and familiarity with the workplace and employment environment. The roster of available mediators and arbitrators should be established on a non-discriminatory basis, diverse by gender, ethnicity, background, experience, etc. to satisfy the parties that their interest and objectives will be respected and fully considered. Our recommendation is for selection of impartial arbitrators and mediators. We recognize the right of employers and employees to jointly select as mediator and/or

arbitrator one in whom both parties have requisite trust, even though not possessing the qualifications here recommended, as most promising to bring finality and to withstand judicial scrutiny.

The existing cadre of labor and employment mediators and arbitrators, some lawyers, some not, although skilled in conducting hearings and familiar with the employment milieu is unlikely, without special training, to consistently possess knowledge of the statutory environment in which these disputes arise and of the characteristics of the non-union workplace.

There is a manifest need for mediators and arbitrators with expertise in statutory requirements in the employment field who may, without special training, lack experience in the employment area and in the conduct of arbitration hearings and mediation sessions. Reexamination of rostering eligibility by designating agencies, such as the American Arbitration Association, may permit the expedited inclusion in the pool of this most valuable source of expertise. The roster of arbitrators and mediators should contain representatives with all such skills in order to meet the diverse needs of this caseload.

Regardless of their prior experience, mediators and arbitrators on the roster must be independent of bias toward either party. They should reject cases if they believe the procedure lacks requisite due process.

2. Training

The creation of a roster containing the foregoing qualifications dictates the development of a training program to educate existing and potential labor and employment mediators and arbitrators as to the statutes, including substantive, procedural and remedial issues to be confronted and to train experts in the statutes as to employer procedures governing the employment relationship as well as due process and fairness in the conduct and control of arbitration hearings and mediation sessions.

Training in the statutory issues should be provided by the government agencies, bar associations, academic institutions, etc., administered perhaps by the designating agency, such as the AAA, at various locations throughout the country. Such training should be updated periodically and be required of all mediators and arbitrators. Training in the conduct of mediation and

arbitration could be provided by a mentoring program with experienced panelists.

Successful completion of such training would be reflected in the resume or panel cards of the arbitrators supplied to the parties for their selection process.

3. Panel Selection

Upon request of the parties, the designating agency should utilize a list procedure such as that of the AAA or select a panel composed of an odd number of mediators and arbitrators from its roster or pool. The panel cards for such individuals should be submitted to the parties for their perusal prior to alternate striking of the names on the list, resulting in the designation of the remaining mediator and/or arbitrator. The selection process could empower the designating agency to appoint a mediator and/or arbitrator if the striking procedure is unacceptable or unsuccessful. As noted above, subject to the consent of the parties, the designating agency should provide the names of the parties and their representatives in recent cases decided by the listed arbitrators.

4. Conflicts of Interest

The mediator and arbitrator for a case has a duty to disclose any relationship which might reasonably constitute or be perceived as a conflict of interest. The designated mediator and/or arbitrator should be required to sign an oath provided by the designating agency, if any, affirming the absence of such present or preexisting ties.

5. Authority of the Arbitrator

The arbitrator should be bound by applicable agreements, statutes, regulations and rules of procedure of the designating agency, including the authority to determine the time and place of the hearing, permit reasonable discovery, issue subpoenas, decide arbitrability issues, preserve order and privacy in the hearings, rule on evidentiary matters, determine the close of the hearing and procedures for post-hearing submissions, and issue an award resolving the submitted dispute. The arbitrator should be empowered to award whatever relief would be available in court under the law. The arbitrator should issue an opinion and award setting forth a summary of the issues, including the type (s) of dispute(s), the damages and/or other relief requested and awarded, a statement of any other

issues resolved, and a statement regarding the disposition of any statutory claim(s).

6. Compensation of the Mediator and Arbitrator

Impartiality is best assured by the parties sharing the fees and expenses of the mediator and arbitrator. In cases where the economic condition of a party does not permit equal sharing, the parties should make mutually acceptable arrangements to achieve that goal if at all possible. In the absence of such agreement, the arbitrator should determine allocation of fees. The designating agency, by negotiating the parties' share of costs and collecting such fees, might be able to reduce the bias potential of disparate contributions by forwarding payment to the mediator and/or arbitrator without disclosing the parties' share therein.

D. Scope of Review

The arbitrator's award should be final and binding and the scope of review should be limited.

Dated: May 9, 1995

[signed]

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