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Report Finds Labor Management
Cooperation Critical To State and Local
Government Success

U.S. Secretary of Labor's Task Force on Excellence in
State and Local Government Through
Labor-Management Cooperation

NEWS RELEASE

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Report Finds Labor Management Cooperation Critical To State and Local Government Success

A study of 50 public workplaces found that labor-management cooperation and employee participation in the public sector leads to dramatic improvements in quality, costs and delivery of service, the U.S. Department of Labor announced today.

The report, entitled "Working Together for Public Service," details specific service improvements and cost savings that result from cooperation and participation, as well as methods that can be used to bring workplace cooperation to many government services and jurisdictions.

The report was issued by the Task Force on Excellence in State and Local Government Through Labor-Management Cooperation. It was comprised of 14 elected officials, labor leaders and academics and was appointed by Labor Secretary Robert B. Reich and co-chaired by former Governor Jim Florio of New Jersey and Mayor Jerry Abramson of Louisville, Kentucky. The task force was unanimous in the view that public workplaces must change from traditional ways of doing business and move towards workplace cooperation, participation and quality improvement. Further, the task force believes that the public sector offers significant opportunity--far more than is commonly believed--for employee participation and labor-management cooperation.

"It is evident from these findings that employee involvement and labor-management cooperation represent a high-potential strategy for meeting the demands on state and local government. I join the task force in challenging elected officials, union leaders, public employees and administrators to move towards models of workplace participation and cooperation. Some of the most dramatic turnarounds in business performance come from labor-management cooperation and employee participation. We should apply the same lessons to the public sector," said Reich.

Mayor Abramson agreed, stating that by "working together, we can cut red tape that contributes to the public's low opinion of government today. Citizens are our customers, and they deserve the best service we can provide. This report will help those of us in the public sector improve our image by improving our performance in servicing our customers."

Noting that many traditional ways of planning and performing public services are antiquated and not responsive to the needs of communities, Governor Florio commented that, "cumbersome procurement, accounting and civil service rules, authoritarian organizational relationships and labor management confrontation are often part of the landscape, but surely won't serve our communities well anymore. These findings suggest how to break old molds and use some approaches that can actually produce better service."

Also among the report findings: Absenteeism, time loss injuries, and overtime were often reduced significantly. Work schedules and procedures were changed to save time and money and to provide better service. School performance improved, public safety services increased, and vehicle readiness and equipment purchasing were improved to save overtime and other costs and improve the quality of service.

In every case where there was a collective bargaining relationship related to a service-focused partnership, the task force found that there were fewer grievances and contracts were negotiated more quickly. Usually, contracts were shorter, more flexible and focused on service responsibilities.

"Employees usually know the most about how to get a job done. If you create a way for them to be involved, don't rely on top-down approaches, and then combine their talents with the priorities of elected officials, you can find resources you did not know you had and solve problems that have been in the way for years," Reich said.

The report includes examples and detailed discussion of ingredients to creating cooperative workplace arrangements. The appendix lists contacts so that parties interested in pursuing their own improvements can get peer assistance. The report is available on three Internet sites: the U.S. Department of Labor web site, the Martin P. Catherwood Library at the School of Industrial and Labor Relations at Cornell University, and through the Alliance for Reinventing Government's Public Innovator Learning Network.

Some Typical Examples

- **The State of Connecticut and District 1199/New England Health Care Employees (SEIU)** set up employee teams to look into safety problems, reducing injuries and saving nearly \$5 million after implementation in only half the department.
- In **Peoria, Illinois**, a coalition of unions and management worked on a joint committee that stopped the bickering and competition over health coverage, developed a plan with better benefits and utilization management, and saved \$1.2 million--or almost 20 percent-- of expected costs.
- As part of a quality improvement/labor-management partnership, **Madison, Wisconsin and AFSCME Local 60** developed a new approach to electrical code enforcement that has improved safety and overall compliance and has electrical contractors complimenting the department. The senior inspector, once known as "Dr. No" is now a well-respected and more satisfied public employee. As a result of a training program developed after consultation with electrical contractors, inspection activity costs \$30,000 a year less.
- At the **Foshay School** in South Central Los Angeles, drop-outs have gone from 21 percent to 3.5 percent, test scores from the bottom to near the state

average. Suspensions have gone from 400 cases to 40, all through a labor-management partnership formed by a new principal and the local head of the **United Teachers of Los Angeles**.

- The **City of Indianapolis**, working with **AFSCME Local 3131**, as part of a citywide service improvement effort, made substantial improvements in the city's motor vehicle repairs, showing nearly a 25 percent decline in that department's budget and a 90 percent decline in grievances. Rather than annual wage adjustments, the parties agreed during the current contract to a gain-sharing program, where 25 percent of the savings accrued to the employees. Although no bargaining unit employee has lost a job, the city contracts out some services, under ground rules developed with the input of union representatives. Among other things, improvements in cost accounting helped labor and management identify barriers to service improvement.
- In the **State of Ohio**, probably the most comprehensive effort found at the state level, a state-wide effort in cooperation with the **Ohio Civil Service Employees Association** is saving hundreds of thousands of dollars annually and engaging labor and management leadership in learning the best quality improvement techniques and applying them to state government.
- In **Phoenix, Arizona**, the management team and representatives of **Fire Fighters Local 493** gather each year in a planning retreat to identify service and workplace issues needing attention. Arbitration has not been used there for 10 years.
- The **Los Angeles Bureau of Sanitation and SEIU Local 47** have, among other innovations through a joint problem-solving committee, increased vehicle readiness from 75 percent to 94 percent, obtaining a large increase in productivity. The overall labor-management relationship has shifted to a far more positive tone and the next three years looks for a 25 percent budget reduction with no layoffs in the department.
- In **Portland, Maine**, the city and **AFSCME Local 481** worked together through a cold winter to use new approaches and skills to build a community minor league ballpark, millions of dollars below the projected contract cost. Grievances were resolved by a "a walk to center field." The pride and lessons from this high-pressure project has resulted in a complete revamping of the labor-management relationship and a reorientation of almost all public works services into self-managed teams. City workers more often than not beat the estimated private-sector cost of most small construction and repair projects.

Some Additional Interesting Findings

- In conjunction with a participative program and a labor-management partnership, a "no-layoff," or, at least, a significant employment safety net and retraining program, contributed greatly to creativity in finding cost savings and service improvements.
- Simple forms of training were found to greatly contribute to the improvement of a labor-management relationship by teaching the parties alternatives to traditional bargaining. Investments in training, normally the first budget item cut in hard times, turned out to be important also in teaching workers and managers skills in analyzing and changing service delivery systems and solving other kinds of workplace issues.
- Often, a service-oriented relationship began after a successful attempt to reduce grievances or conflicts over contract terms, or after working together

to resolve a specific service problem. The improved trust and better problem-solving skills then were applied to larger service issues.

- Most successful service partnerships started small, on one issue, or in one department or division, and then spread.
- In a brief examination of contracting out, the task force found that cooperative models of workplace cooperation generally got as good or better results than a policy of imposed contracting out, and offered other long term benefits. Contracting out as part of a cooperative relationship was often a useful tool, but not the primary answer to cost and quality of services.
- Supervisory and managerial levels were often reduced as a result of participative examination of services for improvements and efficiencies, and there was a far greater use of teams and labor-management committees.
- Jurisdictions involved in workplace partnerships where there was a collective bargaining relationship used the features and mechanisms of a collective bargaining relationship to the advantage of service improvement.
- Changes and improvements in budgeting, cost accounting, procurement practices and in civil service systems often accompanied successful cooperative partnerships and greatly aided efforts to improve services. Employee involvement contributed centrally to identifying the most important changes and to developing alternatives.
- Support and encouragement from national labor, management, neutral and research organizations have and can help spread the use of effective workplace participation and labor-management cooperation aimed at improved service delivery.
- Successful cooperative relationships emerged not only from visionary leadership, but often from bitter or difficult relationships or came up around problems that had previously seemed insurmountable.