COST DETERMINATION IN FEDERAL SECTOR COLLECTIVE BARGAINING AGREEMENTS: A FEASIBILITY STUDY

By

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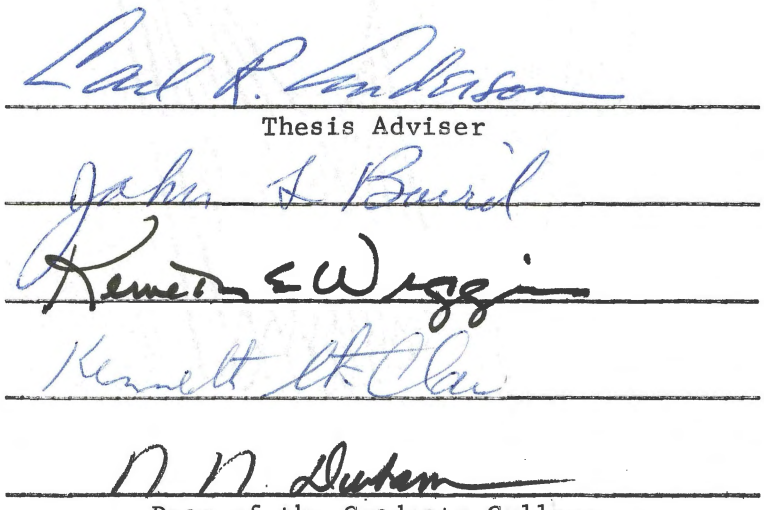

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CHAPTER I

INTRODUCTION

Public employee unionism in the federal government has a longer history than many individuals realize, dating back even to the early 1800s. Such unionism was quite limited - Navy shipyard craftsmen, Government Printing Office employees, and Postal employees have lengthy history of unionism. Their specific activities were as limited, however, as the phenomenon of unionism in the federal government; by current standards, it amounted to little more than lobbying activity (1, p. 1).

It was not until the 1960s that the true impetus in the field of public employee organization was realized. During that decade, unionism surfaced as an important issue in public employment, not only in the federal government, but in state and local governments as well. Many suggest that the genesis of recent public employee unionism was sparked by President Kennedy's Executive Order 10988. Though it has been hailed as the "Magna Carta" for public employee unionism, it alone could not have effected the momentum in public sector collective bargaining that has been experienced during the last decade (1, p. 3).

Actually, the Kennedy Order only escalated to national prominence an issue that had been developing at lower levels of the governmental structure. New York City and the state of Wisconsin had already implemented practices conducive to public labor relations programs (2, p. 101).

Conditions in the social milieu of the United States had an important impact on the development of public collective bargaining. These include the population growth, increased social consciousness, the pressures of the competitive labor market, a decline of the "labor movement" and the impact of inflation. But these are only a few of many facets contributing to the intumescence in public employee organization growth and activism (3, p. 2). Stanberg identifies eight factors that had a significant impact:

> (1) the inability of an individual worker in a large bureaucracy to be heard by his employers unless he speaks in a collective voice;
> (2) a growing sentiment within the less mobile, unskilled, semiskilled, and clerical labor force that concerted organized action is needed to increase their earning power and to protect their rights;
> (3) a greater appreciation by public employee organizations of the effectiveness of collective bargaining techniques used in the private sector;
> (4) an awareness among many unions that their strength in private industry is on the wane, and that the public service represents a virtually untapped field for productive organizational efforts;
> (5) the financial resources and expertise of national unions in assisting public employee groups to organize and present their demands to management;
> (6) the aggressiveness of public employee unions which has caused many long-established associations to adopt a more beligerent stance;
> (7) the spillover effect in state and local governments of Executive Order 10988 which gave strong support to the principle of the public employee's right to organize; and
> (8) finally - and perhaps most importantly - the "head-in-the-sand" attitude of many public employers, rooted in the traditional concept of the prerogatives of the sovereign authority and distrust of the economic, political, and social objectives of unions . . . (4, p. 103).

Tyler cogently suggests that three forces primarily responsible for stimulating the growth of public employee unionism are 1) class awareness, 2) political ambience, and 3) the civil rights movement.

He notes that the civil rights movement is important because its success inspired public workers, many of whom were minority, to carry their efforts further (2, p. 101).

These factors were joined by another important reality of the American economy. Since World War II, three of every ten new jobs have been in the public sector (4, p. 102). That fact alone would tend to create interest and promote activity in public sector unionism.

Though these factors help to explain the development of labor unionism in the public sector, an ex post facto analysis of the reasons for such a phenomenal growth is not only difficult, but of doubtful value. Identification of all such factors contributing to the development of public sector collective bargaining is neither the intent nor within the scope of this document.

The actual magnitude of the increase in public employee unionism is difficult to identify during the early stages of its development. However, the growth of unionism in the entire public sector is reflected by the figures of federal sector unionism. Table I illustrates the growth of exclusive recognition in the federal sector (5, p. 26).

Placing these figures into perspective by relating them to the total number of employees in the federal government sector makes the growth even more apparent. Only 12 percent of federal employees were in unions in 1964; but by 1974, the 1,142,419 employees in exclusive units represented 57 percent of the total federal work force (5, p. 26).

Although it has been thirteen years since the signing of Executive Order 10988, which is credited with inducing major activity in collective bargaining in the public sector, much of federal management is still uncomfortable with many aspects of the process of collective

bargaining. Perhaps one of the most common areas of conern by federal managers is that of the "costs" of collective bargaining. The treatment of the topic as yet is very much of a void; it seems to promote obfuscation at even the highest levels. There has been no delineation of principles or systematic examination of the costs of collective bargaining.

TABLE I

GROWTH OF EXCLUSIVE RECOGNITION IN FEDERAL GOVERNMENT EMPLOYMENT

MID YEAR	UNIT EMPLOYEES
1963	180,000
1964	231,000
1965	320,000
1966	435,000
1967 (Nov)	630,000
1968 (Nov)	798,000
1969 (Nov)	843,000
1970 (Nov)	916,000
1971 (Nov)	1,038,288
1972 (Nov)	1,082,527
1973 (Nov)	1,086,361
1974 (Nov)	1,142,491

Purpose of the Study

This study will examine the feasibility of development of an empirical planning model for cost determination in federal sector collective bargaining agreements.

Research Objectives

The following objectives were necessary to accomplish the purpose of the study:

1. to identify commonalities in federal sector collective bargaining agreements.
2. to analyze cost factors of the identified commonalities of federal sector collective bargaining in their institutional and organizational settings.

Assumptions and Limitations

The underlying premises governing the study were the assumptions that:

1. cost increases will be the primary focus of agency concern;
2. federal sector agency management will demand a predictive mathematical model for the planning process;
3. only directly identifiable and quantifiable cost factors should be incorporated into a model;
4. the application of a model will be most restricted for general schedule employees conducting white-collar activities, and that case is the one with which federal agency management is concerned.

Because of the inherent dynamism present in any process of federal concern, and especially in an area very much in its adolescence, as is federal sector labor-management relations and collective bargaining, an implicit caveat must be added to those above in the interpretation and application of the study. Further, the study is limited by the

nature and availability of the pertinent data utilized in Chapter III. It is assumed that no dramatic shift has occurred since compilation.

CHAPTER II

REVIEW OF SELECTED LITERATURE

History of the labor unionism in the United States during the twentieth century has been divided into three major development periods. The three periods parallel the emergence and development of three very different segments of the labor force. The first period includes the era beginning about 1900 and continuing until the mid-1930s in which the unionization of skilled craftsmen was evident. The second period, from the mid-1930s until the mid-1950s, brought about the rise of the semiskilled and unskilled laborers involved in mass manufacturing industries. The third period, starting in the 1960s, heard the cries for recognition by white-collar workers of the primarily service-oriented portion of the economy. Many of these workers were publicly employed, not only in federal employment, but state and local as well (2, p. 98).

The review of literature, divided into three sections, is intended to provide the reader with an appropriate background of collective bargaining in the public sector, with certain comparisons to the private sector. In addition, it attempts to provide the reader an examination of federal sector collective bargaining, including its dynamic nature and typical characteristics, and to establish the uniqueness of the federal sector as a segment of the public sector.

A Public-Private Dichotomy

American approaches to management have typically been divided according to the institutional nature of the organization of which it is a part: public or private. Historically, this separation has been so clear as to even be reflected by academic terminology. "Management" was applied to the function in the private sector; "administration" became its counterpart in the public sector. Murray suggests that the bridge between "management" and "administration" has recently been closed and a school of "general management" has resulted. A convergence seems to be developing (6, p. 364).

There is no doubt that collective bargaining has had a dramatic impact on the management function - in both the private and public sectors. What seems to remain unanswered is the extent to which convergence similar to that of the management function as examined by Murray is occurring in the area of collective bargaining. It seems somewhat unlikely that a specific process, like collective bargaining, will show the same convergence that Murray attributes to the general management function. Quite to the contrary, public sector collective bargaining seems much more pervasive. Anderson notes, "the advent of unionism in the public employment has also sparked a dynamic social experiment to determine whether the principles and procedures of private sector collective bargaining can be applied to the public sector" (7, p. 986). This suggests that public sector collective bargaining is <u>not</u> merely a transplantation from the private sector.

An element partially responsible for confounding the comparative examination of public and private sector collective bargaining is that

the two did not evolve simultaneously. That, however, is history and as such is irreversible. There seems to be several issues that clearly characterize the collective bargaining process in each sector, and make each distinct. While several of these issues are singular in their observed effect, it is important to note their individual existence and contribution to the differences.

Sovereignty

Some authors have analyzed the issue of sovereignty as "too elusive and too remote a concept to be of practical significance in the fashioning of labor policy" (4, p. 1109). While these authors may indeed be correct that it should not fashion labor policy, it has had an effect. As has been noted by Connery, there seems to be an attitude that "public employees by definition have a 'higher calling' to the 'sovereign'" (8, p. 329). Some practicioners deem the issue of sovereignty dead (9). While in practice, sovereignty per se may indeed be an outdated issue; it seems to have formed the basis for many of the issues with which public collective bargaining is concerned.

Sovereignty, according to Black's Law Dictionary, is defined as "the supreme, absolute, and uncontrollable power by which any independent state is governed . . . ," and, as the "supreme political authority." Accordingly, sovereignty may be exercised by an individual, or in the case of many contemporary societies, in the form of a "body politic" (10, p. 146).

Sovereignty in the United States was derived more from a political-legal base than from the moral-legal base evident in the English derivation. At the time of American independence, founding fathers invoked

the doctrine of sovereign immunity to entice the states to ratify the Constitution. Sovereign immunity exempted states from lawsuits filed by private citizens to whom the states were financially indebted, unless the states consented to the suits (11, p. 41).

There is some academic debate regarding the concept of sovereignty in English Common law as stated by Blackstone in his Commentaries, "The King can do no wrong." Though disagreement exists concerning this maxim's assumed concrete meaning, it has been such an understanding of sovereignty that has become accepted and applied in governmental employment in the United States. The application of sovereignty with respect to public employment, has three primary components:

1. government has the power to fix conditions of employment;
2. such power is unique and cannot be delegated or shared;
3. any organized effort to interfere with this power is unlawful (12, p. 22).

These components have been tactily, if not overtly, recognized and accepted for many years. Little imagination is required to see the effect that they have had on the shaping of policy relating to government employment. But to attempt to trace the basis of sovereignty is a much more difficult proposition. Though one may historically examine the derivation of the sovereignty principle, it is impossible to isolate it from the present legal framework to adjudge its singular nature or characteristics. "Sovereignty," in the words of Andrew Hacker, "is not something that can be identified or discovered. It is on the contrary, a process. In other words, it is the interaction of specified individuals and institutions according to specified rules and procedures" (10, p. 147).

Sovereignty, then has explicitly defined the source of ultimate authority. It has not, however, much to the disappointment of critics, spoken to the issue of "how government as an employer ought to exercise" supreme power. (Emphasis Added.) But sovereignty, as the basis of the doctrine of the illegal delegation of power, has an impact on the scope of collective bargaining in public employment (4, p. 1109).

Labor-management relations established by state statutes and federal executive orders carefully preserve the sovereignty doctrine. The most recent changes in the federal government policies governing labor-management relations, Amendments to Executive Order 11491, carefully protect the sovereignty of the federal government. It specifies, in part:

> Each agreement between an agency and a labor organization is subject to the following requirements--
> (a) in the administration of all matters covered by the agreement, officials and employees are governed by existing or future laws and regulations of appropriate authorities, including policies set forth in the Federal Personnel Manual, by published agency policies and regulations in existence at the time the agreement was approved; and by subsequently published agency policies and regulations required by law or by the regulations of appropriate authorities, or authorized by the terms of a controlling agreement at a higher agency level;
> (b) management officials of the agency retain the right, in accordance with applicable laws and regulations--
> (1) to direct employees of the agency;
> (2) to hire, promote, transfer, assign, and retain employees in positions within the agency, and to suspend, demote, discharge, or take other disciplinary action against employees;
> (3) to relieve employees from duties because of lack of work or for other legitimate reasons;
> (4) to maintain the efficiency of the Government operations entrusted to them;
> (5) to determine the methods, means, and personnel by which such operations are to be conducted;
> (6) to take whatever actions may be necessary to carry out the mission of the agency in situations of emergency . . . (13, p. 1156).

Imundo notes that this portion of the Order "carefully delineates management's rights in unilateral decision making" in many aspects of federal employment. Many state and local laws reflect the same tone as that of the federal Executive Order (14, p. 812).

Political - Economic Considerations

Examination of political-economic considerations helps elucidate important differences between the public sector and the private sector. Important topics in this examination include conditions of public employment, the nature of work performed, and the effects of the political process in public sector employment.

Conditions of Public Employment

Four conditions of public employment differentiate it from private employment. Summers notes that:

1. decisions as to terms and conditions of employment are made through the political process;
2. the employer is the public, and ultimately the voters to whom public officials are responsible;
3. voters sharing the employer's economic interests far outnumber those sharing the employees' interests;
4. public employees can and do (even without collective bargaining) normally participate in determining terms and conditions of employment (15, p. 1159).

These conditions illustrate that public employment is not "just another industry."

Nature of Work

The nature of the work performed in the public sector is vastly different from that of much of the private sector; it is primarily service-oriented, while much of the private sector is goods-oriented.

Work in the public sector falls into two categories - direct service and indirect service. The distribution of service is primarily one of an inverse relationship between the proportion of direct service and the distance of the level of government from the consuming public. That is, the proportion of direct service is highest at the local level; the federal level provides little direct service (16, p. 545).

Many would argue that service-orientation is present in the private economy. Its existence there cannot be disputed, but raises two additional points - voluntarism and the public interest.

In the private sector, the consuming public exercises voluntary support of private organizations. In the public sector, however, the consumer has much less choice in support of organizations. Monopolies often exist in the supply of direct services. In the case of indirect services, the consumer must support the service activity as a member of the tax-paying public (16, p. 546).

This underscores a basic political-ecnomic difference in the two sectors. As Bennett notes, "There is neither profit nor competition in the public service, and the public employer can neither go out of business nor move the operations. Public management has an ongoing responsibility to provide service continuously . . ." (16, p. 548).

Further, while government must cover the increased labor costs primarily by increasing taxes, private sector organizations can meet rising costs in a number of ways. First, they can raise prices. Second, they can increase efficiency. Finally, the private sector can absorb costs by reducing profits. Imundo concludes that the latter two of these options are unavailable in the public sector. As he notes:

> Generally, it is easier for firms producing goods to increase efficiency than firms producing services. The product of government is service. Therefore, it is often difficult for government to increase efficiency. . . . Government cannot absorb increased costs by reducing profits because government does not produce profit as defined by accountancy practices (14, p. 814).

Effects of the Political Process

The political process in the public sector places additional constraints on public employment, and influences collective bargaining. Two important facets of the political process are 1) "executive-legislative" or "administrative-legislative" division of responsibility; and 2) the presence of open meeting laws.

Division of Responsibility. The "executive-legislative" division of responsibility poses a special problem to collective bargaining in public employment. It often sends to the bargaining table an administrator or executive who, though responsible for reaching settlement, may not have the power to grant certain demands. This is perhaps most evident when an administrator reaches agreement with union representatives concerning monetary issues (salaries, wages, or benefits), but the legislative body responsible for funding either refuses or is unable to allot funds for the settlement (17).

Open Meeting Laws. Another problem peculiar to the public sector settlement of issues during collective bargaining is that of open meeting laws, or "sunshine laws" (7, p. 986). The conduct of collective bargaining in an open forum not only creates increased interest by the public in labor relations, but results in increased publicity and public participation. This intervention in the collective bargaining

process by "outside" parties may needlessly complicate the resolution of issues during negotiations (17).

Scope of Bargaining

The wide diversity within the public sector is a deterrent to any concise evaluation of the scope of bargaining sector-wide, and any subsequent comparison to the collective bargaining experience in the private sector. Since the public sector includes not only the federal government, but state, county, and municipal governments as well, a plethora of governing regulations exist, and variances among the applicable regulations and laws prohibit any useful attempt at development of a single conceptualization of public sector collective bargaining.

Notable differences exist in the issues subject to bargaining in the two sectors. But attempts to assess the public sector from private experience is practically impossible. As Summers notes:

> Borrowing concepts of bargainable subjects from the private sector can be misleading for two reasons. First, in the private sector, collective bargaining is the only instrument through which employees can have any effective voice in determining the terms and conditions of employment . . . . Second, in defining bargainable subjects in the private sector, the government is establishing boundaries for the dealing between private parties. In the public sector, however, government is establishing structures and procedures for making its own decisions . . . (15, p. 1193). (Emphasis Added.)

That is not, however, to rule the experience with private sector collective bargaining totally irrelevant. Obviously, to an extent, the dynamics of bargaining for the sides involved should be much the same. And since there is a tendency for some "migration" to the public sector from the private sector, many parties will carry with them

experiences and learned behaviors emanating from and principally applicable to the private sector (15).

There are several central problems that engulf the scope of bargaining. Wellington and Winters have noted three such issues (18, p. 22). First, trade-offs in the public sector are "less of a protection to the consumer" than in the private sector. Second, as has been voiced by numerous other authors, public employees generally do not produce a product, but rather, perform a service, and the manner in which the service is provided may become a subject of collective bargaining. Finally, services provided by government are often performed by professionals who consider their responsibilities as "not merely a job to be done for a salary." Their underlying philosophy regarding their profession often influences the process of bargaining. This has led some authors to conclude that collective bargaining is either inappropriate or impossible in areas of employment in which employees are largely professional.

In the private sector, the scope of bargaining is established to include "rates of pay, wages, hours of employment, or other conditions of employment" (19). While an extensive interpretation of this provision is not germane to this document, the breadth of interpretation should possibly be noted. Hampton notes that the application of this provision is sufficiently broad to include job and union security and immense indirect benefits in addition to those issues specified above (20, p. 503).

But in the public sector, the scope of bargaining has gone beyond these issues into "the domain of basic governmental policy (7, p. 997).

As Frazier notes, this intrusion has created serious questions regarding public interest:

> . . . The particular interest groups or constituencies that may oppose union demands on one topic are not necessarily the same as those that may be rallied round another, and most importantly, they rarely have direct access to the bargaining table. As a result, the public employer faced with a bargaining proposal that deals both with terms and conditions of employment and with a public policy issue of substantial interest to the public (such as the length of a school year) will tend to be exposed at the bargaining table only to the arguments and pressures of its employees, in weighing the relative merits of the proposal. The result would be, it is said, to provide the union members, as citizens, with a disproportionate voice in the resolution of public affairs (21, p. 9).

The demand for such an intrusion by public employee unions has often developed from the issue of employee professionalism cited earlier. Additionally, public sector collective bargaining has not emerged in a statutory void. The bargaining relationship and scope of bargaining have been affected by existing Civil Service provisions and antecedent legislation (22, p. 173).

Comparison of collective bargaining in the public and private sectors has been summarized by Wellington and Winters. While their comments are directed toward municipalities, they seem equally applicable to other levels of public employment concerned with collective bargaining:

> Collective bargaining in public employment, then, seems distinguishable from that in the private sector. To begin with, it imposes on society more than a potential misallocation of resources through restrictions on economic output, the principal cost imposed by private sector unions. Collective bargaining by public employees and the <u>political process</u> cannot be separated . . . (18, p. 22). (Emphasis Added.)

It is this inescapable integration of public employment with the political process and the concomitant public interest issues that form

the basis for many of the differences between collective bargaining in the public and private sectors. However, within the public sector, the federal sector is unique. Several issues differentiate it from the remaining portion of the public sector.

A Federal-Nonfederal Dichotomy

Federal Sector: Historical Perspectives

The experience of the federal sector with public employee unionism could be historically examined in a number of ways. The development of federal collective bargaining could be divided into stages of "growth" corresponding to each of the Presidential Executive Orders which have dealt with the subject - 10988, 11491, 11616, 11636, and 11838. To break fifteen years of experience into five categories with the very limited time included in each renders the subject to somewhat too microscopic scrutinization for the purposes of this document. Considering that the major change in the development of the federal sector labor-management relations program was that which occurred when Executive Order 11491 was issued, it is somewhat more justifiable to examine the federal experience under the framework of a dichotomy. A common approach to examining the federal sector collective bargaining experience is to look first at the experience under the Kennedy Executive Order, 10988, issued in 1962, and second, examine the developments since the Nixon Executive Order, 11491, issued in 1969.

Executive Order 10988

Executive Order 10988 provided for collective bargaining, the recognition of unions, and protection of the right of federal employees

to organize. However, its significance was not that it developed a system of collective bargaining. Rather, it removed the previous legal impediments that had prevented such activities prior to the Order. Its effect was more to provide the "spark" for the genesis of collective bargaining in much of the public sector than it was to set in motion a positive program for federal sector collective bargaining (23, p. 73). As has been noted, however, 10988 was preceded by labor-management efforts in New York City and the State of Wisconsin.

The Executive Order issued by Kennedy has been called a "courageous and innovative act" (23, p. 75). That, however, is probably overstating the case. While it served to erase the notion that public employment (especially federal employment) was no place for unionism, its signing may have been more pragmatic than innovative. When he signed the Order President Kennedy noted, that "the public interest remains the dominant consideration" (24). This could be a reflection of the threat of pending legislation. As Connery notes:

> The 1962 Executive Order system of labor relations in the federal sector instituted by President Kennedy was a jerry-built system initiated to diffuse the pressure for collective bargaining legislation for federal employees building in Congress (8, p. 305).

The Rhodes bill, though given no chance of enactment, possibly spurred Kennedy to "produce an acceptable substitute" (1, p. 3). Despite these circumstances prompting its issuance, the Order has been characterized as a "fine first step toward extending to Federal workers their rights to union representation and collective bargaining" (25, p. 241). Under 10988, substantial gains were made in labor management relations.

However, Executive Order 10988 has been analyzed by Weber to have "major deficiencies which reflected a persistent ambivalence" (23, p. 74). First, the Order provided for three levels of representation - exclusive, formal, and informal. The type of recognition afforded a union depended upon the percentage of employees from the appropriate unit who held union membership. The administrative arrangements required by the various recognition levels were only short of chaotic. A second deficiency was that the primary responsibility for the enforcement of the Order was lodged with the agencies. Third, the Executive Order permitted only a very narrow scope of bargaining. Finally, no provision was included for constructive development of impasse resolution techniques.

Though some agreement may be reached regarding the last three of these "deficiencies," the first probably created more problem for management than for unions. Indeed, the loss of the multi-stage recognition hurt many unions and professional organizations (26, p. 399). Further, the multi-stage recognition was partially responsible for easing the organization of white-collar employees. It is unlikely that as great a stride would have been made if 10988 had provided only for exclusive recognition (9).

Executive Order 10988 was, at most, a modest beginning. But it was realistic too. It acknowledged that general inexperience existed on both the part of the unions and federal agency management. However, by 1969, another realism emerged - that it was time to adjust the policies of the Executive Order due to changing conditions in federal labor-management relations programs.

Executive Order 11491

Richard Nixon's Executive Order 11491, "Labor-Management Relations in the Federal Service," resulted from the recommendations of an Interagency Study Committee chaired by Civil Service Commission Chairman Robert E. Hampton. The report of the "Wirtz Committee," a review committee established by President Lyndon B. Johnson (27), formed the basis for the recommendations transmitted to Nixon (28, p. 9).

The Nixon Order strengthened the program of federal collective bargaining under Executive Order 10988 by eliminating three of the four major deficiencies that had existed. First, the Order provided for exclusive recognition by unions, and phased out the formal and informal processes. Second, it provided for a mechanism for the administration of the Order resting with the Assistant Secretary of Labor for Labor-Management Relations. Finally, explicit attention was given to the problem of impasse resolution by the creation of the Federal Services Impasse Panel.

While these did much to improve the stature of federal sector collective bargaining, one major deficiency is generally acknowledged - the scope of bargaining. The three subsequent Executive Orders - 11616, 11636, and 11838 - have attempted to correct the deficiency in that area, and have made some improvements, within the confines of the existing legal framework (29, p. 111).

Federal Sector: Distinguishing Characteristics

The foregoing examination of the experience of the federal sector with collective bargaining places the issue in a historical framework. While it is important to note the developmental evolution of federal

sector collective bargaining, an analysis of substantive issues will establish the difference between the federal sector and the remainder of the public sector.

The public sector, as has been previously indicated, is composed of not only the federal government, but state and local governments as well. Wide diversity exists among components of the public sector. However, comparison of certain characteristics establish the federal portion of the public sector as unique.

Some of these characteristics amount to a further development of ones considered in the public-private dichotomy. Primary examination will be given to four areas: first, the level of bargaining; second, the scope of bargaining; third, the relative absence of public support as a source of power; and, fourth, bilateralism as an approach to labor-management relations.

Level of Bargaining

It seems fundamental that unions desire to bargain with the party having the authority to make an appropriate decision regarding proposals that may be presented (30, p. 251). This condition is often unattainable in the federal sector since managers responsible for collective bargaining do not exercise control over many issues and conditions of employment. It is difficult in the public sector to separate the effects of the level of bargaining, (who participates in bargaining as management), and the scope of bargaining (the issues subject to bargaining). This condition is confounded in the federal sector due to ambiguity that exists regarding who the employer really is (22, p. 108).

Scope of Bargaining

Effective collective bargaining has been said to be dependent upon two conditions - first, the existence of two sides, each with a reasonable amount of power; and second, the existence of a reasonably wide range of permitted issues (15, p. 1156). However, these conditions, too, are especially troublesome in the federal sector.

Wirtz has noted that collective bargaining has essentially grown up on a theory of economic force. He states:

> . . . its essential motive power is the right of either side to say "no," regardless of justification or lack of it, and to back this up by shutting down the operation. To believe deeply in the efficacy of collective bargaining and to recognize fully that it has contributed immeasurably to economic and social welfare, is not to be blinded to the fact that it has been much more an interplay of economic power than an exercise in pure reason (31, p. 403).

This is not the case in the federal sector. Weber notes some of the reasons for the absence of economic interplay in the federal sector. He states:

> Collective bargaining -- or what passes for collective bargaining -- is superimposed on a well-developed, elaborate, and explicit system of personnel administration that is calculated to deal with the wide range of substantive and procedural matters that are of concern to any group of employees (23, p. 70).

Weber notes several elements included in this system. Three merit specific consideration. First, basic conditions of employment are established by statute. Second, basic levels of compensation are not subject to managerial discretion nor to the exercise of economic sanction by employee organizations. Finally, elements of the wage structure as well as levels of compensation are determined by statute and by Congress. These three elements noted by Weber effectively remove the issue of "economics" from federal sector collective

bargaining, significantly reducing the scope of bargaining. As Newland states, "The Union can rarely look to federal managers for a quid pro quo, since pay and benefits are not bargainable" (32, p. 58). This is not the case in the remainder of the public sector. In much of the public sector wages and salaries are appropriate subjects of bargaining.

Relative Absence of Public Support

The effect of the political nature of collective bargaining impinges differently on the two portions of the public sector, a condition that arises chiefly from the consideration of the type of service provided. State and local government employees largely provide direct service, while the federal sector generally provides indirect service. As such, the public interest-public service issue is quite different. In the state and local governments, employees can elicit support and empathy for their positions during bargaining (even absent strikes) much easier than can federal sector employees. This amounts to the loss of the possibility of public support (consumer influence) during collective bargaining. This condition is joined by an expressed absence of the right to strike (33), which has been upheld by the courts (34).

Bilateralism

These realisms of the federal sector milieu of collective bargaining have combined to generate a unique approach to labor-management relations: bilateralism. Ingrassia provides the definition of bilateralism:

> Bilateralism is a form of personnel management under which employees, through their chosen union representatives, participate meaningfully and effectively in the formulation and implementation of personnel policies and practices which affect their working conditions. As such, bilateralism extends to the totality of union-management relations . . . (35, p. 12).

Wallerstein further supplements this definition. He notes that one of the underlying assumptions of this type of program is that the well-being of the employees and efficient administration of the government result (36, p. 28).

But in many cases, such bilateralism is only of modest proportions. This is explained by Weber. In the area of personnel administration, he notes that:

> . . . the departments have very little discretion. They deal with what you might call second-order administrative aspects: seeing that the rules are followed, by generally not developing the rules themselves, or the character of the rules (23, p. 71).

Hence, true "bilateralism" seems evasive in practice. Connery notes:

> Despite its declarations of high purpose, the Executive Order has failed to promote or even foster true "bilateralism" in the Federal sector . . . management unilaterally produced Executive Order 11491, which precludes any effective voice for Federal employees and their union representatives despite its verbiage designed to give the impression of bilateralism . . . . By its terms, the Executive Order prevents employees from negotiating in areas that have a significant impact on their job . . . (8, p. 298).

There are major differences in federal sector collective bargaining from its counterpart in the remainder of the public sector; much greater limitations are placed on the bargaining environment in the federal sector. Few of the "bread and butter" issues are subject to bargaining in the federal sector. In other areas, such as personnel administration, federal managers involved in collective bargaining can often offer the union no quid pro quo. Even a "bilateral" approach

to labor-management relations does not significantly replace the absence of bargainable issues and loss of "consumer influence." The limitations endured by federal sector collective bargaining have prompted some individuals to conclude that what occurs is not really collective bargaining.

CHAPTER III

A COMPARISON OF COLLECTIVE BARGAINING AGREEMENTS PROVISIONS

The purpose of Chapter III is two-fold. First, commonalities in collective bargaining agreements from the federal, nonfederal public, and private sectors will be presented. Second, a comparative review of issues present in collective bargaining agreements in the three sectors will be made. This will depict the extent to which the evident differences in the three sectors is translated from the theoretical framework of the literature to the pragmatic framework of the actual collective bargaining agreement.

Commonalities in Collective Bargaining Agreements

Agreement studies are necessarily complex. Language is legalistically complicated, sometimes elusive, and quite often, basically unclear. Written agreements provisions are often interpreted differently by a third party than by the parties to an agreement. Studies can only reflect the interpretation by the entity performing analysis. Hence, the Bureau of Labor Statistics publications are limited in this regard. Further, the extraction of information from published statistics, such as those providing the basis for this chapter, introduces a second-order problem of interpretation. Not only is much detail

lost, but the effects of two judgment processes have been introduced into the resulting data. Nevertheless, for the purposes of this study, this methodology will assist in the elucidation of the differences in principal agreement provisions from the three sectors.

In 1971, 1643 collective bargaining agreements existed. The Bureau of Labor Statistics studied a sample of 671 of these agreements. All agreements covering 500 or more employees, and 25 percent of the remaining agreements were examined. All agreements had an effective date prior to November 1971 (37).

Though agreement language varies, basic issues are less diverse. Table II presents those provisions identified in 50 percent or more of the collective bargaining agreements examined, as reflected by the report published by the Bureau of Labor Statistics.

Agreements in the nonfederal public sector present a wide array of issues. Four hundred (400) agreements included in the published study by the Bureau of Labor Statistics reflect the issues of agreements as negotiated with employees of states, counties, cities, and special districts. Agreements included in the study were in effect on or after January 1, 1974 (38).

Table III reflects the issues contained in 50 percent or more of the agreements according to the statistics published by the Bureau of Labor Statistics.

Approximately two-thirds of the agreements filed with the Bureau of Labor Statistics were examined to produce the statistics on which the private sector study was based. Analysis of 1339 agreements concerning 1,000 workers or more provides the basis for the Bureau's publication. Agreements examined were in effect on or after July 1,

TABLE II

CHARACTERISTICS OF FEDERAL SECTOR AGREEMENTS

PRINCIPAL PROVISIONS
I. Hours of Word and Overtime
Daily and Weekly hours
*Overtime
Overtime equalization
Right to refuse overtime
Notice of schedule changes
II. Health and Safety
Safety committees
Unsafe conditions
III. Leave Policies
*Annual leave
Sick leave
IV. Personnel Actions
Promotions
Reductions in force
Training opportunities
V. Employee Organization Activities
Organization affairs and meetings
*Publicity
**Representation
Visitation rights
Check-off for dues withholding
Leave for union business
VI. Labor-Management Activities
Cooperation committees
*Grievance procedures
*Arbitration

* - 70 percent
** - 90 percent

TABLE III

CHARACTERISTICS OF AGREEMENTS IN STATE AND LOCAL GOVERNMENTS

PRINCIPAL PROVISIONS
I. Union Security, Management Rights, and Related Provisions
Exclusivity
*Check-off for dues withholding
Management rights
Savings clauses
*Anti-discrimination
Employee organization publicity
Visitation rights
Personnel actions
Probation periods
Promotions
II. Wage and Related Provisions
*Rate structure
*Wage adjustments
III. Hours, Overtime, and Premium Pay
Scheduled weekly hours
IV. Paid and Unpaid Leave
*Vacation plans
*Paid holidays
Work rates on paid holidays
Payments for time not worked
*Sick leave
Funeral leave
Call-in/call-back payments
Pay for time on employee organizational business
V. Job Security Provisions
Reduction in force
VI. Dispute Settlement
*Grievance procedures
*Arbitration
Limitation on work stoppages

* - 70 percent
** - 90 percent

1973. Issues reflecting provisions contained in 50 percent or more of these agreements, as reported by the Bureau of Labor Statistics are identified in Table IV (39).

Comparison of Principal Agreement Provisions

Since the formats of the previous tables are not strictly parallel, the issues involved were grouped into similar categories. Provisions in the agreements of the three sectors are compared in as much detail as possible.

Table V includes condensed information from the previous three tables, and presents a comparative view of collective bargaining agreements. An "x" reflects the presence of the provision in 50 percent or more of the agreements examined from the particular sector.

While an extensive analysis of the agreement provisions is impossible from the foregoing, Table V does serve to provide pertinent illustrative comparisons among the three sectors. While one must proceed cautiously in interpreting Table V, it indicates that some of the "theoretical" differences expected from an examination of the employment characteristics of the three sectors have been transmitted to the provisions of the collective bargaining agreements. It is important to reiterate for the purpose of analytical consideration that this table was derived by considering substantive agreement provisions that appeared in 50 percent or more of the agreements examined from each of the three sectors. It was not the purpose of this table to provide an examination of every issue contained in the agreements from the three sectors, but rather to identify the trends that emerge.

TABLE IV

CHARACTERISTICS OF INDUSTRIAL AGREEMENTS

PRINCIPAL PROVISIONS
I. Union Security, Management Rights, and Related Provisions
Management rights clauses
*Union security
**Anti-discrimination
*Check-off provisions
II. Wage-Related Provisions
**Methods of compensation
**Basic rate structure
*Shift differentials
*Wage adjustments
III. Overtime
*Daily overtime
Weekly overtime
*Daily overtime rates
Weekly overtime rates
Scheduled weekly hours
*Premium pay for weekends
IV. Leave Provisions
Leave of absence for union business
**Vacation plans
Payments for time not worked
Funeral leave
Jury leave
*Paid holidays
Payment for time on union business
*Reporting pay
Call-in/call-back pay
V. Seniority Provisions
Retention of seniority during layoffs
VI. Job Security
Subcontracting limitations
Restriction on work by non-unit personnel
Advance notice
VII. Dispute Settlement
**Grievance machinery
**Arbitration
**Ban on strikes/lockouts

* - 70 percent
** - 90 percent

TABLE V

A COMPARISON OF PRINCIPAL PROVISIONS INCLUDED IN COLLECTIVE BARGAINING AGREEMENTS

Agreement Provisions	-----Type of Agreement----- Federal	State/ Local	Industrial (Private)
HOURS, OVERTIME, AND PREMIUM PAY			
Daily overtime	x		x
Weekly overtime	x		x
Daily overtime rate			x
Weekly overtime rate			x
Scheduled weekly hours		x	x
Premium pay for weekends			x
Right to refuse overtime	x		
Schedule changes	x		
Overtime equalization	x		
WAGE AND RELATED PROVISIONS			
Methods of compensation			x
Basic rate structure		x	x
Shift differentials			x
Wage adjustments		x	x
Reporting pay			x
Call-in/call-back pay		x	x
Paid holidays		x	x
Rates for work on paid holidays		x	
LEAVE POLICIES			
Payments for time not worked			
Annual leave	x		
Funeral leave		x	x
Jury leave			x
Sick leave	x	x	
Union business	x	x	x
Vacation		x	x
Leave (unpaid) for union business	x		x
JOB SECURITY			
Subcontracting			x
Work by non-unit personnel			x
Advance notice			x
Reduction in force	x	x	
Seniority			x

TABLE V (Continued)

Agreement Provisions	Type of Agreement: Federal	State/ Local	Industrial (Private)
UNION SECURITY, MANAGEMENT RIGHTS, AND RELATED PROVISIONS			
Union shop			x
Exclusivity		x	
Check-offs	x	x	x
Management rights		x	x
Savings clauses		x	
Organizational affairs and meetings	x		
Organizational publicity	x	x	
Visitation rights	x	x	
Personnel actions			
Promotions	x	x	
Probationary period		x	
Training	x		
Health and safety committees	x		
Union-management cooperation committees	x		
Representation	x		
Anti-discrimination		x	x
DISPUTE SETTLEMENTS			
Grievance procedures	x	x	x
Arbitration	x	x	x
Limitation on work stoppages		x	x

It is evident that variations exist among the agreement provisions in the three sectors. There is not only a noticeable difference between the private and public sector agreements, but there seems to be an equally evident chasm between the federal and nonfederal public sector agreements.

This is especially apparent in two areas: 1) wages and related provisions, and 2) union security. In the first, there seems to be a noted similarity between the existence of wage related concerns in the nonfederal public sector and the private sector. The absence of these

provisions in the federal sector is notable. In the second case, union security, it is evident that the private sector has not, as yet, become either active or successful in seeking and obtaining these particular "benefits." That subject, however, is not principally germane to this document. In the examination of agreement provisions it is evident that the differences between the three sectors extend past the "theoretical framework" to the actual collective agreement provisions.

CHAPTER IV

COST ISSUES IN FEDERAL SECTOR COLLECTIVE BARGAINING AGREEMENTS

Fundamental differences between collective bargaining in the various employment sectors were established in Chapter II and III. Not only have the private sector and public sector been differentiated, but the federal sector has been shown to have some important differences from the remainder of the public sector.

In Chapter IV certain issues in collective bargaining in the federal sector will be further examined. After consideration of several issues, an investigation will be presented regarding the feasibility of establishing a model for cost determination of federal sector collective bargaining agreements.

Many articles have been written, and diverse opinions expressed, regarding the compatibility of collective bargaining and the merit system. In the case of the federal government, the issue is the compatibility of the process of collective bargaining with the Civil Service System.

Several issues for consideration are raised by Feigenbaum. Most important to this consideration are seniority and pay structure (30, p. 200). Likewise, similar issues are raised by other authors. Lewin and Horton include wage determination, managerial "rights", productivity, and personnel administration in their examination (40, p. 200). They

suggest that despite substantial changes in public sector labor relations, literature dealing with collective bargaining in government "remains essentially static in terms of issues addressed, conceptualization, and methodology." They attribute the state of the literature to a lack of "empirical examination," and characterize it as "preoccupied with normative and processual issues." Their further analysis, however, points out the difficulties and dangers of attempting any systematic study that approaches methodological robustness.

Many of the same issues impinge on the issue of cost determination in federal sector collective bargaining. The issue of cost determination of collective bargaining agreements in the federal sector appears to be more often approached with emotionalism than rational objectivity. Such a condition is not totally unexpected, since personnel "migrating" to the federal sector from the private sector would bring such attitudes common in private management.

As has been evidenced, public sector collective bargaining is not simply a "transplantation" of private sector collective bargaining into the milieu of the public sector. It is much more pervasive. In addition, principal issues of federal sector collective bargaining agreements do not exactly parallel those of the remaining portion of the public sector.

Unfortunately, cost determination efforts have been directed solely toward wage and salary structures and supplemental benefits. David and Sheifer begin their examination of the issue by stating, "Measuring the cost of collective bargaining settlements used to be a simple matter of computing changes in wage rates" (41, p. 16). After such an implicit segue suggesting further developments, however, one interested in the

totality of costs in public sector collective bargaining is disappointed to find the treatment extends no further than to the issues of wages, salaries, and benefits. Similarly, the effort by Royster and Patterson fails to examine any issues outside those of wages and salaries (42, p. 13). In addition, neither of these attempts specifically addresses the issue in the context of the federal sector.

Given this serious limitation of current literature, a conceptualization will be presented to provide a framework under which to conduct a scrutiny of cost issues.

A Cost Typology

The costs imposed by collective bargaining may generally be characterized as: (1) costs created by the provisions incorporated into a collective bargaining agreement, and (2) de facto costs of collective bargaining. For convenience, the terms "proviso costs" and "de facto costs" will be used to refer to these respective classifications. These two categories will be considered mutually exclusive. The criterion applied to determine in which of the two categories an item should be included is whether the item does or does not emerge from one or more provisions of a particular collective bargaining agreement. If it does, it may be considered a proviso cost of that particular agreement. If the cost item does not result from provisions of a particular agreement, but would exist regardless of the specific agreement, it is a de facto cost. In examining costs, consideration of de facto costs logically preceeds the consideration of proviso costs.

De facto Costs

De facto costs are those arising from the consideration of collective bargaining as collective bargaining per se, i.e., as an additional agency process; de facto costs do not result from any particular agreement or provision. These costs are relatively stable; and since they are not attributable to agreement provisions, they would exist regardless of the particular agreement in force.

Several typical de facto costs include: (1) labor relations staff salaries and support; (2) management training; and (3) negotiations costs. These "significant costs" are principally the ones which were identified by the Office of Management and Budget and Civil Service Commission in their published guidelines (43). The first category is quite self-evident. The latter two, however, warrant additional comment.

Management training has been identified as a most important concern for an effective labor-management relations program. To operate in an environment controlled by a collective bargaining agreement, management (including supervisors) must be familiar with the provisions of the collective bargaining agreement in force as well as its legal antecedents - in the federal sector, Executive Order 11491, as amended.

In order to provide adequate knowledge in these regards, personnel must have available not only an initial training program, but also one that is on-going. Such a program necessitates development of materials as well as availability of staff to conduct training. Additional costs in a training program include the indirect and overhead costs of facilities. Portioned salary costs of the participants for the period during which training is conducted is also often included in the training costs.

Executive Order 11491, as amended, permits negotiations to be conducted, at least in part, on official agency time. In addition, management representatives require significant preparation time for negotiations. Hence, the costs of negotiations encompass not only portioned salary costs of management and union participants during the negotiation sessions conducted on official time, but the appropriate management preparation time as well. Costs for facilities, either direct or indirect, are also relevant to negotiations expenses.

An assessment of de facto costs does not, however, represent true agency costs. This is primarily due to the integration of collective bargaining with the personnel function. Since the provisions in collective bargaining agreements address issues which would generally be dealt with by the agency even in the absence of collective bargaining, the result is only a "shift" of responsibility. Consequently, the staff and training required to handle the procedural issues in a collective bargaining agreement would often be required even in its absence.

Proviso Costs

Proviso costs have their basis in the provisions of a particular collective bargaining agreement. Such costs may be either direct or indirect; if an agency actually encumbers and releases funds for a specified provision, it is a direct cost. A provision that impacts an agency process in such a way as to demand personnel and facilities, but results in no direct disbursement of funds, is an indirect expense. It should be noted that provisions may have both direct and indirect cost components.

Direct Proviso Costs

Possibly the most obvious direct proviso cost is that of check-off provisions for dues withholding. If the agency is unable to recover the full cost of providing this service to the union, a direct cost results. Printing copies of agreements is another example of a direct proviso cost. Other such direct proviso costs exist, but they are overshadowed by management concern expressed for issues included under indirect proviso costs.

Indirect Proviso Costs

As was illustrated in Chapter III, collective bargaining in the federal sector, more than in either the private or public nonfederal, is principally confined to issues that are essentially procedural. Cost questions are necessarily complicated by this phenomenon. The issues raised by Lewin and Horton in their consideration of the apparent collective bargaining - "merit system" conflict provide an appropriate point of departure for the consideration of proviso costs. The issues given are wage determination, "management rights," productivity, and personnel administration.

In the federal sector, the issue of wage and salary determination is essentially verboten, as has been discussed in Chapter II. Likewise, the "management rights" issue presents little actual problem to the cost determination question, since the issue is clearly delineated, and does not greatly affect cost determination. The remaining two issues, however, have been voiced as major concerns in cost determination of federal sector collective bargaining agreements. These concerns

are most appropriately included in consideration of indirect proviso costs.

Indirect proviso costs arise chiefly from two areas of concern. First, the impact of additional or modified procedures imposed on the agency; and second, the impact of employee activities. Both of these areas have as a basis, concern for employee "productivity" or agency "efficiency."

Productivity. The term "productivity" (P) generally denotes a relationship between outputs (O) and inputs (I) in a production process (44, p. 11). This relationship is often expressed symbolically as

$$P = O/I$$

which is essentially a measure of efficiency. However, as Balk points out, this is deceptive, since no consideration is given to quality of the output (45, p. 130). He notes that consumer "satisfaction" with the output (S) must enter the equation, and suggests

$$P = O/I + O/S.$$

While, theoretically, this more accurately adapts the concept of productivity to the "service" portion of the economy, it nevertheless suffers major setbacks in its attempted application. In attempts to assess productivity within this theoretical framework, the difficulties that arise in obtaining measures of input and output result in the substitution or approximation of data, which in many cases may not be consistent with productivity concepts (46, p. 9). Further, if one is to obtain an index relating to the consumer "satisfaction" with an output, one necessarily must enter an emotional, intangible region.

Further, in the federal government, most service activities are indirect. It is acknowledged that:

> . . . it is often difficult to define and quantify the outputs of government organizations since they usually do not produce clearly specified physical products such as those in the goods-producing sectors of the private economy (47, p. 17).

Additionally, services are often not directly "consumed" by the public. Any attempt to judge whether or not an indirect service is "satisfactory" seems doomed to oblivion. Hence, the entire issue of "productivity" in this setting approaches superfluousness.

Productivity had its genesis in the industrial production setting. That fact assists in explaining the development of the concept of productivity. The production process may be depicted as:

INPUT ---> Production Process ---> OUTPUT.

In the industrial production setting, control is exerted over the production process; as important, however, is the fact that control is also exhibited over the input. In addition, inputs and outputs are generally easily reduced to a commonality - units of monetary value.

However, in some service areas, typical of those often provided by the federal government, management has little or no control over the input. This means that even though control is exhibited over the "production," output will be as erratic as input, since if P = I/O, under a stable production process the output is necessarily a function of the input.

An example will illustrate this point. The Supreme Court obtains its workload from lower federal and state supreme courts. Suppose, however, that only one case requested review. Despite their potential

productivity, the nine justices could not affect their actual productivity, since their input was externally determined.

The implications seem apparent. Productivity indices in service areas are deceptive, if not grossly misrepresentative.

In an attempt to overcome some of the measurement difficulties implicit in denoting inputs, "real output per hour of work" is often used to define productivity (48, p. 1). This simplifies the measurement of inputs, perhaps to meaninglessness. It makes no strides, however, toward solution of the problem surrounding the measurement of outputs. While the reduction of output to workload figures reduces the complexity of measuring outputs, workload figures can also approach meaninglessness, since quality is often not considered (49, p. 13). Further, these "improvements" toward productivity measurement still do not address either the problem of reduction of inputs and outputs to common units of measure or the problem of external control of inputs.

Even if these problems were absent when applied to organizational-level activities, problems remain when one attempts to assess the contributation of an individual within the organization to the organizational output. Such a consideration would be necessary in approaching many of the costs of collective bargaining. As an example, the consideration of union representation time is illustrated.

Some would suggest that the cost of representational time is the cumulation of the products of the time spent by stewards on union business and their hourly rates of pay. Others would argue that this amount is too low, since (1) the union representative, during time spent on representational activity, is generally interacting with one or more other employees who are also not conducting agency business;

and (2) the representational process inherently impacts "productivity" negatively, if not directly, at least indirectly.

Both of these considerations could be justified and would be nearly correct if the service production of an agency followed a production line model. In such a case the activity of each individual could be more accurately modeled. This is true until one introduces the effect of "interstage storage," (50, p. 270) which, while more analagous to the production situation within the service agency dealing with indirect public service, is still not an exact parallel. Hence, even if the number of hours spent on union representation were available, such a figure would be only a very gross representation, and of minute benefit to assessing impact of representation on the agency. (Note, however, that since time clocks are illegal in the executive offices of Washington, D. C., the problem of acquiring any accurate time records is exacerbated /51/).

The issue of productivity in service-oriented government operation is well summarized by Hatry and Fisk. Their comments are directed to local governments, but apply equally to other governmental levels. Regarding the data collected about government service operations, they state:

> Records are kept of dollars spent, man-hours employed and other indications of the workload. But such data at best only hint at productivity. It is as if reports on flood control projects listed the number and sizes of dams constructed, the tons of cement purchased and poured, the hours worked and the dollars expended--but failed to reveal whether or not there was still flooding in the valley (49, p. viii).

Impact on Personnel Administration. The second area of consideration included in the examination of indirect proviso costs is that of

the impact on personnel administration. This area is equally filled with ambiguity, and suffers from many of the problems plaguing the consideration of productivity.

Many of the procedural issues included in federal sector collective bargaining agreements affect personnel administration by requiring the agency to implement or follow certain prescribed procedures (e.g., merit promotion, Equal Employment Opportunity, grievance procedures). Assessing these procedures is difficult, since they would require an analysis of the impact on productivity in the personnel administration function. It should be noted, however, that a shift of responsibility regarding a personnel administration function from elsewhere in an agency to "labor relations" does not represent an increase of agency costs. Hence, such activities cannot be characterized as costs of collective bargaining.

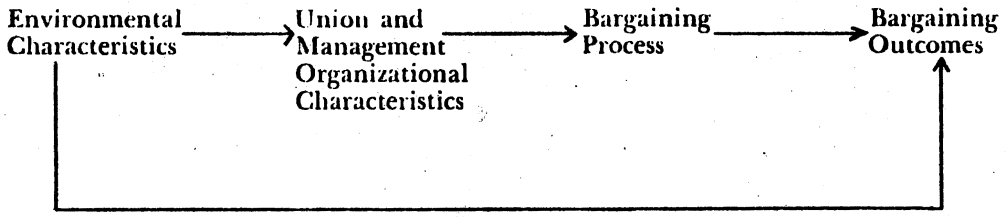
Benefits

In many of the activities resulting from provisions of collective bargaining agreements, the agency may actually benefit in one of several ways. Increased employee awareness and acceptance of procedures may result. Agency procedures may be streamlined by mere uniformity. Employee morale may be affected by the impact of collective bargaining on personnel administration function. Certainly, any such benefit is a "negative cost" and should therefore be included in a model. But, like many cost issues, benefits cannot be adequately measured or reduced to monetary units.

Framework of Cost Relationships

Processual Relationships

The outcomes of collective bargaining are issues of central interest not only in the field of industrial relations (52, p. 46), but in public employment as well. Kochan and Wheeler have established a general framework for analysis of bargaining outcomes. It is depicted in Figure 1.



Source: Kochan, Thomas A. and Hoyt N. Wheeler. "Municipal Collective Bargaining: A Model and Analysis of Bargaining Outcomes," Industrial Labor Relations Review, 29, 1 (October, 1975), p. 51.

Figure 1. A Framework for Analysis of Collective Bargaining Outcomes

This framework is explained by Kochan and Wheeler. They state that the framework

> . . . illustrates in summary form the complex linkages we feel relate various environmental, organizational, and bargaining process characteristics with the outcomes of bargaining.
>
> The bargaining process is viewed as the channel through which most of the independent variables, and especially the organizational characteristics of the union and the management,

> have an impact on outcomes. Thus the conceptual model shown here suggests that the environment has both a direct impact on outcomes and an indirect impact through its effect on the characteristics of the parties and the bargaining process (52, p. 46).

The earlier consideration of de facto and proviso costs has established that environment characteristics and pre-existing management characteristics (e.g., personnel function characteristics, etc.) are relevant to cost consideration. Hence the conceptual cost typology developed and presented seems compatible with the analysis framework developed by Kochan and Wheeler. A merger of these two conceptualizations is presented in Figure 2.

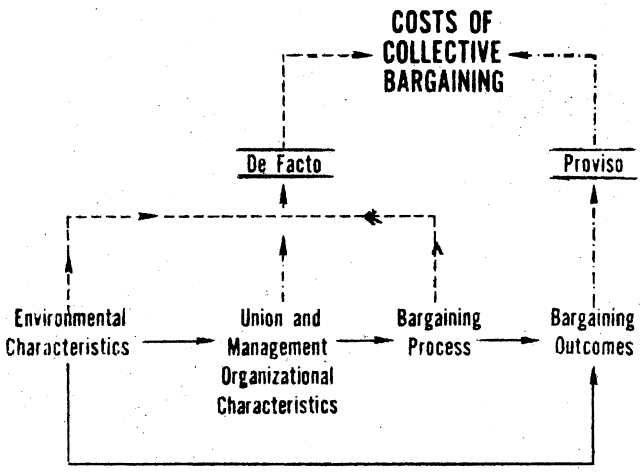


Figure 2. Collective Bargaining Outcomes and Costs

This figure illustrates the dichotomy that was introduced in the conceptual typology for cost determination. As illustrated, de facto

costs are those arising from the pre-existing environmental characteristics of the organization, and from the bargaining process. Proviso costs arise from the results of the bargaining process - a specific collective bargaining agreement.

Source-Cost Relationships

The issues involved in collective bargaining agreement cost determination presented in the first section of this chapter may be graphically summarized as presented in Figure 3.

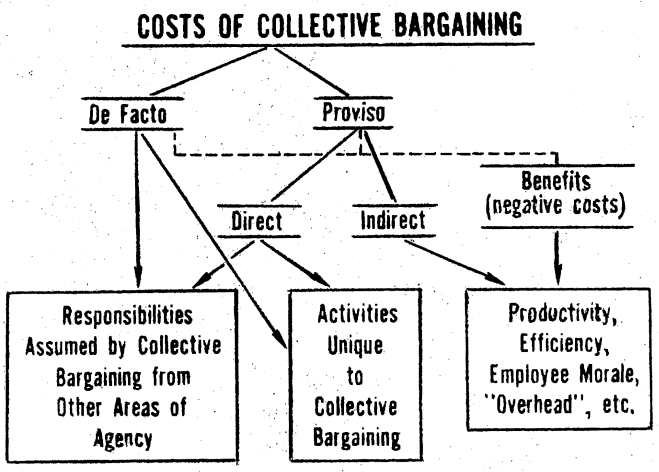


Figure 3. Collective Bargaining Costs: Type and Source

This figure illustrates the primary types of cost consideration - de facto and proviso costs, and the "negative cost" issue presented by benefits which are accrued by the agency from the collective bargaining

process. The figure further illustrates that the cost conceptualization framework produces three sources of cost concerns.

First, some de facto costs and direct proviso costs result from a shift of responsibility resulting from collective bargaining. These are not, therefore, de incremento costs.

Second, many indirect proviso costs and "benefits" arise from consideration of areas of productivity, efficiency, employee morale, and the agency "overhead" costs. These costs are generally unassessable.

Finally, there are some direct proviso costs resulting from activities which are unique to collective bargaining. These are, however, generally directly obtainable, and not of sufficient magnitude to be an overwhelming concern.

This framework depicts the important relationships relevant to consideration of the costs of collective bargaining. It illustrates the problem involved in any attempted analysis. While general relationships may be established, the exact relationships necessary for development of a mathematical planning model cannot be established.

CHAPTER V

SUMMARY AND CONCLUSIONS

Federal management's concern for a model for cost determination in collective bargaining has arisen due to the convergence of several conditions. The phenomenon of an era of "homo mathematicus" largely produced by the advent of electronic computers joined by concern with rising taxes, and a characterization that government "costs a great deal but does not achieve much" (53, p. 3), have produced an overwhelming concern for consideration of costs and the development of mathematical planning models.

Important characterizations establish collective bargaining in the federal sector as unique. Its particular service orientation and legal framework for collective bargaining separate it from the remainder of the public sector. This separation is evidenced by the differential of issues contained in the collective bargaining agreements. Provisions of federal sector collective bargaining agreements are largely procedural and integrated with the personnel function. Issues addressed are often ones which would be conducted by the agency even in the absence of collective bargaining, and are not solely attributable to collective bargaining agreements.

Cost issues of collective bargaining may be identified as either de facto or proviso costs. Examination of cost issues under this conceptual framework produces four conclusions.

First, some issues may represent true additional costs to the agency, but are generally directly determinable, of relatively "minimal" magnitude, and hence, of minute concern.

Second, the impact of remaining issues in collective bargaining agreements on agency productivity is not determinable because (a) direct relationships to activities cannot be assigned, and (b) productivity in white-collar activities is generally not measurable, since services type outputs as well as inputs are largely unquantifiable. Hence, indirect costs are essentially unobtainable.

Third, since the issues involved in federal sector collective bargaining are primarily procedural and their impact is largely interrelated to the agency personnel function, an a priori analysis of cost relationships is difficult to make. This is due to the unavailability of appropriate data and the non-specifiable nature of the relationships.

Finally, some issues the cost of which seems easily obtained do not constitute de incremento costs.

Any attempt to develop a mathematical planning model in the area of cost determination for federal sector collective bargaining agreements seems to be hopelessly confused by the innate characteristics of federal sector collective bargaining. The limitations which would have to be placed on the model would reduce its usefulness and would, in fact, be ludicrously speculative.

Stahl, discussing personnel administration, has stated his belief that:

> public personnel administration is in less need of improved technology than it is of a broader philosophy. Accordingly, it needs more philosophers in proportion to technologists. And it needs more searching inquiries in the realm of ideas and less concentration on methods (54, p. 427).

Much the same argument can be made for federal sector labor-management relations, especially in the determination of the costs of collective bargaining agreements.

Collective bargaining in the federal sector - characterized by the concept of bilateralism - is unique. It has arisen under atypical circumstances when compared to its nonfederal counterparts and demands administration conducted in a "new environment," respectful of its uniqueness. While, as managers, officials dealing with collective bargaining must be sensitive to cost issues, they must, as personnelists, place cost issues in perspective to other issues raised by collective bargaining.

Federal sector collective bargaining, as a process, can be beneficial not only to employees, but also the employer and to the public to which the employer is ultimately responsible. Collective bargaining can streamline necessary agency procedures, improve the agency environment and ultimately, possibly increase the quality and quantity of services provided to the public. These are issues that are necessarily subjective and must be based on sound management judgment and experience.

Bennett has indicated that:

> when public services are not directly felt by the public the manager is the only one in a position to determine how effective and complete the service being rendered is (16, p. 547). (Emphasis Added.)

Analysis of the costs of collective bargaining seems analagous to the evaluation of indirect services; in the federal environment, agency management alone can determine the costs of collective bargaining and many of these costs are not adequately translated into monetary units.

Since federal sector managers dealing with collective bargaining are not concerned with wages, salaries, and benefits, little is left about which to be cost conscious. Federal management, therefore, should direct its attention toward the intangible and more emotional issues related to collective bargaining. While not susceptible to reduction to mathematical and cost formats, these areas are nevertheless important, but require subjective, not empirical analysis. Hence, the establishment of a mathematical model is inappropriate for cost determination of collective bargaining agreements in the federal sector.

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