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Witness Wednesdays: Voices of the Unemployed

More than **3 million hardworking Americans** have been denied access to emergency unemployment compensation since the program was allowed to expire on Dec. 28, 2013. Extended unemployment benefits help people pay their rent, utility bills, and transportation while they seek new work.

In the past, both Republicans and Democrats have helped the unemployed get back on their feet. It's time for us to come together again and support our friends and neighbors.

The Center for Effective Government, the National Employment Law Project, the Coalition on Human Needs, and the National Women's Law Center have collected more than 2,000 stories from Americans suffering from long-term unemployment. **Throughout June and July**, our organizations will join members of Congress and faith, labor, civil rights, and nonprofit leaders to share some of these stories

in a series of seven **Witness Wednesday** events. We invite you to join with us, listen to these readings, and demand an extension of long-term unemployment insurance.

All Witness Wednesdays events will take place at the House Triangle on Capitol Hill in Washington, DC ([near Independence Ave. SE, S. Capitol St. SE, and New Jersey Ave. SE](#)). The readings will run from 12:30 to 1:15 p.m. Eastern time on: **June 18, June 25 (event will start at 3 p.m. on this date), July 9, July 16, July 23, and July 30**. If you are not in Washington or cannot make it to the events in person, you can watch them online. Bookmark www.witnesswednesdays.org and check back often for updates and links to livestreaming and archived videos.

Outsourcing Public Jobs Undermines the Middle Class

by Scott Klinger

An excellent new study by In the Public Interest, [*Race to the Bottom: How Outsourcing Public Services Rewards Corporations and Punishes the Middle Class*](#), makes the important connections between outsourcing public services and public-sector jobs, the shrinking of the American middle class, and the increase in economic inequality in the United States.

Throughout much of American history, one of the roles of government has been to increase labor standards, thereby improving our quality of life. Government has often led the way in raising wages, providing important benefits like pensions and health care, and breaking down the barriers to opportunity by adopting anti-discrimination and affirmative action policies. But over the last couple of decades, calls for greater outsourcing in the name of efficiency and cost-savings have resulted in a hollowing out of the opportunities that public-sector work used to provide. This undermines the middle class and widens the divide between the wealthy and the rest of us.

Race to the Bottom outlines the successes of strong government standards in creating a ladder of opportunity that particularly benefits people of color, women, and less educated workers. According to the report, “African-Americans are 30% more likely than non-African-Americans to work in the public sector” and “African-American public sector workers earn 25% more than other black workers.” Public-sector jobs also help workers with less formal education to establish their place in the middle class: “Workers with only a high school degree receive on average 6% more in wages and benefits in the public sector than the private sector. Similarly, workers with a few years of college, but no degree, receive 9% more in the public sector than in the private sector.”

Dramatic cuts to labor costs are characteristic of privatization contracts when public-sector work is shifted to for-profit corporations. *Race to the Bottom* provides harsh details of this reality. When the jobs of school custodians in Chelmsford, MA were privatized, they saw their wages cut from \$19 an hour (a respectable middle-class income of nearly \$40,000 a year) to between \$8.25 and \$8.75 an hour (just \$18,000 a year), barely above the poverty line.

Nationally, the median annual wage for state corrections officers was \$38,850, more than \$10,000 more than the average \$28,790 earned by corrections officers who worked in for-profit prisons. In

Texas, the lowest-paid state corrections officer made \$26,000, \$2,000 more than the highest-paid corrections officer at any of the state's private prisons.

Middle class wages help build stable, strong communities. They mean workers can afford to live in the places they work; more money is circulated in those communities, which in turn creates and sustains more jobs. When for-profit contractors slash wages, workers often can no longer afford to live in the communities where they work. When workers are forced to move away from the places where they work, the payroll dollars circulating in the local economy shrink from 49 percent of total payroll to just nine percent, according to Professor Daphne Greenwood of the University of Colorado. Local businesses suffer and more community-based jobs are put at risk. Privatization may save a few dollars in the budget, but it can create far bigger problems and negative long-term effects on local economies and local government budgets.

When private contractors cut wages, their employees may have to turn to public assistance to make ends meet. "School cafeteria workers working for contractors in California received an average of \$1,743 annually in public assistance because of their low pay."

In addition, when wages are cut, more experienced workers leave their positions, turnover increases, training and recruitment costs rise, and productivity falls. This, combined with reduced training dollars invested by for-profit contractors, results in reduced productivity and lower-quality public services. The public also often loses relationships with beloved public servants like cafeteria workers, school custodians, and home care workers.

Race to the Bottom profiles six large, publicly traded companies that are leaders in the privatization of public services. Three of these firms are owned by foreign corporations, making it even less likely that their profits will recirculate in American communities (Compass North America (British), Sodexo (French), and G4S Secure Solutions (British)).

Two of the firms are organized as real estate investment trusts, which don't pay any corporate income taxes on profits distributed to shareholders. As a result, prison privatizer Corrections Corporation of America had an effective corporate tax rate of 8.1 percent in 2013, while over the last three years, Geo Group paid just 2.2 percent of its \$259 million in reported U.S. profits in federal income taxes (in 2013 alone, GEO Group received a tax refund of \$26.8 million, despite reporting \$71.7 million in U.S. profits).

The sixth firm, Aramark, brought in \$18.5 million in U.S. income in 2013, but it paid just 14.8 percent in federal corporate income taxes, less than half of the 35 percent posted tax rate for corporate profits.

Solutions

Race to the Bottom argues for several reforms that governments at all levels can adopt to assure that privatization contracts do not cut workers' wages and pull the rug out from under America's middle class:

- **Require contractors to show that cost savings come from increased efficiencies and innovation, not a decrease in worker pay.**
- **Require contractors to pay a living wage and provide health and other important benefits.** President Obama has ordered all federal contractors to pay their employees at least \$10.10 an hour, but this order does not cover the nearly 20 million Americans who work for state and local government contractors (14.5 million full-time and 5 million part-time workers).
- **States and local governments should track how much money is spent on private contracts, how many workers are employed by those contracts, and worker wage rates. This information should be available to the public via online database.**
- **Conduct a social and economic impact analysis before outsourcing.** This allows policymakers to measure outcomes against promised benefits. Among the items that In the Public Interest encourages policymakers to focus on are: the impact on wages of affected workers, requirements that contractor employees live in the community, and the expected impacts on social service and public assistance programs.

Chemical Safety Report Opens Door for Improvements, but Strong Requirements Still Needed

by Sean Moulton

On June 6, the interagency working group that President Obama formed in the wake of the West, Texas fertilizer plant explosion released its [report to the president](#), conveying its recommendations for improving chemical facility safety and security. The report outlines many of the significant problems facing chemical facility safety in this country, including limited information sharing, incomplete and incompatible regulations, and the need for greater use of safer technologies. The recommendations on these problems point in the right direction but leave the details to the individual agencies to resolve as they move forward on possible regulations and policy changes.

The report is the culmination of months of research, investigation, information gathering, and outreach by the interagency working group. On Aug. 1, 2013, the president issued an executive order tasking three agencies – the U.S. Environmental Protection Agency (EPA), Department of Homeland Security (DHS), and the Department of Labor’s Occupational Safety and Health Administration (OSHA) – to lead an interagency effort to identify policy changes that will significantly enhance the safety and security of chemical facilities, especially for workers and communities living near those facilities.

The report recommendations open the door for many changes that environmental justice and public safety advocates have long pursued as essential, including the use of safer chemicals and technology. The report specifically recommends that the administration first “develop voluntary guidance for operators on how to reduce risks by employing safer technology, processes, and alternatives.” While a helpful step that will assist many facilities interested in pursuing safer technologies in making the transition, public interest advocates and communities residing near these facilities have demanded that

implementation of safer technologies and processes when feasible be a requirement, not a company choice.

The report includes another general recommendation that makes such a requirement a possibility. The working group recommends that agencies consider modifications to existing regulatory requirements to “include specific safer technology and alternatives analysis and documentation of actions taken to implement feasible alternatives.” Such a required analysis could include a mandatory floor of safety – safer chemicals and technologies that are considered the new norm – that facilities must meet or fully justify why such a minimum standard of safety cannot be achieved.

As agencies pursue such regulatory changes, continued public pressure will mean the difference between this effort resulting in a few shortcuts being added to the regulatory maze around chemical safety or genuine improvements that ensure communities will become safer than they are now.

Agencies Should Cooperate with Freedom of Information Ombudsman, Administrative Conference Says

by Gavin Baker

Federal agencies should do more to cooperate with the government's Freedom of Information Act (FOIA) ombudsman, according to [recommendations](#) approved June 5 by the Administrative Conference of the United States (ACUS). The recommendations also called for the ombudsman, known as the Office of Government Information Services (OGIS), to continue efforts to assist people who make FOIA requests. The recommendation is a positive step for helping people access public information under FOIA.

Created by the OPEN Government Act of 2007, OGIS serves two functions in the FOIA system. First, OGIS works to assist individuals with their FOIA requests, including offering non-binding mediation to resolve disputes about an agency's decision. In addition, OGIS reviews agencies' FOIA performance and compliance, a role that [OGIS has so far only done in a limited fashion](#) but is [poised to expand](#).

In developing the recommendations, ACUS studied OGIS's dispute resolution and request facilitation work. ACUS generally backed the approach that OGIS has taken to date but also called for OGIS to consider issuing advisory opinions – a power granted to the office by the law, but which OGIS has yet to exercise. Such opinions could be a useful way to call attention to FOIA issues and steer agencies toward improved performance.

In addition, the ACUS recommendations say that agencies should do more to make FOIA work effectively. "All agencies, acting in a spirit of cooperation, should affirmatively seek to prevent or resolve FOIA disputes to the greatest extent possible," the recommendation exhorts. The recommendation calls on agencies to make better use of their FOIA Public Liaisons, the agency officials tasked with resolving FOIA problems, as well as OGIS – and make sure that requesters know they can call those offices for help, in line with recommendations from our [Best Practices for Agency Freedom of Information Act Regulations](#).

OGIS remains a relatively new office – it's been not quite five years since it opened its doors – and it is still developing a reputation. But the ACUS recommendations make clear that agencies should take it seriously when OGIS takes on a FOIA case. "All agencies should cooperate fully with OGIS efforts to mediate or otherwise facilitate the resolution of individual FOIA disputes," the recommendation directs.

The ACUS recommendation is a helpful statement that can strengthen FOIA's functioning. Agencies should heed its message to increase transparency by working with FOIA requesters. Congress, too, has a role in making sure that the ombudsman office receives the resources and authority it needs to have the best positive impact.

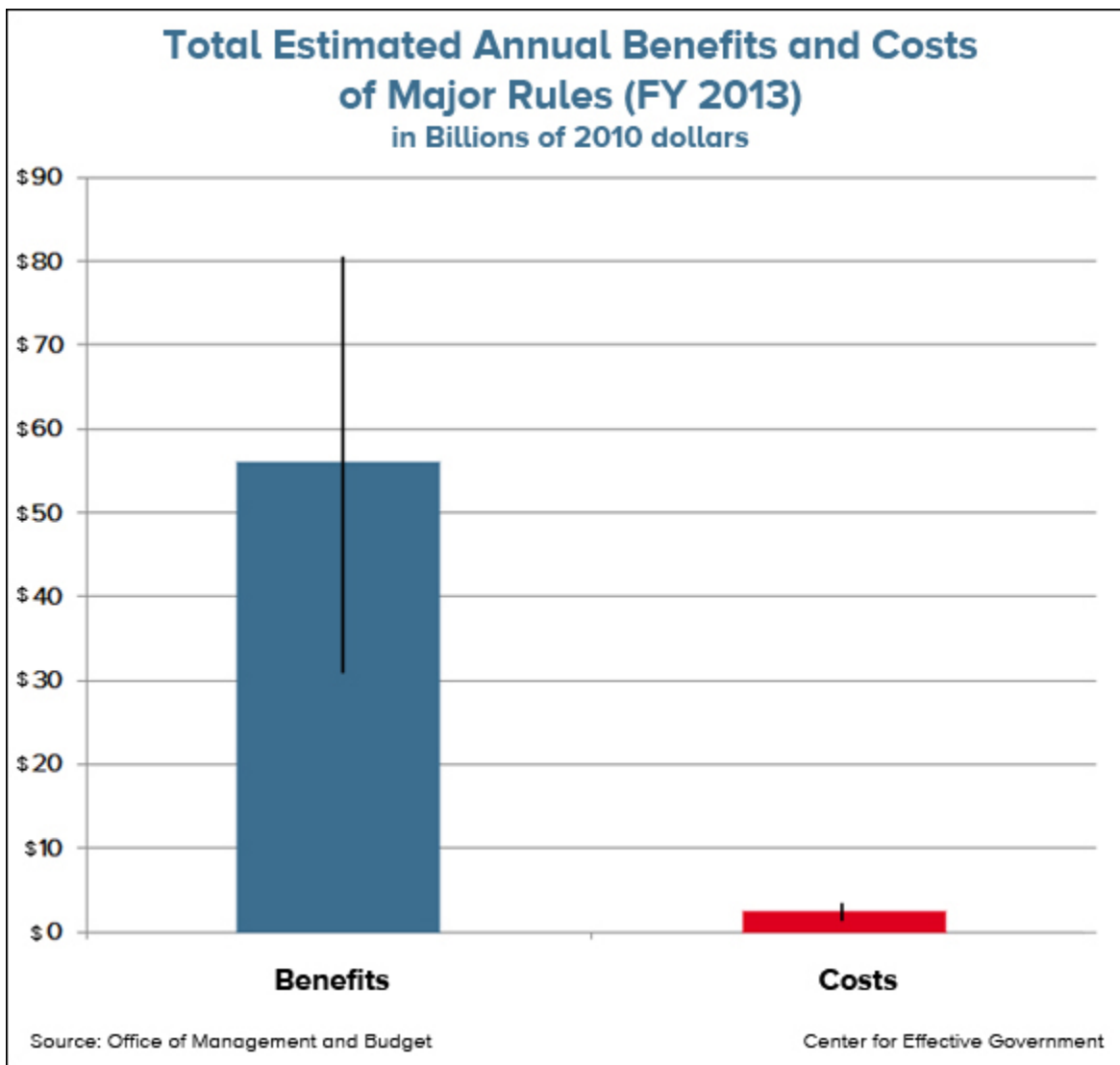
2014 OMB Report Shows Substantial Public Protection Benefits Achieved at Low Cost

by Ronald White

With little fanfare late last month, the Office of Management and Budget released its 2014 draft [annual report](#) to Congress on the costs and benefits of regulations. The report, required under [the Regulatory Right-to-Know Act](#), summarizes the benefits and costs of major federal rules – those anticipated to have an annual economic impact of \$100 million or more and subject to review by the Office of Information and Regulatory Affairs (OIRA) at OMB – for the 2013 fiscal year, as well as for the previous decade. The report finds that once again, the nation achieved significant health, safety, environmental, and other benefits at a relatively low cost.

Key Findings for 2013

Focusing on seven major rules that impact the economy, for which both cost and benefit data were available, the report found that the rules issued in fiscal year 2013 resulted in benefits totaling \$31 to \$81 billion (in 2010 dollars), dwarfing costs estimated at \$2 to \$3 billion, for a net benefit of \$29 to \$78 billion. The rules examined included three adopted by the U.S. Environmental Protection Agency (EPA), two from the Department of Energy, and one each from the Departments of Transportation and Health and Human Services. The vast majority of the benefits can be attributed to EPA's [rule](#) to require large industrial facilities to limit emissions of toxic air pollutants.

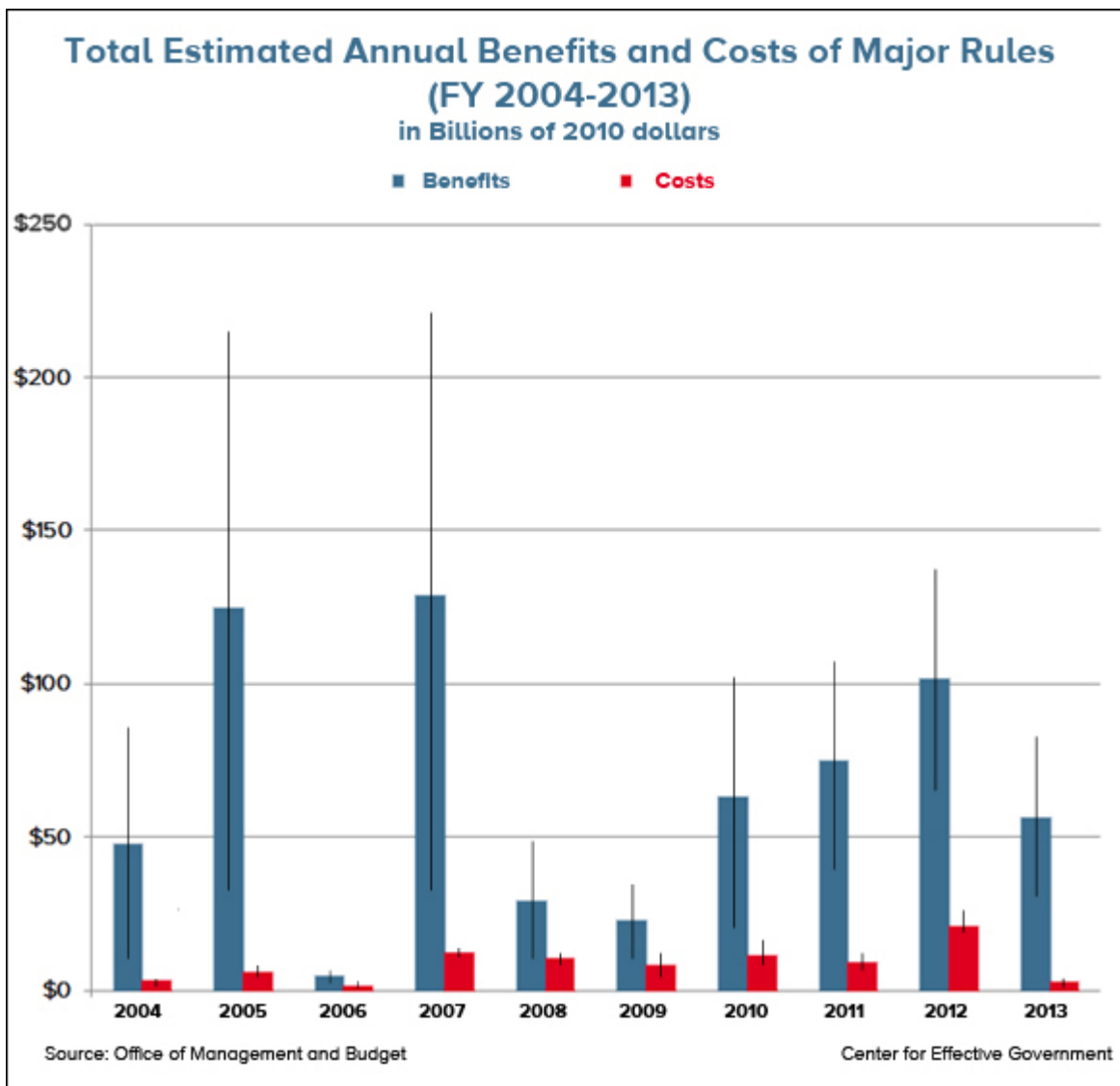


In the chart above, the solid red and blue bars represent the midpoints of the ranges of costs and benefits of rules. The lines drawn through the middle of each bar show the full estimated cost and benefit ranges.

Key Findings for 2004 - 2013

The report also analyzed the cost and benefits of 116 major regulations adopted between fiscal years 2004 and 2013, finding that the total benefits from these rules ranged between \$262 billion to just over \$1 trillion (in 2010 dollars), while costs were estimated at \$69 to \$102 billion, for a net benefit of \$193 to \$940 billion. The EPA's 24 air pollution rules accounted for between \$162 and \$840 billion in benefits, or 63-82 percent of the total benefits, while costing \$38 to \$45 billion, accounting for 46-56 percent of the total costs.

As shown in the figure below, the benefits of regulations exceeded costs for each year of the past decade, with benefits vastly exceeding costs during seven of the past ten years. But the actual benefits are likely much higher because many cannot be quantified or easily translated into dollars and cents.



In the chart above, the solid red and blue bars represent the midpoints of the ranges of costs and benefits of rules. The lines drawn through the middle of each bar show the full estimated cost and benefit ranges.

OMB excluded the substantial benefits (as well as costs) associated with EPA's 2006 revision to the national air quality standards for particles (particulate matter) in its accounting to avoid double counting the benefits and costs from the revised standard with various regulations that reduce particle pollution and contribute to achieving the standard. The draft report indicates that future reports may likewise omit the benefits and costs associated with revisions to other national air quality standards for the same reason. Also excluded were several rules issued during the past decade that were later overturned by court decisions.

OMB Recommendations

In addition to reviewing the benefits and costs of past federal standards and safeguards, OMB's draft report provides multiple recommendations for reforms that it believes will lead to more efficient and cost-effective rules.

As in previous reports, OMB recommends agencies continue to perform regulatory reviews, or "look-backs," of existing rules as detailed in [Executive Order 13563](#). While retrospective review may provide valuable information to agencies about the actual benefits and costs of existing regulations, continually looking back at old rules requires agencies to divert precious staff time and resources that would be better spent looking forward and addressing outstanding and emerging risks, completing rules already in the pipeline, and performing critical enforcement activities.

In the current draft report, OMB highlights its role in the negotiations between the United States and the European Union to forge a Trans-Atlantic Free Trade Agreement (officially called the Transatlantic Trade and Investment Partnership) as an opportunity to address conflicting standards. [Executive Order 13609](#) asks agencies to "address unnecessary differences in regulatory requirements between the United States and its major trading partners" as they conduct retrospective reviews of existing rules. However, the focus of harmonization to date has been on eliminating or severely weakening standards that impose costs on businesses. Making regulatory decisions based on trade-related factors will [compromise public safeguards while providing little economic benefit](#).

Conclusion

It has become all too common to see [references](#) to the current administration's "regulatory tsunami," focusing on the number of pages of regulations in the *Federal Register* (as though this is somehow an appropriate measure of regulatory burdens) and an exclusive focus on the costs of regulations. The draft OMB report underscores that providing essential public health and welfare protections is not only good public policy, but also provides substantial economic benefits to society. Hopefully, OMB will highlight this key finding in the final version of the report and in future reports to Congress on regulations.

Illinois Bans Microbeads in Consumer Products

by Ronald White

Illinois has become the first state to ban the manufacture and sale of consumer products containing synthetic plastic microbeads, frequently found in facial scrubs, body washes, and cosmetics. The state passed the ban to address an increasing water pollution problem in Lake Michigan and other waterways across Illinois.

On June 8, Gov. Pat Quinn (D) signed [Senate Bill 2727](#), which amends the state Environmental Protection Act with new requirements for the elimination of synthetic plastic microbeads in personal care products. The new law restricts the manufacture of personal care products containing such microbeads effective Dec. 31, 2017 and bans the sale of personal care products containing the material beginning Dec. 31, 2018.

Microbeads are minute plastic beads that are used in consumer products such as toothpaste and cosmetic scrubs to produce a “feel-good factor.” After use, they are flushed into wastewater systems where, because of their small size and non-biodegradable composition, they escape into waterways. A major concern with microbeads is that because of their very small size, they have a large surface area by volume, thus serving as highly efficient toxic accumulators. Once discharged into the water, they can be immediately ingested by tiny organisms at the bottom of the food chain, with toxins then accumulating in larger fish and other animals, posing both an immediate and long-term threat to the health of our lakes, rivers, and oceans and the seafood we eat.

While Illinois is the first state to enact a ban on the sale and production of microbead-containing products, the issue is gaining attention in other states. Similar bans are being considered in California, Michigan, Minnesota, Ohio, and New York. A growing number of soap and beauty product manufacturers are voluntarily phasing out the use of microbeads. According to the advocacy group [Plastic Free Seas](#), Unilever, The Body Shop, Johnson & Johnson, Beiersdorf AG, L'Oreal, and Procter & Gamble have all agreed to discontinue their use of microbeads in consumer products over the next several years.



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