



## NFFE NEWS RELEASE



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### **FOREST SERVICE COMPETITIVE SOURCING CONTRACT TERMINATED: SHODDY WORK PUT EMPLOYEES AND PUBLIC IN UNSAFE SITUATIONS**

On May 1, 2006, the Forest Service terminated for default its Region 5 fleet maintenance contract with Serco Management Services, Inc. This will affect how the agency's California fleet, including specialized fire-fighting equipment, will be serviced.

The California fleet maintenance work was originally outsourced to Serco as part of President Bush's competitive sourcing initiative. Recently, the Forest Service Washington Office reported that this generated \$1.7 million in estimated savings in fiscal year 2005. However, a Region 5 investigation in early 2006 found that Serco was "chronically behind" in accomplishing work, and that shoddy work had "placed our employees and the public in general in unsafe situations." In Sacramento, 14 of 25 Serco-serviced fire engines were removed from service for critical safety issues.

Problems have been rampant since the contract was fully implemented on February 22, 2005. For example, Region 5 issued a "Cure Notice," a formal notice that can lead to contract termination, on April 14, 2005 for deficiencies in mechanics qualifications and performance of contract work. However, the political pressure from Washington to keep the contract in place was intense. A July 29, 2005 memo from the Forest Service Washington Office to Region 5 stated that a decision not to renew the contract must be "reviewed and concurred upon by the USDA... and OMB [the Whitehouse Office of Management and Budget]." It goes on to state that such a decision would be "precedential" and would need to be backed up by "a very strong case." The top Region 5 manager was instructed to talk with Washington before making a decision not to renew.

The Forest Service's reported estimated savings of over \$20 million in FY 2005 includes savings of \$1.7 million for this contract, now in default. However, other savings figures included in this estimate are just as suspect as the figure used for fleet maintenance. The Whitehouse just released its *Report on Competitive Sourcing Results, Fiscal Year 2005*, in which government-wide FY 2005 annualized gross savings of \$375 million were claimed. This composite figure is based on reports such as those provided by the Forest Service.

Because of concerns that competitive sourcing is wasting taxpayers' money and destroying the capacity of the agency, the General Accountability Office (GAO) will begin an audit of the Forest Service program this summer. And yet, citing results such as the fleet maintenance contract as successes, the Forest Service currently plans to perform outsourcing studies on two-thirds of its workforce over the next three years.

"This fleet management competitive sourcing story is just the tip of a very large iceberg," stated Rick Brown, National Federation of Federal Employees President. "The administration claims savings while hiding huge off-the-books costs. This wholesale privatization of the Forest Service must stop before it is too late. Not only are we wasting untold tax dollars, but we are putting Forest Service workers and American citizens at serious risk."

To see the Forest Service briefing on termination of the contract, go to [http://www.nffe-fsc.org/Documents/PressReleases/FS\\_060501\\_Briefing.doc](http://www.nffe-fsc.org/Documents/PressReleases/FS_060501_Briefing.doc).

To see Forest Service estimates of "savings," go to [http://www.nffe-fsc.org/Documents/PressReleases/FS\\_060224\\_FSToday.mht](http://www.nffe-fsc.org/Documents/PressReleases/FS_060224_FSToday.mht).

To see the memo from Washington, go to [http://www.nffe-fsc.org/Documents/PressReleases/FS\\_050729.doc](http://www.nffe-fsc.org/Documents/PressReleases/FS_050729.doc).

For more info on the GAO audit, go to [http://www.nffe-fsc.org/Documents/PressReleases/Senate\\_060214\\_GAOAuditRequest.pdf](http://www.nffe-fsc.org/Documents/PressReleases/Senate_060214_GAOAuditRequest.pdf).