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1750 H Street N.W. • Washington, D.C. 20006 • (202) 572-5500

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**Contact: Dina Long, Ext. 7058
Sheila McCormick, Ext. 7034
Mike Drapkin, Ext. 7011**

HUD Secretary's Remarks Seriously Undercut Administration Claim of Contracting Out Focus

Washington, D.C.—The head of the National Treasury Employees Union (NTEU) today reacted sharply to media reports that a Bush cabinet secretary rejected a contract with a private concern for purely political reasons.

“This reaffirms NTEU’s long-held belief that this administration’s contracting out program is about rewarding its friends, rather than doing what’s best for taxpayers,” said NTEU President Colleen M. Kelley.

She made her comments in the wake of media reports that Housing and Urban Development (HUD) Secretary Alphonso Jackson told an audience in late April that he refused to turn over agency work to a contractor who had been selected but who then expressed to Jackson disagreement with President Bush.

A Jackson spokesperson has since acknowledged that the secretary told the story, but claimed it was simply an anecdote the cabinet officer was using to illustrate how politics works.

President Kelley said the issue is Secretary Jackson’s “clear implication that to secure a contract for government work from this administration, you’d better be a supporter of President Bush.” Sen. Frank Lautenberg (D-NJ) has called for Jackson’s resignation.

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President Kelley said Jackson’s behavior on this issue is all the more disappointing because the administration has pushed its contracting out policy, in the most determined manner, on the basis that public-private competitions for government work—and even inherently governmental functions—will result in benefits to taxpayers.

“There is no credible evidence that contracting out saves taxpayer money,” President Kelley said. “It is an absolute myth. On the contrary, there is ample evidence of waste, fraud and abuse in the contracting process—and to the extent the administration injects politics into the decision-making process, that makes its contracting out agenda even more suspect,” the union leader said.

In recent days, Nina Olson, Internal Revenue Service (IRS) National Taxpayer Advocate, was quoted in a media report of telling a meeting of the American Bar Association’s Section of Taxation that an effort by the IRS to privatize tax debt collection could be “vastly more expensive than we ever imagined.”

President Kelley, who has been the long-time leader in the fight against runaway federal contracting, has warned repeatedly not only about the costs of that IRS privatization effort, but about the risks to the security of private taxpayer information inherent in turning over tax returns to private sector debt collectors.

NTEU is the largest independent federal union, representing some 150,000 federal workers in 30 agencies and departments.

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