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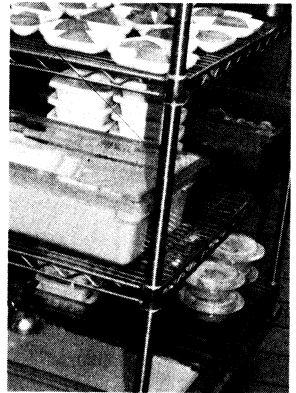
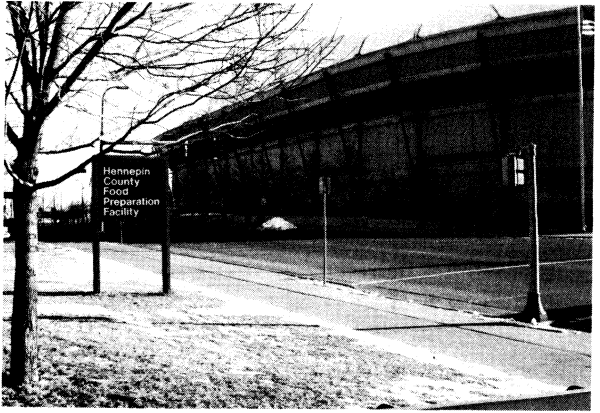
Cottage Cheese or Chicken? An AFSCME Fight for Public Food Service

Abstract

[Excerpt] Confronted with mounting fiscal problems, many state and local government officials consider privatization or contracting out of public services a "quick fix" for their difficulties. The on-the-job experience of the 1.2 million members of American Federation of State, County and Municipal Employees (AFSCME) at all levels of government shows that the use of private firms to deliver public services has serious consequences—including deterioration of service, increased and hidden costs, corruption, and negative social effects on the community.

Keywords

food service, privatization, AFSCME, Minnesota



Cottage Cheese or Chicken?

An AFSCME Fight for Public Food Service

■ *Marcia Magid*

Confronted with mounting fiscal problems, many state and local government officials consider privatization or contracting out of public services a "quick fix" for their difficulties. The on-the-job experience of the 1.2 million members of American Federation of State, County and Municipal Employees (AFSCME) at all levels of government shows that the use of private firms to deliver public services has serious consequences—including deterioration of service, increased and hidden costs, corruption, and negative social effects on the community.

Despite the abundance of evidence certifying the perils of privatization, many government officials—barraged by sophisticated marketing strategies from corporations seeking their business—abdicate their inherent responsibility and privatize services. As a result, AFSCME locals all over the country are engaged in battles to keep public services public.

This article highlights a recent AFSCME success in Hennepin County, Minnesota, where AFSCME Local 977, assisted by District Council 14 and Headquarters staff, turned back an attempt to contract out food services at Hennepin County Medical Center in Minneapolis.

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The Situation

Hennepin County is the largest county in Minnesota, with a population of approximately 988,000. The county includes Minneapolis and several of the other larger Minnesota cities and has the highest public school enrollment and personal income per capita in the state. The county is governed by a Board of Commissioners composed of seven members—four Democrats (in Minnesota, known as the Democratic-Farmer-Labor Party) and three Republicans. Despite the Democratic majority, the contracting out battle did not fall along party lines.

AFSCME is a decentralized union compared to many others. Locals are affiliated with Councils whose staff deal directly with the International Headquarters in Washington, D.C. AFSCME Local 977 has approximately 350 members who work at the Hennepin County Medical Center (HCMC). A strong presence in Hennepin County, AFSCME has more than 9,000 members there, making it the largest union in the county. In the course of this battle, Local 977 was serviced by two business representatives, Steve Marincel and Eliot Seide, with technical support provided by AFSCME International staff in Washington, D.C.

The fight itself centered on the food service facility of HCMC, which holds 359 beds and admits approximately 18,000 patients a year. The food facility, known as the Central Food Facility or the CFF, is adjacent to the hospital, and both are directly across the street from the Hubert Humphrey Metrodome, the newly-built enclosed dome stadium which is home to the Minnesota Vikings football team.

The CFF was built in 1976 and was designed to serve meals to two nearby hospitals—HCMC and what is now called Metropolitan-Mount Sinai Medical Center. Metropolitan was subsequently acquired by the HealthOne Corporation, which owns several other hospitals in Minnesota and other states. The Marriott Corporation is the food service manager at other HealthOne facilities.

In the Fall of 1988, the CFF was running significantly below capacity, and there did not appear to be an existing local market to absorb the excess capacity. The County maintained that 1988 food costs were running 30% to 50% higher than industry standards. Furthermore, Metropolitan was threatening to cancel its food service arrangement with the CFF (through a one-time buyout of its contract with county government), thereby forcing the County to assume an additional \$1 million operating cost per year.

By the Fall of '88, HCMC's administrators were urging the County to turn over the whole business to HealthOne/Marriott. Under the administrators' plan, the County would sell the CFF and adjacent property and would completely lose its internal food service capability. A small kitchen and trayline would be built at HCMC, primarily for the purpose of reheating. The hospital administrators, with HealthOne/Marriott input, claimed that their proposal would save the County \$4 million over a seven-year period.

Local 977's contract with the County contained some relatively strong contract language which ensured that most of its CFF members would receive comparable wages and benefits in other county jobs and would be retrained for their new positions. But some of the employees were marginally employable and retraining would have been difficult. Approximately 90 employees (two thirds of them full-time workers) were at risk of losing their jobs.

The Union Response

In any contracting out battle, the union must devise the most effective means of contesting the contract. This means using collective bargaining agreements and civil service laws, wielding political clout, employing public relations savvy, and exercising the powers of intelligent persuasion. In this case, AFSCME's objective was to persuade at least four of the seven county commissioners to keep the service in the public sector. This was done primarily in three ways: analyzing the HealthOne/Marriott proposal, investigating the background of HealthOne/Marriott, and employing an intense lobbying campaign based on what we found.

In September 1988, the county commissioners were considering a resolution directing HCMC to negotiate a contract with HealthOne/Marriott for food service at HCMC. Local 977 acquired a copy of Marriott's proposal and sent it to AFSCME International's Research Department for analysis. I was the labor economist assigned to examine the proposal for questionable items.

In analyzing a service contract proposal, the purpose is to determine the real costs that a jurisdiction would incur if it decides to contract out. In addition, it is necessary to look at the current work tasks that the union workers are responsible for and compare them with the tasks delineated in the proposed contract. It is virtually impossible to write a contract proposal that covers every duty that a jurisdiction wants to be completed. As a result, tasks are either eliminated or end up costing additional money after a

contract is awarded.

There were several questionable clauses in Marriott's proposal which could have led to either increased costs or a decline in service. This part of the anti-contracting out campaign, probably the most analytical and least exotic, is crucial if a persuasive argument is going to be made. The following are examples of some of the questionable provisions:

- HealthOne/Marriott provided great detail about its creative patient programs, such as "stork dinners," birthday cakes, and gourmet meal service. But the proposal didn't state whether the HCMC or the patients would have to pay extra for these services.

- The proposal delineated three options for the County in providing service. One option was to maintain the status quo; the second was to demolish the CFF and use HealthOne/Marriott facilities at one of the HealthOne hospitals; the third was to upgrade the County's food service capabilities but use HealthOne/Marriott employees. Although HealthOne/Marriott claimed that the second two options would save the County money, the proposal stated that the firm did not have sufficient budgetary information to describe specifically how these savings would occur.

- The proposal did not guarantee that Marriott would implement state-of-the-art techniques for food preparation and delivery. Not surprisingly, the preferred technique, known as "the pellet-and-dome method," is the one that patients find more appealing and is more expensive. Marriott never spelled out what technique they would use to tray food.

- There were a few mathematical errors in the proposal. AFSCME contended that these reflected a certain carelessness or indifference to the entire process.

When the resolution was considered by the commissioners, several AFSCME representatives addressed the Board. Steve Marincel provided an overview of the situation and AFSCME's objection to the proposal. I presented the analytic findings from my review of Marriott's proposal. The local president and other members appealed personally to the commissioners. Unfortunately, the Board rejected AFSCME's arguments and voted in favor of opening negotiations with HealthOne/Marriott. Some of the commissioners tried to assuage Local 977 by reminding them that the resolution was only a directive to look into the various propositions and not a final decision to shut down the CFF.

As time passed, a major development complicated the already muddled issue: The National Football League announced that the 1992 Super Bowl would be held at the Metrodome. In order to

win this lucrative event, the County had promised that certain facilities would be built on the very spot that the CFF sat. Thus, one part of the debate was over. The CFF would be torn down.

In the summer of 1989, Local 977 acquired a copy of a new proposed agreement between Hennepin County and HealthOne/Marriott. Much like the original proposal, there were several problems with it. The sections addressing liability were vague and poorly worded; the County was not adequately protected against economic losses. In addition, detailed costs were not available. Conversations with the County's fiscal authorities confirmed AFSCME's belief that many of the purported cost savings were merely loose estimates. Moreover, the agreement did not outline specific staffing levels, and thus it was not possible to determine whether employees' workloads would be increased under HealthOne/Marriott—a tactic that many private companies use to cut costs.

HealthOne/Marriott's agreement also provided the firm with significant latitude to compromise dining standards. Entrees like casseroles, mixed dishes and "extended items" were considered comparable to meat, fish and poultry. In fact, the agreement noted that a double serving of cottage cheese was equivalent to one serving of chicken. Food service companies are known to change hospital menus so that they are heavy with low cost items such as macaroni and cheese. Although they are not breaking any dietary regulations, the quality of food definitely declines. It also appeared that under HealthOne/Marriott, it would be more difficult for patients to receive meals that complied with their religious or ethnic requirements.

Last, the agreement contained a very weak affirmative action plan. The numbers for minorities and women were not representative of national figures, and the plan was vague and did not provide timetables for either achieving the suggested levels or for conducting reviews.

In conjunction with the International's review, the Research Department also undertook a background check of HealthOne/Marriott. This is often a successful technique in fighting contracting out. Background information on contractors can help discredit companies with histories of questionable business practices. In the case of Marriott, there was an abundance of material. Some of the headlines speak for themselves:

"Mother's Day Buffet Sickens At Least 106 at Rochester Hotel" (United Press International, 16 May 1989).

"Hotel Cuts Use of Kitchens in Ohio Poisoning Outbreak" (*New York Times*, 20 April 1987).

"Marriott May Face Legal, Public Relations Crisis; Passengers Report Illnesses After Eating Food" (*Washington Post*, 21 October 1988).

"Marriott Picketed for Using Icelandic Fish" (*Boston Globe*, 11 June 1989).

Another story in the *Los Angeles Times* highlighted a skirmish between Marriott and students at Redwood (California) High School, where Marriott ran the school lunch program. Marriott had ordered a halt to student fundraising cookie sales, citing a little-known federal law which banned competing food items at the site of a federally subsidized lunch program. Students initiated a once-a-week boycott of Marriott's program. The standoff ended when Marriott removed its cookies from the school's lunch menu so that students could continue their sales.

Another article referred to 150 people, including several members of the Minnesota Vikings football team, who contracted food poisoning from Marriott's in-flight food service at Northwest Airlines. These types of anecdotes are very effective lobbying tools, not only with public officials but also with the general public.

During the summer, AFSCME's lobbying was at its most intense. Eliot Seide and Steve Marincel developed strategies particularly suited to each commissioner. Local 977 members were encouraged to call their own commissioners. In addition, the two business representatives had cultivated a positive relationship with the media. The reporter assigned to the story from the *Minneapolis Star and Tribune* sought out AFSCME's perspectives from the beginning and wrote well-balanced articles on the topic.

In August 1989, in an unexpected 6-1 vote, the County Board of Commissioners rejected the proposed contract to buy meals from HealthOne/Marriott for the HCMC. AFSCME staff and all the local members were elated. No one had expected the final vote to be so lopsided. The County intends to build a new facility and control its own food services.

Conclusion

Although atypical in certain respects, this project is a prime example of fighting contracting out. The difficulty of AFSCME's task, though daunting, was mitigated by certain factors. Civic awareness is very strong in Hennepin County. The County Board's proceedings, for example, are always broadcast over the radio. AFSCME members are steeped in this civic involvement and were eager to testify before the Board. Apathy was certainly not a problem.

AFSCME's success was, to a certain extent, tied to the political atmosphere of the county, where AFSCME is an important player. Because of AFSCME's prominent role in the community, the union maintained an active role from the start of the debate. Moreover, County finance officials cooperated with the union by supplying data and always being available to answer questions from AFSCME representatives.

The crucial, yet tedious, role of research in fighting contracting out should not be underestimated. The commissioners listened to AFSCME because we were armed with concrete evidence, not only about the proposal but also about the contractor. Though AFSCME's political force in the county helped, the Board would not have taken us seriously if our lobbying efforts were not based on fact. Private firms often devote a lot of time and money marketing their services, but when their work is scrutinized for substance, it becomes apparent they often do substandard work and can be made vulnerable by careful examination.

It is important to note that this effort took over a year. The union needed to be patient and persistent, especially after the early setbacks. Armed with facts and logic, AFSCME was able to convince the commissioners of the importance of keeping services in-house and not to abdicate the County's responsibility to provide services. HealthOne/Marriott submitted a shoddy proposal which contained many dubious items; we were able to show it up for what it was. Although background searches often uncover questionable incidents in a company's business practices, they are not usually so extensive or so tailor-made for public consumption as those Marriott provided.

A united effort by AFSCME staff and members enabled Local 977 to beat back the efforts of a corporate conglomerate and save 90 people's jobs. It was a gratifying experience for all those involved. ■