



SUPER INFORMER **FOR** SUPERVISORS

Professional Engineers in California Government

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Supervisory Pay Inequity

For nearly three years, your Meet and Confer team has been working to obtain the raises that were received by Bargaining Unit 9 (non Supervisory) Seniors on July 1, 2008. We have previously described to you the process we have gone through and all the obstacles we have encountered. The following addresses some of the questions and comments we have received from PECG Supervisory members during the past two months.

“It is especially distressing knowing the funding for our pay raise was included in the State Budget, passed by the Legislature and signed by the Governor in September 2008.”

Distressing, frustrating, exasperating, maddening, you name it, we have felt it particularly with the way it began. In all previous years, money was in the State budget for employees’ raises and a pay letter was issued by DPA to implement the raises. When the raises did not occur the funding allocation was lost.

“How and why did this happen to us?”

Frankly, the past administration, specifically Governor Schwarzenegger, made a point to blame the State work force for the budget problems in California and we, as supervisors, were easy targets. While our rank and file members had a contract that the Governor could not violate and received their raise in 2008, his office took the approach that while our raise was necessary, and was being recommended by DPA’s Director, he could choose when and whether to pay. He effectively delayed our raises long enough to push it to the next administration, which has added new complications.

“For three years, I have received a lower salary than at least one employee that I supervise.”

“...all of my staff are now being paid more than me though their job description and duties require far less experience, time, and commitment.”

According to Ron Yank, the current Director of DPA, the lack of a pay increase for Unit 9 supervisors and managers is unfair and is no way to treat members of the management team. However, without a budget in place there is another obstacle in our way to try to rectify this inequity. And there potentially is another larger complication – our legislative leaders have not yet agreed upon a budget solution that includes tax extensions. If they cannot agree upon a budget that includes tax extensions, or the people do not pass the tax extensions in a subsequent election, then California will likely enact an all-cuts budget. We are hoping we will not need to have a discussion with DPA

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SUPERVISORY PAY RAISES?

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concerning our long overdue raises under the cloud of an all-cuts budget.

“Granting the long overdue pay parity raise to supervisors would not affect the deficit.”

In January 2010, PEGC filed a lawsuit in Alameda County challenging the former Governor’s furlough of Special Fund employees. The lawsuit alleges just what this comment suggests, that 96% of PEGC-represented employees are paid out of special funds, and that the former Governor violated the law by furloughing special fund employees when it did not help the General Fund deficit and harmed special fund programs. This case is still active.

We have pointed out many times during our negotiations with DPA that PEGC members are almost all paid entirely through special funds and it will have negligible impact on the General Fund deficit to implement the raises. As discussed, the current government climate is not conducive to providing our raises even though it will not impact the deficit.

“...we all need to be placed on an equitable pay level before we are all asked to be cut equally.”

One of the comments we received last month estimated our shortfall from furloughs and not implementing the pay raise at more than \$70,000. For many of us, this is an accurate reflection of how much damage the past administration did to our pocketbooks without any regard to whether the State was saving money. We do believe that this \$70,000 burden represents by far more than the average State or private employee has had to shoulder.

Unfortunately, there is still strong sentiment in the public against current levels of compensation and benefits for public employees, regardless of what our private company counterparts are paid. Though this perception is largely based on misunderstanding, we must recognize that it is partly due to serious economic distress affecting the State, and extending to families and individuals. For the time being, we can expect

little public sympathy for the cause of a significant pay increase, however well-justified and long-overdue.

“All of my fellow supervisors feel that they are being treated inequitably, especially when we are spending \$225,000 per year for consultant engineers.”

We can all agree that it is unfair and a waste of taxpayers’ money for supervisors and Unit 9 employees that the state is outsourcing when they should be hiring and promoting.

“...it creates disincentives to promotion to supervisory levels.”

“I am currently looking for a rank and file position so I can be done with what is turning out to be a thankless supervisory job.”

“I don’t know why I have remained a supervisor the last 3 years, I guess I’m just stupid...”

Most Senior Engineers in State service either know someone who is trying to lateral to a Senior-Specialist position, or is trying to lateral himself. This issue struck home with us – a recent Meet & Confer member had to leave the team because she transferred to a Senior-Specialist position.

We understand how this impacts our ability to attract qualified supervisors, but more importantly, DPA recognizes this and has stated that it needs to be corrected.

“Of these four technical staff that I provide responsible charge for, one is paid at the same level as myself and one is paid 10% more. This is a very demoralizing situation.”

“...morale among the supervisors and managers in our class series is at an all time low.”



Questions & Answers About Pensions

“I came to Caltrans (from the private Sector) and accepted a 40% cut in salary for the opportunity to have stability, security and a sound pension plan.”

“...the Legislative Analyst recommended that employees pay more of the cost of the pension plan, the defined benefit formula should be reduced, and a defined contribution plan (like a 401(k)) should be initiated. The Analyst concluded that retired public employee benefits are “very generous” compared to the private sector and this “disparity” cannot be sustained. If this were in fact true then why are many highly qualified surveyors and engineers leaving State service for the private sector?”

As of November 2010, we are contributing an extra 3% toward our pensions (8% total employee contribution). Other than the extra contribution, our pension formulas remain 2% at 55 calculated on our highest year compensation and we anticipate that pensions for current PEGC supervisors will not change. The pension for new supervisory hires, however, is 2% at 60 calculated as the average of the three years of highest compensation. Governor Brown has stated that State government has to honor pension commitments that have been made, but that we must put an end to the abuses of the system that sometimes occurs at the local government level. The Governor’s proposed pension reform package includes eliminating two forms of pension spiking, the most egregious abuse of the pension system, and both have already been implemented at the State level through collective bargaining.

Most of the concerns we receive are from members who have heard about proposed bills or measures from hidebound politicians and organizations looking for inexpensive press coverage, particularly two politicians

receiving the most coverage. Former Assemblyman Niello introduced a draconian ballot measure that would have drastically reduced retirement security for thousands of public employees in the very communities he used to represent, but he has since withdrawn it. Senator Mimi Waters also introduced as many as ten bills during this legislative session to reduce retirement security for public employees. None of the ten bills came before a single committee vote as all were withdrawn at the request of the author. Senator Waters has also tried to derail the State’s budget this year by saying she would not vote to balance the budget unless attempts are made to gut public employee pensions (despite the fact she would never vote for the budget herself).

While we vigorously opposed any of the so-called “reforms” being suggested by these fringe elements, PEGC supports many of the reforms being proposed by Governor Brown because most already apply to State employees, having been negotiated through collective bargaining. The current administration understands the basic facts of our pensions:

- California pays less as a percentage of payroll for pensions today than it did in 1980.
- CalPERS’ market value slipped below an adequate funding level several years ago not because of over-paying retirees, but due to Wall Street conditions. With Wall Street’s recent recovery, CalPERS’ market value is now funded near an adequate level.
- Pension abuses are rare at the local government level, but almost non-existent in State government.
- Most professionals in State service are willing to work for much lower salaries than we would receive in the private sector because we value the long-term security a reasonable pension provides.

Your PEGC Meet and Confer Team will continue efforts to protect your pension plan from these unwarranted attacks.

SUPERVISORY PAY RAISES?

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Most employers realize that an unhappy staff leads to lower morale, but the past administration was more interested in court fights and headlines than the work we do. Jerry Brown and his administration understand the situation – DPA’s Director affirmed his understanding of this pay parity issue and the impact that it is having on the departments as well as individual employees – and has been working with your Meet & Confer Team. Unfortunately, what could have (and should have) been easily implemented three years ago was not and as discussed, is no longer an easy task. We will continue to work with the current administration so we can rectify the pay issue and keep our focus where it belongs.

“Regardless of the outcome, I remain firmly committed to serving the public...”

Which is where our focus should always be. Most of us are integral parts of world-class agencies and we must do our part to keep the organizations that way. We believe that the current administration views State employees in a different light than the past governor and we must give them a chance to demonstrate how it values its workers.

Summary

Your Meet & Confer Team has met with Mr. Yank twice in the last few months and will continue to meet with him until the pay disparity issue is resolved. We appreciate all the help we have received from members informing Department heads of the pay disparity issue, and would like this to continue. We have explored other options and will continue to investigate other possible solutions as they surface. Most importantly, we thank you for your continued membership and support. We realize that you are a member by choice and that you deserve the best representation we can give you.



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