

# No Pay Cut at End of Round One

## *This fight likely to be a 12 rounder*

The Joint Legislative Budget Conference Committee last Thursday evening voted to table the five percent pay cut for state workers proposed by Gov. Schwarzenegger. It was a party line vote, with Republicans voting for immediate implementation, and Democrats voting to table the proposal. "Tabling" means that the proposal can be revisited later.

The danger has not passed. Committee Chair Assemblywoman Noreen Evans (D-Santa Rosa) voted against the pay cut but said that the committee may take it up again later in the budget process.

Hundreds of CAPS members have urged their legislators to oppose the Governor's latest proposal to wreak havoc with state scientists' personal finances. This comes on top of a two day furlough program equating to a pay cut of 9.2 percent.

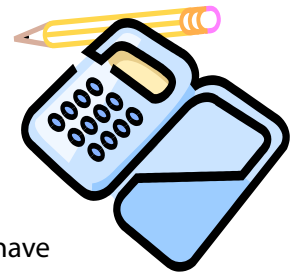
One reason the Governor is seeking the pay cut instead of ordering another furlough day is that he fears losing to CAPS in court. CAPS was the FIRST state employee union to challenge the mandatory furlough plan in court. That case is on appeal. Should

CAPS (and PEGC) win this case, the Governor could be forced to repay scientists for all the furlough time they have served. It will also clearly signal to the Governor that he needs to bargain with CAPS, not just implement bad things.

In Thursday's vote, four Republicans voted FOR the pay cut, including Senators Robert Dutton (Rancho Cucamonga), Mimi Walters (Laguna Hills), and Assembly Members Jim Nielsen (R-Gerber) and Roger Niello (Fair Oaks).

Joining Evans in supporting state workers were Senators Denise Moreno Ducheny (D-San Diego), and Alan Lowenthal (D-Long Beach), and Assembly Members Bob Blumenfield (D-Woodland Hills), Mark Leno (D-San Francisco), Kevin DeLeón, (D-Los Angeles).

Democrats argued that a pay cut on top of the furloughs is too much of a financial burden on state employees. It would push the state deeper into recession as more California families would have trouble paying their bills.



# Schwarzenegger Blows Up Budget

When Arnold Schwarzenegger was running for Governor back in 2003, he promised to blow up bureaucratic boxes. He described the need to restructure state government and make it more efficient and effective for California taxpayers. Since his election, not very many of those boxes have blown up, but he is now proposing to blow up the budget of nearly every state scientist and every state employee with pay cuts totaling nearly 15 percent.

His latest proposal is to have the California Legislature join him in imposing an across-the-board 5 percent wage cut to all state employees. This is on top of two furlough days which total 9.6 percent. His authority to impose mandatory furloughs is on appeal by CAPS and other state unions. CAPS considers it an illegal pay cut that must be reversed.



CAPS is mindful of the serious financial dilemma the state faces. It has made repeated proposals for ways to save the state money while taking it a little easier on state scientists. These include voluntary furloughs, retirement incentives and wholesale shifting of personnel costs from general to special funds.

Nevertheless, it appears that Governor Schwarzenegger is intent on reducing salaries no matter what the cost. His latest proposal would produce little savings for the general fund in Unit 10 because only 20 percent of state scientists are paid out of the general fund.

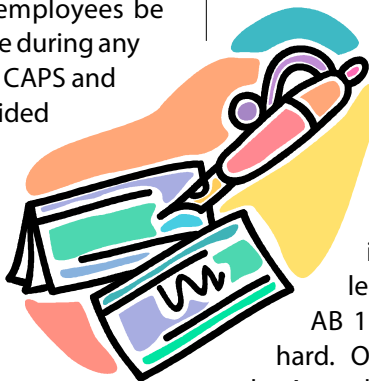
So CAPS is asking all CAPS members to urge their elected State Assembly and Senate Members to oppose the Governor's plan and to urge him to negotiate a contract agreement with CAPS that produces a balanced approach to the latest state of the fiscal crisis.

# Pay Checks In Full and On Time

In spite of Governor Schwarzenegger's calls to modify the current state budget, its current term ends June 30, 2010. That is a crucial date because state law in combination with court rulings now requires that all state employees be limited to payment of federal minimum wage during any period when a state budget is not in effect. CAPS and other proactive state groups have long avoided and delayed implementation of this ruling, but after last year's ruling by the State Supreme Court, there is no putting off the inevitable. Without a specific appropriation for state employee compensation, state employees can only be paid the federal minimums. This means currently \$7.55 an hour for rank and file employees and about \$400 per week for supervisors and managers.

That's why CAPS (and PEGC) are cosponsoring legislation once again this year. That will mandate a "continuous appropriation" for the payment of salaries and benefits for state employees during a period when a state budget is not in effect. Based on past events, adoption of the state budget can be delayed for months.

State lawmakers have been reluctant to deal with this imminent threat because, incredibly, the state actually makes money if state employees are not paid because of the interest that accrues, and because pressure to settle the state budget deadlock only increases with state employees not getting paid.



CAPS' position is of course that work performed be properly compensated, and it's the moral and legal obligation of the state legislature to do so. That is the theory behind AB 1125, and the reason CAPS is pushing it so hard. On May 13, it was put in the "suspense file" of the Assembly Appropriation Committee, where bills go that have a significant price tag. Nevertheless, CAPS will continue to push state lawmakers to implement this critical legislation. Paying state employees minimum wage at any point promised to shut down state government because many state employees, including state scientists, simply will not show up for work without being fully compensated.

# Back to BASICS

By Patty Velez, President

There is nothing more important after your health and your family than your job. Work provides sustenance, challenge and satisfaction. Even if you don't like your state job all that much – and I certainly do like mine – it's critical not to have it taken away. Yet that's exactly what Governor Schwarzenegger is preparing to do with thousands of state employees. We do not yet know how many state scientists will get layoff notices. Even one is too many.

This is where you can depend on CAPS for help. There is no union with more experience in mitigating layoffs than CAPS. So if you are one of those who is unfortunate enough to get a layoff notice, you can depend on your CAPS professional staff to make sure every legal right you have is fully exercised. They will leave no stone unturned in helping you to identify the choices right for you.



In fact, if you think you might be subject to a layoff, I urge you to start by doing a little of your own homework. Go to the CAPS webpage and read about the layoff process and your rights. Read section 16.1 and 16.2 of the CAPS MOU, which includes laws and rules that apply in a layoff situation.

Governor Schwarzenegger has broad authority when it comes to laying off state employees. Nevertheless, getting a layoff notice does not mean that you will be hitting the street anytime soon. There are many alternatives that can delay your layoff, or to prevent it altogether.

If YOU get a layoff notice, contact your nearest CAPS office immediately. In Glendale it's Jesse Rodriguez at [jrodriguez@capsscienists.org](mailto:jrodriguez@capsscienists.org). In San Francisco it's Matt Austin at [caps-sf@pacbell.net](mailto:caps-sf@pacbell.net). In Sacramento contact Kristen Haynie at [kristenh@capsscienists.org](mailto:kristenh@capsscienists.org).



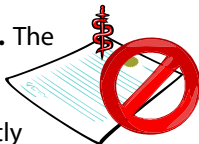
## EnCAPSulations . . .

Here are a few more bad ideas to put the saddle of the state budget deficit on the state work force...



**Two Tier Health Plan.** CalPERS is pursuing another cost saving measure – establishing a two tier health benefits program. CalPERS calls it “choice.” CAPS calls it cost shifting. In the long run, the better plans members currently enjoy will disappear. CAPS is forcefully opposing this plan at CalPERS and has urged it's endorsed candidate for an open seat on the CalPERS Board, J.J. Jelincic, to make it a major issue in his campaign.

**Rural Health Care Slated for Elimination.** The administration is also looking to eliminate the rural subsidy program. This action would shift costs for members who currently receive a supplemental reimbursement for health care expenses. This program was eliminated for retirees a few months ago, now the administration is looking to impact active employees as well. If the two tier health plan were implemented, employees limited to PERSCare, PERChoice, and PERSelect would be disproportionately disadvantaged.



**PERS Premium Holiday Moves Forward.** The CalPERS Board agreed to give employees and employers (mostly) a two month premium holiday for those enrolled in PERChoice, PERSCare, and PERSelect. These plans have cut predicted costs by utilizing more generic drugs, leaving a windfall. CalPERS sought legislation (AB 399 - Brownley) to enable this plan to be implemented, set sometime in FY 2009-2010. The bill has sailed through the process so far. The premium holiday would impact state, city, county and school district employers and employees.

**Taxing Retirement Earnings.** A misguided group is seeking to put a measure on a future state ballot that would require all public employee retirement defined benefit (CalPERS) distributions, social security benefits and the cash value of health benefits totaling more than \$40,000 per year, to be taxed at a higher rate.



Retirees pay taxes on earnings. This group wants public employees to pay more taxes apparently BECAUSE they public employees. Vindictive, silly and ill fated.

## *In This Issue*

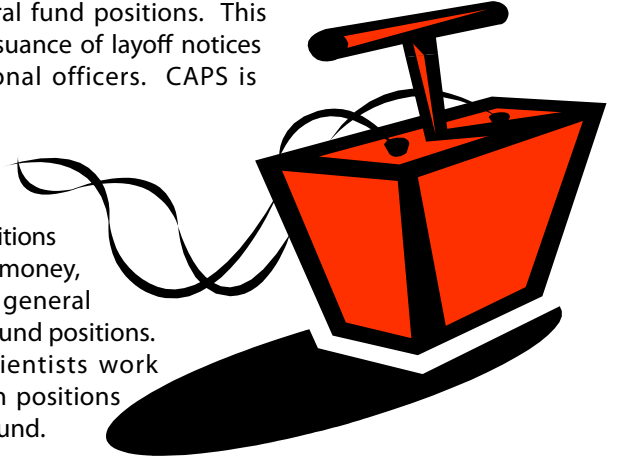
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## **Arnold Tries Blowing Up Wrong Boxes**

After six years in office, Governor Schwarzenegger has finally started to deliver on a campaign promise to change the face of state service by blowing up some bureaucratic boxes. Unfortunately he does it under times of extreme stress and in the wrong way. The best example of this is his latest proposal to eliminate the Office of Environmental Health Hazard Assessment (OEHHA). Blowing up this particular box will save very little of the state's money and will eliminate a crucial element in the health safety net protects all Californians. It will also result in the displacement of potentially dozens of career scientists dedicated to protecting public health and safety. CAPS leads the motivation to eliminate OEHHA comes from industry pressure, and CAPS will strongly oppose it.

One thing the Governor seems to have finally gotten right is his focus on general fund positions. This unfortunately has led to issuance of layoff notices to thousands of correctional officers. CAPS is sympathetic to the plight of those law enforcement officers and their families. Yet, in tough times the state should focus on the positions which actually SAVE them money, which in this case means general fund positions, not special fund positions. Eight out of ten state scientists work either entirely or in part in positions untouched by the general fund.



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