

New Deficit Estimate: \$21 Billion

The State Legislative Analyst on November 19 said the state is broke once again, this time with the projected deficit of \$21 billion, assuming nothing is done to cut spending or increase income. Most disturbing about the report from the Legislative Analyst's Office is that under its scenario, state employees would see no salary increase for eight or more years, until at least 2015. The consequence, the analyst says, "could affect departmental operations negatively in various ways." The Analyst also proposed:



- Extending the furlough program
- Laying off a significant number of state employees and cutting back on the services they provide
- Cutting state employee salaries

These are ALL absolutely unacceptable to CAPS. This is a sure sign of tough times ahead, with the need for better leadership on fiscal and other matters in the Governor's office. CAPS will be there to protect and defend the jobs and economic interests of all state scientists.

Based on Governor Schwarzenegger's response to the budget crisis, relying so heavily on mandatory unpaid furloughs and attacking benefits for state employees, his replacement can't come too soon. Regarding this budget estimate, it will be the job of the state legislature and the Governor in the coming several months to adopt a balanced state budget. CAPS will play a pivotal and active role here too, encouraging Democratic law makers to stiffen their spines and refuse unreasonable and unnecessary cuts to state employees' salary and benefit levels.



In spite of the hard times, and the continuing deficits, the vast majority of scientists are paid out of special funds, not the General Fund.

The longer furloughs are imposed across the board, the more apparent cuts in services become. Even the Governor has recognized that furloughs need flexibility. According to the Department of Public Health, some 120 employees working on the H1N1 project (swine flu) will be exempted from mandatory furloughs.



CAPS will be looking at all options during what is certain to be another heated legislative debate. Our message: state scientists work hard every day and have been cut to the bone. So have their programs. Find new revenues or other places to cut!

Velez Urges Real Steinberg to Stand Up



Will the real Senate Pro Tempore Darrell Steinberg please stand up? During October Steinberg led a news conference announcing a UC Berkeley study which concludes that the Governor's furlough program would save more money for the General Fund if it were reduced to one day monthly, rather than three. Yet Steinberg said nothing about any plans to reduce the furlough program to conform with the findings of the study.

CAPS' President Patty Velez in an October 21 letter to Steinberg asked him to stand up to the Governor. She pointed out that the furlough program is destructive because the state loses federal funding.

- Because of furloughs, CalPERS contributions drop, leading to increased employer contributions in the out years. Revenue collections are reduced.
- Public health and safety programs suffer.
- Economic activity suffers from the reduced state payroll.

Velez urged Steinberg to use his considerable influence and leverage to speak out strongly for an immediate rollback of the furlough program. So far Steinberg has not demanded that the Governor reduce this unfair and unproductive burden on state scientists and all state employees.

Velez's letter can be found on the CAPS' webpage: www.capsscientists.org.

CAPS remains strongly opposed to the mandatory furlough plan, and has two lawsuits filed challenging it. CAPS contends that the proper place to address state scientists' salaries is at the bargaining table, not through unilateral proclamations.

CalPERSResponds.com

CalPERS has launched a new website dedicated to educating members, employers and stakeholders about emerging issues including pension security, investments and national health care reform. The new website also serves as a platform for CalPERS social media presence on Twitter, Facebook and YouTube.

CalPERS also debunks the common myths associated with public pensions with facts, including:

- The average CalPERS pension is about \$25,000 per year. Half of CalPERS retirees receive \$16,000 per year or less in benefits. Unlike the private sector, many CalPERS members do not receive Social Security, making their CalPERS pension their sole source of pension income, other than savings.
- Only 1 percent of the nearly half million CalPERS retirees receive annual pensions of \$100,000 or more. Many are retired non-unionized or specialized skilled employees or other high wage earners who worked 30 years or more. Many served in high-level management positions.



- The downturn in the markets is the cause of greater employer contributions. Even if changes to pension formulas did not exist, CalPERS would need more contributions from employers, due to market losses over the past year.

- CalPERS spends about \$5.7 billion a year to provide health care. Costs have risen in the last few years and our economic recession is amplifying the impact on the health care marketplace. Since 2003, health premiums have risen by more than 60 percent. National health care reform can bring about systemic changes that make health care affordable for our employers and our members.

CalPERS is the largest public pension fund in the U.S. It administers retirement benefits for more than 1.6 million active and retired state, public school, and local public agency employees and their families on behalf of 2,600 California public employers, and health benefits for nearly 1.3 million members.

EnCAPsulations . . .

EAP Has Changed! Historically state employees have been referred to the Employee Assistance Program (EAP) when management wanted to address workplace issues. The program has changed since those early days. In addition to counseling services, employees may need assistance with child and elder care, financial issues, federal tax assistance, pre-retirement planning, daily living services, or legal services. EAP also provides online assistance. Check it out and search: www.eap4soc.mhn.com. All contacts remain confidential.



Valued Colleague Passes. Jim Hockenberry died unexpectedly on October 19th. Jim was an outstanding career state scientist who worked as an Environmental Scientist at the State Water Board, Central Valley Regional Board and Department of Water Resources. He left behind two children. Jim will be missed by his family, friends and colleagues.

H1N1 Scientists Exempted From Furloughs.

About 120 state scientists and other employees will go back to full time employment as a direct result of a suggestion made by CAPS representatives to the managers of the Virus Lab and Microbial Diseases Lab in Richmond. CAPS suggested that now is the time for them to be pressuring CDPH and the Governor's office to eliminate the furloughs at CDPH, for the same reason that CDF ended the furloughs of firefighters. They also need to put in Budget Change Proposals to accommodate the potential for epidemics. CAPS offered assistance in pressing the Legislature if needed.



Long Term Care Rate Increases. The CalPERS Health Benefits Committee will be considering a sizeable increase in the premiums being charged for its long term care coverage. This insurance is available as an option to state scientists and all CalPERS members. CAPS will be closely monitoring these deliberations during December.



Furlough Fraud

BY PATTY VELEZ, PRESIDENT



Recent events have shown the Governor's mandatory furlough program to be a public relations tactic rather than a legitimate effort to achieve a balanced state budget. Less obvious but equally true is that the program punishes state employees and attempts to weaken CAPS and other state employee representatives by bypassing the collective bargaining process.

The Senate Office of Oversight and Outcomes, a non-partisan team charged with investigating and measuring government performance, released two reports castigating the Governor's furloughs in two areas of state government. The first, *Furloughs in Round-the-Clock Operations: Savings are Illusory*, was released October 14, 2009. The second, *DMV Shifts into Reverse: Furlough Fridays Eliminate Service Gains at Department of Motor Vehicles without Saving General Fund Money*, was issued on November 2, 2009. Both challenge the Administration's use of furloughs as a legitimate way to save money for the General Fund. A UC Berkeley study from October found that three days of furlough saves less than one day.

More shocking is that the Department of Personnel Administration says it is not even **trying** to track savings due to furloughs. Same with the Department of Finance. In fact, NO state department is really looking into whether furloughs are saving money. That really shouldn't surprise anyone. Informal reports from various state departments confirm there are little or no savings from furloughs. These just might give the public and the courts a peek behind the Governor's furlough curtain.

At least the 35,000 physicians and medical students that make up the California Medical Association have enough money and clout to take that forbidden peek. The CMA filed its legal challenge to the furlough orders on October 12, 2009.

The CMA contends that furloughs are causing the Medical Board of California to take five and a half months to review license applications from aspiring physicians, almost three times longer than permitted by law. Meanwhile California's critical shortage of primary care physicians widens.

The CMA also contends that furloughs are causing lengthy delays in the disciplinary hearings for individual doctors. Meanwhile, physicians who might otherwise lose their license through those delayed disciplinary proceedings continue to treat the unknowing public.

Most absurd is that the Medical Board of California—which handles discipline of physicians—is only funded by physician license fees and other user fees. Thus, not a single penny is saved from the General Fund by the Governor's furlough of state employees from the state medical board.

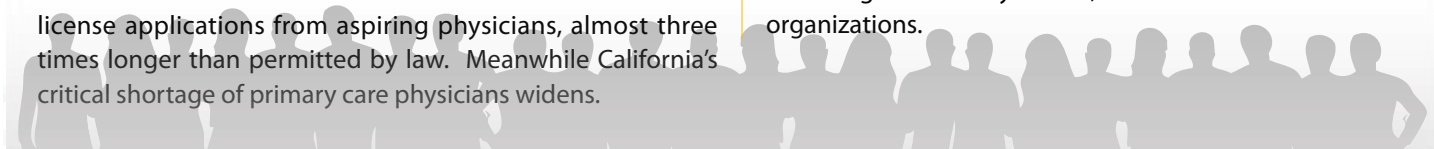
We already know that tens of thousands of employees are being furloughed without any savings for the General Fund, and many -- over 2000 of them -- are state scientists. How many other specially funded agencies are furloughing their employees on the Governor's orders and not a penny is saved for the General Fund? We won't know unless some other well funded and powerful outside group tells us,

because the state is not going to.

But the worst part? The public suffers from the lack of essential services provided by state scientists and all state employees; the economy suffers from the considerable loss of consumer buying power brought by the state work force; state employees suffer financial and emotional hardship due to the sudden, precipitous and lengthy loss of income.

Governor Schwarzenegger claims that the dozens of lawsuits and related actions filed to oppose mandatory furloughs undermine his ability to govern the state. That seems to be another way of saying that he doesn't like having anyone question his judgment. With all due respect, the Governor should eventually learn that he too is bound by the Rule of Law. That should happen when the appellate courts rule on the legality of the mandatory furlough program as a result of challenges filed by CAPS, CMA and a host of other organizations.

“NO state department is really looking into whether furloughs are saving money.”



IN THIS ISSUE

- * *New Deficit Estimate of \$21 Billion*
- * *CAPS President Urges the Real Steinberg to Stand Up*
- * *CalPERS Responds*
- * *Furlough Fraud, by Patty Velez, President*

Schwarzenegger Complains About Invasive Judges



Just as state biologists warn about the dangers of invasive pests, Governor Schwarzenegger was heard recently complaining about those pesky federal judges who unfairly interject in California's budget process, contributing to difficulty he has in governing California, he said. He made special mention of the lawsuits that have exempted portions of the state work force from his furlough program. As usual, Schwarzenegger got it only partially right: all statewide office holders (not judges) have refused to furlough their employees, causing the Governor himself to seek judicial intervention. These officeholders, including Insurance Commissioner and gubernatorial candidate Steve Poizner, chose to take the more sensible and humane approach of absorbing the budget cuts with a scalpel, not a meat ax. Schwarzenegger also got the part wrong about the judges; the furlough cases have been heard by state appointed judges, not federal judges. CAPS is hoping to find a few more good men and women on the state bench while these lawsuits are pending.

CAPSule (ISSN 10446230) is published monthly by the California Association of Professional Scientists, 455 Capitol Mall, Suite 500, Sacramento, CA 95814. Periodicals Postage Paid at Sacramento, CA. POSTMASTER: Send address changes to: 455 Capitol Mall, Suite 500, Sacramento, CA 95814-2483.

PRESORTED
FIRST-CLASS MAIL
U.S. Postage
PAID
Permit No. 420
Sacramento, CA