

CAPSule

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CAPS Endorses Proposition 28



Proposition 28 on the June primary ballot reduces the total amount of time a person may serve in the State Legislature from 14 to 12 years. It applies only to legislators first elected after the measure is passed and provides that legislators elected before the measure is passed will continue to be subject to existing term limits. The CAPS Board endorsed this measure on February 11.

On February 11, CAPS also endorsed the candidacy of Rob Bonta for the State Assembly. Bonta, 40, Vice Mayor of the City of Alameda, has distinguished himself as a strong advocate for collective bargaining as the preferred method to reach agreement with public employee representatives. Bonta's day job is Deputy City Attorney for the City and County of San Francisco. He is the son of proud Filipino parents who were both active in the civil rights movement. Bonta graduated with honors from Harvard University with degrees in history and law. CAPS will encourage CAPS Bay Area members to work in support of Bonta's candidacy.



Markoff Gets Nod. In other actions from February 11, the CAPS Board endorsed the confirmation of Joan Markoff as the Chief Counsel of the Department of Personnel Administration. Markoff was a staff attorney at DTSC, where she worked cooperatively with CAPS on personnel and policy issues. Markoff was confirmed by the Senate Rules Committee on March 7. She is expected to clear the Senate floor easily.



New Local Reps. The CAPS Board approved the following members as new local reps: DFG Environmental Scientist Robin Fallscheer; CDPH Associate Health Physicist Alan H. Rook; Water Board Environmental Scientist Stormer Feiler; and DWR Environmental Scientist Zoltan Matica. Congratulations to these new local reps. CAPS salutes them for their willingness to serve!

The next meeting of the CAPS Board of Directors is May 19 in Sacramento beginning at 9:00 a.m. at the Sacramento Downtown Plaza Holiday Inn. All members are welcome.

EnCAPSulations...

CalPERS Return Rate Spikes Air Time Cost.

CalPERS has decreased the rate of return expected from investments – to 7.5% from the current level of 7.75%. This action was taken based on advice from their actuaries, the experts who estimated the revenue needed to meet retirement obligations. One result is that the cost of purchasing service credit – often referred to as *airtime* – will increase between 5 and 13 percent depending on individual circumstances of members. The new discount rate will apply to service credit purchase requests and estimates postmarked, delivered or faxed on or after March 15, 2012.



Member Suspension Reduced from 30 to 20 Days, But Wait!

A rank-and-file state scientist had a 30 working day suspension reduced to 20 working days after a lengthy hearing before a State Personnel Board hearing officer. Because the state scientist already served the 30 day suspension he was due refund for 10 work days. In a very unusual move the five member State Personnel Board refused to adopt the decision and instead remanded the case back to the hearing officer to explain why the penalty was reduced. CAPS read the decision and thought that if anything the circumstances warranted a further rollback of the penalty. The hearing officer in fact did a fine job in explaining that, but apparently the full Board wasn't satisfied. The CAPS attorney who represented the scientist has urged the hearing officer to stick to the original decision and the reduced penalty.

Pension Earnings Rebound. Public pension nationally funds rose 16 percent in the 2010-11 fiscal year according to a recent study conducted by Wilshire Associates, a global investment technology firm. That puts the unfunded obligations of all funds (assets less liabilities) to the lowest level since 2008. The 126 state pension plans in the study average funding at 77 percent of the assets needed to pay their long-term obligations to retirees, up from 69 percent a year earlier.



Pension Funds Fuel Economy. The respected National Institute on Retirement Security finds in a new national economic study that defined pension benefits produce 6.5 million American jobs and \$1 trillion in economic output. In California, state and local pension plans supported 324,761 jobs that paid \$17.4 billion in wages and salaries in 2009. They supported \$52.5 billion in total economic output the same year. Each dollar "invested" by California taxpayers in these plans supported \$6.67 in total economic activity in the state.

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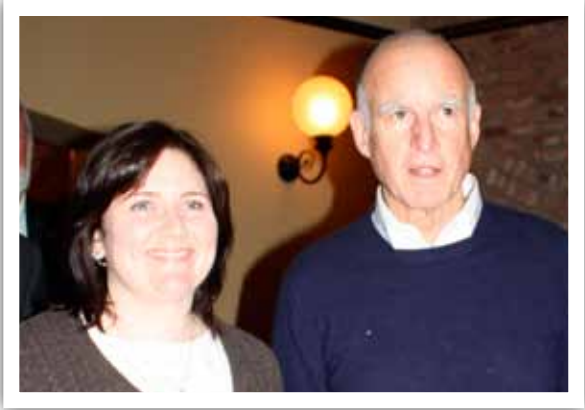
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CAPS LEGISLATIVE DAY AND EVENING



Each year CAPS leaders from around the state come to Sacramento for a day to meet with their legislators. On February 29, a full day of meetings were conducted with legislators and their key staff at the State Capitol. The message was in support of competitive salaries, maintaining a defined benefit retirement and preserving merit in civil service! The evening before, administration officials -- including Governor Brown -- and dozens of state legislators and members of Boards and Commissions joined CAPS leaders in the Capitol Rotunda for an informal reception.



Governor Jerry Brown spoke with CAPS Local Rep Gina Ford.



Senator Mark Leno with CAPS Member Kelley Aubushon and Board Member John Budroe



Senate President Pro Tem Darrell Steinberg says hello to Supervisors Director Valerie Brown and President David Miller.



CAPS' Dave Rasmussen, Assembly Member Das Williams and State Senate Candidate Hannah-Beth Jackson



CAPS Board Members Ryan Kinsella and Margarita Gordus with Assembly Member Roger Dickinson



Senator Mark Leno and Board Member John Budroe

Keeping PROMISES

BY DAVID MILLER, PRESIDENT

I keep my promises and I expect the same in return.

In fact, promises kept are what keeps a democracy functioning—promises in families, businesses and government. As President of CAPS, my most important duty is to ensure that promises made to state scientists are fulfilled.

In our employment, no promise is more important than financial security—paying our salaries in full and on time, and making good on the defined benefit guarantee in retirement. For decades this promise has seemed reasonable and even modest in light of the high salaries, bonuses and stock options paid in the private sector.

The prolonged economic downturn that plagues us has helped shine a spotlight on public sector retirements, especially those for public safety employees, and those most highly compensated. The result has been a sustained and vicious attack on public employees with the goal of ending defined benefit retirement plans and forcing future hires into defined contribution 401(k)-style plans.

This relentless onslaught has been so universal and so personal that even police and firefighters have not been immune. In fact, they have been a principal target because they have been a prime beneficiary of enriched benefits, notably the 3% at 50 formula. This has proven to be very costly to many local governments, many of which estimate that a majority of their budgets are devoted to paying for public safety personnel. Who would have imagined it, from the heroes of 9/11 to the culprits of the Great Recession?!

I view this as an attack on all of us, and indeed it has become just that. I concede that some of our “guaranteed” benefits can be modified. The amount we pay towards our retirement and the formula applied to future hires are two examples. These things were changed via collective bargaining, both to reduce the state’s costs, and to help make the CalPERS plan sustainable indefinitely. We didn’t like the cuts, but we

accepted them as part of an overall agreement. They were ratified overwhelmingly by the CAPS membership.

That should have been the end of it, but attacks continue. A virtual avalanche of criticism abetted by the news media has prompted even more radical changes to gain momentum. While two “reform” initiatives headed for the election ballot will likely fail to garner signatures, Governor Brown has stepped in with his 12-Point Plan. One of these “points” would impose a “hybrid” plan for all newly hired public employees in California. Not only is this plan vaguely defined and likely insufficient to provide anyone with a living retirement, it would produce savings

by reducing the income stream to CalPERS. This almost certainly would threaten the ability of CalPERS to honor its commitment to current employees. Others have reached the same conclusion, notably the nonpartisan Legislative Analyst. We can’t live with that.

CAPS and other labor groups are urging the Legislature to preserve defined benefit retirement plans in California. Should the Legislature do the wrong thing and approve the Governor’s plan in large part, then portions of it must go to the voters for approval. That’s a battle we don’t want to have to fight, but we will.

So the final chapter could be a legal challenge, and CAPS won’t hesitate to take that one on. CAPS has gone it alone on many past lawsuits. I’m thinking of the challenge to the loss of state holidays, but also past challenges to establishment of the Alternate Retirement Program for new hires, and unilateral changes to the dental program from many years ago. In each case, unilateral changes made by state management helped balance the budget, but they also broke a promise, so we sued.

As your President, I will make sure that CAPS spares no expense in ensuring that promises made are promises kept: a defined benefit retirement annuity and meaningful health benefit protections during our retirement years.



“... I will make sure that CAPS spares no expense in ensuring that promises made are promises kept ...”

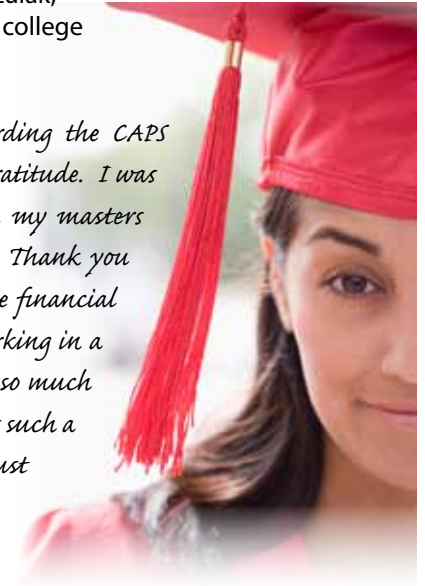
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Dependent Scholarships Available

Kerri Zezulak, daughter of DFG's Dave Zezulak, sent this note after receiving a \$500 college scholarship from CAPS:

"I would like to send an update regarding the CAPS Dependent Scholarship and extend my gratitude. I was awarded this scholarship while I was in my masters program at the University of Auckland. Thank you so much for the opportunity to receive the financial help. I have now graduated and am working in a school district in California. Thank you so much for helping me to achieve my goal! This is such a great scholarship program for students just like me."



In fact, ANY CAPS member with a dependent in college, or bound for college NEXT fall may apply a \$500 cash scholarship to help with college costs. The number of grants awarded this year will depend on the number of applicants and availability of funds. For an application, go to the member section of the CAPS web page. If you aren't yet a CAPS member, you can apply online.

NOTE: Funding for this benefit was made possible several years ago by an endowment unrelated to CAPS dues or fees paid by state scientists.

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