

# CAPSule

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November 2012, Issue #12-11



## LAO Predicts Budget Surpluses

California's Legislative Analyst Mac Taylor and his staff of 52 review legislative bills and budget and policy issues for the California Legislature. The LAO is nonpartisan, meaning that its analyses and recommendations are not slanted towards one political party or another, but rather are intended to represent a balanced assessment representative of the public interest. Every year for the last 17 years the LAO has issued its Fiscal Outlook—a forecast of the state's budget condition over the next five years. This year's Outlook, issued earlier this month, finds that the state's budget position has improved markedly, and that the economic recovery "could produce



multibillion-dollar operating surpluses within a few years." According to the LAO, California's ongoing economic recovery, prior budget cuts,

and the temporary tax increases provided by Proposition 30 should put an end to the seemingly endless stream of deficit budgets. The LAO cautions that continued economic growth and spending restraint should result in a series of surplus budgets in a few years. Specifically, the LAO predicts surpluses starting at \$1 billion in 2014-15, growing to more than \$9 billion in 2017-18.

**Proposition 30 is expected to generate roughly \$6 billion annually in additional revenue.**

That money is *already* included in the budget passed by lawmakers and signed by Governor Brown for the 2012-13 fiscal year currently underway. Had Proposition 30 been defeated, deep budget cuts would have been triggered, hitting education especially hard. But even with the passage of Proposition 30 on November 6, the LAO still predicts a deficit of \$1.9 billion. That's because some of the revenue expectations of the current budget won't be realized, according to the LAO.



### Retirement and health benefit deficits need attention.

Unfunded liabilities of the state's biggest pension systems and the unfunded liability for the state and UC retiree health care costs represent a huge challenge for future budgets. There is no money set aside for the sizeable unfunded liabilities of the state's three largest retirement plans—CalPERS, the California State Teachers' Retirement System (CalSTRS), and the University of California (UC) Retirement Plan. Neither are there funding plans for the retiree health benefits already owed to employees of state government, CSU and the University of California. The LAO suggests that one use of future budget surpluses is to "pay down" the pension and health benefit obligations for current and future retirees, estimated to exceed \$150 billion!

**No mention of salary increases.** Not mentioned by the LAO forecast are the salary needs of state scientists and other state employees. Nothing



about salary lags, Like Pay for Like Work, past cost-of-living increases, or anything else that would create the expectation that substantial salary increases are long overdue. The LAO's Outlook limits mention of employee compensation to the "cost" of restoring the 4.62% pay cut, the need to address unfunded pension liabilities—especially for teachers—and the need to set money aside for promised post-retirement health care benefits. This is NOT an oversight. The LAO no doubt understands that salaries and benefits for state scientists and all state employees are subject to the bargaining process. Any recommendation in that area will come from the Governor's Departments of Finance and Human Resources (formerly DPA) as part of the budget and bargaining processes. Any budget from those offices would almost certainly include less than what CAPS would see as appropriate for state scientist compensation. Those recommendations are subject to salary negotiations with CAPS starting Spring 2013.

California State Scientists ... Knowledge, Innovation, Protection

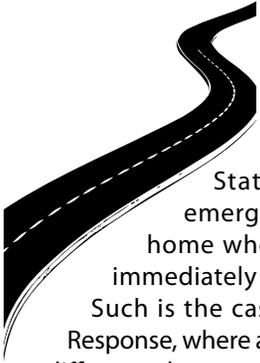
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# No Wheels No Consequences

State scientists required to be on-call for emergencies often store their state vehicle at home when not working. This allows them to be immediately available in the event of an emergency. Such is the case at the Office of Spill Prevention and Response, where a rapid response to an oil spill can mean the difference between an oily mess and a giant calamity. So it makes sense that if first responders are able to quickly get to an oil spill and begin containment and cleanup, the end result will be better for everybody.

Not so fast. The Department of General Services recently reviewed the necessity for the home storage of state vehicles for virtually all state employees at the request of Governor Brown. Incredibly, the DGS found that most OSPR first-responders really don't need to store their state car at home! Rather, they should drive to their office first and then pick up the state vehicle--which is equipped with specialized materials and communication devices. Some of these field personnel are live and work in rural areas, where distances are long and response time is critical.

By the time the issue got to CAPS for review, the decision had largely been made. The DGS wouldn't budge, and home storage permits were revoked for several scientists. This won't stop oil spills from happening, or that OSPR first responders won't be required to get there quickly. Due to concerns expressed by CAPS and affected members, the Department of Fish and Game via the Office of Spill Prevention and Response recently issued a memorandum ensuring that OSPR employees who are not "on call" will not be disciplined for delays in responding to an emergency, or for an inability to respond due to circumstances beyond their control. The memo continues "employees will not be disciplined if the response vehicle and the appropriate equipment are not available through no fault of their own. Employees will not be required to use their personal vehicle to respond, but may use their personal vehicles to travel to the response vehicle at a specified location. OSPR will work to locate vehicles and equipment in secure areas that are readily accessible by staff."

This is further evidence that the state is determined to save money no matter what it costs!

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# To the Victor Go the Spoils?

by David Miller, President



There was a lot to like about the results from election night, November 6, 2012. While much of the national news focused on the presidential election, results from California were pretty remarkable too. In fact, from my perspective, California results almost couldn't have been better for state scientists.

The anti-union Proposition 32 was defeated. The temporary tax increases of Proposition 30 were approved. The ill-conceived revisions to the state budget process in Proposition 31 went down in flames. Just as we recommended and worked for!



In another remarkable and unexpected development, Democrats will have a super majority in both the State Senate and Assembly. This means that no Republican votes are needed to pass tax increases and put statutory and constitutional revisions on the state ballot. This is a mixed blessing. Republican votes in favor of pay and benefit measures are rare. Republican dogma virtually never allows an aye vote on a pay raise, to approve an MOU, or to do anything but cut pay and benefits for public employees. However, Democrats have not been much better in recent years. They have repeatedly sided with Governors -- Schwarzenegger and Brown -- to impose furloughs and benefit cuts. Nevertheless, it has been the Democratic majority that we have relied on to prevent layoffs and make moderate cuts and make modest improvements.

Chief among these was the Like Pay for Like Work language for scientific supervisors during the last budget cycle. This would have been the first step in getting salary equity for everyone. Both Democratic majorities agreed to include Like Pay Like Work funding in the state budget. It was removed only at the insistence of Governor Brown who faced another budget shortfall.

Now that Proposition 30 has passed, state scientists deserve our fair share of the credit for helping make it happen. Plenty of our sweat equity went into that measure, and to defeat Proposition 32. Passage of Proposition 30 should make contract bargaining next spring much less difficult than it otherwise might be. Starting July 1, 2013, one step in salary must be restored, and a 3% salary increase is effective at the top step of all state scientific classifications. Having Proposition 30 in place should help guarantee that these promises are kept.

So, what about Like Pay for Like Work? That's the question we've already received from many members, wondering if passage of Proposition 30 is any kind of guarantee. Of course it's not. Implementing LPLW will be the top priority at the bargaining table. The CAPS Supervisors' Committee will, no doubt, seek to put money back in the budget as it did last year.

As any career state scientist knows, these have been incredibly lean times. We have endured three years of salary reductions! Much of that time the reduction was nearly 15%! Retirement benefits were scaled back for new employees. During this time, the cost of living has steadily increased, so EVERY family budget has felt the pinch.

Our needs are great, and your CAPS Bargaining Team understands this. Contract bargaining needs to produce tangible and sizable results, and the passage of Proposition 30 plays no small part in our expectation of results.

In the meantime, we are working hard to improve the classification structure for state scientists. Detailed work is underway to increase promotional opportunities and career growth for nearly every state scientist. This is being done through consolidating similar job classes, removing unnecessary impediments for promotion, and adding senior technical level rank and file classifications. We are working to do all these things and to keep you informed along the way.



As we approach the holiday season, I extend my warmest holiday wishes to every state scientist and their families. State scientists have worked hard to be visible to the public, we do outstanding work, and we deserve to be recognized and compensated fairly for it.

## Service Credit Purchase Option Eliminated



As of January 1, 2013, the option to purchase additional retirement service credit via CalPERS is being eliminated. This change results from passage of AB 340, the Public Employees' Pension Reform Act of 2013. Requests to purchase additional service credit -- so-called "Air Time" -- must be received by any CalPERS office on or before December 31, 2012. Only timely requests will be processed, in the order they are received. These may take several months to evaluate given the backlog at CalPERS. For more detailed information on the many aspects of AB 340, the best analysis can be found on the CalPERS website. On the home page, click on "Service Credit Purchase Option to be Eliminated" under "CalPERS News." Questions regarding the impact of AB 340 on individual state scientists can be referred to CAPS at [caps@capsscientists.org](mailto:caps@capsscientists.org).

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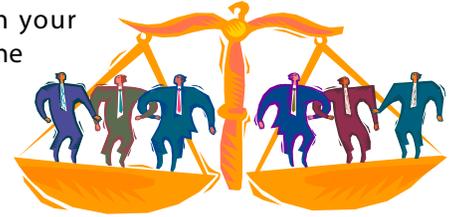
## Range Placement Issues

An increasing number of recently hired state scientists are questioning their classification placement and salary. In some instances, the scientist has experience and education that should result in a more advanced placement, and thus a higher salary.

When there is a question, the scientist should first raise it with his or her supervisor and, if necessary, the personnel office. If a prompt and satisfactory answer does not result—one that helps the scientist to understand the rationale for his or her placement in that classification, and corresponding salary rate—then it might be time to contact CAPS.

In several recent instances, CAPS won a retroactive advancement to Range B when a member was assigned initially and mistakenly to Range A. Why start in Range A of a classification when Range B is more appropriate?

So if you were hired recently (within a year or so) and you think your department got it wrong, raise the question with your supervisor and your personnel office. The answer doesn't seem right, and you believe your experience and education qualifies you to more, call CAPS. We might be able to help!



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