

# CAPSule

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## BUDGET CRISIS SIGNALS NEW CUTS



The warning signs started early this year. State Controller John Chiang in January warned state lawmakers that without quick action, the state would be forced to issue IOU's to vendors and delay tax refunds to citizens. Chiang warned that tax revenues were nearly \$3 billion less than assumed in the current state budget, and that expenses were nearly \$3 billion more than anticipated. Quick action was taken to borrow money and delay payments. This set the stage for Governor Brown's May



Budget Revision which made it official: the state's deficit has ballooned to over \$16 billion, considerably more than the \$9 billion projected in Governor Brown's budget proposal.

Governor Brown has proposed a combination of spending cuts and revenue increases to fill the gap. Governor Brown has submitted signatures to qualify a tax measure for the November ballot, and there is likely to be at least one other such competing measure on the ballot as well. The Governor's measure would hike the sales tax by one half cent for four years, and increase the income tax on those making more than \$250,000 annually for seven years. Without this revenue increase, Governor Brown says that larger class sizes and a shorter school year will result. While CAPS has not yet taken a position on this tax measure, there is no doubt that without some form of revenue increase, state programs--and the salary and benefits of state scientists--will continue to be targeted for cuts.



Governor Brown's May Budget Revision would slash \$8.3 billion from the state budget. It contemplates a cut to state employee compensation equivalent to five percent. He said this would be achieved through a reduced work week or a commensurate reduction in work hours and pay. Governor Brown has told CAPS and other employee groups he is open to suggestion on the exact method for achieving these cuts. A four day work week of 9.5 hour days has been mentioned as an example. This underscores the problem, because whoever thought of this apparently doesn't have firm family and transportation commitments.

The CAPS Bargaining Team will meet with the Governor's representatives. In the meantime, CAPS has a survey underway of all state scientists for direction. The current CAPS MOU expires July 1, 2013. It protects basic salary and benefits. But even this contract does not preclude the Governor and the legislature from adopting a state budget that does not fully fund the contract. That is exactly what is being contemplated by the Governor in his May Budget Revision in light of the latest substantial deficit. Anticipating that state lawmakers may agree to cut employee compensation at the Governor's request, CAPS will consider alternatives as long as it's through the collective bargaining process. This is a very different approach than was taken by Governor Schwarzenegger, who unilaterally imposed mandatory unpaid furloughs, then fought it out in the courts with CAPS and other groups.



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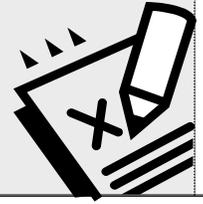
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# Taxpayer Deception

## Set for November Ballot



A ballot measure that claims to stop special interest money in politics will appear on the November 6, 2012 ballot. It is the latest attempt by corporate and ultra conservative anti-union interest groups to silence the political voice of workers and the unions that represent them.

Named by its sponsors as "Stop Special Interest Money Now Act," the measure claims to be balanced by limiting both corporate and union political giving. It "bans" both corporate and union contributions to candidates. It prevents government contractors, corporations and unions from collecting political funds from employees and members via voluntary payroll deduction, and makes all political contribution by any other means strictly voluntary, requiring annual written consent.

This may sound fair and balanced, but there is a giant loophole. It would allow corporations to continue to make unlimited political expenditures supporting or opposing candidates, without restrictions, and to make unlimited contributions to ballot measures, all this while preventing unions from collecting political contributions from members and thus preventing this money from helping worker-friendly candidates and ballot efforts.

The measure says it will stop corporations and unions from collecting political fronts through payroll deduction. The reality is that corporations almost never use payroll deduction to collect funds to support or oppose candidates or ballot measures. They use corporate profits. That's why corporations spend 15 times as much as unions on political contributions, according to the *Center for Responsive Politics*.

Unions, on the other hand, use payroll deduction to collect a portion of dues for political purposes. This is an accepted and practical way for unions to collect the funding needed to compete with better funded corporate interests. No union member can be forced to

contribute money to a political candidate or measure. That's because nearly all unions, including CAPS, allow members to opt out of contributions to political candidates. This measure reverses that practice by making it illegal to use payroll deduction to collect funding for any political contribution -- even if the union member specifically authorizes that deduction in writing.

This measure also does nothing to stop independent expenditures by corporations. These are the committees that work like the federal "super PACs" that blanket the airways with negative ads just before an election. These committees don't give directly to candidates, so they can both receive and spend unlimited amounts of money to conduct "shadow" campaigns to elect their friends or to defeat their enemies.

The primary financial backers of this measure are associated with the ultra-conservative Lincoln Club of Orange County. Other conservative anti-worker groups have sponsored similar measures in other states. Their agenda is to diminish worker rights, abolish organized labor and privatize public services. Twice before similar measures have appeared on the ballot in California and both times they were defeated. Those behind the power grab this time figure that public antipathy toward unions and public employees will finally convince voters to pass this corporate power grab. CAPS will work to prove them wrong.



# Trying Times Continue

## BY DAVID MILLER, PRESIDENT

Governor Brown's election signaled an end to the overt hostility from the governor's office towards labor groups like CAPS. His election also ultimately ended mandatory unpaid furloughs via our contract agreement. But it did not end the recession or the resulting downturn in revenue that funds government programs at the state and local level.

A stark reminder of this came with the Governor's May Budget Revision. It wasn't just Governor Brown's budget forecasters who warned of fiscal calamity.

It was our friend State Controller John Chiang, who warned last January that California would run out of cash by early March if it didn't act quickly to stop the bleeding.

Yes, California faces yet another fiscal calamity — a \$16 - plus billion dollar deficit, rather than the \$9 billion predicted by the Governor last January. So while we thought our current labor agreement would restore the furlough pay cut and maintain it for the entire term (through June 2013), economic reality may be changing all that.

Like you, I'm fed up with pay cuts, benefit reductions and the like. We've done our share, and done it repeatedly. You can hear the same message from virtually everyone who relies on public funds to survive. It's not just state employees, but employees in local government, universities, the poor, disabled, school kids -- the list never ends. It's also especially bad for the Sacramento area economy which stands to lose \$230 million in payroll purchasing power according to one evaluation of the Governor's latest employee salary reduction. All this while Sacramento remains the only California metropolitan area that continues to shed jobs, not gain them.

CAPS' role in this is to protect your pay and benefits. We are under attack on multiple fronts, and this newest challenge goes right to the top of the list.

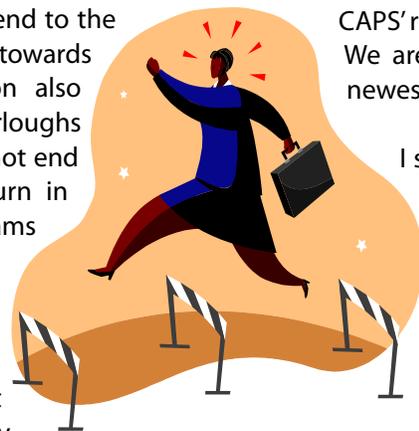
I strongly oppose another pay cut. After what we've been through, who doesn't? Having said that, CAPS will negotiate with the Governor on his proposals to balance the state budget. This effort will be led by your CAPS Bargaining Team. Vice President Patty Velez is chair, and I serve on it, as do several other state scientists. We take this job seriously. We understand that a salary

reduction in any amount creates another substantial hardship. Outside of the sizable group of people who have actually lost their jobs, California state scientists and state employees generally has suffered more in the form of mandatory furloughs and benefit reductions than any other group of employees. The proposal for more giving back is disheartening and financially threatening to all of us.

*"I strongly oppose another pay cut. After what we've been through, who doesn't?"*

Nevertheless, this is a reality that we have to deal with, and we will. We were forced into lengthy and costly legal and legislative battles with the Schwarzenegger Administration because of its heavy handed "one size fits all" approach. The Brown Administration promises to be more reasonable and flexible

in negotiating how spending reductions are implemented. We will soon find out how true that is. That process won't begin until we hear from you. A survey of all state scientists is underway. The results will be essential in guiding the CAPS Bargaining Team during the negotiating process.



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## Science & Engineering Fair Winners



**Sacramento Science Fair Winners Compete at ISEF.** Winners from the March competition of the Sacramento Regional Science & Engineering Fair: (l to r) Benjamin Jin, Ryan Hsu and Shyamal Buch. They took their projects to the Intel International Science and Engineering Fair in Pittsburgh the week of May 13-18.

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