

CAPSule

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February 2016, Issue #16-02

MOU RATIFIED!

CAPS members on February 23 **RATIFIED** the proposed three-year Memorandum of Understanding between CAPS and the Brown Administration.

The count was 1119 in favor of ratification (75.5%), and 360 against (24.3%). The return was 69% of eligible voters. Balloting was conducted by TrueBallot, an independent balloting service.

CAPS Bargaining Chair Scott Bauer had this to say upon seeing the results: *"This contract is an important interim step in our quest for full salary equity. We will honor this agreement, work for common ground with the Administration, and look forward to returning to the bargaining table with Governor Brown's negotiators during the spring of 2018."*

The "5%-5%-5%" salary increase schedule in the MOU leaves state scientists far short of full parity, but the CAPS Bargaining Team remains committed to **SALARY EQUITY for ALL state scientists!**

During the coming months CAPS will be focusing on:

- enforcing the terms of this agreement
- reinforcing the positive image of state scientists with decision makers and the public
- improving internal communications and aligning the CAPS membership behind appropriate noise making efforts
- completing the state's civil service reform project
- improving the financial condition of the special funds that support state scientific programs and positions
- strengthening the case for Salary Equity for One and **ALL** State Scientists

This MOU expires July 1, 2018. That's just over two years from now. Bargaining commences during Spring 2018 with Governor Brown's negotiators for the last time -- his term expires during January 2019. Preparations for that start **IMMEDIATELY!**

Reminder: the NEW MOU includes the following major elements:

- Three general salary increases of 5% each for every Unit 10 scientist on July 1, 2016; July 1, 2017; and July 1, 2018.
- Individual state departments may offer scientists the ability to cash out up to 80 hours of accrued vacation/annual leave depending on availability of funding. This is an increase from the current level of 20 hours.
- Continues employer contributions to fund the statutorily provided increases for health benefits pursuant to the "80/80" funding formula.
- Implements higher lodging reimbursement amounts for three Bay Area counties, and increases the mileage reimbursement rate for piloted airplanes used on state business.
- Maintains and continues other agreed-upon benefits currently provided for in the CAPS MOU.
- Requires a contribution by every Unit 10 scientist for post-retirement health benefits starting in 2017. The contribution is back loaded and implemented over three years (0.7% in 2017; another 0.7% in 2018; and 1.4% in 2019) for a total of 2.8%.
 - Prevents mandatory unpaid furloughs through the 2017 fiscal year.



California State Scientists ... Knowledge, Innovation, Protection

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State of CalPERS 2016

Our Progress Toward a Sustainable Pension Fund

By Rob Feckner, CalPERS President

The year 2015 was marked with significant progress toward ensuring the long term soundness and sustainability of CalPERS. We saw improved cost-effectiveness, combined with innovation and risk mitigation measures, which bolstered the security of the Public Employees' Retirement Fund for generations to come.

The fact that our members are living longer is a sobering reminder that we have a growing obligation to provide for their pensions. Just a decade ago the ratio of active workers to retirees was over 2 to 1. That ratio is now 1.3 workers to every retiree, and we pay out more in benefits than we receive in contributions.

In response, our Board approved a policy designed to reduce the discount rate, our 7.5 percent assumed rate of return on investments, over time. The result will help pay down the pension fund's unfunded liability and reduce risk and volatility in the fund.

Consistent with our long-term investment strategy, we maintain a vigorous and proactive approach toward improvements in corporate governance. During the past year, we continued to voice strong support for more shareowner input in the election of corporate board members and called for more efforts to reduce the threat of climate change.

We implemented a Treasury Management Program to ensure we can pay member benefits and organizational expenses without interruption regardless of financial markets and environmental conditions.

Last year, we also saw lower health care premiums for 570,000 of our members. Removing ineligible persons from our health plans and introducing a new alternative Medicare plan resulted in a savings of \$124 million. And in June, we launched a new website to deliver enhanced service to both members and employers through upgraded search capability and greater mobile device compatibility.

Now in 2016, the headwinds of volatility in the financial markets may raise uncertainties in the global economy; however, the New Year also brings a fresh opportunity for accomplishment as we continue our innovative, cost-conscious pursuit of even better ways to serve the people who serve California.

Editors Note: This statement is reprinted with permission from CalPERS.



February 2 CAPS Legislative Reception. Where CAPS (and PEGC) welcome informal interaction with state lawmakers, Gubernatorial appointees, and their legislative staff members. Pictured here (l-r): are CAPS Director At-Large Brittany Sheahan, State Senator Hannah-Beth Jackson, CAPS President Patty Velez, and CAPS District V Director Rebecca Garwood.



CAPS Board members (l-r) Rebecca Garwood, Patty Velez, Scott Bauer and Jason Moore (far right) with CalHR Director Richard Gillihan (center) and Deputy Director Pam Manwiller (right).

CONFRONTATION OR COLLABORATION?

By Patty Velez, President

Which fork in the road do we take during Governor Brown's remaining three years in office?

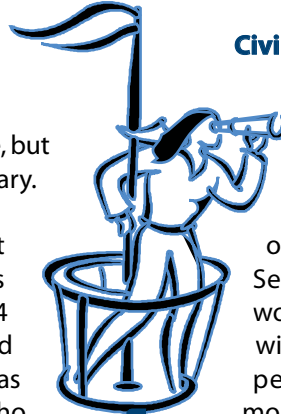
I say **BOTH**. We will collaborate whenever possible, but CAPS will continue to confront him when necessary.

The results from the February 23 ballot count reflect this. Bargaining during Governor Brown's tenure has been highly confrontational. Since 2014 we have rejected two Tentative Agreements, and ratified two. The latest cycle ends with a TA that was ratified by a solid majority of CAPS members who voted -- 75% to 24%.

What makes this ratification vote so significant? It's the *same* TA that was rejected overwhelmingly by CAPS members last October 6. This change in outcome has more to do with the members' recognition of political and fiscal reality, and less with members' satisfaction with the result. I personally view the outcome as a step in the right direction on the path toward full salary equity.

Another clear lesson from all of this: we get more done when we find common ground. The idea that better results would have come from making more noise, trying to push Governor Brown around, or going around the Governor via the legislature or the courts, was wisely rejected. These strategies can take years. Even when victory is achieved, they can still require the Governor's approval to get funded.

Collaboration is Best. We're much better off working with -- not against -- Governor Brown and his appointees to increase compensation, maintain benefits and improve working conditions. He has shown a willingness to do these things in a big way, notably with the July 2014 Pay Letter which increased the salaries of most (but not all) state scientific supervisors by between 18% and 43%. Yes, he should have done the same for rank-and-file scientists, but he refused, after we **ALL** pushed him as hard as we could.



Civil Service Reform Can Have A Dark Side. There is another approach Governor Brown *could* take for state scientists and all state employees. Take note of Republican Governor Scott Walker's recent action in Wisconsin. With a stroke of his pen, Walker virtually gutted the merit out of that state's 110 year old civil service system. Seniority was essentially removed as a basis for work assignments, compensation and layoffs. Raises will now be through "merit" bonuses, probationary periods will be extended from the current six months to two years, and layoffs will be based on "job performance," rather than seniority.

Governor Brown is likewise planning to recast California's state civil service system before he leaves office. What direction will **THAT** take? CAPS will be there to ensure that it retains the essential components of the merit principle: jobs awarded based on **what** you know, not **who** you know; compensation based on equity-based evaluations, not favoritism; maintaining seniority as a principal factor in any necessary layoffs, to name a few. Most of all, California state scientists must continue to have a property right in their state employment after passing probation, with due process protections before that job can be diminished or taken away.

"WE WILL
COLLABORATE
WHENEVER
POSSIBLE
BUT CAPS WILL
CONTINUE TO
CONFRONT HIM
WHEN
NECESSARY."

Paying For Promised Benefits. It was refreshing to hear Governor Brown on January 21 reiterate that the state's commitment to pay for our promised benefits after retirement is a "moral obligation." He said: "***we have promised our workers these benefits in exchange for careers spent serving the public. If we fail to acknowledge and pay for these obligations, we will unfairly burden future generations of Californians with these debts.***"

All of this suggests that there is more common ground to be found with Governor Brown. We will find that out together, and be prepared should confrontation become necessary.



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Support an Outstanding Young Scientist!

Do you have some spare time for the next generation of scientists? CAPS needs volunteer judges for fifteen regional science fairs throughout the state as part of CAPS' Science Fair Program. The program recognizes science achievements for middle and high school students. Judging is fun and requires just a few hours of your time. Experience has shown us that these Fairs inspire middle and high school students to pursue careers in science, engineering, technology, math and other STEM-based fields.



The CAPS Award Winner at each regional fair receives a commemorative plaque, a \$100 dollar scholarship, and a nomination to participate in the statewide CAPS Outstanding Young Scientist competition. Of the fifteen nominees, three finalists are chosen to attend the CAPS Outstanding Young Scientist Luncheon in Sacramento, where the 2016 Outstanding Young Scientist will be chosen. Find more information about becoming a judge with the CAPS Science Fair Program here: <http://capsscientists.org/outreach/>