



# Overview of Employee Compensation

*Presented To*

**Assembly Public Employees,  
Retirement & Social Security Committee**

**Assembly Member Howard Kaloogian, Chair**

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**LEGISLATIVE ANALYST'S OFFICE**



## State Government Workforce 1993-94

Department	Personnel-Years
University of California	54,417
California State University	36,474
Corrections	30,331
Transportation	19,528
Employment Development	12,403
Developmental Services	10,641
Highway Patrol	8,381
Motor Vehicles	7,681
Other	85,179
<b>Total</b>	<b>265,035</b>

- The state government workforce grew by almost 17,000 personnel-years (PY), or 6.8 percent, over the five-year period of 1988-89 to 1993-94 (average annual rate of 1.3 percent).**
  
- Growth was especially strong in:**
  - Corrections (8,040 PY, 36 percent)
  - Transportation (2,887 PY, 17 percent)
  - Employment Development (2,782 PY, 29 percent)

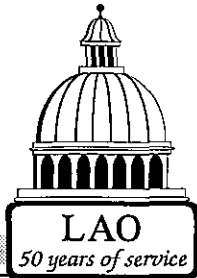


## Average Compensation Expenditures Per State Employee

	1992-93	1993-94	Percent Change
<b>Salaries and wages<sup>a</sup></b>			
Regular pay	\$37,467	\$38,667	3.2%
Premium pay	195	197	1.0
Shift differentials	119	118	-0.9
Overtime	2,149	2,208	2.8
Subtotals, salaries and wages	(\$39,930)	(\$41,190)	(3.2%)
<b>Benefits<sup>a</sup></b>			
Retirement contributions	\$4,040	\$4,128	2.2%
Social Security tax	1,956	2,023	3.4
Medicare tax	92	101	10.6
Health benefits	3,574	3,411	-4.6
Dental benefits	518	482	-6.9
Vision benefits	129	126	-2.1
Life insurance	16	16	—
Subtotals, benefits	(\$10,324)	(\$10,287)	(-0.4%)
<b>Totals</b>	<b>\$50,254</b>	<b>\$51,477</b>	<b>2.4%</b>

<sup>a</sup> Based on full-time equivalent employee (personnel-year). Excludes higher education, Legislature, and elected officials.

- Salaries, wages, and benefits for state operations totaled approximately \$9 billion in 1993-94, excluding higher education. Including higher education, the total was \$13.5 billion.



# Collective Bargaining Units For State Employees, Ralph C. Dills Act October 1994

Unit No.	Employee Class	Number of Employees	Exclusive Representative
1	Administrative, Financial, Staff Services	34,372	California State Employees Association (CSEA)
2	Attorney and Hearing Officer	2,698	Association of California State Attorneys
3	Education and Library	2,394	CSEA
4	Office and Allied	34,456	CSEA
5	Highway Patrol	5,028	California Association of Highway Patrolmen
6	Corrections	21,273	California Correctional Peace Officers Association
7	Protective Services and Public Safety	6,082	California Union of Safety Employees
8	Firefighter	3,996	California Department of Forestry Employees Association
9	Professional Engineers	7,879	Professional Engineers in California Government
10	Professional Scientific	2,287	California Association of Professional Scientists
11	Engineering and Scientific Technician	3,102	CSEA
12	Craft and Maintenance	10,639	International Union of Operating Engineers (IUOE)
13	Stationary Engineer	737	IUOE
14	Printing Trades	729	CSEA
15	Custodial and Services	4,459	CSEA
16	Physician, Dentist, and Podiatrist	1,317	Union of American Physicians and Dentists
17	Registered Nurses	2,928	CSEA
18	Psychiatric Technicians	6,882	California Association of Psychiatric Technicians
19	Health and Social Services Professional	3,499	American Federation of State, County and Municipal Employees
20	Medical and Social Services	2,036	CSEA
21	Educational Consultant, Library, and Maritime	566	CSEA
	<b>Total</b>	<b>157,359</b>	

- The CSU has 33,000 faculty and staff represented under the Higher Education Employer-Employee Relations Act (HEERA).
- UC faculty have elected not to be part of collective bargaining. Most other UC staff are represented under the HEERA.



## Strengthening the Legislature's Collective Bargaining Oversight

- ✓ Department of Personnel Administration is beginning negotiations with 21 bargaining units that represent rank-and-file employees under the Ralph C. Dills Act. New memoranda of understanding (MOUs) will be negotiated to replace the three-year agreements set to expire June 30, 1995.
- ✓ The Dills Act calls for legislative review and approval of MOUs as part of the state budget process.
- ✓ Often, however, the administration has presented MOUs to the Legislature late in the session as “urgency” situations, to the detriment of legislative review. In the last bargaining round, 20 of the 21 MOUs were approved without fiscal or policy committee review in either house.
- ✓ To assure the Legislature full opportunity to review new MOUs, we recommend that the Legislature adopt the following policies:
  - Review the MOU proposals in the budget hearings and adopt in the Budget Act. If an MOU is not available for review until after the budget hearings, refer the MOU to the budget committees and adopt as amendment to the Budget Act.
  - Require a minimum time period (say, 30 days) between submittal of proposed MOUs and hearings. This would give the Legislature sufficient time to study the MOUs to assure that fiscal and policy implications are fully understood.
- ✓ For collective bargaining agreements in future years, we recommend that the Legislature enact legislation incorporating the above policies into statute.



## Key Points About Public Employee Retirement

### Retirement is a Major State Cost

- ✓ In 1995-96, state expenditures for various costs related to retirement will total about \$2.4 billion (excluding the University of California and nongovernmental cost funds). Of this amount, \$1.9 billion is budgeted from the General Fund (see table on next page).

### State Bears Cost Changes

- ✓ Under current financing structures, additional costs incurred by the Public Employees' Retirement System—including losses due to poor investment performance—are borne completely by the state and other public employers. Additional costs incurred by the State Teachers' Retirement System—including losses due to poor investment performance—are the full responsibility of the state.

### Decisions Have Long-Term Effects

- ✓ Decisions by the Legislature to improve retirement benefits are regarded by the courts as binding contractual obligations (unless original legislation explicitly provides otherwise). Many decisions may result in long-term costs that can be difficult or impossible to modify. Generally, the Legislature can reduce benefits only on a prospective basis for employees who have not yet been hired.



# General Fund Costs For Retirement Programs 1995-96

(In Millions)

Program <sup>a</sup>	1995-96
Public Employees' Retirement	\$444
State Teachers' Retirement	899
Judges' Retirement	57
Legislators' Retirement	1
Social Security and Medicare	242
Health and Dental Benefits for Annuitants	296
<b>Total</b>	<b>\$1,939</b>

<sup>a</sup> Includes transfers to retirement trust funds for employer contributions, state mandates, retired judges' benefit payments, and other purposes. Does not include PERS and STRS administrative expenditures from trust funds. Excludes costs for University of California employees.