

SPECIAL NEWSLETTER

STATE ENGINEERING ASSOCIATION DAY

APRIL 2004

4510 Regent Street

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www.wisea.org

This newsletter is for members and others to use as a source of information for public education, discussion and debate. **State Engineering Association Day (SEAD) on Wednesday April 28th** (formally visit the hill day) is the first but not last use of this newsletter. Use it to talk with your elected officials, spouses, friends, relatives and others. Tell them your personal story and experience about where and how government is or isn't functioning. Please try to attend SEAD and show support for you and your co-workers.

Today government leaders are good at coming up with definitions that mislead the public. Leaders define the size of government by the number of state employees. The size of government is best defined by the cost of government – the bottom line cost to the taxpayers – not solely the number of employees. It is popular to cut state employees and then outsource the work they did. Outsourcing costs taxpayers more and they get less.

The façade of outsourcing is being exposed in many other states. In Minnesota, the Star and Tribune newspaper investigated the expense of outsourcing, in Virginia a government study concluded it costs more to outsource work, in New Jersey they also documented the high cost of outsourcing. They even estimated the savings taxpayers would see if outsourcing were cut. Outsourcing has been a popular trend, but now the cost of that trend is being exposed. Why would a state that has a deficit want to engage in more outsourcing? Shouldn't the state look at cutting its outsourcing? Shouldn't cost effectiveness be considered?

Have you ever seen a study or analysis that justifies the public employee cuts proposed by the Governor? Is it good leadership to simply make cuts for the sake of cutting? The Governor can do that but is this good leadership? Would the private sector make random cuts? Maybe at Enron or Tyco but I don't think we want to model our State after those organizations.

The taxpayers are being misled – plain and simple – you have a responsibility to share your personal examples with the leaders of the State. They have a responsibility to listen and make responsible decisions for the taxpayers. We all must engage in thoughtful debate and educate others and ourselves about the issues. We must challenge the “trends” that political leaders want to follow. Wisconsin's history is built by the quality of its government. Cuts, which degrade the Wisconsin's ideal, need to be challenged and questioned. We all must take this challenge on.

Respectfully,

State Engineering Association Board

Tim Hanley, Mark Klipstein, Larry Legro, John Bolka, Tom Miller, Michelle Ellias, Nick Martin, Sharon Bremser, Nichole Lysne, Robert Pavlik, James Rice, Mohamad Hayek, Leroy Stublaski, Thomas Mugan, Reiny Yanke, Jeff Olson



Employment Trends in State Government

By Bob Schaefer, DNR Section Vice President

The State Engineering Association is very concerned about some of the trends in state government. As can be seen in Figure 1, the number of state employees that serve the citizens of this state has been relatively stable over the last 22 years, when measured on a per capita basis. This information was obtained from the US Census Bureau and from Budget Reports for the State. Some fluctuations are visible but generally the number of state employees per capita has remained relatively stable for over two decades.

In 1993, the Department of Corrections (DOC) was established from the old Department of Health and Family Services. DOC has seen the lion's share of the growth in the number of state employees, rising almost 5,500 over the last 10 years. How was this growth funded? Resources were shifted to DOC from other agencies. The programs that were cut were the programs that are responsible for providing general government services to the public.

The University of Wisconsin (UW) is another giant of the budget, however the number of UW employees per capita has remained relatively stable. The biggest change to the UW System occurred in 1998-99 biennium when University Hospitals was separated. Overall the number of persons employed by the University is nearly 40 percent of the total number of state employees at about 28,000 to 31,000 individuals. Each of these individuals is important if Wisconsin is to be competitive in the area of technology development and innovation.

Although the number of state employees per capita has remained relatively stable over the last two decades, the Governor and some legislators have proposed that the number of state employees has to be cut to balance the budget. The Governor has even gone so far as to state that he will eliminate 10,000 positions over 8 years. You might think that this action is just what we need to reduce state taxes. Unfortunately, it is not that simple. Cutting the number of employees does not reduce the demand for state services by Wisconsin residents, thus the employees that are cut are often replaced by consultants at a higher cost. Furthermore, the cuts are focused towards a small part of state government, with the UW and DOC largely untouched.

Figure 2 shows the drop in the number of state employees per capita in agencies other than DOC and UW from 1992 to 2004 as the state has shifted resources from other agencies to support DOC. Figure 2 also shows the predicted downward trend of employees per capita as Governor Doyle reduces the number of state employees by approximately 2.0 percent per year. This prediction is based on the assumption that the Governor stops shifting resources to DOC, thus the number of employees at DOC and UW remain constant. The people that are to be cut are the people that provide the general government services to the citizens of Wisconsin. They enforce the laws that you wanted implemented, they protect your environment, they protect your health and safety, they enforce requirements for safe construction of facilities and infrastructure, they design and maintain your transportation system, etc. If the Governor continues to shift resources to DOC from other agencies, the downward trend will be much worse than portrayed in Figure 2.

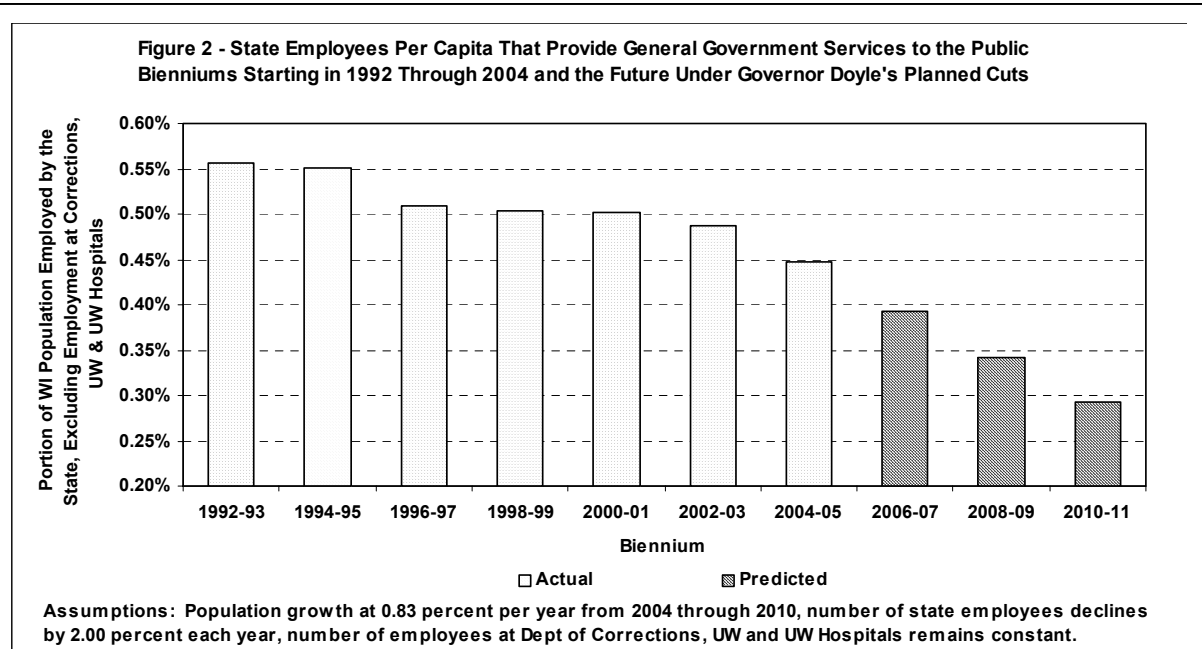
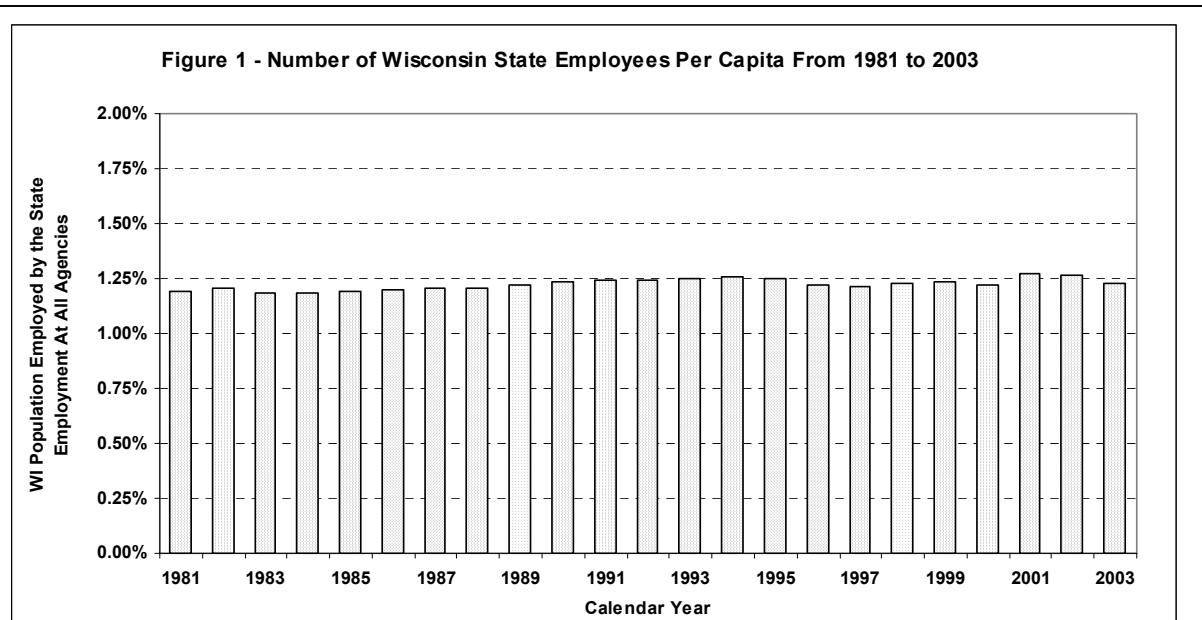
The bottom line is that under Governor Doyle's vision of state government, there will be a lot fewer state employees to answer your questions or to make sure that private sector contractors comply with the laws you have enacted through your legislators and governor. Some governmental functions cannot be delegated, such as enforcement of the laws of the state or ensuring safe building construction. Other jobs have already been delegated to consultants, but at a much higher cost. These consultants often have automatic pay increases in their contracts



of 4 to 5 percent per year. They charge for overhead and they also have to make a profit, whereas when you pay for a state employee, you are not paying a markup for any additional profit.

What is the future going to be like? There will be a lot fewer public employees to do the day to day resource management and protection of public health and welfare. More projects will be constructed without adequate safeguards. Fewer state employees will be available to deliver the services that the public demands, so consumer protection will suffer. Problems will have to be resolved through the courts which is generally the least cost-effective way to resolve a problem. Where once the Wisconsin Idea was foremost and all citizens benefited, now we will see the deterioration that is evident in other parts of this nation and the gradual erosion of the quality of life in Wisconsin.

I would like to thank individuals in SEA that provided valuable input into this article and the Wisconsin Legislature for some of the invaluable data used in developing the information about current positions and agency staffing levels.





DEGRADING OF STATE ENGINEERING SERVICES – YOU DECIDE

By Tim Hanley, Transportation Districts – WI Rapids and SEA President

State employees are unique taxpayers. We are charged with implementing the policy choices and decisions that government leaders make. The recent trend is to cut state employees to streamline government. The problem is the cutting is not based on a study or analysis of public need or good; it is simply cutting for political purposes. This type of cutting should be a concern to all because it erodes away the standards and processes put in place to protect the public.

How does this erosion occur? Political mandates never account for the actual work that needs to be done or the quality of work that should be done. We have never had a thoughtful discussion about the services the public needs or assumes government will provide. We've come to trust that government leaders will make decisions in the best interest of the taxpayers. Unfortunately, it is a "new day" in Wisconsin. Political leaders are choosing to use government to promote their own self-interest; they learn how to use power to manipulate government, people, power and systems.

State Engineering Association professionals are raising concerns in every agency about the heavy work loads, pressure by management to cut processes, shorten project development time, shortcut or skip processes that are critical to public safety and welfare. What makes this most troubling is this is being done under the cover of cost savings to the taxpayers and it is really costing the state more – more in dollars, their getting less quality, and agencies are becoming dysfunctional and no one is taking ownership for the taxpayers.

For example, we hear that plan review standards for code compliance; standards in structures, transportation, air, and water are under attack. Its either not a priority, a causality of staff shortages, or we're asking others to be responsible for public interest. If government doesn't make public interest a priority, who will? Others? The problem is others have a profit interest in mind not the public interest. Whenever a profit interest competes against a public interest the public interest comes in last.

We see that agency managers are so overwhelmed with political mandates to cut employees they are overlooking the critical work and processes their employees do. Is it wise to turn engineering work into assembly line work? Is it wise to have engineers, who have piles of work to do, opening mail and doing clerical work because their agency cannot fill positions? Maybe in a very short term to help out, but not as a normal course of business. Agencies are starved of resources to the point of becoming dysfunctional. Employee cuts are promoted as streamlining and efficiency when in reality it is an incremental degrading of engineering in a "new day" environment of pay for play politics.



COLLECTIVE BARGAINING UNDER ATTACK

By Tim Hanley, Transportation Districts – WI Rapids and SEA President

Collective bargaining is another area where we see government is becoming more and more dysfunctional. The executive branch has a role to lead the bargaining process with some briefing of the legislature but they have the lead role. This bargaining session is being lead by the Legislature. Instead the legislature should be approving/disapproving what the executive has negotiated.

Now state employees recognize the need to be good partners when the state is in financial difficulties. Its been demonstrated in the past when we've made health care changes or when we've taken no or very low increases in pay – possibly one reason we are behind the market now. Now however is a "new day" in collective bargaining. We hear from the state that they have no money for state employees; however, we see record levels of outsourcing there appears to be plenty of money to spend. Most engineering agreements the State enters into have guaranteed raises of three to five percent over the contract period. We are asking for equitable fair treatment from the state.

Health care is a state and national crisis. Employees want a solution to the problem not simply a cost shift or reduction in benefits. This year in bargaining we were offered a zero percent increase and a significant cost shift to the employee regarding health and pharmacy benefits. While we realize that everyone must participate to solve the health care crisis we also recognize just shifting costs to the employee is not a solution. We continue to see our pay considerable behind the market – a market defined by what the state is willing to pay when they outsource work. This is not a small market, last year alone DOT spent 145 million to outsource work. We will work with the state to resolve this but they must be willing to bargain about it. To date the State has unilaterally implemented changes to the health care system and it is our opinion they do not have the authority to do that. We cannot implement a contract on a piecemeal basis if we agree so why would the state be able to do that if we don't agree?

Government services, which protect employee rights, are on their way to a "new day" a new day of dysfunction. The Personnel Commission and Wisconsin Employment Relations Commission, who resolve labor issues, have now been collapsed into one agency. Again, without a study or analysis about what the impact would be these agencies were slashed and merged. The net result is more dysfunction. It will now take longer to get issues resolved, more dysfunction and poorer service for employees. Hopefully none of you will need to use the services these agencies provide. The state needs to support a fair, open collective bargaining processes that works on a timely basis. Bargaining is another area where employees are under attack in this "new day".



Compensation Committee Update

By George Mickelson, DNR Section and Compensation Committee Chair

Bargaining is proceeding slowly. There has been some progress on contract language, but very little concurrence so far on economic issues. SEA conducted a market analysis and presented that analysis to the State during bargaining. Figure 1 below, summarizes some of the data from that market research and shows 1) the median private sector competitive market salary curve for engineers in the U.S., 2) the median salary curve for SEA engineers and 3) the salary of each SEA employee in an engineer pay range.

It is readily apparent in Figure 1 that SEA salaries are significantly below competitive market levels. The State however continues to pay competitive market salaries to engineering consultants. So, you can either work for the State as a consultant and get a competitive market salary or you can work for the State as an employee, in which case you have to pay the loyalty tax instead.

OSER is aware that the offered increases to SEA of zero and one percent are well below competitive market increases. In testimony before the Joint Committee on Employment Relations on December 18, 2003, Director Timberlake of OSER noted that private sector salary increases were three percent in 2003 and are expected to be three percent during 2004. Our research however indicates that market pay increases in 2004 for engineers are expected to be closer to 3.6 percent. Contractual pay increases to engineering consultants that work for the State however are frequently much greater.

Why does the State not recognize that their dysfunctional compensation system damages recruitment and retention? Don't they realize that this damages the State's ability to deliver critical and cost effective services to the taxpayers? The answer is simple. The Governor wants to cut over 10,000 state employees. Cost effectiveness is not important.

Are there too many Wisconsin state employees? In 1983, there were 11.83 state employees per 1,000 residents and in 1993 that number had risen to 12.49. As of 2003, the number had fallen to 12.30. Although the number of corrections employees has skyrocketed, the total number of state employees per capita was nearly constant over the past two decades. With a hiring freeze and layoffs, the number of state employees is even lower today. Yet the national average was much greater at 14.47 state employees per 1,000 residents in 2000.

According to data provided by OSER, only five new employees were hired in our bargaining unit in 2003.

The sum of layoffs, resignations and retirements greatly exceeds the current rate of hiring. Recent hiring data for positions currently represented by SEA is as follows:

| | | |
|------|---|--------------------|
| 2003 | – | 5 new employees, |
| 2002 | – | 13 new employees, |
| 2001 | – | 58 new employees, |
| 2000 | – | 112 new employees. |

The result is that the State is dangerously close to losing core competencies that once lost will be very expensive to restore. Or even more expensive to contract for. A crisis is starting to develop in parts of state government.



Why does the Governor want to cut more than 10,000 employees? Engineering consultants receive over \$140,000,000 each year in lucrative engineering contracts from the State. The Governor raised over \$25,000 in campaign contributions last September at a fundraiser hosted by the American Council of Engineering Companies of Wisconsin. That is in addition to the \$12,000 that he received at other times during 2003 from principals and employees of consulting engineers.

Does the State realize that taxpayer funds are wasted when they shift work from a quality in-house engineering staff to consulting engineers? A memo dated May 2, 1985 from the DOT Bureau of Budget & Program Analysis to Marv Schaeffer, DTD Administrator states:

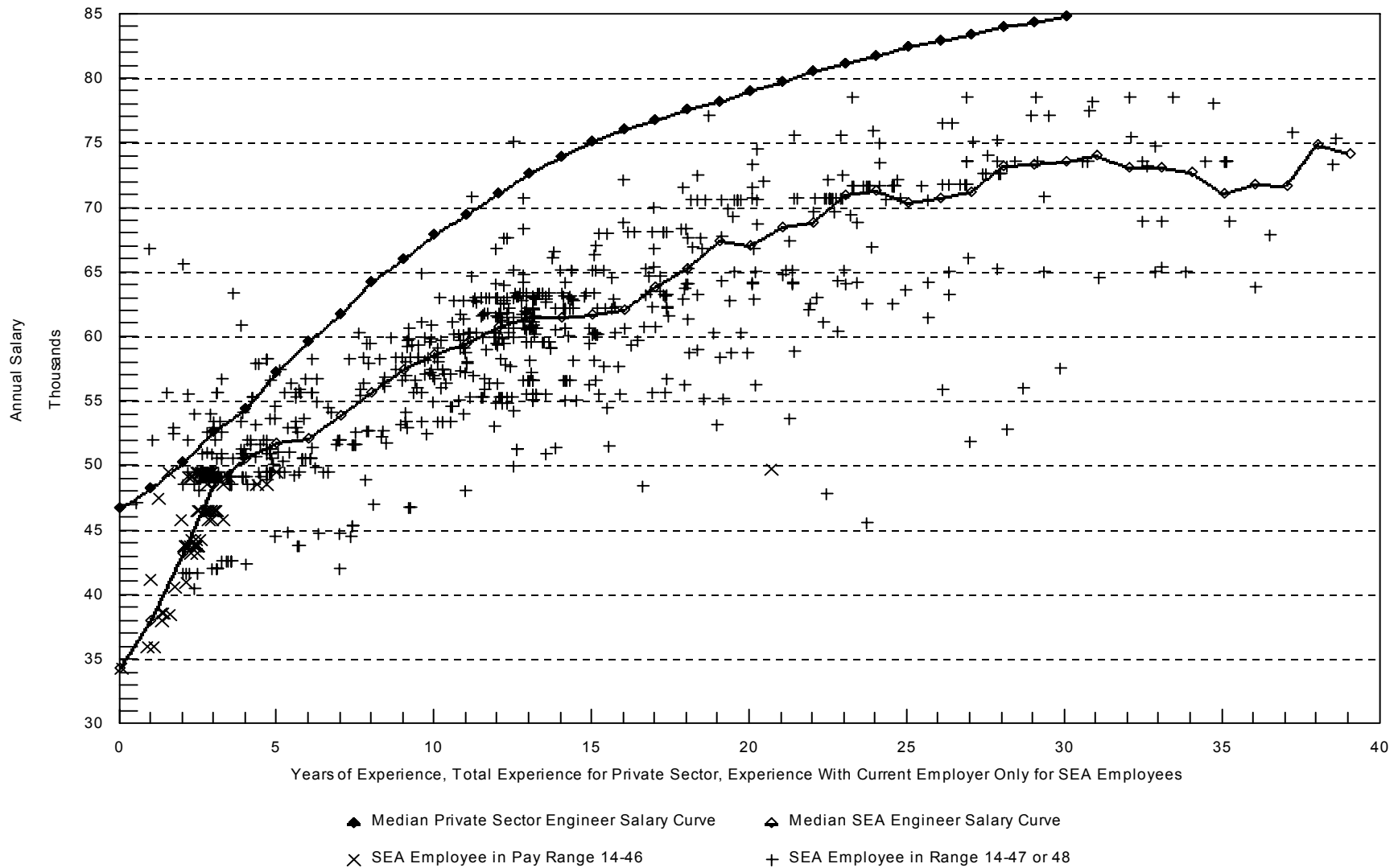
“It is therefore evident that contracting work to consultants is more costly than performing design and construction engineering work in-house. For construction engineering it is extraordinarily more expensive; for design engineering it is somewhat more expensive.”

Thus, the State has known for almost two decades that consulting engineers cost more. In some cases, extraordinarily more. This was confirmed as recently as November 2001 in a memo to Senator Huelsman from DTD Administrator Judd. The Governor however prevented a legislative mandate for another cost comparison by vetoing the following from the budget bill (2003 Act 33):

“... .. the department of transportation shall submit a report to the joint committee on finance that includes the following information: 4. The department’s recommendation on whether additional positions should be provided in the division of transportation districts to replace the work done by engineering consultants to reduce project design costs.”

Needless to say, the bargaining team is extremely disappointed in the State’s economic proposals. The bargaining team however continues to bargain in good faith with the State under very strenuous conditions. What does this mean for SEA members? Time will tell.

Figure 1 - Comparison of National Private Sector Median Engineer Salaries and SEA Engineer Salaries
 SEA Salary Data From WI Office of Employment Relations, National Data Based on American Association of Engineering Societies Data, Data as of June 2003



Employees with over 40 years of experience not shown. Salaries for part time employees shown as if they were full time. Add-ons for professional certifications and licenses included for SEA employees. Only salary is shown, profit sharing, stock options and bonuses which are common in the private sector are not included.



State Engineering Association

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State Engineering Association (SEA) Day 2004

We are 1134 members strong who maintain an Association with our employer, the State of Wisconsin, the citizens of Wisconsin, and ourselves. We have a small feel to our organization but are much bigger than we sometimes realize. In 1985 we had 1001 members, grew to 1430 members in 2002 and currently, in 2004, have 1134 members.

SEA has a history of contacting legislators about issues that affect the Association, or its members as taxpayers, voters, citizens and employees. We continue this tradition with our 6th Annual "Visit the Hill Day" which is being permanently renamed as: **State Engineering Association (SEA) Day**. We meet at the State Capitol and promote other activities around this meeting.

The Association's members are charged with protecting public health and welfare, protecting our air, water and soils that are most invaluable in a tourism and farmed based economy. We review construction plans from prisons, hospitals, baseball stadiums and superstores, to the smaller businesses and medical clinics. Sometimes single rooms are reviewed for approval such as the radiation shielding for cancer therapy treatment rooms or add on construction to existing buildings.

We design, plan, and oversee the building, maintenance and operations of roads, bridges and public infrastructure such as parks and shelters. We directly oversee many of the projects. We work with other governmental agencies and the private sectors daily. We build, design and consult and we serve. We are professionals and we promote this on, and off, the job sites.

While DOT and DNR represent most of our workforce, we have employees in 11 other State of Wisconsin Departments, such as Department of Commerce, Department of Health and Family Services, and the UW and UW Systems. Our members are located in all 33 Senate Districts and almost all of the 99 Assembly Districts.

We strive to be the best that we can be for the citizens of Wisconsin. We ask for fair wages, adequate health insurance for ourselves and our families, a secure and well managed retirement program, and a fair balance and a fair treatment to our members in comparison to privatization and the outsourcing of jobs. We aim to bargain truthfully and within our convictions to get our members a fair and reasonable contract with our employer. We are active in the Wisconsin Retirement Consortium, a group comprised of representatives from public employee organizations to monitor retirement legislation. SEA will only be as strong as the individual members make it. SEA cannot do it alone, but it helps to have good organized communications and strong, constructive actions of its members. Communicating is surely one of the keys to a strong Association and a strong message to those outside of SEA.

We are 1134 Wisconsin employees who primarily work, play, and live in Wisconsin. Today we meet many new and different people. We are not so independent that we cannot tell our story and then not listen to stories of those around us. The Association will celebrate its 34th anniversary this year. Previous to SEA, we were the State Highway Engineers. Our founders decided to be more than a union, and formed an Association of state employees with common goals and backgrounds. We are public servants.

FOR WISCONSIN STATE EMPLOYEES ENGAGED IN THE PROFESSION OF ENGINEERING



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