



SPECIAL NEWSLETTER

STATE ENGINEERING ASSOCIATION DAY

MARCH 2005

4510 Regent Street Madison, WI 53705 (608) 233-4696 www.wisea.org

This special State Engineering Association (SEA) newsletter is designed for members and others who are interested in the health, safety and welfare of the people of Wisconsin. It is also intended for everyone who believes that we need to ensure that tax dollars are spent wisely.

Please share this newsletter with your legislators, neighbors, friends and family members. Be sure to attend **State Engineering Association Day** (formerly Visit the Hill Day) on **Wednesday, April 13th**. SEA Day is a wonderful opportunity to meet with your legislators and share your dedication to provide the best value and quality service to the people of Wisconsin

State employees are unique taxpayers. We not only pay taxes, but are charged with overseeing the expenditure of taxpayer dollars to get the best value for the state. Share your pride about the work you do. Explain your commitment to save tax money and protect the public interest.

State engineers are a great value. The state has quantified our value a number of times since the mid-1980s. Last year, the state's most recent comparison of consultant costs vs. state engineer costs showed that state engineers are at least 18 percent more cost effective than contracting out engineering work. Unfortunately, the state continues to increase the amount of contracting out to private firms. Why? The facts of cost comparison reports don't align with the current administration's promise to cut 10,000 state employees. With these lean times in state government, taxpayers cannot afford to allow the state to continue the wasteful practice of contracting out engineering work. As state employees, we have trouble masking our outrage when the state continues to expand contracting out regardless of study after study that show contracting out costs more. We need to ask our legislators, neighbors, friends and families to support legislation to stop continued contracting out of engineering services as state agencies are instructed to eliminate employees.

Since last year's SEA Day, SEA employees have been laid off. They have been involuntarily reassigned. They are being asked to approve plans without sufficient review. They review consultant designs yet this overhead service is charged back to other state work. It appears some agencies have restored SEA positions that were to be cut in this year's budget, but remember that anything can happen during the budget process. There are still members who will be receiving lay off notices. Now is the time to be vigilant. Now is the time to have a frank information exchange with your legislators, neighbors, friends and families. Your job may depend on it.

Respectfully,

State Engineering Association Board

Mark Klipstein, Sharon Bremser, David Bohnsack, John Bolka, Nick Martin, Michelle Ellias, Karl Pierce, Robert Pavlik, Julie Millard, Reiny Yahnke, Mohamad Hayek, John Lund, Jeffrey Olson, Larry Jones, Leroy Stublaski, Thomas Mugan



SEA IN THE NEWS

The past six months have been quite eventful for SEA in the news.

Fleet Investigation

During the summer of 2004, the legislature ordered an investigation of the vehicle fleet. SEA fully supported this investigation, and Larry Legro, then SEA Second Vice President, testified before the Legislative Audit Committee. He was asked to provide additional information for vehicle fleet studies conducted by the Legislative Audit Bureau and Department of Administration.

New President

At the SEA Annual Meeting in Duluth in September, Mark Klipstein began his tenure as SEA President. Klipstein is a Civil Engineer at DOT in Waukesha. He has been an active member of SEA since 1988. In his acceptance speech, Klipstein stated that one of his goals is to “convey the value of SEA members and all they do for the people of Wisconsin.”

Engineering Cost Comparison

In November, with help from legislators and the media, SEA obtained DOT's Engineering Cost Analysis report. In the report, DOT officials determined that contracting out engineering work is much more expensive than having existing State employees do the work. The data showed taxpayers pay 18 percent more when engineering work is contracted out.

Administration in Hot Water

DOT actually completed the Engineering Cost Analysis in April 2004 but refused to release it. Before it is finally released in November, the Department of Administration (DOA) attached its own report, discrediting the DOT report. In a remarkable turn of events, DOT reviewed

the DOA report and found it to be “seriously flawed” and “dramatically inaccurate.” Days later, the 30-year veteran DOT attorney that released DOT's rebuttal was demoted. In December, the Attorney General's office was asked to investigate DOT's likely violation of the Open Records Law for refusing to release the Cost Analysis when it was requested by SEA.

State Employee Lay Offs

In November, State agencies submitted plans to the Governor, explaining how they could each cut 10 percent of their employees. DOT's detailed reorganization plan called for 365 people to be laid off. SEA President Mark Klipstein pointed out that, “as contracting out increases and more State employees are laid off, we are losing our capacity to engineer and design projects, oversee consultants' work and protect the public's interest in safety and quality.” Consultants and local officials also voiced their concerns that the process for approval will be delayed as fewer employees are available for project review.

Contracting Reform Bill

Due to all of the shenanigans detailed above, in January 2005, Senator Cowles and Senator Ellis introduced a bill in the Senate (SB-56) and Representative Gottlieb introduced a companion bill in the Assembly (AB-105) that would require State agencies to do a “uniform and complete cost analysis” before work is contracted out. SEA hopes this contracting reform bill will help restore public confidence in a process that seems to have more to do with politics than saving money. At the time this was written, the bill has passed the assembly and is scheduled for committee hearing in the senate.

Outsourcing on the Web

To find out more about any of the issues discussed in this article, visit the SEA website at www.wisea.org. The site is updated regularly with links to recent and archived newspaper articles regarding layoffs and outsourcing.



LEGISLATIVE UPDATE

By Dave Bohnsack, Second Vice President

Be aware, but don't be discouraged. Some legislators may know very little about SEA or the issues that affect SEA and even less about issues that affect your life. There are thousands of issues and interest groups, so if it's not in the news or their legislative aides have not researched it, they most likely know very little about it. That is why we go to inform them.

Have other issues to discuss with your legislators besides those related to SEA. Legislators are especially interested in issues that are new and personally affect you or other constituents in their district. If you, or a family member, are having difficulties with any state agency, your Legislator will be happy to help you resolve those issues. These issues are generally easy to handle and may get them some positive press coverage.

There are many SEA issues to discuss this year at SEA Day. SEA Day is a chance for you to share information and discuss issues with your legislator. Some of the issues that you may want to discuss are listed below.

SEA Issues to Discuss With Your Legislator

Lack of bargaining – The bargaining team hasn't met with the State for over a year. The Association continues to be willing to go back to the table to bargain, but OSER has not scheduled future dates nor have they moved from their initial offer of 0% and 1% with increased health insurance premiums. Unfortunately, it appears the State is not willing to bargain in good faith.

Consulting Engineers are 18% more expensive than State Engineers. Discuss the Engineering Cost Analysis, the suspicious finding of DOA and the slow reaction by DOT. Also, remind them of DOT's potential violation of the open records law and how it appeared as if DOT was holding the reports until DOA could develop an opposing response in order to mislead the public.

State Agency Reorganization and Layoffs – Discuss personal stories about how reorganization and layoffs will affect you, your family, your community, and the State taxpayer. At last year's SEA Day, one Democrat legislator mentioned that the Governor's promise to layoff 10,000 State employees was a taken out of context by the news media. I definitely will be discussing this issue again.

The Budget Bill – Discuss any budget item that you are concerned about. Here are some that affect you as a SEA member.

Layoff Savings - the "savings" from laying off people are not being used to reduce Wisconsin's growing deficit.

Compensation Reserve - It is not clear if the Compensation Reserve is adequate to provide pay increases for State engineers. SEA members have been working without a new contract since 2003. The State has offered raises of 0% and 1% with increased health insurance premiums - this is equivalent to a pay decrease while, nationwide, pay increases for all workers averaged around 3%, even during the height of the recession.

Segregated Funds – Segregated Funds are meant to be set aside for the specific use for which they are designated. They should not be used for other programs.

Fee Hikes – When the State decides to raise fees, extra income from those fees should go to deficit reduction or the agencies that generated the fees.

Contracting Reform Bill (AB 105/SB 56) – Commend any of the authors and supporters (AB 105 Introduced by Representatives Gottlieb, Jensen, Davis, Gronemus, Gunderson, Hahn, Hines, Honadel, Kaufert, Krawczyk, F. Lasee, LeMahieu, McCormick, Moulton, Musser, Nass, Nischke, Ott, Owens, Pridemore, Staskunas and Van Roy; SB 56 cosponsored by Senators Cowles, Ellis, Brown, Darling, S. Fitzgerald, Kapanke, A. Lasee, Lazich, Leibham, Olsen, Roessler and Zien.) Find out how your legislator feels about the bill; discuss how this bill is good for the people of Wisconsin. This bill will have opposition by the consulting engineers but lawmakers should see that this is good for the people of Wisconsin.

Vehicle Fleet Audit – Ask about its status, point out that the cell phone audit was requested long after the fleet audit and was completed with recommendations in a very short time. This audit was to determine how much it really costs to operate State vehicles.

Remember to enjoy your time at the Capitol; you're paying for it.



A TWENTY YEAR HISTORY OF THE NUMBER OF ENGINEERING STAFF AT DOT

By Tim Hanley, Wisconsin Rapids Section

State engineering positions have been under attack since 1990 and it should start "sounding an alarm." The continued cutting of engineering positions at the Department of Transportation (DOT) is hollowing out an agency that has responsibility for the stewardship of \$2.5 billion dollars per year of taxpayer money. The graph (below at the right) is alarming when you consider that over the same time period the spending on transportation projects went up every year and continues to rise. (Data provided by the Wisconsin.)

The growth in State government has not been in the engineering staff at DOT. The growth in State employees has been primarily at two State agencies – Department of Corrections and the University System. Then why would the governor and legislature continue to cut DOT staff at the same time they are increasing the dollars they want DOT to spend?

DOT conducted a thorough cost analysis to compare in-house staff costs vs consultant staff costs. The report documented that DOT staff deliver projects a minimum of 18 percent more cost effective than consultants. Eighteen percent is the minimum. Many at DOT feel the number is much greater than the conservative 18 percent reported by DOT. Why would any politicians want to attack and cut staff at a State agency which delivers their products and services 18 percent more cost effective than the competition? Taxpayers need an answer to this question.

Why should the public be concerned? They expect someone is looking out for their interest. They expect that their tax dollars are spent wisely with good engineering practices and accountability. Unfortunately in today's environment, we are spending lots of tax dollars, but the quality and detailed engineering the public is expecting is missing. Consultants who replaced cut State employee positions serve a profit interest, not a State

interest. Every time the public interest and profit interest competes, the public interest comes in last.

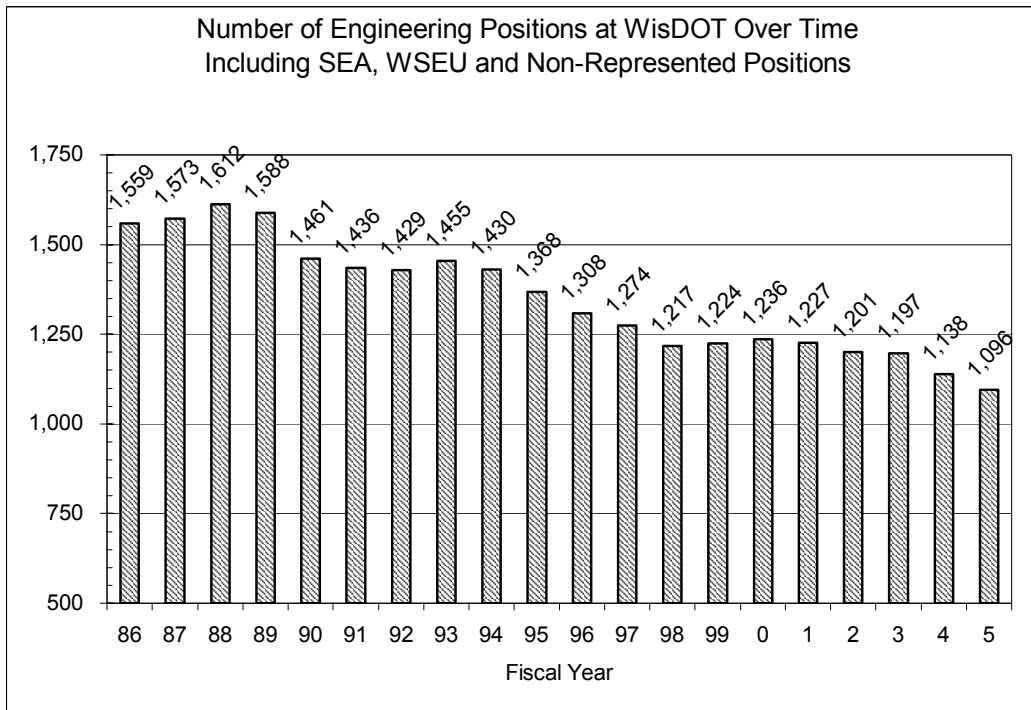
There are many examples where the public interest has finished last:

- DOT signing shop contract;
- Marquette interchange web site design;
- FHWA report of sloppy plan preparation by consultants on the Marquette interchange;
- Bid rigging by contractors;
- Consultant debarment proceedings for fraud; and
- DOT major project cost overruns.

The continued reduction of State engineering positions at DOT is directly linked to these failures and the public's interest finishing behind private profit interest.

We know from talking with our members at other agencies that the engineering functions are under attack at their agencies too. For example at Commerce the State building plan review group repeatedly is pressured to be a factory – collecting fees and turning out plan reviews without being allowed the time to do detailed engineering reviews.

The approach Governor Doyle is taking of cutting employees who are more efficient and replacing them with consultants who cost more is like giving a bleeding patient blood thinner. This is simply not something Wisconsin can afford to do.





COMPENSATION INCREASES PAID BY THE PRIVATE SECTOR AND BY THE STATE: A COMPARISON

By George Mickelson, DNR Section

This article contrasts salary increases that SEA members would have received or would expect to receive if they accepted employment opportunities with private sector employers versus the State's proposals for the 2003 to 2005 agreement. This article is specific to the rate of salary increase, it does not compare SEA salaries with market salaries. Prior newsletter articles have demonstrated that SEA members are far behind competitive market levels, which is also shown in the graph.

For data on salary increases for 2004 from other employers, one of the best sources of data is the U.S. Bureau of Labor Statistics (BLS), which publishes the Employment Cost Index (ECI). They survey thousands of employers on a quarterly basis to calculate the ECI. The ECI is available for all workers and for a variety of subsets of occupational groupings. The data cited here is national data and represents wage and salary increases in the private sector for the 12 months up to December 2004, as follows:

- 2.4% = All Workers
- 2.5% = White Collar Occupations
- 3.1% = White Collar Professional Specialty Technical Occupations (Includes Engineers).

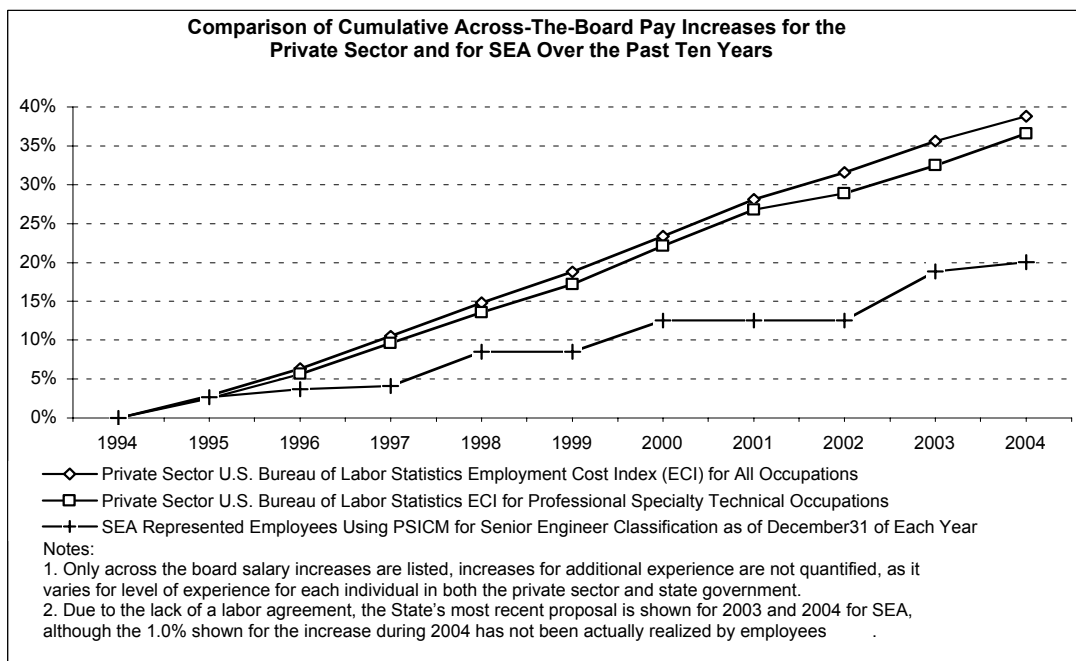
The national increases (above) are slightly behind the results of the June 2004 survey by the Wisconsin Manufacturers and Commerce (WMC) of their member firms. That survey indicated that for 2004, the median wage and salary increase by WMC members would be in the range of 3.0 to 3.5 percent. According to that survey, WMC members expected to pay the following wage and salary increases:

- 21.3% of WMC member firms expected to pay salary increases of less than 3.0%
- 45.5% of member firms, increases of 3.0 to 3.5%
- 33.3% of member firms, increases over 3.5%.

The BLS and WMC do not predict future salary increases, thus other sources are used for 2005. In the past, the Office of State Employment Relations (OSER) has relied on several sources including Mercer HR Consulting and Hewitt Associates for compensation research. Thus we cite their predictions.

Mercer HR Consulting estimates for 2005 are based on a survey of approximately 1,600 employers, data published in October 2004:

- All Employees = 3.5% Salary Increase
- Executive Employees = 3.6%
- Technical/Professional Employees (Includes Engineers) = 3.5%
- Management = 3.5%
- Non-Exempt Clerical/Technical = 3.5%
- Non-Union Hourly = 3.4%



Hewitt Associates estimate for 2005 is based on a survey of 1,185 companies, their prediction is based on budgets for salary increases, not for individuals, survey was conducted in June/July 2004:

- Salaried Exempt Employees (Includes Engineers) (National) = 3.6% Salary Budget Increase
- Salaried Exempt Employees (Includes Engineers) (Milwaukee Area) = 3.5%
- Salaried Nonexempt Employees (National) = 3.5%
- Nonunion Hourly (National) = 3.5%
- Executives (National) = 3.8%

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Thus, in the private sector the pay increases for engineers were approximately 3.1 percent for 2004 and are expected to be approximately 3.5 percent in 2005. Over two years, that is roughly 6.7 percent. These values do not include increases for increased experience, which may be several additional percent.

As of the last bargaining session in February 2004, the State was holding firm on their salary proposal of 0.0 percent for an across the board increase in July 2003 and 1.0 percent in July 2004, for a two year increase of 1.0 percent. And, there was no proposed increase for increased experience. Some bargaining units were offered an extra \$0.10 per hour and presumably SEA will eventually be offered that too. Some were offered \$0.25 per hour instead of \$0.10 but only if the employees had a wage that is less than \$13.00 per hour.

Director Timberlake explained to the Joint Committee on Employment Relations that the proposal for the extra dime or quarter per hour instead of proposing a higher percentage increase was specifically intended to benefit the lower paid employees more than the higher paid employees. Thus, OSER is intentionally targeting higher paid professional employees to take the biggest hit.

OSER argues that State employees receive better health benefits than the private sector and they justify that as a reason to hold down pay increases, especially for professionals. The health care argument might be true for non-professionals, but former SEA employees that have gone to consulting firms report that health care for professionals at their new employers is often similar to State benefits. And, in rare cases where benefits are noticeably worse, the much better salary more than makes up the difference.

It was widely reported in the media that health care costs for State employees rose by 12 percent in 2004 and by 5 percent for 2005, which over two years, is an increase of 17 to 18 percent. The annual increases in the health care component of the ECI which measures the increase in health care costs paid by employers was 10.5 percent for the 12 months prior to December 2003 and by 7.3 percent in December 2004. Thus, over two years, that is an increase of 18.6 percent, which is comparable to the increased costs for State employee health care.

In conclusion, OSER's proposal for the 2003 to 2005 agreement is well below the salary increases offered by the private sector. SEA members are far behind market salary levels due to below market increases for a long time and the current salary proposals from the State will push SEA members farther behind competitive market levels.

DNR STAFF REDUCTIONS CONTINUE

By Tom Mugan, DNR Section President

Budget and personnel cuts continue to diminish the ability of the Department of Natural Resources to do its job. In years past DNR was a leader on both the resource management and environmental protection sides of the agency. While momentum gained in past years may still allow DNR to claim to be a leader nationally, those days appear to be numbered.

The agency has suffered layoffs that have put some people out of work and resulted in a morale issue for those that remain. However, the elimination of vacancies created when employees leave their jobs has had a much larger impact on the ability of the agency to function. Those of us that remain are now burdened with picking up for those that have left. To make matters worse, when the Department gains responsibility for a new program, the budget process always seems to cut the number of new positions to below what is needed to do the job right.

To the Department's credit, some tough decisions have been made to eliminate some work functions. In other cases, streamlined processes have allowed reduced effort on certain functions. Reduced service to Wisconsin citizens is the obvious price of at least some of those actions. I know that Members are concerned that, in some areas, we are unable to fulfill the expectations of our citizens and, sometimes, what the law requires.

We must continue to take our responsibilities seriously by performing our jobs as best we can. Clear, unbiased communication of our views of the world is fundamental to our roles as engineering professionals.

Let's not lose sight of the fact that we are also citizens and, in that role, should demand that those who we elect must also be responsible for their actions!

CHECK OUT SEA's WEBSITE

The SEA website at www.wisea.org is updated weekly with useful, timely information and links to newspaper articles. It is a wonderful source of information for SEA members as well as anyone interested in the Wisconsin DOT Reorganization, Bargaining and dozens of recent newspaper articles about the ongoing Outsourcing of State work. For members who potentially may lose their jobs due to budget cuts, the website provides information on the lay off process. It also provides information on how to contact legislators. If you'd like more information about SEA or how to join or contact SEA, take a look at the website.



IS THIS BRIDGE SAFE?

Memo

To: People of Wisconsin
From: State Government
RE: End of Standards

Effective immediately, there will be no meaningful review of any plans or projects within the State of Wisconsin. It is no longer the role of the State to ensure rules and regulations are being followed. Please be aware that we will no longer be reviewing: construction standards, environmental standards, highway safety standards, food safety standards, groundwater standards, bridge safety standards, etc. Due to drastic reductions in State staff, there are no longer enough people to ensure regulations and standards are followed. Therefore we have decided to do away with reviews and inspections, and in effect, standards.

If only the State would be honest with people and declare that plans are no longer being reviewed, inspections have been eliminated and standards are eroding at a breakneck rate. Unfortunately, the truth is too much for most citizens to stomach.

In the past, rules and regulations were used to keep people and property safe. State employees were tasked to ensure that standards were being followed. Individuals and companies submitted their plans and State experts reviewed them.

Due to budget constraints, many State agencies started charging a fee to review plans or make inspections. However, because of the ongoing drastic reduction in the number of State employees, reviews and inspections have been discontinued. Most plans are automatically approved.

In other cases, staff "review" the plans, but it is not a meaningful review. For example, some engineers reviewing the Marquette Interchange plans are being asked to review 369 sheets of the plan per day. That means they must **approve one plan sheet every one minute 20 seconds**. And that doesn't include time for other job duties. It is not realistic to expect someone to do a critical examination in such a short time-frame.

What's the solution? Make it clear that no one is reviewing plans to ensure standards are being followed.

What happens to the money people paid to have the State review their work? After all, the State continues to collect fees and doesn't do a meaningful review of those plans. Where does the money go? That's a good question. It goes into the general fund to pay for other things. Companies and individuals are being charged for something they are not getting. It's a rip off.

Citizens are also being deceived. They have a false sense of security. A sense that laws are being followed, that their health and safety is not at risk, that the environment is being protected, that requirements for safe construction of facilities and infrastructure are being followed, that our transportation system is being designed and maintained properly.

The Governor is delivering on his promise to eliminate 10,000 State employees "to return its workforce to where it was a decade ago." Many people may 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.

Based on population, the number of State employees per person that serve the citizens of this State has been relatively stable over the past 22 years. What about all the new State employees we hear about? In 1993, the Department of Corrections was established. Corrections has seen the lion's share of new State employees, increasing by almost 5,500 employees over the last 10 years. How was this growth funded? Resources were shifted to Corrections from other agencies.

That means when the Governor cuts 10,000 employees, but leaves Corrections and the University of Wisconsin largely untouched, the cuts are focused on a small part of State government that has actually gotten smaller over the past 10 years.

Is the State willing to admit that it no longer works to ensure the safety of people and property in Wisconsin? Will a memo like the one above appear in your local newspaper? This is not likely, but be aware, the time of standards has come to an end.



STATE ENGINEERING ASSOCIATION DAY 2005

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 7th Annual State Engineering Association (SEA) Day (formerly Visit the Hill Day).

SEA's members are charged with protecting public health, safety and welfare. We influence the quality of life of everyone in Wisconsin by enforcing requirements for safe construction of facilities and infrastructure, designing and maintaining the transportation system, enforcing laws enacted by the legislature, and ensuring the quality of our land, air and water. We play a vital role in the economic and social well-being of Wisconsin. We are professionals and we promote this on, and off, the job site.

Although most of our members work at DOT or DNR, SEA represents employees in 13 State agencies, such as Department of Commerce, Department of Health and

Family Services, and the University of Wisconsin. 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 fair treatment of our members. We aim to bargain truthfully and within our convictions to get our members a fair and reasonable contract with our employer.

SEA is only as strong as the individual members make it. We can rely on strong, constructive actions from our members. Communication is surely one of the keys to a strong Association and a strong message to those outside of SEA. The Association will celebrate its 35th anniversary this year.

FOR WISCONSIN STATE EMPLOYEES ENGAGED IN THE PROFESSION OF ENGINEERING
