

# SPECIAL NEWSLETTER

## STATE ENGINEERING ASSOCIATION DAY

APRIL 26, 2006

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4510 Regent Street

Madison, WI 53705

(608) 233-4696

[www.wisea.org](http://www.wisea.org)

This special newsletter is for members to use as a source of information to educate the public, motivate discussion with elected officials, and provoke member participation and action. Use this special newsletter on **State Engineering Association Day, Wednesday, April 26<sup>th</sup>** as a reference. SEA Day is a wonderful opportunity to meet with your legislators and share your dedication to providing the best value and quality service to the people of Wisconsin.

Once again bargaining has been slow, tedious, and unproductive. It seems that every year on SEA Day lack of good faith bargaining is the biggest issue. The State's position on the most critical issues has not been characterized by even a modest level of compromise or flexibility. In the past, we have heard from both Democrats and Republicans, both blaming the other for the bureaucratic absurdity and political posturing. The state continues to sign no-bid contracts that provide 4 to 6 percent annual increases to consultant engineers and then refuses to provide even modest increases to its own employees.

The most recent comparison of consultants vs. state engineer costs show that state engineers are at least 18 percent more cost effective than consultants. Taxpayers are paying more for engineering work when it is contracted out. Some legislators have publicly questioned the impartiality of the report. Challenge them to request a non-partisan independent analysis from the Legislative Audit Bureau.

Politicizing of Wisconsin civil service has never been more evident than in this past year. Today, more and more political interests are replacing the public interests and good public policy. Top agency officials have solicited campaign contributions for the Governor from consultants doing business with the state. Also, agency personnel steering state business to firms that have donated to political campaigns in an effort to gain political advantage for her supervisors. This shows the arrogance of current political atmosphere in the capitol. The attitude of being untouchable, feeling above the law, or of course the defense "everyone does it" is common. It is time to de-politicize civil service.

Only by voicing our disgust in Wisconsin's current political climate and showing our desire for change, will we achieve the result of clean government that appreciates and respects taxpayers and employees. Taxpayers, which include all SEA members, need to demand change from our state government to ensure a bright and successful future for Wisconsin.

PLEASE share this newsletter with your legislators, neighbors, friends, and family.

Respectfully,

State Engineering Association Board

Sharon Bremser, Nichole Lysne, David Bohnsack, John Bolka, Nick Martin, Michelle Ellias, Karl Pierce, Robert Pavlik, Julie Millard, Reiny Yahnke, Mohamad Hayek, John Lund, Brian Mattson, Sandy Anderson, Duane Hubeler, Thomas Mugan



### LEGISLATIVE UPDATE

By Dave Bohnsack, Second Vice President

There are many issues to discuss 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.

Act 89 Contracting Reform Bill signed into law in January 2006. Remember to thank supporters (authors were Senators Ellis and Cowles) – find out if your legislator was a supporter. SEA is willing to assist in developing the administrative rules needed to implement this act. SEA has discussed this with the Deputy Administration Secretary Gina Frank-Reece.

Senate Bill 588 is aimed at banning retaliation by state employees. On the surface, this idea looks may have good intentions – any state employee that refuses to provide a government service or action in order to advance a personal agenda should be disciplined but is it criminal? Because this bill creates a criminal offence, state employees, including legislators, would have to pay for their own attorneys to defend against possible false accusation.

“Travelgate” and campaign fund raising by state agency heads should be discussed. Find out her/his opinion on the indictment of DOA employee involved. Discuss the need for more separation between civil service employees and politicians/political appointees. And don’t forget DOT’s deputy secretary’s barbeque fundraiser for the Governor.

Large no-bid contracts have been awarded to companies that gave large campaign contributions to the Governor. Here are just a few examples:

- Oracle Corp received a \$28.9 million no-bid contract while company executives contributed \$3500 to Doyle’s campaign.
- Burger Boat Co’s received a \$1.1 million grant while company executive donated \$10,000 to Doyle’s campaign.
- Milwaukee Job Development received a \$500,000 no-bid contract even though company failed to meet any of its goals from a previous no-bid contract. Company head is former State Commerce Secretary under Doyle.
- Adelman Travel received a \$750,000 contract after Doyle received \$22,000 from company executives.

- PSC’s reversal of a decision to allow the sale of the Kenosha nuclear power plant after Doyle received \$42,000 donation from the companies involved.
- Charter Communications no-bid contract after \$5000 donation to Doyle’s fund.
- IBM received a \$6 million no-bid contract after Doyle received \$11,000 form IBM salesmen.

The caucus scandal has come to a final resolution. Jensen is found guilty, Chvala, Burke, and Ladwing’s plead guilty, and all the other revelations that came out of the trial. Such as Wisconsin Supreme Court Justice David Prosser’s admission that he also directed state employees to work on campaign activities while on state time.

A few proposals being discussed at the capitol relate to many of these questionable practices used by some politicians. One proposal, SB 553/AB 996 prohibits any secretary, deputy secretary, executive assistant, division administrator, or commissioner in any state agency from soliciting political contributions on behalf of a candidate for state office. Another is AB 226, which makes numerous changes to campaign financing. Another is Assembly Joint Resolution 45, which prohibits fundraising and campaign contributions by the legislature during the budget process. And finally, SB 1 would eliminate the State Ethics Board and State Elections Board and creates a more powerful non-partisan Government Accountability Board. All of these proposals would help lead Wisconsin down the path back to clean respectable government.

Another topic to discuss are health savings accounts. These are savings accounts for healthcare expenses and are usually tied to high deductible health insurance plans. Most benefits are for the young, healthy and wealthy. These are being discussed right now at the capitol.

Remember, SEA Day is a chance to have your issues heard. SEA is only as strong as our members make it. SEA cannot do it alone, but it helps to have good organized communications and strong, constructive actions of its members.

**An award of \$50 will be given to the SEA section that has the highest number of participants at SEA Day.**



### WHAT ARE THE SALARIES THAT THE STATE PAYS TO ENGINEERS THAT WORK ON STATE PROJECTS?

By George Mickelson, DNR Section

It is a simple question - what are the salaries that the State pays to engineers that work on state projects? The answer is not as simple as it should be. It depends on who writes the paychecks. If your paycheck is issued by an engineering consulting firm, that means that when you drive to a state office building to work every day, you probably receive a much bigger paycheck. How much bigger? Would you believe between 25 and 30 percent bigger? And, since employees of white-collar professional companies, such as engineering consulting firms provide outstanding benefits, your insurance benefits as a consultant are probably as good if not better than state employees receive.

This article describes an economic comparison of salaries paid to SEA represented engineers with salaries paid to consultants. The consultant data is from a contract that the State negotiated with the Milwaukee Transportation Partners (MTP). The contract is for the preliminary design of the southeast freeways project; contract dated December 22, 2005. The contract specifies that the State provide office facilities, furniture, computers, etc. Thus, the consultants are essentially direct replacements for state employees that could be working in those same facilities, making a direct comparison of salaries meaningful. The only notable difference is that the contract specifies that the consulting firms will be able to bill the State for costs for employee parking, whereas the State charges many state employees for parking in parking lots that are owned or leased by the State.

The MTP is a joint venture between several firms. The contract includes engineering services from CH2M Hill, HNTB, Bloom Consultants, DAAR Engineering, Edwards Engineering, EMCS Inc. and Himalayan Consultants. The vast majority of the billings will go to CH2M Hill and HNTB while the others receive substantially less. There are other non-engineering consultants too, but they are not part of the salary comparison.

The contract is a cost-plus contract where the State

pays the consultant's salary, company overhead and profit. Overhead and profit are fixed multipliers that are applied to the salary rate that is paid. (Therefore, a cost overrun will generate more billings and therefore more profit.) There are a wide variety of engineering specialties and responsibilities for staff involved with the project and a wider variety of experience levels for those staff. For purposes of issuing the contract, all engineering firms categorized each of their engineering staff into the following categories:

- Project Management/Principal Engineer.
- Senior Engineer.
- Project Engineer.
- Design Engineer.
- Jr. Engineer/Technician.
- Support Staff/Clerical.

In each category, each firm used an average salary rate for the staff that are expected to work on the project in each labor category and also listed the

**Table 1**  
**Total Cost for Salaries and Weighted Averages for MTP Engineering Consulting Firms on SE Freeways**

Category of Labor	Total Hours	Total Dollars for Category	Average Salary (\$/hr)
Management	11,018	709,379.38	64.38
Senior Engineer	13,621	603,680.90	44.32
Project Engineer	8,541	316,236.14	37.03
Design Engineer	10,838	325,872.04	30.07
Jr Engineer/Technician	6,514	182,031.00	27.94
Admin and Clerical	6,919	139,531.77	20.17
Total All Categories	57,451	2,276,731.22	39.63
Excluding Mgt & Admin	39,514	1,427,820.07	36.13

anticipated hours of work performed by staff in each category. They also estimated pay increases for 2007 and used an average of 2006 and 2007 salary rates for the contract rates. From this, the sum of dollars expected to be paid for salaries for all staff in all firms in each labor category are calculated, along with the sum of hours for each category. From those sums, an average salary for staff in each labor category can be calculated. Those sums and the average salary for each labor category are shown in Table 1.

For this analysis, it was assumed that consultants that

*(Continued on page 4)*



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are in the category of project management or principal engineers are comparable to state employees that are supervisors, which are not represented by SEA. So, the salaries of those employees were not used in the comparison against salaries of SEA represented employees. And, since administrative support and clerical occupations are not comparable to engineering occupations, these were not used in the comparison either. The labor category of junior engineer/technician complicates the comparison because the MTP contract mixes engineers and non-engineers into a single labor category. For purposes

professionals in engineering related occupations (architects, etc.) is **\$28,414**.

Thus, the average salary level paid to a MTP engineer that works on the Southeast Freeways project is **27.2** percent higher than the average salary paid to a comparable state employee.

It is well documented that consultant led projects cost 18 percent more than projects led by SEA represented engineers. Why do consultant led projects cost only 18 percent more instead of at least 27 percent more? Because the economic analysis

that determined that consultants cost 18 percent more is based on total project costs, not just engineering costs. There are a lot of project costs that are independent of engineering costs. When assessing project totals, those independent costs dilute the cost differential for engineering.

Since 1985, the State has steadily increased the number of consultants and decreased the number of state employees that work for WisDOT. See Figure 1. Was the increase in consultant usage intended to save taxpayers money? If this was the plan, it has been a dismal failure for over two decades.

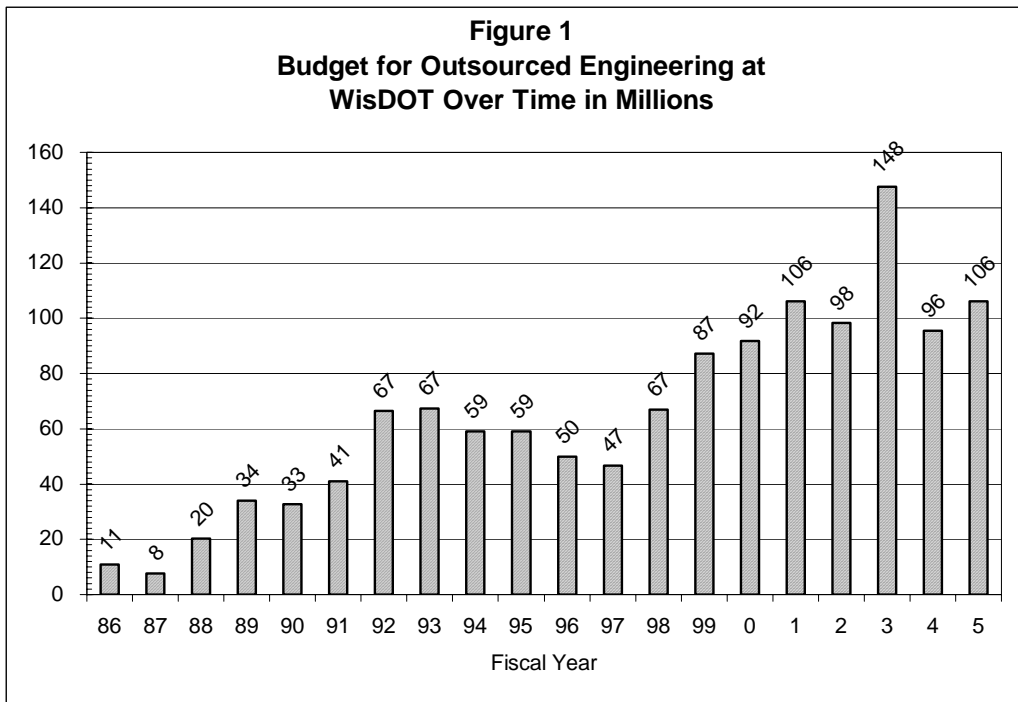
But, the State has kept trying and kept failing.

Could it be because high-level managers at DOT encouraged increased use of consultants and then those managers took early retirement so that they could take marketing jobs at the firms that they steered work towards? Maybe.

Why does OSER insist that there are no recruiting problems? But supervisors in the agencies insist that there is a serious problem? Why are most new employees hired under hiring above the minimum (HAM) procedures?

Why does OSER insist that state employees should not be paid a meaningful raise? Unfortunately we don't have the answer to these questions.

**Figure 1**  
**Budget for Outsourced Engineering at WisDOT Over Time in Millions**



of this analysis, this labor category is assumed to consist of all engineers. The net result of that assumption is that the calculated average consulting engineer salary is lower because this assumption increases the population of MTP engineering staff that have lower salaries. Thus, the assumption results in a more conservative (lower) average salary.

The net result of the analysis is that when management and administrative/clerical employees are removed from the analysis, the average salary paid to MTP non-supervisory engineers on this project is **\$36.13** per hour.

For comparison, as of June 2005, the average salary paid to state employees in pay ranges 14-46 through 14-48, which includes engineers and other



## FLEET FACTS

By Larry Legro

Over the past two decades (maybe more), the legislature has erroneously thought of themselves as distinct from state employment and have used just one reimbursement rate to pay their members for mileage while traveling on "legislative business." By definition and according to Department of Administration (DOA) Central Fleet Policy and verified recently by Karen Timberlake, Director: Office of State Employment Relations (OSER), legislators ARE considered to be state employees, by definition, and fall under the Uniform Travel Schedule Allowances (UTSA) the same as any other defined state employee. They receive no special exemptions according to Ms. Timberlake.

Rationalizations for this discrepancy have been given by former Clerk of the Senate, John Scocos and more recently according to Dale W. Schultz, Senate Majority Leader. Senators are not union employees (from Scocos correspondence, which is not relevant at all for this discussion), and from Senator Schultz, the Senate uses just "one consistent rate for reimbursement. Currently that rate is .325/mile." (Dale W. Schultz, News Release, October 3, 2005). In the meantime the turndown rate for that period was .22/mile for other state employees, UNLESS, they had a non-availability slip attesting to the fact that a state vehicle was not available for them to use, OR they traveled less than 100 miles round trip with their personal, privately owned vehicle, which, they then could claim the .325/mile similar to legislators. The Assembly is also under the same policies.

One of the Senators drives his motorcycle and has claimed the same .325/mile, which was also a subject of Senator Schultz's press release. Motorcycles according to UTSA, DOA fleet policy, in conjunction with OSER, and approved through the Joint Committee on Employment Relations are only reimbursed to the amount of .162/mile (which has just recently increased to .192/mile). A motorcycle is defined also, so there is no question that a motorcycle is NOT an automobile.

The above description is to show all legislators; in general, that claiming the .325/mile in October 2005 and prior was in error. Also, claiming the .385/mile today is also in error. Note: The rate is presently .385/mile, but if a person has their headquarters in Madison (which legislators do and this is also defined

by DOA), then to claim the .385/mile one needs a non-availability slip. Without this document, no one can claim, and no one should receive the .385/mile. The going rate for driving your personal vehicle with Madison as your headquarter city, without a non-availability slip is .28/mile. Motorcycle reimbursement is a flat .192/mile at this time. DOA determines these rates each biennium, but we are lucky if DOA recalculates this once every four years! By statute DOA is charged with determining this average cost of a state owned fleet vehicle and that is what all employees (including legislators) are to be reimbursed at when driving their personal vehicles (with very few exceptions). It is noted here also that the current IRS mileage approved rate for reimbursement is .445/mile and was as high as .485/mile for the last three months of 2005 due to higher gas/fuel prices.

Two issues should come from this white paper:

- 1) The legislators need to start claiming the correct mileage reimbursement rates if they do not wish to erroneously stick it to the taxpayers as they have been so far.
- 2) No other local, county, or state government reimburses less for mileage than the State of Wisconsin. For example, Dane County employees are reimbursed at the IRS rate and this rate IS recalculated as needed by January 1<sup>st</sup> of every year, by the GAO/IRS, unlike the 2 to 4 year re-calculation of this rate by DOA. This IRS rate, again, is .445/mile at this time.

Conclusion:

SEA proposes that the legislature revisit this issue. SEA would like the legislature to drop the requirement that mileage reimbursement is to be based upon the average cost of a fleet vehicle.

If this is not feasible, the current reimbursement rate system which is based upon the average cost of the state's fleet, has to be adjusted ANNUALLY, not every 4 years, since fuel prices at this time are very volatile and change daily. SEA would like the legislature to re-visit this issue. The legislators, who have overcharged the state for the higher mileage when it was in error, should have to pay this back, even if it comes out of each legislator's budget.

If you have questions, please contact the SEA Board of Directors through their office at 608-233-4696, or at 4410 Regent St. Madison, WI 53705.