SB 1113 (Evans)
State Salary Transparency

THE GOAL

The bill addresses "compaction" in public employment, in order to encourage bright, energetic employees to seek promotion. Currently, when the Legislature considers a state Memorandum of Understanding (MOU) it has no information concerning the possible implications of the MOU on "compaction" issues. SB 1113 would provide transparency and ensure that legislators receive a complete picture of an MOU before decisions are made.

BACKGROUND

When employees receive, through collective bargaining, much-deserved raises, an unintended consequence can be that salaries for non-represented personnel don't keep pace and can actually fall below the salaries of those they supervise to carry out an organization's mission.

Called "compaction," this results in fewer applicants for critical leadership positions, especially in emergency personnel.

Wage "compaction" generally occurs when managerial employees do not earn enough in relation to the employees they supervise. Managerial employees do not generally receive overtime pay and other protections afforded to represented employees. Moreover, they may have higher levels of responsibility and stress. If managerial compensation is not high enough, employees may be disincentivized from seeking promotions, or after promoting, may later decide to demote to non-managerial positions.

There is no statutory requirement to give managers employees the same salary increase that was bargained for represented employees. However, there is also no requirement to even study how that increase will impact compaction. The California Department of Human Resources (CalHR) says it does not routinely do compaction studies upon reaching a MOU agreement, nor routinely include estimated costs or savings of extending MOU provisions to related excluded classes when submitting the MOU package to the Legislature and Legislative Analyst's Office (LAO).

In its 2007-08 analysis of the budget, LAO recommended that the Governor's Administration pay attention to manager and supervisor pay: *Compaction is a problem because it reduces incentives for employees to seek promotion to supervisory positions, and it encourages supervisors to demote to highly paid rank-and-file positions.*

Wage compaction typically does not result from overt decisions, but rather from bad planning and lack of information. MOUs between the employer and the rank and file organization are typically conducted in a vacuum where the issues on the table are the available resources of the employer and the economic and benefit requests of the rank and file organization. Missing from any of those discussions are possible compaction issues.

THIS BILL

This bill requires that *in addition* to providing a fiscal analysis for the MOU, CalHR must also include an analysis of the financial obligation required to address salary parity and wage compaction for related managerial and exempt employees who are not covered under the provisions of the MOU.

PREVIOUS LEGISLATION

SB 621 (Speier), Chapter 499, Statutes of 2005, required DPA to post on the web analyses of MOUs between the state employer and state collective bargaining units .

SUPPORT

CA Correctional Supervisors Organization (Sponsor)
CA Police Chiefs Association
CA Narcotic Officers Association
LA Police Chiefs Association

FOR MORE INFORMATION

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