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Viewpoint: CCSD needs to change how it deals with benefit costs; Viewpoint

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Paradigm shift: A fundamental change in approach or assumptions, a radical change in underlying beliefs.

Our state, counties, cities and districts are all facing severe negative budget imbalances due in large measure to their rapidly increasing personnel costs.

The Cambria Community Services District has coped with this issue over the past several years through staff reductions, improved operations, service reductions, department consolidations and a rate increase in both the water and wastewater utilities.

Based on current CCSD union employment contracts that extend through 2012, annual utility rate increases will most likely be required to offset the escalating personnel expense.

In order to minimize the impact of this expense to the district in future years, there must be a fundamental change -- a paradigm shift in CCSD personnel compensation policy.

A recent USA Today article (based on data analyzed from the Office of Personnel Management) revealed that in 2008, government employees earned an average of $71,206 versus $40,301 for the equivalent private sector employee. Further, according to the Cato Institute, a Washington "think tank," based on data from the Bureau of Economic Analysis, when benefits are added to salaries, the average government worker earns double that of

their private sector equivalent-- $119,982 vs $59,909! (See chart, this page.)

The 1999 California Pension Bill, SB 400, authorized a 50 percent increase in state employee pension benefits. SB 400 contained a clause allowing local governments to follow suit and raise retirement payments for their firefighters and police officers by 50 percent. A subsequent labor-sponsored bill passed by the legislature permitted cities, counties and special districts to grant their employees pension increases as well.

The CCSD currently pays the employee's pension contribution of 8 percent of salary (7 percent of the 9 percent of Firefighter's salary) in addition to the district's contribution.

The district is also responsible for any future shortfall in California Public Employees' Retirement System (CalPers) payments to CCSD retirees.

A Kaiser Family Foundation survey indicates health care costs have risen 138 percent since 1999. The average annual cost of employer provided family plan health insurance is $13,770. Further, as a result of rapidly increasing cost of health care in the U.S., the average employee plan contribution has risen to 29 percent.

The CCSD currently pays the entire cost of employee health care, including dental (95 percent for firefighters).

Clearly, there is a major disconnect between government and private sector compensation and their rate of disparity appears to be rapidly growing.

Cambria is fortunate to have a competent, dedicated staff that serves our community well. Compensation must be adequate to retain staff and attract new employees. As previously stated, current employment contracts will extend through 2012 and there is a strong likelihood that utility rates must increase annually to offset increasing salaries and benefits.

In order to avoid the unacceptable impact of employee salaries and benefits on future CCSD budgets, a major effort must begin on the part of staff, their unions and the CCSD Board to create a fundamental change -- a paradigm shift -- in employee compensation policy:

1 -One that prevents the unsustainable upward-spiraling salary and benefit expense to the community.

2 -One that limits Cambria's future liability associated with potential underfunded CalPers pension accounts and rapidly increasing retiree health care costs.

3 -One that bases employee salary increases on local and national economic indicators such as the CPI, SSI, etc.

4 -One that creates a second-tier employment compensation policy for new employees based on private industry wage and benefits models.

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