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Column: The county's pay daze

Don't believe union arguments about a 'negotiated' 4.75 percent increase

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The Orange County Board of Supervisors is deliberating a 4.75 percent pay raise for 13,300 employees at a cost to taxpayers of \$40 million per year.

Here's what public employee unions are telling the supervisors in support of the increase.

- "You have to increase pay to retain employees."

Wrong on two counts. First, almost no one quits a government job. Second, the supervisors showed no concern about losing employees when they granted a 62 percent retroactive pension increase less than two years ago and lowered the retirement age to 55 (Supervisors Norby and Smith dissenting). On the day those benefits became effective, hundreds of employees retired. The supervisors are not paying employees to stay. They're paying them handsomely to leave early.

- "You have to raise wages to attract new employees."

Wrong. People line up around the block for county jobs. The county offers fireproof job security, generous pay, ample vacation time, a week of sick pay (sick or not), 12 paid holidays and a defined contribution savings plan; 91 percent of employees receive automatic annual "merit" bonuses equivalent to 2 percent of pay. After 30 years of service, employees can retire at age 55 with pensions equal to 81 percent of the single highest year's salary, inflation-adjusted for life.

- "County employees are underpaid compared to those in the private sector."

Wrong. Pensions & Investments magazine says public employees' salaries average \$5 per

hour more than in the private sector. Including benefits, government employees average \$34.72 per hour vs. \$23.76 per hour in the private sector, according to the Employees' Benefits Research Institute.

- "You must match pay scales at other government agencies."

Wrong. Dr. Steve Frates of the Rose Institute of State and Local Government was quoted by the Register as saying, "It's the bureaucratic equivalent of an urban myth. With the exception of police officers, there are no data that indicate competition [for public sector employees] at all." The practice of matching wages causes an inexorable ratcheting-up of government pay. When Orange County raises its pay, another county will pay more to "stay equal," then another, then another. The statewide average will ratchet up, forcing Orange County to grant another pay raise in the near future.

- "You went through tough bargaining with the unions to reach this agreement."

Wrong. In the private sector, tension between business owners and employees usually leads to an equilibrium at which everybody benefits: the company survives, and employees get the highest pay that does not threaten that survival. There is no such tension in the county's "bargaining." Management and labor get the same benefits. There's no public scrutiny of the process to ensure that both sides aren't simply agreeing on what they can get away with. Dr. Frates says, "Elected officials, particularly in regard to personnel, are almost entirely dependent on staff to provide them with decision-making information. And the very people providing that information benefit from the decisions."

- "Thanks to higher tax revenue, the county can afford it."

Wrong. Affordability in the absence of need for a raise is not justification; it is relevant only when we can't afford it. The real question is, "Is the raise necessary and fair?" In view of county employees' already-generous pay, iron-clad job security, early and lavish pensions, and lifetime health benefits, the answer is "no." Pensions & Investments magazine asks, "Why should public employees have better benefits than the working stiffs paying the taxes?"

County employees are good people, equal to private-sector employees in skill and dedication. They deserve equal pay and benefits. But they don't deserve compensation that is dramatically more generous. The wide gap in pay and benefits between public employees and taxpayers should convince our county supervisors to deny the proposed pay raise.



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