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Paul Singdahlsen and Tom Scharmen | 11/1/2008

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STATE WORKERS SPEAK OUT AGAINST HIRING AND SALARY FREEZES

Governor Richardson's recent press release promises to "freeze all hiring and pay increases" on November 15th. Under normal circumstances, we would applaud the governor's concern about potential rising public debt. Yet due to the global financial crisis, we are not facing normal times. The governor's proposal may appease fiscal conservatives, but such a plan at this time would once again punish the little guy: middle and low income state employees, as well as citizens who rely on state services.

The federal government is channeling emergency expenditures that may top \$1.5 trillion to shore up the world's financial system. Federal funds to assist state governments may soon be part of that strategy. We know the private sector is recessing across the country. By cutting state spending in New Mexico, the governor will be at odds with the U.S. government and allied governments around the world who are trying to resuscitate the global economy. Economic experts believe President Hoover's similar reaction in 1929 made the Great Depression worse. It took the U.S. over 29 years to recover after that meltdown. It is critical that the government spend now. We must "prime the pump" of the nation's economic engine.

The governor's proposal shocked the more than 3,000 workers represented by the State Employee Alliance of the Communications Workers of America (SEA-CWA Local 7076), which is currently bargaining in good faith with the state to renew their 3-year labor contract. Ironically new contract proposals submitted to the Governor just weeks ago would include measures to make inefficient hiring practices more responsive, lower vacancy and turnover rates, and negotiate modest raises for union workers for the next fiscal year. The union has also proposed that any future salary increases wait to be negotiated in the coming years, in order to better respond to the unfolding economic situation.

What actually happens if hiring stops at state agencies?

First, vacancy rates are already high and they are costly. Currently over 500 positions in the CWA bargaining unit sit vacant. A hiring freeze means the single worker who currently performs the job duties of two workers will now have to do the work of three or four. A vacancy saving means an employee slaving. And the amount 'saved' is negligible when a social worker and an accountant are forced to cover the phones because no clerks have been hired.

Vacancy rates as high as 30 or 40% are commonly cited by agencies to excuse their poor performance reviews when, for example, groundwater compliance testing is falling behind, or Medicaid enrollment of children is lagging, or when low morale results in harassment in the workplace. Furthermore, positions with high vacancy rates typically have high worker turnover, raising training and other costs. One health facility had a turnover rate of 97% in fiscal year 2006.

A recent report to the NM Legislative Finance Committee concluded that “High turnover and vacancy rates are being experienced throughout state government and at SPO. These rates are increasing at an alarming level and when coupled with the amount of time to fill vacancies within state government raise significant concern regarding the effectiveness of strategies being employed by the state to address these matters. Vacant positions and turnover are costly and typically reflect issues with compensation, benefits, or working conditions.”

What happens when salaries for our public servants are frozen?

Due to inflation, state employee salaries typically lag 7-10% behind a comparable private sector employee's. The average wage of the CWA bargaining unit worker is less than \$18 per hour and one-third earn less than \$14 an hour. Under the current union contract spanning the last three years, progressive raises have improved wages for union employees. Yet, more than half of all workers would qualify for Medicaid, assuming they are sole wage earners for a family with two children. Equitable raises for union workers will be spent in the New Mexico economy – on essentials like milk, rent and electricity. Freezing salaries and overworking employees will only make the bleeding worse.

The proposed increase in salary for CWA union employees would amount to approximately 1/10th of one percent of the state budget. In contrast, over 800 state executives appointed by the Governor cost New Mexicans \$56,000,000 each year and the legislature has not approved their raises. They, in turn, often hire their friends, and then try to solve the vacancy crisis with contractors from employment agencies. This short-term, crisis management approach costs taxpayers twice as much as employing good union workers. Taxpayers in New Mexico know the difference between low-income public servants and high-paid management appointees.

State union workers work hard to serve the people of New Mexico under difficult conditions with meager pay. They should not be expected to take on the brunt of an economic crisis brought about by rich investors and the Bush administration.

CWA offers a partnership with state government and the following recommendations to the governor and to the legislature:

- Move forward swiftly and in good faith to complete negotiations for the new state employee contracts.
- Prime the pump and sustain people infrastructure – improve hiring practices and grant union workers a salary increase. The total cost of the wage proposals for SEA-CWA workers is less than \$6.7 million.
- By all means, let's improve efficiency and cut the pork in capital improvement projects.
- Cut back on the use of contracts with employment agencies and hire union workers instead – we will save taxpayer money and build a more competent workforce.
- Save money by providing the raise to union workers only. Executive appointees should wait for their raise.
- Look for the waste among inefficient managers and management practices.
- Insurance costs are persistently eroding the real wages of public and private workers alike. Continue the good work to reduce the ever-soaring cost of health care for citizens of New Mexico.
- Don't let fear stop us from using the reserve fund.

Tom Scharmen

Vice President for the Department of Health
State Employee Alliance - CWA Local 7076

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