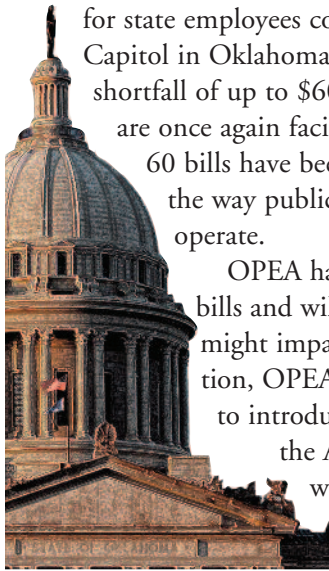


# the **advocate** **UPDATE**

VOICE OF OKLAHOMA'S STATE EMPLOYEES

February 2011

## Legislative Session Will Be Critical For State Employees



One of the most important legislative sessions ever for state employees convened Feb. 7 at the state Capitol in Oklahoma City. With a projected shortfall of up to \$600 million, state agencies are once again facing budget cuts. In addition, 60 bills have been filed that would change the way public employee pension funds operate.

OPEA has reviewed more than 2,200 bills and will be tracking 270 bills that might impact state employees. In addition, OPEA is working with legislators to introduce bills that emerged from the Association's 2011 Platform, which was passed at the OPEA Delegate Assembly in August. (Continued on page 2)

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OPEA Board members Carrie Croy, left, and Jess Callahan, right, and OPEA staff member Rachelle Johnson participated in the picket held in December in an effort to bring the Department of Corrections furloughs to a halt. Legislative leaders have voiced support for a plan to provide funds to DOC early in the current session and, hence, eliminate the furloughs.

## State Employees Can Play A Role In Pension Reform

OPEA members who visit the Capitol Feb. 21 will be talking to their legislators about proposals that could drastically change the pension benefits earned by state employees.

Both Speaker of the House Kris Steele and President Pro Tempore of the Senate Brian Bingman have announced that reforming the state employee pension system will be a priority during the current legisla-

tive session.

"There has never been a more important time for state employees to meet with their legislators," said OPEA Deputy Director Scott Barger. "These reforms will still happen if state employees do not express to their legislators what they would like to see included in a new state employee pension system. The state of Oklahoma will simply have a

(Continued on page 4)

## Legislative Session Will Be Critical *(Continued from page 1)*

### Pensions

States across the nation are looking for ways to solve the public pension funding crisis. Last year, several states cut retiree cost-of-living-adjustment assumptions, raised the retirement age and increased contributions paid by participants. In most states, the changes applied to new hires only, with current employees and retirees maintaining their benefits.

In Oklahoma, the fight will be about COLAs for retirees. Last year, for the first time in almost 20 years, the Legislature failed to provide a COLA to public pension retirees in an election year. Several bills have been filed that would eliminate or seriously hamper the Legislature's ability to grant COLAs for retirees. (See "OPEA's Plan for the Future" on page 6.)

OPERS retirees have an average annual benefit of less than \$15,000 per year, which is the lowest of any pension system in the state.

"With benefits based on salaries that are 16 percent below market, retirees must have COLAs to keep up with increasing costs of medication, food and fuel," said OPEA Policy and Research Director Trish Frazier.

### Agency Budgets

During the two weeks before the session started, members of appropriations subcommittees met for a preliminary discussion concerning state agency budgets. OPEA representatives attended the meetings to get a sense of proposed

cuts and how they would affect state employees. Agency directors have been asked to present how 5-percent and 10-percent budget cuts would impact the services their agencies provide to the people of Oklahoma.

OPEA's most critical budget concern is to eliminate furloughs for Department of Corrections employees. DOC Director Justin Jones has asked for \$9 million to put an end to the furloughs, which are

projected to go from one day in February to three or four days in March through June. There seems to be a consensus among legislative leaders to address this issue early in the upcoming session.

In their budget reviews, agency directors have emphasized that their resources were slashed to the bone in the last round of budget cuts and that any further cuts would jeopardize the core mission of their agencies.

### Health Insurance

While there doesn't seem to be agreement on any changes for state employee health care, several shell bills have been introduced. In addition, a bill left over from the last session and a bill to freeze the state employee benefit allowance for three years also have been introduced.

At the Employees Benefits Council planning meeting on Jan. 27, administrators from Indiana made a presentation about their high-deductible health savings account plans. The premiums for these plans are paid by the state, along with a deposit (approximately \$3,000) into employees' health savings accounts. Employees use these funds to pay for 100 percent of their health care until they reach the deductible (typically \$2,500); then the plan pays 80 percent until the employee reaches the out-of-

pocket maximum. Preventive care is paid 100 percent by the plan and is not subject to the deductible, and money in these accounts accumulates from year to year. Healthy employees who rarely visit the doctor and have few medications and expenses can keep the money in their account for approved expenses such as eye exams, glasses and braces.

Some legislators have voiced support for this proposal; however, many details

must be worked out before the program can be implemented in Oklahoma. The plan would not replace HealthChoice but would serve as an alternative.

### Consolidation, Privatization

Several shell bills have been filed for "agency reform or consolidation," but no details are available yet. In addition, legislation has been introduced that would combine smaller agencies into larger ones

*"The communities that these agencies serve are concerned about losing these quality services and have opposed the change. They all have excellent track records of efficiency and low rates."*

• OPEA Policy and Research Director Trish Frazier

with similar missions. There also has been discussion about a large Office of Administration that would combine the Office of State Finance, the Office of Personnel Management and the

Department of Central Services. Agency consolidation might rearrange functions of government, but few state employees would be affected because the jobs would still be needed in the new agency.

Dedicated state employees will once more have their jobs threatened by privatization. Bills have been filed to privatize CompSource, the Grand River Dam Authority, state parks and child welfare.

"CompSource, GRDA and parks are issues that have been studied by past Legislatures," said Frazier. "The communities that these agencies serve are concerned about losing these quality services and have opposed the change. They all have excellent track records of efficiency and low rates. Selling them off to private providers only increases costs by adding a profit margin."

"OPEA has been fighting the privatization of child welfare since the last session," Frazier added. "This has been proposed by corporations who have hired high-priced lobbyists to move this issue forward."

*"OPERS retirees have an average annual benefit of less than \$15,000 per year, which is the lowest of any pension system in the state."*



# Legislation To Watch

Some of the bills OPEA will be watching this session follow. Shell bills, which are only titles with no language, are not included in this list. Watch the OPEA website for updates to this list.

## Retirement

**HB 2057** - (Rep. Lewis Moore): This bill prohibits cost-of-living adjustments (COLAs) for retirees in the state's pension systems until the funding level of the system is at least 85 percent.

**HB 2132** - (Speaker Kris Steele) and **SB 891** - (Sen. Mike Mazzei): These bills remove COLAs from the definition of "non-fiscal retirement bill," which requires that the Legislature provide funding for COLAs. With the serious budget situation facing the state, this legislation would eliminate COLAs for the foreseeable future.

**SB 787** - (Sen. Mike Mazzei) and **SB 806** (Sen. Josh Brecheen): These bills lower the retirement benefits of elected officials, bringing them more in line with the benefits state employees receive.

**SB 810** - (Sen. Clark Jolley): This bill transfers the assets of CompSource to the Teachers Retirement System to help pay for the unfunded liability of the system.

**SB 811** - (Sen. Clark Jolley): This bill transfers the assets of GRDA to the Oklahoma Public Retirement System to help pay for the unfunded liability of the system.

## Insurance

**HB 1566** - (Rep. Fred Jordan): This bill allows retirees to opt out of state insurance if they have alternate coverage. They may return to state insurance at a later date, provided they have had continuing coverage.

**HB 1738** - (Rep. Lewis Moore): This bill freezes the state employee benefit allowance for three years.

**SB 777** - (Sen. Cliff Aldridge): This bill reintroduces the insurance reform bill that was vetoed at the end of the last legislative session. The bill consolidates the two insurance agencies and requires HMOs to bid competitively. This is a work in progress and will probably not be the final version of the bill.

## Privatization

**HB 1046** - (Rep. George Faught): This bill provides for the mutualization of CompSource. The bill allows classified employees to remain with the state; however, they would become unclassified.

**HB 1349** - (Rep. Gus Blackwell): This bill directs the Department of Human Services to develop a plan to privatize foster care and related services by July 1, 2012.

**HB 1359** - (Rep. Ron Peters): This bill creates a 23-member Foster Care System Improvement Task Force. According to the current language, OPEA may appoint a member who works in child welfare to the committee.

**SB 482** - (Sen. Brian Crain): This bill states legislative intent that agencies use private providers whenever feasible. It directs DHS to submit a written plan on how it intends to use private service providers by Jan. 1, 2012.

**SB 642** - (Sen. Cliff Branan): This bill requires an analysis to determine the value of GRDA's property and facilities.

**SB 656** - (Sen. Cliff Branan): This bill requires state-owned and operated parks to be sold, leased or transferred to private ownership within five years.

**SB 702** - (Sen. Cliff Aldridge): This bill requires the insurance commissioner to adopt a plan for the sale of CompSource, no later than Dec. 31, 2011.

**SB 927** - (Sen. Cliff Branan): This bill creates a task force to study the sale, lease or private operation of all state-operated golf courses in five years.

## Agency Bills

**HB 1067** - (Rep. Dustin Roberts): This bill requires a person receiving TANF to be tested for illegal drugs.

**HB 1083** - (Rep. John R Bennett): This bill requires applicants for state assistance and members of their households to be tested for illegal drugs.

**HB 1445** - (Rep. George Faught): This bill prohibits recipients of electronic benefit transfer (EBT) cards from using the cards at ATM machines in casinos.

**HB 1820** - (Rep. Gus Blackwell): This bill requires a fiscal impact statement for any legislation or mandate which is deemed to negatively affect the corrections budget. The bill requires the statement to identify potential funding for the legislation.

*(Continued on page 4)*

## State Employees Can Play A Role *(Continued from page 1)*

pension system that has no state employee input.”

OPEA members will be talking with their legislators about issues including cost-of-living adjustments for retirees and the state employee benefits package, which allows state agencies to compete with the private sector in recruiting new employees.

OPEA is encouraging all members to attend this year’s OPEA Day at the Capitol and to urge their co-workers who

are not OPEA members to show up, as well. It is time for state employees to send a clear message to their legislators that they would like to play an active part in reforming state government.

Since OPEA Day at the Capitol is scheduled for Presidents Day, a majority of state

employees will not be required to use annual leave. Even though it is a state holiday, the Legislature will be in session.

“State employees have a very important decision on Feb. 21, 2011,” stated Barger. “They can choose to stay home and let their legislators decide what is best for them and their families, or they can come to the state Capitol and take an active role in what the future state employee benefits package will become.”

To pre-register for OPEA Day at the Capitol, visit the OPEA website at [www.oepa.org](http://www.oepa.org). Those who pre-register will receive a packet containing lobbying tips, information regarding their legislators and talking points for the most pressing state employee issues to be discussed during the current legislative session. If you have any questions, contact Haley Blood at [haleyb@oepa.org](mailto:haleyb@oepa.org).

*“They can choose to stay home and let their legislators decide what is best for them and their families, or they can come to the state Capitol and take an active role in what the future state employee benefits package will become.”*

• OPEA Deputy Director Scott Barger



## Legislation To Watch

*(Continued from page 3)*

**SB 212** - (Sen. Bryce Marlatt): This bill allows the Department of Mental Health and Substance Abuse Services to contract for services with registered nurses, registered pharmacists or licensed mental health professionals.

**SB 374** - (Sen. Josh Brecheen): This bill requires DHS to implement a program with an undercover fraud investigator to make random visits to local offices to apply for benefits.

**SB 388** - (Sen. Josh Brecheen): This bill requires every county DHS office to post a sign requesting information and offering a possible bounty for information pertaining to clients who have received public assistance by fraudulent means.

### OPEA Bills

The following bills were requested by OPEA.

**HB - 1213** (Rep. Dan Kirby) and **SB 781** - (Sen. Sean Burrage): This bill requires agencies to allow employees who are demoted in a reduction-in-force to maintain their pay as long as their compensation is within the pay band of their new classification.

**HB 1214** - (Rep. Dan Kirby) and **HB 1385** (Rep. Donnie Condit): This bill allows state employees and their dependents to pay reduced tuition at state colleges and universities.

**HB 1497** - (Rep. Mike Shelton): This bill creates a task force to study a merit system for higher education.

**HB 1602** - (Rep. Aaron Stiles): This bill allows direct care staff who cannot take leave because of staffing shortages to accumulate above the leave cap or receive compensation for lost annual leave.

**HB 1907** and **HB 1950** - (Rep. Mike Jackson): These bills provide a 4-percent COLA to OPERS retirees.

**SB 66** - (Sen. Don Barrington): This bill reverses the legislation passed at the end of last year’s session, which allowed DMHSAS to close facilities without legislative approval.

**SB 176** - (Sen. Susan Paddack): This bill requires DHS to expend funds in the Southern Oklahoma Resource Center oil royalty account to construct two new facilities.

**SB 190** - (Sen. Cliff Aldridge): This bill removes the Payment Rate Review Task Force from the OSEEGIB (HealthChoice) statutes. Although this group has never met, providers could use the task force to increase costs of services and, subsequently, health insurance rates.

**SB 551** - (Sen. Anthony Sykes): This bill prohibits state funds from being used to employ lobbyists.

**SB 812** - (Sen. Clark Jolley): This bill doubles longevity for state employees.

**SCR 1** - (Sen. Susan Paddack): This bill encourages DHS to address maintenance issues at the Southern Oklahoma Resource Center.

# OPEA Chapters Prepare For Day At The Capitol

With OPEA Day at the Capitol fast approaching, Association chapters across the state are working hard to make sure legislators are aware of OPEA's presence on Feb. 21.

"Our chapter hosted an OPEA Day training on Jan. 27," said Ashley Cardinal, president of OPEA's Tulsa OESC Chapter. "Our membership representative not only helped us prepare to speak with our legislators about important state employee legislation but also went over basic lobbying tips and even where to go when we arrive at the Capitol."

Other chapter officers are scheduling OPEA Day training sessions and focusing on helping members with transportation to the Capitol. Kay County Chapter President Jamie Beck is coordinating carpools for her chapter members. She has asked those with large vehicles to drive and other members to contribute money for the cost of fuel. Other chapters in OPEA's Region 3 are also dealing with transportation issues and planning to join the Kay County chapter on the trip down Interstate 35.

Chapters in OPEA's Region 8 and Region 10 also are focusing on turnout for OPEA Day at the Capitol, and leaders in both regions have reserved a chartered bus to provide transportation to Oklahoma City. Valyncia Thompson, vice president of the Muskogee County Chapter, is working with state employees in the Muskogee County and Okfuskee County chapters to ensure that the bus is full. The president of the Tulsa State Office Building Chapter, R.C. Scheer, is personally calling Department of Human Services employees in the area and invit-



**R.C. Scheer, president of OPEA's Tulsa State Office Building Chapter, is actively encouraging state employees to attend the Association's Day at the Capitol.**

ing them to ride the chartered bus.

"It is imperative that as many state employees as possible attend OPEA Day at the Capitol," said Scheer. "If we fail to have high turnout, the legislators will assume that state employees are indifferent to legislation that affects their retirement, insurance and compensation."

## OPEA Members Host Legislators

Local legislators joined OPEA members to discuss the state budget and the upcoming legislative session at the Norman Legislative Chili Supper Jan. 27. Reps. Scott Martin, R-46, and Emily Virgin, D-44, were on hand to answer questions about issues that affect state employees and the future of state government.

Both legislators spoke briefly about the committees they will be serving on during the legislative session and bills they have filed. Martin also expressed his concern about Department of Corrections furloughs and said that "...myself and Rep. Sears are committed to ending the furloughs and visitation problems." He said he will need the cooperation of the Senate and Gov. Mary

*(Continued on page 7)*



**Left, State Rep. Emily Virgin speaks to OPEA members at the Norman Legislative Chili Supper as State Rep. Scott Martin looks on. Above: OPEA Region 6 Director Dixie Jackson and OPEA staff members Rachelle Johnson and Clyde McLendon get ready to serve some chili.**

# OPEA's Plan For The Future

**Pension proposals:** State leaders will be discussing pension and retirement reform during the current legislative session, and more 60 bills that would affect the state's public pension systems have been filed. However, state employee pensions cannot be reformed without addressing total compensation, including salary and health insurance.

If changes are made to state pension systems, OPEA supports the proposal of the Oklahoma Council of Public Affairs that leaves current employees and retirees in the defined benefit system while moving new employees to a defined contribution system. The plan also continues retiree cost-of-living adjustments. Details are outlined below.

**Defined contribution conversion:** New hires after July 1, 2011, will be in the defined contribution plan.

✓ The state will pay a contribution of 4 percent of an employee's salary the first year, increasing 1 percent each year until reaching 9 percent. Employees are free to add whatever matching money they wish;

✓ Employees in the defined contribution plan will be guaranteed an 8-percent return on investment.

**Defined benefit plan:** Employees hired before July 1, 2011, will remain in the defined benefit plan. Non-vested employees will have the option of converting to the new plan.

**Cost-of-living adjustment:** Retirees in the defined benefit plan will receive a 2-percent annual cost-of-living adjustment (COLA). Because their benefits are based on traditionally low state employee salaries, OPERS retirees receive an average benefit of \$15,000. COLAs are critical in helping retirees make ends meet.

**Savings:** Currently, agencies are contributing 15.5 percent of employees' salaries to the retirement system. Under the defined

contribution proposal, the agency contribution would be reduced to no more than 9 percent, providing considerable savings to the state. Some state leaders believe the remainder should be used to pay for the unfunded liability of the retirement system. The debt on the pension system is owed by the state of Oklahoma, not by state employees, and should be paid through bonds. Any savings gained from state employee pension reform are currently part of state employee compensation and must be used to provide state employees with salary increases until their pay is comparable with the market. These saving should not pay the debts resulting from bad decisions made by past Legislatures.

**Salary:** To successfully recruit and retain quality workers, the state must compete with private business and other government jurisdictions. Salary is an integral part of total compensation for business and government. If traditional public pensions are no longer a tool for recruitment and retention, salaries must be competitive with the market.

State employees have not received a pay increase since 2006 and currently earn an average of 16 percent below market. To recruit and retain employees to provide quality services to the people of Oklahoma, the state must implement a plan to bring state employee salaries to market.

**Health insurance:** Because one of the more expensive plans dropped out of the system, the state employee benefit allowance is lower for plan year 2011. While the allowance still covers the cost of the basic health insurance plan, state workers, who have not received a pay increase since 2006, are taking home less in their paychecks.

OPEA's priorities in health insurance include:

- ✓ Maintaining the current benefit allowance;
- ✓ Increasing choice for employees in rural areas.

## DHS Talks Budget With House Committee

The Oklahoma Department of Human Services provided testimony concerning its budget to the House Appropriations and Budget Subcommittee on Human Services Feb. 3.

According to the Office of State Finance, OKDHS received \$420.9 million in state appropriations for fiscal year 2010 and \$500.1 million in fiscal year 2011.

OKDHS Chief Financial Officer Phil Motley told the committee the budget situation could hurt federal funding. Motley explained the OKDHS budget is largely supported by federal matching funds for a wide variety of programs.

*"There is a high multiplier effect with the benefits people receive in these communities."*

• OKDHS Chief Financial Officer Phil Motley

According to Motley, there is an even greater need for state funding because of the current economic conditions. He told the committee a record number of people are participating in programs such as the Supplemental Nutrition Assistance Program – formerly known as food stamps. DHS set another record in December 2010 with 615,664 participants, an increase of 1,750 over November's numbers. This money goes directly into communities in Oklahoma, making its way into the private sector and creating jobs.

"There is a high multiplier effect with the benefits people receive in these communities," said Motley.

The agency was scheduled to make a similar presentation to the Senate Health and Human Services Budget Subcommittee the week of Feb. 7.

## OPEA Members Host Legislators *(Continued from page 5)*

Fallin, adding that he thinks all state leaders understand the concerns of corrections employees and of the general public

Virgin mentioned the need for legislators to eliminate partisan bickering and work together and pointed out that she hopes to set an example for her fellow lawmakers. She recently practiced what she is preaching by working with Martin and Rep. Aaron Stiles on several issues regarding the Norman community, including redistricting. Virgin also discussed the importance of the upcoming pension reform issue and urged state employees to get in touch with their representative and senator.

“Contact your legislator and get back to grass-roots lobbying,” OPEA Region 6 Director Dixie Jackson urged.

State Rep. Scott Martin speaks to OPEA members at the Norman Legislative Chili Supper.



# Oklahomans Lean Toward Cutting Higher Ed

According to a recent poll by Soonerpoll.com, the citizens of Oklahoma would rather see budget cuts for higher education rather than let the ax fall on other state-provided services.

The poll indicated that 49 percent of participants favored cuts to higher educa-

tion, five points above other core state government services. Next on the list was the Department of Human Services, with only 44 percent of participants

favoring cuts and 52 percent indicating DHS should not be cut.

“Clearly, the citizens of Oklahoma

believe state services should be preserved,” said OPEA Executive Director Sterling Zearley. “The only reason DHS is second is that citizens don’t understand the economic value of DHS services. Opinions change when people learn that the services are predominantly to support the working poor in local communities.”

“OPEA is sending a letter to legislators to be certain they are informed about this poll,” Zearley concluded.

**“Opinions change when people learn that the services are predominantly to support the working poor in local communities.”**

• OPEA Executive Director Sterling Zearley

### Oklahomans Asked What They Would Ax

	Support Cuts	Oppose Cuts	Don't Know/Refused
Higher education	49%	46%	5%
Department of Human Services	44%	52%	4%
K-12 education	39%	57%	4%
Health Department	39%	55%	6%
Public safety	41%	55%	4%
Corrections	42%	49%	9%
Vocational-technical education	39%	58%	3%
Transportation	45%	49%	6%

# Health Commissioner Discusses Budget With Senate Subcommittee

Health Department Commissioner Terry Cline presented the agency's budget to the Senate Appropriations Subcommittee on Health and Human Services Jan. 25, outlining the agency's responsibilities and telling committee members Oklahoma ranks near the bottom nationally in several areas related to health.

Cline emphasized the public health mission of the agency and voiced concern that additional budget cuts could decimate basic services in Oklahoma communities. As an example, he told of the meningitis outbreak in Oologah and the importance of the agency's quick response. The Health Department, working with the Highway Patrol, was able to get vaccine to the community quickly. He cautioned the committee that further cuts could be an irreparable blow to the state's public health infrastructure.

"We have taken everything down to the bone," said Cline. "Anything more and I fear we will weaken our ability to provide core services. We are concerned about our ability to provide basic core services to the people of this state."

According to Cline, the Health Department has 2,000 employees in 68 locations across the state. During 2010, the agency performed 650,000 lab tests, distributed nutrition vouchers to 105,000 pregnant women and children per month through the WIC program and issued 405,000 birth and death certificates.

"That's a pretty good deal for the dollar for the people of Oklahoma," said Cline. "Every single person in this state receives core services from the Health Department."

State leaders slashed the Health Department budget by 7.5 percent in fiscal year 2010 and another 7.5 percent for the current year. The fiscal year 2011 cut was deeper than in any other health agency.

When asked for proposed cuts for FY 2012, Cline recommended the agency eliminate 21 child abuse prevention contracts at \$3.1 million. Legislators responded by telling Cline to "scrub his numbers" and identify other cuts, rather than eliminating a program. Cline told the committee the last two years of cuts have caused the agency to take a hard look at operations.

"We have reduced administrative costs from 9.3 to 5 percent," he said. "We have consolidated the child guidance program from 21 to 16 sites. If we continue this strategy, we will dismantle critical public health infrastructure."

"Commissioner Cline and the Board of Health have done everything possible to gain efficiency and reduce costs," said OPEA Policy and Research Director Trish Frazier. "They have made the right decision to eliminate contracts before slashing core public health services any further. OPEA members and state employees in local Health Departments should tell their legislators what they do for the people of Oklahoma and that further cuts would result in a serious threat to core services."

## OPEA *Setting The Future*

### *OPEA Day At The Capitol* *Monday, February 21, 2011*

*Why should I be there?*

If you want a choice in retirement, insurance and compensation reform ... show up!



### **The Agenda**

- 9 a.m. .... Registration begins
- 9:30 a.m. .... OPEA Day training session
- 10 a.m. .... Chapter appointments and general lobbying
- 11:30 a.m. .... Rally
- 12:30 p.m. .... Chapter appointments and general lobbying