

## **EMPLOYMENT - State workers retire in droves - JANUARY NUMBER JUMPS 31 PERCENT FROM '09 TO '10**

**Sacramento Bee, The (CA) - Wednesday, April 14, 2010**

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The number of California state workers who took their first pension check in January jumped more than 30 percent over the same month in 2009, a strong indication that the state's budget and labor turmoil is pushing a growing number of longtime employees out the door.

New statistics provided to The Bee by the California Public Employees' Retirement System also show that state retirements for the entire year increased almost 18 percent from 2008. School and local government civil service retirements for the year rose about 17 percent.

"California public sector workers are looking forward and see little prospect for pay increases -- and perhaps even pay reductions -- or higher pension payouts," said Michael Podgursky, a University of Wisconsin professor who studies group behavior in government organizations. "So those who have the option to retire are doing it. It's a perfectly rational calculation."

The state's aging work force demographics account for some of the increase in retirements. Some state workers, moreover, say the furloughs imposed by Gov. Arnold Schwarzenegger last year and the dim prospect that things will improve anytime soon pushed them to speed up their retirement date.

"At some point you decide, 'Enough is enough,' " said Jerry Pollock, who retired Dec. 30 from his job as a supervisor with the Department of Toxic Substances Control.

Pollock, 60, ended his 26-year career after concluding that even if furloughs end June 30 as the governor plans, any meaningful wage increase "looked years and years off -- if ever."

The flight of workers such as Pollock does have some upside for the state, since those employees tend to be at the higher end of the pay scale for their jobs.

But their hastened departure also speeds up the depletion of knowledgeable workers and seasoned leaders. And the state hasn't done much to groom the next generation, according to a 2009 state audit.

"It is unfortunate that we would lose some of our most experienced and valuable employees sooner than expected," said Schwarzenegger spokesman Aaron McLearn, "but we simply can't shield state workers from the same economic realities the rest of the state is facing."

CalPERS administers retirement benefits for about 1.1 million active and inactive members throughout California. State employees account for about one-third, with the rest spread among school districts, local and regional government entities.

In January, the last month for which CalPERS data are available, 2,647 newly retired state workers drew their first pension checks, up 31 percent from 2,022 for the same month in 2009. By comparison, the number of January retirements grew just 6 percent from 2008 to 2009.

Up to a quarter of retiring state employees time their exits for the end of the year, which spikes the number of first-time pensioners each January. The reason: CalPERS rules delay initial pension cost-of-living adjustments until the May following a retiree's first full calendar year away from service.

That means a CalPERS member who retired in December will get that first COLA in May 2011.

A member who retired in January will have to wait until May 2012.

Overall, 9,400 state retirees drew their first pension check last year, up almost 17.5 percent from the year before. By comparison, state worker retirements increased a bit less than 3 percent from 2007 to 2008, according to CalPERS figures.

Cities, counties, schools and other non-state CalPERS employers saw retirements rise 17 percent from 2008 to 2009, roughly 13 percentage points higher than the previous year.

Like the state, many of those government entities have struggled with their budgets. In response, they're cutting jobs, furloughing employees or offering early retirement incentives.

On average, California state employees retire at around 60 with about 23 years of service. A state audit last year estimated the government could lose 13,000 managers and supervisors by 2016, close to half of the employees at that level. About three times that many rank-and-file workers will also retire in that period if the average holds true.

The Schwarzenegger administration has made some moves to modernize the state's hiring practices and succession planning, but it still isn't prepared to replace many of those workers, state Auditor Elaine Howle concluded. And the state generally offers lower pay than the private sector and many other government organizations, which also hinders recruiting and retention.

Despite those challenges, about 21,000 workers started state jobs last year and the work force shrank by just 1,666 employees from January through December. The state ended the year with 237,304 workers, according to data from the state controller's office.

"The goal last year was for departments to manage within reduced budgets," said Lynelle Jolley, spokeswoman for the state Department of Personnel Administration, and not necessarily to cut jobs.

Since then, the state has swept thousands of vacant jobs off its budget books. The administration also has told departments to cap payroll costs for fiscal 2010-11 at 5 percent below this year's levels. Most have planned to meet that target through attrition.

#### SPECIAL REPORT

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Call Jon Ortiz, Bee Capitol Bureau, (916) 321-1043.

**Caption:** NATHANIEL LEVINE / [nlevine@sacbee.com](mailto:nlevine@sacbee.com) THEY'RE OUTTA HERE Inaugural pension checks to members of the California Public Employees' Retirement System rose dramatically in January as civil servants put in their retirement papers at the end of last year. Statistics also show that state worker retirements in 2009 increased 17.5 percent from 2008. State worker retirements by month January 2007: 1,570 2008: 1,904 2009: 2,022 2010: 2,647 retirees received their first check, a 31 percent increase over January 2009. State worker retirements by year 2007: 7,778 2008: 7,985 2009: 9,400 Source: CalPERS

**Edition:** METRO FINAL

**Section:** MAIN NEWS

**Page:** A1

**Record Number:** SAC\_0405463842

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