



2012

SCSEA STATE HOUSE DAY

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Members and supporters of the SCSEA had a very notable and impressive presence in the South Carolina General Assembly during the annual SCSEA State House Day on Tuesday, January 24, 2012. SCSEA Chapters from across the state were represented by local members who unselfishly made the commitment to participate in the legislative process.

The day started with a briefing on issues affecting state employees and retirees, as well as anticipated goals of the day. I want to personally thank each and every member for their participation including taking annual leave to participate in this very important event.

Feedback from legislators was very positive. The knowledge, understanding, and ability of members to communicate concerns, strategy, and suggestions with regard to complex issues facing state employees and retirees had a significant impact on legislators. Participants did a commendable job emphasizing our objectives:

- pay increase (6.7% COLA)
- maintaining 28 year retirement
- increased retirement contribution formula - 1/4 of every 1% future COLA until the increased contribution goal is satisfied
- no health insurance premium increase or reduction in benefits
- COLA for retirees
- Department of Administration Bill, H. 3066, stand alone governance structure for EIP & SCRS as provided by the Sheheen/Massey Amendment

The SCSEA will continue to help legislators understand the condition of state employees and retirees. Despite multiple challenges, state employees continue to provide invaluable services to the State of South Carolina. Our goal is to continue to impress those challenges upon legislators and put them in a position to find solutions that maintain the integrity of the employment contract and are not punitive to state employees and retirees.

Included in this edition you will find the recent Opinion Editorial submitted by the SCSEA that has been published in numerous newspapers across the state. Please download a copy and send it to your legislators with a personal note voicing your support of our position.

Also included in this publication is a copy of the language developed by the SC Small Business Chamber of Commerce. This correspondence effectively confirms the connection between small mom and pop businesses, state employees and retirees that we have been promoting as an additional basis of support with legislators. If you have not already done so, please print the letter of introduction and the letter of support for small businesses. Please ask businesses in your area to complete the letter of support and return the completed forms to our office at your earliest convenience.



Washington: “After all, you get what you pay for.”

By CARLTON B. WASHINGTON - Guest Columnist

The average state employee earns less than \$40,000 per year; 62 percent of state employees make between \$15,000 and \$35,000. Moreover, state employees have not received a pay increase since 2007 or a merit increase since 2001. Factor in furloughs, layoffs, pay cuts and the absence of a longevity pay plan, which basically results in long-term employees earning a salary commensurate with that of new employees, and employees are falling further and further behind in inflation-adjusted earnings. This growing deficit undermines employee morale, a key performance factor.

Yet the Legislature is considering changes to the S.C. Retirement Systems that would further jeopardize the state’s ability to recruit and retain highly trained and qualified employees.

In all the discussions about reducing retirement benefits, there has been no suggestion that taxpayers are interested in reducing or eliminating public services. They’re not interested in taking their families to eat at a restaurant that is not routinely inspected by the Department of Health and Environmental Control, or traveling on roads and highways without the protections afforded by state troopers. Taxpayers are not advocating closing the Department of Social Services and losing its invaluable protections to abused and neglected children and seniors.

The reason is simple: The public not only wants but demands these services and countless others to ensure our communities function humanely. Food-borne illnesses, DUI accidents, abuse and neglect are real-life events with devastating if not fatal outcomes. So logic demands the state secure and retain qualified, trustworthy and dedicated employees. It is equally reasonable to expect the state to adequately compensate those employees and maintain the integrity of the employment contract, especially for employees who are vested in the retirement system.

Proposals that undermine or break the terms of the employment contract, on top of salaries that are more than 20 percent behind inflation, do not position the state to secure and retain competent employees.

USA Today reports that 75 percent of 260 private-sector employers that cut back on matching 401(k) contributions during the recession have restored them. *The Houston Chronicle* researched 35 publicly traded *Fortune* 500 companies in Houston and Dallas, including such notable names as Conoco Phillips, Texas Instruments and Continental Airlines. Twenty-eight of them maintain traditional defined-benefit plans for their employees in one way or another; in other words, 80 percent of *Fortune* 500 companies in Texas’ two largest cities retained defined-benefit style plans.

Retirees who participated in the S.C. Retirement Systems’ defined-benefit plan play a vital role in our state’s economy. Ninety-four percent of them remain in the state and circulate their retirement dollars in local communities. Their spending creates jobs and spurs economic activity. It also protects mom-and-pop businesses all over South Carolina. That means cost-of-living adjustments are not just important to maintain retirees’ economic independence; they’re also important to local businesses, a significant determinant of the state’s overall economic stability.

South Carolina’s workforce is consistently ranked in the top 10 nationally, due in large part to state employees. Are we willing to entrust vital services to temporary and or less-qualified workers? If the answer is no, then we must treat state employees and retirees fairly, which includes protecting the integrity of the benefit package and the employment contract. Otherwise, taxpayers, residents, businesses and even tourists need to be prepared to accept the consequences.

After all, you get what you pay for.



The Advocate of South Carolina Small Business

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January 23, 2012

Mr. Carlton Washington
Executive Director
SC State Employees Association
1325 Park Street
Columbia, SC 29201

Dear Carlton,

Last week my Board of Directors met and on the agenda was a discussion of state employees' compensation. We had a vigorous discussion that resulted in the following overwhelming consensus.

South Carolina needs quality state employees to perform the responsibilities of state government that businesses and citizens deem to be important. Without good employees, the services of the state will deteriorate with the result being poor business conditions. As it is in the private sector, businesses understand that to keep competent and valued state employees requires adequate compensation and benefits.

Small businesses on Main Street benefit from government employees and their buying power. It is clear that the termination of state employees or the lessening of their ability to purchase the goods and services of our small businesses will have a negative effect on our local economies. Conversely, additional compensation to state employees will have a positive effect on our small business community.

Please let me know if you have any questions.

Sincerely,

Frank Knapp, Jr.
President & CEO

THE SCSEA WHERE MEMBERSHIP COUNTS



MEMORANDUM

TO: Locally Owned and Operated Businesses

FROM: South Carolina State Employees Association

DATE: January 25, 2012

RE: Letters of Support

Over the last ten (10) years, state employees have fallen at least 20% behind the rate of inflation related to pay. Or put another way, state employees have at least 20% less to spend in goods and services. This has occurred because employees have not received a Cost of Living Adjustment, COLA, since 2007 or a merit increase since 2001.

Traditionally state employees have always been behind the private sector in relationship to salary and bonus pay with 62% of state employees earning between \$15,000 and \$35,000 a year. The average retirement benefit for state retirees is roughly \$19,000 a year. Until recently, retirees received a 2% COLA annually which helped subsidize the difference in pay and enabled retirees to maintain financial independence, without for the most part, any reliance on social services.

These facts are important to you as a business owner because state employees and retirees spend the majority of their income locally. Ninety-four percent, 94%, of retirees remain in South Carolina spending their pensions in local communities. Of course, state employees live in local communities and like retirees spend their income locally with mom and pop businesses they know and trust. Therefore, it is beneficial to your business for state employees and retirees to be treated fairly because it affects your bottom line. If state employees and retirees do not have income to spend with you, it impacts your business and ability to deliver goods and services in the marketplace.

To be clear, it does not require a tax increase. We are only asking the General Assembly to allocate revenue in such a way as to make state employees and retirees a priority.

As a small business, you do not benefit from the huge tax breaks and incentives given to big box corporate giants like Amazon and BMW. But you do benefit from state employees and retirees coming in and spending their limited income with mom and pop businesses like yours.

We plan to publicize the support of local businesses through our website, our members, and media press releases. We will encourage local communities to patronize businesses that support the State treating state employees and retirees fairly with regard to pay and benefits.

Thank you in advance for your participation and support of state employees and retirees.

Business Name

Business Address

City, State, Zip

Date

Dear Members of the General Assembly:

As a local business owner, I am concerned about the absence of reasonable pay increases commensurate with the rate of inflation for state employees and the discontinuance of the 2% Cost of Living Adjustments, COLA, for state retirees. The COLAs for active employees and retirees help reduce the gap between pay and the rate of inflation. Obviously, state employees who work in my community also live here and 94% of retirees remain in South Carolina. Their income is spent locally with businesses like mine. The revenue helps create jobs and spur economic activity.

Small businesses do not benefit from major corporate tax breaks and/or incentives given to companies, many whose corporate offices are located outside of South Carolina, like Amazon and BMW. But small businesses, like mine, do benefit from state employees and retirees spending their hard earned income in locally owned and operated businesses across South Carolina.

Sixty-two percent, 62%, of state employees earn between \$15,000 and \$35,000 annually. State employees are at least 20% behind the rate of inflation and the average state retiree income is \$19,000. If these good folks don't have the income to purchase basic goods and services, it affects everything in the marketplace. We are asking them to do important jobs on behalf of the citizens of this state. We owe it to them to pay them fairly and maintain the integrity of the South Carolina Retirement Systems.

Thank you in advance for your full consideration of this matter.