

Many retired Calif. execs still in high-pay state jobs

By Jon Ortiz, Sacramento Bee

Despite the Brown administration's edict last year to sweep out nearly all retirees from the state workforce, more than two dozen departments still use them to fill some of the highest-paying positions in government, according to state data reviewed by the *Bee*.

The numbers in an internal Department of Human Resources report show a total of 75 retirees in 26 departments held "career executive assignments" in February. The positions pay the retirees from \$45 per hour to \$75 per hour on top of their pensions.

More than a third of those retired-annuitant executive positions were in the Department of Corrections and Rehabilitation.

Scott Carney, administrative services director at the Department of Corrections, said using retirees at the executive level injects much-needed skill and experience into the department as it navigates a massive court-ordered downsizing, reorganizes its system of 33 prisons and shepherds a new generation of leaders.

"They have unique skill sets," Carney said.

Retired state employees are not allowed to work more than half-time hours in a given fiscal year and still draw their pensions.

Critics contend that limitation alone suggests retirees brought back as career executives couldn't be taking on the workload and responsibility to justify such a high pay rate.

They say the practice breeds cronyism under the guise of filling crucial positions because the state has failed to adequately address a leadership vacuum.

The state correctional officers union, the Bureau of State Audits and several former human resources managers interviewed question whether these high-level retired annuitants are doing the work that goes with the title and the pay. How, they wonder, can a part-time or intermittent employee hold such a high-level title?

“The current setup is wildly inappropriate,” said JeVaughn Baker, spokesman for California’s state correctional officers union. “If these are mission-critical management positions, then they should be filled by full-time people invested in the long-term success of the department.”

The Department of Corrections in February accounted for 28 of the 75 retirees on the state’s roster of career executives. Most held the title chief deputy administrator, which pays \$59.12 per hour – up to \$56,755 annually if they work the maximum 960 hours allowed.

Full-time employees with that title are salaried deputy wardens at a prison. Retirees at that level in corrections may serve in various roles, from mentors for up-and-coming wardens to managing special projects or testifying in court cases.

“These people are in functions critical for savings and safety,” Carney said.

That distinction is key in light of the 2012-13 budget that Gov. Jerry Brown signed last year.

The measure reflected an agreement the governor reached with the state’s biggest union that required that departments ax all but the most essential of the 5,800 or so “retired annuitants” who drew \$110 million in pay from the state in 2011-12, on top of their pensions.

Service Employees International Union Local 1000 said the retirees take jobs that should go to unionized full-time workers and block upward mobility. The local accepted a year of furloughs in exchange for purging annuitants in state service during that same period.

“Only those that have been deemed critical to the department’s core mission will be retained,” Brown’s budget summary said.

By January this year, the state still employed 3,940 annuitants.

The administration exempted retirees whose termination would create a void that disrupts state business to the point of failure, cause the state to lose funding or put public safety or health at risk.

Departments decide what that means. The California Department of Human Resources, which handles personnel matters for the governor, conducts a handful of agency audits each year, said department spokeswoman Pat McConahay, but it hasn’t required proof that all have followed the budget mandate.

“That would be micromanaging,” she said.

McConahay didn’t have specifics for which departments had been audited or how many retired annuitant rehires the Human Resources Department found violated the budget mandate.

The career executive jobs pay salaries from \$6,200 to \$13,400 per month. Many carry policy-making and leadership duties that affect hundreds or thousands of people. Creating a new career executive position requires the approval of two state agencies.

“You’d be hard-pressed to find someone at those levels who is stupid or lazy,” said former Department of Finance Director Mike Genest, who retired as a CEA 4, the second-to-highest tier.

The state is struggling to fill those upper-level positions. Baby boomers who make up the bulk of the state's leadership are retiring and taking their experience with them. Years of furloughs, slashed budgets and stagnant pay hastened their exit.

The pool of relatively young retired leaders can make bringing them back an attractive option, because they draw no benefits and have no civil-service or union protections – but do have years of knowledge and experience.

Genest said departments save money by bringing back retired executives but that plugging them into such important positions is “inherently a second-best solution. What you really need is a career person who will stay there year in and year out.”

Retired annuitants don't need the work and aren't as accountable as regular full-time employees, he said, and the here-today-gone-tomorrow nature of their appointments blunts their authority.

“You need folks in those (CEA) jobs who people are afraid of,” Genest said. “Fiscally, retirees are great, they're a money saver. For management, maybe not.”

Roughly 120 of the state's 150 agencies, departments, commissions and boards have no retired annuitants in career executive assignments.

Those that do must bring retirees back to a position – and pay – equal to or lower than the one they left. Under Brown's budget, those jobs have to be mission critical, but each department applies that standard differently, since their missions vary.

The Human Resources Department, for example, brought back retiree Rayvella Zentner as a CEA 4 earning \$57.34 per hour – the hourly rate for a salaried employee at the same level – to

update the state's moribund recruiting and retention programs.

Zentner, whose monthly pension is \$7,150 before taxes, held a full-time career executive position a few years ago as head of a newly minted Human Resources modernization program. "HR Mod" ceased to exist and its 30 positions were eliminated in a massive government reorganization last year.

Technically, that meant the position Zentner held was eliminated as well.

But the program's goals still exist. So after another manager moved on, Human Resources Director Julie Chapman brought Zentner back. She has focused on overhauling the state personnel system and "mentoring staff so they can take over these critical duties," department spokeswoman McConahay said.

Zentner is training a full-time employee recently hired to take over the job in the near future, McConahay said.

Some retirees have held top-level state jobs for years.

The chief counsel for the California Unemployment Insurance Appeals Board, Ralph Hilton III, retired in 2009 and draws a \$9,041 pension each month.

He kept the chief counsel title he has held since 2001, preparing arguments for cases that go to court and dispensing legal advice to the board for \$73.15 per hour, up to a maximum \$70,224 per year.

Bob Dresser, whom the governor appointed as board chairman in 2011, said he considered replacing Hilton with a full-time employee two years ago.

But the department was in disarray, he said, having fallen well below federal standards for turning around unemployment benefits appeals in a timely manner.

"My thought was that he has so much institutional knowledge

and that to train someone in that kind of chaotic situation ... it would have taken me months," Dresser said. "In my view, he's mission critical."

Now that the board is emerging from federal oversight to improve its performance, Dresser said he plans to hire a full-time chief counsel.

Hilton could stay on, Dresser said, "but only as a full-time employee."

Like Hilton, retiree Diane Cummins brings years of experience and expertise to her \$60.21-per-hour executive position at the Department of Finance. Her state pension pays another \$12,709 gross per month.

Finance Department spokesman H.D. Palmer said that Cummins played a role in developing the plan to downsize the state's prison population, and has held high-level positions working for Democratic as well as Republican leaders.

And although she's paid only up to the 960-hour annual maximum for retired annuitants, Cummins "has been working in the office on a full-time basis since her return, ... so it's essentially one dollar of pay for two dollars' worth of work," Palmer said.

"I'd make the strong argument that the state's return for her services is definitely higher than two-to-one."

The Department of Developmental Services had nine retirees listed as career executives, including an acting executive director at the Sonoma Developmental Center, a statewide system education administrator, policy advisers and a management investigator.

Spokeswoman Nancy Lungren said the department deemed the employees "mission critical under the criteria established by the governor's order," but did not elaborate.

State oversight of those determinations is so thin that State Auditor Elaine Howle in 2011 urged a sweeping review of retirees holding leadership titles and suggested that in some instances they were overpaid.

“(I)t appears that some retired annuitants did not return to the same position,” Howle said in a letter to Brown, “yet may have been or are being paid at the same rate as when they were employed in the leadership position.”

Leaving the “mission critical” decisions to departments opens the opportunity for abuse, said Norma Suave, who retired last year after a 36-year state career in labor relations and human resources.

“Anytime you delegate this stuff out, you need to have a strong audit function,” Suave said. “But with retired-annuitant CEAs, right now it’s a fox guarding the henhouse.”