



# California State Employee Compensation Trends

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**The Center for Government Analysis**

**August 2012**

## Introduction

This analysis of California State Employee compensation trends examines the level of compensation given to the listed categories of State Government Employees in 2005 and in 2010. These two years were chosen for three reasons. First, this five year period affords a sufficient length of time to gain a fuller understanding of significant changes in these compensation trends. Second, this five year period provides a more comprehensive picture of the costs borne by the taxpayers of California who fund these changes in California State Employee compensation. Third, 2010 is the most recent year for which much of the key data in this report are available from the CALPERS.

This analysis addresses only California State Government Employees (the Methodology Section beginning on page 4 gives a more precise listing of employee categories examined in this analysis). Readers should keep in mind that these State Government Employees are only a relatively small subset of the total number of government employees employed by the many local and regional governments that exist in California. There are 58 counties, over 490 municipalities, approximately 1,000 K-12 school districts, and several thousand special districts in the State of California, and these governments have millions of employees.

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The contents of this report are the sole responsibility of the Center for Government Analysis.

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## Executive Summary

1. Total expenditures by the State Government of California to finance salaries and pension benefits for State Government Employees increased almost three times as fast (29 percent) as the Per Capita Personal Income (PCPI) of all Californians (9.8 percent) from 2005 to 2010. (see Table 3-2, p.12)
2. Had the increase in total expenditures by the State of California to finance salaries and pension benefits for State Government Employees increased at only the same rate from 2005 to 2010 as the PCPI of all Californians during the same period, the State would have saved over \$2.1 billion (\$2,117,347,661) in 2010 alone. (see Table 3-2, p.12)
3. The total number of State Government Employees increased at a slightly greater rate (5 percent) than the total population of California (4.2 percent) from 2005 through 2010.
4. Total estimated expenditures to pension systems increased over four and one half times (45 percent) as fast as the increase in PCPI of all Californians (9.8 percent) from 2005 to 2010. (see Table 3-1, p.11)
5. In general, the estimated expenditures to pension systems for all categories of employees (except for those “Miscellaneous Tier 2” employees – i.e. those who have opted down to a defined benefit pension tier with a lower retirement multiplier) have increased much more rapidly than the increase in PCPI of all Californians. (see p. 14-30). Particularly notable increases in expenditures to pension systems occurred for Industrial (Tier 1 and Tier 2 combined) Employees (65 percent, or over 6 and one half times faster than PCPI) (see Table 6-1, p.20), and State Safety Employees (94 percent, or over 9 and one half times faster than PCPI) (see Table 7-1, p.23). Though some of these increases are driven by significant increases in the number of employees, many have equally striking increases on a per capita basis as well.
6. Given the rapidly rising cost of financing ever more lavish pension benefits, the potential savings if the increase in per employee wages and pension benefit expenditures had been limited to the increase in PCPI in 2011 would have been much more than \$2.1 billion.
7. Given the importance of this subject to the current discussion of government finances in California, the State Legislature should require that CalPERS promptly posted updated data every year. CalPERS tardiness in posting relevant data in a timely manner is unseemly in an open democratic society and only serves to further erode public confidence in California government.

## Methodology

Data utilized in this report come from several primary sources, including: the United States Bureau of the Census, the U.S. Department of Commerce-Bureau of Economic Analysis, the California Public Employee Retirement System (CalPERS) Annual Actuarial Reports, and the CalPERS Comprehensive Annual Financial Reports.

State level employees are broken out into several categories, including Tier 1 Miscellaneous, Tier 2 Miscellaneous, Tier 1/Tier 2 Industrial, State Safety, California Highway Patrol, and State Peace Officer/Firefighter.

Tier 1 employees (Miscellaneous and Industrial) representing the majority of employees. These individuals receive either the 2% at 55 or the 2% at 60 benefit formula, depending on the type of position. Tier 2 employees (Miscellaneous and Industrial) are those employees that have chosen to enter a reduced benefit tier, 1.25% at 65, in exchange for not having to make any contributions out of their paycheck toward their retirement. Tier 1 employees are required to make contributions from their paycheck to help fund their retirement benefits.

“Miscellaneous” employees are those employed by the State and universities who are not involved in law enforcement, fire suppression, the protection of public safety, or employed in a position designated by law as industrial, patrol, peace officer/firefighter, or safety.

“Industrial” employees are those employed by the Department of Corrections or the Department of the Youth Authority, other than State safety or peace officer/firefighter members. Also included in this category are individuals employed by the Board of Prison Terms, the Youthful Offender Parole Board, the Division of Adult Paroles, and the Board of Trustees of the California Institution for Women who hold positions designated by law as State industrial.

“State Safety” members are individuals employed by the State who are involved in law enforcement, fire suppression, the protection of public safety, or who are employed in a position designated by law as “State Safety.” This category does not include employees who are California Highway Patrol Officers or safety employees who are enrolled under the State Peace Officer/Firefighter Plan.

The California Highway Patrol Plan covers only those employees who are safety employees working at the California Highway Patrol.

The State Peace Officer/Firefighter members are those safety employees that participate in the State Peace Officer & Firefighter. This category includes State Correctional Officers.

Non-credentialed school employees that work in K-12 education, though they receive their pension benefits from CalPERS, are not included in this analysis, as their compensation offerings are typically determined at a local level.

Estimated Pension Expenditures for the various categories of employees are derived using Employer Contribution Amounts provided in the Annual Actuarial Reports prepared by the actuarial advisors to CalPERS.

Each set of data includes a chart demonstrating the savings that would have occurred, had the growth in Total Employee Salaries/Wages & Pension Costs been held to a rate equivalent to the growth of California Per Capita Personal Income.

Please note the terms “Salaries” and “Wages” are used interchangeably throughout this report.

Table 1-1 shows the change in California Per Capita Personal Income (PCPI) from 2005 through 2010. California PCPI increased from 2005 through 2008, and then declined in 2009, before increasing somewhat in 2010. The net change in California PCPI over this period was \$3,783, or an increase of 9.8 percent. PCPI is a useful measure of the income of Californians during this period. As is illustrated in the following Tables and Charts in this report, expenditures for various categories of California State Government Employees increased more rapidly, often much more rapidly, than the change in California PCPI during this period. This means that, in economic terms, a greater proportion of the personal income of all Californians was given to pay the salaries and benefits of California State government employees in 2010 than in 2005. This increase in the proportion of the personal income of all Californians given to pay the increased salaries and pension benefits of State Government Employees meant that by 2010, Californians, in aggregate, had relatively less disposable income to pay for groceries, housing, transportation, education, health care, and other goods and services in 2010 than in 2005.

Chart 1-1 shows the data from Table 1-1 in graphic form.

**Table 1-1: California Per Capita Personal Income, 2005-2010**

|         | 2005     | 2006     | 2007     | 2008     | 2009     | 2010     |
|---------|----------|----------|----------|----------|----------|----------|
| CA PCPI | \$38,731 | \$41,518 | \$43,211 | \$44,003 | \$41,301 | \$42,514 |

Total Dollar Change 2005 to 2010: \$3,783

Total Percentage Change 2005 to 2010: 9.8%

**Chart 1-1: California Per Capita Personal Income, 2005-2010**

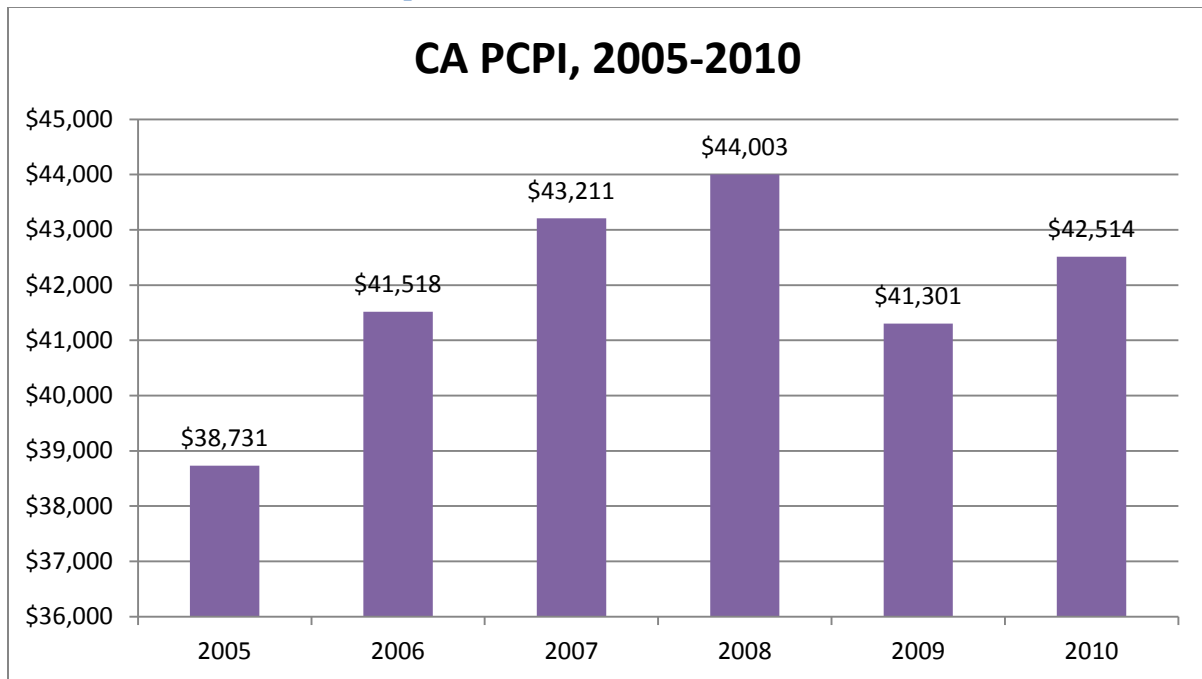


Table 2-1 and Chart 2-1 show the change in the population of California from 2005 through 2010.



**Table 2-1: California Population, 2005-2010**

|         | 2005       | 2006       | 2007       | 2008       | 2009       | 2010       |
|---------|------------|------------|------------|------------|------------|------------|
| CA Pop. | 35,827,900 | 36,021,200 | 36,250,300 | 36,604,300 | 36,961,200 | 37,349,400 |

Total Population Change 2005 to 2010: 1,521,500

Total Percentage Change 2005 to 2010: 4.2%

**Chart 2-1: California Population, 2005-2010**

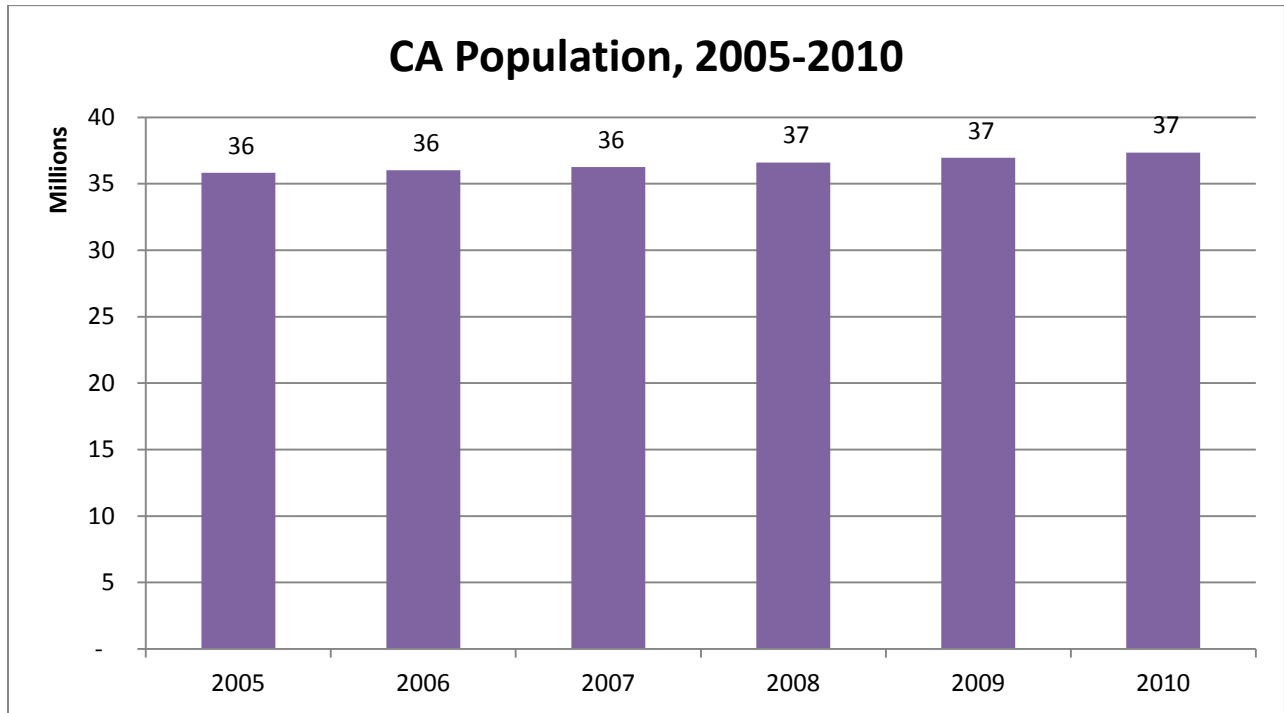


Table 3-1 shows compensation trends for California State Government employees from 2005 through 2010. The top line in Table 3-1 shows that total wages for these State Government Employees increased from over \$12.9 billion in 2005 to over \$16.2 billion in 2010, and increase of over \$3.3 billion (as shown in the blue shaded column) or 26 per cent. This means that in salaries alone, the expenditure for State Government Employees increased, in percentage terms, well over two and on half times as much as the per capita personal income of all Californians during this period.

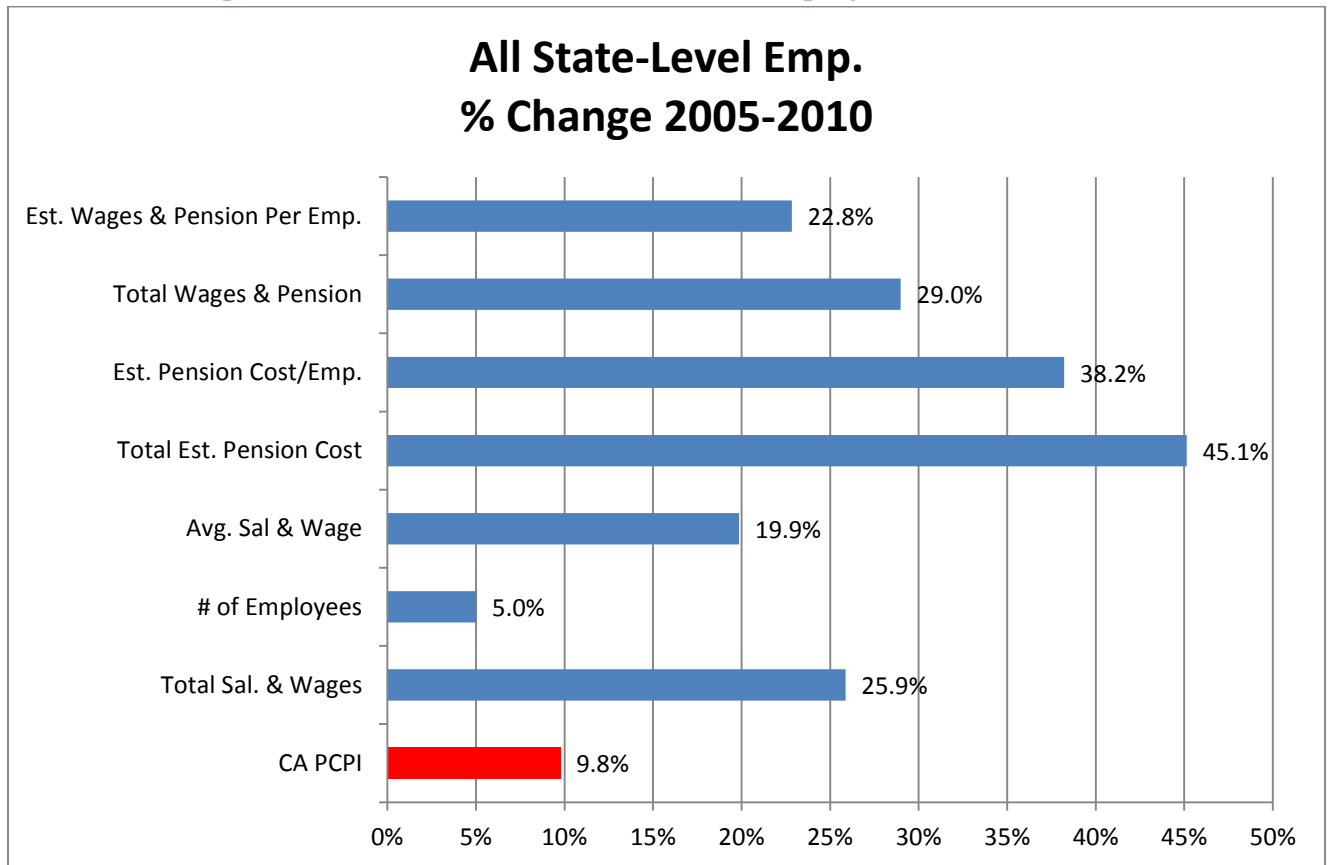
Especially noteworthy here is the 45 per cent increase in total estimated pension costs. This means that pension costs increased, in percentage terms, well over four and one half times as much as the per capita personal income of all Californians during this period. Note also that the increase number of State Government Employees increased at a slightly greater rate (5 per cent) than the increase in the population of California (4.2 per cent – see Table 2-1, p. 9). This means that there were more State Government Employees relative to the population of California, and that the expenditures for State Government Employee’s salaries and pension benefits increased much more rapidly that the income of all Californians during this period.

Chart 3-1 shows the data from Table 3-1 in graphic form. Note that the red bar at the bottom of Chart 3-1 shows the increase in Per Capita Personal Income for all Californians over this period. As is readily apparent, the percentage changes in every category related to State government Employee compensation were much greater than the percentage change in the PCPI of all Californians (as represented by the red bar at the bottom of chart 3-1).

**Table 3-1: Compensation Trends for All State-Level Employees**

|                            | 2005             | 2010             | Amount Change<br>2005-2010 | % Change<br>2005-2010 |
|----------------------------|------------------|------------------|----------------------------|-----------------------|
| State Level Total Wages    | \$12,935,361,741 | \$16,281,232,715 | \$3,345,870,974            | 26%                   |
| Employees                  | 236,482          | 248,335          | 11,853                     | 5%                    |
| Avg. Wages/Emp.            | \$54,699         | \$65,562         | \$10,862                   | 20%                   |
| Total Est. Pension Cost    | \$2,500,006,257  | \$3,628,332,862  | \$1,128,326,605            | 45%                   |
| Est. Pension Cost/Emp.     | \$10,572         | \$14,611         | \$4,039                    | 38%                   |
| Total Wages & Pension      | \$15,435,367,998 | \$19,909,565,577 | \$4,474,197,579            | 29%                   |
| Est. Wages & Pension /Emp. | \$65,271         | \$80,172         | \$14,901                   | 23%                   |

**Chart 3-1: Compensation Trends for All State-Level Employees**



**Table 3-2: Savings from PCPI Growth Limit, All State-Level Employees**

| Category  | 2005             | 2010             | \$ Change                     | % Change |
|---|------------------|------------------|-------------------------------|----------|
| Est. Wages & Pension Per Emp.                         | \$65,271         | \$80,172         | \$14,901                      | 23%      |
| CA PCPI   | \$38,731         | \$42,514         | \$3,783                       | 10%      |
| Wages & Pension/Employee Limited to Growth in CA PCPI | \$65,271         | \$71,646         | \$6,375                       | 10%      |
| Total State Level Employees                           | 236,482          | 248,335          | 11,853                        | 5%       |
| Total Spending Without Limitation                     | \$15,435,367,998 | \$19,909,565,577 | \$4,474,197,579               | 29%      |
| Total Spending With Limitation                        | \$15,435,367,998 | \$17,792,217,916 | \$2,356,849,917               | 15%      |
| <b><u>Total Savings From Limitation</u></b>           |                  |                  | <b><u>\$2,117,347,661</u></b> |          |

Table 3-2 shows the total savings in dollars that would have been realized if the expenditures for salaries and benefits for California State Government Employees had increased at the same rates as the California Per Capita Personal Income from 2005 through 2010. The state would have saved over \$2.1 billion if these expenditures had only increased at the same rate as PCPI, and even more (close to \$3 billion) if the total number of employees had remained constant.

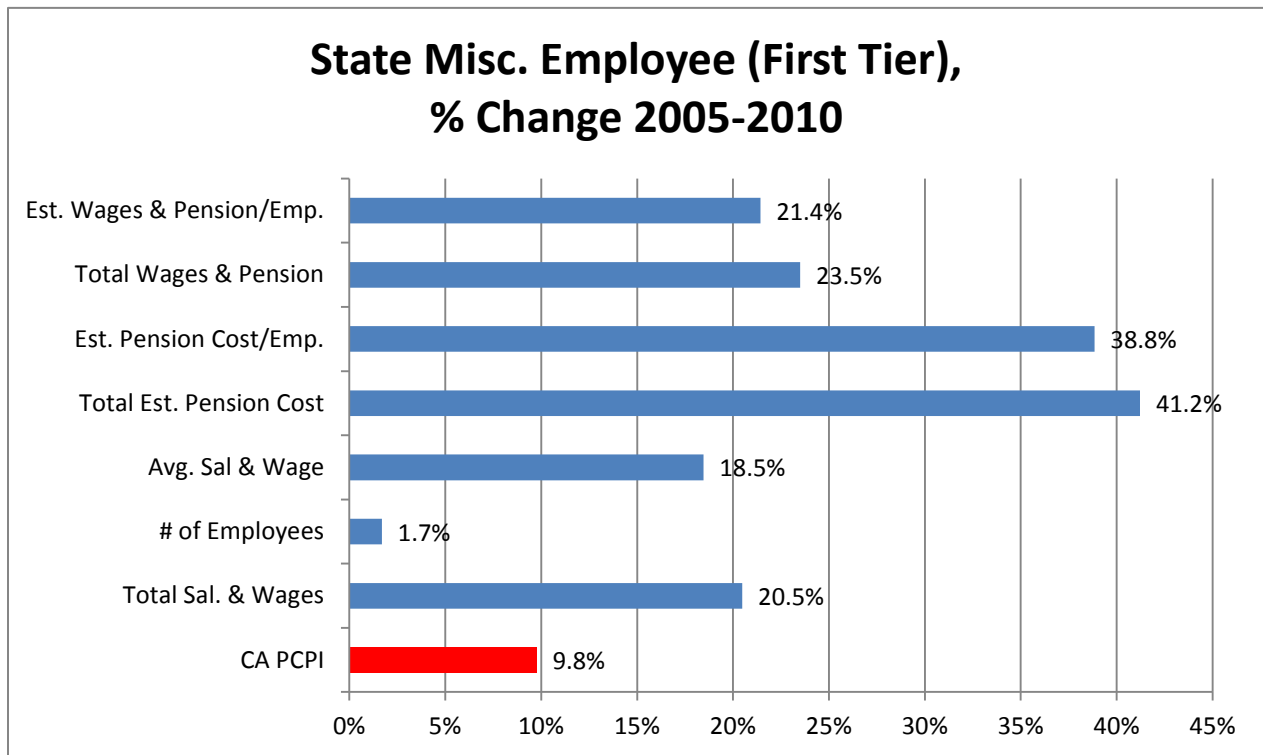
Table 4-1 and Chart 4-1 show compensation expenditure trends for Miscellaneous (Tier 1) employees from 2005 through 2010. Note that estimated wages and pension cost per employee increased 21 per cent, or over twice as fast as PCPI during this period.

Chart 4-1 shows the data from Table 4-1 in graphic form, and makes very clear the order of magnitude by which these various categories of expenditure increased much more rapidly than PCPI (PCPI percentage change is shown by the red bar at the bottom of Chart 4-1).

**Table 4-1: Compensation Trends for Miscellaneous (Tier 1) Employees**

|  | 2005            | 2010             | Amount Change<br>2005-2010 | % Change<br>2005-2010 |
|--|-----------------|------------------|----------------------------|-----------------------|
| State Misc. First Tier<br>Employee Total Wages | \$7,843,564,921 | \$9,449,935,699  | \$1,606,370,778            | 20%                   |
| # of Employees                                 | 149,092         | 151,631          | 2,539                      | 2%                    |
| Avg. Wages/Emp.                                | \$52,609        | \$62,322         | \$9,713                    | 18%                   |
| Total Est. Pension Cost                        | \$1,333,170,730 | \$1,882,616,190  | \$549,445,460              | 41%                   |
| Est. Pension Cost/Emp.                         | \$8,942         | \$12,416         | \$3,474                    | 39%                   |
| Total Wages & Pension                          | \$9,176,735,651 | \$11,332,551,889 | \$2,155,816,238            | 23%                   |
| Est. Wages & Pension/Emp.                      | \$61,551        | \$74,738         | \$13,187                   | 21%                   |

**Chart 4-1: Compensation Trends for Miscellaneous (Tier 1) Employees**



**Table 4-2: Savings from PCPI Growth Limit, Miscellaneous (Tier 1) Employees**

| Category  | 2005            | 2010             | \$ Change              | % Change |
|---|-----------------|------------------|------------------------|----------|
| Est. Wages & Pension Per Emp.                         | \$61,551        | \$74,738         | \$13,187               | 21%      |
| CA PCPI   | \$38,731        | \$42,514         | \$3,783                | 10%      |
| Wages & Pension/Employee Limited to Growth in CA PCPI | \$61,551        | \$67,563         | \$6,012                | 10%      |
| Total Misc. (Tier 1) Employees                        | 149,092         | 151,631          | 2,539                  | 2%       |
| Total Spending Without Limitation                     | \$9,176,735,651 | \$11,332,551,889 | \$2,155,816,238        | 23%      |
| Total Spending With Limitation                        | \$9,176,735,651 | \$10,244,603,109 | \$1,067,867,459        | 12%      |
| <b>Total Savings From Limitation</b>                  |                 |                  | <b>\$1,087,948,780</b> |          |

Table 4-2 shows the savings had the increase in total spending for Miscellaneous (Tier 1) Employees only increased as rapidly as PCPI from 2005 through 2010. These savings would have amounted to substantially over \$1 billion, as shown at the bottom of Table 4-2.

Table 5-1 shows the compensation expenditure trends for Miscellaneous (Tier 2) State Government Employees from 2005 through 2010. Total expenditures for this category of employee actually decreased 16 per cent over this period, due primarily to the fact that the number of such employees decreased from 11,184 in 2005 down to 7,674 in 2010, a decrease of 3,510, or 31 per cent. It is interesting to note, however, that the average wages per employee increased 20 percent, or over twice as rapidly as the PCPI, and that the estimated pension cost per employee grew by 40 per cent over this same time period, or over four times as rapidly as the PCPI.

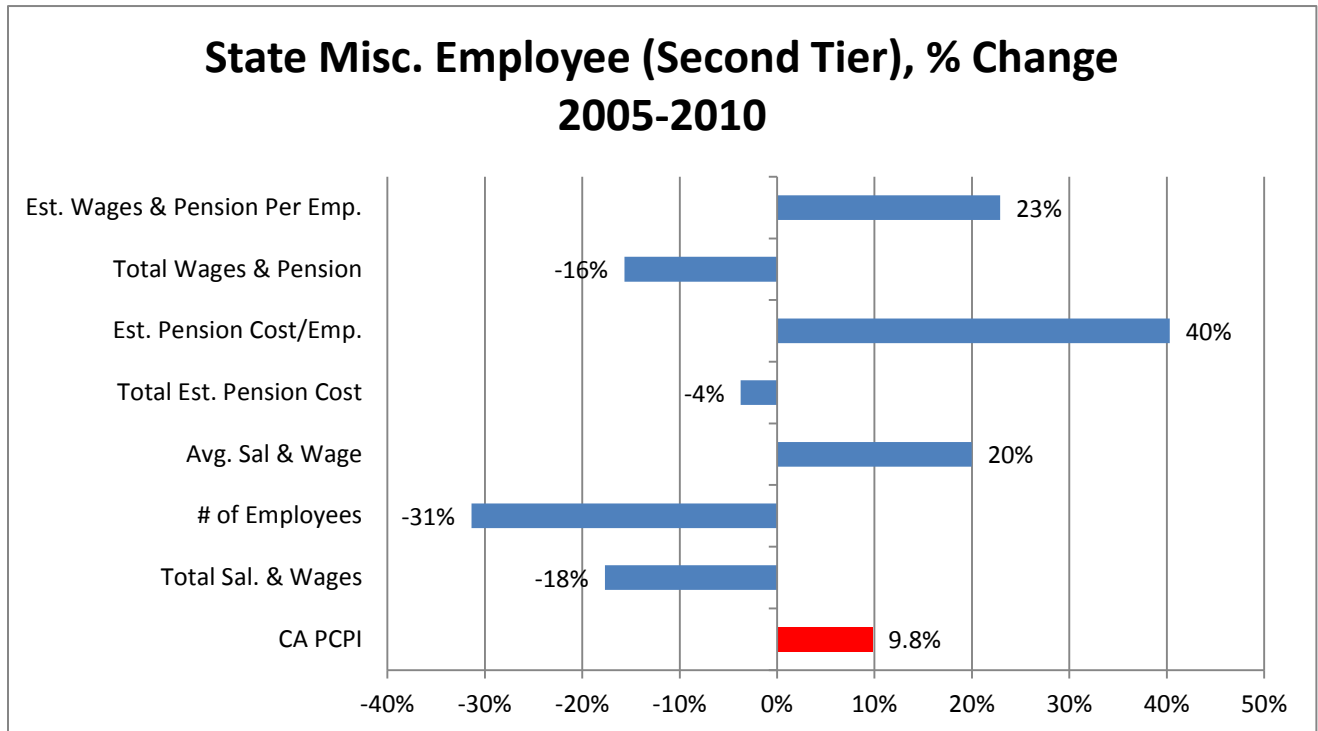
Chart 5-1 shows the data from Table 5-1 in graphic form.



**Table 5-1: Compensation Trends for Miscellaneous (Tier 2) Employees**

|   | 2005          | 2010          | Amount Change<br>2005-2010 | % Change<br>2005-2010 |
|---|---------------|---------------|----------------------------|-----------------------|
| State Misc. Second Tier<br>Employee Total Wages | \$502,061,169 | \$413,255,995 | -\$88,805,174              | -18%                  |
| # of Employees                                  | 11,184        | 7,674         | (3,510)                    | -31%                  |
| Avg. Wages/Emp.                                 | \$44,891      | \$53,851      | \$8,960                    | 20%                   |
| Total Est. Pension Cost                         | \$84,235,823  | \$81,089,091  | -\$3,146,732               | -4%                   |
| Est. Pension Cost/Emp.                          | \$7,532       | \$10,567      | \$3,035                    | 40%                   |
| Total Wages & Pension                           | \$586,296,992 | \$494,345,086 | -\$91,951,906              | -16%                  |
| Est. Wages & Pension /Emp.                      | \$52,423      | \$64,418      | \$11,995                   | 23%                   |

**Chart 5-1: Compensation Trends for Miscellaneous (Tier 2) Employees**



**Table 5-2: Savings from PCPI Growth Limit, Miscellaneous (Tier 2) Employees**

| Category  | 2005          | 2010                | \$ Change      | % Change |
|---|---------------|---------------------|----------------|----------|
| Est. Wages & Pension Per Emp.                         | \$52,423      | \$64,418            | \$11,995       | 23%      |
| CA PCPI   | \$38,731      | \$42,514            | \$3,783        | 10%      |
| Wages & Pension/Employee Limited to Growth in CA PCPI | \$52,423      | \$57,543            | \$5,120        | 10%      |
| Total Misc. (Tier 2) Employees                        | 11,184        | 7,674               | (3,510)        | -31%     |
| Total Spending Without Limitation                     | \$586,296,992 | \$494,345,086       | -\$91,951,906  | -16%     |
| Total Spending With Limitation                        | \$586,296,992 | \$441,586,269       | -\$144,710,723 | -25%     |
| <b>Total Savings From Limitation</b>                  |               | <b>\$52,758,818</b> |                |          |

Note in this instance that Total Spending Without the PCPI limitation decreased by \$91,951,906 because the number of employees in this category decreased. However, had the PCPI limitation been in place, Total Spending would have decreased by even more (\$144,710,723). Thus, the savings would have been more than \$52 million if the PCPI limitation had been in place.

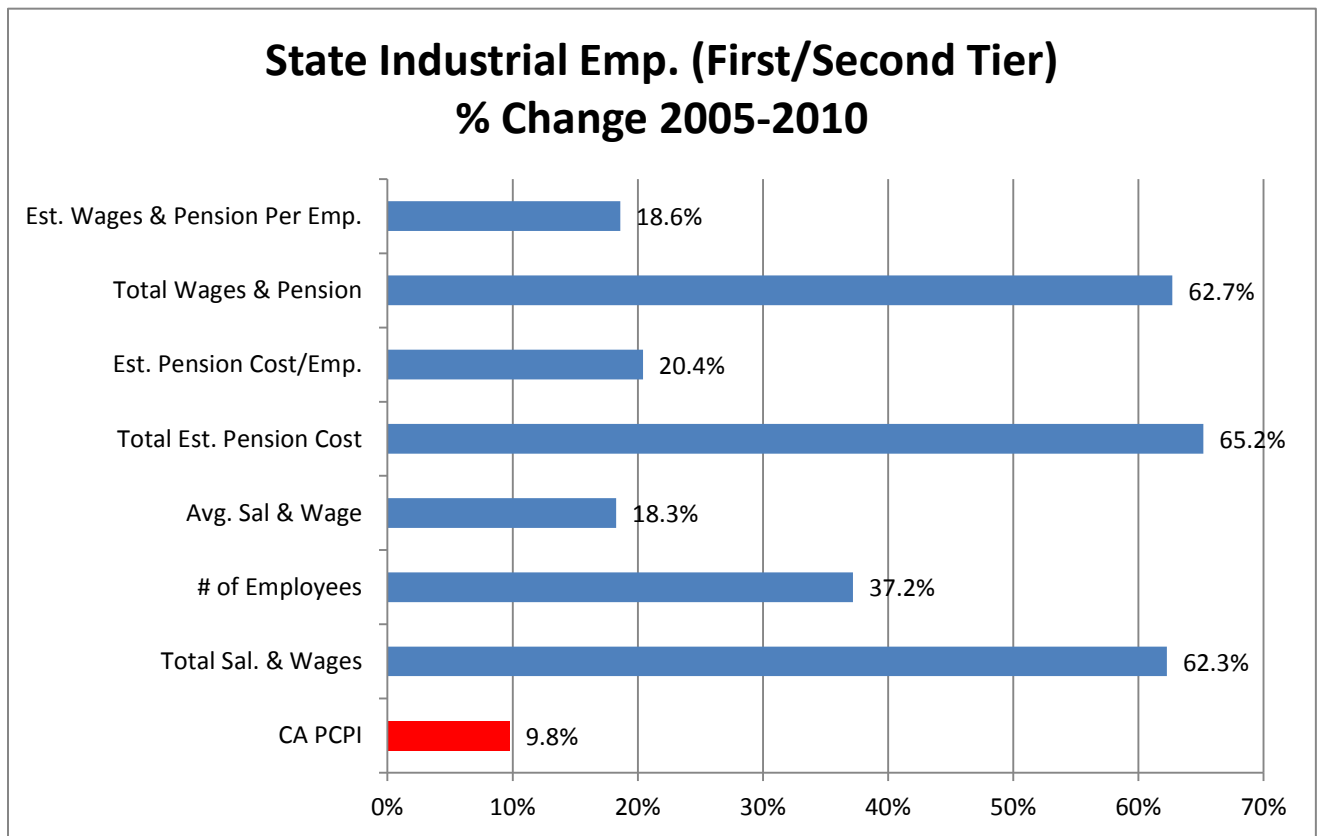
Table 6-1 shows data about compensation trends for Industrial (Tier 1 & 2) State government employees from 2005 through 2010. Significant here is the large increase in the number of such employees, from 8,482 in 2005 to 11,637 in 2010, an increase of 37 percent, which is much greater than the increase of the population of California, 4.2 percent, during this period (see Table 2-1, p.9). Note, however, that estimated wages and pension expenditure per employee went up over twice as fast (19 percent) as the increase in PCPI during this period.

Chart 6-1 illustrates the data from Table 6-1 in graphic form. Note that every category of expenditure increased more rapidly than PCPI (shown as the red bar at the bottom of Chart 6-1)

**Table 6-1: Compensation Trends for Industrial (Tier 1 & 2) Employees**

|   | 2005          | 2010          | Amount Change<br>2005-2010 | % Change<br>2005-2010 |
|---|---------------|---------------|----------------------------|-----------------------|
| State Industrial First/Second Tier Employee Total Wages | \$355,983,225 | \$577,654,482 | \$221,671,257              | 62%                   |
| # of Employees  | 8,482         | 11,637        | 3,155                      | 37%                   |
| Avg. Wages/Emp.   | \$41,969      | \$49,639      | \$7,670                    | 18%                   |
| Total Est. Pension Cost                                 | \$63,582,164  | \$105,034,914 | \$41,452,751               | 65%                   |
| Est. Pension Cost/Emp.                                  | \$7,496       | \$9,026       | \$1,530                    | 20%                   |
| Total Wages & Pension                                   | \$419,565,389 | \$682,689,396 | \$263,124,008              | 63%                   |
| Est. Wages & Pension Per Emp.                           | \$49,465      | \$58,665      | \$9,200                    | 19%                   |

**Chart 6-1: Compensation Trends for Industrial (Tier 1 & 2) Employees**



**Table 6-2: Savings from PCPI Growth Limit, Industrial (Tier 1 & 2) Employees**

| Category  | 2005          | 2010                | \$ Change     | % Change |
|---|---------------|---------------------|---------------|----------|
| Est. Wages & Pension Per Emp.                         | \$49,465      | \$58,665            | \$9,200       | 19%      |
| CA PCPI   | \$38,731      | \$42,514            | \$3,783       | 10%      |
| Wages & Pension/Employee Limited to Growth in CA PCPI | \$49,465      | \$54,297            | \$4,831       | 10%      |
| Total Industrial (Tier 1 & 2) Emp.                    | 8,482         | 11,637              | 3,155         | 37%      |
| Total Spending Without Limitation                     | \$419,565,389 | \$682,689,396       | \$263,124,008 | 63%      |
| Total Spending With Limitation                        | \$419,565,389 | \$631,852,457       | \$212,287,069 | 51%      |
| <b>Total Savings From Limitation</b>                  |               | <b>\$50,836,939</b> |               |          |

Note in this instance that Total Spending Without the PCPI limitation increased by \$263,124,008, in part because the number of employees in this category increased by 37%. However, had the PCPI limitation been in place, Total Spending would have increased by less (\$212,287,069). Thus, the savings would have been more than \$50 million if the PCPI limitation had been in place.

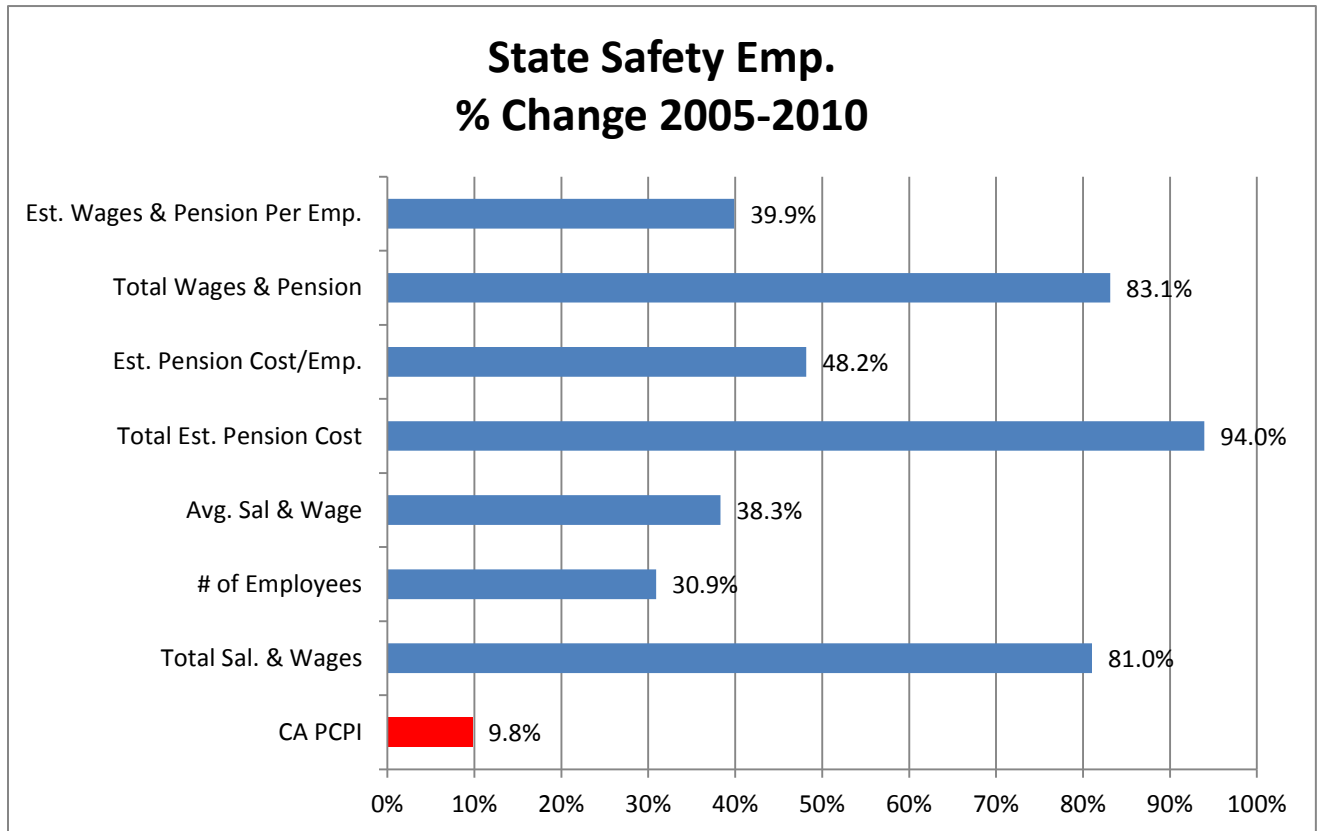
Table 7-1 shows trends in compensation expenditures for State Government Safety Employees from 2005 through 2010. Note that every category of expenditure over this period far exceeded the increase in PCPI. Especially noteworthy are the percentage increases in estimated pension costs which increased almost 9 times as rapidly as the percentage increase in PCPI in terms of total costs and 4.5 times as rapidly on a per employee basis.

Chart 7-1 shows the data from Table 7-1 in graphic form.

**Table 7-1: Compensation Trends for State Safety Employees**

|                                   | 2005            | 2010            | Amount Change<br>2005-2010 | % Change<br>2005-2010 |
|-----------------------------------|-----------------|-----------------|----------------------------|-----------------------|
| State Safety Employee Total Wages | \$1,038,361,055 | \$1,879,833,564 | \$841,472,509              | 81%                   |
| # of Employees                    | 19,021          | 24,899          | 5,878                      | 31%                   |
| Avg. Wages/Emp.                   | \$54,590        | \$75,498        | \$20,908                   | 38%                   |
| Total Est. Pension Cost           | \$200,341,382   | \$388,599,194   | \$188,257,812              | 94%                   |
| Est. Pension Cost/Emp.            | \$10,533        | \$15,607        | \$5,074                    | 48%                   |
| Total Wages & Pension             | \$1,238,702,437 | \$2,268,432,758 | \$1,029,730,321            | 83%                   |
| Est. Wages & Pension /Emp.        | \$65,123        | \$91,105        | \$25,982                   | 40%                   |

**Chart 7-1: Compensation Trends for State Safety Employees**



**Table 7-2: Savings from PCPI Growth Limit, State Safety Employees**

| Category  | 2005            | 2010                 | \$ Change       | % Change |
|---|-----------------|----------------------|-----------------|----------|
| Est. Wages & Pension Per Emp.                         | \$65,123        | \$91,105             | \$25,982        | 40%      |
| CA PCPI   | \$38,731        | \$42,514             | \$3,783         | 10%      |
| Wages & Pension/Employee Limited to Growth in CA PCPI | \$65,123        | \$71,484             | \$6,361         | 10%      |
| Total State Safety Employees                          | 19,021          | 24,899               | 5,878           | 31%      |
| Total Spending Without Limitation                     | \$1,238,702,437 | \$2,268,432,758      | \$1,029,730,321 | 83%      |
| Total Spending With Limitation                        | \$1,238,702,437 | \$1,779,872,158      | \$541,169,721   | 44%      |
| <b>Total Savings From Limitation</b>                  |                 | <b>\$488,560,600</b> |                 |          |

In this instance, both the increase in Per Employee Wages and Pension costs as well as the number of employees is driving the significant savings that could have been realized if a PCPI limitation had been in place. The number of employees increased by 31%, while the Per Employee Wages and Pension cost grew by 40%.



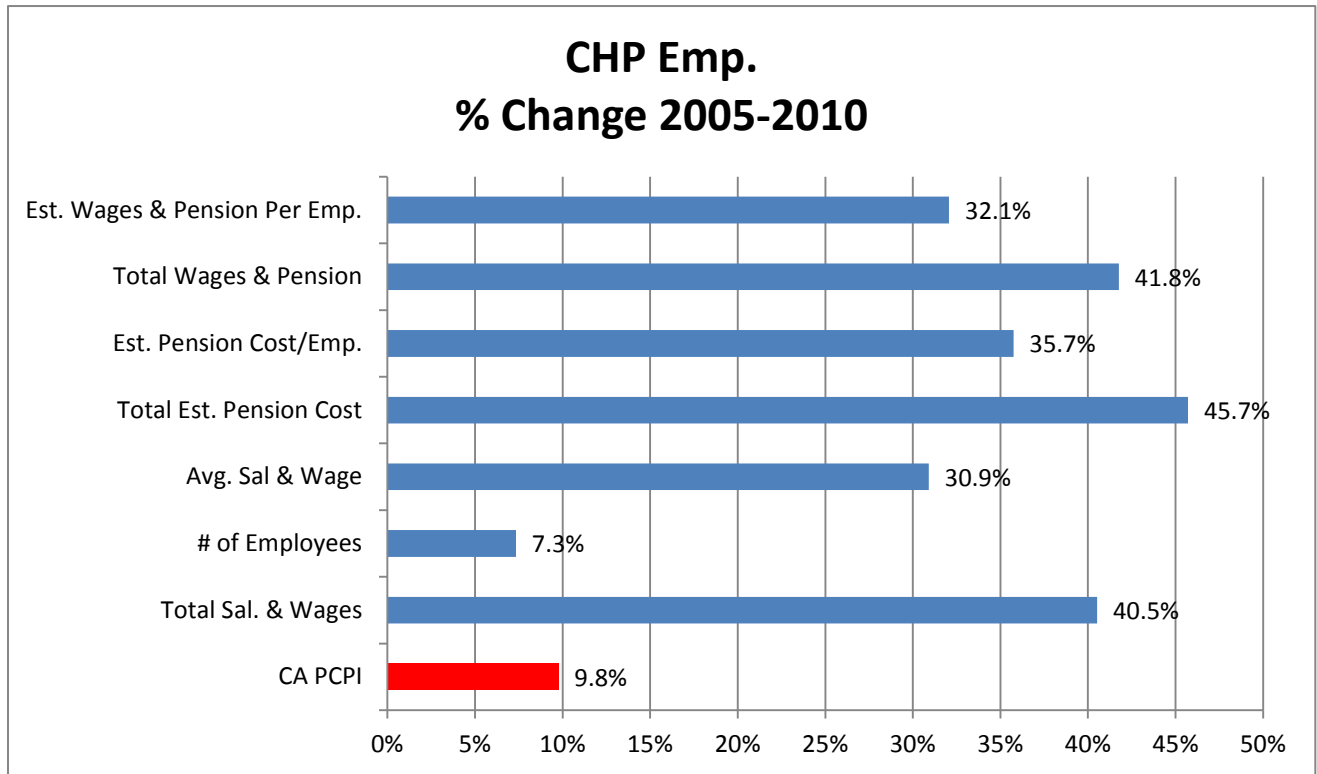
Table 8-1 shows data about compensation expenditure trends for California Highway Patrol Employees from 2005 through 2010. Note that the total number of Highway Patrol Employees increased at a faster rate (7 percent) than the population of California (4.2 percent – see Table 2-1, p. 9) over this period, and that the estimated expenditure per employee for wages and pension went up 32 percent, or well over 3 times as rapidly as the increase in PCPI. Note also that the estimated annual pension expenditure per employee increased to \$31,415 annually by 2010. This is a sobering reminder of the ever-escalating cost to finance the “3% @50” retirement benefit.

Chart 8-1 shows the data from Table 8-1 in graphic form. As is readily apparent, every category of expenditure increased much more rapidly than the PCPI of all Californians, which is shown by the red bar at the bottom of the chart.

**Table 8-1: Compensation Trends for California Highway Patrol Employees**

|  | 2005          | 2010          | Amount Change<br>2005-2010 | % Change<br>2005-2010 |
|--|---------------|---------------|----------------------------|-----------------------|
| California Highway Patrol<br>Total Wages | \$512,295,247 | \$719,864,469 | \$207,569,222              | 41%                   |
| # of Employees                           | 6,965         | 7,476         | 511                        | 7%                    |
| Avg. Wages/Emp.                          | \$73,553      | \$96,290      | \$22,737                   | 31%                   |
| Total Est. Pension Cost                  | \$161,183,454 | \$234,855,783 | \$73,672,329               | 46%                   |
| Est. Pension Cost/Emp.                   | \$23,142      | \$31,415      | \$8,273                    | 36%                   |
| Total Wages & Pension                    | \$673,478,701 | \$954,720,252 | \$281,241,551              | 42%                   |
| Est. Wages & Pension Emp.                | \$96,695      | \$127,705     | \$31,010                   | 32%                   |

**Chart 8-1: Compensation Trends for California Highway Patrol Employees**



**Table 8-2: Savings from PCPI Growth Limit, California Highway Patrol Employees**

| Category  | 2005          | 2010                 | \$ Change     | % Change |
|---|---------------|----------------------|---------------|----------|
| Est. Wages & Pension Per Emp.                         | \$96,695      | \$127,705            | \$31,010      | 32%      |
| CA PCPI   | \$38,731      | \$42,514             | \$3,783       | 10%      |
| Wages & Pension/Employee Limited to Growth in CA PCPI | \$96,695      | \$106,139            | \$9,445       | 10%      |
| Total CHP Employees                                   | 6,965         | 7,476                | 511           | 7%       |
| Total Spending Without Limitation                     | \$673,478,701 | \$954,720,252        | \$281,241,551 | 42%      |
| Total Spending With Limitation                        | \$673,478,701 | \$793,497,011        | \$120,018,311 | 18%      |
| <b>Total Savings From Limitation</b>                  |               | <b>\$161,223,241</b> |               |          |

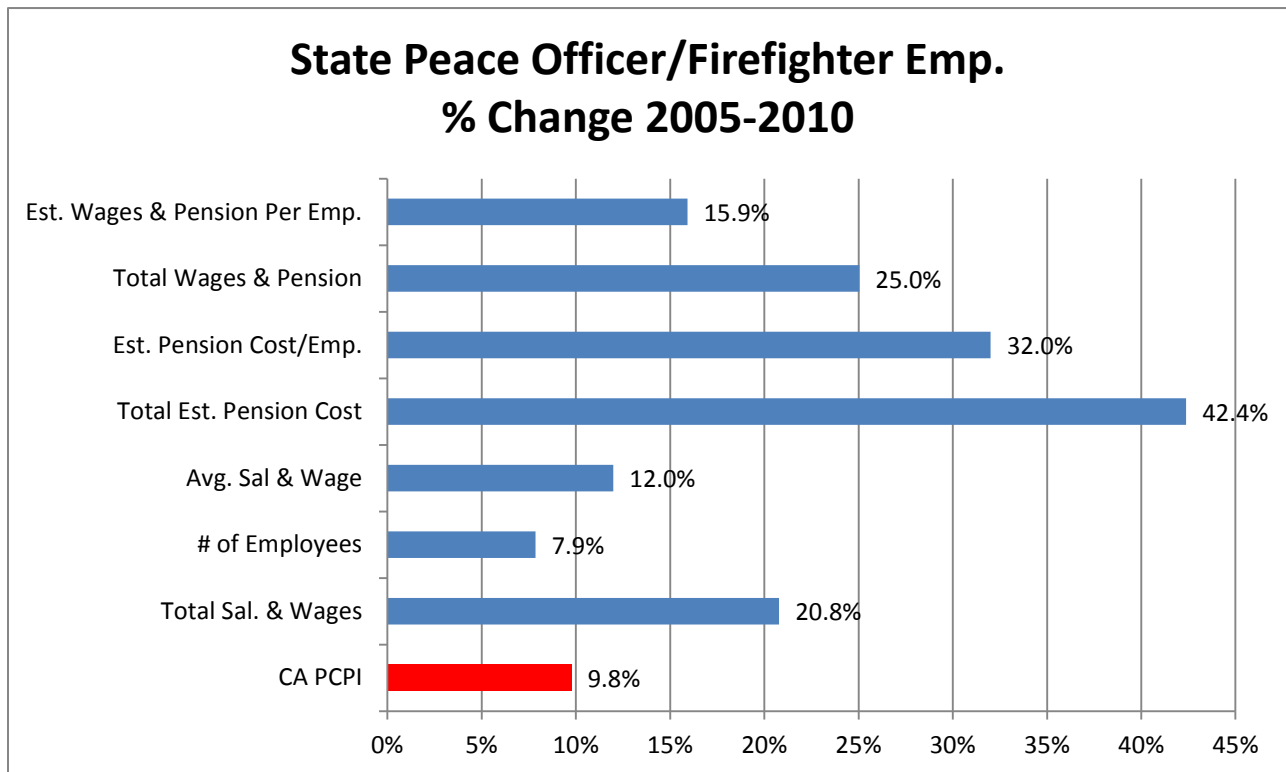
In the case of Highway Patrol employees, the primary driver increasing Total Spending Without the PCPI Limitation is the 32% increase in Wages and Pension Costs per Employee.

Table 9-1 shows data about the expenditures for compensation for California State Government Peace Officer and Firefighter Employees. Here again, every category of expenditure increased more rapidly than California PCPI.

**Table 9-1: Compensation Trends for Peace Officer/Firefighter Employees**

|   | 2005            | 2010            | Amount Change<br>2005-2010 | % Change<br>2005-2010 |
|---|-----------------|-----------------|----------------------------|-----------------------|
| State Peace Officer/<br>Firefighter Employee Total<br>Wages | \$2,683,096,124 | \$3,240,688,506 | \$557,592,382              | 21%                   |
| # of Employees  | 41,738          | 45,018          | 3,280                      | 8%                    |
| Avg. Wages/Emp.   | \$64,284        | \$71,987        | \$7,702                    | 12%                   |
| Total Est. Pension Cost                                     | \$657,492,705   | \$936,137,689   | \$278,644,984              | 42%                   |
| Est. Pension Cost/Emp.                                      | \$15,753        | \$20,795        | \$5,042                    | 32%                   |
| Total Wages & Pension                                       | \$3,340,588,829 | \$4,176,826,195 | \$836,237,366              | 25%                   |
| Est. Wages & Pension/Emp.                                   | \$80,037        | \$92,781        | \$12,744                   | 16%                   |

**Chart 9-1: Compensation Trends for Peace Officer/Firefighter Employees**



**Table 9-2: Savings from PCPI Growth Limit, Peace Officer/Firefighter Employees**

| Category  | 2005            | 2010            | \$ Change                   | % Change |
|---|-----------------|-----------------|-----------------------------|----------|
| Est. Wages & Pension Per Emp.                         | \$80,037        | \$92,781        | \$12,744                    | 16%      |
| CA PCPI   | \$38,731        | \$42,514        | \$3,783                     | 10%      |
| Wages & Pension/Employee Limited to Growth in CA PCPI | \$80,037        | \$87,855        | \$7,818                     | 10%      |
| Total State Peace Officer/Firefighter Emp.            | 41,738          | 45,018          | 3,280                       | 8%       |
| Total Spending Without Limitation                     | \$3,340,588,829 | \$4,176,826,195 | \$836,237,366               | 25%      |
| Total Spending With Limitation                        | \$3,340,588,829 | \$3,955,039,676 | \$614,450,847               | 18%      |
| <b><u>Total Savings From Limitation</u></b>           |                 |                 | <b><u>\$221,786,519</u></b> |          |

Here again, the primary driver in Total Spending Without the PCPI limitation is the increase in Wages and Pension Costs per Employee (16%), as opposed to the increase in the total number of State Peace Officer/Firefighter employees (8%).