

INFORMER

#4, March 2010

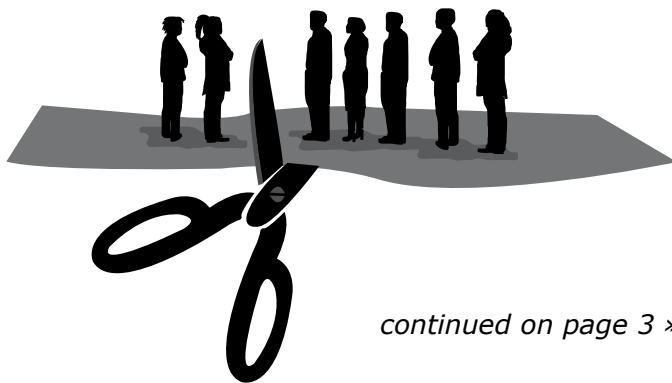
PROFESSIONAL ENGINEERS IN CALIFORNIA GOVERNMENT

LAO seeks to cut Caltrans staff

The Legislative Analyst's Office (LAO) has issued a report recommending that the Caltrans Capital Outlay Support (primary engineering) Program be reduced by 15% or 1,500 positions in the upcoming fiscal year. It was concluded that "the program's budget lacks sufficient workload justification" and the "program is over-staffed".

The same Analyst who complimented Caltrans in the past for outstanding project delivery has apparently become frustrated because Caltrans hasn't provided the right beans for the Analyst's bean counters to count in order to determine if the staffing level for Caltrans is appropriate.

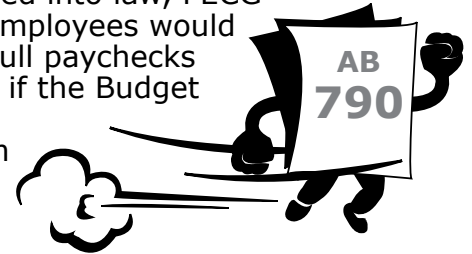
Thus, because Caltrans staffing was, in effect, reduced almost 15% due to the furloughs, and Caltrans was able to deliver its projects on time and within budget, the Legislative



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Bills on the move

Key Senate Committees have approved PECG-sponsored Assembly Bill 790, which would provide a **continuous appropriation** for state employees' salaries if the Legislature is late in passing a State Budget this June. If the Bill is signed into law, PECG-represented employees would receive their full paychecks on time, even if the Budget is late, rather than minimum wage.



The Bill has been approved by the Senate Public Employment and Retirement Committee and the Senate Appropriations Committee, with Democrats voting "yes" and Republicans "no". It now goes to the floor for Senate approval, then back to the Assembly for concurrence, and (if all goes well) off to the Governor's desk for his signature or veto.

A Bill further along in the pipeline is Senate Bill 29 which would exempt special fund positions from **furloughs**. The Bill passed the Senate overwhelmingly and has gone to the Governor for his signature or veto. If he vetoes the bill, there is still the possibility of a Legislative override, requiring a two-thirds vote in each house. The Bill would prevent furloughs for employees in positions funded at least 95% by sources other than the General Fund. □

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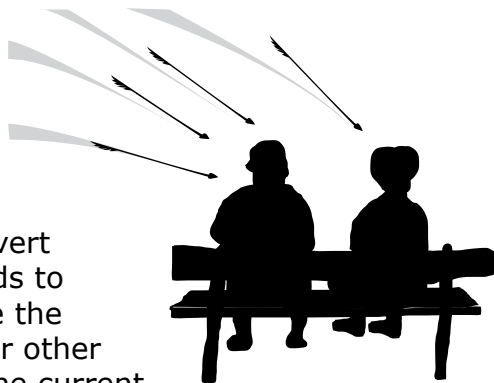
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Pensions under attack

The public employee-bashers are trying to take advantage of the economic recession to use it as an excuse to attack public employee pensions and the California Public Employees Retirement System (CalPERS). They erroneously claim that the system must be reformed because it is too expensive and government can no longer afford to pay its share of the contributions into the retirement plan. Among the more irresponsible charges are that the pension system will bankrupt State and local governments, the benefits are lavish and extravagant, the State's contribution has increased by 2,000%, and the Legislature made a mistake in giving away these huge benefits to public employees.

The truth is far different. CalPERS is a stable, independent pension plan. Some years ago the voters approved a ballot measure to ensure that politicians could not divert pension funds to help balance the budget or for other purposes. The current benefit levels were negotiated by the Governor and employee unions in the late 1990's and received overwhelming bipartisan support in the Legislature. The State's contribution has varied over the years – some years it's been higher than at present, and some years the State contributed nothing because the CalPERS investments were doing so well.



Those who are attacking the plan don't wish to reform it. They seek to destroy the pension benefits for state employees.

There are two key facts to remember in understanding and communicating the truth about the pension plan for state employees:

- The average pension for a CalPERS retiree is \$2,100 per month. That is not excessive

or lavish by any stretch of the imagination. The average retiree has more than 20 years of service.

- Only \$1 of every \$8 paid out in pensions was paid by the taxpayer. The other \$7 comes from employee contributions and returns on investments by CalPERS. Thus, for the average pension of \$2,100 per month, the taxpayer foots the bill for less than \$300.



If you hear arguments by those who would destroy your pension plan, don't hesitate to present the facts, either verbally or through letters to your local newspaper. The truth is the best antidote to the poison being spread by those who wish to destroy your pension plan. □

Board of Directors actions

The PEGC Board of Directors met in Sacramento on March 5 and 6. After analyzing the positions of the various candidates for Governor on employment-related issues important to PEGC members, the Board voted to **endorse Jerry Brown** for Governor. The Board previously had endorsed the reelection of **John Chiang** for Controller.

The Board also decided that if PEGC-represented employees are subjected to minimum wage at any point this summer because the Legislature is late in passing a state Budget, **PEGC dues and fair share fees** would not be collected until the employees receive the remainder of their paychecks. PEGC is checking with the Controller's office to determine what happens with other normal payroll deductions, such as health plan premiums, life insurance premiums, etc. □

LAO seeks to cut Caltrans staff

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Analyst concluded that Caltrans must be over-staffed by 15%. No good deed shall go unpunished.

In November, the Legislative Analyst issued a report praising Caltrans for putting out to bid 92% of the federal Stimulus funds, well ahead of the federal requirement, while local agencies completed only 33% of their work. By January, Caltrans had obligated 100% of the federal money, ensuring that those funds would not be diverted to other states.

In January, the Analyst recommended that the Legislature maintain current transportation revenues and provide more funding for highway repairs, in essence increasing the program.

Nevertheless, the March 2 LAO Report recommended that the Legislature reduce Caltrans staff by 1,500 positions, not specifying whether they should be consultant or staff positions. It would be foolish to reduce the Capital Outlay Support effort at this point – Caltrans needs to replenish the shelf jobs in case a second wave of federal stimulus money becomes available and a variety of other funding and program increases appear likely. If a reduction were necessary, reducing the 1,000 consultant positions at \$232,000 each would be far more economical than reducing staff at \$103,000 each.

The Analyst claims that Caltrans did not provide enough information regarding the projects they are working on and the effort required for each. The Analyst also believes that Caltrans spends too much on Capital Outlay Support. Actually, for the sample projects analyzed, the Caltrans Capital Outlay Support cost is right at the level recommended by the Legislative Analyst. The Analyst also concluded that some other agencies use fewer inspectors than Caltrans, as if less inspection is a good way to protect public safety.

PECG testified at the legislative hearings, along with Caltrans and many others, in opposing

the Analyst's recommendation. The issue will continue to be debated during the Legislative Budget process.

Meanwhile, the consultants blast Caltrans

The American Council of Engineering Companies (ACEC) which represents the consulting engineering firms which receive overpriced no-bid contracts from Caltrans and other agencies to perform state work, has applauded the LAO Report and the recommendation to reduce Caltrans staff. They apparently don't realize that the first ones targeted by any reduction should be their own consulting engineering members.

\$232,000
Consultant Engineer

\$103,000
State Engineer

ACEC Executive Director Paul Meyer called Caltrans a "huge and inefficient bureaucracy" and a "bloated bureaucracy" which is "sapping away the state's limited financial resources." ACEC President Tom Blackburn said "Too much money goes into benefits rather than box culverts, pensions rather than projects, and salaries rather than streets."

The next time you have the opportunity to chat with one of Caltrans' consulting engineering "partners", don't hesitate to express your views regarding the position of their organization. □

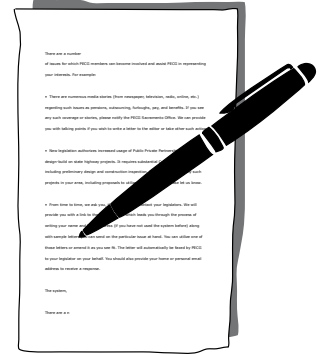
Member involvement

There are a number of issues for which PECG members can become involved and assist PECG in representing your interests. For example:

- There are numerous media stories (from newspaper, television, radio, online, etc.) regarding such issues as pensions, outsourcing, furloughs, pay, and benefits. If you see any such coverage or stories, please notify the PECG Sacramento Office. We can provide you with talking points if you wish to write a letter to the editor.
- New legislation authorizes increased usage of Public Private Partnerships and/or design-build on state highway projects. It requires substantial Caltrans involvement, including preliminary design and construction inspection. If you are aware of any such projects in your area, including proposals to utilize those methods, please let us know.
- From time to time, we ask you, the members, to contact your legislators. We will

provide you with a link to the PECG website which leads you through the process of writing your name and home address (if you have not used the system before) along with sample letters you can send on the particular issue at hand. You can utilize one of those letters or amend it as you see fit. The letter will automatically be faxed by PECG to your legislator on your behalf. You should also provide your home or personal email address to receive a response.

The system is quite easy to use. If you wish, the access can occur during your break or lunch time or can be utilized by you from your home. When a bill on salaries, pensions, furloughs, or outsourcing is coming up for a vote in the Legislature, a faxed letter from you to your legislators can be very important. □

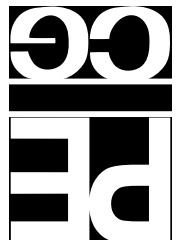


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