

J.J. Jelincic and Kurato Shimada for the PERS Board



PERS Board Candidate
J. J. Jelincic

The PERS Board of Administration is responsible for the retirement system for State and many local agency employees, as well as contracting for and administering health plans. Some of the Board Members are elected by employees and retirees, while others are appointed or serve because of their office, such as the State Controller and State Treasurer.

Two seats are up for election this year and ballots were mailed on September 4 to all employees and retirees in the plan. After studying the abilities, records, views, and philosophies of the candidates, the PECG Board of Directors voted unanimously to endorse **J.J. Jelincic** for election to Position A and **Kurato Shimada** for Position B.

J.J. Jelincic is an Investment Officer and Financial Analyst with PERS and has served for more than 20 years, with degrees and advanced degrees in economics and finance. He has also served as President of a state labor organization and has been endorsed by a broad spectrum of public sector labor groups, as well as the Retired Public Employees Association. He has been active in opposing efforts to weaken the retirement plan, opposes reduced retirement or health benefits for future hires, and supports the rural healthcare program. **J.J. Jelincic** would be an excellent addition to the PERS Board of Administration.

Kurato Shimada has served on the Board for 19 years and is running for re-election to Position B. He has been a strong advocate for retaining and improving benefits for public employees throughout his years of service and his votes have reflected that philosophy.



PERS Board Candidate
Kurato Shimada

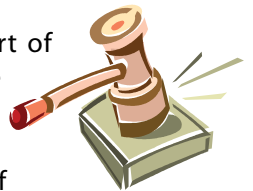
You should be receiving your ballot within a few days, if it has not already arrived in the mail. Please be sure to vote.

The Furlough Fight Continues



When the Governor issued his original two-day furlough Executive Order last December, PECG was in Court by the next business day, challenging the authority of the Governor to unilaterally cut employee hours and pay. However, filing quickly doesn't mean the case will proceed quickly. In the first step of the legal process, a Sacramento Superior Court Judge ruled that the Governor had the authority to mandate the furloughs.

PECG appealed this ruling to the Court of Appeal. As happens in court cases, the procedure drags on and on. Legal briefs or written arguments are presented by both parties and, ultimately, the Court of Appeal schedules a hearing for oral argument before a three-judge panel. Unlike the initial Superior Court ruling, the Court of Appeal decision will have precedential value. A final resolution of that issue is probably several months away, although PECG will be seeking back pay for full salaries of furloughed employees if we are successful.



PECG also filed a grievance challenging the Governor's Executive Order. As grievances allege a violation of the Unit 9 MOU, whose provisions continue in effect even though the term of the contract ran through July 2, 2008, the next step should be arbitration. That means PECG and DPA would jointly select a neutral arbitrator who conducts a hearing and determines if the provisions of the contract (MOU) have been violated or not. DPA has refused to participate in arbitration and that issue is now in the Courts. PECG also filed a grievance when the Governor issued his order for a third furlough day per month which will also ultimately be resolved in arbitration.

In a couple of instances, there have been more favorable rulings in other states. One of the most recent was a ruling in federal court in Maryland which found that furloughs violated the federal Constitution regarding impairment of contracts. In that case, furloughs were imposed during the term of a contract and the initial ruling is subject to appeal, but PECG's attorneys are studying all of the various rulings and arguments to determine if further action challenging furloughs is appropriate.



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PECG'S Media Campaign



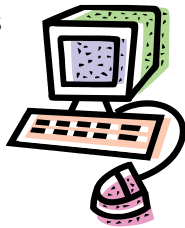
Outsourcing has been a longstanding issue with the Governor, the Legislature, the news media, and the public. More recently, public employee **pensions** have come under fire, with the Governor seeking to reduce benefits for future hires and to require all employees to pay more money into the plan.

Although PECG's position has been frequently reported by the news media and is well understood by the Legislature, the public has been subjected to broader coverage of the arguments offered by those who would outsource government services and weaken or destroy the retirement and health benefit plans for public servants.

Thus, to augment our "free media" program, PECG has recently begun purchasing paid ads to ensure that the public and the decisionmakers are aware of the facts on these critical issues. During the past month, this has included 30-second **radio spots** on major stations in Los Angeles, the Bay Area, and Sacramento, as well as **online advertising** on selected websites.

The basic arguments are that taxpayer money is being wasted by giving no-bid contracts to private firms at twice the cost; and that the average public employee pension is less than \$2,000 per month, not the inflated figures reported by the news media.

To hear the radio spots and view other information, go to www.workingforcalifornia.org.



Pay Raises During a Budget Deficit?



Ninety-six percent of PECG-represented employees are paid through Special Funds, so their pay raises or pay cuts have almost no impact on the General Fund shortfall.

Thus far, the Courts have not considered that fact to be particularly relevant when analyzing the so-called fiscal emergency claim by the Governor in imposing pay reductions through furloughs.

Vote in the PECG Elections



You, the PECG members, annually elect the PECG leaders who serve on the Board of Directors and various Section Offices. If you have not already voted in the PECG Corporate Election, please send in your ballot immediately. It must be postmarked no later than **September 10**. Meanwhile, elections of Officers in PECG's 17 Sections are also underway. Your votes will elect PECG leaders for the next year.

In addition to taking the issue to the Courts, PECG is pursuing other avenues. **For Unit 9 employees**, PECG has filed a grievance. The Unit 9 MOU states that pay raises shall "entirely eliminate" any salary lag based on the annual survey performed by DPA and PECG. The MOU says such salaries shall be adjusted "effective July 1, 2008, and thereafter". While the MOU itself "shall remain in full force and effect through and including July 2, 2008" state law specifies that the parties shall continue to give effect to the contract provisions after that date. Thus, PECG's grievance states that Unit 9 employees were entitled to raises of 3.1% to 4.1%, based on the latest salary survey, effective July 1, 2009. That grievance will go to arbitration to be resolved by a neutral decisionmaker.

For Supervisors who did not receive the raises paid to Bargaining Unit Seniors on July 1, 2008, PECG has filed a claim with DPA. A hearing on that issue is scheduled to begin on September 9 to determine if Supervisors, many of whom are in the same classes as their Bargaining Unit counterparts, have comparable duties and responsibilities and should receive the same salaries as Unit 9 Seniors.

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