

2010: CHALLENGES AND OPPORTUNITIES

With California, the nation, and the world locked in an economic recession, 2009 was a difficult year for State employees and everyone else. In July 2008, Unit 9 PECG members, unlike other State employees, received a substantial pay raise for the fourth year in a row. However, PECG-represented Supervisors did not. (This has resulted in a claim which is currently being heard through a DPA hearing.)



The Governor's 2009 furloughs, which were part of a package to address a \$40 billion General Fund Budget deficit, have been challenged through lawsuits and grievances. In the meantime, while no PECG members have been laid off, all have suffered a severe hit to their paychecks due to the furlough program.

The job picture was considerably brighter this year for state employed Engineers and related professionals. Federal Stimulus Funds have helped keep projects on or ahead of schedule; the State Budget continues to provide for 90% State staff and 10% outsourcing for Caltrans work; and new legislation requires Caltrans to perform most of the engineering work on design-build and public private partnership projects. In other State agencies, the total number of Engineers has increased in 2009 as efforts to close State Parks and impose other cutbacks were rejected by the Legislature.



2010 will be a year of opportunity. There are signs that the economy may be recovering as the stock market has rebounded and unemployment appears to be bottoming out. Current projections of another \$21 billion State Budget deficit next year will largely be determined by revenue generated by economic conditions.



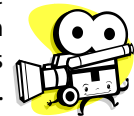
2010 will bring the election of a new Governor to California with policies and programs that may be either better or worse for State employees. The resolution of PECG's lawsuits and grievances on salaries, furloughs, and other economic issues may bring retroactive relief from some of the cutbacks imposed by the current Administration. The PECG Bargaining Team will continue its efforts to negotiate a new Memorandum of Understanding (MOU) with DPA for appropriate compensation for Unit 9 employees. An important legislative objective will seek to ensure that paychecks are not delayed when the Legislature is late in passing a State Budget next July. The recent misguided attacks on public employee pensions and potential ballot measures are providing PECG with an opportunity to educate the public on the realities of the reasonable retirement benefits provided to PECG members and other State employees.



A new Administration in Washington has rejected its predecessor's focus on outsourcing government services regardless of waste and defective work. PECG will be more active in 2010 in seeking Federal policies which affect our membership in California. The new Federal transportation funding bill for the next five or six years will be passed in Congress and will determine infrastructure funds available for California.



PECG's three Emmy Award-winning documentaries on infrastructure projects describe the positive role of government in general and PECG members in particular in working with construction contractors to complete projects on time and within budget. They have now each been shown in markets



continued on page 4»

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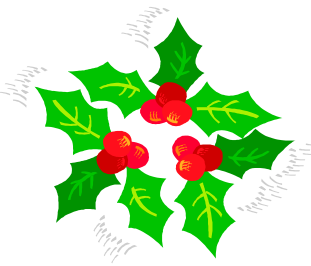
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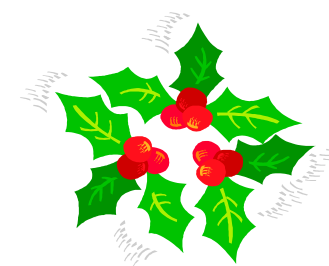
BITS AND PIECES



Beginning on January 1, the **mileage reimbursement** for PEGC-represented employees will be 50 cents per mile. This is the maximum rate authorized by the Internal Revenue Service.



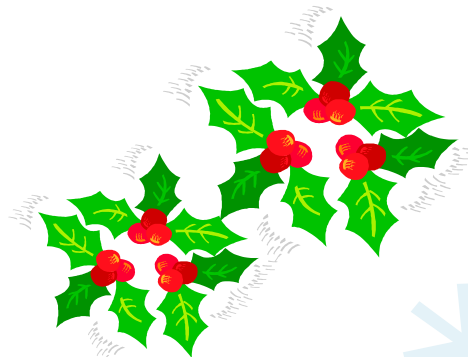
Caltrans delivers, but local agencies don't. This was the conclusion of Legislative Analyst Mac Taylor regarding the use of Federal Transportation Stimulus Funds. Caltrans, which performs most of its work with its own employees, has put 92% of its Federal Stimulus Funds out to bid, compared to 33% for local agencies, which rely almost exclusively on outsourcing their work. As funding could be lost if it is not spent quickly, the Analyst urges the Legislature to require local agencies to explain why they're not getting their work done.



For the holiday season, the Governor has authorized the traditional four hours of **informal time off** for State employees. The time should be used on December 24 or December 31, unless other arrangements are made. It will be prorated for part-time and intermittent employees.

Congratulations to **J.J. Jelencic**, the PEGC-endorsed candidate who won a narrow runoff election for a seat on the PERS Board of Administration.

Speaking of the holiday season, the Governor wishes to give PERS a big gift. For the State's contribution to the **retirement plan**, he is proposing \$4.8 billion next year, 50% more than the current year and considerably more than PERS is seeking. The Governor is claiming that the pension plan costs the taxpayers too much so he is artificially inflating the State's contribution to try to prove his point. The increased payment is more than the amount he claims is being saved by the State employee furloughs.



Legislative Analyst Mac Taylor is now predicting a \$21 billion General Fund **Budget deficit** over the next 19 months. Many of the assumptions which were used to balance the current fiscal year budget turned out to be incorrect, so the big deficit continues on.

Huntington Park Assembly Member **John Perez** has been elected by his colleagues as the new Assembly Speaker to replace Karen Bass. Perez was elected to public office in 2008, was a political director for a labor union, an avid Cal Bears football fan, an occasional cigar smoker (which should gain him access to the Governor's smoking tent), and has been described as a congenial intellectual with a quick wit.



2010: CHALLENGES AND OPPORTUNITIES

continued from page 1

covering 100 million Americans, and our new documentary on addressing solutions to climate change (and the important role of government and its Engineers in achieving these goals) will be completed in early 2010 for nationwide viewing.

PECG's active involvement in the National Association of State Highway and Transportation Unions, the American Association of State Highway and Transportation Officials, and many other organizations and coalitions will continue and be expanded to help achieve our goals.



PECG's communications efforts will include an expanded media program, continued refinements to our website, and an increased use of social media.

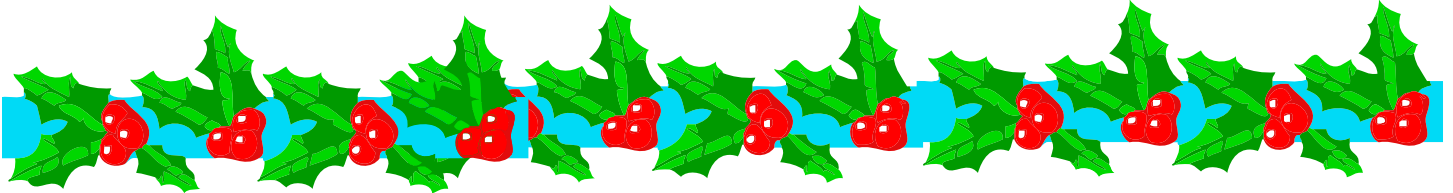


PECG exists solely to represent the interests of its members and the public we all serve. On behalf of all of the PECG officers throughout the State, we appreciate the continued support of the membership and never take it for granted. 2010 will be a challenging year but it will also be a year of opportunity on issues ranging from economic recovery to climate change to rebuilding our infrastructure. Thank you for your continued support during these difficult times.

Sincerely,

Shabbir Ahmed
PECG President

HAPPY HOLIDAYS FROM PECG



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