INFORMER

50 Years PECG 1962 2012

#4, May 2013

Professional Engineers in California Government

Bargaining Begins

The term of the current Memorandum of Understanding (MOU) runs through July 1, 2013. After more than 2,300 Unit 9 employees responded to PECG's Bargaining Questionnaire, establishing their priorities for upcoming contract negotiations, PECG and CalHR (formerly DPA, representing the Governor) exchanged "sunshine" or public proposals, which were essentially lists of items to be negotiated.

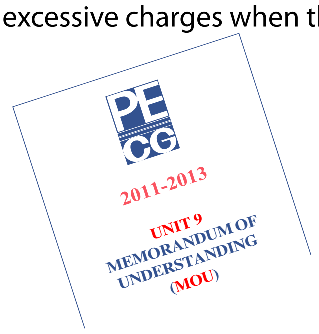
On May 9 and 10, the PECG and CalHR Bargaining Teams met in Sacramento to initiate serious contract negotiations. PECG provided specific proposals on a variety of topics for the new MOU. At the top of the list was reinstituting pay parity.

For many years, PECG and CalHR have surveyed California's larger cities and counties to determine salaries paid to engineers in those agencies. This resulted in a calculated "salary lag" for state-employed Unit 9 and supervisory engineers and related professionals.

In 2003, PECG and Governor Davis' office negotiated a five-year contract in which the salary lag behind those local agencies was eliminated through a series of raises from 2005 through 2008. Since that time, the survey has continued but salary increases did not occur during the economic recession and massive budget deficits.

Now that the economy is recovering and the state budget is seeing a surplus, PECG is proposing a new five-year contract with raises based on the joint survey taking effect on July 1 of each year.

PECG has also proposed improvements in business and travel expenses, shift differential, alternate work schedules, telecommuting, overtime meals, transit and vanpool reimbursement, reinstatement of the rural health care program, reimbursement for licensing application and renewal fees, new deep classes, and several other subjects. PECG has also made several proposals to reduce costs, improve safety, and improve services to the public by addressing wasteful outsourcing practices and excessive charges when the state performs reimbursed work for others.



It is now up to CalHR to offer their own proposals and/or counterproposals to PECG. When that occurs, the Bargaining Teams will meet again and seek to reach agreement on a new MOU, which the parties will jointly present to the Legislature for its approval.

The "May Revise"

Each year, the Governor issues a proposed State Budget in January for the upcoming fiscal year beginning in July. He follows that up with a **"May Revise"**, which updates revenue projections and revises proposed expenditures while filling in the gaps for items not covered in his January proposal. For example, each year, the Caltrans budget isn't addressed until the May Revise.

For the first time in years, **revenue is increasing** dramatically. State General Fund Revenue in the current fiscal year is up 13% to $98 billion. It's projected to drop by $1 billion the next year, then increase about $7 or $8 billion per year for the next several years, with an average increase of 7% per year.

The Governor plans to spend most of the increase on K-12 (kindergarten through high school) **education**, with lesser but substantial funding increases for UC and CSU, "optional expansion of subsidized medical care" which provides "access to new federal dollars", and job training. He would maintain a $1.1 billion reserve and gradually reduce the "wall of debt" in a variety of areas.

The Governor plans to reduce **Caltrans** Capital Outlay Support (engineering and related) by 184 positions because the funding from Proposition 1B (the $20 billion voter approved bond program) and the federal American Recovery and

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The "May Revise"

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Reinvestment Act (ARRA) is nearing an end. For the last several years, staff has been reduced by a few hundred positions each year, which is handled through attrition.

For many years, the budget has established a ratio of **90% state staff and 10% outsourcing** to accomplish the Caltrans program. The Legislature approved but the Governor vetoed that ratio in the current fiscal year budget. The Governor now proposes to reestablish that 90/10 split, which PECG has consistently supported.

The budget proposal is silent on recommended staffing changes in other departments, except for some increases he proposed in January (such as 58 new positions at the **Energy Commission**).

Regarding **employee compensation**, the January budget proposal included funding for the 3% increase to the top steps of all salary ranges in July, increases in the employer contribution amounts for health and dental plans, and the ending of furloughs. The May Revise maintains that, but does not provide for any salary increases resulting from bargaining or rectifying the supervisory salary inequity issue. When asked about that at his press conference, the Governor attributed it to the normal bargaining practice (don't let the unions know "where you're going", which is indeed normal), and added "we're aiming low".

A voter approved ballot measure requires the Legislature to pass and present a budget bill to the Governor by June 15 or begin forfeiting their salaries. That incentive, along with a super majority for Democrats in both Houses of the Legislature (meaning they can pass the budget with or without Republican support) has at least temporarily ended the practice of dragging the budget debate out into the fall.

CalHR (representing the Governor) has stated a desire to reach agreement in contract negotiations with all Bargaining Units before June 15. As noted in the companion article in this *Informer*, PECG has presented a detailed contract proposal to CalHR. Whether they will be prepared to offer counterproposals prior to their June 15 self-imposed deadline remains to be seen.

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