

Your New PECG Officers



President Elect Robert Lumahan

The members have elected **Robert Lumahan** as PECG Corporate President-Elect for the next year. Robert is a Transportation Engineer with Caltrans in San Diego. He will take Office in September and serve for 12 months, after which he will be PECG Corporate President for the following year.

The current President-Elect, **Mark Sheahan**, a Senior Transportation Surveyor with Caltrans in Sacramento, becomes President in September. **Roy Flores**, the current Corporate President, becomes Past President and Chair of PECG's Political Action Committees.

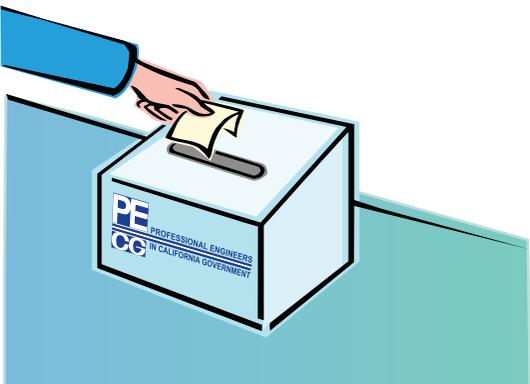


Incoming President Mark Sheahan

Matt Hanson was reelected as Vice President of Collective Bargaining and Chair of the Bargaining Team. **Sutida Bergquist** was reelected as Vice President At Large (representing employees at departments other than Caltrans) and **Cameron Knudson** was reelected as Treasurer.

Cathrina Barros will become Vice President Supervisory and **Keith Mack** will take office as Corporate Secretary in September.

Elections in PECG's 17 Sections are also being conducted. Thank you to all of the candidates willing to donate their time to serve the PECG membership.



The Latest Pension Destruction Proposal

What Is It?

A couple of local politicians have proposed a Constitutional Amendment intended to reduce or eliminate pensions and other retirement benefits for California state and local agency employees. If they can collect enough signatures on petitions, it would qualify for the November 2016 general election.

The measure would not reduce retirement benefits "for work performed" in the past, but would prohibit any improvements in the future and raises the question regarding how future service of current employees would be credited toward retirement. The measure would prohibit future government employees (those hired after January 1, 2019) from being enrolled in a defined benefit pension plan and would prohibit government employers from paying more than half the cost of their retirement benefits, including pensions and health care premiums. These restrictions could only be changed by the voters in the governmental agency's jurisdiction.

If the constitutionality of the act is challenged, the agency must defend the act in court or the Attorney General would have to pay attorney fees charged by "any citizen". It would prohibit CalPERS (and other retirement boards) from charging an agency for the cost of closing the defined benefit pension plan to new employees (as required by the act). It is misleadingly entitled the "Voter Empowerment Act of 2016."

Who is Behind It?

The visible proponents of the measure include Chuck Reed, a former San Jose Mayor who has attempted to file such measures in the past but had to abandon them due to lack of support, and Carl DeMaio, a San Diego radio talk show host who was rejected by the voters in a Congressional race last year. They are currently seeking substantial funding to collect the 585,407 valid signatures needed to qualify the measure for the ballot and to conduct the multi-million dollar campaign to get California's voters to approve their proposal.

Potential funding sources could include wealthy individuals whose politics and ideology oppose public employees and/or their pensions, as well as Wall Street bankers and investment firms which would collect huge fees and profits if defined benefit pension plans are replaced by 401(k) plans.

The Legislative Analyst's Review

The Legislative Analyst and the Director of the State Department of Finance prepared an analysis of the measure and its potential impact. Currently the "California rule" adopted by the courts gives California public employees the right to pension benefits promised to them when they were hired for future work not yet performed. It is "not clear" if the measure would change that obligation of governmental employers. There could be "higher costs" for closing defined benefit plans for future hires and potential additional costs for wages, Social Security, and salary-driven benefits such as Medicare. The Analyst and

continued on page 2»

PECG HEADQUARTERS

(916) 446-0400
455 Capitol Mall, Suite 501
Sacramento, CA 95814

PECG SAN FRANCISCO

(415) 861-5720
100 Pine Street, Suite 750
San Francisco, CA 94111

PECG LOS ANGELES

(818) 500-9941
215 N. Marengo Avenue, Ste 185
Pasadena, CA 91101

PECG INSURANCE INFO

(415) 956-1344

FAX

Headquarters
(916) 446-0489
Los Angeles
(818) 247-2348
San Francisco
(415) 861-5360

EMAIL

pecg@pecg.org

PECG TOLL FREE NUMBERS

Sacramento
(800) 338-1480
Los Angeles
(888) 980-7324
San Francisco
(800) 924-5575

VISIT PECG ON THE WEB

www.pecg.org

The Latest Pension Destruction Proposal

continued from page 1

DOF Director concluded that there would be “significant effects -- savings and costs -- on state and local governments” if the measure is approved.

The Attorney General's Title and Summary

As required by law, Attorney General Kamala Harris prepared a Title and Summary of the measure which will be included on petitions for signatures. She began with: “Eliminates constitutional protections for vested pension and retiree healthcare benefits for current public employees, including those working in K-12 schools, higher education, hospitals, and police protection, for future work performed”. She then briefly listed the other effects of the measure, including “bars government employers from enrolling new employees in defined benefit plans.”

What Does the Media Say?

The *Los Angeles Times* has labeled it “a landscape of bad ideas”. Their article notes the measure “explicitly protects only benefits earned for ‘work performed’, implying that benefits based on future work of current government employees, starting as soon as the day after a vote, could be cut.” Their article concludes with: “Initiative campaigns are extremely vulnerable to exaggeration and demagoguery. So is the topic of public employee pensions.”

What Happens Next?

Reed is seeking funding to collect the nearly 600,000 voter signatures required to qualify the measure. If he is successful, it will appear on the November 2016 ballot.

Then, there will be expensive campaigns on both sides of the issue, probably costing tens of millions of dollars. PEGC is an active member of Californians for Retirement Security (CRS), a coalition of organizations which has opposed measures by Reed and others in the past which were intended to damage or destroy public employee pensions and retirement benefits in California. For now, the effort will be to educate the voters so they will refuse to sign the petitions which they will encounter at grocery stores, shopping malls, street corners, and other places where large numbers of people gather in one location.

What Can Each of Us Do?

Encourage our family, friends, neighbors, and others not to sign the petition for the so-called “Voter Empowerment Act of 2016”. Tell them the facts -- the average CalPERS pension is only \$2,784 per month; taxpayers only pay 21% of the funding for pensions for retired public servants; the government should honor its obligations to the working men and women who dedicate their careers to public service; and Reed’s proposal would enrich Wall Street bankers and investment houses, political consultants, and lawyers, at the expense of the taxpayers.



Return Service Requested

455 Capitol Mall, Suite 501, Sacramento, CA 95814

Professional Engineers in California Government

INFORMER



Prst First Class
U.S. Postage
PAID
Permit No. 2182
Sacramento, CA