



INFORMER

#10, November 2013

Professional Engineers in California Government

PENSIONS BACK UNDER ATTACK

Little more than a year after pension "reform" was supposedly achieved through legislation which increased employee contributions to their retirement plan and reduced the benefit formula for future hires, the pension bashers are at it again. The latest shot was fired by San Jose Mayor Chuck Reed and Mayors of four other cities, one of whom has already withdrawn his support for Reed's proposed ballot initiative.



"(ii) Reduce the rate of cost of living adjustments for pension or retiree healthcare benefits to be made in the future."

"(iii) Increase the retirement age for payment of pension or retiree healthcare benefits to be earned in the future."

Consistent court rulings over the years have established the principle, embedded in both the Federal and State Constitutions, that the pension formula and benefits for existing public employees cannot be reduced (without equivalent offsetting benefits). Thus, efforts to reduce pensions and/or pension costs have focused on reducing the benefit formula for future hires.

"(iv) Require employees to pay a larger share of the cost of pension or retiree healthcare benefits." Increasing the employee contribution was recently agreed to in most state employee MOUs but the increased contribution was offset by a salary increase.

Reed's proposed ballot measure would amend the California (but not Federal) Constitution to allow for a reduction of benefits for current employees (as well as new hires) for any service performed in the future. Thus, under his concept, the benefit formula for work performed in the past would not be affected, but, despite commitments when an employee was hired, the retirement benefit for future service could be reduced.

"(v) Other reductions or modifications of pension or retiree health care benefits agreed upon during collective bargaining."

Specifically, his proposal would give a government employer (state or local) "the authority to implement one or more of the following actions for all employees":

"(i) Reduce the rate of accrual for pension or retiree healthcare benefits to be earned in the future." This means the 2% at 55 formula, for example, could be reduced for future service.

His proposed ballot measure would also allow the employer to determine additional costs for retirement benefits to be "incurred by employees." His proposal would allow the employer to "terminate a pension or retiree healthcare plan" and it adds that "the government employer and employees shall maintain responsibility for all unfunded liabilities"

As his supporters drop away, Mayor Reed has already sought to modify his proposal and is openly talking about delaying his effort to gather signatures for a ballot measure by at least two years. However, the threat to public employees by the Mayor Reeds of the world remains real. PECG will continue to be part of a broad coalition of organizations opposing attempts to destroy public pension plans.

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PECG Representation Saves Out of Pocket Costs and Preserves Leave Balances

With the Caltrans, District 11 Kearny Mesa Materials Lab scheduled to undergo a 16 month retrofit, PECG and the State recently negotiated an agreement to mitigate the impact of the temporary relocation of PECG members working out of the lab. Under the agreement, some PECG-represented employees will either use state vehicles or will receive state time and be reimbursed mileage for increases in their commutes.

When management initiated changes to employees' Alternate Work Schedules at the Department of Parks and Recreation, PECG members were told that because the changes overlapped pay periods, employees would be forced to charge vacation or annual leave credits to make up time – even though they worked full work weeks. PECG interceded and all leave credits have been restored.

If you are in need of representation, contact your nearest PECG Office.

Bay Area Section Active in Housing Renovations for the Needy

In October, PECG's Bay Area Section fielded volunteers led by Al Martinez and Ofer Brender, plus Don Breeden and Oscar Portocarrero, to help rehab homes with Rebuilding San Francisco, a nonprofit aid organization. PECG's members applied their engineering talents and manpower in helping the community, an effort that reflects well on all state engineers and was certainly appreciated by the residents. Thanks to everyone involved from the Bay Area Section.



(l-r) are Henry Williams, Don Breeden, Justin Brodowski, Brian DiBarnaba, Oscar Portocarrero, Ofer Brender and Al Martinez.