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California's Private Sector Engineers Say State Worker Union-Sponsored Ad Campaign Rhetoric Is Misleading, Disingenuous and Deceptive

Sacramento, CA – August 11, 2009 -- The American Council of Engineering Companies – California (ACEC California) today issued a statement in response to the announcement this week by the PEEG, the Professional Engineers in California Government, the union representing more than 22,000 state employed engineers and CalTrans workers, that it is funding a major advertising campaign:

“In today’s difficult economy when private citizens are losing their jobs and benefits and state workers are receiving three day furlough notices, it is incomprehensible to us that PEEG, is spending tens of thousands in taxpayer-generated dollars to create and run a series of ads attacking contracted out services and to spread misinformation about the real costs of state pensions,” said Tom Blackburn, the newly elected president of the ACEC in California.

“The truth is that many private engineers lucky enough to be employed are facing heavy salary reductions as contracts are canceled and more work is retained by public-union employees. The whole idea of ads attacking the long accepted practice of contracting out services to private companies in California is disappointing.”

“We all need to make decisions that put our state back on an even keel -- by practicing fiscal responsibility and restoring faith in California’s economy,” the ACEC President continued. “That is not going to happen if state employee unions choose to fund expensive, misleading ads and distribute blatant misinformation to try and confuse the public into believing that state workers are a ‘far cheaper option’ over private companies and that restricting contracted out services will save the state money. Who will be left to pay the taxes that fund their salaries?”

“What’s more, PEEG covers up the real impact of the long term pension and health care liabilities incurred by the state every time we taxpayers employ additional public engineers instead of using temporary private sector talent,” Blackburn continued.

He said that PEEG’s misleading ad campaign states that pension benefits are only \$2000 per state worker, per month. In reality, state workers earn 2 percent per year for every year of state employment. For a 35-year state worker, they earn 70 percent of their last years salary. A PEEG engineer, who retires on a salary of \$80,000 with 35 years of service, earns a pension of \$4600 per month, plus generous health coverage for life. PEEG’s figure of \$2000 per month does not represent the reality of the true cost to the taxpayers for the PEEG members.

Blackburn said that contrary to state and union-sponsored studies, a 2007 study authored by the former head of the non-partisan Legislative Analyst’s Office, showed that the comparable cost of state-employed in house engineers ranged from **\$173,434 to \$209,212** -- while the average cost of an outside (privately-

employed) engineer was **\$193,000**. [To read the entire report, click here:

www.celsoc.org/userdocuments/File/LECG_Rpt_2007.pdf]

Blackburn noted that PEGC's favorite ploy is to point out that ACEC sponsored this survey. However, it fails to point out that most if not all of the surveys it uses to spread numbers were written by State employees and consultants. ACEC has challenged PEGC to co-sponsor an independent final study by a mutually agreed upon academic resource, but thus far PEGC has chosen to avoid the proposition.

Given this closeness in the comparable cost between in house and contracted engineers, Blackburn suggests it should also be noted that contracted out services can be cancelled at any time -- whereas state employees, deployed or not, remain on the state payroll long-term. In addition, he points out that state workers' generous pension and healthcare benefits can be accessed as early as age 55 while the average private worker typically retires well after age 60.

"Frankly, the real point is that the excessive use of in house engineering services places a long term financial burden on the state, one that we have only lately come to realize cannot be paid," says Blackburn.

The truth is the system is out of whack, and it's costing taxpayers millions of dollars, says Blackburn. "Right now less than 10 percent of the transportation engineering and design work conducted by the state of California is contracted out to California private engineering companies. 90 percent of the work is now handled by state employees... right now, today! That's 9 work units to state employees for just one work unit allocated to private engineers. Based on that inequity, it is both disingenuous and condescending of the union representing state workers to suggest that cost savings of any kind can be made by further restricting contracts to the private companies. If anything, the opposite is true. And we strongly suggest that is the real motivation behind the obfuscation in their ad campaign and press flyers. This negative PEGC campaign is bad for taxpayers, business, private taxpaying consultants, and in the long run, even bad

for the many fine public employees whose system will eventually collapse under its own weight.”

About ACEC California

ACEC California is a statewide association representing more than 1,000 private consulting engineering and land-surveying firms that average 20 employees each. ACEC California is dedicated to enhancing the consulting engineering and land surveying professions, protecting the general public and promoting the use of the private sector in the growth and development of our state. Our members provide services for all phases of planning, designing and constructing projects. For more information, visit www.acec-ca.org.