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Union rips Caltrans budget

Plan leaves 100 state jobs unfilled and relies on 595 private design workers at double the salary rate.

By Peter Hecht - Bee Capitol Bureau

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Barely a month after the state Supreme Court affirmed California's right to outsource engineering jobs for lucrative public infrastructure projects, Gov. Arnold Schwarzenegger's budget plan may soon make the court decision a working reality.

But a plan to freeze 100 open state transportation jobs and instead hire 595 outside engineers, architects and consultants for California highway projects is stirring protests from a public employees union representing thousands of public-sector engineers.

Bruce Blanning, executive director of the 10,000-member Professional Engineers in California Government association, is complaining that the state is planning to bring in outside employees at more than double the salary of state employees.

"I think our general response is somewhere between surprise and shock," Blanning complained. "You're spending twice as much money to get the work done, which means you will have far fewer projects to get built."

A California Department of Transportation "project delivery workload memo" said Caltrans hopes to hire numerous outside engineers and consultants at average salaries of \$209,000 to meet highway construction demands for the 2007-2008 fiscal year.

The average pay with benefits for a Caltrans staff engineer is \$103,000. But Caltrans says the outside employees are needed to handle projects funded by a nearly \$20 billion highway bond, Proposition 1B, approved by voters last year.

Private engineering groups argue that it will be far cheaper for the state to hire outside employees -- even at much higher salaries -- for a few years of peak work instead of hiring, training and providing permanent employment for an increased staff of state workers.

"We have for years and years been saying that consulting engineers have a role to play," said Paul Meyer, executive director of Consulting Engineers and Land Surveyors of California. "When you have workload peaks, we can come in and do the job quickly and be gone."

"It's good for getting those projects built as fast as possible. If we have to wait for Caltrans to find engineers, train them and get them up to speed, then all those projects will be delayed."

The argument over the Caltrans hiring plan mirrors a five-year legal battle that ended April 12 when the state Supreme Court rejected a 2002 lawsuit and subsequent appeals challenging California's right to hire private engineers and architects to work on state infrastructure projects.

The ruling upheld Proposition 35, a private contracting initiative approved by voters in 2000.

The decision was seen as a boon for outside work in the public infrastructure market, with California flush with \$42.7 billion in infrastructure bond money approved by voters last year for new highways, schools, levees, housing and parks.

But Blanning said a surge in highway construction under Proposition 1B will account for only about 4 percent of Caltrans' workload. He said the state needs to fill open positions to build a permanent staff to carry out other projects funded by nearly \$3 billion a year in state and federal transportation funds.

"There is no reason for Caltrans to reverse a long-standing balance between state engineering and contracting," Blanning said. "That's just bad economics."

Caltrans director Will Kempton said the private hiring is aimed primarily at a five-year program of public works construction funded by Proposition 1B.

"We determined that so much of the workload over this year and subsequent years is going to be based on the bond package," Kempton said. "That is a temporary workload. It would make sense to fill our needs with contract resources."

In a budget memo, Caltrans directors also said that simply listing salary comparisons between those of state and private engineers "substantially overstates the difference in costs."

An April 9 study by an Emeryville research and strategic advisory firm, LECG Inc., concluded that an in-house Caltrans engineer costs the state in salary, benefits, management costs, training and equipment. As a result, the report said, a permanent state engineer actually costs \$173,000 to \$209,000 -- similar to the yearly rate for a private consultant.

Meyer, whose consulting and engineering group represents 1,200 private firms, said Schwarzenegger's budget plan would leave about 15 percent of state highway work for outside consultants. He said other states routinely outsource as much as 50 percent to 60 percent of highway engineering work.

"The reason they do that is the workload fluctuates," Meyer said. "There's a big bubble of work right now. It's not going to be there forever."

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