UNIVERSITY OF CALIFORNIA

Staff Advisors to the Regents

September 3, 2019

The Honorable John A. Pérez
Chair
UC Board of Regents
Office of the Secretary and Chief of Staff to the Regents
1111 Franklin St., 12th floor
Oakland, CA 94607

RE: UCRS Pension Liabilities and Proposal to Increase Employee Contributions

Dear Chair Pérez:

We write to you today, as current and former Staff Advisors, urging the Board of Regents to reconsider the proposal to increase employee contributions beyond the current 8% level. We also respectfully ask for support of the Segal proposal.

Staff Advisors to the Regents have long served to amplify the voice of staff and non-academic senate employees – nearly 200,000 by head count – to address, advise, and help find solutions for Regental decisions and its impact on staff. There is no other role in higher education as comprehensive in its representation of a group — ANR, labs, hospitals and health enterprise, represented staff, non-represented staff, lecturers, and non-ladder faculty. You will recall that in our May presentation to the Board on the status of staff, we spoke to staff's role as the "critical social glue" bridging faculty teaching and research support, holistic student success, and sole service providers for mission critical functions like the world's largest research library system and UC Press.

Ten years ago, with the reduction of 20% of the State's contribution to the UC budget, many staff positions were eliminated, while other staff were required to take furlough, and merit increases were frozen for a number of years. To this day, most of the positions eliminated a decade ago have not been reinstated and the merit increase gap has never been closed. As shared with us in campus visits, wage and benefits reductions have led to turnover of the most highly productive workers.

Additionally, over the last decade, staff numbers have not kept pace with student enrollment increases, and faculty and research growth. Between October 2008 and October 2018, general campus non-student staff, including the Office of the President, grew less than 1 percent per year amidst increasing enrollment and expansion of student services and academic support, while student enrollment grew by 2.4% per year, adding more than 60,000 students in the same period[1].

The UCOP Market Pay database covers about 124,000 job titles, most of which are included in our constituency as Staff Advisors. Using the 2019 database, the median salary of employees in staff and non-faculty, academic titles is $70,929[2]. Please note that even with a data-set that includes typical high earners such as the President and Chancellors, , physicians and medical staff and athletic coaches, the median is still $70, 929. That means there are an awful lot of academic researchers and administrators, managers, administrative and technical staff, trades and service staff who are on the lower end of the scale. General campus career staff salaries have stayed relatively flat compared to inflation for the past 15 years. Staff salaries tend to lag comparable market positions, and the lack of increases beyond inflation could affect staff satisfaction and turnover. And turnover in staff positions — whether it be to private industry jobs for better immediate pay, or flight by young professionals who cannot afford to live in high-priced California — reverberate to negatively impact students, faculty and the bottom line.

An increase on the employee contribution of even one percent would translate into approximately a 1.2 percent decrease in take home pay. The effect would be particularly regressive for employees in the 2016 Tier because

[1] Employee Trends at UC: Focus on Staff, April 2019

[2] Source: UCOP Database - Market Pay, August 2019.

employees with salaries below the PEPRA cap would have a one percent cut in their total salary while employees with salaries above the PEPRA would have a one percent cut in their salary up to the cap.

Note that due to taxes an approximately 1.2% increase in pay would be required to keep employees' take home pay constant, so increasing employee contributions would cost more than increasing employer contributions. Anecdotally, in a low unemployment environment, staff take opportunities for higher wage jobs even if only for incremental increases. With workload and morale issues, this increase in employee contribution combined with stagnant wages would be seen a significant reduction in compensation without any increase in benefit.

The University already struggles with retention at the same time it faces a massive retirement wave as Baby Boomers reach service milestones. The timing of this proposed employee contribution increase comes when the University must be more aggressive in retaining the faculty and staff that the University most needs to increase diversity and maintain our quality – high achieving mid-career employees with proven records and promise. In budget and program discussions, we ask the Regents to consider the impact and support for staff, as well as for students and faculty. *As noted in the July Regents agenda item F4, the Normal Cost is decreasing over time, illustrating the nature of the problem is short-term, suggesting a short-term solution in return, rather than reducing employee salaries in the long term.*

We endorse the Segal proposal as a means to provide an equitable and feasible solution to a critical and pressing problem of pension funding and respectfully ask the same of you.

Sincerely,

Ann Jeffrey (UCB) 2019-2021

Kate Klimow (UCI) 2018-2020

Sherry Main (UCSC/UCI) 2017-2019

Jason Valdry (UCI) 2016-2018

LaWana Richmond (UCSD) 2015-2017

Deidre Acker (UCM) 2014-2016

Donna Coyne (UCSB) 2013-2015

Kathy Barton (UCR) 2012-2014

Kevin J. Smith (UCLA) 2011-2013

Penny Herbert (UC Davis Health System) 2010-2012

Juliann Martinez (UCB) 2009-2011

Edward Abeyta (UCSD Extension) 2008-2010

Bill Johansen (LBNL) 2007-2009

Lynda Brewer (UCI) 2006-2008

Dave Miller (UCLA) 2005-2007

CC:
UC Board of Regents
UC President Janet Napolitano
Paul Jenny, Interim Chief Financial Officer, UCOP
Dwaine Duckett, Vice President, Systemwide Human Resources, UCOP

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