

Date of Hearing: January 9, 2018

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 1231 (Weber) – As Amended January 3, 2018

**SUBJECT:** Public postsecondary education: California State University: support staff employees: merit salary adjustments.

**SUMMARY:** Stipulates that, after completion of their first year in a position, and after completion of each subsequent year thereafter, a nonacademic employee of the California State University (CSU) shall receive a merit salary intermediate step adjustment of 5 percent upon meeting the standards for satisfactory performance as determined by the employee's administrator. Any provision of a memorandum of understanding in conflict with this requirement would prevail.

**EXISTING LAW:**

- 1) Establishes the CSU, governed by the Board of Trustees, and provides that the Trustees are responsible for the rule of government of their appointees and employees (Education Code Section 89500, et seq.).
- 2) Provides that officers and employees of the University of California (UC) and CSU are exempt from civil service (California Constitution, Article VII, Sect. 4(h)).
- 3) Establishes the Higher Education Employer-Employee Relations Act (HEERA) to provide a statutory framework to regulate labor relations between UC, CSU, and Hastings College of Law and their employees; provides the Public Employment Relations Board (PERB) authority to enforce HEERA (Government Code Section 3560-3599).

**FISCAL EFFECT:** Unknown.

**COMMENTS:** *Background.* In 1945, the Merit Salary Adjustment (MSA) system was created in statute for state civil service employees. The MSA is a 5 percent annual salary increase for employees below the maximum step of their salary range. The MSA is contingent on satisfactory job performance and is effective on the employee's anniversary date.

Until the early 1990s, pay increases at CSU mirrored those provided to state civil service employees, thus CSU employees received MSAs. In April 1994, however, during collective bargaining, the CSU Trustees proposed that MSAs be replaced with discretionary performance pay. Labor fought this proposal, but after exhausting the statutory impasse procedures of mediation and fact-finding, the CSU unilaterally withdrew salary steps on April 1, 1996. The MSA was replaced with the Service Salary Increase (SSI), which was set at 2.5 percent. Unlike MSAs, SSIs are not automatic and are awarded only in years when they are funded.

*Purpose.* This bill, sponsored by the CSU Employees Union (CSUEU), reinstates MSAs for represented, nonacademic CSU employees. The author notes that CSU is the only state agency that does not have salary step increases for its employees.

As noted above, CSU employees are explicitly exempt from civil service, under the California Constitution, and instead are covered by the HEERA, which provides a framework to regulate labor relations. Salary terms are a negotiated item in collective bargaining agreements and subject to Trustees approval.

*CSU/CSUEU agreement.* According to CSUEU, there have been multiple attempts to negotiate salary steps with the CSU, all which have been rejected by the CSU.

However, the CSU and CSUEU reached a tentative agreement at the end of October 2017 on a successor contract. The new three-year collective bargaining agreement will run through June 2020. Per the successor collective bargaining agreement, CSUEU-represented employees will receive three percent general salary increases on July 1, 2017 (retroactive), July 1, 2018, and July 1, 2019. Current full-time employees will receive a one-time recognition bonus of \$650 on ratification of the successor agreement by the CSU Trustees.

*Arguments in support.* The California Faculty Association (CFA) and the California School Employees Association (CSEA) point out that the CSU is the only California state agency that does not provide salary steps to its employees. Both CFA and CSEA argue that CSU support staff salaries have become marginalized while CSU management positions have grown and outpaced the salary increases of support staff.

*Arguments in opposition.* CSU argues that this bill undermines both the collective bargaining process and the Trustees' ability to manage the system's budget, which CSU believes would be particularly problematic in an economic downturn and declining state support to CSU. Additionally, CSU believes that the provisions of this bill prioritize the salary needs of one group of employees above all other budget priorities; and could potentially be applied to more than just employees that are part of the CSUEU bargaining units.

*Current CSU Budget Pressures.* As noted by the Legislative Analyst's Office in its analysis of the 2017-18 Governor's Budget, CSU currently faces four notable cost pressures: funding collective bargaining agreements already ratified by the Board of Trustees; covering basic cost increases, such as for health care and pensions; funding enrollment growth for more transfer students, as CSU continues to report denying admission to eligible transfer students; and pressure to provide compensation increases to other employee groups, such as CSUEU, with open contracts.

*Committee comments.* This measure stipulates a five percent MSA for CSU support staff. While this increase appears to bring parity with CSU support staff and other non-CSU employees, *this Committee may wish to determine whether or not the Legislature should stipulate the actual percentage, or should it be left to the bargaining units to negotiate the actual percentage.*

*Related legislation.* AB 2019 (Santiago) of 2016, which was held on Suspense in the Assembly Appropriations Committee, would have provided an annual MSA of at least 2.65 percent for CSU academic employees.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

American Federation of State, County and Municipal Employees, AFL-CIO Local 3299

California Faculty Association  
California Federation of Teachers  
California Nurses Association/National Nurses United  
California School Employees Association, AFL-CIO  
California State University Employees Union (Sponsor)  
California Teamsters Public Affairs Council  
Service Employees International Union, Local 1000  
University Professional and Technical Employees-CWA Local 9119

**Opposition**

California State University

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