



The California State University
SYSTEMWIDE HUMAN RESOURCES

CSU / CSUEU

2023/24 REOPENER BARGAINING

Collective Bargaining Presentation

February 17, 2023



Topics

- Financial Considerations
- Cost of CSUEU's Proposal
- Alternative Step Structure
- Open Items
- Implementation Concerns

SB 410 Veto Message



OFFICE OF THE GOVERNOR

SEP 28 2022

To the Members of the California State Senate:

I am returning Senate Bill 410 without my signature.

This bill establishes a nine-step merit salary system for all represented California State University (CSU) nonfaculty staff employees with each employee to be placed in the salary step based on their existing years as a represented nonfaculty staff employee in the CSU. The bill also requires that language that effectuates the bill's provisions shall automatically be incorporated into any pertinent memorandum of understanding or collective bargaining agreement entered into, or renewed, by the CSU on or after January 1, 2023. Additionally, the bill requires the CSU to fund the proposed salary increases within existing resources.

Raising wages and creating salary equity for nonfaculty staff at our nation's largest and most diverse public university system is a goal that the CSU should strive to achieve, especially as these aims can positively impact recruitment and retention. This bill, however, creates cost pressures of \$287 million in the first year and rises to more than \$850 million in ongoing General Fund cost pressures not specifically accounted for in the State or CSU budget plans. Unless significant additional resources are added to the system, it would require that resources be redirected away from other purposes, likely including student success efforts.

Earlier this year, my Administration and the CSU agreed to a Compact that includes a commitment to significant multi-year investments in the CSU. It is my expectation that CSU leadership can both meet the commitments of the Compact and transition to a steps model for nonfaculty staff. I expect the CSU

Board of Trustees and Interim Chancellor to work collaboratively and creatively with their labor organizations to resolve these issues at the bargaining table.

For these reasons, I cannot sign this bill.

Sincerely,



Gavin Newsom

"It is my expectation that CSU leadership can both meet the commitments of the Compact and transition to a step model for nonfaculty staff. I expect the CSU Board of Trustees and Interim Chancellor to work collaboratively and creatively with their labor organizations to resolve these issues at the bargaining table."

Shared Goals of the Compact

- increase enrollment by more than 14,000 students over four years
- improve four-year first-time student graduation rates by 30%
- reduce the cost of instructional materials by \$150 million by 2024/25
- implement strategies that increase the overall affordability of on-campus housing
- collaborate with the UC and Community College Systems through data sharing and establishing a common application platform
- increase enrollment by 25% in the following disciplines: science, technology, engineering, mathematics; education or early education; and social work degree or credential programs
- increase online course offerings by 15 percent above pre-pandemic levels
- expand digital tools available to students to access learning materials to every student has access to appropriate technology

2023-2024 Operating Budget Request

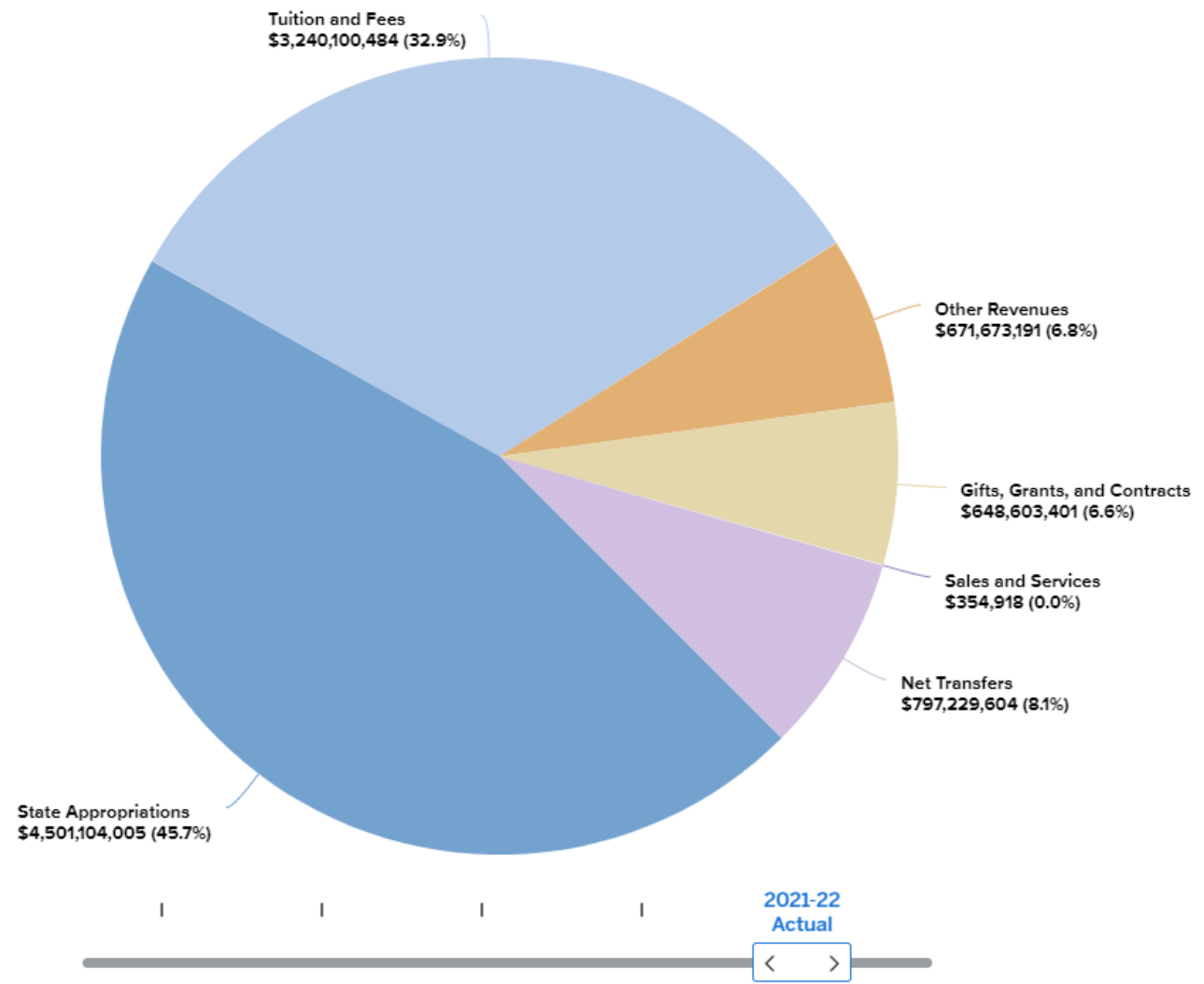


TABLE 3: SOURCES AND USES OF FUNDS

SOURCES OF FUNDS	WITHIN COMPACT	ABOVE COMPACT	BUDGET REQUEST
Incremental New Revenue			
State General Fund: Compact	\$227,302,000		\$227,302,000
Tuition from Strategic Resident Enrollment Growth	16,068,000		16,068,000
State General Fund: Above Compact		\$286,478,000	286,478,000
TOTAL NEW SOURCES	\$243,370,000	\$286,478,000	\$529,848,000
USES OF FUNDS			
Incremental New Expenditures			
Graduation Initiative 2025	\$30,000,000	\$25,000,000	\$55,000,000
Student Basic Needs		\$20,000,000	\$20,000,000
Workforce Investments			
Faculty & Staff Compensation Pool	92,466,000	168,444,000	260,910,000
Health Premium Increases	50,524,000		50,524,000
Academic Facilities and Infrastructure		50,000,000	50,000,000
Strategic Resident Enrollment Growth	50,648,000		50,648,000
Required Operational Costs			
Maintenance of New Facilities	6,032,000		6,032,000
Liability and Property Insurance Premium Increases	13,700,000		13,700,000
Inflation on Non-Personnel Costs		23,034,000	23,034,000
TOTAL NEW USES	\$243,370,000	\$286,478,000	\$529,848,000

Operating Fund Revenue

- Primary Sources: State Appropriations and Tuition
- 5% increase to State Appropriation = 2.9% increase to 22/23 operating fund budget



State Budget Outlook

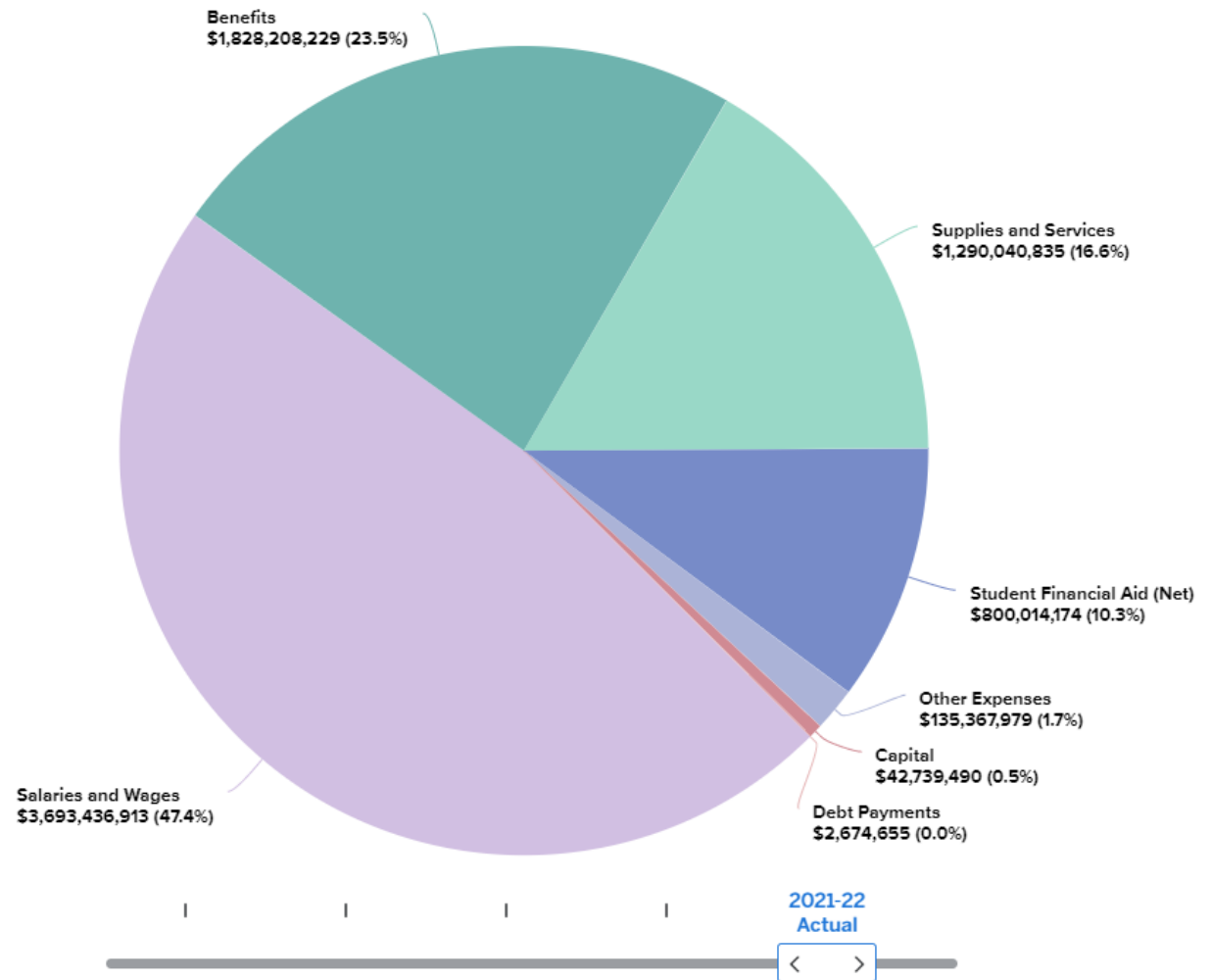
“We Anticipate the Legislature Faces a Budget Problem of \$24 Billion
in Upcoming Year.”

-- California State Legislative Analyst's Office

November 16, 2022 – Fiscal Outlook

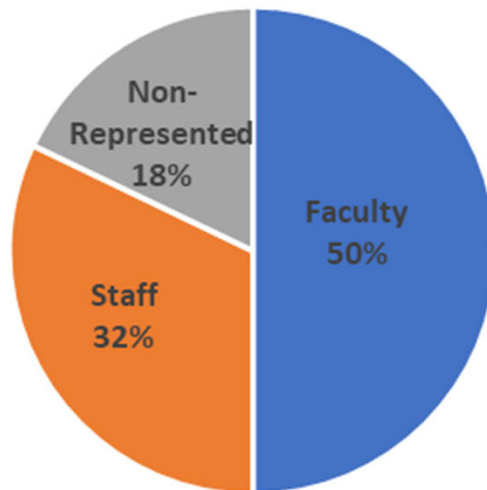
Operating Fund Expenses

- 70.9% salary and benefits
- 10.3% student financial aid
- 1% salary increase for all employees = \$52.2 million



Compact Compensation Allocation

CSU Compensation Pool
\$92.4 million



Faculty: \$46.2 million

Staff: \$29.6 million

Non-Rep: \$16.6 million

Preliminary Estimate of CSUEU's Proposal *

CSUEU Proposal (02/03/2023)	\$247.8 M
Equivalent for Other Represented Staff	\$100.5 M
Equivalent for Non-Represented	\$199.4 M
Equivalent for Faculty	\$550.5 M
Total	<hr/> \$1.098 B
Current Budget Allocation	\$92.4 M
Difference	\$1.006 B
Average Salary Adjustment	20.80%

10 * Based on Preliminary Estimates



Campus Budgets 2021/22

Maritime Academy	\$ 47,850,000
Sonoma	\$ 123,227,000
Humboldt	\$ 127,501,000
Monterey Bay	\$ 130,396,000
Channel Island	\$ 132,183,000
Stanislaus	\$ 150,279,000
Bakersfield	\$ 155,171,000
San Marcos	\$ 197,514,000
East Bay	\$ 204,615,000
Dominquez Hills	\$ 219,585,000
Chico	\$ 238,701,000
San Bernardino	\$ 262,318,000
Fresno	\$ 330,226,000
Los Angeles	\$ 340,154,000
Pomona	\$ 367,175,000
Sacramento	\$ 390,937,000
San Francisco	\$ 393,627,000
San Luis Obispo	\$ 394,988,000
San Jose	\$ 428,244,000
Fullerton	\$ 479,043,000
Northridge	\$ 489,646,000
Long Beach	\$ 502,784,000
San Diego	\$ 514,885,000

As published in the
CSU 2022 Fact Book

Alternative Structure within Compact Allocation

Alternative Structure within Compact Allocation

- 23 steps
- 2 percent increases between steps
- Initial placement is closest step above current salary
- Future step progression not automatic
- Utilizes current classification for implementation

Alternative Structure within Compact Allocation

- Classification range targets
 - Minimum: Region A
 - Maximum: Region C
- Minimum wage adjustments
 - 10/12, 11/12 pay plans

Discussion Items on Structure

- How to handle employees who are above the classification range maximum?
- How to address new/updated classifications?

Proposals Forthcoming on the Following

- Health benefits
- Rural health care stipend
- Pension contributions
- Parking
- Shift differentials
- In-range progression
- Emergency pay
- Pay plans (10/12, 11/12)

The CSU reserves the right to add/remove items from this list.

Implementation Concerns

- Employees will likely need to be manually placed onto a step
- Programming changes to two different systems
- Requires coordination between the Chancellor's Office, campus HR and the State Controllers Office
- Unprecedented structural systems change
- Lengthy implementation timeline

Disclaimer

This presentation assumes full compact funding for FY 23/24. Less than full compact funding in FY 23/24 may require alterations to the concepts presented.

The CSU reserves the right to add/remove/change items from this presentation.

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