

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 03/14/2011
POSITION: Oppose
SPONSOR: United Automobile Workers of America,
International Union and Local Chapters

BILL NUMBER: SB 259
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BILL SUMMARY: Collective Bargaining Rights for Students

This bill would provide that all student employees of the University of California (UC), Hastings College of the Law, and the California State University (CSU), whose employment is contingent upon their status as students, are considered higher education employees for the purposes of the Higher Education Employer-Employee Relations Act (HEERA). It would delete the condition that students are employees only if the services they provide are unrelated to their educational objectives, or that those educational objectives are subordinate to the services they perform. The bill's intent is to allow these student employees the same collective bargaining rights HEERA currently provides to other higher education employees.

The majority of UC student employees not currently subject to HEERA provisions are Graduate Student Researchers (GSRs), primarily research assistants engaged in paid research that is an integral part of their academic pursuits (i.e. part of their graduate thesis or dissertation preparation). The research duties undertaken by GSRs are mostly funded by federal, state, and private research grants awarded to faculty members overseeing these GSRs, and most of their salaries are funded by these grants.

FISCAL SUMMARY

The UC indicated that if all of its student employees were authorized to collectively bargain, it could incur costs of between \$11 million and \$18 million in 2013-14, with significantly greater costs in 2013-14 and beyond, depending on the compensation rate increases agreed upon in the collective bargaining negotiations. According to UC, the costs to provide collective bargaining rights to GSR students would include the following:

- \$213,000 in 2012-13 and \$426,000 in 2013-14 for collective bargaining negotiations, based on UC's actual costs to negotiate a contract with the United Automobile Workers (UAW) union representing UC's postdoctorate student employees. Indirect cost recovery (ICR) funds that are provided in grant awards on top of the direct grant amount (essentially administrative overhead costs) currently do not cover the full indirect costs of UC's grants, so some if not most of the contract negotiating costs would be paid out of their state General Fund and student tuition and fee revenue.
• \$1.7 million in UC administrative costs at the campus level, to manage the hiring process for newly unionized GSRs, which UC stated is likely a conservative estimate. The UC assumed that one-twelfth of these costs, about \$142,000, would occur in 2012-13.
• \$2.3 million in estimated new union dues costs, which UC assumed would have to be provided in any negotiated contract, to keep GSR employees salary-neutral.
• Potential compensation increases to GSR employees ranging from \$6 million to \$14 million in 2013-14 as a result of collective bargaining (based on salary increases of 3 percent to 7 percent), with increasing costs in future years depending on the negotiated contract salary rates. While UC historically has often provided its GSR students with compensation increases when other student

Table with 4 columns: Analyst/Principal, Date, Program Budget Manager, Date. Includes rows for S.Swan, Department Deputy Director, Governor's Office, and BILL ANALYSIS.

Hancock, Loni

03/14/2011

SB 259

FISCAL SUMMARY (continued)

employees receive salary increases through collectively bargained contracts, it stated that these increases vary by campus and grant and are not a certainty going forward.

Hastings currently has 89 students employed as Research Assistants to Hastings faculty. None of these students are unionized, and are not subject to HEERA provisions (as their employment duties are directly related to their educational objectives). Hastings indicated that the costs to implement this bill, while undetermined, would include potential compensation increases resulting from collective bargaining agreements with student employees, and administrative costs to negotiate and manage a collective bargaining agreement with student employee representatives.

The CSU noted that this bill would not pertain to their student employees, who already have the ability to organize and are thus covered by the collective bargaining process.

COMMENTS

The Department of Finance is opposed to this bill for the following reasons:

- The costs to UC associated with providing collective bargaining rights to newly unionized student employees would be significant. Given the large reductions to UC's General Fund support budget in recent years, it is imprudent to statutorily impose new administrative and employee costs on the university at this time.
- To the extent that future salary increases for GSRs that are negotiated through collective bargaining would be funded through the grant awards, rather than UC's General Fund or tuition revenue, the bill could result in fewer GSR positions being funded, and possibly fewer hours being assigned to each GSR, which in turn would lead to longer degree completion times for these students. The UC noted that, under the terms of a contract recently negotiated between the University of Washington and the UAW, all academic employees are scheduled to receive annual salary increases of at least 2 percent to 4 percent beginning July 2013 through July 2015. Salary increases of 2 to 4 percent for UC's GSRs would result in additional costs of \$4 million to \$8 million annually. In addition, the University of Washington contract includes a one-time \$50 per student employee supplement, which would equate to additional costs of over \$500,000 for UC.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)						Fund Code
	LA	(Dollars in Thousands)						
	CO	PROP						
	RV	98	FC	2012-2013	FC	2013-2014	FC	2014-2015
6440/UC	SO	No		----	See Fiscal Summary	----		0001
6600/Hastings	SO	No		----	See Fiscal Summary	----		0001
6610/CSU	SO	No		----	No/Minor Fiscal Impact	----		0001