



OFFICE OF THE PRESIDENT

NELSON PEACOCK

Senior Vice President – Government Relations

Office of State Governmental Relations

1130 K Street, Suite 340

Sacramento, California 95814

(916) 445-9924

Steve Juarez, Associate Vice President and Director

SENATE FLOOR ALERT

SB 959 (Lara) – Third Reading – File #52

June 1, 2016

TO: Members of the California State Senate
Re: ***SB 959 (Lara), as Amended on May 31st, 2016***
Position: OPPOSE

The University of California (UC) prioritizes its responsibility to provide fair compensation and a safe work environment for all of its employees. UC appreciates the concerns raised by the sponsors of SB 959 relative to contracted workers at UC. In order to address these concerns, UC recently announced its first-in-the-nation plan (the *Fair Wage/Fair Work Plan*) to establish a UC minimum wage for both its employees and service contractor workers to ensure that all UC workers are provided a fair wage. The wage will reach \$15 per hour on Oct. 1st, 2017. UC will also monitor wages and working conditions for contract employees by implementing annual compensation audits and interim audits and will establish a phone hotline and central online system for contract workers to report complaints directly to the Office of the President.

Due to the complex mission and dynamic work environment across the UC system, the responsible use of contracted employees is essential. Maintaining a balance of contract and campus-based services assists our campuses, labs, and medical centers in maximizing efficiency within resource constraints. UC may not contract out services solely to save costs; rather, UC contracts out for services in instances where, among other reasons, there is a need for special expertise, short-term staffing needs or in leased facilities

With the *Fair Wage/Fair Work Plan*, UC believes that we have addressed the important concerns raised by supporters of SB 959 in a way that is financially sustainable for the University. UC calculates the fiscal impact of SB 959 at over \$88 million per year, and the bill's requirement that the University use all known cost escalators to project the growth of employee total compensation costs, which could go well beyond the rate of inflation, could send the costs even higher. In fact, the pressure from such costs would likely impact the University's ability to enroll more California students in the future, something both the Legislature and UC have cited as a priority.

Moreover, this legislation does not impose similar contracting restrictions on other state agencies or institutions. And, by creating a bifurcated contracting process, this legislation will hamper efforts by UC to engage in joint procurement programs with CSU and the Community Colleges that will enable us to wisely and efficiently spend taxpayer dollars. Therefore, in light of the significant steps already taken by UC to address the wages and working conditions of contract workers - and because the specific provisions of SB 959 would increase costs substantially, create new administrative burdens, and would undercut UC's sustained efforts to streamline operations – *we continue to oppose this legislation.*

UC urges a “NO” vote on SB 959 (Lara)