

Public Employee Post-Employment Benefits Commission
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The California State University (CSU) is a leader in high-quality, accessible, student-focused higher education. With 23 campuses throughout the state, 417,000 students, and 46,000 faculty and staff, the CSU is the largest, the most diverse, and one of the most affordable university systems in the country. The CSU operates in a complex, regulatory environment. It is its own appointing authority, subject to some, but not all state and federal laws pertaining to employment. It is governed by multiple California codes and the applicable sections of the California Code of Regulations that pertain to CSU. The CSU currently has twelve (12) collective bargaining units and four (4) unrepresented employee categories. The CSU is not subject to civil service regulations

It is important for the Commission members and the general public to understand how the mission of the CSU impacts the economic growth of the State of California and offers a way for its citizens to improve their quality of life.

The California State University is a leader in providing access to quality education.

- The CSU is the country's largest four-year university system; the most diverse (minority enrollment tops 53 percent); and the most affordable (student fees are the lowest of comparable public universities nationwide).
- The CSU graduates 82,000 students each year into California's workforce, including more Hispanics, Native Americans, and African Americans than all other California universities combined.
- The CSU is responsible to the state's changing demographic needs. Its enrollment of Hispanic students has more than tripled since 1986. African-American enrollment has more than doubled, and Asian-American enrollment has increased by more than 40 percent.

The California State University is vital to California's economic prosperity.

- A more educated workforce leads to more higher-paying, knowledge-based jobs, which in turn leads to more growth and benefit for the entire state as well as for the regional and local communities.
- The CSU provides the majority of the skilled professional labor that is critical to the state's knowledge-based industries – industries like agriculture, engineering, business, technology, media and computer science.
- In 2002/03, an estimated 1.7 million CSU bachelor's and master's degree holders living in California earned an estimated \$89 billion in income, of which \$25.3 billion is attributable to their CSU degrees.

Investing in the California State University is an investment in California.

- When a state makes an investment in the university education of its citizens, the state as a whole along with its regional and local communities receives a lifetime earnings boost.
- CSU-related expenditures create over \$23 billion in economic impact and support over 207,000 jobs in California. When enhanced alumni earnings are taken into account, the CSU's impact reaches \$53 billion.

- The CSU generates more in tax revenue for state and local governments than is provided to the CSU in direct annual state support. In effect, the CSU pays for itself.
- California reaps a four-fold benefit from every dollar the state invests in the CSU. When the impact of enhanced alumni earnings is taken into account, the ratio rises to \$17 in total spending for every dollar the state invests in the CSU.

The Importance of Competitive Salary and Benefit Programs to CSU

To offer the educational opportunities and wide ranging benefits the CSU provides to the state and its citizens, it takes the dedication of thousands of CSU employees to make it a reality. The CSU recruits throughout the country to attract talented individuals with the requisite knowledge, skills, and abilities to fill faculty, staff, and administrator positions. After the initial hiring, the challenge is not over. In order to be competitive, the CSU must offer a total rewards package to its employees in order to motivate and retain them. As with other California employers who recruit nationally, the CSU is challenged by external issues such as the high cost of living in the state. The CSU has to find other incentives to encourage individuals to come to the CSU.

The CSU has 16 different employee categories encompassing a wide range of jobs such as police officers, faculty, physicians, management, custodians, and presidents. The key demographics for the CSU as they relate to the task at hand are:

- Number of employees eligible for health benefits = 37,020
- Number of employees enrolled in CalPERS (retirement) membership = 37,574
- Current number of benefit-eligible CSU retirees = 23,282

In the past, when the state suffered economic downturns resulting in significant state budget deficits, the CSU struggled with budget cuts in consecutive years without funds for general salary increases for employees. The lack of additional salary funds resulted in salary rates for many of the classifications within each employee category falling below market when compared to comparable educational institutions. Fortunately, one of the selling points for CSU employment is our benefits program of which the CalPERS retirement and health benefit programs are key components. The 2% at 55 retirement formula for the majority of our employees, along with the medical benefits that include a retiree medical plan, allow CSU to compete with other major universities and employers to attract quality candidates. It is imperative to the continuing success of the CSU to retain the level of retirement and health benefits to ensure the CSU's ability to recruit and retain quality employees necessary to maintain the educational mission and excellence of the CSU.

Thank you.