

EDITORIAL: Napolitano can send a message on UC pensions



UC President Janet Napolitano needs to show she'll work with Gov. Jerry Brown and the Legislature.

ASSOCIATED PRESS FILE

When Gov. Jerry Brown took office in 2011, one of his first acts was to make state employees give back their government cellphones and cars.

The savings were mere drops in the bucket, given the state's massive budget, but Brown sent a message: This is the people's work, not the private sector's. That can be easy to forget in a culture where the median CEO pay now tops \$10 million. Sometimes white-collar public servants need a reminder.

Brown thinks the University of California needs some reminding now.

As the governor's battle of wills with UC President Janet Napolitano has deepened, his legislative allies are demanding that, rather than hike tuition, she cut costs.

Napolitano has already saved hundreds of millions in back-office changes, but lawmakers want more. An Assembly subcommittee on education finance has been pointedly asking about payroll. Administrative bloat has come up, as have university pensions.

Assembly Member Roger Hernández, D-West Covina wants to cap UC employee salaries. He thinks no one at the university should make more than \$500,000. However, only 387 of the university's 198,000 or so employees make more than \$500,000 a year, for instance, and most are high-profile coaches or UC medical center doctors whose pay mostly comes from sources other than state money. Napolitano's own \$570,000 salary comes from a multiplicity of

pots.

Just three UC employees in the \$500,000-plus club were paid that amount from the “core” budget that includes taxpayer funding. So while it’s debatable whether the UC Berkeley chancellor and the deans of the medical and business schools at UCLA are worth such big bucks, three paychecks out of a multimillion-dollar budget aren’t going to amount to that much.

One legislative idea, however, would make a difference: Rethinking UC’s pension cap.

As Napolitano has herself complained, the university’s employer contribution to its pension fund is a constant burden, and the state doesn’t cover the obligation as it does for community colleges and the California State University system.

But unlike the state, which waged a battle royal a few years ago to cap pensionable income for its employees, UC has continued to tie its retirement payouts to a higher benchmark. So while state employees can only count \$118,500 in base pay in figuring their pensions this year, UC employees can count as much as \$265,000 in compensation.

That’s a sweet retirement deal for, say, the 6,000 or so UC employees — again, mostly doctors — whose annual salaries top \$200,000. But do people in that income bracket really require such big pensions? And can UC really afford to hand them out?

Assembly Member Kevin McCarty, D-Sacramento, chairman of the budget subcommittee examining the UC budget, told The Sacramento Bee editorial board members that just matching the state pension cap could eventually save the university an estimated \$80 million to \$100 million annually over the long term. That’s enough to cover in-state enrollment for 10,000 California kids.

In the short term, it wouldn’t mean much. Only new employees could be affected. But embracing the idea would send a message.

Napolitano needs the Legislature and Brown; this isn’t the private sector. It wouldn’t hurt to show that she’ll work with them.

Comment by going to fresnobee.com and clicking on the editorial.