



OFFICE OF THE GOVERNOR

**OCT 15 2017**

To the Members of the California State Senate:

I am returning Senate Bill 574 without my signature.

This bill seeks to equalize, or at least greatly minimize, the wage and benefit disparity between employees of the University of California (UC) and its contracted workers in specific job categories. This is the third time this policy, with some modification, has been passed by the Legislature.

After twice vetoing prior attempts, I am tempted to sign this measure, for no other reason than it is a well-intentioned bill that seeks to improve the financial security of contracted workers, or, alternatively, expand direct employment at the UC for lower wage workers. As the UC prides itself on being an agent of social mobility for students, it might follow that UC could similarly be an agent of social mobility for lower-wage workers at its campuses.

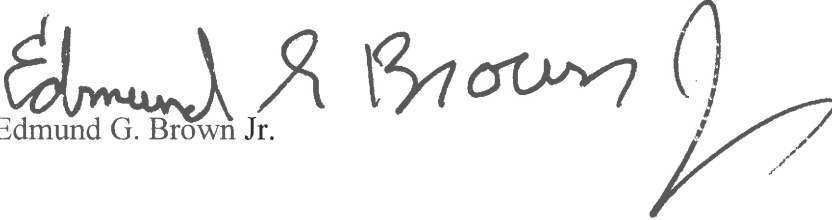
Good intentions, however, aren't always enough. The mechanism to create this social change locks in cumbersome and overly costly contracting rules that provide little flexibility, regardless of circumstance. This will not serve the university or the state well.

In the best of worlds, the UC would make greater efforts to control its cost structure and find the means to better compensate lower wage workers, both employed and contracted—so that fewer would be concerned about housing, hunger and healthcare. Though UC has made some attempts in this regard, much work remains, including holding flat executive compensation and benefits that near many hundreds of thousands of dollars and more, far beyond what the average Californian would think reasonable for an employee of a public university.

What the state requires of the university's contracting policy should be more carefully considered, thoughtfully debated and weighed against other high value programs of expenditure. The State Auditor's recent report made some useful recommendations on

contracting practices, which the UC can act on now. Other actions to improve UC's policies can be considered when the UC's total budget is considered by the state.

Sincerely,

  
Edmund G. Brown Jr.