

University of California:

New Policies Should Make Career Appointments Available to More Employees and Make Campus Practices More Consistent



April 2001
2000-130

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April 26, 2001

2000-130

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As requested by the Joint Legislative Audit Committee, the Bureau of State Audits presents its audit report concerning the University of California's (university) employment practices for casual employees.

This report concludes that the university offered casual employees more limited retirement and health benefits than it offered career employees, even though some casual employees were employed in the same occupational groups as career employees and may have worked the same number of hours for a limited time. In addition, the use of casual employees varied among the campuses, ranging from a low of 10 percent of casual employees to total casual and career employees at the University of California, Davis, to a high of 24 percent at the University of California, Los Angeles.

Several factors contributed to the differences in the use of casual employees, including whether a campus centrally monitored casual employment or used outside contractors to perform work that casual employees performed at other campuses. While some departments' decisions to use casual employees for fluctuating or sporadic work seemed appropriate, we found instances where departments' use of casual employees was not always reasonable. For example, some casual employees who worked as research or laboratory assistants at more than 50 percent time for an extended period could have been provided career status and full benefits during that time.

However, recently the university modified its policies regarding casual employment, which should provide casual employees with greater access to career status and the associated benefits. Finally, we found that casual employment had no uniform pattern of impact with respect to ethnic groups or age groups.

Respectfully submitted,

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SUMMARY

Audit Highlights . . .

Our review of the University of California's (university) use of casual employees revealed the following:

- Casual employees in the same occupational group as career employees had fewer opportunities for salary increases and received fewer benefits.*
- Several factors contributed to the differences among campuses in the use of casual employees, including the extent to which they monitored casual employment.*
- Use of casual employees appeared reasonable for jobs with fluctuating or sporadic workloads.*
- In other instances, the use of casual employees was not reasonable because the employees were working full-time for several years with a minimal break in service annually, a device used to perpetuate a position's casual status.*

Finally, we found that casual employment had no uniform pattern of impact with respect to ethnic group or age group.

RESULTS IN BRIEF

Although casual employees at the University of California (university) were employed in the same occupational groups as career employees and may have worked the same number of hours for a limited time, they had fewer opportunities for merit salary increases, received significantly fewer employment benefits, and were less likely to keep their jobs during layoffs. Until recently, the university defined casual employees as nonstudent employees appointed to work either 50 percent or more of full-time for less than a year or less than 50 percent of full-time indefinitely, while it defined career employees as employees expected to work for one year or longer at 50 percent of full-time or more.

At the time our audit started, career employees had access to dental, vision, and disability insurance benefits that were not available to casual employees. Career employees also belonged to the University of California Retirement Plan (UCRP), whereas casual employees did not. Furthermore, casual employees had no assurance that they would receive the same level of retirement benefits as their career colleagues.

The university now refers to casual employees as limited-appointment employees and has approved new policies and agreements requiring it to convert to career status those who work more than 1,000 hours in any consecutive 12-month period. However, not all those who were casual employees and who would convert to career status under the new policies may find these new policies to their advantage. For example, some may prefer the greater flexibility in work hours or the smaller deductions from their paychecks that could come with casual employment.

As of October 1999, casual employees represented 9 percent of the university's employees, despite some general university policies that may have restricted its use of casual employees. The extent to which each campus used casual employees varied. The University of California, Los Angeles (UCLA), with 25 percent of all university employees, had the highest ratio (24 percent) of casual employees to total casual and career employees, whereas

the University of California, Davis, with 16 percent of all employees, had the lowest ratio (10 percent). More than one-half of the casual employees provided clerical or research and laboratory services.

Several factors contributed to the differences among campuses in the use of casual employees. For example, the campus that had the lowest proportion of casual employees monitored casual employment centrally to a much greater degree than occurred at most other campuses. Another important factor affecting the number of casual employees was the use of outside contractors at some campuses to perform work that casual employees performed at other campuses. As a result, the number of casual employees on the campuses without these contractors may have appeared disproportionately high.

When campus and department administrators explained their reasons for using casual employees, we found that in some instances the use of casual employees appeared reasonable, but in others it did not. In making this assessment of a department's practices, we did not consider the use of casual positions reasonable when the employees worked 50 percent of full-time or more for over a year. Some kinds of work are well suited to casual employment, and we found many instances in which campuses' use of casual employees was reasonable. For example, various kinds of jobs with fluctuating workloads and jobs that benefit from having short-term, part-time staff who can fill in during peak times were generally reasonable as casual appointments. In one instance, a campus's extension program used casual employees to work at its registration window during peak periods, to provide in-class registration services, to provide interpretive services for the deaf attending classes, and to work at conferences provided by the extension program once each quarter. Additionally, some departments used employees for sporadic work. For example, casual employees were used as ushers or other support staff for sporting and theatrical events that normally required the employee to work less than 20 hours a month.

Although some uses of casual employees appeared reasonable, we found other instances that were not. For example, departments at one campus cited several reasons, including the uncertainty of future funding, for using casual employees as staff research associates and laboratory assistants in various research departments. However, we question this justification for using casual employees. Even though the funding may not have been available indefinitely, nothing precluded the university from

providing career status to these staff research associates or laboratory assistants. Career status does not guarantee continued employment. We noted that of the 107 casual employees we reviewed in several of UCLA's research departments, 14 had worked full-time for more than three years, with a minimal break in service annually, a device used to perpetuate a position's casual status. Some of these employees were also working 20 to 50 hours of overtime monthly. Because these employees worked in these positions at more than 50 percent time for an extended period, we think these positions could have been converted to career status even before the new rules were established. Additionally, this campus's practice of retaining these employees in their casual positions was not consistent with the practices of some other campuses.

Certain casual employees received benefits that they were not entitled to receive and that others in their position did not because some campus administrators misunderstood university policy. Furthermore, the Payroll/Personnel System required separate codes to identify the employment type—casual or career—and to identify the package of benefits the employee was eligible to receive. However, the campuses' personnel system did not appear to provide an automated check that compared the two codes and disallowed or flagged an entry that violated university policy. When the university is inconsistent in its treatment of employees, it exposes itself to potential morale problems and questions of fairness. In addition, when campuses provide benefits to casual employees that they are not entitled to receive, they also unnecessarily spend public funds.

We found that casual employment had no uniform pattern with respect to ethnic group or age group. Of the 692 employees who had maintained a casual status for at least five years, approximately 66 percent were white, almost 11 percentage points higher than their representation in California's workforce for this group. In contrast, Hispanics represented only 12 percent of these long-term casual employees, which was 16 percentage points below their representation in California's workforce. Whites also had a lower rate of conversion from casual to career appointments than other ethnic groups did. As of October 1999, individuals over the age of 61 represented 34 percent of long-term casual employees but only 4 percent of long-term career employees. Women represented 57 percent and 65 percent of those employed in casual and career positions, respectively.

RECOMMENDATIONS

To ensure that campuses fully understand the new university policies, the Office of the President should clarify its policies related to the eligibility of employees for certain benefits.

To further ensure that employees receive only allowable benefits for their positions, the Office of the President should install automated checks in the Payroll/Personnel System to disallow or flag entries that violate university policy.

AGENCY COMMENTS

The university agrees with the report and its recommendations and further states that it expects the new employment and benefit policies will clarify the university's intent with regard to its temporary workforce. In addition, the university states it is committed to providing further clarification and training on its benefits eligibility requirements and is researching the incorporation of additional automated edits in the Payroll/Personnel System to flag entries that violate university policy. ■

INTRODUCTION

BACKGROUND

Founded in 1868, the University of California (university) system is a public, state-supported land-grant institution with a mission to teach and conduct research in a wide range of disciplines and to provide public services. The university, which is the premier public university system in the State, comprises eight established general campuses and a ninth campus, in San Francisco, devoted to the health sciences. All of these campuses offer undergraduate, graduate, and professional education. Another general campus in Merced is currently under development. The university also has five medical schools and three law schools and manages three national laboratories. During the fall of 1999, the university system served 178,000 on-campus and 433,000 extension students.

The California State Constitution provides that the university shall be a public trust administered by the Regents of the University of California. This 26-member board maintains full power of organization and government subject only to limited control by the State Legislature. A central Office of the President heads the university's administrative structure, with the president responsible for overall policy development, planning, and resource allocations. Chancellors at each campus primarily manage campus resource allocations and administrative activities.

For the fiscal year ending June 30, 2000, the university's current fund revenues totaled \$11 billion, including a contribution of \$2.8 billion from the State; \$1.7 billion from federal appropriations, grants, and contracts; more than \$1 billion from student tuition and fees; and \$3.7 billion from sales and services. Current fund expenditures equaled \$10.5 billion, with research and medical center expenditures of \$2.1 billion each and instructional expenditures of \$2.4 billion.

Classification of University Employees

The university employs nearly 150,000 individuals at its campuses and medical centers. Table 1 shows the various employment categories for the university workforce and the number of employees in each category as of October 1999.

TABLE 1**Casual Employees Represented Nine Percent of the University's Workforce**

	Number	Percent of Total
Casual	13,112	9%
Casual restricted (student)	25,434	17
Career	59,893	40
Per diem	2,666	2
Contract	1,417	1
Academic	45,870	30
Other/Unknown	1,328	1
Total at October 1999	149,720	100%

Source: October 1999 report from the Office of the President's Corporate Personnel System.

Teaching and research faculty and academic service professionals, such as librarians, filled the academic positions, totaling 30 percent of all university positions as of October 1999. Staff career positions, which are expected to continue for one year or longer at half-time or more, made up 40 percent of all positions. The category of casual positions was established for nonstudent employees hired to work for less than one year or at less than half-time for any length of time. Nine percent of university employees were in staff casual positions. The casual restricted appointment, which made up 17 percent of university employees, is a separate category for students. Miscellaneous employment types, including per diem and contract workers, made up 3 percent of positions at the university, and the nature of another 1 percent of positions was not known or indicated in university records provided to us. The university recently revised its policy and has eliminated the casual appointment type.

SCOPE AND METHODOLOGY

The Joint Legislative Audit Committee (audit committee) requested the Bureau of State Audits to examine the university's policies and practices regarding the use of casual employees as compared to career employees to determine whether differences existed in the salaries and benefits received by each group. We were also asked to review and assess the university's policies and

practices regarding the temporary termination and rehiring of casual employees to determine whether there was evidence of discriminatory practices. Finally, the audit committee asked us to compile comparative data on the impact of casual employment on various race, age, gender, and occupational groups.

We reviewed the laws, regulations, and university policies and procedures in place in 1999 related to the audit request. We reviewed the 1999 policies and procedures because the most recent data available to us related to casual employment university-wide was from October 1999. We also reviewed subsequent revisions to these policies and procedures. To determine the benefits available to career and casual employees, we reviewed the university's insurance and retirement plans for 2000.

To assess whether differences existed in the salaries and benefits received by casual employees and career employees, we interviewed key personnel in the human resources area of the Office of the President and at six campuses. We also interviewed departmental staff who participated in hiring and monitoring casual employees at these six campuses. Furthermore, we reviewed the university's and individual campuses' policies regarding casual and career employees as well as related union agreements. We also compiled salary data for career and casual employees.

To determine whether the university's use of casual employees was reasonable, we selected certain occupational groups, campuses, and departments to investigate. We discussed each department's use of casual employees with the appropriate staff and reviewed personnel files and time sheets for selected casual employees.

We obtained certain data from the Office of the President to compile comparative data between employees with casual status and those who have career status with respect to ethnicity, gender, age, and occupation. Because the Office of the President compiles personnel data from all nine campuses in its Corporate Personnel System (CPS) each October to use for its own reporting purposes, we used the October 1999 data, the most recent available, to prepare these comparisons. We also used data from the prior five years, beginning with October 1994, to compare the turnover of casual employees with that of career employees. Finally, we selected statistical samples of this data to validate at all nine campuses by comparing the data to employee records.

Using these statistical samples, we attempted to verify approximately 7,300 data elements that we used in the tables of this report against signed and authorized personnel documents. Of those, 5,200 data elements existed only in electronic form because most of the campuses have implemented a paperless computerized personnel system. For the approximately 2,100 data elements that we could verify against supporting documents, we found only 11 errors. For example, for the appointment type data element, which indicates casual or career status, we found 3 errors in the 324 data elements that we were able to verify against supporting documents.

In the course of our inquiries on the campuses, we found additional errors in the university's records, which we discuss in the report. In addition, due to certain limitations in the automated data the Office of the President maintained and provided to us, we were unable to calculate a true turnover rate for casual and career employees. We also could not determine the number of casual employees who were eligible for a career position to assess the effects that a cost-of-living increase might have had on casual employees.

To ensure that the information in the CPS for October 1999 was an accurate and complete record of all staff employed, we attempted to reconcile the data to the October 1999 payroll records at the campuses. However, we were unable to reconcile the two systems in total and, as of April 10, 2001, the university was also unable to do so. When we reviewed the reasons for differences in the salaries of 51 individuals, we could attribute many of these differences to timing, but we could not identify a specific reason for the differences in two individuals' salaries. According to an official with the Office of the President, after researching the differences for these two employees further, staff identified an error in a program that is run monthly to update CPS with the payroll data. After performing a detailed analysis of the impact of the error for all campuses, staff identified that CPS had overstated 138 employees' salaries by approximately \$269,000 more than these employees were actually paid. Therefore, the official concluded that the program responsible for discrepancies found in CPS has been identified and the impact of the error was minor in both scope and magnitude. ■

CHAPTER 1

Casual Employees Received Fewer and Less Generous Benefits Than Career Employees Did, but New Policies Change Employment Rules

CHAPTER SUMMARY

Until recently, the University of California (university) considered casual employees to be part-time or temporary workers and, as a result, provided limited benefits to these individuals when compared to career employees, contributing to high turnover. The university has recently modified its policies regarding casual employment, which should provide these workers with improved access to career benefits. However, some casual employees, now referred to as “limited-appointment” employees, who would have career appointments under the new university policy may prefer not to convert to career status because they may enjoy certain advantages that career employees do not. For example, employees without career status may enjoy greater flexibility in their work schedules and have fewer dollars deducted from their paychecks when compared to career staff.

BACKGROUND

Because the university created the career appointment type for employees it expected to meet its long-term needs, it also offered a full benefit package to meet the career employees’ long-term needs, as well as opportunities for salary increases. Employees in casual positions, on the other hand, were expected to be part-time, temporary, or seasonal employees. Accordingly, the university did not offer full benefits to these staff and sometimes offered them more limited opportunities for salary increases.

Until recently, some departments had a practice of briefly releasing casual employees who were approaching 13 months of service. The campuses would then rehire them as casual employees after as short as a one-day’s break in service, thus effectively avoiding the need to convert these employees to career status after 13 months, as university policy required. As a result of this

practice, it was possible for casual employees to work as long as some of their career colleagues did without receiving the same benefits. In fact, we found instances in which this had occurred.

SOME CASUAL WORKERS HAD FEWER OPPORTUNITIES FOR SALARY INCREASES

Compensation for career employees outpaced compensation for casual employees, even though casual and career employees working in the same job classification were paid on identical university pay scales. As of October 1999, casual employees received an average salary that was 30 percent less than the average career salary in total, after adjusting for full-time equivalent numbers, as shown in Appendix A. We adjusted for full-time equivalents in order to make the salaries of those employees working less than full time comparable to those of full-time employees. Several factors contributed to the differences in salaries. For example, some casual employees within the same occupational group as career employees were working at lower-level positions or in different job classifications within the wide range of classifications available within the occupational group. In addition, even though salary increases, which would include increases from promotions, equity adjustments, and merits, for both casual and career employees were subject to an annual cap of 25 percent unless the campus chancellor granted an exception, some career employees had more opportunities for salary increases available to them. Table 2 shows that career employees were eligible for merit salary increases, while casual employees were not.

Casual employees received an average salary that was 30 percent less than the average career salary.

In addition to giving more opportunities for salary increases, university policy caused career employees to be more likely to keep their jobs during layoffs and department restructuring. As Table 2 indicates, career employees enjoyed preferential opportunities for transfer to other positions when layoffs were imminent. Additionally, once a career employee had been laid off, he or she had preference for reemployment. The university did not afford casual employees similar opportunities. In fact, the university's policy was to minimize the effect of indefinite layoffs from career positions by first reviewing the necessity for existing casual positions within a department.

TABLE 2**Career Employees Had Rights to More Salary and Job Security Benefits Than Casual Employees Did**

Benefits	Career Employees	Casual Employees
Merit salary increases (annual salary advancement within a salary range, based on merit)	● ¹	
Equity salary increases (salary increase to remedy a salary inequity)	●	●
Promotional salary increases (salary increase based on promotion or upward reclassification)	●	●
Stipend increases (salary increase for employees temporarily assigned responsibilities of a higher level position or other significant duties not part of employee's regular position)	●	●
Preferential opportunities for reassignment or transfer prior to layoffs	● ²	
Right (with specified limitations) to be recalled to the department from which they were laid off	● ²	
Preference (with specified limitations) for reemployment in all university departments after being laid off	● ²	
Minimization of indefinite layoffs with university review of necessity for other existing positions, including casual positions, within the department first	●	

Source: University of California Personnel Policies for Staff Members as of June 1, 2000. The distinctions made in the table are reflected in the University of California's union agreements except as noted below.

¹ Six of the nine campuses followed this policy. The three other campuses also provided merit increases for their casual employees in varying degrees. One union agreement also provided for merit increases to casual staff.

² These benefits only apply to regular-status career employees. A regular-status employee is a career employee who is not required to serve a probationary period or has successfully completed a probationary period and any extension of probation.

Casual employees were also easier to release than their career colleagues. According to the university's personnel policy manual, casual employees could be released at any time at the discretion of the university. On the other hand, career employees are generally terminated only for misconduct or failure to maintain appropriate work performance standards, or are laid off for lack of departmental funding. After a career employee is laid off, the employee has the right to be recalled to his or her previous department and receives preference for general reemployment within the campuses, assuming that certain specific conditions are met. Casual employees did not enjoy these or similar benefits.

CASUAL EMPLOYEES ALSO HAD LIMITED ACCESS TO RETIREMENT AND HEALTH BENEFITS

For the 2000 calendar year, the university offered casual employees more limited retirement and health benefits than it offered to career employees. Access to some of these health benefits was dependent on the employee's participation in the University of California's Retirement Plan (UCRP). Since casual employees were not eligible for UCRP membership, they did not have access to certain health benefits and options.

Casual and Career Retirement Benefits Differed

The university assists its employees in preparing for retirement through the University of California Retirement System (UCRS). UCRS comprises a defined benefit pension plan (UCRP) and two additional defined contribution plans. Of these plans, only UCRP provides eligible university employees, including career employees, with a defined income after retirement. Membership in this plan was not available to casual employees and certain other staff who are generally expected to be part-time or short-term employees of the university. UCRP is set up to be funded through university contributions and investment returns, and active members may be required to contribute from time to time to support necessary funding levels. However, since November 1990, neither the university nor its employees have had to contribute to UCRP because of its fully funded status.

The university required casual employees to participate in one of the defined contribution plans within UCRS, to which the university makes no contribution. Specifically, casual employees had to participate in the Defined Contribution Plan Pre-Tax

Casual employees were not eligible to enroll in the university's defined benefit pension plan that provides a defined income after retirement.

Account (pre-tax account). They contributed 7.5 percent of their salaries to this account for retirement instead of paying Social Security taxes. Internal Revenue Service regulations exempt certain state employees from paying Social Security taxes if they are members of a qualified employer-sponsored retirement plan, such as the pre-tax account. Casual employees were able to maintain their exempt status because they contributed 7.5 percent of their pre-tax earnings to the plan, which the regulations consider comparable to the benefits provided under the old-age portion of Social Security benefits. Participants in Social Security pay 6.2 percent of their salaries, which covers not only old-age benefits, but also disability and survivor benefits, and employers are required to match the employees' contributions. The pre-tax account does not include coverage for disability or survivor benefits, and there is no matching employer contribution. All employees, including casual employees, were required to pay 1.45 percent of their salaries for Medicare benefits with a matching employer contribution.

Casual employees benefit from the portability of the pre-tax account because it allows them to take their funds when they leave the university.

Further, Social Security provides specific, defined benefits; the pre-tax account does not. It makes no guarantee of future income. Instead, casual employees were dependent on the success of the pre-tax account's investments. Therefore, it is uncertain whether the pre-tax account would provide the same level of benefits as Social Security would. Nevertheless, casual employees do benefit from the portability of the pre-tax account because it allows them to take their funds with them when they leave university employment or retire.

Health Benefits for Casual Employees Did Not Cover Vision and Dental Needs

Prior to January 1, 2001, the university had three levels of health benefits: career benefits, limited career benefits, and core benefits. As the name suggests, the career benefits package is available only to career employees, and it offers the most benefits and employee choice. The core package is the most limited of the three. Casual employees were eligible only for the limited career package or core package, depending on how much they worked. Casual employees working less than 43.75 percent of full-time received no benefits at all.

The main differences between the career benefits package and the two packages available to casual employees involved the scope of available benefits and the maximum benefit amounts. As Table 3 indicates, career employees were eligible to receive

dental, vision, and university-paid disability insurance. The university fully funded all of these plans. Casual employees were eligible only for the limited or core benefits packages. While the limited package provided some casual employees access to a variety of medical plans not available to other casual employees, neither the limited nor the core packages provided vision, dental, or university-paid disability insurance. Further, the university-paid life insurance program offered a maximum benefit of \$50,000 for career employees, whereas casual employees had only \$5,000 coverage under the same program.

TABLE 3

Career Employees Received More Insurance and Retirement Benefits Than Casual Employees Did

Benefits	Career Employees	Casual Employees
Medical insurance	Yes	Yes, depending on amount of time worked
Dental insurance	Yes	No
Vision insurance	Yes	No
University-paid disability insurance	Yes	No
University-paid life insurance	Yes, up to \$50,000	Yes, \$5,000, depending on amount of time worked
Worker's Compensation	Yes	Yes
University of California Retirement Plan	Yes	No
Social Security	Yes*	No
Pre-tax defined contribution	Yes*	Yes

Source: University of California's employee benefits booklet, "Your Group Insurance Plan," effective January through December 31, 2000, and the University of California's "Summary Plan Descriptions for the University of California Retirement Plan and Defined Contribution Plan" for July 2000.

* With the exception of University of California Retirement Plan "Tier Two" members and those who elected not to be covered by Social Security in the past.

Although casual employees were not eligible for dental and vision insurance under university policy, we identified certain casual employees who were receiving these benefits for various reasons. In October 1999, approximately 660 casual employees out of more than 13,000 received dental and vision insurance at an average cost to the university of \$54 per month. Some benefited from administrative errors or administrators' lack of

understanding of university policy, issues that we discuss in Chapter 2. Still other casual employees hold a secondary career appointment or were former career employees with UCRP membership that allows them to have the coverage. Even though some casual employees received dental and vision insurance, a far higher percentage of career employees participated in these plans. Roughly 57,000 out of 59,500 career employees received dental and vision insurance, at an average cost to the university of \$67 per month.

The university contributed an average of \$269 per month toward benefits for career employees, but only \$95 per month for casual employees.

The types of health insurance available to career and casual employees also differed, depending on the percentage of time and the duration the employee had worked. For example, career and certain casual employees had access to medical insurance that allowed employees to choose among HMO plans, fee-for-service plans, and point-of-service plans. On the other hand, casual employees working between 43.75 percent and 50 percent of full-time were eligible only for health insurance under a fee-for-service arrangement that requires an annual \$3,000 deductible. As Appendix A indicates, the university contributed significantly more toward benefits for career employees, an average of \$269 per month, than for casual employees, an average of \$95 per month. For employees actually receiving medical benefits, the university contributed an average of \$280 per month for career employees and an average of \$184 per month for casual employees.

FEW EMPLOYEES REMAINED IN CASUAL APPOINTMENTS FOR MORE THAN FIVE YEARS

Casual employees had a high turnover rate when compared to career employees, as Table 4 illustrates. In fact, relatively few employees remained in casual appointments for more than five years. Specifically, of the 13,112 casual employees working for the university in October 1999, only 4,802 had been working as casual employees in October 1998. An even smaller number of the 1999 group, 692 employees, had worked as casual employees since October 1994. In addition, conversion from casual to career appointments during this time was minimal. In October 1999 there were 59,893 career employees, and of these, only 1,061 had held a casual position at one point during the last five years. Furthermore, turnover among career employees was far less dramatic. Of the 59,893 career employees, 48,554 had held career positions the previous year. In other words, of all casual employees working in 1999, only 37 percent were also

in casual positions the previous year, while 81 percent of October 1999's career employees were in career positions in the preceding year.

TABLE 4

**Casual Employees Had Higher Turnover Than Career Employees
Between October 1994 and October 1999**

		Number of Career Employees	Percent of October 1999 Career Employees*	Number of Casual Employees	Percent of October 1999 Casual Employees*
Totals	October 1999	59,893		13,112	
Of October 1999 employees, number employed in previous time periods	October 1998	48,554	81%	4,802	37%
	October 1997	42,015	70	2,484	19
	October 1996	37,455	63	1,498	11
	October 1995	34,299	57	1,020	8
	October 1994	31,006	52	692	5

Source: October 1994 through October 1999 reports from the Office of the President's Corporate Personnel System.

* Percentages reflect how many October 1999 career or casual employees held similar positions in previous years. Thus, we tracked whether the casual and career employees in October 1999 were in the same appointment type, either casual or career employees, in each of the previous five Octobers.

Due to limitations in the university's data, our analysis of employee turnover is presented in terms of incumbency over time, rather than as a classical turnover rate. In other words, these data trace how many individuals working at one point in time, October 1999, were working in similar positions—casual or career—each preceding October, rather than show the amount of turnover during a given year, when several employees might rotate through a single position. The university does not track how many staff changed jobs in a given period, but instead tracks those who were employees at given points in time. As a result, our data in Table 4 should be seen as only a part of the true turnover rate.

NEW UNIVERSITY POLICIES REGARDING CASUAL EMPLOYMENT SHOULD IMPROVE ACCESS TO BENEFITS

With its new policy, the university intends to stop the practice of releasing casual employees for the sole purpose of avoiding career status.

Effective January 1, 2001, the university revised its policy on casual employment. While the impact of these changes has not yet been fully realized, one intended effect of the new policy is to improve access to career status and benefits for casual employees. Through the new policy, the university intends to stop the practice of releasing casual employees or reducing their work schedule for the sole purpose of avoiding career status.

The university changed the classification of casual employee to “limited-appointment” employee. However, for the sake of consistency in this report, we will continue to use the term “casual.” In addition to the classification change, the university has substantially changed its policy regarding how long these part-time and/or temporary workers are employed and when benefits accrue to them.

As we noted earlier, before the change in policy, a casual employee was one who was appointed to work any percentage of full-time for less than a year, or less than 50 percent of full-time indefinitely. This rule had the added condition that casual employees were required to convert to career status after 13 consecutive months of working at 50 percent or more of full-time, assuming that the employee was initially hired through an open recruitment process or received a waiver. As we discuss in Chapter 2, the university sometimes temporarily released casual employees just before their 13th month. This temporary release was considered a “break in service” and allowed the same individual to be rehired for a new casual appointment with an additional 13-month span. The practical effect of this “release and rehire” policy was to prevent casual employees from reaching career status and enjoying the associated benefits.

The prior practice of some departments to release and immediately rehire casual employees will no longer be possible under the new policy. A limited-appointment employee will convert to career status after completing 1,000 hours of paid work in a consecutive 12-month period. For example, an employee could work 500 hours in June through August 2001 and another 500 hours in December 2001 through February 2002, and assuming there were no breaks in service of 120 days or more, he or

The prior practice of some departments to release and immediately rehire casual employees will no longer be possible under the new policy.

she would then convert to a career position. Furthermore, a break in service must last for 120 consecutive calendar days or more before a new 12-month period can start for conversion purposes, thus ending the practice of having as little as a 1-day break in service.

Thus, under the new rules, limited-appointment employees will have a greater opportunity to attain career status within a shorter period of time. For example, in the past a casual employee could work at 50 percent to 100 percent of full-time for up to a year and never attain career status. Under the new rules, however, a full-time limited-appointment employee could attain career status after approximately six months.

The university has also created a new appointment type called a “floater appointment” that could allow the university to continue to hire full-time staff for a longer period while providing limited benefits. A floater employee is an appointee to a temporary employment pool at any percentage of full-time for up to two years in duration. The university expects to use these employees to serve temporary campus, hospital, and laboratory staffing needs. Specifically, floater employees will be used to complete special projects, respond to workload fluctuations, fill in during recruitment periods, and provide a viable source of candidates for career and limited appointments.

In addition to changing its official policy regarding casual employment, the university has entered into labor agreements with some employee unions that incorporate the new casual employment policies just described. However, while the official university policy and the union agreements are similar in general terms, there are some differences in the details and there are differences among the union agreements themselves. Specifically, some union agreements allow university employees in floater appointments to convert to career status after only 18 months. However, university policy provides for a two-year term for floater appointments and, according to a university official, the Office of the President has advised campuses that after two years, and with no break in service of 120 days or more, the employee would convert to a career position.

SOME EMPLOYEES MAY NOT WANT TO CONVERT TO CAREER APPOINTMENTS

Some casual employees who could now convert to career appointments may be concerned they will lose some flexibility in their work schedules if they become career employees.

The changes to university policy providing this conversion to career status may not meet the needs of all those who were casual employees and would convert. Two department officials we interviewed indicated that they have employees who will work enough hours to convert to career status yet may prefer not to make the conversion. According to these officials, these career-eligible employees are concerned that they will lose some flexibility in their work schedule if they became career employees. In fact, these officials confirmed that casual employees tended to have greater flexibility in determining their working hours.

Other employees who have been in casual positions may be more interested in maximizing their immediate cash flow instead of reaping the benefits of career status and UCRP membership. For example, casual employees had 7.5 percent of their gross earnings deducted for the pre-tax account in lieu of paying Social Security taxes. On the other hand, career employees with Social Security coverage would have up to 4 percent deducted for their mandatory participation in the pre-tax account in addition to the 6.2 percent they pay for Social Security. As a result, career employees have up to 2.7 percent more of their paychecks deducted than their casual coworkers do for these purposes. ■

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CHAPTER 2

The Use of Casual Employees Was Inconsistent Among the Campuses and at Times Was Not Reasonable

CHAPTER SUMMARY

The extent to which campuses at the University of California (university) used casual employees varied. One of the factors that appears to have contributed to these variations was the individual campuses' policies for monitoring casual employment. For example, the campus with the lowest percentage of casual to total casual and career employees controlled its use of casual employees through a centralized human resources activity. Conversely, the campus with the highest percentage had a much more decentralized system for monitoring the use of casual employees. In addition, some campuses used outside contractors to deliver services that casual employees performed on other campuses. As a result, the number of casual employees on the campuses without these contracts may have appeared disproportionately high.

When we visited selected departments to determine why they used casual employees, we found that some had good reasons for doing so and others did not. Various kinds of jobs have fluctuating workloads and benefit from short-term, part-time staff who fill in during peak times. We believe these are usually reasonable positions to staff with casual appointments. For example, the extension program of the University of California, Los Angeles (UCLA), used casual employees during peak periods to enroll students in classes and to provide in-class registration services. Some departments used employees for sporadic work, and we also found this practice generally reasonable. For example, the University of California, Irvine (UCI) used casual employees for only minimal hours during events that were held at the Bren Events Center.

On the other hand, we found numerous instances in which casual employees filled career-type positions that required them to work half-time or more for over a year. We did not consider this to be a reasonable use of casual employees. For example, UCLA had some casual employees who worked full-time for several years as staff research associates, laboratory assistants, and clerical staff in various research departments. Also, this practice was not consistent with that of some other campuses.

THE USE OF CASUAL EMPLOYEES VARIED BY CAMPUS AND OCCUPATIONAL GROUP

The nine active university campuses varied significantly both in the number and proportion of casual staff they employed and in the occupational groups in which casual employees worked. For example, data from October 1999, summarized in Table 5, indicate that UCLA employed the highest number of casual employees—almost 5,000 of the 13,112 casual employees on all campuses. This is not surprising because UCLA is also the largest campus with the greatest number of enrolled students and employees. However, Table 5 also shows that UCLA had the highest proportion of casual employees to total casual and career employees, 24 percent, among all of the university's campuses. In contrast, another large campus, the University of California, Davis (UCD), employed approximately 1,250 casual staff and showed a much lower proportion of casual to total casual and career employees, only 10 percent. The percentage of campus employees in casual positions to the combined total of those in casual and career positions for the remaining seven campuses fell between 15 percent and 21 percent.

The University of California, Los Angeles had the highest proportion of casual employees to total casual and career employees—24 percent.

TABLE 5**The Use of Casual Appointments Varied Widely at Campuses**

Campus	Number of Career Employees	Number of Casual Employees	Total (Casual and Career)	Percent of Casual to Total of Casual and Career for the Campus
Berkeley	6,614	1,455	8,069	18%
Davis	11,089	1,242	12,331	10
Irvine	5,388	936	6,324	15
Los Angeles	15,484	4,988	20,472	24
Riverside	1,840	498	2,338	21
San Diego	8,976	1,631	10,607	15
San Francisco	6,223	1,445	7,668	19
Santa Barbara	2,311	565	2,876	20*
Santa Cruz	1,968	352	2,320	15
Totals at October 1999	59,893	13,112	73,005	18%

Source: October 1999 report from the Office of the President's Corporate Personnel System.

* After adjusting for 99 student employees misclassified as casuals, 17 percent is the revised percentage of casual to total casual and career appointments.

Table 6 identifies the differences in the campuses' use of casual and career employees within occupational groups. As of October 1999, the greatest number of casual employees, 4,400 (34 percent), worked in the Clerical and Allied Services group. In addition, a significant number of casual employees, 2,525 (19 percent), worked in the Sciences, Laboratory, and Allied Services group as staff research associates, laboratory assistants, or similar employees.

TABLE 6

**Casual Employees Were Concentrated in
Certain Occupational Groups**

Occupational Groups*	Casual Employees		Career Employees	
	Number	Percent of All Casual	Number	Percent of All Career
Student Services	941	7%	2,216	4%
Clerical and Allied Services	4,400	34	15,190	25
Food Services	828	6	965	2
Communication, Arts, and Graphics	681	5	1,536	3
Architecture, Engineering, and Allied Services	83	1	911	2
Fiscal, Management, and Staff Services	887	7	11,492	19
Maintenance, Fabrication, and Operations	1,035	8	5,632	9
Health Care and Allied Services	1,326	10	14,421	24
Sciences, Laboratory, and Allied Services	2,525	19	4,348	7
Protective Services	86	1	664	1
Management	50	0	2,428	4
Other/Unknown	270	2	90	0
Totals at October 1999	13,112	100%	59,893	100%

Source: October 1999 report from the Office of the President's Corporate Personnel System.

* Grouping per Corporate Personnel System data dictionary.

Table 7 lists the campuses that were among those with the highest and lowest percentages of casual to the total of casual and career employees in each of six occupational groups. To determine the factors that accounted for these differences, we visited departments with casual employees in these occupational groups at each of the campuses appearing in the table. We selected particular departments to visit for the following reasons:

- The occupational group in total contained a high number of casual employees and
- The campus either had a high number of casual employees, as well as a high percentage of casual employees in that occupational group, or the campus had one of the lowest percentages of casual employees in the occupational group.

TABLE 7**Campuses With High and Low Usage of Casual Employees,
as of October 1999**

Occupational Group	Campus With High Use of Casual Employees	Casual Employees in Occupational Group		Campus With Low Use of Casual Employees	Casual Employees in Occupational Group	
		Number	Percent*		Number	Percent*
Sciences, Laboratory, and Allied Services	Los Angeles	1,339	72%	Davis	186	15%
Clerical and Allied Services	Los Angeles	1,455	31	Davis	422	14
Food Services	Los Angeles	432	56	Davis	7	6
Communication, Arts, and Graphics	Los Angeles	418	52	Davis	46	14
Student Services	Santa Barbara	169	45**	Riverside	26	13
Maintenance, Fabrication, and Operations	San Diego	187	20	Irvine	39	9

Source: October 1999 report from the Office of the President's Corporate Personnel System.

* Percentages represent the number of casual employees divided by the total of all casual and career employees within the occupational group on the campus.

** After adjusting for 99 student employees misclassified as casual, 25 percent is the revised percentage of casual to total casual and career appointments in the Student Services occupational group.

Appendix B shows additional occupational groups we did not select and do not show in Table 7. We did not select the Architecture, Engineering, and Allied Services group; the Protective Services group; the Management group; or the Other/Unknown group because they have low total numbers of casual employees. Additionally, although the Fiscal, Management, and Staff Services group and the Health Care and Allied Services group have higher numbers of casual employees, we did not investigate them further either because no one campus stood out as having a much higher or lower percentage of casual employees when compared to the others or because the campuses with higher percentages had few employees in these categories.

SEVERAL FACTORS CONTRIBUTED TO THE DIFFERENCES IN THE USE OF CASUAL EMPLOYEES

The extent to which each campus monitored casual employees and the persons assigned the responsibility for that monitoring contributed to differences in the actual use of casual employees. Another important factor that affected the numbers of casual

employees was the use of outside contractors at some campuses to perform work that casual employees performed at other campuses. In addition, one campus misclassified a large group of students as casual employees, so that it incorrectly appeared to be using a much higher percentage of casual employees in the Student Services occupational group than it actually was. Finally, for one campus with low usage of casual employees in the Student Services occupational group, we could find no distinguishing conditions or policies to account for the low usage.

Monitoring of the Use of Casual Employees Varied by Campus

Each campus had the authority to implement specific policies for monitoring the use of casual employees.

Although the university provided some general guidance to the campuses for the use of casual employees, each campus had the authority to implement specific policies for monitoring them. Consequently, some campuses, such as UCD and the University of California, Santa Barbara (UCSB), implemented policies to centrally monitor and control the use of casual employees, whereas others, such as UCLA, did not. Close monitoring would not necessarily ensure that the use of casual employees was limited or reasonable in every instance. However, the variations in individual campuses' policies appear to be an important reason for the difference in the use of casual employees on those campuses.

The human resources and benefits office within the central Office of the President provided some general personnel policies and procedures for the nine campuses to follow when hiring, monitoring, and terminating casual employees. In addition, the Office of the President gave the chancellor for each campus the authority to appoint, promote, demote, and dismiss nonacademic staff. Each campus chancellor in turn delegated the human resources management function even further, sometimes to department chairpersons. Consequently, both the extent of monitoring employees in casual positions and the administrative level of the person assigned to do the monitoring varied from campus to campus.

For example, unlike other campuses, UCSB had a written policy that may have discouraged the long-term use of casual employees. Included in its formal "Local Personnel Policies for Staff Members" was a policy that allowed departments to extend a casual appointment of 50 percent time or more beyond a year if there was a one-week break in the employee's service. However, the policy required the department to submit its reasons for the extension in writing to the human resources unit for review.

Unlike other campuses, the University of California, Santa Barbara had a written policy that may have discouraged the long-term use of casual employees.

UCSB's policy also stated that in no case could the casual appointment extend beyond two consecutive years unless the employee had a break in service of at least four months. We believe this policy would tend to encourage an employee to seek other employment at the end of the two-year period, since a four-month break in service is a significant period of time for many employees to be without income. Further, it would encourage the university to convert a trained casual employee to career status to avoid the loss of his or her valuable services. In either case, the employee would leave casual status. As shown in Table 5 on page 23, when we adjusted for its misclassification of employees, UCSB's ratio of casual to total casual and career employees was 17 percent, in the middle range for all campuses. We discuss the misclassification in more detail later.

Although UCD, which had the lowest percentage of casual employees to total casual and career employees among the campuses, did not have a written policy regarding casual employment, its control over the use of casual employees was centralized. According to the director of UCD's Human Resources Employment and Compensation unit (human resources unit), the human resources unit strictly controlled individual departments' use of casual positions. The strict control began with the initial request to hire an employee, when staff from the human resources unit worked closely with the department to ensure the following:

- If the appointment combined a long-term need and long-term funding, the human resources unit designated the appointment as a career position.
- If the appointment involved a long-term need but with short-term funding, the human resources unit designated the appointment as a casual position but advertised it as a position with the possibility of becoming a career position.
- If the appointment combined a short-term need with short-term funding, the human resources unit designated the appointment as a casual position.

According to the director, once a given casual position was filled, the human resources unit continued to monitor it closely to ensure that the department either released the employee at the end of the agreed-upon service period or submitted a justification for an extension to the human resources unit explaining the continuing need for a casual employee, as opposed

The University of California, Davis' central monitoring of the use of casual positions was a major factor in its having the lowest overall percentage of casual employees.

to converting the position to career status. If the human resources unit did not agree with the department's assessment, it could require the department to recruit for a career position. The department would lose the services of a trained employee unless it converted the position to career. We believe UCD's central monitoring of the use of casual positions was a major factor in its having not only the lowest overall percentage of casual employees but also among the lowest in four of the six occupational groups listed in Table 7: Sciences, Laboratory, and Allied Services; Clerical and Allied Services; Communication, Arts, and Graphics; and Food Services.

Conversely, UCLA, the campus with the highest percentage of casual to total casual and career employees (24 percent) among the nine campuses, had a more decentralized and less formal system for monitoring the use of casual employees. UCLA's chancellor delegated the responsibility and accountability for the management of staff human resources to the Campus and Medical Center Human Resources unit. Although each organizational unit was then accountable for the management of its own human resources, it could further delegate responsibility for developing an appropriate structure for handling the unit's day-to-day resources needs to a department head. Unlike UCD, UCLA did not centrally monitor the campus's use of casual employees. Instead, each department was responsible for monitoring its use of these employees.

Furthermore, although each department's designated staff were responsible for performing some of this monitoring, for some departments at UCLA, the principal investigator, or researcher, receiving the funding or grant to pay for an employee's position made the final decision as to whether a position was casual or career. Some departments asserted that they tried to monitor the use of casual employees through conversations with the appropriate principal investigators to encourage them to convert casual employees to career status when it seemed appropriate.

Finally, although UCI did not have a centralized process for monitoring the use of casual employees, its human resources administrators indicated they provide training and assistance to departments for effective handling of casual appointments. Further, the medical center did have procedures for monitoring casual employees that may have contributed to its lower usage (9 percent) of casual employees in the Maintenance, Fabrication, and Operations occupation group. According to the medical center's program manager, human resource consultants ensured

that casual appointments did not extend more than 12 months or, if extended, that casual employees worked 49 percent time or less. If the human resources consultant identified that a casual employee, whose position had been extended beyond one year, was working more than 49 percent time, he or she moved the employee to a career position.

The Use of Outside Contractors Affected the Number of Casual Employees on Campuses

Some campuses used outside contractors to deliver services that casual employees performed on other campuses. As a result, the number of casual employees on those campuses without these contractors may have appeared disproportionately high. For example, UCLA generally used employees, almost 56 percent of whom were casual, to provide food services. We discuss the reasonableness of UCLA's use of casual employees to provide food services later in this chapter. Other campuses, including UCD and UCI, used outside contractors to provide at least some of their food services. In particular, UCD had outside contracts, thus reducing its need for employees in this occupational group. As a result, it had only seven casual employees in food services, which was the lowest number of all nine campuses. In addition, we noted that UCI used contracts for its maintenance services, which might have contributed to its lower rate of usage of casual employees in this occupational group. On the other hand, the University of California, San Diego (UCSD) also contracted out for some of these services, yet it had the highest rate of usage (20 percent) of casual employees in the Maintenance, Fabrication, and Operations occupational group. Therefore, this did not provide a clear reason for UCI's low proportionate usage of casual employees in this area.

The University of California, Davis used outside contractors to provide food services, thus reducing its need for employees in this occupational group.

One Campus Appeared to Use a Greater Proportion of Casual Employees Because It Misclassified Staff

UCSB had a high number of casual employees in the Student Services occupational group, as Table 7 on page 25 indicates. However, the number is inflated because UCSB misclassified 99 employees who worked in the residence and dining halls or community housing, often as resident assistants. The majority of the casual employees included in the resident assistant job classification were, in fact, students and as such should have been classified as casual restricted rather than casual.

The University of California, Santa Barbara's recorded number of casual employees was inflated because it misclassified 99 employees.

According to UCSB staff, the campus has historically misclassified these employees and only recently identified the need to reclassify them. Basically, resident assistants are students who are employed on a live-in basis to perform a variety of duties in the residence halls as needed. For providing these services, they receive free room and board and a small monthly stipend. After we removed the 99 misclassified students from the student services group, only 70 casual employees remained in this group, representing 25 percent of the employees in the Student Services occupational group on the campus, a percentage that is much more in line with those for the other eight campuses.

One Campus Did Not Have a Clear Reason for Low Usage of Casual Employees

Although the University of California, Riverside (UCR) had the lowest percentage (13 percent) of casual positions in the Student Services occupational group, we were not able to identify any particular factors that would cause its relative use of casual employees to be lower than that of other campuses. For example, its policies and practices did not require centralized approval of the use of casual employees. When we questioned administrators in human resources at UCR, they indicated that they distribute monthly reports to departments disclosing casual employees approaching career status, but we noted similar reports at other campuses with higher usage of casual employees. Thus, they too were unable to identify a distinguishing factor. Although the campus is one of the smallest, it appears that UCR would still have to provide student services similar to those on other campuses.

CASUAL EMPLOYEES ARE A GOOD FIT FOR CERTAIN EMPLOYMENT CONDITIONS

Some kinds of work are well suited to casual employment, and we found many instances in which campuses' decisions to use casual employees were reasonable. In making this assessment of a department's practices, we did not consider the use of casual positions reasonable when the employees worked more than 50 percent of full-time for over a year. Casual employees were successfully used in positions created to address peak workloads or sporadic work, although some of these positions had workloads exceeding what we would expect for a casual position.

Using Casual Employees to Address Peak Workloads Was Generally Reasonable

In general, the University of California, Los Angeles' extension program appropriately used casual employees working minimal hours to do in-class registration and provide services for the deaf.

Campuses have various kinds of jobs that have fluctuating workloads and that benefit from having short-term, part-time staff fill in during peak times. For example, in general, UCLA's extension program appropriately used casual employees in the Clerical and Allied Services occupational group, although it will most likely have to convert some of these employees to career status under the new rules. The extension program used casual employees to work at its registration window during peak periods, to provide in-class registration services, to provide interpretive services for the deaf attending classes, and to work at conferences provided by the extension program once a quarter. Generally, these casual employees appeared to be working minimal hours at odd times, especially those doing in-class registration and providing services for the deaf. For example, one interpreter worked only four months each year for less than 8 hours during the week. In a second example, a clerk who provided in-class registration service worked between 0 and 19 hours per week during a five-month period.

On the other hand, although the employees working at the registration window had variable hours based on the registration demands, the extension program will be required to convert some of these employees to career positions under the new rules if they continue to work similar hours. For example, one employee worked at the registration window for at least four years with annual brief breaks in service. For a recent one-year period, this employee worked between 0 and 40 hours each week, depending on the workload, for a total of more than 1,300 hours. Because this employee has worked in this position for a long time at more than 50 percent time, we think this position could have been converted to career status. In fact, under the new university policy, this employee's position would convert to career status.

UCLA's External Affairs office was reasonable in using casual employees in the Clerical and Allied Services occupational group for fund-raising and for alumni and community relations. External Affairs used many of the casual employees in its telemarketing program to contact alumni, parents, and friends by telephone to convey program priorities and solicit financial support for UCLA programs. According to the director of personnel administration, External Affairs normally maintained between 65 to 75 employees in these positions, and often they were

students from other local colleges who worked between 15 to 20 hours per week in the late afternoon or early evening. Additionally, External Affairs experienced a high degree of turnover in these positions and thus had very few long-term employees. Because these casual employees were working a limited number of hours and the positions were somewhat temporary, External Affairs was reasonable in using casual employees for these types of positions.

Another area that External Affairs oversees, the Finance and Information Management unit, had previously used casual employees in the Clerical and Allied Services occupational group full-time. However, according to the director of personnel administration for External Affairs, the unit recently reassessed its use of these employees and converted some to career status. Our review of three casual employees who worked in this area full-time confirmed that External Affairs had recently converted these employees to career positions.

UCSD's medical center also used casual employees appropriately during peak times. According to its director of human resources, the medical center generally used casual employees to adjust its staffing level in response to the changing number of patients. This allowed the medical center to use casual employees during the unpredictable peak times, thus more efficiently using labor resources. Our review of the time sheets for five casual employees indicated that they did not work sufficient hours to be eligible for career status.

The University of California, San Diego's medical center used casual employees appropriately during unpredictable peak times.

Sporadic Work Is Also Suited to the Casual Employee

Some departments used casual employees for sporadic and seasonal work, and we found this practice reasonable. For example, even though UCLA had high numbers of casual employees in the Communication, Arts, and Graphics occupational group, the areas where the casual employees were concentrated appeared to use them appropriately. UCLA had 805 career and casual employees in the Communication, Arts, and Graphics occupational group, 52 percent (418) of whom were casual. Almost 300 of these employees worked for intercollegiate athletics. In general, casual employees working for intercollegiate athletics functioned

Intercollegiate athletics at the University of California, Los Angeles used casual employees appropriately to work minimal hours to staff athletic events.

as ushers, head ushers, house managers, ticket takers, and tunnel staff for numerous athletic events. According to the human resources director for intercollegiate athletics, UCLA maintained an on-call list of approximately 500 individuals that it could use to staff football games held at the Rose Bowl. Some of these employees were retired employees who have been rehired or employees who returned year after year. Our review of personnel records substantiated that these employees were working minimal hours on a monthly basis during game times.

In related work, UCLA's central ticket office used casual employees in the Clerical and Allied Services occupational group to sell tickets at campus events. This department is responsible for hiring staff to sell tickets for UCLA's numerous athletic events at the ticket windows located at the events. Normally, these employees work four to six hours on a scheduled game day. Therefore, it appears reasonable that the employees who perform this function have casual positions.

The Physical Activities and Recreation department at UCSB was also generally reasonable in its use of casual employees in the Student Services occupational group. These staff usually worked for short periods of time or in "soft money" positions (that is, positions for which continued funding might be uncertain). According to the director of the Physical Activities and Recreation department, most employees hired for this department were transient and were responsible for organizing intramural activities for a minimal number of hours weekly. In addition, this department hired coaches in casual positions because the positions were funded by soft money, because the coaches' hours were often variable, and because the coaches were paid an agreed-upon stipend as opposed to an hourly rate. The funds to pay these positions were considered soft because they were raised through activities such as fund-raisers, solicitation of donations, and receipt of dues, with a very small portion coming from student fees. According to the director, the department normally retains coaches hired with these types of funds for only two or three seasons. When we reviewed the salaries of these employees, we found that the amounts were generally minimal, thus supporting the contention that these employees were working limited hours. Therefore, UCSB was reasonable in using casual employees to fill these recreational positions.

The University of California, Irvine used casual employees appropriately for minimal hours during events held at the Bren Events Center.

When we reviewed selected records of casual employees in the Maintenance, Fabrication, and Operations occupational group at UCI, we found that UCI used these casual employees for only minimal hours during events that were held at the Bren Events Center, a practice we generally found reasonable. In addition, the medical center and Housing Administrative Services indicated that they used casual employees for short-term maintenance projects and to fill vacancies when needed. However, our review of five casual employees who worked for the medical center indicated that two employees had worked full-time and, in fact, had converted to career positions in April 2000. Additionally, four of the six casual employees we reviewed in the Housing Administrative Services area worked full-time for almost one year before leaving the positions. Under the new university policy, these four employees would have been converted to career positions before the separation occurred.

IN SOME CASES CAMPUSES RELIED ON CASUAL EMPLOYEES FOR CAREER-TYPE EMPLOYMENT

Although some campuses' use of casual employees appeared reasonable, we also found other instances in which it was not. On some campuses, there was evidence of employees working 50 percent time or more and remaining in casual positions for longer than 13 months, with only a minimal break in service, after which the employees were rehired. Although this practice was in compliance with the university policy requiring a break in service, we believe it is a good indicator that the employee could have been given a career appointment. In particular, UCLA's use of casual employees in the following occupational groups was not always reasonable: the Sciences, Laboratory, and Allied Services group; the Clerical and Allied Services group; and the Food Services group.

Some Casual Employees Worked Full-Time Continuously

Our review found many instances in which casual employees had worked full-time for from two to five years or even more, with only minimal breaks in service, yet were not converted to career status. For example, some casual employees who worked as laboratory assistants, staff research associates, and clerical help in several of UCLA's research departments worked full-time each month. Of the 107 casual employees we reviewed, 14 had worked full-time for more than three years, with a minimal break in service annually to perpetuate that status. Some of these

employees were also working 20 to 50 hours of overtime monthly. For example, one employee consistently worked full-time for three years, with annual brief breaks in service, in addition to working another 50 hours per month in overtime during 1999 and 2000. In fact, if 61 of the 107 employees whose time sheets we reviewed continue to work similar hours, they will convert to career status under the new university policy. Another 11 employees we reviewed have already converted to career or academic positions.

UCLA cited several reasons for its use of casual employees in these types of positions. In general, many of these laboratory assistants and staff research associates worked on research projects managed by principal investigators (PIs). The PIs were normally career academic staff who applied for and received some type of research funding, such as various federal grants provided through the National Institutes of Health. University administrative policy made the PIs responsible for the financial management of project funds, which included determining who was hired. According to department administrators, the PIs often hired casual, rather than career, employees for several reasons.

First, the PIs considered the grant funds to be soft money because the grants might be approved for only one to five years or might have to be renewed every year. Consequently, a PI might be reluctant to hire a career employee under these circumstances. Second, according to some department administrators, the PI could keep project costs down by hiring a casual employee because, as we noted in Chapter 1, the employee received fewer employer-paid benefits and cost them less. Third, different phases of a project might require a certain type of employee for only a short time. For example, a person might be needed only at the beginning of a project to input and organize data in a computer.

Although research grants are not available indefinitely, nothing precludes the university from using career positions for laboratory assistants and research associates funded by the grants.

However, even though grant funds are not available indefinitely, nothing precludes the university from providing career status to these staff research associates or laboratory assistants. Career status does not guarantee them continued employment. Also, other campuses employed laboratory assistants and staff research associates for grant-funded work, yet had considerably lower proportions of casual staff. For example, UCD received similar types of federal grants for its medical and veterinary schools, yet it did not use similar proportions of casual employees for these projects.

In addition, the use of some casual employees as clerical staff in UCLA's mail services area was not always reasonable. According to its director, the UCLA's Mail, Document, and Distribution Services department had an informal rule that, when it hired new employees, it would place them in a casual position until they successfully completed a probation period of six months. If, however, at the end of the period it did not have a budgeted career position available for the employee, the employee remained in the casual position. Our review of six employees' files indicated that the Mail, Document, and Distribution Services department had converted these employees to career positions, but these conversions occurred well after they had been employed for six months. For another three casual employees continuing to work full-time, this conversion had not occurred as of February 2001. The director indicated that the department had not received the necessary budgeted positions to make the conversions. However, under the new university policy, if these three employees continue to work similar hours, they will convert to career status.

Some Casual Employees Worked More Than 50 Percent Time Continuously

Although not as compelling as examples of employees who worked full-time continuously yet were not provided career status, in several instances campuses used casual employees who worked more than 50 percent time continuously. Again, this type of condition is a good indicator of a position that could have been converted to career status. Ultimately, these employees would also convert to career status under the new university policy.

Some casual employees who worked part-time as food service workers at UCLA have already converted to career status under the new university policy. UCLA's Housing and Hospitality Services is responsible for managing the on-campus dormitories and a conference center, as well as the UCLA catering program. The director of this department indicated that he attempted to hire students in most positions but used casual employees when students were unavailable. Casual employees augmented and supported career staff during peak periods in the cafeterias during the breakfast, lunch, and dinner shifts. Additionally, the casual staff were used more fully in the summer months to provide maid services to the dormitories, which accommodate attendees of various conferences. The majority of these casual employees we reviewed generally worked between 20 percent

The University of California, Los Angeles used many casual staff who worked more than 50 percent time as food service workers. Ultimately, these employees would convert to career status under the new policy.

and 80 percent time over the course of a year. For example, one employee who was employed since at least 1994 worked more than 1,200 hours in 1999, or approximately 60 percent time. In fact, according to the director, 16 of the 33 employees we reviewed were converted to career status and the remaining 17 left the university.

The University of California, San Diego converted 51 casual employees working in Housing and Dining Services to career status under the new university policy.

Finally, according to its director, Housing and Dining Services at UCSD hired casual employees during the summer to restore on-campus housing to good condition for the following year's incoming students and to work during campus-sponsored conferences held during the summer. However, some of these employees continued working during the school year to maintain service levels in areas where the workload was greater than anticipated. As a result, these employees worked more than 50 percent time. Ultimately, according to the manager of human resources for Housing and Dining Services, it converted 51 of its casual employees to career status under the new university policy.

SOME CAMPUSES DID NOT FOLLOW UNIVERSITY POLICIES RELATED TO CASUAL EMPLOYEE BENEFITS

Because some campus administrators misunderstood university policy, certain casual employees received benefits that they were not entitled to receive and that others in their position did not. When the university is inconsistent in its treatment of employees, it exposes itself to potential morale problems and questions of fairness. In addition, when campuses provide benefits to casual employees that they are not entitled to receive, they also unnecessarily spend public funds.

Our analysis of the October 1999 personnel data the Office of the President provided to us revealed that approximately 660 casual employees were enrolled in the University of California's Retirement Plan (UCRP), which also entitled them to receive dental and vision benefits if they worked at least an average of 20 hours per week. According to university policy, casual employees were not entitled to these benefits except under specific circumstances. For example, a casual employee might have held a secondary career appointment that entitled the employee to these benefits, or the employee might have held a prior career position with continuing rights to retain UCRP membership.

Of 103 casual employees we reviewed, campuses had incorrectly identified 18 as eligible for enrollment in the university's retirement plan.

However, some casual employees were assigned a code in the Payroll/Personnel System that incorrectly indicated they were eligible for UCRP. Of the 103 casual employees we reviewed, campuses had incorrectly entered 18 in the personnel system as eligible for enrollment in UCRP. The administrators at three campuses that employed 13 of these casual employees indicated that they believed university policy required them to do so. Quoting another university policy, they stated that they believed casual employees who worked more than 50 percent time for longer than one year were entitled to the additional benefits given to their career counterparts. Thus, this policy describes a career position, but it does not use the term “career,” leading these administrators to believe they were acting appropriately by giving these casual employees the benefits without the position. However, the assistant vice president of policy, planning, and research with the Office of the President, indicated that this was an incorrect interpretation of university policy and these administrators should have converted the casual employees to career positions.

Additionally, the Payroll/Personnel System required separate codes to identify the employment type—casual or career—and to identify the package of benefits the employee was eligible to receive. However, the Payroll/Personnel System did not appear to provide an automated check that compared the two codes and disallowed or flagged an entry that violated university policy. Such a check would have alerted the administrators to the inappropriate coding of these casual employees. It would also have identified another 23 employees of the 103 we reviewed who were identified in the Payroll/Personnel System as casual employees when, in fact, they should have been identified as career employees. These errors, unlike the other 18, appear to have been inadvertent input or system errors.

Furthermore, because these campuses appeared to be using casual employees in positions that would more appropriately have been designated as career positions, they may have circumvented hiring procedures for career employees, which were more stringent than those for casual employees. Thus, these employees occupied positions that were casual in name but that in substance were career positions with career benefits, with no system in place to ensure that they went through the hiring procedures required for career employees.

RECOMMENDATIONS

To ensure that campuses fully understand university policies, the Office of the President should clarify its new policies related to the eligibility of employees for certain benefits.

To further ensure that employees receive only allowable benefits for their position, the Office of the President should install automated checks in the Payroll/Personnel System to disallow or flag entries that violate university policy. ■

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CHAPTER 3

Casual Employment Had No Uniform Pattern of Impact on Any Ethnic or Age Groups

CHAPTER SUMMARY

As the earlier chapters discuss, there are disadvantages to being a casual employee. Because of these disadvantages, we looked at several demographic factors, including ethnicity, age, gender, and occupational group, to identify whether any particular group of employees was impacted more than others by being classified as casual employees. Although a smaller percentage of Hispanics was in both casual and career positions than in their representations in the California workforce, we found no uniform pattern of treatment specifically related to casual employment among members of any ethnic or age category at the University of California (university). For example, as of October 1999, the percentage of university-employed whites in casual and career positions was roughly comparable to whites' representation in the California workforce. However, whites in casual positions made the transition to career positions at a lower rate than casual employees of other ethnic groups, including Hispanics.

Younger individuals at the beginning of their careers made up the largest portion of total casual employees, while individuals 61 years and older represented the largest portion of the long-term casual positions, possibly because some are retired employees supplementing their income. Women outnumber men in both casual and career positions, and they transitioned from casual to career status at a higher rate. Employees in certain occupational groups, such as the Maintenance, Fabrication, and Operations group, moved at a higher rate from casual to career positions than those in other occupational groups did.

HISPANICS OCCUPIED A SMALLER PROPORTION OF THE CASUAL AND CAREER POSITIONS THAN THEIR REPRESENTATION IN CALIFORNIA'S WORKFORCE

The ethnic mix of career and casual employees at the university does not always mirror the ethnic mix in the State's workforce. As of October 1999, the university employed 13,112 casual and 59,893 career employees. Table 8 shows the ethnic breakdown of both casual and career university employees compared to the ethnic composition of the State's workforce as described in the California Civilian Labor Force. As the table shows, Hispanic representation in casual and career positions was lower by 10 percentage points and 13 percentage points, respectively. Whites' representation in both casual and career positions in October 1999 was roughly comparable to their representation in the workforce. Moreover, Asian Americans and African Americans had higher representations in both the casual and career appointment types than their representation in the State's workforce. It is our understanding that the university does not use civilian labor workforce as a benchmark for equal employment opportunity/affirmative action purposes. As a federal government contractor, the university must follow federal regulatory requirements, which require a comparison of minorities and women in the university's workforce to the "availability" of minorities and women in the general labor force. According to a university official, many jobs at the university are skilled positions and the university's workforce does not include certain categories of workers that are included in the California Civilian Labor Force, such as farm workers, sales workers, or many under the age of 18.

TABLE 8**The Ethnic Mix of University Employees Did Not Reflect the Composition of the California Civilian Labor Force**

Ethnic Group	Number of Casual Employees	Percent of Total	Number of Career Employees	Percent of Total	Percent of California Civilian Labor Force
White*	6,734	52%	34,617	58%	55%
African American	1,333	10	6,436	11	5
Hispanic	2,413	18	8,911	15	28
Asian American	2,410	18	9,731	16	12
Not Indicated	222	2	198	0	NA
Totals at October 1999	13,112	100%	59,893	100%	100%

Source: October 1999 report from the Office of the President's Corporate Personnel System and the Department of Finance's California Current Population Survey Report, March 2000 Data.

* Includes the Native American population of less than 1 percent.

Whites occupied a greater share of both long-term (five or more years) casual and long-term career positions when compared to their representation in the California Civilian Labor Force, while Hispanics constituted a smaller share. As Table 9 indicates, whites represented 66 percent of the long-term casual employees and 59 percent of the long-term career employees in October 1999, but they represented only 55 percent of the State's labor pool. In contrast, Hispanics fell short of their representation in the California Civilian Labor Force by 16 percentage points for long-term casual employees and 14 percentage points for long-term career employees.

TABLE 9

Some Ethnic Groups Represented a Significant Portion of Long-Term Casual and Long-Term Career Positions Compared to Their Statewide Representation

Major Ethnic Groups	Employees With at Least Five Years of Continuous Casual Appointments	Percent of Long-Term Casual	Employees With at Least Five Years of Continuous Career Appointments	Percent of Long-Term Career	Percent of California Civilian Labor Force
White*	457	66%	18,312	59%	55%
African American	60	9	3,396	11	5
Hispanic	82	12	4,393	14	28
Asian American	93	13	4,901	16	12
Not Indicated	0	0	4	0	NA
Totals at October 1999	692	100%	31,006	100%	100%

Source: October 1999 report from the Office of the President's Corporate Personnel System and the Department of Finance's California Current Population Survey Report, March 2000 Data.

* Includes the Native American population of less than 1 percent.

White employees made the transition from casual to career positions at a lower rate than did those in other ethnic groups. When comparing the long-term casual employees to casual employees who had moved to career positions, we found that a greater percentage of whites remained in casual positions than moved to career positions. As Table 10 illustrates, of the long-term casual employees who remained in casual positions from October 1994 through October 1999, 66 percent were white. Only 50 percent of the career employees with prior casual positions who converted to career positions during the same time period were white. On the other hand, Hispanic, African American, and Asian American employees in casual positions converted to career positions at a higher rate than their white counterparts.

TABLE 10

Non-Whites Were More Likely to Move From Casual to Career Positions Than Whites Were

Ethnic Groups	Employees With at Least Five Years of Continuous Casual Appointments	Percent of Long-Term Casual	Career Employees With Prior Casual Appointments Over the Previous Five Years	Percent of Those Converting to Career Status	Conversion to Career Status at a Higher (Lower) Rate Than Their Representation In Long-Term Casual
Hispanic	82	12%	213	20%	8%
African American	60	9	139	13	4
Asian American	93	13	182	17	4
White*	457	66	527	50	(16)
Totals at October 1999	692	100%	1,061	100%	

Source: October 1999 report from the Office of the President's Corporate Personnel System.

* Includes the Native American population of less than 1 percent.

THE AGE COMPOSITION OF CASUAL AND CAREER EMPLOYEES DIFFERED SIGNIFICANTLY

In October 1999, casual employees consisted largely of individuals in the early stages of their employment lives. Of the 13,112 casual employees at that time, 44 percent were between the ages of 21 and 30, as indicated in Table 11. By contrast, only 14 percent of career employees were in the same age group, and the highest concentration of career employees was between ages 41 and 50.

TABLE 11

Younger Individuals Represented a Significant Portion of Casual Employees

Age Group	Number of Casual Employees	Percent of Total Casual	Number of Career Employees	Percent of Total Career
20 or under	469	4%	71	0%
21-30	5,737	44	8,548	14
31-40	2,798	21	15,501	26
41-50	2,113	16	20,558	35
51-60	1,138	9	13,303	22
61 and over	750	6	1,838	3
Not Indicated	107	0	74	0
Totals at October 1999	13,112	100%	59,893	100%

Source: October 1999 report from the Office of the President's Corporate Personnel System.

Among long-term casual employees, on the other hand, the largest concentration was in the 61 and over age group. Specifically, as Table 12 shows, 34 percent of the long-term casual employees were 61 years and older in October 1999, whereas the same age group represented only 4 percent of the long-term career employees.

TABLE 12

Long-Term Casual Employees Were Generally Older Than Long-Term Career Employees

Age Group	Casual Employees		Career Employees	
	With at Least Five Years of Continuous Casual Status	Percent of Long-Term Casual	With at Least Five Years of Continuous Career Status	Percent of Long-Term Career
20 or under	0	0	0	0
21-30	46	7%	557	2%
31-40	104	15	6,326	21
41-50	160	23	13,150	42
51-60	144	21	9,643	31
61 and over	238	34	1,330	4
Totals at October 1999	692	100%	31,006	100%

Source: October 1999 report from the Office of the President's Corporate Personnel System.

Employees under the age of 50 were more likely to make the transition from casual to career positions than were those over 50. For example, as Table 13 indicates, at October 1999, only 7 percent of casual employees between the ages of 21 and 30 remained in casual positions for more than five years, while 25 percent of casual employees in the same age group made the transition to career positions. Moreover, fewer casual employees over 61 years of age transitioned to career status, possibly because some in this group are retired career employees who have been rehired in casual positions. This status allows the employees to continue to receive their pensions while they earn additional income from the university.

TABLE 13

Employees Under the Age of 50 Were More Likely to Move From Casual to Career Positions Than Those Over 50

Age Group	Employees With at Least Five Years of Continuous Casual Appointments	Percent of Total Long-Term Casuals	Employees With Prior Casual Appointments Over the Previous Five Years	Percent of Those Converting to Career Status	Conversion to Career Status at a Higher (Lower) Rate Than Their Representation In Long-Term Casual
20 or less	0	0	3	0	Even
21-30	46	7%	263	25%	18%
31-40	104	15	345	33	18
41-50	160	23	287	27	4
51-60	144	21	140	13	(8)
61 and over	238	34	23	2	(32)
Total at October 1999	692	100%	1,061	100%	

Source: October 1999 report from the Office of the President’s Corporate Personnel System.

WOMEN OCCUPIED MORE OF THE UNIVERSITY’S CASUAL AND CAREER APPOINTMENTS THAN MEN DID

Women occupied a significant portion of both casual and career positions. As Table 14 indicates, as of October 1999, women made up 57 percent and 65 percent of all casual and career employees, respectively. These figures exceeded women’s representation in the California Civilian Labor Force by 12 percentage points and 20 percentage points, respectively.

TABLE 14**Women Occupied Most Casual and Career Appointments**

Gender	Number of Casual Employees	Percent of Total Casual	Number of Career Employees	Percent of Total Career	Percent of California Civilian Labor Force
Women	7,443	57%	39,050	65%	45%
Men	5,563	42	20,771	35	55
Not Indicated	106	1	72	0	NA
Totals at October 1999	13,112	100%	59,893	100%	100%

Source: October 1999 report from the Office of the President's Corporate Personnel System and the Department of Finance's California Current Population Survey Report, March 2000 Data.

Similarly, women occupied a greater proportion of both long-term casual and long-term career positions when compared to their representation in the California Civilian Labor Force. As Table 15 indicates, women made up 56 percent of the employees with at least five years of continuous casual employment and 64 percent of the employees with at least five years of continuous career employment, while the State's workforce was only 45 percent female.

TABLE 15**Women Occupied a Significant Share of Long-Term Casual and Long-Term Career Appointments**

Gender	Casual Employees With at Least Five Years of Continuous Casual Status	Percent of Total Long-Term Casuals	Career Employees With at Least Five Years of Continuous Career Status	Percent of Total Long-Term Careers	Percent of California Civilian Labor Force
Women	389	56%	19,938	64%	45%
Men	303	44	11,068	36	55
Totals at October 1999	692	100%	31,006	100%	100%

Source: October 1999 report from the Office of the President's Corporate Personnel System and the Department of Finance's California Current Population Survey Report, March 2000 Data.

Additionally, women made the transition to career positions at a higher rate than men did. As Table 16 shows, of the long-term casual employees, 56 percent represented women who remained in casual positions from October 1994 through October 1999, while 60 percent of the casual employees who converted to career positions during the same period were women. Conversely, men represented 44 percent of the casual employees who remained in casual positions and constituted only 40 percent of the casual employees who moved to career positions.

TABLE 16

Women Moved to Career Employment at a Higher Rate Than Men Did

Gender	Employees With at Least Five Years of Continuous Casual Appointments	Percent of Long-Term Casuals	Career Employees With Prior Casual Appointments Over the Previous Five Years	Percent of Those Converting to Career Status	Conversion to Career Status at a Higher (Lower) Rate Than Their Representation in Long-Term Casual
Women	389	56%	637	60%	4%
Men	303	44	424	40	(4)
Totals at October 1999	692	100%	1,061	100%	

Source: October 1999 report from the Office of the President’s Corporate Personnel System.

CASUAL EMPLOYEES IN CERTAIN OCCUPATIONAL GROUPS MOVED TO CAREER POSITIONS AT A HIGHER RATE THAN THOSE IN OTHERS

Casual employees in three occupational groups—the Maintenance, Fabrication, and Operations occupational group; the Clerical and Allied Services group; and the Fiscal, Management, and Staff Services group—moved to career status at a higher rate than those in other groups. As illustrated in Table 17, the Maintenance, Fabrication, and Operations group represented 7 percent of casual employees who remained in casual positions over the previous five years, while 15 percent of the casual employees converting to career status over the same time period were in this occupational group.

TABLE 17**Certain Occupational Groups Moved to Career Positions at a Higher Rate Than Others**

Occupational Group	Number of Employees With at Least Five Years of Continuous Casual Appointments	Percent of Long-Term Casuals	Career Employees With Prior Casual Appointments Over the Previous Five Years	Percent of Those Converting to Career Status	Conversion to Career Status at a Higher (Lower) Rate Than Their Representation in Long-Term Casual
Maintenance, Fabrication, and Operations	48	7%	155	15%	8%
Clerical and Allied Services	202	29	382	36	7
Fiscal, Management, and Staff Services	51	8	140	13	5
Protective Services	3	0	12	1	1
Health Care and Allied Services	92	13	143	13	Even
Other/Unknown	1	0	0	0	Even
Architecture, Engineering, and Allied Services	11	2	9	1	(1)
Food Services	28	4	33	3	(1)
Management	9	1	3	0	(1)
Student Services	55	8	48	5	(3)
Communication, Arts, and Graphics	71	10	31	3	(7)
Sciences, Laboratory, and Allied Services	121	18	105	10	(8%)
Totals at October 1999	692	100%	1,061	100%	

Source: October 1999 report from the Office of the President's Corporate Personnel System.

Conversely, the Communication, Arts, and Graphics occupational group and the Sciences, Laboratory, and Allied Services group had lower rates. For example, the Sciences, Laboratory, and Allied Services group represented 18 percent of the long-term casual employees who remained casual during the previous five years while only 10 percent of casual employees who made the transition to career employment during this time period were in this occupational group.

We conducted this review under the authority vested in the California State Auditor by Section 8543, et seq., of the California Government Code and according to generally accepted government auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,



ELAINE M. HOWLE
State Auditor

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APPENDIX A

Casual Employees Received Less Pay and Benefits Than Career Employees Did

At October 1999, the table below showed that on average, casual employees received significantly less pay than did their career counterparts. In addition, the employer-paid medical costs were much lower for casual employees.

TABLE 18

Occupational Groups	Career Employees			Casual Employees			Career Employees			Casual Employees		
	Number of Paid Employees	Average Monthly Salaries	Average Monthly Pay as Adjusted by FTE	Number of Paid Employees	Average Monthly Salaries	Average Monthly Pay as Adjusted By FTE	Number Receiving Medical Benefits	Amount Per Employee Receiving Medical Benefits	Medical Benefits Amount Per Employee Paid	Number Receiving Medical Benefits	Amount Per Employee Receiving Medical Benefits	Medical Benefits Amount Per Employee Paid
Student Services	2,179	\$3,481	\$ 3,671	639	\$1,112	\$2,309	2,092	\$268	\$257	223	\$170	\$ 59
Clerical and Allied Services	15,046	2,445	2,578	4,346	1,312	2,078	14,365	267	255	2,396	177	98
Food Services	954	2,184	2,382	825	897	1,527	920	302	291	272	173	57
Communication, Arts, and Graphics	1,524	3,142	3,366	675	800	2,084	1,446	259	245	134	184	36
Architecture, Engineering, and Allied Services	910	4,802	4,907	83	2,349	3,687	865	299	284	49	196	116
Fiscal, Management and Staff Services	11,469	4,205	4,322	872	2,483	3,736	11,012	270	259	583	192	129
Maintenance, Fabrication, and Operations	5,577	2,840	2,893	1,024	1,576	2181	5,387	317	307	632	210	130
Health Care and Allied Services	14,323	3,203	3,599	1,292	1,592	4,049	13,807	291	280	462	205	73
Sciences, Laboratory, and Allied Services	4,331	2,772	2,945	2,503	1,561	2443	4,019	261	242	1,594	179	114
Protective Services	658	3,158	3,231	87	1,277	2,055	638	286	278	52	196	117
Management	2,398	8,126	8,211	49	4,236	7,244	2,344	301	294	13	233	62
Other/Unknown	90	4,012	4,157	188	703	1,484	82	301	274	73	169	66
Totals or average of categories	59,459	\$3,355	\$3,546	12,583	\$1,437	\$2,474	56,977	\$280	\$269	6,483	\$184	\$ 95

Source: October 1999 report from the Office of the President's Corporate Personnel System.

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APPENDIX B

The Use of Casual Employees Varied by Occupational Group and Campus

At October 1999, as the table below illustrates, the Clerical and Allied Services occupational group contained the highest number of casual employees. Furthermore, the table also shows that the University of California, Los Angeles had the highest number of casual employees when compared to the other eight campuses.

TABLE 19

Occupational Group		Berkeley		San Francisco		Davis		Los Angeles		Riverside		San Diego		Santa Cruz		Santa Barbara		Irvine		Totals
		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total				
Student Services	Casual	218	31.9%	54	54.0%	47	18.5%	171	27.9%	26	13.0%	133	37.0%	63	21.5%	169	44.9%	60	21.5%	941
	Career	466	68.1	46	46.0	207	81.5	441	72.1	174	87.0	226	63.0	230	78.5	207	55.1	219	78.5	2,216
	Totals	684	100.0	100	100.0	254	100.0	612	100.0	200	100.0	359	100.0	293	100.0	376	100.0	279	100.0	3,157
Clerical and Allied Services	Casual	569	21.0	665	26.6	422	14.4	1,455	30.8	140	21.0	556	20.3	115	14.8	154	15.9	324	20.4	4,400
	Career	2,138	79.0	1,834	73.4	2,502	85.6	3,268	69.2	526	79.0	2,186	79.7	662	85.2	813	84.1	1,261	79.6	15,190
	Totals	2,707	100.0	2,499	100.0	2,924	100.0	4,723	100.0	666	100.0	2,742	100.0	777	100.0	967	100.0	1,585	100.0	19,590
Food Services	Casual	123	48.6	9	13.6	7	6.1	432	55.7	43	47.8	181	56.7	3	27.3	13	16.9	17	19.5	828
	Career	130	51.4	57	86.4	108	93.9	343	44.3	47	52.2	138	43.3	8	72.7	64	83.1	70	80.5	965
	Totals	253	100.0	66	100.0	115	100.0	775	100.0	90	100.0	319	100.0	11	100.0	77	100.0	87	100.0	1,793
Communication, Arts, and Graphics	Casual	77	21.6	7	7.9	46	14.1	418	51.9	5	8.8	65	20.7	15	16.5	21	24.1	27	29.3	681
	Career	279	78.4	82	92.1	280	85.9	387	48.1	52	91.2	249	79.3	76	83.5	66	75.9	65	70.7	1,536
	Totals	356	100.0	89	100.0	326	100.0	805	100.0	57	100.0	314	100.0	91	100.0	87	100.0	92	100.0	2,217
Architecture, Engineering, and Allied Services	Casual	20	9.8	9	13.0	2	1.4	20	14.1	5	12.5	12	7.5	0	0.0	7	7.1	8	9.9	83
	Career	184	90.2	60	87.0	144	98.6	122	85.9	35	87.5	147	92.5	55	100.0	91	92.9	73	90.1	911
	Totals	204	100.0	69	100.0	146	100.0	142	100.0	40	100.0	159	100.0	55	100.0	98	100.0	81	100.0	994
Fiscal, Management, and Staff Services	Casual	96	5.6	114	8.2	50	3.6	414	10.3	17	5.3	66	4.5	27	6.5	29	5.3	74	6.7	887
	Career	1,628	94.4	1,270	91.8	1,351	96.4	3,614	89.7	306	94.7	1,387	95.5	391	93.5	517	94.7	1,028	93.3	11,492
	Totals	1,724	100.0	1,384	100.0	1,401	100.0	4,028	100.0	323	100.0	1,453	100.0	418	100.0	546	100.0	1,102	100.0	12,379

Source: October 1999 report from the Office of the President's Corporate Personnel System.

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Occupational Group		Berkeley		San Francisco		Davis		Los Angeles		Riverside		San Diego		Santa Cruz		Santa Barbara		Irvine		% of Total Totals
		% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total			
Maintenance, Fabrication, and Operations	Casual	152	14.7	40	14.1	208	15.3	263	16.8	61	16.1	187	20.3	52	14.1	33	10.2	39	8.9	1,035
	Career	879	85.3	243	85.9	1,149	84.7	1,301	83.2	318	83.9	733	79.7	316	85.9	292	89.8	401	91.1	5,632
	Totals	1,031	100.0	283	100.0	1,357	100.0	1,564	100.0	379	100.0	920	100.0	368	100.0	325	100.0	440	100.0	6,667
Health Care and Allied Services	Casual	21	15.3	278	16.5	210	5.1	414	8.6	16	53.0	206	7.0	11	32.4	5	8.3	165	8.4	1,326
	Career	116	84.7	1,407	83.5	3,895	94.9	4,378	91.4	14	46.7	2,736	93.0	23	67.6	55	91.7	1,797	91.6	14,421
	Totals	137	100.0	1,685	100.0	4,105	100.0	4,792	100.0	30	100.0	2,942	100.0	34	100.0	60	100.0	1,962	100.0	15,747
Sciences, Laboratory, and Allied Services	Casual	120	23.9	252	21.4	186	14.7	1,339	71.7	128	35.0	197	19.2	33	33.3	87	53.4	183	45.5	2,525
	Career	383	76.1	926	78.6	1,081	85.3	529	28.3	238	65.0	830	80.8	66	66.7	76	46.6	219	54.5	4,348
	Totals	503	100.0	1,178	100.0	1,267	100.0	1,868	100.0	366	100.0	1,027	100.0	99	100.0	163	100.0	402	100.0	6,873
Protective Services	Casual	7	5.5	9	13.0	1	0.9	38	20.1	7	18.4	2	3.6	15	24.2	1	2.6	6	10.2	86
	Career	120	94.5	60	87.0	112	99.1	151	79.9	31	81.6	53	96.4	47	75.8	37	97.4	53	89.8	664
	Totals	127	100.0	69	100.0	113	100.0	189	100.0	38	100.0	55	100.0	62	100.0	38	100.0	59	100.0	750
Management	Casual	4	1.4	8	3.3	5	1.9	17	1.8	3	2.9	9	3.5	2	2.1	0	0.0	2	1.1	50
	Career	285	98.6	238	96.7	259	98.1	925	98.2	99	97.1	250	96.5	94	97.9	93	100.0	185	98.9	2,428
	Totals	289	100.0	246	100.0	264	100.0	942	100.0	102	100.0	259	100.0	96	100.0	93	100.0	187	100.0	2,478
Other/Unknown	Casual	48	88.9	0	N/A	58	98	7	22	47	100.0	17	29.3	16	100.0	46	100.0	31	64.6	270
	Career	6	11.1	0	N/A	1	1.7	25	78.1	0	0.0	41	70.7	0	0.0	0	0.0	17	35.4	90
	Totals	54	100.0	0	N/A	59	100.0	32	100.0	47	100.0	58	100.0	16	100.0	46	100.0	48	100.0	360
Total Casual		1,455	18.0	1,445	18.8	1,242	10.1	4,988	24.4	498	21.3	1,631	15.4	352	15.2	565	19.6	936	14.8	13,112
Total Career		6,614	82.0	6,223	81.2	11,089	89.9	15,484	75.6	1,840	79.7	8,976	84.6	1,968	84.8	2,311	80.4	5,388	85.2	59,893
Totals of Casual and Career		8,069	100.0%	7,668	100.0%	12,331	100.0%	20,472	100.0%	2,338	100.0%	10,607	100.0%	2,320	100.0%	2,876	100.0%	6,324	100.0%	73,005

Source: October 1999 report from the Office of the President's Corporate Personnel System.

Agency's comments provided as text only.

University of California, Office of the President
Richard C. Atkinson, President
1111 Franklin Street
Oakland, California 94607-5200

April 17, 2001

Ms. Elaine M. Howle
State Auditor
Bureau of State Audits
555 Capitol Mall, Suite 300
Sacramento, California 95814

Dear Ms. Howle:

Thank you for your audit report entitled "*University of California: New Policies Should Make Career Appointments Available to More Employees and Make Campus Practices More Consistent.*" The University appreciates the opportunity to comment on the report. Overall, the University agrees with the report and its recommendations. While the report did find some inconsistencies in the understanding and application of policies at a limited number of campuses, it also concluded that no pattern of discriminatory treatment existed between casual and career staff on the basis of race, gender, or age. It is expected that the new employment and benefit policies will clarify the University's intent with regard to its temporary workforce.

As you know, the University of California has a mission unique among public employers in California: teaching, research, and public service. To meet that mission on its ten campuses and five academic medical centers, the University has an extremely broad and diverse range of employment needs, with a wide range of occupational groups and staff functions. Employment practices at the individual campuses also reflect diverse operational needs, resource constraints, and local market conditions. The unprecedented growth and strength of the California and national economy in recent years with its accompanying low unemployment has challenged the University's ability to recruit and retain the very best qualified staff. One aspect of the University's response to this labor market trend was the recent reexamination of hiring practices and employment policies for its career and temporary non-academic staff.

The University takes great pride in the quality of its workforce, including the significant contributions that temporary employees make in meeting our short-term operational needs and fluctuating workload requirements. Recognizing the importance of temporary employees, the University recently made major changes to its personnel and benefits policies by adding criteria under which temporary staff would have more specific opportunities to achieve career status and the attendant eligibility for full health, welfare, and retirement benefits. Effective January 1, 2001, these new policies provide more precise definitions of temporary employment based on hours on pay status, and a clearer path towards eligibility for career status and the additional benefits that accompany that status. These changes are intended to ensure that temporary appointments are used only for temporary staffing needs and that employees whose appointments have been extended beyond what would be considered a temporary duration have an opportunity for career status and full benefits. Further, one-time "look-back" review programs are being implemented to ensure that casual employees who meet specific criteria based on past employment are awarded career status and appropriate benefits. These programs include actions initiated by the campuses under Universitywide guidelines, as well as the opportunity for employees to self identify by presenting appropriate documentation of prior service. An appeal process is also available to assure that employees are given full consideration for their previous service in temporary status.

As to campus comparisons, the overall findings and conclusions of the Bureau of State Audits Report provide a useful evaluation of University policies and campus practices regarding the use of casual employees vis-à-vis career employees in the past. The methodology employed included in-depth reviews of local practices at six campuses regarding the use of temporary employees, which the auditors found to vary widely. The variation among campuses is not surprising, given both the University's broad range of staffing needs, reflected in the wide array of job categories contained in each of the occupational groups, and the specific occupational and business needs of individual campuses. While procedural differences can be attributable to the decentralized nature of the hiring process, with hiring responsibilities delegated to different levels within each campus organization, it appears that monitoring of temporary hiring practices could be more consistently performed. Some campuses were found to have effective central monitoring programs in place; others had no tracking systems, relying on departments to maintain conformity with University policy. We anticipate that enhanced training on the new temporary employment and benefit policies at the operational level, combined with payroll/personnel system changes to flag discrepancies, will assist campuses to more effectively monitor their temporary workforces.

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With regard to the questions about discriminatory practices, the State Auditor has confirmed our belief that there has been no pattern of disparate treatment between casual and career employees on the basis of race, gender, or age. We were pleased to learn that certain ethnic groups made the transition to career positions at a higher rate than non-minorities, and women at a higher rate than men.

The State Auditor has found that across the entire staff workforce there was a 30 percent difference in salary between casual and career employees based on October 1999 payroll data. We think it is important to emphasize certain aspects of the data here. To begin to understand the reasons for such an apparent disparity, one must look at the basic differences between these two groups. As the audit notes, approximately 48 percent of the casual employees at that time were 30 years of age or younger, compared to 14 percent of career employees. Most career staff (60 percent) were 41 years of age and older. From these data, the audit concludes that the casual employees in the October 1999 workforce were in the early stages of their careers. The salary data support this conclusion, since many casual employees have little prior work experience and thus are typically appointed at entry salary levels of the particular grade range. More experienced employees command higher starting salaries, and, as they gain experience in a particular job series, they are also often able to move to higher levels within that series over time, through promotions and reclassifications, progressing to correspondingly higher salary rates.

The audit report makes two recommendations. The first is to ensure that campuses understand the eligibility of employees for certain benefits under the new personnel policies. Over the past six months, the Office of the President has been conducting extensive training sessions to familiarize campuses with the new employment and benefits requirements that became effective on January 1, 2001. More than 300 campus administrators in human resources and benefits, academic affairs, accounting, and payroll offices attended these training sessions held in Northern and Southern California. While the training has been directed primarily towards central service units, it has become clear that additional operational guidance would be useful at the campus level. The audit findings and this first recommendation underscore the need for further clarification and training, which the University is committed to providing for the campuses, with increased emphasis on understanding personnel policy as well as benefits eligibility requirements for effective oversight by central campuses and use by department-level hiring officials. Secondly, the audit report recommends that changes be made in campus Payroll/ Personnel Systems (PPS) so that employees receive only allowable benefits, and discrepancies are automatically flagged for review and correction. As part of the implementation of the new temporary employment and benefit policies, new

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features have been incorporated into PPS. Some of the changes made to date include various automated edits, checks, and new reports. For example, rather than depending on manual effort, PPS now automatically enrolls the employee in the UC Retirement Plan and provides the notice that allows enrollment in career-level health and welfare benefits after the temporary employee has met the 1,000-hour threshold. The system also generates exception reports that can be used to monitor and audit compliance with the new policies at the campus and departmental levels. In response to this specific recommendation, the Office of the President is researching the incorporation of additional automated edits that would prevent employees from being oversubscribed to benefits at the time of appointment and would also flag the records of those whose eligibility has been reduced due to a change in their hours worked. To assist the University in monitoring implementation of the new employment and benefit policies and the recommendations in this report, the Office of the President will coordinate periodic audits of temporary hiring practices and benefits eligibility.

In closing, we would like to thank the management and staff of the Bureau of State Audits for their cooperation and their efforts to provide an opportunity for consultation with staff at the Office of the President and at the campuses in completing this audit report.

Sincerely,

(Signed by: Richard C. Atkinson)

Richard C. Atkinson
President

cc: Members of the Legislature
Office of the Lieutenant Governor
Milton Marks Commission on California State
Government Organization and Economy
Department of Finance
Attorney General
State Controller
State Treasurer
Legislative Analyst
Senate Office of Research
California Research Bureau
Capitol Press