



SACRAMENTO
STATE

Benefit Expenses

Redefine the Possible™

Background

Sac State adopted a new position management policy in July 2022 (amended May 2023) as a first step to conserve fiscal resources in light of rising salary and benefit costs.

- Divisions must fund the salary and benefit costs of new positions (unless approved/funded through UBAC).
- Positions vacant > 8 months will be reviewed and deactivated if not needed.
- The Budget Office has not reduced division baseline budgets for deactivated positions (many vacant >18 months and funds likely used for operational needs).

Historical Costs

Over the past five years:

- General operating fund benefit expenses have increased 20%

Sac State Benefit Expenses						
2018-19	2019-20	2020-21	2021-22	2022-23	5-Yr \$ Increase	5-Yr % Increase
\$ 93,214,107	\$ 100,675,528	\$ 98,874,019	\$ 99,311,864	\$ 111,502,480	\$ 18,288,373	20%

- Benefit rates increased 7%

Benefit Rates						
2018-19	2019-20	2020-21	2021-22	2022-23	5-Yr % Increase	
57.68	59.15	58.22	58.90	61.73	7%	

Drivers of Benefit Costs

- # of Positions: Over five years, there was a 3.5% increase in general operating fund FTEs, contributing ≈ \$1.8 million to the benefits increase.
- Total Salaries: The majority of the benefits increase is due to higher salaries (predominantly GSIs).

Sac State Salary Expenses						
2018-19	2019-20	2020-21	2021-22	2022-23	5-Yr \$ Increase	5-Yr % Increase
\$ 180,035,253	\$ 190,467,800	\$ 189,603,006	\$ 192,978,054	\$ 209,596,471	\$ 29,561,218	16%

How Benefits are Funded

- The CO generally allocates funds to campuses for health and retirement benefit increases set by CalPERS, but calculated on a “frozen” payroll cap from 2013-14.
- Campuses also receive allocations for collectively-bargained salary increases and related benefits, but not enough to cover all costs.
 - Last year we self-funded \$2.5 million (12.5%) of the 2021-22 and 2022-23 GSIs.

	2021-22 Compensation Cost Increase	2022-23 Compensation Cost Increase	Total Compensation Cost Increase	General Fund for Compensation	Self-Funded Portion of Compensation
Sacramento	7,873,000	12,172,000	20,045,000	17,553,000	2,492,000

Source: CO Budget Allocation Memo B 22-03

Additional Pressures

- Division-approved IRP and Merit increases resulted in ongoing benefit increases of \$309,000; paid from benefits pool.

2022-23 IRP & Merit Increases		
Division	Salary Increases	Benefit Increases
Academic Affairs	\$132,120	\$52,386
Administrative and Business Affairs	246,580	\$97,769
Athletics	5,226	\$2,072
Division of the President	73,724	\$29,231
Inclusive Excellence	4,984	\$1,976
IRT	94,961	\$37,652
Student Affairs	187,776	\$74,453
University Advancement	32,921	\$13,053
	\$778,292	\$308,593

- Paying higher salaries to new staff; i.e. Athletics paid new hires \$300,000 more than prior incumbents, adding another \$120,000 in benefit expenses.
- Funds for estimated benefit expenses are taken “off the top” of our allocation. Thus, to the extent divisions increase salaries, the related benefits cost either reduces amounts available for other initiatives or increases reductions.

President's Directive:

To limit further pressure on the benefits pool and future allocations, divisions will be responsible for both the salary and increased benefit costs of IRPs, merit increases, promotions, and higher salaries of new staff (salaries in excess of departing incumbent) per the following schedule:

2023-24: 20%

2024-25: 40%

2025-26: 60%

2026-27: 80%

2027-28: 100%

General Guidelines

- If a division eliminates a position that was approved through the exception process and for which the division funded the benefits, BPA will return the benefits portion to the division.
- Funds will not be returned for positions where benefits were not covered by the division (i.e. older and UBAC-approved positions)
- To offset increased benefit expenses, divisions may downgrade or eliminate vacancies and use the resulting savings.
- The Budget Office will not return funds to divisions for the portion of time when positions are vacant. These funds will be retained in the benefits pool to help cover increases due to life changes (i.e. marriage and births of children), CalPERS-adjusted rates, and leave balance payouts.
- BPA will track personnel transactions through the year and true-up any benefit costs owed at the end of the fiscal year.