Union members call on UC to end its 16-year, $10.2 billion “contribution holiday” from UCRP

Union coalition has agreed to focus on three issues: 1) Reestablishing UC's contributions. Before contributions to UCRP were suspended in 1991, employees paid 2% of their salaries to UCRP, while UC made up the difference. From 1991 until today, employees have given 2% of pay annually to the DCP (the Defined Contribution Plan), while UC has been contributing 4% to UCRP. UC's contribution goes toward paying its share of retirement costs instead of trying to shift them to employees. Wearing sticker that says “I support coalition bargaining!” many also signed petitions opposing UC’s proposals. Meanwhile, a 20-member bargaining team made up of representatives from UPT-E-CWA (lecturers and librarians) and AFSCME (service and patient care professional members) met with UC to begin talks. Observers from CNA (nurses), UC-AFT (lecturers and librarians) and the Faculty Association (Senate faculty) also attended.

“IT’s great to see the amazing show of unity our coalition has brought to the table,” said Kevin Rooney, president of UPT-E San Francisco and the union’s chief negotiator on the team. The union coalition has agreed to focus on three issues: 1) getting UC to restart its own contributions to the retirement plan; 2) protecting retiree health benefits; and 3) obtaining information from UC to help determine what contributions are truly required to keep the pension plan solvent.

What UC wants

Beginning in July 2007, UC wants employees to forfeit their 2% mandatory contribution to the DCP (the Defined Contribution Plan, a 401k-style fund, investment of which is controlled by each individual employee). The university would redirect that 2% to UCRP (the UC Retirement Plan, a defined benefit plan controlled by UC). The university also proposed to UPT-E’s health care professional (HX) members that they give an additional 1% of their salaries to UCRP in July 2008, and that the unions waive all future rights to negotiate over pensions until 2008. “They want a free hand to do what they want to shift costs to us,” said Rooney. These proposals come despite the fact that UCRP remains overfunded, and UC has yet to fulfill its promises to bring salaries up to market rates. An independent actuarial firm hired by the union coalition, Venuti & Associates, has concluded that the information UC used in its pension calculations was flawed and that UC’s analysis didn’t follow industry’s “best practices” <www.upte.org/VenutiReport.pdf>.

Reestablishing UC contributions

Before contributions to UCRP were suspended in 1991, employees paid between 1.7 to 3 percent of earnings each year, while UC made up the remainder, as was the practice prior to 1991. On UC’s proposal to move the 2% DCP contribution into UCRP, Brooks says the claim that there would be no decrease in take-home pay isn’t quite true: “To keep their retirement savings at the same level, employees would have to dip into their own funds to make up the shortfall.” UC, he points out, would already have made the switch had it not been legally required to bargain with the unions over the change.

In addition, Brooks says the union coalition wants to make sure there is public accountability for how funds are managed. Until 2000, funds were overseen in-house by the UC Treasurer’s Office, reaping robust returns and paying out healthy benefits. That year, the regents adopted new investment recommendations made by outside consultant Wilshire Associates, and shifted billions of dollars to funds managed by commercial investment firms. Between 2002 and 2005, much of the remaining UCRP funding was contracted out as well.

Where’s the money?

While UCRP is still overfunded (it has more assets than liabilities), there is concern that investments have been underperforming since 2000, and that the fund’s prior surplus has been shrinking. “We don’t know for sure why,” said Brooks, though the wave of early retirements in the 90s, known as VERIPs, likely played a role, as did UC’s use of the fund to pay Capital Accumulation Provision (CAP) benefits to employees for five years (1992-1994, 2001-2002) in place of cost-of-living increases. Union negotiators also want to know more about the retirement settlements granted to executives as part of their package of perks when they leave UC. They are also investigating how much consultants are making in commissions on the $40 billion fund.

When the retirement plan was managed in-house, the costs were “minuscule,” former UC treasurer Patricia Small told The Berkeleyan campus newspaper (October 26, 2006). Small speculates that outside fund managers’ fees are likely continued on page 2

HISTORY OF UCRP CONTRIBUTIONS

<table>
<thead>
<tr>
<th>Year</th>
<th>UC</th>
<th>Employee</th>
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</thead>
<tbody>
<tr>
<td>1976*</td>
<td>9.89%</td>
<td>3%</td>
</tr>
<tr>
<td>1977*</td>
<td>10.04%</td>
<td>3%</td>
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<tr>
<td>1978*</td>
<td>13.35%</td>
<td>3%</td>
</tr>
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<td>1979*</td>
<td>14.85%</td>
<td>3%</td>
</tr>
<tr>
<td>1980</td>
<td>14.91%</td>
<td>3%</td>
</tr>
<tr>
<td>1981*</td>
<td>14.97%</td>
<td>3%</td>
</tr>
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</tr>
<tr>
<td>1985*</td>
<td>11.3%</td>
<td>1.7-2%</td>
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<td>1986*</td>
<td>11.3%</td>
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</tr>
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<td>1990</td>
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<td>2%</td>
</tr>
<tr>
<td>1991-2006</td>
<td>0%</td>
<td>2% to DCP for 16 years every year</td>
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</tbody>
</table>

SAVINGS TO UC OVER LAST 16 YEARS:

$10.2 BILLION**

*Indicates UC rates changed during year; for simplicity, highest rate is listed.
**$10.2 billion is what UC would have contributed from 1991-2006 if employees had continued paying 2% and UC had paid the remainder, as was the practice prior to 1991. Note: employees rates apply to earnings under the Social Security wage base. A more detailed version of this chart is available at <www.upte.org/benefits.html>.
What is UCRP?
The UC Retirement Plan is your pension, paying guaranteed “defined benefits” based on your years of service, age at retirement, and salary during your highest-paying three years at UC. Historically it has been funded by both UC and employee contributions.

What is DCP?
The Defined Contribution Plan is your 401k-style retirement savings account, which you can draw on after retiring. Funded solely by employee contributions.

How much would I lose if my 2% DCP payment is redirected to UCRP?
You'd give up 2% of your salary, multiplied by the number of years you expect to work at UC. For example, if you make $40,000 a year and will retire in 20 years, shifting your 2% contribution to UCRP will mean you'll have at least $16,000 less in your account upon retirement ($40,000 x .02 x 20 = $16,000).

Plus, you'd lose 20 years of interest on that investment. $16,000 less in your account upon retirement to UCRP will mean you'll have at least 20 years of interest on that investment.

99s question UC on retirement and benefits changes

Some UC employees are facing UC’s pension cutbacks without the protection of a union contract. UPTE’s staff professional members recently met with UC’s Office of the President (UCOP) to discuss pending changes to the pension plan.

This group, called “99s” because of UC’s payroll designation, is not exclusively represented, though many are voluntary UPTE members. It includes classifications such as administrative analyst, programmer analyst and student affairs officer.

For these employees, UC has announced that it intends to restart employee contributions to the pension fund as early as July 2007. During the meeting with UPTE reps, UCOP officials denied that they have finalized a schedule for future increases, but did say that they wanted all employees to make the same contribution at the same time — meaning both faculty and staff, those employees covered by union contracts and those without.

UCOP has formally announced that it wants to redirect employees’ mandatory 2% Defined Contribution Plan (DCP) payments and send them instead to the UC Retirement Plan (UCRP). The DCP plan is like a traditional 401k savings account, intended to supplement the UCRP defined benefit plan.

“Redirecting our contributions would amount to a cut of 2% in our available retirement funds, since that money would no longer be directly available to employees,” said Lisa Kermish, an administrative analyst at UC Berkeley and UPTE’s vice president.

Skyrocketing health premiums

Pension contributions were not the only topic raised at the meeting. UPTE questioned UC about health care premium rates and retiree health benefits. UPTE representative Sarah Lawton, an administrative analyst at UC Berkeley, said, “We got a clear message that we’ll be seeing more significant health care cost-shifting this fall. It will be interesting to see how much UC shifts from providing almost full coverage to their target range of only 67%.”

The university’s health care premiums costs have increased by only about 8%, yet most employees are seeing premium increases that greatly exceed this percentage.

“Personally, I rely on this health coverage for my children as well as for myself, so future cost-shifting of that magnitude will end up taking hundreds more dollars out of my paycheck,” said Lawton. She hopes the union’s campaign against copay increases is successful, because it will benefit UC employees without union contracts as well.

UCOP also stated that, although it doesn’t intend to discontinue the retiree health plan, it will change the plan in the future. “We’re waiting for the second shoe to drop,” commented UPTE treasurer Elizabeth Wilks, an accountant at UC Santa Barbara and one of the union’s representatives at the meeting. “Employees who have already retired — and those who are planning to — need to be vigilant about what UC plans to do and take an active role in lobbying to preserve our retiree benefits,” she said.

Declining value of our salaries

UCOP reps acknowledged that salaries at UC lag behind market standards as well as cost-of-living rates for the past several years. They said it would take approximately $800 million to make up the salary gap, but point to UC’s “total compensation package” which they claim includes benefit contributions that are better than the industry standard.

“It’s just plain wrong for UCOP to claim that their ‘total compensation package’ comes close to keeping pace with employment outside of UC,” said Kermish. “We’ve endured years of zero salary increases followed by feeble increases of around 3 to 3.5%,” she noted, combined with parking rate increases and now a massive jump in employee-paid health care premiums.

“Now UC wants to ‘redirect’ our 2% DCP contribution with promises of more contributions in the future,” noted Kermish. “Don’t let anyone fool you — a redirect means a decrease in your retirement income because there will be less principal in that DCP account to earn interest.”

Unionized employees are working together to protect UC pensions and benefits. “As employees without union contracts, our futures depend on the success of unionized employees in holding the line with UC,” said Wilks.

To learn more, check out www.upte.org/benefits.html.

Union coalition to bargain on pensions

(continued from page 7) to cost between 0.5 to 1 percent yearly, amounting to $200-400 million annually.

Let some sunshine in

On November 3, several community members filed charges against UC for its failure to properly “sunshine” the pension proposals. “Sunshining” is public notice of any changes the regents are considering and is required by state law.

The union coalition has also expressed its concern over UC’s failure to properly sunshine proposals. “After all, our pensions come from taxpayers’ money,” said Kalmijn.

“UC’s secrecy on matters from executive compensation to pensions has to change. We stand with the public in demanding that UC comply with state law, and won’t meet with UC until this issue is resolved,” he said.

Meanwhile, the coalition has filed multiple requests for information on the pension plan. “UC needs to share its data, and be up front about fixing any problems that their management created,” said Kalmijn.

Employees, he says, should not be expected to foot the bill, or invest more of their hard-earned dollars, without more accountability from UC.

Brooks, who has worked at UC for 27 years, has this advice for employees: “The retirement fund is a big part of your compensation. Find out what UC is doing with your funds. The unions are asking questions, but employees have to be willing to push collectively on this.”

UC’s fair share

Want to let the regents know what you think about proposed pension contributions?

The union coalition is asking UC employees to sign cards that remind the regents that they have been paying their 2% for years, and calling on UC to make its own contributions “before taking any more money out of our paychecks.”

“We’re gathering thousands of cards to present to the regents, who need to hear directly from employees,” said Carolon Buckmaster, president of UPTE at San Diego. To sign a card, contact your local.

UPTE is also holding departmental meetings on every campus for employees to ask questions and develop strategies. If you’d like to help arrange one in your workplace, contact your local.

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Organizing for fairness

UPTE health care professional members in San Diego on their way to deliver a message to the medical center’s CEO that they want fair pay and pensions. Health care workers around the state have been organizing to support their bargaining team’s objectives.

UPTE steward Edgardo Vasquez shows off his award for single-handedly signing up 40 new members at UC Davis. Vasquez was one of many honored at the UPTE convention (see story, page 3) for their contributions.

UPTE's staff professional members gather to protest UC on pensions. Barbara and one of the union's representatives meet with campus regents that they have been paying their 2% for years, and calling on UC to make its own contributions “before taking any more money out of our paychecks.”

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Pension and benefits campaign, retiree involvement
Convention delegates chart UPTE’s agenda for the coming year

The 17th annual UPTE-CWA 9119 convention took place October 20-22 in Santa Cruz, where more than 100 delegates elected by their locals debated and voted on the union’s strategy for the coming year.

Among other moves, delegates established the framework for retired UC employees to become more active in the union, providing an organized voice against UC’s retiree cutbacks.

“With UC’s threats to our pensions and retiree health benefits, it makes sense to involve the vast retiree workforce in the fight to maintain our benefits,” said Cliff Fried, UPTE’s executive vice president and himself a retiree with nearly 40 years of UC experience. Convention delegates voted to amend UPTE’s constitution to establish a retiree dues rate and a systemwide Retired Members Club, complete with a seat on the UPTE executive board and delegates to the annual convention.

Fried added that he hopes “members will reach out to any retirees they know and encourage them to join” by contacting UPTE at <info@upte-cwa.org> or by calling their campus local.

Sharing strategies, taking action
The convention started off with UPTE’s traditional local labor solidarity action, as delegates took to the streets of Santa Cruz to leaflet in favor of the local living wage initiative (Measure G), which would have raised the city’s minimum wage to $9.25 per hour.

After leafletting, delegates attended workshops on the UC Union Coalition’s pension/benefits campaign, legislative and political developments, and workers’ compensation. Other workshops were practical “how to” sessions on topics such as setting up local steward structures, evaluating UC-proposed reclassifications, and working in campus union coalitions.

The campaign against retirement take-aways continued in a keynote address delivered by Carolyn Wade, president of CWA Local 1140 (New Jersey state employees). She described the successful fight against New Jersey state pension cuts that involved a coalition of legislative, community and labor groups.

New organizing planned, new locals chartered
Convention delegates passed numerous resolutions to guide UPTE’s leadership in the next year. Delegates voted in favor of coordinated bargaining within UPTE’s existing units, with other UC unions, and on behalf of UPTE’s members who do not yet have a union contract. Another resolution charted a new course for organizing some of UC’s still-unrepresented employees.

The convention also formally endorsed the chartering of two new UPTE locals – one at UC Merced and one at the Lawrence Livermore National Laboratory (formerly an affiliate of UPTE).

Saturday evening’s program included a fundraiser for the Elizabeth Glaser Pediatric AIDS Foundation. The Communications Workers of America (UPTE’s national union) is one of the largest contributors to this worthy organization, which addresses the needs of children with AIDS around the world.

Next year’s convention will be held in Anaheim in October. All members are welcome to attend.

Pay raises for UPTE techs and researchers
Raisers totalling about 5.0%, negotiated for techs (TX unit) and researcher (RX unit) contracts, go into effect between October 1 and January 1.

All employees, including those with limited appointments, on probation and at the top of their pay range, received a 2.7% or 2.8% cost-of-living adjustment effective October 1, 2006. In addition, all employees not at the top of their pay range will get step increases of 2 to 2.3% on January 1, 2007.

Supervisors have the option of awarding larger step increases. Employees who receive an “above satisfactory” performance evaluation, or feel they are underpaid for the work they do, can make a pitch to their supervisors for a larger step increase.

If you believe that you are not receiving the appropriate raises, please contact your UPTE steward right away.

UC’s outrageous health premium hikes
Just before open enrollment, UC finally revealed the premiums it seeks to impose on employees for health benefits next year.

“We were shocked,” wrote Jelger Kalmijn, a researcher at UCSD and UPTE’s president. “UC’s cost for health care has increased by a modest 8.1% but it wants us to pay an average of 56% more,” he notes. “Lower-paid employees’ copays are being increased at more than twice the rate (164%) as those of executives making over $120,000 (up 70%).”

The average UPTE member’s cost (with family and making $40,000 to 80,000) will go up $60/month. This is in addition to UC’s 30% increase last year, for a total increase of nearly 90% increase over 2 years. A complete table of premium increases is at <www.upte.org/2006healthcarecosts.pdf>.

In 2001, workers paid just 3% of health care premiums. By 2010, UC wants its workers to pay up to 33% of health care premium costs.

Together with other UC unions, UPTE opposes the increases, which come on top of lagging wages, higher parking rates, and proposals to fund the UC retirement plan out of employees’ salaries. For some workers, the increases will virtually wipe out the raises they’ll receive.

In the past, UC unions did not bargain over health care, since UC used to consider covering the cost of benefits part of its responsibility as an employer. “In future contracts,” says Kalmijn, “we can no longer trust the university to provide a decent health benefit plan and will have to bargain the cost for each year in advance.”

Now, several UC unions are demanding the right to bargain over health care for the first time, and will do that bargaining with the support of other UC unions.

The increases underscore the need for universal health care coverage, such as a single-payer plan where insurance companies are taken out of the profit loop and employers cannot pass on the costs. UPTE strongly advocates for single-payer insurance. UC has opposed all health care reforms that have come before the Legislature.

National minimum wage increase likely
November’s election brought new leadership to both houses of Congress, the nation’s lowest-paid workers may soon see a pay raise as a result.

One of their top priorities is to raise the federal minimum wage from its current $5.15 per hour to possibly $6.25 or even $7 per hour. That rate is what Senator Edward Kennedy (D-Massachusetts) had proposed earlier this year, a measure blocked by Republicans before it got to the floor. Kennedy told reporters recently that Democratic leaders had promised to bring his legislation to a vote, possibly before the end of the year.

Meanwhile, voters passed minimum wage ballot measures in six states. The AFL-CIO is working with the Association of Community Organizations for Reform Now to launch new local minimum wage campaigns in over 100 cities. To learn more, visit <www aflcio.org> and <www.aocr.org>.

UPDATE | 3
In the news

UC ordered to clean up toxins

State environmental officials have ordered UC and two other “responsible parties” to clean up toxins at the Richmond Field Station, a UC-owned site about 6 miles north of UC Berkeley. UC must also test for other hazardous substances that it didn’t look for earlier – such as pesticides and radioactive materials – and develop cleanup plans. In addition, UC must post large, clear warning signs, using both English and international symbols, to prevent injury to all people entering the areas.

The order came from the state’s Department of Toxic Substances Control (DTSC), a division of the California Environmental Protection Agency, on September 15. The two other responsible parties are multinational chemical manufacturing companies that had owned the even more toxic site next door (Zeneca/Campus Bay), from which some of the substances migrated. A companion order was issued for Zeneca/Campus Bay on the same day. Both sites border Stege Marsh and the Bay Trail, popular sites for walkers.

A toxic soup

To date, the toxic or cancer-causing substances identified in the soil and groundwater at Richmond Field Station, at levels considered to be hazardous, include arsenic, beryllium, cadmium, carbon tetrachloride, lead, nickel, polychlorinated biphenyls (PCBs), tetrachloroethene (PCE), trichloroethene (TCE), and vinyl chloride, among other hazardous substances.

There are also radioactive elements, though their sources are not clear. One is superphosphate fertilizer, which was produced by Union Superphosphate Co. from 1906 and then continued by its successor, Stauffer Chemical Co. until 1970. (Stauffer had owned the site that became known as Zeneca.) According to one source, “Phosphorus fertilizers contain a range of potentially toxic impurities in the phosphate mined in the soil, including arsenic, cadmium, chromium, fluorine, strontium, thorium, uranium and zinc. Of these, cadmium is the element of most concern, because it creates the greatest potential risks to animal health, food quality and safety.”

DTSC’s complete order includes the history of these sites, and details land exchanges that explain how superphosphates may have poisoned the soil of the land UC purchased in 1950.

The discovery of radioactive compounds in the soil at least one of these contaminated sites led DTSC to test a nearby area for comparison purposes. Radium was also discovered in the soil at the Booker T. Anderson (or Eastshore) Park, across the freeway from Richmond Field Station. The level was more than 40 times higher than the limit allowed for residential areas. The toxicities committee of Richmond’s Southeast Shoreline Area Community Advisory Group, which includes UC nonmanagement representatives, is requesting more extensive testing.

Richmond Field Station’s Build-

UC nurses approve contract

Registered nurses at UC ratified a new agreement in late October. UC agreed for the first time to pay nurses for missed breaks, a key issue in talks. Wage increases of 5 to 9% were included in the contract’s second year, and health care benefits were also improved.

Nine thousand RNs work in UC’s medical centers and student health centers. They are represented by the California Nurses Association (CNA), a partner in the UC Union Coalition.

Nurses will be back at the negotiating table in April 2007 to try to ink a prehensive contract. “We have resolved the immediate issues before us,” said Suzanne DePalma, RN, a member of the CNA negotiating team, who works in the cardiac intensive care unit at UC Davis.

“The missed break agreement is recognition by management of their commitment to addressing patient safety issues. UC medical centers should be the gold standard of patient care and of nursing practice. Nurses will continue to strive to make conditions safer for patients and more satisfactory for RNs,” she said.

CNA members say they hope the settlement will help UC retain skilled nurses.

Santa Cruz voters pass growth measures

Two ballot measures intending to force UC to pay for the impacts of its growth on Santa Cruz city services passed by wide margins on November 7.

Measures I and J prevent the city from providing municipal services for campus expansion unless UC agrees to mitigate the effects on local housing, traffic, utility and water services.

UC Santa Cruz wants to increase enrollment by nearly 50 percent to 19,500 students by 2020. Local residents say they don’t want to be stuck with the bill for providing infrastructure and services that new students and staff would bring.

Meanwhile, UC has sued the city of Santa Cruz over the measures, alleging that the city did not do adequate environmental reviews before placing them on the ballot. The city has set aside $100,000 to fight the lawsuit.

UC Berkeley custodians fight for pay equity

A march through the Berkeley campus on October 18 to demand the release of funds for campus custodians’ equity pay ended in the arrest of more than 30 supporters. Hundreds of AFSCME-represented service workers were joined by members of other unions, students and community supporters in this latest action to pressure UC management to release the equity funds.

Union-represented custodians who clean the dorms and classrooms at UC Berkeley have been engaged in a campaign to bring wages up from their current poverty levels. Wages are so low that a custodian who has worked at UC for 5 years makes only $12 an hour, while at neighboring community colleges, they would be earning over $18 an hour. An adequate living wage for a single adult is $13.41 according to the California Budget Project, and those supporting families must earn considerably more.

The University of California Student Association has unanimously adopted a resolution demanding immediate equity pay for the custodians and groundskeepers at UC Berkeley, UC Santa Cruz and UC Santa Barbara.

“We work hard and are an important part of the prestige of UC Berkeley,” said Theodora Gonzalez, a UC Berkeley custodian and mother of three. “We deserve to be treated as human beings and not paid poverty wages. They need to release the resources and solve this issue.”

For more information, check out <www.afscme3299.org>.

UCSC has paid for services in the past, including $1.7 million for impacts resulting from its 1988 long-range development plan. Critics are worried that future campus development will negatively impact the city, which relies on surface water and had to impose rationing during the last drought.

Other campuses, such as UC Berkeley, have also agreed to residents’ demands to pay for their use of local services.

Nonprofit Organization U.S. Postage Paid Berkeley, CA Permit 346

University Professional & Technical Employees Communications Workers of America

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