Hundreds of union members greet regents at their November meeting, demand pension accountability

Hundreds of employees, students and concerned community members turned up at the regents’ November meeting in San Francisco determined to communicate their concerns about the upcoming budget year. People were upset about low wages and proposals for renewed contributions to the university’s retirement plan; proposed increases to student fees and a cap on enrollments; and a proposal to eliminate 33 pediatric beds at the UC Irvine medical center (see story p. 3).

In September, UC announced that it wants to restart employee contributions to the pension plan. In October, UC announced that even with high rates of inflation, employees without a union contract would not receive raises during the 2008-2009 year. For union-represented employees, UC must negotiate over both pensions and wages.

“UC’s proposals for employee contributions to the pension plan come on top of lagging wages and add up to a de facto pay cut for our members,” UPTE’s president Jelger Kalmijn told the Update. “Until we have a thorough analysis of the plan, along with joint governance of its assets that allows employees to have meaningful representation on the pension board, new contributions are not warranted,” he said.

“We’re asking for an equal voice at the table,” said Caroline DeVan, a laboratory assistant and UPTE mobilizer at UC Riverside. “It’s time that UC started running its pension plan like the other public institutions in California, with a governing board consisting of employees, retirees and UC-appointed trustees sharing the decisions.”

While the US economic decline has affected the pension plan, UCRP’s funded status is estimated at 100 percent — a very healthy level. UC’s president recently sent a letter to all employees saying that “Although the current situation is disconcerting to both active employees and benefit recipients alike, I want you to assure you that your UCRP benefits are secure and to remind you that UCRP investments are well diversified.”

“The UCRP is a great benefit and it’s important to all of us that it remains solvent,” notes DeVan, “so let’s keep up the good work.”
Deciphering UC pension lingo

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, but the university’s contributions have usually been 3 times higher than employees’. Go to <atyourservice.ucop.edu/aplications/ucrcp/estimator.html> to estimate your benefit.

What is DCP?
The Defined Contribution Plan is your separate 401k-style retirement savings account, which only you contribute to. You can invest it as you like and draw on after retiring. Funded solely by mandatory employee contributions, each employee contributes approximately 2% of salary.

How much would I lose if my 2% DCP payment is redirected to UCRP, as UC has proposed?
You’d give up approximately 2% of your salary, multiplied by the number of years you expect to work at UC, plus compounded interest. You also have to factor in that your salary will increase over time. For example, if you make $40,000 a year and will retire in 20 years, assuming 5% interest and a salary increase of 3% annually, if UC shifts your DCP contribution to UCRP, you’d have approximately $33,000 less for retirement.

Paul Brooks is a spectroscopist at UC Berkeley, and a member of UPE’s research professionals (RX) unit. He served as a union pension bargainer in 2006-2007, doing copious research into how the UC Retirement Plan (UCRP) is structured and run. The Update spoke with him about the current state of the pension plan.

Q. Are there problems with the way the pension system is functioning now?
A. Yes. The regents are not fulfilling their fiduciary responsibility as trustees of the pension fund. Some have conflicts of interest, being involved with investment firms. Some of their decisions have been made in unnecessarily closed sessions. Pension management fees prior to 2000 – while the fund was still managed “in house” by the UC treasurer – were on the order of 0.1%. Management fees since the fund was contracted out have not been fully disclosed, but it appears they are 0.36% of the fund, a very high figure, which may cost the fund approximately $1 billion.

We need shared governance of the fund so that representatives of employees will have a voice and a vote as elected trustees. Other public employer retirement funds, such as CalPERS, already have such shared governance.

Q. What changes are needed before a restart of employee contributions, assuming these are even necessary?
A. The regents have failed to follow best actuarial practices by not doing a thorough annual evaluation of the pension fund. The fund remains over 100% funded – meaning with enough current employees paying in to fund those retiring. UC’s push for contributions at this time raises concerns that it is deliberately trying to make the pension fund look underfunded, in order to establish an inferior 401k retirement system, at least for new hires. This follows the practice in private business, where most non-unionized employees have been moved to 401k-style plans, which shifts the burden of retirement planning to employees and lowers management’s costs. Some problems with 401ks are that most employers have no idea what fees they are being charged; that the average return is below that of professionally-managed defined benefit plan investments; and that employers do not contribute as much as with a defined benefit plan. While the employer saves money on contributions, the 401k investment firm makes huge fees for often doing a lousy job, and the employee is left with not enough retirement money.

Q. What does UPE advocate if contributions are needed?
A. Employee and employer contributions to UCRP were stopped in 1991 because the fund was so well-funded. Before then, UC employees put 2-3% of their salaries into the UC defined benefit plan, while the university contributed another 8-16% depending on how well the fund was doing. UC has discussed that employees take a pay cut of 5% to 8% to fund the pension plan. Why? Probably because that’s the model of how 401k plans operate – equal contributions from employee and employer. But this is as bad a deal for UC employees as it has been for other American workers, who have been forced out of defined benefit plans and into 401ks, and who are now left holding the bag.

Q. What are the CAP funds and why should we care?
A. During various years of budget crisis (1992, 1993, 1994, 2002 and/or 2003), in lieu of wage increases, UC set up a special benefit called the “Capital Accumulation Provision.” It was a way of compensating us with retirement benefits rather than wage increases. The problem is, this money came out of the UCRP fund – basically UC raided the retirement fund to prop up its wage commitments. We are just paying for our CAP accounts, with interest.

For a more detailed analysis, including citations for the statements above, please visit <http://www.ape.org/benefits/UCRP.html>. The Update would like to thank UC employees who have been moved to 401k plans for their invaluable insights.

Health care tops agenda for newly elected HX bargaining team

D elegates from UPE’s health care professionals (HX) met December 6 in Oakland to discuss strategies for upcoming bargaining and to elect representatives to their bargaining team.

Attendees considered the results of the union’s survey of HX members to draw up a list of priorities for the next round of contract negotiations.

“Topping the list was the need to pre-serve retiree health care benefits, followed by protecting health care benefits for current employees,” reports Wendi Felso, a UCSF clinical lab scientist and the union’s HX mobilizing coordinator.

Also high on the list were negotiating more market rate equity increases for job titles and campuses that still lag behind market rates, as well as evening and weekend shift differentials. Another top goal for HX workers is joint governance of the UC retirement plan. “We have a right to a voice in this most central element of our compensation, just like other university and public employees around the country,” said Felso.

How to contact your team

The following members were elected as bargaining representatives: Lisa Brenner (UCLA clinical lab scientist) <lbbrenner@sh global.net>, Sonia Palacio, (UCI clinical social worker) <sonia.upte@yahoo.com>, Chris Radke-Schmidt (UCSF clinical social worker) <cschmidt@alamedanet.net>, and Sheila Stittiams (UCSD clinical social worker) <sbcglobal.net>, Sonia Palacio, (UCI clinical social worker) <sonia.upte@yahoo.com>, Chris Radke-Schmidt (UCSF clinical social worker) <cschmidt@alamedanet.net>, and Sheila Stittiams (UCSD clinical social worker) <sbcglobal.net>. They encourage HX members to contact them with questions or concerns.

Representatives for the Davis campus and the student health centers are still pending.
After 9 months at the bargaining table, UPTE’s research (RX) and technical (TX) employees are frustrated with UC’s slowness in responding to the union’s proposals and in putting forward its own.

Total compensation is at the center of the debate, with UC citing state budget problems for its lack of an acceptable wage offer, and also asking for new employee pension contributions – the first since 1990.

“UC is once again bargaining in bad faith by not being prepared to present all of their proposals by year’s end as promised,” said UPTE’s chief bargainer Kevin Rooney. UPTE’s team was promised a written wage proposal, said Rooney, but “verbally they’ve told us that we ‘won’t like their proposal’ because they are once again tying it to the state budget.”

Rooney adds that this is yet another example of bargaining in bad faith since UC has more funding sources than that, and less than 20% of RX and TX workers are paid using state funds.

“Most of our unit members receive their wages from grant funds and UC enterprises,” said Rooney. “Those sources have already set aside money for employees’ raises, so the state’s budget has little relevance to our negotiations.”

Moving away from state budget excuse
The good news is that, under pressure, UC seems to be backing away from tying wages to the state budget in other union negotiations. Service workers at UC, represented by AFSCME, got an offer from the university in mid-December that included a 1.5% wage increase guaranteed for three years, not dependent on the state budget.

“While the amount is small, this shows progress in UC’s position,” said UPTE’s president Jelger Kalmijn, who is also a UCSD staff research associate. “UC nurses are also being offered 4 to 7% per year not dependent on the state budget.”

Delegates to UPTE’s convention in November overwhelmingly passed a resolution to start collecting pledges from members to go on strike.

“As part of the union’s continuing demonstrations, media events, and presentations at regents’ meetings,” said Kalmijn, “we’re building support to wage a successful strike to convince UC that we won’t sign a contract unless it meets the needs of employees.”

If you haven’t yet signed a pledge card, please contact your local union.

The next bargaining sessions scheduled are at Irvine on January 7-9 and UCOP on January 21-23. All members are welcome to attend.

Chop from the top
While UC was telling employees it wouldn’t offer decent wage increases, it held a closed regents’ committee session to approve funding for $742,000 of “equity increases” for 51 attorneys in the Office of the General Counsel who make over $164,000, and “specific increases” for attorneys whose total cash compensation exceeds $205,000.

(Minutes of UC’s Committee on Compensa-

UC medical center CEO salaries were increased by up to 39%, and now range from $494,400 at Irvine to $646,200 at San Francisco. These same CEOs received additional “bonuses” of up to $83,000.

Meanwhile, senior administrators at Stanford University, including the president and provost, are taking a salary cut due to budget pressure.

Stanford administrators said the cuts will affect some 15 to 20 positions with salaries above $250,000.

Community, labor oppose closure of Irvine pediatric hospitals
Union and community activists demonstrated their opposition to the potential closure of the pediatric intensive care and medical surgical unit, and outlying pediatric clinics at UC Irvine medical center at November’s regents’ meeting.

The coalition, which includes UPTE-CWA, argued that UC’s planned closure of these units constitutes a danger to Orange County children, especially in the under-served Latino community. UC is the only public hospital that cares for pediatric patients between San Diego and Los Angeles.

The closure of UCI Pediatric Services (33 beds), Irvine Regional Medical Center (seven beds) and Hoag Memorial Hospital Presbyterian (nine beds) would result in a total loss of at least 49 general pediatric beds for Orange County. Children’s Hospital of Orange County will not be ready to absorb the loss of all 49 pediatric inpatient beds until 2012.

Widespread opposition to university’s plan
State legislators, area physicians and nursing schools have spoken out against the proposal. “The proposal to close both pediatric units at UCI raises serious concerns about access to quality pediatric care, especially for low-income families who rely on the medical center because it is the county’s safety net hospital for Orange County,” said Senate majority leader Gloria Romero in a letter to UC president Mark Yudof.

Assemblymember Jose Solorio also wrote to Yudof to oppose the closure, writing, “I encourage you and your board to reconsider this issue and take into consider-

Union approves new campaign push
In November, AP members attended the annual UPTE convention, met in a special AP caucus, and successfully lobbied the rest of the membership for passage of a resolution in support of AP organizing.

“This means that UPTE will work to gain the resources necessary to run an organizing campaign so that we can bargain with UC over issues like fair wage increases and workloads,” reported AP coordinator Lisa Kernish, an administrative analyst at UC Berkeley.

To help plan the AP union campaign, UPTE is holding a statewide organizing committee meeting in Berkeley on January 24, from 10 am–4 pm. If you would like more information, or to get involved more generally in the AP campaign, please write to <cap@upte-cwa.org>.
Funding for UC Labor Studies restored – for now

Yet again, Gov. Schwarzenegger singled out the UC Miguel Contreras Labor Program and vetoed all its funding just before signing the state budget in mid-October. The labor program encompasses the Institutes for Research on Labor and Employment and Centers for Labor Research and Education at UC Berkeley and UCLA. Schwarzenegger has attempted to kill funding for the labor centers almost every year he has been in office.

Although Schwarzenegger claimed that the cut was “difficult but necessary” to balance the budget, the proposed 2008/09 budget for the labor centers was $5.4 million – less than one-fifth of one percent of the $3 billion UC budget.

Noting the miniscule savings claimed, a letter signed by more than 400 UC faculty and staff in October objected that “it is hard to understand this action as other than politically motivated,” and that it was “unwarranted political interference in the academic activities of the University of California [that] violates the basic principle of the freedom to speak out and conduct research even on controversial topics.” Labor center officials pointed out that the university has several business schools to train business executives and that a labor program was essential for balance.

The pressure paid off. Although Schwarzenegger did not rescind his veto, UC president Mark Yudof agreed in late November to fund the program through June 30 with $4 million from elsewhere in the UC budget. In addition to this “bridge funding,” covering approximately 40 researchers and staff members, UC is requesting funding for the program in next year’s budget. The $1.4 million that was eliminated under Yudof’s plan would have paid for research and pilot labor studies programs at other UC campuses.

Labor center director Ken Jacobs was pleased that one-time funding had been restored and added that the task now is to secure funding for next year.

New labor legislation depends on mass mobilization

Even with the election of the most pro-labor president and Congress in decades, passage of the Employee Free Choice Act faces strong obstacles and will not become law unless labor mobilizes, said leaders of UPTÉ’s national union, the Communications Workers of America.

CWA is redoubling its campaign on behalf of the critical pro-labor legislation so it will have the support necessary to clear Congress in the face of what will be a tsunami of opposition from big business and anti-labor forces.

“Now, we all must stand up and continue the fight for this critical legislation as if our contracts, pensions, and health care depend on it,” said CWA President Larry Cohen in a message to locals. “The opposition is ready, with millions more dollars to spend. We must meet their dollars with the kind of massive worker mobilization we have not seen since the 1930s and 1940s.”

Advocates of the new law must secure votes from at least 60 senators when the bill is reintroduced in Congress early next year. Last year, supporters fell short of the necessary votes to prevent the legislation from being filibustered and blocked from a final floor vote. The November elections resulted in the election of seven new pro-worker senators likely to endorse the legislation, but more support will be necessary to secure passage. Passage of the legislation will be critical to enabling the US to quickly emerge from the severe economic crisis.

CWA will be mounting a large-scale national campaign, marshalling CWA activists in key states. To help offset the millions of dollars that are now pouring in to defeat employee free choice, CWA will be coordinating its efforts with its Alliance partners, the AFL-CIO, Change to Win unions, and American Rights at Work, which launched a new ad in support of the legislation.

Outreach to allied groups will be critical too. This week, one of the nation’s largest African American religious groups, the 3 million member National Baptist Convention of America, signed on to support the Employee Free Choice campaign.

At Update press time, over 110,000 CWA members have signed on to support the Employee Free Choice Act, but the union is urging activists to continue working for support among co-workers, friends, and family members. Sign up online at <www.freechoicecwa.com>.

Health care coverage slips nationwide

More than 3 million Americans have lost employer-sponsored health care since 2000 and the vast majority of U.S. states have seen significant declines in employer health insurance to employees who work at New mothers.” The provisions are part of a new ad in support of the legislation.

For the insurance to be active in fighting for universal health care,” said UPTÉ’s Berkeley president Tanya Smith, an editor in the TX unit. “Our health care system is broken and needs a thorough restructuring.”

More coverage of the report and an interactive map are available at <www.epi.org>.

AP journalists fight take-backs

More than 500 journalists and other workers at the Associated Press have called on the company to reverse course in contract talks and drop bargaining proposals that threaten quality journalism. The news workers, members of The Newspaper Guild-CWA Local 31222, are signing on to a petition that condemns AP’s efforts to “erase decades-long job security protections, increase employee health care costs and delete long-standing benefits for new mothers.” The provisions are part of a package from management that also calls for a wage freeze, higher prescription drug costs, and the elimination of overtime pay for hundreds of employees, the local said.

The Guild represents more than 1,400 reporters, editors, photographers, videographers, communications and support staff.

The petition is available at <www.newsmediaguild.org>.