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Eric Gillet, photo

U · P · D · A · T · E

Independent report says UC acted without proper study

Pension changes delayed in wake of protests; legislators call for Dynes' resignation

Confronted with widespread opposition from UC employees, the regents have once again backed away from making any changes in employee contributions to the pension plan.

At their May 17 meeting in San Francisco, the regents were confronted by hundreds of picketers who wanted to know why UC was rushing to reinstate employee contributions for the first

investigations of the fund's status and the management strategy to ensure its health."

The petitions were part of a coalition effort by UPTE (professional and technical workers), AFSCME (service workers), CNA (nurses), CUE (clerical workers) and UC-AFT (lecturers, librarians).

UC lacks "best practices"

In March, the board voted to restart contributions to the \$42 billion retirement fund, the University of California Retirement System (UCRS), in July 2007, claiming the fund was in danger of becoming under-funded and running a deficit.

But when the coalition of UC unions hired an independent actuarial firm to evaluate the stability of the pension fund, the Los Altos-based Venuti & Associates concluded that UC's information was "incomplete and does not give UC the benefit of more robust projections and analyses that we would consider best practices under accepted actuarial guidelines."

The Venuti report says that UC's data is limited to a "single-point" estimate of investment returns of 7.5% per year rather than a more comprehensive analysis. It points out that UCRS' annual returns have averaged over 15% in the last three years, and over 12% during the last two decades. That puts the fund in good shape, meeting the needed 10-11% return necessary to keep the pension plan healthy.

The Venuti report also warns that UC did not consider what effect the transfer of Los Alamos National Lab employees out of the pension plan would have on the system, nor did it update years-old assumptions about inflation or salary increases. Even though inflation has averaged

only 2.5% over the past ten years, UC assumed an inflation rate of 4%, a figure that is "unnecessarily high and should be reviewed," the report states. "A lower inflation assumption would improve the projected plan funding." Likewise, UC's salary increase assumptions are higher – 4.9% to 6.5% a year – than has actually been the case.

"It is surprising to us," wrote the actuaries, "that those responsible for guiding a \$42 billion pension fund have not had the benefit of the best analysis tools, modeling and projection methodologies that are readily available and routinely provided by the actuarial profession." They conclude that UC "acted prematurely and without appropriate studies" and has "not justified the need to restart contributions at this time."

"We all want an adequately funded plan," said UPTE President Jelger Kalmijn, "but we believe a careful and honest analysis should be done, and if contributions are needed, UC should share the burden. Our salaries already lag behind market, and increasing employee contributions will mean a pay cut for our members."

UC employees have not made contributions to the retirement fund since 1990, when a UC analysis revealed it was adequately funded far into the future. Prior to that, employees contributed 2-3% of their salaries while UC's contribution ranged from 4-16%.

Putting UC on trial

Local activists are also working to raise awareness at the

campus level. At UC Riverside, a group of union activists met with Chancellor France A. Cordova in April to describe how the change would affect workers. "With UC staff salaries 25% to 30% below market," said Ruby Miller, UPTE's local president at Riverside, "we asked that she support UCR staff by urging the regents not to implement employee contributions until our salaries are at market levels."

In late June, workers on several campuses demonstrated to oppose any changes to the pension plan. Union members in Los Angeles, San Diego and Berkeley held mock trials in which they charged President Dynes with giving executives secret pay and perks at the expense of student fees and staff salaries.

Specific charges included Dynes' authorizing some \$781 million in extra perks to execs, paying custodians poverty wages while increasing their workloads, and planning to make UC employees contribute up to 8% of their salaries for a pension plan that is healthy and fully funded. The audience played the jury and "sentenced" Dynes to jail time.

No confidence in Dynes

Employees aren't the only ones upset with Dynes. Members of California's legislature as well as much of the public is outraged over revelations in the *San Francisco Chronicle* over the past year that UC has ignored its own policies on special compensation, recruitment, and separation packages for some of UC's top administrators.

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Eric Gillet, photo



Lisa Kermish, UPTE's vice president, addresses the regents at their May meeting

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time in 15 years in a pension plan that is currently over-funded. Inside the meeting, union representatives told the regents during public comment that they should not make any changes until a detailed financial analysis was completed.

UPTE Vice President Lisa Kermish spoke for many in the audience when she said that the regents were considering putting a plan in place before knowing all the facts. "I believe in paying my fair share and not free-loading, so the prospect of once again contributing to the retirement plan is not one that I dismiss out of hand," she told the regents. "However, in light of the revelations that have peppered the pages of the [San Francisco] *Chronicle*, hearings in Sacramento and even your own reports, I have cause to question any conclusion you might make that such contributions are necessary at this time," said Kermish.

Kermish delivered petitions to the regents signed by more than five thousand employees demanding that UC do its homework before taking money out of their paychecks, including "thorough

UC employees, retirees, students and other concerned citizens respond to a union reps' public comment to the regents



Organizing for fairness

Looking ahead to fall elections

This November, California voters will have a chance to fundamentally change the direction of the state by voting in the governor's race.

While UPTE has not yet endorsed a candidate, the union urges all UC employees to be informed and active come this fall. The person sitting in the governor's office will have a huge impact on our struggle to preserve decent benefits, pensions and wages at UC.

Other key issues include access to education and quality health care, protecting the environment, and campaign finance reform. In national elections, a handful of races could tip control of Congress to Democrats for the first time since the 2000 election.

UPTE members will be debating the issues and making endorsements as the fall elections approach. Plan to make your voice heard through your local union. UPTE's political activities are funded entirely through voluntary donations to CWA-COPE (our national union's Committee on Political Education). Even a few dollars a month helps. To sign up for payroll deduction, contact your UPTE local or download a COPE form at www.upte.org.

Union members at UCLA sign a collective letter demanding the regents not change the pension plan without a full investigation

SRA Is eligible for reclasses

Up to six hundred staff research associates in the research professional (RX) unit may soon be seeing substantial increases in their paychecks, thanks to a provision in their contract to trigger an automatic reclassification review from SRA I to SRA II after two years of work with no break in service.

"The employee must have satisfactory job performance and be functioning at an independent level, with minimal oversight, like an SRA II," said Kevin Rooney, UPTE's RX/TX coordinator and local president at UCSF. Rooney added that for the vast majority of people, it should be a "simple, automatic review process."

UPTE negotiated the program at the bargaining table, and is now discussing with UC how it will be implemented at the campus level. UCSF has agreed to do SRA I reclass reviews every month. "We want to pursue that as a standard at the other campuses as well," notes Rooney, "so that the burden will be on UC to do it, rather than requiring individual employees to initiate the process."

However, there is concern that some campus human resources departments may not act as equitably, and will force eligible employees to wait up to six months for a review. UPTE activists have crafted a petition that demands that each campus review eligible SRAs promptly every month.

"Just having the language doesn't enforce the contract, we have to do that," said Rooney. To sign the petition, or join one of the campus equity committees forming to work on this issue, contact your local union.

The salary increase that goes along with the reclass must be at least 5%, or approximately 2.5 steps. SRA Is are the largest and lowest-paid group within the RX bargaining unit, so the making sure the reclasses are done without delay will help to equalize salary levels among research professionals.

Equity raises for techs

Lab assistants, who are part of the technical (TX) bargaining unit, are also seeing big increases this summer. Effective July 1, Lab Assistant Is and IIs received equity increases of 2% – that's above and beyond other increases like steps and cost of living. Lab assistants at Irvine had received a special 5% equity increase upon contract ratification to compensate them for far-below-market wages.

Other job titles within the tech unit also received equity increases. For details, see www.upte.org/contractratification.html.

UPTE sues over Los Alamos pensions

UPTE has filed a lawsuit in Alameda Superior Court asserting that UC and Los Alamos National Security (LANS) breached their fiduciary duty to UC employees at the Los Alamos National Lab and denied them the information required to decide which pension and employment options to choose in the transition to new management.



UPTE Los Angeles President Max Hechter (center) talks with demonstrators on their way to the chancellor's office with a letter protesting pension changes

LANS is a private limited liability company (LLC) formed by UC and several private corporations, including Bechtel. It took over operations at Los Alamos on June 1 under a new contract with the Department of Energy.

Employees say that to keep their jobs, they are being forced to transfer their pensions to a new LANS plan that is not "substantially equivalent" to UC's pension plan, as required in the bidding process.

Even if employees decide to retain their pension with UC, UC has threatened to separate their pension assets and liabilities from the overall UC pension plan, which could lead to disagreements between UC and DOE over whose responsibility it is to fund those liabilities. "Either option puts long-term dedicated employees into smaller, untested pension plans that will receive no new active members (i.e. they are dead end plans)," says Manny Trujillo, UPTE local president at LANL.

At innumerable forums, employees have asked important questions they need answered to make the most responsible choice for their families. UC, LANS and DOE have refused to respond during this critical decision-making time. UPTE has filed an unfair labor practice over the issue.

Union wins concessions

The pension plan offered to transferring employees is as good as it is because UPTE managed to insert the language requiring "substantially equivalent" benefits into the request for proposals.

UPTE is continuing to lobby Congress and pressure both UC and LANS to provide greater job security. LANS has stated that without a union contract forcing it to provide job security, it will insist on "at will" employment. The Department of Energy also states that most of its non-union facilities have "at will" employment.

Meanwhile, union activists at LANL continue their campaign for union recognition. "The sooner we have sufficient cards, the sooner we can address our employment concerns," notes Trujillo. "Once we have majority support, the employer will no longer be able to make changes without our consent."

HX bargaining for step-based pay

Health care professionals at UC face a fundamental problem: their pay lags that at similar institutions, and regular, equitable pay increases are needed to bring UC up to prevailing market rates. That's one of the issues topping the agenda for UPTE's elected representatives from each medical center and from the student health centers, who have begun bargaining on a new health care professionals (HX) contract.

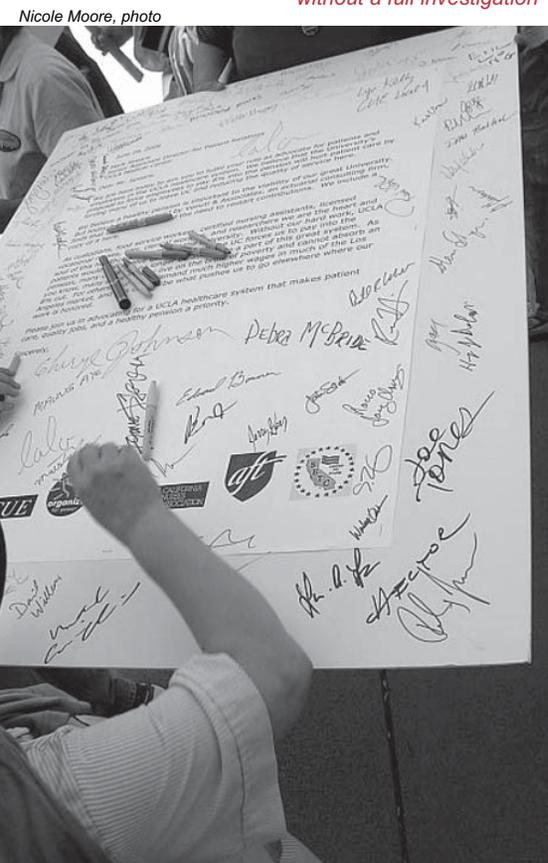
UC health care professionals are currently compensated on an "open-range" and "zone system" instead of a more reliable "step-based" pay system. That means that employees don't receive the regular increases that are needed to keep pace with colleagues outside of UC. Fixing this structural problem with how UC pay increases work is a top priority for UPTE's bargaining team.

Over the last few years, technical (TX) and research (RX) employees represented by UPTE who were on these less reliable open-range pay systems have negotiated moves to fairer step-based plans. Both groups are receiving pay raises of approximately 5% this year and 6% next year. Nurses employed by UC already have a step-based plan that compensates them based on years of service.

Other priorities for the current round of bargaining include making attendance policies fairer, including adequate opportunity to schedule vacation, breaks and lunch; ensuring all employees are protected from hazardous conditions, and defending the integrity of UC's pension and benefits plans.

UPTE's bargaining team is also pushing for better professional development policies, such as reimbursement for continuing education required by the state licensing board or other certification agencies, and reasonable efforts on UC's part to accommodate educational requests.

Keep track of the negotiations via UPTE's HX website at www.upte.org/hxactions.html, and stay tuned for ways you can help improve the pay plan for health care professionals.



The results are in!

Dues change approved, strengthens UPTE's ability to organize

UPTE members went to the polls in June to vote on changing the union's dues structure into a more flexible and egalitarian system. The new system raises the dues cap, and for employees with UPTE contracts, includes a contribution that would give them access to the \$340 million strike fund of UPTE's national union, the Communications Workers of America (CWA).

The dues change proposal passed among both groups of UPTE members, those covered under collective bargaining contracts (techs, researchers and health care professionals), as well as those who are currently organizing for union representation (staff professionals, also known as 99s). The vote was 63% in favor of the change among technical, research and health care professional members, and 80% in favor among staff professional members.

How much will dues change?

For most members, the change is between \$1 to \$5 a month – about as much as a couple of cups of coffee. Not much for an individual, but all together it adds up to more stability for the union as a whole. Even with the increase, UPTE's dues rates will still be lower than those of most other UC unions.

For those members covered by contracts (TX, RX or HX), the new plan adds only 0.15% of gross monthly salary to the dues rate, making the total contribution 1.3%. The dues cap is increased by \$5 each year that UPTE bargains a 2% or greater cost-of-living increase for employees in the bargaining unit.

"A 2% UC salary increase translates into hundreds of dollars per month for an employee, depending on their salary range," said Elizabeth Wilks, UPTE's

treasurer and an accountant at UCSB. "The dues increase will be only a few dollars out of each employees' take-home pay," she said, "but it will enable the union to do so much more for the UC workers we represent."

For those members not yet covered by a contract (99s), there is no change in the existing 1.15% dues rate, but the dues cap increases \$2 every two years until it reaches \$26 a month in 2011.

The changes for both groups go into effect January 1, 2007.

Making the union strong

UPTE's dues rate had remained the same for the past six years, while expenses such as staff salaries, postage, office rents, and phone costs increased. The resulting deficit would have necessitated cuts, including layoffs of union staff and closures of local union offices.

"I supported the dues increase because it is such a small price to pay for the potential returns," said Chris Radke Schmidt, a clinical social worker at UCSF. "We need to maximize our resources to become stronger as we fight unjust and unfair proposals to limit our salaries, health and retirement benefits," she added.

UPTE will focus the additional resources on having members take time out of their UC job to help build the union. "The extra income will be used to develop a lost-time program to enable members to organize our colleagues to help defend our pensions, benefits and push for decent pay increases," said Jelger Kalmijn, UPTE's systemwide president, adding that winning a fair pay system in a new health care professionals contract is among the union's top priorities.

UCB parking rate hike hits most vulnerable

It's heartless exploitation of people who can least afford it," according to Tanya Smith, president of UPTE's Berkeley local. In June, the UC Berkeley parking office announced that it would raise parking rates for 2006-07.

While yet another parking rate increase was no surprise to UPTE members – who have seen UC routinely ratchet up parking rates following pay increases – the latest notice contained an unwelcome surprise for disabled parking permit holders.

Carpool, disabled rates skyrocket

Disabled permit rates in the past have been only about 60% of the regular parking rate, but UC has announced that they will now be equalized with regular rates. For regular permit holders, the increase to a little over \$1030 per year is about 5%; for disabled parkers, it's a whopping 87% increase. In addition, UC is sharply raising the rates for carpool permits.

Disabled employees sometimes have very few transportation and parking options, and are therefore particularly vulnerable to rate increases. Disabled people in state and municipal jurisdictions often are able to park for free or at discounted rates.

"There's no reason UC cannot or should not do this for its disabled workers," Smith said, noting that UCB could be playing a leading role in promoting alternative transportation, but its parking and transit policies have taken only grudging and minimal steps in that direction.

With concerted organizing, Berkeley union activists convinced UC to offer a regional bus pass with a substantial discount, which benefits employees who use public transportation.

UPTE is working in coalition with other campus unions to fight the unfair increase and improve UCB's transit policies. For more information, contact the Berkeley local at (510) 848-8783.

Irvine's clinical lab scientists march on boss to protest unequal pay increase

Don't mess with health care professionals at UC Irvine unless you want a crowd in your office – that's the lesson one labor relations head learned in late June, after UC gave raises to only six out of 107 clinical lab scientists working at Irvine.

"There was no rhyme or reason for why those six were chosen," said UPTE organizer Michael Moore, and when word spread about the surprise raises, other health care workers were angry.

Several approached Moore one day in late June, and said they wanted to do something about it. By that afternoon, they had planned a march to the campus' labor relations office, and had written a petition insisting that all clinical lab scientists at

Irvine get the same increases the six UC-chosen workers were getting.

By the next Monday, 78 of the campus' 107 clinical lab scientists had signed the petition. Thirty of them showed up that day to march into the boss' office and crowded in to deliver it in person.

UC is now discussing the issue at the bargaining table with UPTE. "The clinical lab scientists feel good about what they've done, and want to take further action if it proves necessary," adds Moore.

Clinical lab scientists are part of UPTE's health care professionals unit, which is currently in contract negotiations with UC. Salary equity is one of the main goals during this round of bargaining (see related story, page 2).

Telescope techs petition PERB to get back into UPTE

Most of UC's telescope techs work high up in the Diablo mountain range, east of San Jose, at the world-famous Lick Observatory on Mt. Hamilton. Their job is to maintain and operate the observatory's powerful 120-inch-diameter telescope, and help visiting astronomers with their observing projects.

Originally part of UPTE's tech unit when they were classified as Senior Telescope Techs, about three years ago UC created a new job title outside of the bargaining unit called Principal Telescope Tech (PTT), and reclassified all of the system's senior telescope techs into it. UC incorrectly said that all of these techs were functioning as supervisors.

Fair salaries, benefits at issue

The majority of PTTs at the observatory had signed cards asking that they be put back into UPTE's technical (TX) bargaining unit. They are concerned about fair step-based salary increases, protecting their retirement and benefits, as well as the ability to negotiate changes

in their working conditions (which can include living conditions since they are required to reside on Mt. Hamilton).

"We've been watching other salaries around us rise while receiving no pay raises," explains PTT Kris Miller, who was chosen by

his coworkers to be their liaison with UPTE. "I think a few PTTs feel that living at the observatory puts us in a sort of 'company town' situation where we really need union representation."

With the support of the PTTs, UPTE proposed that UC move the job title back into the tech bargaining unit, and UC agreed. The union's request to "accrete" the title into the TX unit is now pending with the state Public Employment Relations Board (PERB) and is expected to be approved.

"This is an important step forward for UPTE to prevent UC from slowly chipping away at our units," notes Kevin Rooney, systemwide RX/TX coordinator and local president at San Francisco.

"UC has a habit of creating new job titles. This is just a ruse to take work away from many UPTE-represented job titles," he adds. "This deprives those employees of hard-fought union representation and rights. We'll be pursuing those other job titles as well."

Left to right: Robert Owen (Principal Lab Mechanician), Kevin Rooney (UPTE UCSF president), Kris Miller (PTT), Kostas Chloros (PTT), John Morey (PTT), Jelger Kalmijn (UPTE president)



Legislators call for Dynes' resignation

(continued from front page)

At the May regents' meeting, Senator Liz Figueroa (D-Fremont), Senate majority leader Gloria Romero (D-Los Angeles), and Senator Abel Maldonado (R-Santa Maria) showed up to demand that Dynes resign.

"President Dynes, it is not easy for me to look you right into the whites of your eyes and say it, but I am saying it to you today: You have had sufficient opportunity to implement accounting reforms and to get rid of compensation abuses in the university. Instead, it seems the problems have flourished under your watch," said Senator Romero, who sits on the state Senate education committee. "President Dynes, I look to you to exhibit leadership. I ask you to resign."

Push for open meetings, legislative reforms

UPTE's executive board voted in May to formally take a position of "no confidence" in President Dynes' ability to lead UC out of the mess that he and former executives have created, and called for him to resign.

"We now have over a 30% annual turnover rate amongst our RX and TX staff, yet all UC seems to do is pay top administrators exorbitant salaries and offer them excessive perks," said Rodney Orr, a member of UPTE's systemwide board.

An internal audit discussed at the regents' meeting revealed 143 "exceptions" giving extra pay or benefits to over 113 senior managers. The revelations are in addition to the scores of policy violations last month found by outside auditor PriceWaterhouseCoopers for a different group of UC execs.

In response, Dynes admitted to a culture in his office of "trying to get away with as much as possible and disclose as little as possible," according to the *San Francisco Chronicle*. Dynes said he had missed "red flags" and said there was a culture of "paranoia" in UC's upper management that encouraged secrecy.

The regents, however, refused to dismiss Dynes. Instead, they instituted a number of small reforms that they claim will address the problems.

There are 2 bills (SB1571 and SB1181, both authored by Maldonado) pending in the Legislature that require more accountability from UC on executive pay, as well as public disclosure. "UPTE has thrown our support behind both of these bills," notes Orr.

Meanwhile, UPTE and three other unions collectively representing some 40,000 UC workers have filed an amicus brief supporting the *San Francisco Chronicle's* lawsuit to force the regents to discuss executive compensation during meetings open to the public, instead of closed executive sessions. Open meetings are required under the state's education code, but UC claims its committee meetings should remain closed.

Who's in the "99" unit?

UPTE recently requested demographic information from UC about employees in the "99" unit, the largest group of employees who do not yet have the right to bargain contracts with UC. They include student services professionals, analysts, buyers, accountants, information technology professionals, and many other titles.

A decidedly female unit (63% to 37%), glass ceilings, flexible schedules, job sharing, pay equity, comparable worth, and other work-life issues may be of particular concern to members of the 99 unit. Racial and ethnic diversity varies widely by campus, and comparing these staff statistics with census data shows how far UC still has to go in meeting diversity goals.

The data also shows that the 99 workforce has miraculously gotten younger in the ten years since we last looked at this data, with 68% under the age of 50. This may indicate that fewer staff professionals are looking to UC for careers and more are looking at UC jobs as stepping stones to more lucrative jobs outside the UC system.

For details about what the data search turned up and what it could mean for organizing, see www.upte.org/admin.html.

Supreme Court rules workers can sue over retaliation

In a precedent-setting case, the US Supreme Court has made it easier for workers to sue their bosses for retaliation. In a unanimous ruling handed down in June, the court empowered employees to take their supervisors to court if they retaliate against a worker complaining about illegal discrimination.

The case involved a forklift operator who alleged her boss sexually harassed her. After she filed a grievance via her union and with the federal Equal Employment Opportunity Commission, she was suspended. The company later admitted she wasn't insubordinate and paid her back wages for the days she was suspended, but she sued over the retaliation and a jury awarded her \$43,500. The company appealed and the case reached the Supreme Court, which decided in favor of the worker.



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Todd Kolze, photo

Some of the union members who attended UPTE's Northern California benefits teach-in this spring. A similar meeting was held in Southern California. Each meeting drew participants from the entire region, who planned strategy on benefits issues.

Union activists plan benefits fightback

UC union activists met in both northern and southern California this spring to strategize on protecting benefits and retirement plans, in response to plans UC has floated. These changes include increased pension contributions from employees (up to 8% of salary) and establishing a lesser plan for new hires, forcing retirees to pay more for their health care, and dramatically reducing the percentage of health care costs it pays for current employees.

For employees with a union contract, UC must bargain any changes. For those without the protection of a contract, UC can unilaterally impose changes. But the university is now facing a fightback from many employee groups, and has recently delayed its plan to reinstitute employee pension plan contributions. (For details of an independent audit of UC's proposed changes to that plan, see the story on page 1.)

UC refuses to divulge benefits changes

The coalition of UC unions met with UC representatives on June 19 to discuss the university's plans for our health benefits coverage and costs.

Despite having many of UC's principal decision-makers for the benefits plans present, UC claimed it had "no specific plans" about where it intended to go with our benefits costs. UC explicitly denied the projections made by the previous benefits director that employees would be expected pay for up to one-third of their benefits costs, and unconvincingly stated there was no alternative plan.

"UC's unwillingness to be candid with employees about our health benefits underlines the need for us to explicitly bargain our health care," said Darlene McGee-Reed, a clinical social worker at UCLA and a member of UPTE's benefits committee. "In past years, UPTE-CWA and other unions agreed to allow the university to unilaterally negotiate our benefits with insurance companies," she added. "For many years that worked, and we had excellent benefits at a low cost, but those times have changed."

Benefits coverage and costs needs to be locked into UPTE contracts starting in 2008, when we'll have to bargain what will happen to our pension plan. "We need to know the bottom line of what we will get in our take-home check and what our benefits will be," said McGee-Reed.

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