

Myths and facts about UC-AFSCME negotiations regarding service workers

Myth: UC's 401(k)-style retirement option jeopardizes employees' pension benefits and UC's pension plan.

Facts: UC's pension plan is very strong and stable, and the 401(k)-style option **does not affect** the pension plan's long-term financial health. UC's retirement proposal only applies to *future* service workers hired after a new contract and does not affect your pension benefits — earned pension benefits are protected by law and cannot be reduced or revoked.

Myth: UC is forcing a risky 401(k)-style retirement option on new employees.

Facts: No one is forcing anything on anyone. The truth is that new employees are still free to choose a traditional pension if they prefer that option. Almost 80 percent of Americans work for an employer that offers a 401(k)-style retirement plan. Offering a 401(k)-style option gives employees more choices and lets you to take your own investment, as well as UC contributions, with you if you decide you want to work elsewhere. Retirement choice empowers individuals and their families to plan for retirement based on their unique needs. No one should assume to know how each employee should manage their retirement savings. Individual employees, not union leaders, know what's best for themselves and their families, and that is why we're offering a choice of retirement benefits, along with tools, classes and personal counseling to help you make informed decisions about saving for retirement.

Myth: The pension option is a far better retirement benefit than the 401(k)-style option.

Facts: Only you know which retirement benefit is right for you, depending on your retirement goals and how long you plan to work at UC. A pension may be the preferred option if you expect to work for UC for most of your career and want predictable retirement income payments. If you're not sure how long you'll work for UC and are comfortable choosing and managing your investments, then you might prefer the flexibility and portability of the 401(k)-style option.

Myth: UC doesn't pay its service workers enough to survive.

Facts: The fact is, UC service employees are among, if not the, highest paid service workers everywhere UC operates. UC service workers actually earn anywhere from 8% to 17% *more* than people doing similar jobs in the same markets and geographic areas. And we've even offered AFSCME leaders a multi-year package that includes wage increases of 8% – 12% over the life of the contract. We want what is best for our service workers, which is why we went ahead and implemented the wage increase after reaching an impasse in bargaining. We're committed to paying our people equitably, offering comprehensive benefits, and keeping a close eye on wage fluctuations throughout the State of California to make sure we're honoring that commitment. Additionally, UC's contributions to employees' health and retirement benefits represent 30-50 percent of their base salary, and even more in some cases. For example, using the average annual salary for a UC service worker of \$42,000, UC contributes around \$20,000 annually toward the cost of coverage for service workers with family medical, dental and vision coverage, and an additional \$6,500 toward retirement and Social Security benefits.

Myth: UC left AFSCME no choice but strike.

Facts: AFSCME leaders called for the strike, and they always have a choice. And as a matter of fact, strikes aren't an effective way to get a good agreement. Millions of union workers in California and across the country negotiate good contracts for their people without going on strike. For most unions, strikes are uncommon and considered very serious events. However, strike talk appears to be a frequent "go-to" topic in AFSCME's rhetoric. AFSCME leaders made a decision to strike against our hospitals, campuses and labs, which we believe was an attempt to put pressure on UC at the bargaining table. It didn't work. Our employees, their families and our patients are the ones who lose

whenever there is a strike. Strikes also hurt workers and cost UC millions of dollars that are paid to temporary workers.

Myth: UC’s contracting out jeopardizes service workers’ jobs.

Facts: Under our agreements with AFSCME, UC is prohibited from outsourcing work solely on the basis of generating savings on employee wages and benefits. Further, we cannot layoff an AFSCME-represented employee due to an outsourcing decision. UC is also the first public university to voluntarily set a \$15 minimum wage for contract workers.

Myth: AFSCME’s report indicates growing pay inequality among UC employees.

Facts: AFSCME’s report is misleading and does not present an accurate picture of the facts. UC bases wages on the work and the position – not on race or gender. When comparing pay rates by job classification for AFSCME-represented positions, salary differences by race and ethnicity disappear. Any differences for AFSCME-represented positions are likely due to the level of the job and/or individual on the pay scale UC and AFSCME have mutually agreed to. The union’s attempt to confuse these issues is disingenuous in our view.

Myth: UC doesn’t negotiate fairly.

Facts: We are required by law to negotiate fairly and in good faith, and we do. We believe our employees must be at the center of our bargaining with AFSCME leadership and we have put a fair, comprehensive offer on the table. We are frustrated at AFSCME leadership’s unwillingness to compromise and agree to a fair contract. However, we still went forward with a pay increase for our service workers because we thought it was the right thing to do.

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