

# UPTE-CWA 2010 Benefits Forum

Administrative Professionals at the  
University of California

**“It used to be a career –  
now it’s just a job”**



*UPTE-CWA Local 9119 represents professional and technical employees at the University of California.  
(510) 704-8783 [www.upte.org](http://www.upte.org)*

# What's covered here

- What's happening with:
  - ✓ Our retirement plan
  - ✓ Health care benefits for current employees
  - ✓ Health care benefits for retirees
- What it adds up to in terms of money
- What can we do to save our benefits?

# UC's retirement plan (UCRP)

- UC's retirement plan is comprised of 3 parts:
  - **UCRP** - a defined benefit pension plan. When you retire, you receive a guaranteed monthly income for life based on a formula made up of years of service, highest average compensation and age at retirement.
  - **DCP** - a defined contribution plan. UC has been deducting 2% of salaries for this plan, which we receive upon retirement. On 4/15/10, UC is "redirecting" this 2% to UCRP.
  - **403b** program - a voluntary savings plan, similar to a 401k
- UC retirees also receive health benefits as part of their package (unless they opt for the lump sum cash out of their retirement account)

# Retirement

- UC pension fund (UCRP) was well-funded into the 1990s
  - UC historically contributed between 2 and 5 times what employees contributed
  - 1990 UC decided to stop contributing to UCRP
  - UC employees continued to contribute, but funds have gone to a supplemental retirement fund (DCP), not to UCRP
- Risky investment errors and the economic downturn decreased UCRP's funding level, which is currently 95% funded. Actuaries consider funding above 80% to be financially sound.

# Retirement (continued)

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# Retirement (continued)

- UC's plan for contributions to UCRP:

	Employee contribution	UC contribution
4/15/10	2% "redirect" from DCP	4%
2011	Additional 1% from salary	At least additional 1%
2012	Additional 1% from salary	At least additional 1%
Unnamed future date	Additional 1% from salary	??
Total	5% (2% from DCP "redirect"; remainder would be an actual pay cut)	At least 6%

**PLEASE NOTE: Many UC employees are currently paid 20% or more below market.**

# Retirement (continued)

## UPTE-CWA's Pension Protection Plan

- UC to commence employer contributions immediately
- Employer contributions should always be at least double those of employees
- Employees make contributions only as they receive extra compensation to cover pension contributions
- Employees must have significant representation on UCRP's governing board

# Health care benefits

UC is shifting health care cost to employees.

- Until recently, UC always offered at least one health care plan that required no premiums for single-person coverage. There are no longer such plans.
- Employee contributions for HMO health plan for a family have gone from \$0 to nearly \$200 per month since 2000.
- UC has shifted more of the cost of health care benefits to employees. Employees previously paid 2% of total cost and now pay 12%, a 6-fold increase. UC has projected that employees shall pay up to 33% of the cost in the future.

# Health care benefits (continued)

## UPTE-CWA's Benefits Protection Plan

- Cost controls (like cost-of-living) to limit cost of premiums for employees
- Keep high quality, affordable plans for all
- No two-tier plans offering lower coverage
- Offer self-insurance in which UC would provide health care directly (no insurance companies are involved)

# Retiree benefits

UC is chipping away at retiree benefits.

- Retiree healthcare premiums increased an average of 37% for 2010
- UC is planning to shift more of the cost of healthcare to retirees

# Retiree benefits (continued)

## **UPTE-CWA's Retiree Benefits Protection Plan**

- Retiree health benefits should be an entitlement (not subject to elimination)
- Retiree health plan coverage and cost must be negotiated
- Create a pre-funded plan to pay for retiree healthcare for current beneficiaries and active employees

# Add it up!

## UC's plan for paychecks of employees without a union contract

	Monthly	Annual	4 years
Average Salary (assumes no pay increases over a four year period)	\$4,583	\$55,000	\$220,000
2% pension re-direct (2010)	\$0 (no effect on paycheck)	\$0 (no effect on paycheck)	\$0 (no effect on paycheck)
Additional 1% pension contributions (2011, 2012 and 2013)	\$46 (2011) \$92 (2012) \$138 (2013)	\$550 \$1,100 \$1,650	\$1,650 \$3,850 \$4,400
10% annual healthcare increase	\$4 - \$16	\$48 - \$192	\$192 - \$768
5% parking increase	\$2 - \$6	\$24 - \$72	\$96 - \$288
Total estimated pay cut	\$52 - \$304	\$624 - \$3,648	\$2,496 - \$14,592

**There are no current plans to offset these cuts with pay increases for employees who are not covered by a union contract.**

# The union difference

UPTE Contract	No Union Contract
Starting Salary: \$55,000/year	Starting Salary: \$55,000/year
7/1/10: <b>\$1,000 lump sum payment</b>	<b>No lump sum payment</b>
10/1/10: <b>\$57,475</b>	<b>\$55,000</b>
10/1/11: <b>\$60,349</b>	<b>No pay increase scheduled</b>
10/1/12: <b>\$63,366</b>	<b>No pay increase scheduled</b>
Additional \$1.7 million available for equity increases	No additional money available for equity increases
Pay increases not dependent on state funding	Any future pay increases will be tied to state budget allocations

# The union difference (continued)

## UPTE Contract

### PAY

- \$1000 lump sum to make up for no raise in 2009/10
- FY 2010-2011: Up to 4.5% pay increase (including step increases)
- FY 2011-2012: Up to 5% pay increase (including step increases)
- FY 2012-2013: Up to 5% pay increase (including step increases)
- Additional money available for equity increases
- Pay increases not tied to state funding

### BENEFITS

- Cap on premium increases for healthcare costs
- Pension plan contributions are negotiated and have limits
- UC's minimum contribution is 6% over the next 3 years
- Limits on parking increases

## No Union Contract

### PAY

- No future pay increases are scheduled;
- For many, the last three years have totaled 4%-8% pay cuts (with furloughs)
- Any future pay increases will be tied to the state budget

### BENEFITS

- No limit on the increased cost of healthcare benefits
- There is no contractual limit to the amount of money employees will be required to contribute to the pension fund
- No cap on parking increases

# Effects on retirement

The loss of income affects retirement in the following ways:

- Length of time an employee has to work (in order to increase the HAPC)
- Amount of money employee will receive in retirement payments (either monthly or lump sum cash out)

# I want my career back!

- Salaries and benefits are sharply declining for UC employees without a union contract.
- Turnover is increasing as employees are laid off or leave for higher paying positions.
- The University's goal is to create a transitory workforce with an average five years of service.
- Institutional knowledge is lost and service quality is diminished as employees continually try to do more with less.

# What can we do about it?

- Show your support for unionizing by signing an UPTE-CWA “commitment card.” You can sign this on-line at <http://www.upte.org/99/ap-card.html>
- Organize a meeting with your co-workers and invite UPTE to come to answer questions
- Join UPTE to help in the campaign to preserve our careers and the public mission of UC
- Join other professional employees and university staff who have chosen CWA in order to protect their careers and the public that they serve
- Participate in actions to protest the student fee increases and to defend those who make UC the great academic institution it is: **dedicated, long-term, high quality staff**