Bargaining Update 12: UC continues to seek fair contract, reasonable pension reform

Since January, UC has bargained in good faith with the University Professional and Technical Employees (UPTE) for a fair contract for research and technical employees and is disappointed no agreement has been reached so far.

At the most recent Oct. 9, 2013 bargaining session, UC and the union discussed 2014 rates for medical benefits as well as some non-economic issues.

However, the primary hurdle in these negotiations remains the total compensation package including pension reform. UC believes its proposals are fair, reasonable and financially sustainable; UPTE has rejected these.

UC has offered 6 percent in step increases to eligible employees over three years. UPTE is seeking wage increases of at least 22 percent over four years, with additional step increases for eligible employees.

On the core issue of pension reform, UPTE has proposed placing all existing and new employees in the older 1976 pension tier, instead of putting employees hired on or after July 1, 2013 in a slightly modified tier.

In exchange for having all members in the 1976 tier, UPTE proposes that all UPTE members would pay a higher contribution rate than all other UC employees. Under the union’s proposal:

- In 2013, all UPTE members would contribute 7.5 percent — more than the 6.5 percent that other represented and non-represented UC employees currently contribute for the same retirement benefits.
- In 2014, all UPTE members would contribute 9 percent — more than the 8 percent that other represented and non-represented UC employees will contribute.

UC has rejected this proposal. The 1976 pension tier is more expensive than the 2013 tier and the central goal of UC’s pension reforms is to continue providing quality, financially sustainable retirement benefits for employees over the long term. The Board of Regents created the new 2013 tier as part of a strategic decision to reduce the pension plan’s unfunded liability and preserve its long-term viability.

The university’s reasonable and carefully crafted approach to pension reform is similar to what the legislature implemented for state employees. UC’s approach includes:

- Increased contributions toward the cost of pension benefits from both UC and employees. UC would contribute 12 percent and employees 6.5 percent, up from 10 percent and 5 percent respectively.
- A new category (“tier”) of pension benefits for employees hired on or after July 1, 2013
- Revised eligibility rules for retiree health benefits

UC remains committed to reaching a fair agreement for research and technical employees, and to resolving differences with UPTE.