UPTE union facilitates attack on University of California pensions

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After two years of bargaining, members of the University Professional and Technical Employees/CWA (UPTE) are voting on a tentative contract proposed by the union and the University of California. The contract increases the amount workers must pay toward their pensions to 9 percent, an increase of 1 percent. UPTE represents nearly 15,000 workers throughout the ten UC campuses, ranging from lab scientists, technologists and pharmacists to social workers, editors and writers.

The union describes the agreement as "historic," largely in reference to an 11.5-13.0 percent pay increase over four years, but such rhetoric serves as a sleight of hand that workers must see through. That a minor holding action in the form of a modest pay raise can be portrayed as a historic victory speaks to the cynical adaptation of the union leadership to a set of social conditions where austerity and concessions are the norm.

The increase that UPTE workers will contribute to their pensions is itself part of a broader attack on workers' pensions by cities, states and agencies. Far from a historic gain, the UPTE contract is merely a probing maneuver within a larger offensive against the pensions, health benefits and jobs of the working class in which the trade unions themselves are implicated.

UPTE President Jelger Kalmijn claims that the union "made a responsible proposal to contribute an additional 1 percent to the pension fund in exchange for UC agreeing to keep all members on a single plan." The union claims that they have agreed to raise the amount workers pay toward their pensions to "avoid" a two-tier pension plan that would increase the retirement age.

UC currently pays a total of $1.2 billion a year towards pension costs. On its web site describing the future outlook for the UC Retirement Plan, the university lays clear its goals, "In 2012, UC pays, on average, 83 percent of the cost of retiree health insurance premiums. Regents have approved a plan to gradually reduce that amount over time until it reaches a floor of 70 percent. The level of the UC contribution will be reassessed annually." This plan will significantly undermine the benefits and ultimately the standard of living for these workers. The union's proposal will be the starting point to carry out the UC's objective.

UC claims that it is "facing a $24 billion dollar unfunded liability for its pension and retiree health programs" and to account for these costs, they are pushing a two-tier retirement plan on workers that will increase the retirement age and the amount workers must pay towards their pension.

The real amount of unfunded liability is not clear. In May 2011 the *New York Times* reported that the unfunded liability was $1.3 billion, in June 2012 the *Huffington Post* cited UC estimates of $14.6 billion, and today various UC reports cite from $21 billion to $24 billion.

UC may be deliberately inflating their expected pension costs to justify the cuts. This was similarly the case after an NBC report exposed that the Mayor of San Jose publicly lied about the extent of the city's pension contributions. In order to justify unpopular pension "reform," the mayor stated that the pensions would cost $650 million by 2015. The NBC investigative unit found that the real cost would be $300 million in 2015 and that the mayor deliberately used an unofficial inflated number.

While UPTE members are told there is no money for pensions, the number of UC upper administration with salaries over $200,000 account for 2.6 percent of the total workforce, garnering 13.8 percent of the over $10 billion total of payroll expenses. For example, UCLA Hospital CEO David Feinberg took home $500,000 in bonuses on top of a $900,000 salary and UCSF Medical Center CEO Mark Laret took home $1.2 million in 2011.

Wielding a total of $53 billion in investments, the real expertise of the UC Board of Regents is finance. The Regents are composed of distinguished representatives of moneyed interests such as Richard C. Blum, prominent Wall Street investor, defense contractor and husband of US Senator Dianne Feinstein, and Paul Wachter, a longtime financial adviser and business partner to Arnold Schwarzenegger, former California governor.

While workers face attacks on their pensions from employers and the state, the trade unions ensure that a genuine social struggle will not be waged. In a joint letter signed by UC vice president of human resources Dwaine Duckett, the union promised that it would not "engage in any strike activity" during these negotiations. The no-strike deal has ensured that the union will defuse anger while they try to sell their concessionary contract to workers.

The attack on pensions within the UC system is of a piece with similar statewide attacks on the living conditions and benefits of the working class. In August of 2012 the California state legislature approved a pension reform deal for state workers that included a new pension tier, raising the minimum retirement age to 52 and the maximum age to 67. Employees hired after January 1, 2013 are required to pay half the cost toward their pensions and current employees will pay half of the amount toward their pensions by January 1, 2018.

The California Public Employment Retirement System (CalPERS) and the California State Teachers' Retirement System, (CalSTRS) are two of the largest US pension funds. CalSTRS invests over 56 percent of its assets into global equity, 12 percent into real estate, and another 12 percent into private equity funds.

Workers' pensions rest on the anarchy of the financial market. Both CalSTRS and CalPERS hold more than 50 percent of their portfolios in publicly traded equity (stocks, etc.), while another 10 percent is in private equity and a little less than 10 percent is in real estate. As was seen in 2008, the breakdown of the financial system saw the life earnings of workers washed away when, after years of stock market gambling, the state workers pension fund lost over 41 percent of its value, dropping from $9 billion to $5.8 billion.

Workers not only throughout California, but across the country, face similar attack on their pensions. Once the capital of American industry, the city of Detroit is being looted by a financial elite led by the unelected emergency manager Kevyn Orr, who have set their sights on plundering and dismantling its pensions, public services and cultural heritage. As with the UC system's reference to "unfunded liabilities," it is the working class who is being made to pay for Detroit's bankruptcy.

The ruling elite of California and the University of California are seeking legal relief of their financial obligations to fund workers' pensions. Taking their cue from the example set in Stockton, California, where pensioners have lost all medical benefits, and looking to the bankruptcy of Detroit for legal precedence, the ruling class seeks to bend the law to dismantle the historic gains of the working class.