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July 14, 2008

Mr. Mark Yudof
President
University of California
1111 Franklin Street, 12th Floor
Oakland, CA 94607-5200

Dear President Yudof:

As Members of the California State Senate who represent constituents who work at, receive health care from, and are educated at the ten universities and five medical centers that are a part of the University of California (UC) system, we would like to express our concerns over the troubling news that UC Service Workers represented by the American Federation of State, County and Municipal Employees (AFSCME) Local 3299 have been forced today to take their fight for a fair contract to the point of a strike.

While we are proud of the many achievements that the staff and students of the UC System have obtained throughout its history, we are also dismayed in many of the actions that the leadership of the UC System has taken over the past few years in regards to issues of employee compensation.

After years of scandal surrounding executive compensation, we are concerned that the inability of the executive leadership of the UC System to address this ongoing problem of inadequate employee compensation for the University's low paid service workers are taking us back down a direction toward public distrust of those who have been entrusted to operate the University on behalf of the people of California.

On the front lines of the UC system are 20,000 patient care and service workers who do everything from assisting in surgery to cleaning campus dorms. Over 8,500 of these dedicated employees are those that have started a strike today. Many of these service workers are earning poverty wages as low as \$10 per hour.

Wages this low leave many workers unable to meet basic needs and forced to seek additional employment. It is simply unacceptable that as many as 96 percent of all service workers at UC are eligible for some form of public assistance, including food stamps, WIC, public housing subsidies, and reduced lunch. Most important from the UC perspective, these low wages lead to high staff turnover, understaffing, and reliance on temporary workers, all of which can jeopardize quality of care and ultimately UC's world renowned reputation.

Low wages hurt not only the workers but the communities in which they live. A recent report from the Center for Labor and Community Research documents how UC's low wages negatively impact 55 cities and neighborhoods throughout California. Of the 55 communities surrounding UC's ten campuses and five medical centers, average income is 15 percent lower and poverty is 50 percent higher. Many of our constituents are suffering enough with high gas prices, skyrocketing food costs, home mortgage challenges and inflation. It is not enough to simply provide jobs for Californians. These jobs must provide a secure economic future for workers and their families.


We believe that there is no clear reason why wages are so low. In 2007, UC had \$22.4 billion in net assets, an 18% increase since 2005. UC Medical Center posted profits of \$371 million in 2006, up from \$243 million in 2005. Moody's Investors Service has upgraded UC bond ratings, citing that it has a "health and consistent operating performance, with operating cash flow in excess of \$2 billion driven by a highly diversified revenue stream with no single revenue source exceeding 25% of total revenues...and a sizeable balance sheet that remains highly liquid, with \$5.9 billion of unrestricted financial resources."

The University has been quick to utilize these financial successes to support executive pay increases, including salaries nearing \$700,000 and bonuses approaching \$100,000. So, why are the workers not receiving a livable wage commensurate with wages at other California hospitals and colleges?

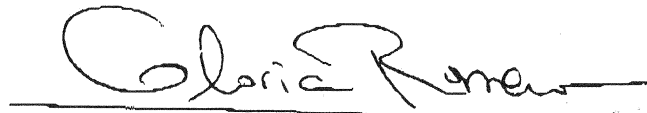
According to the state-appointed, independent fact finder Carol Vendrillo, these low wages are a matter of priorities and not a lack of resources. She noted that "UC has demonstrated the ability to increase compensation when it fits with certain priorities without any demonstrable link to a state funding sources...It is time for UC to take a broader view of its priorities by honoring the important contribution that service workers make to the UC community and compensating them with wages that are in line with the competitive market rate."

It is our hope that the University will realize the importance of these workers and their families and move quickly to accept their moral obligation entrusted to them by the people of California to ensure that they provide a livable wage for their workforce. We hope that actions will be taken immediately to address the ongoing contract dispute with UC Service Workers represented by AFSCME Local 3299 that have gone out on strike today. We look forward to hearing back from you regarding the progress of negotiations.

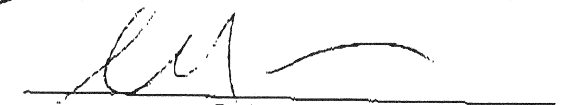
Sincerely,



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President pro Tempore, 9th District



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Senate Majority Leader, 24th District



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Assistant President pro Tempore, 8th District

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