

The background of the entire page is a dense crowd of human silhouettes in various shades of gray. In the lower-left quadrant, a silhouette of a person holds a torch with a bright, glowing flame. The overall tone is somber and emphasizes a large group of people.

WORKING IN THE SHADOWS

**HOW OUTSOURCING AT THE UNIVERSITY
OF CALIFORNIA ADDS TO THE RANKS OF
CALIFORNIA'S WORKING POOR**

“I am here to remind [the University] of their commitment to giving back to the community. There is a constant trend of the University completely forgetting the commitment for why this educational system was made. I study global poverty and practice. I study the infrastructures that create poverty in our society. And I turn around, and see the institution that I am studying from is itself complicit... in creating poverty and keeping people down.”

— Marium Navid, Student, University of California, Berkeley & External Affairs Vice President, Associated Students of the University of California



In an effort to protect the identities of several UC subcontractors fearful of possible retaliation from either their employer or UC administrators for telling their story, we use some fictional names in quotation marks and withhold the names of private contractors.

EXECUTIVE SUMMARY

In the wake of the Great Recession, the issues of rising poverty and income inequality have been a recurring subject of academic study and debate amongst policymakers.

Existing research tells us that a key driver of this structural change in our economy is the replacement of permanent, career workers with “temporary,” “contingent,” or “subcontracted” workers retained through staffing agencies or private contractors. In fact, since the end of the Great Recession (mid-2009), this segment of the workforce has grown at nine times the rate of traditional career employment.ⁱ

Left unanswered is the role government and public institutions can play in addressing this problem. And, perhaps more to the point, the extent to which they are also contributing to the problem.

To begin answering these questions, this study seeks to put existing research into context by examining the scope and depth of both poverty and income inequality at the University of California (UC)—a growing public institution that is also California’s third largest employer, and ironically, the source of much of the research that has brought these issues to the forefront of public debate.

In this report, we examine a variety of factors, including UC’s economic footprint in California, the scope and nature of its contingent employment practices, the contrast between wages/benefits/job duties/working conditions of UC career workers versus contingent workers, and the impact that several planned UC expansions could have in the years ahead.

It is important to note that this study follows a report from 2014 highlighting that 99 percent of UC’s career service workers, those who largely perform the same functions as many contingent workers at UC, qualified for some form of public assistance.ⁱⁱ Yet many contingent workers face a harsher reality—lower wages, few benefits or job protections, and higher workplace injury rates.

Moreover, these dynamics disproportionately impact immigrants and communities of colorⁱⁱⁱ—a stunning

“...without a dramatic policy shift, the only thing likely to expand faster than UC campuses is the number of contingent workers at UC living in poverty.”

revelation in light of the University’s historical importance to efforts to promote racial equality.

Summary of Findings:

- ◆ Between 2009 and 2014, while the number of UC students and facilities grew, the number of career UC service workers decreased. This suggests UC is increasing its reliance on private contractors to perform jobs normally done by career UC workers.
- ◆ UC currently uses at least 45 private contractors employing thousands of subcontractors who perform the same work as career UC employees—such as custodians, security officers, parking attendants, and food service workers.
- ◆ UC’s contingent workers receive only a fraction of the wages paid to UC career workers performing similar work—with few, if any, benefits.
- ◆ There is evidence to suggest that UC’s subcontractors tend to do the most hazardous work out of fear for their jobs if they refuse.
- ◆ Contract work at UC is not just “temporary.” UC employs various strategies to retain subcontractors for years.
- ◆ UC’s recent expansion at UC San Francisco (UCSF) Mission Bay includes hundreds of contingent workers, and planned expansions in Richmond and Merced are expected to follow a similar model.

Ultimately, without a dramatic policy shift, the only thing likely to expand faster than UC campuses is the number of contingent workers at UC living in poverty.

To address this looming crisis, public institutions like UC can utilize their market influence to raise wage standards and overall working conditions. One possible solution lies in reforming UC contracting standards to ensure that contingent workers receive equal pay to UC career workers performing the same work.

WORKING IN THE SHADOWS:

HOW OUTSOURCING AT THE UNIVERSITY OF CALIFORNIA ADDS TO THE RANKS OF CALIFORNIA'S WORKING POOR

INTRODUCTION

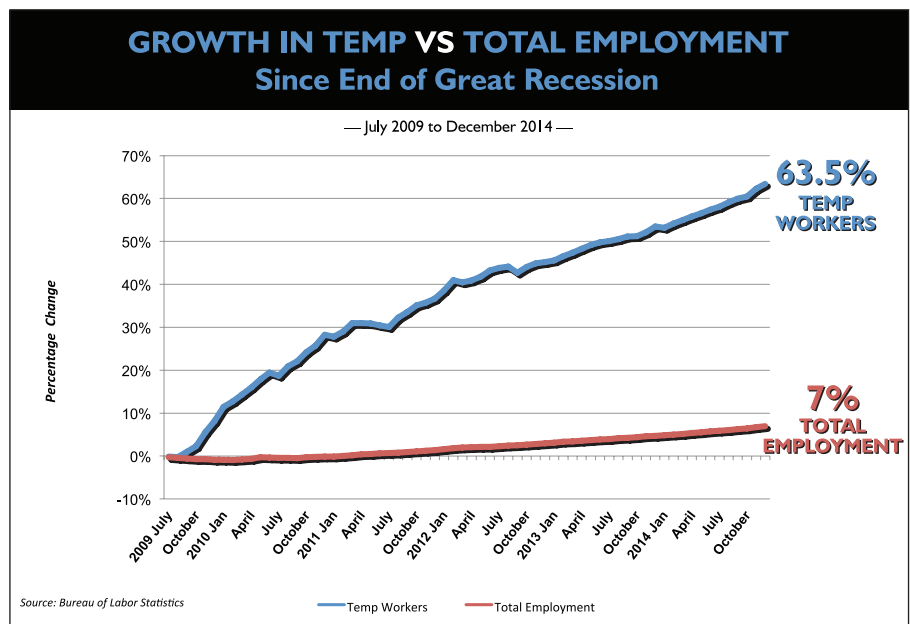
The United States today has a record level of income inequality that is “probably higher than any other society, at any time in the past, anywhere in the world,” as noted by economist Thomas Piketty in his bestselling book, *Capital in the Twenty-First Century*.^{iv} There are few states where this is more evident than California.

California is home to more of the “super rich” than anywhere in the country.^v It also has one of the highest costs of living and some of the highest poverty rates in the nation.^{1 vi} According to a recent study published by the Economic Policy Institute, *The Increasingly Unequal States of America*, California ranks among the top five states with the highest income inequality. Since the Great Recession, all income growth recovered in the state has gone to the fortunes of the top 1 percent.^{vii}

Robert Reich, former Secretary of Labor in the Clinton administration who now teaches at the University of California Berkeley, in his documentary, *Inequality for All*, partly attributes the widening income gap to the replacement of permanent jobs with contingent work.^{viii}

University of California Los Angeles (UCLA) Law Professor Katherine Stone adds, “There’s been an unraveling of job security in the labor market, as well as a diminishment of benefit packages and a deterioration of stable, reliable wages and promotion pathways. There’s been a really fundamental shift in the nature of employment—it’s a sea change.”^{ix}

More and more, employers are changing or obscuring their employment relationships—whether it’s through the use of temporary workers, project workers, contractors, or on-call workers—and public



¹ California records some of the highest poverty rates in the country when cost of living is taken into account.

institutions are no exception. Since 2009, the temp industry grew by 64 percent, compared to a 7 percent increase in total employment.^x “There is just a big shift to this for a lot more workers, which makes them a lot more vulnerable,” notes a top Department of Labor official.^{xi} This has made economic recovery elusive for low-wage workers.

A contractors’ business model relies on shaving labor costs in order to increase profits—hurting low wage workers and their families. In fact, a growing body of research and wage data shows how outsourcing decreases workers’ wages, results in a loss of job protections and voice on the job, and makes workers more susceptible to dangerous working conditions and high workplace injury rates. This is particularly true for low-wage subcontractors, 65 percent of whom are immigrants and people of color in California.^{xii}

Outsourcing also shifts additional costs onto taxpayers, as contingent workers are increasingly forced to rely on public assistance programs to support their families.

The broader economic implications that result from the abuse of low wage workers has been termed the *Wal-Mart effect*, but it is not a phenomenon that is exclusive to Wal-Mart.^{xiii}

Many of these same dynamics exist at the University of California—which has built an army of contingent, low wage contract workers while at the same time growing its ranks of highly paid administrators.^{xiv} At the height of the state’s funding crisis—as UC students were hit with unprecedented tuition hikes and instructional programs were slashed along with student support services—the number of six- to seven-digit salaries escalated for UC executives, as did the ranks of its middle managers.^{2,xv}

Even with \$1.4 billion in tuition increases to replace \$900 million in state funding cuts,^{xvi} UC administrators resorted to multiple cost cutting strategies. This included the outsourcing of hundreds, if not thousands, of service jobs (including maintenance, custodial, and food service) normally performed by career UC

A UC 2015 Berkeley report finds that spending on public assistance programs costs California taxpayers as much as \$3.7 billion annually.

employees. Today, despite the continued restoration of state support to the University of California (92 percent of 2009 funding levels),^{xvii} the outsourcing of service work persists.

This raises important questions for policy makers. As UC administrators call for additional state funding, citing the University’s role as an economic engine and catalyst for social mobility for Californians, the question is *social mobility for whom?* Will Californians continue to condone a culture that defends seven-figure salaries for UC elites, while eliminating middle class career pathways, and adding to the ranks of California’s working poor?



² In 2008, 293 UC employees received gross pay in excess of \$400,000 at a total cost of \$160 million. By 2013, after years of budget cuts and tuition hikes, 793 employees received paychecks in excess of \$400,000 at a total annual cost of \$452 million. At the same time, the cost of extra perks that 250 of UC’s highest paid employees receive—including housing, car allowances, moving costs and cash bonuses—swelled from \$17 to \$24 million a year.

UC OUTSOURCING PRACTICES DEGRADE MARKET STANDARDS ACROSS CALIFORNIA:

UNIVERSITY OF CALIFORNIA'S ECONOMIC FOOTPRINT

The University of California system generates \$46.3 billion in annual economic activity through its 10 campuses and 5 medical centers spanning the State of California. It is also the third largest employer in the state.^{xviii} By virtue of its large footprint and *reach*, there is little refuting that the wages and benefits the University pays its employees, and the working conditions it creates, impact virtually every corner of the state's economy. It is one of the largest, if not *the* largest, employer in the metropolitan areas in which it operates. By definition, UC is an anchor institution embedded in the communities it serves, setting local market standards for high- and low-wage jobs alike.

Just as the University of California can raise standards, the opposite is also true. UC can erode local market rates and living conditions for communities, particularly those communities that are already vulnerable.

Such is the case for low-wage workers who work at the University of California's campuses and medical centers but are not directly employed by UC. They are subcontractors who make up a growing shadow workforce across the UC system. Many have been working full-time on UC campuses for years

alongside career employees—such as custodians, food service workers, parking attendants, and security officers—doing the same work. Many are also supervised by UC managers.

The true extent of outsourcing at the University of California is not known given the lack of transparency and accountability around the University's outsourcing practices.³ However, what is known is that between 2009 and 2014—as UC increased student enrollment by 9,000 new students^{xix}—the number of service workers directly employed by UC decreased by almost 150 positions.^{xx} This decline is surprising given the substantial increase in students served by dining halls and dormitories, and the explosion of new buildings throughout the system to clean and maintain.

These trends suggest UC is increasing its reliance on private contractors. Preliminary estimates suggest there are at least 45 contracts for services such as custodial, food service, security and transportation, covering thousands of subcontracted workers.^{xxi} This contingent workforce will undoubtedly increase with UC's recent issuance of a Request for Proposal (RFP) for a system-wide contract that seeks temporary staff for UC Health.^{xxii}

³ In late 2014, the American Federation of State, County and Municipal Employees (AFSCME) Local 3299 filed charges with the California Public Relations Employment Board (PERB) against the University for its unresponsiveness to information requests regarding the outsourcing of UC jobs.

Shining a Light on the University of California’s Growing Shadow Workforce

UC subcontractors are paid as much as 53% less than UC career workers.^{xxiii} They also receive few to no benefits, and have virtually no protections on the job.^{xxiv} Some contractors report that they can be fired for any reason, including for calling in sick. They are caught in a race to the bottom, adding to the ranks of the poor throughout the State of California.

UC hires subcontractors using various justifications. One such justification is to provide “temporary relief” services when staffing levels are too low. Service workers report that low staffing levels are relatively common as UC is slow to fill career service positions when workers retire. This results in heavier workloads, increasing workers’ risk of injury.⁴ This may help explain a 19 percent increase in injuries reported by service workers at UC Berkeley since 2010, and an alarming 41 percent jump in injuries for custodians.^{xxv}

Arnold Meza, a UC Berkeley custodian, has witnessed this first hand. “More workers are getting hurt because they lack the training and the square footage on campuses is growing. As workers are injured or they retire, the University is slow to hire new people. I work at the engineering building on campus, and we used to have five and a half custodians assigned to the building. We lost one person to another building, which put us at four people. While we were short staffed, another person got hurt, which left us with just three custodians covering the same amount of square footage.”^{xxvi}

“Contractor employees will be supervised on-site by University employee Site Supervisors. Contractor employees are expected to receive and carry out any instructions that may be given to him/her in the performance of their work from University Site Supervisors. Contractor will be held liable for the faithful observance of any such instructions.”

— Custodial Relief Services Agreement
between UC Regents & Impec Group, Inc.

⁴ Workloads are further exacerbated by the explosion of new buildings on UC campuses (increasing the square footage) and the increase in student enrollment that generates the need for more services.

⁵ Such is the case for Kin Wing Kwong, a custodial subcontractor at UCSF Medical Center since 2012.

What is An Anchor Institution?



- ◆ Is it one of the largest employers, providing multilevel employment possibilities?
 - ◆ Is it a job generator?
 - ◆ Does it have an important presence in the community?
- ◆ Does it have economic impacts on employment, revenue, and spending?
- ◆ Does it consume sizeable amounts of land?
 - ◆ Does it have large assets and is therefore not likely to relocate?
- ◆ Is it among the largest purchasers of goods and services in the region?
- ◆ Is it a center of culture, learning, and innovation with enormous human resources?

Instead of adequately staffing departments with UC career employees, UC brings in outside vendors to provide “temporary relief” services. Yet, there is nothing temporary about some of these contracts. As in the case with Impec Group, Inc., a former custodial contractor at UC San Francisco Medical Center, some of them are in place for years and are staffed by full-time subcontractors assigned permanent workstations.^{5 xxvii}

Another strategy is for UC to acquire a facility and maintain the incumbent building management company. Such was the case when UC purchased the UC Path Center in Riverside, CA, in late 2012. UC officials retained the existing management company, CBRE, to maintain the property. CBRE also lists UC Regent Richard Blum as a Director. At the time of the acquisition, UC officials argued that the University did “not have the infrastructure to operate and maintain the facility.”^{xxviii} Today, there are approximately 50 subcontracted custodians, as well as security guards and groundskeepers. As of 2013, subcontracted security guards were paid \$10 per hour.^{xxix}

Outsourcing Reduces Wages and Imposes “Hidden” Costs Onto Taxpayers

A report published by In The Public Interest, *Race to the Bottom: How Outsourcing of Public Services Rewards*

Corporations and Punishes the Middle Class, refers to a growing body of evidence and industry wage data that show how outsourcing of public services creates a downward spiral that reduces wages and benefits.^{xxx} The result is the degradation of local economies, a hollowing out of the middle class, and a heightened vulnerability of poor communities overall.

A University of California Berkeley study released in 2012 finds that temporary building, groundskeeping, and maintenance workers in California earn 22 percent less than their non-temporary counterparts. It also concludes that temporary workers are two times more likely to live in poverty, and therefore three times more likely to require some form of taxpayer-supported public assistance.^{xxxi} This report is aptly entitled, *Temporary Workers in California are Twice as Likely as Non-Temps to Live in Poverty: Problems with Temporary and Subcontracted Work in California*.

The report also concludes that employers are increasingly relying on a temporary workforce to avoid unions and collective bargaining agreements.^{xxxii}



Another UC Berkeley report published in 2010, *Labor Standards for School Cafeteria Workers, Turnover and Public Program Utilization*, concludes that subcontractors require an additional \$1,743 in public assistance *each year* per worker.^{xxxiii}

The economic vulnerability faced by these types of workers—even working two or three minimum wage jobs—forces many of them to rely on public assistance to support themselves and their families.

At University of California Berkeley, “Marco” has been working as a subcontractor for 20 years. He makes \$11.00 per hour, or \$12.31 less per hour (or 53 percent) than what a UC Berkeley career worker would make after working the same number of years in the equivalent job classification. This gap does not even take into account the benefits UC career workers receive, including holidays, sick leave, vacation, healthcare coverage, and pension benefits.

“Marco” quietly acknowledges that he has had to ask both family and friends to loan him money to help pay

“In my mind, what it boils down to is that you don’t look at these people like people. You look at them like money. They have children and they get sick, too. We learn about oppression in my classes. And, I can see that this oppression is coming from the top of the UC system down to the people of the community.”

— Lauren Butler, Student, UC Berkeley

for food. Although his family qualified for the Women, Infants, and Children (WIC) Supplemental Nutrition Program, a public assistance program that provides healthy food for low-income families, it was still not enough to feed his family. “As a father of three children, what other choice did I have?”

At UCLA, “Armando” works as a part-time custodian for UC. It is not uncommon for the University to hire part-time workers, but not for lack of work. Part-time workers do not receive healthcare or other benefits. Ironically, he supplements his part-time UC job with a full-time job at UC through an outside staffing agency.

“Armando” has been working 40 hours a week through the staffing agency for the last three years. He, too, works alongside UC career workers and is supervised by a UC manager. He explains that the company does provide health insurance but the premiums are impossible to afford. He has had to go without coverage for himself, while his four kids are insured through the State’s Medi-Cal program. “Armando” struggles financially as the sole provider for his family, and frequently has to choose between making his car payments or paying his water and electricity bills. “But, the toughest thing I’ve had to do is tell my kids they can’t play sports because we can’t afford it. We just don’t have the money.”

Ultimately, these “hidden” costs come at a tremendous cost to taxpayers. A report released by UC Berkeley in April 2015, *The High Public Cost of Low Wages*, attempts to quantify the total cost of paying workers poverty wages. Public assistance programs cost California taxpayers \$3.7 billion annually, and the reliance on the State’s public safety net is not exclusive to the unemployed. In fact, 50 percent of these program costs support working families—that is, households with at least one working adult.^{xxxiv}

However, policy makers rarely acknowledge these “hidden” subsidies when they discuss state funding for the University of California.

Lack of Job Protections Increases Workers’ Vulnerabilities

More difficult to quantify, but no less important, is the lack of job protections for subcontracted workers. This includes being afraid of losing their job for calling out sick, reporting a workplace injury, or refusing an unsafe assignment. In fact, temporary workers tend to be placed in dangerous jobs without proper training or safety equipment.^{xxxv} As a result, they face a greater risk of workplace illness, injury, and even death.

A ProPublica analysis of millions of workers’ compensation claims finds that temporary workers in California face a 50 percent higher risk for injury than their non-temporary counterparts.^{xxxvi} This number likely underestimates the extent of the problem since temporary workers are reticent to report their injuries out of fear of retaliation.^{xxxvii}

At UC Davis Medical Center, a UC supervisor asked “Cristina,” a subcontractor, if she was willing to clean the showers used by doctors and nurses who were treating a newly admitted patient suspected of having contracted the Ebola virus. “No one else volunteered but I accepted. I didn’t receive any training [on how to properly clean and decontaminate an Ebola-infected area], not even on the spot. It *was* really scary but all I could think about was holding on to my job.”

Edwin Perez, a custodian who worked as a contractor at UCSF Medical Center, did not take one sick day in his three years at the campus. A 50-year old immigrant from Guatemala, he says, “You don’t work, you don’t get paid.” But these workers risk more than a day’s pay when they are ill. They are actually afraid they will lose their job. “It happens here. It’s not uncommon. People who have called out sick have been told to not report back to work. I’ve been afraid myself even after working here three years.”

Edwin also says subcontractors were routinely taken advantage of by UC management. Asked if UC supervisors ever asked him or his co-workers to work an extra 15-minutes for free here or there to finish a job, he says, “No, they don’t have to. When there is extra work that needs to get done, they just add it on to your

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regular station. They don’t ask UC workers. They just make us work harder. And, I just say ‘yes, yes.’ I can’t say no. Otherwise, they could tell me to not come back.”

Little Transparency or Public Accountability around the University of California’s Outsourcing Practices

Unfortunately, there is little transparency or public accountability around UC’s outsourcing practices. The University of California is not required to follow the same outsourcing practices as other state agencies, including the California State University or California Community College systems. The result is that UC can use subcontractors with greater ease, undermining the wages, benefits and job protections bargained by UC’s direct employee unions.

This degradation of wages and benefits is inherent to a business model that relies heavily on making a profit by shaving labor costs. The ‘floor’ is the minimum wage that private contractors are required to pay their workers and the ‘ceiling’ is what private contractors negotiate for themselves to provide those services, with little to no accountability in between. Such a model is particularly problematic in the janitorial industry, a chronically low-wage sector where contractors frequently operate as virtual outlaws, violating immigration laws, tax laws, wage and hour laws, and other labor protections.^{xxxviii}

UC officials admit that to bring subcontractors to parity with UC career workers—that is, equal pay for equal work—average wages would need to increase by 25 percent. This figure does not include benefits, such as health insurance and paid time off provided to career UC workers but not to subcontractors.^{xxxix}

A TALE FROM UC SAN FRANCISCO HEALTH SYSTEM: A RACE TO THE BOTTOM

The deterioration of living standards is exemplified at the University of California San Francisco (UCSF) Medical Center, one of the top medical centers in the country, if not the world. As the second-largest employer in San Francisco, and the fifth-largest employer in the region, UCSF serves as an anchor institution for the Bay Area.^{xi} It is also a public institution that receives millions of taxpayer dollars to support health instruction, and acts as one of five designated Ebola treatment facilities in California.

In 2014, UCSF Medical Center posted a profit of \$384 million, and Mark Laret, CEO of UCSF Medical Center, was paid \$1.45 million in cash compensation.^{xii}

This stands in stark contrast to minimum wage subcontractors without health insurance who only have access to sick days thanks to a city ordinance passed by San Francisco voters in 2007.^{xiii} Not surprisingly, many of these subcontractors work one or two additional jobs to supplement their salaries. They could make more money per hour driving for Uber or cleaning Apple retail stores than working at UC.^{xliii}

From December 2011 to March 2015, UCSF outsourced a portion of its custodial work to Impec Group, Inc., a private company based out of Santa Clara. Impec Group was hired to provide “relief custodial services,” including at the new state-of-the-art Mission Bay hospital. Yet, most Impec custodians worked 40 hours per week and were assigned permanent workstations alongside UC career employees.

“We have workers at our institution [UCSF Health System] who are not paid a living wage, and for a healthcare institution that should be intolerable. If we decide to get serious about actually reducing health disparities in the Bay Area, then one of the first steps would certainly be to take care of the workers in our own community and on our campus.”

— Howard Pinderhughes, Associate Professor,
School of Nursing, UC San Francisco

On January 1, 2015, Impec workers saw their hourly wage increase to \$11.05 per hour thanks to San Francisco’s new minimum wage. By the time Impec’s contract ended, an Impec custodian working at UC since 2011 made \$5.96 per hour less (or 35 percent) in wages than what a UC career custodian earns with the same duties and the same number of years on the job.

Kin Wing Kwong, an immigrant from China, began working as a custodian at UCSF Medical Center in 2012. He was hired directly by Impec Group at \$16.25 per hour and after working 2,000 hours, saw his hourly rate increase to \$18.44 per hour. In December 2013, his pay was cut to \$15 per hour, and then cut again several months later to \$10.74 per hour, San Francisco’s minimum wage at the time.

Kin explains that Impec officials told him and his co-workers that the company feared it was about to lose its contract with UCSF. Hospital officials claimed they had less money and needed to bring down their costs. Impec officials renegotiated their rates with the Medical Center and cut workers' pay.

That year, UCSF Medical Center closed out its fiscal year with a \$153 million profit,^{xliv} and CEO Mark Laret was paid a \$300,000 bonus contingent on the hospital carrying a positive cash balance.^{xlv}

Sagar Wagle, a first year medical student at UCSF Medical School, has been vocal in his support for Impec workers. He attended a meeting with UC officials in March 2015 to voice his concern. "When we found out that Impec workers, working at one of the best hospitals in the world, who do the same work as UC workers but are paid minimum wage and do not have health benefits or sick leave, quite frankly, this is embarrassing... Walmart is a private company. They are there to make money. We, on the other hand, are here to provide a service to society. The fact that these things are happening in front of our eyes is just not acceptable."

UCSF's contract with Impec Group, Inc., expired a couple of days after that meeting. After four years, hospital administrators chose not to renew the contract. As a result, approximately 19 of the remaining

Kin's wife, a Medical Assistant at UCSF, lost her job in 2013. At the time, they had a 6-month-old baby boy. Kin picked up a third job delivering pizzas to supplement his Impec salary and his second job driving for Uber.

Kin recalls, "Our baby needed to get a series of vaccinations recommended for 6-month-olds. It would have cost us something like \$300 or \$500, but we just didn't have that kind of money lying around. We had no choice but to wait."



Impec workers were laid off, while four workers were automatically transitioned to MGA Healthcare, another private contractor at UCSF.

Today, Kin Wing Kwong is one of two former Impec workers left at UCSF. On his first day as an MGA Healthcare employee, Kin was reassigned to the same workstation at UCSF Medical Center that he had cleaned for the past three years.

On 3/1/15 (after 3 years on job)	IMPEC CUSTODIAN	UCSF CAREER CUSTODIAN
Wages	\$11.05/hr	\$17.01/hr
Shift Differential	No	Evening (\$1.25/hr) Night (\$2.00/hr)
Healthcare (Employer-Sponsored)	No	Family Health Coverage
Retirement/Pension	No	Defined Benefit Plan
Sick Days	3 (SF Ordinance)	12 Sick Days
Holiday	∅	13 Holidays
Vacation Days	∅	15 Vacation Days

TALES FROM THE FUTURE:

UC BERKELEY'S GLOBAL CAMPUS AT RICHMOND BAY

The University of California is currently embarking on major expansion projects not seen in decades. Administrators are planning to develop not just new facilities but *entire* campuses. This includes the new Berkeley Global Campus at Richmond Bay, and a major expansion at UC Merced Campus to accommodate 4,000 new students by 2020.^{xlvi} Both communities already register some of the highest poverty rates in the State of California.^{xlvii}

In light of UC's outsourcing practices, these expansion efforts raise serious concerns, including UC's vision for the 133-acre campus it will build in Richmond, CA. The Berkeley Global Campus at Richmond Bay will be three-quarters the size of UC's Berkeley campus, and will have 10,000 staff, faculty and visitors on an average day.^{xlviii}

Today, Richmond is one of the poorest cities in all of California. The legacy of chemical and ammunition companies who vacated the community after World War II has left environmental and economic consequences that persist to this day. Twenty-eight percent of children live in poverty in Richmond.^{xlix} Additionally, the "suburbanization of poverty" in the Bay Area has created a high concentration of low-wage jobs in Richmond, along with a heavy public health burden from housing the state's leading emitter of greenhouse gases, the Richmond Chevron Refinery.¹

There is no doubt that such a large-scale investment in Richmond will transform the community. While the complete build out of the new campus is likely to

"With huge developments in our city, we see a culture of island of opportunity and displacement. For Richmond, CA, known for having very high poverty and vulnerable communities, we've see businesses come in and out on a constant basis. But the City of Richmond hasn't really benefitted from it."

— Melvin Willis, Organizer, Alliance of Californians for Community Empowerment (ACCE)

take 40 years, the effects will be felt in Richmond the moment the University of California breaks ground in the next year or so.

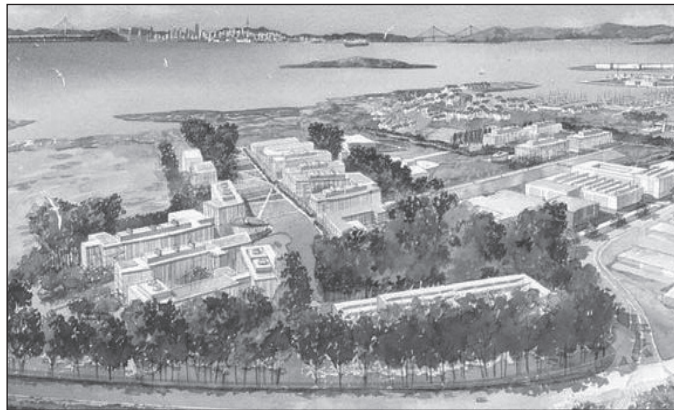
Still unknown is whether UC will only add to the scars left by Richmond's industrial past, or create opportunities that can uplift the community in the future.

For example, once built, UC Berkeley's proposed Richmond Global Campus will need hundreds of food service, building maintenance, groundskeeping, and transportation workers. If these functions are outsourced to private contractors paying rock bottom wages—instead of being filled as career UC jobs with livable wages and benefits—UC risks only exacerbating the high poverty rates that already plague the Richmond community.

A report released by the UC Berkeley Haas Institute for a Fair and Inclusive Society, states, "Universities,

hospitals, and other ‘anchors’ are embedded within the community and are uniquely positioned to have far-reaching impact on the local and regional economy. Their promise can be realized by connecting the core mission of the institution to the aspirations of the community.”^{li}

Today, more and more Richmond residents are calling on the University of California to do just that. Ernestina Sandoval, a single mother who makes minimum wage at McDonald’s, took her case straight to the Regents of the University of California in March 2015. “UC needs to prove that they are really about the benefits [they boast about] in their brochures. Richmond needs to be uplifted, not exploited.”^{lii}



“...with Richmond, UC Berkeley has the power to... set a new national standard for urban renewal.”

— Alice Huffman, President, California-Hawaii State Conference of the NAACP, in the Oakland Tribune, 5/17/15

CONCLUSION:

A CALL TO HOLD PRIVATE CONTRACTORS AND PUBLIC INSTITUTIONS TO HIGHER STANDARDS

With the temporary employment industry poised for continued growth, the replacement of career jobs with temp work will further contribute to the increasing income inequality in this country. It is for this very reason that there is urgency to address this crisis, particularly in California.

One obvious place to start is by holding our public institutions—institutions that already benefit from direct taxpayer support, such as the University of California—more accountable as employers. As the recipient of more than \$3 billion in taxpayer dollars,^{liv} and as the third largest employer in the state, standards set by UC that lift workers out of poverty would reverberate to *every* corner of the state’s economy.

One possible solution is to require contractors who do business with the University to pay their workers at UC facilities wages and benefits comparable to those of UC career employees. In other words, equal pay for equal work. It is only with this parity that we can ensure that neither low-wage workers nor taxpayers will bear the burden of a business model that relies on paying its workers poverty wages.

END NOTES

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This report was written by AFSCME Local 3299, and published in July 2015.



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