

PIONEERING INEQUALITY



Race, Gender, and Income Disparities
at the University of California

“As the UC prides itself on being an agent of social mobility for students, it might follow that UC could similarly be an agent of social mobility for lower-wage workers . . . [UC needs to] better compensate lower wage workers, both employed and contracted—so that fewer would be concerned about housing, hunger and healthcare . . . [M]uch work remains, including holding flat executive compensation and benefits that near many hundreds of thousands of dollars and more, far beyond what the average Californian would think reasonable for the employee of a public university.”

—Jerry Brown, Governor of California

“Reading this report was extremely troubling to me. The University of California is one of the premier state university systems in the world, and the fact that it consistently exhibits racial and gender disparities in employee compensation and promotion sends a terrible message to the larger public. The UC system as a whole must take immediate steps to address persistent inequalities from the bottom to the top—starting with its lowest paid and most diverse workforce.”

—Donna Murch, Associate Professor of History at Rutgers University

“This important and well-documented study shines a bright spotlight on troubling employment and compensation patterns disadvantaging many workers employed at the campuses of the University of California. The findings are consistent with state-wide trends identified at the recent ‘State of Black California’ hearings organized by the California Legislative Black Caucus.”

—James Stewart, Professor Emeritus of Labor and Employment Relations at Penn State University

“There’s a growing public will to address conditions that have historically stifled progress for disadvantaged communities.”

—Alice Huffman, President of the California State Conference NAACP

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Executive Summary

As the University of California celebrates “150 years of pioneering a better future,” this report draws upon not-previously released demographic data of UC’s own workforce, and includes a case study of UC’s lowest-paid and most diverse employee segment to reveal a racial and gender dimension to the widening gap between the highest- and lowest-paid workers. This report also examines the decline of Blacks within this workforce, and related outsourcing practices that undermine wages and working conditions.

From 2005-2015, the income gap between UC’s highest-paid and lowest-paid workers got much wider

- ▶ The ratio between the average salary for UC’s top 1% of wage earners and the median salary for all workers grew from 7:1 to 9:1. Top administrator salaries grew by 64%.
- ▶ The share of total payroll cost for UC’s top 10% of wage earners grew from 22% to 31%, while the share for the bottom 50% *dropped* from 24% to just 22%.

UC’s highest-paid administrators include a higher proportion of whites and men than the State of California while its lowest-paid workers are mainly people of color and women

- ▶ Compared to California as a whole, both women and people of color are dramatically under-represented in the ranks of UC’s senior managers and executives.
- ▶ AFSCME Local 3299, a union representing UC’s lowest-paid workers, is the most diverse segment of the University’s workforce—79% non-white, and 56% female.

Analysis of UC’s low-wage workforce (AFSCME-represented service and patient care workers) reveals racial and gender hierarchies

- ▶ White and Asian/Pacific Islander (API) workers are more often hired into higher-paying titles, while Blacks, Latinos and Latinas are more often hired into lower-paying job titles.
- ▶ Men are more concentrated in higher-paying job titles, and women in lower-paying titles.
- ▶ On average, Latinos and Latinas earn starting wages 21% lower than white workers, and Blacks earn 20% less than whites.
- ▶ Average starting wages for women are as much as \$2 per hour less than men.
- ▶ The patterns of racial and gender hierarchy are consistent across all UC campuses.

Within UC’s low-wage workforce, Black women face the greatest income disparities

- ▶ Depending on whether they are service or patient care workers, respectively, average starting wages for Black women are 10% or 23% lower than for white men. This is a difference of \$3,946 or \$15,785 per year.
- ▶ Among frontline patient care workers, racial pay gaps are the most prominent. White men and white women make higher average starting wages than all other demographic groups.
- ▶ Among service workers, the gender gap appears more determinative. All male demographic groups make higher average starting wages than female groups, with white men making the highest.

Blacks are disappearing from UC's service and patient care workforce

- ▶ In 1996, Blacks comprised 19% of all UC service and patient care workers. By 2015, they comprised just 12%—a 37% decline.
- ▶ The Black AFSCME-represented workforce is declining at every UC campus, but the starkest drops have been at UCLA, UC San Diego, and UC Santa Barbara.
- ▶ While UC service and patient care jobs pay among the lowest wages at UC, they have historically offered a ladder to the middle class for the most diverse segments of UC's workforce. A sudden loss of Black workers represents a problematic trend at the state's third largest employer.

Outsourced UC contractors are less white than UC employees and are also paid a lot less

- ▶ UC's own numbers suggest that it outsources work to over 7,000 contract workers—workers doing the same jobs as its lowest-paid career employees but earning as much as \$8.50 less per hour.
- ▶ A recent California State Audit accused UC of improperly replacing employees with contractors.
- ▶ Surveys of outsourced contractors at UC Berkeley and UCLA suggest a higher percentage of Blacks than among directly employed UC workers who do the same jobs.

- ▶ In addition to lower wages, many outsourced workers receive no benefits and report illegal labor abuses such as wage theft.
- ▶ Surveys show many UC contractors are not temporary, but work full-time at the University for decades.

UC's minimum wage policy perpetuates racial and gender inequality instead of curing it

- ▶ UC's \$15 minimum wage policy is rooted in protecting financial incentives that encourage UC to outsource what would otherwise be middle class jobs for workers of color.
- ▶ UC's own internal audits show the policy is not being enforced, creating even more downward pressure on the wages of UC's lowest-paid and most vulnerable workers.

Recommendations

The University of California must do more to combat inequality within its ranks. The lowest-paid jobs at UC must be preserved as ladders to the middle class for communities of color, and UC should enact policies that promote career advancement and strengthen protections against discrimination. UC should also take steps to address the wide ranging inequities and abuses faced by vulnerable outsourced workers—including hiring them directly or guaranteeing them equal pay with career employees who do the same jobs. A more detailed discussion of these recommendations can be found at the end of this report.



Introduction: By Demanding Economic, Racial, and Gender Equality at UC, Workers Continue Legacy of Pioneering a Better Future

In 2018, the University of California marks the 150th year anniversary of its founding. As UC celebrates “150 years of pioneering a better future,”¹ it’s important to understand how UC’s reputation as a pioneer, particularly with respect to the social issues of the time, has been influenced by the needs of UC stakeholders making demands upon its institutional leadership. For example:

- ▶ The UC did not admit women until 1871, after outcry from its Faculty Senate.²
- ▶ UC’s association with the Free Speech Movement of the 1960’s was a product of student protests after UC Berkeley administrators banned Civil Rights and Anti-War political activity.
- ▶ UC stakeholders fought for 10 years before UC Regents finally divested from Apartheid South Africa in 1986.³

Other important anniversaries this year are the 50th anniversary of the assassination of Dr. Martin Luther King, Jr. during a strike of Black sanitation workers represented by the American Federation of State, County and Municipal Employees (AFSCME), and the 70th anniversary of UC service and patient care workers joining the AFSCME labor union.

Like other UC constituencies, the efforts and struggles of AFSCME-represented UC workers* have played a key role in moving the University of California to act on pressing social and economic issues of the day—often at great risk to themselves and their families, and

almost always in the face of strong resistance from top University administrators.

In 1950, AFSCME-represented UC janitors waged the first strike in UC’s history, declaring that they deserved a living wage and winning the first-ever UC staff benefits package.⁴ They overcame demands from UC Regents to either sign a McCarthyist “loyalty oath” or lose their jobs.⁵ In 1970, Black “Dormitory Maids” voted to join AFSCME to fight against race and gender discrimination in the workplace.⁶ In 1972, these workers waged a 20-week strike and won a first-ever agreement signed by UC barring discrimination against women in response to UC claims of “[immunity] from many federal regulations against sex discrimination.”⁷ In 1983, AFSCME won UC’s recognition of a paid holiday in honor of Dr. Martin Luther King Jr. And later that same decade, as anti-immigrant sentiment began to sweep across California, UC San Francisco attempted to implement an “English only” rule for employees. AFSCME-represented UC workers ultimately waged a two-year campaign to stop them.⁸

Most recently, in 2015, when UC President Janet Napolitano announced phasing in a \$15 minimum wage, the University portrayed the act as emblematic of UC’s leadership and progressive values. In reality, President Napolitano’s action was spurred by increasing scrutiny around the outsourcing of UC jobs—which were already subject to a \$15 minimum wage after AFSCME members waged a one-week strike years prior—to low-wage service contractors not subject to UC’s own labor standards.

*AFSCME represents service workers, such as custodians and groundskeepers, as well as patient care workers, such as nurse’s aides, unit secretaries, X-ray technicians, and workers who clean patient rooms.

Ultimately, a closer look at history reveals that the UC’s reputation for progressive change is more the result of its stakeholders’ determination rather than a trailblazing administration. This backdrop provides important context for the social and economic issues of today—increasing income inequality, intersectional struggles, such as Black Lives Matter and #MeToo, and UC’s own professed commitment to increasing social mobility for disadvantaged populations.

While a lot of focus is placed on these issues of diversity and social mobility in the context of UC’s student population, they have equally important implications for the University’s frontline workforce.

Using newly available data specific to one of the largest and most diverse segments of that workforce, AFSCME-represented UC workers, this report offers a case study to assess how well the University is living up to its highest ideals of “pioneering a better future.”⁹



Historical Timeline of AFSCME Campaigns at the University of California

- 1945**
 - 1948: AFSCME’s first local chapter at UC is chartered at UC Berkeley
- 1960**
 - 1950: UC Berkeley Custodians strike for two weeks and overcome administration demand for McCarthyist “loyalty oath” to win wage increase and first UC benefits package
 - 1970: UC’s Black “Dormitory Maids” join AFSCME to fight against race and gender discrimination at UC. They win their first contract in 1971
- 1975**
 - 1972: UC workers strike for 20 weeks to protest administrators’ refusal to enforce anti-discrimination laws and arbitrary wage cuts. Workers overcome threats of retaliation and attacks by police to win agreement banning gender discrimination
 - 1980s: Together with students, AFSCME helps lead Anti-Apartheid divestment movement at UC
 - 1983: AFSCME wins first recognition of paid holiday honoring MLK Jr at UC
- 1990**
 - 1987: UCSF proposes “English only” rule for workers. AFSCME leads two year campaign to get rule rescinded
- 2005**
 - 2008-2009: After a one week strike and protests at UC Regents Chairman’s offices, service and patient care workers win \$15 minimum wage and protections for immigrants
 - 2014: After research shows 99% of AFSCME Represented UC Service Workers qualify for some form of public assistance, UC settles two year contract dispute
 - 2015: Dozens of long-term immigrant contractors at UCSF are fired after protesting arbitrary wage cuts. UCSF refuses to hire workers directly, claiming they don’t speak English well enough
 - 2015: After news reports of wage theft and other illegal labor abuses involving UC service contractors spark campus protests, UC announces new minimum wage for contract workers
- 2018**
 - 2016: After two year campaign that includes a speakers boycott, UC agrees to insource nearly 200 low-wage immigrant contract workers at UC Berkeley and UCSF

The UC System Determines Market Standards and Employment Opportunities Throughout California

The University of California is the state’s third largest employer, behind only the state and federal governments. Its hiring, spending, and development practices contribute to an annual economic impact of over \$46 billion.¹⁰ With such a large economic footprint, inequity within its workforce can drive inequality throughout California. How UC hires and treats its hundreds of thousands of workers, both directly hired and outsourced, determines market standards in every part of the state.

This role is best captured in Figure 1, a map identifying the largest non-government employers for each state. While the graphic is specifically intended to highlight the size and reach of Walmart as the largest employer in 22 states, it also captures the size and reach of the UC system in California, with

its 10 campuses, five medical centers, three national laboratories, and innumerable satellite facilities and financially affiliated partners. UC’s own economic impact analysis found that it “touches every corner of California . . . even in regions where UC does not have a campus.”¹²

In the same way that large employers like Walmart are known for having an outsized impact on wages and benefits across all industries, the University of California plays a similar role in determining the wage standards and working conditions in the Golden State. Given the size of these institutions, it’s important to recognize that these impacts are not just limited to wages, benefits or working conditions—but to broader economic and social outcomes for both the most and least advantaged communities.



Figure 1. Map of the United States identifying the largest non-government employer for each state.¹¹



UC's Compensation Practices Accelerate Economic Inequality

Income inequality has become an increasing concern nationally, but is also evident at the University of California. At the bottom of the income scale is a shadow workforce of outsourced contract workers who often earn minimum wage or even less.¹³ At the top, executives are paid exorbitant salaries with luxurious perks more commonly seen in the private sector. In between are UC career workers who fight to maintain pathways into the middle class. Their aspirations are made more difficult by UC's practice of outsourcing, which lowers standards for wages and working conditions.

In this report, **contractors** and **contract workers** refer to people who perform service and patient care work at the University of California but are not directly employed by the University. Instead, they are employed by a company that UC has **outsourced** the work to. We distinguish directly hired employees by calling them **career workers**.

The lived experience of income inequality at UC can be measured in different ways. In 2016, researchers at Occidental College analyzed results from a survey on food security for nearly 14,000 clerical and administrative support staff at UC.¹⁴ The survey found that 45 percent of this population have “very low food security,” defined as hunger from skipping meals or reduced food intake due to a lack of resources. An additional 25 percent have “low food security,” defined as reduced quality, variety, or desirability of diet. Researchers also found that within this population, food insecurity was a larger problem for workers of color than white workers. Workers who were Black and Latino/a reported the highest rates of food insecurity.

Job Title	Hourly Rate
Custodian	\$17.45
Food Service	\$17.99
Parking Attendant	\$17.92
Security Guard	\$18.35
Groundskeeper	\$18.09

Table 1. Average starting pay for common types of service workers.¹⁶

AFSCME-represented service workers, one focus of this report, are the lowest-paid career workers in the UC system.¹⁵ As noted in the introduction, it took decades of struggle for these employees to fight their way into the middle class.

UC campuses and medical centers, especially locations employing the largest numbers of workers,¹⁷ are located in the most expensive areas in California. Half of campuses are located in the top 10 most expensive housing markets in California, and all but three campuses are in the top 20.¹⁸ These three campuses (UC Davis, UC Riverside, and UC Merced) are seeing some of the highest annual rent increases, with UC Davis (Sacramento County) experiencing the highest rent growth in the nation.¹⁹ The living costs associated with UC campus locations is a topic explored in more detail later in this report.

In 2013, during the last round of contract negotiations between UC and AFSCME Local 3299 (the union representing the nearly 10,000 UC service workers), the University argued to a court-appointed arbitrator that it was improper for service workers to earn much more than McDonald's workers. Even though it receives over \$3 billion in state taxpayer dollars, the University claimed fast food workers were an appropriate “market comparator” to AFSCME-represented employees.

Additionally, a growing army of near-minimum wage service and patient care contractors, more than 7,000 across the UC system based on UC’s own numbers, is increasingly replacing the work of UC’s lowest-paid career workers.²⁰ Evidence suggests that these outsourced workers not directly employed by the University are the only segment of UC’s workforce with a higher proportion of immigrants and people of color than UC service workers.²¹ Although both types of workers do precisely the same work, contractors earn significantly lower pay and frequently do not have access to employer-provided health benefits or sick days. While the quality of UC career jobs is no doubt a result of gains won by workers and their union, outsourcing service jobs to low-wage contractors undermines these hard fought gains and risks widening income inequality to the detriment of California’s most vulnerable populations. Later in this report, we also describe contractor categories excluded from the \$15 minimum wage policy and internal audits showing that the policy is not being enforced.

In contrast to its stance on service worker compensation and reliance on low-wage contractors, UC does not display similar restraint towards UC executives. Compensation increases for UC’s top

1 percent of employees are frequently justified using “market comparators” culled from the largest private sector companies.²³ A 2017 report from California’s State Auditor found that UC executive and administrative salaries are much higher than that of comparable state employees, and that UC perks for senior managers are more typical of the private sector.²⁴ Newspapers consistently publish exposés with headlines such as “UC Chancellors who resign routinely get big parachutes at executive-level pay” or “UCLA bigs fly first class, stay in luxury.”²⁵

A recent observation made by California Governor Jerry Brown partly captures this dissonance:

“As the UC prides itself on being an agent of social mobility for students, it might follow that UC could similarly be an agent of social mobility for lower-wage workers . . . [UC needs to] better compensate lower wage workers, both employed and contracted—so that fewer would be concerned about housing, hunger and healthcare . . . [M]uch work remains, including holding flat executive compensation and benefits that near many hundreds of thousands of dollars and more, far beyond what the average Californian would think reasonable for the employee of a public university.”²⁶

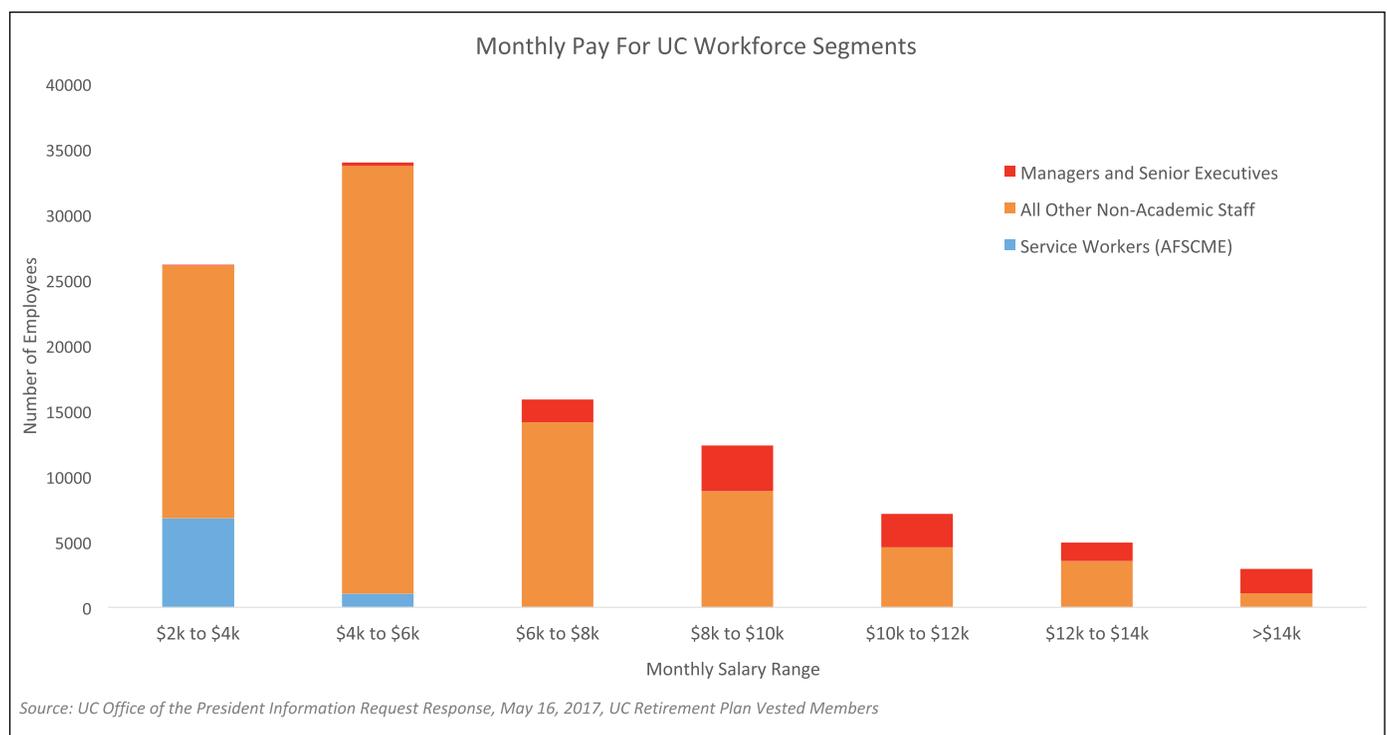


Figure 2. Distribution of employees from three defined workforce segments among monthly pay bands.²²

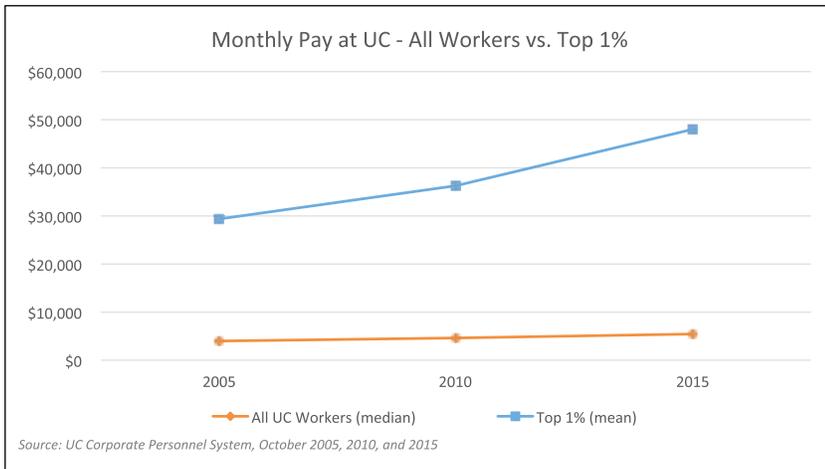


Figure 3. Median monthly pay for all UC workers compared to the mean monthly pay of the top 1% of wage earners in 2005, 2010, and 2015.²⁷

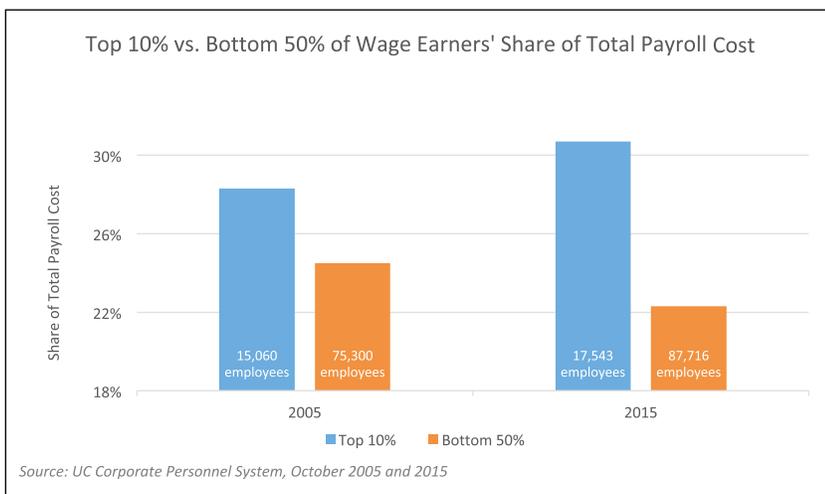


Figure 4. A comparison of the share of total payroll cost for the top 10% of UC wage earners vs. the bottom 50% in 2005 and 2015. Each group of wage earners is labeled with their total headcount.²⁸

In light of these underlying dynamics, a closer look at UC payroll data shows a widening income gap between top administrators and average workers. Between 2005 and 2015, the average salary of UC's highest-paid one percent of employees grew from seven to nine times that of the median full-time employee (Figure 3). Top salaries during this period increased nearly 64 percent on average, from \$351,936 to \$576,528.

As income inequality has increased, the share of UC payroll expenses flowing to the highest-paid employees has also grown. In 2015, the bottom 50 percent of employees accounted for only 22 percent of total payroll costs while the top 10 percent represented 31 percent of total payroll costs (Figure 4). In other words, even though the former group of employees is comprised of five times as many workers, they account for a smaller share of payroll costs. Because shifts in budget finances impact every UC constituency in myriad ways, stakeholders have found common cause in the budget impacts of these executive excesses.*

To the extent that the UC system drives the state economy, there are two primary dangers that could accelerate economic inequality. One threat is the widening gap between the top and bottom and the concomitant distribution of resources upward. A second threat is the never-ending struggle to maintain lower-paying UC jobs as pathways to the middle class, especially for California's most marginalized communities, even as UC lowers standards by outsourcing this work.

*This common cause can be illustrated through joint actions between workers and students, who have a long history of solidarity in the UC system. Students and workers, for example, have protested UC's decisions to increase exorbitant executive salaries while simultaneously raising tuition and cutting frontline staff to unsafe levels.



Gaps in Race and Gender Representation at UC

The University of California has drawn criticism over a lack of diversity in its students, faculty, and managerial ranks. In a recent survey conducted by UC, many Black students admitted that they chose to enroll at other universities partly because of the UC system’s lack of diversity. In response, the University has moved to increase its outreach efforts to attract both Latino/a and Black students.²⁹ UC also invests millions in programs to recruit and hire more diverse faculty.³⁰

Racial and gender disparities³¹ are especially evident when comparing the demographics of UC’s top administrators to its other constituencies (Figure 5).

The large racial disparity between UC’s senior executives and management and its non-management staff is a particularly important observation when it comes to employment decisions made in the workplace. Decisions related to hiring, promotion, career advancement, and personnel policies can exacerbate these disparities. Although staff and students at UC generally reflect the diversity of California, managers and senior executives do not.



While Latino/as represent the largest racial group in California, they are underrepresented in nearly all UC constituencies.³³

The UC workforce that is the most diverse is UC’s lowest-paid workforce. The diversity of these UC workers reflects the reality that public sector jobs have traditionally represented an entry point into the middle class for low-wage people of color in general and Black workers in particular.³⁴ However, recent

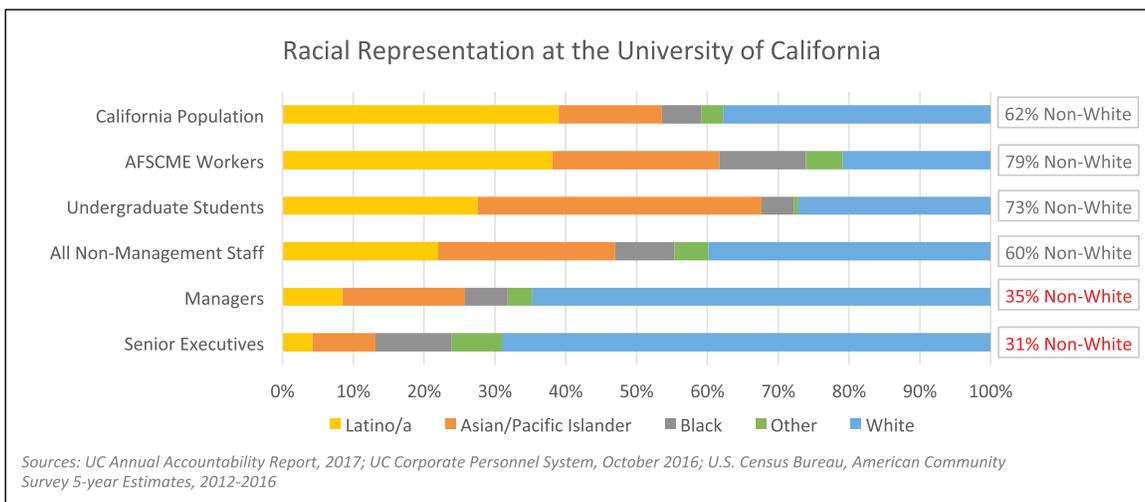


Figure 5. Racial demographics of UC students, UC workforce segments, and the State of California.³²

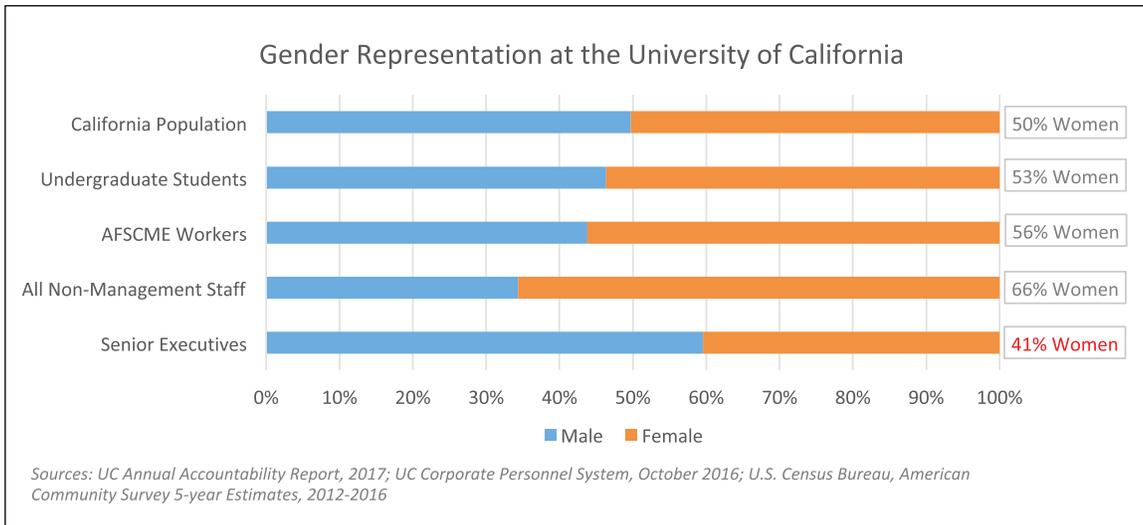


Figure 6. Gender demographics of UC students, UC workforce segments, and the State of California.³⁶

research suggests that these pathways are closing. This has been especially true for Black workers—a topic that will be discussed later in this report.³⁵

While California’s population is half women, the demographics of UC’s senior executives fall well short of this measure. In contrast, women make up the majority among AFSCME-represented workers and other non-management staff (Figure 6). This disparity is particularly stark because the public and non-profit

sector is statistically more inclusive of women than the private sector.³⁷ A discussion about more balanced gender representation at all levels of management at UC is especially timely given a number of recent scandals involving sexual harassment and problematic institutional responses to sexual violence across the UC system.³⁸ These scandals resulted in millions of taxpayer dollars wasted on legal claims, not to mention the harm perpetrated on survivors.³⁹

Racial and Gender Wage Gaps Exist Across UC System: A Case Study of AFSCME 3299 Bargaining Units

Analysis of newly available demographic and job classification data specific to UC's AFSCME-represented workforce suggests that UC employment practices may be exacerbating race and gender disparities. Specifically, this data reveals that Blacks and Latino/as are more often hired into lower-paying titles, while whites and often Asian/Pacific Islanders (APIs)⁴⁰ are hired into higher-paying titles.* This racial differentiation of higher- vs. lower-paying titles amongst the most diverse segment of UC's workforce occurs consistently and produces clear gaps in average starting wages.

The goal of this wage analysis is to answer the question: Are non-white and female employees disproportionately hired into lower-paying titles? For each location, we grouped employees by race and gender.⁴¹ Because wage rates are strongly

influenced by seniority, and demographic trends are continuously shifting the composition of the unit, we control for years of service. Our method for doing this is to calculate the average wage for each group assuming all employees are on the starting "step 1" of their corresponding titles, which is the pay rate for a newly hired worker without credit for experience.⁴² This allows for a comparison of whether individuals are hired into a higher- or lower-paying title. After initial hire, annual wage increases are identical for all individuals at the same location unless they change job titles. We hope to conduct an analysis that accounts for seniority in a future study of patterns of retention and promotion among different demographic groups. Such a study would rely on actual pay rather than starting pay.⁴³

While we observe similar patterns of wage variation at many locations, the composition of the local workforce at each campus varies significantly. In computing a systemwide measure, we first calculated averages for each group at each campus location. These values were then combined—weighted by total campus or medical center headcount—to produce the systemwide average.⁴⁴ Unless weighted by aggregated campus headcount, a systemwide average would largely reflect what proportion of a group's members work in the most expensive cities. The effect of weighting the systemwide average by total campus headcount can be better understood by comparing the systemwide average starting wage chart (Figure 7) to the

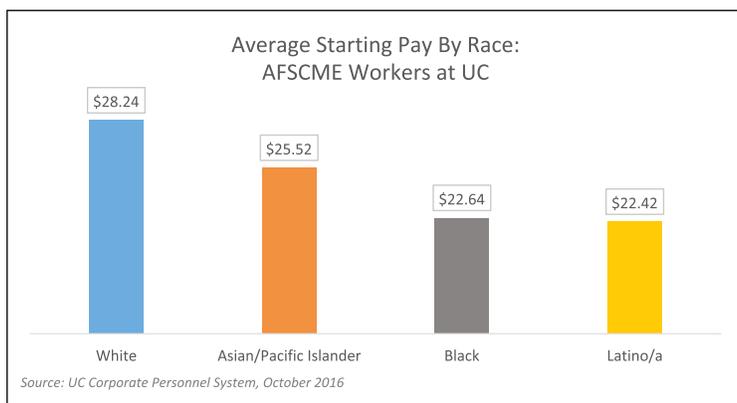


Figure 7. The average hourly starting pay rate for all AFSCME-represented workers at UC campuses and medical centers grouped by race.

*Job types almost all have higher- and lower-paying titles within them. For example, a Lead Custodian earns more than a Senior Custodian. Departments also have titles with different levels of pay. In the service unit, for example, a Server earns more than a Dishwasher, and a Gardener earns more than a Laborer. In the patient care unit, a worker who assists with surgical tools during an operation earns more than someone who cleans the operating table afterwards. The patient care unit includes greater variation because it includes more titles that require licensing and other specializations, such as workers who operate MRI equipment or examine tissue samples for microorganisms.

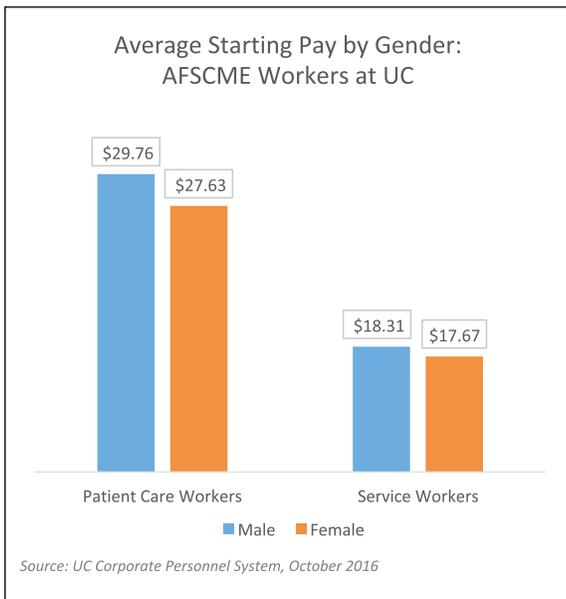


Figure 8. The average hourly starting pay rate for AFSCME-represented patient care and service workers at UC campuses and medical centers grouped by gender.

corresponding individual campus charts in Appendices A and B. The weight given to each campus is also illustrated in the graph in Appendix C, which juxtaposes the average starting pay disparity between white men and Black women with the size of the workforce at each campus.

A higher average starting wage means service and patient care workers in that racial group are more concentrated in higher-paying job titles and vice versa. The largest gap in average starting wage, between whites and Latino/as, is 21 percent (Figure 7). This translates into \$5.82 per hour or over \$12,152 in annual salary. Although racial disparities exist for both AFSCME service and patient care workers, the income gap is more apparent for patient care workers because there is greater differentiation in wage rates among patient care job titles.

When the systemwide average is disaggregated, the same racial hierarchy, in approximately the same order, exists at nearly every location (Appendix A). In other words, the racial gap in wages is not limited to one location or reflective of demographics in one region of the state, but reflects a systemic pattern.

A similar wage gap exists between men and women within the AFSCME-represented workforce. The gap is more acute for Latinas and Black women.

These gender gaps are illustrated in the chart comparing the average step 1 wage for AFSCME-represented men and women based on their job title (Figure 8). A higher average starting wage means workers in that group are more concentrated in higher-paying job titles, and vice versa. Again, wage differences have been weighted by total campus or medical center headcount to account for differences between locations when calculating the systemwide average.

Among AFSCME-represented UC service workers, just like in the racial analysis, the gender wage disparity is not as apparent as among patient care workers. This may be attributed to wages generally being more compressed between the highest- and lowest-paid titles for service workers. Among patient care employees, men work in titles with starting wages 7 percent (\$2.13) higher than women, or \$4,447 more in annual salary. When race is also taken into account, Latinas and Black women in the patient care unit earn about 16 percent less than the average male worker, which translates into \$9,963 less annually.

Although wage gaps vary between locations, nearly every campus and medical center sees more men



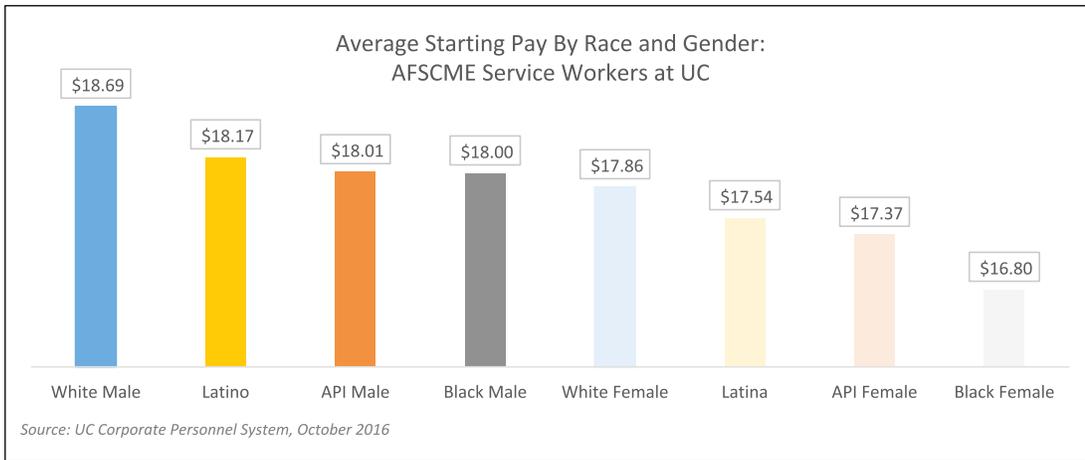


Figure 9. The average hourly starting pay rate for AFSCME-represented service workers at UC campuses and medical centers grouped by both race and gender.

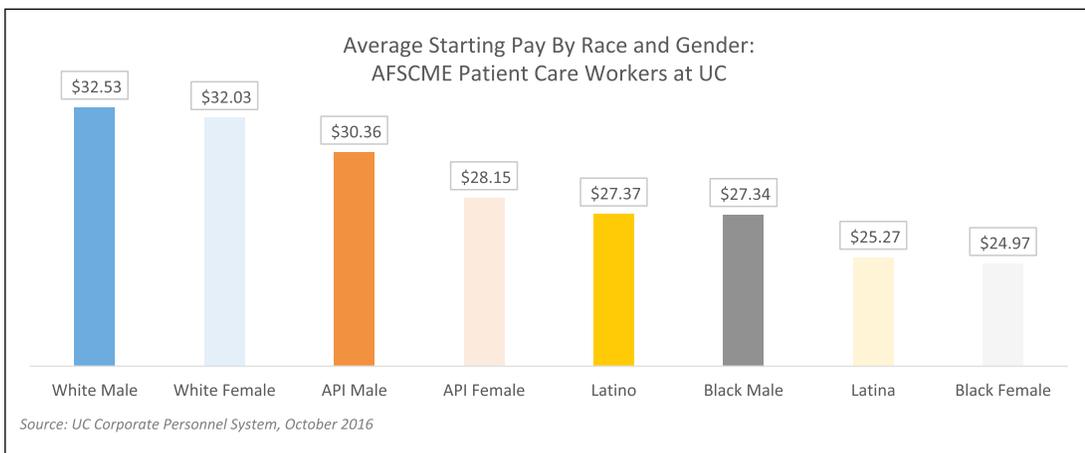


Figure 10. The average hourly starting pay rate for AFSCME-represented patient care workers at UC campuses and medical centers grouped by both race and gender.

working in higher-paying titles than women, especially Latinas and Black women. The fact that a gender gap in average starting pay persists across two different categories of workers at 15 different locations representing 25,000 workers further suggests a pervasive, systemic pattern (Appendix B). Additional analysis is needed to more closely examine

inconsistencies in gender concentrations across titles, such as comparing UC’s gender representation to that of other employers with similar jobs.

An analysis of race and gender in combination reveals the intersectional impact of demographics on wage rates (Figure 9 and Figure 10). This approach exposes the largest disparities between demographic groups and reveals how race and gender dynamics intersect with job pay and employment practices.

When considering race and gender together, the lowest-paid group (Black women) earns an average starting wage that is 23 percent lower than the wages garnered by the highest-paid group (white men) among frontline patient care workers. This difference means \$7.56 less per hour, or \$15,785 annually.

Among frontline patient care workers, average starting pay for Black women is 23% lower than white men, or \$15,785 annually. For service workers, the gap is 10%, or \$3,946 annually.

For service workers, the gap between white men and black women is 10 percent, or \$1.89 per hour (\$3,946 annually).

Expressed differently, a Black female patient care worker would need to work for 14 years to reach the starting pay of a white man. In the service unit, a Black woman would have to work for six years. Similarly, a Latina patient care worker would reach the starting wage of a white man after working for 13 years, and a Latina service worker would catch up to a white man's starting wage after four years.⁴⁵

Several trends from this analysis are noteworthy. For service workers, men in each racial group constitute the four highest-paid groups and women the lowest-paid groups. For patient care workers, on the other hand, whites and APIs constitute the highest-paid groups while Blacks and Latino/as make up the lowest-paid groups. Women service workers, especially Black women service workers, experience the starkest wage disparities when compared to other demographic groups. The pattern of racial hierarchy for these intersectional groupings approximate the same racial hierarchy in wages when gender is not considered.

The racial and gender divides between staff and managers at UC needs to be addressed. But within the context of wage gaps even within the workforce segment represented by AFSCME, the demographic differences between UC staff and management become an even more urgent issue. There are a variety of factors potentially compounding or contributing to racial inequality at UC. Drivers of



inequality could involve conscious or unconscious biases in recruitment, hiring, initial salary adjustment, promotions, and retention. A 2017 report produced by The Advancement Project analyzed racial disparities in California and addressed how these inequities persist, explaining, “Some of our most important public systems rely on personal discretion for their operation, which can transform [individual biases] into systemic disparities.”⁴⁶ At UC, high-level decisions, such as outsourcing policies, also preserve and intensify these disparities. Analysis of demographic and wage data at UC corroborates the report’s conclusion that, “Today, it’s clear that race continues to be a major predictor of success and life chances.”⁴⁷ Our findings suggest that these statements also apply to gender.

Pathways to the Middle Class are Closing for Black Workers

Historically, AFSCME-represented jobs at UC afforded low-wage Black workers a chance to join the middle class, but these workers are disappearing from AFSCME units (Figure 11).

While 19 percent of AFSCME workers were Black in 1996, by 2015 only 12 percent were Black.⁴⁸ In other words, the proportion of AFSCME members at UC who are Black has shrunk by 37 percent in just two decades. In context, Blacks as a share of the state population only declined from 7 percent to 6 percent.⁴⁹ This decrease in the percentage of Black AFSCME workers occurred at every location (Figure 12).

The magnitude of the decline in Blacks among AFSCME-represented UC workers varies by location, but has generally been steep, especially for locations that once had a significant proportion of Black workers. Recent research from UCLA found that Black

Californians experience higher unemployment than whites regardless of education level.⁵⁰ They also found that, in Los Angeles, Blacks were disproportionately impacted by the 2008 economic crisis, and that high unemployment and wage inequality are pushing Black residents out of the region.⁵¹ A 30 percent decline of AFSCME-represented Black workers at UCLA between 2005 and 2015 is suggestive of these findings and calls into question UCLA's role in the disproportionate impact of the economic crisis on Blacks in the Los Angeles area. However, the period of sharpest decline varies by campus and the economic crisis cannot explain the overall disappearance of Black workers that occurred systemwide well before 2008.

Even as Black worker representation declined between 1996 and 2015, UC medical center facilities expanded rapidly and student enrollment grew

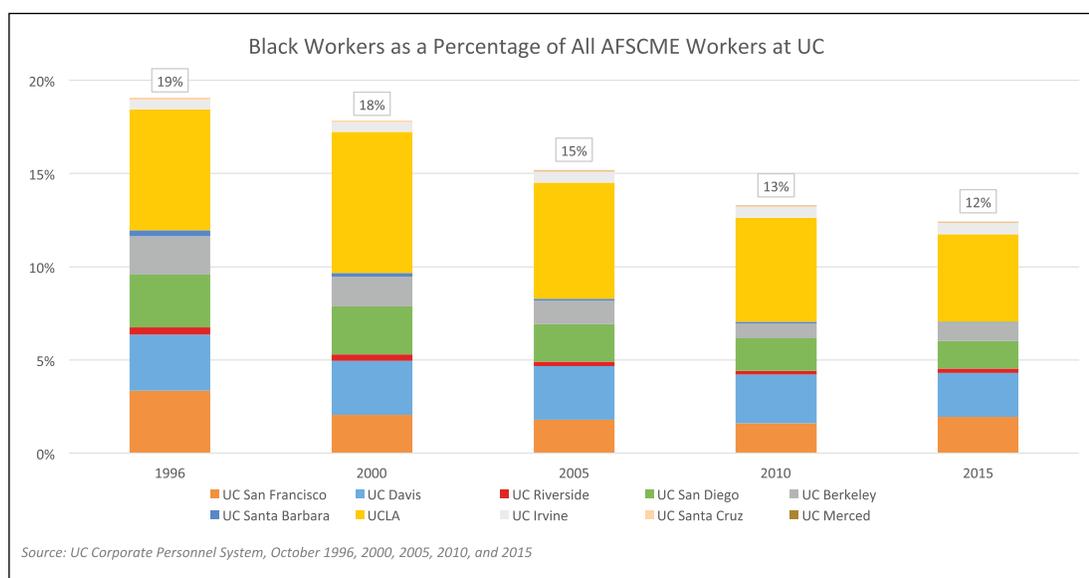


Figure 11. Percentage of AFSCME-represented service and patient care workers at UC campuses (including the medical center for that campus, if one exists) who are Black in five different years between 1996 and 2015.

annually. At many locations, Black workers have declined in both proportion and headcount even as the total workforce grew, underscoring the need to understand the disappearance of Black workers from these workforce segments.

UCLA researchers recently noted that racist hiring practices continue to limit Black employment, leading to higher unemployment among Blacks despite their having more education than previous generations. The researchers recommend programs and policies to create access to jobs for underrepresented workers, including hiring benchmarks, improved outreach, and targeted

hiring programs. They also note that the public sector is key to lifting up underrepresented workers given its historical role in leveling the playing field.⁵²

The cause of this decline in Black workers is likely multifaceted. These trends are likely not simply reflective of trends in the service industry, because the rate of disappearance for Black AFSCME-represented workers has been roughly equal between service and patient care workers. One possible explanation for the decline of Black workers in these career positions is UC's outsourcing of jobs to contractors, who appear to include a higher percentage of Black workers and other workers of color.

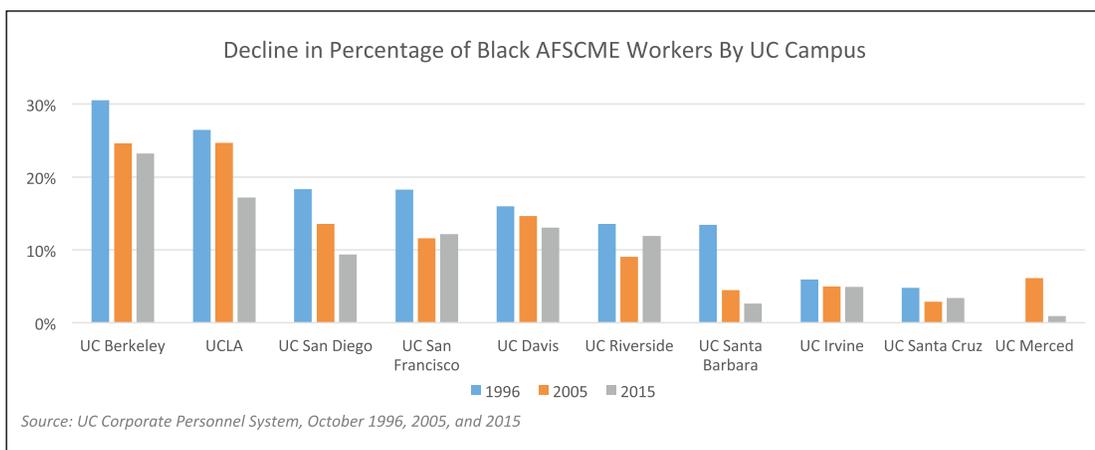


Figure 12. Percentage of AFSCME-represented service and patient care workers at each UC campus (including the medical center for that campus, if one exists) who are Black in 1996, 2005, and 2015.

UC's Underclass: Outsourced Contract Workers

UC's own numbers suggest that it outsources jobs to approximately 7,000 private contract workers—largely service and patient care work normally performed by AFSCME-represented career employees.⁵³ In a 2017 report, the California State Auditor confirmed systemic problems in UC's outsourcing practices, including improperly displacing UC employees with contractors, circumventing UC's own competitive bidding rules, and paying contractors up to \$8.50 per hour less than UC employees doing the same work.⁵⁴ The finding that UC improperly avoids competitive bidding is especially relevant because a contracting company's terms and conditions may not be updated to include higher wage or labor standards if a contract is continuously extended.⁵⁵

The companies used by UC to supply contract workers are often large corporations with a history of labor abuses. One such company, ABM, generates \$5.5 billion in annual revenue and compensates its CEO \$4.6 million annually.⁵⁶ The most recent data available shows UC spends \$3.4 million on contracts with ABM annually for custodial and parking services.⁵⁷ On a spend basis, 91% of UC vendor contracts do not go

towards small businesses⁵⁸ even though the term is applied broadly. For example, any janitorial company earning less than \$18 million per year is considered a small business.⁵⁹

Recently, AFSCME surveyed outsourced service workers at UC Berkeley and UCLA to shed more light on their demographics and working conditions.

At UC Berkeley and UCLA, the percentage of outsourced service contractors who are Black is similar to the percentage of career service workers who were Black a decade ago.

Hundreds of these workers employed by private contracting companies responded to surveys, revealing a workforce that is comprised of even more immigrants and people of color than career service workers (Figure 13). At UC Berkeley and UCLA, outsourced workers were over 96 percent and 93 percent non-white, respectively. At UC Berkeley, there were 33 percent more Black workers in the service contractor workforce than among their directly hired

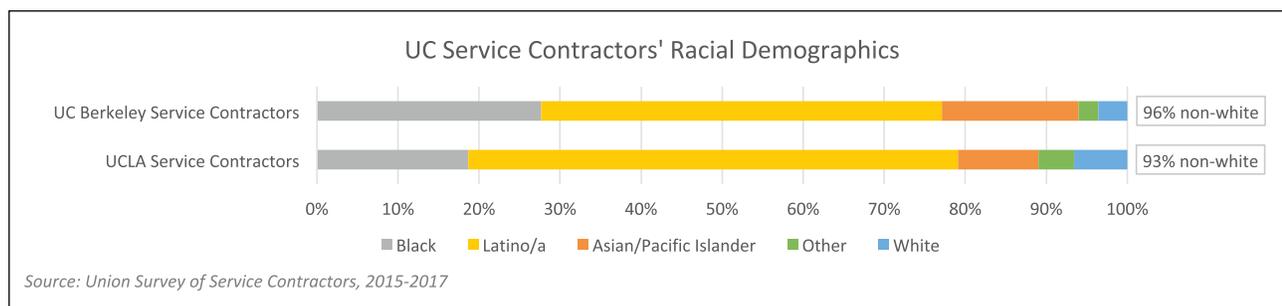


Figure 13. Service contractors at UC Berkeley and UCLA grouped into racial categories based on survey responses.

*These valet workers did not receive the FW/FW minimum wage for nearly a year after it went into effect. After reporting this violation and receiving back pay, UCLA canceled the contract and forced them all to apply for the jobs they had been performing for years. Forty-five of these valets, predominantly workers who helped report the violation, were not hired. Many groups of contractors have faced similar

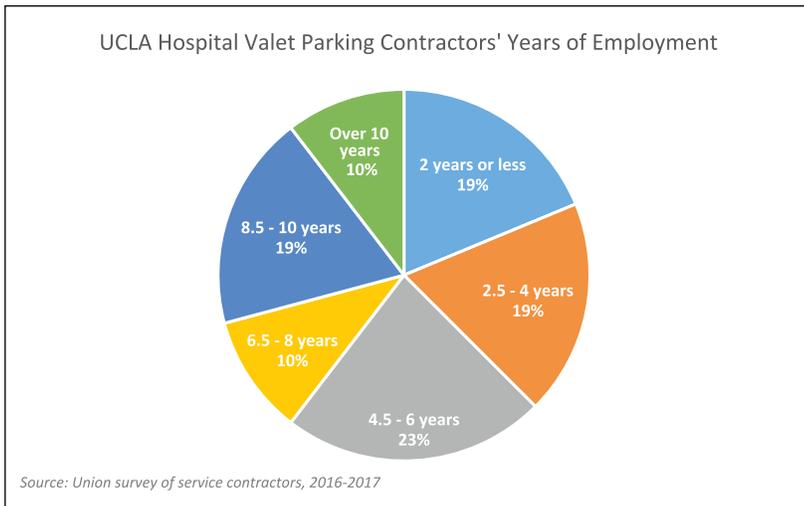


Figure 14. Ronald Reagan UCLA Medical Center valet parking contractors grouped by years of employment.

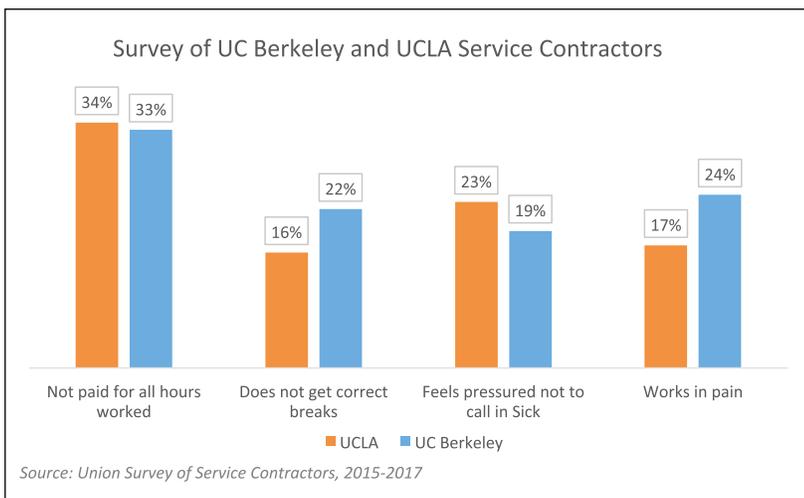


Figure 15. Service contractors at UCLA and UC Berkeley who responded affirmatively to certain survey questions regarding specified labor abuses and hardships.

counterparts. At UCLA, the proportion of outsourced Black contractors was over 23 percent higher. The higher proportion of Black workers among outsourced workers may partially explain the disappearance of Black workers among frontline career staff over time. Indeed, the percentage of outsourced service contractors who are Black at these two campuses is similar to their percentage of Black career service workers a decade ago.⁶⁰

Although UC publicly characterizes its contractors as “temporary” workers, they often work alongside career workers doing the same work in regular, full-time shifts for years or even decades. Some outsourced workers surveyed at UC Berkeley had worked full-time on campus for more than 20 years. And some outsourced valet workers had parked cars at UCLA’s main hospital since its doors opened a decade ago. The pie chart illustrating valet workers’ years of service (Figure 14) highlights the longevity of UC contractors at one of the surveyed UCLA locations.*

Significant segments of surveyed contract workers complained about employment practices that appear to violate state and federal law (Figure 15).⁶¹ Subsequent investigations have corroborated many of the outsourced workers’ complaints and hint at the prevalence of labor law violations and other problems among low-wage contractors at many UC campuses.[†]

circumstances throughout UC. In 2016, contracted custodians at UC San Francisco complained about poor working conditions and minimum wage pay after years of working full-time. In response, UCSF cancelled the contract and forced them to apply for jobs. Many were Chinese immigrants who were not hired supposedly due to lack of English fluency. Intervention by the San Francisco Board of Supervisors and Public Employee Relations Board led to the hiring of nearly all of these workers. See also endnote 8.

†Although the abuse of contract workers at UC is already well-documented, many more instances of abuse have yet to receive public attention. For example, emails uncovered during a legal hearing challenging UC’s outsourcing of service workers revealed that UC administrators and labor relations representatives knew contract custodians were earning \$9.30 per hour. No individual expressed concern, nor did they report a minimum wage violation, which was \$10.00 per hour in the City of Berkeley.⁶² This issue has never been reported publicly or brought to the attention of any public official. In another email, an administrator complained that hiring workers directly would make it impossible to achieve their goal of spending less than \$2 per square foot to clean the UC Berkeley campus.⁶³ UC argued during the hearing that cost savings has never been the reason for using contractors.

These include a federal investigation and financial settlement involving custodians working 80-hour weeks with no overtime pay at UC Berkeley sporting events,⁶⁴ a wage theft settlement for parking attendants at UC Berkeley,⁶⁵ public reporting of unpaid overtime from a food service worker at UCLA,⁶⁶ outsourced workers who lost their jobs after complaining about working conditions at UC San Francisco,⁶⁷ and an ongoing campaign by valet workers at UCLA who lost their jobs after complaining about violations of UC's minimum wage policy and subsequently receiving retroactive pay in response to those violations.⁶⁸

It was in the aftermath of bad publicity from revelations about UC Berkeley contractor labor

violations in 2015 that UC President Janet Napolitano announced the University's new "Fair Wage/Fair Work Plan" (FW/FW), a policy that phased in a \$15 minimum wage mainly for the benefit of outsourced workers (nearly all directly hired employees earn more than this minimum). However, many outsourced workers are categorically excluded from the policy.*⁶⁹

Considered together, the contractor survey responses at select campuses, publicly documented incidents involving UC contractors, the 2017 State Auditor's report, and the enactment of UC's new minimum wage policy are suggestive of a dynamic where UC appears to be outsourcing career jobs that might otherwise be occupied by Black workers in favor of private companies that pay lower wages and offer fewer benefits.

*A contractor working less than 20 hours per week is not covered by the policy. Student workers are also not covered. Internal guidelines list other exclusions for contract workers, such as jobs subject to prevailing wage, funded by certain types of grants, services in leased buildings with multiple tenants, vendors operating services under a lessor-lessee model, as well as contracts meeting various other criteria.



How UC's Fair Wage/Fair Work Plan Perpetuates Inequality

While the enactment of FW/FW might be considered an example of UC addressing the moral and socio-economic concerns of its stakeholders, a closer look at the policy suggests that it may be perpetuating the very inequities it purports to cure.

First, UC's own internal audits⁷⁰ have recently shown that no campus or medical center is truly

implementing or enforcing the FW/FW policy.* The plan also provides that any contractor who refuses to accept FW/FW language can be granted an "exception" that exempts them from the policy. There is no criteria or limitation on the granting of these exemptions.[†] During a recent UC Regents meeting, UC's systemwide Deputy Audit Officer stated, "There has been a higher frequency of exemptions granted to FW/FW than I've

observed as it relates to other policies."⁷¹ But even if the policy were properly enforced, UC campuses are located in many of the most expensive cities in the state, where \$15 per hour falls far short of a family supporting wage according to the California Budget Project (Figure 16).

Finally, UC's FW/FW plan leaves in place the very financial incentives that encourage UC to outsource its lowest-paying career jobs to private corporations who rely even more on

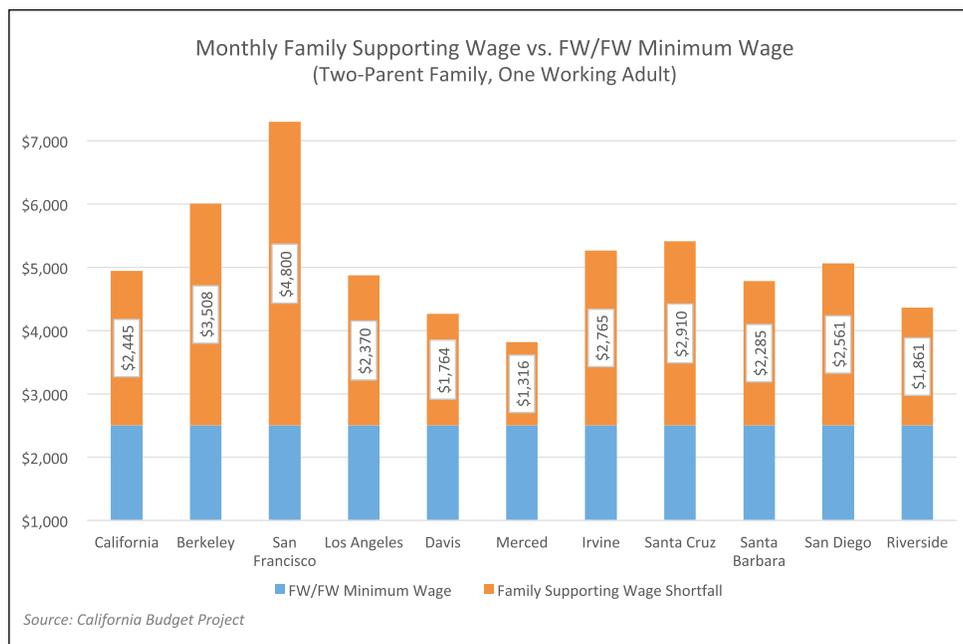


Figure 16. Total monthly pay needed to support a family with two parents and one working adult according to the California Budget Project. The amount of shortfall between the FW/FW minimum wage and total pay needed is labeled.⁷²

*For example, seven out of 10 campuses did not obtain a single valid certification form showing that vendors actually pay the FW/FW minimum wage. The remaining three locations received mostly invalid certifications, often meaning they were statements of compliance signed by managers instead of auditors and without the required evidence. Contractors randomly contacted by auditors were unaware that the policy existed. One contractor simply refused to follow FW/FW requirements without consequence. At three campuses where auditors were able to look at a sample of contracts, they found contracts omitting FW/FW language.

†An internal document directs campuses to simply treat as an "exception" any contractor who ignores the annual requirement to demonstrate compliance with the \$15 minimum wage (see endnote 69). In an internal audit, UCLA discusses providing a blanket exemption from providing evidence of compliance for any contractor who claims it would be a "hardship" (see endnote 70).

people of color and pay them even less. AFSCME-represented workers had already won a \$15 minimum wage in 2014,⁷³ and in spite of the widening income gap explored earlier in this report, their statewide minimum wage stands at \$16.47 per hour today.⁷⁴

The \$15 minimum wage policy encourages UC locations to continue outsourcing its lowest-paying jobs to private corporations who rely *even more* on people of color while paying them *even less*.

The University has effectively acknowledged the lower-wage financial incentives at the heart of its outsourcing practices. UC lobbyists cited higher labor costs as a central argument against state legislation that would have provided UC’s outsourced workers wage parity with directly employed UC workers performing the same jobs.

When FW/FW was announced, UC was working to defeat SB 376 (Lara), a Senate bill that would require

outsourced contract workers to be paid the same wages and benefits as direct employees. Preventing legislation that would require parity between outsourced and direct employees has consistently been UC’s “highest priority.”⁷⁶ UC repeatedly argued while lobbying against the bill that FW/FW made the bill superfluous. Governor Brown cited FW/FW when he ultimately vetoed SB 376.

Still, FW/FW represents another concession from UC administrators in response to stakeholder demands. After all, as Figure 17 illustrates, the FW/FW minimum wage would represent an improvement on wages for the contractors not categorically exempted from the policy, if it were actually enforced.

In recent years, both outsourced and career workers campaigned, together with students, to win direct employment for many outsourced positions, shine a light on UC’s shadow workforce, and win concessions such as FW/FW. These workers, using their union as a vehicle, remain at the forefront of demanding economic, racial, and gender equity.

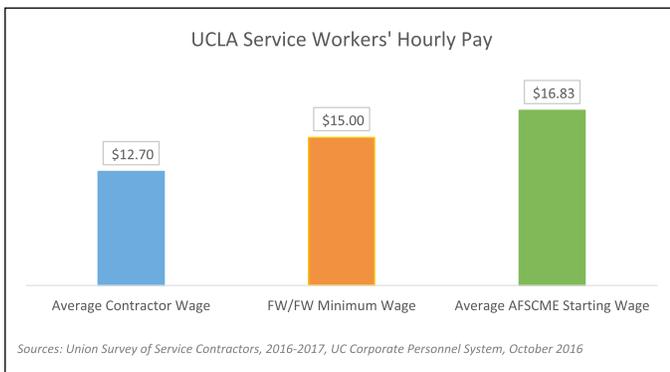


Figure 17. A comparison between the surveyed service contractors’ average wage at UCLA, FW/FW minimum wage, and mean starting wage for AFSCME-represented service workers at UCLA.⁷⁵

Recommendations

The University of California enjoys a special legal status that provides autonomy unique from other state agencies and educational systems. It is generally not subject to state or local laws, nor is its appointed governing board, the UC Regents, subject to public control or oversight during their 12-year terms, which are frequently extended. Such blanket immunity from public accountability, particularly in light of the findings in this report, makes it clear that UC would benefit from greater oversight and transparency. This could be a crucial first step towards helping UC craft targeted policies to tackle racial and gender inequities.

Just as UC invests millions of dollars to promote more diversity amongst its faculty ranks, the University should consider promoting diversity amongst its managers and non-faculty staff, using methods that include career ladders for its low-wage workers. These efforts could also include more resources for recruitment, diversity training for managers making hiring decisions, and more data transparency in the demographics of job applicants.

In this report's case study of AFSCME-represented service and patient care workers, as well as unrepresented service contractors, it is clear that UC is engaged in a myriad of employment practices that entrench gender and racial inequities. In order to tackle these issues, we call for policies that open opportunities for marginalized communities, preserve pathways to the middle class, and create transparency legislation to shed light on the working conditions of UC's shadow workforce. These policies could include:

1. Family-sustaining pay and benefit levels for UC's lowest paid workers: AFSCME-represented workers are the most diverse segment of UC's workforce, often rooted in marginalized communities with high levels of unemployment, low household

wealth, and little or no retirement savings. To prevent further widening of the racial and gender disparities revealed in this report, UC must take care to preserve the quality of these career jobs and to offer compensation levels that maintain parity with the rising cost of living in campus communities.

2. Training funds and training programs for low-wage workers: One approach for countering systemic bias is to actively create career ladders for low-wage workers from underrepresented communities. The cost of classes or licensing programs may be an insurmountable obstacle for someone living paycheck to paycheck, working a second job, struggling with the cost of child care, or commuting long distances due to housing costs. Workplace-based training programs, or a training fund that pays for some of these costs, would help experienced workers from UC's most diverse workforce segments ascend into better paying occupations, where UC's workforce is currently the least diverse.

3. Remove barriers to employment: People of color, immigrants, women, and other groups face multiple systemic barriers to financial stability. UC's employment practices should seek to neutralize these barriers instead of locking them in place. This may include utilizing "local hire" policies that actively train and recruit workers from local underprivileged communities who are too often ignored, and banning discrimination against people with criminal records ("ban the box").⁷⁷ There are a myriad of best practice models that can be applied to UC.

4. Retrain laid-off workers for vacant positions: One approach to increase workforce diversity and stem the attrition of Black workers at UC is to provide training for existing vacant positions in the

event of a layoff. Such an approach can synergize with other career advancement programs, turning otherwise adverse events into opportunities—especially for low-wage workers from communities with high unemployment.

5. Greater transparency in outsourcing: Over the last few years, outsourced UC contract workers have consistently reported labor abuses, in many instances leading to legal settlements. UC’s own internal audits show that campuses and medical centers are not enforcing its \$15 minimum wage. To prevent these abusive practices, contract companies should be required to report the wages and benefits of outsourced workers to California’s State Controller.⁷⁸

6. Equal pay for equal work: UC’s outsourced workers are primarily immigrants who receive lower pay and few (if any) benefits compared to career workers—even though they work the same jobs for years or decades. There is also evidence to suggest that outsourcing has contributed to a sharp decline in black employment within AFSCME-represented units. By guaranteeing that pay for outsourced workers is commensurate with career employees doing the same jobs, UC can eliminate the financial incentives that may contribute to this trend, while lifting some of its most disadvantaged workers out of poverty.

7. Bring outsourced workers in-house: Currently, outsourced workers whose jobs are converted into career positions lose their jobs and are forced to apply for the same positions where they worked for years prior. Once they’re forced to apply for career positions, they face many of the same barriers to employment, such as speaking with an accent, which led them to become low-wage contractors in the first place. When bringing outsourced work

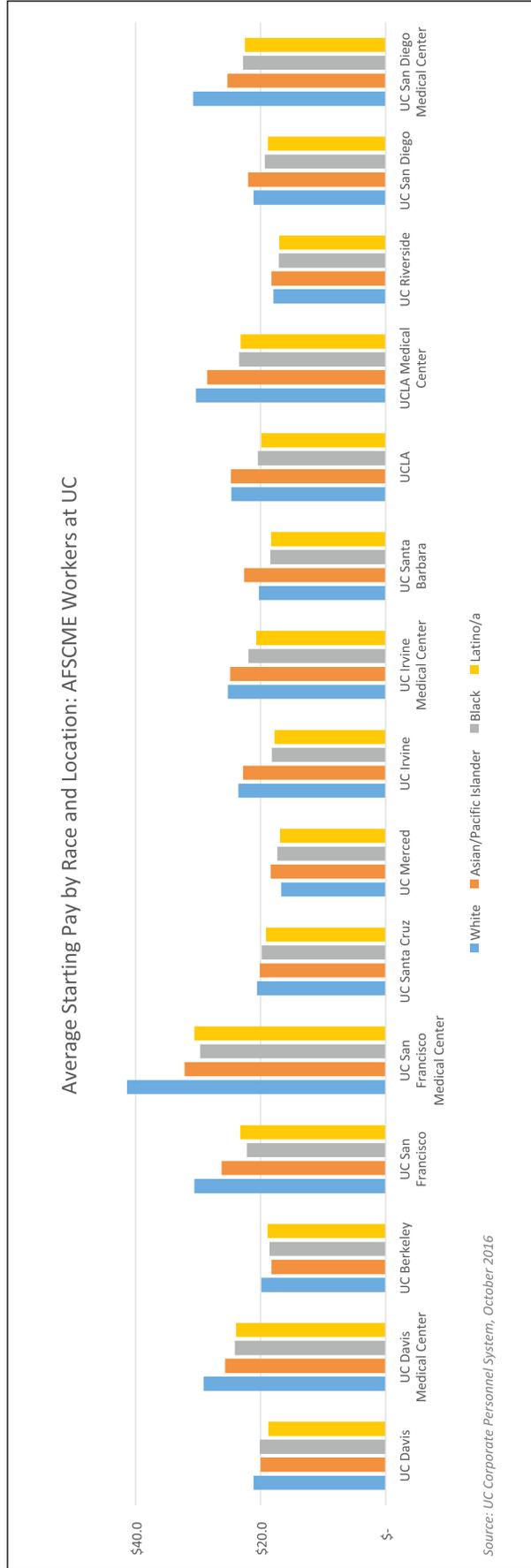
in-house, UC should give preference to previous contract workers, similar to the way that career workers’ are given credit for their time at UC when applying for open positions.

These policies are only a starting point, and would benefit from further analysis of demographics and working conditions for other workforce segments.

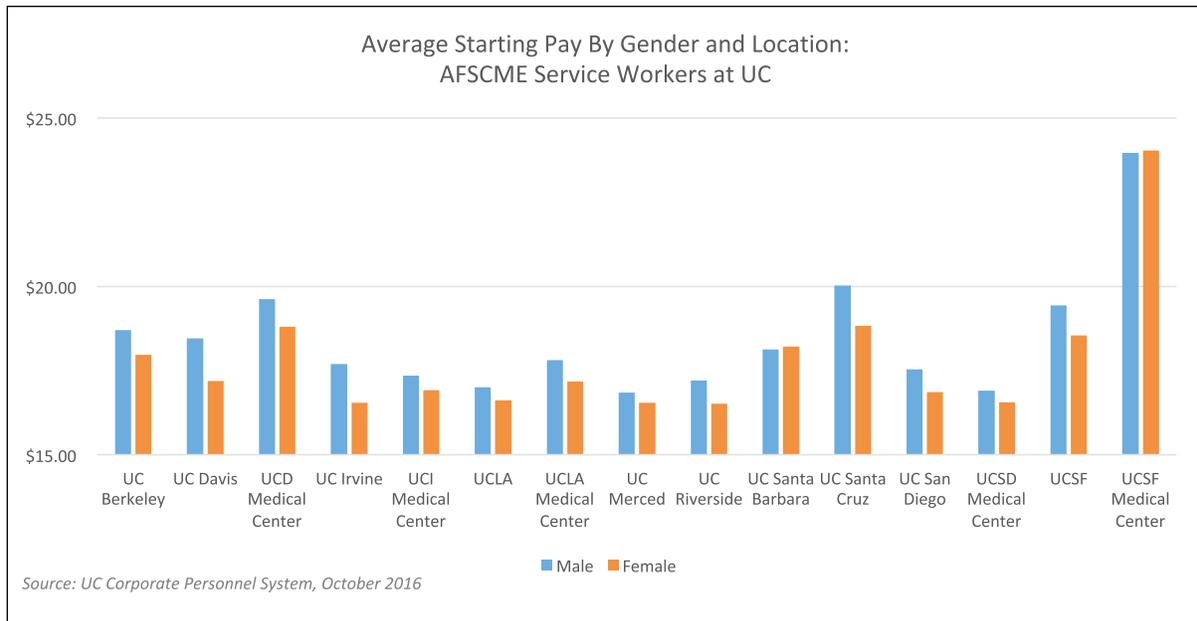
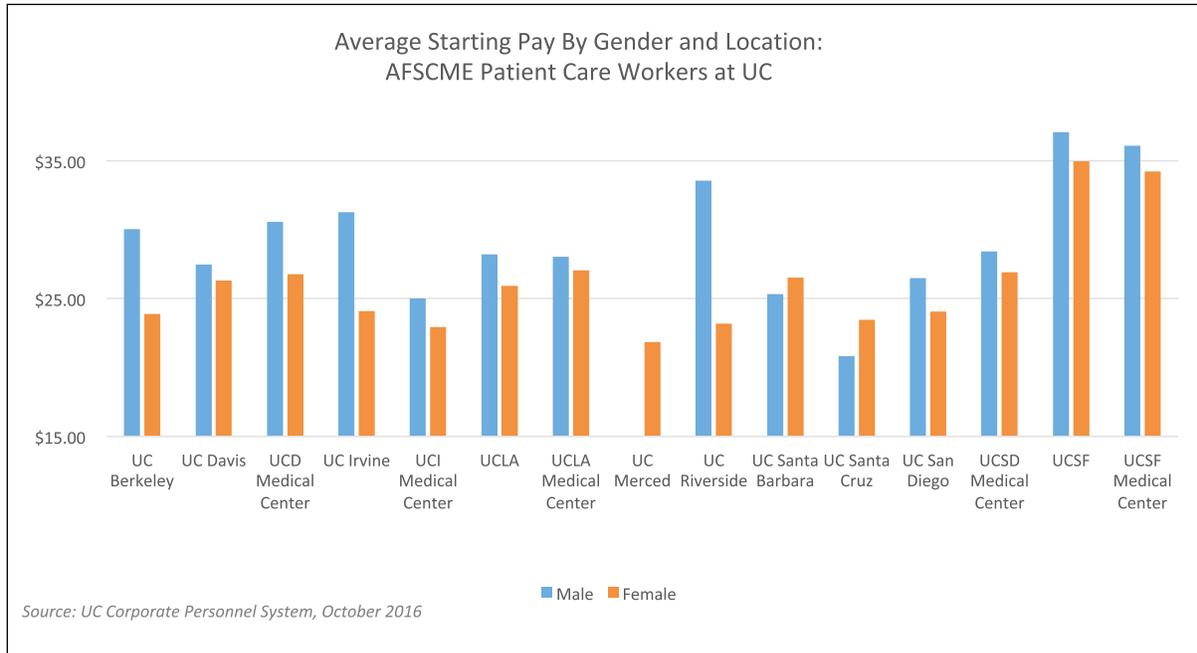
Based on UC’s history, it’s unlikely these changes will come without struggle, and frontline workers, united across all races and genders and in alliance with other stakeholders, including UC students, will need to continue playing a leading role in bringing more equity to the UC system.



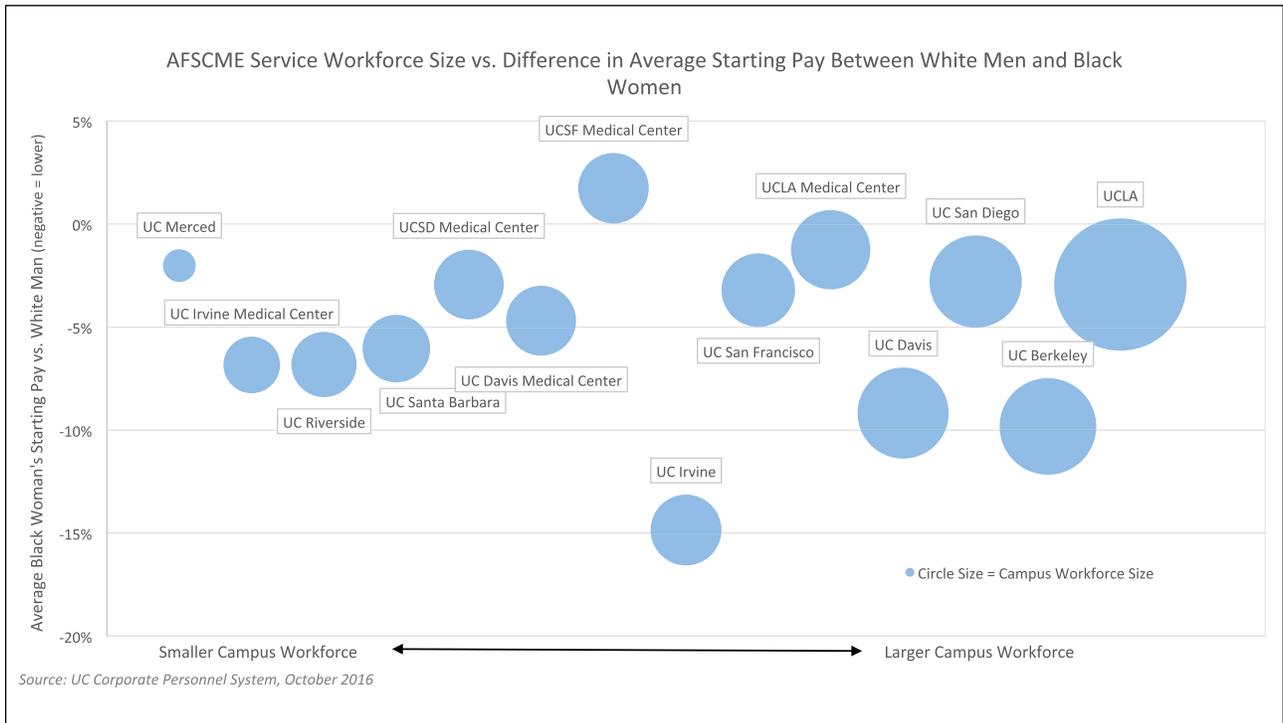
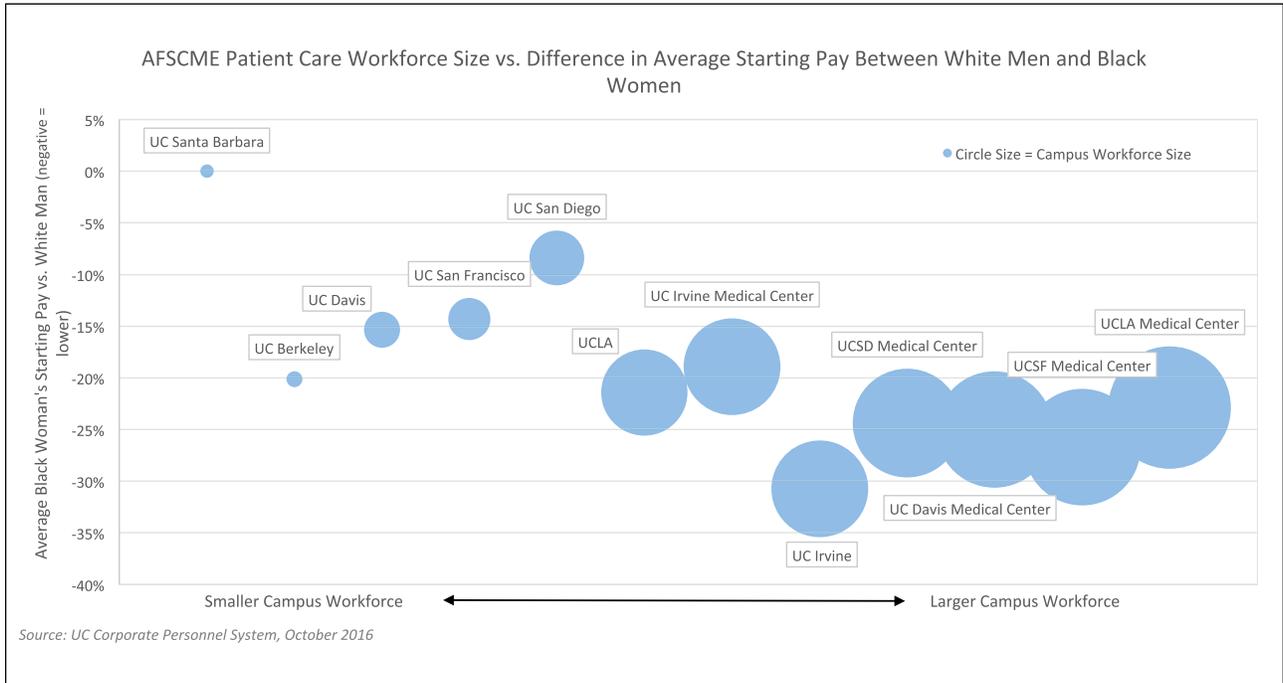
Appendix A: Average Starting Pay of AFSCME-Represented Service and Patient Care Workers Grouped By Race at Each UC Location



Appendix B: Average Starting Pay of AFSCME-Represented Patient Care and Service Workers Grouped By Gender at Each UC Location



Appendix C: Graphs Comparing Workforce Size at Each UC Location to the Difference Between Average White Male Starting Pay and Average Black Female Starting Pay for AFSCME-Represented Patient Care and Service Workers⁷⁹





Endnotes

1. University of California, "UC celebrates 150 years of pioneering a better future," January 8, 2018, <https://www.universityofcalifornia.edu/news/uc-celebrates-150-years-pioneering-better-future>.
2. John Aubrey Douglass, *The Conditions for Admission: Access, Equity and the Social Contract of Public Universities*. Stanford, CA: Stanford University Press, 2007.
3. UC Regents were among the most resistant university officials in the country to the divestment movement. For example, in 1972, UCSB student president John Frant was prevented from speaking about divestment during a Regents meeting. In 1977, the UC Regents officially voted to reject a divestment proposal by then Lieutenant Governor Mervyn Dymally, the second African American to hold statewide office in California. After 3,000 students converged on a UC Regents meeting in 1986, the Regents finally agreed to a four year phase-out of investments in South Africa to be completed in 1990. Ironically, apartheid was collapsing by 1990, partly because so many other institutions had already divested.
4. Albert Vetere Lannon, *Fight or be Slaves: The History of the Oakland-East Bay Labor Movement*. Lanham, MD: University Press of America, 2000.
5. Ibid.
6. Ibid.
7. A flier from 1972 listing wins from the strike announces, "Sex discrimination: We now have a written no-discrimination pledge with respect to employment, retention, and promotion, although UC has always claimed to be immune from many federal regulations against sex discrimination."
8. UC workers have found a range of allies in the struggle for equality. As detailed in a national AFSCME newsletter from 1987, when UC San Francisco proposed an "English only" rule for all workers, it was the American Civil Liberties Union (ACLU) and Mexican American Legal Defense and Education Fund (MALDEF) who filed a lawsuit on AFSCME's behalf. In 2016, history repeated itself at UCSF with Chinese immigrant janitors. UCSF replaced these minimum wage contract workers after they complained about working conditions, then refused to hire them directly allegedly because of their English skills even though the workers had cleaned UCSF buildings for years. UCSF finally agreed to hire them after a worker-led campaign, with support from the San Francisco Board of Supervisors and the Union's legal challenge.
9. AFSCME 3299 is also the largest union in the UC system.
10. Though UC still cites this figure in 2018, it comes from a study conducted in 2011. The UC system has grown significantly since that time. UC's annual reports show that, between 2011 and 2017, UC hospital patient days grew by 23 percent and outpatient visits grew by 33 percent while campus fall enrollment grew by 18 percent. Economic & Planning Systems, Inc, "The University of California's Economic Contribution to the State of California," September 12, 2011, http://www.ucop.edu/innovation-alliances-services/_files/Econ%20Impact%20Rpts/UC-Econ-Impact-rpt-2011.pdf.
11. The map is based on employment data from official and third party sources. It excludes certain "public" employers from the list, including state governments and military bases, but considers public universities to be independent institutions. Jeff Desjardins, "Walmart Nation: Mapping the Largest Employers in the U.S.," Visual Capitalist, November 17, 2017, <http://www.visualcapitalist.com/walmart-nation-mapping-largest-employers-u-s/>.
12. Economic & Planning Systems, Inc, "The University of California's Economic Contribution to the State of California," pp.7-8.
13. Instances of wage theft, minimum wage violations, and other abuses are discussed in the section, "UC's Underclass: Outsourced Contract Workers."
14. Peter Drier, Megan Bomba and Rosa Romero, "Food Insecurity Among University of California Employees," Urban & Environmental Policy Institute, Occidental College, October 2016, <http://documents.latimes.com/UC-workers-food-insecurity/>.
15. AFSCME-represented patient care workers are among the lowest paid career workers at UC medical centers while AFSCME-represented service workers are among the lowest-paid career workers overall.
16. UC Corporate Personnel System and Service Unit (SX) Wage Table, Oct 2016. Since UC wage rates vary by location and job title, the average starting wage reflects the step 1 wage of titles in each occupational group averaged proportional to the number of employees in each title and location.
17. See Appendix C for a visual comparison of UC locations and their respective AFSCME-represented workforce size.
18. Sara Kimberlin and Amy Rose, "Making Ends Meet: How Much Does it Cost to Support a Family in California?" California Budget & Policy Center, December 2017, <http://calbudgetcenter.org/resources/making-ends-meet-much-cost-support-family-california/>.

19. Chris Salviati, "Apartment List National Rent Report," Apartment List, January 31, 2018, <https://www.apartmentlist.com/rentonomics/national-rent-data/>.
20. This number is based on figures and calculations from UC Office of the President Legislative Director Jason Murphy. He states that UC spends \$345 million annually on contractors with titles that largely do the same work that would otherwise be performed by AFSCME-represented employees. Of this figure, wages represents 60 percent, or \$207 million. Implementation of UC's \$15 minimum wage resulted in a 12.5 percent cost increase on this base figure. Using this information, we can deduce that the revised contract spend on wages is about \$233 million. If we assume average wages are \$15 per hour, the revised wage spend number equates to 15,525,000 hours, or 7,763 employees working 2000 hours a year. Even if we assume contractors earned \$16.50 per hour, this still translates into 7,057 full-time contractors. This figure is very conservative since it assumes all contractors are full-time. Email from Jason Murphy to Chuck Nicol, "Re: SB 959--Appropriations: UC Cost Estimate," July 20, 2016.
21. See discussion of contractor surveys later in this report.
22. "Managers and Senior Executives" refers to employees designated by the UC Corporate Personnel System as "Senior Management Group" or "Managers and Senior Professionals."
23. California State Auditor, "The University of California Office of the President: It Failed to Disclose Tens of Millions in Surplus Funds, and Its Budget Practices Are Misleading, Report 2016-130," pp. 49-55, April 2017, <https://www.auditor.ca.gov/pdfs/reports/2016-130.pdf>.
24. Ibid.
25. See, for example, Erica Perez and Agustin Armendariz, "UCLA bigs fly first class, stay in luxury," *The San Diego Tribune*, September 05, 2016, <http://www.sandiegouniontribune.com/news/watchdog/sdut-uclatravel-medical-need-luxury-first-class-2013aug01-story.html>; Melody Gutierrez and Nanette Asimov, "Regents throw parties at UC's expense," *The San Francisco Chronicle*, May 28, 2017, <https://www.sfchronicle.com/bayarea/article/Regents-throw-parties-at-UC-sexpense-11178628.php>; Diana Lambert, "UC chancellors who resign routinely get big parachutes at executive-level pay," *The Sacramento Bee*, August 20, 2017, <http://www.sacbee.com/news/investigations/the-publiceye/article168098682.html>; Erica Perez and Agustin Armendariz, "UCLA officials bend travel rules with first class flights, luxury hotels," *The Center For Investigative Reporting*, August 2, 2013, <https://www.revealnews.org/article/ucla-officials-bend-travel-rules-with-first-classflights-luxury-hotels/>.
26. Governor Edmund Brown Jr. to the California State Senate, SB 574 Veto Message, October 15, 2017, https://www.gov.ca.gov/wp-content/uploads/2017/11/SB_574_Veto_Message_2017.pdf.
27. Based on Pay Period Gross Earnings of the highest-paid 1 percent of full-time UC employees versus all full-time UC employees.
28. Based on Pay Period Gross Earnings. Undergraduate students are excluded.
29. Fermin Leal, "Survey: African-American students cite poor diversity in turning down UC," EdSource, April 27, 2016, <https://edsources.org/2016/survey-african-american-students-cite-poor-diversity-in-turning-down-uc/563422>.
30. University of California, Office of the President, "Legislative Report: 2017-18 Use of One-time Funds to Support Best Practices in Equal Employment Opportunity in Faculty Employment - Preliminary," November 2017, http://www.ucop.edu/operating-budget/_files/legreports/17-18/2017-18UseofOne-timeFundstoSupportBestPracticesinFacultyEmployment-PrelimLegRpt.pdf.
31. Available data analyzed in this report generally used binary gender categories. Where data included a non-binary "other" option, it does not register on charts because it represented less than .05 percent of any demographic group.
32. For the UC Corporate Personnel Database and Annual Accountability Report, Figures 5 and 6 uses "Managers" to refer to employees designated as "Managers and Senior Professionals," "Senior Executives" to refer to employees designated as "Senior Management Group," and "All Non-Management Staff" to refer to employees designated as "Professional and Support Staff." UC Corporate Personnel System, October 2016; U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates, generated using American FactFinder, February 1, 2017; University of California, "Annual Accountability Report: 2016," 2017, <https://accountability.universityofcalifornia.edu/2016/documents/pdfs/Accountability%20Report%202016.pdf>.
33. Racial demographics for California were calculated through Hispanic dominance tabulation utilizing methods that reduce overlap within Hispanic categories, sequentially tabulated as 1. All Hispanics 2. All Blacks alone or in combination (non-Hispanics only) 3. All remaining Asians & Pacific Islanders alone or in combination (non-Hispanics only) 4. All remaining Whites alone or in combination (non-Hispanics only) 5. All remaining American Indians (non-Hispanics only). Myers and James include Hispanic categorical dominance as a method that reduces overlap and double counting within Hispanic census records. Myers, Douglas, and Angela James, "Overlap: A Guide to Race and Hispanic Origin in Census 2000," University of Southern California, June 2012, http://popdynamics.usc.edu/pdf/2002_Myers-James_Overlap-Guide-Race-Hispanic.pdf.
34. Roughly one in five Black adults works for the government. They are about 30 percent more likely to have a public sector job than non-Hispanic whites. Patricia Cohen, "Public-Sector Jobs Vanish, Hitting Blacks Hard," *The New York Times*, May 24, 2015, <https://www.nytimes.com/2015/05/25/business/public-sector-jobs-vanish-and-blacks-take-blow.html>.
35. See, for example, Saba Waheed and Reyna Orellana. "Ready to Work, Uprooting Inequity: Black Workers in California."

- UCLA Labor Center. May 2017, <https://www.labor.ucla.edu/publication/ready-to-work-uprooting-inequity-black-workers-in-california/>. And Saba Waheed, Tamara Haywood, Lola Smallwood-Cuevas, Psalm Brown, Reyna Orellana. "Ready to Work, Uprooting Inequity: Black Workers in Los Angeles County," UCLA Labor Center, March 2017, <https://www.labor.ucla.edu/publication/ready-to-work-uprooting-inequity-black-workers-in-los-angeles-county/>.
36. U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates; University of California, "Annual Accountability Report: 2016"; UC Corporate Personnel System, October 2016.
 37. A study found that during the 2008 economic crisis, women suffered 70 percent of public sector layoffs. Mitchell Hartman, "Government jobs deficit hurts minorities and women," *Marketplace*, March 2, 2016, <https://www.marketplace.org/2016/03/02/world/public-sector-jobs-deficit-hurts-minorities-and-women>.
 38. In 2014, the U.S. Department of Education began a Title IX investigation into how UC Berkeley responds to and prevents sexual violence after complaints by 31 students and alumni. Later that year, California's State Auditor identified deficiencies in the handling of sexual harassment and sexual violence at both UC Berkeley and UCLA. Subsequently, three student survivors of sexual assault filed a gender discrimination lawsuit against UC. In 2015, astronomer Geoffrey Marcy resigned after UC Berkeley admitted "inadequate" discipline for numerous substantiated sexual harassment complaints. In 2017, it was revealed that UC Berkeley Law School Dean Sujit Choudhry was only docked 10 percent pay and allowed to retain his position even after sexual harassment allegations were substantiated. These and other cases prompted UC to release details on 113 cases of sexual misconduct in a three-year period. Also in 2017, recordings surfaced of Regent Norman Pattiz engaging in sexual harassment at his company. He eventually resigned under pressure, but denied that his resignation was in any way connected to publicized recordings of his workplace behavior or subsequent calls for his ouster. Other Regents reinforced this assertion and praised his tenure on the Board. Casey Tolan, "UC Regent Norman Pattiz Retires in Wake of Protests Over 'Breast' Comment," *The Mercury News*, December 29, 2017, <https://www.mercurynews.com/2017/12/28/uc-regent-norman-pattiz-retires-in-wake-of-protests-over-inappropriate-comments/>; Teresa Watanabe, "UC Regent Norman Pattiz, dogged by fallout over sexually inappropriate comments, to retire," *Los Angeles Times*, December 28, 2017, Accessed February 14, 2018, <http://www.latimes.com/local/education/la-me-uc-regent-pattiz-retire-20171228-story.html>.
 39. In 2016-2017, the UC spent more than \$3.4 million in sexual harassment payouts – more than any state agency and the most in the UC's history. Marjie Lundstrom, "The final tally is in—UC's highest one-year payout for sex harassment settlements," *The Sacramento Bee*, February 21, 2018, <http://www.sacbee.com/news/politics-government/capitol-alert/article201436804.html>.
 40. Researchers note that the standardized "API" category is problematic because it combines groups with generally higher socioeconomic status with some of the most disadvantaged ethnic groups in the U.S., such as Southeast Asian Americans and Pacific Islanders. Researchers also note that API groups with apparently higher socioeconomic status may be a reflection of other factors, such as their concentration in expensive coastal cities.
 41. For consistency, we aggregated ethnic categories into racial categories using the same method as the UC Accountability Report, which generally corresponds to census categories. At each location, a small number of individuals did not fit into a racial group and were omitted. Wage data was only available in binary male-female categories.
 42. The wage progression tables are determined by the Collective Bargaining Agreement covering these job titles, and are different for each title and each location.
 43. To ensure the integrity of our methodology, we also conducted an analysis utilizing actual pay rather than step 1 pay and found essentially the same results, with small differences likely reflecting differing seniority levels.
 44. In another effort to make sure demographic concentrations do not improperly distort systemwide averages, we calculated systemwide averages using an approach where local wage variations were converted into a percentage format where whites, men, or white men represented 100 percent *before* as well as *after* weighting by total headcount. Both approaches produce nearly identical results, generally with differences of 1 percent or less. We also made sure there were no distortions caused by extremely small sample sizes.
 45. This assumes the Black and Latina workers' starting pay is equal to the average starting pay of their respective demographic group and that they are employed continuously during this period. Wages of AFSCME-represented employees in career positions generally increase with seniority at an annual rate of 2%.
 46. Chris Ringewald and Katie Smith, "RACE COUNTS: Advancing Opportunities For All Californians," Race Counts. Winter 2017, p. 22, <http://www.racecounts.org/data/launch-report/>.
 47. *Ibid*, p. 4.
 48. The earliest year of demographic data available for this report was 1996.
 49. U.S. Census Bureau 2015 American Community Survey. U.S. Census Bureau 1990 Decennial Census and 2000 Decennial Census. Rounded to the nearest whole number, Blacks made up 7 percent of the state population in both 1990 and 2000.
 50. Waheed and Orellana, "Ready to Work, Uprooting Inequity: Black Workers in California."
 51. Waheed, Haywood, Smallwood-Cuevas, Brown, and Orellana, "Ready to Work, Uprooting Inequity: Black Workers in Los Angeles County."

52. Ibid.
53. Not all AFSCME-represented titles were included in UC's estimate. The omitted titles were mostly from the patient care unit. Call center workers were the only job type that was included and not represented by AFSCME. See also endnote 24.
54. Another prominent issue examined by auditors was conflict of interest policies. A number of media reports have focused on UC officials benefiting from companies with current or potential contracts with UC campuses, sometimes leading to disciplinary action. Recent targets of scrutiny have including former UC Davis Chancellor Linda Katehi, current UCSF Medical Center CEO Mark Laret, and current UC Regent William De La Peña. This underscores the need for UC to update its annual Vendor Transparency reports. California State Auditor, "The University of California Office of the President Has Not Adequately Ensured Compliance With Its Employee Displacement and Services Contract Policies, Report 2016-125.1," pp. 38-30, August 2017, <https://www.auditor.ca.gov/pdfs/reports/2016-125.1.pdf>.
55. The state auditor found that loopholes in UC policies and state contracting laws "[open] the door for potential abusive contracting practices by allowing the university to avoid the bidding process through repeated contract extensions." In one example, a food service contract was extended 24 times, ballooning costs to \$237 million over 19 years. The auditor noted that contract extensions, though intended for special circumstances, had no restrictions to limit their use. California State Auditor, "The University of California Office of the President Has Not Adequately Ensured Compliance With Its Employee Displacement and Services Contract," pp. 38-30.
56. ABM Industries Incorporated, 2018 Schedule 14A Proxy Statement, Filed February 7, 2018, http://files.shareholder.com/downloads/ABM/5997296824x0x970919/A4A876B0-978B-47B1-B2EE-407FB4B12782/ABM_2018_Proxy_Statement.pdf.
57. These services are identical to work performed by AFSCME-represented career workers. Contract spend comes from Fiscal Year 2014-2015. In response to a Public Records Act request, UC stated that it would not produce updated figures. In response to an information request under the Higher Education Employer-Employee Relations Act, UC stated that it could produce an updated report for \$24,000. University of California, "UC Vendor Transparency Report for Fiscal Year 2014-2015," January 12, 2016, <http://reportingtransparency.universityofcalifornia.edu/>.
58. Ibid.
59. U.S. Small Business Administration, "Table of Small Business Size Standards Matched to North American Industry Classification System Codes," October 1, 2017, https://www.sba.gov/sites/default/files/files/Size_Standards_Table_2017.pdf.
60. Because these surveys were voluntary, they represent the only non-comprehensive data source used in this report.
- Although the types of contractors surveyed represent the most common service worker titles, namely, custodians, security guards, parking attendants, and food service workers, more comprehensive research is needed to validate whether the results from this surveyed sample are representative of the total workforce. No other data source is available concerning demographics and working conditions of UC's private contractor workforce.
61. "Not paid for all hours worked" includes workers forced to work before or after their shift without pay and workers not receiving overtime pay. "Does not get correct breaks" includes workers who do not receive their lunch break after five hours into their shift and workers unable to take their break because there is no one to relieve them. "Works in pain" includes pain and injuries caused by or exacerbated by work, sometimes interfering with routine daily tasks. It's also noteworthy that when these workers wish to call in sick, they are often deciding to forego pay, since contractors generally receive few or no sick days.
62. Email from Ali Mansour to Julie Hoxie, Jose "Skip" Calvo, and Sal Genito, "RE: UCB (CP) February 2015 billing," August 17, 2015.
63. Email from Bob Lalanne to Jeanine Raymond, John Wilton, and Ann Jeffrey, "RE: TIME SENSITIVE – Subcontracting," September 8, 2014.
64. The Department of Labor determined that the vendor had failed to pay overtime while assigning janitors to 70 and 80 hour weeks. Even though these workers were supervised by UC personnel, the University took no responsibility and actually extended its contract with the company. Chris Kirkham, "Workers allege 80-hour weeks with no overtime at UC Berkeley sporting events," *Los Angeles Times*, October 1, 2015, <http://www.latimes.com/business/la-fi-uc-contractor-investigation-20150930-story.html>.
65. Danny Feingold, "Jerry Brown's University of California Perma-Temp Problem," *Capital & Main*, August 15, 2016, <https://capitalandmain.com/jerry-browns-university-of-california-permatemp-problem-0910>.
66. Emily DeRuy, "Workers at some UC campuses say they don't earn fair wages," *The Mercury News*, October 23, 2017, <http://www.mercurynews.com/2017/10/22/workers-at-some-uc-campuses-say-they-dont-earn-fair-wages/>.
67. These are the same workers who were told their English skills were insufficient for career positions, even though they had performed the same work at the same locations for years under a contractor. They initially stepped forward in order to speak out against arbitrary wage cuts. Emily Green, "UCSF hires 2 dozen janitors who complained, lost their jobs," *SF Gate*, September 01, 2016, <https://www.sfgate.com/politics/article/UCSF-hires-2-dozen-janitors-who-complained-lost-9194030.php>.
68. Sharon Zhen, "UC employees, students protest in support of contracted valet workers," *Daily Bruin*, July 31, 2017, <http://dailybruin.com/?p=299690>.

69. Dianne Yoder, Kathleen Quenneville, and Matthew Hicks, "UC Fair Wage/ Fair Work Plan: A Guide On Implementation," September 24, 2016; University of California, "Guide to FW FW by Commodity," April 5, 2016, http://www.ucop.edu/procurement-services/_files/training/A%20Guide%20to%20FW%20FW%20by%20Commodity%204.5.16.pdf.
70. Medical centers were included in the report for each campus. University of California, San Francisco Audit and Advisory Services, "Fair Wage/Fair Work Plan," July 28, 2017, obtained by public records request on October 20, 2017; Audit & Management Advisory Services on behalf of The University of California, San Diego, "System Wide Review - Fair Wage/ Fair Work Report 2017-11," August 4, 2017, obtained by public records request on August 16, 2017; University of California, Riverside Audit & Advisory Services, "Fair Wage/Fair Work Policy Internal Audit Report R2017-12," July 21 2017, obtained by public records request on August 16, 2017; University of California, Irvine Internal Audit Services, "Fair Wage/Fair Work Internal Audit Report No. I2017-106," June 30, 2017, obtained by public records request on August 16, 2017; Audit & Management Advisory Services on behalf of the University of California, Santa Cruz, "Internal Audit Report: Fair Wage/Fair Work Review Report No. SC-17-12," June 2017, obtained by public records request on August 4, 2017; University of California, Santa Barbara Audit and Advisory Services, "Internal Audit Report: UC Fair Wage/Fair Work Review," June 26, 2017, obtained by public records request on August 4, 2017; University of California, Merced, Audit and Advisory Services, "UC Fair Wage/Fair Work Plan Audit Report Np. M17A007," July 6, 2017, obtained by public records request on August 4, 2017; University of California, Los Angeles Audit & Advisory Services, "UCLA Campus – Fair Wage/Fair Work Audit Report #17-4005A," October 10, 2017, obtained by public records request on October 19, 2017; University of California, Berkeley Audit and Advisory Services, "Untitled Fair Wage/Fair Work Audit," August 12, 2017, obtained by public records request on September 6, 2017; University of California, Davis Audit & Management Advisory Services, "Fair Wage/Fair Work Audit & Management Advisory Services Project #17-63," June 2017, obtained by public records request on September 6, 2017.
71. The University of California Regents Meeting: Compliance and Audit Committee, Presentation by Matthew Hicks, September 13, 2017.
72. The FW/FW minimum wage provides about \$2,500 per month. Sara Kimberlin and Amy Rose, "Making Ends Meet: How Much Does it Cost to Support a Family in California?" California Budget & Policy Center, December 2017, <http://calbudgetcenter.org/resources/making-ends-meet-much-cost-support-family-california/>.
73. The collective bargaining agreement finalized in 2009 included a \$15 minimum wage after its final year of implementation.
74. UC Corporate Personnel System and Service Unit (SX) Wage Table, February 2017.
75. Average contractor wage comes from responses to surveys and includes surveys conducted before FW/ FW's \$15 minimum was phased in on October 1, 2017 as well as workers earning below the \$15 minimum either because they are not covered by FW/FW or because the contracting company was not following policy requirements. The University of California has been unwilling or unable to produce contractor wages in response to legislative inquiries and public records requests. The average AFSCME starting wage reflects the step 1 wage of each title averaged proportional to the number of employees in each title. UC Corporate Personnel System and Service Unit (SX) Wage Table, Oct 2016.
76. UC Office of the President Legislative Director Jason Murphy wrote in an internal email on 9/28/16 that "As UC's highest priority oppose bill this year, there were numerous folks involved in the UC opposition effort." He was referring to S.B. 959 (Lara), a bill nearly identical to SB 376 which was introduced the following year and also vetoed by the governor. Jason Murphy to Seth Grossman et al, "SB 959 (Lara) Vetoed by Governor Brown!" September 28, 2016.
77. As part of a multi-year campaign, a coalition of organizations including AFSCME presented UC Berkeley with model "ban the box" language drafted by the National Employment Law Project and adopted by a UC Berkeley-convened community advisory committee. Soon after, UC Berkeley and the UC Office of the President adopted a version of this policy lacking key safeguards. This current UC policy lacks provisions such as limiting the review of arrests dismissed by a court, requiring administrators to use clear criteria (such as federal guidelines) to determine whether a candidate should be disqualified, or a provision to ensure enforcement of the policy.
78. In February 2018, Asm. Shirley Weber introduced A.B. 2361, a bill that would require companies contracting with UC to report the wages and benefits of outsourced workers to the State Controller.
79. Employees in the patient care unit primarily work in medical centers, though many patient care providers also work in campuses, especially the larger locations. The three campuses with the smallest number of patient care workers, UC Riverside, UC Santa Cruz, and UC Merced, had no Black women patient care workers and were therefore not included in this graph. Their total patient care worker headcounts for October 2016 were 23, 21, and 6, respectively. For context, the next largest patient care workforce was UC Santa Barbara, which had 35 employees, and UCLA Medical Center had the largest workforce—nearly 3,000. In terms of total service workers, UC Santa Cruz is the fourth smallest location by headcount but is the only location with no Black women (and was therefore omitted from the service workers graph). UC Santa Cruz is just slightly smaller in service workforce size than UC Santa Barbara (451 vs. 462 workers).



