AFSCME LBFO Implementation

FAQ for Supervisors

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What is happening?

After 16 months of negotiating and bargaining in good faith with AFSCME, reaching impasse and exhausting the impasse procedures, UC is implementing certain terms of its last, best and final offer (LBFO) for AFSCME SX and EX bargaining units.

Under the terms of UC's LBFO and as allowed under state law, UC is moving forward with wage increases for these critical employees who provide vital services to its hospitals and students across the system. These increases will move these UC team members to $25 an hour by July 1 or a 5% increase, whichever provides a greater benefit to its employees, provide health care credits to employees in pay bands one and two and implements 2025 health care premium rates across the AFSCME workforce.

UC is implementing the following articles: Health and Welfare, Grievance Procedure, Hours of Work, Leaves of Absence, Nondiscrimination, Sick Leave, and Wages. All other articles will remain in status quo. If you have specific questions about the impact of status quo, please reach out to the labor relations team at your location.

What is a last, best and final offer (LBFO)?

A last, best, and final offer (LBFO) is the last and best offer the employer can provide during negotiations and comes after the parties reach impasse, go through mediation, and fact-finding. UC presented its last best final offer on April 30 after its final face-to-face meeting with AFSCME on April 16. In that meeting, AFSCME presented a proposal with a minimal decrease from its initial wages demand (a reduction totaling 1.5% over three years), while the union simultaneously increased its Health and Welfare demand.

Why is UC implementing its LBFO wage offer?

Because the parties bargained to impasse and exhausted impasse procedures under state law, UC has determined to move forward with wage increases to its lowest-paid employees. Despite financial uncertainties, UC values these employees and wants their wages over the next year to reflect that commitment.

In addition, the implementation is in line with its expansion of protected paid sick leave, and to implement changes associated with the requirements of SB 1334, which are already in effect.

What does it mean for an employer to implement terms from its LBFO?

Once the employer and union have bargained to impasse—a point where further negotiations would be futile, the employer may lawfully implement changes that were part of the LBFO. This means the employer can unilaterally implement specific terms and conditions that were offered to the union but rejected.

This action does not mark the end of the duty to bargain; the employer must continue to bargain in good faith if the union requests further negotiations.

When is this happening? What are the imposed terms?

Imposed terms will take effect by July 1, with notice provided to the union on June 25. The imposed terms include wages, employee health care contribution offsets, sick leave, other leaves, and clarifications to the contractual grievance procedure.

The complete packages of implemented terms for the EX and SX units are posted on the Systemwide Labor Relations webpage.

When will employees be notified of this implementation?

Communications have already been broadly circulated. Specifically, a bargaining update was published on UCnet for employees on June 25. Additionally, on the same day, UCOP communications emailed labor relations teams at University locations with information to share with employees.

On July 1, UCPath distributed a targeted mass email (TME) to affected employees in advance of July 16th (biweekly) and August 1 (monthly) paychecks.

When will employees see the wage increases?

Biweekly-paid employees will see the wage increase applied to the pay period covering June 22 through July 5 (July 16 paycheck). Employees paid monthly will see increases applied to the pay period beginning July 1 (August 1 paycheck).

What are the terms of the change to employee health insurance contributions? When will these changes take effect?

The purpose of the implemented term on employee health insurance contributions is to replace the current cap structure with a subsidy approach that will benefit AFSCME-represented employees in Pay Bands 1 and 2 (97% of AFSCME-represented employees) who elect either the Kaiser or UC Blue and Gold HMO. Employees in Pay Band 1 who elect an HMO will receive a $125 monthly subsidy to offset their employee contribution. Employees in Pay Band 2 who elect an HMO will receive a $100 monthly subsidy. These amounts are built into the health benefits rate structure and will be reflected as a reduced monthly contribution amount deducted from affected employees' paychecks.

The changes will be reflected in paychecks on July 16th (biweekly) and August 1 (monthly).

What does this mean if my location is experiencing layoffs? How are layoffs handled during imposition/implementation vs status quo?

The University has an obligation to respond to union demands to bargain over the effects of layoffs, although most, if not all, of the effects are covered by the terms of the expired contract. If your department is contemplating layoffs, please work closely with the labor relations team at your location to ensure you follow the appropriate process.

What happens with hours of work and other management changes?

Locations should continue to follow status quo, which means implementing provisions from the expired contract in most cases. Please consult with the labor relations team at your location if you have questions about your obligations under status quo before implementing schedule changes or taking other management actions in your department.

What does this mean for outstanding grievances and/or arbitration?

Grievances will continue to be processed. Arbitration provisions do not generally survive contract expiration, and UC cannot unilaterally implement these provisions. That means that in most cases, grievances may not be appealed to arbitration.

The one exception to that general rule is under Article 5, which incorporates an expedited arbitration process for allegations that the University violated Article 5.C (General Prohibition on Contracting Out). The University has taken the position that Article 5's provisions survive contract expiration and are the operative status quo, and the University will continue to process any arbitration appeals that are subject to Article 5.H.

How should supervisors handle hiring and placement under the new $25/hour minimum wage requirement?

Please note that under the terms of the University's implementation, **ALL** AFSCME-represented titles are now covered by the $25/hour minimum wage requirement. Supervisors should continue recruitment and placement practices in alignment with existing compensation policies, while also considering the new $25/hour minimum wage requirement. Specifically:

- **Recruitment Language:** Locations should ensure that job postings clearly reflect compliance with the $25/hour minimum wage. This may require updating the compensation ranges listed in open recruitments.
- **Compensation Ranges:** If current postings list a range that starts below $25/hour, the posted compensation range should be adjusted to reflect the minimum wage requirement.
- **New Hire Placement:** New hires should be placed on the appropriate step of the pay scale in accordance with past practice. Employees who are placed on steps with assigned values less than $25/hour will experience an adjustment that brings them to the $25/hour minimum wage. Put another way, the $25/hour minimum wage requirement does not reset step values on existing pay ranges; rather, necessary adjustments to actual pay will be made to ensure that no employee is paid below the minimum threshold.

For questions about specific cases or unique situations, supervisors should consult their HR or Compensation teams at their location.

Does the implementation adjust rate tables to reflect the new minimum $25/hour rate?

The University has not implemented new wage tables. However, wage ranges will be adjusted to reflect the 5% increase. Once adjusted to account for the 5% increase, some steps will still fall below $25/hour. Any employee placed on a step with an hourly wage below $25/hour will receive an adjustment that moves them above their step to a $25/hour minimum wage.

Do the parties remain in status quo after terms have been implemented?

Status quo refers to the set of wages, hours, and other terms and conditions of employment that are in effect at the time a collective bargaining agreement (CBA) expires or during negotiations.

After an employer implements terms from the LBFO post-impasse, the status quo shifts. The "new" status quo incorporates the implemented terms. The employer must then maintain these implemented terms unless and until a new agreement is reached or further lawful changes occur.

For any terms not included in the LBFO or not changed, the original pre-impasse status quo continues to apply. In other words:

- As to the imposed terms: the employer must now maintain those as the new status quo.
- As to terms not addressed or changed in the LBFO: the pre-impasse terms remain in effect.

What does this mean for ongoing contract negotiations?

UC is always committed to good faith bargaining and negotiations as required under state law. UC has exhausted the state-required bargaining obligations in this case through 16 months of negotiations and several substantial wage offers. UC will, of course, continue to engage with the union as required by law and is eager to review any proposal that demonstrates substantial economic movement in hopes of reaching a mutually beneficial agreement.

Can AFSCME still strike?

Yes. Under state law, UC cannot impose the parties' no-strike provision, so the union may continue to call for strikes after UC imposes terms from its last, best, final offer. Historically and during the parties' current negotiations, AFSCME has called for strikes several times, starting before the contract expired and continuing past UC's LBFO. That said, UC is hopeful that its decision to implement wage increases demonstrates that it is committed to this critical workforce.