

# **Article 45 - Wages**

Teamsters Local 2010

CX-Unit Negotiations

July 8, 2016

Which should parties  
consider when bargaining  
wages:  
Cost of Living  
or Cost of Labor?

**Cost of Living is a critical  
factor to consider.**

An institution such as UC has a moral obligation to ensure its employees working full time are paid enough to live.

**Cost of Labor is also a factor to be considered.**

CX Wages have fallen  
considerably when  
compared to cost of living  
AND cost of labor

# What Exactly is Inflation?

- Inflation has been defined as a process of continuously rising prices or equivalently, of a continuously falling value of money.
- Various indices have been devised to measure different aspects of inflation.
- The "best" measure of inflation for a given application depends on the intended use of the data.

# What Trusted Measures of Inflation are Available?

- The U.S. Bureau of Labor Statistics has developed various indices to measure different aspects of inflation:
  - The **Consumer Price Index (CPI)**;
  - The **Producer Price Index (PPI)**;
  - The **Employment Cost Index (ECI)**;
  - The **BLS International Price Program (IPP)**;
  - and the **Gross Domestic Product Deflator (GDP Deflator)**.



# **Consumer Price Index (CPI)**

# Is the CPI the best measure of inflation?

- The CPI is generally the best measure for adjusting payments to consumers when the intent is to allow consumers to purchase at today's prices, a market basket of goods and services equivalent to one that they could purchase in an earlier period.
- **The CPI essentially tracks changes in cost of living.**

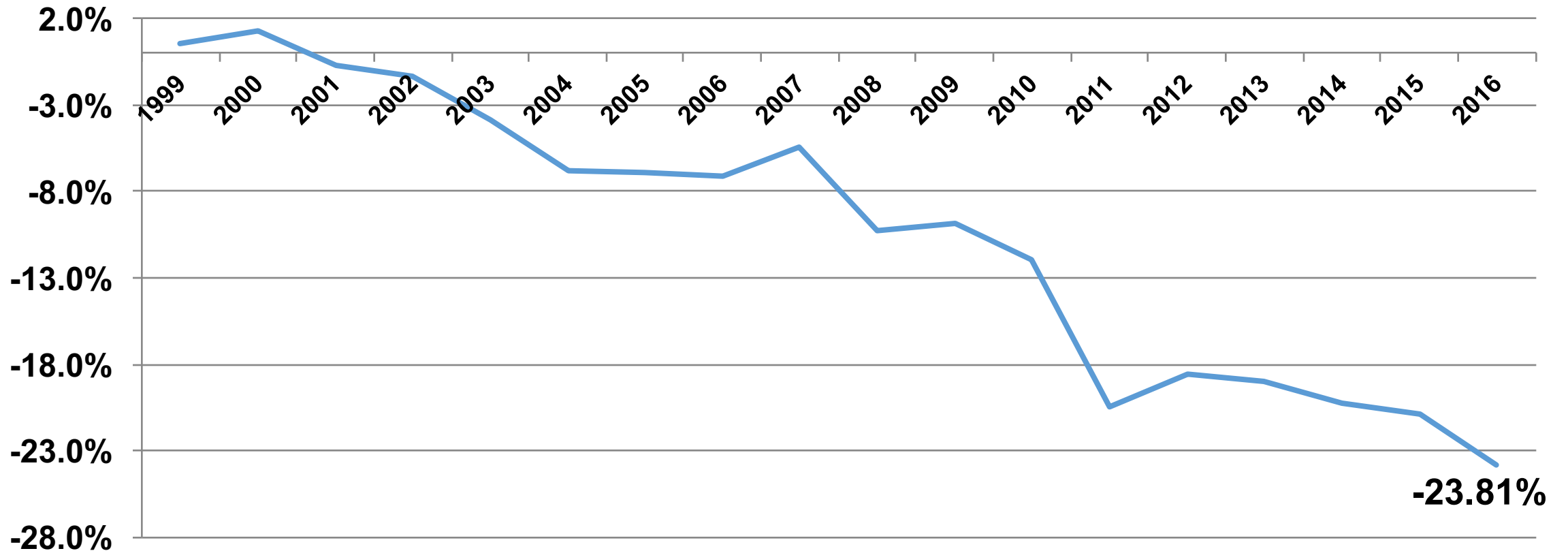
# What goods and services does the CPI cover?

- The CPI represents all goods and services purchased for consumption by the reference population (U or W) BLS has classified all expenditure items into more than 200 categories, arranged into eight major groups.

# Applying CPI

CX wages down 23.81% since 1999 against the cost-of-living.

Difference between the Actual Take-Home Wage and CPI Driven Wage of a Step 1 - Admin Assistant I at UC Irvine



# **Employment Cost Index (ECI)**

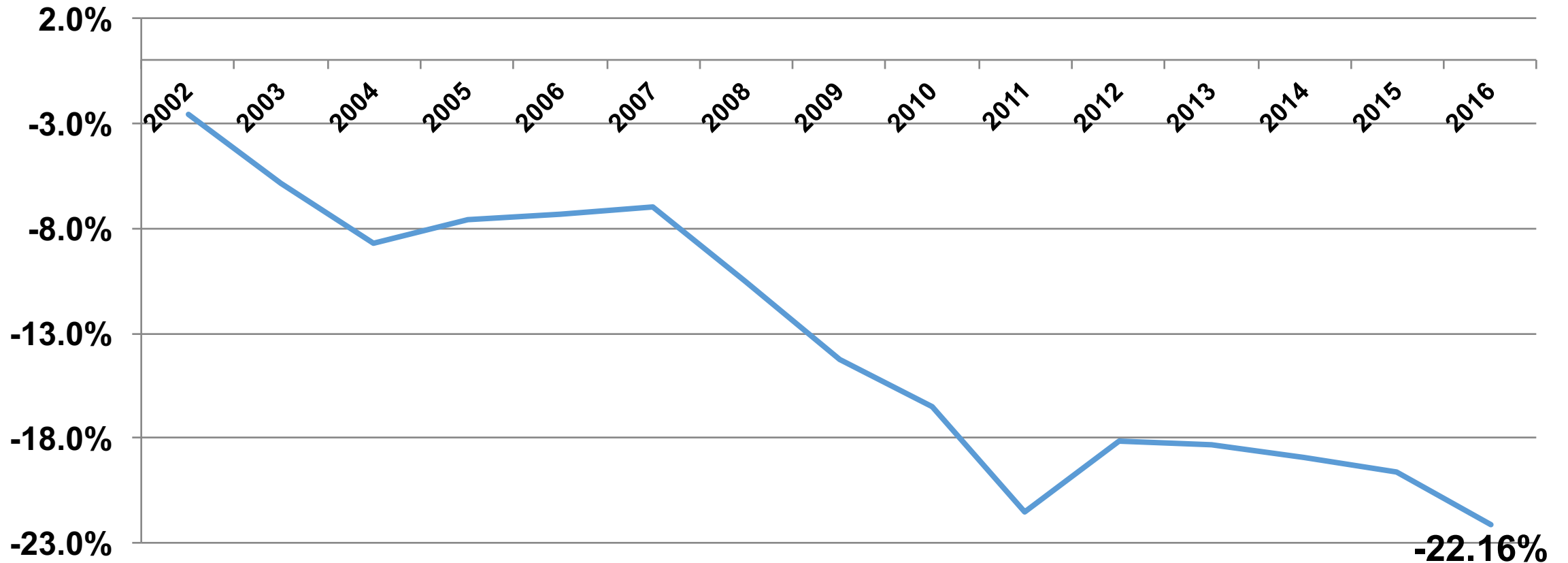
# Is the ECI the best measure of inflation?

- The ECI was designated by the BLS as a principal economic indicator.
- The ECI provides regular sub-series by occupation, industry, and region.
- It includes not only wages and salaries but also employer costs for employee benefits, and covers nearly all employees in the civilian (non-Federal) economy.
- **ECI essentially tracks changes in cost of labor.**

# Applying ECI

CX wages down 22.16% since 2002 against the cost-of-labor for state and local government workers in office and administrative support series.

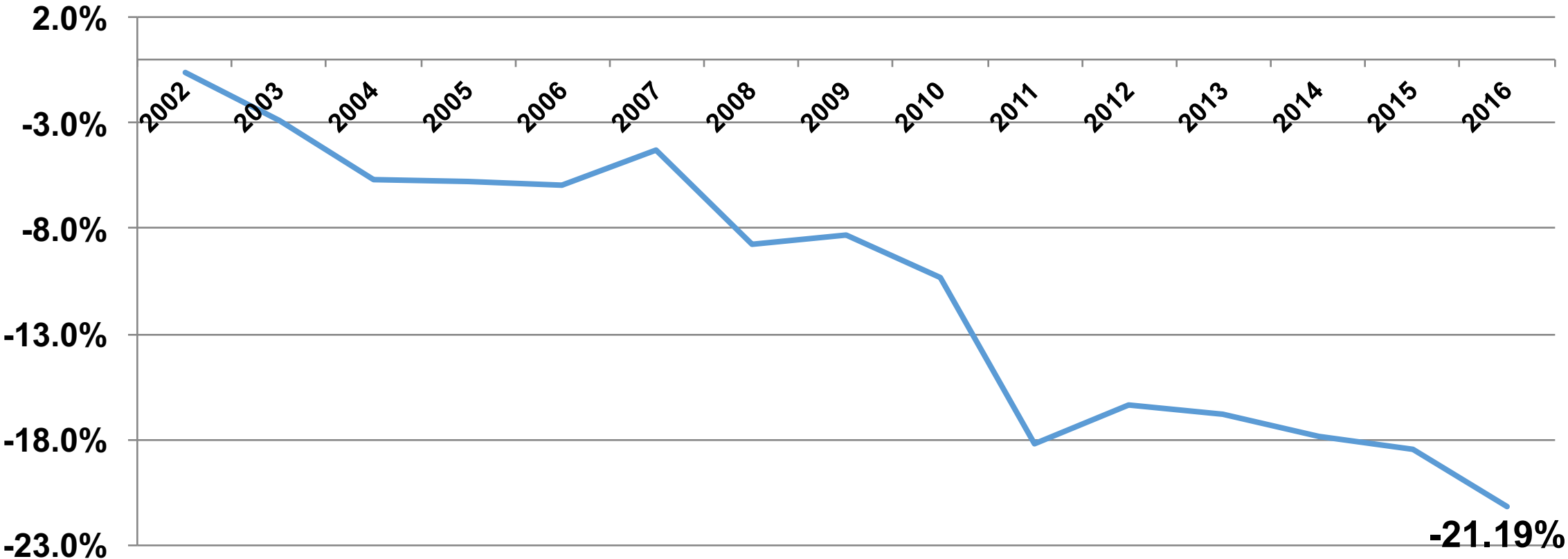
Difference between the Actual Take-Home Wage and ECI Driven Wage of a Step  
1 - Admin Assistant I at UC Irvine



# Again – Applying CPI

CX wages down 21.19% since 2002 against the cost-of-living.

Difference between the Actual Take-Home Wage and CPI Driven Wage of a Step 1 - Admin Assistant I at UC Irvine



Source: BLS, CPI-U Series ID: CUUR0000SA0, assumes 2% inflation 2015, 2016.



# Conclusion

- Even though CX workers are working harder and more productively and performing increasingly complex work, it is easy to see how CX-Unit wages have fallen behind **both cost of living and cost of labor**, as tracked by the BLS. Over the same time period:
  - CPI says:  
**21.19%** loss in real-wages against the cost-of-living.
  - ECI says:  
**22.16%** loss in real-wages against the cost-of-labor.
  - Teamsters Local 2010 says:  
***“UC: PAY WORKERS ENOUGH TO LIVE.”***

