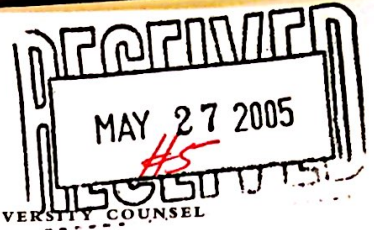




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at CHAPEL HILL



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May 27, 2005

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Chancellor James Moeser  
Office of the Chancellor  
103 South Building  
The University of North Carolina at Chapel Hill  
Chapel Hill, North Carolina 27599-9100

RE: Review of ARAMARK Contract Compliance

Dear Chancellor Moeser:

In early April 2005, as a result of concerns raised by University students, you asked the Office of University Counsel to assess whether ARAMARK Educational Services, Inc. is operating on campus in compliance with the terms of its 2001 Dining Services Program Contract with the University. In particular, you noted that, while the University does not have direct oversight for ARAMARK employees, it is important that ARAMARK employees be treated fairly, in a non-discriminatory manner, and in compliance with applicable laws.

Since the beginning of April, we have met multiple times in person and via telephone with local, regional, and national ARAMARK management representatives, University employees, University students, and ARAMARK employees. We now write to convey the results of our review, especially as it relates to two primary areas of concern.

*I. Alleged unlawful interference with unionization efforts*

Our students have alleged that ARAMARK has repeatedly interfered with unionization efforts of its employees in a variety of ways, such as (1) distributing an "anti-union" letter, (2) suspending an employee alleged to be involved in the efforts to unionize ARAMARK's campus operations; (3) removing students from Lenoir Hall who were distributing union material; and (4) demanding that an employee remove a pro-union sticker while at work. Our students also want the University to publicly support the card-check process for unionization.

We could find no information that supports these allegations. First, the February 18, 2005 letter distributed by ARAMARK to its employees is not a prohibited

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communication under the National Labor Relations Act. Second, there is no information that has yet indicated any causal connection between the suspended employee's union activity and the disciplinary action imposed by ARAMARK as a result of alleged criminal activity. Third, the University's Facilities Use Policy<sup>1</sup> does not generally permit solicitation and distribution of written materials within campus buildings, and, to enhance the student dining experience, the University has consistently declined to allow any solicitation or distribution of written materials within Lenoir Hall. We have reinforced to the University employees with oversight of Lenoir Hall and other dining facilities that enforcement of the "no solicitation" rules must continue to be applied consistently. Fourth, we understand that an incident did occur where an employee was told to remove a pro-union sticker but that the instruction was quickly corrected and no further incidents of a similar nature have been reported.

To the extent that our students want us to take a position on unionization of a contractor's employees, we believe it is appropriate to maintain our neutrality and simply affirm our commitment to upholding the public policy of the state that membership or nonmembership in a union shall not affect an employee's right to work.<sup>2</sup>

## *II. Alleged Worker Mistreatment*

Our students also raised concerns about alleged worker mistreatment. This concern was echoed by some ARAMARK employees in the sense of poor or "disrespectful" communications between first-line managers and employees, reassignment of employee responsibilities or work locations against employee wishes, and not receiving appropriate pay for work performed. We do not believe that these issues indicate a contractual compliance concern, though certainly they are all valid issues for ARAMARK to internally explore and appropriately address. We understand that ARAMARK representatives from their corporate office in Philadelphia have already conducted additional focus groups with employees to further explore these issues.

Nonetheless, we verified with ARAMARK representatives their hiring practices (including I-9 employment authorization), their practices for disseminating information to employees about how to bring forward complaints, and their publication of ARAMARK's third-party administered hotline number. This verification reassured us that ARAMARK adheres to the legal requirements for hiring employees and investigating complaints, including providing information in English and Spanish.

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<sup>1</sup> Policy On Use Of University Facilities For Noncommercial And Commercial Purposes, Section VI.A. (effective January 1, 2002).

<sup>2</sup> See N.C.G.S. §95-78.

to Chancellor James Moeser  
27, 2005  
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### III. Conclusion

In conclusion, based on our in-person interviews, telephone conversations, and review of written documentation, we do not believe there is a legal basis for concluding that ARAMARK is not in compliance with the terms of the Dining Services Program Contract. Throughout our review, we have been impressed with the commitment our students have demonstrated, and equally impressed with ARAMARK's commitment to comply with our contract terms.

Even without legal issues implicated, this review gives us an opportunity to continue to discuss the underlying concerns. To that end, we recommend that the University consider (1) bringing in a representative from the National Labor Relations Board to speak in an open forum about the unionization process; and (2) asking ARAMARK to hold open "feedback" sessions for our students at least once per semester. In addition, if ARAMARK employees would like the University to hear their specific concerns and then forward them to ARAMARK, Joanna Carey Smith is happy to continue to serve as a conduit for effective communication.

We appreciate the opportunity to assist the University in this matter. If additional concerns arise in the future, we would be happy to re-open our review. Please let us know if you would like to discuss this matter further.

Sincerely,



Leslie Chambers Strohm  
General Counsel



Joanna Carey Smith  
Associate University Counsel