

July 31, 2017

Dear Mr. Malik Habayeb

Thank you for your email to The American University in Cairo regarding allegations conveyed that the University has offered the housekeeping staff an unfair settlement that does not take into account their years of service.

As the August 31, 2017 expiration date approached for the current contracts of some 200 direct-hire cleaners at AUC, after considerable exploration of alternatives, the University has contracted with two reputable Egyptian companies to provide housekeeping and grounds cleaning services. The transition to private service providers in these limited areas aims not only for much more efficient use of resources and higher-quality housekeeping and grounds cleaning services, but also to support strategic changes in our middle management practices and general employment culture. These had grown lax following massive expansion of our workforce on the move to our new campus in 2008. None of the desired management reforms necessarily will require further outsourcing, and indeed our strong preference is to avoid this. The reforms include such industry best practices as greater accuracy in documenting responsibilities, authorities, and supervisory lines of every staff position; rationalizing use of overtime; and implementing measures against nepotism and other forms of favoritism both in hiring and in weekly work assignments, including overtime.

*Upon the expiry of the term of their employment contracts, Egyptian law requires absolutely no compensation whatever, regardless of years of service, to fixed-term contract employees.* Nevertheless, AUC so respects and values the past service of the employees facing the scheduled end of their contracts that we offered an extraordinary ex-gratia transition payment to each employee who would sign a reaffirmation of intent to continue working under the normal terms of his/her contract through the expiry date, without disruption of normal routine. This amount varies depending on individual contract expiry dates, but in all cases the exceptional payment is not less than the equivalent of 6 months' normal salary, or to the end of current fixed-term contracts – whichever is *greater*. Moreover, effective July 1, 2017, AUC granted these workers an across-the board 25% increase in their salaries -- again, without contractual obligation to do so. Hence the exceptional support payments are based on the recently increased terminal level of pay, not the lower contract terms at the start of their contract period.

In addition, AUC assured that dependents of the contract employees departing in good standing who are currently enrolled in AUC's academic programs or have received acceptance letters will continue their educational programs -- *gratis*. AUC has also made special arrangements for certain cases of extreme medical need and urged the two companies to hire as many as possible of the University's current employees in the housekeeping and grounds cleaning areas.

We further offered and did forward to the two prospective private cleaning firms the names and contact information of *all* the departing contract employees, in case any of them might wish to sign on with the new employers whether at AUC or other locations. Some 92 of the affected employees immediately took advantage of our offer of this package of transition assistance – again, *none of it required by law*.

Another 100 or so did not immediately do so. Regrettably, these workers responded to unspecialized and misleading interpretations of their rights under Egyptian labor law and/or AUC's ethical obligations.

A varying number of strikers illegally occupied the campus for nearly two weeks, including overnight, disregarding the Administration's repeated urging of them to leave and to accept the exceptional transition payments.

After the strikers defied a final warning from AUC on Tuesday, July 26, AUC filed a legal complaint against them on July 27. AUC informed the strikers that it would withdraw the legal complaint immediately upon their departure from campus. Furthermore, AUC again offered *precisely the same generous, ex-gratia exceptional transition bonus even to the strikers*, on condition that they exit the campus and sign a quit-claim and non-disparagement agreement.

The strikers finally exited the campus early on the afternoon of Thursday, July 27. AUC immediately withdrew the legal complaint as promised.

During this entire period, the University communicated continuously and directly with the affected staff through meetings with the heads of the two workers' syndicates (AUC's Public Syndicate and AUC's Independent Syndicate), through messages, emails and direct supervisory contact. Moreover, representatives from the Government of Egypt's national Labor Office and the Ministry of Manpower met jointly with AUC's management representatives and with representatives from AUC's two workers' syndicates. In that meeting, AUC again explained the case, including the contract terms and the ex-gratia transition assistance. The GOE officials affirmed that AUC was meeting and indeed exceeding the requirements of law.

News@AUC published [reports](#) on this situation in English and Arabic beginning July 17. Our Director of Media Relations, Ms. Rehab Saad, will be pleased to respond to any further details and inquiries.