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UAW Reaches Accords With Delphi, Visteon On Lower Wages and Benefits for New Hires

The United Auto Workers has reached seven-year supplementary agreements with Delphi Corp. and Visteon Corp. that create lower wage and benefit tiers for new hires. The agreement at Delphi was announced April 29, and the accord at Visteon was signed May 6.

The agreements supplement the national contracts reached last fall covering about 30,000 UAW-represented workers at Delphi and 21,000 workers at Visteon (8 COBB 115, 10/2/03). The national four-year agreements continue to set out wages, benefits, and working conditions for current employees; however, those agreements provided that the parties would negotiate a two-tier compensation structure for new hires.

Prior to the supplemental agreements, assemblers at Delphi received starting wages of about $16.51 per hour, while new hires at Visteon received $17.91 per hour and topped out at $25.58 per hour. Under the supplements, newly hired workers will earn $14.00 per hour, and will top out at $14.50, $16.50, or $18.50 per hour, depending on the type of work performed.

The companies will continue paying full health insurance premiums for newly hired employees. However, new workers are subject to higher deductibles, copays, and annual out-of-pocket maximums than current employees.

Rather than providing traditional defined benefit pension coverage for new hires, the companies will make contributions totaling 5.4 percent of wages into an individual retirement account for each worker. The employers also will match 30 percent of the first 7 percent of workers' own contributions.

New skilled trades workers will receive the wage rates set in the national contracts, but will be covered by the supplements' provisions on benefits.

Delphi and Visteon committed to allocate new products to UAW-represented facilities and to make capital investments at those sites.

N.Y. Hospitals, 1199 Agree to Divert Part of Wage Increase to Union Benefit Fund

A tentative agreement reached May 7 by the League of Voluntary Hospitals and Homes of New York and 1199 SEIU, New York's Health and Human Service Union, calls for about 71,500 workers to give up 1 percent of a previously scheduled wage increase to shore up the union's benefit fund.

Under the settlement, the parties agreed to extend two contracts, due to expire April 30, 2005, for three years, according to the League, which has 57 members representing 94 hospitals and nursing homes in the New York City metropolitan area. Employees would forgo 1 percent of a 4 percent wage increase due to take effect June 1. The 1 percent would be diverted to the 1199 SEIU National Benefit Fund, which provides health benefits to more than 280,000 health care employees and dependents throughout New York state.

The parties agreed to reopen the contracts due to a projected benefit fund deficit of $427 million over four years caused by skyrocketing prescription drug costs and greater-than-expected demand for medical services.

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In addition to the pay diversion, measures to close the deficit would include transfer of money from the pension fund to the benefit fund and new cost-reducing programs, such as requiring employees to use a mail order prescription drug program.

Wages would increase 3 percent as scheduled June 1, and 3 percent in each year of the extension.

An employment security provision under which any worker hired before Feb. 1, 1996, who has at least two years of service is guaranteed the same salary in another job if his/her position is eliminated would be extended beginning in May 2005 to any employee hired by Jan. 1, 2000.

A ratification vote on the new agreements will take place in the next couple of weeks, the union said.

UAW, Boeing Accord Ends Insurance for Future Retirees

United Auto Workers members at Boeing Co. facilities in Long Beach, Calif., and Melbourne, Ark., May 2 ratified a three-year contract that includes lump-sum payments and wage hikes, but requires higher health care premium payments by workers for certain coverage.

The contract also stipulates that workers hired on or after Jan. 1, 2005, will not be eligible for company-paid medical benefits when they retire. Elimination of the retiree benefits is in keeping with the overall trend at Boeing, the company said.

The agreement calls for employees to receive a $2,500 signing bonus and a 3 percent wage increase in the first year, a $2,000 lump-sum payment in the second year, and a 3 percent wage increase in the third year.

A health plan that requires no employee contribution to premiums is offered for the first time. However, employees opting for any of the other offered plans must pay 10 percent of the premium cost, up from an average of about 4.5 percent under the prior contract. In addition, Boeing agreed to raise the retirement benefit for future retirees to $60 per month per year of service, up from $50.

About 2,805 workers in Long Beach and 60 workers in Melbourne are covered by the contract.

Bloomingdale's Employees Maintain Health Care Benefits

Members of the Retail, Wholesale, and Department Store Union April 30 ratified a four-year contract with Bloomingdale's that will maintain health care benefits for about 2,000 workers at the company's flagship store in New York City.

While the agreement ensures that health care benefits will remain the same over term, employee costs may increase, the union said. Employee contributions toward health insurance premiums currently vary by income but in general total less than 40 percent of the cost, the union added.

Hourly employees, including sales staff, office workers, and housekeepers, receive pay increases of 60 cents per hour in the first year, 50 cents per hour in the second year, and 45 cents per hour in the third year. The third-year raise might be increased, depending on the company's performance. Before the first increase, pay for sales staff averaged between $13 an hour and $14 an hour.

Commissioned sales staff will not receive any rate increases, but productivity schedules are being changed to reduce the volume of sales they must achieve. The change will reduce stress levels for members, RWDSU said. Commissioned sales staff earn an average of $40,000 to $140,000 per year, depending on what department they work in.

Indiana Laborers, Plumbers Working Under New Contracts

The Laborers' International Union and the Indiana Constructors Inc. April 14 reached a five-year, statewide heavy highway agreement covering approximately 6,000 workers.

Wage-benefit increases total $7.05 per hour over term for workers in four counties in the northwest corner of the state and $5.80 per hour for workers in the rest of the state. First-year increases boost the hourly wage-benefit package to $27.24 for workers in the northwest and to $25.47 for workers in the rest of the state.

The agreement permits a covered contractor to subcontract only to contractors who are signatory or who want to become signatory, LIU said.

Meanwhile, about 1,000 workers in southern Indiana April 1 began working under a three-year agreement between the Mechanical Contractors Association of Indiana and the Plumbers and Pipe Fitters.

An hourly wage-benefit package of $34.33 for journey workers increases $3.91 over term, with initial increases of $1.02 to wages and 38 cents to benefits. However, 30 cents of the wage hike will be transferred to the health-welfare fund contribution July 1.

The parties also agreed to require workers to be tested for substance abuse. Drug test results and pertinent employment information, such as skill certification, will be encoded onto a "smart card," the union said. "When a person goes to a job everything the employer needs to know will be on that card."

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Facts & Figures

Wage Trend Indicator™

No Big Pay Increases on Employment Horizon

U.S. employment gains in recent months have not yet led to any significant pressure to increase wages at a faster clip, according to the latest Wage Trend Indicator figures released April 15 by BNA.

The data indicate that annual wage increases likely will remain below 3 percent for the rest of 2004 and probably into early 2005, said economist Joel Popkin, who helped develop the WTI for BNA.

The final reading of BNA's WTI for the first quarter of 2004 is 98.37, down from 98.49 for the fourth quarter of 2003 (second quarter 1976=100). The measure is at its lowest point since the first quarter of 1993, when it stood at 98.35.

''These numbers confirm . . . that the labor market remains at the weakest level in 11 years,'' Popkin said.

Economist Kathryn Kobe, director of price, wage, and productivity analysis with Economic Consulting Services LLC, agreed that the WTI shows no indication of any wage pressure over the next few months. Kobe worked with Popkin to develop the WTI.

''While we are seeing some strength in the economy, that's not feeding through to spur wage pressures and probably won't for some time,'' Kobe said.

BNA's WTI, launched in October 1999, has pinpointed turning points in private sector wage trends six to nine months before they appear in the employment cost index compiled by the Bureau of Labor Statistics.

Although the employment situation has improved, most economists agree that significant slack remains in the labor market.

BLS found that nonfarm payrolls expanded in March by 308,000, the largest monthly increase since April 2000. However, BLS also found that the unemployment rate inched up from 5.6 percent in February to 5.7 percent in March in part because more people were looking for work.

Popkin observed that several components of the March employment report provided indications of continued weakness in the jobs market: the average workweek for production and nonsupervisory workers fell, employment among temporary workers declined slightly, and the manufacturing sector again failed to add jobs.

Information on the Wage Trend Indicator is available at http://www.wagetrendindicator.com.

Wage Trend Indicator™ Components, First-Quarter 2004

Component	Wage Impact	Description	Source
Final WTI	↓	98.37, down from 98.48 in 4th quarter 2003. (1st quarter 2003 = 98.66)	
Expected Inflation	↓	One-year forecast of GDP chain-price index	Philadelphia Federal Reserve Bank
Average Earnings	↔	Annual change in average hourly earnings of private industry production and nonsupervisory workers	Bureau of Labor Statistics
Worker Scarcity	↓	Percentage of employers reporting difficult-to-fill professional or technical job vacancies	BNA's Employment Outlook Survey
Production/Service Expansion	↓	Four-quarter average of percentage of employers projecting production/service job growth	BNA's Employment Outlook Survey
Job Losers	↑	Percentage of the civilian labor force who have lost their jobs (Declining rate of job losers correlates to increasing wages)	Bureau of Labor Statistics
Unemployment Rate	↑	Civilian unemployment rate four quarters ago (Declining rate correlates to increasing wages)	Bureau of Labor Statistics
Industrial Production	↓	Annual percentage change in production index for manufacturing, mining and utility industries four quarters ago	Federal Reserve Board

Source: Wage Trend Indicator Database

A BNA Graphic/cbn410g2

Facts & Figures
Employment Cost Index

Surge in Benefits Costs Is Biggest in 14 Years, BLS Says

Total compensation paid by private industry employers rose 3.9 percent over the year ended March, due primarily to the continued surge in the cost of pension contributions and other benefits, according to employment cost index figures released April 29 by the Bureau of Labor Statistics.

The cost of benefits such as health insurance, pensions, Social Security, and paid leave increased 7 percent for private sector employers over the past 12 months. The increase was the sharpest year-over-year increase since benefit costs rose 7.2 percent between the first quarter of 1989 and the first quarter of 1990.

During the first quarter of 2004 alone, benefit costs increased 2.6 percent—the fastest quarterly rate of growth since the third quarter of 1982. Private employer contributions to defined benefit pension plans accounted for nearly half of the increase, BLS said.

Meanwhile, growth in wages and salaries paid by private sector employers remained sluggish. Wage increases slowed over the past 12 months to 2.6 percent, down from 3 percent for 2003. The increase matches the 2.6 percent rate recorded in the 12 months ended June 2003, which was the smallest year-over-year increase in wages since 1992.

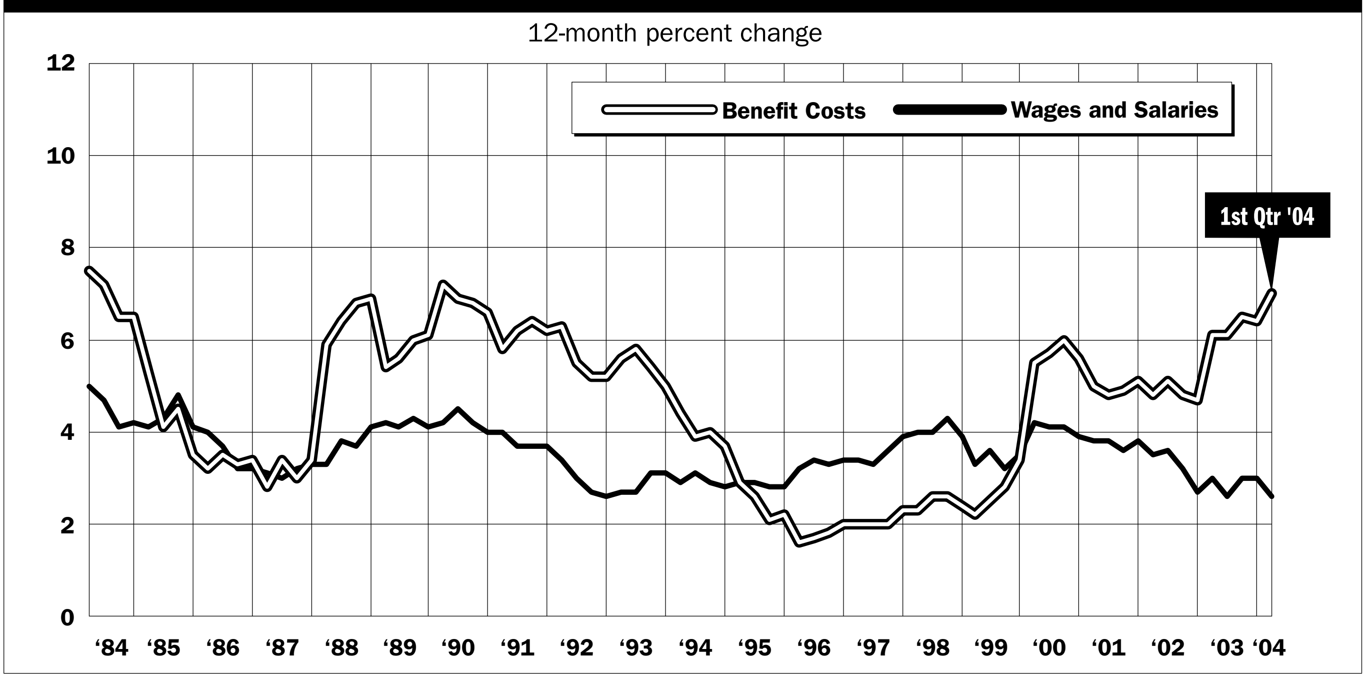
Highlighting the impact of benefit costs in the growth of overall compensation, BLS noted that although benefits account for only about 30 percent of compensation, they were responsible for two-thirds of the increase in compensation costs during the first three months of the year.

Within the private sector, sharp gains in total compensation in the first quarter were recorded in manufacturing, particularly durable goods manufacturing. Manufacturing compensation increased 2.3 percent for the quarter, up from a 0.7 percent increase in the previous quarter. Wages and salaries grew only 0.7 percent, but benefit costs rose 5.1 percent. Over the year, total compensation costs increased 4.7 percent, the same rate as a year earlier.

Total compensation in services grew 0.8 percent in the first quarter, the same as in the previous quarter. Wages and salaries grew 0.5 percent, while benefit costs increased 1.7 percent. Over the year ended March, total compensation in services increased 3.6 percent, the same percentage as in the previous year.

The report is available at http://www.bls.gov/news.release/pdf/eci.pdf.

Employment Cost Index, First-Quarter 2004
Changes in wages and salaries and benefit costs, private industry, 1984-2004



Source: Bureau of Labor Statistics

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In the Courts

Court Finds Federal Preemption Despite Provisions in State Law

An Illinois law that specifically addresses employees' rights during a workforce reduction is preempted by the Labor Management Relations Act because resolving the case requires interpretation of a collective bargaining agreement and that must be handled by a federal court, the U.S. Court of Appeals for the Seventh Circuit ruled April 27 (*Tifft v. Commonwealth Edison Co.,* 174 LRRM 2938, 7th Cir., No. 03-1596, 4/27/04).

Employees at facilities operated by two energy companies were covered by union-negotiated contracts. In anticipation of passage of the Electric Service Customer Choice and Rate Relief Law (ESL), the union also signed two side agreements addressing employees' rights and entitlements should a workforce reduction take place under that law.

After the companies merged, they began layoffs. Employees were given two options to avoid layoffs: a demotion or a waiver of recall rights in exchange for a severance package. The employees sued in state court alleging wrongful termination in violation of ESL. The companies responded by removing the action to federal court.

Rejecting the attempts of the union members to have their claims heard in state court, the Seventh Circuit said ESL required interpretation of the bargaining agreements and therefore was preempted by LMRA, and the case properly was being heard in federal court.

''[E]mployees in this case are covered by collectively bargained agreements, two of which are the direct result of ESL's requirements, and hence, the ESL does not create any rights independent of those agreements,'' the court said. ''[T]he state-law cause of action is meaningless without reference to the agreements which articulate the Defendants' obligations toward these Plaintiffs.''

The employees argued that since ESL required a ''workforce reduction plan'' and ''transition plan'' before any layoff, there was no reason to look to the collective bargaining agreements to determine whether the workers were improperly terminated.

However, the court said the state law's requirements were so general that it was necessary to look to the contracts and side agreements to determine whether ESL was followed.

Fund Contributions Due for Work Done by Members of Second Union

A contractor's collective bargaining agreement requires contributions to the union's benefit funds for work covered by the agreement even when the work is performed by members of another union, the U.S. Court of Appeals for the Seventh Circuit ruled April 20 (*Trustees of the Glaziers Local 27 Welfare and Pension Funds v. Gibson,* 7th Cir., No. 03-2546, *unpublished opinion,* 4/20/04).

The dispute arose after the contractor, who was signatory to an agreement with the Glaziers, signed a collective bargaining agreement with a second union and subsequently assigned work covered by both agreements to the second union.

A compliance audit conducted by the Glaziers fund for the two projects determined that the contractor owed contributions for glazing work that had been assigned to the second union. The contractor refused to make the payments, saying it was not going to contribute to the Glaziers fund after paying into the second union's fund for work on the projects.

A district court held that the Employee Retirement Income Security Act requires an employer to make contributions to a plan to which it is contractually obligated and that assigning work covered by one plan to members of another union does not obviate that initial obligation.

The appeals court agreed, saying the fund claim is based on the terms of an applicable collective bargaining agreement and not on principles of labor law. ''If the [collective bargaining agreement] provides that contributions to the Fund are to be made for glazing work, [the contractor] cannot avoid [its] obligations by assigning that work to nonunion members or, as here, members of a different union,'' the court said.

The ruling means the contractor will have to contribute to funds of two different unions for the same work, the court said, ''but [the contractor] is in a pickle that [it] created.'' To avoid paying double, the contractor should have obtained a pre-work resolution of the dispute, the court added.

News in Brief

P&G Grants Companywide Bonus

Virtually all of Procter & Gamble's 98,000 employees worldwide May 4 learned that they will receive a performance award of two days of paid leave to recognize and reward their efforts in the company's recent financial success. Employees must take the leave by the end of the calendar year, or they may opt for cash based on their daily pay. About 25 percent of P&G's U.S. workforce has union representation, said Byron Grover, president of PACE Local 47, which represents company employees in Green Bay, Wis. ''Obviously, it's good news. . . . It's good to be recognized.''

Memo on ULP Processing Issued

National Labor Relations Board General Counsel Arthur F. Rosenfeld April 22 issued a memorandum summarizing his answers to questions about the processing of representation and unfair labor practice cases at NLRB. The questions address a variety of topics and were submitted by the Practice and Procedure Committee of the American Bar Association's Section of Labor and Employment Law. The memo is available at http://www.nlrb.gov/nlrb/shared_files/gcmemo/gcmemo/gc04-02.pdf.

NLRB Loses Arbitration

The National Labor Relations Board must allow nonsupervisory attorneys in the Washington, D.C., headquarters office to seek temporary assignments to any regional office that has sufficient available work and supervision, an arbitrator ruled April 26 (*NLRB,* Arb., FMCS Case No. 03-06448, Ross 4/26/04). The arbitrator ruled in favor of the NLRB Professional Association on a grievance filed in December 2002 alleging that the agency violated a bargaining contract provision by excluding from the exchange program regional offices in cities that have the highest per diem reimbursement rates.

Compensation Survey Released

After adjustment for inflation, the weekly earnings of U.S. wage and salary employees increased 0.5 percent over the year ended the first quarter of 2004, according to figures released April 16 by the Bureau of Labor Statistics (http://www.bls.gov/news.release/pdf/wkyeng.pdf).

Conference Report

Workers Risk Injury, Illness From Long Hours, Labor Argues

Organized labor believes that excessive hours of work should be viewed as a hazard that puts workers at risk for injuries and illnesses, AFL-CIO industrial hygienist Bill Kojola told a national conference on long working hours and safety and health concerns held in Baltimore April 29.

When long working hours are accepted as a hazard, interventions to reduce risks and protect workers can be implemented, Kojola told the conference, which was sponsored by the National Institute for Occupational Safety and Health and the University of Maryland School of Nursing.

No Limits to Forced Overtime

Rapid changes in the way work is organized are under way in the United States, including the number of hours workers spend on the job, Kojola said. And for many workers, there are no limits to the number of hours they can be required to work.

He cited research showing overtime contributes to a number of health problems, including:

- an adverse impact on the cardiovascular system,
- increased average blood pressure in workers who worked 60 or more hours of overtime per month compared with those working 30 or fewer hours of monthly overtime, and
- a higher risk of an acute myocardial infarction associated with working more than 11 hours a day in the month before the event.

Labor unions affiliated with AFL-CIO have taken some steps to address this situation, including forming the Work Organization Group, Kojola said. Objectives of the group, which includes about 50 representatives who primarily are safety and health professionals, include disseminating information on health and safety hazards associated with long work hours, drafting model legislation, encouraging research, and initiating other efforts to protect workers.

Unions also have encouraged NIOSH and industrial health scientists to conduct studies examining the relationship between long hours and worker safety and health, and to identify effective intervention measures that protect workers, he said.

In addition, unions are negotiating contract language to restrict an employer's ability to require mandatory overtime, Kojola said. In some cases, primarily among nurses at hospitals, unions have staged strikes to win overtime protections.

Another approach to addressing the situation is through legislation, Kojola said. So far, statutes that place some limits on mandatory overtime for nurses or health care workers have been enacted by six states—Maine, Maryland, Minnesota, New Jersey, Oregon, and Washington.

He also noted that legislation has been introduced in the U.S. Congress to restrict mandatory overtime for nurses, and predicted that legislative activity on the issue ''is likely to continue in the future.''

Communication Workers' Struggle

David LeGrande, the Communications Workers of America's director of Occupational Safety and Health, discussed how some groups within the union have struggled to win concessions on mandatory overtime.

According to LeGrande, the telecommunications industry during the 1980s and into the 1990s significantly reduced the size of its workforce through downsizing and early retirement measures. Then, because of a ''gross miscalculation of increased consumer demand for telecommunications services and products,'' employers forced large amounts of overtime on workers.

CWA won concessions on overtime in bargaining, first with Bell Atlantic (now part of Verizon Inc.) and later with Verizon, LeGrande said. In August 2003, when bargaining broke down, 37,000 CWA members at Verizon walked off the job. The action was the largest and most significant strike against a telecommunications employer in the United States, and was ''significantly related to Verizon's refusal to adequately respond to an issue involving work organization, in this case [forced] overtime.''

The union ultimately was able to maintain provisions negotiated in a 2000 bargaining agreement that limited mandatory overtime (5 COBB 97, 8/24/00), LeGrande said.

Research Supports Concern

Prolonged work shifts are ''clearly less safe for workers than shorter ones,'' increasing the risk for accidents, said Simon Folkard, professor emeritus with the Department of Psychology at the University of Wales in the United Kingdom.

According to Folkard, research on the effect of long work hours and the risk of accidents shows:

- the risk increases exponentially with time, so that it has more than doubled at the end of a 12-hour shift from what it would be at the end of an eight-hour shift;
- the relative risk of accidents has a tendency to be higher on the afternoon shift than on the morning shift and highest on the night shift; and
- evidence of an increased risk over successive morning/day shifts with an increase ''substantially larger on the night shift.''

Folkard cited one study that indicates breaks have an ''enormous impact on injuries,'' but said more data is needed. He also said more research is needed on longer spans of shifts and the influence of the number of days off.

Other speakers also called for more research on the effect of changes in work hours.

Jerry Jacobs, professor at the University of Pennsylvania Department of Sociology, said more research is needed on how people use vacation time; the proportion of people who take work home and what type of work it is; inflexibility on the job; and the intensity of work—whether people are expected to get more done with fewer people in less time.

The disintegration of the standard workday is an issue for the institute, said NIOSH Administrator John Howard. Researchers are focusing on the association between the organization of work and its negative effects on health.

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