Labor-management bargaining in 1993

As labor and management continue to grapple with serious problems, cooperation in the workplace becomes more prevalent

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An emerging, although not yet widespread, trend in labor-management relations has been an emphasis on more cooperation between labor and management and on novel approaches to resolve common problems. In some cases, the parties have reached “win-win” contracts that may lead to high-performance workplaces, with increased worker productivity, empowerment, responsibilities, and rights. The recent settlements at Northwest Airlines and at Inland Steel, Bethlehem Steel, and National Steel are examples of these types of contracts. They gave unions representation on the companies’ board of directors, more financial and other corporate information, and a greater voice in how the companies are to be run.

Some of these recent “win-win” contracts and other important individual bargaining situations that occurred during 1993 are described in the sections that follow. The discussion also includes legislation, judicial and administrative rulings, and organizational changes that affected organized labor during the year.

Automobile industry

After picking Ford Motor Co. as its settlement target for the 1993 round of auto negotiations, the United Automobile Workers appeared about to sign a 6-year contract with the automaker that would guarantee fully paid health care coverage and job and income security to current employees in return for more flexible work rules and a lower starting rate for new hires. But, at the last minute, the agreement unraveled, apparently because the union believed that it would be too costly in terms of plant closings and consolidations. The ensuing settlement broke little new ground, basically preserving existing contract terms. In the eyes of some observers, the parties lost an opportunity to restructure labor costs in the industry and become more competitive with Japanese automakers and their American transplants.

Ford gained more favorable provisions for new hires, but only for the term of the agreement. It also may have lowered its health care costs by negotiating a 32-cent-an-hour cost-of-living adjustment (COLA) diversion and incentives to induce workers to use less expensive managed care programs, such as health maintenance organizations. However, the company did not win other direct cost-sharing arrangements, such as employee contributions toward premiums and new copayments or new deductibles. Nor did Ford get to expand the distance it can transfer workers between plants, gain greater flexibility in outsourcing, or lower income security costs. The union, however, did not win significant restrictions on Ford’s practice of contracting parts production to outside suppliers or on its substantial use of overtime.

The Auto Workers formally opened negotiations with the “Big Three”—General Motors, Ford, and Chrysler—in late June. At the end of August, the union chose Ford as its settlement target for master contract talks. Financially the strongest of the “Big Three,” Ford reportedly was picked because the union believed that the com-
pany would agree to a pattern-setting contract that would preserve past bargaining gains, particularly health care coverage and job security provisions.

At its convention in late April, the union had outlined some of its bargaining goals, asserting that it would seek to reject health care copayments, higher deductibles, and reduced benefits; eliminate caps that limit access to job security funds and supplemental unemployment benefit funds; improve pension benefits for current and future retirees; increase real wages and protection of cost-of-living allowances; reduce work time; and prohibit contracting out work United Auto Workers members perform or could perform.

In mid-September, Ford and the Auto Workers reached agreement on a 3-year master contract that preserved employees’ health care coverage and job and income security arrangements, improved employees’ pension benefits, strengthened the union’s position on subcontracting work, and gave the company more advantageous provisions regarding new hires.

The pact, which covers some 97,000 workers, called for a 3-percent general wage increase in the first year, lump-sum payments in the second and third years equal to 3 percent of an employee’s earnings during the preceding 12 months, a 25-cent-an-hour special adjustment for skilled trades, and annual Christmas bonuses of $600. In an apparent tradeoff, the accord continued the COLA provision, but required a 32-cent-an-hour diversion to help pay for existing benefits, including health care.

Contract terms reduced the pay rates for newly hired employees in unskilled jobs and extended the period required for them to work to reach the normal starting base rate. The pact continued both the income security program negotiated under the 1990 agreement that gave laid-off workers up to 95 percent of their take-home pay for the first 36 weeks of furlough, with full pay after 36 weeks, and the attrition formula under which the company had to replace one-half of all workers who retired, quit, or died; and it fully replenished the $1.156 billion in income security funding that had been drawn against by laid-off workers during the past 3 years. It also expanded the union’s role in Ford’s decisions to subcontract work to outside companies and incorporated several changes in insurance coverage and pension benefits.

The next settlement came at Chrysler. The contract covered about 54,000 production and maintenance workers and 6,000 salaried workers. While it basically followed the Ford pattern, some terms were tailored to fit the parties’ needs, as traditionally occurs. One major area in which the Chrysler contract diverged from Ford’s was outsourcing practices (purchasing goods or services from outside companies), a major sticking point in the negotiations. The union reportedly was particularly concerned about Chrysler’s outsourcing of axle production and wanted the automaker to end the practice.

Under the new contract, the union appeared to gain some relief on outsourcing, but, as at Ford, it did not win the right to strike over the issue. Chrysler agreed to abandon its plan to outsource the manufacturing of swaybars at its Detroit plant. It also agreed to maintain repair work on jitneys and industrial trucks throughout the company. In addition, the union won language that requires Chrysler to “give equal weight to the full impact of a sourcing action on Chrysler-represented employment levels and the job and income security of Chrysler-represented employees.”

Following a month of low-key negotiations, the union and General Motors agreed to a 3-year contract that basically followed the pattern set by Ford. General Motors gained flexibility in moving workers between plants and in offering incentives for employees to retire early or separate voluntarily from the company.

Steel industry

While preparing for its negotiations with steel companies, the United Steelworkers indicated that it wanted to move away from an adversarial approach to bargaining and would seek innovative agreements with longer durations, less restrictive work rules, and ways to reduce the work force in return for more job security and a greater voice in how the steel companies are run. In reaching agreements with four of the major domestic steelmakers during 1993, the union succeeded in reshaping collective bargaining in the industry.

Early in the year, the union’s International Wage Policy Committee released its bargaining goals for 1993–94 negotiations with Armco, Inc.; Bethlehem Steel Corp.; Inland Steel Industries; National Steel Corp.; and USX Corp.’s U.S. Steel Co. Among the major goals were:

- long-term agreements;
- enhanced job security, including guarantees against layoffs and strengthened prohibitions against subcontracting and excessive overtime;
- reduction of health care costs through the establishment of managed health care networks;
- increased union and worker empowerment, without a dilution of the union’s bargaining rights;
- neutrality on the part of the company in union organizing campaigns and union recognition based on authorization card checks; and
- resolution of subcontracting disputes.

In early March, the union and the five steelmakers began contract talks. The Steelworkers chose U.S. Steel, the industry leader, as their target.
for a pattern settlement. Although some progress was made in several areas during initial negotiations, U.S. Steel apparently balked at the union’s proposals for a seat on the company’s board of directors and for company neutrality during the union’s attempts to organize its unorganized subsidiaries.

At the end of March, U.S. Steel and the Steelworkers broke off talks because, according to the union’s chief negotiator, the parties were unable to agree on any of the 12 issues the union had cited as a precondition for accepting longer term contracts.

The Steelworkers intensified contract talks with Inland, Bethlehem, and National, whose contracts—covering some 30,000 workers—were to expire on July 31. The union continued to focus on its strategy of offering more flexible work rules and methods of reducing the work force in exchange for more job security.

The leadoff settlement occurred in May, when Inland and the Steelworkers signed a precedent-setting 6-year collective bargaining agreement that gave the union more job security and more participation in the company’s decisionmaking process in exchange for a longer term contract, a reduced work force, and the elimination of certain restrictive work rules. The pact, which covers 9,000 workers in Indiana and Minnesota, was used as a pattern for settlements at Bethlehem and National and was expected to influence settlements at Armco and at U.S. Steel.

Under the terms of the agreement, Inland can cut its work force by 25 percent through attrition, but must adhere to a no-layoff clause, unless it experiences a major financial crisis. The company also won the right to eliminate certain restrictive work rules, such as those dealing with staffing levels, job assignments, and job descriptions. In return, the union gained a greater say in how Inland runs its business, a seat on the company’s board of directors, and greater access to management through joint committees at corporate and department levels. It also gained the no-layoff agreement, together with a guaranteed 40-hour workweek, restrictions on overtime, expanded bumping rights at the Indiana Harbor Works, a requirement that one laid-off craft or maintenance worker be recalled for every craft or maintenance worker that retires, and a more stringent successorship provision requiring any new owner of the company to recognize the union and adopt the terms of the current contract.

In addition, the contract called for a managed health care network effective in 1994, a flat $40-a-year monthly pension rate for each year of credited service and other enhanced pension benefits, a pledge by the company to remain neutral during attempts by the union to organize unrepresented Inland employees, and a company-financed trust fund for retirees’ health care and life insurance benefits.

Two months later, Bethlehem and National settled with the union on similar terms, bringing the union one step closer to its goal of reshaping collective bargaining in the steel industry. The National Steel contract covered about 6,700 active workers in Michigan, Illinois, and Indiana, and the Bethlehem Steel pact covered about 10,500 active workers in Indiana, New York, and Maryland.

Like the Inland agreement, these two settlements call for 6-year pacts with a 5-cent-an-hour wage increase, a $500 signing bonus and $1,500 more in guaranteed bonuses, enhanced job security, more input on the part of the union into the companies’ decisionmaking process, the establishment of managed health care plans and improvements in health care coverage, increased pension benefits, a trust fund to guarantee retirees health care coverage, a company pledge to remain neutral in the union’s efforts to organize the companies’ nonunion employees, and the scrapping of certain restrictive work rules.

The three agreements differ in some respects. For instance, in regard to job security, the Inland agreement provides a 40-hour workweek guarantee (no layoffs) for all employees working at the end of May 30, 1993, unless the entire Indiana Harbor Works is shut down, the company files for bankruptcy and a judge orders the contract voided, or the company is in a severe financial condition. The Bethlehem settlement guarantees all employees with at least 1 year of service a 40-hour workweek for the term of the agreement, except in the case of a permanent shutdown of a division, rejection of the contract by a bankruptcy court, or severe financial conditions. The accord also provides for the recall of laid-off workers at the company’s Sparrow Point, Maryland, facility. The National contract retained the no-layoff guarantee negotiated in the 1986 agreement, stipulated the recall of 158 laid-off workers, and increased the waiting period for coverage of newly hired employees under the no-layoff guarantee from 1 year to 2 years.

Another example of the difference among the agreements is the area of cooperative partnership arrangements, wherein the contracts allow the union to seat a member on the company’s board of directors and permit the union and employees to participate in the company’s decisionmaking process. The Inland accord calls for union participation in periodic management meetings to review corporate business plans, as well as union and employee participation at the plant level in discussions about the effects of technological change, work design, utilization of the work force, and other work-related issues. The National contract expands the union’s rights in several areas.
including access to information about plans for acquisitions, joint ventures, and new facilities. The Bethlehem agreement brings the concept to a higher level, calling for access to detailed business plans involving "products, pricing, markets, capital spending, short- and long-term cash flow forecasts, and the method and manner of funding or financing the business plan."

Lastly, as in the Inland agreement, both the National and Bethlehem contracts established a trust fund for retirees’ health care and life insurance benefits and set employer contributions to finance the funds. (The Inland agreement did not specify funding amounts.) National must contribute 10 percent of its profits or a minimum of $10 million a year, plus 10 percent of payments from certain pending litigation that is expected to yield another $10 million, plus additional payments that are linked to dividends paid by the company. Bethlehem’s minimum contributions were set at $5 million a year, or $10 million if a dividend is paid on common stock in four quarters. As in the Inland contract, the other two steelmakers pledged certain corporate assets as collateral to ensure the solvency of the trust funds.

Back at U.S. Steel, where the parties’ contracts do not expire until January 1994, the company and union broke the stalemate over the union’s proposals that it gain a seat on the company’s board of directors and a greater say in how the company is run and over company neutrality in organizing campaigns. An agreement was reached that provides terms similar to those negotiated at the other major steel companies.

In the meantime, the union and Armco Steel have extended their agreement indefinitely while they conduct contract talks aimed at finding ways to restructure the work force at the company’s Ashland, Kentucky, plant.

Aerospace industry

In 1993, negotiators in the aerospace industry faced a tough bargaining environment brought about by reductions in defense spending, cuts in aircraft purchases by troubled commercial airline carriers, and the elimination of thousands of jobs in the industry. As a result, most of the settlements featured lump-sum bonuses in lieu of general wage increases, health care cost containment arrangements, enhanced job security provisions, and more attractive retirement programs.

The leadoff settlement in the 1992–93 bargaining round in the industry came in October 1992, when the Boeing Co. and the International Association of Machinists reached agreement on a 3-year contract. The accord called for a lump-sum payment in the first year equal to 12 percent of an employee’s annual pay for 1992 and wage increases of 3.5 percent on October 4 of 1993 and 1994; lower entry rates for new hires in the six lowest level job classifications, but increased entry rates for employees in the four highest level classifications; and continuation of the COLA provision.

In other areas, the settlement maintained fully paid health care coverage for employees and their dependents, while making several modifications in group benefits. It continued the use of two different formulas to calculate pensions, with employees receiving benefits under the formula that provides the greater of the two benefit amounts, and implemented several enhancements in other pension provisions. The contract also implemented several changes in work rules that would enhance employees’ job security.

In May 1993, the Boeing Co. and the Seattle Professional Engineering Employees Association signed two 3-year collective bargaining agreements covering about 28,400 scientists, engineers, and technical employees in Washington, Oregon, California, Florida, Texas, and Utah. Boeing had just completed a yearlong program of cutting 9,000 jobs through a combination of attrition and layoffs. The cuts resulted from the elimination of three missile programs, the scaling back of production of the B–2 stealth bomber, and cutbacks in the production of the 737 commercial jet.

The terms of the contract for the technical unit called for general wage increases of 4 percent in the first year and 2 percent in the second and third years, plus selective salary adjustments of 5 percent in the first year and 3 percent in the second and third years. The agreement for the professional unit provided selective wage adjustments of 3 percent in December 1992 and June 1993, followed by four semiannual adjustments of 2.5 percent. In addition, both contracts continued COLA clauses and included a lump-sum bonus in the first year equal to 6 percent of an employee’s qualified earnings.

Boeing agreed to continue to pay the full costs of medical and dental insurance coverage for employees and their dependents, with no change in deductibles. Negotiators, however, made several changes in medical and dental benefits, including some involving cost containment measures.

Changes in pension benefits included allowing employees to receive the highest of the retirement benefits calculated by the basic benefit formula, the current alternate formula, and the pre-1989 alternate benefit formula. Employees opting for basic formula benefits would receive $35 a month, up from $30 a month, for each year of credited service.

In early June, the Machinists agreed to a package of concessions to save some 2,300 jobs in Connecticut at Pratt & Whitney, a major manufacturer of jet engines. At the time, the union repre-
sent about 10,000 workers at five Pratt & Whitney plants in the State.

Previously, the company had announced that it would close its East Hartford and Southington plants and reduce the work force at its North Haven plant substantially, as part of a plan to eliminate 9,000 jobs in Connecticut by 1994. Pratt & Whitney said that it was pursuing the plant closings and layoffs to position itself for a recovery in the commercial airline industry.

As part of their settlement, the parties entered into an agreement whereby the company offered concessions on job security and the union on cost reduction. Under the terms of the contract, Pratt & Whitney agreed to keep open its East Hartford, Middletown, North Haven, and Cheshire plants and close only the Southington plant. The company also accepted bans on moving work to its plants in Maine or Georgia and on subcontracting work to vendors, with limited exceptions. It also agreed to a system of temporary and voluntary layoffs before implementing involuntary layoffs that would push the work force below 7,000 jobs.

For its part, the union agreed to help devise productivity improvement plans and work methods to bring subcontracted work back to the plants, change certain restrictive work rules, and link future wage increases to productivity. In mid-June, Machinists members at Lockheed Corp.'s three largest operating units agreed to 3-year contract proposals covering about 11,000 workers: 5,300 at Lockheed Aeronautical Systems in Marietta, Georgia; 4,200 at Lockheed Missle & Space Co. in Sunnyvale, California; and 1,600 at Lockheed Advanced Development Co. in Burbank and Palmdale, California. The settlement was reached after the union agreed to bonuses in lieu of general wage increases, increased employee health care copayments, and reduced COLA allowances.

The pact calls for a $1,500 ratification bonus, wage increases of 3 percent in the second and third years of the agreement, a change in the formula for calculating COLA's that reportedly would cut payments by two-thirds, and offsets to minimize the adverse impact of the change in the COLA formula.

Bargainers agreed to several changes in health care, including employee cost sharing of premiums. They boosted the monthly pension rate to $35, up from $30, per year of credited service for both past and future service. The parties also retained the current language on overtime, requiring overtime pay for weekend work and work after 8 hours a day. Also in mid-June, the Machinists and McDonnell-Douglas Corp. averted a threatened strike at the 11th hour when they agreed on a 3-year contract covering about 8,000 production and maintenance workers at the company's military and space aircraft manufacturing facilities in St. Louis, Missouri. The settlement came after the parties resolved their differences on the reclassification of some jobs, employee contributions to health insurance premiums and pension costs, subcontracting out maintenance work, and bonuses for maintenance workers.

The pact calls for annual lump-sum payments equal to 4 percent of an employee's earnings in the preceding 12 months for all employees except maintenance workers, who would receive similar annual 2-percent payments. The accord also maintained the previous contract's COLA clause, but changed the formula used to calculate payments.

The parties agreed to several changes in health care provisions for active employees, including boosting employees' weekly copayments for health insurance premiums, establishing a preferred pharmacy drug plan, and adding new coverage for certain preventative services.

Negotiators also made several changes in pension and retirement benefits. They increased the monthly pension rate for active workers by $4 over the term of the contract, to $33 a month for each year of credited service. They began requiring employees retiring before January 1, 1994, to pay weekly contributions for insurance coverage and those retiring on or after January 1, 1994, to pay one-third of the monthly costs of health insurance premiums. They also would begin offering retirees an optional health maintenance organization plan effective January 1994.

The agreement permitted the company to combine some jobs, but it preserved maintenance work for bargaining unit employees.

**Trucking industry**

Teamster president Ron Carey, who was elected on a reform platform 2 years ago, led his first major contract negotiations with United Parcel Service, Inc., in 1993. Some industry insiders saw this as a test of Carey's ability to deliver on his pledge to fight for a good contract for the 165,000 Teamster drivers, loaders, and sorters at United Parcel, the union's largest single employer. They were not disappointed. Carey hammered out a contract that provided a good economic package and an end to some stringent work rules that had long irked union members.

The 1993 round of negotiations began in late March. The union reportedly presented United Parcel Service with several key bargaining demands: substantial pay and benefit increases, improved job security, conversion of part-time jobs to full-time jobs, equalization of wage rates between full-timers and part-timers, less stringent productivity standards, and an "innocent until proven guilty" grievance procedure under which
a terminated employee would continue on the payroll until the employee’s appeal rights were exhausted.

In mid-June, contract talks intensified, but little progress was made in resolving major bargaining issues. In late July, the Teamsters and United Parcel agreed to extend their contract (which was scheduled to expire on July 31) indefinitely while talks continued, with either party having the right to terminate the extension with 5 days’ notice. On August 25, the company presented the union with its initial economic proposal. The terms called for a 6-year agreement with annual wage increases of 35 cents an hour, cuts in benefits, and more flexibility in subcontracting work performed by the bargaining unit.

In response, the Teamsters suspended negotiations until Labor Day to poll its members for a possible strike. After the rank-and-file authorized a job action, the union set a strike for September 30. A national strike against United Parcel Service could have crippled the Nation’s largest shipper of packages at a time when it was facing stiff competition from its rivals, such as Federal Express Corp. and Roadway Services, which generally are nonunion. It also could have quickly exhausted the financially strapped union’s $110 million strike fund, $80 million of which was borrowed.

Negotiations resumed September 7. Sixteen days later, the union gave the company a 5-day notice of intent to terminate the contract at 12:01 a.m. September 30.

On September 27, the parties signed a 4-year contract that provided wage increases of 60 cents an hour in the first year and 55 cents an hour in each of the last 3 years for both full-time and part-time workers, plus an increase of $1.80 an hour over the term of the contract in the company’s contributions to the union’s health and welfare and pension funds.

Other important contract changes reportedly affected several work rules that were in contention. One maintained the ratio between full-time and part-time workers, another allowed for “layovers” of tractor-trailer drivers who would work a full day and stay overnight before returning home, and a third provided a compromise on the use of company workers or other Teamster-represented workers to staff United Parcel Service’s new 3-day package delivery operations. Another provision of the contract limited the “harassment” of employees by supervisors, stating that the company would “not in any way intimidate, harass, coerce, or overly supervise” employees. Other changes called for improvements in grievance procedures, including elimination of the company’s “guilty until proven innocent” grievance policy; greater opportunities for part-timers to fill full-time positions; and improved employee health and safety rights.

Bituminous coal industry

The structure of bargaining in the bituminous coal industry had changed by the time the 1993 round of negotiations began. Four coal companies that broke away from the Bituminous Coal Operators Association, the multiemployer bargaining group in the industry, formed the Independent Bituminous Coal Bargaining Alliance in 1992 and negotiated separately with the United Mine Workers union. The Bituminous Coal Operators Association bargained for the remaining 12 mining companies that had participated in the 1988 round of national negotiations. The schism led to a divide-and-conquer strategy that benefited the Mine Workers, who literally were fighting for their survival in the coalfields.


On October 5, 1992, representatives of the Mine Workers and the Independent Bituminous Coal Operators Alliance began negotiations for the 10,000 workers employed by Alliance member companies in Alabama, Pennsylvania, Virginia, and West Virginia. One month later, the Bituminous Coal Operators Association and the union—which bargained for 60,000 active members and 150,000 retirees at Association companies—began talks.

After contract talks with the Association stalled, the union conducted a selective strike on February 2, 1993, against two subsidiaries of the Peabody Holding Co., the nation’s largest coal company. About 7,700 workers walked off their jobs at Peabody Coal and Eastern Associated Coal mining facilities in West Virginia, Illinois, Indiana, and Kentucky. The union said that it was striking because Bituminous Coal Operators Association companies had “refused to respond to even the most simple information requests” since negotiations began. Company representatives claimed that the union “unlawfully blocked discussions of the real contract issues” and had made “take it or leave it” demands. Insiders said that bargaining stalled over job security issues broached by the union, particularly union representation of members’ nonunion subsidiaries.

On March 1, the strike spread to selected mine facilities owned by five other major coal producers (Consolidated, Arch Minerals, Rochester & Pittsburgh, Zeigler, and Freeman), idling an additional 1,700 miners at a coal-cleaning plant.
and 10 mines in Illinois, Pennsylvania, and West Virginia.

One day later, the Mine Workers union called off the strike and agreed to extend its contract with the Bituminous Coal Operators Association by 60 days, to May 3. The parties did not release the terms of the extension, butBituminous Coal Operators Association members reportedly agreed to release additional information on their corporate structure and ownership of coal lands. The union had argued that this information was necessary to negotiate job security and work preservation provisions for its members. The union claimed that some Association members had been transferring coal lands from unionized subsidiaries to newly created nonunionized subsidiaries to circumvent the job preservation provisions of their 1988–93 agreement, under which laid-off Mine Workers members would be eligible to fill 3 of every 5 vacancies in newly opened mines.

On March 22, the Bituminous Coal Operators Association and the Mine Workers resumed negotiations. At about the same time, the Independent Bituminous Coal Bargaining Alliance and the Mine Workers announced that they had agreed to extend their contract for a second time, to June 30, 1993. In a joint statement, the parties said that the extension was “an indication that progress is continuing to be made.”

On May 10, the union initiated another selective strike, this time idling 2,000 miners employed by Zeigler Coal, Arch Mineral, and Amax in Illinois and Indiana. A Mine Workers spokesperson said that the strike was called because the member companies of the Bituminous Coal Operators Association refused to address the union’s demand that they open jobs to Mine Workers members at new nonunion mines opened by their subsidiaries. A week later, the union broadened the strike by pulling out an additional 2,000 workers at Arch and Ashland mines in West Virginia. On May 24, the union again expanded the strike by calling out 2,200 workers at mines in Pennsylvania owned by Consolidated Coal, Rochester & Pittsburgh Coal, and the CLI Corp.

On June 3, the union extended its selective strike for the fourth time, taking out an additional 3,000 workers at Peabody Coal and Consolidated Coal mines in Ohio, Illinois, Indiana, West Virginia, and Pennsylvania. On June 7, Amax withdrew from the Bituminous Coal Operators Association, and 400 union members went back to work at the company’s Wabash mine in Illinois, leaving 8,800 workers on picket lines. Three days later, the union again expanded its strike by calling out 3,000 more workers at 16 Peabody and Consolidated mines in West Virginia, Illinois, and Kentucky. On June 16, the union ordered an additional 2,000 workers out of mines owned by Peabody and Consolidated.

By the end of the month, two more companies withdrew from the Bituminous Coal Operators Association. CLI, Inc., and Freeman Energy Corp., signed interim agreements with the Mine Workers on June 22 and June 24, respectively.

Meanwhile, on June 30, an interim agreement was reached between the Independent Bituminous Coal Bargaining Alliance and the Mine Workers. The pact featured enhanced job security, a switch to managed health care plans, and a cooperative approach tied to worker empowerment. It required that all job openings at existing or new nonunion coal operations of a member company be filled by laid-off union employees of that company. The terms also allowed for requests to modify the agreement in cases of “special local circumstances.” to justify opening new mines or to extend the life of existing mines.

The contract maintained the current level of health care benefits through jointly established networks of health care providers, with deductibles, maximum out-of-pocket expenses, a prescription drug program, and counseling and case management procedures for individuals or families whose medical expenses could be construed to be “excessive.”

The accord will run for 1 year or until the union settles on a new agreement with the Bituminous Coal Operators Association, whichever comes first. At the expiration of the pact, each Alliance member company will be free to negotiate a new contract or adopt the terms of any newly negotiated Bituminous Coal Operators Association contract. Notwithstanding the choice taken, the company, at its discretion, can elect to include the managed health care provision in a subsequent agreement, and the union, at its discretion, can elect to include the job security provision in the subsequent agreement.10

By mid-July, two more companies had left the Bituminous Coal Operators Association. The six remaining members—Peabody, Zeigler, Ashland, Consolidated, Arch Minerals, and Rochester & Pittsburgh—continued to hold out against nearly 17,000 strikers in seven States.

On August 12, the Association and the union met for the first time since the strike began. The contract talks were held in Washington, D.C., with the assistance of mediators from the Federal Mediation and Conciliation Service. On September 10, with no settlement in sight, Secretary of Labor Robert Reich appointed William J. Usery as a special mediator to help resolve the dispute. Usery, a former Secretary of Labor and former Director of the Federal Mediation and Conciliation Service, had been instrumental in resolving a 9-month job action by the Mine Workers at Pittston Coal Co. in 1989.
Meanwhile, on September 8, the Mine Workers filed unfair labor practice charges against the Bituminous Coal Operators Association, claiming that its member companies had failed to provide them with financial and other corporate information about themselves and their subsidiaries.

Contract talks were held until October 22, when they were indefinitely recessed. The negotiators reportedly had made little progress in the sessions. Negotiations resumed on November 3.

In December, the Bituminous Coal Operators Association and the Mine Workers reached an agreement on a 5-year settlement that reportedly includes wage increases, changes in the health care plan, and job security and job opportunity guarantees. The pact also relaxes certain work rules.

Airline industry

The airline industry continued to struggle after losing $10 billion in 1990-92 and another $900 million in the first half of 1993. In response to the losses, the Clinton Administration appointed a bipartisan commission to study the health of the industry. The commission recommended such remedies as tax and regulatory relief and major changes in the air traffic control system. In the meantime, the turbulent economic climate resulted in new approaches to labor relations, including unions accepting concessionary contract provisions in exchange for a stake in companies.

Not long after financially beleaguered Northwest Airlines told its largest union, the International Association of Machinists, that it would seek “judicial imposition of substantial labor costs relief” through bankruptcy proceedings, unless the carrier’s unions agreed to nearly $900 million in cost savings, Northwest and its three major unions—the Machinists, the Air Line Pilots Association, and the International Brotherhood of Teamsters—reached agreement in July on contract concessions to keep the carrier flying. The other three unions at the company, the Nation’s fourth largest air carrier, signed similar accords.

The parties reached settlements only after they were able to wring “equitable” concessions from the carrier’s lenders, owners, and employees. The Pilots agreed to a package yielding $365 million in cuts over the next 3 years—$304 million in direct wage reductions and $61 million in cost savings through changes in work rules. The Machinists assented to $346 million in concessions and the Teamsters to $82 million. The three other unions added to the remainder of the $900 million in concessions.

In return, the unions received 30 percent of Northwest’s preferred stock, 3 seats on the company’s 15-member board of directors, enhanced job security, assurances that Northwest’s debt would be restructured, and a significant voice in the carrier’s operations. In addition, major banks agreed to defer until 1997 hundreds of millions of dollars in debt due in 1994, preferred stockholders agreed to reduce annual stock dividends by about $36 million over a 9-year period, common stock owners agreed to dilute their ownership to provide the agreed-upon equity to employees, and suppliers agreed to defer $800 million in bills that were past due.

At United Airlines, in an effort to help the carrier reduce costs, compete more effectively in highly competitive domestic and global markets, and return to profitability, the company’s three major unions—the Pilots, the Machinists, and the Association of Flight Attendants—started in July to negotiate wage and benefit concessions for their 54,000 members, in return for a substantial interest in the firm. As in prior concession proposals, nonunion employees also would participate in both the concessions and ownership stake.

United, the Nation’s second largest air carrier, lost $956.8 million in 1992. It closed out that year with $13 billion in revenue, 83,000 employees, and 536 aircraft.

Last January, United failed to extract $400 million in concessions from the three unions in return for a stock option plan. This time around, the unions, bargaining jointly as the United Airlines Union Coalition, offered $4 billion in concessions over a 5-year period in exchange for a 60-percent equity stake in United’s parent company, representation on the company’s board of directors, and restrictions on the carrier’s debt. According to a statement released by the coalition, its proposal “reflects our view that the long-term viability of United and the job security of United’s employees require bold, innovative action. Rather than waiting to address in a confrontational manner restructuring proposals that would inevitably affect the company in an adverse way, we seek to pursue a collaborative effort now with a still healthy company.”

In late September, the Flight Attendants pulled out of the talks in response to United’s decision to base some flight attendants in Taiwan, which would lead to the elimination of some 200 flight attendant positions in the United States. Negotiations were already at a boiling point over the company’s plans to establish a separate low-cost, low-fare airline to operate within the United system. United indicated that the new entity would fly routes of less than 500 miles and would have new employees and a lower cost structure to compete with low-cost, no-frills carriers such as Southwest Airlines. The coalition eventually proposed an additional $1 billion in concessions to help establish the separate low-fare airline.

On October 26, the coalition submitted a re-
vised proposal containing concessions similar to those agreed to in the past, but with additional financial forecasts and proposed operating efficiencies to bolster the buyout.

On November 12, the talks failed. One day after receiving another offer from the unions, the company turned it down, reportedly because of disagreement over the value of union concessions. The company also announced that it planned to proceed with a tentative agreement to sell its food preparation services, which employed about 5,200 Machinists members.

About 2 weeks later, United and both the Pilots and the Machinists unions agreed to resume negotiations. (The Flight Attendants also indicated interest in rejoining the negotiations.) In December, the parties reached an agreement that would give the unions majority control of the airline in exchange for concessions on wages and changes in work rules.

In another development in the industry, on November 1, American Airlines unilaterally imposed contract terms on its 21,000 flight attendants represented by the Association of Professional Flight Attendants. According to American, the terms of the contract call for an average wage increase of 35 percent over 4 years. The union claims that the wage increase actually amounts to only 7.5 percent.

American’s actions came after the end of a 30-day cooling-off period under the Railway Labor Act, the Federal legislation that covers bargaining in the airline industry. (During the 30-day period, the flight attendants could not strike against American, and American could not change the flight attendants’ terms and conditions of employment.) The cooling-off period followed the release of the carrier and the union from mediation by the National Mediation Board, the Federal agency that administers the Railway Labor Act.

On November 18, the Flight Attendants went on strike. At the urging of President Clinton, on November 22 both parties agreed to return to the bargaining table and the Flight Attendants ended their walkout. The parties also agreed to submit any unresolved issues to binding arbitration.

**Longshore industry**

In 1993, West Coast longshoreworkers and 100 steamship and stevedoring companies grappled with a vexing problem: how to integrate into their operations labor-saving technology that could decrease jobs or, at the least, limit job growth. The International Longshoremen’s and Warehousemen’s Union and the Pacific Maritime Association, the employers’ bargaining arm, took a big step in resolving the longstanding problem when they reached agreement in July on a 3-year contract that balances the employers’ desire to introduce technology and increase productivity with the union’s desire to protect job jurisdiction and job security and provide income security for retirees. The settlement covered about 8,000 longshore and dockside clerical workers, supervisors, crane operators, and warehouse employees and approximately 1,500 part-time casual employees working at 26 ports in Washington, Oregon, and California.

Negotiators agreed to begin port-by-port contract talks in 1994 to determine how to implement new technology, handle job losses through attrition rather than layoffs, and perhaps move workers displaced by technology into other types of work (such as trucking, maintenance, or repair work). Also, as an incentive to encourage retirement, the negotiators increased the monthly pension rate by $30, to $69 for each year of credited service, with the maximum pensions advancing from $1,565 to $2,415 per month after 35 years of service.12

On the East and Gulf coasts, the International Longshoremen’s Association and shipping companies represented by the New York Shipping Association, Carriers Container Council, Boston Shipping Association, Southeast Florida Employers Port Association, and Council of North Atlantic Shipping Association extended their 1990–94 master agreement for 2 years, to September 30, 1996. The contract covered about 65,000 longshore and dockside clerical and maintenance workers at ports from Maine to Texas and in Puerto Rico. The union said that it sought the extension to preserve its members’ benefits, which had been threatened by rising health care costs, a drop in longshore jobs, and loss of work to other ports and rival unions.

Terms of the settlement call for a diversion of the $1-per-hour wage increase due in the third year of the previous contract to help fund benefits and an extension of local contracts to September 30, 1996.13

**Oil refining industry**

Negotiating during troubled times in the industry, the Oil, Chemical and Atomic Workers and the major oil refining companies reached agreement in 1993 on new contracts that struck a balance between the union’s goals of improved wages and benefits, safety concerns, and a national health care program and the companies’ desire to contain costs and retain operational flexibility.

The structure of bargaining in the oil refining industry is different from that in most other industries. Although bargaining objectives for certain issues, such as wages and health benefits, are determined at the national level through the union’s National Oil Bargaining Policy Committee, nego-
tiations are conducted at the local level. Traditionally, the first settlement serves as a pattern, with the terms of the new contract reached with the leadoff oil company being matched by most other oil companies.

At its conference in September 1992, the Policy Committee set as goals a 3-year agreement providing wage increases of $1.25 an hour in the first and second years of the contract and 6.5 percent in the third year, and company contributions to the health plan equal to 90 percent of premiums. Other bargaining objectives included enhanced health and safety provisions, environmental policy, and training programs; 12 weeks of unpaid parental leave to attend to family illness or emergencies; increases in shift differentials; and an extra week of paid vacation for workers with 15 to 20 years of service.

Negotiations at the major oil companies began in December 1992. During intermittent bargaining, the union received and rejected three contract offers from various companies because they failed to meet its bargaining goals on wages, health care contributions, and certain other issues.

The leadoff settlement came in February 1993, when Amoco Oil Co. and the union reached agreement on a 3-year contract covering some 4,500 workers at the company’s facilities nationwide. The settlement set a pattern for an additional 26,000 workers in the industry.

The pact called for wage increases of 3.5 percent in the first and second years of the contract and 3.7 percent in the third year; company contributions equal to 80 percent of health insurance premiums; a minimum 12-week unpaid family leave provision for the birth or adoption of a child or the serious illness of a child, spouse, or parent; and two training sessions for the union’s safety and health representatives during the term of the agreement, with a joint effort on conducting the training and developing a curriculum. Other oil companies agreed to adhere to the 80/20 contribution rate for health care premiums or to make increased monthly contributions of $20 per employee in the first year and $25 in both the second and third years.14

Aluminum industry

In 1993, negotiators in the aluminum industry faced a troubled economic climate that essentially dictated the outcome of bargaining. The industry entered the third year of its deepest slump ever, with a worldwide glut of the metal, which depressed aluminum prices and drove most producers into the red. In response, producers curtailed production, sought to gain market shares in new products, and cut costs.

The Aluminum Co. of America (Alcoa) and Reynolds Metal Co., the Nation’s two largest aluminum makers, and their two largest unions, the Aluminum, Brick and Glass Workers and the Steelworkers, reached agreement last June on 3-year contracts that featured wage increases, new managed health care plans, and sweetened early retirement incentives. The pacts covered 17,900 production and maintenance workers at 27 sites in 17 States nationwide. The major stumbling blocks to settlement had centered on proposals dealing with job security and health care cost containment.

The contracts called for wage increases of 25 cents an hour in the first and third years of the pact; lump-sum bonuses of $300 for employees at Reynolds, $1,150 for employees represented by the Aluminum, Brick and Glass Workers union at Alcoa, and $1,300 for employees represented by the Steelworkers union at Alcoa; continuation of the current COLA provision; and a newly established pay-for-performance plan under which payments would be linked to the attainment of jointly set local-level goals and to corporate financial performance.

Bargainers agreed to institute new managed health care networks in 1994 that would provide medical, prescription drug, and mental health programs, with as close to first-dollar coverage as had existed under previous plans. Employees would not be required to share the costs of insurance premiums, but would pay minimal fees when using the networks and higher fees when opting for services performed by health providers who were not part of the networks.

To encourage employees to retire and to provide income security, negotiators increased the monthly pension rate by $2 (to $24.25-$28.25) per year of credited service and provided minimum early retirement monthly pension benefits ranging from $1,070 to $1,250 until age 62 for retiring employees aged 35 or older with at least 30 years of service.

Job security provisions were strengthened by adopting restrictions on subcontracting work and by improving the successorship clause so as to require new buyers to offer employment to current union members if the plant that is purchased is operated in the same business and at the same location for 1 year.15

Interurban transit

Facing mounting pressure from the National Labor Relations Board, which had found it guilty of several unfair labor practices, Greyhound Lines, the only nationwide intercity bus company, and the Amalgamated Transit Union signed a 6-year labor contract that brought a negotiated end to a bitter and sometimes violent 3-year work stoppage. The pact preserved the union’s repre-
sentation rights and removed a dark cloud over Greyhound, allowing its management to focus completely on running the business.

The settlement called for $22 million in backpay for strikers and 20-percent wage increases over the term of the contract. It provided for the recall of 550 strikers who had not been rehired or recalled to work, the reinstatement of most of the 250 workers who were fired for alleged misconduct during the strike (leaving the fate of the remaining fired workers to arbitration), and the retention of replacement workers. The settlement also preserved the right of the Transit Union to represent the bargaining unit employees. Additionally, it called for the dropping of all pending litigation, except for charges of unfair labor practices brought against Greyhound relating to its granting of seniority to replacement workers based on the driving experience they had gained before they were hired at Greyhound.16

The union, which represented some 6,300 drivers and 3,075 mechanics and clerical employees, struck Greyhound on March 2, 1990, after 4 months of fruitless negotiations. The company, in turn, implemented its final offer and hired 2,000 replacement workers. Both sides took a hard line on these employees, and no real progress was made in intermittent negotiations, which broke off permanently in August 1991. The union decided to allow its members to return to work after March 2, while it sought administrative and legal redress of the dispute.

Football

With the stroke of a pen in January, the National Football League and the National Football League Players Association reached a collective bargaining settlement that the parties hoped would augur a more progressive, cooperative relationship, instead of the contentious and litigious one that had existed since the 1980’s. In the end, the parties had a 7-year agreement with free agency (the unrestricted movement of players from one team to another), and the union was recertified to represent National Football League players.

The road to a settlement was rocky at best. A tentative agreement had been reached just before Christmas 1992. The pact unraveled over whether the players would agree to a free agency system in which players exercising their option would return to their original teams if they did not receive an offer in 60 to 90 days. When the agreement collapsed, a U.S. district judge forced the team owners and the union to return to the bargaining table. Goaded into action by the judge’s ultimatum, the owners met and quickly approved terms that were basically the same as those agreed to in December 1992.

The contract provides free agency for all players after they have been in the league for 5 years, except when the salary cap is in effect. (The cap goes into effect when players’ salaries reach 67 percent of gross league revenues from television contracts and gate receipts.) In that case, a player’s eligibility requirement for free agency will drop from 5 years of play to 4 years. In 1993, each team will be able to prevent three of its free agents—a “franchise,” or star, player who normally would be a free agent and two “transitional,” or otherwise important, players—from signing with another team. In football terms, the three players will be “protected.” In 1994, each team will be able to protect one franchise player and one transitional player. Starting in 1995, each team will be able to protect one franchise player. When a franchise player is prevented from entering the open market, in return, the club must make the player one of the five highest paid at his position in the league. When a transitional player seeks an offer from another team, he becomes protected and is not able to leave his current team if his current team matches the offer made by the other team.

The contract also called for a decrease in the number of rounds in the annual college draft from 12 to 7 and for additional picks during the draft for teams that lose the greatest number of players through free agency. The pact also placed a $2 million limit on each team’s spending to sign first-year (rookie) players.17

State and local government

Economic uncertainty continued to affect State and local government collective bargaining in 1993. Most negotiators again had to contend with decreasing tax revenues, increasing budget deficits, and, at best, slowly expanding economies. The economic climate forced State and local governments to try to reduce expenditures while improving or expanding public services. As a result, job security was the primary concern for union negotiators, followed by health care and other economic items.

The majority of contracts negotiated in 1993 were settled without protracted bargaining. This was different from 1992, when several States, notably California and Florida, had negotiations occurring long after their fiscal year deadlines. Negotiated contracts in 1993 featured a continued trend toward backloaded settlements (delaying all or most of a wage rate increase until after the first contract year), the implementation of health care cost containment arrangements, and efforts to privatize some government services. Bargaining talks during 1993 generally occurred without
threats of layoffs or furloughs, due to realistic expectations and reasonable compromises on the part of both management and labor.

Florida. In 1993, Florida’s economic activity improved slightly, as construction work to repair the wreckage wrought by Hurricane Andrew offset adverse effects caused by defense cuts, base closings, and sluggish national economy. The State negotiated agreements for four bargaining units covering 93,000 employees. The largest unit covered 69,700 human services, professional, operational services, and administrative and clerical workers represented by the American Federation of State, County and Municipal Employees. The workers agreed to contract terms under a scheduled wage and benefit opener in the second year of a 3-year agreement. They received a wage increase of 3 percent on October 1, 1993, and have a wage and benefit opener on June 30, 1994. The Florida Nurses Association (Ind.), representing 4,700 employees, agreed to similar contract terms.

The Florida State University System negotiated two collective bargaining agreements with the United Faculty of Florida (National Education Association—Ind.), which had been without a contract since June 30, 1992. The contracts covered 7,000 faculty members and 3,200 graduate assistants. The faculty unit ratified a 2-year agreement that provided a wage increase of 2 percent on October 1, 1993. The graduate assistants approved a 2-year contract that called for a wage increase of 2 percent on October 1, 1993, and a wage opener on June 30, 1994.

The Florida Police Benevolent Association (Ind.), bargaining for 15,600 security and corrections officers and 2,704 law enforcement officers, negotiated two parallel 3-year agreements providing a wage increase of 3 percent on October 1, 1993, and wage and benefit reopeners scheduled for June 30 of 1994 and 1995.

Massachusetts. Under settlements reached during the year, 52,000 State employees received wage increases after working under an expired contract since July 1, 1989. The largest bargaining units comprised 27,000 workers represented by an alliance composed of the State, County and Municipal Employees and the Service Employees International Union and 15,300 workers represented by the National Association of Government Employees. The 3-year agreements provided wage increases of 6 percent retroactive to December 21, 1992, and 7 percent on June 28, 1993. Other economic terms were not changed. The same contract terms applied to 6,400 University of Massachusetts employees: 1,100 faculty members, 1,200 clerical and technical workers, 1,100 professional employees, and 3,000 maintenance workers.

Michigan. The State reached agreement on contracts covering approximately 45,000 employees in eight bargaining units. All of the settlements included a provision for controlling future health care costs whereby any savings would be used to fund additional raises for workers.

The United Automobile Workers, representing 21,000 administrative support and human services employees, negotiated a 2-year agreement that also included a lump-sum payment of $750 on October 1, 1994.

The Michigan State Employees Association (State, County and Municipal Employees), representing 5,200 workers, the Michigan Professional Employees Society (Service Employees International Union), bargaining for another 2,000, and the United Technical Employees Association (Ind.), representing 1,500, ratified identical 26-month agreements that provided wage increases of 1 percent on October 1, 1993, 2 percent on October 1, 1994, and 3 percent on October 1, 1995; and lump-sum payments of $750 on October 1, 1994, and $600 on October 1 of 1995 and 1996. The Michigan Corrections Organization (Service Employees International Union), representing some 7,400 workers, and the Service Employees, negotiating for 1,600, ratified agreements with similar wage terms, but with lump-sum payments of $250 on April 1, 1994, $500 on October 1, 1994, and $600 on October 1 of 1995 and 1996.

The State, County and Municipal Employees, bargaining for 4,300 institutional workers, and the Michigan State Police Troopers Association (Ind.), representing 1,700 enlisted personnel, ratified 2- and 1-year agreements, respectively, with wage and benefit freezes.

New York. The State concluded negotiations with 56,000 professional, scientific, and technical employees represented by the Professional Employees Federation (Ind.). These employees had been without a contract since March 31, 1991. The 4-year agreement provided wage increases of 4 percent on April 1 of 1993 and 1994, and 1.25 percent on October 1, 1994; lump-sum payments in December 1993 and September 1994 to pay back 3 of 5 days of pay that were held by the State under a 1990 law (the State held the first 5 days of employees’ pay until the workers terminated their employment): two additional steps to the top of the salary schedule; replacement of the employee benefit fund to which the State had contributed monies for dental care, vision care, and prescription drugs by the system that governs nonunion employees’ benefits; and introduction of a managed care program for employees on workers’
compensation that gives them up to 60 percent of their salary when they use a network physician.

The State court system concluded bargaining on two agreements covering 1,200 court officers represented by the New York State Court Officers Association (Ind.) and 1,500 general administrative employees represented by the Civil Service Employees Association (State, County and Municipal Employees). The two agreements called for the same wage increases as were negotiated for the professional, scientific, and technical employees. The court officers ratified a 4-year agreement that also provided lump-sum payments of $750 in December of 1993 and 1994 for employees above the salary cap: a $725 annual location allowance for New York City employees on April 1, 1993, increasing to $759 on April 1, 1994, and $768 on October 1, 1994; and $780 annual payment per full-time employee to the health and welfare fund on April 1, 1993, increasing to $830 on April 1, 1994 (with half the amounts paid for part-time employees), and lump-sum payments to the fund of $250,000 in 1993 and 1994; use of up to 5 of 13 annual sick leave days to care for sick family members; and a $720 annual uniform and equipment allowance. Contract terms for the general administration employees were the same, except for an $895 annual payment per full-time employee to the health and welfare fund on April 1, 1993, increasing to $995 on April 1, 1994 (with half such amounts paid for part-time employees).

About 3,000 State troopers represented by the Police Benevolent Association (Ind.) ratified a 4-year contract that provided wage increases of 3 percent on April 1 of 1993 and 1994, and 1.25 percent on October 1, 1994; $15 employee copayments for outpatient care; a $5 copayment for prescription drugs and no cost for mail-order drugs; $776 in annual out-of-pocket medical expenses before 100-percent coverage would be reached; and the elimination of eligibility for dual-family health benefits, which had allowed spouses who are both in the unit simultaneously to have family coverage under separate policies.

Pennsylvania. The State concluded negotiations with four bargaining units covering 57,000 employees. The State, County and Municipal Employees represented 42,000 employees in various State departments covering a wide range of occupations, as well as 4,000 first-level supervisors, and the Pennsylvania Social Services Union (Service Employees International Union) bargained for 1,800 supervisory and 9,150 nonsupervisory social and rehabilitative services employees.

The large State, County and Municipal Employees unit approved a 3-year agreement that provided wage increases of 3 percent on July 1, 1993, and 3.5 percent on July 1 of 1994 and 1995; a 60-cent shift differential on July 1, 1993, increasing to 65 cents on July 1, 1994, and to 75 cents on July 1, 1995; a compressed pay scale with 20 steps effective January 1, 1994; and payment of step increases on January 1 of each year, rather than on an employee's anniversary date. The three other bargaining units accepted similar contract terms, except for the shift differentials.

Chicago. The city completed negotiations with the Fraternal Order of Police (Ind.) for 10,900 patrol officers, and the Chicago Transit Authority concluded a settlement with the Amalgamated Transit Union for 10,000 employees. The police ratified a 42-month contract that provided wage increases of 3 percent on January 1, 1992, 4 percent on January 1 of 1993 and 1994, and 2 percent on January 1, 1995; lump-sum payments of $260 on January 1 of 1993, 1994, and 1995; and an annual $400 uniform allowance effective July 1, 1993. The Transit Authority and the Amalgamated Transit Union inked a 3-year contract that provided wage increases of 30 cents an hour on July 1 of 1993 and 1994, 35 cents an hour on July 1, 1995, and 40 cents an hour on October 1, 1995; an employee copayment equal to 75 percent of all annual increases in health care premiums beginning January 1, 1994; and an increase in the ratio of part-time to full-time bus drivers from 12.5 percent to 20 percent.

Chicago schools. In December 1993, the Chicago Board of Education and the Chicago Teachers Union (American Federation of Teachers), bargaining for some 30,000 teachers, signed a 2-year agreement, replacing a contract that expired on August 31. The parties experienced difficult negotiations because the school system had a $300 million deficit in its $2 billion annual budget and State law requires school budgets to be balanced before classes commence. The contract was enacted after the State legislature created a $410 million bailout plan to ensure the fiscal integrity of the Nation's third largest school district. The plan runs through the 1994-95 academic year. The lack of money to fund school operations caused a weeklong delay in opening day for the schools, until a Federal district court judge suspended the law to allow negotiators time to reach a settlement. Negotiations became serious after the Seventh U.S. Court of Appeals decided that Federal courts had no jurisdiction over the matter and dissolved the court orders that kept the schools open.

The teachers agreed to a salary freeze for the term of the contract, as well as an additional employee contribution of 1.5 percent of gross salary toward medical insurance premiums. They also assented to an extra week of work, during which
they will be evaluated on their effectiveness. The school system agreed to rescind a demand to increase class size.

Two other unions involved in the talks—the Service Employees, representing 4,000 blue-collar and administrative employees, and the Hotel Employees and Restaurant Employees, bargaining for 3,000 cafeteria workers—traditionally settle after the teachers do.

Los Angeles County. On October 5, 1993, the county reached agreement with its largest employee union, the Service Employees, for approximately 33,000 clerical and office workers and supervisors, administrative and technical personnel, social service investigators, nurses, professional paramedical health workers, and blue-collar workers. On the same date, the county also settled with 1,224 interns and residents represented by the Joint Council of Interns and Residents (Ind.). The units agreed to identical 2-year contracts with a wage increase of 2 percent on October 1, 1994, and a deferral of overtime pay from October 1, 1993, to June 30, 1994, redeemable starting August 1995 as a payout or as paid vacation time. The parties also agreed to rescind permission for employees who use no sick leave from January 1994 to June 1994 to “cash out” 3 days of such leave. In addition, the settlement eliminated county payments to workers’ deferred compensation savings plans for the fiscal year ending September 30, 1994.

Los Angeles schools. The Nation’s second largest school district completed negotiations with its teachers and some skilled crafts employees. The school district suffered extreme financial hardship, and negotiations with the teachers were clouded by threats of furloughs and strikes. The 33,000 members of the United Teachers of Los Angeles (affiliated with both the National Education Association and the American Federation of Teachers) ratified a 2-year agreement that provided a first-year annual salary reduction of 8 percent through furloughs and 2 percent through a cutback in the salary schedule; cost containment features in the health benefits program; and a wage and benefit reopener scheduled for June 30, 1993.

The 1,400 skilled craft employees represented by the Los Angeles County Building and Construction Trades Council ratified a similar 2-year contract, but it provided reductions in annual pay through furloughs ranging from 15 to 26 days in the first contract year, depending on the employee’s salary level and work year. The contract also called for health care cost containment arrangements and a wage and benefit reopener on June 30, 1993.

The scheduled wage and benefit reopener for 66,000 school district employees was resolved in November 1993. The teachers decided to forgo the reopener because the school district had funding problems. The lack of funds for any type of wage or benefit changes also affected reopening negotiations for 21,500 teaching assistants, instructional aides, and operations support staff represented by the California School Employees Association (Ind.); 1,700 administrators represented by the Associated Administrators of Los Angeles (Ind.); and 1,400 skilled craft employees represented by the Building and Construction Trades Council. The four units approved agreements with several minor contract changes.

New York City. The city reached agreement with several uniformed and nonuniformed employee unions through a series of pattern contracts. The largest number of employees (112,000) was represented by the State, County and Municipal Employees. This bargaining unit settled on a 39-month agreement that provided a $700 pensionable lump-sum payment upon ratification; wage increases of 2 percent on July 1, 1993, and 1994, and 3 percent on December 1, 1994; an annual city contribution of $1,025 per employee to the union-administered welfare fund on July 1, 1993, increasing to $1,125 on July 1, 1994, and a one-time lump-sum payment to the fund of $125 per employee on January 1, 1993; and equity fund payments totaling $20 million for all employees under New York City’s coalition bargaining.

Other employees who ratified the provisions of the pattern agreement include 10,800 clerical and administrative workers and 1,900 traffic enforcement agents represented by the Communications Workers of America; 3,500 special officers, represented by the Teamsters, who will receive their wage increases on April 1 of 1993 and 1994 and September 1, 1994; and 2,500 interns and residents represented by the Committee of Interns and Residents (Ind.).

The city and 2,500 firefighter officers represented by the Uniformed Fire Officers Association signed a 54-month agreement that provided wage increases of 3.5 percent retroactive to November 1, 1990, 1 percent retroactive to November 1, 1991, 2 percent on August 1 of 1993 and 1994, and 3 percent on January 1, 1995, a salary freeze for officers appointed after June 30, 1993; a $1,025 annual payment per employee to the union-administered welfare fund on July 1, 1993, increasing to $1,125 on July 1, 1994, and a one-time lump-sum payment to the fund of $125 per employee on January 1, 1993; and provisions for increases to the annuity fund and for improvements in productivity, such as requiring firefighters to arrive 15 minutes prior to their shift and answer fire calls during that time and
requiring them to perform work previously done by civilians.

The City University of New York and 17,800 teachers and administrators represented by the Professional Staff Congress (American Federation of Teachers) negotiated a 64-month contract that provided wage increases of 3 percent retroactive to November 1, 1990, 1.5 percent retroactive to November 1, 1992, 4 percent on February 1, 1994, and 4 percent on November 1, 1994; an additional step added to the salary schedule for four job titles on January 1, 1994; and $975 in annual contributions per employee to the joint welfare fund retroactive to September 1, 1990, increasing to $1,075 on February 1, 1994, and $1,175 on February 1, 1995, plus lump-sum payments of $125 per employee to the fund upon ratification and approximately $7 million on April 1, 1994.

The New York City Transit Authority reached agreement on a 3-year contract with 3,000 employees represented by the State, County and Municipal Employees and the Communication Workers. The pact provides a $700 pensionable lump-sum payment upon ratification; wage increases of 1 percent retroactive to October 1, 1991, and 2 percent on July 1, 1993; 15 days of vacation for employees with fewer than 4 years of service retroactive to July 1, 1991; and increases of $125 per employee in the Transit Authority’s contributions to the welfare fund upon ratification, $100 a year per employee retroactive to October 1, 1990, and $100 a year per employee on July 1, 1993.

Wisconsin. Collective bargaining agreements covering approximately 28,000 employees were implemented on November 1, 1993. The largest bargaining unit—the State, County and Municipal Employees—represented 23,500 clerical, technical, blue-collar, public safety, and social service employees. Three other bargaining units—1,100 professionals represented by the Wisconsin Science Professionals (American Federation of Teachers); 1,100 engineers represented by the State Engineering Association (Ind.); and 2,300 teaching assistants at the University of Wisconsin represented by the Teaching Assistants Association (American Federation of Teachers) also had contracts implemented that day. The four units ratified a 2-year agreement that provided wage increases of 1.5 percent on July 1, 1993, and 2.5 percent on July 1, 1994; a qualified reopener permitting the State to renegotiate the contract during its term in order to address national or State health insurance reform; and, effective September 1, 1994, the institution of a grid payment system designed to guarantee that each employee move through a defined pay scale.

Union affairs

Leadership changes during the year included the following:

- Arthur A. Coia succeeded Angelo Fosco, who died during his term, as president of the Laborers.
- Arturo Rodriguez succeeded Cesar Chavez, who died during his term, as president of the Farm Workers.
- Edward J. Carugh resignes as president of the Sheet Metal Workers and was succeeded by Arthur R. Moore.
- James P. Nolan resigned as president of the National Association of Broadcast Employees and Technicians and was succeeded by John S. Clark.
- Reed Farrell resigned as president of the Television and Radio Artists and was succeeded by Shelby Scott.
- Lynn Williams resigned as president of the Steelworkers and will be succeeded by George F. Becker.
- Nelda Casei, president of the Musical Artists, was succeeded by Regina Resnik.
- Sonny Hall succeeded George E. Leitz as president of the Transport Workers.

Organizational changes during the year included the following mergers:

- the 1,500-member International Union of Life Insurance Agents with the Food and Commercial Workers;
- the 125,000-member Retail, Wholesale and Department Store Union with the Food and Commercial Workers;
- the 700-member Union of Technical and Professional Employees with the Communications Workers;
- the 1,800-member Iowa United Professionals with the United Electrical Workers;
- the 1,000-member National Industrial Workers Union with the United Electrical Workers;
- the 48,000-member Allied Industrial Workers with the Paperworkers; and
- the 15,100-member United Service Workers of America with the Service Employees.

There were two other significant changes during the year: the termination of the 1988 merger between the National Maritime Union and the Marine Engineers Beneficial Association, District 1, and the subsequent restructuring of the Marine Engineers into six districts; and the change in the name of Local 1199, Drug, Hospital and Health Care Employees Union, to 1199, National Health and Human Service Employees Union.
Other developments

During 1993, the Supreme Court ruled that presumptions used in proving a prima facie case of employment discrimination do not shift the burden of proof: an employee must still prove that there was discrimination based on race, gender, religion, or national origin (St. Mary’s Honor Center v. Hicks).

The Court also held that current or former employees cannot sue outside professionals whom their employers consult, such as those who are providing accounting or actuarial services, about their pension plans, because they cannot be classified as fiduciaries of the plan (Mertens v. Hewitt Associates).

In another case, the Court ruled that property cannot be used by employers to fund pension plans (Internal Revenue Service v. Keystone Consolidated Industries).

Also, the Court found that States have the authority to require contractors to hire only union labor and to agree in advance on wages, benefits, and working conditions in exchange for a no-strike pledge (Building & Construction Trades Council v. Associated Builders & Contractors of Massachusetts/Rhode Island).

The Family and Medical Leave Act of 1993 was passed by Congress and signed by the President. The Act requires employers with at least 50 workers to allow an employee to take up to 12 weeks of unpaid leave during any 12-month period for medical reasons, for the birth or adoption of a child, or for the serious illness of a spouse, child, or parent. In addition, employers must maintain the employee’s health care coverage for the duration of the leave.

The President revoked three executive orders, one requiring contractors doing business with the Federal Government to post notices informing employees that they are not required to join or support a union, another mandating open bidding on Federal construction projects, and the third “undermining” Davis-Bacon prevailing wage laws.

The Administration also established the Commission for the Future of Worker-Management Relations to develop methods for improving the productivity and global competitiveness of the American workplace. The 10-member Commission is investigating the current state of worker-management relations and, in March 1994, will make recommendations about changes that may be needed to improve productivity through increased worker-management cooperation and employee involvement in the workplace.

The National Labor Relations Board ruled that seven labor-management committees at E.I. DuPont De Nemours Co., one of the Nation’s major chemical manufacturing companies, were illegal organizations under the National Labor Relations Act of 1947 because the company did not involve the Chemical Workers Association, the union on the property, when it created the committees to review safety and physical fitness issues at its Deepwater, New Jersey, plant. The Board ordered DuPont to disband the committees and to deal with the Chemical Workers when creating worker-management teams whose areas of concern are subject to collective bargaining.

The DuPont case followed on the heels of a more narrowly defined case, the Electromation decision issued by the Board in December 1992. In that case, the Board ruled that Electromation, a nonunion firm, had established workplace committees that were, in effect, sham unions because they were created as work teams at a time when the Teamsters were attempting to organize employees at the company.

Footnotes

1 See Monthly Labor Review, December 1993, pp. 65–66, for additional details of the terms of the settlement.
2 See Monthly Labor Review, December 1993, p. 66, for additional details of the terms of the settlement.
3 See Monthly Labor Review, October 1993, pp. 74–75, for additional details of the terms of the settlement.
4 See Monthly Labor Review, November 1993, pp. 88–89, for additional details of the terms of the settlement.
5 See Monthly Labor Review, December 1992, p. 53, for additional details of the terms of the settlement.
6 See Monthly Labor Review, May 1993, p. 62, for additional details of the terms of the settlement.
7 See Monthly Labor Review, September 1993, pp. 45–46, for additional details of the terms of the settlement.
8 See Monthly Labor Review, September 1993, pp. 44–45, for additional details of the terms of the settlement.
9 See Monthly Labor Review, October 1993, pp. 75–76, for additional details of the terms of the settlement.
10 See Monthly Labor Review, October 1993, p. 75, for additional details of the terms of the settlement.
11 See Monthly Labor Review, October 1993, p. 74, for additional details of the terms of the settlement.
12 See Monthly Labor Review, October 1993, p. 74, for additional details of the terms of the settlement.
13 See Monthly Labor Review, November 1993, p. 89, for additional details of the terms of the settlement.
14 See Monthly Labor Review, December 1993, p. 66, for additional details of the terms of the settlement.
15 See Monthly Labor Review, April 1993, p. 41, for additional details of the terms of the settlement.
16 See Monthly Labor Review, September 1993, p. 46, for additional details of the terms of the settlement.
18 See Monthly Labor Review, March 1993, pp. 50–51, for additional details of the terms of the settlement.
19 See Monthly Labor Review, June 1993, pp. 40–41.