



BLS expands collective bargaining series for State and local government

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The Bureau of Labor Statistics has expanded the coverage of its series on negotiated wage adjustments in State and local government collective bargaining units. Beginning with 1984, the series covers all major units—those with 1,000 workers or more. The original series, started in 1979, was limited to units with 5,000 workers or more. The expanded series includes data on negotiated wage changes for 2.1 million workers (about one-half of the State and local government workers who bargain over wages) in 547 bargaining units. This is twice the number of workers and about six times the number of units covered by the original series.

The expansion especially improves the series' coverage of local government workers, who are more likely than State workers to be in smaller bargaining units. In 1984, local government accounted for 62 percent of the workers in units with 1,000 employees or more, compared with 53 percent in units with 5,000 or more. According to the 1982 Census of Governments, local government workers made up about three-fourths of all non-Federal government workers who bargain over wages.

Settlements in 1984

The expanded series shows that major collective bargaining contracts settled for State and local government workers during 1984 provided wage adjustments averaging 4.8 percent in the first year and 5.1 percent annually over the life of the contract.¹ There were 240 State and local government contracts settled, covering 722,000 workers. Local government settlements accounted for four-fifths of the contracts and two-thirds of the workers under 1984 settlements. As shown in table 1, local government settlements provided larger wage adjustments than those negotiated by State governments. First-year adjustments averaged 5.4 percent in local settlements and 3.6 percent in State government settlements. Corresponding averages over the life of the

contracts were 5.9 and 3.8 percent a year. Sixty percent of the workers were employed in general government and administration, 20 percent in education institutions, and the remainder in protective services, health care, and transportation.

On average, State and local government settlements were "back-loaded"—that is, they provided smaller wage increases in the first contract year than in later years. Twenty contracts, covering 13 percent of the workers, provided for no specified wage changes in the first year but called for subsequent increases. Forty-six contracts, covering 17 percent of the workers, provided smaller increases in the first than in later years. These 66 "back-loaded" settlements provided wage adjustments averaging 3.0 percent in the first year and 5.2 percent over the life of the agreements. Masked by the averages, however, were the 62 "front-loaded" settlements, covering one-fourth of the workers. They provided wage adjustments of 5.7 percent the first year and 4.3 percent annually over the contract life. The remaining contracts were typically of 12-month duration.

Effect of series expansion. The expansion of the series to include units of 1,000 to 4,999 workers doubled its coverage of workers under 1984 settlements. (See table 1.) In 1984, local governments accounted for 47 percent of all workers under settlements for 5,000 workers or more, and 83 percent of those under settlements for 1,000 but fewer than 5,000.

State government settlements for bargaining units of 5,000 workers or more had average wage adjustments that were about the same size as those for smaller units, for both the first contract year and annually over the life of the contract. The averages ranged from 3.6 to 3.9 percent. In local government settlements for the large bargaining units as well, average adjustments were about the same as those for the small units but only for the first contract year (5.5 and 5.4 percent). Over the life of the contracts, settlements in local government units of 5,000 workers or more had average adjustments (6.8 percent) that were larger than those in units of fewer than 5,000 workers (5.4 percent).

Average wage adjustments for settlements are computed by multiplying the adjustment in each unit by the number of workers covered, and dividing the sum of the products by the total number of workers under settlements. Therefore the averages for all settlements with 1,000 workers or more reflect both the increased proportion of local government employees in the expanded series and the larger average wage adjustments negotiated by local jurisdictions.

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Table 1. Number of workers and average (mean) wage adjustments under State and local government settlements, 1984

Measure	Total	Units with 1,000 to 4,999 workers	Units with 5,000 workers or more
Number of workers:			
All settlements	722,000	359,000	363,000
State government	254,000	61,000	194,000
Local government	468,000	298,000	169,000
Average (mean) adjustments:			
First year of contract:			
All settlements	4.8	5.1	4.4
State government	3.6	3.9	3.6
Local government	5.4	5.4	5.5
Over the life of the contract:			
All settlements	5.1	5.1	5.1
State government	3.8	3.9	3.7
Local government	5.9	5.4	6.8

Compensation. The Bureau also measures compensation (wage and benefit costs) changes² in units of 5,000 workers or more. In 1984 settlements for such units, average compensation adjustments were larger for local than for State government workers, as the tabulation below shows. (Data exclude 59,000 workers in five units for which only wage change data were available.)

	First-year adjustment (percent)	Annual adjustment over life of the contract (percent)	Number of workers (in thousands)
Total	5.2	5.4	304
State government	4.3	4.0	140
Local government	6.0	6.6	164

Effective wage adjustments

In addition to information on new settlements, the series measures changes put into effect in 1984 as a result of both new and earlier settlements in State and local governments. Effective wage adjustments are those that result from settlements in 1984, deferred changes made under agreements negotiated earlier, and cost-of-living adjustment (COLA) provisions. Average effective wage adjustments (in percent) for State and local government agreements with 1,000 workers or more in 1984 were:

	For workers receiving changes	For all workers (prorated)
All adjustments	6.6	5.0
1984 settlements	6.6	1.9
Deferred adjustments	6.6	3.1
COLA	1.4	0.0

Wage changes (increases and decreases) put into effect in 1984 averaged 6.6 percent for the 1.6 million workers who received them. When prorated over the 2.1 million workers covered by major State and local government bargaining units, adjustments averaged 5.0 percent.

Only 2 percent of the State and local government workers under major agreements (all in local government, mostly transit) have COLA provisions. About 26,500 local government workers had COLA reviews in 1984. Of these, 25,000 had COLA changes in 1984 averaging 1.4 percent. Wage adjustments stemming from COLA reviews in 1984 averaged 43 percent of the change in consumer prices during the review period.

Data collection

State and local governments are asked to provide information on agreements covering 1,000 workers or more if (1) a labor organization is recognized as the bargaining agent for a group of workers, and settlements are embodied in signed, mutually binding contracts; and (2) at least wages are determined by collective bargaining. For units of 5,000 workers or more, data are collected on both wage and benefit changes. For smaller units, only data on wage changes are collected.

Comparison with private industry

The Bureau also publishes data on collective bargaining settlements in private industry.³ However, there are major differences between bargaining in State and local government and in private industry. For example, collective bargaining in private industry is governed by the provisions of the National Labor Relations Act and the Railway Labor Act of 1926. State and local government bargaining is controlled by a variety of laws. Some laws, for example, call for binding arbitration as the final step of the negotiation process if the parties cannot agree on the size of the wage changes and other issues. Many laws prohibit strikes against the government.

In many cases, the legislature plays a significant role in the bargaining process. After an agreement is negotiated by the executive branch, it is sent to the legislature for the appropriation of funds. Because this procedure is time consuming, first-year wage increases sometimes reflect the time lag between the date of agreement and the appropriation. The "back-loading" of some contracts results from the legislative funding process; the size of the first-year adjustment may be limited by the monetary appropriation previously legislated for the fiscal year, while subsequent wage increases will be financed in future fiscal year budgets.

Because of these and other differences in bargaining practices, care should be used when comparing the size and nature of the settlements in State and local government with those in private industry. These differences are evident in the characteristics of the settlements reached. For example, cost-of-living adjustment (COLA) clauses cover only 2 percent of State and local government workers reflecting, in part, the need to have funds appropriated for wage increases. In private industry, 57 percent of workers under major agreements have COLA coverage. Agreements without COLA's tend to provide larger specified wage increases than those

with COLA's. (Settlement data include specified first-year and deferred wage changes but exclude potential wage changes resulting from COLA clauses.) Another difference is that pensions are frequently prescribed by law in State and local governments and are not subject to bargaining, but in private industry, pensions may be a bargaining issue.

State and local government settlements in 1984 were generally of shorter duration (averaging 20 months) than those negotiated in private industry (31 months). Thirty-five percent of the State and local government workers were under settlements lasting 12 months or less, compared with 9 percent in private industry.⁴

Bargaining activity, first half of 1985

Approximately 400,000 workers were under 84 contracts that expired or reopened prior to January 1, 1985, but had not been renegotiated as of December 31, 1984. In addition, 880,000 workers are under 200 agreements due to expire or reopen for wage negotiation between January and June 1985. Nearly half the workers are employed in general government and about a third in education. □

—FOOTNOTES—

¹ Settlement data include specified first-year and deferred wage changes but exclude potential wage changes resulting from cost-of-living adjustment clauses which are based on unknown future changes in the Consumer Price Index.

² Percent changes in compensation (wage and benefit costs) are calculated by dividing the newly negotiated changes in the wage and benefit package by existing average hourly compensation, which includes the cost of previously negotiated benefits, legally required social insurance programs, and average hourly earnings.

In calculating compensation change, a value is put on the wage and benefit portions of the settlements at the time they are reached. The cost estimates are based on the assumption that conditions existing at the time of settlement will not change (for example, composition of the labor force will remain constant). The data, therefore, are measures only of negotiated change, and not of total changes in employer cost.

³ See John J. Lacombe II and James R. Conley, "Major agreements in 1984 provide record low wage increases," *Monthly Labor Review*, April 1985, pp. 39-45.

⁴ Additional data on State and local government agreements appears in the May 1985 issue of *Current Wage Developments*.

Wages at motor vehicle plants outpaced those at parts factories

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Average wages of blue-collar workers in factories producing motor vehicles exceeded those in independent motor vehicle parts plants by 48 percent in May 1983, according to the latest occupational wage surveys of motor vehicles and mo-

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tor vehicle parts. The surveys are part of the regular Industry Wage Survey program conducted by the Bureau of Labor Statistics and are the first occupational wage surveys of these industries in nearly a decade.

At the five major producers of passenger cars and light trucks (motor vehicle manufacturers) studied, hourly earnings of production and related workers averaged \$12.13, compared with \$8.20 an hour for the motor vehicle parts work force. Among the jobs permitting comparison in the North Central region (the region with the largest concentration of motor vehicle manufacturing), workers in motor vehicles manufacturing consistently averaged more per hour than their counterparts making parts. The earnings edge for motor vehicle workers in maintenance and toolroom jobs typically averaged between 10 and 20 percent; in custodial and material movement jobs, between 25 and 35 percent; and for other production jobs, up to 50 percent. Earnings differences between the two industries reflect a combination of factors, including location, differences in products produced, mix of occupational classifications, and extent of labor-management agreement coverage. Virtually all workers in the auto plants studied were covered by such agreements, compared with about three-fifths of the parts production workers.

Motor vehicles

Straight-time earnings of 424,134 production and related workers in motor vehicle manufacturing averaged \$12.13 an hour in May 1983.¹ Nearly nine-tenths of the work force earned between \$11 and \$14 an hour; one-third had earnings within a 20-cent range—\$11.80 to \$12.

Average earnings within individual regions were near the nationwide average, ranging from \$11.84 an hour in the South to \$12.33 in the Northeast. Hourly earnings of workers in Michigan, where just over two-fifths of the industry's work force was employed, averaged \$12.18; in the rest of the North Central region, earnings averaged \$12.08. Such differences in average pay by location reflect variations in the occupational mix within individual factories and some differences in wage scales among establishments in this highly unionized industry.

The \$12.13 average for all production and related workers in May 1983 was 119 percent higher than the \$5.54 average recorded in a similar study conducted in December 1973.² On an annual basis, the average rate of increase was 7.7 percent.

Thirty-five occupations, selected to represent the industry's wage structure, worker skills, and manufacturing operations, accounted for about two-thirds of the production work force. Nationwide, average hourly pay among these jobs ranged from \$14.79 for metal and wood patternmakers and \$14.70 for die sinkers (drop-forge dies) to \$11.20 for janitors, porters, and cleaners. Maintenance jobs, such as carpenters, electricians, millwrights, and pipefitters, typically had averages between \$13.50 and \$13.75 an hour.