Bargaining outlook for 1996

Despite a prospering economy, contract negotiations are expected to produce only modest gains in this light bargaining year

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About 2.4 million workers are under major collective bargaining agreements (those covering 1,000 workers or more) scheduled to expire or be reopened in 1996. These workers constitute about 30 percent of the 8.2 million employees under such agreements in private industry and State and local government. (See table 1.) In contrast, slightly more than 42 percent of workers covered by major agreements were involved in bargaining in 1995. Scheduled bargaining in 1996 will cover about 1.7 million workers in private industry under 421 agreements, and 738,000 workers in State and local government under 216 agreements. The 1996 bargaining calendar is the second lightest during the last decade and follows the heaviest on record.

In private industry, bargaining is slated for 31 percent of the 5.4 million workers under major agreements, a somewhat lower proportion than in 1995 when scheduled bargaining affected 35 percent of the workers. Industries with contract expirations in 1996 include: transportation equipment manufacturing (471,000 workers); construction (322,000 workers); wholesale and retail trade (146,000 workers); and primary metals manufacturing (94,000 workers). (See table 2.)

Bargaining will be heaviest in private industry during the second and third quarters of the year, when contracts for seven-tenths of the 1.7 million workers expire or reopen. The year begins with contract expirations for marine cargo handlers and for workers at major oil refineries. (See table 3.) In the spring, the construction industry will dominate the bargaining calendar. Steel industry contracts can be reopened in August for wage and selected benefit changes, and in September, agreements expire at General Motors, Ford, and Chrysler. The year closes with the December reopening of the bituminous coal industry contract for wage and benefit discussions.

In State and local governments, slightly more than 26 percent of the 2.8 million workers under major agreements are scheduled to bargain, the lowest proportion since 1985, the first year for which the Bureau compiled these data. Fifty-six percent of State and local government workers were represented at the bargaining table in 1995, a record high. Unlike in 1995, when the nearly 1.6 million workers affected by contract negotiations were split evenly between State and local governments, this year's contract talks will involve more than twice as many local government workers as State employees. The 518,000 local government workers slated for negotiations in 1996 account for 31 percent of all local government workers under major agreements. In contrast, 20 percent (220,000) of all State employees under major agreements will be bargaining this year. Contract talks are concentrated in June, when agreements for 63 percent of the workers expire or reopen.

Information on the 1996 bargaining calendar is based on data available to the Bureau as of October 31, 1995. At that time, there were 2.5

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million workers under 530 major contracts that had expired but had not been renegotiated or were scheduled to expire in November or December of 1995. The bargaining agenda will include whichever of these negotiations are carried over into 1996. In addition, any contracts ratified during November and December of 1995 that expire or reopen in 1996 will affect the number and proportion of workers slated for contract negotiations.

Trends in wages and compensation

As part of their bargaining strategies, negotiators will review recent trends in wages and benefits. The latest information indicates little upward pressure on labor costs. Major collective bargaining settlements in private industry negotiated in the 12 months ended September 30, 1995, on average, specified lower annual wage-rate changes over the contract term (2.6 percent) than the contracts they replaced (3.1 percent). Average wage changes were lower in replaced contracts compared with predecessor contracts for the 11 preceding 4-quarter periods as well.

Settlements reached in State and local government in the 12-months ended June 30, 1995 (the latest 12-month period for which data are available) also called for annual wage-rate changes over the contract term that were lower, on average, than those negotiated in the contracts they replaced—2.7 percent, compared with 2.9 percent. This relationship existed for 7 of the 10 preceding 12-month periods.

Compensation costs, which include wages, salaries, and employer costs for employee benefits, in private, nonagricultural industries and State and local government increased 2.7 percent during the 12-month period ended September 30, 1995, as measured by the Bureau's Employment Cost Index. This was the smallest annual change since the series began in 1981. Compensation costs increased 3.0 percent in State and local government and 2.6 percent in private industry. In the year ended September 1995, the costs for benefits alone rose 2.1 percent in private industry, an historic low. Benefit cost increases were dampened by a slowdown in the rate of increase for health, workers' compensation, and State unemployment insurance costs.

Lump-sum and cost-of-living provisions

Trends in lump-sum payment and cost-of-living adjustment (COLA) provisions are also likely to be of interest to negotiators in 1996. Lump-sum provisions first became prevalent in collective bargaining agreements in the early to mid-1980's. Such provisions hold down labor costs because the payments they generate generally do not become part of the wage-rate structure. In addition, in some cases, they are not included in computing employee benefits, such as holiday and vacation pay, and pensions. From 1987, when BLS first compiled these data, to 1989, lump-sum provisions covered nearly one-third of the workers under major agreements. (See table 4.) Although coverage dropped to 26 percent by the end of 1992, it rebounded to former levels by 1994.

As of October 31, 1995, 36 percent of all workers under major collective bargaining contracts were covered by lump-sum payment provisions, a new high. The recent gains in lump-sum coverage occurred in both private industry and

Table 1. Workers in collective bargaining agreements covering 1,000 or more workers with contract expirations or reopenings, 1985–1996

(Workers in thousands)

Year	All workers	Workers with contract expirations/ reopenings	Percent of workers covered by expirations/ reopenings
Total:			
1985	9,448	3,532	37.4
1986	9,100	3,800	41.8
1987	8,793	3,103	35.3
1988	8,697	3,415	39.3
1989	8,567	3,068	35.8
1990	8,482	3,008	35.5
1991	8,483	2,820	33.2
1992	8,291	2,720	32.8
1993	8,184	2,795	34.2
1994	8,191	2,145	26.2
1995	8,141	3,447	42.3
1996	8,164	2,421	29.6
Private industry:			
1985	7,404	2,410	32.5
1986	6,981	3,029	43.4
1987	6,539	1,988	30.4
1988	6,327	2,408	38.1
1989	6,080	2,100	34.5
1990	5,959	2,124	35.6
1991	5,907	1,470	24.9
1992	5,681	1,859	32.7
1993	5,509	2,060	37.4
1994	5,492	1,381	25.1
1995	5,359	1,887	35.2
1996	5,386	1,682	31.2
State and local government:			
1985	2,044	1,122	54.9
1986	2,149	741	34.5
1987	2,253	1,115	49.5
1988	2,370	1,006	42.4
1989	2,487	968	38.9
1990	2,523	884	35.0
1991	2,576	1,349	52.4
1992	2,610	860	33.0
1993	2,675	735	27.5
1994	2,699	764	28.3
1995	2,782	1,559	56.0
1996	2,779	738	26.6

NOTE: Data for 1985 through 1995 correspond to data published in the January *Monthly Labor Review* for respective years.

Table 2. Collective bargaining agreements scheduled to expire or with wage reopenings, covering 1,000 workers or more, by year and industry

(Workers in thousands)

Industry	Total[1]		Year of expiration or scheduled wage reopening, or both							
			1996		1997		1998 and later		Unknown or in negotiation[2]	
	Number of agree-ments	Workers covered	Number of agree-ments	Workers covered	Number of agree-ments	Workers covered	Number of agree-ments	Workers covered	Number of agree-ments	Workers covered
All industries[3]	1,889	8,164	637	2,421	438	1,719	394	2,067	530	2,483
All private industries	1,215	5,386	421	1,682	319	1,253	359	1,724	156	939
Manufacturing	409	1,612	143	770	101	334	129	381	52	198
Food and kindred products	62	152	16	35	18	61	21	46	8	13
Tobacco products	4	10	1	1	—	—	3	9	—	—
Textile mill products	6	18	4	10	3	8	1	1	1	4
Apparel and other textile products	29	150	4	18	18	83	3	38	4	11
Lumber and wood products, except furniture	9	16	6	11	—	—	3	4	—	—
Funiture and fixtures	1	3	—	—	1	3	—	—	—	—
Paper and allied products	40	51	7	8	7	9	23	29	4	6
Printing and publishing	13	21	6	10	3	6	2	3	3	4
Chemicals and allied products	21	34	7	11	5	8	6	12	5	7
Petroleum and coal products	8	17	8	17	—	—	—	—	—	—
Rubber and miscellaneous plastics products	18	45	6	10	8	26	3	4	1	5
Leather and leather products	2	6	2	6	—	—	—	—	—	—
Stone, clay, and glass products	13	32	8	26	1	1	2	2	2	2
Primary metal industries	40	125	23	94	4	4	17	76	3	5
Fabricated metal products	11	18	3	3	2	3	5	9	1	3
Industrial machinery and equipment	25	80	5	6	7	23	10	22	3	28
Electronic and other electric equipment	32	165	7	34	7	57	16	73	3	5
Transportation equipment	68	654	30	471	15	38	11	42	12	102
Instruments and related products	4	12	—	—	—	—	3	10	1	2
Miscellaneous manufacturing industries	3	5	—	—	2	4	—	—	1	2
Nonmanufacturing	806	3,774	278	912	218	919	230	1,343	104	741
Mining	7	80	6	78	—	—	6	78	—	—
Construction	341	989	126	322	109	351	105	299	15	59
Transportation, except railroads and trucking	47	250	21	106	8	28	10	46	8	71
Railroad transportation	23	217	2	8	—	—	—	—	21	209
Trucking and warehousing	10	285	1	2	3	177	5	94	1	12
Communications	32	439	7	27	8	11	11	300	6	101
Electric, gas, and sanitary services	70	197	27	80	16	49	19	55	10	31
Wholesale trade	7	9	2	3	1	1	3	4	1	1
Retail trade, except food stores	28	111	8	21	7	20	9	34	4	35
Food Stores	104	603	30	122	33	151	35	280	8	54
Finance, insurance, and real estate	27	136	8	22	9	50	4	7	6	57
Sevices, except health services	68	279	26	84	14	51	15	89	14	57
Health services	42	179	14	38	10	30	8	58	10	54
State and local government	674	2,779	216	738	119	466	35	343	374	1,544
State government	171	1,115	29	220	29	190	11	249	112	594
Local government	503	1,663	187	518	90	276	24	94	262	950

[1] Totals may be less than the sum of the data for individual years because 110 agreements covering 526,000 workers have both reopenings and expirations in the reference periods.

[2] Includes agreements due to expire between October 1 and December 31, 1995; agreements that expired prior to October 1, 1995 but for which new agreements were not reached by then; agreements that expired prior to October 1, 1995 but for which necessary information had not been obtained; and agreements that have no fixed expiration or reopening date.

[3] Includes all private nonagricultural industries and State and local governments.

NOTE: Because of rounding, sums of individual items may not equal totals. Dashes indicate the absence of expiring or reopening agreements in the reference periods.

State and local governments. At the end of October, 1995, 45 percent of the 5.4 million workers under major contracts in private industry had lump-sum provisions. The popularity of lump-sum payment provisions varied widely among the industries in the private sector. Coverage was 100 percent in the tobacco industry and exceeded 90 percent in the railroad, communications, transportation equipment manufacturing, and mining industries. (See table 5.) On the other hand, none of the workers in such industries as construction, water transportation, or petroleum refining had lump-sum provisions. Seventeen percent of the 2.8 million workers under major contracts in State and local governments had them.

COLA clauses are designed to help workers regain purchasing power lost through price increases. They provide adjustments to wages based on a measure of price change—usually the BLS Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). As of October 31, 1995, only 16 percent of workers under major contracts had COLA coverage—22 percent in private industry and 6 percent in State and local government. (See table 6.) In private industry, the sectors with the highest COLA coverage were tobacco (100 percent), transportation equipment manufacturing (89 percent), and rubber and miscellaneous plastic products (85 percent).

COLA clauses were quite prevalent in private industry from 1975 through 1984, covering about three-fifths of workers under major agreements. (See table 7.) Since then, coverage has been declining. Initially, the decline in coverage was largely the result of falling employment in industries where COLA clauses were common. Subsequently, however, decreases in COLA coverage were the result of the elimination or suspension of COLA provisions in many contracts. Union negotiators saw little or no pay gains from the clauses, primarily due to a substantial moderation in the rate of inflation. Therefore, they felt less pressure to maintain COLA clauses and instead, used them as trade-offs to address items of greater concern, such as health care benefits, pensions, and job security.

In State and local government contracts, COLA coverage was minimal at around 2 percent each year from 1984 (when data were first collected) to 1987. Coverage increased to 10 percent in 1991, but gradually receded to the 6-percent level by October 31, 1995.

Table 3. Calendar of major collective bargaining activity

(Workers in thousands)

Year and month	Agreement expirations and/or scheduled wage reopenings[1]		Principal industries covered
	Number	Workers covered	
All years[2]	1,889	8,164	...
Total 1996[3]	637	2,421	...
January	42	105	Local government, longshore, petroleum refining
February	21	65	Transportation equipment manufacturing
March	45	134	Construction, glass containers
April	38	106	Construction
May	79	199	Construction, food stores, aluminum
June	194	656	State and local government, construction
July	39	119	Local government
August	46	180	Steel, local government
September	48	574	Automobiles, food stores, local government
October	27	68	([4])
November	20	45	([4])
December	40	179	Bituminous coal mining, local government,
Total 1997	438	1,719	...
January	10	41	Food stores, gas and electric utilities
February	18	81	State government, food stores
March	30	69	Construction
April	39	158	Construction, real estate services, food stores
May	75	225	Construction, apparel manufacturing
June	140	603	State and local government, construction, electronic and other electric equipment manufacturing
July	18	215	Parcel delivery
August	37	85	Construction, local government
September	20	90	Local government
October	16	54	([4])
November	13	35	Food stores
December	22	62	Local government
Total 1998 and later	394	2,067	Telephone communications, construction, trucking, food stores, bituminous coal mining, State and local government
Year unknown or in negotiation[5]	530	2,483	State and local government, railroads, transportation equipment manufacturing, communications

[1] Includes all private nonagricultural industries and State and local governments.

[2] Totals may be less than the sum of the data for individual years because 110 agreements covering 526,000 workers have both reopenings and expirations in the reference periods.

[3] Includes two agreements covering 9,000 workers that have both a wage reopening and expiration scheduled in 1996.

[4] No single industry accounts for a substantial proportion of the workers.

[5] Includes agreements due to expire between October1 and December 31, 1995; agreements that expired prior to October 1, 1995 but for which new agreements were not reached by then; agreements that expired prior to October 1, 1995 but for which necessary information had not been obtained; and agreements that have no fixed expiration or reopening date.

NOTE: Because of rounding, sums of individual items may not equal totals.

Scheduled wage changes

Negotiators will likely take note of wage increases scheduled for 3.2 million workers in 1996 that were decided upon by collective bargaining in previous years. Most of the increases will take effect in the April through August period. (See table 8.) In private industry, wages for about 2.6 million workers are set to increase by an average of 3.1 percent, the same as in 1995, which was the lowest average deferred wage change since 1988. On average, employees with COLA clauses are slated to receive a 2.7-percent boost in wages, compared with 3.2 percent for those without COLA clauses. (See table 9.) As would be expected, scheduled increases are lower for workers with COLA provisions because the COLA clause is designed to generate additional wage increases. About 1,000 workers in private industry are scheduled to have their wages cut in 1996.

Wage changes under expiring contracts

Negotiators will also be studying the wage changes under their expiring contracts, most of which were reached in 1993 in private industry and in 1994 in State and local government. Specified wage changes in contracts without COLA clauses were higher than specified wage changes plus COLA's in contracts with such provisions. Many contracts with COLA clauses, however, provide for additional COLA reviews prior to their 1996 expirations, so the difference in wage changes between those with and without COLA's may narrow or be reversed. As shown, specified wage changes under all private industry contracts expiring in 1996 averaged 2.2 percent annually; when COLA's paid through September 1995 are included, total wage changes averaged 2.5 percent.

	Annual wage changes	
	Specified	*Specified plus COLA*
Private industry	2.2	2.5
Contracts with COLA's	1.1	2.2
Contracts without COLA's	2.7	...
State and local government	2.8	2.9
Contracts with COLA's	1.5	2.2
Contracts without COLA's	2.9	...

Expiring State and local government contracts provided specified wage changes averaging 2.8 percent, and total wage changes including COLA's averaging 2.9 percent. COLA clauses have a minor impact on total wage changes because they cover such a small proportion of workers in State and local government.

Major bargaining issues

Wage increases will undoubtedly head the list on many union bargaining agendas, as workers seek to gain a share of the economic growth that has occurred since their last settlements. However, with companies arguing for continued cost restraint to remain competitive and many public sector jurisdictions still facing tight budgets, the outlook is for wage gains to remain moderate. Other topics that have been in the forefront in contract deliberations in recent years could be just as important as wages for some negotiators in 1996. One of these is job security. Despite productivity gains, low inflation, and record company profits, job security remains a concern because layoffs are still occurring as a result of mergers, automation, competition, and restructuring. If downsizing is necessary, the bargaining agenda could include incentives that encourage early retirement, such as buyouts,

Table 4. Workers with lump-sum payment provisions in major collective bargaining agreements, 1987–95

(Numbers in millions)

Year[1]	Total workers	With lump-sum payment coverage	
	Number	Number	Percent[2]
Total:			
1987	8.8	2.8	32
1988	8.7	2.8	32
1989	8.6	2.7	32
1990	8.5	2.5	30
1991	8.5	2.2	27
1992	8.2	2.2	26
1993	8.2	2.5	31
1994	8.2	2.7	33
1995 (preliminary)[3]	8.2	2.9	36
Private industry:			
1987	6.3	2.7	42
1988	6.1	2.6	43
1989	6.0	2.6	44
1990	5.9	2.4	41
1991	5.6	2.1	37
1992	5.5	2.0	36
1993	5.5	2.1	39
1994	5.4	2.3	42
1995 (preliminary)[3]	5.4	2.4	45
State and local government:			
1987	2.3	.2	7
1988	2.4	.2	7
1989	2.5	.1	5
1990	2.5	.1	4
1991	2.6	.1	4
1992	2.7	.2	7
1993	2.7	.4	14
1994	2.8	.4	16
1995 (preliminary)[3]	2.8	.5	17

[1] Data relate to information available as of December 31.
[2] Percent coverage was computed on actual rather than rounded employment numbers.
[3] Data relate to information available as of October 31.

increased pension benefits, and additional age- and service-credits. To help with downsizing, negotiators may be considering proposals that foster voluntary employee separation, including increased severance payments and the continuation of health care coverage for a designated length of time after resignation.

Training programs are often part of a job security package and are likely to be discussed in upcoming negotiations. Training has become more important as workers' skills are being eroded by advances in technology or rendered obsolete through automation. Training programs offer opportunities for workers to learn new skills that are in demand by the organization or that prepare them for new jobs.

According to data from the Employee Benefits Survey, 92 percent of all full-time union workers have employer-provided medical care benefits.[1] With the proportion under major contracts likely to be at least as high, health care issues are almost certain to be raised, despite the recent moderation in health care cost increases. Almost certainly, companies will continue to focus on cost-saving practices such as requiring employees to enroll in preferred-provider plans or health maintenance organizations, which are less costly than traditional fee-for-service plans; shifting more of the cost of insurance premiums to employees; increasing the amount of deductibles and copayments paid by employees; and limiting health benefits for retirees. Workers will seek to avoid paying more for health care and bargain for improvements in areas such as reimbursement for drug prescriptions, vision and dental care, and lifetime major medical insurance. An emerging practice that some negotiators might adopt is the establishment of joint labor-management committees to develop strategies to help restrain health care costs while maintaining benefits.

Table 5. Incidence of lump-sum payment provisions in collective bargaining agreements covering 1,000 or more workers, October 1995

(Workers in thousands)

Industry	1987 SIC[1] Code	All agreements		Agreements with lump-sum provisions		Percent of workers covered by lump-sum provisions
		Number	Workers covered	Number	Workers covered	
All industries[2]	...	1,889	8,164	431	2,913	36
All private industries	...	1,215	5,386	343	2,441	45
Manufacturing	...	409	1,612	170	988	61
Food and kindred products	20	62	152	18	42	28
Tobacco products	21	4	10	4	10	100
Textile mill products	22	6	18	1	2	13
Apparel and other textile products	23	29	150	3	8	5
Lumber and wood products, except furniture	24	9	16	—	—	0
Furniture and fixtures	25	1	3	—	—	0
Paper and allied products	26	40	51	9	12	23
Printing and publishing	27	13	21	—	—	0
Chemicals and allied products	28	21	34	4	6	17
Petroleum and coal products	29	8	17	—	—	0
Rubber and miscellaneous plastics products	30	18	45	7	24	53
Leather and leather products	31	2	6	—	—	0
Stone, clay, and glass products	32	13	32	4	5	14
Primary metal industries	33	40	125	32	113	90
Fabricated metal products	34	11	18	5	6	34
Industrial machinery and equipment	35	25	80	12	51	64
Electronic and other electric equipment	36	32	165	15	91	55
Transportation equipment	37	68	654	53	610	93
Instruments and related products	38	4	12	2	6	53
Miscellaneous manufacturing industries	39	3	5	1	2	31
Nonmanufacturing	...	806	3,774	173	1,453	38
Mining	10–12	7	80	5	76	95
Construction	15–17	341	969	—	—	0
Railroads	40	23	217	21	209	96
Local and urban transit	41	3	6	2	5	79
Trucking and warehousing	42	10	285	2	176	62
Water transportation	44	13	39	—	—	0
Transportation by air	45	31	206	13	76	37
Communications	48	32	439	23	420	96
Electric, gas, and sanitary services	49	70	197	26	65	33
Wholesale trade	50–51	7	9	2	2	27
Retail trade, except food stores	53,55–59	28	111	5	15	14
Food stores	54	104	603	46	272	45
Finance, insurance, and real estate	60–65	27	136	9	48	35
Services, except health services	70–79,81,82	68	279	9	43	15
Health services	80	42	179	10	46	26
State and local government	...	674	2,779	88	472	17

[1] There are no major collective bargaining agreements in SICs 13, 14, 46, 47, 52, 57, or 67.

[2] Includes all private nonagricultural industries and State and local governments.

NOTE: Due to rounding, sums of individual items may not equal totals, and percentages may not equal numerical worker ratios. Dashes indicate the absence of lump-sum coverage.

Specific industries

The foregoing developments and issues will merge with other concerns specific to the individual groups involved in bargaining. The remainder of this article presents topics of concern for industries and organizations with the largest number of workers involved in contract talks in 1996.

Transportation equipment. Contract negotiations for approximately 471,000 workers under 30 contracts are scheduled in the transportation equipment manufacturing industry. Eighty-three percent of these workers are employed in automobile manufacturing, 10 percent in the production of aerospace equipment, and the remaining 7 percent in shipbuilding and repairing or bicycle manufacturing. The United Automobile, Aerospace and Agricultural Implement Workers of America represents the largest proportion of the workers, followed by the International Association of the Machinists and Aerospace Workers.[2]

Wage changes for contracts expiring in 1996 in the transportation equipment industry, including COLA's implemented through September 1995, averaged an increase of 2.2 percent annually over their terms. Pattern bargaining was conducted only in contract talks with the automakers.

In the automobile manufacturing sector, all workers facing contract renegotiations are employed by one of three companies—General Motors Corp., Ford Motor Co., or Chrysler Corp. Their contracts, which were negotiated in 1993, are set to expire in September. The financial health of U.S. automakers has improved markedly since the early 1990's. The companies have been experiencing steady growth and significant profits; by the end of 1994 they had 73 percent of the U.S. market, compared with about 70 percent in the early 1990's. They also have been trying to increase their business in Japan, with, among other ef-

Table 6. Incidence of cost-of-living adjustment (COLA) clauses in collective bargaining agreements covering 1,000 or more workers, October 1995

(Workers in thousands)

Industry	1987 SIC[1] Code	All agreements		Agreements with COLA provisions		Percent of workers covered by COLA provisions
		Number	Workers covered	Number	Workers covered	
All industries[2]	...	1,889	8,164	204	1,344	16
All private industries	...	1,215	5,386	166	1,172	22
Manufacturing	...	409	1,612	137	927	57
Food and kindred products	20	62	152	3	7	4
Tobacco products	21	4	10	4	10	100
Textile mill products	22	6	18	1	4	20
Apparel and other textile products	23	29	150	15	76	51
Lumber and wood products, except furniture	24	9	16	—	—	0
Furniture and fixtures	25	1	3	—	—	0
Paper and allied products	26	40	51	—	—	0
Printing and publishing	27	13	21	2	3	12
Chemicals and allied products	28	21	34	2	6	17
Petroleum and coal products	29	8	17	—	—	0
Rubber and miscellaneous plastics products	30	18	45	14	38	85
Leather and leather products	31	2	6	—	—	0
Stone, clay, and glass products	32	13	32	5	8	26
Primary metal industries	33	40	125	7	22	18
Fabricated metal products	34	11	18	4	6	33
Industrial machinery and equipment	35	25	80	15	61	77
Electronic and other electric equipment	36	32	165	13	92	56
Transportation equipment	37	68	654	49	585	89
Instruments and related products	38	4	12	2	7	62
Miscellaneous manufacturing industries	39	3	5	1	2	40
Nonmanufacturing	...	806	3,774	29	246	7
Mining	10–12	7	80	—	—	0
Construction	15–17	341	989	1	2	(3)
Railroads	40	23	217	—	—	0
Local and urban transit	41	3	6	—	—	0
Trucking and warehousing	42	10	285	1	12	4
Water transportation	44	13	39	3	9	23
Transportation by air	45	31	206	—	—	0
Communications	48	32	439	4	107	24
Electric, gas, and sanitary services	49	70	197	7	13	7
Wholesale trade	50–51	7	9	1	1	12
Retail trade, except food stores	53,55–59	28	111	—	—	0
Food stores	54	104	603	1	4	1
Finance, insurance, and real estate	60–65	27	136	4	64	47
Services, except health services	70–79,81,82	68	279	5	31	11
Health services	80	42	179	2	3	1
State and local government	...	674	2,779	38	171	6

[1] There are no major collective bargaining agreements in SIC's 13, 14, 46, 47, 52, 57, or 67.
[2] Includes all private nonagricultural industries and State and local governments.
[3] More than 0 and less than 0.5 percent.
NOTE: Due to rounding, sums of individual items may not equal totals, and percentages may not equal numerical worker ratios. Dashes indicate the absence of cost-of-living coverage.

forts, the introduction of some right-hand drive models and reduced prices. A historic trade pact, announced June 28, 1995, is expected to help. For 20 years, U.S. negotiators tried to reach an agreement with Japan which would open up the Japanese market for U.S. auto and auto parts producers. This agreement was hailed by the U.S. manufacturers as providing them the opportunity to compete under free market conditions in Japan, which is the second largest automotive market after the United States.

The employment picture for production workers in the auto industry also improved. There were 729,000 workers on the job in September 1995, an increase of about 14 percent from September 1993.

In the 1993 round of bargaining, the Ford Motor Co. was targeted by union negotiators to reach the first settlement in the industry. A 3-year settlement in September set the pattern for agreements with Chrysler in October and with General Motors in November. The pacts called for an immediate 3-percent general wage increase; a 25-cent-per-hour wage increase for skilled workers; a lump-sum "performance bonus" payment both in 1994 and 1995 equal to 3 percent of the prior year's "qualified earnings;" and a $600 annual Christmas bonus in contracts with Ford and Chrysler. The Christmas bonus was replaced by 32 hours pay during the Independence Week Shutdown in the contract with General Motors. The accords retained the COLA clause that provided quarterly wage adjustments equal to 1-cent for every 0.26-point movement in the CPI, but reduced the adjustments by 4 cents in each of the first two reviews, and 2 cents in each of the subsequent seven reviews. By September 1995, the workers had received 69 cents per hour (after the 22-cent reduction) under the COLA clause, with 3 reviews remaining.

All the contracts continued the profit sharing and employer-paid health care plans. Thus far, the profit sharing formulas provided average payments of $4,300 for 1993 and $8,000 for 1994 for Chrysler workers; and $1,350 for 1993 and $4,000 for 1994 for Ford workers. Workers at General Motors received no payment for 1993 and $550 for 1994. The employers also agreed to restore fully the amounts committed to the job security and Supplemental Unemployment Benefits plans contained in prior agreements.

A formal union bargaining plan for this year's negotiations, based on the concerns expressed by rank and file members, will be drafted just before the opening of contract discussions. But the Auto Workers newly elected president, Stephen P. Yorkich, in an address to a group of reporters in September 1995, indicated that overtime will be a key issue in the upcoming bargaining. Despite booming business and expanding markets, auto producers have been cautious about hiring new workers and expanding production facilities for fear of an eventual downturn in the market. To meet demand, they have been squeezing more output from the existing work force and factories. While some employees like working the resulting overtime others have started to resent the extra work. Union negotiators would like to set some restrictions on management's ability to require overtime from the workers.

Another important issue for negotiators will be training opportunities for existing workers. About one-half of the skilled trades workers will be eligible for retirement by the end of 2000. Union negotiators believe that the employees who will remain in the work force must receive training to enable them to replace retiring workers in the higher skilled jobs.

Other areas that are expected to dominate the contract

Table 7. Workers under cost-of-living adjustment (COLA) clauses in major collective bargaining agreements in private industry, 1968–95

(Numbers in millions)

Year[1]	Total workers	With COLA coverage	
		Number	Percent[2]
1968	10.6	2.7	25
1969	10.8	2.8	26
1970	10.8	3.0	28
1971	10.6	4.3	41
1972	10.4	4.1	39
1973	10.2	4.0	39
1974	10.3	5.3	51
1975	10.1	6.0	59
1976	9.8	6.0	61
1977	9.6	5.8	60
1978	9.5	5.6	59
1979	9.3	5.4	58
1980	9.1	5.3	58
1981	8.8	5.0	57
1982	8.3	5.0	60
1983	7.7	4.4	57
1984	7.3	4.1	56
1985	7.0	3.4	48
1986	6.5	2.6	40
1987	6.3	2.4	38
1988	6.1	2.4	40
1989	6.0	2.4	39
1990	5.9	2.3	39
1991	5.6	1.7	30
1992	5.5	1.5	28
1993	5.5	1.3	24
1994	5.4	1.3	24
1995 (preliminary)[3]	5.4	1.2	22

[1] Data relate to information available as of December 31.

[2] Percent coverage was computed on actual rather than rounded employment numbers.

[3] Data relate to information available as of October 31.

talks are job security and health care provisions, and restrictions on outsourcing.

Also involved in bargaining in the transportation equipment manufacturing sector are approximately 48,000 aerospace workers. These workers will join the ongoing round of bargaining in the aerospace industry that started in 1995. Settlements were reached in 1995 with McDonnell Douglas (with workers represented by the Auto Workers), United Technologies, and Textron Aerostructure. At the time this article was prepared, workers represented by the International Association of Machinists were on strike at the Boeing Company and negotiations for new contracts for the engineers and the technicians were about to start. Major companies that will be negotiating this year include: Lockheed Martin Corp., McDonnell Douglas (with workers represented by the Machinists), Litton Industries, United Technologies, Rockwell International, and Beech Aircraft Co.

Construction. Approximately 322,000 workers under 126 collective bargaining agreements in the construction industry are scheduled for bargaining in 1996. These workers account for nearly one-third of all workers under major construction contracts and 20 percent of all workers under major private sector contracts slated to expire or reopen in 1996. States with the greatest number of workers affected by construction negotiations in 1996 are New York (75,350 workers), Illinois (30,700 workers), and New Jersey (24,500 workers). No other State has more than 20,000 workers scheduled for bargaining. Bargaining in the industry is usually conducted between individual unions representing the various construction crafts, such as carpenters and electricians, and local chapters of national employer associations, such as the Associated General Contractors of America, Inc., and the National Electrical Contractors Association.

Economic indicators suggest a mixed outlook for the construction industry. According to Bureau of the Census data, the value of new construction (based on constant dollars) was about 1.0 percent higher for the first 10 months of 1995, compared with the same period in 1994. In nonresidential construction, where most union construction workers are employed, the gain was 5.5 percent. Seasonally adjusted employment in the construction industry rose by 185,000 workers from September 1994 to September 1995, but this was about one-half as many as in the prior year. Also, the seasonally adjusted unemployment rate for the construction industry was 12.7 percent in September 1995, compared with 10.7 percent 1 year earlier.

The most recent information on construction settlements indicates generally modest changes in wage rates, although the gains were somewhat higher than in recent years. For major construction settlements reached in the 12 months ended September 30, 1995, the average annual wage change over the life of the contract was an increase of 2.8 percent, compared with 2.6 percent in 1993 and 2.5 percent in 1994. Among the three types of construction activity, general building had the lowest average annual wage rate change (2.5 percent) for settlements reached in the 12 months ended September 30, 1995. Settlements in heavy/highway work (3.0 percent) and special trades (3.1 percent) provided nearly identical average annual wage rate changes.

The following tabulation provides average annual wage changes over the contract term, by region, for construction settlements negotiated during the 12 months ended September 30, 1995.[3]

	Percent change
All agreements	2.8
Northeast	2.3
New England	2.7
Middle Atlantic	2.1
Midwest	3.5
East North Central	3.4
West North Central	3.9
South	3.0
South Atlantic	3.0
South Central	2.9
West	1.5
Mountain	3.1
Pacific	1.0
Interregional	2.9

Most of the workers with contract expirations or reopenings were represented last at the bargaining table in 1993. When the parties last met, they negotiated annual wage changes averaging an increase of 3.0 percent. As the following tabulation indicates, changes ranged from 1.3 percent in New England to 6.4 percent for interregional pacts.

	Percent change
All agreements	3.0
Northeast	2.6
New England	1.3
Middle Atlantic	2.9
Midwest	3.1
East North Central	3.1
West North Central	3.0
South	2.1
South Atlantic	1.7
South Central	3.0
West	2.3
Mountain	2.8
Pacific	2.2
Interregional	6.4

There appears to be little pressure for settlements in 1996 to substantially increase labor costs. As they have in recent years, bargainers in the construction industry are expected to focus on modest wage gains and improvements to the health and pension funds.

Wholesale and retail trade. Approximately 146,000 workers are covered by 40 contracts in wholesale and retail trade that expire or have scheduled reopeners in 1996. These workers comprise about one-fifth of the 723,000 workers under major agreements in the industry. About 122,000 workers covered by contracts set to expire or be reopened are employed in food stores. The remaining 24,000 are employed in department strores, eating and drinking places, wholesale trade, motor vehicle dealerships, and drug stores.

Table 8. **Scheduled wage increases in 1996 in collective bargaining agreements covering 1,000 or more workers, by month**

(Workers in thousands)

Effective month	Workers covered	Principal industries
January–December	[1] 3,182	
January	482	State and local government, construction, food stores
February	70	Steel manufacturing
March	138	Food stores
April	319	Trucking
May	329	Construction, telephone communications
June	493	Construction, apparel, electrical products, food stores
July	536	State and local government, construction
August	497	Parcel delivery, telephone communications
September	130	Local government
October	227	Food stores, apparel manufacturing
November	81	Food stores
December	47	(2)

[1] This total is smaller than the sum of individual items because 167,000 workers are scheduled to receive two increases in 1996. It is based on data available as of October 1, 1995, and thus may understate the number of workers scheduled to receive increases for the entire year based on agreements negotiated in prior years.

[2] No single industry accounts for a substantial proportion of the workers.

The United Food and Commercial Workers represents nearly nine-tenths of the workers under wholesale and retail trade contracts expiring in 1996. (The International Brotherhood of Teamsters; the Hotel Employees and Restaurant Employees International; the International Association of Machinists; and the International Union of Needletrades, Industrial and Textile Employees represent the remainder.)

Although there are no collective bargaining industrywide patterns in wholesale and retail trade, food store chains in an area may conduct joint negotiations with the union or adopt similar contract terms after a "lead" settlement has been reached. The contracts expiring in 1996 provided annual wage changes over their terms, ranging from a decrease of 0.9 percent to an increase of 6.5 percent; overall, the average annual change was an increase of 2.5 percent.

Bargaining in food stores will dominate negotiations in trade. Twenty-nine percent of all major food store agreements are slated for renewal in 1996. Workers under these contracts account for 20 percent (122,000) of the 603,000 workers under major contracts in food stores.[4] In the last round of bargaining, food store contracts slated to expire in 1996, provided wage changes averaging an increase of 2.3 percent per year.

The largest concentration of food store employees with contract expirations are the 30,000 workers with Giant, Safeway, and Super Fresh Stores in the Washington, DC, and Baltimore, MD, areas. Their 4-year contracts, which expire in September, called for a narrowing of the wage gap between first-tier employees (those hired before October 23, 1983 and second-tier employees (those hired on or after October 23, 1983). The pacts provided $400 to $700 lump-sum payments for first-tier employees and wage increases of 60 cents per hour for second-tier employees during the first 2 years of the agreements and 35 cents per hour for all workers in both the third and fourth years' of the contracts.

The next largest group whose contracts are scheduled to be renegotiated are 18,000 grocery and meat department employees working in the King Soopers Stores, Safeway, and Albertson's Stores in the Denver, CO, area. Under their 3-year agreements expiring in May, workers received wage increases totaling $1 per hour over the contract term plus a $250 lump-sum ratification bonus. The employers increased payments to the pension fund for active employees and provided increased contributions to the retiree health and welfare fund.

In addition to reviewing the gains made under their expiring agreements, negotiators will be interested in more recent developments in the food store industry. Agreements reached in the 12 months ended September 30, 1995, covered 168,000 workers and provided wage changes averaging 1.7 percent over their life. About one-fourth of the workers received no wage change under their contract. Annual gains for the others ranged from 0.5 percent to 3.0 percent. Only 15 percent of the workers were covered by lump-sum payments, a relatively low proportion for food store agreements in recent years.

Bargainers also will be concerned with keeping unionized supermarkets competitive with nonunion food stores. Because supermarkets are labor-intensive, a nonunion employer paying lower wages and fewer benefits has a large cost advantage over a union supermarket. Unionized food stores have been losing market share as consumers have turned increasingly to nonunion food store chains and discount warehouse outlets in search of cheaper prices. Although unionized supermarkets have battled back by expanding "bulk" goods sections to retain customers who wish to buy in volume, ways of curbing labor costs in unionized food stores are likely to be discussed in 1996 negotiations. One way of holding down labor costs that may come to the bargaining table is to increase the use of part-time employees to operate stores which stay open for long hours. This practice lowers employers' costs because part-timers often are paid less and are eligible for fewer benefits than their full-time counterparts. It also reduces the need for overtime, thereby reducing the necessity of employing higher paid full-time workers to work extra hours.

Another means of holding down labor costs that is likely to come to the bargaining table in 1996 is two-tier wage or benefit systems. These systems specify that employees hired after a certain date receive lower wages or benefits, or are under less favorable work rules, than employees hired earlier. As the more senior workers leave, the proportion of those being compensated on the lower scale will increase, resulting in cost savings. Some employers have noted that such systems, initially attractive as a way of keeping down labor costs, may be causing morale and high turnover problems among employees on the lower tier. Unions have generally agreed to two-tiered systems only as a last resort short of job losses. Consequently, elimination or modification of two-tier systems will be an issue for some negotiators. However, some employers may wish to initiate two-tier systems to reduce labor costs.

In return for negotiating practices to help restrain labor costs, union bargainers may seek enhanced job security provisions. In recent contracts, these measures have included stronger layoff and recall rights for employees, limiting vendor-stocking of shelves, and discussions with management before implementation of major technological changes.

Table 9. Scheduled wage increases in 1996 for collective bargaining agreements covering 1,000 or more workers, selected industries

(Workers in thousands)

Selected industry	Number of agreements	Number of workers	Mean increase[1]						Median increase[1]	
			Total		With COLA		Without COLA			
			Cents	Percent	Cents	Percent	Cents	Percent	Cents	Percent
Total[2]	731	3,182	53.3	3.1	38.4	2.7	54.9	3.2	48.1	3.0
All private nonagricultural industries	588	2,582	52.8	3.1	38.6	2.7	54.6	3.2	48.6	3.0
Manufacturing[3]	166	520	34.7	2.6	33.8	2.6	35.2	2.6	30.5	2.6
Food and kindred products	32	92	25.0	2.0	30.0	2.5	25.0	2.0	22.0	1.7
Apparel and other textile products	21	132	24.4	2.8	27.1	3.0	20.7	2.4	25.4	3.0
Metal products and equipment[4]	59	211	40.7	2.6	38.3	2.3	42.7	2.9	40.5	2.5
Nonmanufacturing[5]	422	2,063	57.3	3.3	47.4	2.9	57.8	3.3	51.7	3.2
Construction	203	597	74.0	3.5	—	—	74.0	3.5	70.0	3.3
Transportation and public utilities	82	765	64.7	3.6	56.7	3.3	65.4	3.7	55.0	3.4
Wholesale and retail trade	72	398	31.3	2.5	35.0	2.0	31.2	2.5	32.7	2.5
Services	49	240	41.6	3.2	41.1	3.0	41.6	3.2	35.0	3.0
State and local government	143	600	55.6	3.2	35.4	2.0	56.3	3.2	45.8	3.0

[1] Increases in cents per work hour and percent of straight-time average hourly earnings.

[2] Includes all private nonagricultural industries and State and local governments.

[3] Includes workers in the following industry groups for which data are not shown separately: Textiles (4,000); lumber (5,000); paper (37,000); printing (8,000); chemicals (15,000); rubber (5,000); leather (4,000); stone, clay, and glass products (2,000); instruments and related products (3,000); and miscellaneous manufacturing (4,000).

[4] Includes SIC 33, primary metal industries; SIC 34, fabricated metal products, except machinery and transportation equipment; SIC 35, industrial and commercial machinery and computer equipment; SIC 36, electronic and other electrical equipment and components, except computer equipment; and SIC 37, transportation equipment.

[5] Includes 58,000 workers in the finance, insurance, and real estate industry and 4,000 workers in the mining industry for which data are not shown separately to ensure confidentiality of data.

NOTE: Scheduled wage increases include guaranteed minimum changes under COLA clauses. Because of rounding, sums of individual items may not equal totals. Dashes indicate the absence of agreements with a COLA clause. Information is based on data available as of October 1, 1995, and thus may understate the number of workers scheduled to receive increases for the entire year based on agreements negotiated in prior years.

Primary metals. Twenty-three major collective bargaining agreements covering almost 94,000 employees of major steel and aluminum producing companies will expire or reopen in 1996. Eighty-two percent of the workers are represented by the United Steelworkers of America. The agreements expiring or reopening in 1996 called for wage changes averaging an increase of 1.4 percent per year annually over their contract life.

Eighty-three percent of the workers were covered by 19 contracts without COLA clauses; these contracts called for an average annual wage change of 1.6 percent. Four contracts, for the remaining 17 percent of the workers, had COLA provisions, and, as of September 30, 1995, provided wage changes averaging 0.9 percent per year.

Employees of steel companies make up 80 percent of the workers in primary metals production with contract expirations or reopenings in 1996. About seven-tenths (54,000) of these workers are covered by contracts which expire in the summer of 1999, but are slated to reopen for talks on wages and selected benefits this year. Negotiations will take place in an entirely different economic climate from that which preceded the 1993 contracts in the steel industry. After years of decline and consolidation, the U.S. steel industry has made a quiet comeback. The use of steel is flourishing again. Strong performance in industries such as automobiles, construction, and machinery, and increased use of steel for new applications has boosted demand. Shipments of steel products by U.S. steel mills in 1994 were the highest in 15 years. Rising global demand soaked up excess capacity, and generated healthy profits for the industry. Demand was expected to remain strong throughout 1995 in North and South America and to improve in Asia. In the first 8 months of 1995, shipments of steel products by U.S. mills were 11 percent higher, compared with the same period in 1993. The recent auto trade agreement between the U.S. and Japanese governments is an encouraging development for steel producers because the auto industry is one of the major steel buyers. Steel prices are expected to continue to rise, although at a somewhat slower pace than recently.

Reflecting the improved market for steel, employment in the industry remained at about the same level from 1993 through September 1995, after a long period of steady decline.

At the time this article was prepared, the parties had not developed a formal bargaining agenda. However, the issues subject to renegotiation under contract reopeners are limited to wage rates, lump-sum bonuses, shift differentials, overtime and Sunday premiums, the profit sharing formula, vacations, and holidays.

State and local government. A total of 216 major State and local government contracts covering 738,000 employees will expire or reopen in 1996. Negotiations are scheduled for 518,000 employees under 187 local government contracts and 220,000 workers under 29 State government contracts. Expiring contracts account for slightly more than 26 percent of the 2.8 million workers under all major State and local government contracts. About 85 percent of employees under State government contracts set to expire or reopen in 1996 are in Florida (118,600 workers) and Pennsylvania (68,800 workers). The remainder are geographically dispersed among 10 other States. In local government, 17 percent of employees with contracts expiring or reopening in 1996 are in Dade County, FL (45,700) and Philadelphia, PA (41,000). The remaining workers are widely scattered among a number of local governments.

Unions that will be negotiating for government workers this year include the American Federation of State, County and Municipal Employees, the Service Employees International Union, and the International Brotherhood of Teamsters, each representing a diverse group of government occupations. The American Federation of Teachers and the National Education Association (Ind.) represent teachers, other professional workers, and support personnel in public education. The Fraternal Order of Police (Ind.), the Police Benevolent Association (Ind.), and the International Association of Fire Fighters bargain on behalf of protective service employees; while the Amalgamated Transit Union and the Transport Workers Union represent workers employed in public transit. In addition, there are several local, independent unions that bargain for a diversity of occupations.

In local government, 58 percent of workers under contracts scheduled to expire or reopen in 1996 are in education. The majority of these are primary and secondary school teachers. Other school employees include teachers' aids, bus drivers, clerical workers, custodians, and cafeteria employees. The remainder are in administrative, clerical, professional, supervisory, and technical occupations (26 percent), protective services (12 percent), and transportation, health care, and other government services (4 percent).

In State government, three-fifths of the workers under contracts scheduled to expire or reopen in this year are in administrative, clerical, professional, supervisory, and technical occupations. One-fifth are in education—colleges and universities—and the remaining one-fifth are in health care, transportation, and protective services.

The last time they bargained, parties to State and local government contracts scheduled to negotiate in 1996 agreed to terms that yielded annual wage changes (including COLA payments) averaging an increase of 2.9 percent over the contract life. As the next tabulation on annual wage changes over the contract term for expiring agreements illustrates, employees in general government and administrative positions, most of whom work for local governments, had the lowest average gain, 2.4 percent. Their contracts were primarily responsible for the lower average change in local government contracts (2.7 percent) than in State government contracts (3.3 percent).

	Percent change
All State and local government	2.9
State government	3.3
Local government	2.7
Government functions:	
Education	3.1
Colleges and universitie	3.3
Primary and secondary schools	3.1
General government and administration	2.4
Protective services	3.1
Health care	3.7
Transportation	2.6
Other	2.9

A mixed bargaining climate exists in State and local governments. The most recent data on State and local government employment indicates a relatively stable work force over the 12 months ended September 1995. Total State government employment rose 0.3 percent from September 1994 to September 1995, as a 1.5-percent increase in education employment compensated for a 0.6-percent employment decline in other State functions. In local government as well, employment growth during this period stemmed primarily from education, which had a 2.0-percent rise, mostly at primary and secondary schools. For the rest of local government, the gain was 0.4 percent, bringing overall growth to 1.3 percent.

Some State and local jurisdictions continue to face budget constraints and uncertainty about future revenues, factors that might affect contract talks in 1996. Economic drains on State and local government budgets include unfunded Federal mandates, declines in tax revenues related to defense cutbacks and decreases in property values, and decreased revenue sharing from the Federal Government for State and local government operations. Budget deficits during 1995 forced some jurisdictions to furlough or layoff employees and cut services. To bolster their budgets, particularly in areas where revenues are declining, government negotiators might seek cost-saving measures in labor contracts, including employee cost-sharing of health care and pension benefits, improving employees productivity through more flexible work rules, and contracting of certain functions to private contractors. Union negotiators probably will seek enhanced job security, maintenance of health care benefits, and modest wage increases.

Of course, economic conditions and other circumstances that affect bargaining could vary among the jurisdictions and even among bargaining units within jurisdictions. The following subsections discuss the outlook for State and local governments with the largest numbers of workers scheduled to negotiate in 1996.

Florida. Six contracts covering some 118,600 workers expire or reopen on June 30, 1996. The State, County and Municipal Employees union represents the majority of these workers—some 74,100 human services, professional, operational services, administrative and clerical employees, and 13,200 general administrative employees in the State's university system. The Florida Police Benevolent Association (Ind.) will bargain for 16,400 security and corrections officers and 2,700 law enforcement officers. Two other independent unions—the Florida Nurses Association, representing 4,500 professional health care workers and the United Faculty of Florida (NEA) covering 7,700 faculty members in the State's university system are scheduled to return to the bargaining table.

The current 3-year agreement, reached in 1995, for human services, professional, operational services, administrative, and clerical workers included a 3-percent wage increase in the first year of the contract, and wage and benefit reopeners in 1996 and 1997. The pact covering professional health care workers provided similar terms, while the accord for faculty members in the State's university system differed somewhat. Those workers received a first-year wage increase averaging 3 percent, with half of the increase used to reduce the compression effects of past across-the-board wage increases and the other half used to address sex/race, market, and other inequities.

Under 3-year agreements negotiated in 1993, law enforcement personnel and security and corrections officers received a 3-percent wage increase on October 1, 1993 and a 4-to 7-percent increase in November 1994, from a scheduled wage and benefit reopener. No settlement had been reached on the scheduled 1995 reopener by the time this article was prepared. The 3-year State, County and Municipal Employees' pact for general administrative workers in the State university system also provided a 3-percent wage increase in 1993, plus two wage and benefit reopeners. The 1994 reopener provided a wage increase of 4 percent and the 1995 reopener resulted in a wage increase of 3 percent or $700, whichever was greater.

The State continues to experience budgetary problems as a result of several factors, including higher costs for the incarceration of prisoners and State support for a large immigrant population. One effect was the predetermination of wage changes under the 1995 settlements by funding levels set prior to contract negotiations by the State legislature. Major issues in the upcoming contract talks may include the privatization of public services and some decentralization of bargaining for the nine universities in the State's system.

Pennsylvania. Seven contracts covering 66,600 State employees will expire on June 30, 1996, and one agreement covering 2,200 workers reopens on July 1, 1996. Of the 68,800 workers under contracts expiring in the year, about 59,400 are in general administration, of which 46,000 are represented by the State, County and Municipal Employees union and nearly 11,000 by the Service Employees International Union.

The expiring 3-year State, County and Municipal Employees' pacts, covering some 42,000 general administrative employees and 4,000 first line supervisors, provided general wage increases of 3 percent in July 1993 and 3.5 percent each in July of 1994 and 1995. They compacted the pay scale from 36 to 20 steps in January 1994, and called for step increases on January 1 of each year rather than on the employee's birthday. In addition, the general administrative employees' contract provided a 20-cent-per-hour increase in the shift differential. Similar agreements were negotiated by the Service Employees for 9,150 nonsupervisory and 1,800 supervisory employees in social and rehabilitative services.

According to a State spokesperson, Pennsylvania is in better financial shape than it has been in recent years. Tax receipts are within projections and the State does not anticipate a budget deficit.

Wages, health care costs, and privatization of government services probably will be key issues in 1996 negotiations. The change in the Statehouse in 1994—a Republican was elected governor after 8 years of Democratic rule—introduces some uncertainty in upcoming bargaining.

Philadelphia. The American Federation of Teachers and the city of Philadelphia will renegotiate five contracts, covering 19,000 teachers, paraprofessionals, and clerical workers in the city's school systems. All five contracts expire on August 31, 1996. The city also will bargain with three other unions for four agreements that expire on June 30, 1996. Two of these contracts are in general administration (13,300 workers), and the others are in protective services (8,700 workers).

The expiring 2-year Teachers' agreements with the city's Board of Education provided wage increases of 2 percent in April 1995 and 3 percent in March 1996. In addition, the pacts set a work year of 187 school days, required the school board to pay 85 percent of health insurance premiums for participants in a traditional indemnity plan, and restricted employees hired after January 1, 1995 to enrollment in a managed care health plan.

The current 4-year State, County and Municipal Employees' contracts called for a 2-year wage freeze followed by increases of 2 percent in April 1995 and 3 percent in April 1996. The pacts contained a number of cost saving measures for the city, including cuts in future pension benefits, holidays, administrative leave, sick leave for new hires, temporary service-connected disability benefits, and city funding of health and welfare and legal service benefits. The accords also required more time for employees to qualify for normal pension benefits.

Philadelphia continues to face budget troubles, which are expected to be exacerbated by the closing of the Philadelphia Navy Yard. The city is burdened by unfunded or underfunded Federal and State mandates, particularly those relating to health and welfare services. As a result of the financial drains, the city has taken several steps to cut costs, including contracting out or eliminating some services and reorganizing several departments.

In the area of bargaining issues, a Philadelphia spokesperson said that the concessions the unions agreed to in the last round of negotiations might become issues in upcoming contract talks, along with health care cost-containment. Whatever the issues, negotiations will be complicated by the fact that the city is covered under the Pennsylvania Intergovernmental Cooperation Authority Act—passed in 1992 because of the city's financial problems—which established a State-appointed commission with oversight authority, thus, introducing another layer in the budget approval process.

Dade County, FL. Six contracts covering some 23,400 transit, health care, general administrative, and water and sewer workers will expire on September 30, 1996, while two agreements covering 22,300 teachers, professionals, clerical workers, and maintenance employees working in the Dade county's school system will reopen on July 1, 1996. A majority of these employees are represented by the American Federation of Teachers and the State, County and Municipal Employees.

The current 3-year Teachers' accord—which covers 21,200 teachers, full-time paraprofessionals, and clerical workers—provided salary increases of 4.3 percent retroactive to August 26, 1994 and 4 percent on July 1, 1995, plus a wage and benefit reopener on July 1, 1996.

The expiring 3-year State, County and Municipal Employees' contract covering 12,000 general government employees called for salary increases of 4 percent in April 1994 and 1995, and 5 percent in April 1996. The accord also liberalized vacations and switched employees to a point-of-service health care plan from a self-insured plan. Similar terms were negotiated by the union and the Transport Workers for 2,900 utility workers—1,200 at the Miami-Dade County Water and Sewer Authority and 1,700 at the Dade County Transit Authority.

As the result of budgetary problems in the county, the unions may find it difficult to negotiate improvements in expiring contracts. For the first time in a decade, property assessments were below State maximums because the Board of County Commissioners pledged not to increase taxes, except for new construction. Also, in 1995, the State limited reassessments to either the increase in the Consumer Price Index or 3 percent, whichever was lower. Budget drains include unfunded Federal mandates (particularly costs associated with providing services to a large number of immigrants) and funding of regional government services such as transportation, police, fire, corrections, health, and social services. As a result, the county recently cut its work force of 25,000 by 1,300 positions.

INDUSTRIES THAT ARE SLATED to bargain this year will be of a somewhat different mix from that of the previous 2 years, but the problems facing negotiators essentially remain the same. In the private sector, balancing improvements in wages and benefits and job protection with competitive pressures will concern negotiators. In the public sector, the challenge for many negotiators will be to retain jobs and provide modest gains as tight fiscal restraints continue. □

Footnotes

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For more information on medical care benefits for union workers, see *Employee Benefits for Union and Nonunion Workers, 1991–92*, Summary 94–12 (Bureau of Labor Statistics, September 1994).

[2] Unions are affiliated with the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO), unless indicated as independent (Ind.).

[3] Regions and the States they comprise (including the District of Columbia) are: New England—Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut; Middle Atlantic—New York, New Jersey, Pennsylvania; East North Central—Ohio, Indiana, Illinois, Michigan, Wisconsin; West North Central—Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, Kansas; South Atlantic—Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida; South Central—Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, Texas; Mountain—Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada; Pacific—Washington, Oregon, California, Alaska, Hawaii.

[4] The 1996 bargaining calendar in food stores was reduced by the October 1995 settlement between 90,000 workers and seven grocery chains in Southern California, 1 year ahead of their scheduled 1996 contract expiration.