Collective bargaining in private industry, 1994

For the third consecutive year, average wage and compensation changes were less than those negotiated in contracts that were replaced

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Despite a generally robust economy in 1994, labor negotiators settled for modest gains in wages and compensation under contracts with the longest average duration in 23 years. Wage changes under major 1994 collective bargaining settlements (those covering 1,000 or more workers) in private industry averaged increases of 2 percent in the first year and 2.3 percent annually over the contract term, among the lowest gains recorded since the Bureau of Labor Statistics established this data series in 1968. Total compensation (wage and benefit) changes under 1994 settlements (computed for bargaining units of at least 5,000 workers) were also at or near record low levels. The year was the third consecutive one in which wage and compensation gains under major settlements in private industry were lower, on average, than those in the contracts they replaced. (See chart 1.)

Most major economic indicators pointed to a healthy economy in 1994. Gross domestic product grew 4.1 percent (in 1987 dollars), the largest gain in 10 years; unemployment trended downward from 6.7 percent to 5.4 percent over the year, and labor productivity grew by 2.2 percent for nonfarm business and 4.9 percent for manufacturing (the largest gain in 7 years). Consumer prices, as measured by the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), rose 2.5 percent in 1994, the smallest advance in 8 years.[1]

Settlements in 1994 occurred at a time when other measures of labor cost changes also showed moderate advances. The Employment Cost Index, a broad measure of the change in employers' cost for compensation, rose 3 percent in 1994, the lowest rate of change since the series began in 1981. In addition, reflecting substantial productivity growth and the moderate increases in compensation costs, unit labor costs increased 0.9 percent, the smallest annual rise since 1964.

Characteristics of 1994 settlements

About 1.6 million workers, or 29 percent of all workers under major collective bargaining agreements in private industry, were covered by the 424 major settlements concluded during 1994. (See table 1.) Nonmanufacturing, with 1.1 million workers under 286 settlements, dominated the bargaining calendar. In manufacturing, 446,000 workers were under 138 settlements. Industries with the largest number of workers covered by settlements were construction, trade, apparel manufacturing, trucking, health services, and food processing.

Duration of contract. Newly negotiated contracts will be in effect for an average of 37.7 months, the first time the average duration has exceeded 3 years since the Bureau began tracking such information in 1972. Almost 40 percent of workers under 1994 settlements were covered by agreements with a duration longer than 36 months. The contracts that the 1994 pacts replaced had an average duration of 35 months.

As the following tabulation illustrates, settlements with cost-of-living adjustment (COLA) clauses tended to be longer than those without such provisions:

	Average duration, in months		
	All settlements	With COLA	Without COLA
1985	30.5	35.3	28.4
1986	32.0	34.0	31.1
1987	33.2	35.5	31.2
1988	33.3	35.3	32.1
1989	35.1	36.8	34.5
1990	35.3	35.6	34.8
1991	35.6	38.2	34.8
1992	34.5	35.5	34.3
1993	35.8	36.5	35.5
1994	37.7	39.6	37.2

COLA clauses shelter workers' wages from the eroding effects of inflation by automatically providing additional wage increases based on increases in the Consumer Price Index (CPI). While many factors can influence decisions on the length of the contract, in the past, the protection afforded by a COLA clause may have made longer contracts more acceptable to workers. The duration of contracts appears to have increased in recent years, even in agreements without COLA clauses. This suggests that the relatively moderate increases in the CPI lately may be making longer contracts more acceptable generally and lessening any tie between COLA clauses and the duration of a contract.

COLA's and lump-sum provisions. During 1994, 35 percent (542,000) of the workers were covered by settlements with a COLA clause, a lump-sum payment provision, or both. Generally, these provisions are more frequent in manufacturing than in nonmanufacturing, as was the case in 1994.

COLA clauses were included in settlements covering about 19 percent (300,000) of all workers in new pacts, a 2-percentage-point decline from the proportion of workers who were covered by COLA clauses in the agreements the new contracts replaced. With 46 percent under settlements with COLA clauses, workers in manufacturing were nearly 6 times more likely to have a COLA clause than those in nonmanufacturing. In 1994, seven settlements covering 11,600 workers discontinued COLA clauses, and four settlements for 9,700 workers added them. COLA clauses were retained in 54 contracts for 290,500 workers. By the end of 1994, COLA provisions covered 24 percent of the 5.4 million workers under major collective bargaining contracts in private industry—the same level as in 1993, but down from a high of 61 percent in 1976.

Twenty-three percent (354,000) of workers who settled in 1994 had a lump-sum payment provision in their contract, compared with 13.6 percent under contracts that were replaced. Coverage was 32 percent in manufacturing and 19 percent in nonmanufacturing. Most of the workers with lump-sum provisions were newly covered, as such provisions were added in 55 settlements covering 238,500 workers; 33 settlements for 100,000 workers had lump-sum coverage in both the current and replaced agreements.[2] During 1994, lump-sum provisions were dropped in 24 contracts covering 104,000 workers. The percentage of workers under all major agreements in private industry with lump-sum provisions rose from 39 percent in 1993 to 42 percent in 1994. Coverage was highest in 1989, at 44 percent.

Negotiated wage changes in 1994

Settlements in 1994 provided wage changes in the first contract year averaging an increase of 2 percent, the smallest average first-year gain since the 1.2 percent called for under 1986 settlements, and the second lowest recorded. Annual wage changes over the life of the contract for settlements reached in 1994 averaged an increase of 2.3 percent, among the lowest on record. The contracts these settlements replaced, which were negotiated primarily in 1991, called for wage changes averaging increases of 3.2 percent in the first year and 3.1 percent annually over the contract term.

While the Bureau's measures of wage changes exclude lump-sum payments and *potential* changes under COLA clauses, they do include *guaranteed* wage changes for settlements with these provisions. Specified wage changes under settlements with either lump-sum or COLA provisions, or both, averaged 2.3 percent over the contract term, identical to the average gain in contracts without COLA clauses or lump sums. For workers who were covered by COLA provisions, wage changes over the life of the contract averaged an increase of 2.5 percent annually, compared with 2.3 percent for workers without COLA clauses. The average annual wage change was lower in agreements with lump-sum provisions (2 percent) than in those without (2.4 percent).

Wage gains under settlements in manufacturing, in which 28 percent of the workers were employed, were larger than those in nonmanufacturing. In manufacturing, average wage changes under newly negotiated contracts were 2.4 percent in the first year and 2.3 percent annually over the life of the contract. The comparable changes in the previous agreements were 3.7 percent and 3 percent, respectively. Nonmanufacturing settlements in 1994 specified average wage changes of 1.8 percent in the first year and 2.3 percent annually over the life of the contract. The former contracts called for wage changes averaging 2.8 percent in the first year and 3 percent annually over the life of the contract.

Almost one-third of workers under 1994 settlements were under interregional[3] agreements, including those in the Master Freight Agreement and workers covered by new pacts at General Electric and United Airlines. The following tabulation shows that the average wage gains for interregional agreements were below those for all settlements:

	Percent wage change		
	First year	Annual over the life	Percent of workers covered
All settlements	2.0	2.3	100
Interregional	1.3	2.1	29
New England	2.7	1.9	6
Mid-Atlantic	2.2	2.6	21
East North Central	2.6	2.7	13
West North Central	2.9	2.9	3
South Atlantic	2.8	2.9	5
South Central	2.2	1.6	2
Mountain	2.5	2.5	3
Pacific	1.4	2.0	17

Settlements with increases, decreases, and no change. The proportions of workers with wage increases, wage decreases, and no change in wages, as well as the size of the changes affect the average wage changes under settlements. Only 72 percent of the workers under 1994 settlements were scheduled to receive an increase in the first year of the contract. This was the lowest proportion since 1986 and a major factor in the modest 2.0-percent average first-year wage change under all 1994 settlements. (See table 2.) The size of the first-year wage increases for the 1.1 million workers scheduled to receive them, 3.1 percent—the second lowest ever recorded—also dampened the overall average first-year gain. Nearly one-fourth of the workers covered by 1994 settlements received no wage change in the first year of their contract, and 3 percent had wage cuts.

Over their term, agreements reached in 1994 specified wage increases for 90 percent of the workers, no change for 7 percent, and a net decrease for 3 percent. This distribution is similar to those of recent years. (See table 3.) Annual gains over the term of the contract for the 1.4 million workers receiving wage increases averaged 2.6 percent.

Back-loaded contracts

Settlements that specify smaller wage changes in the first year of the contract than in later years are said to be *back loaded.* By delaying all or most wage changes to later in the term of the contract, back loading serves as a cost-saving strategy. Settlements were back loaded, on average, in 4 of the 10 last years: 1985, 1986, 1992, and 1994.

Back-loaded contracts were negotiated for 41 percent of the workers under 1994 settlements. These workers were primarily in the construction and transportation industries. First-year wage increases under back-loaded agreements averaged 1.2 percent, with over-the-life changes averaging an increase of 2.3 percent annually. Of the 649,000 workers under back-loaded contracts, 56 percent had first-year increases that were lower than increases in later years, 43 percent received no wage change in the first year but increases in later years, and 1 percent had wage decreases in the first year with increases more than offsetting them in later years of the contract.

Thirty-seven percent of all workers under 1994 agreements were covered by front-loaded contracts (those with larger wage increases in the first year than in later years). Wage changes in these contracts averaged 3.9 percent in the first year and 2.9 percent annually over the term of the contract. Eleven percent of the workers were covered by settlements with first-year increases equal to average annual increases over the life of the agreement; the annual wage changes for these workers averaged 2.7 percent. This group of workers includes those with 1-year contracts.

As noted earlier, an additional 7 percent of the workers had no wage changes over the term of their contracts. The remaining 4 percent were covered by contracts of less than 1 year's duration or by contracts that specified wage decreases in the first year that were not offset by increases in later years.

Compensation changes

Relatively low wage changes may be a sign that negotiators were trading wage increases for improvements in benefits. According to BLS measures of compensation changes, computed for settlements covering 5,000 or more workers in 1994, such trading occurred with regard to first-year changes and over the contract term. Changes in wage rates for the 846,000 workers in settlements covering 5,000 or more workers averaged increases of 1.8 percent in the first year and 2.2 percent annually over the life of the contract. The comparable changes in compensation rates, which combine modifications in both wages and benefits, were 2.3 percent and 2.4 percent. Contracts replaced by 1994 settlements provided compensation rate changes of 4.2 percent in the first year and 3.5 percent annually over the term of the contract. Nineteen ninety-four marked the third consecutive year in which average compensation changes were lower in current settlements than in contracts that were replaced. Also, average compensation rate changes in 1994 settlements were the second lowest since the Bureau began compiling this measure in 1966.

The change in compensation rates captures modifications to the ongoing wage and benefit structure, but excludes lump-sum payments because they are not part of the ongoing rate. Another measure, the change in compensation costs, which also is calculated for settlements with 5,000 or more workers, includes lump-sum payments and takes into account the length of time wage and benefit changes are in effect during the contract. The average annual change in compensation costs was lower in 1994 settlements (1.6 percent) than in the contracts they replaced (2.4 percent).

The annual rate of change in the cost of compensation and its various components established a new low or matched the lowest levels recorded since the series on compensation costs began in 1988. The 1994 rate of change was 1.3 percent for wages alone, 1.4 percent for cash payments (wages and lumps sums), and 1.8 percent for benefits.

Twenty-eight percent of the workers in settlements covering 5,000 or more workers may receive additional changes in cash or benefits because they are under contracts with contingent pay provisions. Examples of such provisions are COLA clauses, and lump-sum provisions that tie payments to company profits. Annual compensation cost changes averaged 2.2 percent for settlements with contingent pay provisions and 1.3 percent for those without them.

Wage changes under all contracts

In addition to providing information on wage and compensation changes under settlements in 1994, the Bureau compiled information on the average change in wages during the year for the 5.4 million workers under all 1,210 major contracts in private industry. Wage rate changes under all major contracts averaged an increase of 2.7 percent in 1994, the lowest average change since 1988. It was also the third consecutive year in which wages advanced less than in the preceding year.

Three sources contribute to the average wage change in

Chart 1. **Average annual changes in wage rates over the contract term in current and replaced private industry collective bargaining settlements covering 1,000 workers or more, 1984–94**

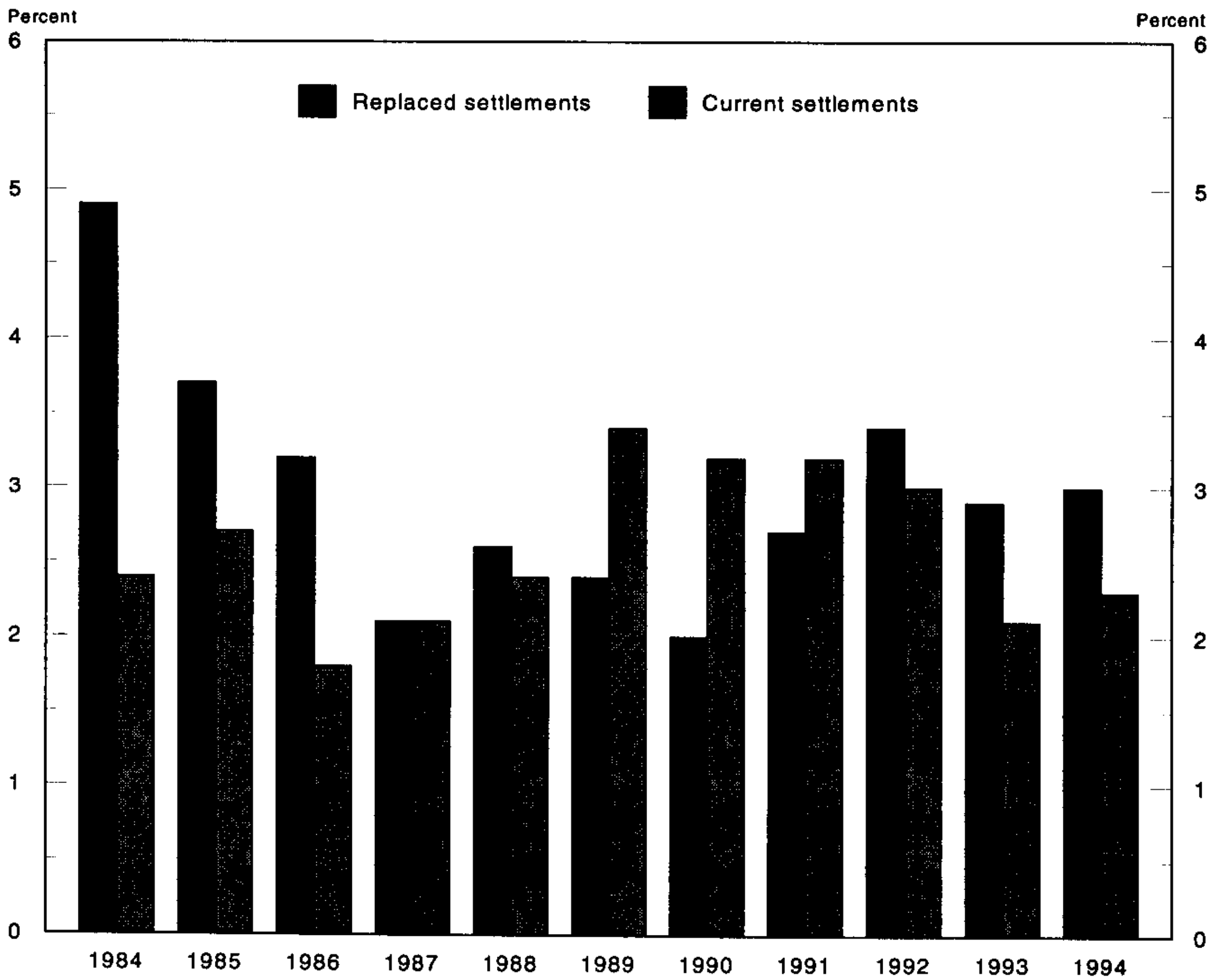

Table 1. Average changes in wage and compensation rates in collective bargaining settlements in private industry, 1994

Measure	First-year change[1] (percent)	Annual change over life of contract[2] (percent)	Number of workers (thousands)	Number of settlements
Settlements covering 1,000 or more workers				
Wage changes:				
All industries	2.0	2.3	1,567	424
With COLA clauses	2.7	2.5	300	58
Without COLA clauses	1.8	2.3	1,267	366
With lump sums	2.2	2.0	354	95
Without lump sums	1.9	2.4	1,214	329
With both lump sums and COLA clauses	2.0	2.1	112	25
With either lump sums or COLA clauses or both	2.5	2.3	542	128
With lump sums but no COLA clauses	2.3	2.0	241	70
With COLA clauses but no lump sums	3.2	2.8	188	33
With neither lump sums nor COLA clauses	1.6	2.3	1,026	296
Manufacturing	2.4	2.3	446	138
With COLA clauses	3.0	2.5	207	48
Without COLA clauses	1.8	2.1	240	90
With lump sums	1.2	1.5	144	45
Without lump sums	2.9	2.6	303	93
With either lump sums or COLA clauses or both	2.4	2.3	289	71
With neither lump sums nor COLA clauses	2.2	2.2	157	67
Nonmanufacturing	1.8	2.3	1,121	286
With COLA clauses	2.2	2.6	93	10
Without COLA clauses	1.8	2.3	1,027	276
With lump sums	2.9	2.4	210	50
Without lump sums	1.5	2.3	911	236
With either lump sums or COLA clauses or both	2.6	2.4	253	57
With neither lump sums nor COLA clauses	1.6	2.3	868	229
Construction	1.8	2.5	351	115
All industries excluding construction	2.0	2.3	1,217	309
Nonmanufacturing excluding construction	1.8	2.2	770	171
Goods producing	2.1	2.4	809	256
Service producing	1.8	2.2	759	168
Settlements covering 5,000 or more workers				
Wage changes, all industries	1.8	2.2	846	61
Compensation changes:				
All industries	2.3	2.4	846	61
With COLA clauses	5.0	3.4	199	10
Without COLA clauses	1.5	2.1	647	51
With lump sums	3.1	2.4	164	13
Without lump sums	2.1	2.4	682	48
With either lump sums or COLA clauses or both	4.3	3.0	302	20
With neither lump sums nor COLA clauses	1.2	2.1	544	41
Manufacturing	3.1	2.6	205	15
With COLA clauses	4.0	3.1	120	7
Without COLA clauses	1.9	1.9	85	8
With lump sums	1.9	1.8	46	4
Without lump sums	3.5	2.8	158	11
With either lump sums or COLA clauses or both	3.6	2.9	154	10
With neither lump sums nor COLA clauses	1.9	1.6	51	5
Nonmanufacturing	2.0	2.3	641	46
With COLA clauses	6.5	3.8	80	3
Without COLA clauses	1.4	2.1	562	43
With lump sums	3.6	2.7	118	9
Without lump sums	1.7	2.3	524	37
With either lump sums or COLA clauses or both	5.1	3.1	148	10
With neither lump sums nor COLA clauses	1.1	2.1	494	36
Construction	1.1	2.1	153	14
All industries excluding construction	2.5	2.5	693	47
Nonmanufacturing excluding construction	2.3	2.4	488	32
Goods producing	2.3	2.4	365	30
Service producing	2.3	2.4	481	31

[1] Changes under settlemets reached in the period and effective within 12 months of the effective date of the contract.

[2] Changes under settlements reached in the period, expressed as an average annual rate over the life of the contract.

NOTE: Average changes include net increases, net decreases, and zero change. The lump-sum measures refer to whether or not settlements have cash lump-sum provisions. All measures exclude any cash or benefit lump-sum payments and potential changes from COLA clauses. Because of rounding, sums of individual employment items may not equal totals.

any year: settlements negotiated during the year that provide wage changes effective in the year, settlements negotiated in prior years that scheduled changes in the current year, and the operation of COLA clauses. The 2.7-percent wage change in 1994 consisted of 0.6 percent from settlements negotiated in the year, 1.9 percent from contracts reached in earlier periods, and 0.2 percent from COLA's.

Of the 5.4 million workers covered by major contracts, almost 4.6 million received wage increases in 1994 averaging 3.3 percent, a record low since the Bureau began tabulating these data in 1968. About 1.1 million workers received wage increases from settlements negotiated in 1994 averaging 3.2 percent, and 3 million workers received wage increases from agreements negotiated in earlier years averaging 3.4 percent. Nearly 761,000 workers received wage increases based on their COLA clauses; the average was 1.7 percent. Wage gains from COLA's averaged 46 percent of the movement in the CPI during the COLA review periods. In 1994, 366,000 additional workers had COLA reviews that did not produce a wage change, primarily because the CPI did not change enough.

About 721,000 workers had no change in their wages in 1994, and 56,000 had their wages cut. The decreases came primarily from settlements negotiated in 1994.

Settlements by industry

Moderation was the watchword in private industry, as average annual wage changes over the contract term were lower in 1994 settlements than in the contracts they replaced in nearly all the sectors. (See table 4.) Six industries accounted for 55 percent of the workers covered by major settlements in 1994: construction, trade, apparel manufacturing, trucking, health services, and food processing. Highlights of the settlement terms for these industries follow.

Construction. One hundred fifteen settlements were reached covering approximately 351,000 workers in the construction industry in 1994. These workers accounted for 23 percent of all workers under major private industry settlements during the year. As is usual in the industry, most bargaining took place in the spring and summer. Overall economic conditions in the industry improved in 1994. The value of new nonresidential construction,[4] the sector in which most of the union work force is employed, increased more in 1994 than in 1993. In addition, the economy added an average of 274,000 jobs for construction workers in 1994, compared to a gain of 150,000 in 1993.

Settlements in 1994, in general, did not reflect the improving conditions in the industry. Newly specified wage changes averaged increases of 1.8 percent in the first year and 2.5 percent annually over the life of the contract; the average duration of the contracts was 31.9 months. The last time the same parties bargained, primarily in 1991, negotiators agreed to higher wage changes, 2.0 percent and 2.7 percent, respectively, and the contracts averaged 29.9 months. In addition, the average gains under 1994 settlements were smaller than those under settlements reached in 1993, which were 2.1 percent for the first year and 2.6 percent annually over the contract term. Provisions for lump-sum and COLA payments, rare in construction contracts, were in none of the 1994 settlements.

Over the term of the contract, nearly 91 percent of the workers under construction settlements were scheduled for wage increases averaging 2.9 percent annually. Two percent, all in the special trades sector, had their wages cut, and the remaining 7 percent had no wage change.

Bargaining activity differed considerably from region to region, with three regions accounting for nearly three-fourths of the construction workers under new contracts. The Pacific region had the largest proportion, one-third, followed by the East North Central and the Mid-Atlantic regions, with about one-fifth each. The construction industry is very sensitive to local economic conditions, which may play a role in the wide variation among the regions in the size of negotiated wage changes. As the following tabulation indicates, annual changes ranged from 4 percent for interregional settlements to 1.2 percent for those in the South Central region:

	Annual wage change (percent)	*Percent of workers*
All construction settlements	2.5	100
Interregional	4.0	10
New England	2.1	4
Mid-Atlantic	2.8	20
East North Central	3.1	21
West North Central	3.7	4
South Atlantic	2.0	3
South Central	1.2	3
Mountain	2.1	2
Pacific	1.7	33

Bargaining activity also varied by type of construction. Among the three types, bargaining was heaviest in the general building sector, covering 47 percent of workers. The remaining workers were split almost evenly between heavy and highway construction, such as road and tunnel construction, and special trades work, such as plumbing, electrical work, and roofing. Workers in the heavy and highway construction sector received the highest average annual wage change, 3.5 percent over the contract term. Following were special trades with 2.6 percent, and general building construction with 2.1 percent.

Contracts for two-thirds of the construction workers contained an option to allocate the specified increases in compensation between wages and benefits at a later date. Because

Table 2. **Percent of workers under collective bargaining settlements covering 1,000 or more workers in private industry with increases, decreases, and no change in wage rates during the first contract year, 1985–94**

Year	Percent of workers with— Wage rate increases	Wage rate decreases	No change	First-year wage rate change[1] (percent)	First-year wage rate increase[2] (percent)
1985	63	3	33	2.3	4.2
1986	70	9	21	1.2	2.9
1987	73	4	23	2.2	3.5
1988	78	2	20	2.5	3.4
1989	92	1	8	4.0	4.4
1990	95	(3)	4	4.0	4.2
1991	87	(3)	12	3.6	4.2
1992	82	3	15	2.7	3.6
1993	81	4	15	2.3	3.2
1994	72	3	24	2.0	3.1

[1] Data include net increases, net decreases, and no change.
[2] Net increase in the first contract year.
[3] Less than 0.5 percent.
NOTE: Because of rounding, sums of individual percentages may not total 100.

the measures of changes in wage rates count amounts are subject to allocation as wage changes, the actual wage gains in 1994 construction settlements may be lower when the allocations are made.

Wholesale and retail trade. Settlements reached in 1994 in wholesale and retail trade covered 178,000 workers, some 150,000 of whom worked in food stores. The remainder were employed in department stores, apparel and accessory stores, wholesale trade, drugstores, and automotive dealerships. The contracts provided an average wage rate change of 3.1 percent in the first year and 2.5 percent annually when averaged over the term of the contract.

All of the workers in retail food stores were covered by contracts between the United Food and Commercial Workers and local and regional chains. These contracts called for wage changes averaging 3.2 percent in the first year and 2.3 percent annually over their term. Corresponding changes in the agreements they replaced were higher—3.6 percent and 3.1 percent, respectively. Contracts put in place in 1994 will be in effect an average of 43.1 months, compared with 39 months for the expired agreements.

Fifty-nine percent (89,700) of the employees in food store settlements in 1994 received lump-sum payments. These workers accounted for one-quarter of all workers with lump-sum payment provisions in 1994 settlements. Generally, in the food store industry, average wage gains are smaller in settlements with lump-sum payments than in agreements without such provisions. However, in 1994, the average first-year change for settlements with lump sums was larger (3.6 percent) than for settlements without them (2.6 percent). Frequently, settlements with lump sums specified wage changes in the first year and then substituted lump-sum payments for wage increases in later years. This strategy contributed, in part, to the smaller average annual change in wages over the contract term in settlements with lump-sum provisions (2.2 percent) than in settlements without them (2.4 percent).

Apparel. Nearly 100,000 workers were covered by 20 major agreements in the apparel industry in 1994, mainly in the northeastern, mid-Atlantic, and southern States. These workers manufacture the full array of women's, men's, and children's garments, including dresses, blouses, skirts, shirts, trousers, belts, coats, and rainwear. The International Ladies' Garment Workers Union[5] represented 82 percent of the workers, while the Amalgamated Clothing and Textile Workers Union represented the remainder.

The predominant form of bargaining in the apparel industry is between a union and an employers' association, which comprises a number of small to medium-sized companies. For example, the Cotton Garment Negotiating Group, which represents companies employing 11,000 workers, is made up of more than a dozen companies, the largest of which employs fewer than 1,600 workers. Employment in the industry has been declining, in part because of foreign competition, which is expected to accelerate with the passage of the North American Free Trade Agreement and the Generalized Agreement on Tariffs and Trade. Unionized firms also must compete with nonunion shops and the spreading incidence of "sweatshops" in the United States.[6] Despite these potential economic obstacles, apparel settlements in 1994 provided wage changes above the average in manufacturing.

First-year wage changes ranged from zero to 4 percent. The average was an increase of 3.6 percent, substantially above the manufacturing average of 2 percent. Annual over-the-life wage changes for the new contracts ranged from 1.3 percent to 3.4 percent; the average was an increase of 3.1 percent, again, above the manufacturing average of 2.3 percent. Under the former contracts, which were negotiated in 1991, the first-year change was 3.7 percent, and the annual rate of change was 3.8 percent over the contract term. The new contracts will be in effect for an average of 33.3 months, compared with 36 months for the agreements they replaced. None of the contracts provided for lump-sum payments.

Most of the workers represented by the Ladies' Garment Workers Union were covered by 3-year agreements negotiated in midyear and calling for wage increases of 4 percent in the first year and 3 percent in both the second and third years, with a COLA if the CPI rises 8.5 percent or more. Employer contributions to the health and welfare fund were increased about 3.5 percent over the life of the contract. A ma-

Table 3. Percent of workers under collective bargaining settlements covering 1,000 or more workers in private industry with increases, decreases, and no change in wage rate over the term of the contract, 1985–94

Year	Percent of workers with—			Average wage rate change[1] (percent)	Average wage rate increase[1] (percent)
	Wage rate increases	Wage rate decreases	No change		
1985	85	3	12	2.7	3.5
1986	79	9	13	1.8	2.7
1987	85	4	11	2.1	2.6
1988	88	2	11	2.4	2.7
1989	97	(3)	3	3.4	3.5
1990	97	(3)	3	3.2	3.3
1991	93	(3)	7	3.2	3.5
1992	92	2	6	3.0	3.3
1993	90	1	9	2.1	2.4
1994	90	3	7	2.3	2.6

[1] Change under settlements reached in the period, expressed as an average annual rate over the life of the contract. Data include net increases, net decreases, and no change.

[2] Net increase under settlements reached in the period, expressed as an average annual rate over the life of the contract.

[3] Less than 0.5 percent.

NOTE: Because of rounding, sums of individual percentages may not

jor noneconomic provision was the stipulation of a "code of conduct" by means of which employers would monitor overseas contractors to ensure that they met standards and conditions pertaining to issues such as workers' safety, health, right of association, and right to bargain.

The 11,000 workers represented by the Clothing and Textile Workers Union concluded a 2-year agreement with the Cotton Garment Negotiating Group in September that provided wage increases of 20 cents per hour in each year, a new managed health care program that reduced employee deductibles and copayments, and increased employer contributions to the pension fund.

Health services. Eighteen major settlements for 91,000 workers were negotiated in 1994 in the health services industry. The workers, located primarily in New York (61,100) and California (11,745), were employed principally in private sector hospitals and nursing homes. The health services industry has been under continuing pressure, both self-imposed and generated by outsiders, to contain costs. Bargaining in 1994 seemed to exhibit the effects of this pressure, as job security provisions were obtained or strengthened, while wage changes were below the average of all industries.

Sixty-eight percent of the workers were covered by new contracts that had either no change or a slight decrease in wages for the first year. Thirty-two percent had first-year wage increases, ranging from 0.6 percent to 6.8 percent. The average first-year change was an increase of 1 percent, one-half of the all-industry average wage gain and significantly less than the 4-percent average increase in the former contracts. Over the contract terms, 76 percent of the workers will have their wages increased, with annual gains ranging from 1.3 percent to 6 percent; 24 percent of the workers will have no wage change or a slight decrease in wages. The average annual over-the-life change was an increase of 1.6 percent, again considerably less than both the 2.3-percent all-industry average and the 3.7-percent average for the contracts that were replaced. The lower average wage changes in the 1994 health services settlements were accompanied by longer contracts, an average of 37.2 months for the newly negotiated agreements, compared with 32.8 months for the pacts they replaced. In 1994, only two settlements, covering 2,650 workers, included either a cost-of-living provision or a lump-sum provision.

Negotiations between the independent 1199 National Health and Human Care Employees Union (1199) and the League of Voluntary Hospitals and Homes of New York (League) dominated 1994 bargaining in the health services industry. Their October settlement, reached after the previous agreement, effective from July 1992 through June 1995, was reopened early, moved toward comprehensive job security for the 38,000 workers covered by the new contract. Under the 1994 contract, which expires in June 1998, workers received the 4-percent wage increase due in October 1994 under the previous contract, no wage change in 1995, and then increases of 3 percent in 1996 and 1997. Employer contributions to employee benefit funds were reduced (albeit without a reduction in benefits).

The new pact exceeded the job security provisions of the former contract by guaranteeing, for the life of the agreement, the jobs of all covered workers with 2 years of service. Layoffs caused by economic exigencies will be determined by a four-member committee made up of two 1199 and two League representatives. Laid-off members are entitled to up to 80 percent of their previous salary and up to 1 year of family health coverage. A joint employment placement service will refer laid-off union members to League institutions seeking workers. In addition, management is to give the union 30 days' notice of plans to restructure jobs, so that the union can provide input to any proposed changes in job content or wage rates; if disagreement results, arbitration can be implemented.

These wage and job security provisions were adopted in the 1199 agreement reached in October 1994 with St. Vincent's Medical Center (not part of the League) in New York, covering 2,300 workers. They are expected to be used as a pattern in 1199 bargaining covering 19,000 workers in 1995. With slight modifications in wage increases, the provisions were modeled on the 1,300-worker agreement between Hahnemann University Hospital and the American

Federation of State, County, and Municipal Employees that was concluded in Philadelphia in November 1994.

Trucking. Seven new agreements were reached in the trucking industry in 1994 for 96,500 workers,[7] most of whom were covered by the Master Freight Agreement and were represented by the International Brotherhood of Teamsters and Warehousemen. Several independent trucking firms signed separate contracts, as did a few carriers that had been signatories to the previous Master Freight Agreement.

The Master Freight Agreement, covering local and over-the-road drivers and warehouse workers, was settled in early June, following a 24-day work stoppage—the first nationwide trucking strike in 15 years. Under the 4-year agreement, wages were increased $1.30 per hour, and employer contributions to the pension and health and welfare funds were raised from $5.29 per hour to $7.19 per hour. The former 3-year contract provided hourly increases of $1.40 in wages and $1.05 in additional payments to the benefit funds, and, in contrast to the 1994 settlement, the gains were front loaded. Under the 1994 contract, new hires will begin at 75 percent of the regular wage rate and reach the full rate after 2 years. The previous contract had stipulated that new hires start at 85 percent of the regular rate and progress to the full rate after only 18 months. In addition to the overall wage and benefit changes, one critical bargaining issue in 1994 was the use of part-time, casual workers. "Dock casuals," who work between 6 and 8 hours per day on loading docks, had both health care and pension coverage under the previous agreement. They maintained those benefits and their previous wage rate, but did not receive any increases under the new contract. "Combination casuals," who work similar hours and work on the loading docks, just like dock casuals, but also do city driving, will receive 85 percent of the wage increases each year of the agreement.

Trustees of the 29 regional benefit funds will determine the

Table 4. Average changes in wage rates, annualized over the life of the contract under collective bargaining settlements covering 1,000 or more workers, selected industries, 1989–94

Industry	1989	1990	1991	1992	1993	1994—	
						Settlements	Replaced contracts
All industries[1]	3.4	3.2	3.2	3.0	2.1	2.3	3.0
Construction	3.0	4.2	2.9	2.4	2.6	2.5	2.7
Building construction	3.0	4.0	2.7	2.3	2.6	2.1	2.1
Heavy construction, excluding building	2.9	4.2	3.1	2.2	2.4	3.3	3.2
Special trade contractors	3.1	4.5	3.0	2.8	2.7	2.6	3.0
Manufacturing	3.2	2.1	3.1	2.6	1.5	2.3	3.0
Food and kindred products	3.1	3.4	3.2	2.6	2.6	1.6	3.1
Textile mill products	4.0	4.2	4.1	4.4	4.0	3.3	3.1
Apparel and other textile products	(2)	3.5	(2)	2.5	(2)	3.1	3.8
Paper and allied products	1.9	2.1	1.7	2.7	1.1	2.4	2.4
Printing and publishing	3.2	3.5	1.6	(2)	(2)	2.3	2.2
Chemicals and allied products	3.5	4.0	4.1	3.7	3.0	2.6	3.4
Petroleum and coal products	(2)	5.0	–	–	3.6	–	–
Rubber and miscellaneous plastics products	(2)	(2)	.9	(2)	(2)	.3	1.0
Stone, clay, glass, and concrete products	2.6	3.0	(2)	1.9	2.7	(2)	(2)
Primary metal industries	3.7	4.7	(2)	.8	1.1	1.6	4.2
Fabricated metal products	2.2	2.3	2.0	2.0	.8	2.2	2.6
Industrial machinery and equipment	1.7	1.3	1.2	(2)	.7	2.2	1.2
Transportation equipment	4.2	1.4	3.7	(2)	1.3	1.7	2.3
Instruments and related products	3.0	(2)	(2)	(2)	–	1.1	2.4
Nonmanufacturing[3]	3.4	4.0	3.3	3.0	2.5	2.3	3.0
Airlines	4.6	4.6	4.3	.9	.4	–.2	2.2
Communications	2.4	3.0	(2)	3.5	3.4	(2)	(2)
Electric, gas, and sanitary services	3.7	4.0	4.4	3.9	2.8	2.9	3.0
Wholesale and retail trade	3.5	3.7	3.3	3.3	2.3	2.5	3.3
Food stores	3.2	3.8	3.4	3.2	2.3	2.3	3.1
Finance, insurance, and real estate	4.8	2.9	(2)	3.7	2.2	2.2	3.0
Services	6.1	5.3	4.9	3.4	2.6	2.4	3.8
Health services	7.7	5.6	7.3	3.5	2.5	1.6	3.7

[1] Industries for which data for almost all years from 1989 to 1994 do not meet publication standards are not shown separately.
[2] Data do not meet publication standards.
[3] Includes mining and construction, shown under all industries.
NOTE: Average changes include net increases, net decreases, and no change under settlements reached in the period, expressed as an average annual rate over the life of the contract, exclude lump-sum payments and potential changes under cost-of-living adjustment clauses. Dashes indicate no observations.

distribution of fund amounts between the health care and pension plans. According to Teamster President Ron Carey, the increase to the benefit funds was the largest in the history of the motor freight industry and was especially important because, with 40 percent of the workers in the industry older than 50 years and with more than 20 years of service, funding for pension and health care benefits is a critical issue.

Food processing. Approximately 73,000 workers were covered by 22 contracts negotiated in 1994 in the food-processing industry. Sixty-six percent of the workers were represented by the Teamsters and 16 percent by the United Food and Commercial Workers; no other union represented more than 10 percent of the workers. Negotiations were conducted mostly company by company, but in a few cases with associations representing several employers. Pattern bargaining is rare in the industry, which includes manufacturers of food and beverages.

Average wage changes provided by the 1994 settlements in the industry—at 1.5 percent for the first year and 1.6 percent annually over the life of the contracts—were among the lowest in manufacturing. These changes were also considerably lower than wage changes agreed to when the parties last bargained, about 3 years earlier. Wage changes under the previous contracts averaged increases of 3.9 percent for the first year and 3.1 percent annually over the contract term. The duration of the newly negotiated contracts ranged from 3 to 6 years and averaged 40.6 months. The contracts they replaced were for 38.1 months, on average.

Only 1,000 workers covered by 1994 settlements in the food-processing industry had a cost-of-living provision. Twenty-four percent of the workers were under settlements that had a lump-sum payment provision. While some workers received such payments in lieu of first-year wage increases, the average annual wage changes over the contract term were nearly identical for settlements with and without lump-sum provisions.

IN SUM, for the last 3 years, bargainers have negotiated wage and compensation increases that have been lower, on average, than those agreed to the last time the same parties met, despite an improving national economy. While negotiators may have been taking their cue from economic conditions specific to their company or industry, rather than from overall economic conditions, the modest changes in compensation under 1994 settlements were similar to the moderate changes in compensation prevailing the economy. □

Footnotes

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[1] Because bargaining takes place throughout the year, this article uses the annual average change in the Consumer Price Index rather than the December-to-December change, which was 2.7 percent for 1994.

[2] The former contracts for seven settlements covering 15,000 workers with lump-sum payments were previously out of the scope of the measure for major collective bargaining agreements.

[3] Regions and the States they comprise (including the District of Columbia) are the following: New England—Maine, New Hampshire, Vermont, Masssachusetts, 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] Nonresidential construction is total construction less residential construction.

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

[6] *Garment Industry: Efforts to address the prevalence and conditions of sweatshops,* HEHS–95–29 (Washington, General Accounting Office, November 1994).

[7] Employment under 1994 settlements in the trucking industry was substantially below the 171,500 workers covered under the former contracts. This decline is due, in part, to a drop in the number of trucking firms that participated in industry bargaining as members of Trucking Management, Inc., and Motor Carriers Labor Advisory Council. Many of these firms negotiated "me too" agreements following the National Master Freight Agreement, but because the individual agreements covered fewer than 1,000 workers, they were no longer within the scope of the Bureau's series on major collective bargaining settlements.