Collective bargaining in 1992: contract talks and other activity

Uncertainty about the economy is likely to be a dominant factor, as negotiations begin for 2.7 million workers under major collective bargaining contracts set to expire in 1992

Edward J.
Wasilewski, Jr.

Contracts are set to expire or reopen in 1992 for about 2.7 million workers under 679 major collective bargaining agreements, nearly the same numbers of workers and contracts involved in 1991. Dominating the 1992 bargaining calendar will be the construction and telephone communications industries in the private sector and local governments in the public sector. The 2.7 million workers slated for bargaining constitute nearly one-third of the 8.3 million employees under major agreements (those covering 1,000 workers or more) in both private industry and State and local government. This year's labor and management negotiators will be facing many of the same issues that confronted those who negotiated contracts in 1991, as wages, health and family care benefits, and job security head the agenda for many bargainers.

Scheduled bargaining will involve 1.9 million workers in private industry, covered under 429 agreements. (See tables 1 and 2.) These workers constitute about one-third of the 5.7 million private sector workers under major agreements. Comparable proportions in 1990 and 1991 were 36 percent and 25 percent. Nearly 80 percent (1,496,000) of the private sector workers whose contracts are scheduled for renegotiation are in the nonmanufacturing sector. Among nonmanufacturing industries, bargaining will be heaviest in the construction and communications industries, with somewhat more than 400,000 workers in each industry affected. Negotiations will cover about 190,000 wholesale and retail trade workers, primarily in food stores, and just over 100,000 workers each in electric, gas, and sanitary services and in health services. The only manufacturing industry with more than 100,000 workers bargaining will be transportation equipment, primarily aerospace (116,000 workers).

In State and local government, slightly less than one-third (860,000) of the 2.6 million workers under major agreements will be involved in bargaining. This compares with 35 percent in 1990 and an unusually high 52 percent in 1991. The public sector calendar includes about 530,000 workers under 190 local government contracts and 331,000 workers under 60 State contracts.

Information for the 1992 bargaining calendar is based on data available to the Bureau of Labor Statistics as of September 30, 1991. Thus, the data presented here for 1992 are subject to revision if any contracts set to expire in 1992 are renegotiated in the fourth quarter of 1991, or if any agreements concluded during the fourth quarter of 1991 provide for a contract expiration or reopener in 1992. The final bargaining agenda also will include negotiations that continue into 1992 for contracts that expired in 1991 or earlier. There are 2.2 million workers under 503 agreements that either expired or reopened in the fourth quarter of 1991, or that expired earlier and had not been renegotiated by the end of September 1991. The majority of these—1.5 million workers under 361 contracts—were in the public sector, where prolonged contract negotiations are not unusual.

As bargaining gets under way in 1992, the parties are likely to be facing the effects of a lingering recession that began in July 1990. While there was talk of a recovery throughout

Edward J. Wasilewski, Jr., is an economist in the Division of Developments in Labor-Management Relations, Bureau of Labor Statistics.

Table 1. **Major collective bargaining agreements scheduled to expire or with wage reopenings, by year and industry**

[Workers in thousands]

Industry	Total[1]		Year of expiration or scheduled wage reopening, or both							
			1992[2]		1993		1994 and later		Unkown or in negotiation[3]	
	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[4]	1,897	8,291	679	2,720	474	2,252	324	1,426	503	2,201
All private industries	1,216	5,681	429	1,859	371	1,895	303	1,361	142	674
Manufacturing	418	1,875	126	363	132	854	115	485	52	186
Food and kindred products	56	136	14	25	19	39	17	62	6	11
Tobacco products	3	13	2	12	—	—	1	1	—	—
Textile mill products	7	23	3	9	1	2	2	8	3	9
Apparel and other textile products	24	183	3	5	4	47	16	129	1	2
Lumber and wood products, except furniture	11	24	8	19	1	1	2	4	—	—
Furniture and fixtures	4	6	2	4	1	1	—	—	1	1
Paper and allied products	37	49	12	16	6	7	15	21	4	5
Printing and publishing	16	26	6	9	4	6	5	9	2	4
Chemicals and allied products	25	46	8	16	5	11	6	8	7	13
Petroleum and coal products	10	32	—	—	10	32	—	—	—	—
Rubber and miscellaneous plastics products	11	43	2	3	1	3	6	32	2	6
Leather and leather products	3	14	—	—	2	11	—	—	1	3
Stone, clay, and glass products	14	36	4	5	7	27	2	2	1	2
Primary metals industries	40	151	12	33	22	82	7	38	2	3
Fabricated metal products	19	34	7	10	8	16	3	6	1	1
Machinery, except electrical	22	78	2	3	7	15	6	15	7	45
Electronic and other electric equipment	39	224	17	72	9	24	7	86	6	42
Transportation equipment	67	738	19	116	25	531	16	57	7	35
Instruments and related products	6	12	3	4	—	—	2	5	1	3
Miscellaneous manufacturing industries	4	6	2	3	—	—	2	3	—	—
Nonmanufacturing	798	3,806	303	1,496	239	1,041	188	876	90	488
Mining	6	60	3	54	4	55	1	2	—	—
Construction	353	1,016	148	424	124	371	79	211	14	30
Transportation, except railroads and motor freight	43	237	8	51	7	47	18	76	10	63
Railroad transportation	21	254	—	—	—	—	11	130	10	124
Motor freight transportation	10	338	1	2	2	150	6	166	1	20
Communications	37	515	21	472	8	30	5	7	3	7
Electric, gas, and sanitary services	74	222	30	106	24	77	13	28	13	32
Wholesale trade	8	36	4	6	1	1	2	4	1	25
Retail trade, except eating and drinking places	121	592	35	171	30	194	37	152	19	75
Eating and drinking places	6	23	3	12	1	5	1	3	1	3
Finance, insurance, and real estate	25	137	5	44	13	35	4	40	3	18
Services, except hotels and health services	39	150	15	32	14	39	2	2	9	79
Hotels and other lodging places	12	74	4	17	—	—	7	54	1	4
Health services	43	153	26	107	11	36	2	2	5	10
State and local government	681	2,610	250	860	103	357	21	65	361	1,527
State government	184	1,075	60	331	33	179	2	10	96	612
Local government	497	1,535	190	530	70	178	19	55	265	915

[1] Totals may be less than the sum of the data for individual years because 83 agreements covering 308,000 workers have both reopenings and expirations in the reference periods.

[2] Includes agreements that were due to expire in 1992, but that were renegotiated between October 1 and December 31, 1991.

[3] Includes agreements that were due to expire between October 1 and December 31, 1991; agreements that expired prior to October 1, 1991, but for which new agreements were not reached by that date; agreements that expired prior to October 1, 1991, but for which necessary information had not been fully gathered; and agreements that have no fixed expiration or reopening date.

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

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

much of the second and third quarters of 1991, the small economic advances that were made in the spring generally were not improved upon later in the year.

Labor-management relations

Bargaining in 1992 takes place following a year of generally good labor-management relations, as measured by the number of major work stoppages (strikes and lockouts involving 1,000 workers or more). Indeed, as 1991 drew to a close, it appeared that it would be a record or near record low year for major stoppages. There were 36 major stoppages through mid-November, compared with the current post-World War II low of 40 in 1988. And, 1991 will be the ninth consecutive year in which there were fewer than 100 major stoppages. By comparison, in each year between 1947 and 1981, there were at least 145 major stoppages, and in all but 4 of those years, the number ranged from about 200 to somewhat more than 400.

Several factors have contributed to the sharp decline in stoppages. For example, some workers may be reluctant to strike for fear that job opportunities will be reduced if they inflict economic harm on their employers. Workers may also be avoiding strikes because of the hardship of losing wages while on strike and the fear of not recovering them under a new contract. In addition, employers have become more militant in fighting strikes by continuing their operations using management or other nonstriking employees or hiring replacement workers for strikers. Not to be overlooked is the maturation of many bargaining relationships and the recognition by both labor and management that the peaceful resolution of disputes can work to the benefit of both sides.

Negotiators will be considering recent trends in wage and benefit changes. According to the BLS Employment Cost Index, compensation costs in private industry increased more for union workers (4.8 percent) than for nonunion workers (4.3 percent) over the year ended September 1991. In contrast, for each 12-month period from March 1983-84 to March 1990-91, with one exception, compensation costs increased more for nonunion than for union workers.

In the public sector, major settlements reached during the first 6 months of 1991—the latest period for which information is available—specified smaller average annual wage rate changes over their lives than did the contracts they replaced: 2.6 percent compared with 4.9 percent. In fact, the 2.6-percent average change was the lowest for any 6-month period since these public sector data were first compiled in 1984. Negotiations in 1991 also marked a reversal of the trend of slightly more generous settlements in the public sector than in private industry that had been noted since 1984.

In contrast to the public sector, recent settlements in private industry scheduled wage rates to increase more, on average, than the contracts they replaced. Settlements reached during the 12

Table 2. **Calendar of major collective bargaining activity**

[Workers in thousands]

Year and month	Agreement expirations and/or scheduled wage reopenings[1]		Principal industries
	Number	Workers covered	
All years[2]	1,897	8,291	
Total, 1992[3]	679	2,720	
January	22	55	None
February	19	139	Bituminous coal, food stores
March	42	96	Construction, electric and gas utilities
April	70	196	Construction, airlines
May	76	341	Communications, construction, electrical products, aluminum
June	236	890	State and local government, construction, health services, electric and gas utilities
July	27	52	Construction
August	56	417	Communications, local government
September	44	172	Food stores, State and local government
October	19	115	Aircraft manufacturing
November	20	49	None
December	48	199	State and local government, real estate operations
Total, 1993[4]	474	2,252	
January	27	114	Bituminous coal, petroleum refining
February	23	65	Transportation equipment
March	48	166	Construction
April	24	104	Construction, food stores
May	64	173	Construction, electric and gas utilities, food stores
June	138	481	State and local government, construction
July	31	246	Steel, construction
August	29	129	Local government, steel
September	27	535	Automobiles, apparel, electrical products
October	26	138	Food stores
November	16	42	Transportation equipment
December	22	61	Local government, electric and gas utilities, health services
Total, 1994 and later	324	1,426	
Year unknown or in negotiation[5]	503	2,201	

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

[2] See note 1, table 1.

[3] Includes agreements which were due to expire in 1992, but which were renegotiated between October 1 and December 31, 1991.

[4] Includes one agreement covering 1,000 workers which has both a wage reopening and expiration scheduled in 1993.

[5] See note 3, table 1.

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

months ended September 30, 1991, specified wage rate changes averaging 3.1 percent annually over the life of the contract, compared with 2.4 percent when the same parties previously bargained.

Major private industry settlements concluded in each quarter from second-quarter 1989 through third-quarter 1991 provided for larger wage increases than the contracts they replaced, perhaps indicating improved economic conditions in some industries. Average annual wage rate changes over the contract term, however, have ranged from 1.8 to 3.6 percent for settlements reached in each year since 1982, compared with a 5.1- to 8.9-percent range for settlements negotiated between 1968 (when the series began) and 1981. This difference reflects, in part, the chronic economic problems that labor and management have faced over the last decade.

During the 1980's, competition from domestic nonunion firms in construction, telecommunications, and retail trade and pressure from foreign firms in manufacturing have led unions and management to pursue a variety of approaches to control labor costs. Stock ownership plans that give workers a financial stake in the success of the company and lump-sum payments, including those contingent on sales and profits, are examples. (These forms of employee compensation are not reflected in measures of wage rate changes.)

Lump-sum payments help to curb labor costs because they are one-time payments that do not become part of the permanent wage rate structure, and, for the most part, are not taken into account in calculating certain benefits. Such provisions cover about two-fifths (2.2 million) of the 5.7 million workers in private industry under major collective bargaining agreements and 4 percent (93,000) of the 2.6 million public sector workers under major contracts. (See table 3.) Contracts that include provisions for lump-sum payments usually specify smaller wage increases than those without lump sums. For the 12 months ended September 30, 1991, major private sector settlements with lump-sum payments had average scheduled wage changes of 2.3 percent annually over the contract life; the corresponding average for settlements without lump sums was 3.4 percent.

In addition to considering recent trends in collective bargaining, negotiators will be looking at the final pay levels yielded by their expiring contracts. The following tabulation shows average annual specified wage changes, alone and combined with cost-of-living adjustments (COLA's), that had been generated as of the third quarter of 1991 by private industry and State and local government agreements expiring in 1992:

	(In percent)	
	Specified wage changes	*Specified wage changes plus* COLA
Contracts expiring in 1992:		
Private industry .	3.1	3.3
With COLA . . .	2.6	3.5
Without COLA	3.2	—
State and local government	4.1	4.2
With COLA . . .	4.1	4.7
Without COLA	4.2	—

While negotiators will be alert to general economic conditions and recent developments in labor management relations, they will also be influenced by concerns specific to their individual situations. The remainder of this article describes the principal contract expirations in 1992, and summarizes COLA reviews and wage changes scheduled to take place in 1992 under the provisions of previously negotiated contracts.

Bargaining in key industries

State and local government. Approximately 860,000 workers are covered by 250 major State and local government contracts that will expire or reopen in 1992. They include about 530,000 workers under 190 local government contracts and 331,000 workers under 60 State contracts. Expiring contracts account for about one-third of the 2.6 million workers under all major State and local government agreements. In State government, three-fourths of the workers under contracts scheduled for negotiation in 1992 are in four States: Florida (109,000 workers), New Jersey (77,000 workers), Michigan (50,000 workers), and California (31,000 workers). In contrast to the geographic concentration of bargaining in State government, bargaining activity for local government workers is scattered throughout the country. The largest worker group involved is in Philadelphia, where contracts covering 43,000 employees expire or reopen in 1992.

Unions[1] representing government workers include: the American Federation of State, County and Municipal Employees and the Service Employees International Union, which represent a variety of government workers; the National Education Association (Ind.) and the American Federation of Teachers, which chiefly represent workers in public education; the Fraternal Order of Police (Ind.) and the International Association of Fire Fighters, which represent many public protective service workers; and the Amalgamated Transit Union, which bargains for workers in public transit.

In State government, 53 percent of the employees under agreements scheduled to expire or reopen in 1992 work in general government administration. (These workers are employed in

Table 3. **Incidence of lump-sum payment provisions in major collective bargaining agreements, October 1991**

[Workers in thousands]

1987 SIC code[1]	Industry[2]	All agreements		Agreements with lump-sum provisions		Percent of workers covered by lump-sum provisions
		Number	Workers covered	Number	Workers covered	
	All industries	1,897	8,291	335	2,296	28
	All private industries	1,216	5,681	301	2,203	39
10	Metal mining	4	8	4	8	100
12	Bituminous coal and lignite mining	2	52	1	2	3
15	Building construction	114	436	—	—	0
16	Construction other than building	103	288	—	—	0
17	Construction—special trades	136	293	—	—	0
20	Food and kindred products	56	136	14	21	16
21	Tobacco products	3	13	3	13	100
22	Textile mill products	7	23	—	—	0
23	Apparel and other textile products	24	183	1	2	1
24	Lumber and wood products, except furniture	11	24	7	14	60
25	Furniture and fixtures	4	6	—	—	0
26	Paper and allied products	37	49	25	34	68
27	Printing and publishing	16	26	2	3	11
28	Chemicals and allied products	25	46	3	6	13
29	Petroleum and coal products	10	32	1	2	6
30	Rubber and miscellaneous plastics	11	43	2	5	12
31	Leather and leather products	3	14	1	3	23
32	Stone, clay, and glass products	14	36	7	11	30
33	Primary metals industries	40	151	25	122	81
34	Fabricated metal products	19	34	9	17	51
35	Machinery, except electrical	22	78	14	60	77
36	Electronic and other electric equipment	39	224	19	104	46
37	Transportation equipment	67	738	48	679	92
38	Instruments and related products	6	12	2	7	58
39	Miscellaneous manufacturing industries	4	6	—	—	0
40	Railroad transportation	21	254	20	252	100
41	Local and urban transit	4	11	—	—	0
42	Motor freight transportation	10	338	2	150	44
44	Water transportation	14	44	—	—	0
45	Transportation by air	25	182	11	92	51
48	Communications	37	515	17	260	50
49	Electric, gas, and sanitary services	74	222	4	9	4
50	Wholesale trade—durables	2	4	—	—	0
51	Wholesale trade—nondurables	6	31	1	25	80
53	Retail trade—general mechandise	14	59	2	23	39
54	Food stores	96	506	36	145	29
55	Automotive dealers and service stations	4	8	—	—	0
56	Apparel and accessory stores	2	5	—	—	0
58	Eating and drinking places	6	23	—	—	0
59	Miscellaneous retail stores	5	14	—	—	0
60-65	Finance, insurance, and real estate	25	137	4	38	28
70-89	Services	94	377	16	95	25
	State and local government	681	2,610	34	93	4

[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 government.

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

Table 4. **Average annual percent wage changes[1] over the life of major State and local government contracts expiring or reopening in 1992**

Governmental entity	Average change
All State and local government	4.2
State government	3.8
Local government	4.6
Education	4.1
Colleges and universities	2.9
Primary and secondary schools	4.4
General government and administration	4.2
Protective services	4.1
Health care	4.8
Transportation	4.4
Other	4.1
State and local government, excluding education	4.3
State government, excluding education	4.0
Local government, excluding education	4.5

[1] Includes yields from cost-of-living adjustments through September 1991.

a variety of occupations, including secretary, administrator, accountant, craftsperson, and appraiser.) The remainder are in education—colleges and universities (22 percent); health services (14 percent); protective services (10 percent); and transportation (1 percent).

In local government, primary and secondary education accounts for 57 percent of workers under expiring contracts; the majority are teachers. (Other school employees include teacher aides, bus drivers, clerical workers, custodial workers, and food service workers.) General administration accounts for an additional 24 percent; and protective services, 10 percent. The balance of workers serve in a variety of government functions including transportation, health services, and public utilities.

Negotiators will review what their expiring contracts yielded. As indicated in table 4, State and local government contracts subject to renegotiation in 1992 provided average wage changes (including COLA payments through September 1991) over the term of 4.2 percent annually. Expiring local government contracts yielded average annual wage changes of 4.6 percent; and State government contracts, 3.8 percent. The largest annual changes over the contract term under expiring contracts were received by workers in the health care sector.

For almost all State and local government workers, collective bargaining talks in 1992 will be affected by anticipated revenue declines and, in some cases, budget deficits. Several States and local jurisdictions already have cut their budgets and services, laid off or furloughed workers, and announced plans for further cutbacks in services and personnel. Although neither party to many of the major bargaining situations described below has publicly announced its position for this year's bargaining, fiscal and job security concerns are likely to color negotiations.

Following are brief accounts of the largest 1992 bargaining situations in State and local government:

• *Florida.* About 109,000 Florida State government workers are covered by nine contracts scheduled to expire or be reopened on June 30, 1992. The American Federation of State, County and Municipal Employees represents about three-fourths of the workers; three independent organizations—the Police Benevolent Association, the National Education Association, and the Florida Nurses' Association (Ind.)—represent the remaining employees.

In the previous round of negotiations, the first of five State, County and Municipal Employees settlements, which covered some 10,800 mechanical and service workers employed in the State's university system, was negotiated in September 1989. The 33-month pact called for a wage increase of 4 percent on January 1, 1990, and a wage and benefit reopener June 30, 1991. At the time this article was prepared, no settlement had been reached under the reopener. The other four Service Employees labor contracts, negotiated in August 1990, covered 70,300 human service, professional, operational service, and administrative employees. The accords provided for a 3-percent general wage increase on January 1, 1991. Another 3-percent wage increase, to take effect on January 1, 1992, was provided under a June 30, 1991, wage reopener.

A 3-year United Faculty of Florida–National Education Association contract, covering about 7,000 State university faculty members, was negotiated in the summer of 1991. Terms provided for a 3-percent average wage increase January 1, 1992, and wage and benefit reopeners in the second and third years of the contract.

Two Police Benevolent Association agreements, covering some 13,800 security and corrections officers and 2,700 law enforcement officers, were negotiated in July 1990. The 3-year contracts called for a wage increase of 5 percent on January 1, 1991 (for security and correction officers), or on the employee's anniversary date (for law enforcement officers). A wage reopener on June 30, 1991, provided an additional 3-percent wage increase to take effect on January 1, 1992. Another wage reopener is scheduled for June 30, 1992.

In August 1990, the State and the Nurses' Association signed a 2-year agreement, covering about 4,500 professional health care employees. The contract called for an 8-percent wage rate increase on the employee's anniversary date. A June 30, 1991, reopener provided wage increases of 15 percent for nurses and 5.75 percent for all other covered workers on the employee's anniversary date, and instituted a longevity pay plan with 20 steps, each providing a 3-percent pay increase.

• *New Jersey.* Almost 77,000 New Jersey State workers are under 15 contracts that expire in June 1992. The Communications Workers of America represents 32,700 supervisory, professional, and administrative employees; the American Federation of State, County and Municipal Employees represents 13,000 health care, clerical, and maintenance workers; the International Federation of Professional and Technical Engineers bargains for 11,900 blue-collar and turnpike employees; the Police Benevolent Association (Ind.) bargains for 5,500 law enforcement officers; the American Association of University Professors represents 3,600 faculty members; and various other unions bargain for the remaining 10,300 workers.

The first settlement in the last bargaining round for New Jersey State workers was reached in July 1989 by the Professional and Technical Engineers union. Among the terms of the 3-year agreement, covering 9,000 blue-collar workers, were general wage rate increases of 4 percent on January 13, 1990, 4.5 percent on October 1, 1990, and 5.5 percent on July 1, 1991; and a clothing allowance of $480 in the second year of the contract, increasing to $500 in the third year. Similar settlements were reached by the State in July with the State, County and Municipal employees for about 10,000 health care workers, and with various other unions for about 4,000 blue-collar workers. In 1990, almost identical agreements were signed by other unions, including the

Table 5. **Scheduled deferred wage increases under major collective bargaining agreements in 1992, by industry**

Selected industry	Number of agreements	Number of workers (thousands)	Mean increase[1]						Median increase[1]	
			Total		With COLA		Without COLA			
			Cents	Percent	Cents	Percent	Cents	Percent	Cents	Percent
Total[2]	721	3,028	62.6	3.9	44.2	3.5	66.7	3.9	50.0	3.6
All private nonagricultural industries	600	2,548	60.2	3.7	42.7	3.4	64.6	3.8	50.0	3.6
Manufacturing[3]	195	766	39.5	3.3	34.7	3.1	42.2	3.4	35.1	3.2
Food and kindred products	36	97	39.5	3.5	36.1	2.7	39.6	3.5	37.6	3.2
Apparel and other textile products	20	176	26.6	3.5	31.6	4.0	21.3	2.9	29.2	4.0
Metalworking	75	345	42.5	3.1	35.9	2.5	48.2	3.6	42.6	3.0
Nonmanufacturing[4]	405	1,782	69.1	3.9	51.7	3.9	71.8	3.9	50.0	3.6
Construction	196	577	91.7	4.3	100.0	3.1	91.7	4.3	75.0	3.8
Transportation and public utilities	74	555	68.6	3.5	49.7	3.6	77.0	3.5	50.0	3.6
Wholesale and retail trade	73	392	38.6	3.4	—	—	38.6	3.4	39.7	3.7
Finance, insurance, and real estate	18	104	49.4	4.1	56.2	4.5	38.1	3.3	48.0	4.0
Services	41	149	78.0	4.8	49.1	3.2	79.1	4.9	41.8	4.1
State and local government	121	480	75.5	4.7	67.5	4.5	76.0	4.7	57.2	4.5

[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 government.

[3] Includes workers in the following industry groups for which data are not shown separately: Textiles (6,000); lumber (5,000); furniture (1,000); paper (20,000); printing (11,000); chemicals (18,000); petroleum (31,000); rubber (6,000); leather (11,000); stone, clay, and glass products (28,000); instruments and related products (7,000); and miscellaneous manufacturing (3,000).

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

NOTE: Workers are distributed according to the average increase for all workers in each bargaining situation considered. Deferred wage increases include guaranteed minimum increases under cost-of-living clauses. Because of rounding, sums of individual items may not equal totals. Dashes indicate no workers in this category.

Communications Workers, the American Federation of Teachers, and the University Professors.

A 3-year accord also was negotiated in July 1989, for 2,900 Turnpike Authority employees (toll collectors and clerical, technical, and maintenance workers). The contract provided wage increases of 6 percent retroactive to July 3, 1989, and 5 percent in July of 1990 and 1991, and improvements to various health care benefits. Several health care cost containment measures also were introduced, including limiting visits to a chiropractor to a maximum of 50 per year (was unlimited), providing health insurance coverage for dependents until age 23 (was 25), and imposing a $200 penalty for employees who fail to obtain a second opinion for surgery.

The New Jersey State Policemen's Benevolent Association (Ind.) reached agreement with the State in February 1990 for 5,500 law enforcement officers. The 3-year pact provided for wage rate increases of 6 percent retroactive to July 1, 1989, and 6.5 percent to take effect on July 1 of 1990 and 1991; and improved uniform allowances.

Table 6. **Deferred wage increases scheduled in 1992 in major collective bargaining agreements, by month**

[Workers in thousands]

Effective month	Workers covered[1]	Principal industries
January-December	[2]3,028	
January	465	State and local government, steel manufacturing, construction
February	231	Food stores, petroleum refining
March	121	Local government
April	366	Trucking, food stores, construction
May	243	Construction, food stores
June	468	Construction, apparel, food stores
July	515	Construction, State and local government, electrical products
August	370	Parcel delivery, food stores
September	205	Local government, apparel
October	110	Apparel
November	53	(3)
December	66	(3)

[1] Includes 480,000 workers under State and local government agreements.

[2] This total is smaller than the sum of individual items because 177,000 workers are scheduled to receive two increases and 3,400 are scheduled to receive three or more increases in 1992. It is based on data available as of October 1, 1991, and thus may understate the number of workers scheduled to receive deferred increases for the entire year.

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

• *Michigan.* Eleven contracts for Michigan State employees are up for renegotiation in 1992. They cover about 50,000 workers, approximately 42,000 of whom are covered by seven agreements that expire on September 30. The United Automobile Workers bargains for nearly 23,000 human services, administrative support, and technical employees; the State, County and Municipal Employees bargains for some 12,000 professional, health care, social service, trades, and regulatory employees; the Service Employees International Union negotiates for about 10,000 human services, scientific and engineering, and correctional employees; and three other unions negotiate for the remaining 5,000 employees.

In the previous round of negotiations, the Auto Workers, State, County and Municipal Employees, Service Employees, and the United Technical Employees Association (Ind.) signed 2-year contracts providing for wage gains of 4 percent or 50 cents an hour, whichever was greater, on October 1 of 1990 and 1991. These agreements covered about 31,000 employees, primarily in various general administration units. They were approved by the Michigan Civil Service Commission in January 1990.

The Civil Service Commission also approved a 1-year agreement for the Michigan Correctional Organization, a Service Employees affiliate covering 7,200 correctional employees. The agreement provided for a wage increase on October 1, 1990, of 5 percent or 50 cents an hour, whichever was greater, for entry level steps through the third-year step, 7 percent for the fourth-year step, and 10 percent for the fifth-year step. A 1-year contract extension provided for a 4-percent wage increase on October 1, 1991.

The Michigan State Employees Association, an affiliate of the State, County and Municipal Employees representing 3,100 trade, safety, and regulatory employees, signed a 2-year contract with the State on January 12, 1990, specifying wage increases of 4 percent in October 1990 and 1991. In January 1990, the Civil Service Commission approved a similar contract for the Michigan Professional Employees Association, a Service Employees affiliate, representing 1,600 scientific employees.

In August 1990, the State, County and Municipal Employees negotiated a 2-year contract covering 2,400 service and maintenance workers at the University of Michigan. The accord, which expires on June 20, 1992, provided for wage increases of 4.5 percent in August 1990 and 5 percent in July 1991.

The 3-year Michigan State Police Troopers Association (Ind.) agreement, covering 1,850 troopers and sergeants, called for wage increases of 3 percent retroactive to October 1, 1989, 1 percent retroactive to April 1, 1990, and 4 percent on October 1 of 1990 and 1991.

In September 1990, the American Association of University Professors negotiated a 2-year agreement, covering some 1,500 faculty members at Wayne State University. Terms of the contract, which expires July 31, 1992, provided for 4-percent general wage rate advances and 2-percent merit increases on August 1 of 1990 and 1991.

• *California.* Approximately 31,000 California State employees are covered by two contracts expiring or reopening in 1992. The California State Employees Association, affiliated with the Service Employees, negotiated its current 3-year clerical agreement in July 1989 for 12,000 employees with the State's university system. The accord, which expires May 31, 1992, provided for wage increases of 6 percent on July 6, 1989, and 1 percent on January 1, 1990, and a cost-of-living adjustment, with a "guaranteed" payment of 3 percent on January 1, 1991. An additional 2-percent wage increase was paid January 1, 1991, based on the COLA clause.

The California Faculty Association (Ind.), representing 19,000 university and college faculty members, negotiated a 2-year agreement with the California State University system in May 1991. The terms included a wage freeze for the first year, and a wage reopener on June 30, 1992.

• *Philadelphia.* About 43,300 city employees are under eight contracts scheduled to expire or reopen in 1992. Four contracts for school employees expire or reopen on August 31. The other four agreements, covering general administrative personnel, police, and firefighters, expire on June 30. Labor organizations negotiating for these employees are the American Federation of Teachers (17,900 workers); the State, County and Municipal Employees (16,000 workers); the Fraternal Order of Police (Ind.) (7,000 workers); and the International Association of Fire Fighters (2,400 workers).

The Teachers union concluded their last round of bargaining on April 24, 1988. The 4-year contracts, covering 17,900 teachers and other school employees (clerical, paraprofessional, and per diem workers), provided for wage increases of 4 percent on February 15, 1989, and February 1, 1990, 5 percent on March 15, 1991, and 6 percent on March 15, 1992, plus $6 million contributions by the school board to the union health and welfare fund on September 1 of 1988 and 1990. In addition, teachers and per diem employees received a wage increase of $900 a year on September 1, 1988, improved travel reimbursement (payment for parking), use of accumulated personal leave while on a full-year sabbatical, and equivalent time off for supervising students during lunchtime; and some paraprofessionals received a special $200 annual differential.

The two State, County and Municipal Employees agreements, which cover 13,400 white- and blue-collar workers and 2,600 professional and clerical employees, were negotiated in July and August 1988. The 4-year pacts called for $500 lump-sum payments in August 1988 and January 1989, and wage increases of 5 percent on February 1, 1990, 6 percent on March 1, 1991, and 8 percent on April 1, 1992. Other terms included improvements in the shift differentials, paid funeral leave, life insurance benefits, and State contributions for insurance covering workers' legal costs.

The 2-year police and firefighter accords provided a wage increase of 5 percent retroactive to July 1, 1990, and another 5 percent increase on July 1, 1991. In addition, police officers received a hazardous-duty differential equal to 3 percent of their base pay on July 1, 1990, and increases in the clothing allowance and in the employer's contribution toward health and legal insurance. The police contract was settled by means of an arbitration award dated August 11, 1990, and the firefighter's accord was concluded through a settlement reached in September 1990.

It is not unusual for bargaining by State and local government workers to extend well beyond the expiration date of the preceding contract. In part, this reflects the time-consuming negotiating process characteristic of the public sector. After an agreement is negotiated by the government's executive branch, it frequently is sent to the legislature or a special agency for appropriation of funds. There are about 1.5 million government workers under 361 agreements that expired or reopened in 1991 or earlier, but for whom new contracts had not been concluded by September 30, 1991. Thus, the 1992 bargaining scene in State and local government will include both contracts scheduled for talks during the year and some that had expired earlier. If previous years' experience holds true, some contracts expiring or reopening in 1992 will not be resolved before the end of the year.

Construction. The 148 major construction industry agreements that expire in 1992 cover 424,000 workers, approximately two-fifths of the construction workers under major agreements. This will be a heavier bargaining year than 1991, involving about 36 percent more contracts and 59 percent more workers. As usual, bargaining will be concentrated in the spring, when negotiations for three-fourths of the year's contracts and workers will occur. Geographically, the heaviest bargaining load will be in California, with 27 contracts covering 109,000 workers expiring or reopening in 1992. There also will be major bargaining activity in five midwestern states: Michigan (14 contracts for 34,000 workers), Ohio (12 contracts for 37,000 workers), Missouri (11 contracts for 28,000 workers), Illinois (10 contracts for 35,000 workers), and Minnesota (8 contracts for 29,000 workers). Pennsylvania and New York each have eight construction contracts expiring or reopening, covering 24,000 and 20,000 workers, followed by Texas, with six contracts and 12,000 workers.

The construction industry consists of three major divisions: general building construction; heavy construction, such as highway and road work and pipeline construction; and special trades contractors, such as those doing plumbing, heating, roofing, electrical, and masonry work. Labor contracts within the industry usually are structured to reflect these industrial classifications. Generally, major collective bargaining agreements in the construction industry are negotiated at the local and regional level between individual unions and an association of independent construction firms, such as the Associated General Contractors or the National Electrical Contractors Association. Construction unions are organized along craft lines, with separate organizations representing carpenters, laborers, operating engineers, electricians, roofers, and so forth.

During the first 9 months of 1991, $301.1 billion of new construction was put in place in the United States, down 11 percent from the same period in 1990. The decline was even more severe in the part of the industry in which most union workers are employed—the private nonresidential sector. After increasing for 4 years, spending on private nonresidential construction dropped to $73.5 billion over the first 9 months of 1991, a decline of 18 percent from the first 9 months of 1990. Reflecting the weaker spending on new construction, seasonally adjusted employment in the industry continued to drop during 1991, declining by about 10 percent between May 1990, just before the onset of recession, and September 1991. The seasonally adjusted unemployment rate in construction was 15.7 percent in September 1991, compared with 11.5 percent in May 1990.

Wage rates increased an average of 3.1 percent a year over the life of the agreement for construction contracts that expire in 1992. The average annual change varied by region, as shown below:

	Percent change
All agreements	3.1
Northeast	4.1
New England	4.1
Mid-Atlantic	4.1
Midwest	2.4
East North Central	2.6
West North Central	2.2
South	1.9
South Atlantic	1.4
South Central	2.2
West	3.4
Mountain	1.3
Pacific	3.6

In addition to reviewing their last contracts, bargainers will look at recent settlements in the construction industry. During the year ended September 30, 1991, the average annual wage rate change in construction industry settlements was 3.1 percent over the contract term. The size of settlements during the 12-month period varied somewhat by type of construction: 2.8 percent in general building, 3.2 percent in heavy construction, and 3.3 percent in special trades work.

Comparatively high unemployment in the construction industry and the loss of construction jobs to nonunion contractors have been responsible, at least in part, for the fact that union wages in construction have increased less, on average, than wages in other industries—and less than consumer prices—for the past several years.

During 1992 construction negotiations, the primary issues are likely to be wage increases and funding of union-management benefit funds. The size of the compensation packages stemming from construction industry negotiations will depend heavily on regional economic conditions. Negotiations on nonmonetary issues are likely to focus on improved relations between labor and management, as well as enhanced programs for developing skills and providing training through union apprenticeship programs.

Telephone communications. Approximately 412,000 workers in the telephone communications industry are covered by 19 contracts that expire in 1992. They comprise 80 percent of the workers under major collective bargaining agreements in the industry, and will be represented in bargaining by either the Communications Workers of America or the International Brotherhood of Electrical Workers.

The majority of the workers are covered under contracts with American Telephone and Telegraph Co. (AT&T) and six of seven Regional Bell Operating Companies. Contracts for one regional company, NYNEX, were reached last year. Pacts with AT&T, covering 115,000 workers, expire in May 1992. Agreements with the regional Bell companies, covering 272,000 workers, terminate in August 1992, with the exception of the Illinois Bell contract, which expires in June.

Long-distance telephone services are provided by AT&T, MCI, US Sprint, and other smaller companies. Large long-distance companies own network facilities; others lease and resell facility services to the public. Local telephone services are provided by seven regional Bell companies, GTE, and other independent companies. Among the long-distance companies, only AT&T has a unionized work force; the majority of the workers in the local telephone companies are represented by a union.

Employment in the telephone industry declined at an annual rate of 1.5 percent between 1981 and 1990. By September 1991, 888,000 employees were working in the industry, down from a peak of 1.1 million in 1981. Automation, deregulation, and changing economic conditions contributed to the decrease in employment. However, based on the changing technology, skills, and occupational mix in the industry, BLS has estimated an annual employment growth rate of 0.2 percent for the period 1988-2000 under its moderate projection scenario.[2]

Labor productivity in the telephone industry increased 5.1 percent annually from 1979 to 1989, mainly due to technological changes. The outlook is for continued productivity growth in the 1990's, and in the past, the unions have suggested that some of the gains from productivity improvements be returned to the workers as wage and benefit increases.

In the 1989 round of bargaining, the first major settlement was achieved in July between AT&T and its two unions, the Communications Workers and the Electrical Workers. The 3-year agreement included general wage increases of 4 percent retroactive to May 28, 1989, 2.5 percent in May 1990, and 2.25 percent in May 1991, and a 12-percent increase in the monthly pension benefit rate per year of service. The settlement also focused on family care benefits, which included: a $5 million company obligation to fund a joint labor-management effort to increase the number of professional organizations able to meet the child and elder care needs of employees; up to 12 months of unpaid leave for the birth or adoption of a child (formerly 6 months); and a provision permitting employees to take up to 12 months of leave within a 2-year period to take care of a seriously ill family member. During this time, the company will pay full death benefits and the premiums for basic group life insurance for up to 1 year, and medical expenses for up to 6 months. Effective January 1990, employees adopting children under age 18 could receive reimbursement of adoption costs up to $2,000.

The unions' contracts with four of the seven regional Bells followed work stoppages involving nearly 200,000 workers. One of the major causes of the strikes was employers' efforts to have employees pay part of the cost of health insurance. Although all settlements continued fully employer financed health insurance, the costs were restrained in some contracts through increased deductibles and coinsurance. Cash payments to workers, including wages and lump-sum payments, rose by 6 percent to 10 percent over the term of these agreements. Family care benefit provisions similar to those at AT&T were adopted by all of the local companies. Most of the contracts provided for possible payments to workers under the terms of profit-sharing plans or incentive plans. Annual cost-of-living clauses were maintained in several contracts, but the formulas were modified.

Recent developments in the telephone industry have set the stage for the upcoming negotiations. To curb rising health care costs, AT&T and the two unions adopted a managed care system in 1989, to be administered by a committee of union and management representatives. (Later, many other telephone companies adopted somewhat similar measures.) Under this system, three insurance companies were selected to develop a network of doctors and hospitals to provide health care at lower costs. Although significant savings have been achieved under this plan, medical care costs continue to be an important issue in the industry.

Job security also is likely to be a concern, because of union job losses at AT&T and the company's decision to structure itself into separate business units. The number of unionized jobs is reported to have plummeted by 100,000 from 1984 to 1990, while the firm's new ventures and acquisitions, which employ nonunion labor, are posting job growth. AT&T's merger with NCR and its decision to consolidate its computer systems unit into NCR's operations added to fears of further job losses. To dispel these fears, AT&T indicated its intention to offer work to almost all nonmanagerial employees who are currently in its computer systems unit.

Wage increases, family care issues, pensions, and a ban on electronic monitoring in the workplace are other possible bargaining topics.

The direction bargaining might take with the remaining six regional companies may be indicated in the 1991 agreement between NYNEX and the two unions, the Communications Workers and the Electrical Workers, which represent its

57,000 workers in New York and New England. On September 16, 1991, 11 months before the scheduled contract expiration dates, the parties reached tentative settlements. The pacts, which were ratified in October, provided wage increases of 4 percent in September 1991 (replacing a 3.26-percent wage and COLA increase scheduled under the 1989 contracts), 4 percent in August 1992, 4.25 percent in August 1993, and 4 percent in August 1994. Other terms included: a COLA payment in August 1994, if the CPI increases more than 9 percent during the first 2 years of the contract; continuation of the employer-paid health care plan; a 20-percent increase in monthly pension benefits; and establishment of a Voluntary Employees' Beneficiary Association to pre-fund health benefits for workers retiring after 1995. Details on the beneficiary association were not available to BLS when this article was prepared.

Wholesale and retail trade. Approximately 189,000 workers in wholesale and retail trade are covered by 42 contracts that expire or have scheduled reopeners in 1992. These workers account for about 30 percent of those under major agreements in the industry.

The United Food and Commercial Workers is the dominant union in this year's bargaining, representing four-fifths of the workers under contracts expiring in 1992. The Retail, Wholesale, and Department Store Workers; the Hotel Employees and Restaurant Employees International Union; and the International Brotherhood of Teamsters represent the remaining workers. About 150,000 of the workers are employed in food stores. The balance are in wholesale trade, department stores, automotive dealers, eating and drinking places, and drug stores.

Overall, the industry contracts expiring in 1992 provided wage changes, including COLA's implemented through September 30, 1991, averaging 3.4 percent annually over their term. There were no industrywide pattern-setters; settlements varied by region and type of business.

Contracts covering 38,000 workers represented by 12 Food and Commercial Workers locals and the Food Employers Council of Northern California, representing seven chain stores and a number of independent food retailers, are up for negotiations in late February. The expiring contracts provided for five lump-sum payments, one of 25 cents for each hour worked in the first 6 months of the contract and four more of 42 cents each for every straight-time hour worked during each of four subsequent 6-month periods. In addition, the agreements specified a 30-cent wage increase on February 29, 1992, the last day of the contract.

On the East Coast, more than 22,000 workers will be represented by the Food and Commercial Workers in negotiations with Giant and Safeway Food Stores in the Washington, DC, and Baltimore, MD, areas. The expiring pacts for both major food store chains called for an initial $1 per hour wage increase, followed by increases of 45 cents per hour in both the second and third years. Additionally, the contracts provided lump-sum payments of $400 to $500 for full-time workers and $175 to $250 for part-timers in each of the last 2 contract years. Pension plan improvements provided for an extra pension check to retirees at the end of 1990 and 1991.

In addition to reviewing gains made under their expiring agreements, negotiators will be interested in more recent developments in the industry. Agreements reached in the 12 months ended September 30, 1991, called for wage changes averaging 3.2 percent annually over their life, compared with 3.0 percent provided by contracts they replaced. Average annual wage changes provided over the life of settlements reached through the 12 months ended September 30 ranged from –3.9 percent to 5.1 percent. About 14 percent of the workers under these agreements will receive lump-sum payments.

Recently, negotiators dealing with wholesale and retail trade contracts that have two-tier wage or benefit systems have been phasing them out. Such systems were established in the mid-1980's as a means of curbing labor costs. Under two-tier wage and compensation systems, workers hired after a given date receive lower wages and benefits than those already on the payroll, or take longer to progress to the top of the pay scale, or both. In some instances, different work rules apply for each tier. Thus, payroll costs would be reduced as more-senior workers leave and are replaced by new hires at lower starting and progression rates. Some contracts establish temporary two-tier systems and provide for the eventual elimination of the differential in pay and benefits. In other cases, tiers remain unless they are altered or eliminated in subsequent negotiations. These schemes, in many cases, have turned out to be unwieldy and caused high worker turnover and morale problems. As a result, negotiators will face pressure to narrow or eliminate gaps between the two tiers while keeping labor costs down.

In addition, bargainers will be concerned with keeping union firms competitive with their nonunion counterparts, and with the growth of nonunion competition, especially through the replacement of unionized national chains by nonunion regional ones. Union negotiators may raise the issue of the increasing use of part-time workers to operate stores that stay open for long hours. Although this practice lowers employers' costs because part-timers often are paid less and are eligible for fewer benefits than full-time employees, it also reduces the need for overtime, thereby restricting opportunities for full-time employees to increase earnings.

Electric, gas, and sanitary services. Contracts for 106,000 workers in the electric, gas, and sanitary services industry are up for negotiation in 1992. About 60,000 workers will be represented by the International Brotherhood of Electrical Workers, 24,000 by the Utility Workers, and the rest by a number of different unions.

The largest bargaining units are: Consolidated Edison in New York and the Utility Workers, for 13,500 workers; Commonwealth Edison in Illinois and the Electrical Workers, for 11,250 workers; the Tennessee Valley Authority and five unions, for 7,400 workers; Southern California Gas Co. and the Utility Workers and Chemical Workers, for 6,670 workers; and Southern California Edison and the Electrical Workers, for 6,000 workers.

The specified average wage rate change under all industry contracts expiring in 1992 was an increase of 4.1 percent annually over the contract term. Settlements in the industry have specified larger wage changes than those in all other nonmanufacturing industries in every year since 1982 (when such information was first tabulated), with the exception of 1990, when specified changes were the same. Over the terms of settlements reached during the 12 months ended September 1991, wage rate changes averaged 4.3 percent annually in electric, gas, and sanitary services and 3.3 percent in other nonmanufacturing industries.

Bargaining in the industry will be conducted at the local level. In addition to issues such as wages and costs for health insurance, concerns about drug testing in nuclear power facilities are expected to be addressed in upcoming bargaining.

Health care. About 107,000 workers in the health care industry are covered by major collective bargaining agreements scheduled to expire in 1992. Just over two-fifths of the workers are covered by an agreement set to expire in June between the League of Voluntary Hospitals and Nursing Homes of New York (the League) and Local 1199, Drug, Hospital, and Health Care Employees, a unit of the Retail, Wholesale, and Department Store Union. Also slated for renegotiation in June is a contract between the New York Catholic Hospitals and Local 1199, covering 4,000 health care employees. In December, the League's contract with the Service Workers International Union, covering 5,100 workers, expires.

During 1989 negotiations, the 45,000 workers represented by Local 1199 undertook a series of short strikes against 53 League hospitals to demonstrate dissatisfaction with wage changes offered over the life of the contract. The League offered wage increases totaling 19 percent over 3 years, when a recent contract ratified with Catholic Hospitals of New York had provided workers with increases of 17 percent over 2 years. Cutbacks in training, the pension plan, and health benefits were also at issue.

After months of intensive negotiations, an agreement was reached providing wage increases of 7.5 percent in both the first and second years of the agreement, and 5 percent in the third year. Additionally, a $500 lump-sum cash bonus was paid to all workers (prorated for part timers). The contract also provided experience differential allowances and improved training opportunities, and suspended employer pension contributions from July 1, 1989, to June 15, 1992, due to a surplus in the fund.

Subsequent to the League's settlement, the Catholic Hospitals and Local 1199 reopened their contract. The unscheduled reopener reduced the second-year wage increase from 8.5 percent to 7.5 percent, extended the contract for a third year, and provided for a 4-percent increase during the third year. After these modifications, wage rate changes under the Catholic Hospitals and the League contracts were about the same over a 3-year period.

Upon ratification of the League's agreement in October 1989, many League members called for government assistance to cover the higher labor costs and to assist hospitals in meeting the expenses associated with running a system at full capacity in a city at the center of a growing AIDS crisis.

The financial situation for the League has continued to worsen, as hospitals are overwhelmed with swelling patient rolls stemming from increased violence, AIDS, and homelessness. In addition, a steadily rising number of patients delay seeking treatment because they lack health insurance, often allowing their ailments to worsen to the point at which they need inpatient care. The increasing number of beds occupied by nonpaying patients has made it difficult for not-for-profit hospitals in metropolitan areas to remain financially solvent. To further complicate the situation in New York, the city's budget crisis has minimized the possibility of providing municipal assistance to hospitals, and the potential for raising capital through tax-free bonds (normally used to finance hospitals) is impaired because of the record of defaults on hospital bonds in other localities, and uncertainty about the future of Medicare and Medicaid in a decade that will focus on health care reform.

These circumstances will bear on the contracts eventually reached for the hospital employees represented by Local 1199—service workers (attendants, kitchen workers, and laundry workers); maintenance workers (painters, plumbers, and electricians); clerical workers (clerks, secretaries, and receptionists); and technical and professional staff (x-ray, laboratory, and operating technicians, licensed practical nurses, social workers, and dietitians). Problems related to specific occupations will complicate the situation. Shortages of licensed practical nurses continue, and wages for experienced nursing personnel are slowly rising to levels of skilled professionals in other industries. Laboratory workers also are in short supply at a time when an increasing number of tests for AIDS and drug use must be performed by skilled technicians. Owing to the shortage of such professionals industrywide and the precarious financial condition of many League members, baragining could be difficult.

On the West Coast, Kaiser Permanente Medical facilities in Northern California will be negotiating a new contract covering 10,000 members of the Service Employees International Union in October 1992. In the 1989 Kaiser-Service Employees settlement, workers ranging from nurses to housekeepers received specified wage rate changes of 21 to 35 percent over the life of the contract. Additionally, the agreement raised the shift differential, instituted family care benefits (including emergency leave for new parents), improved pension credit for part-time work, and modified work schedules for disabled employees.

The Service Employees may demand even larger wage and benefit changes than those in previous contracts. Kaiser's reported net earnings increased 139 percent from 1989 to 1990, as revenues rose 23 percent. In 1990, the managed care company initiated a $2 billion expansion program, financed through increased insurance premiums.

Twenty-two other contracts in the health care industry also expire during 1992, covering hospitals, nursing homes, medical clinics, and other health care facilities throughout the country. Employees will be represented by the American Nurses Association, Service Employees International Union, National Union of Hospital and Health Care Employees, and the Retail, Wholesale, and Department Store Union.

Overall, agreements expiring or reopening in the health care industry in 1992 specified wage changes averaging 7.2 percent annually over the life of the contract. Owing to the relatively few workers in the health care industry covered by COLA clauses, the average annual change remains at 7.2 percent even when the wage increases generated by COLA clauses through the third quarter of 1991 are added to the specified changes. However, this increase is more than twice the average annual gain in contracts in most other industries. Contract terms for workers covered by collective bargaining in the industry could be above average again in 1992.

Aerospace. Approximately 81,000 aerospace workers are covered under major collective bargaining agreements expiring in 1992. They constitute 70 percent of the 116,000 workers under transportation equipment industry contracts expiring in the year. The Boeing Co. has the largest number of workers involved—58,000 workers represented by the International Association of Machinists and Aerospace Workers and 3,300 workers with the United Automobile, Aerospace and Agricultural Implement Workers of America. The other major aerospace negotiations in 1992 are between McDonnell Douglas and the Machinists union for 6,800 workers, and between LTV Corp. and the Auto Workers for 4,900 workers.

The U.S. aerospace industry reported record sales in 1990, largely due to growth in shipments of commercial jet transport aircraft. Despite increased shipments of $14 million and a decline in new orders of $17 million, the backlog of unfilled orders for U.S aerospace products grew by $18 billion in 1990. This is the third largest backlog in the past 10 years. Overall, industry sales are projected to grow more slowly in 1991 than in recent years because of declining sales of missiles and reduced spending for military aircraft by the U.S. Department of Defense. Sales of both of these types of industry products are estimated to decrease by 14 percent in 1991.

The aerospace industry is expected to undergo many changes during the 1990's because of declining defense activity. A shift in product mix, and changes in manufacturing, research and development, and management techniques are expected, as the industry attempts to ensure profits at anticipated lower sales levels. Some of the changes have already been experienced in the employment area. During 1990 and 1991, the number of production workers in the aerospace industry declined from an average of 404,000 in 1989, the highest level in the last 20 years, to 356,000 by September 1991.

The last round of bargaining marked a break in tradition for the aerospace settlements. Boeing's contract with the Machinists union did not become a pattern for ensuing settlements in the industry. The 3-year settlement between the Boeing Co. and the Machinists, negotiated in November 1989, followed a 7-week work stoppage. It provided an immediate 4-percent wage increase and a lump-sum payment in December

1989 equal to 10 percent of an employee's earnings in the preceding 12 months; a 4-percent wage increase in October 1990, followed by a 5-percent lump-sum payment in December; and another 3-percent wage increase in October 1991, followed by a 4-percent lump-sum in December. The quarterly cost-of-living adjustment clause was maintained, but the formula was changed from a 1-cent-per-hour wage increase for every 0.3-point change in the CPI-W (1967=100) under the prior contract to a 1-cent-per-hour increase for every 0.075-percent change in the CPI-W (1982–1984=100). The pact also included a 60-cent-per-hour prepaid COLA, to be offset by subsequent COLA adjustments. By September 1991, the COLA clause yielded a total of $1.11 per hour after 7 of 11 possible reviews under the contract.

Specified wage changes under the transportation equipment industry contracts expiring in 1992 averaged 4.3 percent annually over the life of the contract. With COLA payments through September 1991 incorporated, the average wage change was 5.7 percent. Bargaining goals for 1992 are not yet formulated, but the issues likely to be addressed in the upcoming negotiations are the provision of scheduled wage increases instead of lump-sum payments; health care; COLA provisions; job security; pensions; and health and safety in the workplace.

Primary metals. About 33,000 workers in the primary metals industry will be negotiating for new contracts in 1992. About two-thirds of the workers are in the aluminum industry, where they are represented by either the United Steelworkers of America or the Aluminum, Brick, and Glass Workers International Union. The unions will be bargaining with two major producers, the Aluminum Co. of America (ALCOA), and the Reynolds Metals Co.

In the last round of bargaining, ALCOA negotiated two contracts: one with the Aluminum, Brick, and Glass Workers for 7,500 workers, and another with the Steelworkers for 5,000 workers. The 43-month ALCOA agreements, negotiated in December 1988, provided three lump-sum payments of $1,000, $500, and $500 in November of 1988, 1989, and 1990. The pacts also included a 50-cent-per-hour wage increase in November 1989. The settlements maintained a quarterly cost-of-living adjustment clause calling for a wage increase of 1 cent per hour for every 0.3-point change in the CPI-W. As of September 1991, payments under the ALCOA clause totaled 73 cents per hour, with two more reviews scheduled before contract expiration. The contracts also increased monthly pension benefits and instituted an annual profit-sharing plan. Reynolds Metals Co. negotiated similar contracts with the Aluminum, Brick, and Glass Workers for 5,500 workers, and with the Steelworkers for 3,300 workers.

Bargaining will take place at a time when economic conditions in the industry are troubled. An oversupply of aluminum, due to slowdowns in many economies worldwide, has depressed aluminum prices. In the U.S. market, for example, the average price of aluminum fell from a high of $1.10 a pound in 1988 to 74 cents a pound in 1990. For 1991, the average price is projected to be between 55 and 68 cents a pound. Aluminum prices on the London Metal Exchange were in the upper 50-cent range during the first half of 1991, the lowest level in two decades.

Recession in the automobile and construction industries has depressed domestic demand for aluminum. About 50 percent of aluminum used in the United States is consumed by manufacturing industries, 20 percent by construction, and the remaining 30 percent by other industries. Demand for aluminum is expected to increase when the domestic auto and construction industries pull out of the recession. And, to improve its position among world aluminum producers, the U.S. aluminum industry has been trying to develop new markets and modernize its facilities.

Earnings for both ALCOA and Reynolds Metals skidded in 1990, then recovered somewhat in early 1991, in large part because of temporary increases in the demand for beverage cans. The gains were not enough, however, to offset the effects of inventory runups and low prices. U.S. aluminum shipments are expected to increase at an annual rate of 3 percent through 1995.

As in the past, both unions representing the industry's workers are expected to negotiate for similar terms with the two aluminum producers this year. Wage increases, health care, and pensions are expected to be at the top of the bargaining agenda in 1992 negotiations.

Scheduled wage changes in 1992

In 1992, deferred wage increases stemming from contracts negotiated earlier are slated to be paid to slightly more than 3.0 million of the 8.3 million workers under major collective bargaining agreements. They will go to 45 percent of workers in private industry, where deferred increases will average 3.7 percent, and to 18 percent of those in State and local government, where increases will average 4.7 percent. (See tables 5 and 6.) No workers are under contracts with scheduled wage rate decreases in 1992.

As indicated earlier, contracts with COLA's usually call for smaller wage increases than those without, because the COLA clause is expected to generate additional pay increases. In 1992, deferred changes will average 3.5 percent under agreements with COLA's, compared with 3.9 percent under those without such clauses.

Table 7. **Incidence of cost-of-living adjustment clauses in major collective bargaining agreements, October 1991**

[Workers in thousands]

1987 SIC Code[1]	Industry[2]	All agreements		Agreements with COLA clauses		Percent of workers covered by COLA clauses
		Number	Workers covered	Number	Workers covered	
	All industries	1,897	8,291	270	2,080	25
	All private industries	1,216	5,681	210	1,824	32
10	Metal mining	4	8	—	—	0
12	Bituminous coal and lignite mining	2	52	—	—	0
15	Building construction	114	436	1	2	0
16	Construction other than building construction	103	288	—	—	0
17	Construction—special trades	136	293	1	1	0
20	Food and kindred products	56	136	4	9	6
21	Tobacco products	3	13	3	13	100
22	Textile mill products	7	23	1	4	15
23	Apparel and other textile products	24	183	15	91	50
24	Lumber and wood products, except furniture	11	24	1	1	6
25	Furniture and fixtures	4	6	—	—	0
26	Paper and allied products	37	49	—	—	0
27	Printing and publishing	16	26	4	7	28
28	Chemicals and allied products	25	46	3	6	12
29	Petroleum and coal products	10	32	—	—	0
30	Rubber and miscellaneous plastics	11	43	9	36	83
31	Leather and leather products	3	14	—	—	0
32	Stone, clay, and glass products	14	36	9	15	42
33	Primary metals industries	40	151	8	28	18
34	Fabricated metal products	19	34	10	18	52
35	Machinery, except electrical	22	78	13	60	76
36	Electronic and other electric equipment	39	224	17	127	57
37	Transportation equipment	67	738	49	678	92
38	Instruments and related products	6	12	1	3	27
39	Miscellaneous manufacturing industries	4	6	1	2	24
40	Railroad transportation	21	254	9	123	48
41	Local and urban transit	4	11	1	1	12
42	Motor freight transportation	10	338	4	172	51
44	Water transportaiton	14	44	4	14	30
45	Transportation by air	25	182	2	7	4
48	Communications	37	515	12	236	46
49	Electric, gas, and sanitary services	74	222	8	19	8
50	Wholesale trade—durables	2	4	—	—	0
51	Wholesale trade—nondurables	6	31	1	25	80
53	Retail trade—general mechandise	14	59	2	24	41
54	Food stores	96	506	—	—	0
55	Automotive dealers and service stations	4	8	—	—	0
56	Apparel and accessory stores	2	5	—	—	0
58	Eating and drinking places	6	23	—	—	0
59	Miscellaneous retail stores	5	14	1	2	15
60–65	Finance, insurance, and real estate	25	137	4	64	47
70–89	Services	94	377	12	39	10
	State and local government	681	2,610	60	256	10

[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 government.

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

Cost-of-living adjustments

As of the third quarter of 1991, 2.1 million workers under major agreements were covered by COLA clauses. Most of the workers are in the private sector, where 32 percent have COLA coverage, although the proportion varies by industry. In State and local government, COLA's covered 10 percent of the work force. (See table 7.)

Cost-of-living reviews are conducted at intervals specified in each clause. Nearly 1.2 million workers covered by COLA's will have at least one review in 1992, and 63 percent of these workers are on a quarterly review cycle.

In private industry, both the number and percent of workers under contracts with COLA clauses have declined since 1977. (See table 8.) In State and local government, coverage has increased from 2 percent in 1984, when comparable data were first compiled.

The decline in private industry COLA coverage was gradual through the end of 1984, and was largely the result of shrinking employment in industries where COLA clauses were common. In later years, however, declining COLA coverage was the result of the elimination or suspension of COLA provisions in many contracts, because union negotiators saw little or no pay gains from the clauses as price inflation moderated. Therefore, they often felt less pressure to maintain COLA clauses, and were sometimes willing to trade them for improvements in other contract provisions. Twenty-five settlements for 314,000 workers discontinued COLA's during the year ended September 30, 1991; no settlements added them. Trucking contracts covering 164,000 workers and railroad contracts covering 128,000 workers were among the new settlements that dropped COLA's.

Almost one-fourth of the 1.9 million private sector workers scheduled for contract negotiations in 1992 have COLA clauses in their existing contracts. In the public sector, fewer than one-tenth of the workers scheduled for bargaining have COLA clauses.

Table 8. **Workers under cost-of-living adjustment (COLA) clauses in major collective bargaining agreements in private industry, 1971-92**

[Workers in millions]

Year[1]	Total workers	Workers with COLA coverage	
		Number	Percent[2]
1971	10.8	3.0	28
1972	10.6	4.3	41
1973	10.4	4.1	39
1974	10.2	4.0	39
1975	10.3	5.3	51
1976	10.1	6.0	59
1977	9.8	6.0	61
1978	9.6	5.8	60
1979	9.5	5.6	59
1980	9.3	5.4	58
1981	9.1	5.3	58
1982	8.8	5.0	57
1983	8.3	5.0	60
1984	7.7	4.4	57
1985	7.3	4.1	56
1986	7.0	3.4	48
1987	6.5	2.6	40
1988	6.3	2.4	38
1989	6.1	2.4	40
1990	6.0	2.4	39
1991	5.9	2.3	39
1992 (preliminary)[3]	5.7	1.8	32

[1] Data relate to December 31 of preceding year.

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

[3] Data relate to information available as of October 1, 1991.

Conclusion

The mix of industries slated to bargain in 1992 differs from that of last year, but many of the problems confronting negotiators remain the same. Dealing with increased costs for health insurance again will be an almost universal issue. In the private sector, assuring job security, meeting competitive pressures, and maintaining or restoring company profits will concern negotiators. In the public sector, bargainers will be challenged to avoid service cuts and layoffs and to provide wage and benefit advances, while working within tight fiscal constraints. In addition to the circumstances surrounding particular negotiations, uncertainty about the economy is likely to influence bargaining everywhere.

The outcome of this year's bargaining is impossible to predict. For the last 2 years, wage rates under newly negotiated major collective bargaining contracts in the private sector were scheduled to increase more, on average, than those in the contracts they replaced. This pattern suggested improved business conditions for some businesses, and persisted even as the economy began to stall in 1990, surprising some observers. However, with consumer confidence skittish and the Nation's economic indicators predicting little growth, the possibility of continued contract improvements is certainly diminished in 1992. Perhaps presaging developments in 1992, public sector settlements reached in the first half of 1991 called for smaller wage rate changes than their predecessor contracts. □

Footnotes

ACKNOWLEDGMENT: Other members of the Division of Developments in Labor-Management Relations who contributed to this article are: Joan D. Borum, a social science research analyst, and economists Phyllis I. Brown, David R. Dunn, Eric M. Johnson, John J. Lacombe II, Fehmida Sleemi, and Lisa M. Williamson. William M. Davis, also an economist in the division, prepared the tables.

[1] Unions are affiliated with the AFL-CIO, unless indicated as Independent (Ind.).

[2] *Outlook for Technology and Labor in Telephone Communications*, Bulletin 2357 (Bureau of Labor Statistics, July 1990).

Shiskin award nominations

The Washington Statistical Society invites nominations for the 13th annual Julius Shiskin Award in recognition of outstanding achievement in the field of economic statistics.

The award, in memory of the former Commissioner of Labor Statistics, is designed to honor an unusually original and important contribution in the development of economic statistics or in the use of economic statistics in interpreting the economy. The contribution could be in statistical research, in the development of statistical tools, in the application of computers, in the use of economic statistical programs, or in developing public understanding of measurement issues, to all of which Mr. Shiskin contributed. Either individuals or groups can be nominated.

The award will be presented with an honorarium at the Washington Statistical Society's annual dinner in June 1992. A nomination form may be obtained by writing to the Julius Shiskin Award Committee, American Statistical Association, 1429 Duke Street, Alexandria, VA 22314-3402. Completed nomination forms must be received by April 1, 1992.