Collective bargaining agreements in 1992

Despite a pick-up in the economy, the concern about job security remained, perhaps contributing to the restraint exhibited by those at the bargaining table in 1992

Fehmida R. Sleemi
and
Phyllis I. Brown

Moderation dominated labor contract negotiations in 1992. Major collective bargaining settlements negotiated in private industry in the year called for changes in wage rates that were lower, on average, than those in the contracts they replaced. Additionally, wage changes provided by settlements in 1992 were, on average, at the lowest level since 1988. Furthermore, the more moderate settlements were accompanied by a record low number of major work stoppages (29) in 1992. (Data on major settlements cover bargaining units of 1,000 or more workers; data on major work stoppages cover strikes and lockouts involving 1,000 or more workers.)

Major economic indicators in 1992 may have posed somewhat of a quandary for negotiators. Gross domestic product rose at the fastest pace since 1989, and with price changes at their lowest level since 1986, inflation was not a concern. (See table 1.[1]) Boosted by increases in output and a decline in labor hours, labor productivity in the nonfarm business sector posted the largest increase since 1972, and only moderate increases were recorded in employers' costs for compensation as measured by the Employment Cost Index and unit labor costs. Despite various signs of an improving economy, concern about jobs remained for those at the bargaining table. The unemployment rate continued rising during the first half of 1992, and announcements regarding job cuts—reflecting slow demand, technological changes, and restructuring by companies—persisted throughout the year in many of the industries in which bargaining was scheduled.

Fehmida R. Sleemi and Phyllis I. Brown are economists in the Division of Developments in Labor-Management Relations, Bureau of Labor Statistics

Wage changes in settlements

Not since 1988 have current settlements provided wage rate changes that were lower than those in the contracts they replaced. (See chart 1.) Major settlements in 1992 provided changes in wage rates that averaged 2.7 percent increases in the first contract year and 3.0 percent annually over the contract term. (See table 2.) (The average change is the net effect of decisions to increase, decrease and not change wages.) In the previous settlements, which were primarily negotiated in 1989 and 1990, wages were scheduled to change, on average, 3.6 percent in the first year and 3.4 percent per year over the term of the contract. (The Bureau's measures of wage rate changes under collective bargaining settlements exclude potential changes under cost-of-living clauses (COLA's) and lump-sum payments.) Nearly 400 settlements were negotiated in private industry in 1992, covering 29 percent (1.6 million) of the 5.5 million workers under all major collective bargaining contracts. Four-fifths of the workers getting pacts worked in the nonmanufacturing sector, primarily in the construction, communications, food store, and health services industries.

Table 1. **Selected major economic indicators, 1983–92**

Measure[1]	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Percent change in										
Gross domestic product	3.9	6.2	3.2	2.9	3.1	3.9	2.5	0.8	–1.2	2.1
Consumer Price Index— for all urban consumers	3.2	4.3	3.6	1.9	3.6	4.1	4.8	5.4	4.2	3.0
Employment Cost Index[2]	5.7	5.2	4.3	3.6	3.6	4.9	5.0	4.9	4.3	3.5
Labor productivity[3]	2.4	2.1	.8	1.9	.8	.9	–1.0	0	.5	2.8
Unit labor costs[3]	1.5	1.9	3.3	2.9	2.6	3.2	4.3	5.4	4.6	0.9
Unemployment rate	9.6	7.5	7.2	7.0	6.2	5.5	5.3	5.5	6.7	7.4
Major collective bargaining agreements, private industry[4]										
Wage rate changes:										
Settlements[5]	2.8	2.4	2.7	1.8	2.1	2.4	3.4	3.2	3.2	3.0
All contracts[6]	4.0	3.7	3.3	2.3	3.1	2.6	3.2	3.5	3.6	3.1

[1]Data are annual averages unless indicated.

[2]Data are December-to-December changes.

[3]Data are for the nonfarm business sector.

[4]Limited to collective bargaining agreements of 1,000 workers or more.

[5]Percent change, including net increases, decreases and zero change, under settlements reached in the year, and annualized over the contract life.

[6]Percent change, including net increases, decreases and zero change, in wages stemming from current settlements reached in the year, settlements reached in a prior year, and cost-of-living adjustment provisions.

Average wage changes were lower in settlements reached in 1992 than in the replaced contracts primarily because their specified wage increases were smaller, on average, than those in the previous contracts. Eighty-two percent of the workers under settlements in 1992 were scheduled to receive wage increases in the first contract year, averaging 3.6 percent. The last time the same parties bargained, 85 percent of the workers had wage increases in the first contract year, averaging 4.4 percent. During the term of their contracts, 92 percent of the workers under settlements in 1992 will receive wage rate gains, averaging 3.3 percent. Under the replaced agreements, 94 percent of the workers had specified wage increases, averaging 3.6 percent annually over the contract life.

Back-loaded contracts

One way to hold down labor costs under multi-year agreements is to delay all or most of a wage rate increase until after the first contract year. Such "back-loaded" contracts were rare before 1983, but in that year and again in 1985 and 1986, settlements, on average, were back-loaded. Back-loading was prominent again in 1992, with 41 percent of workers under back-loaded settlements. Thirty-five percent of the workers were under front-loaded settlements, while the remaining 24 percent of the workers had either 1-year contracts or multi-year pacts with the same rate of wage change in the first year and annually over the contract term.

Wage changes in back-loaded settlements averaged an increase of 1.3 percent for the first contract year and 2.8 percent annually over the life of the contract. Industries in which back-loaded contracts covered the plurality of workers included construction, transportation equipment manufacturing, railroads, airlines, public utilities, food stores, and health services.

Settlements that were front-loaded called for changes in wage rates averaging a 4.4-percent increase in the first year and a 3.4-percent increase annually over the contract term. Industries in which front-loaded contracts covered the majority of workers included communications, chemicals, lumber, and food and kindred products.

Lump-sum payments

The inclusion of lump-sum payment provisions in contracts in lieu of all or part of a wage rate increase is another practice often used to restrain labor cost increases. Lump-sum payments slow the rise in labor costs because they generally are not incorporated into the wage structure, and they are frequently excluded in the computation of wage-related benefits. (While lump-sum payments are excluded from measures of changes in wage rates, they are included in measures of compensation cost changes discussed later.) About one-third (514,000) of workers under settlements in 1992 had a provision for cash lump-sum payments in their contract. They were primarily in the communications, health care services, and

transportation industries. Twenty-four settlements for 107,900 workers added lump-sum payment provisions and 49 contracts for 206,200 workers deleted them. By the close of the year, lump-sum provisions covered 36 percent of the 5.5 million workers under all major contracts in private industry.

Because lump-sum provisions may generate payments in addition to wages, contracts containing them typically specify smaller wage rate changes than contracts without them. (See chart 2.) In 1992, however, settlements with lump-sum provisions provided nearly the same average annual change in wages over the contract term (2.9 percent) as contracts without such provisions (3.0 percent). As the following tabulation on annual wage changes over the contract term suggests, some tradeoffs may have occurred between guaranteed wage increases and lump-sum provisions. Settlements in 1992 that dropped lump-sum provisions called for wage changes specifying higher increases, on average, than were specified in the contracts they replaced. However, settlements that did not change the lump-sum status or that added the provision specified wage changes that were lower, on average, than in replaced contracts.

	Percent wage rate change in:	
	Settlements in 1992	*Replaced settlements*
All settlements	3.0	3.4
Settlements with lump sums—		
Discontinued in 1992	3.5	1.8
In Neither contract	2.8	3.8
In Both contracts	2.7	3.1
Added in 1992	2.9	3.5

COLA clauses

COLA clauses call for changes in wages based on a formula typically tied to changes in the Consumer Price Index (CPI). In 1992, nearly one-fifth of the workers were under settlements with COLA provisions, the lowest proportion since such data were first compiled in 1971. These workers were mostly in the communications and transportation equipment manufacturing industries. Three settlements for 4,200 workers added COLA clauses and 13 settlements for 73,300 workers discontinued them. With these changes, 28 percent of all workers under private industry collective bargaining contracts were covered by COLA's by

Chart 1. **Average annual changes in wage rates over the life of the contract in current and replaced private industry collective bargaining settlements covering 1,000 workers or more, 1982-92**

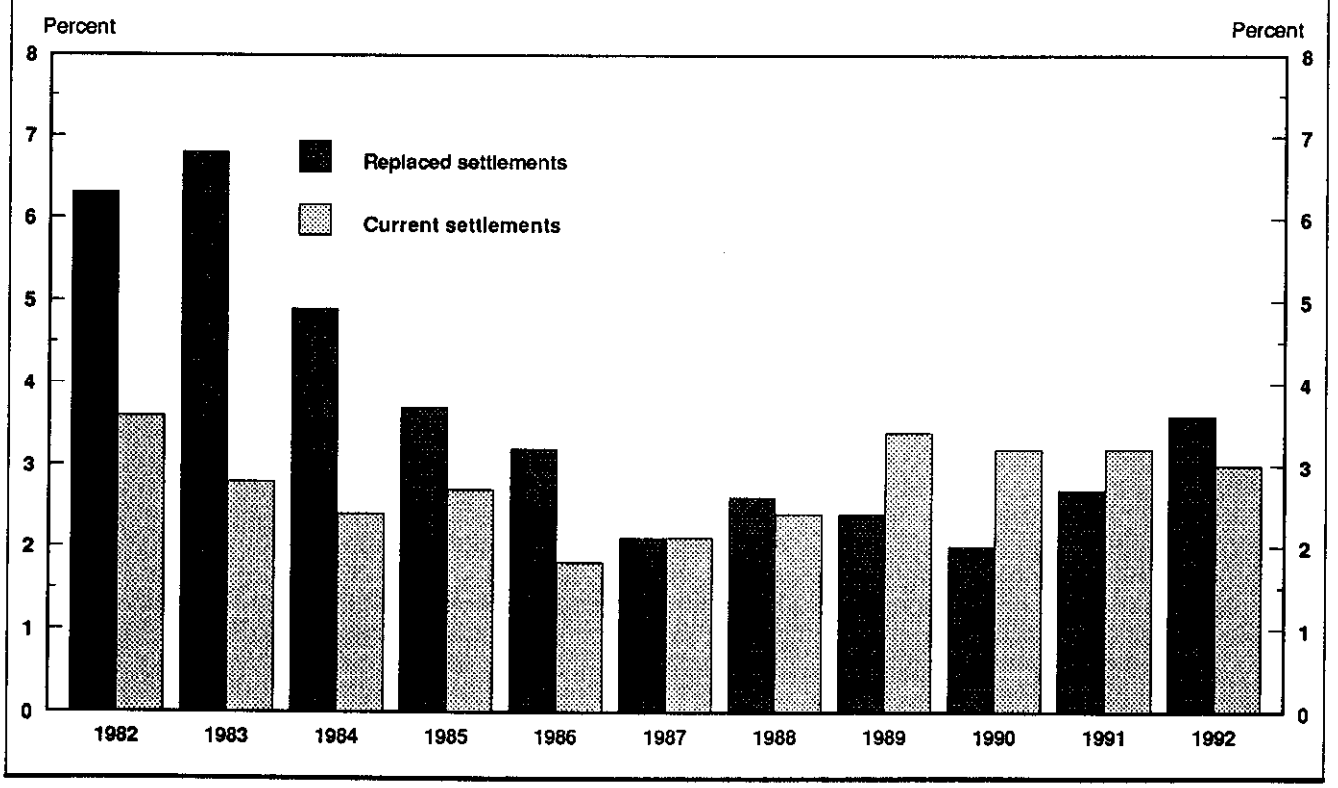


Table 2. **Average (mean) changes in wage and compensation rates under collective bargaining settlements covering 1,000 workers or more, 1992**

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 workers or more				
Wage changes—all industries	2.7	3.0	1,608	394
With COLA clauses	2.7	2.5	292	49
Without COLA clauses	2.7	3.1	1,316	345
With lump sums	2.8	2.9	514	78
Without lump sums	2.6	3.0	1,094	316
With both lump sums and COLA	2.7	2.5	233	27
With either lump sums, COLA, or both	2.8	2.9	574	100
With lump sums, but no COLA	3.0	3.3	282	51
With COLA, but no lump sums	2.8	2.6	60	22
With neither lump sums nor COLA	2.6	3.0	1,035	294
Manufacturing	2.6	2.6	318	116
With COLA clauses	1.6	1.9	131	36
Without COLA clauses	3.4	3.2	187	80
With lump sums	1.7	2.0	131	35
Without lump sums	3.3	3.1	187	81
With both lump sums and COLA	1.3	1.9	104	22
With either lump sums, COLA, or both	1.9	2.0	158	49
With lump sums, but no COLA	3.3	2.7	27	13
With COLA, but no lump sums	2.6	2.1	27	14
With neither lump sums nor COLA	3.4	3.2	160	67
Nonmanufacturing	2.7	3.0	1,290	278
With COLA clauses	3.6	3.0	161	13
Without COLA clauses	2.6	3.0	1,129	265
With lump sums	3.2	3.3	383	43
Without lump sums	2.5	3.0	908	235
With both lump sums and COLA	3.8	3.0	128	5
With either lump sums, COLA or both	3.2	3.2	415	51
With lump sums but no COLA	3.0	3.4	254	38
With COLA, but no lump sums	2.9	3.0	33	8
With neither lump sums nor COLA	2.5	3.0	875	227
Construction	2.0	2.4	378	130
All industries excluding construction	2.9	3.1	1,230	264
Nonmanufacturing excluding construction	3.0	3.3	912	148
Goods producing	2.3	2.5	697	247
Service producing	3.0	3.3	911	147
Settlements covering 5,000 workers or more				
Wage changes—all industries	2.7	3.1	919	60
Compensation changes—all industries	3.0	3.1	919	60
With COLA clauses	4.1	3.0	213	10
Without COLA clauses	2.7	3.2	706	50
With lump sums	3.8	3.2	376	18
Without lump sums	2.5	3.1	544	42
With either lump sums, COLA, or both	3.8	3.2	401	21
With neither lump sums nor COLA	2.4	3.1	519	39
Manufacturing	2.7	3.0	118	7
Nonmanufacturing	3.1	3.2	801	53
Construction	2.1	2.7	136	14
All industries excluding construction	3.2	3.2	784	46
Nonmanufacturing excluding construction	3.3	3.3	666	39
Goods producing	2.4	2.8	254	21
Service producing	3.3	3.3	666	39

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

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

NOTE: Average (mean) changes include net increases, 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.

the end of 1992, down from 30 percent at the end of 1991. COLA coverage was about 60 percent from the second half of the 1970's to 1983, then dropped steadily to the 40-percent level by 1987, where it remained until 1991.

Settlements that contain COLA provisions tend to guarantee lower wage rate changes than those without a COLA mechanism because the COLA clause may generate additional wage increases over the contract term. (At the time of the settlement, any potential payments, which depend on changes in the Consumer Price Index, are unknown and thus cannot be included in the wage change measures.) Following a pattern that has existed since 1971, when the comparison was first made, settlements in 1992 containing a COLA clause provided lower average annual wage changes over the contract term (2.5 percent) than those without COLA clauses (3.1 percent).

For all settlements in 1992, the presence of either lump-sum payments or COLA provisions made only a slight difference in the size of the guaranteed wage change over the contract term. Thirty-six percent of the workers in settlements in 1992 had either a lump-sum provision or a COLA clause, or both. Their settlements called for wage changes averaging an increase of 2.9 percent, compared with 3.0 percent in contracts with neither provision.

Manufacturing, nonmanufacturing

In manufacturing settlements, wage rate changes averaged an increase of 2.6 percent annually over the contract life. The comparable measure in nonmanufacturing settlements was 3.0 percent.

Historically, lump-sum and COLA provisions have been negotiated for a higher proportion of manufacturing workers than for nonmanufacturing workers and this was the case again in 1992. One- half of the workers in manufacturing settlements, compared with about one-third of those under nonmanufacturing settlements, had either a lump-sum payment provision or a COLA clause, or both. For such workers in manufacturing, wage changes over the life of the contract averaged an increase of 2.0 percent per year, compared with 3.2 percent for workers under settlements with neither provision. In nonmanufacturing, contrary to what might be expected, pacts with either lump-sum or COLA provisions, or both, specified wage changes that were somewhat higher (3.2 percent) than those in contracts without either provision (3.0 percent).

Compensation changes in settlements

In addition to changes in wages, and sometimes at the expense of wage improvements, settlements often amend workers' benefit packages. Thus, a comparison between settlements in 1992 and their previous contracts based on changes in total compensation provides a more comprehensive analysis of the dif-

Table 3. **Average (mean) changes in the cost of compensation and components annualized over the life of the contract in collective bargaining settlements covering 5,000 workers or more, 1992**

[In percent]

Measure	Compensation	Cash payments[1]	Wages	Benefits	Number of workers (thousands)
All industries	2.1	1.9	1.9	2.6	919
With contingent pay provisions[2]	2.1	2.0	2.0	2.3	311
Without contingent pay provisions[2]	2.2	1.9	1.9	2.7	608
Manufacturing	2.1	1.5	1.7	3.4	118
Nonmanufacturing	2.1	2.0	1.9	2.5	801
Goods producing	1.9	1.5	1.6	2.8	254
Service producing	2.2	2.1	2.0	2.5	666

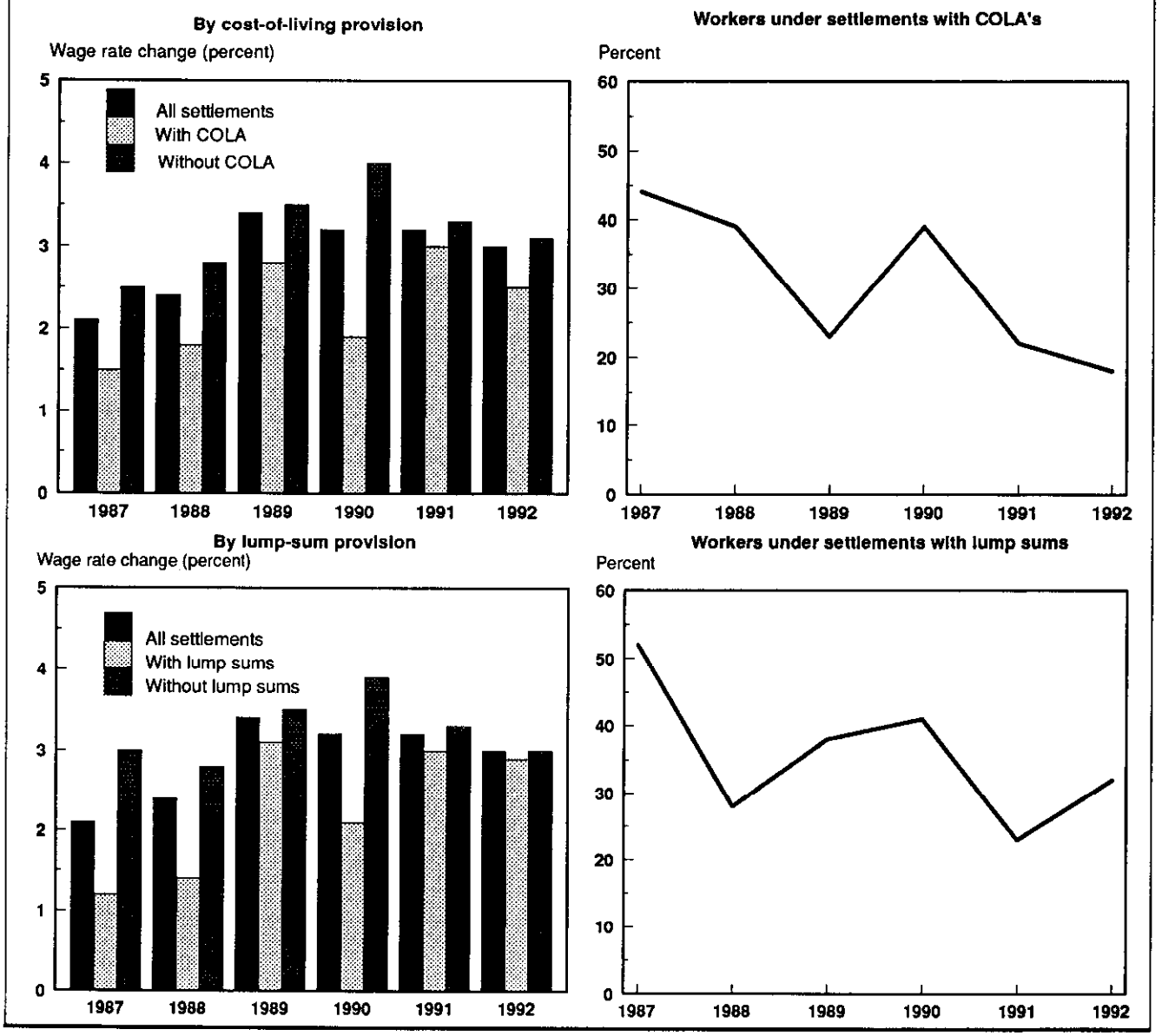
[1] Cash payments include wages and lump-sum payments.

[2] Contingent pay provisions include COLA clauses or contingent lump- sum payment clauses, or both. Data exclude potential changes from contingent pay provisions.

NOTE: Average (mean) changes include net increases, decreases, and zero change under settlements reached in 1992 expressed as an average annual rate over the life of the contract. Excludes potential changes from contingent pay provisions.

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

Chart 2. **Average annual change in wage rates over the life of contracts in private industry settlements covering 1,000 workers or more, 1987–92**



ference than a comparison based on changes in wages alone. The average change in compensation rates, which combines both wage and benefit modifications in major collective bargaining settlements covering 5,000 or more workers, was an increase of 3.1 percent annually over the contract term for agreements negotiated in 1992. The last time the same parties bargained, the settlements specified higher changes in compensation rates, 3.7 percent. Fifty-seven percent of the workers under settlements in 1992 were in bargaining units of at least 5,000 workers.

The measure of change in compensation rates covers the ongoing wage and benefit rate structure, but excludes lump-sum payments, which are not part of the ongoing rate. A second measure compiled for settlements with at least 5,000 workers, the change in compensation costs, includes lump-sum payments and also takes into account the length of time for which changes in wages and benefits are in effect during the contract. The average annual change in compensation costs over the contract life was lower in settlements in 1992 (2.1 percent) than in the agreements they replaced (3.2 percent).

Under settlements covering 5,000 or more

workers reached in 1992, the annual change in costs over the life of the contract averaged 1.9 percent for both cash payments (wages and lump sums) and wages alone, and 2.6 percent for benefits. This continues the trend in recent years for the cost of benefits to be increased proportionately more than wages. As indicated in the following tabulation, annual changes in benefit costs exceeded changes in wage costs in 4 of the 5 years for which the data have been compiled.

	Percent change in costs for:			
	Total compensation	*Total cash payments*	*Wages only*	*Benefits*
1988	1.7	1.5	1.6	2.1
1989	2.8	2.9	2.9	2.9
1990	2.4	2.2	2.1	2.8
1991	2.4	2.3	2.1	2.5
1992	2.1	1.9	1.9	2.6

Higher benefit than wage increases were also recorded during these years in the Bureau's Employment Cost Index, which covers all establishments regardless of their size or union status. In 1992, the Employment Cost Index for private industry workers reported increases of 5.2 percent for benefits and 2.6 percent for wages.

It is possible that the cost of the compensation package will rise further for some workers. In addition to specified wages, lump-sums, and benefits, about one-third of the workers under settlements for 5,000 or more workers in 1992 had provisions for contingent payments. (See table 3.) Examples of such provisions are COLA clauses and profit sharing plans. Payments under these provisions depend on future occurrences that are unknown at the time of the settlement, such as changes in the CPI or the level of a company's profits; they are not included in measures of specified cost changes. In settlements with contingent pay provisions, cost changes averaged an increase of 2.1 percent, compared with 2.2 percent in those without such provisions.

Specific industry negotiations

Annual wage rate changes over the contract term ranged from 0 to 4.4 percent among the various industries with settlements in 1992. (See table 4.) The differences in wage changes often reflected the specific conditions and problems facing negotiators, and trade-offs between wages and benefits. Highlights of the settlement terms for the industries and bargaining units affecting the largest number of workers follow.[2]

Construction. Construction workers accounted for nearly one-fourth (378,000) of all workers under major settlements in 1992. The 130 construction settlements provided wage changes averaging increases of 2.0 percent in the first year and 2.4 percent annually over the contract life, marking the second consecutive year in which wage changes in construction settlements were lower than those in all other industries combined. Bargaining in construction in 1992 also resulted in lower average changes in wage rates than the percent agreed to the last time the same parties met for contract talks, which was generally in 1989. With demand for construction remaining weak in most markets, the 1992 unemployment rate for private wage and salary workers in the industry (16.7 percent) was the highest since 1983.

Settlements in each of the three major construction sectors stipulated lower wage rate changes under 1992 settlements, compared with replaced agreements. Special trade settlements negotiated in 1992 provided average wage changes over the contract life of 2.8 percent per year, compared with 3.1 percent when the parties previously bargained. For building construction, average wage changes were 2.3 percent in 1992 and 3.0 percent for the previous bargaining period, and for heavy construction the measures were 2.2 percent and 2.7 percent. Average contract duration was noticeably shorter (29 months) in heavy construction settlements reached in 1992 than in the previous pacts (35 months). Duration was little changed, however, between the two sets of negotiations in the general building and special trades sectors.

Generally, because of differences in local conditions, regional variations exist in the size of wage rate changes provided by construction settlements, and this was true again in 1992. The average gain was highest in settlements in the West North Central region (3.2 percent), followed by interregional agreements—those that spanned more than one region (3.0 percent).[3] Bargaining was concentrated in the Pacific and East North Central regions, which together accounted for 55 percent of workers covered by construction settlements. The following tabulation presents average annual changes in wage rates for construction settlements by region:

	Percent wage change	Percent of workers
All construction settlements	2.4	100
West North Central	3.2	10
Interregional	3.0	10
Middle Atlantic	2.9	12
Pacific	2.4	32
Mountain	2.2	3
New England	2.2	2
East North Central	2.0	23
South Central	1.7	3
South Atlantic	1.3	5

Communications. Settlements in the communications industry in 1992 covered about 359,000 workers, a little more than one-fifth of all workers under settlements during the year. Communications was one of the few industries in which settlements in 1992 provided wage rate changes that were higher, on average, than in the agreements they replaced, 3.5 percent annually over the contract term, compared with 2.4 percent. Wage rate changes under communications settlements reached in 1992 were also higher than in all other industries combined.

Ninety-six percent of the workers covered by settlements in the communications industry were employed by AT&T and six of the seven regional telephone companies that together constituted the former Bell System. Signing contracts in 1992 in addition to AT&T were: Ameritech, Bell Atlantic, Bellsouth Corporation, Pacific Telesis, Southwestern Bell, and U.S. West Communications. The workers were represented by either the Communications Workers of America or the International Brotherhood of Electrical Workers. NYNEX led the bargaining round when it signed new pacts in 1991 with the Communication Workers and the Electrical Workers 11 months ahead of the 1992 scheduled contract expirations. While some of the contracts expiring in 1992 were extended several times before new agreements were reached, this third round of negotiations since the court-ordered break-up of the Bell System in 1984, differed markedly from the particularly contentious bargaining in 1989. In that round, settlements for four of the seven regional telephone companies were preceded by work stoppages. None of the settlements in 1992 involved a work stoppage.

With technological changes and competitive pressures continuing to threaten unionized jobs, job security was a primary focus of the 1992 negotiations. While differing from one company contract to another, nearly all of the settlements contained new or enhanced mechanisms to address this issue. Job security improvements included provisions for shifting work done by outside contractors to the bargaining unit, broader transfer opportunities for surplus employees, and expanding the jobs covered by the contract. For workers forced off the payrolls, there were improved rehire rights, expanded early retirement and termination benefits, and increased help with retraining. Several contracts also contained company pledges of neutrality in the union's organizing efforts among non-unionized components of the firm. All of the contracts also included improvements in wages and retained fully employer-paid health insurance. A majority of the workers in the regional telephone companies were covered by contingent lump-sum payment provisions. The AT&T contract called for two specified lump-sum stock payments under a new "Shares for Growth" program, which replaced the "AT&T Performance Award" plan.

Wholesale and retail trade. Settlements reached in 1992 in wholesale and retail trade covered 200,000 workers; some 165,000 of whom worked in food stores. The remainder were employed in drug stores, department stores, wholesale trade, restaurants, and automotive dealerships. The new agreements provided wage changes averaging an increase of 3.3 percent annually over the term of the contract.

Most of the workers under retail food store settlements were represented by the United Food and Commercial Workers and employed by local or regional chains. Their new pacts called for wage changes to average an increase of 3.2 percent annually over the term, compared with 3.4 percent in the rest of trade and 3.3 percent specified in the replaced contracts.

About one-fourth of the workers under food store industry settlements had guaranteed lump-sum payments; no settlements had contingent lump-sum provisions. Workers whose contracts provided lump-sum payments had smaller average annual wage changes over the term of the contract (2.1) percent than did their counterparts who did not receive lump-sum payments (3.6 percent.) During 1992, lump- sum payments were newly negotiated in two food store settlements for 7,500 workers and dropped in six agreements affecting 56,800 workers, bringing the proportion of workers under all major contracts in the industry with lump-sum provisions to 18 percent. Coverage has been steadily declining from a high of 60 percent in 1987.

Over the years, the presence of lump-sum provisions seems to have limited the average size of wage rate changes in food store collective bargaining settlements. For example, in 1987, when two-thirds of the workers under

settlements had a lump-sum provision, annual wage changes under industry settlements averaged an increase of 1.6 percent. In that year, annual wage changes for settlements in all industries averaged an increase of 2.1 percent. In 1990, lump- sum provisions were present in food store settlements covering less than 10 percent of the workers, and the average annual rate of change in wages was an increase of 3.8 percent. The comparable measure for all settlements in 1990 was 3.2 percent.

Health services. With seven-tenths of the

Table 4. **Average (mean) changes in wage rates annualized over the life of the contract under collective bargaining settlements covering 1,000 workers or more, selected industries, 1987–92**

[In percent]

Industry	1987	1988	1989	1990	1991	1992	
						Settlements	Replaced contracts
All industries	2.1	2.4	3.4	3.2	3.2	3.0	3.4
Mining	—	(1)	(1)	4.9	(1)	(1)	(1)
Construction	3.1	2.6	3.0	4.2	2.9	2.4	2.9
Building construction	3.6	2.7	3.0	4.0	2.7	2.3	3.0
Heavy construction excluding building	2.2	2.8	2.9	4.2	3.1	2.2	2.7
Special trade contractors	3.0	2.4	3.1	4.5	3.0	2.8	3.1
Manufacturing	1.3	2.1	3.2	2.1	3.1	2.6	2.6
Food and kindred products	2.7	2.2	3.1	3.4	3.2	2.6	2.5
Tobacco products	—	(1)	(1)	—	(1)	(1)	(1)
Textile mill products	5.6	2.7	4.0	4.2	4.1	4.4	4.1
Apparel and other textile products	4.0	4.1	(1)	3.5	(1)	2.5	3.2
Lumber and wood products except furniture	(1)	2.8	(1)	(1)	(1)	3.3	1.9
Furniture and fixtures	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Paper and allied products	1.2	1.7	1.9	2.1	1.7	2.7	1.6
Printing and publishing	2.1	(1)	3.2	3.5	1.6	(1)	(1)
Chemicals and allied products	1.9	2.7	3.5	4.0	4.1	3.7	3.9
Petroleum and coal products	(1)	2.5	(1)	5.0	—	—	—
Rubber and miscellaneous plastics products	–.7	1.3	(1)	(1)	.9	(1)	(1)
Leather and leather product	(1)	(1)	—	(1)	(1)	—	—
Stone, clay, glass, and concrete products	2.3	2.5	2.6	3.0	(1)	1.9	2.6
Primary metal industries	–.8	1.4	3.7	4.7	(1)	.8	1.2
Fabricated metal products	1.3	2.2	2.2	2.3	2.0	2.0	2.4
Industrial machinery and equipment	.3	1.2	1.7	1.3	1.2	(1)	(1)
Electronic and other electric equipment	2.1	1.8	2.8	.9	(1)	(1)	(1)
Transportation equipment	.9	.8	4.2	1.4	3.7	(1)	(1)
Instruments and related products	—	(1)	3.0	(1)	(1)	(1)	(1)
Miscellaneous manufacturing industries	(1)	3.5	(1)	—	(1)	(1)	(1)
Nonmanufacturing[2]	2.7	2.5	3.4	4.0	3.3	3.0	3.6
Railroad transportation	2.6	—	—	—	2.9	4.1	2.6
Trucking and warehousing	(1)	1.0	(1)	(1)	(1)	(1)	(1)
Airlines	3.5	.7	4.6	4.6	4.3	.9	4.4
Communications	1.5	1.8	2.4	3.0	(1)	3.5	2.4
Electric, gas, and sanitary services	3.1	2.8	3.7	4.0	4.4	3.9	4.1
Wholesale and retail trade	1.7	3.2	3.5	3.7	3.3	3.3	3.5
Food stores	1.6	2.8	3.2	3.8	3.4	3.2	3.3
Finance, insurance, and real estate	3.5	4.7	4.8	2.9	(1)	3.7	(1)
Services	4.1	4.3	6.1	5.3	4.9	3.4	8.2
Health services	2.9	4.9	7.7	5.6	7.3	3.5	8.9

[1]Data do not meet publication standards.

[2]Includes mining and construction, shown above.

NOTE: Average (mean) changes include net increases, decreases, and zero change under settlements reached in the period expressed as an average annual rate over the life of the contract. Excludes lump-sum payments and potential changes from cola clauses.

Dashes indicate no observations.

workers under major contracts in the health services industry covered by a new agreement, 1992 was a heavy bargaining year in the industry. About 127,000 workers in hospitals and other health care facilities were covered under 21 contracts negotiated in 1992. Annual wage changes over the life of the contract in health care settlements (3.5 percent) were higher, on average, than in all other industries combined (2.9 percent). The pattern of higher wage settlements in health care industries than in all other industries has existed since 1982, when such data were first tabulated.

While wage gains continued to be above average in the health services industry, settlements in 1992 provided lower wage rate gains than those previously bargained, which averaged an increase of 8.9 percent annually over the life of the agreement. Settlements affecting 50 percent of all health care workers covered by 1992 settlements included lump-sum payment provisions. None of the agreements contained COLA clauses.

The Home Health Care Council of New York agreement, ratified in January 1992, covered 20,000 home health care workers represented by local 1199 of the Drug, Hospital, and Health Care Employees Union. The 2-year agreement, which was retroactive to July 1990 and increased wages by 5 percent to $6.20 per hour, followed a 2-year agreement negotiated in 1988, which raised wages by 42 percent from $4.15 to $5.90 per hour. (The contract signed in January 1992 expired June 30, 1992. The parties continued operating under that contract throughout the remainder of the year, as they had not settled a new contract by the end of 1992.)

About 35 percent (45,000) of the workers under the industry's 1992 settlements were covered by the June agreement between the League of Voluntary Hospitals and Homes of New York (the league) and Local 1199 of the Drug, Hospital and Health Care Employees Union. The 3-year contract, which was effective July 1, provided a $500 lump-sum payment and a 3-percent wage increase in the first year, a 3-percent wage increase in the second year, and a 4-percent wage increase in the final year of the agreement. The health care plan was maintained with no employee co-payments or deductibles.

The employer contribution to the benefit fund was increased by 1.2 percentage points in the first year, and 1.8 percentage points in the second to 17.53 percent of gross payroll. Employer contributions to the pension fund were raised by 1.5 percentage points to 6.75 percent of gross payroll in the first year, and to the training fund by 0.25 percentage points to 0.75 percent of payroll in the second year. The training fund will help support a job security provision, which gives laid-off league workers preference in obtaining jobs at league hospitals. A child care fund was established, with employers contributing 0.3 percent of payroll in the third year of the agreement.

The peacefully concluded 1992 negotiations ended a 20-year series of league agreements that had been preceded by work stoppages or threats of such action. The negotiations also marked a return to pattern bargaining among former league members. In 1986, several hospitals, including the Catholic Hospitals of New York, Beth Israel Medical Center, and the Presbyterian Hospital, broke from the league and reached separate contracts with Local 1199 that included wage terms different from the league. Different terms were also negotiated in the 1989 settlements.

On the West Coast, Kaiser Permanente reached agreements at its medical facilities in Northern and Southern California. The 3-year agreement negotiated October 31 between Kaiser Permanente (Northern California) and 13,000 employees represented by Local 250 of the Hospital and Health Care Workers provided 5 percent wage increases in each year of the agreement. The new pact covers a variety of jobs ranging from nurses to housekeepers; workers in classifications in which Kaiser has had trouble recruiting new employees, such as nurses and technical staff, received an additional 2-percent wage increase. Evening and night shift differentials were increased by 25 cents per hour in the first year to a range of $1-$1.95 per hour. The contract also provided an additional $2 per hour (was $1) in lieu of benefits for technical employees working less than 20 hours per week.

In Southern California, Kaiser Permanente negotiated a 3-year agreement on June 22 with 6,000 nurses and physicians' assistants represented by the United Nurses Association of California. In the first year, nurses received a 4-percent wage increase and physicians' assistants received 4.5 percent. In the second and third years of the agreement, all covered employees will receive 2 percent each year, or whatever increase is necessary to keep wage rates 4 percent above the average rate paid by 25 other area hospitals.

Electric, gas, and sanitary services. Approximately 97,000 workers were covered by 34 contracts reached during 1992 in the electric, gas, and sanitary services industry. Major settlements included the pact between Consol-

idated Edison Company of New York and the Utility Workers of America, and the Commonwealth Edison of Illinois and Florida Power and Light contracts with the Electrical Workers.

Bargaining in the industry is at the local level and settlement terms vary with the parties involved. All of the settlements provided wage increases in the first contract year, with the gains ranging from 1.9 percent to 7.6 percent. The range of the annual wage changes over the contract terms was much narrower, 2.1 percent to 4.7 percent. Overall, settlements in the industry provided wage changes averaging 4.1 percent in the first contract year and 3.9 percent annually over the life of the contracts, nearly the same as the replaced contracts.

Continuing a pattern exhibited since the data were first tabulated in 1982, wage settlements in the electric, gas, and sanitary services industry were higher, on average, than those in all other industries combined. As in the past, the utility settlements also tended to forgo provisions for lump-sum payments or COLA's. Only 14 percent of the workers under 1992 settlements were covered by contracts with either of these clauses.

The Boeing Company. Amid continuing cuts in spending and employment in the aerospace industry, Boeing concluded two settlements during 1992. In early October, Boeing and the International Association of Machinists reached an agreement for 46,000 workers in Washington, Oregon, and Kansas. An identical agreement was negotiated in mid-October with the United Automobile Workers for 2,900 workers in Pennsylvania.

The 3-year contracts called for a lump-sum payment for the first year of the contract equal to 12 percent of the employee's earnings during the previous contract year, and wage increases of 3.5 percent in the second and third contract years. A two-tiered wage system was established, with lower rates for new-hires in the six lowest job levels. Wage rates for new hires in the four highest classifications were increased. The COLA clause was continued unchanged from the previous contracts, and 30 cents was prepaid in October 1992, to be offset by COLA amounts generated by the subsequent quarterly reviews.

Benefit improvements included increased life insurance and higher payments for accidental death and dismemberment, and disability. Pensions were increased from $30 to $35 per month for each year of credited service. Peaceful negotiations were threatened when Boeing sought to have workers begin paying part of their health care insurance. A confrontation was avoided when Boeing agreed to continue to fully finance employee health insurance.

Wage changes in all contracts

The average change in wage rates from all major contracts (those covering at least 1,000 workers) in effect during 1992 was an increase of 3.1 percent, compared with 3.6 percent in 1991. Prior to 1992, the average change in wages had risen for three consecutive years. In any year, collective bargaining contracts can generate wage changes from one or more sources: settlements negotiated in the year, settlements reached in prior years, and the operation of COLA clauses. Whether the wage change is an increase or a decrease, the size of the change, and the number of workers receiving the changes all affect the average change.

The moderation in 1992 in the average wage change under all contracts reflects several of these factors, and a comparison with 1991 measures can help illustrate their effects. The relatively modest first year increases provided by settlements negotiated in 1992 and the high percentage of workers not receiving an increase in the first year of their contract held the contribution to the average wage rate change from settlements in 1992 to 0.8 percent. In 1991, the comparable measure was 1.1 percent, reflecting higher average first year changes provided by 1991 settlements and a larger proportion of workers receiving changes.

In 1992, the contribution from settlements reached in earlier years was 1.9 percent, the same as in 1991. In both years, about the same percentage of workers under all major contracts received deferred wage increases and the average increases were nearly the same size. Wage changes from COLA's contributed 0.4 percent in 1992, down from 0.5 percent in 1991. While the average wage increase generated by COLA clauses was the same in 1992 as in 1991, the proportion of workers receiving a COLA was considerably smaller in 1992.

Overall in 1992, 85 percent of the 5.5 million workers under all major contracts received a wage rate increase, averaging 3.7 percent. Nearly 1.3 million workers had gains averaging 3.6 percent from settlements negotiated in 1992, and 2.8 million workers received increases averaging 3.8 percent from settlements reached earlier. About 1 million workers received an average increase of 2.0 percent from COLA's. (Some workers received a change from more than one source.)

About 782,000 workers were covered by contracts that did not change wages in 1992, and 72,000 were under contracts that called for wage rate decreases. The decreases averaged 5.3 percent and resulted primarily from settlements during the year.

WAGE RATE CHANGES under settlements in 1992, were lower, on average, than those in agreements they replaced, reversing a pattern of higher new pacts that existed between 1989 and 1991. In addition, the greater part of the wage increases under many settlements were delayed beyond the first contract year. Contracts for approximately 2 million workers are scheduled to be renegotiated in 1993. Whether they will continue the moderation of 1992 remains to be seen. □

Footnotes

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[1] This article uses annual average data from the Consumer Price Index for all Urban Consumers (CPI-U). Another way to measure price change is the December-to-December change discussed in Richard C. Bahr, "Consumer price rise slows further in 1992," pp. 53-56.

[2] For more detailed terms of 1992 settlements, see various issues of *Compensation and Working Conditions*, a monthly publication of the Bureau of Labor Statistics; and Susan Behrmann, Michael H. Cimini, and Eric Johnson, "Labor-management bargaining in 1992," *Monthly Labor Review*, January 1993, pp. 19-34.

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