

LABOR

Grocery union fought for unity

A newly approved contract reverses a two-tier pay system that had divided workers and hurt morale.

By Jerry Hirsch, Times Staff Writer
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The new labor agreement for Southern California grocery workers approved over the weekend contains a cautionary message for employers: Two-tier pay scales are trouble.

Although that approach may slash labor expenses, it also can divide a workforce into groups of haves and have-nots, labor experts say, and it doesn't always turn out to be the cost-saver companies expect.

Union officials said Monday that 87% of Southern California grocery workers who voted approved a new contract that tossed out a controversial two-tier pay scale that was included in the last contract.

"This is partially an admission that two-tier systems don't work," said Ken Jacobs, chairman of the UC Berkeley Center for Labor Research and Education.

The new pact gave United Food and Commercial Workers union members working at Vons, Ralphs and Albertsons their first raises in five years, greatly improved healthcare benefits for the majority of the workers and put everyone on the same pay scale.

Supermarket executives said the new health benefits might come to serve as a model for the industry.

"Hopefully this will encourage people to join our profession in what is now a middle-class job again," said Chris Zazueta, a longtime Ralphs employee and frequent union spokesman.

The new agreement reverses a system established after a 141-day strike and lockout almost four years ago that paid new workers lower wages and benefits than veteran employees at the big supermarket chains in the region.

About 33,000 of the 65,000 workers at 785 Albertsons, Ralphs and Vons stores from San Diego to Bakersfield fell into this lower-paid tier.

Almost from the day the last contract kicked in, the two-tier system irritated workers and frustrated mid-level managers in the stores. It was a priority for union leaders to end the system with the new contract.

Although such a system looks like a great way to cut expenses without slashing into the benefits and pay of existing workers, the typical result is labor disharmony, Jacobs said.

New employees resent getting paid less for doing the same tasks as the veterans, he said, and veteran workers get irritated at the constant turnover in the ranks of the new employees and the stress of working with untrained workers.

Jacobs studied UFCW enrollment data and found that under the two-tier contract turnover rates for workers on the jobs for less than a year soared to 52% from 29%. Overall turnover jumped to 32% from 19%, he said.

"It was a case of be careful what you wish for," said Greg Conger, president of UFCW Local 324 in Buena Park.

In the last round of negotiations, Albertsons, Ralphs and Vons won a contract without wage increases for workers and reduced health benefits "and then they got massive turnover and a huge morale problem," Conger said.

During the seven months of talks that led to the ratification of the new agreement Sunday, the chains downplayed the turnover issue, saying that the rates were in line with what they experienced in other markets.

On Monday the employers said the new contract wasn't a statement on the merits of two-tier pay systems but rather an example of what could be negotiated to the benefit of companies and workers when both sides commit to settling differences at the bargaining table.

"This contract is the result of a lot of hard work and proof that if you sit down and negotiate you can reach an agreement that is good for all involved," said Kevin Herglotz, senior vice president of Vons and Pavilions owner Safeway Inc.

He said the employers were able to offer wage increases and improve health benefits because the union agreed to significant initiatives that will help the companies control expenses.

For example, the former second-tier workers and all new employees will pay weekly health insurance premiums of \$7 to \$15, based on their dependents, even when they graduate after 5 1/2 years of service to the top health insurance program. Workers hired before the strike will continue to get the insurance without making premium payments.

Additionally, the new contract provides no-cost or reduced-cost weight management, smoking cessation and other health programs. Herglotz said creating a healthier workforce would help reduce the growth in healthcare spending.

The agreement pays 100% of the coverage for preventive care such as physicals, mammograms and well-child care and reduces prescription payments for maintenance drugs for chronic conditions such as diabetes and asthma.

"There is a huge focus on prevention and wellness that should help reduce the growth in expenses," Herglotz said.

The new contract also provides for a health reimbursement account.

Each year, the employers will set aside \$500 per individual and \$1,000 per family in an account that can be used to pay for doctor visits, lab tests, chiropractic visits, X-rays and prescription co-payments. Any unused credit at the end of the year will roll over to succeeding years.

Herglotz said the employers believed the accounts would make employees more savvy on health issues, leading to lower costs.

UFCW officials also are hoping that these initiatives help limit the growth in healthcare expenses for their workers. Similar ideas are already on the table in grocery contract talks in Seattle and are expected to be in the proposals when negotiations start in Central and Northern California this year.

Other contract provisions include across-the-board wage hikes that are retroactive to March 5 and take effect immediately.

Experienced food clerks and meat cutters, for example, will receive an additional \$1.65 an hour over four years.

The pay scale for clerks will start at \$7.75 an hour for new employees and rise to \$19.40 an hour for department managers.

Under the old contract, veteran workers' wages topped out between \$12.17 and \$17.90 an hour. The second-tier employees started at \$7.55 to \$11.05 an hour, depending on the job classification. Their wages topped out at about \$1 to \$3 less per hour than those of the veteran workers.

Additionally the waiting period for health insurance was slashed to six months for the workers and their children.

New hires previously had to wait 12 to 18 months to secure insurance for themselves and 30 months for their children. Spouses had their wait time reduced from 30 to 24 months.

"This contract encourages people to stay," said Jacobs of UC Berkeley. "That's a real turnaround."

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