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UNION DIVIDE, PART 1

Labor bosses don't share workers' pain

In tough times, leaders still gain as workers lose ground

Mike Wilkinson and Ron French / The Detroit News

In the past five years, pink slips have descended upon tens of thousands of union workers in Michigan, while others have seen their health care and pension benefits gutted and wages frozen or cut.

But in many cases, labor's pain stops at the union hall door.

During the toughest economic times for organized labor in decades, union leaders are more likely to keep their jobs and get raises than the members they serve. A Detroit News analysis of U.S. Department of Labor data revealed a growing pay divide between labor bosses and the rank and file who pay their salaries with their dues.



John M. Galloway / Special to The Detroit News

Job applicants line up at Kroger, where top union pay is about \$40,000 for a butcher with most workers making far less. Meanwhile, five officials with the union that represents them get more than \$200,000.

Michigan's biggest unions represented 60,000 fewer workers in 2006 compared with 2002. While membership plummeted 14 percent, jobs at union halls remained safe, dropping less than 1 percent.

Workers who kept their jobs saw the disparity between their paychecks and those of their union bosses grow. The pay gap between the state's 50 top-paid labor leaders and union workers has grown by \$18,000 since 2002 -- an economic chasm expanding by almost \$10 a day. Records supplied to the Labor Department by the unions themselves show that the state's 50 top-paid union officials now earn an average of \$186,000. More than 1,000 labor officers and staffers in Michigan made more than \$100,000 in 2006, more than twice as much as the average union worker.

The pay disparity is taking a financial toll on many union halls across the state. Fewer workers generate less in dues, the lifeblood of a union. With dues down and union officer pay up, a greater percentage of union budgets is going to pay labor leaders. That leaves less cash for worker protection, negotiating and organizing.

The data, which doesn't include leaders of most public-sector unions, raises questions about whether labor leaders are sharing the economic struggles of their members. "It takes scarce resources from within the labor movement and starves activities that are desperately needed," said Mark Brenner, co-director of Labor Notes, a pro-labor monthly magazine that tracks union pay.

Pay gap grows within unions

Union leaders and members have long complained about the millions paid to CEOs in salaries and perks. For instance, Alan Mulally, president and CEO of Ford Motor Co., was paid more than \$28 million last year -- that's over 450 times more than the average line worker at the company. And Michigan's top corporate titans had their average pay more than double since 2001, The News reported in May.

Less known to the public -- and to many union members -- is the growing pay gap within many unions.

In 2006, the highest-paid union official in Michigan was Grosse Pointe Park's Walter "Ralph" Mabry, the former executive secretary-treasurer of the Michigan Regional Council of Carpenters. He was paid more than \$410,000 last year -- up \$26,000 from the year before. That's a 6.7 percent pay hike at a time when his union lost 5 percent of its members, records show.

"That's silly," said Peter Morici, a business professor at the University of Maryland, about Mabry's pay. "Those are the kind of things that make them (union officials) look bad."

Mabry's pay was set by the union's executive committee, comprised of about 70 voting delegates. According to a statement from the union issued Monday, the regional council has annual revenues of about \$22 million and 100 full-time employees.

"The bottom line is that the MRCC membership is well represented by a strong organization whose operations are efficiently managed by its officers and staff, who receive fair compensation for the work that they do," the statement read. It was provided by the carpenters' public relations firm.

Mabry, who could not be reached for comment, was sentenced last year to 24 months in federal prison for conspiring to receive more than \$120,000 in "extraordinary benefits" for work on his home. He stepped down the day he was sentenced. He is currently out on bond as he appeals the conviction.

Mabry isn't the only union leader in Michigan who rakes in a big paycheck. Consider:

- Five officers from Michigan locals of the United Food and Commercial Workers, the union that represents grocery workers at Meijer, Kroger and Farmer Jack, were paid more than \$200,000 last year. Top union pay at local grocery stores reaches about \$40,000 for a butcher, with most cashiers, baggers and stockers making far less.
- Luigi Battaglieri is the executive director of the Michigan Education Association, the union that represents more than 150,000 teachers and other education professionals in the state. Last year, Battaglieri was paid \$334,174, including a lump sum for unused vacation and sick time he cashed in after he resigned as president to become executive director.

The teacher union's executive director pulled in nearly double the pay of Michael Flanagan, Michigan's state superintendent for public instruction. Flanagan took a 5 percent pay cut in 2005.

Battaglieri declined to comment for this story, but an MEA spokeswoman defended the pay of the union's top leadership, saying it is necessary to attract qualified professionals.

- Willie Hampton, head of Local 79 of the Service Employees union in Detroit, saw his pay jump 25 percent from 2002 to 2006, reaching \$155,874. During that same time, his union has lost 30 percent of its membership. Hampton did not return calls seeking comment.

Alex Shulman, the local's chief of staff, said Hampton's salary, as well as other staff members, was set by the executive board and then approved by the members. In most unions, workers ultimately approve the pay of their leaders.

Roles changed over time

Labor leaders have come a long way since Samuel Gompers took a pay cut from his cigar-making job to help create the American Federation of Labor in the late 19th century. He helped forge the AFL into a 4-million-member powerhouse that sought to win better conditions and higher wages for workers.

Most union leaders were paid little or nothing through the 1930s, when fiery labor organizers were left-leaning activists who believed all workers should be paid the same, said Roland Zullo, a research scientist who has studied union leader pay at the University of Michigan's Institute for Labor and Industrial Relations. "Historically, these were the kind of folks who would do a lot of work for you for little money," he said.

As unions became more established, labor leaders turned their attention from organizing to collective bargaining. "Negotiating a contract requires legal and economic expertise," Zullo said. "You began to see a professionalization that you didn't have before."

For many of today's union leaders, it's been years since they last worked the assembly line or taught in a classroom. And some are lawyers and accountants.

As union leadership became more of a white-collar job, some leaders began to collect management-level pay.

The exact size of those paychecks is sometimes difficult to determine. Many union officials get paid from one source, such as their local or the international union office. But some get paid by from multiple sources -- a local, an area council, the international office, even another union.

For instance, Teamsters Local 337 in Detroit paid President Larry Brennan a \$101,000 salary in 2006. But he also received \$18,000 from Teamsters Joint Council 43 and another \$50,000 for being an international representative of the union, for a total salary of \$169,000.

Then there was the \$12,000 in allowances, \$15,000 in business expenses and another \$4,400 in "other" compensation. All told, the Teamsters paid Brennan \$200,701 in 2006.

Brennan did not return calls seeking comment.

Such salaries, while dwarfing those of the rank and file, have seldom raised eyebrows. As long as membership and benefits were growing, it seemed no one complained, Zullo said.

But with Michigan enduring a brutal economic restructuring, labor boss salaries are under increasing scrutiny. Today, unions have seen their ranks dwindle to the lowest levels since World

War II. Once one of the best-paying states in the country, Michigan has dropped to the middle of the pack, a fall that has run parallel to the drop in union membership.

"They're really up against it. They're in a situation where there are no easy answers," said Lowell Turner, a labor expert at Cornell University in New York.

With reduced membership and dues, Turner says union expenses should come down -- including leaders' pay. "If your members are taking a 10 percent pay cut, the leaders should be taking a 10 percent pay cut," Turner said.

It doesn't always happen that way.

The members of Madison Heights-based Local 876 of the United Food and Commercial Workers had a difficult choice in 2005. With Farmer Jack trying to survive in the cut-throat grocery business, members were asked to accept benefit cuts. The union agreed to a 10 percent pay cut.

After workers approved the pay cut, Victoria Collins, then-president of the local, tried to console members. "We know this contract was a tough sacrifice for many of you and commend all of you for an agreement that protects your co-workers and their families," she said at the time.

That year, while 10 percent of workers lost their jobs and the rest took the pay cut, Collins' pay as president of the Madison Heights-based local jumped 29 percent to nearly \$170,000. Her \$38,000 raise was itself more than the annual salary of most Local 876 workers.

"I voted for the pay cut (in 2005) because I wanted to keep my job," said Diane Burt, 52, who worked at the Farmer Jack in Wixom for 27 years. "If we voted it down, they might have shut us down right then."

Within months of the pay cut, workers received letters from their union notifying them that union officials had "voted themselves raises," Burt said. "We were pretty upset they were using our dues to feather their own nests."

Following the recent sale of Metro Detroit Farmer Jack grocery stores, many Local 876 members face uncertain futures. Some found lower-paying jobs at Kroger or Busch's. Burt is unemployed.

"They (UFCW leaders) were in it for themselves," Burt said. "They pushed us aside when it was over."

Collins moved to the UFCW headquarters in Washington, D.C., where she was paid \$205,754 in total compensation in 2006, according to reports filed by the union. She left the UFCW recently and officials there were uncertain where she now works. Attempts by The News to contact her were unsuccessful.

Expert suggests salary cap

The University of Maryland's Morici believes most top union officials are working hard for organized labor, not themselves. He pointed to John Sweeney, head of the AFL-CIO, the labor umbrella organization which has nearly 10 million members. His total compensation topped \$291,000 last year, including a salary of nearly \$250,000. A CEO with similar responsibilities would typically make several times that amount.

"You can say what you want about these people, but they're not greedy," he said.

Then, he suggested a caveat for organized labor: "Nobody should make more than John Sweeney."

Nationwide, more than 100 others did. In Michigan, only Mabry and Battaglieri reached Sweeney's pay grade. But more than four dozen make more than \$150,000, including three Teamsters, eight from the UFCW, 12 from the UAW, and 18 from the MEA, the state's largest teacher union.

Labor Notes' Brenner recently suggested a \$100,000 salary cap for union officials, saying unions could save millions of dollars that could be better spent on organizing.

"It's an enormous missed opportunity," he said. But any discussion of saving money by trimming dues-funded salaries, Brenner said, is a nonstarter.

In Michigan, unions spent \$4.3 million on salaries over \$100,000 in 2005, the last year for which records are complete. The UAW spent \$1.8 million above it; the Michigan Education Association nearly \$1.1 million.

Karen Schulz, an MEA spokeswoman, questioned whether an "artificial cap" would cause labor organizations to lose talented staff members. "I don't think that would go over very big with folks," she said.

Last year, 123 MEA staff and officers had salaries that exceeded \$100,000.

Several retiring MEA employees also saw their annual pay pumped up by cashing in on unused vacation and sick time.

"MEA officers and staff know that they're well paid and we work hard to give our members their money's worth," Schulz said.

There's some good news, too

Not all the labor news is bad. Union workers continue to earn more than nonunion workers. The average Michigan union worker in the private sector earned \$23.75 an hour in 2006, compared with \$21.37 for nonunion workers. And at some locals, officers and union staff have felt the wrath of the budget axe.

In Flint, UAW Local 659 has watched its resources dwindle with every shift reduction and layoff. Once home to more than 15,000 engine and metal fabricating workers, the local now has about 3,700 members -- and 800 of them make \$13 an hour, far below the UAW norm.

The cuts have been devastating for the local, which once had two active halls. With the loss of every worker, the local loses up to \$55 a month in dues.

"It's been difficult," said Walt Duvernois, president of the local.

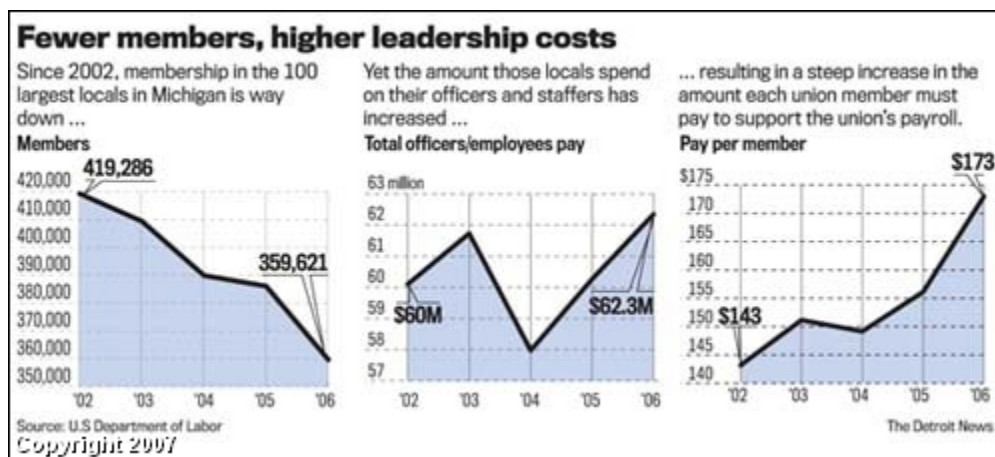
Since becoming president two years ago, Duvernois has been forced to make cuts. Pay has been cut and some office workers have been laid off.

There once were five full-time union officers, now there are two. The local is also considering the sale of one of its halls.

Despite the cuts, some continued to do well: two secretaries with Local 659 made \$101,000 and \$95,000 last year.

He lauded the women but criticized his predecessors -- calling them "greedy, really greedy" -- for granting high salaries to some union hall employees. Another secretary was laid off and a fourth took a \$20,000 pay cut last year. More cuts loom, he said.

"You never condemn a person for what they make," he said. "But you've got to be a realist. We've got to keep the hall open."



By the numbers

- ▶ **59,665:** Drop in union membership among Michigan's largest 100 locals
- ▶ **\$10:** Amount the pay gap grew per day between union workers and labor bosses since 2002
- ▶ **\$186K:** Average salary for the 50 top-paid union officials in Michigan

▶ **Willie Hampton**

**President of Detroit-based
SEIU Local 79**

Since 2002, Local 79, which represents service industry workers, has lost more than a third of its workers, with union rolls dropping by more than 6,600 workers. Meanwhile, Hampton has seen his salary rise 8 percent and his total pay climb by \$28,000, or 20 percent.

▶ **Harold 'Tom' Ingalls**

Business manager of Sheet Metal Workers Local 80 in Southfield

The Southfield-based local has lost more than a fifth of the 2,300 members it represented in 2002. Yet Ingalls has snared a salary increase of more than \$20,000 since then and his total pay, \$124,320, has risen by 33 percent.

▶ **Ralph Mabry**

**Executive secretary-treasurer
of Michigan Regional Council
of Carpenters**

Less construction work has caused the carpenters union to lose more than 15 percent of its members over the last five years. Mabry, however, saw his salary rise 17 percent to more than \$313,000 and his total compensation climb above \$410,000 last year.

About this report

The data in this report were obtained from the Labor Department. Each year, labor organizations are required to file financial reports detailing how money is spent. These reports, required since 1959, offer a wealth of information about the spending habits of America's private-sector unions. However, public-sector unions like police and fire locals are not required to file unless they represent some private-sector employees.

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