

Labor talks may tiptoe around jobs bank

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By Rebecca Cook, Reuters

General Motors chief Rick Wagoner, left, and United Auto Workers President Ron Gettelfinger shake hands at the beginning of their talks.

DETROIT — To many outside the auto industry, getting rid of the so-called jobs bank — a job-security program that continues to pay union workers almost their entire salaries even if there isn't work for them — seems like a no-brainer.

But as talks on new contracts open between the Detroit automakers and their biggest union, the United Auto Workers, it appears the jobs bank may not be a negotiating issue this time around. The automakers are focused on slashing health care costs, and the union has made it clear that job security is not something it will give up easily.

The health care issue could consume a large chunk of negotiating time and energy, leaving little of either for the also-contentious jobs bank issue.

The automakers want to pass off the responsibility for retiree health care to the union, and it will take a significant amount of discussion to determine whether the union will agree to that plan and how much it will cost the automakers.

The jobs bank also may be protected by concessions the union has given the automakers in the four years since the last contracts were signed. In the past two years, the union agreed to buyouts of more than 80,000 hourly workers at all three

automakers, depleting the number of employees in the jobs bank programs. GM's jobs bank is practically non-existent, for instance.

At ceremonies marking the opening of contract talks with Chrysler Group ([DCX](#)), Ford Motor ([F](#)) and General Motors ([GM](#)) on Friday and Monday, UAW President Ron Gettelfinger said he would not comment on whether the jobs bank is up for negotiation this summer. But he argued that the jobs bank wasn't an issue until the summer of 2005, when Steve Miller, then CEO of ailing auto supplier Delphi, began publicly criticizing it. "Miller rode into town and made an issue out of the jobs bank," Gettelfinger said. "He knew nothing about the jobs bank or its history."

As for the automakers, while they have said they are looking at all aspects of the contracts this year, retiree health care is clearly their priority.

The jobs bank was written into the UAW contracts in 1984, when GM was attempting to make factories more automated and flexible. The theory behind the bank was that the automakers would be forced to find work for idled employees. The program capped how long workers could remain in the bank and how much the automaker would contribute.

"The idea was we would help the companies be more productive, and they would find more work for our members," Gettelfinger said. "That is one portion of the agreement where we have undoubtedly kept our end of the bargain."

As the program evolved, the automakers began paying workers to take classes, perform charitable work, or show up at big conference rooms to play solitaire all day.

The automakers have complained that the jobs bank is a rock around their necks. Even as their U.S. market share has fallen — it's down to a hair over 50% compared with above 80% in the early 1980s — they haven't been able to shrink their operations to match sales. Because of the jobs bank, they have sometimes continued to pump out unprofitable vehicles to keep plants running and employees working. They have then had to sell those cars at bargain-basement prices.

Elaine Anderson, a GM retiree since 1997, spent some time in and out of the jobs bank in Flint, Mich. When people took vacations, she would fill in, changing jobs once or twice a month at times. Other times, she'd wait, idled, for another assignment.

"It was better than being on the street," says Anderson, who hopes the union can hang onto the jobs bank. "I don't want to see them cut it, because it's just another way of getting rid of people."

But it would be shortsighted of the automakers to back down on eliminating or curtailing the jobs bank, says Don Grimes, University of Michigan professor of industrial and labor relations. While costs of the program may not be as high now because of the shrunken workforce, they could soar in two to three years if market share keeps falling.

"It would be misguided if they forgot the cost of the jobs program," Grimes says.