

University of California, Berkeley
Institute of Industrial Relations (Berkeley)

PROCEEDINGS

LABOR RELATIONS IN PUBLIC EMPLOYMENT

A conference on the problems and
opportunities of public employees in
their relations with public
institutions as employers

California University.

Institute of industrial relations (Berkeley).

PROCEEDINGS

of a conference on

LABOR RELATIONS IN PUBLIC EMPLOYMENT

International house, Berkeley, April 19, 1958

presented by the

INSTITUTE OF INDUSTRIAL RELATIONS
UNIVERSITY OF CALIFORNIA
BERKELEY

and

UNIVERSITY EXTENSION
UNIVERSITY OF CALIFORNIA
NORTHERN AREA

in cooperation with state or local
organizations of the

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES
AMERICAN FEDERATION OF STATE, COUNTY & MUNICIPAL EMPLOYEES
AMERICAN FEDERATION OF TEACHERS
BUILDING SERVICE EMPLOYEES INTERNATIONAL UNION
INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
INTERNATIONAL ASSOCIATION OF MACHINISTS
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
INTERNATIONAL BROTHERHOOD OF OPERATING ENGINEERS
NATIONAL ASSOCIATION OF LETTER CARRIERS
NATIONAL ASSOCIATION OF POST OFFICE CLERKS

Berkeley 1958

FOREWORD

One of the most important developments in recent years in public affairs has been the growth of employment in the public service. This, in turn, has given rise to a mounting interest in the conditions of employment -- wages, hours and working conditions -- of those employees.

The Institute of Industrial Relations on the Berkeley campus recently sponsored, in cooperation with various interested unions, a conference on "Labor Relations in Public Employment." The purpose of the conference was to give serious attention to two of the major problems faced by public employees -- their relations with public institutions, and the level of wages and fringe benefits paid by such institutions. The conference was staffed by a number of distinguished practitioners in the field, and attracted considerable attention. Nearly 200 individuals from trade unions, employee associations and public institutions attended.

In response to many requests made during and after the conference, the Institute has now made available the text of the two principal addresses to the conference. It is hoped that they will contribute to a better understanding of an increasingly important facet of industrial relations in the United States.

Arthur M. Ross, Director
Institute of Industrial Relations
University of California
Berkeley

LABOR RELATIONS IN PUBLIC EMPLOYMENT

CONFERENCE PROGRAM

8:30 Registration

9:00 Welcome

9:15 General Session:

THE RIGHTS AND PRIVILEGES OF PUBLIC EMPLOYEES TO
BARGAIN COLLECTIVELY WITH PUBLIC INSTITUTIONS

Irving Bernstein
Institute of Industrial Relations
University of California, Los Angeles

10:15 Break

10:30 Workshop Sessions:

WHAT SHOULD BE DONE?

At the Federal Level:

Panel:

Van Dusen Kennedy (Chairman)
Institute of Industrial Relations
University of California, Berkeley

John Geoghegan
Industrial Manpower Representative
United States Air Force, Oakland

Jacob H. Abers
Chief, Inspection and Classification Division
12th U. S. Civil Service Region, San Francisco

Albert Lepawsky
Department of Political Science
University of California, Berkeley

At the State and Local Level:

Panel:

Joseph Garbarino (Chairman)
Institute of Industrial Relations
University of California, Berkeley

Stanley Neyhart
Attorney, San Francisco

Phillip Burton
Assemblyman, San Francisco

Jeffery Cohelan
Councilman, Berkeley

12:00 Lunch: Workshop Reports

2:00 General Session

WAGES AND FRINGE BENEFITS FOR PUBLIC EMPLOYEES

Mrs. Helen Nelson
Division of Research and Labor Statistics
California Department of Industrial Relations

3:00 Break

3:15 Workshop Sessions:

WHAT SHOULD BE DONE?

At the Federal Level:

Panel:

Earl Cheit (Chairman)
Institute of Industrial Relations
University of California, Berkeley

Albert Rathert
Wages Administrator
United States Navy, Treasure Island

Julian Friedman
School of Public Health
University of California, Berkeley

Earl Rolph
Department of Economics
University of California, Berkeley

At the State and Local Level:

Panel:

William Goldner (Chairman)
Institute of Industrial Relations
University of California, Berkeley

Boynton Kaiser
Chief Personnel Officer
University of California, Berkeley

Charles Foehn
Board of Education
San Francisco

Joseph P. Harris
Department of Political Science
University of California, Berkeley

4:30 General Session:

WORKSHOP REPORTS AND SUMMARY

5:00 Adjourn

THE RIGHTS AND PRIVILEGES OF PUBLIC
EMPLOYEES TO BARGAIN COLLECTIVELY

By

Irving Bernstein
Research Associate
Institute of Industrial Relations
University of California
Los Angeles

I shall open on a personal note. Since I am by trade a labor historian working on the period of the 1930's, I was struck by the parallels between what happened a generation ago in private employment with what is occurring in public employment today. The following are some of the similarities:

1. Same outward aspect of chaos. There is an absence of clearly formulated policies in most jurisdictions; there are rivalries between trade unions and associations (like the old trade union vs. company union rivalry); and there is an extraordinary diversity of practice. The following are some examples of diversity at the municipal level:

Philadelphia grants exclusive representation to a majority union as sole bargaining agent for all city employees excepting supervisors and uniformed personnel, grants the checkoff, and negotiates and signs a collective bargaining agreement.

Los Angeles neither grants exclusive representation nor negotiates contracts but does checkoff dues.

In Dallas local ordinance makes it unlawful for a city employee to form or assist a labor union.

2. Same fundamental issues:

Right to organize and bargain collectively

Method of selecting the bargaining agent

Majority rule vs. plural unionism

Exclusive representation vs. for members only

Determination of appropriate unit

Checkoff

Union security

3. Same stirring. Both have a frontier quality. Public employment is now a quiet frontier like private employment was a noisy frontier in the thirties. Government employment has been growing dramatically. In 1957, government (federal, state, and local) employed 7.4 million civilians. In 1929, there were only 3 million. Because of the nature of our needs as a people and the fundamental shifts in technology, there is every reason to expect this growth to continue. Further, union membership is rising in government employment. California government employees had only 64 locals in 1941 -- 1.8% of the state's total membership. In 1956, there were 766 locals with 3% of a much larger state membership. While California may be ahead of the U. S. in the extent of unionization, the difference is one of degree rather than of kind.

4. Same conflict between ideology and good sense. The real contest over the right to organize in the thirties was not related to money but to power. Many large corporations had little objection to paying higher wages but were profoundly opposed to the bilateral exercise of authority in the labor area.

There is a similar contest today in the public service, with two widely-held and interrelated notions, both firmly rooted in the statute and common law:

a. The government is a sovereign body and can share power with no one.

b. Public employees do not have the right to strike.

Hence, it is not difficult to conclude logically that collective bargaining is impossible in the public service because employees have no means of enforcing their demands except the strike. This is the ideological argument.

There is, however, a different school of thought which, while admitting the great difficulty in establishing collective bargaining in government, argues that an accommodation is possible. Further, it contends that the legal absence of the right to strike does not prevent strikes. Ziskind as early as 1940 counted 1,116 government strikes. Subway riders in New York City last summer could have added another.

David Lillienthal, who has done a good deal to foster the accommodation viewpoint, wrote privately to Lloyd Garrison in 1946:

"You ask specifically if I recognize the right to strike against a public corporation which has the discretion to fix its own wage scales. This is a difficult question in the abstract. I think I would have to say that I do recognize the right to strike in such a situation. I can conceive of no situation in civil life where the right of a man to quit work, either acting individually or as a member of a union, should be denied. Whether, and to what extent, society should take counter measures is another question involving theoretical and practical considerations with wide ramifications.

"I see no alternative, then, to the conclusion that insistence upon theoretical forfeit by employees of the right to strike as a prelude to agreement on other matters (recognition, wages, working conditions, etc.) is an unsound and potentially dangerous position theoretically and is uselessly negative, provocative, and short-sighted as a practical method of diminishing work stoppages."

The ideological viewpoint that government is sovereign and strikes are unlawful is clearly in the ascendant. It is, however, neither new nor especially interesting and I think it would be a waste of your time and mine to elaborate upon it. The accommodation viewpoint is newer and more interesting and I suspect it will grow relatively in importance. I think we can spend our time more productively by examining it with some care.

I should like to examine three quite dramatic developments; two of very recent origin and one that goes back to the New Deal. Two are at the municipal level -- Philadelphia and New York City. One is at the federal level -- TVA. To my knowledge the states have not been so

imaginative, but there are stirrings -- notably in Minnesota and Michigan -- at the present time. I want to emphasize that these situations are not typical, but they may be a portent for the future.

Philadelphia

A new labor relations policy is a part of the Clark-Dilworth program of complete overhaul and modernization of the city government. This program is less formal and ambitious than that of New York City. About five years ago, Philadelphia engaged a Labor Relations Consultant, Eli Rock. The new philosophy of the city as employer was recently stated by Rock as follows:

1. Official public recognition that maximum permissible collective bargaining is desirable.
2. A sincere effort to make collective bargaining work.
3. Adherence to contracts and promises.
4. The avoidance to the maximum extent possible of the government disease of divided authority.
5. The building of prestige of union leaders by keeping them informed and letting them take credit for improvements.
6. Training supervisors and personnel officers in collective bargaining.
7. Recognition that there is a difference between public and private employment, but the avoidance of talk about the absence of the right to strike.

In line with this philosophy, Philadelphia has adopted a whole series of what might be called Wagner Act policies:

1. Insistence upon the fundamental right of city employees to organize and bargain collectively.
2. Ascertainment of the bargaining status of an employee organization by election or card check.
3. Acceptance of majority rule -- plural unionism leads to chaos.
4. Determination of appropriate unit largely on historical grounds.

5. Sole and exclusive recognition of the majority union in the appropriate unit.
6. Bargaining with the City represented by a team consisting of the Personnel Director, Managing Director, Finance Director, and Labor Relations Consultant.
7. Signed collective bargaining agreement. The largest is with the State, City, and Municipal Employees -- for all city employees excepting professionals, supervisors and those in uniform. The current agreement provides that the City shall "recognize the Union as the sole and exclusive bargaining agent for the purpose of collective bargaining in any and all matters relating to wages, hours and working conditions on behalf of all civil service employees. . . ." with the exceptions noted. The signed agreement is incorporated in the Mayor's budget message to the City Council.
8. A voluntary revocable checkoff.
9. A grievance procedure with the union represented.

New York City

The problem, of course, is much bigger; there are over 200,000 municipal employees. It has been complicated by the recent municipalization of the transit system, accompanied by the political, jurisdictional, and personal problems of Mr. Mike Quill.

The program has been developed during the administration of Mayor Robert F. Wagner, Jr., whose name may have a ring of familiarity to those familiar with the history of collective bargaining in the U. S. It was several years in gestation. Wagner created a New York City Department of Labor which undertook a comprehensive study of the problem. This study was published in 7 or 8 monographs, and resulted in June 1957 in the Executive Order on the Conduct of Labor Relations between the City of New York and Its Employees, as follows:

1. The policy of the City, subject to the limitations of the Constitution and Laws of New York and the Charter and Laws of the City, is "to promote the practice and procedures of collective bargaining," insofar as possible in the manner "prevailing in private labor relations."

2. "Employees of the City of New York shall have the right to self-organization, to form, join or assist labor organizations for their mutual aid or protection, and to bargain collectively through representatives of their own choosing concerning the terms and conditions of their employment. They shall have the right also to refrain from any or all of such activities. Representatives designated or selected for the purposes of collective bargaining by the majority of the employees in a grouping or unit appropriate for such purposes shall be the exclusive representatives for collective bargaining concerning the terms and conditions of employment of the employees in such grouping or unit: Provided, That nothing herein shall be construed to prevent any city official from meeting with any labor organization for the purpose of hearing the views and requests of its members in such grouping or unit so long as (a) the majority representative is informed of the meeting; (b) deliberations on such views are had solely with the majority representative; (c) any changes or modifications in terms and conditions are made only through negotiation with the majority representative; and (d) the minority representative is not permitted to present or process grievances."

3. In determining representative status, the Department of Labor may use a secret ballot election or other appropriate means.

4. In disputes after bargaining begins, the Commissioner of Labor shall mediate.

5. The policy carries over preexisting grievance procedures.

6. There shall be no discrimination against an employee because he has exercised the rights of self-organization and collective activity.

7. Subversive organizations are disqualified.

To implement the Executive Order, the Mayor issued a series of regulations covering such matters as certification of bargaining agent and conduct of elections.

Tennessee Valley Authority

The TVA Act was passed in 1933 as part of the early New Deal Program. Its broad objective was a multipurpose redevelopment of the Tennessee Valley -- flood control, soil conservation, public power, and defense. It was remarkable as a federal program in that it assumed great local participation. The early leadership, notably the Morgans

and Lillienthal, was distinguished for boldness and imagination. TVA was in an extraordinary position as a public corporation with a great measure of autonomy. Hence, TVA broke new ground in almost everything it did, including labor.

The statute conferred on the Authority an unusual measure of freedom. It freed TVA from civil service but in return enjoined the Authority from using a political test in the selection or promotion of employees. It said selection and promotion of employees must be made on the basis of "merit and efficiency." The basic fact here is the exemption from civil service, which it almost lost in 1940. The major outside pressure has been the Veteran's Preference Act of 1944. The statute as well as other legislation failed to deal with collective bargaining. Hence, the Authority regarded this as an area within its jurisdiction for experimentation.

At the outset TVA embarked on a huge construction program. It could have avoided the collective bargaining issue by contracting. For a variety of reasons, including the desire to develop a collective bargaining policy, it decided to do its own work. This was prior to the Wagner Act. In 1934-35, it worked hard on the development of a policy. Here it had the advice of one of America's most distinguished authorities Dr. Wm. M. Leiserson. TVA completed a draft policy in July, 1935 and sent it to its employees for suggestions. It adopted this Employee Relationship Policy on August 28, 1935 embracing the following:

1. right of employees to organize and designate representatives of their own choosing without coercion or restraint.
2. majority rule
3. appropriate unit

4. secret ballot election
5. grievance procedure
6. forbade both the union and the anti-union shop

In 1940, after five years of satisfactory experience under this policy, the TVA agreed to the request of the Tennessee Valley Authority Trades and Labor Council (13 AFL unions) and signed a collective bargaining agreement. This was probably the first written contract by a federal agency. In the contract TVA absolved itself of responsibility for jurisdiction, leaving that matter to the unions. No mention was made of strikes. Lillienthal said that the unions assumed they had the right to strike and implicit in the agreement was the notion that they yielded this right in return for the contract during its term.

TVA for its hourly-rated employees encouraged the unions to consolidate in the TVA Trades & Labor Council and has tried to keep it together. In 1943 the Authority recognized the Salary Policy Employee Panel as the representative of salaried workers. The white collar unions were slower in self-organization and there was much rivalry among them. The Panel consists of seven unions (five AFL, consisting of Public Safety Service Employees, Office Employees, Chemical Workers, Hotel and Restaurant Employees and Building Service Employees and two independent ones, consisting of TVA Engineers and TVA Chemists and Chemical Engineers). The Panel's bargaining largely follows that of the blue collar group.

Union security has been a major issue. It was pressed by the Trades and Labor Council starting in 1938. TVA countered that the 1935 policy precluded the union shop. Hence, the 1940 agreement had no union security provision. TVA felt that the "merit and efficiency" clause in the statute prohibited the union shop. In 1942, the Authority agreed that

union membership would be considered as a factor in merit and efficiency insofar as promotions, transfers and layoffs went, but not for hiring. The Veterans Preference Act caused a lot of trouble to unions after the war. A voluntary checkoff was instituted in 1950. Union security was much slower coming for salaried employees. The two independent groups are uninterested so the unions are divided.

The TVA's collective bargaining policy is a landmark in the public service. It has worked very well, there having been only a handful of stoppages. It is, however, a rather unique experiment in that TVA is a largely autonomous federal agency with remarkable leadership at the early stages. Its main influence has been on the collective bargaining policy of other regional development agencies, like those on the Columbia River, and upon the Atomic Energy Commission, Lillienthal being its first chairman.

Conclusions

The collective bargaining policies of public agencies are extraordinarily diverse and are basically chaotic. We are presently in a formative period in which new policies based upon the experience in private industry are beginning to emerge. There is, however, a difficult problem in adapting these proven policies to the public service because of the basic sovereignty -- strike matters. This will prove especially critical in the areas of union security and of grievance procedure terminating in binding arbitration.

WAGES AND FRINGE BENEFITS FOR
PUBLIC EMPLOYEES

By

Helen Nelson
Assistant Chief
Division of Research and Labor Statistics
California Department of Industrial Relations
San Francisco

I think credit is due to the Institute of Industrial Relations for calling this conference and to all of you who gave up a Saturday to attend.

This year, ceremonies throughout the country were held to observe the 75th anniversary of the signing of the U. S. Civil Service Act.

Seventy-five years is a long time, especially when we realize that we in this country tend to center attention on a problem when it is acute, pass a law and then forget the matter. It is high time we took a new and long look at government employment.

Government is now California's third biggest industry in terms of employment. Only manufacturing and trade have more employees on the payroll than do government agencies in California.

There are more than three-quarters of a million government employees in California -- about 777,000. One out of every twelve paychecks in California comes from a government agency.

There are more Federal employees in California than there are in Washington, D. C. -- 228,000.

The Federal government employs more people in California than all the finance, insurance, and real estate companies combined, and almost as many as our huge aircraft industry does.

As may be seen in the table on the opposite page, government employment in California is divided about one-third Federal and two-thirds State and local.

State and local government employees outnumber construction workers in California more than two to one.

In the six-county San Francisco-Oakland Metropolitan Area, government employees now outnumber manufacturing workers. In this area today, only the large retail and wholesale trade industry has a greater number of employees than do the government agencies.

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Table 1
ESTIMATED NUMBER OF WAGE AND SALARY WORKERS IN NONAGRICULTURAL
ESTABLISHMENTS,^a CALIFORNIA

<u>Industry</u>	<u>April 1958</u>
Total	4,336,400
Mineral extraction	34,200
Metal mining	2,600
Crude petroleum and natural gas production	24,800
Nonmetallic mining and quarrying	6,800
Construction ^b	266,500
General building contractors and operative builders	77,700
General contractors, other than building	64,100
Special-trade contractors	124,700
Manufacturing	1,135,900
Transportation, communication, and utilities	343,800
Railroads	65,100
Local railways and bus lines	4,000
Other transportation	140,600
Telephone and telegraph	88,100
Utilities: electric, gas, and water	46,000
Trade	977,800
Wholesale	268,600
Retail	709,200
Finance, insurance, and real estate ^c	207,700
Finance	86,900
Insurance	81,300
Real estate	33,600
Other	5,900
Service	593,700
Government ^d	776,800
Federal	228,200
State and local	548,600
City ^e	107,700
County	93,900
State, public schools, special districts	347,000

^aDoes not include employers, own-account workers, unpaid family workers, domestic servants, and agricultural workers.

^bIncludes employees of construction contractors and operative builders; does not include force-account and government construction workers.

^cExcludes employees of operative builders.

^dIncludes all civilian employees of Federal, State, and local governments regardless of the activity in which the employee is engaged.

^eIncludes all employees of the City and County of San Francisco.

With government employment such a large part of the employment total, it is time, as Jeff Cohelan suggested, for public employees to take a long look at their status and do a little "intellectualizing." In this intellectualizing, let us remember that it is the public -- the citizens and taxpayers -- who are our employers, and it is public policy which determines the wages and conditions of employment for government workers.

Now in the process of intellectualizing about wages and wage supplements for government workers, I think it would be well to bear in mind that every government employee has two different roles in relation to public employment. One is that of an employee of a specific government jurisdiction. The other is that of citizen and taxpayer. In this other role as a citizen-taxpayer, he may participate in forming the public policy of several government jurisdictions. For example, I am an employee of the State of California. In the State's labor-management relations, I sit with labor; but I am a voter, taxpayer, and part of management in seven or eight other government units. To name a few -- the county in which I live, a hospital district, a water district, a sanitary district, an elementary school district, a high school district, a junior college district, and the Federal government.

In the whole large field of labor-management relations in public employment, organizations of public employees might well ponder whether it is sufficient any longer to function in the single and often isolated role of employees of a particular jurisdiction.

Wage trends in private industry

Probably most public jurisdictions are charged to consider wages in private industry when fixing wages for their employees. Some information on the trend of earnings in various industries and on wage rates for specific occupations is tabulated on the following three pages. As the first of these tables indicates, average weekly earnings of all manufacturing workers in California increased 20.5 percent during the five years between December 1952 and December 1957. Average weekly earnings of production workers in petroleum refining increased 27.3 percent, and in electric and gas utilities the five-year increase was 22.1 percent.

The next table compares average monthly rates over the same five-year period for several job classifications surveyed by the Bay Area Salary Survey Committee. This comparison indicates, among other facts, that over the last five years, janitors in private industry in the Bay Area have had salary increases of 25 percent, laborers 29 percent, and accountants 34 percent and more, compared with lab and X-ray technicians whose increases have totaled less than 13 percent.

The third table is a listing of the hourly wage rates for seven building trades in Los Angeles. Increases over the same five-year period for these building crafts ranged from 14½ percent to 30 percent. None of these crafts apparently improved their wage status as much as accountants did.

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Table 2
AVERAGE WEEKLY EARNINGS,^a SELECTED INDUSTRIES, CALIFORNIA

<u>Industry</u>	<u>December 1952</u>	<u>December 1957</u>	<u>Percent increase</u>
All manufacturing	\$78.07	\$94.07	20.5
Fruit and vegetable canning and preserving	57.69	69.49	20.5
Bakery products	71.93	89.49	24.4
Confectionery	54.66	65.76	20.3
Petroleum refining	89.28	113.69	27.3
Office and store machines and devices	76.48	95.18	24.5
Electrical machinery, equipment, and supplies	76.91	93.85	22.0
Aircraft and parts	81.35	101.29	24.5
Nonmanufacturing			
General contractors, building	86.59	108.87	25.7
Utilities: electric and gas	86.12	105.14	22.1
Retail trade	56.82	66.21	16.5
Hotels and other lodging places ^b	44.22	49.61	12.2
Laundering, cleaning and dyeing	48.19	54.08	12.2

^aAverages are based upon data for full-time and part-time workers, including nonsupervisory employees and working supervisors. Average weekly and hourly earnings include overtime pay and premium wages for night-shift work. Attention is directed to the fact that these are not wage rates but are averages of the gross earnings of all nonsupervisory employees and working supervisors.

^bCash payments only; does not include additional value of board, room, and tips.

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Table 3
CHANGES IN AVERAGE MONTHLY RATES, SELECTED JOB CLASSIFICATIONS
REPORTED IN BAY AREA SALARY SURVEY REPORTS
FALL 1952 AND FALL 1957

Job title	Average salary, Fall (Dec.) 1952	Average salary, Fall (Oct.) 1957	Amount of increase	Percent increase
	Per mo.	Per mo.		
Janitor	\$254	\$318	\$64	25.2
Elevator Operator	239	294	55	23.0
Gardener	300	363	63	21.0
Laborer	288	372	84	29.2
Junior Typist-Clerk	221	270	49	22.2
Intermediate Typist-Clerk	252	317	65	25.8
Senior Typist-Clerk	298	360	62	20.8
Junior Stenographer-Clerk	244	312	68	27.9
Intermediate Stenographer-Clerk	280	338	58	20.7
Secretary Stenographer-Clerk	311	384	73	23.5
Junior Clerk	243	288	45	18.5
Intermediate Clerk	292	337	45	15.4
Calculating Machine Operator	269	324	55	20.4
Key Punch Operator	254	316	62	24.4
Tabulating Machine Operator	294	368	74	25.2
Duplicating Machine Operator	250	290	40	16.0
Telephone Operator	254	309	55	21.6
Junior Accountant	319	444	125	39.2
Intermediate Accountant	437	587	150	34.3
Registered Nurse	279	333	54	19.4
Lab. Technician (Clinical)	332	374	42	12.6
X-Ray Technician	309	348	39	12.6
Physical Therapist	291	361	70	24.1

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Table 4
UNION HOURLY WAGE RATES IN SELECTED BUILDING TRADES
LOS ANGELES
DECEMBER 1952 AND DECEMBER 1957

Trade	Hourly wage rate		Percent increase
	December 1952	December 1957	
Bricklayer	\$3.175	\$3.80	19.7
Carpenter	2.57	3.225	25.5
Electrician	3.00	3.90	30.0
Painter	2.56	3.16	23.4
Plasterer	3.4375	3.9375	14.5
Plumber	2.90	3.70	27.6
Building laborer	1.94	2.50	28.9

Source: Collective bargaining agreements on file with Division of Labor Statistics and Research.

Price trends

Now let's take a look at what has happened to prices over this same five-year period. We've seen from the previous data that wage increases of 20 percent or more were pretty widespread over this five-year period. That there has been a pretty general increase in gross earnings is apparent. How does this increase translate to the standard of living?

On the opposite page the Consumer Price Index for both Los Angeles and San Francisco over the same five-year period is presented. From this it can be seen that the price level, as measured by the Bureau of Labor Statistics' Consumer Price Index, remained relatively stable between 1952 and 1955 and then began to rise rapidly. Over the five-year period, the Consumer Price Index for Los Angeles increased 6.6 percent. For San Francisco, the increase was 8 percent. The major part of this increase has occurred in the last two years.

On the next page, the Consumer Price Index for the United States, for Los Angeles, and for San Francisco is charted over a ten-year period, beginning with 1947, shortly after the end of World War II. From this chart it can be seen that the Consumer Price Index rose markedly from the beginning of 1947 until almost the end of 1948, then declined during the recession of 1949 and continued its decline into 1950. In the spring of 1950 it began another sharp rise, leveled off in 1952, and remained fairly level until the end of 1955. Since then we've had another steep rise, with the San Francisco index increasing more than either the Los Angeles or the United States index. Though the chart stops with the end of 1957, we all know that the Consumer Price Index is still rising.

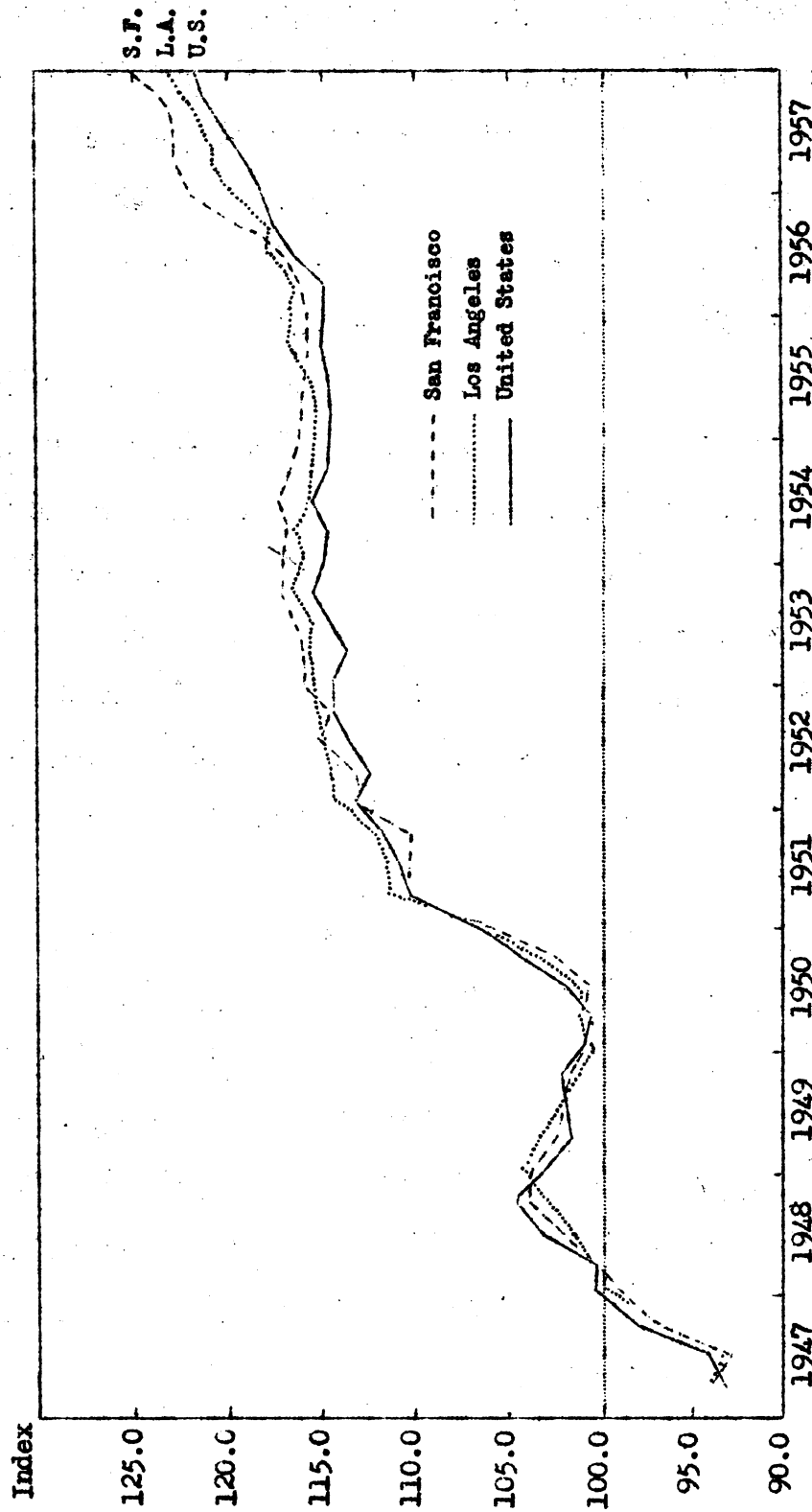
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Table 5
CONSUMER PRICE INDEX, ALL ITEMS
LOS ANGELES AND SAN FRANCISCO, 1952-1957
(1947-49=100)

Year (As of December 15)	All items		
	Index	Percent increase from:	
		December previous year	December 1952
<u>Los Angeles</u>			
1952	115.3	-	-
1953	115.8	0.4	0.4
1954	115.3	-0.4	0.0
1955	116.3	0.9	0.9
1956	119.4	2.7	3.6
1957	122.9	2.9	6.6
<u>San Francisco</u>			
1952	115.6	-	-
1953	116.9	1.1	1.1
1954	115.7	-1.0	0.1
1955	115.9	0.2	0.3
1956	121.6	4.9	5.2
1957	124.8	2.6	8.0

Source: U. S. Dept. of Labor, Bureau of Labor Statistics.

Chart 1
CONSUMER PRICE INDEX
UNITED STATES, LOS ANGELES, SAN FRANCISCO
(1947-49 = 100)



	Percent increase		
	S.F.	L.A.	U.S.
December 1947 to December 1957	25.8	23.1	21.4
December 1952 to December 1957	8.0	6.6	6.6
December 1956 to December 1957	2.6	2.9	3.1

Source: U. S. Department of Labor, Bureau of Labor Statistics.

It's apparent then that by no means all of the increase in gross wages have been a real gain in purchasing power. The salaried employee has not been able to increase his standard of living to the same extent that his gross earnings have increased. To get some measure of the net value of the pay increases of recent years, we government statisticians make a computation of what we call "real" spendable earnings. In table 6, opposite, you will find these computations applied to the average gross earnings of production workers in manufacturing in the San Francisco area. To illustrate, as you will see from the last line in this table, in March of 1958 the average gross weekly earnings of production workers in Bay Area manufacturing plants was \$96.80. Beginning with this figure, we compute the deductions for Federal and State income taxes, for Federal old-age security, and for the California Disability Insurance. When these taxes are deducted from a wage rate of \$96.80, if the employee has a wife and two children his paycheck is reduced to \$86.01, (this amount is 11 percent less than his earnings). For a single worker with no dependents, gross weekly earnings of \$96.80 become \$77.91.

Then the next question is, how much will his net pay buy compared with what it used to buy? The answer to this question we call "real" spendable earnings. To learn what this amount is, we apply the change in the Consumer Price Index to the net pay. In the table we have computed "real" spendable earnings in terms of 1947-1949 dollars. Take-home pay of \$86.01 in March 1958 buys only the same amount of goods and services that \$67.88 did, on the average, in the 1947-49 period. The single worker's take-home pay of \$77.91 is worth only \$61.49 in terms of 1947-1949 dollars.

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Table 6
AVERAGE GROSS AND "REAL" SPENDABLE EARNINGS
OF PRODUCTION WORKERS IN MANUFACTURING
SAN FRANCISCO AREA, 1947-58

Year and month	Average gross weekly earnings ^a	Pay check after deductions ^b		Consumer Price Index (1947-49=100)	"Real" spendable earnings ^c (1947-1949 dollars)	
		Worker with 3 dependents	Worker with 0 dependents		Worker with 3 dependents	Worker with 0 dependents
1947: March	\$55.31	\$52.06	\$46.54	94.1	\$55.32	\$49.46
1948: March	58.16	55.97	50.20	100.7	55.58	49.85
1949: March	63.03	60.11	53.98	102.6	58.59	52.61
1950: March	65.05	61.55	55.33	101.2	60.82	54.67
1951: March	70.96	65.80	58.31	110.4	59.60	52.82
1952: March	77.42	70.58	62.07	113.0	62.46	54.93
1953: March	80.03	72.67	64.08	115.5	62.92	55.48
1954: March	81.80	74.35	66.55	116.5	63.82	57.12
1955: March	85.27	76.95	69.08	115.6	66.57	59.76
1956: March	90.12	80.91	72.92	116.8	69.27	62.43
1957: March	94.49	84.24	76.18	122.3	68.88	62.29
1958: March	96.80	86.01	77.91	126.7	67.88	61.49
1955: March	85.27	76.95	69.08	115.6	66.57	59.76
June	87.29	78.61	70.68	115.3	68.18	61.30
Sept.	89.71	80.58	72.59	115.6	69.71	62.79
Dec.	88.75	79.80	71.83	115.9	68.85	61.98
1956: March	90.12	80.91	72.92	116.8	69.27	62.43
June	93.03	83.27	75.23	117.9	70.63	63.81
Sept.	95.32	85.13	77.04	119.0	71.54	64.74
Dec.	95.35	85.15	77.06	121.6	70.02	63.37
1957: March	94.49	84.24	76.18	122.3	68.88	62.29
June	96.50	85.87	77.78	122.8	69.93	63.34
Sept.	97.99	87.08	78.96	123.5	70.51	63.94
Dec.	96.10	85.55	77.46	124.8	68.55	62.07
1958: March	96.80	86.01	77.91	126.7	67.88	61.49

^aGross earnings based upon data for full- and part-time production and related workers in production and other departments, such as shipping, maintenance, and warehousing. Includes overtime pay and premium wages for night-shift work.

^bAfter deductions of Federal and State income taxes and old-age and disability insurance taxes.

^cNet pay check adjusted for the change in the Consumer Price Index.

To recapitulate, the purchasing power of average gross weekly earnings of \$96.80 in March 1958 for a Bay Area worker with three dependents was \$67.88 in terms of 1947-1949 dollars. For a worker with no dependents a gross weekly earning of \$96.80 would purchase that month only what \$61.49 could have purchased during the period of 1947-1949.

Now let's look at this information from another point of view. Let's compare earnings over the 10-year period from March 1948 to March 1958 and see how the increase in gross earnings compares with the increase in purchasing power.

From the information in table 6, we can make the following comparison:

<u>Worker with three dependents</u>	<u>March 1948</u>	<u>March 1958</u>	<u>Percent increase</u>
Average gross earnings	\$58.16	\$96.80	66
Paycheck after deductions	55.97	86.01	54
Real spendable earnings	55.58	67.88	22

An increase of 66 percent in the gross weekly earnings of the average Bay Area factory worker over the last ten years resulted in an increase in "real" spendable earnings, if the worker had three dependents, of 22 percent. What this amounts to is that the worker has gained, in terms of his purchasing power, only one dollar out of every three dollars in wage increases he received over the ten-year period.

This is an even worse situation than the one Alice was in when the Red Queen advised her that she had to run if she wanted to stay in the same place and she had to run twice as fast if she wanted to get ahead. Today's worker, it seems, has to run three times as fast.

Since much of the wage data we reviewed earlier covers the last five years, a comparison over the last five years will also be interesting.

<u>Worker with three dependents</u>	<u>March 1953</u>	<u>March 1958</u>	<u>Percent increase</u>
Average gross earnings	\$80.03	\$96.80	21
Paycheck after deductions	72.67	86.01	18
Real spendable earnings	62.92	67.88	8

During the last five years, then, an increase in gross earnings of 21 percent has netted the average factory worker with three dependents an 8 percent increase in his purchasing power.

Before we get too depressed over this gap between the increase in gross earnings and the lesser increase in real spendable earnings, let us realize that the factory worker still ended up over each of these periods with some increase in purchasing power. At least, it appears so from the best measures we have available to judge by.

The reason is that the increase in the factory worker's gross earnings and in his take-home pay have been greater than the increase in the cost of living.

Had changes in his wage rate been tied strictly to changes in the Consumer Price Index between March 1953 and March 1958, as they are in some public jurisdictions, they would have increased 11 percent instead of the 21 percent which they did, and his real purchasing power, instead of increasing 8 percent, would have actually declined because of increases in withholding taxes during this period.

The increasing spread between gross weekly earnings, take-home pay, and "real" spendable earnings are charted on the following two pages. First, for a California factory worker with three dependents, and second, for a California factory worker without dependents.

Chart 2
TREND IN EARNINGS AND PURCHASING POWER
California Factory Worker with 3 Dependents

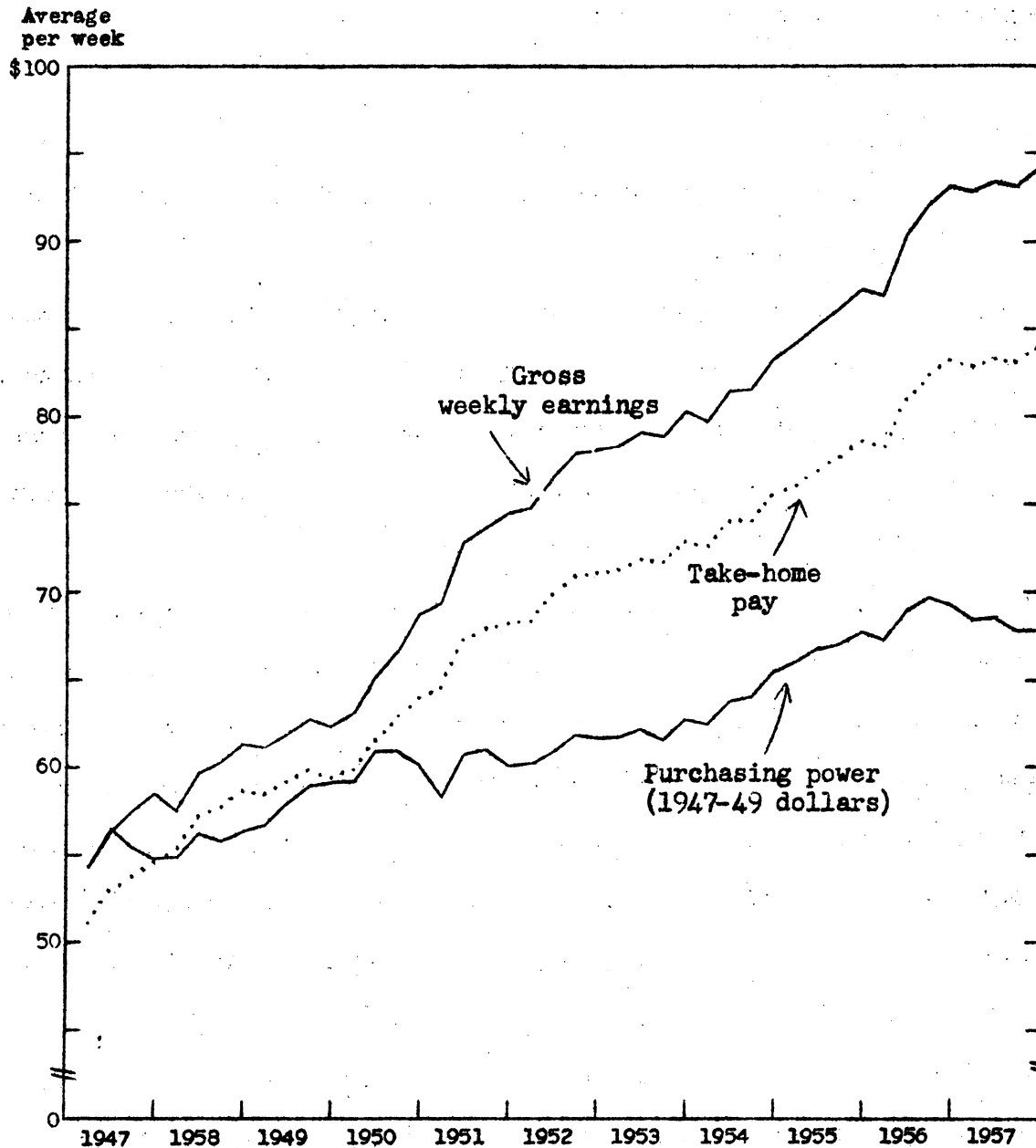
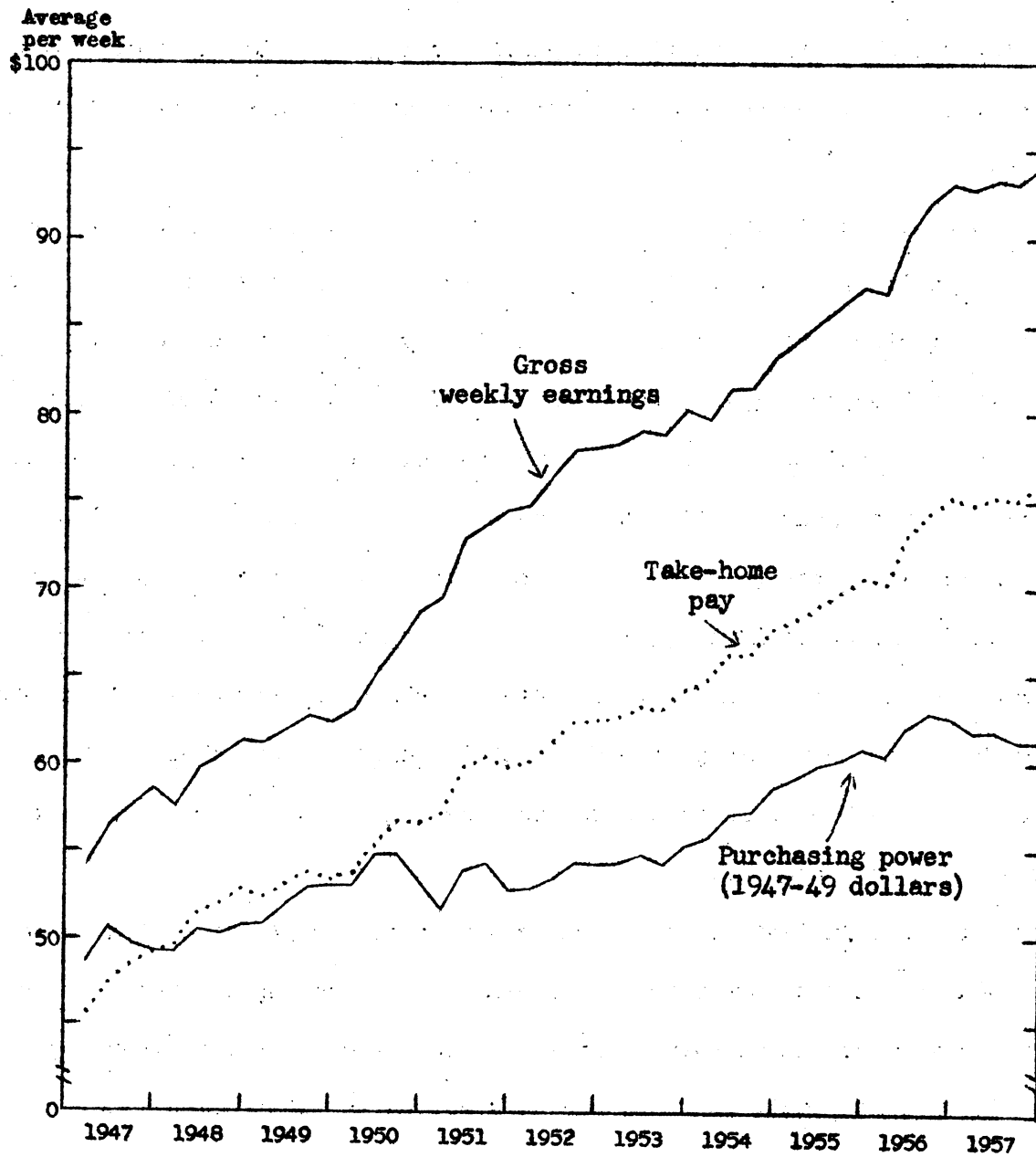


Chart 3
TREND IN EARNINGS AND PURCHASING POWER
California Factory Worker with 0 Dependents



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Public employment

Now that we have a pretty fair picture of the overall trend of wages in private industry, at least as far as the average manufacturing worker is concerned, let's look at the situation in public employment. Unfortunately for this purpose there is no comparable information for any large group of public employees.

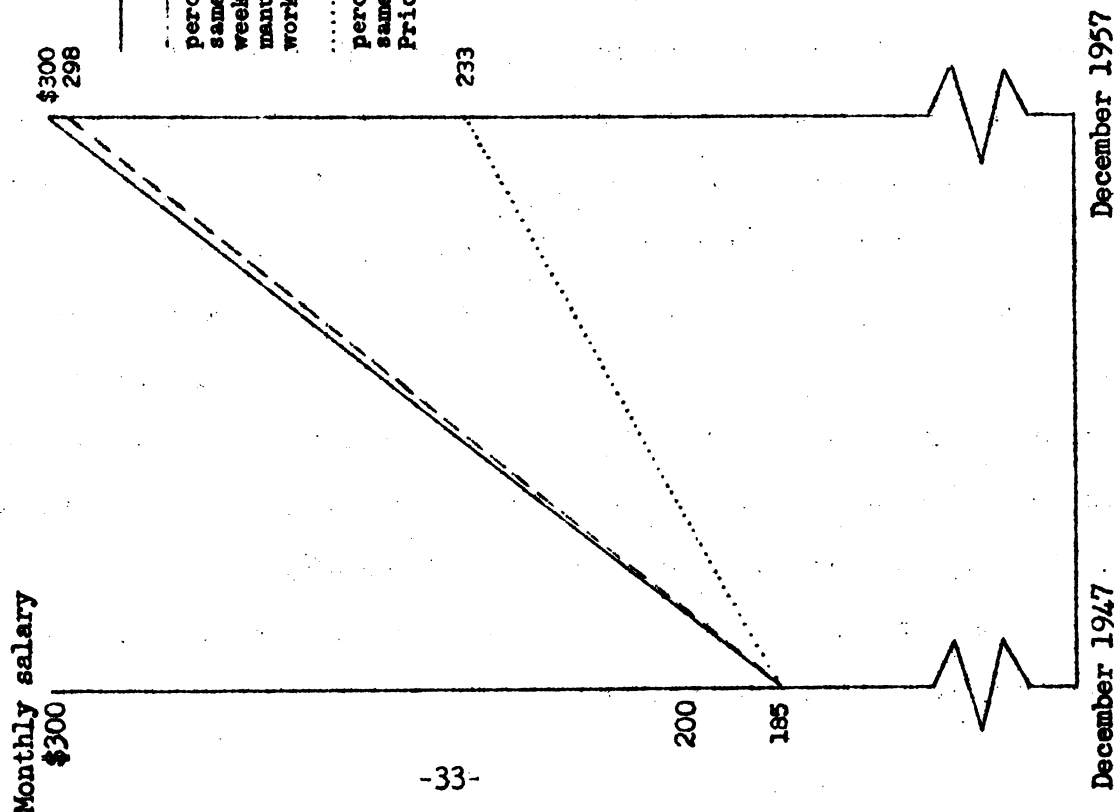
To get some general impression, the charts on the opposite page use the general occupational group of clerk-typist. From the first chart it may be seen that a general clerk-typist in the City and County of San Francisco was paid \$185 a month in December 1947. By December 1957 the rate was \$300 a month. This increase approximately equals the increase of average weekly earnings in California manufacturing. Notice that had her wage increases been tied to the Consumer Price Index the present monthly rate for a general clerk-typist in the city of San Francisco would be \$233 a month instead of \$300. Over the same ten-year period the intermediate typist-clerk employed by the state of California has gone from a monthly salary of \$180 to \$281, somewhat less than the \$290 it would have been had it increased to the same degree that average earnings in manufacturing have increased.

Both of these jurisdictions are charged to consider prevailing rates in private industry in setting their wage schedules and, during the period we are reviewing, have made annual surveys of wage rates paid in private industry.

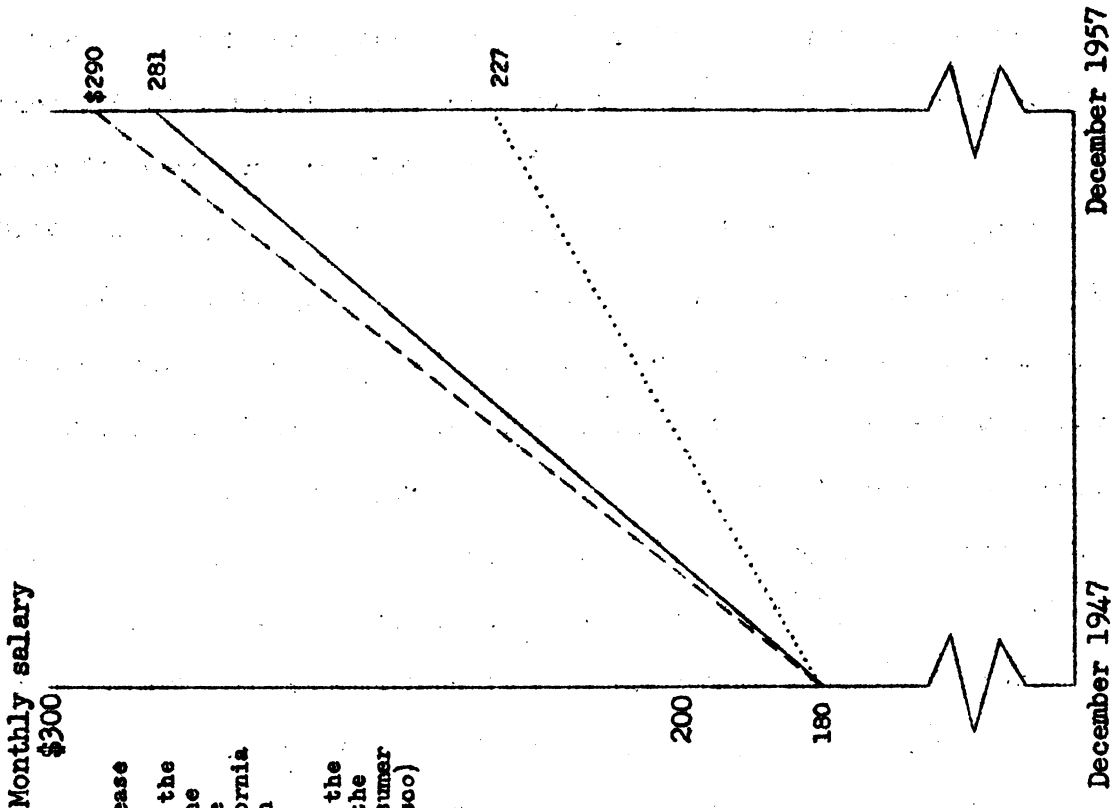
We all know now that, in their recent session, the State Legislature decided to reject the recommendation of a general increase which the State Personnel Board made on the basis of their most recent survey and appropriated no money for general wage increases for State employees this year. If manufacturing wages increase, as they are expected to, this gap will widen during the next year.

INCREASES IN MONTHLY STARTING SALARY FOR TYPIST-CLERK, CITY AND COUNTY OF
SAN FRANCISCO AND STATE OF CALIFORNIA
DECEMBER 1947 AND DECEMBER 1957

CITY AND COUNTY OF SAN FRANCISCO
GENERAL CLERK-TYPIST



STATE OF CALIFORNIA
INTERMEDIATE TYPIST-CLERK



To get an impression of what has been happening to Federal workers' wages, I have chosen the GS-5 rate. Eleven percent of all classified Federal employees are GS-5's, and the majority of classified Federal employees, 58 percent, are in the general service grades 1 through 5. As I understand it, the GS-5's in the Federal service are supervisors of groups of employees in the lower grades, or technicians, or beginning professionals. In other words, they are the people who keep the wheels of government turning. In table 7 on the opposite page, the earnings of the GS-5 Federal employee are compared with those of the average U. S. factory worker. (Since Federal pay rates are uniform nationally, the comparison here is with the earnings of all factory workers in the United States. The average earnings of factory workers quoted here include, for example, those of the textile mill workers in the south and the shoe factories in New England, as well as the aircraft and other industries in California.)

In 1952, it will be seen, the GS-5 employee had a slightly higher gross pay than the United States factory worker. Converted to weekly terms, his pay check amounted to \$71.21 compared with \$67.97 for the factory worker, but in terms of net spendable earnings the factory worker was ahead. The larger amount withheld from the Federal worker's pay check for retirement resulted in his having net spendable earnings of \$55.47 in terms of 1947-1949 dollars compared with \$56.05 for the factory worker. This was how the Federal GS-5's earnings stacked up alongside the factory worker's five years ago, in 1952.

Similar figures are given for each of the succeeding five years. The GS-5's gross earnings have been static since 1955, whereas average gross earnings of factory workers in the United States have increased. Over the five-year period the 21.2 percent increase in the factory worker's gross earnings has been almost double the 11.5 percent increase for the GS-5 employee.

In net spendable dollars, the factory worker's increase has been more than $2\frac{1}{2}$ times that of the GS-5 Federal worker.

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Table 7
AVERAGE WEEKLY EARNINGS, GROSS AND NET SPENDABLE
FEDERAL (GS-5) EMPLOYEE AND FACTORY WORKER
IN THE UNITED STATES, 1952-1957

Year	Average weekly earnings				Percent increase from 1952			
	Gross		Net spendable ^a in 1947-49 dollars (worker with 3 dependents)		Gross		Net spendable ^a in 1947-49 dollars (worker with 3 dependents)	
	Federal (GS-5) ^b	Factory worker	Federal (GS-5)	Factory worker	Federal (GS-5)	Factory worker	Federal (GS-5)	Factory worker
1952	\$71.21	\$67.97	\$55.47	\$56.05	-	-	-	-
1953	72.31	71.69	55.74	58.20	1.5	5.5	0.5	3.8
1954	73.35	71.86	56.60	58.17	3.0	5.7	2.0	3.8
1955	79.40	76.52	60.73	61.53	11.5	12.6	9.5	9.8
1956	79.38	79.99	59.84	63.01	11.5	17.7	7.9	12.4
1957	79.38	82.39	57.87	62.37	11.5	21.2	4.3	11.3

^aAfter deductions for Federal income tax and retirement, and adjustment for changes in the Consumer Price Index.

^bAverage weekly earnings of Federal employee calculated by dividing average annual earnings of GS-5 employees by 52 weeks.

Source: For factory worker--U. S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings.

For GS-5 Federal employee--U. S. Civil Service Commission, Pay Structure of the Federal Civil Service.

Wage supplements

In addition to pay increases we all know that this postwar period has been characterized by the very rapid growth of health and welfare plans, pension plans, and other so-called "fringe benefits." One reason for this is that workers feel that importance of providing health care for their families and an income greater than Social Security benefits for themselves in their old age. In other words, they do not look upon medical care and retirement income as "fringe benefits" at all, but as basic security.

Our tax structure has also contributed to the growth of employer-financed health and welfare and pension plans. We've already noted that tax deductions took 11 cents of every dollar earned by the Bay Area factory worker with three dependents in March 1958. The factory worker and his union have noticed this fact too and readily realized that if the employer spent some of the worker's wages for him instead of giving them all to him in cash, they would buy more.

A dollar of wages spent by the employer in the worker's behalf is still a dollar. But paid to and spent by the employee, it is less than a dollar -- how much less depends on the employee's tax bracket.

The tabulation on the opposite page indicates the extent to which employer-financed benefits are provided for office workers in private industry in the Bay Area.

There is little doubt that public jurisdictions have failed to keep pace with private industry in providing life insurance, health insurance, and pensions without cost to their employees.

There is little doubt also that public employees have been less insistent in demanding these benefits, perhaps because management in government has less opportunity than their counterparts in industry to demonstrate by example the great gains in real wages it is possible to enjoy when cash wages are supplemented with employer-provided benefits that don't have to be figured into the tax return.

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Table 8
FRINGE BENEFIT PRACTICES FOR OFFICE WORKERS
SAN FRANCISCO-OAKLAND, JANUARY 1958

<u>Benefit</u>	<u>Percent of office workers surveyed having specified benefits</u>
Paid holidays	
6 holidays	1
7 holidays	39
7 holidays plus 1 half day	1
7 holidays plus 2 half days	1
8 holidays	35
8 holidays plus 1 half day	7
8 holidays plus 2 half days	1
9 holidays	7
9 holidays plus 1 half day	4
9 holidays plus 3 half days	1
10 holidays	1
13 holidays	2
Paid vacations and service period	
2 weeks or more - after 1 year	81
3 weeks - after 5 years	8
- after 10 years	36
- after 15 years	86
Health, insurance, and pension plans	
Life insurance	95
Accidental death and dismemberment insurance	41
Sickness and accident insurance, or sick leave, or both*	76
Sickness and accident insurance	33
Formal sick leave (full pay and no waiting period)	54
Hospitalization insurance	81
Surgical insurance	81
Medical insurance	70
Catastrophe insurance	36
Retirement pension	80

*Unduplicated totals shown separately below.

Source: Occupational Wage Survey, January 1958, U. S. Bureau of Labor Statistics.

The total wage package

In private industry these days we have what is often referred to as "the wage package." At the time of negotiations between the union and the employer, for example, wages and tax-exempt wage supplements are negotiated together.

By contrast, in many public jurisdictions, review and adjustment of the wage scale is entirely separate from considerations of wage supplements. Often the vacation and sick leave allowances, the number of holidays, retirement contributions, etc., are fixed by legislative enactment or sometimes even by charter and are not subject to consideration and revisions in the same manner, at the same time, or even by the same body that adjusts the pay rates.

To give one example of the changes in the wage package in private industry, the pay rate and major wage supplements specified in a collective bargaining agreement for checkers in retail food stores in the Bay Area over the last five years are posted on the opposite page.

Between January 1953 and January 1958 the contract wage rate for food checker in the super markets in the San Francisco area increased from \$77.50 a week to \$93.00.

The vacation allowance of 2 weeks after 1 year has been augmented to 3 weeks after 5 years of service. The contract specified eight paid holidays in 1953 and still does. There was no sick leave allowance until last year when twelve half-days were provided. The checkers have been covered by an employer-paid health and welfare plan during the entire period. For this the employer pays \$8.66 per month per employee. By January 1958 an employer-paid pension plan had been established for which the employer paid $7\frac{1}{2}$ cents per hour per employee (or \$13 per month).

By comparison, the average salary of the Federal GS-5's, increased from \$71.21 per week to \$79.38 per week over the last five years and by 1957, six and one-half percent was being deducted for retirement.

Table 9
TREND OF
WAGES AND SELECTED WAGE SUPPLEMENTS
SPECIFIED IN A MAJOR COLLECTIVE BARGAINING AGREEMENT
FOR
CHECKERS IN RETAIL FOOD STORES
San Francisco
1953-1958

	January 1953	January 1954	January 1955	January 1956	January 1957	January 1958
Weekly wage rate	\$77.50	\$83.00	\$86.00	\$89.00	\$91.00	\$93.00
Annual paid vacation allowance						
1 year of service	2 weeks					
5 years of service	2 weeks		→ 3 weeks			
Number of paid holidays	8					
Annual paid sick leave allowance	None				→ 12 half- days	
Employer contribution per month for health and welfare	\$8.66					
Employer contribution per hour for pension	None					→ 7½¢

Had a Federal employee, for example, declined promotion to a GS-5 job in January 1953 and, instead, got a job as a checker in his neighborhood supermarket, he would have begun at the weekly wage of \$77.50 and would now be earning \$93.00 a week. He would have been covered during the entire period by an employer-financed health and welfare plan, as well as by the State disability insurance plan. He would have the same number of paid holidays as on the Federal job and would now be covered by an employer-financed pension plan in addition to Social Security.

However, by remaining with the Federal government he is probably eligible for more vacation by now because of the length of his service, and without doubt, has a more generous sick leave plan.

All I can say is that I am glad I am not an administrator in the Federal government these days responsible for recruiting and keeping a staff to do a job that must be done.

It is not my purpose here to make us all feel sorry for ourselves. But I assume, we do want to know where we stand today, comparatively, so far as employee compensation is concerned. I have tried to assemble a few facts to give you some indication as a background for your discussions.

In your discussions and long after this conference is over, I urge you to remember that the congressmen, the supervisors, the boards of trustees, and the State legislators are only the citizens' representatives. The citizens, the voters, the taxpayers are the public employees' employers.

In government, just as in private industry, when the employer makes it clear he wants an adequate and just wage compensation program, those to whom he has delegated the responsibility find the means of putting the policy into effect.

We who are in government have a responsibility to see that this is accomplished, not so much for our own individual welfare as for the public welfare.