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IS BLUE CROSS LEAVING OAKLAND?

by Pamela Telles

Employees of Blue Cross in Oakland are nervous. A merger with Blue Cross of Southern California three years ago, the recent sale of the Oakland Office building, and an increase in work transfers and relocations have led to a flurry of speculation that Blue Cross is planning to pull out of Oakland. While the company continually maintains that Blue Cross "has no desire or intention to leave Oakland," it refuses to guarantee that it will keep its Oakland work force of 1800 at the current level. Meanwhile, Local 29 of the Office and Professional Employees Union, which represents approximately 1100 of the Oakland Blue Cross workers, is growing increasingly frustrated with the company's failure to disclose its plans to the union.

Blue Cross in Oakland--Blue Cross of Northern California has maintained its corporate headquarters in Oakland since 1936. In 1973, the company built a 21 story office building at 1950 Franklin Street in the heart of Oakland's downtown redevelopment district. In 1977, OPEIU Local 29 organized Blue Cross employees but only gained company recognition of the union after a 102 day strike. In 1982, Blue Cross of Northern California merged with Blue Cross of Southern California to become Blue Cross of California. The company is the largest health insurer in the state and is a non-profit corporation.

This past spring Local 29 conducted a survey of its members at Blue Cross in Oakland. It found the following: 95 percent of bargaining unit employees are women and 70 percent are Black, Filipino, or Hispanic. Many are single heads of households. 79 percent of bargaining unit employees believe that Blue Cross plans to leave Oakland. 79 percent don't expect to be able to find jobs at the same or a comparable rate of pay if they lose their Blue Cross jobs. Blue Cross is one of the largest employers in Oakland. If Blue Cross were to relocate the bulk of its work, the impact on the local economy would be severe, especially for women of color, for whom good employment opportunities are already scarce.

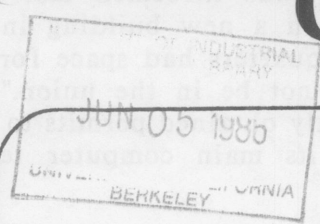
In 1984, Blue Cross announced that it had sold its building at 1950 Franklin Street to Kaiser Health Plan and planned to vacate the building completely by 1990. Thomas J. Davies, Blue Cross Vice President of Corporate and External Affairs, said before the Oakland City Council on April 9th of this year that the sale "was strictly a financial/investment transaction: and that Blue Cross was "actively looking for other accommodations" in the Bay Area.

Union leaders fear that Blue Cross plans to move the bulk of its operations to non-union offices in Southern California. They cite nearly 300 jobs--about 225 Local 29 jobs--which have been transferred from Oakland since the 1982 merger. Much of that work has gone to Woodland Hills in Southern California.

When union leaders met with Blue Cross management last March to ascertain the company's plans for relocation, the union was told that there were no firm plans but that the company hoped to maintain its "corporate headquarters" in Oakland. "Corporate headquarters," the union was told, did not necessarily include operations, claims processing, or customer service jobs, which comprise the majority of Local 29's bargaining unit. These jobs, the company admitted, might be moved to existing district offices or to brand new centers.

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Georgia Dobbins-Callahan, business representative for Local 29, was informed last month by attorneys for Blue Cross that the company had tentatively decided on a new building in Oakland. Dobbins-Callahan said that she was told that the new corporate headquarters had space for only 800 workers, adding that "you can bet that confidential secretaries will not be in the union." Dobbins-Callahan also said that the union discovered that Blue Cross had recently obtained permits to build two new buildings in Woodland Hills. In addition, Blue Cross moved its main computer terminal to Woodland Hills over Labor Day weekend.

Tense Labor Relations--Since March of this year, Local 29 and Blue Cross have been waging a publicity war with each other. The union is trying to rally community support for its request that Blue Cross keep all 1800 jobs in Oakland. Blue Cross had been countering that employees have nothing to worry about, that the company has even moved 42 jobs from Woodland Hills to Oakland recently, and that employees whose jobs were transferred from Oakland were offered other Blue Cross jobs in Oakland. The union retorts that many workers whose jobs were transferred were offered only temporary positions or jobs which required them to take a cut in pay. In addition, Local 29 has claimed that the 42 jobs were moved from Woodland Hills only in response to community pressure to keep Blue Cross in Oakland.

Charges and denials have been reported in the Oakland Tribune, various community newspapers, and on local television and radio. The issue has been raised before the Oakland City Council. After hearing from Davies of Blue Cross that the company has no "secret intention or desire to massively relocate its Oakland operations to Southern California," the City Council passed a resolution which "urges Blue Cross of California to retain its regional operations, jobs, employees, and employment opportunities, as well as its corporate headquarters, in Oakland." Although Local 29 has succeeded in gathering community support, Blue Cross has been trying to win the confidence of its employees. According to Joan Cardellino of the Plant Closures Project, management "has a pretty good public relations campaign going on within the plant."

But despite Blue Cross' insinuations that the union is worrying unnecessarily, Local 29 leaders remain distrustful. They are concerned that Blue Cross' true intent is to send their union the way of OPEIU Local 3 after it won recognition from Blue Shield. Blue Shield closed its San Francisco offices two years ago and now processes claims in lower wage areas and beams the claims via satellite to a central computer. Now Blue Cross is in the process of installing its own new computer system and has hired temporary employees to do so. Local 29 has long suspected that union busting was the motive for the North-South merger. Labor relations have been strained since Local 29's organizing efforts began. Dobbins-Callahan reports that due to constantly changing management personnel, the union has had trouble even setting up meetings with company representatives. With the Blue Shield pull-out in mind, many Local 29 members and community activists are convinced after the merger, the sale of the office building, the computer upgradings, and the move of the main terminal that Blue Cross does not see Local 29 in its future.

Regardless of whether union busting is the motive for the changes in Blue Cross operations, recent events raise an important issue: do workers have a right to advance notice of plant closings? Several state and federal representatives have proposed legislation to insure that workers would have this right. Two California Assembly bills, A.B. 598, authored by Bob Campbell (D., Richmond), and A.B. 1351, authored by Maxime Waters (D., Los Angeles), have been effectively defeated and will have to be reintroduced next year. But H.R. 1616, which calls for three months advance notice of plant closings or permanent layoffs of 50 or more employees, has been passed by the House Labor and Education Committee and will soon be voted on by the full House. Legislation of this sort would ease at least some of the anxiety felt by Blue Cross workers who are worried about recent changes.

Local 29, the Plant Closures Project, the Alameda County Central Labor Council, and a host of other community organizations have spent much time and effort arguing that Blue Cross, as a non-profit organization, has a social responsibility both to the workers it employs and to the City of Oakland to keep all 1800 jobs in Oakland. However, as Dobbins-Callahan pointed out, the most important thing for the members of Local 29 is to have some notice as to the fate of their jobs. Blue Cross still refuses to say what will happen to those for whom the new company headquarters has no room.

-- Pamela Tellev