

California University Institute of Industrial Relations  
Angeles)

**UCLA**  
**EMPLOYEE RELATIONS**  
**UPDATE,**  
**1988 - 1989.**



**INSTITUTE OF INDUSTRIAL RELATIONS**

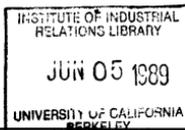
" 28th ANNUAL

**UCLA EMPLOYEE RELATIONS CONFERENCE**

**March 13-14, 1989 "**



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## FOREWORD

**UCLA Employee Relations Update 1988-89** was prepared by the UCLA Institute of Industrial Relations Center for Management Research and Education as part of its mission to bring the resources of the University to the community. This edition provides perspectives and statistics on emerging trends and issues in the workplace. It is intended to help employee relations decisionmakers formulate and evaluate existing and future policies.

This text was prepared in conjunction with the 28th Annual UCLA Employee Relations Conference held on March 13-14, 1989. Our cosponsors for this event included Commerce Clearing House, the U.S. Department of Labor, the Federal Mediation and Conciliation Service, and the Southern California Industrial Relations Research Association.

We wish to acknowledge the several contributors to this publication whose names appear at the start of each section. We thank Commerce Clearing House for publishing this update.

Any comments or inquiries about this material are welcomed and may be addressed to our attention at 1001 Gayley, 2nd Floor, Los Angeles, CA 90024-1478.

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## **A. THE ECONOMY**

# Reduced Slack Risks Higher Inflation

## Risks of Recession Rising

The success of the recent export boom in putting most idle people and machines to work has a dangerous side effect, namely, it becomes doubtful that the longest peacetime expansion in U.S. history can continue for several more years. As shown in the charts below, the unemployment rate has dropped significantly below 5.8 percent, the level at which wage inflation accelerated under the Carter Administration. Demographics are now more favorable for lower full employment rates of unemployment, but striving for continuing reductions as rapid those seen in the past few quarters would risk a considerable acceleration of wage compensation demands. Similarly, the past few quarters has seen the capacity utilization in manufacturing rise from below 80 percent to 84 percent. Another year or so of such rapid increases and many industries would encounter bottlenecks and shortages, which would lead to accelerating producers prices.

### **Inflation Threatens to Exceed Five Percent**

Many measures of inflation have increased at annual rates near or above 5 percent in the second and third quarters of 1988, including the consumer price index, the consumption deflator, the GNP deflator and the producers price index (see Table 2, Part B, Projection Tables Appendix). Wage compensation increased at the annual rate of 4.2 percent in the second quarter but accelerated to a rate of 5.6 percent in the third quarter. Weak productivity performance made unit labor cost increases 6.8 and 4.1 percent in these two quarters.

## **Contingency Planning for A Recession Merited**

The implication of accelerating inflation is certainly on the minds of members of the Federal Open Market Committee, which sets monetary policy. We think that the risks of a recession are high enough to make planning for one worth serious study, even if you do not make it your base case. It is impossible to predict very precisely the timing of a recession, so the dates used in the Base Forecast should be used flexibly. The Base Forecast calls for real GNP to drop by 1.0, 0.3 and 0.3 percent in three quarters beginning in the third quarter of 1989 (see Table 2, Part A, in the Projection Tables Appendix). Clearly, if such a forecast missed by a very negligible margin, this could become a "growth recession," i.e., a period of near zero growth but not an official "recession."

## **Highlights of the Base Forecast**

Other features of the Base Forecast include:

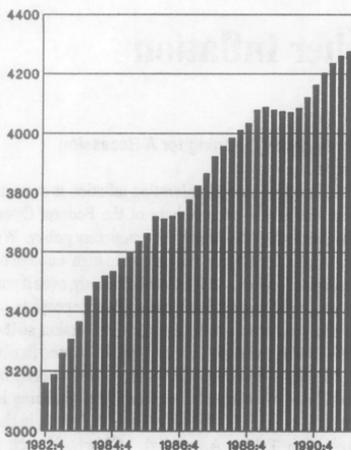
Interest rates rise as the Fed tightens. The prime bank loan rate averages 12.5 percent in the second quarter of 1989, implying a real prime rate of 7.9 percent—surely punishing to an already weak housing sector.

The annual rate of housing starts drops below 1.3 million units in the third and fourth quarters of 1989. Automobile sales drop to annual rates of 9.7 and 9.5 million units in these quarters.

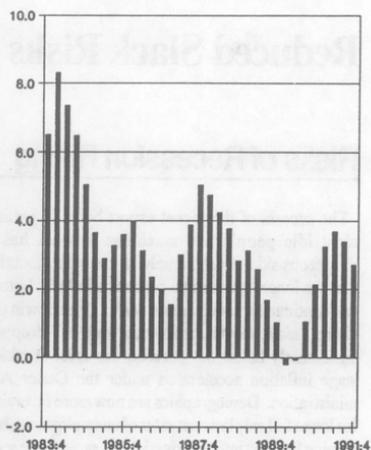
Unemployment rises exceeds 6 percent by the second quarter of 1990, stabilizing wage compensation at increases below 6 percent. The producers price index increases 4.4 percent in 1989, but less than 4 percent in the following two years. The mildness of the recession does not lead to low inflation, but largely eliminates the acceleration that would probably take place otherwise.

## **Executive Summary**

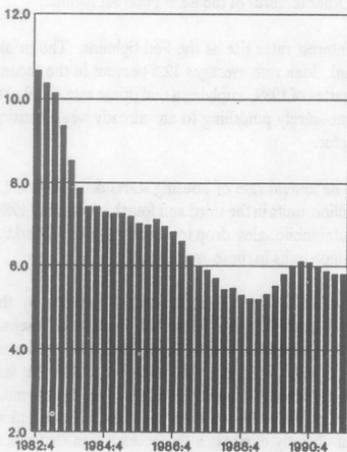
Real Gross National Product  
(Billions of 1982 Dollars)



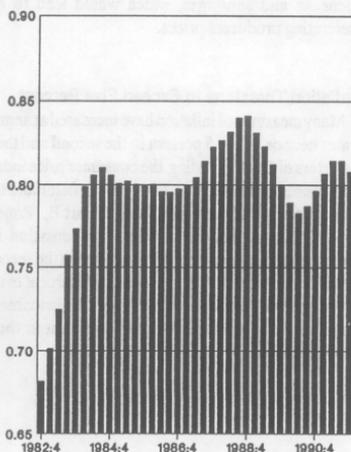
Real Gross National Product  
(Four-quarter Percent Change)



The Unemployment Rate  
(Percent)



Capacity Utilization  
(Percent)



UCLA National Forecast

## The Optimistic Alternative Forecast

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The Optimistic Alternative Forecast calls for continuing expansion on a relative steady basis. A rationale that is gaining currency is that specific sectors and regions have undergone and will undergo recessions, but not the economy as a whole. First the manufacturing and exporting sector was severely depressed, and with them, the central states. Then the energy producers, who continue to suffer. Perhaps next the financial sectors, defense industries and coastal states. Possibly the business cycle has been ended.

### Highlights of the More Optimistic Forecast

- The unemployment rate remains about 5 percent for three more years. Wage compensation increases average about 6 percent, but productivity gains offset enough of these increases to make unit labor costs rise about 4-4.5 percent annually.
- The federal deficit drops below \$100 billion by the first quarter of 1990, making it less than 2 percent of GNP.
- Interest rates do not drop as they would in recession, so the prime rate remains much higher than projected in the Base Forecast, staying over 10 percent throughout 1990.

## The Lower Defense Alternative Forecast

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The Lower Defense Alternative Forecast was initially called the "More Pessimistic Alternative" since it predicts lower real GNP than the Base Forecast and high unemployment. But since other dimensions of the forecast may be viewed as more optimistic, we made the title more literal. This simulation compares very drastic cuts in defense spending against a control forecast (not the Base) without recession. It

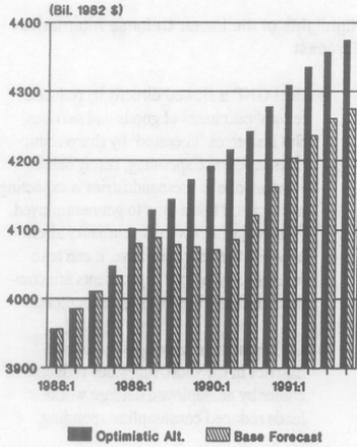
asks: Can the budget be balanced with truly major reductions in defense spending, on the order of 20 percent below the alternative? The answer is pessimistic in several senses, as follows:

### Highlights of the Lower Defense Alternative Forecast

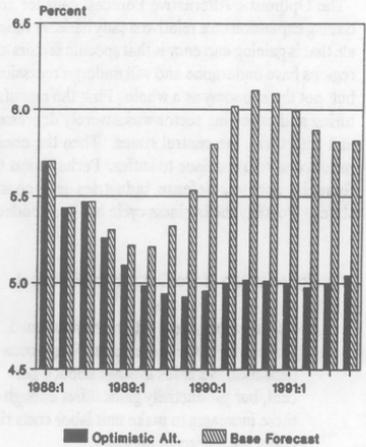
- Real GNP is slowed directly by reduced federal purchases of goods and services. But resources "liberated" by sharp reductions in defense spending, surely below what anyone in these industries is expecting, mean that it takes time to get reemployed. If the adjustments to the cutbacks after Vietnam are representative, it can take several years before adjustments are complete in these directly affected sectors.
- Unemployment increases in other industries in the short-run, since reduced incomes by unemployed defense workers leads reduced consumption spending.
- The federal deficit is not reduced nearly as much as would be calculated if the economy did not react negatively in the short-run to the cutbacks. The implication, well understood by President-elect Bush's economic advisers, is that a phased-in, gradual reduction, holds better promise for adequate progress toward deficit reduction without severe disruption of defense procurement.
- The unemployment rate remains about 5 percent for three more years. Wage compensation increases average about 6 percent, but productivity gains offset enough of these increases to make unit labor costs rise about 4-4.5 percent annually.
- The federal deficit drops below \$100 billion by the first quarter of 1990, making it less than 2 percent of GNP.
- Interest rates do not drop as they would in recession, so the prime rate remains much higher than projected in the Base Forecast, staying over 10 percent throughout 1990.

Executive Summary

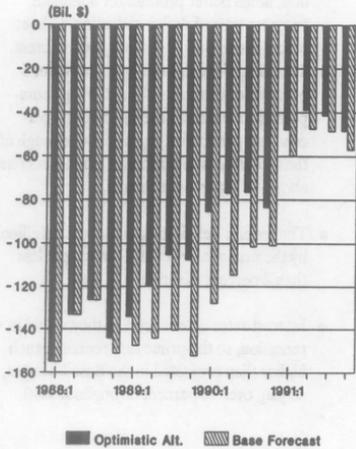
**Optimistic Alternative Forecast  
for Real GNP**



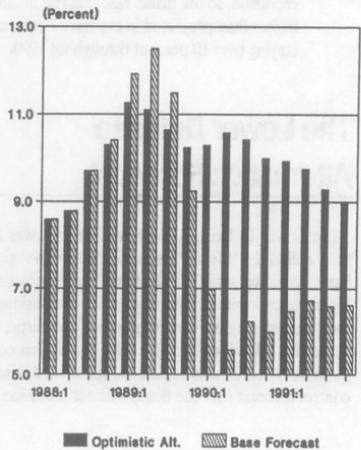
**Optimistic Alternative Forecast  
for the Unemployment Rate**



**Optimistic Alternative Forecast  
for Federal Deficit**

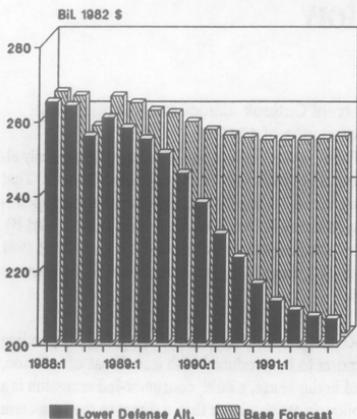


**Optimistic Alternative Forecast  
for the Prime Bank Loan Rate**

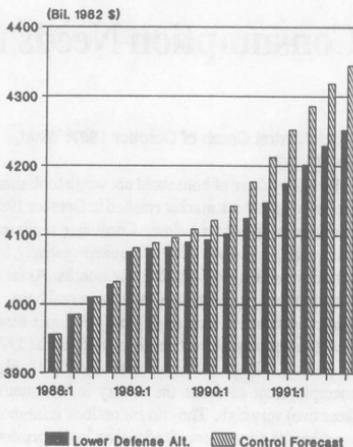


UCLA National Forecast

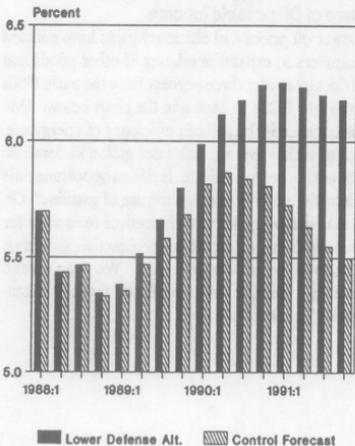
### Lower Defense Spending Simulation Alternative Assumptions about Real Defense Expenditures



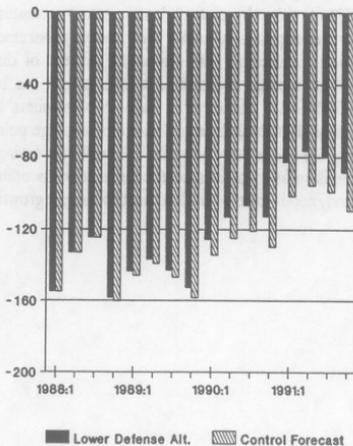
### Lower Defense Spending Alternative Forecast for the Real GNP



### Lower Defense Spending Alternative Forecast for the Unemployment Rate



### Lower Defense Spending Alternative Forecast for the Federal Deficit



# Consumption Needs to Slow

## Stock Market Crash of October 1987: What, Me Worry?

The equity share of household net worth took sharp drop when the stock market crashed in October 1987, as shown in the chart below. Consumer sentiment reacted very rapidly and initially quite negatively, but optimism was restored within a few months. As far as consumption spending, the Crash was a real bore. A mild recession will tend to depress consumer sentiment temporarily, but not nearly as badly as the 1979-82 period. High inflation combined with high unemployment to make the misery index (sum of these two) very high. The current outlook is far more sanguine for consumer attitudes than in the previous period.

## Consumer Credit Is More Worrisome

Consumer optimism eventually needs to be backed by purchasing power. Although retailers are cautiously optimistic about the Christmas season for 1988, (as shown by relatively lean inventory accumulation), caution signs abound. First, recently consumer credit outstanding was almost 19 percent of disposable income, higher than trends suggest can be maintained. The forecast calls for consumers to reduce debt levels by more than a percentage point over the coming several years. Secondly, the savings rate is so low that increased consumption spending surely needs to be within limits set by income growth.

## Current Outlook Almost as Pessimistic as Experience of 1981-82

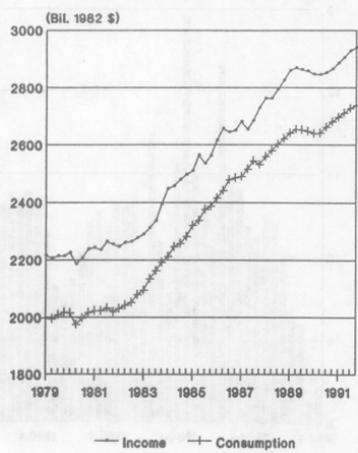
The resulting outlook for consumers is curiously almost as pessimistic as the experience of 1981-82. That long recession hardly reduced consumption spending, as shown in the chart below or in Table 1, Part B). Real consumption grew 1.2 and 1.3 percent in 1981 and 1982, despite the worst recession of the postwar era.

Reductions in consumer spending allow expanding exports to be produced with less threat of inflation, and in this sense, a mild, consumer-led recession is a policy objective, rather than a threat to the long-term goals for a stable economy. The outlook calls for real consumption spending to grow 2.2, 0.3 and 2.4 percent in 1989, 1990 and 1991, respectively, closely in line with real disposable income gains.

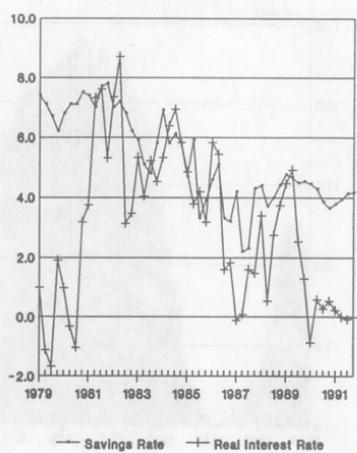
## Consumer Energy Costs Low and Declining Share of Disposable Income

Lower oil prices and efficiency gains have enabled consumers to expand purchases of other goods and services by almost three percent from the early 1980s to the late 1980s, as shown in the chart below. One consequence is the gains in efficiency of energy use, such as higher average miles per gallon in domestic cars, are harder to motivate. Is this an opportune time to introduce higher taxes on the use of gasoline? Or, since maintaining domestic incentives to explore for petroleum is an important policy objective, should we introduce an oil import fee? We won't read someone's lips if he wants to call this revenue enhancement "...no tax increase."

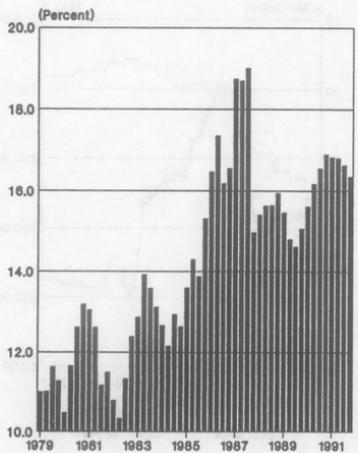
Real Disposable Income vs.  
Real Consumption Expenditures



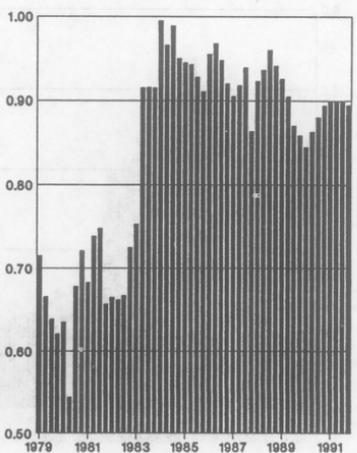
Savings Rate vs.  
Real Treasury Bill Rate



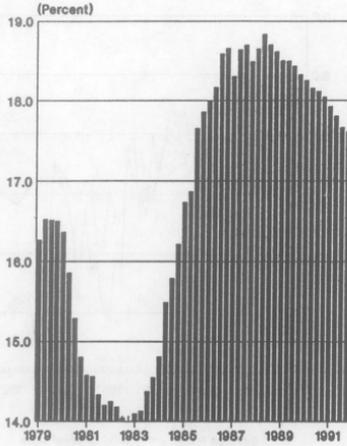
Equity Share of  
Household Net Worth



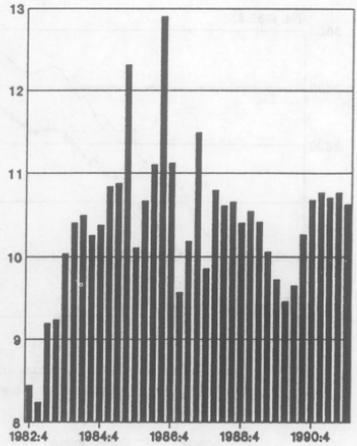
Index of Consumer Sentiment  
(SRC, U. Mich.)



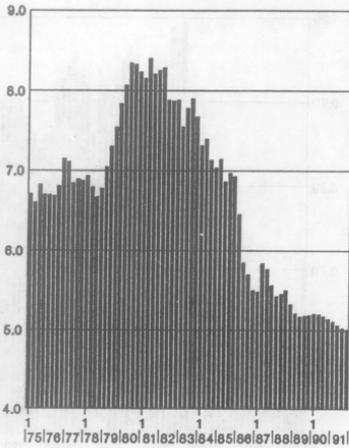
**Consumer Credit Outstanding  
(Share of Disposable Income)**



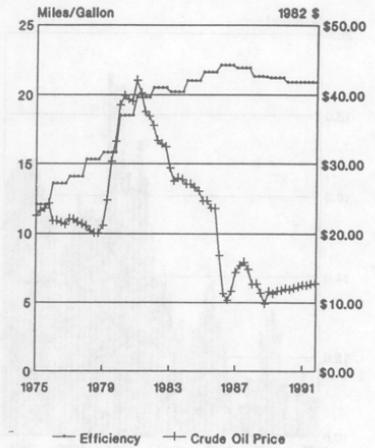
**Retail Automobile Sales  
(Millions of Units)**



**Consumer Energy Costs  
As a Share of Disposable Income**



**Efficiency of Domestic Cars  
vs. Real Price of Imported Crude Oil**



Consumer Spending

# Investment Expected to Weaken

## **Business Fixed Investment Hit Hardest by Recession**

The predicted recession will hit hardest the most cyclic sectors, such as real investment in producers durable equipment. This type of investment is predicted to drop at annual rates of 6.3, 7.0 and 6.9 percent in the three quarters beginning in the fourth quarter of 1989.

The nonresidential structures sector has already been depressed by tax law reforms and low oil prices. As shown in the charts below, this sector has been as depressed as it was during the last recession. Office and industrial building construction grew 17.0 and 12.3 percent in 1984 and 1985, but fell by modest amounts in the next three years (including 1988). Much longer depreciation lives accounts for a significant part of this reduction in activity. Petroleum exploration fell 41.2 percent in 1986 and another 9.2 percent in 1985, with little or no recovery in sight. Utility construction has been fairly flat during this period.

## **Housing Will Benefit from Lower Interest Rates**

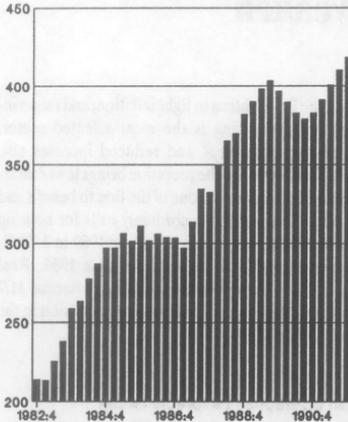
The initial impacts of a recession period can be hard on investment in residential construction activity.

When the Fed tightens to fight inflation, and raises interest rates, housing is the most affected sector. Higher unemployment and reduced incomes also hurt. However, once the recession brings lower interest rates, housing can be one of the first to benefit and recover. The outlook accordingly calls for housing starts to rise from 1.3 million units in 1989 to 1.7 million units in 1991, the highest level since 1986. Real expenditures on residential structures increase 11.7 percent in 1991, by far the strongest expansion in the recovery period.

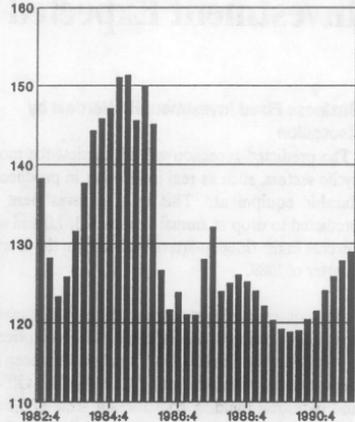
## **Lean Inventories Favorable Factor**

Inventory accumulation was high for two quarters in the Crash period, but were brought to lower levels of accumulation without a classic inventory recession. It appears that inventories are relatively well under control currently, and this serves to make the outlook for a recession significantly more favorable than otherwise. The outlook calls for real inventory change to stay positive and be \$37.7, \$12.4 and \$16.2 billion (1982 dollars) in 1988, 1989 and 1990, respectively. In the last recession, inventories were liquidated by \$24.5 billion in 1982.

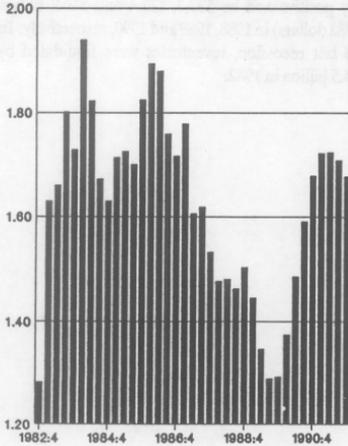
**Real Investment in Producers  
Durable Equipment**  
(Billions of 1982 Dollars)



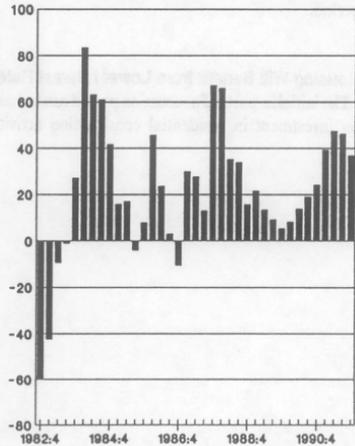
**Real Investment in  
Nonresidential Structures**  
(Billions of 1982 Dollars)



**Housing Starts**  
(Millions of Units)



**Change in Real Business Inventories**  
(Billions of 1982 Dollars)



UCLA National Forecast

# The Second Coming of Rosy Scenario

## Optimistic Forecasts are Predictable.

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The first forecasts released by the Reagan administration were so optimistic that they were personified as "...Rosy Scenario." Overly optimistic forecasts are predictable in the first few weeks of a brand-new administration since the economic team is still being assembled and optimism buys time. But the Bush administration is really a continuation of the Reagan Administration to a significantly greater extent than is normal when the Presidency remains in control of the same Party, not only because George Bush has been Vice President, but also because James Baker will be the dominant economic figure in the next administration. Additionally, Richard Darman, a close ally of Baker at Treasury, will be head of OMB, and Nicholas Brady will continue as Treasury Secretary. This team may surprise us with forceful proposals to reduce the deficit but the campaign showed no sign of such courage.

### Risks in the "Grow Our Way Out" Strategy

The "flexible freeze" essentially asks the Federal Reserve Board to support a policy of rapid real growth of the economy, arguing that fears of capacity constraints, bottlenecks in production and accelerating inflation are overly pessimistic. (The optimistic alternative forecast, discussed above, examines some of the implications this strategy may hold.) The economy, it is hoped, would then generate so much tax revenue that the budget can be balanced without major budget cuts nor any major tax increase.

Recall that the last time the federal budget was almost in balance was under Jimmy Carter, when stimulative monetary policy led to high inflation, and

Government Revenues and Expenditures

high growth of revenues. The last quarter before Carter became President the federal government raised 19.1 percent of GNP in taxes, and inflation, (measured by the four-quarter percent change of the all-urban consumer price index), was 5.1 percent. The deficit was then 20.2 percent of GNP. The last quarter of the Carter Presidency witnessed 20.6 percent of GNP going to federal taxes, obtained, in no small part, by inflation of 12.6 percent. But the deficit had been reduced to a mere 0.2 percent of GNP. But the resources garnered by the federal government through high inflation were surely not cost-free. In this simple sense, Carter raised taxes—but on holders of money balances, here and abroad, rather than by explicit tax increases.

Will those burned by the accelerations of inflation from the late 1960s through the 1970s wait as long as they did to shift away from financially vulnerable positions? Specifically, will the Japanese holders of federal bonds make passive donations to the federal deficit reduction cause? Not likely.

## Reduced Real Defense Spending Likely Feature of "Flexible Negotiations"

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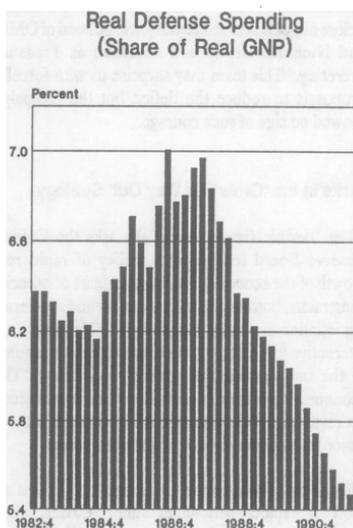
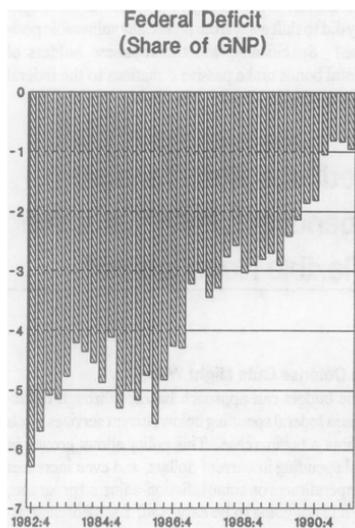
### Big Defense Cuts Might Work

The budget can approach balance through reductions in federal spending below current services levels without a tax increase. This policy allows growth in total spending in current dollars, and even increases in expenditures on some inflation-adjusted programs, but it is not going to be easy. Our Base Forecast assumes that President-elect George Bush will reduce

the federal budget deficit to a smaller share of GNP. Specifically, we forecast that the deficit will be less than one percent of GNP by 1991, less than one-fifth the size it was as recently as 1986. (See Table 1, Part A, in the Projection Tables appendix.) The mild recession which is forecasted does not prevent the deficit from shrinking annually from 1989 through 1991. This Base Forecast differs from the hints George Bush gave in the campaign that real defense spending would be held constant, since it assumes that real defense spending will be cut substantially more than such hints suggested. Specifically, we assume that real defense expenditures will drop from a peak of \$264.9 billion (1982 dollars) in calendar year 1987 to \$235.9 billion in 1991, with annual percentage reductions of 1.9, 3.4, 3.3 and 2.8 percent in 1988, 1989, 1990 and 1991, respectively. (See Tables 1 and 3 in the Projection Tables Appendix.) Ironically, this means that nominal defense spending would be almost constant. Thus, if the new Bush Administration shows flexibility in negotiations, as early indications suggest, the budget outlook will be relatively optimistic.

## Recession Could Lower Interest Costs of National Debt

Interest costs are projected to rise as a share of GNP during 1989, when the Fed forces rates higher to reduce the threat of inflation (and bring on the recession predicted). However, significant reductions in interest rates are predicted by 1990 and 1991, leading to a reduction in interest costs of the national debt. These costs are predicted to drop to 2.8 percent of GNP by 1991, lower than any year since 1983. The optimistic alternative forecast, discussed above, features continuing real growth, no recession, higher GNP but also higher interest costs as a share of GNP, since interest are so much higher as well.



UCLA National Forecast

The "Rosy Scenario" is likely to borrow its interest rate forecasts from economists projecting recessions, but its real GNP forecasts from economists projecting no recession. As Alice in Wonderland once said, "You may call this nonsense, if you like, but I've seen nonsense the likes of which would make this seem as sensible as a dictionary." At least such a forecast will not be a contradictory as the early Reagan forecast, cammelled together by the shotgun marriage of monetarists and supply-siders.

## **Reagan Revolution Slightly Arrested Prevailing Trends**

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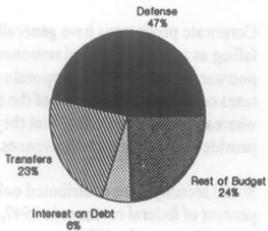
A brief retrospective on the Reagan Revolution is in order. The postwar era has been characterized by several prevailing trends in federal budget policy, shown in the charts below.

- Defense has generally be shrinking as a share of federal expenditures. In 1960, long after Korea but well before the escalation in Vietnam, defense spending was 47 percent of the budget. By 1991, we project that defense will be 24 percent of federal expenditures. Reagan's buildup shifted directions to a decisive new trend, but was not sustained long enough to change, to any major extent, the actual shares spent on defense.

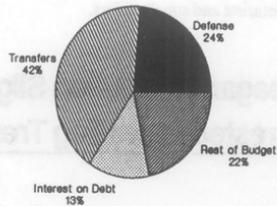
- Personal transfer payments have generally been rising as a share of federal expenditures. In 1960, these payments were 23 percent of the budget, whereas by 1991 we project that they will be 42 percent. Reagan policy may have arrested the growth, but did not reverse the trend.
- Corporate profit taxes have generally been falling as a share of federal revenues in the postwar period. In 1947, corporate profit taxes contributed 24 percent of the total, whereas by 1991 we project that they will provide only 11 percent of revenues.
- Social security taxes contributed only 14 percent of federal revenues in 1947, but will reach 40 percent by 1991.
- Personal income taxes contributed 45 percent of revenues in 1947, and will provide 44 percent in 1991.

There are two interpretations to these observations: (1) There was no "Reagan Revolution." (2) Forces that prevailed earlier are very persistent and nearly impossible to reverse. The latter interpretation should warn George Bush that by his 16th year as President or Vice President (assuming a second election to the Presidency), the federal government may be slightly off the course being followed by his predecessors.

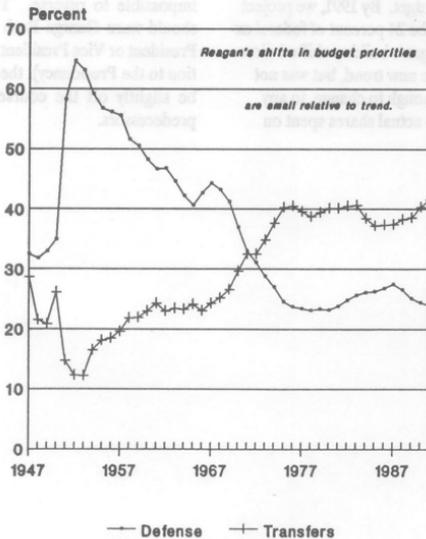
**Shares of Federal Expenditures  
Spent on Various Categories  
1960**



**Shares of Federal Expenditures  
Spent on Various Categories  
1991**

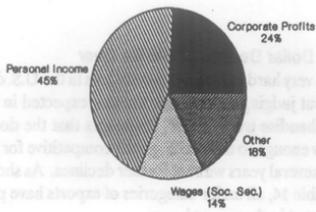


**Federal Budget Shares Spent on  
Defense and Transfer Payments**

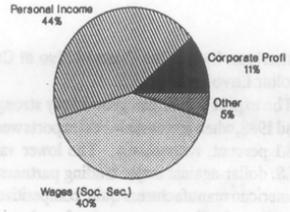


UCLA National Forecast

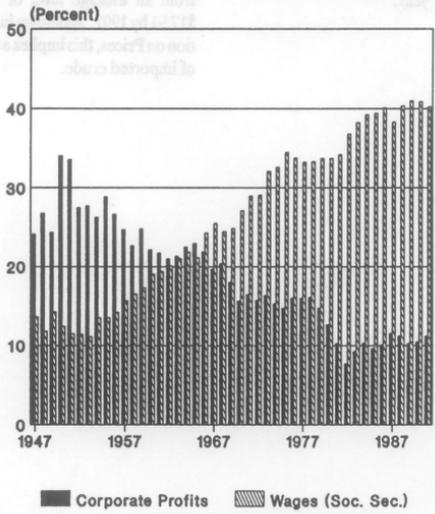
**Shares of Federal Taxes  
Coming from Various Sources  
1947**



**Shares of Federal Taxes  
Coming from Various Sources  
1991**



**Shares of Federal Revenues  
Derived from Corporate Profit Taxes  
and Social Security Taxes on Wages**



# Export Sector Outlook Strongest

## **American Industries Competitive at Current Dollar Levels**

The export sector has grown very strongly in 1987 and 1988, when increases in real exports were 13.1 and 18.1 percent, respectively. The lower value of the U.S. dollar against major trading partners has made American manufacturers quite competitive. A recession may finally encourage (or force) consumers to stop buying as many goods of from all nations, thereby reducing imports. The near-term outlook for improvement in the trade balance is very favorable compared with the past or more distant future. As shown in the charts below, the projected phase ahead is the opposite of that which prevailed in 1984 and 1985, when the U.S. dollar was stronger. Real imports are projected to grow 6.4 percent in 1989 but fall 1.3 percent in 1990. The last reduction in imports was in 1982, a recession year.

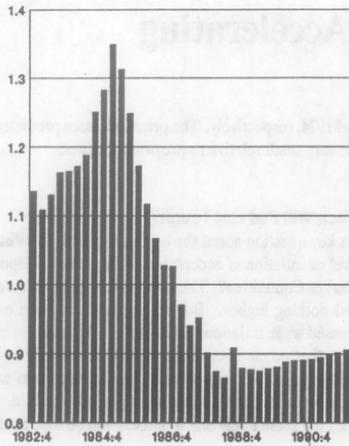
## **U.S. Dollar Decline Could Be Over**

It is very hard to forecast movements in the U.S. dollar, but judging by the improvement expected in the merchandise trade deficit, it appears that the dollar is low enough to make U.S. goods competitive for the next several years without further declines. As shown in Table 14, all major categories of exports have participated in the export boom.

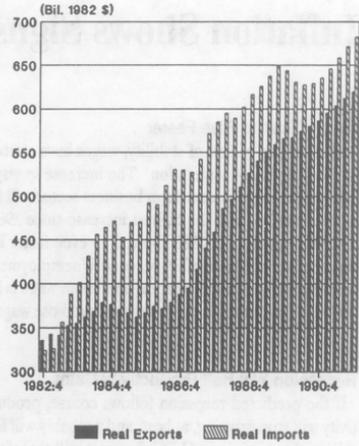
## **Payments for Imported Crude Oil Likely to Rise**

Payments for imported crude oil were \$57.4 billion in 1984, but will drop to \$39.0 billion in 1988. By 1991, however, payments will return to the level of 1984, according to our assumptions about the price of imported crude oil. We assume that oil prices will rise from an average level of \$14.51/barrel in 1988 to \$17.91 by 1991. As shown in the charts of the next section on Prices, this implies a relatively stable real price of imported crude.

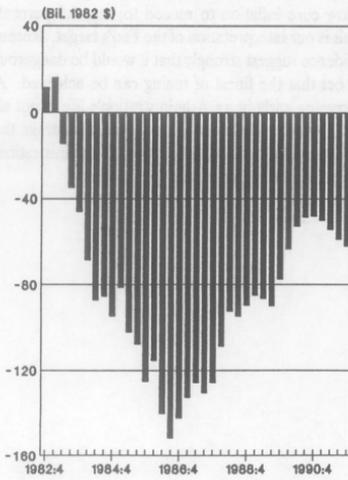
U.S. Dollar Exchange Rate  
(1980-82 = 1.00)



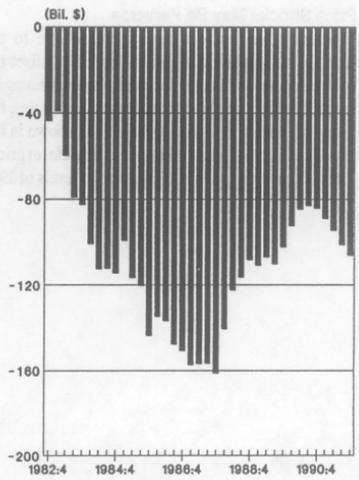
Real Exports  
Versus Real Imports



Real Net Exports



Merchandise Trade Deficit



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# Inflation Shows Signs of Accelerating

## **Wages Start to Rise Faster**

After a long period of stability, wages have started to show signs of acceleration. The increase in wage compensation in the nonfarm business sector will be 4.6 percent in 1988, the highest increase since 1982. The third quarter of 1988 showed an even faster increase, an annual rate of 5.6 percent. Unemployment is so low in many states that the minimum wage is irrelevant--no one can be found to work at those wages.

## **Recession Will Halt Productivity Gains**

If the predicted recession follows course, productivity will stop growing, at best, and probably will fall during the recession. Unit labor cost will therefore accelerate even more than wages. Unit labor costs are predicted to increase 4.6 percent in 1989, 50 percent faster than in 1987 or 1988.

## **Price Shocks May Be Perverse**

Recently farm prices have increase due to the drought but declining oil prices tended to offset the food price shock. The outlook calls for continuing increases in farm prices, although at reduced rates, but rising oil prices, at moderate rates. As shown in the charts below, real crude oil prices and real farm prices are both severely depressed relative to levels of 1982

and 1974, respectively. The price increases predicted are very small relative to previous declines.

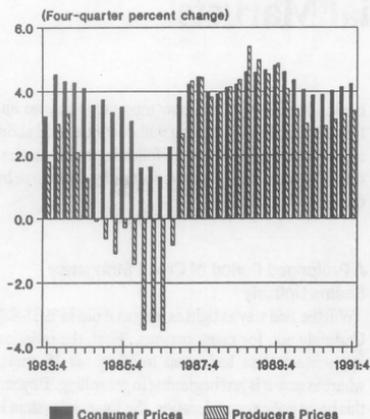
## **When Will Fed Get Tough?**

A key question about the current outlook is: What level of inflation is acceptable to the Federal Open Market Committee? The ostensible answer is zero, and nothing higher. But no urgency has been expressed when inflation was about 3 percent. It seems clear that no member of the FOMC will sit idly by if non-farm, non-energy inflation rates threaten to exceed 5 percent for an extended period. Indeed, it does not seem likely that 4 percent will be tolerated.

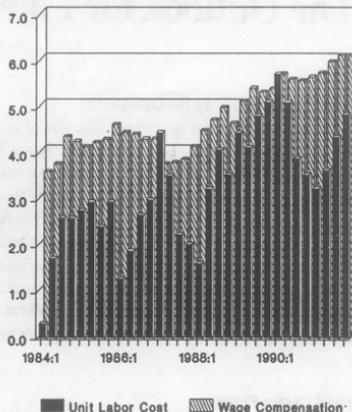
## **Bush Administration Might Be Better with Early Fed Discipline**

The economy could slow to a growth rate of about 2.5 percent and the current slack might suffice to allow core inflation to recede to, say, 3.5 percent. This is our interpretation of the Fed's target. Recent evidence suggest strongly that it would be dangerous to bet that the finest of tuning can be achieved. A recession early in an Administration's life is not all bad. Maybe President Bush should encourage the Fed to exercise discipline early in his administration, as it did for Reagan but not for Carter.

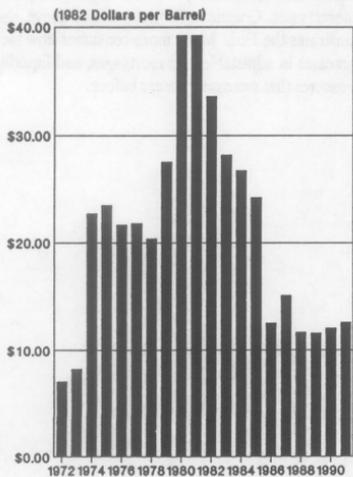
**Inflation Measured by  
Consumer Price Index  
Producers Price Index**



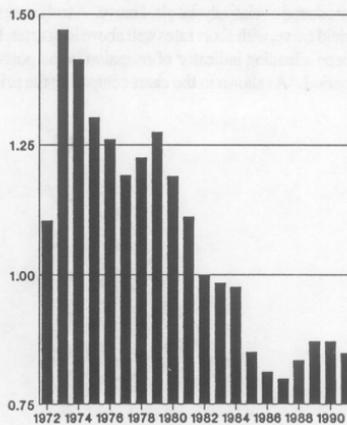
**Wage Compensation and  
Unit Labor Costs  
(Four-quarter percent change)**



**Real Price of Imported Crude Oil**



**Real Price of Farm  
Producers Prices  
(1982 = 1.00)**



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# The Outlook for Financial Markets

## **Mild Recession May Be Optimistic**

The stock market has occasionally been a valid leading economic indicator. Last year, it clearly was far off the mark (taking our forecast along with it). What are likely stock market reactions if analysts widely accepted our view of the economy? One can argue that a mild recession, which only temporarily depresses corporate profits, but reduces the threat of inflation, lowers interest rates and sets the stage for another long expansion, will be viewed without alarm in prospect, and with favor if matters develop that way.

## **Yield Curve Flattens**

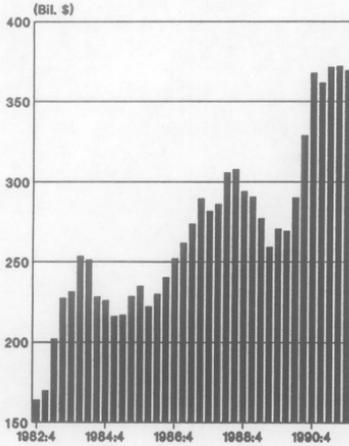
The past year has seen a very substantially flattening of the yield curve, the relationship between short, intermediate and long term interest rates. As shown in the chart below, in the third quarter of 1987, the treasury bill rate was substantially below the rates on 3-5 year government notes or 30 year government bonds. By the fourth quarter of 1988, increasing short rates and relatively stable long term rates had produced a relatively flat yield curve. A truly inverted yield curve, with short rates well above long rates, has been a leading indicator of recession in the postwar period. As shown in the chart comparing the prime

bank loan rate with the new mortgage rate, we anticipate that Fed tightening will continue until short rates exceed long rates. The following recession restores the more typical upward sloping yield curve by the second half of 1989.

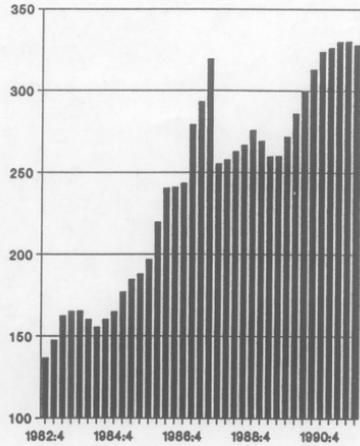
## **A Prolonged Period of Credit Stringency Seems Unlikely**

Will the Fed stay as tight as long as it did in 1981-82? Certainly not, for many reasons. First, the inflation momentum then had been building for 15 years, whereas now it is just beginning to get rolling. Beyond this basic policy consideration, the financial system is not in good shape to stand a prolonged period of strain. The savings and loan bailout will be costly without any crunch, and a period of a year of more could make the situation far worse. Corporate use of leverage has made many more companies vulnerable to a downturn, especially if induced by higher prime interest rates. Consumer debt, mentioned above, also constrains the Fed. Many more consumer now face increases in adjustable rate mortgages, and liquidity pressures that were not present before.

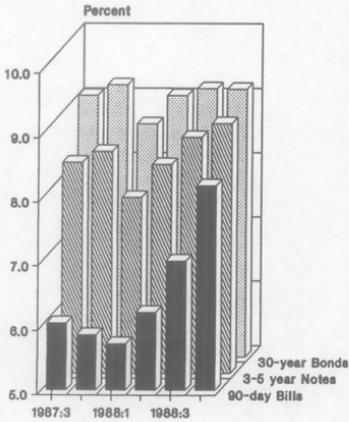
**Corporate Profits Before Taxes**



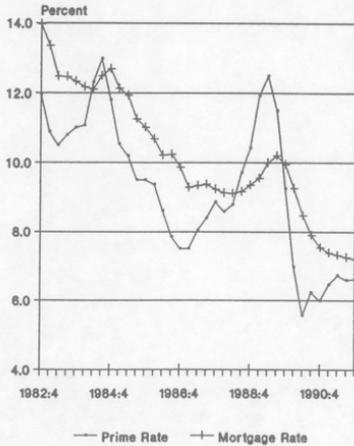
**Standard and Poor's 500 Stock Price Index**



**Interest Rates on 90-day Treasury Bills, 3-5 Year Notes and 30-Year Bonds**



**Prime Bank Loan Rate vs. New Mortgage Rate**



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## **B. WAGES AND PRICES**

# EMPLOYMENT ISSUES FOR THE NEW ADMINISTRATION

## SPECIAL FOCUS

Daniel J.B. Mitchell, Director, UCLA Institute of Industrial Relations and Professor, Anderson Graduate School of Management at UCLA

Paper for the UCLA Business Forecasting Conference, December 14, 1988

With the decade of the 1990s only a year away, and with the presidential election behind us, it is appropriate to take a somewhat longer look at the labor market than I have usually presented at these meetings. What issues will arise in the employment market during the new administration? A look toward the future reveals a variety of upcoming pressures on practitioners in the human resource field and some unresolved problems. It doesn't necessarily reveal what we would like to see. But at least we can be prepared and avoid unpleasant surprises.

### I. The Recent Past: General Economy.

The past year was a surprise. After the October 1987 crash, most forecasters expected at least a slowdown in growth, and - of course - UCLA projected an outright recession. While some softness in the economy appeared in the post-crash period, the uncertainty and fear created by the crash seemed to evaporate by the second quarter of 1988. Figure 1 shows the trend in business loans outstanding from large commercial banks. Since loans represent a business commitment, they can be taken as an index of confidence. Loans were flat until the second quarter when confidence seemed to return, then surged upward, leveling out by mid-summer, as economic growth generally slowed.

What about the monetary policy which accompanied this period? Figure 2 shows the trend in the M1 money stock measure. The Federal Reserve's bail-out of the market in October 1987 is clearly visible. But policy thereafter seems erratic. At first the Fed sucked out the money it had infused into the system, apparently fearing excessive stimulation of the

economy and possible resulting inflation. Then it worried about recession and reversed course. This in-and-out pattern characterized 1988.

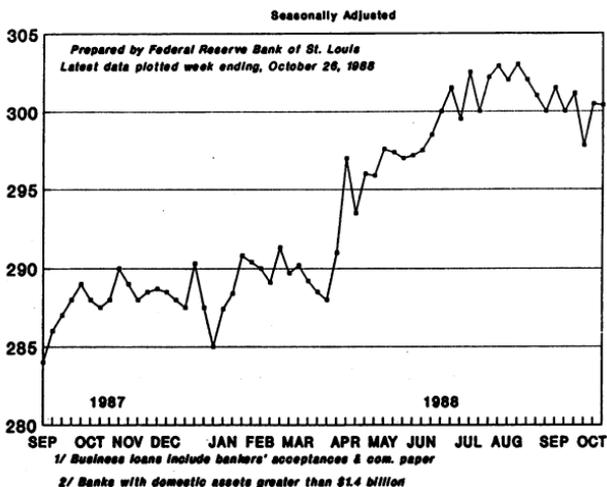
The volatile pattern of monetary policy reflects an important lesson from the stock market crash: Linkages between financial markets and real activity are much more attenuated and imprecise than many economists have thought was the case. Thus, it is much more difficult for the Fed to determine or follow an appropriate monetary policy, since no one can be sure what particular monetary policy is in fact appropriate. We may not be flying blind into the 1990s, but at the macro policy level it is certainly foggy out there. From the human resource perspective, this new macro reality means that employers (and unions in organized situations) must be prepared to deal with a more uncertain economic environment. The volatile movements of the dollar exchange rate in the 1980s, which had the effect of changing U.S. competitiveness abruptly, simply add to the uncertainty. Who is to say the 1990s will not also include such episodes of dramatic dollar appreciation and depreciation?

### II. The Recent Past: Labor Market.

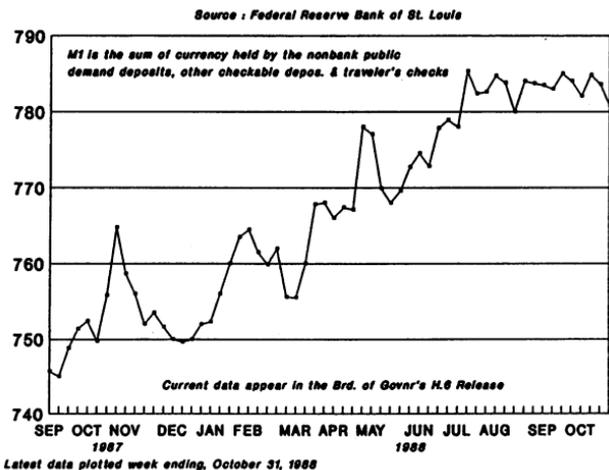
Figure 3 shows the trend in unemployment during the past year. As the national unemployment rate fell below 5%, labor shortages - which had previously been confined to the northeastern states - began to invade other areas. To be sure, there were special circumstances in particular industries. Nurses and other health technicians were in notably short supply, but wage setting in those occupations has long been thought by economists to reflect employer cooperation in keeping pay low. Fast food operators, and others who traditionally paid the minimum wage were affected by a lack of increase in the minimum since 1981. The queue of workers dried up as the minimum wage became unrealistically low. With unemployment falling, these employers were forced to behave like others and compete for labor. But all that being said, there is no doubt that an unemployment rate below 5% signifies a tighter labor market than the 7% rate which characterized the mid 1980s.

Special Employment Focus

**Figure 1. Business Loans<sup>1/</sup>**  
**(Commercial & Industrial) Weekly**  
**Reporting Large Commercial Banks<sup>2/</sup>**

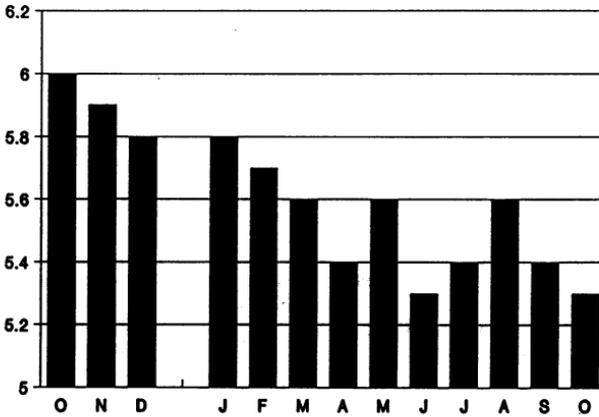


**Figure 2. Money Stock (M1)**  
**Daily Averages (Seasonally Adjusted)**  
**Billions of Dollars**



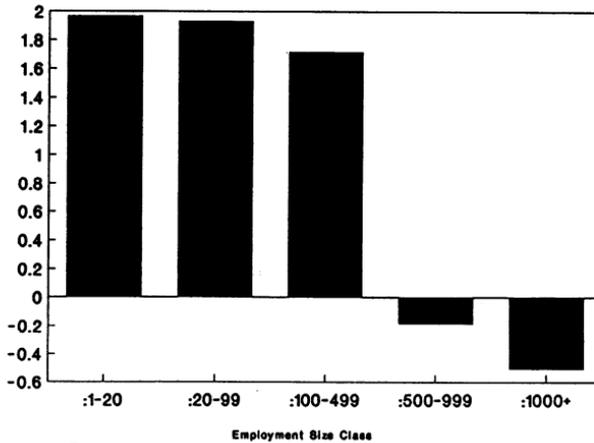
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**Figure 3. Civilian Unemployment Rate**  
**October 1987 - October 1988**  
**(Percent)**



Note: Data are seasonally adjusted.  
 Source: U.S. Bureau of Labor Statistics.

**Figure 4. Change in Employment by**  
**Establishment Size**  
**(Annualized Percent Change 1979-85)**



Special Employment Focus

By itself, of course, a tight labor market is desirable. What is not desirable is inflation as a byproduct of such tightness. Inflation could lead to a restrictive monetary policy which - given the imprecise link between monetary developments and economic activity - could easily cause an overshooting and a recession.

### III. Structural Changes in the 1980s.

One of the big news stories of the 1980s was "deindustrialization," generally taken to mean the decline of once substantial manufacturing industries (1). Steel is perhaps the best example. Payroll employment in steel (SIC 331) fell from 570,500 workers in 1979 to 274,600 in 1987. Generally, employment fell in all of manufacturing over this period, but by nowhere near the rate experienced in steel. Thus, there has been a shift in the composition of manufacturing employment from older to newer industries. For example, even with the well-publicized overcapacity in computers in the mid 1980s, employment in office machinery and computers rose by 15.6% during 1979-87, as steel jobs declined.

The general restructuring of industry - including well-publicized mergers, takeovers, acquisitions, and divestitures - did have the effect of heightening awareness of job security (or insecurity) at all occupational levels. Studies by the U.S. Bureau of Labor Statistics suggest that those who were displaced by mass layoffs and plant closings often suffered prolonged periods of joblessness, and often eventually had to settle for jobs at lower rates of pay than they had previously enjoyed (2). The job security issue has already been reflected in the Congressional legislation of 1988 requiring 60-days advance notice of mass layoffs and plant closings. Moves for related job protections can be expected in the 1990s at both the federal and state levels.

Another notable structural shift of the 1980s - a change in average firm size - has implications for the human resource outlook. Figure 4 - based on data from *County Business Patterns* - indicates that employment growth has been concentrated in smaller establishments. Indeed larger establishments have tended to experience declining employment in the 1980s. Establishment size and firm size are not the same thing, although the two are correlated. But Figure 5 shows that the largest companies, the Fortune 500, experienced employment declines in the

1980s despite the general job growth that occurred. Thus, both unit size and firm size did shrink.

Generally, smaller employers have tended to be less able to provide secure job attachments and generous fringe benefits than larger ones. So, again, concern over job security is raised by this trend. In addition, Congress has been interested in the 1980s in spreading fringe benefits - especially health and pension plans - more widely, i.e., to low-wage workers. A trend to smaller employers thus puts public policy in collision with economic trends.

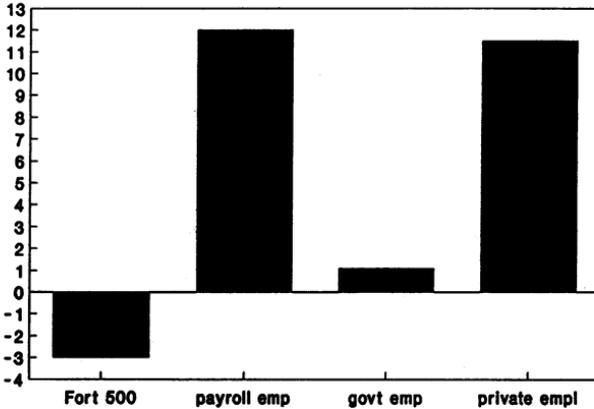
It has been argued that the shift to smaller employers is a symptom of the spread of "flexible specialization," a development made possible by new technology (2). According to this view, rather than mass production, the wave of the future will be smaller, customized production units which adapt rapidly to changing markets. In such a world, there will be a premium on employees who are up to date in their technical skills and a need for continuous retraining. Not everyone, however, may be comfortable with their current skills nor with their ability to absorb new ones. The notion of a shifting labor market both makes people nervous about job security and focuses renewed attention on the deficiencies in our formal educational institutions.

There have been fears that recent economic trends have served to make income distribution more unequal. This issue is a complex one. It is certainly possible to find evidence of some shrinkage in the middle class, although whether those departing the middle are going up or down is open to question (4). What is clear is that average real pay increases have not been what they used to be, as Figure 6 makes clear. Some of the decline in real pay gains is related to productivity growth trends. However, the pick up in productivity in the 1980s has not been reflected on a one-for-one basis in real wage improvements.

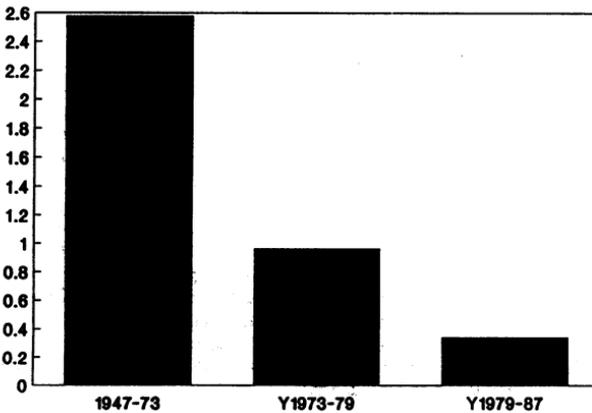
### IV. The Employer Obligation Movement.

Because of the economic uncertainties they face, employers have been seeking ways of enhancing their "flexibility" in dealing with employees. The quest for flexibility has expressed itself, for example, in the growing use of contingent workers, such as office temporaries (5). However, employees are not necessarily delighted with this new flexibility. Pushed to its

**Figure 5. Change in Employment  
1979 - 1987  
(Millions)**



**Figure 6. Change in Real Compensation  
Per Hour  
(Percent Change)**



Note: Data are at annualized rates for the nonfarm business sector.

Special Employment Focus

limit, a completely flexible labor market would look like the informal job exchanges found on street corners in Los Angeles and other cities where illegal aliens are hired for a day's work. Such markets are not noted for providing income security.

While employers have been seeking freedom from fixed obligations, employees have been using available legal means to enforce a concept of employer obligation. Wrongful discharge litigation, especially in California, has become a major concern of employers during the past decade (6). Employers have been forced to pay damages to fired employees under a variety of rationales, including implicit promises made at the time of hire or in personnel handbooks.

Apart from wrongful discharge cases, which can be costly for workers to pursue, nonunion employees have used available forums, since as workers' compensation laws and equal employment opportunity (EEO) laws as *de facto* grievance machinery. Ads regularly appear in the newspaper from law firms eager to process claims of occupational stress. EEO complaints are often really grievances about workplace treatment that have been tailored to meet the requirements of the available public forum. Issues of age discrimination are frequently really issues of treatment of long-service employees, since age and seniority are correlated, especially for males. Because only about a fifth of the workforce is nonunion, private sector, white, and under 40 years old, the remaining large majority of employees has some EEO forum potentially receptive to their complaints.

From the human resource perspective, the litigation problem can be viewed as one of defining the employment contract clearly. At present, the relationship between employer and employee is often ill-defined. Employers in the past viewed this fuzziness as a way of preserving their flexibility. Now, however, fuzziness may be leading to reduced flexibility and costly external adjudication.

#### V. Developments in the Union Sector.

During the 1980s, developments in the union sector can be divided into two related categories: membership and bargaining results. As Figure 7 shows, union membership declined in absolute terms by a significant margin, with the losses concentrated in

private employment. At the same time, private non-union employment expanded so that by 1987 only 14% of private wage and salary earners were represented by unions (and a still smaller fraction were union members).

The drop in union membership during the 1980s is only partially a reflection of changes in industrial employment composition. Only about a fourth of the drop (one fifth in the private sector) can be explained by shifts in employment between industries (7). Four fifths of the drop occurred because unions lost members *within* industrial categories. In some cases within industries, older union plants or companies closed while newer nonunion plants or companies developed. Unions also faced strong management resistance to new organizing and a less friendly climate at the National Labor Relations Board.

As Figure 8 shows, during the 1980s unions continued to win 45-50% of representation elections. But the number of elections actually held (mainly at union initiative) fell roughly in half. Unions were not replacing enough members through NLRB elections to keep membership constant. Even when they won elections, unions often had difficulty in negotiating a first contract with the employer.

The weakening of the union side was reflected in a marked decline in strike activity, as Figure 9 illustrates. Concession bargaining - defined as first-year wage freezes and cuts - became widespread as well (Figure 10). To the extent that the membership losses within industries reflected new nonunion competition, bargaining power on the union side was clearly diminished.

However, there have been some developments in recent years which suggest a diminution of concession bargaining. Many contracts in the mid 1980s began to include lump sum bonuses, often in the first year of the agreement. Such lump sums often represented *de facto* wage increases. Thus, the concessions shown on Figure 10 should be adjusted to remove contracts with lump sums. Once this is done, it can be seen the concession bargaining actually peaked in 1983-84 and then declined. The effect is further accentuated if contracts with active cost of living adjustment clauses (COLAs) are removed. Finally, a narrow definition of a concession - limited to contracts with first year

Figure 7. Union - Represented Workers  
1980 - 1987  
(Millions)

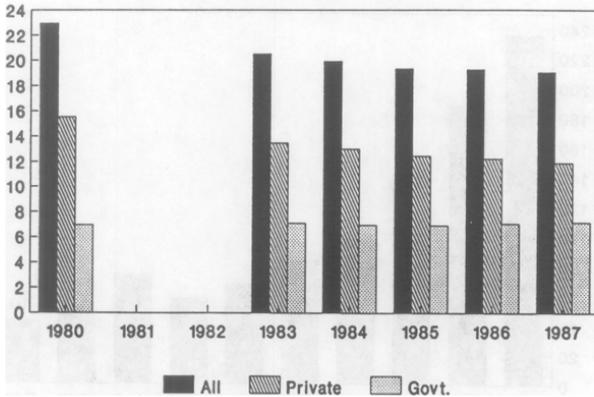
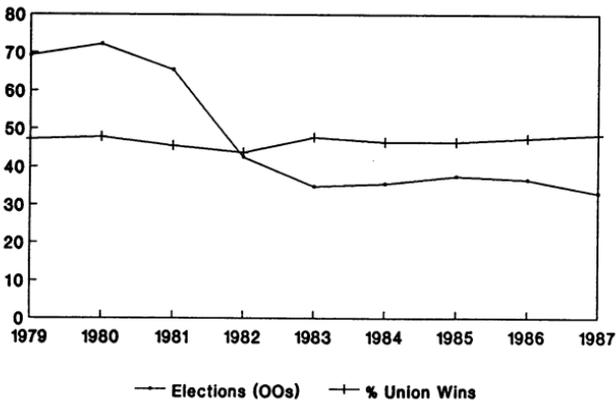
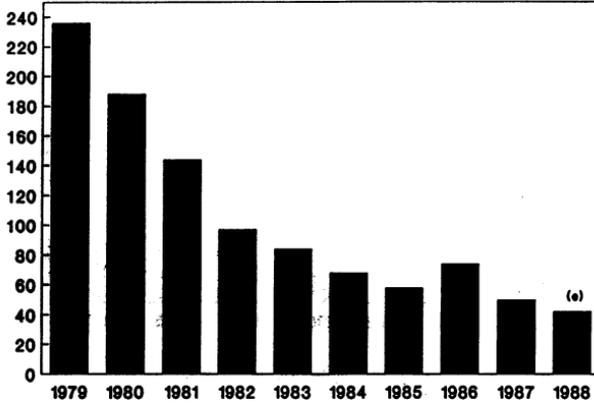


Figure 8. NLRB Election Experience  
Fiscal Year 1979 - 1987  
Elections (OOs) and % Union Wins



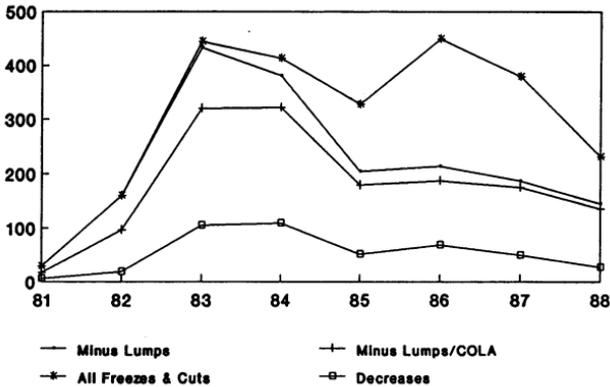
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**Figure 9. Number of Work Stoppages  
1979 - 1988(e)**  
(No. of Stoppages Beginning in Year)



(e) Annualized based on data through July 1988.

**Figure 10. Concession Bargaining  
1981 - 1988**  
(Number of Contracts)



Note: 1988 data are based on the first 42 weeks of the year on an annualized basis.  
Source: Bureau of National Affairs, Inc.

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wage decreases - also shows 1983-84 to be a concession peak.

Contract provisions associated with concession bargaining have shown decreased frequency. Figure 11 reports on the incidence of two-tier pay plans, lump sum bonuses, and coverage by COLA clauses in new contracts. Two-tier plans - under which new hires are paid at lower pay scales than those of incumbent workers - peaked at about 10% of new contracts in 1985 and have steadily declined since (although the stock of contracts with two-tier features rises as new contracts are brought "on line"). Lump sums peaked in 1987 and dropped during the first three quarters of 1988. Eliminating or freezing COLA clauses was a major management objective in the 1980s, mainly because management felt burned by large COLA wage increases in the 1970s. COLA coverage in new contracts did decline during the mid 1980s, as Figure 11 reports. However, coverage has begun creeping up again, as inflation has also increased, more recently (8).

There are other symptoms of a tightening up of the union bargaining position. During the mid 1980s, union wages tended to rise more slowly than non-union. But in the year ending September 1988, union and nonunion pay on a total compensation basis - including benefits and lump sums - rose at the same pace (4.5%). In blue collar occupations and in manufacturing, union pay rose faster than nonunion.

Apart from the tangible numbers, there has arisen an intangible element of rank and file and local official dissent. Thus, the Chrysler contract of 1988 was almost rejected, apparently because it did not include an initial base wage increase (although it did include lump sums, COLA, profit sharing, and other improvements). Contract rejections or ratification problems arose in trucking, rubber, and electrical equipment in 1988 as well.

Unions have not solved their membership problems, and they will continue to face this difficulty in the 1990s. But for those employers that are unionized, bargaining is likely to become more wage oriented (as in the pre-1980s period) and less concessionary. Pattern bargaining is showing a re-emergence, although, of course, it covers a smaller sphere since the union sector has shrunk.

## VI. Changing Demographics.

Two important changes are projected to occur in the workforce by the year 2000. First, the workforce will age, as the baby boom gets older and as the baby bust generation which followed it fails to replace the boomers at the younger age brackets. As Figure 12 shows, by the year 2000, the median age of the labor force will be close to 40 years. Second, the workforce will continue to feature growth in the proportions of female and minority workers. Figure 13 presents the proportions of the labor force which was female, black, Hispanic, and Asian, in 1979 relative to the year 2000 projections. As can be seen, by the turn of the century, women will make up close to half of the labor force. Blacks, Hispanics, and Asians combined will make up about one fourth.

The aging tendency will reinforce public concerns about job and income security. Members of an aging workforce, especially as dependents and other obligations are acquired, will be anxious to avoid involuntary displacement. Public policies can be expected to reflect this concern, as the political process caters to its median voter. Similarly, the changing sex and ethnic composition of the workforce suggests that EEO issues will remain active in the 1990s.

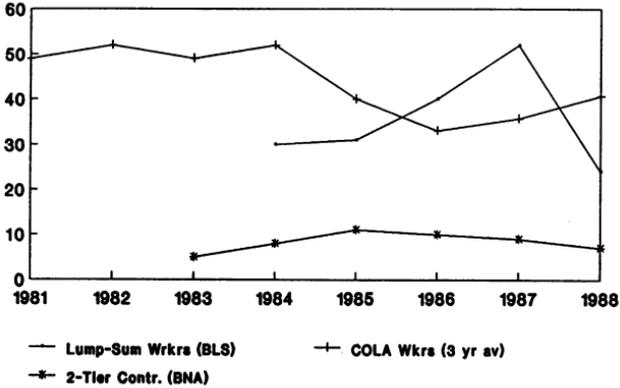
Comparable worth, which received so much attention in the late 1970s, has become less of a concern, because of the rise in the female-to-male earnings ratio. By the third quarter of 1988, the ratio of female-to-male usual weekly earnings for full-time workers had risen to 71% (up from 63% in 1979-III). There is evidence of declining occupational segregation by sex, but issues relating to promotions, career tracks, and advancement will still be important, especially for women in professional and managerial occupations. Questions of child care and maternity leave can be expected to be aired in the political arena at the federal and state levels.

## VII. Education and Training.

Productivity growth deteriorated substantially in the 1970s for reasons which are still debated. Some recovery is evident from Figure 14 in the 1980s, but the pace of productivity improvement is nowhere near its old level. In the long run, slower productivity growth reflects itself in slow gains in real wages and

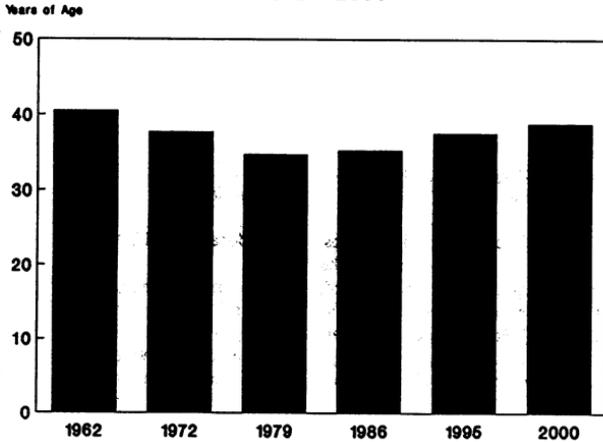
Note: Data on lump-sum and COLA incidence refers to major private contracts (contracts with 1,000 or more workers). Figures refer to the proportion of workers under such contracts with lump-sum or COLA pay provisions. Data on two-tier contracts refer to contracts covering 50 or more workers.

**Figure 11. New Union Contract Provisions  
1981 - 1988**  
Percent of Workers or Contract



Source: Two-tier data from Bureau of National Affairs, Inc., Daily Labor Report, various issues. Lump-sum and COLA data from U.S. Bureau of Labor Statistics.

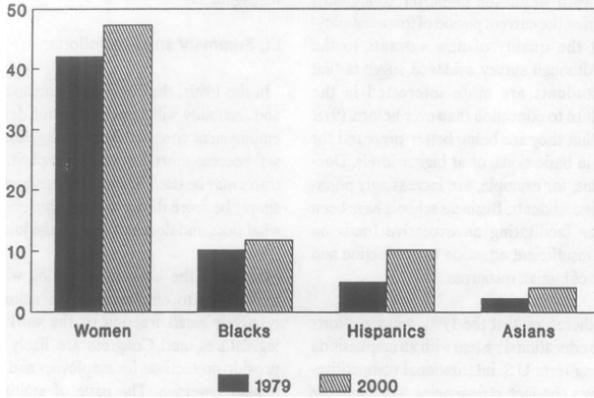
**Figure 12. Median Age of the  
Labor Force  
1962 - 2000**



Note: Data for 1995 and 2000 are projections of the U.S. Bureau of Labor Statistics.

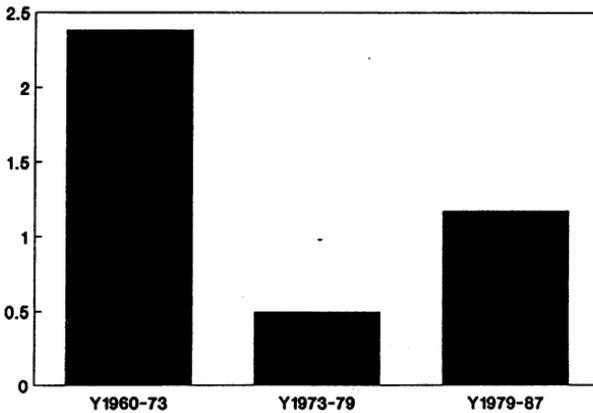
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**Figure 13. Civilian Labor Force  
Composition**  
% Represented by Various Groups



Source: U.S. Bureau of Labor Statistics

**Figure 14. Change in Nonfarm Business  
Productivity  
(Percent)**



Note: Data are annualized.

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living standards, circumstances capable of producing social and workplace frustrations.

The public spotlight has increasingly turned towards education at all levels as a means of smoothing the transition to work, securing economic advancement, raising productivity, and providing needed skills. There is concern within the employer community, especially during the current period of low unemployment, about the quality of new entrants to the workforce. Although survey evidence suggests that American students are more interested in the economic return to education than ever before, (9) it is not clear that they are being better prepared for work, either in basic skills, or at higher levels. Doctoral programs, for example, are increasingly populated by foreign students. Business schools have been criticized for facilitating an excessive focus on finance, and insufficient attention to production and management of human resources.

It is likely, therefore, that the 1990s will see efforts to reform the educational system with an emphasis on improving long-term U.S. international competitiveness. However, budget stringencies will limit the public resources that will be devoted to formal education. Thus, employers will find themselves under pressure to provide job-related training themselves, or form partnerships and cooperative ventures with educational institutions to do so.

#### **VIII. Social Insurance.**

Although Social Security is often thought of as the prime means of providing social insurance, budgetary pressures will limit Congress in efforts to increase benefits to retirees and disabled persons, or to extend benefits to younger, active workers. Congress has therefore increasingly used tax incentives and its control over the tax code to foster and regulate the private provision of fringe benefits, especially those relating to health insurance, saving, and retirement. As Figure 15 shows, in 1986, about one sixth of the nonelderly population had no health insurance (22% in California). Thus, in the 1980s, various efforts were made to induce employers to cover workers and others who would not otherwise have such benefits.

"Nondiscrimination" rules have been tightened by Congress to tilt benefits to lower paid employees. Moves were also made toward continuing insurance

coverage for displaced workers. And at the state level, notably in Massachusetts, mandatory health insurance was either introduced or being debated. The 1990s will feature further efforts to mandate benefits or otherwise extend them. Generally, the area of benefit administration will become an increasingly complex and contentious element of human resource management.

#### **IX. Summary and Predictions.**

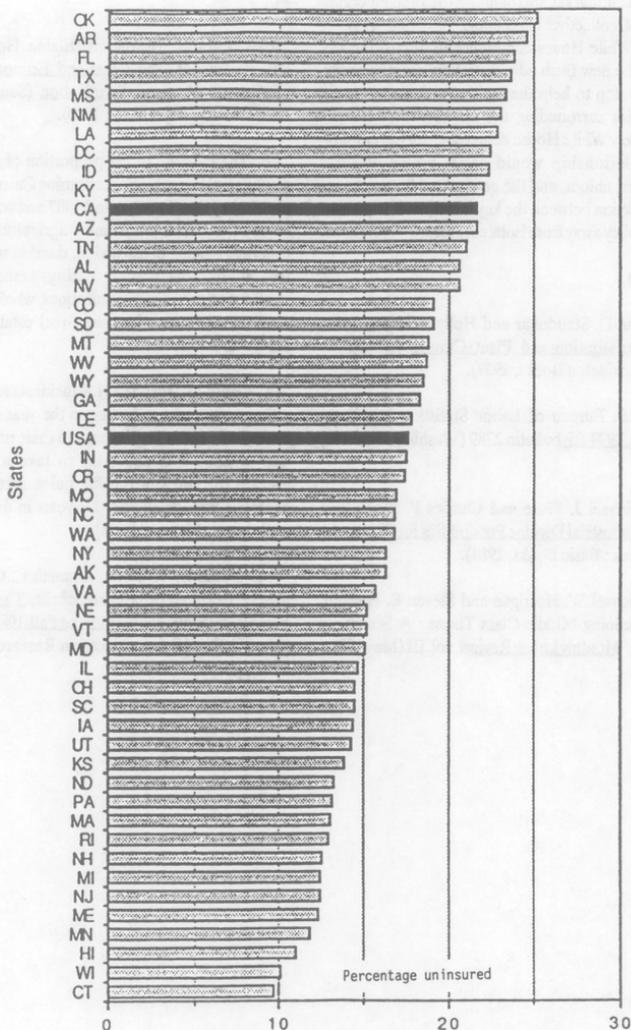
In the 1990s, the conflicting pressures for security and flexibility will require a better definition of the employment contract. The employment relationship will become more formal and explicit. Written contracts may be used in some cases. Or employers may simply be more direct in informing employees about what does and does not go with the job.

However, the issue of definition will not be left unilaterally to employers. With unions covering a relatively small fraction of the workforce, courts, legislatures, and Congress are likely to step in to provide protections for employees and increase their benefit coverage. The issue of multiple complaint forums - EEO, workers' compensation, wrongful discharge, etc. - will require attention. If current trends persist, unionized employers may find themselves better able to deal with defining the employment relationship than nonunion, since they already negotiate written contracts and have formal grievance and arbitration machinery.

In any case, faced with a need for flexibility, employers will have to seek alternative forms of adjustment to the uncertainties of the product market, both macro and micro. Thus, rather than rely on layoffs, for example, employers may turn toward flexible pay systems such as profit sharing. Some moves in this direction were already visible in the 1980s. And employers may make still more use of contingent workers, who will bear the brunt of adjustments, thus shielding core employees.

Finally, given existing quality problems in the output of the nation's school system, employers will be pressed to become more involved in worker training. If the employment unit is becoming smaller, however, support of full scale training may not be feasible. Partnership arrangements between employers and

Figure 15. Percent of Nonelderly State Populations Who Are Uninsured  
(By State, 1985)



Note: Data refer to proportion of the population under age 65 without health insurance.  
Source: E. Richard Brown et al, Californians Without Health Insurance, Calif. Policy Seminar, Technical Assistance Project, September 1987, p. 4.

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educational institutions will be seen as at least a partial solution.

In 1945, faced with tremendous problems in the employment market surrounding the then-emerging system of collective bargaining, President Truman called a White House conference to discuss the key issues. The new Bush administration might consider a similar step to help the nation confront the many ambiguities surrounding the employment relationship. A new White House conference on the employment relationship would assist policy makers, employers, unions, and the general public see the interconnection between the key issues, and help move public policy away from isolated, piecemeal solutions.

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- (4) Michael W. Horrigan and Steven E. Haugen, "The Declining Middle-Class Thesis : A Sensitivity Analysis," Monthly Labor Review, vol. III (May 1988), pp. 3-13.
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- (6) James N. Dertouzos, Elaine Holland, and Patricia Ebener, The Legal and Economic Consequences of Wrongful Termination (Santa Monica, Calif. : Rand Corporation, 1988).
- (7) The estimate of the proportion of the drop in the unionization rate was made using Current Population Survey data for 1980 and 1987 and was based on 12 industrial classifications : agriculture-forestry-fisheries, mining, construction, durable manufacturing, nondurable manufacturing, transportation, public utilities and communications, wholesale trade, retail trade, finance-insurance-real estate, services, and government.
- (8) Figure 11 data on COLA incidents are based on a three-year average ending in the year shown. Because different industries vary in their propensity to use COLAs, it is necessary to take a three-year average to represent the full union sector. (Union contracts average about 2-1/2 years in duration and expire on a staggered basis).
- (9) Alexander W. Astin, Kenneth C. Green, William S. Korn, and Marilyn Schalit, The American Freshman : National Norms for Fall 1987 (Los Angeles, UCLA Higher Education Research Institute, 1987), pp. 5, 8.

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## **STATISTICS**

TABLE B-44.—Average weekly hours and hourly earnings in selected private nonagricultural industries, 1947-88

(For production or nonsupervisory workers; monthly data seasonally adjusted, except as noted)

Year or month	Average weekly hours				Average hourly earnings				Adjusted hourly earnings, total private nonagricultural <sup>2</sup>			
	Total private non-agricultural <sup>1</sup>	Manufacturing	Construction	Retail trade	Total private non-agricultural <sup>1</sup>	Manufacturing	Construction	Retail trade	Index, 1977=100		Percent change from a year earlier <sup>4</sup>	
									Current dollars	1977 dollars <sup>3</sup>	Current dollars	1977 dollars
1947	40.3	40.4	38.2	40.3	\$1.131	\$1.216	\$1.540	\$0.838	21.6	58.5		
1948	40.0	40.0	38.1	40.2	1.225	1.327	1.712	.901	23.4	58.9	8.3	0.7
1949	39.4	39.1	37.7	40.4	1.275	1.376	1.792	.951	24.5	62.3	4.7	5.8
1950	39.8	40.5	37.4	40.4	1.335	1.439	1.863	.983	25.4	64.0	3.7	2.7
1951	39.9	40.6	38.1	40.4	1.45	1.56	2.02	1.06	27.3	63.6	7.5	-6
1952	39.9	40.7	38.9	39.8	1.52	1.64	2.13	1.09	28.7	65.5	5.1	3.0
1953	39.6	40.5	37.9	39.1	1.61	1.74	2.28	1.16	30.3	68.7	5.6	4.9
1954	39.1	39.6	37.2	39.2	1.65	1.78	2.38	1.20	31.3	70.5	3.3	2.6
1955	39.6	40.7	37.1	39.0	1.71	1.85	2.45	1.25	32.4	73.3	3.5	4.0
1956	39.3	40.4	37.5	38.6	1.80	1.95	2.57	1.30	34.0	75.9	4.9	3.5
1957	38.8	39.8	37.0	38.1	1.89	2.04	2.71	1.37	35.7	78.9	5.0	1.3
1958	38.5	39.2	36.8	38.1	1.95	2.10	2.82	1.42	37.2	78.0	4.2	1.4
1959	39.0	40.3	37.0	38.2	2.02	2.19	2.93	1.47	38.5	80.0	3.5	2.6
1960	38.6	39.7	36.7	38.0	2.09	2.26	3.07	1.52	39.8	81.4	3.4	1.8
1961	38.6	39.8	36.9	37.6	2.14	2.32	3.20	1.56	41.0	83.0	3.0	2.0
1962	38.7	40.4	37.0	37.4	2.22	2.39	3.31	1.63	42.4	85.0	3.4	2.4
1963	38.8	40.5	37.3	37.3	2.28	2.45	3.41	1.68	43.6	86.3	2.8	1.5
1964	38.7	40.7	37.2	37.0	2.36	2.53	3.55	1.75	44.8	87.5	2.8	1.4
1965	38.8	41.2	37.4	36.6	2.46	2.61	3.70	1.82	46.4	89.0	3.6	1.7
1966	38.6	41.4	37.6	35.9	2.56	2.71	3.89	1.91	48.4	90.3	4.3	1.5
1967	38.0	40.6	37.7	35.3	2.68	2.82	4.11	2.01	50.8	92.2	5.0	2.1
1968	37.8	40.7	37.3	34.7	2.85	3.01	4.41	2.16	53.9	94.0	6.1	2.0
1969	37.7	40.6	37.9	34.2	3.04	3.19	4.79	2.30	57.5	95.0	6.7	1.1
1970	37.1	39.8	37.3	33.8	3.23	3.35	5.24	2.44	61.3	95.7	6.6	.7
1971	36.9	39.9	37.2	33.7	3.45	3.57	5.69	2.60	65.7	98.3	7.2	2.7
1972	37.0	40.5	36.5	33.4	3.70	3.82	6.06	2.75	69.8	101.2	6.2	3.0
1973	36.9	40.7	36.8	33.1	3.94	4.09	6.41	2.91	74.1	101.1	6.2	-1
1974	36.5	40.0	36.6	32.7	4.24	4.42	6.81	3.14	80.0	98.3	8.0	-2.8
1975	36.1	39.5	36.4	32.4	4.53	4.83	7.31	3.36	86.7	97.6	8.4	-7
1976	36.1	40.1	36.8	32.1	4.86	5.22	7.71	3.57	92.9	99.0	7.2	1.4
1977	36.0	40.3	36.5	31.6	5.25	5.68	8.10	3.85	100.0	100.0	7.6	1.0
1978	35.8	40.4	36.8	31.0	5.69	6.17	8.66	4.20	108.2	100.5	8.2	5
1979	35.7	40.2	37.0	30.6	6.16	6.70	9.27	4.53	116.8	97.4	7.9	-3.1
1980	35.3	39.7	37.0	30.2	6.66	7.27	9.94	4.88	127.3	93.5	9.0	-4.0
1981	35.2	39.8	36.9	30.1	7.25	7.99	10.82	5.25	138.9	92.6	8.1	-1.0
1982	34.8	38.9	36.7	29.9	7.68	8.49	11.63	5.48	148.5	93.4	6.9	.9
1983	35.0	40.1	37.1	29.8	8.02	8.83	11.94	5.74	155.4	94.8	4.6	1.5
1984	35.2	40.7	37.8	29.8	8.32	9.19	12.13	5.85	160.3	94.6	3.2	-3
1985	34.9	40.5	37.7	29.4	8.57	9.54	12.32	5.94	165.2	94.1	3.1	-5
1986	34.8	40.7	37.4	29.2	8.76	9.73	12.48	6.03	169.4	95.0	2.5	1.0
1987	34.8	41.0	37.8	29.2	8.98	9.91	12.69	6.11	173.5	94.0	2.4	-1.1
1987: Jan	34.7	40.9	38.2	29.0	8.86	9.80	12.55	6.05	171.3	94.7	2.3	1.2
Feb	34.8	41.1	38.1	29.3	8.88	9.83	12.55	6.05	171.9	94.7	2.2	4
Mar	34.8	41.0	37.8	29.3	8.89	9.84	12.66	6.05	172.1	94.4	2.2	-6
Apr	34.7	40.7	37.5	29.5	8.91	9.86	12.67	6.08	172.5	94.1	2.4	-1.3
May	34.8	41.0	37.9	29.3	8.95	9.88	12.70	6.09	172.9	94.0	2.4	-1.3
June	34.7	41.0	37.7	29.2	8.95	9.89	12.74	6.10	172.9	93.7	2.2	-1.4
July	34.8	41.0	37.7	29.3	8.96	9.88	12.71	6.12	173.2	93.7	2.3	-1.5
Aug	34.8	41.0	37.8	29.4	9.01	9.94	12.72	6.13	174.1	93.8	2.7	-1.6
Sept.	34.6	40.6	35.9	29.5	9.02	10.00	12.70	6.18	174.6	93.7	2.8	-1.5
Oct.	34.9	41.2	38.2	29.2	9.07	9.99	12.72	6.16	174.9	93.5	2.7	-1.8
Nov.	34.8	41.2	37.9	29.2	9.10	10.00	12.81	6.17	175.6	93.8	2.6	-1.9
Dec.	34.6	41.0	38.0	28.8	9.11	10.01	12.74	6.19	175.7	93.7	2.7	-1.7
1988: Jan	34.7	41.1	36.9	29.0	9.14	10.02	12.91	6.20	176.6	93.8	3.1	-1.0
Feb	34.8	41.0	37.3	29.1	9.13	10.03	12.82	6.20	176.7	93.7	2.8	-1.0
Mar	34.6	40.9	37.8	29.0	9.16	10.05	12.90	6.22	177.0	93.5	2.9	-9
Apr	34.9	41.2	38.0	29.2	9.23	10.11	12.93	6.25	178.0	93.6	3.2	-6
May	34.7	41.0	37.6	29.0	9.27	10.15	12.91	6.28	178.7	93.6	3.4	-6
June	34.7	41.1	38.3	29.1	9.27	10.18	12.93	6.29	178.6	93.2	3.3	-6
July	34.9	41.1	37.7	29.3	9.32	10.17	13.03	6.33	179.3	93.2	3.5	-5
Aug.	34.6	41.0	37.7	29.0	9.32	10.20	12.99	6.32	179.5	92.9	3.1	-9
Sept.	34.7	41.2	37.8	28.9	9.37	10.26	13.04	6.34	180.3	93.0	3.3	-8
Oct.	34.9	41.2	38.3	29.2	9.43	10.28	13.04	6.38	181.5	93.1	3.8	-4
Nov	34.7	41.2	38.4	29.0	9.42	10.29	13.04	6.43	181.5	93.0	3.3	-9

<sup>1</sup> Also includes other private industry groups shown in Table B-43.

<sup>2</sup> Adjusted for overtime (in manufacturing only) and for interindustry employment shifts.

<sup>3</sup> Current-dollar index divided by the consumer price index for urban wage earners and clerical workers on a 1977=100 base.

<sup>4</sup> Monthly percent changes are computed from indexes to two decimal places and are based on data not seasonally adjusted.

Note.—See Note, Table B-43.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-45.—Average weekly earnings in selected private nonagricultural industries, 1947-88

(For production or nonsupervisory workers; monthly data seasonally adjusted, except as noted)

Year or month	Average weekly earnings					Percent change from a year earlier, total private nonagricultural <sup>a</sup>	
	Total private nonagricultural <sup>1</sup>		Manufacturing (current dollars)	Construction (current dollars)	Retail trade (current dollars)	Current dollars	1977 dollars
	Current dollars	1977 dollars <sup>2</sup>					
1947.....	\$45.58	\$123.52	\$49.13	\$58.83	\$33.77	.....	.....
1948.....	49.00	123.43	53.08	65.23	36.22	7.5	-0.1
1949.....	50.24	127.84	53.80	67.56	38.42	2.5	3.6
1950.....	53.13	133.83	58.28	69.68	39.71	5.8	4.7
1951.....	57.86	134.87	63.34	76.96	42.82	8.9	.8
1952.....	60.65	138.47	66.75	82.86	43.38	4.8	2.7
1953.....	63.76	144.58	70.47	86.41	45.36	5.1	4.4
1954.....	64.52	145.32	70.49	88.54	47.04	1.2	.5
1955.....	67.72	153.21	75.30	90.90	48.75	5.0	5.4
1956.....	70.74	157.90	78.78	96.38	50.18	4.5	3.1
1957.....	73.33	158.04	81.19	100.27	52.20	3.7	.1
1958.....	75.08	157.40	82.32	103.78	54.10	2.4	-4.
1959.....	78.78	163.78	88.26	108.41	56.15	4.9	4.1
1960.....	80.67	164.97	89.72	112.67	57.76	2.4	.7
1961.....	82.60	167.21	92.34	118.08	58.66	2.4	1.4
1962.....	85.91	172.16	96.56	122.47	60.96	4.0	3.0
1963.....	88.46	175.17	99.23	127.19	62.66	3.0	1.7
1964.....	91.33	178.38	102.97	132.06	64.75	3.2	1.8
1965.....	95.45	183.21	107.53	138.38	66.61	4.5	2.7
1966.....	98.82	184.37	112.19	146.26	68.57	3.5	.6
1967.....	101.84	184.83	114.49	154.95	70.95	3.1	.2
1968.....	107.73	187.68	122.51	164.49	74.95	5.8	1.5
1969.....	114.61	189.44	129.51	181.54	78.66	6.4	.9
1970.....	119.83	186.94	133.33	195.45	82.47	4.6	-1.3
1971.....	127.31	190.58	142.44	211.67	87.62	6.2	1.9
1972.....	136.90	198.41	154.71	221.19	91.85	7.5	4.1
1973.....	145.39	198.35	166.46	235.89	96.32	6.2	-0.
1974.....	154.76	190.12	176.80	249.25	102.68	6.4	-4.1
1975.....	163.53	184.16	190.79	266.08	108.86	5.7	-3.1
1976.....	175.45	186.85	209.32	283.73	114.60	7.3	1.5
1977.....	189.00	189.00	228.90	295.65	121.66	7.7	1.2
1978.....	203.70	189.31	249.27	318.69	130.20	7.8	.2
1979.....	219.91	183.41	269.34	342.99	138.62	8.0	-3.1
1980.....	235.10	172.74	288.62	367.78	147.38	6.9	-5.8
1981.....	255.20	170.13	318.00	399.26	158.03	8.5	-1.5
1982.....	267.26	168.09	330.26	426.82	163.85	4.7	-1.2
1983.....	280.70	171.26	354.08	442.97	171.05	5.0	1.9
1984.....	292.86	172.78	374.03	458.51	174.33	4.3	.9
1985.....	299.09	170.42	386.37	464.46	174.64	2.1	-1.4
1986.....	304.85	171.07	396.01	466.75	176.08	1.9	.4
1987.....	312.50	169.28	406.31	479.68	178.41	2.5	-1.0
1987: Jan.....	307.44	169.95	400.82	479.41	175.45	1.2	.1
Feb.....	309.02	170.26	404.01	478.16	177.27	2.4	.5
Mar.....	309.37	169.70	403.44	478.55	177.27	1.7	-1.1
Apr.....	309.18	168.67	401.30	475.13	179.36	1.9	-1.8
May.....	311.46	169.36	405.08	481.33	178.44	2.7	-1.0
June.....	310.57	168.33	405.49	480.30	178.12	2.5	-1.1
July.....	311.81	168.64	405.08	479.17	179.32	2.6	-1.3
Aug.....	313.55	168.85	407.54	480.82	180.22	3.1	-1.2
Sept.....	312.09	167.52	406.00	455.93	182.31	2.4	-1.8
Oct.....	316.54	169.27	411.59	485.90	179.87	3.5	-1.0
Nov.....	316.68	169.08	412.00	485.50	180.16	3.2	-1.3
Dec.....	315.21	168.02	410.41	484.12	178.27	3.0	-1.4
1988: Jan.....	317.16	168.43	411.82	476.38	179.80	3.1	-.9
Feb.....	317.72	168.46	411.23	478.19	180.42	2.8	-1.0
Mar.....	316.94	167.43	411.05	487.62	180.38	2.4	-1.3
Apr.....	322.13	169.36	416.53	491.34	182.50	4.2	.4
May.....	321.67	168.41	416.15	485.42	182.12	3.1	-.7
June.....	321.67	167.89	418.40	495.22	183.04	3.3	-.5
July.....	325.27	169.06	417.99	491.23	185.47	4.2	.2
Aug.....	322.47	166.82	418.20	489.72	183.28	2.8	-1.2
Sept.....	325.14	167.68	422.71	492.91	183.23	4.2	-.0
Oct.....	329.11	168.86	423.54	499.43	186.30	4.1	-.1
Nov.....	326.87	167.45	423.95	500.74	186.47	3.2	-1.0

<sup>1</sup> Also includes other private industry groups shown in Table B-43.<sup>2</sup> Earnings in current dollars divided by the consumer price index for urban wage earners and clerical workers on a 1977=100 base.<sup>3</sup> Based on data not seasonally adjusted.

Note.—See Note, Table B-43.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-110.—*Civilian unemployment rate, and hourly compensation, major industrial countries, 1960-88*

(Quarterly data seasonally adjusted)

Year or quarter	United States	Canada	Japan	France	West Germany	Italy	United Kingdom
<b>Civilian unemployment rate (percent)<sup>1</sup></b>							
1960.....	5.5	6.5	1.7	1.5	1.1	3.7	2.2
1961.....	6.7	6.7	1.5	1.2	.6	3.2	2.0
1962.....	5.5	5.5	1.3	1.4	.6	2.8	2.7
1963.....	5.7	5.2	1.3	1.6	.5	2.4	3.3
1964.....	5.2	4.4	1.2	1.2	.4	2.7	2.5
1965.....	4.5	3.6	1.2	1.6	.3	3.5	2.1
1966.....	3.8	3.4	1.4	1.6	.3	3.7	2.3
1967.....	3.8	3.8	1.3	2.1	1.3	3.4	3.3
1968.....	3.6	4.5	1.2	2.7	1.1	3.5	3.2
1969.....	3.5	4.4	1.1	2.3	.6	3.5	3.1
1970.....	4.9	5.7	1.2	2.5	.5	3.2	3.1
1971.....	5.9	6.2	1.3	2.8	.6	3.3	3.9
1972.....	5.6	6.2	1.4	2.9	.7	3.8	3.2
1973.....	4.9	5.5	1.3	2.8	.7	3.7	3.2
1974.....	5.6	5.3	1.4	2.9	1.6	3.1	3.1
1975.....	8.5	6.9	1.9	4.1	3.4	3.4	4.6
1976.....	7.7	7.1	2.0	4.5	3.4	3.9	5.9
1977.....	7.1	8.1	2.0	5.1	3.5	4.1	6.4
1978.....	6.1	8.3	2.3	5.3	3.3	4.1	6.3
1979.....	5.8	7.4	2.1	6.0	3.0	4.4	5.4
1980.....	7.1	7.5	2.0	6.4	2.9	4.4	7.0
1981.....	7.6	7.5	2.2	7.6	4.1	4.9	10.5
1982.....	9.7	11.0	2.4	8.3	5.8	5.4	11.3
1983.....	9.6	11.9	2.7	8.5	7.1	5.9	11.9
1984.....	7.5	11.3	2.8	10.0	7.4	5.9	11.7
1985.....	7.2	10.5	2.6	10.4	7.5	6.0	11.2
1986.....	7.0	9.6	2.8	10.6	7.0	7.5	11.2
1987.....	6.2	8.9	2.9	10.8	6.9	7.9	10.3
1987: I.....	6.6	9.6	3.0	10.9	6.8	7.6	11.0
II.....	6.3	9.1	3.1	10.9	6.9	7.8	10.6
III.....	6.0	8.8	2.8	10.8	7.0	8.0	10.0
IV.....	5.9	8.2	2.7	10.6	7.0	8.1	9.5
1988: I.....	5.7	7.9	2.7	10.6	6.9	7.9	9.0
II.....	5.5	7.7	2.5	10.6	7.0	7.9	8.6
III.....	5.5	7.9	2.5	10.7	6.9	7.8	8.1
<b>Manufacturing hourly compensation in U.S. dollars (1977=100)<sup>2</sup></b>							
1960.....	36.5	30.1	6.6	15.1	10.5	11.9	24.5
1961.....	37.6	29.6	7.7	16.6	12.2	13.2	26.1
1962.....	39.0	28.9	8.8	18.4	13.9	15.6	27.5
1963.....	40.2	29.8	9.8	20.0	14.8	18.5	28.7
1964.....	41.9	31.0	11.0	21.8	16.1	20.6	30.5
1965.....	42.7	32.8	12.4	23.6	17.6	21.9	33.4
1966.....	44.6	35.5	13.6	25.0	19.1	22.9	36.1
1967.....	46.9	37.6	15.3	26.8	20.2	25.4	36.7
1968.....	50.2	40.5	17.8	30.2	21.7	27.1	34.2
1969.....	53.7	43.8	21.3	30.7	24.1	30.8	37.3
1970.....	57.4	48.8	25.3	32.3	30.5	36.8	43.2
1971.....	60.9	54.3	30.2	36.5	35.9	43.1	50.9
1972.....	64.2	59.4	39.8	44.1	43.4	52.3	60.2
1973.....	68.8	63.7	54.5	57.5	59.1	66.4	67.3
1974.....	76.2	75.0	66.4	63.4	69.1	74.0	77.0
1975.....	85.1	82.5	76.0	87.4	79.9	95.0	97.3
1976.....	92.1	97.3	81.9	90.4	84.2	89.5	91.4
1977.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1978.....	108.2	100.3	137.0	123.4	124.8	119.1	128.3
1979.....	118.6	107.6	139.2	148.3	147.0	143.1	169.0
1980.....	132.4	119.3	143.2	172.9	160.7	165.3	224.7
1981.....	145.2	133.9	157.6	155.4	138.5	153.8	224.4
1982.....	157.5	143.8	146.9	152.4	134.8	155.4	212.0
1983.....	162.4	152.8	158.6	145.2	134.8	164.4	196.9
1984.....	168.0	152.3	163.5	137.8	126.9	159.1	185.6
1985.....	176.4	151.3	170.1	145.3	129.9	160.9	192.4
1986.....	183.0	155.6	252.7	196.7	183.7	212.7	233.7
1987.....	186.9	171.5	298.3	233.6	230.6	259.0	279.6

<sup>1</sup> Civilian unemployment rates, approximating U.S. concepts. Quarterly data for France, West Germany, and United Kingdom should be viewed as less precise indicators of employment under U.S. concepts than the annual data. Many Italians reported as unemployed did not actively seek work in the past 30 days, and they have been excluded for comparability with U.S. concepts. Inclusion of such persons would about double the unemployment rate for Italy through 1985, and increase it to 11-12 percent for 1986-88. There are breaks in the series for Italy and West Germany. Based on the former series, the rate for West Germany for 1983 was 7.4 percent and the rate for Italy for 1986 was 6.3 percent.

<sup>2</sup> Hourly compensation in manufacturing, U.S. dollar basis. Data relate to all employed persons (wage and salary earners and the self-employed) in the United States and Canada, and to all employees (wage and salary earners) in the other countries. For France and United Kingdom, compensation adjusted to include changes in employment taxes that are not compensation to employees, but are labor costs to employers.

TABLE B-58.—Consumer price indexes, major expenditure classes, 1946-88

[1982-84=100]

Year or month	All items	Food and beverages		Housing				Apparel and upkeep	Transportation	Medical care	Entertainment	Other goods and services	Energy <sup>3</sup>
		Total <sup>1</sup>	Food	Total	Shelter	Fuel and other utilities <sup>2</sup>	Household furnishings and operation						
1946	19.5		19.8					34.4	16.7	12.5			
1947	22.3		24.1					39.9	18.5	13.5			
1948	24.1		26.1					42.5	20.6	14.4			
1949	23.8		25.0					40.8	22.1	14.8			
1950	24.1		25.4					40.3	22.7	15.1			
1951	26.0		28.2					43.9	24.1	15.9			
1952	26.5		28.7					43.5	25.7	16.7			
1953	26.7		28.3			22.0		43.1	26.5	17.3			
1954	26.9		28.2			22.5		43.1	26.1	17.8			
1955	26.8		27.8			22.7		42.9	25.8	18.2			
1956	27.2		28.0			23.1		43.7	26.2	18.9			
1957	28.1		28.9			24.0	24.3	44.5	27.7	19.7			21.5
1958	28.9		30.2			24.5	24.8	44.6	28.6	20.6			21.5
1959	29.1		29.7			24.7	25.4	45.0	29.8	21.5			21.9
1960	29.6		30.0			25.2	26.0	45.7	29.8	22.3			22.4
1961	29.9		30.4			25.4	26.3	46.1	30.1	22.9			22.5
1962	30.2		30.6			25.8	26.3	46.3	30.8	23.5			22.6
1963	30.6		31.1			26.1	26.6	46.9	30.9	24.1			22.6
1964	31.0		31.5			26.5	26.6	47.3	31.4	24.6			22.5
1965	31.5		32.2			27.0	26.6	47.8	31.9	25.2			22.9
1966	32.4		33.8			27.8	26.7	49.0	32.3	26.3			23.3
1967	33.4	35.0	34.1	30.8	28.8	27.1	42.0	51.0	33.3	28.2	40.7	35.1	23.8
1968	34.8	36.2	35.3	32.0	30.1	27.4	43.6	53.7	34.3	29.9	43.0	36.9	24.2
1969	36.7	38.1	37.1	34.0	32.6	28.0	45.2	56.8	35.7	31.9	45.2	38.7	24.8
1970	38.8	40.1	39.2	36.4	35.5	29.1	46.8	59.2	37.5	34.0	47.5	40.9	25.5
1971	40.5	41.4	40.4	38.0	37.0	31.1	48.6	61.1	39.5	36.1	50.0	42.9	26.0
1972	41.8	43.1	42.1	39.4	38.7	32.5	49.7	62.3	39.9	37.3	51.5	44.7	27.2
1973	44.4	48.8	48.2	41.2	40.5	34.3	51.1	64.6	41.2	38.8	52.9	46.4	29.4
1974	49.3	55.5	55.1	45.8	44.4	40.7	56.8	69.4	45.8	42.4	56.9	49.8	38.1
1975	53.8	60.2	59.8	50.7	48.8	45.4	63.4	72.5	50.1	47.5	62.0	53.9	42.1
1976	56.5	62.1	61.6	53.8	51.5	49.4	67.3	75.2	55.1	52.0	65.1	57.0	45.1
1977	60.6	65.8	65.5	57.4	54.5	54.7	70.4	78.6	59.0	57.0	68.3	60.4	48.4
1978	65.2	72.2	72.0	62.4	60.5	58.5	74.7	81.4	61.7	61.8	71.9	64.3	52.5
1979	72.6	79.9	79.9	70.1	68.9	64.8	79.9	84.9	70.5	67.5	76.7	68.9	65.7
1980	82.4	86.7	86.8	81.1	81.0	75.4	86.3	90.9	83.1	74.9	83.6	75.2	86.0
1981	90.9	93.5	93.6	90.4	90.5	86.4	93.0	95.3	93.2	82.9	90.1	82.6	97.7
1982	96.5	97.3	97.4	96.9	96.9	94.9	98.0	97.8	97.0	92.5	96.0	91.1	99.2
1983	99.6	99.5	99.4	99.5	99.1	100.2	100.2	100.2	99.3	100.6	100.1	101.1	99.9
1984	103.9	103.2	103.2	103.6	104.0	104.0	101.9	102.1	103.7	106.8	103.8	107.9	100.9
1985	107.6	106.6	106.6	107.7	109.8	106.5	103.8	105.0	106.4	113.5	107.9	114.5	101.6
1986	109.6	109.1	109.0	110.9	115.8	104.1	105.2	105.9	102.3	122.0	117.6	121.4	88.2
1987	113.6	113.5	113.5	114.2	121.3	103.0	107.1	110.6	105.4	130.1	115.3	128.5	88.6
1987: Jan	111.2	112.1	112.1	112.0	118.5	101.0	106.3	105.6	106.2	126.6	113.3	125.5	83.9
Feb	111.6	112.5	112.5	112.4	119.0	101.4	106.5	106.2	103.1	127.4	113.5	126.1	85.6
Mar	112.1	112.5	112.5	112.8	119.6	101.5	106.8	109.7	103.3	128.1	113.9	126.3	85.8
Apr	112.7	112.8	112.8	113.2	120.2	101.3	107.2	111.5	104.2	128.7	114.5	126.6	86.4
May	113.1	113.3	113.3	113.6	120.5	102.2	107.1	111.1	104.7	129.2	114.8	126.9	87.4
June	113.5	113.8	113.8	114.3	120.8	104.9	107.1	109.3	105.4	129.9	114.9	127.2	90.7
July	113.8	113.7	113.7	114.7	121.3	105.0	107.2	107.3	106.0	130.7	115.4	128.0	91.1
Aug	114.4	113.8	113.8	115.4	122.2	105.9	107.3	109.4	106.5	131.2	115.6	128.5	92.7
Sept	115.0	114.2	114.1	115.6	122.5	105.5	107.5	113.3	106.6	131.7	116.1	131.1	92.3
Oct	115.3	114.3	114.3	115.5	123.2	103.2	107.4	115.4	107.1	132.3	116.9	131.6	89.8
Nov	115.4	114.3	114.2	115.5	123.4	102.4	107.4	115.4	107.8	132.8	117.3	131.8	89.0
Dec	115.4	114.8	114.7	115.6	123.7	102.0	107.3	112.7	107.6	133.1	117.4	132.1	88.3
1988: Jan	115.7	115.7	115.7	116.2	124.6	102.4	107.5	110.4	107.1	134.4	118.1	133.4	87.4
Feb	116.0	115.8	115.7	116.6	125.0	102.8	107.7	110.2	106.8	135.5	118.3	134.2	87.0
Mar	116.5	116.0	115.9	117.0	125.6	102.7	108.3	114.3	106.5	136.3	119.0	134.6	86.5
Apr	117.1	116.7	116.6	117.3	125.8	102.8	109.1	117.0	107.2	136.9	119.6	134.8	87.3
May	117.5	117.1	117.0	117.7	126.2	103.5	109.3	116.3	108.1	137.5	119.7	135.1	88.7
June	118.0	117.6	117.6	118.6	126.6	105.9	109.6	114.6	108.5	138.2	120.1	135.5	91.0
July	118.5	118.8	118.8	119.1	127.4	106.0	109.8	112.7	108.9	139.3	120.5	136.5	91.4
Aug	119.0	119.4	119.4	119.5	128.2	106.1	109.7	112.6	109.6	139.9	120.7	137.5	92.3
Sept	119.8	120.1	120.2	119.9	128.4	106.4	110.1	117.8	109.7	140.4	121.3	140.0	91.9
Oct	120.2	120.3	120.3	119.9	128.8	105.4	110.3	120.7	110.0	141.2	121.8	140.6	89.9
Nov	120.3	120.2	120.2	119.9	129.1	104.3	110.6	119.9	110.7	141.8	122.2	141.0	88.9

<sup>1</sup> Includes alcoholic beverages, not shown separately.<sup>2</sup> See table B-59 for components.<sup>3</sup> See tables B-60 for definition and B-59 for components.

Note.—Data beginning 1978 are for all urban consumers; earlier data are for urban wage earners and clerical workers. Data beginning 1983 incorporate a rental equivalence measure for homeowners' costs and therefore are not strictly comparable with earlier figures.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-59.—Consumer price indexes, selected expenditure classes, 1946-88

[1982-84=100, except as noted]

Year or month	Food and beverages				Shelter				Fuel and other utilities					
	Total <sup>1</sup>	Food			Total	Renters' costs			Total	Household fuels			Other utilities and public services	
		Total	At home	Away from home		Total <sup>2</sup>	Rent, residential	Home-owners' costs <sup>3</sup>		Home maintenance and repairs	Total	Fuel oil and other household fuel commodities		Gas (piped) and electricity
1946		19.8					25.0				7.9	18.3		
1947		24.1	25.8				25.8				9.0	18.2		
1948		26.1	28.0				27.5				10.6	18.7		
1949		25.0	26.9				28.7				10.9	19.2		
1950		25.4	27.3				29.7				11.3	19.2		
1951		28.2	30.3				30.9				11.8	19.3		
1952		28.7	30.8				32.2				12.1	19.5		
1953		28.3	30.3	21.5	22.0		33.9		20.5	22.5	12.6	19.9		
1954		28.2	30.1	21.9	22.5		35.1		20.9	22.6	12.6	20.2		
1955		27.8	29.5	22.1	22.7		35.6		21.4	23.0	12.7	20.7		
1956		28.0	29.6	22.6	23.1		36.3		22.3	23.6	13.3	20.9		
1957		28.9	30.6	23.4	24.0		37.0		23.2	24.3	14.0	21.1		
1958		30.2	32.0	24.1	24.5		37.6		23.6	24.8	13.7	21.9		
1959		29.7	31.2	24.8	24.7		38.2		24.0	25.4	13.9	22.4		
1960		30.0	31.5	25.4	25.2		38.7		24.4	26.0	13.8	23.3		
1961		30.4	31.8	26.0	25.4		39.2		24.8	26.3	14.1	23.5		
1962		30.6	32.0	26.7	25.8		39.7		25.0	26.3	14.2	23.5		
1963		31.1	32.4	27.3	26.1		40.1		25.3	26.6	14.4	23.5		
1964		31.5	32.7	27.8	26.5		40.5		25.8	26.6	14.4	23.5		
1965		32.2	33.5	28.4	27.0		40.9		26.3	26.6	14.6	23.5		
1966		33.8	35.2	29.7	27.8		41.5		27.5	26.7	15.0	23.6		
1967	35.0	34.1	35.1	31.3	28.8		42.2		28.9	27.1	15.5	23.7	46.6	
1968	36.2	35.3	36.3	32.9	30.1		43.3		30.6	27.4	16.0	23.9	47.1	
1969	38.1	37.1	38.0	34.9	32.6		44.7		33.2	28.0	16.3	24.3	48.4	
1970	40.1	39.2	39.9	37.5	35.5		46.5		35.8	29.1	17.0	25.4	50.0	
1971	41.4	40.4	40.9	39.4	37.0		48.7		38.6	31.1	18.2	27.1	53.4	
1972	43.1	42.1	42.7	41.0	38.7		50.4		40.6	32.5	18.3	28.5	56.2	
1973	48.8	48.2	49.7	44.2	40.5		52.5		43.6	34.3	21.1	29.9	57.8	
1974	55.5	55.1	57.1	49.8	44.4		55.2		49.5	40.7	34.4	33.2	64.5	60.7
1975	60.2	59.8	61.8	54.5	48.8		58.0		54.1	45.4	39.4	36.4	40.1	63.9
1976	62.1	61.6	63.1	58.2	51.5		61.1		57.6	49.4	43.3	38.8	44.7	67.7
1977	65.8	65.5	66.8	62.6	54.9		64.8		62.0	54.7	49.0	43.9	50.5	70.8
1978	72.2	72.0	73.8	68.3	60.5		69.3		67.2	58.5	53.0	46.2	55.0	73.7
1979	79.9	79.9	81.8	75.9	68.9		74.3		74.0	64.8	61.3	62.4	61.0	74.3
1980	86.7	86.8	88.4	83.4	81.0		80.9		82.4	75.4	74.8	86.1	71.4	77.0
1981	93.5	93.6	94.8	90.9	90.5		87.9		90.7	86.4	87.2	104.6	81.9	84.3
1982	97.3	97.4	98.1	95.8	96.9		94.6		96.4	94.9	95.6	103.4	93.2	93.3
1983	99.5	99.4	99.1	100.0	99.1	103.0	100.1	102.5	99.9	100.2	100.5	97.2	101.5	99.5
1984	103.2	103.2	102.8	104.2	104.0	108.6	105.3	107.3	103.7	104.8	104.0	99.4	105.4	107.2
1985	105.6	105.6	104.3	108.3	109.8	115.4	111.8	113.1	106.5	106.5	104.5	95.9	107.1	112.1
1986	109.1	109.0	107.3	112.5	115.8	121.9	118.3	119.4	107.9	104.1	99.2	77.6	105.7	117.9
1987	113.5	113.5	111.9	117.0	121.3	128.1	123.1	124.8	111.8	103.0	97.3	77.9	103.8	120.1
1987: Jan.	112.1	112.1	110.7	115.2	118.5	125.3	121.3	122.0	110.3	101.1	95.0	75.5	101.5	118.7
Feb.	112.5	112.5	111.2	115.5	119.0	125.8	121.7	122.5	110.2	101.4	95.3	77.9	101.5	119.1
Mar.	112.5	112.5	110.9	115.9	118.6	126.4	121.8	123.0	110.7	101.5	95.2	77.5	101.5	119.3
Apr.	112.8	112.8	111.3	116.1	120.2	127.1	122.0	123.6	110.3	101.3	94.7	77.5	100.8	119.7
May	113.3	113.3	112.0	116.4	120.5	127.3	123.3	124.0	110.2	102.2	96.1	77.1	102.5	119.8
June	113.8	113.8	112.6	116.8	120.8	127.9	122.3	124.2	111.1	104.9	100.8	77.2	108.1	119.4
July	113.7	113.7	112.1	117.2	121.3	129.3	123.0	124.4	113.2	105.0	100.4	77.1	107.6	120.5
Aug.	113.8	113.8	112.1	117.5	122.2	130.1	123.8	125.4	112.9	105.9	101.4	77.8	108.7	121.1
Sept.	114.2	114.1	112.4	118.0	122.5	129.8	124.4	126.0	112.7	105.5	101.0	77.6	108.2	120.8
Oct.	114.3	114.3	112.4	118.3	123.2	129.4	124.8	127.1	112.8	103.2	96.9	78.5	103.3	121.2
Nov.	114.3	114.2	112.1	118.6	123.4	129.2	124.8	127.4	113.5	102.4	95.5	80.3	101.4	121.3
Dec.	114.8	114.7	112.8	118.9	123.7	129.1	125.6	128.0	113.3	102.0	95.1	80.5	100.9	120.9
1988: Jan.	115.7	115.7	114.1	119.3	124.6	130.8	126.0	128.5	113.7	102.4	95.6	80.8	101.5	121.3
Feb.	115.8	115.7	113.9	119.7	125.0	131.3	126.3	129.0	114.3	102.8	96.0	80.9	101.9	121.8
Mar.	116.0	116.0	115.9	120.2	125.6	132.9	126.4	129.2	113.3	102.7	95.8	80.5	101.7	122.7
Apr.	116.7	116.6	114.6	120.7	125.8	132.9	126.6	129.4	115.3	102.8	95.7	80.2	101.6	122.3
May	117.1	117.0	115.1	121.0	126.2	133.1	126.9	129.9	114.3	103.5	96.5	80.0	102.6	122.6
June	117.6	117.6	115.8	121.5	126.6	133.7	127.3	130.4	114.7	105.9	100.8	79.1	107.8	122.3
July	118.8	118.8	117.3	122.1	127.4	134.7	127.8	131.0	114.5	106.0	100.8	76.9	108.1	122.4
Aug.	119.4	119.4	118.1	122.5	128.2	135.6	128.4	131.8	115.0	106.1	100.9	76.3	108.3	122.6
Sept.	120.1	120.2	119.0	123.0	128.4	134.7	129.1	132.6	115.3	106.4	101.0	75.9	108.5	123.3
Oct.	120.3	120.3	119.0	123.4	128.8	134.8	129.4	133.1	115.0	105.4	98.6	74.6	105.8	124.5
Nov.	120.2	120.2	118.7	123.7	129.1	134.2	129.8	133.8	115.4	104.3	96.8	75.0	103.7	124.4

<sup>1</sup> Includes alcoholic beverages, not shown separately.

<sup>2</sup> December 1982=100.

See next page for continuation of table.

TABLE B-59.—Consumer price indexes, selected expenditure classes, 1946-88—Continued

[1982-84=100, except as noted]

Year or month	Transportation							Medical care		
	Total	Private transportation					Public transportation	Total	Medical care commodities	Medical care services
		Total <sup>a</sup>	New cars	Used cars	Motor fuel <sup>b</sup>	Auto-mobility maintenance and repair				
1946	16.7	18.3			14.5	15.8	9.4	12.5	34.2	10.4
1947	18.5	20.8	34.1		16.4	17.1	9.9	13.5	36.7	11.3
1948	20.6	23.0	37.3		18.6	18.1	11.2	14.4	38.6	12.1
1949	22.1	24.4	40.8		19.1	18.6	12.4	14.8	39.2	12.5
1950	22.7	24.5	41.1		19.0	18.9	13.4	15.1	39.7	12.8
1951	24.1	25.6	43.1		19.5	20.4	14.8	15.9	40.8	13.4
1952	25.7	27.3	46.8		20.0	20.8	15.8	16.7	41.2	14.3
1953	26.5	27.8	47.2	26.7	21.2	22.0	16.8	17.3	41.5	14.8
1954	26.1	27.1	46.5	22.7	21.8	22.7	18.0	17.8	42.0	15.3
1955	25.8	26.7	44.8	21.5	22.1	23.2	18.5	18.2	42.5	15.7
1956	26.2	27.1	46.1	20.7	22.8	24.2	19.2	18.9	43.4	16.3
1957	27.7	28.6	48.5	23.2	23.8	25.0	19.9	19.7	44.6	17.0
1958	28.6	29.5	50.0	24.0	23.4	25.4	20.9	20.6	46.1	17.9
1959	29.8	30.8	52.2	26.8	23.7	26.0	21.5	21.5	46.8	18.7
1960	29.8	30.6	51.5	25.0	24.4	26.5	22.2	22.3	46.9	19.5
1961	30.1	30.8	51.5	26.0	24.1	27.1	23.2	22.9	46.3	20.2
1962	30.8	31.4	51.3	28.4	24.3	27.8	24.0	23.5	45.6	20.9
1963	30.9	31.6	51.0	28.7	24.2	27.8	24.3	24.1	45.2	21.5
1964	31.4	32.0	50.9	30.0	24.1	28.2	24.7	24.6	45.1	22.0
1965	31.9	32.5	49.7	29.8	25.1	28.7	25.2	25.2	45.0	22.7
1966	32.3	32.9	48.8	29.0	25.6	29.2	26.1	26.3	45.1	23.9
1967	33.3	33.8	49.3	29.9	26.4	30.4	37.9	27.4	28.2	44.9
1968	34.3	34.8	50.7	(*)	26.8	32.1	39.2	28.7	29.9	45.0
1969	35.7	36.0	51.5	30.9	27.6	34.1	41.6	30.9	31.9	45.4
1970	37.5	37.5	53.0	31.2	27.9	36.6	45.2	35.2	34.0	46.5
1971	39.5	39.4	55.2	33.0	28.1	39.3	48.6	37.8	36.1	47.3
1972	39.9	39.7	54.7	33.1	28.4	41.1	48.9	39.3	37.3	47.4
1973	41.2	41.0	54.8	35.2	31.2	43.2	48.4	39.7	38.8	47.5
1974	45.8	46.2	57.9	36.7	42.2	47.6	50.2	40.6	42.4	49.2
1975	50.1	50.6	62.9	43.8	45.1	53.7	53.5	43.5	47.5	53.3
1976	55.1	55.6	66.9	50.3	47.0	57.6	61.8	47.8	52.0	56.5
1977	59.0	59.7	70.4	54.7	49.7	61.9	67.2	50.0	57.0	60.2
1978	61.7	62.5	75.8	55.8	51.8	67.0	69.9	51.5	61.8	64.4
1979	70.5	71.7	81.8	60.2	70.1	73.7	75.2	54.9	67.5	69.0
1980	83.1	84.2	88.4	62.3	97.4	81.5	84.3	69.0	74.9	75.4
1981	93.2	93.8	93.7	76.9	108.5	89.2	91.4	85.6	82.9	83.7
1982	97.0	97.1	97.4	88.8	102.8	96.0	97.7	94.9	92.5	92.3
1983	96.3	99.3	99.9	98.4	100.3	100.3	98.8	99.5	100.6	100.2
1984	103.7	103.6	102.8	112.5	97.9	103.8	103.5	105.7	106.8	107.5
1985	106.4	106.2	106.1	113.7	98.7	106.8	109.0	110.5	113.5	115.2
1986	102.3	101.2	110.6	108.8	77.1	110.3	115.1	117.0	122.0	122.8
1987	105.4	104.2	114.6	113.1	80.2	114.8	120.8	121.1	130.1	131.0
1987: Jan.	102.6	101.3	114.8	106.2	72.8	112.8	119.3	120.4	126.6	126.6
Feb.	103.1	101.8	113.5	106.9	76.0	113.3	118.9	120.6	127.4	127.4
Mar.	103.3	102.0	113.1	108.7	76.6	113.3	119.1	121.1	128.1	128.5
Apr.	104.2	103.0	113.6	11.3	78.5	114.3	119.4	120.9	128.7	129.0
May	104.7	103.5	114.0	113.4	79.1	114.3	119.7	120.6	129.2	129.9
June	105.4	104.3	114.3	114.7	80.8	114.4	120.3	120.2	129.9	130.8
July	106.0	104.9	114.7	115.4	82.2	114.5	120.8	120.2	130.7	131.6
Aug.	106.5	105.4	114.4	115.5	84.3	115.1	120.7	121.5	131.2	132.0
Sept.	106.6	105.4	114.1	116.0	84.0	115.7	121.1	122.1	131.7	132.7
Oct.	107.1	106.0	115.2	116.2	83.2	116.1	122.8	121.2	132.3	133.5
Nov.	107.8	106.8	116.6	116.5	83.2	116.5	123.8	122.0	132.8	134.2
Dec.	107.6	106.5	116.6	116.3	82.0	116.9	123.8	122.1	133.1	134.9
1988: Jan.	107.1	106.0	116.2	116.0	79.7	117.2	124.7	121.8	134.4	135.4
Feb.	106.8	105.7	116.2	116.0	78.3	117.7	125.0	120.8	135.5	136.1
Mar.	106.5	105.4	116.0	116.1	77.5	118.5	124.9	121.4	136.3	137.0
Apr.	107.2	106.0	115.9	116.6	79.4	118.8	125.0	122.4	136.9	138.1
May	108.1	107.0	116.3	117.0	81.4	119.3	126.3	122.4	137.5	139.0
June	108.5	107.4	116.5	117.6	81.4	119.7	127.2	123.2	138.2	139.4
July	108.9	107.8	116.5	117.9	82.3	120.0	127.5	123.7	139.3	140.5
Aug.	109.6	108.6	116.3	119.2	84.1	120.3	128.7	123.7	139.9	141.1
Sept.	109.7	108.6	116.8	119.4	83.1	120.9	129.3	124.0	140.4	140.1
Oct.	110.0	109.0	117.7	119.9	81.6	121.1	131.0	124.2	141.2	143.2
Nov.	110.7	109.6	118.7	119.7	81.5	121.5	132.1	125.3	141.8	143.3

<sup>a</sup> Includes direct pricing of new trucks and motorcycles beginning September 1982.<sup>b</sup> Includes direct pricing of diesel fuel and gasoline beginning September 1981.

\* Not available.

Note.—Data beginning 1978 are for all urban consumers; earlier data are for urban wage earners and clerical workers. See also Note, Table B-58.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-60.—Consumer price indexes, commodities, services, and special groups, 1946-88

[1982-84 = 100]

Year or month	Commodities						Services			Special indexes			
	All items	All commodities	Food	Commodities less food			All services	Medical care services	Services less medical care	All items less food	All items less energy	All items less food and energy	Energy <sup>1</sup>
				All	Durable	Non-durable							
1946	19.5	22.9	19.8	26.3	29.2	23.6	14.1			19.8			
1947	22.3	27.6	24.1	29.7	31.7	27.1	14.7	11.3		21.7			
1948	24.1	29.6	26.1	31.9	34.0	29.2	15.6	12.1		23.3			
1949	23.8	28.8	25.0	31.5	34.5	28.7	16.4	12.5		23.5			
1950	24.1	29.0	25.4	31.4	34.9	28.6	16.9	12.8		23.8			
1951	26.0	31.6	28.2	33.8	37.5	30.8	17.8	13.4		25.3			
1952	26.5	32.0	28.7	34.1	38.0	31.0	18.6	14.3		25.9			
1953	26.7	31.9	28.3	34.2	37.7	31.2	19.4	14.8		26.4			
1954	26.9	31.6	28.2	33.8	36.8	31.4	20.0	15.3		26.6			
1955	26.8	31.3	27.8	33.6	36.1	31.4	20.4	15.7		26.6			
1956	27.2	31.6	28.0	33.9	36.1	32.0	20.9	16.3		27.1			
1957	28.1	32.6	28.9	34.9	37.2	32.9	21.8	17.0	22.8	28.0	28.9	28.9	21.5
1958	28.9	33.3	30.2	35.3	37.3	33.1	22.6	17.9	23.6	28.6	29.7	29.6	21.5
1959	29.1	33.3	29.7	35.8	38.4	33.5	23.3	18.7	24.2	29.2	29.9	30.2	21.9
1960	29.6	33.6	30.0	36.0	38.1	34.1	24.1	19.5	25.0	29.7	30.4	30.6	22.4
1961	29.9	33.8	30.4	36.1	38.1	34.2	24.5	20.2	25.4	30.0	30.7	31.0	22.5
1962	30.2	34.1	30.6	36.3	38.5	34.5	25.0	20.9	25.9	30.3	31.1	31.4	22.6
1963	30.6	34.4	31.1	36.6	38.6	34.8	25.5	21.5	26.3	30.7	31.5	31.8	22.6
1964	31.0	34.8	31.5	36.9	39.0	35.1	26.0	22.0	26.8	31.1	32.0	32.3	22.5
1965	31.5	35.2	32.2	37.2	38.8	35.6	26.6	22.7	27.4	31.6	32.5	32.7	22.9
1966	32.4	36.1	33.8	37.7	38.9	36.4	27.6	23.9	28.3	32.3	33.5	33.5	23.3
1967	33.4	36.8	34.1	38.6	39.4	37.6	28.8	26.0	29.3	33.4	34.4	34.7	23.8
1968	34.8	38.1	35.3	40.0	40.7	39.1	30.3	27.9	30.8	34.9	35.9	36.3	24.2
1969	36.7	39.9	37.1	41.7	42.2	40.9	32.4	30.2	32.9	36.8	38.0	38.4	24.8
1970	38.8	41.7	39.2	43.4	44.1	42.5	35.0	32.3	35.6	39.0	40.3	40.8	25.5
1971	40.5	43.2	40.4	45.1	46.0	44.0	37.0	34.7	37.5	40.8	42.0	42.7	26.5
1972	41.8	44.5	42.1	46.1	46.9	45.0	38.4	35.9	38.9	42.0	43.4	44.0	27.2
1973	44.4	47.8	48.2	47.7	48.1	46.9	40.1	37.5	40.6	43.7	46.1	45.6	29.4
1974	49.3	53.5	55.1	52.8	51.5	52.9	43.8	41.4	44.3	48.0	50.6	49.4	38.1
1975	53.8	58.2	59.8	57.6	57.4	57.0	48.0	46.6	48.3	52.5	55.1	53.9	42.1
1976	56.9	60.7	61.6	60.5	60.9	59.5	52.0	51.3	52.2	56.0	58.2	57.4	45.1
1977	60.6	64.2	65.5	63.8	64.4	62.5	56.0	56.4	55.9	59.6	61.9	61.0	49.4
1978	65.2	68.8	72.0	67.5	68.6	65.5	60.8	61.2	60.7	63.9	66.7	65.5	52.5
1979	72.6	76.6	79.9	75.3	75.4	74.6	67.5	67.2	67.5	71.2	73.4	71.9	65.7
1980	82.4	86.0	86.8	85.7	83.0	88.4	77.9	74.8	78.2	81.5	81.9	80.8	86.0
1981	90.9	93.2	93.6	93.1	89.6	96.7	88.1	82.8	88.7	90.4	90.1	89.2	97.7
1982	96.5	97.0	97.4	96.9	95.1	98.3	96.0	92.6	96.4	96.3	96.1	95.8	99.2
1983	98.6	99.8	99.4	100.0	99.8	100.0	99.4	100.7	99.2	99.7	99.6	99.6	99.9
1984	103.9	103.2	103.2	102.1	105.1	101.7	104.6	106.7	104.4	104.0	104.3	104.6	100.9
1985	107.6	105.4	105.6	105.2	106.8	104.1	109.9	113.2	109.6	108.0	108.4	109.1	101.6
1986	109.6	104.4	109.0	101.7	106.6	98.5	115.4	121.9	114.6	109.8	112.6	113.5	88.2
1987	113.6	107.7	113.5	104.3	108.2	101.8	120.2	130.0	119.1	113.6	117.2	120.2	88.6
1987: Jan	111.2	105.3	112.1	101.4	107.4	97.4	117.7	126.6	116.7	111.0	115.0	115.8	83.9
Feb	111.6	105.8	112.5	102.0	107.0	98.6	118.1	127.4	117.0	111.4	115.3	116.1	85.6
Mar	112.1	106.4	112.5	102.9	107.2	100.1	118.5	128.0	117.4	112.0	115.8	116.8	85.8
Apr	112.7	107.2	112.8	103.9	107.7	101.3	118.9	128.7	117.8	112.7	116.4	117.4	86.4
May	113.1	107.5	113.3	104.0	107.9	101.4	119.3	129.0	118.2	113.0	116.7	117.6	87.4
June	113.5	107.7	113.8	104.1	108.2	101.4	120.1	129.6	119.0	113.5	116.9	117.7	90.7
July	113.8	107.6	113.7	104.1	108.4	101.3	120.5	130.4	119.4	113.8	117.1	118.0	91.1
Aug	114.4	108.2	113.8	104.9	108.3	102.6	121.2	131.0	120.1	114.5	117.6	118.6	92.7
Sept	115.0	108.9	114.1	105.7	108.3	104.0	121.7	131.5	120.6	115.1	118.3	119.4	92.3
Oct	115.3	109.3	114.3	106.3	108.8	104.6	121.9	132.0	120.8	115.5	118.9	120.1	89.8
Nov	115.4	109.5	114.2	106.7	109.6	104.8	122.0	132.5	120.8	115.7	119.2	120.5	89.0
Dec	115.4	109.3	114.7	106.0	109.5	103.7	122.2	132.7	121.0	115.5	119.2	120.4	88.3
1988: Jan	115.7	109.2	115.7	105.5	109.4	102.8	122.9	134.1	121.7	115.7	119.7	120.8	87.4
Feb	116.0	109.1	115.7	105.4	109.4	102.7	123.4	135.3	122.1	116.0	120.0	121.1	87.0
Mar	116.5	109.8	115.9	106.3	109.5	104.1	123.8	136.1	122.4	116.6	120.6	121.9	86.5
Apr	117.1	110.7	116.6	107.3	109.7	105.6	124.1	136.6	122.8	117.2	121.2	122.4	87.3
May	117.5	111.1	117.0	107.6	109.9	106.0	124.6	137.2	123.2	117.6	121.5	122.7	88.7
June	118.0	111.1	117.6	107.4	110.2	105.5	125.5	137.9	124.1	118.1	121.8	123.0	91.0
July	118.5	111.5	118.8	107.4	110.3	105.4	126.1	139.0	124.7	118.4	122.3	123.3	91.4
Aug	119.0	111.9	119.4	107.7	110.3	105.9	126.7	139.6	125.3	118.9	122.8	123.8	92.4
Sept	119.8	113.0	120.2	108.9	110.6	107.7	127.3	140.1	125.9	119.7	123.8	124.7	91.9
Oct	120.2	113.5	120.3	109.5	111.1	108.3	127.6	140.8	126.2	120.2	124.4	125.5	89.9
Nov	120.3	113.5	120.2	109.7	111.8	108.2	127.8	141.5	126.3	120.3	124.7	125.8	88.9

<sup>1</sup> Household fuels—gas (piped), electricity, fuel oil, etc.—and motor fuel. Motor oil, coolant, etc. also included through 1982. Note.—Data beginning 1978 are for all urban consumers; earlier data are for urban wage earners and clerical workers. See also Note, Table B-58.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-61.—Changes in special consumer price indexes, 1958–88

(Percent change)

Year or month	All items		All items less food		All items less energy		All items less food and energy		All items less food, energy, and shelter	
	Dec. to Dec. <sup>1</sup>	Year to year	Dec. to Dec. <sup>1</sup>	Year to year	Dec. to Dec. <sup>1</sup>	Year to year	Dec. to Dec. <sup>1</sup>	Year to year	Dec. to Dec. <sup>1</sup>	Year to year
1958.....	1.8	2.8	1.8	2.1	2.1	2.8	1.7	2.4		
1959.....	1.7	.7	2.1	2.1	1.3	.7	2.0	2.0		
1960.....	1.4	1.7	1.0	1.7	1.3	1.7	1.0	1.3		
1961.....	.7	1.0	1.3	1.0	.7	1.0	1.3	1.3		
1962.....	1.3	1.0	1.0	1.0	1.3	1.3	1.3	1.3		
1963.....	1.6	1.3	1.6	1.3	1.9	1.3	1.6	1.3		
1964.....	1.0	1.3	1.0	1.3	1.3	1.6	1.2	1.6		
1965.....	1.9	1.6	1.6	1.6	1.9	1.6	1.5	1.2		
1966.....	3.5	2.9	3.5	2.2	3.4	3.1	3.3	2.4		
1967.....	3.0	3.1	3.3	3.4	3.2	2.7	3.8	3.6		
1968.....	4.7	4.2	5.0	4.5	4.9	4.4	5.1	4.6	4.6	4.7
1969.....	6.2	5.5	5.6	5.4	6.5	5.8	6.2	5.8	5.1	4.7
1970.....	5.6	5.7	6.6	6.0	5.4	6.1	6.6	6.3	5.8	5.2
1971.....	3.3	4.4	3.0	4.6	3.4	4.2	3.1	4.7	3.1	4.9
1972.....	3.4	3.2	2.9	2.9	3.5	3.3	3.0	3.0	2.7	2.4
1973.....	8.7	6.2	5.6	4.0	8.2	6.2	4.7	3.6	3.5	2.9
1974.....	12.3	11.0	12.2	9.8	11.7	9.8	11.1	8.3	11.3	7.7
1975.....	6.9	9.1	7.3	9.4	6.6	8.9	6.7	9.1	6.4	8.9
1976.....	4.9	5.8	6.1	6.7	4.8	5.6	6.1	6.5	6.9	7.1
1977.....	6.7	6.5	6.4	6.4	6.7	6.4	6.5	6.3	5.3	6.0
1978.....	9.0	7.6	8.3	7.2	9.1	7.8	8.5	7.4	6.4	5.6
1979.....	13.3	11.3	14.0	11.4	11.1	10.0	11.3	9.8	7.3	6.9
1980.....	12.5	13.5	13.0	14.5	11.7	11.6	12.2	12.4	9.8	8.8
1981.....	8.9	10.3	9.8	10.9	8.5	10.0	9.5	10.4	9.4	9.6
1982.....	3.8	6.2	4.1	6.5	4.2	6.7	4.5	7.4	6.1	7.7
1983.....	3.8	3.2	4.1	3.5	4.5	3.6	4.8	4.0	5.0	5.2
1984.....	3.9	4.3	3.9	4.3	4.4	4.7	4.7	5.0	4.3	5.0
1985.....	3.8	3.6	4.1	3.8	4.0	3.9	4.3	5.3	3.7	3.8
1986.....	1.1	1.9	.5	1.7	3.8	3.9	3.8	4.0	3.3	3.4
1987.....	4.4	3.6	4.6	3.5	4.1	4.1	4.2	4.1	3.8	3.8
Change from preceding period										
	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted
1987: Jan.....	0.6	0.7	0.5	0.6	0.4	0.5	0.3	0.4	0.1	0.5
Feb.....	4	4	4	4	3	2	3	3	2	2
Mar.....	4	4	5	5	4	4	6	5	7	4
Apr.....	5	4	6	4	5	5	5	4	5	5
May.....	4	4	3	3	3	3	2	3	2	3
June.....	4	3	4	3	2	3	1	2	0	2
July.....	3	3	3	4	2	3	3	3	1	2
Aug.....	5	4	6	5	4	3	5	4	4	3
Sept.....	5	3	5	2	6	3	7	2	9	3
Oct.....	3	3	3	3	5	4	6	5	7	5
Nov.....	1	3	2	3	3	3	3	3	3	3
Dec.....	0	2	-2	1	0	3	-1	2	-3	0
1988: Jan.....	3	3	2	4	4	5	3	5	1	5
Feb.....	3	2	3	3	3	2	2	3	3	3
Mar.....	4	5	5	4	5	5	7	6	8	6
Apr.....	5	4	5	4	5	4	4	4	6	6
May.....	3	3	3	3	2	4	2	2	2	3
June.....	4	3	4	3	2	3	2	4	1	2
July.....	4	4	3	3	4	5	2	3	1	3
Aug.....	4	4	4	3	4	3	4	2	2	2
Sept.....	7	3	7	3	8	4	7	4	11	7
Oct.....	3	4	4	4	5	5	6	5	8	5
Nov.....	1	3	1	3	2	2	2	3	2	2

<sup>1</sup> Changes from December to December are based on unadjusted indexes.

Note.—Data beginning 1978 are for all urban consumers; earlier data are for urban wage earners and clerical workers. See also Note, Table B-58.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-62.—Changes in consumer price indexes, commodities and services, 1929-87

(Percent change)

Year	All items		Commodities						Services				Energy <sup>2</sup>	
	Dec. to Dec. <sup>1</sup>	Year to year	Total		Food		Commodities less food		Total		Medical care services		Dec. to Dec. <sup>1</sup>	Year to year
			Dec. to Dec. <sup>1</sup>	Year to year	Dec. to Dec. <sup>1</sup>	Year to year	Dec. to Dec. <sup>1</sup>	Year to year	Dec. to Dec. <sup>1</sup>	Year to year	Dec. to Dec. <sup>1</sup>	Year to year		
1929	0.6	0			2.5	1.2								
1933	.8	-5.1			6.9	-2.8								
1939	0	-1.4	-0.7	-2.0	-2.5	-2.5	0.5	-1.6	0	0	1.2	1.2		
1940	.7	.7	1.4	.7	2.5	1.7	.5	.5	.8	.8	0	0	0	0
1941	9.9	5.0	13.3	6.7	15.7	9.2	10.7	5.4	2.4	.8	1.2	0		
1942	9.0	10.9	12.9	14.5	17.9	17.6	6.3	10.8	2.3	3.1	3.5	3.5		
1943	3.0	6.1	4.2	9.3	3.0	11.0	5.5	4.6	2.3	2.3	5.6	4.5		
1944	2.3	1.7	2.0	1.0	0	-1.2	4.7	5.3	2.2	2.2	3.2	4.3		
1945	2.2	2.3	2.9	3.0	3.5	2.4	3.3	4.2	.7	1.5	3.1	3.1		
1946	18.1	8.3	24.8	10.6	31.3	14.5	12.7	6.0	3.6	1.4	9.0	5.1		
1947	8.8	14.4	10.3	20.5	11.3	21.7	9.2	12.9	5.6	4.3	6.4	8.7		
1948	3.0	8.1	1.7	7.2	-.8	8.3	5.2	7.4	5.9	6.1	6.9	7.1		
1949	-2.1	-1.2	-4.1	-2.7	-3.9	-4.2	-4.6	-1.3	3.7	5.1	1.6	3.3		
1950	5.9	1.3	7.8	.7	9.8	1.6	5.5	-.3	3.6	3.0	4.0	2.4		
1951	6.0	7.9	5.9	9.0	7.1	11.0	4.9	7.6	5.2	5.3	5.3	4.7		
1952	.8	1.9	-.9	1.3	-1.0	1.8	-.6	.9	4.4	4.5	5.8	6.7		
1953	-.7	.8	-.3	-.3	-1.1	-1.4	-.3	.3	4.2	4.3	3.4	3.5		
1954	-.7	.7	-1.6	-.9	-1.8	-.4	-1.5	-1.2	2.0	3.1	2.6	3.4		
1955	.4	-.4	-.3	-.9	-.7	-1.4	0	-.6	2.0	2.0	3.2	2.6		
1956	3.0	1.5	2.6	1.0	2.9	.7	2.7	.9	3.4	2.5	3.8	3.8		
1957	2.9	3.3	2.8	3.2	2.8	3.2	2.0	2.9	4.2	4.3	4.8	4.3		
1958	1.8	2.8	1.2	2.1	2.4	4.5	.8	1.1	2.7	3.7	4.6	5.3		
1959	1.7	.7	.6	0	-1.0	-1.7	1.4	1.4	3.9	3.1	4.9	4.5	-0.9	0
1960	1.4	1.7	1.2	.9	3.1	1.0	-.3	.6	2.5	3.4	3.7	4.3	1.3	2.3
1961	.7	1.0	0	.6	-.7	1.3	.8	-.3	1.7	3.5	3.6	4.3	-1.3	4
1962	1.3	1.0	.9	.9	1.3	.7	.6	.6	1.6	2.0	2.9	3.5	2.2	4
1963	1.6	1.3	1.5	.9	2.0	1.6	1.4	.8	2.4	2.0	2.8	2.9	-.9	0
1964	1.0	1.3	.9	1.2	1.3	1.3	-.3	.8	1.6	2.0	2.3	2.3	0	-4
1965	1.9	1.6	1.4	1.1	3.5	2.2	.8	.8	2.7	2.3	3.6	3.2	1.8	1.8
1966	3.5	2.9	2.5	2.6	4.0	5.0	1.9	1.3	4.8	3.8	8.3	5.3	1.7	1.7
1967	3.0	3.1	2.5	1.9	1.2	.9	3.1	2.4	4.3	4.3	8.0	8.8	1.7	2.1
1968	4.7	4.2	4.0	3.5	4.4	3.5	3.6	3.6	5.8	5.2	7.1	7.3	1.7	1.7
1969	6.2	5.5	5.4	4.7	7.0	5.1	4.7	4.3	7.7	6.9	7.3	8.2	2.9	2.5
1970	5.6	5.7	3.9	4.5	2.3	5.7	4.7	4.1	8.1	8.0	8.1	7.0	4.8	2.8
1971	3.3	4.4	2.8	3.6	4.3	3.1	2.2	3.9	4.1	5.7	5.4	7.4	3.1	3.9
1972	3.4	3.2	3.4	3.0	4.6	4.2	2.6	2.2	3.4	3.8	3.7	3.5	2.6	2.6
1973	8.7	6.2	10.4	7.4	20.3	14.5	4.9	3.5	6.2	4.4	6.0	4.5	17.0	8.1
1974	12.3	11.0	12.8	11.9	12.0	14.3	13.2	10.7	11.4	9.2	13.2	10.4	21.6	29.6
1975	6.9	9.1	6.2	8.8	6.6	8.5	6.1	9.1	8.2	9.6	10.3	12.6	11.4	10.5
1976	4.9	5.8	3.3	4.3	.5	3.0	5.1	5.0	7.2	8.3	10.8	10.1	7.1	7.1
1977	6.7	6.5	6.1	5.8	8.1	6.3	4.8	5.5	8.0	7.7	9.0	9.9	7.2	9.5
1978	9.0	7.6	8.8	7.2	11.8	9.9	7.7	5.8	9.3	8.6	9.3	8.5	7.9	6.3
1979	13.3	11.3	13.0	11.3	10.2	11.0	14.3	11.6	13.6	11.0	10.5	9.8	37.5	25.1
1980	12.5	13.5	11.0	12.3	10.2	8.6	11.5	13.8	14.2	15.4	10.1	11.3	18.0	30.9
1981	8.9	10.3	6.0	8.4	4.3	7.8	6.7	8.6	13.0	13.1	12.6	10.7	11.9	13.6
1982	3.8	6.2	3.6	4.1	3.1	4.1	3.8	4.1	4.3	9.0	11.2	11.8	1.3	1.5
1983	3.8	3.2	2.9	2.9	2.7	2.1	3.1	3.2	4.8	3.5	6.2	8.7	-.5	-.7
1984	3.9	4.3	2.7	3.4	3.8	3.8	2.1	3.1	5.4	5.2	5.8	6.0	.2	1.0
1985	3.8	3.6	2.5	2.1	2.6	2.3	2.4	2.0	5.1	5.1	6.8	6.1	1.8	.7
1986	1.1	1.9	-2.0	-.9	3.8	3.2	-5.3	-3.3	4.5	5.0	7.9	7.7	-19.7	-13.2
1987	4.4	3.6	4.6	3.2	3.5	4.1	5.1	2.6	4.3	4.2	5.6	6.6	8.2	.5

<sup>1</sup> Changes from December to December are based on unadjusted indexes.<sup>2</sup> Household fuels—gas (piped) electricity, fuel oil, etc.—and motor fuel. Motor oil, coolant, etc. also included through 1982.

Note.—Data beginning 1978 are for all urban consumers; earlier data are for urban wage earners and clerical workers. See also Note, Table B-58.

Source: Department of Labor, Bureau of Labor Statistics.

## **C. EMPLOYMENT AND EDUCATION**

# **RESTRUCTURING CALIFORNIA EDUCATION**

*A Design for Public Education  
in the  
Twenty-First Century*

**Recommendations  
to the  
California Business Roundtable**

**SUMMARY**

**BW Associates**

## THE FUTURE IS IN OUR HANDS

California has an historic opportunity. Over the next decade, the state's economy is likely to produce a surplus of challenging jobs. Exciting careers in a global economy will be possible, and the present cycle of poverty, underemployment, welfare and crime could be broken.

Education is the key to realizing this bright future. As the country shifts to an information society, California's competitiveness will depend on the problem-solving, initiative, creativity, and cooperation of all segments of the workforce. Rather than stopping with either rudimentary literacy or the accumulation of specialized facts, workers in all occupations, as well as professionals, will need to learn throughout their lives. And *all youth*—whether from middle-class or from poor, non-English speaking, and "minority" backgrounds—will need to receive an education that enables them to participate fully in the active society of the 21st Century.

This opportunity poses extraordinary challenges for California's public elementary and secondary school system. The knowledge and skills of today's average student are far below that needed for the future. Most students simply are not equipped to succeed in the coming job market. Almost half leave school as dropouts or as high school graduates who are barely literate, and are at great risk of becoming part of California's underemployed and unemployable.

And matters may get worse. K-12 enrollment will increase a phenomenal 142,000 students per year over the next ten years. In light of this forty percent expansion, will the public schools as presently organized be able to maintain their current level of performance, let alone rise to the level of excellence needed for the future?

And how will the greatly increased demand for teachers be met, given enrollment growth, today's teacher shortages, increased retirements, and the difficulty public schools now have in attracting and retaining teachers?

Enrollment growth also could mean a staggering financial burden. If expenditures per pupil remain constant, funding for public schools will double to over \$40 billion in ten years; if the level is increased to match New York's expenditures per pupil (as some have advocated), spending on public K-12 education could exceed \$65 billion by the close of the century. Will Californians be willing to support these large budgets for an education system that is not keeping pace with the needs of the future?

These economic, demographic, and financial realities lead to an inescapable conclusion:

*Small improvements are no longer acceptable. To meet the challenge of the 21st Century, California education needs to operate at a new plateau of student performance, teacher productivity, and cost-effectiveness.*

### CALIFORNIA TOMORROW?

With over one-third of its students dropping out, California's school system now ranks 44th in the nation. Without great improvement, well over a million students will have left before graduation between now and the year 2000; another fifty thousand high school graduates per year will be barely literate, adding to California's five million functionally illiterate adults. But even these numbers understate the problem. Most of the future's enrollment increase will be students from poor, single-parent, and minority backgrounds—a population truly "at-risk" in the current system.

## NEW STRUCTURE, INCENTIVES AND ATTITUDES ARE NEEDED

Continued tinkering with the public schools will not solve the profound difficulties facing educators. The problem is not a lack of money, or an absence of dedicated and competent teachers. More money, higher standards, and minor improvements will at best result in small gains. The problem is the system itself.

Designed originally for a different student population, a more coherent family and social structure, and a less complex knowledge-base and employment situation, the current educational system has *inherent limitations* preventing educators from responding effectively to a rapidly changing world.

Some limitations have arisen from overly restrictive state laws and regulations; others from a growing imbalance in authority between districts and schools; and still others from management and teaching practices that have become obsolete as knowledge has expanded exponentially and the responsibilities placed on schools have grown.

Beneath all these rules, regulations, and ingrained practices lies a set of attitudes—that teachers and administrators cannot be trusted; that some students, particularly from poor, non-English speaking, and minority backgrounds, cannot or do not want to learn; that parents and communities should not be part of the educational process.

If California is to achieve the breakthroughs needed in student performance, teacher productivity and cost-effectiveness, limitations that prevent innovation must be removed. New attitudes that promote excellence, experimentation, and full participation of parents, teachers, and administrators must become the norm.

Current effective improvement efforts must be extended and reinforced, and California must gradually but deliberately move toward a new system based on different operating principles. The box below recommends principles for restructuring the public schools. The facing page offers an overview of this report's proposals for realizing these principles.

### PRINCIPLES FOR A NEW EDUCATION SYSTEM

#### **Performance-based**

Students, teachers, administrators, schools, and districts should be evaluated according to their performance and held accountable for results.

#### **School Autonomy**

Principals and teachers should have the authority and support to provide quality education attuned to community needs and characteristics.

#### **Parental Choice and Flexible Alternatives**

Parents should be able to choose schools and schooling appropriate to their children, including small-school, flexible environments in which parents are actively involved.

#### **Incentives and Innovation**

Teachers and administrators should have incentives for high performance, productivity, efficiency, and the use of modern technologies.

#### **Professionalism**

Teaching should be an honored, respected and well-paid profession in which teachers are compensated according to their ability, experience and responsibilities.

#### **Pluralism**

The learning gap between poor minority and other children should be eliminated, and ethnic, linguistic, and cultural diversity should be treated as a strength.

# THE RECOMMENDATIONS

## **1. EXPAND AND FOCUS SCHOOLING**

- A. Establish primary schooling for all students
- B. Focus and consolidate elementary and secondary education on core academics
- C. Institute a post-10 student option of specialized education

## **2. ESTABLISH ACCOUNTABILITY BASED ON PERFORMANCE AND CHOICE**

- A. Set student performance goals, institute state-wide exit tests, and deregulate schooling
- B. Strengthen school performance reports and intervene in failing schools
- C. Support parental choice of expanded school options

## **3. ESTABLISH SCHOOL AUTONOMY, AND EMPOWER PARENTS, TEACHERS, PRINCIPALS**

- A. Provide schools with discretionary budget funding and authority
- B. Involve parents, community members and teachers in school governance
- C. Expand teacher responsibilities and promote team approaches to instructional management

## **4. MODERNIZE INSTRUCTION**

- A. Redirect staff development to advance implementation of effective practices
- B. Enable all schools to integrate technology into instruction and management
- C. Promote adoption of flexible educational programs

## **5. STRENGTHEN THE TEACHING PROFESSION**

- A. Establish multi-tiered teaching system with higher salary rates
- B. Upgrade process of becoming a teacher
- C. Assure continuing high professional standards

## **6. CAPITALIZE ON DIVERSITY**

- A. Build school capacity to provide English language acquisition
- B. Assure foreign language proficiency for all children
- C. Establish critical and minority teacher shortage program

# THE VISION:

## The Evolution of A New Education System

*If implemented, the recommendations would inaugurate a new era for public education. Tomorrow's system would give schools more autonomy and make performance the driving force for improvement. Parent, student, and teacher choice and accountability would accompany greater local autonomy, stimulating excellence in all schools and for all students.*

**STUDENTS** would be expected to learn much more and learn in depth. They would leave the education system with the core skills, knowledge, and attitudes needed for a full and productive life. They would emerge with high self-esteem and confidence that they can succeed.

Students who can advance quickly would be given the opportunity to do so. Pupils from poor, minority families would be treated the same as all other students. Rather than being assigned to a cycle of remediation, failure, and dropping out, they would be held to high expectations. Along with all other children, they would receive the support they need to live up to their potential. Non-English speaking children would be expected to master English, and be given appropriate early training to allow them to do so; English-speaking children would acquire a second language, and their training would start early.

Students also would be more responsible for their education. They would be promoted when they master material, not because they have simply attended the required classes. Once having mastered core material, they would have the opportunity to select education that will advance their career ambitions.

**PARENTS** would play a vital role in their children's education. They would have the right to choose schooling, and exercise influence over schools. Parents would be given the information and authority to hold schools accountable for delivering high quality education. And they would be expected to contribute to their school and their children's learning starting at the very outset of schooling.

**TEACHERS** would be able to create and choose educational programs that fit their students' needs and their own styles. They would be responsible for employing new, effective instructional methods with the help of advanced technology. They would be encouraged and expected to evolve more flexible concepts of how instruction is delivered.

New teachers would be better trained, existing teachers would receive staff development as an integral part of their jobs, and all teachers would have the time to develop their skills and creativity. Teachers would be treated as professionals, paid more, and expected to pass exacting evaluations to demonstrate their professionalism.

But not all teachers would have the same responsibilities. Some would participate in school supervision and decision-making, and hold more responsibility for planning and directing the efforts of others. Paraprofessional assistant teachers would be integrated into schools to aid instruction—and make it more efficient. Teachers would work in collaborative teams rather than continue their present isolation. Together they would be responsible for the learning of each student.

**SCHOOLS and PRINCIPALS** would have the budgetary and legal authority to develop effective, efficient, and flexible programs. They would be able to buy the services they need to improve their productivity and the quality of learning.

Small schools would be created within larger schools. Instead of today's largely uniform institutions, each school and school-within-a-school would have a distinctive educational philosophy and identity. The flavor and spirit of the typical public school would be comparable to the very best private or public schools.

The principal would operate in partnership with teachers to implement a shared vision for the school, and they would make decisions collegially.

Most schools would operate on a year-long schedule, and create course schedules that make efficient use of staff and student time. Some classes might be large, given only twice a week, and employ long-distance learning technologies; others classes might be small and intensively focused; still others might be arranged for individual learning.

This freedom at the school site would be balanced by performance-based measures to allow parents, districts, and, in the last resort, the state to hold schools accountable for productive operations and high levels of student learning.

**DISTRICTS** would, as now, have the responsibility to monitor and facilitate school operations. This essential role would be strengthened because districts would reduce their current role in directing schools' educational programs. Even more so than today, districts would assist parents in holding schools accountable, and in providing quality control of school programs.

Districts would be suppliers of services to schools in competition with other suppliers. They (and schools) would form consortia with other districts, post-secondary institutions, and private companies to facilitate research, development, and training of teachers and administrators in innovative instruction methods and technologies.

Districts would continue to hire tenured and classified employees, and conduct negotiations over pay and working conditions. But districts would not have the final say about school assignments—this would be a school-level prerogative. Moreover, schools would be able to hire paraprofessional assistant teachers, and other non-tenured or classified staff.

**THE STATE** (that is, the legislature, the State Board of Education, and the State Department of Education) would be concerned with performance, not with the education process. It would set goals for education, develop means for measuring the how well schools meet these goals, disseminate information about their performance, take a proactive role in stimulating R&D and training, and provide an adequate level of financing.

The state would work with teachers to set standards for the teaching profession, and assure quality control. The state also would intervene in failing schools, and help them to develop and become outstanding—or not permit them to continue.

## **STATISTICS**

TABLE B-31.—Population by age groups, 1929-88

[Thousands of persons]

July 1	Total	Age (years)						
		Under 5	5-15	16-19	20-24	25-44	45-64	65 and over
1929.....	121,767	11,734	26,800	9,127	10,694	35,862	21,076	6,474
1933.....	125,579	10,612	26,897	9,302	11,152	37,319	22,933	7,363
1939.....	130,880	10,418	25,179	9,822	11,519	39,354	25,823	8,764
1940.....	132,122	10,579	24,811	9,895	11,690	39,868	26,249	9,031
1941.....	133,402	10,850	24,516	9,840	11,807	40,383	26,718	9,288
1942.....	134,860	11,301	24,231	9,730	11,955	40,861	27,196	9,584
1943.....	136,739	12,016	24,093	9,607	12,064	41,420	27,671	9,867
1944.....	138,397	12,524	23,949	9,561	12,062	42,016	28,138	10,147
1945.....	139,928	12,979	23,907	9,361	12,036	42,521	28,630	10,494
1946.....	141,389	13,244	24,103	9,119	12,004	43,027	29,064	10,828
1947.....	144,126	14,406	24,468	9,037	11,814	43,657	29,498	11,185
1948.....	146,631	14,919	25,209	8,952	11,794	44,288	29,931	11,538
1949.....	149,188	15,607	25,852	8,788	11,700	44,916	30,405	11,921
1950.....	152,271	16,410	26,721	8,542	11,680	45,672	30,849	12,397
1951.....	154,878	17,333	27,279	8,446	11,552	46,103	31,362	12,803
1952.....	157,553	17,312	28,894	8,414	11,350	46,495	31,884	13,203
1953.....	160,184	17,638	30,227	8,460	11,062	46,786	32,394	13,617
1954.....	163,026	18,057	31,480	8,637	10,832	47,001	32,942	14,076
1955.....	165,931	18,566	32,682	8,744	10,714	47,194	33,506	14,525
1956.....	168,903	19,003	33,994	8,916	10,616	47,379	34,057	14,938
1957.....	171,984	19,494	35,272	9,195	10,503	47,440	34,591	15,388
1958.....	174,882	19,887	36,445	9,543	10,756	47,537	35,109	15,806
1959.....	177,630	20,175	37,368	10,215	10,969	47,192	35,663	16,248
1960.....	180,671	20,341	38,494	10,683	11,134	47,140	36,203	16,675
1961.....	183,691	20,522	39,765	11,025	11,483	47,084	36,722	17,089
1962.....	186,538	20,469	41,205	11,180	11,959	47,013	37,255	17,457
1963.....	189,242	20,342	41,626	12,007	12,714	46,994	37,782	17,778
1964.....	191,889	20,165	42,297	12,736	13,269	46,958	38,338	18,127
1965.....	194,303	19,824	42,938	13,516	13,746	46,912	38,916	18,451
1966.....	196,560	19,208	43,702	14,311	14,050	47,001	39,534	18,755
1967.....	198,712	18,563	44,244	14,200	15,248	47,194	40,193	19,071
1968.....	200,706	17,913	44,622	14,452	15,786	47,721	40,846	19,365
1969.....	202,677	17,376	44,840	14,800	16,480	48,064	41,437	19,680
1970.....	205,052	17,166	44,816	15,289	17,202	48,473	41,999	20,107
1971.....	207,661	17,244	44,591	15,688	18,159	48,936	42,482	20,561
1972.....	209,896	17,101	44,203	16,039	18,153	50,482	42,898	21,020
1973.....	211,909	16,851	43,582	16,446	18,521	51,749	43,235	21,525
1974.....	213,854	16,487	42,989	16,769	18,975	53,051	43,522	22,061
1975.....	215,973	16,121	42,508	17,017	19,527	54,302	43,801	22,696
1976.....	218,035	15,617	42,099	17,194	19,986	55,852	44,008	23,278
1977.....	220,239	15,564	41,298	17,276	20,499	57,561	44,150	23,892
1978.....	222,585	15,735	40,428	17,288	20,946	59,400	44,286	24,502
1979.....	225,055	16,063	39,552	17,242	21,297	61,379	44,390	25,134
1980.....	227,757	16,458	38,844	17,160	21,584	63,494	44,515	25,704
1981.....	230,138	16,931	38,190	16,771	21,821	65,619	44,569	26,235
1982.....	232,520	17,298	37,877	16,255	21,807	67,856	44,602	26,825
1983.....	234,799	17,651	37,668	15,704	21,700	69,971	44,680	27,426
1984.....	237,001	17,830	37,657	15,141	21,536	72,049	44,818	27,971
1985.....	239,279	18,004	37,691	14,819	21,214	74,077	44,934	28,540
1986.....	241,613	18,152	37,706	14,802	20,608	76,124	45,055	29,167
1987.....	243,915	18,252	37,685	14,958	19,984	77,897	45,303	29,835
1988.....	246,113							

Note.—Includes Armed Forces overseas beginning 1940. Includes Alaska and Hawaii beginning 1950.

Source: Department of Commerce, Bureau of the Census.

TABLE B-32.—Population and the labor force, 1929-88

(Monthly data seasonally adjusted, except as noted)

Year or month	Civilian noninstitutional population <sup>1</sup>	Resident Armed Forces <sup>1</sup>	Labor force including resident Armed Forces	Employment including resident Armed Forces	Civilian labor force					Unemployment rate		Civilian labor force participation rate <sup>4</sup>	Civilian employment/population ratio <sup>5</sup>
					Total	Employment			Unemployment	All workers <sup>2</sup>	Civilian workers <sup>3</sup>		
						Total	Agricultural	Non-agricultural					
Thousands of persons 14 years of age and over													
1929					49,180	47,630	10,450	37,180	1,550		3.2		
1933					51,590	38,760	10,090	28,670	12,830		24.9		
1939					55,230	45,750	9,610	36,140	9,480		17.2		
1940	99,840				55,640	47,520	9,540	37,980	8,120		14.6	55.7	47.6
1941	99,900				55,910	50,350	9,100	41,250	5,560		9.9	56.0	50.4
1942	98,640				56,410	53,750	9,250	44,500	2,660		4.7	57.2	54.5
1943	94,640				55,540	54,470	9,080	45,390	1,070		1.9	58.7	57.6
1944	93,220				54,630	53,960	8,950	45,010	670		1.2	58.6	57.9
1945	94,090				53,860	52,820	8,580	44,240	1,040		1.9	57.2	56.1
1946	103,070				57,520	55,250	8,320	46,930	2,270		3.9	55.8	53.6
1947	106,018				60,168	57,812	8,256	49,557	2,356		3.9	56.8	54.5
Thousands of persons 16 years of age and over													
1947	101,827				59,350	57,038	7,890	49,148	2,311		3.9	58.3	56.0
1948	103,068				60,621	58,343	7,629	50,714	2,276		3.8	58.8	56.6
1949	103,994				61,286	57,651	7,658	49,993	3,637		5.9	58.9	55.4
1950	104,995	1,169	63,377	60,087	62,208	58,918	7,160	51,758	3,288	5.2	5.3	59.2	56.1
1951	104,621	2,143	64,160	62,104	62,017	59,961	6,726	53,235	2,055	3.2	3.3	59.2	57.3
1952	105,231	2,386	64,524	62,636	62,138	60,250	6,500	53,749	1,883	2.9	3.0	59.0	57.3
1953	107,056	2,231	65,246	63,410	63,015	61,179	6,260	54,919	1,834	2.8	2.9	58.9	57.1
1954	108,321	2,142	65,785	62,251	63,643	60,109	6,205	53,904	3,532	5.4	5.5	58.8	55.5
1955	109,683	2,064	67,087	64,234	65,023	62,170	6,450	55,722	2,852	4.3	4.4	59.3	56.7
1956	110,954	1,965	68,517	65,764	66,552	63,799	6,283	57,514	2,750	4.0	4.1	60.0	57.5
1957	112,285	1,948	68,877	66,019	64,077	65,947	5,947	58,123	2,859	4.2	4.3	59.6	57.1
1958	113,727	1,847	69,486	66,483	67,439	63,056	5,586	58,850	2,802	5.6	6.0	59.5	56.4
1959	115,329	1,788	70,157	66,418	68,369	64,630	5,565	59,065	3,740	5.3	5.5	59.3	56.0
1960*	117,245	1,861	71,489	67,639	69,628	65,778	5,458	60,318	3,852	5.4	5.5	59.4	56.1
1961	118,771	1,900	72,359	67,646	70,459	65,746	5,200	60,546	4,714	6.5	6.7	59.3	55.4
1962*	120,153	2,061	72,675	68,763	70,614	66,702	4,944	61,759	3,911	5.4	5.5	58.8	55.5
1963	122,416	2,006	73,839	69,768	71,833	67,762	4,687	63,076	4,070	5.5	5.7	58.7	55.4
1964	124,485	2,018	75,109	71,323	73,091	69,305	4,523	64,782	3,786	5.0	5.2	58.7	55.7
1965	126,513	1,946	76,401	73,034	74,455	71,088	4,361	66,726	3,366	4.4	4.5	58.9	56.2
1966	128,058	1,122	77,892	75,017	75,770	72,895	3,979	68,915	2,875	3.7	3.8	59.2	56.9
1967	129,874	2,218	79,565	76,590	77,347	74,372	3,844	70,527	2,975	3.7	3.8	59.6	57.3
1968	132,028	2,253	80,990	78,173	78,737	75,920	3,817	72,103	2,817	3.5	3.6	59.6	57.5
1969	134,335	2,238	82,972	80,140	80,734	77,902	3,606	74,296	2,832	3.4	3.5	60.1	58.0
1970	137,085	2,118	84,889	80,796	82,771	78,678	3,463	75,215	4,093	4.8	4.9	60.4	57.4
1971	140,216	1,973	86,355	81,340	84,382	79,367	3,394	75,972	5,016	5.8	5.9	60.2	56.6
1972*	144,126	1,813	88,847	83,966	87,034	82,153	3,484	78,669	4,882	5.6	5.6	60.4	57.0
1973*	147,096	1,774	91,203	86,838	89,429	85,064	3,470	81,594	4,365	4.8	4.9	60.8	57.8
1974	150,120	1,721	93,670	88,515	91,949	86,794	3,515	83,279	5,156	5.5	5.6	61.3	57.8
1975	153,153	1,678	95,453	87,524	93,775	85,846	3,408	82,438	7,929	8.3	8.5	61.2	56.1
1976	156,150	1,668	97,826	90,420	96,158	88,752	3,331	85,421	7,406	7.6	7.7	61.6	56.8
1977	159,033	1,656	100,665	93,673	99,009	92,017	3,283	88,734	6,991	6.9	7.1	62.3	57.9
1978*	161,910	1,631	103,882	97,679	102,251	96,048	3,387	92,661	6,202	6.0	6.1	63.2	59.3
1979*	164,863	1,597	106,559	100,421	104,962	98,824	3,347	95,477	6,137	5.8	5.8	63.7	59.9
1980	167,745	1,604	108,544	100,907	106,940	99,303	3,364	95,938	7,637	7.0	7.1	63.8	59.2
1981	170,130	1,645	110,315	102,042	108,270	100,397	3,368	97,030	8,273	7.5	7.6	63.9	59.0
1982	172,271	1,668	111,872	101,194	110,204	99,526	3,401	95,125	10,578	9.5	9.7	64.0	57.8
1983	174,215	1,676	113,226	102,510	111,550	100,833	3,383	97,450	10,717	9.5	9.6	64.0	57.9
1984	176,383	1,697	115,247	106,702	113,544	105,005	3,321	101,685	8,539	7.4	7.5	64.4	59.1
1985	178,206	1,706	117,167	108,856	115,661	107,150	3,179	103,971	8,312	7.1	7.2	64.8	60.5
1986*	180,587	1,706	119,540	111,303	117,834	109,597	3,163	106,434	8,237	6.9	7.0	65.3	60.7
1987	182,753	1,737	121,602	114,177	119,865	112,440	3,208	109,232	7,425	6.1	6.2	65.6	61.5
1984: Jan	175,533	1,686	113,899	104,883	112,213	103,197	3,296	99,901	9,016	7.9	8.0	63.9	58.8
Feb	175,679	1,684	114,314	105,511	112,630	103,827	3,354	100,473	8,803	7.7	7.8	64.1	59.1
Mar	175,824	1,686	114,397	105,659	112,711	103,973	3,234	100,739	8,738	7.6	7.8	64.1	59.1
Apr	175,969	1,693	114,822	106,058	113,129	104,365	3,309	101,056	8,664	7.6	7.7	64.3	59.3
May	176,123	1,690	115,310	106,849	113,620	105,159	3,319	101,840	8,461	7.3	7.4	64.5	59.7
June	176,284	1,690	115,521	107,300	113,831	105,610	3,377	102,233	8,221	7.1	7.2	64.6	59.9
July	176,440	1,698	115,645	107,127	113,947	105,429	3,340	102,089	8,518	7.4	7.5	64.6	59.8
Aug	176,583	1,712	115,404	106,879	113,692	105,167	3,295	101,872	8,525	7.4	7.5	64.4	59.6
Sept	176,763	1,720	115,556	107,198	113,836	105,478	3,388	102,090	8,358	7.2	7.3	64.4	59.7
Oct	176,956	1,699	115,720	107,339	114,015	105,634	3,195	102,634	8,381	7.4	7.4	64.5	59.7
Nov	177,135	1,699	115,884	107,684	114,185	105,985	3,400	102,585	8,200	7.1	7.2	64.5	59.8
Dec	177,306	1,698	116,268	107,910	114,570	106,212	3,387	102,825	8,358	7.2	7.3	64.6	59.9

See next page for continuation of table.

TABLE B-32.—Population and the labor force, 1929-88—Continued

(Monthly data seasonally adjusted, except as noted)

Year or month	Civilian noninstitutional population <sup>1</sup>	Resident Armed Forces <sup>2</sup>	Labor force including resident Armed Forces <sup>3</sup>	Employment including resident Armed Forces <sup>4</sup>	Civilian labor force				Unemployment rate		Civilian labor force participation rate <sup>5</sup>	Civilian employment/population ratio <sup>6</sup>	
					Total	Employment			Unemployment	All workers <sup>2</sup>			Civilian workers <sup>3</sup>
						Total	Agricultural	Non-agricultural					
Thousands of persons 16 years of age and over											Percent		
1985: Jan.	177,384	1,697	116,457	107,993	114,760	106,296	3,331	102,965	8,464	7.3	7.4	64.7	59.9
Feb.	177,516	1,703	116,606	108,276	114,903	106,573	3,325	103,248	8,330	7.1	7.2	64.7	60.0
Mar.	177,667	1,701	117,012	108,691	115,311	106,990	3,260	103,730	8,321	7.1	7.2	64.9	60.2
Apr.	177,799	1,702	117,040	108,644	115,338	106,942	3,319	103,623	8,396	7.2	7.3	64.9	60.1
May	177,944	1,705	116,916	108,612	115,211	106,907	3,238	103,669	8,304	7.1	7.2	64.7	60.1
June	178,096	1,702	116,723	108,309	115,021	106,607	3,147	103,460	8,414	7.2	7.3	64.6	59.9
July	178,263	1,704	116,993	108,513	115,289	106,809	3,134	103,675	8,480	7.2	7.4	64.7	59.9
Aug.	178,405	1,726	117,037	108,851	115,311	107,125	3,141	103,984	8,186	7.0	7.1	64.6	60.0
Sept.	178,572	1,732	117,613	109,367	115,881	107,635	3,059	104,576	8,246	7.0	7.1	64.9	60.3
Oct.	178,770	1,700	117,787	109,488	116,087	107,788	3,059	104,729	8,299	7.0	7.1	64.9	60.3
Nov.	178,940	1,702	117,857	109,702	116,155	108,000	3,073	104,927	8,155	6.9	7.0	64.9	60.4
Dec.	179,112	1,698	118,017	109,861	116,319	108,163	3,147	105,016	8,156	6.9	7.0	64.9	60.4
1986: Jan *	179,670	1,691	118,442	110,595	116,751	108,904	3,307	105,597	7,847	6.6	6.7	65.0	60.6
Feb.	179,821	1,691	118,642	110,215	116,951	108,524	3,097	105,427	8,427	7.1	7.2	65.0	60.4
Mar.	179,985	1,693	118,876	110,546	117,183	108,853	3,213	105,640	8,330	7.0	7.1	65.1	60.5
Apr.	180,148	1,695	119,029	110,656	117,334	108,961	3,168	105,793	8,373	7.0	7.1	65.1	60.5
May	180,311	1,687	119,168	110,724	117,481	109,037	3,099	105,938	8,444	7.1	7.2	65.2	60.5
June	180,503	1,680	119,792	111,351	118,112	109,671	3,176	106,495	8,441	7.0	7.1	65.4	60.8
July	180,682	1,672	119,787	111,509	118,115	109,837	3,127	106,710	8,278	6.9	7.0	65.4	60.8
Aug.	180,828	1,697	119,847	111,732	118,150	110,035	3,106	106,929	8,115	6.8	6.9	65.3	60.9
Sept.	180,997	1,716	120,061	111,763	118,345	110,047	3,164	106,883	8,298	6.9	7.0	65.4	60.8
Oct.	181,186	1,749	120,173	111,943	118,424	110,194	3,142	107,052	8,230	6.8	6.9	65.4	60.8
Nov.	181,363	1,751	120,422	112,208	118,671	110,457	3,233	107,224	8,214	6.8	6.9	65.4	60.9
Dec.	181,547	1,750	120,326	112,407	118,576	110,657	3,153	107,504	7,919	6.6	6.7	65.3	61.0
1987: Jan.	181,827	1,748	120,726	112,762	118,978	111,014	3,174	107,840	7,964	6.6	6.7	65.4	61.1
Feb.	181,998	1,740	120,970	113,084	119,230	111,344	3,225	108,119	7,886	6.5	6.6	65.5	61.2
Mar.	182,179	1,736	120,982	113,191	119,246	111,455	3,237	108,218	7,791	6.4	6.5	65.5	61.2
Apr.	182,344	1,735	121,098	113,541	119,363	111,806	3,250	108,556	7,557	6.2	6.3	65.6	61.3
May	182,533	1,726	121,633	114,060	119,907	112,334	3,269	109,065	7,573	6.2	6.3	65.5	61.5
June	182,703	1,718	121,326	114,018	119,608	112,300	3,192	109,108	7,300	6.0	6.1	65.7	61.5
July	182,885	1,720	121,610	114,359	119,890	112,639	3,212	109,427	7,251	6.0	6.0	65.6	61.6
Aug.	183,002	1,736	122,042	114,786	120,306	113,050	3,143	109,907	7,256	5.9	6.0	65.7	61.6
Sept.	183,161	1,743	121,706	114,615	119,963	112,872	3,184	109,688	7,091	5.8	5.9	65.5	61.6
Oct.	183,311	1,741	122,128	114,951	120,387	113,210	3,249	109,961	7,177	5.9	6.0	65.7	61.6
Nov.	183,470	1,755	122,349	115,259	120,594	113,504	3,172	110,332	7,090	5.8	5.9	65.7	61.9
Dec.	183,620	1,750	122,472	115,494	120,722	113,744	3,215	110,529	6,978	5.7	5.8	65.7	61.9
1988: Jan.	183,822	1,749	122,924	115,878	121,175	114,129	3,293	110,836	7,046	5.7	5.8	65.9	62.1
Feb.	183,969	1,736	123,084	116,145	121,348	114,409	3,228	111,182	6,938	5.6	5.7	66.0	62.2
Mar.	184,111	1,736	122,639	115,839	120,903	114,103	3,204	110,899	6,801	5.5	5.6	65.7	62.0
Apr.	184,232	1,732	123,055	116,445	121,323	114,713	3,228	111,485	6,610	5.4	5.4	65.9	62.3
May	184,374	1,714	122,692	115,909	120,978	114,195	3,035	111,160	6,783	5.5	5.6	65.6	61.9
June	184,562	1,685	123,157	116,703	121,472	115,018	3,085	111,933	6,455	5.2	5.3	65.8	62.3
July	184,729	1,673	123,357	116,732	121,584	115,059	3,046	112,014	6,225	5.4	5.4	65.9	62.3
Aug.	184,830	1,692	123,723	116,872	122,031	115,180	3,151	112,029	6,851	5.5	5.6	66.0	62.4
Sept.	184,962	1,704	123,628	117,032	121,924	115,328	3,169	112,158	6,596	5.3	5.4	65.9	62.3
Oct.	185,114	1,687	123,699	117,206	122,012	115,521	3,266	112,255	6,491	5.2	5.3	65.9	62.4
Nov.	185,244	1,705	124,277	117,681	122,572	115,976	3,276	112,700	6,595	5.3	5.4	66.2	62.6

<sup>1</sup> Not seasonally adjusted.<sup>2</sup> Unemployed as percent of labor force including resident Armed Forces.<sup>3</sup> Unemployed as percent of civilian labor force.<sup>4</sup> Civilian labor force as percent of civilian noninstitutional population.<sup>5</sup> Civilian employment as percent of civilian noninstitutional population.

<sup>6</sup> Not strictly comparable with earlier data due to population adjustments as follows: Beginning 1953, introduction of 1950 census data added about 600,000 to population and 350,000 to labor force, total employment, and agricultural employment. Beginning 1960, inclusion of Alaska and Hawaii added about 500,000 to population, 300,000 to labor force, and 200,000 to nonagricultural employment. Beginning 1962, introduction of 1960 census data reduced population by about 50,000 and labor force and employment by 200,000. Beginning 1972, introduction of 1970 census data added about 800,000 to civilian noninstitutional population and 333,000 to labor force and employment. A subsequent adjustment based on 1970 census in March 1973 added 60,000 to labor force and to employment. Beginning 1978, changes in sampling and estimation procedures introduced into the household survey added about 250,000 to labor force and to employment. Unemployment levels and rates were not significantly affected. Beginning 1986, the introduction of revised population controls added about 400,000 to the civilian population and labor force and 350,000 to civilian employment. Unemployment levels and rates were not significantly affected.

Note.—Labor force data in Tables B-32 through B-41 are based on household interviews and relate to the calendar week including the 12th of the month. For definitions of terms, area samples used, historical comparability of the data, comparability with other series, etc., see "Employment and Earnings."

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-33.—Civilian employment and unemployment by sex and age, 1947-88

[Thousands of persons 16 years of age and over; monthly data seasonally adjusted]

Year or month	Civilian employment						Unemployment							
	Total	Males			Females			Total	Males			Females		
		Total	16-19 years	20 years and over	Total	16-19 years	20 years and over		Total	16-19 years	20 years and over	Total	16-19 years	20 years and over
1947	57,038	40,995	2,218	38,776	16,045	1,691	14,354	2,311	1,692	270	1,422	619	144	475
1948	58,343	41,725	2,344	39,382	16,617	1,682	14,936	2,276	1,559	256	1,305	717	153	564
1949	57,651	40,925	2,124	38,803	16,723	1,588	15,137	3,637	2,572	353	2,219	1,065	223	841
1950	58,918	41,578	2,186	39,394	17,340	1,517	15,824	3,288	2,239	318	1,922	1,049	195	854
1951	60,175	42,783	2,156	39,626	18,181	1,611	16,570	2,055	1,221	1,029	934	145	689	
1952	60,250	41,682	2,107	39,578	18,568	1,612	16,958	1,883	1,185	205	980	698	140	559
1953	61,179	42,430	2,136	40,296	18,749	1,584	17,164	1,834	1,202	184	1,019	632	123	510
1954	60,109	41,619	1,985	39,634	18,490	1,490	17,000	3,532	2,344	310	2,035	1,188	191	997
1955	62,170	42,621	2,095	40,526	19,551	1,547	18,002	2,852	1,854	274	1,580	998	176	823
1956	63,799	43,379	2,164	41,216	20,419	1,654	18,767	2,750	1,711	269	1,442	1,039	209	832
1957	64,071	43,357	2,155	41,239	20,714	1,663	19,052	2,859	1,841	300	1,541	1,018	197	821
1958	63,036	42,423	2,012	40,411	20,613	1,570	19,043	4,602	3,098	416	2,681	1,504	262	1,242
1959	64,630	43,466	2,198	41,267	21,164	1,640	19,524	3,740	2,420	398	2,022	1,320	256	1,063
1960 <sup>1</sup>	65,778	43,904	2,361	41,543	21,874	1,768	20,105	3,852	2,486	426	2,060	1,366	286	1,080
1961	65,746	43,656	2,125	41,342	22,090	1,793	20,296	4,714	2,997	479	2,518	1,717	349	1,368
1962 <sup>1</sup>	66,702	44,177	2,362	41,815	22,525	1,833	20,693	3,911	2,423	408	2,016	1,488	313	1,175
1963	67,762	44,657	2,466	42,251	23,105	1,849	21,257	4,070	2,472	501	1,971	1,598	383	1,216
1964	69,305	45,474	2,587	42,886	23,831	1,929	21,903	3,786	2,205	487	1,718	1,581	385	1,195
1965	71,088	46,340	2,918	43,422	24,748	2,118	22,630	3,366	1,914	479	1,435	1,452	395	1,056
1966	72,895	46,919	3,253	43,668	25,976	2,468	23,510	2,875	1,551	432	1,120	1,324	405	921
1967	74,372	47,479	3,186	44,294	26,893	2,496	24,397	2,975	1,508	448	1,060	1,468	391	1,078
1968	75,920	48,114	3,255	44,859	27,807	2,526	25,281	2,817	1,419	426	993	1,397	412	985
1969	77,902	48,818	3,420	45,388	29,084	2,687	26,397	2,832	1,403	440	963	1,429	413	1,015
1970	78,678	48,990	3,409	45,581	29,688	2,735	26,952	4,093	2,238	599	1,638	1,855	506	1,349
1971	79,367	49,390	3,478	45,912	29,976	2,730	27,246	5,016	2,789	693	2,097	2,227	568	1,658
1972 <sup>1</sup>	82,153	50,896	3,765	47,130	31,257	2,980	28,276	4,882	2,659	711	1,948	2,222	598	1,625
1973	85,064	52,349	4,039	48,310	32,715	3,231	29,484	4,365	2,275	653	2,164	2,089	583	1,507
1974	86,794	53,024	4,103	48,922	33,769	3,345	30,424	5,156	2,714	757	1,957	2,441	665	1,777
1975	85,846	51,857	3,989	48,018	33,989	3,263	30,726	7,929	4,442	966	3,476	3,486	802	2,684
1976	88,752	53,138	4,347	49,196	35,615	3,389	32,226	7,406	4,036	939	3,098	3,789	876	2,588
1977	92,017	56,388	4,401	50,967	37,004	3,043	33,775	6,991	3,667	874	2,794	3,324	789	2,535
1978 <sup>1</sup>	96,048	56,479	4,394	51,923	39,569	3,734	35,836	6,202	3,142	813	2,328	3,061	769	2,292
1979	98,824	57,607	4,300	53,308	41,217	3,783	37,434	6,137	3,120	811	2,308	3,018	743	2,276
1980	99,303	57,186	4,085	53,101	42,117	3,625	38,492	7,637	4,267	913	3,353	3,370	755	2,615
1981	100,397	57,397	3,815	53,582	43,000	3,411	39,590	8,273	4,577	962	3,615	3,696	800	2,895
1982	99,526	56,271	3,379	52,891	43,256	3,170	40,086	10,678	6,179	1,050	5,089	4,499	886	3,613
1983	100,834	56,787	3,300	53,491	44,047	3,043	41,006	10,717	6,260	1,003	5,257	4,457	825	3,632
1984	105,005	59,081	3,322	55,769	45,915	3,122	42,793	8,539	4,744	1,012	5,332	3,794	687	3,107
1985	107,150	59,891	3,328	56,562	47,259	3,105	44,154	8,312	4,521	806	3,715	3,791	661	3,129
1986 <sup>1</sup>	109,597	60,892	3,323	57,569	48,706	3,149	45,556	8,237	4,530	779	3,751	3,707	675	3,032
1987	112,440	62,107	3,381	58,726	50,334	3,260	47,074	7,425	4,101	732	3,369	3,324	616	2,709
1987: Jan	111,014	61,562	3,342	58,220	49,452	3,162	46,290	7,964	4,449	758	3,691	3,515	638	2,877
Feb.	111,344	61,697	3,373	58,324	49,647	3,162	46,485	7,886	4,374	768	3,606	3,512	654	2,858
Mar.	111,455	61,688	3,308	58,380	49,767	3,185	46,582	7,791	4,327	774	3,553	3,464	632	2,832
Apr.	111,806	61,815	3,299	58,516	49,991	3,230	46,761	7,557	4,214	760	3,454	3,343	610	2,733
May	112,334	61,977	3,304	58,673	50,357	3,329	47,028	7,573	4,259	803	3,456	3,314	614	2,700
June	112,300	61,984	3,352	58,632	50,316	3,228	47,088	7,308	4,080	658	3,422	3,228	594	2,634
July	112,639	62,150	3,367	58,783	50,489	3,283	47,206	7,251	3,960	637	3,323	3,291	611	2,680
Aug.	113,050	62,341	3,516	58,825	50,709	3,401	47,308	7,256	4,021	763	3,258	3,258	574	2,611
Sept.	112,872	62,368	3,401	58,967	50,504	3,253	47,251	6,991	3,827	709	3,118	3,264	593	2,671
Oct.	113,210	62,463	3,431	59,037	50,742	3,262	47,480	7,177	3,899	725	3,174	3,278	663	2,615
Nov.	113,504	62,581	3,417	59,165	50,923	3,289	47,634	7,090	3,845	710	3,135	3,245	625	2,620
Dec.	113,744	62,656	3,471	59,185	51,088	3,338	47,750	6,978	3,785	722	3,063	3,193	582	2,611
1988: Jan	114,129	62,808	3,521	59,287	51,321	3,344	47,977	7,046	3,847	693	3,154	3,200	619	2,581
Feb.	114,409	63,059	3,454	59,625	51,350	3,345	48,005	6,938	3,707	636	3,071	3,231	596	2,536
Mar.	114,103	62,229	3,352	59,407	51,024	3,280	48,132	6,801	3,616	727	3,089	2,985	574	2,411
Apr.	114,210	62,340	3,440	59,883	51,390	3,220	48,170	6,610	3,553	644	2,909	3,057	615	2,442
May	114,195	62,030	3,439	59,590	51,166	3,206	47,960	6,783	3,736	664	3,072	3,047	566	2,481
June	115,018	63,411	3,614	59,797	51,607	3,438	48,169	6,455	3,495	625	2,870	2,960	487	2,473
July	115,059	63,490	3,537	59,954	51,569	3,370	48,199	6,625	3,519	704	2,815	3,106	530	2,576
Aug.	115,180	63,425	3,491	59,834	51,755	3,288	48,466	6,851	3,768	678	3,090	3,083	615	2,468
Sept.	115,328	63,512	3,489	60,024	51,815	3,364	48,452	6,596	3,555	698	2,857	3,041	580	2,461
Oct.	115,522	63,417	3,428	59,989	52,104	3,333	48,771	6,491	3,600	698	2,902	2,890	489	2,401
Nov.	115,976	63,537	3,556	59,981	52,439	3,286	49,153	6,595	3,642	604	3,038	2,954	496	2,458

<sup>1</sup> See footnote 6, Table B-32.

Note.—See Note, Table B-32.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-34.—Civilian employment by demographic characteristic, 1954-88

[Thousands of persons 16 years of age and over; monthly data seasonally adjusted]

Year or month	All civilian workers	White				Black and other				Black			
		Total	Males	Fe-males	Both sexes 16-19	Total	Males	Fe-males	Both sexes 16-19	Total	Males	Fe-males	Both sexes 16-19
1954.....	60,109	53,957	37,846	16,111	3,078	6,152	3,773	2,379	396				
1955.....	62,170	55,833	38,719	17,114	3,225	6,341	3,904	2,437	418				
1956.....	63,799	57,269	39,368	17,901	3,389	6,534	4,013	2,521	430				
1957.....	64,071	57,465	39,349	18,116	3,374	6,604	4,006	2,598	407				
1958.....	63,036	56,613	38,591	18,022	3,216	6,423	3,833	2,590	365				
1959.....	64,630	58,006	39,494	18,512	3,475	6,623	3,971	2,652	362				
1960.....	65,778	58,850	39,755	19,095	3,700	6,928	4,149	2,779	430				
1961.....	65,746	58,913	39,588	19,325	3,693	6,833	4,068	2,765	414				
1962.....	66,702	59,698	40,016	19,682	3,774	7,003	4,160	2,843	420				
1963.....	67,762	60,622	40,428	20,194	3,851	7,140	4,229	2,911	404				
1964.....	69,305	61,922	41,115	20,827	4,076	7,383	4,359	3,024	440				
1965.....	71,088	63,446	41,844	21,602	4,562	7,643	4,496	3,147	474				
1966.....	72,895	65,021	42,331	22,690	5,176	7,877	4,588	3,289	545				
1967.....	74,372	66,361	42,833	23,528	5,114	8,011	4,646	3,365	568				
1968.....	75,920	67,750	43,411	24,339	5,195	8,169	4,702	3,467	584				
1969.....	77,902	69,518	44,048	25,470	5,508	8,384	4,770	3,614	609				
1970.....	78,678	70,217	44,178	26,039	5,571	8,464	4,813	3,650	574				
1971.....	79,367	70,878	44,595	26,283	5,670	8,488	4,796	3,692	538				
1972.....	82,153	73,370	45,944	27,426	6,173	8,783	4,952	3,832	673	7,802	4,368	3,433	509
1973.....	85,064	75,708	47,085	28,623	6,623	9,356	5,265	4,092	547	8,128	4,527	3,601	570
1974.....	86,794	77,184	47,674	29,511	6,796	9,610	5,352	4,258	652	8,203	4,257	3,677	554
1975.....	85,846	76,411	46,897	29,714	6,487	9,435	5,161	4,275	615	7,894	4,275	3,618	507
1976.....	86,752	78,853	47,775	30,078	6,724	9,899	5,363	4,536	611	8,022	4,404	3,623	508
1977.....	92,017	81,922	49,150	32,590	7,068	10,317	5,779	4,739	618	8,540	4,565	3,975	508
1978.....	96,048	84,836	50,544	34,382	7,367	11,112	5,936	5,177	703	9,107	4,796	4,307	571
1979.....	98,824	87,299	51,452	35,807	7,356	11,565	6,156	5,409	727	9,359	4,923	4,436	579
1980.....	99,303	87,715	51,127	36,587	7,021	11,588	6,059	5,529	689	9,313	4,798	4,515	547
1981.....	100,397	88,709	51,315	37,394	6,588	11,688	6,083	5,606	637	9,355	4,794	4,561	505
1982.....	99,526	87,903	50,287	37,615	5,984	11,624	5,983	5,641	565	9,189	4,637	4,522	428
1983.....	100,834	88,893	50,621	38,272	5,799	11,941	6,166	5,775	543	9,375	4,753	4,622	416
1984.....	105,005	92,120	52,462	39,659	5,836	12,885	6,629	6,256	607	10,119	5,124	4,995	474
1985.....	107,150	93,736	53,046	40,690	5,768	13,414	6,845	6,569	666	10,501	5,270	5,231	532
1986.....	109,597	95,660	53,785	41,076	5,792	13,937	7,107	6,830	681	10,814	5,428	5,386	536
1987.....	112,440	97,789	54,647	43,142	5,898	14,652	7,459	7,192	742	11,309	5,661	5,648	587
1987: Jan.....	111,014	96,749	54,273	42,476	5,840	14,295	7,321	6,974	680	10,995	5,553	5,442	517
Feb.....	111,344	97,001	54,403	42,598	5,880	14,320	7,304	7,016	695	11,086	5,565	5,521	554
Mar.....	111,455	97,074	54,323	42,751	5,813	14,392	7,353	7,039	683	11,072	5,579	5,493	544
Apr.....	111,806	97,338	54,403	42,935	5,846	14,467	7,408	7,059	679	11,114	5,600	5,514	538
May.....	112,334	97,829	54,591	43,238	5,935	14,475	7,357	7,118	679	11,129	5,570	5,559	541
June.....	112,300	97,698	54,553	43,145	5,842	14,582	7,410	7,172	731	11,238	5,614	5,624	570
July.....	112,639	97,917	54,651	43,266	5,904	14,725	7,485	7,240	736	11,381	5,689	5,692	580
Aug.....	113,050	98,181	54,779	43,402	6,017	14,804	7,518	7,286	822	11,513	5,750	5,763	676
Sept.....	112,872	98,069	54,801	43,268	5,857	14,778	7,559	7,219	795	11,421	5,738	5,683	643
Oct.....	113,210	98,317	54,895	43,422	5,915	14,946	7,601	7,345	797	11,556	5,753	5,803	630
Nov.....	113,504	98,492	54,976	43,516	5,917	15,017	7,613	7,404	805	11,589	5,763	5,826	622
Dec.....	113,744	98,779	55,111	43,668	6,021	15,008	7,582	7,426	794	11,608	5,754	5,851	631
1988: Jan.....	114,129	99,044	55,181	43,863	6,095	15,076	7,649	7,426	757	11,605	5,793	5,815	561
Feb.....	114,409	99,474	55,510	43,964	6,100	14,884	7,549	7,335	710	11,504	5,721	5,783	537
Mar.....	114,103	99,274	55,246	44,027	5,845	14,853	7,523	7,330	712	11,420	5,676	5,744	526
Apr.....	114,713	99,751	55,570	44,181	5,916	14,938	7,737	7,202	735	11,482	5,823	5,659	564
May.....	114,195	99,297	55,320	43,977	5,879	14,818	7,654	7,164	744	11,452	5,782	5,670	589
June.....	115,018	99,932	55,666	44,266	6,258	15,017	7,701	7,316	787	11,489	5,788	5,701	610
July.....	115,059	99,725	55,684	44,040	6,081	15,319	7,796	7,523	820	11,774	5,835	5,939	632
Aug.....	115,180	99,901	55,609	44,292	6,038	15,299	7,829	7,470	785	11,764	5,893	5,871	626
Sept.....	115,328	100,019	55,657	44,362	6,054	15,301	7,827	7,473	800	11,771	5,907	5,865	627
Oct.....	115,521	100,144	55,628	44,516	5,977	15,431	7,807	7,624	801	11,829	5,909	5,919	622
Nov.....	115,976	100,578	55,747	44,631	6,066	15,377	7,777	7,600	793	11,850	5,875	5,975	626

Note.—See footnote 6 and Note, Table B-32.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-36.—Labor force participation rate and employment/population ratio, 1948-88

[Percent; monthly data seasonally adjusted]

Year or month	Labor force participation rate							Employment/population ratio							
	Total <sup>1</sup>	Civilian <sup>2</sup>						Total <sup>3</sup>	Civilian <sup>4</sup>						
		Total	Males	Fe- males	Both sexes 16-19 years	White	Black and other		Black	Total	Males	Fe- males	Both sexes 16-19 years	White	Black and other
1948	58.8	86.6	32.7	52.5				56.6	83.5	31.3	47.7				
1949	58.9	86.4	33.1	52.2				55.4	81.3	31.2	45.2				
1950	59.7	86.2	33.9	51.8				56.6	82.0	32.0	45.5				
1951	60.1	86.3	34.6	52.2				58.2	84.0	33.1	47.9				
1952	60.0	86.3	34.7	52.3				58.2	83.9	33.4	46.9				
1953	59.7	86.0	34.4	50.2				58.0	83.6	33.3	46.4				
1954	59.6	85.5	34.6	48.3	58.2	64.0		56.4	81.0	32.5	42.3	55.2	58.0		
1955	60.0	85.4	35.7	48.9	58.7	64.2		57.5	81.8	34.0	43.5	56.5	58.7		
1956	60.7	85.5	36.9	50.9	59.4	64.9		58.2	82.5	35.1	45.3	57.3	59.5		
1957	60.3	84.8	36.9	49.6	59.1	64.4		57.8	81.3	35.1	43.9	56.8	59.3		
1958	60.1	84.2	37.1	47.4	58.9	64.8		56.1	81.5	34.5	39.9	55.3	56.7		
1959	59.9	83.7	37.1	46.7	58.7	64.3		56.7	80.0	35.0	39.9	55.9	57.5		
1960	60.0	83.3	37.7	47.5	58.8	64.5		56.8	81.5	35.5	40.5	55.9	57.9		
1961	60.0	82.9	38.1	46.9	58.8	64.1		56.1	81.5	35.4	39.1	55.3	56.3		
1962	59.5	82.0	37.9	46.1	58.3	63.2		56.3	81.5	35.7	39.6	55.4	56.2		
1963	59.3	81.4	38.3	45.2	58.2	63.0		56.1	81.5	35.8	37.4	55.3	56.2		
1964	59.4	81.0	38.7	44.5	58.2	63.1		56.4	81.5	36.3	37.3	55.5	57.0		
1965	59.5	80.7	39.3	45.7	58.4	62.9		56.9	82.5	37.1	38.9	56.0	57.8		
1966	59.8	80.4	40.3	48.2	58.7	63.0		57.6	82.5	38.3	42.1	56.8	58.4		
1967	60.2	80.4	41.1	48.4	59.2	62.8		58.0	83.0	39.0	42.2	57.2	58.2		
1968	60.3	80.1	41.6	48.3	59.3	62.2		58.2	82.5	39.6	42.2	57.4	58.0		
1969	60.8	79.8	42.7	49.4	59.9	62.1		58.7	82.0	40.7	43.4	58.0	58.1		
1970	61.0	79.7	43.3	49.9	60.2	61.8		58.0	82.5	40.8	42.3	57.5	56.8		
1971	60.7	79.1	43.4	49.7	60.1	60.9		57.2	82.5	40.4	41.3	56.8	54.9		
1972	60.9	78.9	43.9	51.9	60.4	60.2	59.9	57.5	83.0	41.0	43.5	57.4	54.1	53.7	
1973	61.3	78.8	44.7	53.7	60.8	60.5	60.2	58.3	83.0	42.0	45.9	58.2	55.0	54.5	
1974	61.7	78.7	45.7	54.8	61.4	60.3	59.8	58.3	83.0	42.6	46.0	58.3	54.3	53.5	
1975	61.6	77.9	46.3	54.0	61.5	59.6	58.8	56.5	83.0	43.2	43.3	56.7	51.4	50.1	
1976	62.0	77.5	47.3	54.5	61.8	59.8	59.0	57.3	83.0	44.2	44.2	57.5	52.0	50.8	
1977	62.6	77.7	48.4	56.0	62.5	60.4	59.8	58.3	83.0	44.5	46.1	58.6	52.5	51.4	
1978	63.0	77.8	49.4	57.8	63.1	60.7	60.4	59.7	83.0	45.4	47.7	59.6	54.2	53.6	
1979	64.0	77.8	50.9	57.9	63.9	62.2	61.4	60.3	83.0	47.5	48.5	60.6	55.2	53.8	
1980	64.1	77.4	51.5	56.7	64.1	61.7	61.0	59.6	82.5	47.7	46.6	60.0	53.6	52.3	
1981	64.2	77.0	52.1	55.4	64.3	61.3	60.8	59.4	83.0	48.0	44.6	60.0	52.6	51.3	
1982	64.0	76.6	52.6	54.1	64.3	61.6	61.0	58.2	83.0	47.7	41.5	58.8	50.9	49.4	
1983	64.4	76.4	52.9	53.5	64.3	62.1	61.5	58.3	83.0	48.0	41.5	58.9	51.0	49.5	
1984	64.7	76.3	54.5	54.5	64.6	62.6	62.2	59.9	83.0	49.5	43.7	60.5	53.6	52.3	
1985	65.1	76.3	54.5	54.5	65.0	63.3	62.9	60.5	83.0	50.4	44.4	61.0	54.7	53.5	
1986	65.6	76.3	55.3	54.7	65.5	63.7	63.3	61.1	83.0	51.4	44.6	61.5	55.4	54.1	
1987	65.9	76.2	56.0	54.7	65.8	64.3	63.8	61.9	83.0	51.5	52.5	62.3	56.8	55.6	
1987: Jan	65.8	76.4	55.5	54.3	65.7	64.0	63.4	61.4	83.0	51.8	44.7	61.9	56.0	54.5	
Feb	65.8	76.4	55.7	54.7	65.7	64.1	63.8	61.5	83.0	52.0	44.9	62.0	56.0	54.8	
Mar	65.8	76.2	55.8	54.3	65.7	64.2	63.5	61.5	83.0	52.1	44.6	62.0	56.2	54.7	
Apr	66.0	76.3	56.1	55.2	65.9	64.0	63.5	61.9	83.0	52.6	45.4	62.4	56.3	54.8	
May	66.0	76.3	56.1	55.2	65.9	64.0	63.5	61.9	83.0	52.6	45.4	62.4	56.3	54.8	
June	65.8	76.0	55.9	53.6	65.7	63.9	63.4	61.8	83.0	51.5	42.5	60.0	56.6	55.2	
July	65.9	76.0	56.1	54.0	65.7	64.3	64.0	61.9	83.0	52.6	45.5	62.3	57.0	55.9	
Aug	66.1	76.3	56.2	56.3	65.9	64.5	64.5	62.1	83.0	52.6	47.2	62.5	57.2	56.4	
Sept	65.8	76.0	56.0	54.4	65.7	64.0	63.8	62.0	83.0	52.6	45.5	62.3	57.0	55.9	
Oct	66.0	76.1	56.2	54.2	65.9	64.5	64.2	62.3	83.0	52.7	45.5	62.5	57.6	56.5	
Nov	66.1	76.1	56.3	54.8	65.9	64.8	64.4	62.2	83.0	52.9	45.7	62.6	57.7	56.6	
Dec	66.1	76.1	56.4	55.5	66.0	64.7	64.4	62.3	83.0	53.1	46.6	62.7	57.6	56.6	
1988: Jan	66.2	76.2	56.6	56.0	66.1	64.7	64.4	62.4	83.0	53.2	47.0	62.8	57.7	56.5	
Feb	66.3	76.3	56.6	54.9	66.3	64.1	64.0	62.5	83.0	53.2	46.5	63.0	56.8	55.9	
Mar	66.0	76.0	56.3	53.9	66.3	63.9	63.6	62.1	83.0	53.2	45.0	63.0	56.6	55.4	
Apr	66.2	76.3	56.4	54.2	66.2	63.7	63.4	62.3	83.0	53.2	45.6	63.2	56.9	56.7	
May	65.9	76.1	56.1	54.0	65.9	63.4	63.3	62.3	83.0	52.9	45.5	62.8	56.3	55.5	
June	66.1	76.2	56.4	56.2	66.2	63.4	62.8	62.7	83.0	53.4	48.3	63.2	56.9	55.5	
July	66.2	76.2	56.5	56.0	66.1	64.4	64.2	62.6	83.0	53.3	47.5	63.0	57.9	56.8	
Aug	66.3	76.4	56.6	56.4	66.3	64.1	64.0	62.7	83.0	53.4	47.5	63.1	57.8	56.7	
Sept	66.2	76.2	56.6	56.2	66.3	63.6	63.5	62.7	83.0	53.4	47.3	63.1	57.7	56.7	
Oct	66.2	76.3	56.7	56.2	66.2	64.2	63.9	62.7	83.0	53.7	46.8	63.2	58.0	56.9	
Nov	66.5	76.2	57.1	55.0	66.5	64.2	64.1	62.9	83.0	54.0	47.4	63.4	57.7	56.9	

<sup>1</sup> Labor force including resident Armed Forces as percent of noninstitutional population including resident Armed Forces.<sup>2</sup> Civilian labor force as percent of civilian noninstitutional population in group specified.<sup>3</sup> Employment including resident Armed Forces as percent of noninstitutional population including resident Armed Forces.<sup>4</sup> Civilian employment as percent of civilian noninstitutional population in group specified.

Note.—Data relate to persons 16 years of age and over.

See footnote 6 and Note, Table B-32.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-37.—Civilian labor force participation rate by demographic characteristic, 1954-88

(Percent,<sup>1</sup> monthly data seasonally adjusted)

Year or month	All civilian workers	White						Black and other or black							
		Total	Males			Females			Total	Males			Females		
			Total	16-19 years	20 years and over	Total	16-19 years	20 years and over		Total	16-19 years	20 years and over	Total	16-19 years	20 years and over
Black and other															
1954.....	58.8	58.2	85.6	57.6	87.8	33.3	40.6	32.7	64.0	85.2	61.2	87.1	46.1	31.0	47.7
1955.....	59.3	58.7	85.4	58.6	87.5	34.5	40.7	34.0	64.2	85.1	60.8	87.8	46.1	32.7	47.5
1956.....	60.0	59.4	85.6	60.4	87.6	35.7	43.1	35.1	64.9	85.1	61.5	88.0	47.3	36.3	48.4
1957.....	59.6	59.1	84.8	59.2	86.9	35.7	42.2	35.2	64.4	84.2	58.8	87.0	47.1	33.2	48.6
1958.....	59.5	58.9	84.3	56.5	86.6	35.8	40.1	35.5	64.8	84.1	57.3	87.1	48.0	31.9	49.8
1959.....	59.3	58.7	83.8	55.9	86.3	36.0	39.6	35.6	64.3	83.4	55.5	86.7	47.7	28.2	49.8
1960.....	59.4	58.8	83.4	55.9	86.0	36.5	40.3	36.2	64.5	83.0	57.6	86.2	48.2	32.9	49.9
1961.....	59.3	58.8	83.0	54.5	85.7	36.9	40.6	36.6	64.1	82.2	55.8	85.5	48.3	32.8	50.1
1962.....	58.8	58.3	82.1	53.8	84.9	36.7	39.8	36.5	63.2	80.8	53.5	84.2	48.0	33.1	49.6
1963.....	58.7	58.2	81.5	53.1	84.4	37.2	38.7	37.0	63.0	80.2	51.5	83.9	48.1	32.6	49.9
1964.....	58.7	58.2	81.1	52.7	84.2	37.5	37.8	37.5	63.1	80.1	49.9	84.1	48.6	31.7	50.7
1965.....	58.9	58.4	80.8	54.1	83.9	38.1	39.2	38.0	62.9	79.6	51.3	83.7	48.6	29.5	51.1
1966.....	59.2	58.7	80.6	55.9	83.6	39.2	42.6	38.8	63.0	79.0	51.4	83.3	49.4	33.5	51.6
1967.....	59.6	59.2	80.6	56.3	83.5	40.1	42.5	39.8	62.8	78.5	51.1	82.9	49.5	35.2	51.6
1968.....	59.6	59.3	80.4	55.9	83.2	40.7	43.0	40.4	62.2	77.7	49.7	82.2	49.3	34.8	51.4
1969.....	60.1	59.9	80.2	56.8	83.0	41.8	44.6	41.5	62.1	76.9	49.6	81.4	49.8	34.6	52.0
1970.....	60.4	60.2	80.0	57.5	82.8	42.6	45.6	42.2	61.8	76.5	47.4	81.4	49.5	34.1	51.8
1971.....	60.2	60.1	79.6	57.9	82.3	42.6	45.4	42.3	60.9	74.9	44.7	80.0	49.2	31.2	51.8
1972.....	60.4	60.4	79.6	60.1	82.0	43.2	48.1	42.7	60.2	73.9	46.0	78.6	48.8	32.3	51.2
Black															
1972.....	60.4	60.4	79.6	60.1	82.0	43.2	48.1	42.7	59.9	73.6	46.3	78.5	48.7	32.2	51.2
1973.....	60.8	60.8	79.4	62.0	81.6	44.1	50.1	43.5	60.2	73.4	45.7	78.4	49.3	34.2	51.6
1974.....	61.3	61.4	79.4	62.9	81.4	45.2	51.7	44.4	59.8	72.9	46.7	77.6	49.0	33.4	51.4
1975.....	61.2	61.5	78.7	61.9	80.7	45.9	51.5	45.3	58.8	70.9	42.6	76.0	48.8	34.2	52.1
1976.....	61.6	61.8	78.4	62.3	80.3	46.9	52.8	46.2	59.0	70.0	41.3	75.4	49.8	32.9	51.5
1977.....	62.3	62.5	78.5	64.0	80.2	48.0	54.5	47.3	59.8	70.6	43.2	75.6	50.8	32.9	53.6
1978.....	63.2	63.3	78.6	65.0	80.1	49.4	56.7	48.7	61.5	71.5	44.9	76.2	53.1	37.3	55.5
1979.....	63.7	63.9	78.6	64.8	80.1	50.5	57.4	49.8	61.4	71.3	43.6	76.3	53.1	36.8	55.4
1980.....	63.8	64.1	78.2	63.7	79.8	51.2	56.2	50.6	60.0	70.3	43.2	75.1	53.1	34.9	55.6
1981.....	63.9	64.3	77.9	62.4	79.5	51.9	55.4	51.5	60.8	70.0	41.6	74.5	52.5	34.0	56.0
1982.....	64.0	64.3	77.4	60.0	79.2	52.4	55.0	52.2	61.0	70.1	39.8	74.7	53.7	33.5	56.2
1983.....	64.0	64.3	77.1	59.4	78.9	52.7	54.5	52.5	61.5	70.6	39.9	75.2	54.2	33.0	56.8
1984.....	64.4	64.6	77.1	59.0	78.7	53.3	55.4	53.1	62.2	70.8	41.7	74.8	55.2	35.0	57.6
1985.....	64.8	65.0	77.0	59.7	78.5	54.1	55.2	54.0	62.9	70.8	44.6	74.4	56.5	37.9	58.6
1986.....	65.3	65.5	76.9	59.3	78.5	55.0	56.3	54.9	63.3	71.2	43.7	74.8	56.9	39.1	58.9
1987.....	65.6	65.8	76.8	59.0	78.4	55.7	56.5	55.6	63.8	71.1	43.6	74.7	58.0	39.6	60.0
1987: Jan.....	65.4	65.7	77.0	59.3	78.6	55.2	56.3	55.2	63.4	71.3	43.7	74.9	57.1	35.7	59.4
Feb.....	65.5	65.7	77.1	60.3	78.5	55.3	55.9	55.3	63.8	71.2	43.0	74.9	57.8	40.2	59.7
Mar.....	65.5	65.7	76.9	59.0	78.4	55.4	56.0	55.4	63.5	70.9	41.5	74.8	57.5	38.7	59.5
Apr.....	65.5	65.7	76.8	58.5	78.4	55.5	56.5	55.5	63.0	70.7	42.1	74.4	56.8	37.2	58.9
May.....	65.7	65.9	77.0	59.3	78.5	55.8	57.8	55.7	63.5	71.1	41.7	75.0	57.2	38.4	59.3
June.....	65.5	65.7	76.8	57.6	78.4	55.6	55.8	55.6	63.4	70.5	40.3	74.5	57.6	38.8	59.6
July.....	65.6	65.7	76.6	57.1	78.3	55.7	56.7	55.7	64.0	71.2	42.2	75.1	58.1	37.4	60.4
Aug.....	65.7	65.9	76.8	59.9	78.2	55.9	57.1	55.8	64.5	71.8	44.8	74.9	58.5	41.5	60.3
Sept.....	65.5	65.7	76.7	58.6	78.2	55.7	55.7	55.7	63.8	70.9	43.3	74.5	58.0	42.3	59.7
Oct.....	65.7	65.9	76.9	59.3	78.4	55.8	56.5	55.7	64.3	70.9	44.5	74.3	59.0	43.1	60.7
Nov.....	65.7	65.9	76.8	58.7	78.3	55.9	56.7	55.8	64.4	71.1	45.8	74.5	58.9	40.8	60.9
Dec.....	65.7	66.0	76.8	60.1	78.2	56.0	57.0	55.9	64.4	71.0	45.6	74.3	59.1	41.8	61.0
1988: Jan.....	65.9	66.1	76.9	61.0	78.3	56.2	58.1	56.1	64.4	71.3	42.7	75.0	58.7	36.9	61.1
Feb.....	66.0	66.3	77.0	59.4	78.5	56.4	57.8	56.3	64.0	71.5	40.1	75.6	58.0	39.9	59.9
Mar.....	65.7	66.0	76.8	59.4	78.2	56.1	55.0	56.2	63.6	70.7	37.7	75.0	57.8	38.9	59.9
Apr.....	65.9	66.2	76.9	59.2	78.5	56.3	56.7	56.3	63.4	71.2	40.1	75.3	57.1	35.4	59.4
May.....	65.6	65.9	76.7	59.2	78.3	56.0	55.7	56.1	63.3	71.3	46.4	74.5	56.8	36.6	59.0
June.....	65.8	66.2	76.9	60.8	78.2	56.4	58.9	56.2	62.8	70.4	44.0	73.8	56.6	34.2	59.0
July.....	65.9	66.1	76.9	60.3	78.3	56.2	57.4	56.1	64.2	70.5	45.7	73.8	59.0	38.3	61.2
Aug.....	66.0	66.3	77.0	61.2	78.4	56.5	57.2	56.4	64.0	71.3	44.7	74.7	58.0	40.2	59.9
Sept.....	65.9	66.3	76.9	60.5	78.3	56.5	58.5	56.4	63.5	70.8	44.3	74.2	57.6	40.2	59.5
Oct.....	65.9	66.2	76.8	59.6	78.3	56.5	57.0	56.4	63.9	71.4	46.6	74.6	57.9	35.6	60.3
Nov.....	66.2	66.5	76.9	60.5	78.3	56.9	57.3	56.9	64.1	71.0	46.7	74.2	58.5	37.2	60.8

<sup>1</sup> Civilian labor force as percent of civilian noninstitutional population in group specified.

Note.—Data relate to persons 16 years of age and over.

See footnote 6 and Note, Table B-32.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-38.—Civilian employment/population ratio by demographic characteristic, 1954-88

[Percent; 1 monthly data seasonally adjusted]

Year or month	All civilian workers	White						Black and other or black							
		Total	Males		Females		Total	Males			Females				
			16-19 years	20 years and over	16-19 years	20 years and over		Total	16-19 years	20 years and over	Total	16-19 years	20 years and over		
Black and other															
1954	55.5	55.2	81.5	49.9	84.0	31.4	36.4	31.1	58.0	76.5	52.4	79.2	41.9	24.7	43.7
1955	56.7	56.5	82.2	52.0	84.7	33.0	37.0	32.7	58.7	77.6	52.7	80.4	42.2	26.4	43.9
1956	57.5	57.3	82.7	54.1	85.0	34.2	38.9	33.8	59.5	78.4	52.2	81.3	43.0	28.0	44.7
1957	57.1	56.8	81.8	52.4	84.1	34.2	38.2	33.9	59.3	77.2	48.0	80.5	43.7	26.5	45.5
1958	55.4	55.3	79.2	47.6	81.6	33.6	35.0	33.5	56.7	72.5	42.0	76.0	42.8	22.8	45.0
1959	56.0	55.9	79.9	48.1	82.8	34.0	34.8	34.0	57.5	73.8	41.4	77.6	43.2	20.3	45.7
1960	56.1	55.9	79.4	48.1	82.4	34.6	35.1	34.5	57.9	74.1	43.8	77.9	43.6	24.8	45.8
1961	55.4	55.3	78.2	45.9	81.4	34.5	34.6	34.5	56.2	71.7	41.0	75.5	42.6	23.2	44.8
1962	55.5	55.4	78.4	46.4	81.5	34.7	34.8	34.7	56.3	72.0	41.7	75.7	42.7	23.1	44.9
1963	55.4	55.3	77.7	44.7	81.1	35.0	32.9	35.2	56.2	71.8	37.4	76.2	42.7	21.3	45.2
1964	55.7	55.5	77.8	45.0	81.3	35.5	32.2	35.8	57.0	72.9	37.8	77.7	43.4	21.8	46.1
1965	56.2	56.0	77.9	47.1	81.5	36.2	33.7	36.5	57.8	73.7	39.4	78.7	44.1	20.2	47.3
1966	56.9	56.8	78.3	50.1	81.7	37.5	37.5	37.5	58.4	74.0	40.5	79.2	45.1	23.1	48.2
1967	57.3	57.2	78.4	50.2	81.7	38.3	37.7	38.3	58.2	73.8	38.8	79.4	45.0	24.8	47.9
1968	57.5	57.4	78.3	50.3	81.6	38.9	37.8	39.1	58.0	73.3	38.7	78.9	45.2	24.7	48.2
1969	58.0	58.0	78.2	51.1	81.4	40.1	39.5	40.1	58.1	72.8	39.0	78.4	45.9	25.1	48.9
1970	57.4	57.5	76.8	49.6	80.1	40.3	39.5	40.4	56.8	70.9	35.5	76.8	44.9	22.4	48.2
1971	56.6	56.8	75.7	49.2	79.0	39.9	38.6	40.1	54.9	68.1	31.8	74.2	43.9	20.2	47.3
1972	57.0	57.4	76.0	51.5	79.0	40.7	41.3	40.6	54.1	67.3	32.4	73.2	43.3	19.9	46.7
Black															
1972	57.0	57.4	76.0	51.5	79.0	40.7	41.3	40.6	53.7	66.8	31.6	73.0	43.0	19.2	46.5
1973	57.8	58.2	76.5	54.3	79.2	41.8	43.6	41.6	54.5	67.5	32.8	73.7	43.8	22.0	47.2
1974	57.8	58.3	75.9	54.4	78.6	42.4	44.3	42.2	53.5	65.8	31.4	71.9	43.5	20.9	46.9
1975	56.1	56.7	73.0	50.6	75.7	42.0	42.5	41.9	50.1	60.6	26.6	66.5	41.6	20.2	44.9
1976	56.8	57.5	73.4	51.5	76.0	43.2	44.2	43.1	50.8	60.6	25.8	66.8	42.8	19.2	46.4
1977	57.9	58.6	74.1	54.4	76.5	44.5	45.9	44.4	51.4	61.4	26.4	67.5	43.3	18.5	47.0
1978	58.3	60.0	75.0	56.3	77.2	46.3	48.5	46.1	53.6	63.3	28.5	69.1	45.8	22.1	49.3
1979	59.9	60.6	75.1	55.7	77.3	47.5	49.4	47.3	53.8	63.4	28.7	69.1	46.0	22.4	49.3
1980	59.2	60.0	73.4	53.4	75.6	47.8	47.9	47.8	52.3	60.4	27.0	65.8	45.7	21.0	49.1
1981	59.0	60.0	72.8	51.3	75.1	48.3	46.2	48.5	51.3	59.1	24.6	64.5	45.1	19.7	48.5
1982	59.8	59.8	70.6	47.0	73.0	48.1	44.6	48.4	49.4	56.0	20.3	61.4	44.2	17.7	47.5
1983	59.9	58.9	70.4	47.4	72.6	48.5	44.5	48.9	49.5	56.3	20.4	61.6	44.1	17.0	47.4
1984	59.5	60.5	72.1	49.1	74.3	49.8	47.0	50.0	52.3	59.2	23.9	64.1	46.7	20.1	49.8
1985	60.1	61.0	72.3	49.9	74.3	50.7	47.1	51.0	53.4	60.0	26.3	64.6	48.1	23.1	50.9
1986	60.7	61.5	72.3	49.6	74.3	51.7	47.9	52.0	54.1	60.6	26.5	65.1	48.8	23.0	51.9
1987	61.5	62.3	72.7	49.9	74.7	52.8	49.0	53.1	55.6	62.0	28.5	66.4	50.3	25.8	53.0
1987: Jan	61.1	61.9	72.5	49.7	74.5	52.1	48.4	52.4	54.5	61.4	27.7	65.8	48.9	20.6	51.9
Feb	61.2	62.0	72.6	50.7	74.5	52.3	48.0	52.6	54.8	61.4	26.7	66.0	49.5	24.9	52.2
Mar	61.2	62.0	72.4	49.1	74.5	52.4	48.3	52.7	54.7	61.4	26.5	66.1	49.2	24.0	51.9
Apr	61.3	62.1	72.5	48.9	74.5	52.6	49.0	52.9	54.8	61.6	26.2	66.3	49.3	23.7	52.1
May	61.5	62.4	72.7	49.2	74.7	52.9	50.1	53.1	54.8	61.1	25.8	66.8	49.6	24.3	52.4
June	61.5	62.3	72.6	49.1	74.6	52.8	48.6	53.1	55.2	61.5	27.7	66.0	50.1	25.0	52.9
July	61.6	62.3	72.6	49.4	74.7	52.9	49.3	53.2	55.9	62.2	28.6	66.7	50.7	25.0	53.5
Aug	61.8	62.5	72.8	50.8	74.7	53.0	49.8	53.3	56.2	62.9	32.1	66.9	51.2	30.2	53.5
Sept	61.6	62.4	72.7	49.8	74.7	52.8	48.2	53.2	55.9	62.6	29.6	67.0	50.5	29.6	52.7
Oct	61.8	62.5	72.8	50.3	74.8	53.0	48.7	53.3	56.5	62.7	30.1	67.0	51.5	27.9	54.0
Nov	61.9	62.6	72.9	50.0	74.9	53.1	49.2	53.4	56.6	62.7	31.1	66.9	51.6	26.2	54.3
Dec	61.9	62.7	73.0	51.1	74.9	53.2	50.0	53.5	56.6	62.5	30.4	66.8	51.7	27.9	54.3
1988: Jan	62.1	62.8	73.0	52.2	74.8	53.4	50.2	53.7	56.5	62.9	27.7	67.5	51.4	24.0	54.3
Feb	62.2	63.0	73.4	52.2	75.2	53.5	50.5	53.8	55.9	62.0	23.3	67.1	51.0	26.1	53.7
Mar	62.0	62.9	73.0	50.0	75.0	53.6	48.2	54.0	55.4	61.4	23.0	66.4	50.6	25.3	53.3
Apr	62.3	63.2	73.4	50.6	75.4	53.7	48.9	54.1	55.7	62.9	29.1	67.3	49.8	22.8	52.7
May	62.3	63.4	73.4	50.2	75.0	53.5	48.8	53.8	55.5	62.4	31.0	66.5	49.8	23.2	52.7
June	62.3	63.2	73.4	53.0	75.1	53.8	52.4	53.9	55.5	62.3	30.6	66.5	50.0	25.3	52.7
July	62.3	63.0	73.4	51.5	75.2	53.5	51.0	53.7	56.8	62.7	31.8	66.8	52.0	26.1	54.8
Aug	62.3	63.1	73.2	52.7	75.0	53.8	49.3	54.1	56.7	63.3	30.3	67.6	51.4	27.1	54.0
Sept	62.4	63.1	73.3	51.4	75.1	53.8	51.1	54.0	56.7	63.4	30.3	67.7	51.3	27.2	53.8
Oct	62.4	63.2	73.2	50.7	75.1	54.0	50.8	54.2	56.9	63.3	30.9	67.5	51.7	26.2	54.4
Nov	62.6	63.4	73.3	53.2	75.0	54.3	50.0	54.6	56.9	62.9	31.6	66.9	52.1	25.9	54.9

1 Civilian employment as percent of civilian noninstitutional population in group specified.

Note.—Data relate to persons 16 years of age and over.

See footnote 6 and Note, Table B-32.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-43.—Employees on nonagricultural payrolls, by major industry, 1946-88

(Thousands of persons; monthly data seasonally adjusted)

Year or month	Goods-producing industries						
	Total	Mining	Con- struction	Manufacturing			
				Total	Durable goods	Nondura- ble goods	
1946.....	41,652	17,248	862	1,683	14,703	7,742	6,962
1947.....	43,857	18,509	955	2,009	15,545	8,385	7,159
1948.....	44,866	18,774	994	2,198	15,582	8,326	7,256
1949.....	43,754	17,565	930	2,194	14,441	7,489	6,953
1950.....	45,197	18,506	901	2,364	15,241	8,094	7,147
1951.....	47,819	19,959	929	2,637	16,393	9,089	7,304
1952.....	48,793	20,198	898	2,668	16,632	9,349	7,284
1953.....	50,202	21,074	866	2,659	17,549	10,110	7,438
1954.....	48,990	18,751	791	2,646	16,314	9,129	7,185
1955.....	50,641	20,513	792	2,839	16,882	9,541	7,341
1956.....	52,369	21,104	822	3,039	17,243	9,833	7,411
1957.....	52,853	20,964	828	2,962	17,174	9,855	7,321
1958.....	51,324	19,513	751	2,817	15,945	8,829	7,116
1959.....	53,268	20,411	732	3,004	16,675	9,373	7,303
1960.....	54,189	20,434	712	2,926	16,796	9,459	7,337
1961.....	53,999	19,857	672	2,859	16,326	9,070	7,256
1962.....	55,549	20,451	650	2,948	16,853	9,480	7,373
1963.....	56,653	20,640	635	3,010	16,995	9,616	7,380
1964.....	58,283	21,005	634	3,097	17,274	9,816	7,458
1965.....	60,765	21,926	632	3,232	18,062	10,405	7,656
1966.....	63,901	23,158	627	3,317	19,214	11,282	7,930
1967.....	65,803	23,308	613	3,248	19,447	11,439	8,007
1968.....	67,897	23,737	606	3,350	19,781	11,626	8,155
1969.....	70,384	24,361	619	3,575	20,167	11,895	8,272
1970.....	70,880	23,578	623	3,588	19,367	11,208	8,158
1971.....	71,214	22,935	609	3,704	18,623	10,636	7,987
1972.....	73,675	23,668	628	3,889	19,151	11,049	8,102
1973.....	76,790	24,893	642	4,097	20,154	11,891	8,262
1974.....	78,265	24,794	697	4,020	20,077	11,925	8,152
1975.....	76,945	22,600	752	3,525	18,323	10,688	7,635
1976.....	78,382	23,352	779	3,576	18,997	11,077	7,920
1977.....	82,471	24,346	813	3,851	19,682	11,597	8,086
1978.....	86,697	25,585	851	4,229	20,505	12,274	8,231
1979.....	89,823	26,461	958	4,463	21,040	12,760	8,280
1980.....	90,406	25,658	1,027	4,346	20,285	12,187	8,098
1981.....	91,156	25,497	1,139	4,188	20,170	12,109	8,061
1982.....	89,566	23,813	1,128	3,905	18,781	11,039	7,741
1983.....	90,200	23,334	952	3,948	18,434	10,732	7,702
1984.....	94,496	24,727	966	4,383	19,378	11,505	7,873
1985.....	97,519	24,859	927	4,673	19,260	11,490	7,770
1986.....	99,525	24,558	777	4,816	18,965	11,230	7,734
1987.....	102,310	24,784	721	4,998	19,065	11,218	7,847
1987: Jan.....	100,795	24,501	704	4,927	18,870	11,114	7,756
Feb.....	101,016	24,533	703	4,928	18,902	11,138	7,764
Mar.....	101,260	24,536	705	4,918	18,913	11,135	7,778
Apr.....	101,615	24,596	711	4,943	18,942	11,146	7,796
May.....	101,829	24,653	716	4,967	18,970	11,159	7,811
June.....	102,078	24,684	719	4,983	18,982	11,166	7,816
July.....	102,430	24,788	722	4,997	19,069	11,190	7,879
Aug.....	102,672	24,851	728	5,012	19,111	11,246	7,865
Sept.....	102,906	24,902	734	5,012	19,156	11,269	7,887
Oct.....	103,371	25,025	740	5,060	19,225	11,315	7,910
Nov.....	103,678	25,123	736	5,090	19,297	11,355	7,942
Dec.....	104,001	25,201	735	5,118	19,348	11,390	7,958
1988: Jan.....	104,262	25,180	728	5,083	19,369	11,393	7,976
Feb.....	104,729	25,271	731	5,150	19,390	11,404	7,986
Mar.....	105,020	25,330	733	5,192	19,405	11,411	7,994
Apr.....	105,281	25,435	737	5,238	19,460	11,459	8,001
May.....	105,489	25,466	739	5,237	19,490	11,477	8,013
June.....	106,057	25,592	740	5,308	19,544	11,515	8,029
July.....	106,271	25,663	740	5,330	19,593	11,566	8,027
Aug.....	106,425	25,639	739	5,340	19,560	11,547	8,013
Sept.....	106,737	25,648	734	5,365	19,549	11,537	8,012
Oct.....	106,975	25,741	729	5,364	19,648	11,595	8,053
Nov.....	107,438	25,860	722	5,419	19,719	11,642	8,077

See next page for continuation of table.

TABLE B-43.—*Employees on nonagricultural payrolls, by major industry, 1946-88—Continued*

(Thousands of persons; monthly data seasonally adjusted)

Year or month	Service-producing industries								
	Total	Transportation and public utilities	Wholesale trade	Retail trade	Finance, insurance, and real estate	Services	Government		
							Total	Federal	State and local
1946.....	24,404	4,061	2,291	6,084	1,675	4,697	5,595	2,254	3,341
1947.....	25,348	4,166	2,471	6,485	1,728	5,025	5,474	1,892	3,582
1948.....	26,192	4,189	2,605	6,667	1,800	5,181	5,650	1,863	3,787
1949.....	26,189	4,001	2,602	6,662	1,828	5,240	5,856	1,908	3,948
1950.....	26,691	4,034	2,635	6,751	1,888	5,357	6,026	1,928	4,098
1951.....	27,860	4,226	2,727	7,015	1,956	5,547	6,389	2,302	4,087
1952.....	28,595	4,248	2,812	7,192	2,035	5,699	6,609	2,420	4,188
1953.....	29,128	4,290	2,854	7,393	2,111	5,835	6,645	2,305	4,340
1954.....	29,239	4,084	2,867	7,368	2,200	5,969	6,751	2,188	4,563
1955.....	30,128	4,141	2,926	7,610	2,298	6,240	6,914	2,187	4,727
1956.....	31,266	4,244	3,018	7,840	2,389	6,497	7,278	2,209	5,069
1957.....	31,889	4,241	3,028	7,858	2,438	6,708	7,616	2,217	5,399
1958.....	31,811	3,976	2,980	7,770	2,481	6,765	7,839	2,191	5,648
1959.....	32,857	4,011	3,082	8,045	2,549	7,087	8,083	2,233	5,850
1960.....	33,755	4,004	3,143	8,248	2,629	7,378	8,353	2,270	6,083
1961.....	34,142	3,903	3,133	8,204	2,688	7,620	8,594	2,279	6,315
1962.....	35,098	3,906	3,198	8,368	2,754	7,982	8,890	2,340	6,550
1963.....	36,013	3,903	3,248	8,530	2,830	8,277	9,225	2,358	6,868
1964.....	37,278	3,951	3,337	8,823	2,911	8,660	9,596	2,348	7,248
1965.....	38,839	4,036	3,466	9,250	2,977	9,036	10,074	2,378	7,696
1966.....	40,743	4,158	3,597	9,648	3,058	9,498	10,784	2,564	8,220
1967.....	42,495	4,268	3,689	9,917	3,185	10,045	11,391	2,719	8,672
1968.....	44,160	4,318	3,779	10,320	3,337	10,567	11,839	2,737	9,102
1969.....	46,023	4,442	3,907	10,798	3,512	11,169	12,195	2,758	9,437
1970.....	47,302	4,515	3,993	11,047	3,645	11,548	12,554	2,731	9,823
1971.....	48,278	4,476	4,001	11,351	3,772	11,797	12,881	2,696	10,185
1972.....	50,007	4,541	4,113	11,836	3,908	12,276	13,334	2,684	10,649
1973.....	51,897	4,656	4,277	12,329	4,046	12,857	13,732	2,663	11,068
1974.....	53,471	4,725	4,437	12,554	4,148	13,441	14,170	2,724	11,446
1975.....	54,345	4,842	4,615	12,645	4,165	13,892	14,586	2,748	11,937
1976.....	56,030	4,582	4,546	13,209	4,271	14,551	14,871	2,733	12,138
1977.....	58,125	4,713	4,708	13,808	4,467	15,303	15,127	2,727	12,399
1978.....	61,113	4,923	4,969	14,573	4,724	16,252	15,672	2,753	12,919
1979.....	63,363	5,136	5,204	14,989	4,975	17,112	15,947	2,773	13,174
1980.....	64,748	5,146	5,275	15,035	5,160	17,890	16,241	2,866	13,375
1981.....	65,659	5,165	5,358	15,189	5,298	18,619	16,031	2,772	13,259
1982.....	65,753	5,082	5,278	15,179	5,341	19,036	15,837	2,739	13,098
1983.....	66,866	4,954	5,268	15,613	5,468	19,694	15,869	2,774	13,096
1984.....	69,769	5,159	5,555	16,545	5,689	20,797	16,024	2,807	13,216
1985.....	72,660	5,238	5,717	17,356	5,955	22,000	16,394	2,875	13,519
1986.....	74,967	5,255	5,753	17,930	6,283	23,053	16,693	2,899	13,794
1987.....	77,525	5,385	5,872	18,509	6,549	24,196	17,015	2,943	14,072
1987: Jan.....	76,294	5,304	5,778	18,210	6,445	23,668	16,889	2,909	13,980
Feb.....	76,483	5,316	5,797	18,279	6,466	23,743	16,882	2,914	13,968
Mar.....	76,724	5,331	5,807	18,327	6,491	23,858	16,910	2,923	13,987
Apr.....	77,019	5,354	5,829	18,394	6,518	23,962	16,962	2,930	14,032
May.....	77,176	5,356	5,841	18,417	6,539	24,053	16,970	2,936	14,034
June.....	77,394	5,363	5,860	18,481	6,553	24,153	16,984	2,939	14,045
July.....	77,642	5,373	5,874	18,543	6,570	24,273	17,009	2,941	14,068
Aug.....	77,821	5,394	5,892	18,609	6,581	24,369	17,016	2,943	14,073
Sept.....	78,004	5,427	5,914	18,665	6,588	24,415	17,055	2,962	14,093
Oct.....	78,346	5,448	5,935	18,705	6,604	24,524	17,130	2,966	14,164
Nov.....	78,555	5,466	5,958	18,761	6,608	24,604	17,158	2,974	14,184
Dec.....	78,800	5,481	5,984	18,784	6,619	24,725	17,207	2,980	14,227
1988: Jan.....	79,082	5,499	6,010	18,927	6,633	24,795	17,218	2,973	14,245
Feb.....	79,458	5,513	6,035	19,045	6,636	24,975	17,254	2,972	14,282
Mar.....	79,690	5,530	6,061	19,050	6,651	25,078	17,320	2,970	14,350
Apr.....	79,846	5,543	6,089	19,093	6,650	25,163	17,308	2,963	14,345
May.....	80,023	5,556	6,115	19,130	6,656	25,216	17,350	2,957	14,393
June.....	80,465	5,582	6,148	19,205	6,679	25,472	17,379	2,951	14,428
July.....	80,608	5,598	6,174	19,261	6,684	25,561	17,330	2,951	14,379
Aug.....	80,786	5,605	6,192	19,279	6,689	25,662	17,359	2,956	14,403
Sept.....	81,089	5,618	6,219	19,291	6,692	25,737	17,532	2,989	14,543
Oct.....	81,234	5,623	6,242	19,329	6,710	25,814	17,516	2,990	14,526
Nov.....	81,578	5,662	6,270	19,348	6,729	26,008	17,561	2,991	14,570

Note.—Data in Tables B-43 through B-45 are based on reports from employing establishments and relate to full- and part-time wage and salary workers in nonagricultural establishments who received pay for any part of the pay period which includes the 12th of the month. Not comparable with labor force data (Tables B-32 through B-41) which include proprietors, self-employed persons, domestic servants, and unpaid family workers; which count persons as employed when they are not at work because of industrial disputes, bad weather, etc., even if they are not paid for the time off; and which are based on a sample of the working-age population. For description and details of the various establishment data, see "Employment and Earnings."

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-46.—Productivity and related data, business sector, 1947-88

(1977=100; quarterly data seasonally adjusted)

Year or quarter	Output per hour of all persons		Output <sup>1</sup>		Hours of all persons <sup>2</sup>		Compensation per hour <sup>3</sup>		Real compensation per hour <sup>4</sup>		Unit labor costs		Implicit price deflator <sup>5</sup>	
	Business sector	Nonfarm business sector	Business sector	Nonfarm business sector	Business sector	Nonfarm business sector	Business sector	Nonfarm business sector	Business sector	Nonfarm business sector	Business sector	Nonfarm business sector	Business sector	Nonfarm business sector
1947	44.9	51.4	36.2	35.2	80.6	68.6	16.6	18.0	45.2	49.0	37.0	35.1	35.5	34.0
1948	47.2	53.3	38.3	37.2	81.2	69.8	18.1	19.6	45.4	49.2	38.3	36.7	38.0	36.4
1949	47.7	54.2	37.4	36.4	78.5	67.0	18.4	20.2	46.8	51.4	38.5	37.2	37.8	36.9
1950	51.7	57.7	41.0	39.9	79.3	69.1	19.7	21.4	49.6	53.8	38.1	37.1	38.4	37.5
1951	53.8	59.4	43.9	43.0	81.6	72.3	21.6	23.3	50.5	54.3	40.3	39.2	40.8	39.6
1952	55.4	60.7	45.3	44.4	81.7	73.0	23.0	24.6	52.6	56.2	41.5	40.5	41.4	40.4
1953	57.5	62.1	47.4	46.4	82.5	74.8	24.6	26.0	55.7	59.0	42.7	41.9	41.7	41.1
1954	58.4	63.0	46.5	45.5	79.7	72.2	25.3	26.8	57.1	60.4	43.4	42.6	42.2	41.8
1955	60.1	64.8	49.7	48.7	82.7	75.1	26.0	27.8	58.8	62.9	43.2	42.9	43.2	43.1
1956	60.9	65.2	51.1	50.2	83.9	77.0	27.7	29.5	61.8	65.8	45.5	45.3	44.6	44.5
1957	62.5	66.5	51.7	50.9	82.7	76.6	29.5	31.2	63.7	67.3	47.2	47.0	46.2	46.1
1958	64.4	68.0	50.7	49.8	78.8	73.3	30.9	32.5	64.8	68.1	48.0	47.7	46.9	46.6
1959	66.5	70.2	54.4	53.7	81.8	76.4	32.2	33.8	67.2	70.4	48.5	48.2	47.8	47.8
1960	67.6	71.0	55.4	54.6	81.9	76.9	33.6	35.3	68.9	72.3	49.7	49.7	48.5	48.5
1961	70.0	73.2	56.5	55.7	80.7	76.0	34.9	36.5	70.8	73.9	49.9	49.8	48.8	48.8
1962	72.5	75.6	59.4	58.7	81.9	77.6	36.6	38.0	73.4	76.2	50.4	50.2	49.7	49.7
1963	75.4	78.3	62.1	61.5	82.4	78.5	37.9	39.3	75.1	77.8	50.3	50.2	50.2	50.2
1964	78.7	81.4	65.9	65.4	83.7	80.3	39.9	41.1	78.0	80.4	50.7	50.5	50.7	50.8
1965	81.0	83.4	70.0	69.5	86.4	83.3	41.5	42.5	79.8	81.8	51.2	50.9	51.9	51.9
1966	83.2	85.2	73.6	73.4	88.5	86.2	44.3	45.0	82.9	84.2	53.3	52.8	53.6	53.5
1967	85.5	87.1	75.6	75.3	88.5	86.4	46.7	47.5	84.8	86.2	54.7	54.5	54.9	55.0
1968	87.8	89.4	78.9	78.8	89.9	88.1	50.4	51.1	87.8	89.0	57.4	57.1	57.5	57.5
1969	87.8	89.0	81.1	80.9	92.3	90.9	53.9	54.4	89.0	89.9	61.4	61.2	60.4	60.4
1970	88.8	89.3	80.3	80.0	90.8	89.7	57.8	58.3	90.3	90.9	65.4	65.2	63.2	63.4
1971	91.3	91.9	82.5	82.2	90.4	89.4	61.6	62.0	92.1	92.8	67.4	67.4	66.4	66.6
1972	94.1	94.7	87.7	87.5	93.2	92.3	65.5	66.0	94.9	95.7	69.6	69.7	68.0	68.0
1973	95.9	96.4	92.9	92.9	96.9	96.3	70.9	71.2	96.8	97.2	73.9	73.9	73.4	72.3
1974	93.9	94.3	91.3	91.2	97.3	96.7	77.6	78.0	95.4	95.9	82.7	82.7	80.5	79.7
1975	95.7	96.0	89.4	89.1	93.4	92.8	85.2	85.6	96.0	96.4	89.0	89.2	88.7	88.3
1976	98.3	98.5	94.5	94.4	96.1	95.9	92.8	92.8	98.8	98.9	94.3	94.3	94.0	93.8
1977	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1978	100.8	100.8	105.8	106.0	104.9	105.1	108.5	108.6	100.9	100.9	107.6	107.7	107.3	107.0
1979	99.6	99.3	107.9	107.9	108.3	108.7	119.1	119.9	99.4	99.2	115.5	119.7	117.0	116.5
1980	99.3	98.8	106.7	106.7	107.5	108.0	131.5	131.3	96.7	96.6	132.5	132.9	127.6	127.8
1981	100.7	99.8	108.9	108.5	108.2	108.7	143.7	143.6	95.8	95.8	142.7	144.0	139.8	140.3
1982	100.3	99.2	105.5	104.9	105.2	105.7	154.9	154.8	97.3	97.2	154.5	156.0	148.1	149.2
1983	103.0	102.5	109.9	110.1	106.8	107.5	161.4	161.5	98.2	98.3	156.7	157.6	153.0	154.3
1984	105.5	104.6	119.2	119.2	112.9	114.0	167.9	167.8	97.9	97.9	159.1	160.4	158.2	159.0
1985	107.7	106.1	124.2	123.9	115.3	116.8	175.5	174.9	98.8	98.5	162.9	164.9	162.2	163.8
1986	110.1	108.2	128.6	128.2	116.8	118.5	183.1	182.3	101.2	100.8	166.3	168.6	165.8	167.8
1987	111.0	109.0	133.3	133.0	120.1	122.1	190.4	189.4	101.5	101.0	171.5	173.8	170.5	172.5
1982: IV	101.0	99.7	105.0	104.2	103.9	104.5	158.2	158.2	98.0	97.9	156.8	158.7	150.2	151.4
1983: IV	103.8	103.3	113.6	114.1	109.4	110.4	163.6	163.4	98.1	97.9	157.6	158.2	155.2	156.2
1984: IV	105.9	104.9	120.8	120.7	114.0	115.1	170.3	170.2	98.1	98.1	160.7	162.3	159.8	161.0
1985: IV	108.5	106.5	125.9	125.5	116.1	117.9	178.8	177.9	99.4	99.0	164.8	167.1	163.7	165.5
1986: I	110.5	108.6	128.4	128.1	116.2	117.9	180.4	179.8	100.0	99.6	163.3	165.5	163.7	165.7
1986: II	110.4	108.4	128.2	127.8	116.1	117.9	182.0	181.2	101.2	100.7	164.9	167.1	165.0	167.0
1986: III	110.0	108.0	128.5	128.1	116.8	118.6	184.0	183.1	101.7	101.2	167.3	169.5	167.0	169.0
1986: IV	109.8	107.8	129.3	128.8	117.8	119.5	186.2	185.4	102.2	101.8	169.6	172.1	167.5	169.5
1987: I	109.9	107.8	130.5	130.1	118.8	120.7	187.3	186.4	101.5	101.0	170.5	172.9	168.7	170.9
1987: II	110.6	108.6	132.2	131.9	119.5	121.5	189.0	187.9	101.2	100.6	170.8	173.0	170.1	171.9
1987: III	111.7	109.6	134.3	134.1	120.3	122.3	191.1	190.0	101.4	100.8	171.1	173.3	171.2	173.2
1987: IV	111.8	109.9	136.2	136.0	121.8	123.8	194.0	192.9	102.0	101.4	173.5	175.6	171.9	174.0
1988: I	112.8	110.8	138.0	137.9	123.2	124.4	195.8	194.6	102.1	101.5	175.5	175.7	173.3	174.2
1988: II	111.8	110.1	138.8	139.2	124.1	126.4	198.1	196.6	102.1	101.3	177.1	178.6	174.7	176.2
1988: III	112.2	110.6	139.7	140.4	124.5	126.9	201.0	199.4	102.4	101.5	179.1	180.2	176.7	177.9

<sup>1</sup> Output refers to gross domestic product originating in the sector in 1982 dollars.<sup>2</sup> Hours of all persons engaged in the sector, including hours of proprietors and unpaid family workers. Estimates based primarily on establishment data.<sup>3</sup> Wages and salaries of employees plus employers' contributions for social insurance and private benefit plans. Also includes an estimate of wages, salaries, and supplemental payments for the self-employed.<sup>4</sup> Hourly compensation divided by the consumer price index for all urban consumers.<sup>5</sup> Current dollar gross domestic product divided by constant dollar gross domestic product.

Source: Department of Labor, Bureau of Labor Statistics.

TABLE B-47.—Changes in productivity and related data, business sector, 1948-88

(Percent change from preceding period; quarterly data at seasonally adjusted annual rates)

Year or quarter	Output per hour of all persons		Output <sup>1</sup>		Hours of all persons <sup>2</sup>		Compensation per hour <sup>3</sup>		Real compensation per hour <sup>4</sup>		Unit labor costs		Implicit price deflator <sup>5</sup>	
	Business sector	Nonfarm business sector	Business sector	Nonfarm business sector	Business sector	Nonfarm business sector	Business sector	Nonfarm business sector	Business sector	Nonfarm business sector	Business sector	Nonfarm business sector	Business sector	Nonfarm business sector
1948	5.0	3.8	5.9	5.6	0.8	1.7	8.5	8.5	0.4	0.4	3.3	4.6	7.2	7.2
1949	1.1	1.7	-2.3	-2.3	-3.4	-3.9	1.7	3.0	0.4	4.3	6	1.3	-6	1.3
1950	8.3	6.4	9.5	9.7	1.1	3.0	7.3	6.1	6.0	4.8	-9	-3	1.5	1.8
1951	4.0	3.0	7.1	7.7	2.9	4.6	9.8	8.7	1.8	8	5.6	5.6	6.3	5.6
1952	3.1	2.2	3.2	3.2	1	1.0	6.3	5.6	4.3	3.6	3.1	3.3	1.3	2.0
1953	3.6	2.2	4.6	4.6	.9	2.4	6.7	5.7	5.9	4.9	3.0	3.5	7	1.8
1954	1.6	1.5	-1.8	-2.0	-3.4	-3.4	3.2	3.3	2.5	2.5	1.6	1.8	1.2	1.5
1955	3.0	2.9	6.9	7.1	3.7	4.0	2.5	3.6	2.9	4.0	-5	.7	2.6	3.2
1956	1.3	.6	2.8	3.1	1.5	2.5	6.7	6.2	5.1	4.6	5.3	5.5	3.2	3.3
1957	2.6	1.9	1.1	1.3	-1.5	-6	6.5	5.7	3.1	2.4	3.8	3.8	3.5	3.6
1958	3.0	2.4	-1.8	-2.0	-4.7	-4.3	4.6	4.1	1.7	1.2	1.6	1.6	1.6	1.2
1959	3.3	3.2	7.3	7.7	3.8	4.3	4.4	4.1	3.6	3.4	1.0	.9	2.0	2.5
1960	1.7	1.1	1.8	1.7	.1	.6	4.3	4.4	2.5	2.6	2.6	3.3	1.4	1.4
1961	3.5	3.1	1.9	2.0	-1.6	-1.1	3.9	3.3	2.8	2.2	.3	.1	.5	.6
1962	3.6	3.3	5.2	5.5	1.6	2.1	4.7	4.1	3.6	3.1	1.7	.8	1.9	2.0
1963	4.0	3.6	4.6	4.7	.6	1.1	3.8	3.5	2.4	2.2	-2	-1	.9	.9
1964	4.3	3.9	6.0	6.3	1.6	2.3	5.2	4.6	3.9	3.3	.8	.7	1.0	1.2
1965	3.0	2.5	6.3	6.4	3.2	3.8	3.8	3.4	2.2	1.7	.9	.8	2.3	2.0
1966	2.8	2.1	5.2	5.6	2.4	3.4	6.9	5.9	4.0	3.0	4.1	3.7	3.3	3.1
1967	2.7	2.3	2.7	2.5	-0	.3	5.4	5.5	2.2	2.3	2.6	3.2	2.5	2.9
1968	2.7	2.6	4.4	4.7	1.7	2.0	7.9	7.6	3.5	3.2	5.0	4.8	4.6	4.6
1969	.1	-.5	2.7	2.7	2.6	3.2	7.0	6.6	1.5	1.0	6.9	7.1	5.1	5.0
1970	.7	.3	-9	-1.1	-1.6	-1.3	7.3	7.0	1.5	1.2	6.5	6.7	4.7	4.9
1971	3.2	3.0	2.7	2.7	-.5	-.3	6.4	6.5	2.0	2.0	3.1	3.4	4.9	5.0
1972	3.0	3.1	6.3	6.4	3.1	3.3	6.4	6.5	3.1	3.2	3.3	3.4	4.0	3.8
1973	2.0	1.8	6.0	6.2	3.9	4.3	8.3	7.9	1.9	1.6	6.2	6.0	6.4	4.8
1974	-2.1	-2.2	-1.8	-1.8	.4	.4	9.5	9.6	-1.4	-1.3	11.9	12.0	9.6	10.2
1975	2.0	1.8	-2.1	-2.3	-4.0	-4.0	9.7	9.7	.6	.5	7.6	7.8	10.3	10.8
1976	2.8	2.6	5.8	6.0	2.9	3.4	8.9	8.4	2.9	2.5	5.9	5.7	5.9	6.3
1977	1.7	1.6	5.8	5.9	4.0	4.3	7.8	7.7	1.2	1.2	6.0	6.1	6.4	6.6
1978	.8	.8	5.8	6.0	4.9	5.1	8.5	8.6	.9	.9	7.6	7.7	7.3	7.0
1979	-1.2	-1.6	2.0	1.9	3.2	3.5	9.7	9.5	-1.5	-1.7	11.1	11.2	9.0	8.9
1980	-3	-4	-1.1	-1.2	-.8	-.7	10.5	10.5	-2.7	-2.7	10.9	11.0	9.0	9.7
1981	1.4	1.0	2.1	1.7	.7	.7	9.2	9.4	-1.0	-.8	7.7	8.3	9.6	9.7
1982	-4	-6	-3.1	-3.3	-2.8	-2.7	7.8	7.8	1.6	1.5	8.3	8.4	5.9	6.3
1983	2.7	3.3	4.2	5.0	1.5	1.6	4.2	4.3	.9	1.1	1.4	1.0	3.3	3.5
1984	2.5	2.1	8.4	8.3	5.7	6.0	4.1	3.9	-2	-4	1.5	1.8	3.3	3.0
1985	2.1	1.4	4.2	3.9	2.1	2.5	4.5	4.2	.9	.6	2.4	2.8	2.5	3.0
1986	2.2	2.0	3.5	3.5	1.3	1.5	4.3	4.2	2.4	2.3	2.1	2.2	2.3	2.4
1987	.8	.8	3.6	3.8	2.8	3.0	4.0	3.8	.3	.2	3.1	3.1	2.8	2.8
1982: IV	3.0	2.4	-.5	-1.2	-3.4	-3.5	4.5	5.0	3.2	3.8	1.5	2.6	2.4	3.0
1983: IV	3.1	1.4	10.4	9.8	7.1	8.2	5.5	4.3	1.4	2	2.3	2.8	4.8	3.1
1984: IV	1.7	1.2	3.5	3.1	1.8	1.9	3.8	3.9	.6	.7	2.1	2.7	2.7	3.3
1985: IV	.7	.2	3.6	3.5	2.9	3.4	5.4	5.1	1.3	1.0	4.7	4.9	2.6	2.1
1986: I	7.7	8.4	8.3	8.5	.6	.0	3.7	4.3	2.1	2.7	-3.7	-3.8	.1	.4
II	-.4	-.8	-.8	-.8	-.4	-.0	3.7	3.2	5.1	4.6	4.1	4.0	3.2	3.0
III	-1.4	-1.5	.9	.8	2.3	2.4	4.4	4.3	2.0	1.9	5.8	5.9	5.0	5.1
IV	-.8	-.9	2.5	2.4	3.4	3.3	4.8	5.1	2.1	2.3	5.7	6.1	1.1	1.2
1987: I	.3	.0	3.7	4.0	3.4	4.0	2.5	2.1	-2.8	-3.2	2.2	2.1	3.0	3.3
II	2.7	3.2	5.3	5.7	2.5	2.5	3.6	3.4	-1.2	-1.4	.8	.2	3.2	2.3
III	3.9	3.7	6.6	6.8	2.6	2.9	4.6	4.5	.8	.6	.7	.7	2.8	3.1
IV	.6	.9	5.7	5.9	5.1	4.9	6.2	6.4	2.4	2.6	5.6	5.4	1.4	1.8
1988: I	3.5	3.4	5.5	5.6	1.9	2.1	3.7	3.5	.3	.1	.2	.1	1.0	.6
II	-3.4	-2.4	2.4	4.0	6.0	6.6	4.8	4.2	.0	-.5	8.5	6.8	5.8	4.7
III	1.5	1.9	2.6	3.4	1.1	1.5	6.1	5.6	1.3	.8	4.5	3.7	4.5	3.8

<sup>1</sup> Output refers to gross domestic product originating in the sector in 1982 dollars.<sup>2</sup> Hours of all persons engaged in the sector, including hours of proprietors and unpaid family workers. Estimates based primarily on establishment data.<sup>3</sup> Wages and salaries of employees plus employers' contributions for social insurance and private benefit plans. Also includes an estimate of wages, salaries, and supplemental payments for the self-employed.<sup>4</sup> Hourly compensation divided by the consumer price index for all urban consumers.<sup>5</sup> Current dollar gross domestic product divided by constant dollar gross domestic product.

Note.—Percent changes are based on original data and therefore may differ slightly from percent changes based on indexes in Table B-46.

Source: Department of Labor, Bureau of Labor Statistics.

## **D. EMPLOYEE BENEFITS**

# Comparing employee benefits in the public and private sectors

*The types and characteristics of benefits offered in medium and large firms in private industry and in State and local governments differ; however, the incidence of the benefits is similar*

WILLIAM J. WIATROWSKI

While employee benefits are an important part of the compensation package for all workers, the characteristics of the benefit programs vary considerably between the private and public sectors. Differing employer and employee needs affect the types and characteristics of benefits received.

This article compares the incidence and administration of employee benefits for full-time employees in the private and public sectors, and examines the characteristics of work schedules and paid leave plans. Accompanying articles appearing in this issue of the *Review* compare other private and public sector benefits—employer-sponsored health and life insurance and disability benefits, and defined benefit pension plans and defined contribution plans (such as savings and thrift, profit-sharing, and stock ownership plans). Taken together, these articles represent a current, comprehensive look at benefits provided to employees in medium and large firms in private industry and in State and local governments.

The data are from the Bureau of Labor Statistics' annual Employee Benefits Survey.<sup>1</sup> They show that:

- Paid vacations are granted to nearly all full-time employees in medium and large firms in private industry, compared with about three-fourths of those employed by State and local governments. Teachers are the least likely of public employees to receive paid vacations;

police and firefighters, the most likely. Private firms generally provide many single-purpose types of leave (such as separate vacation and personal leave plans); State and local governments are more likely to provide a multiple-purpose annual leave plan.

- Defined benefit pension plans for State and local government workers, which are often jointly financed by employers and employees, provide more generous benefits than do plans in the private sector, which typically are financed by the employer only. However, private sector pensions are almost always accompanied by Social Security benefits. In the public sector, approximately one-fourth of pension plan participants work for jurisdictions not in the Social Security system.
- Participation in health maintenance organizations (HMO's) is more prevalent among public employees. Concentrations of public sector employers in metropolitan areas, where HMO's are widely available, may help to explain civil servants' greater participation in these prepaid health plans.

## The survey

The Bureau of Labor Statistics' Employee Benefits Survey, begun in 1979, initially looked exclusively at benefits in medium and large firms in private industry. The survey coverage mirrored that of the Bureau's National Survey of Professional, Administrative, Technical, and Clerical Pay (PATC survey), yielding both pay and benefits data. In 1987, for the first time, the Employee Benefits Survey focused on benefits in State and local governments.<sup>2</sup> For

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both the private and public sector surveys, geographic coverage is limited to establishments in the 48 contiguous States.

The Employee Benefits Survey provides information on the incidence and characteristics of paid leave, insurance plans, defined benefit pension plans, defined contribution plans, flexible benefits arrangements, and work schedules. Eligibility (but not details of plan provisions) for several additional benefits, such as severance pay and employer-subsidized parking, is also provided. With a few exceptions, the survey is limited to benefits financed at least in part by employers. It is constantly revised in an effort to keep abreast of new developments in employee benefits plans.

*Private sector survey.* During the 1979-86 period, when medium and large firms in the private sector were surveyed, the industrial coverage included manufacturing; mining; construction; transportation, communications, electric, gas, and sanitary services; wholesale trade; retail trade; finance, insurance, and real estate; and selected services.<sup>3</sup> The minimum number of employees required for an establishment to be surveyed varied by industry, ranging from 250 employees in mining, construction, and other industries to 50 employees in accounting service firms. The survey covered about 21 million workers.

Employees are grouped into three broad occupational categories—professional and administrative, technical and clerical, and production—to capture possible occupational differences in benefit plan availability and design. The first two occupational groups are often characterized as white collar, while production employees are referred

to as blue collar. The data refer to all employees, unless differences among occupations warrant a more detailed treatment.

*Public sector survey.* The 1987 survey covered State governments and local governments classified as either administrative units, school districts, health services, or special districts, such as water and sewer authorities and regional transit operations. Minimum employment for local government units was 50 employees. The entire State government was considered a single unit for sampling purposes; thus, both administrative units and other units, such as State university systems and hospitals, were included. The study provides representative data for 10.3 million full-time workers in State and local governments, approximately three-quarters of the State and local government work force.

To reflect differences in benefit plans, employees in State and local governments were classified as either "regular" employees, teachers, or police and firefighters. Regular employees are all workers except teachers or police and firefighters. Because of benefit differences among these occupations, the discussion compares the plans available to each group of these State and local government employees.<sup>4</sup>

#### Incidence of benefits

When comparing benefit practices between public and private sectors, one must consider groups of benefits: whether workers receive a particular benefit often depends upon what other items they are receiving.<sup>5</sup> For example, only 14 percent of public sector workers receive sickness and accident insurance, but these workers are

Table 1. Percent of full-time employees participating in selected benefits plans, medium and large firms in private industry and State and local governments

Benefit	Private industry, 1986			State and local governments, 1987			
	All employees	White-collar employees	Blue-collar employees	All employees	Regular employees <sup>1</sup>	Teachers	Police and firefighters
<b>Paid time off</b>							
Lunch period .....	10	3	17	17	10	32	39
Rest time .....	72	63	82	58	74	16	48
Holidays .....	99	99	98	81	85	45	83
Vacations .....	100	99	100	72	83	13	100
Personal leave .....	25	34	15	38	32	56	36
Funeral leave .....	88	87	88	56	56	52	75
Military leave .....	86	73	58	80	85	65	86
Jury duty leave .....	93	96	90	98	99	97	92
Sick leave .....	70	93	45	97	97	95	97
<b>Insurance</b>							
Sickness and accident .....	49	31	69	14	18	5	14
Health .....	95	95	96	94	94	95	96
Life .....	96	97	95	85	85	82	91
Long-term disability .....	48	64	30	31	28	41	18
<b>Retirement</b>							
Defined benefit pension plans .....	76	78	74	93	92	95	93
Defined contribution plans .....	47	54	40	9	9	8	13

<sup>1</sup>Regular employees are all workers except teachers and police and firefighters.

**Table 2. Percent of full-time employees eligible for selected benefits plans, medium and large firms in private industry and State and local governments**

Benefit	Private industry, 1985 <sup>1</sup>		State and local governments, 1987			
	All employees	All employees	Regular employees <sup>2</sup>	Teachers	Police and firefighters	
Severance pay .....	45	6	6	7	5	
Supplemental unemployment benefits ..	8	1	1	(?)	1	
Relocation allowance ..	43	15	20	5	8	
Parking .....	86	73	68	86	73	
Subsidized commuting ..	5	5	5	2	7	
Travel accident insurance .....	52	16	15	19	13	
Financial counseling ..	11	10	11	9	9	
Prepaid legal services ..	3	6	6	5	11	
Child care .....	1	2	2	1	1	
Recreation facilities ..	33	11	11	12	11	
Subsidized meals .....	21	12	10	19	1	
In-house infirmary .....	48	19	19	18	13	

<sup>1</sup>Data on these benefits were not collected in the 1986 survey of private industry. See text footnote 7.  
<sup>2</sup>Regular employees are all workers except teachers and police and firefighters.  
<sup>3</sup>Less than 0.5 percent.

almost universally covered by paid sick leave, which reduces the need for such insurance.

Health insurance, one of the benefits studied in detail by the Employee Benefits Survey, shows practically no variation by sector. About 95 percent of employees in private industry in 1986, and 94 percent of those in State and local government in 1987 had health insurance coverage.<sup>6</sup> (See table 1.) Life insurance is provided to 96 percent of private sector employees, while in the public sector, 91 percent of police and firefighters and just over 80 percent of teachers and regular workers are covered. Participants in public sector pension plans are often eligible for lump-sum death benefits, which make up for the lower incidence of life insurance.

Short-term disability coverage is similar in both sectors—94 percent of private sector employees and 97 percent of public sector employees participate. But, as noted earlier, the method of providing benefits differs considerably. Long-term disability insurance is most common among white-collar private sector employees; in contrast, blue-collar private sector employees and public sector employees often have pension plans that provide disability coverage after short-term disability benefits have been exhausted.

Defined benefit pension plans, which specify a formula for determining the recipient's benefit, are provided to more than 9 of 10 workers in State and local governments and to 3 of 4 employees in medium and large firms in private industry. The incidence of these plans in the private sector has declined from 83 percent of employees in 1980. In their place, defined contribution plans (such as

savings and thrift and profit-sharing plans), which specify the contribution of the employer but do not guarantee a benefit, have grown in popularity as a source of retirement income and capital accumulation. Few defined contribution plans are found in the public sector.

Paid time off can range from a few minutes for a coffee break to several weeks of vacation. These benefits vary significantly among occupations and between the private and public sectors; often, unusual work schedules necessitate unique time-off provisions, as for teachers. Paid holidays and vacations are widely provided to all workers except teachers, who are often employed by contract for a fixed number of days, and whose stated pay is based on the contracted days. In contrast, personal leave, available to an employee for any reason, is provided to nearly three-fifths of the teachers; about one-third of the remaining public sector employees and one-third of the white-collar private sector employees receive such leave. Only 15 percent of the blue-collar workers in the private sector have personal leave provisions.

Formal paid rest time is most commonly provided to blue-collar workers in the private sector and regular employees in the public sector; such rest time is least common among teachers, whose daily schedules often do not allow for such a break. Paid lunch time is not usual for any of the worker groups, but is most prevalent among teachers and police and firefighters. Paid time off for jury duty is provided to nearly all employees; military leave is more common among public sector workers, except teachers; and formal paid funeral leave is more common in the private sector.

*Additional benefits.* In addition to providing data on the incidence and characteristics of paid time off, insurance, and retirement and capital accumulation plans, the Employee Benefits Survey gathers information on the incidence of a number of other benefits. The survey measures the number of workers eligible for each of these benefits, whether or not employees actually use the benefits. Twelve benefits were studied in the surveys of medium and large firms in private industry in 1985 and of State and local governments in 1987.<sup>7</sup> Benefits typically found in only one of the sectors—such as sabbatical leave in the public sector or employee discounts in the private sector—are not discussed in this article.

For many of the benefits, incidence is greater in the private sector than in the public sector. (See table 2.) For example, severance pay is available to almost half of the employees in medium and large firms in private industry, but to fewer than 10 percent of State and local government employees. Other benefits occurring more frequently in the private sector include supplemental unemployment benefits, relocation allowances, and travel accident insurance. The incidence of these benefits partly reflects the more uncertain nature of job security in private industry,

compared with State and local governments, and the lack of need to move public employees to different locations, as is done in private firms.

Benefits that attempt to meet employees' personal needs are available to a small number in each sector. Employer-subsidized child care benefits, either an onsite facility or employer reimbursement of costs for an independent facility, are available to 2 percent of public sector employees and 1 percent of private sector employees. Similarly, financial counseling, prepaid legal services, and subsidized commuting are available to about 10 percent or fewer of the employees. There appears to be little difference in the incidence of these benefits between the public and private sectors.

Employer-subsidized parking, either in an employer-provided facility or through reduced rates in a commercial facility, is available to more than 70 percent of employees in both the public and private sectors. However, employers in major metropolitan areas, where parking facilities are scarce, often do not offer subsidized parking. Employer-provided recreation facilities, subsidized meals, and in-house infirmaries are more common among private sector employees than public sector employees.

#### Amount of paid time off

Paid lunch time is not a common benefit, but is most often given to elementary and secondary schoolteachers, police and firefighters, and private sector blue-collar workers. Teachers are often required to remain on the school premises during lunch, and may even have specific duties, such as monitoring students. Similarly, the private sector blue-collar workers most likely to receive paid lunch time are those who are unable to leave the worksite, such as coal miners. Paid lunch time averaged just more than a half hour in the public sector, and just under a half hour in the private sector. (See table 3.)

Paid rest time includes coffee breaks and cleanup time. This benefit was counted if it was formal; that is, established provisions existed. Informal policies, which may be more common among white-collar workers, were excluded. A majority of private sector employees and regular public sector employees had formal paid rest provisions, usually two daily breaks of 10 to 15 minutes each. Teachers and police and firefighters, because of the nature of their work and unusual work schedules, were less likely to receive formal paid rest time.

Nearly all employees in all occupational groups, except teachers, received paid holidays. Teachers often were paid on the basis of the number of school days in a year, and were not considered by their school system as paid on holidays and other days off. In the private sector, employees most commonly received 10 holidays; public sector workers often received 11 or 12 holidays, the result of State and local observances.

One significant difference between public and private sector paid time-off benefits is in paid vacations. In the public sector, vacations are often considered "annual leave," time available for a variety of uses, including vacations. Annual leave plans often provide more days than do private sector vacation plans. However, annual leave must be used for such personal matters as funerals, while private sector employees are more likely to have vacation and other leave policies.<sup>3</sup>

Employees in establishments that require around-the-clock staffing, such as hospitals, may be part of a "leave bank" or receive "all-purpose leave." These plans often combine holidays, vacation, sick leave, and other leave into one block of time off. Employees then coordinate their leave requests so that adequate staffing is maintained.

In both the private and public sectors, paid vacation days usually increase with length of service. The following tabulation details the average number of days provided at selected service intervals for employees who participated in a vacation or annual leave plan:

	Length of service			
	1 year	5 years	10 years	20 years
<b>Private industry:</b>				
All workers .....	8.8	12.7	15.8	20.6
<b>State and local governments:</b>				
All workers .....	12.0	15.0	17.7	21.4
Regular workers .....	11.8	14.8	17.7	21.4
Teachers .....	14.3	15.7	16.9	18.7
Police and firefighters .....	12.6	15.8	18.8	22.7

These data suggest that public sector employees receive more paid leave at fewer years of service than do their private sector counterparts, but the difference narrows as

**Table 3. Average length of paid time off, medium and large firms in private industry and State and local governments**

Paid benefits	Private industry, 1986	State and local governments, 1987			
	All employees	All employees	Regular employees <sup>1</sup>	Teachers	Police and firefighters
Lunch time (minutes per day).....	27	34	36	32	34
Rest time (minutes per day).....	26	29	29	28	29
Holidays (days per year)....	10.0	10.9	11.1	9.8	11.2
Personal leave (days per year).....	3.7	2.7	2.8	2.7	2.6
Funeral leave (days per occurrence) ...	3.2	3.7	3.6	4.1	3.5
Military leave (days per year).....	11.5	17.2	17.1	17.4	17.1

<sup>1</sup>Regular employees are all workers except teachers and police and firefighters.

NOTE: Computation of averages excludes workers receiving unspecified numbers of days.

length of service increases. For the small percentage of teachers receiving a paid vacation, the number of days varied only slightly as years of service increased.

Paid personal leave allows employees time off for a variety of purposes. Teachers are the most common recipient of this benefit, perhaps because they seldom receive paid vacations. Personal leave plans typically provide 1 to 5 days per year. The average of 3.7 days per year in the private sector is about 1 day more than that of the public sector.

Separate formal funeral leave plans are more common in the private sector; public sector workers without such a plan may use annual leave for this purpose. Where plans are available, they most commonly provide 3 days of funeral leave per occurrence in both the public and private sectors. About 23 percent of private sector employees and 17 percent of those in the public sector were in plans that varied the number of days according to the relationship of the employee to the deceased.

Paid military leave was available to a majority of all employees in both sectors. On average, State and local government employees could receive just over 3 weeks of paid leave, while private sector employees could receive just over 2 weeks.

Paid time off for jury duty was almost universally provided to all employees. These plans usually provided leave as needed, rather than specifying a fixed number of days.

### Work schedules

For many years, employees worked 40 hours a week, usually in 5 days, with relatively few departures from this pattern.<sup>9</sup> However, this schedule is gradually becoming less common, as flexible work hours and the need to have services provided at different times have reduced uniformity in working patterns. In the private sector, the 5-day, 40-hour week is still the most common, applying to 82 percent of all employees, including 90 percent of production workers. Those not on a 40-hour schedule generally work fewer hours; 13 percent of technical and clerical workers, for example, work 37.5 hours per week—7.5 hours per day.

In the public sector, two-fifths of the employees work fewer than 40 hours per week. Elementary and secondary schoolteachers and regular public sector workers were generally scheduled for 5 days, 35 or 37.5 hours. Scheduled hours for teachers often included preparation and grading time. Private sector workers were more likely to work a standard 5-day, 40-hour week. The survey did not collect data on work schedules for college and university teachers because they often do not work fixed schedules.

Police and especially firefighters were more inclined to have unusual work schedules. A firefighter might work 24 hours, then have 24 hours off, work another 24 hours, and, finally, have 72 hours off. This cycle would then repeat. For the survey, this type of schedule was adjusted

Table 4. Percent of full-time employees participating in selected benefits plans, by plan sponsor, medium and large firms in private industry and State and local governments

Sponsor	Health insurance	Life insurance	Sickness and accident insurance	Long-term disability insurance	Defined benefit pension
<b>Private industry, 1986</b>					
All employees:					
Single employer .....	96	97	67	100	96
Multi-employer .....	4	3	2	0	4
Employer association .....	( <sup>1</sup> )	( <sup>1</sup> )	0	( <sup>1</sup> )	0
Mandated benefits .....	0	0	11	0	0
<b>State and local governments, 1987</b>					
All employees:					
State sponsored .....	33	35	57	48	85
Local sponsored .....	67	65	43	52	15
Regular employees: <sup>2</sup>					
State sponsored .....	39	41	58	51	83
Local sponsored .....	61	59	42	49	17
Teachers:					
State sponsored .....	24	27	( <sup>3</sup> )	54	95
Local sponsored .....	76	73	( <sup>3</sup> )	46	5
Police and firefighters:					
State sponsored .....	13	16	43	22	62
Local sponsored .....	87	84	57	78	38

<sup>1</sup>Less than 0.5 percent.

<sup>2</sup>Mandated temporary disability insurance plans.

<sup>3</sup>Regular employees are all workers except teachers and police and firefighters.

<sup>4</sup>Data were insufficient to show teachers separately.

NOTE: Because of rounding, sums of individual items may not equal totals.

to determine the average number of days and hours worked in 7 days. For example, the above schedule yields a workweek of 2.3 days and 56 hours, a common schedule for firefighters.<sup>10</sup>

### Plan sponsors

The Employee Benefits Survey also develops data on sponsors of insurance and pension plans. (See table 4.) For private sector employees, benefits are sponsored by single employers, a multi-employer trust, or an employer association.<sup>11</sup>

Public employees, on the contrary, are under plans sponsored by either State or local governments. The only benefit plan found in both surveys is the mandated temporary disability insurance plans in New York and New Jersey. (These plans are tabulated as sickness and accident insurance plans; they appear in table 4 as mandated benefits in the private sector and State-sponsored benefits in the public sector.)

Data on plan sponsors reveal that single-employer plans dominate in the private sector, while public sector plans vary between State and local sponsors. Defined benefit pension plans for public employees are frequently State-sponsored; local governments either may be required to join these plans, or may choose to join rather than establish their own plans. Conversely, health and life insurance benefits for local government employees are

more likely to be sponsored by the local governments.

Employers may provide benefits to employees either individually or through a flexible (package) arrangement. The Employee Benefits Survey included the incidence of two types of flexible arrangements: flexible benefits (or cafeteria) plans and reimbursement (or flexible spending) accounts. Flexible benefits plans allow employees to choose between plans in two or more benefit areas, such as health, life, and disability insurance, and added vaca-

tion days. Reimbursement accounts provide funds to pay for expenses often not included in benefit packages, such as health insurance deductibles and coinsurances,<sup>12</sup> and employee child care costs. Flexible benefits packages were available to 2 percent of employees in medium and large firms in private industry, and to 5 percent of State and local government employees, most commonly teachers. Reimbursement accounts were available to 5 percent of all employees surveyed. □

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FOOTNOTES

<sup>1</sup>Survey data are published annually in a Department of Labor news release and a Bureau of Labor Statistics bulletin. In addition, articles providing greater detail on survey findings are published periodically in the *Monthly Labor Review* (see, for example, Donald Schmitt, "Today's pension plans: how much do they pay?" December 1985, pp. 19-25). This series of articles is the first to compare findings in the private and public sectors.

<sup>2</sup>The most recent bulletin containing data on medium and large firms in private industry is *Employee Benefits in Medium and Large Firms, 1986*, Bulletin 2281 (Bureau of Labor Statistics, 1987). Data on State and local governments are in *Employee Benefits in State and Local Governments, 1987*, Bulletin 2309 (Bureau of Labor Statistics, 1988).

<sup>3</sup>The 1988 Employee Benefits Survey is being conducted in private industry, with an expanded scope that includes all service industries and firms employing 100 employees or more. Future plans for the survey include expansion into small private firms, a rotating schedule of private and public sector surveys, and the publication of benefits data for the entire civilian economy, excluding farms, households, and the Federal Government.

<sup>4</sup>The "selected services" were limited to advertising; credit reporting and collection agencies; computer and data processing services; research and development laboratories; commercial testing laboratories; management and public relations services; engineering and architectural services; noncommercial research organizations; and accounting, auditing, and bookkeeping services.

<sup>5</sup>For further details on the Employee Benefits Survey, see Robert Frumkin and William Wiatrowski, "Bureau of Labor Statistics takes a new look at employee benefits," *Monthly Labor Review*, August 1982, pp. 41-45.

<sup>6</sup>Comparison of the incidence and characteristics of benefits explores only one aspect of differences in public and private sector compensation. Judgments about overall compensation should not be made without also looking at wage and salary data. For recent information on public and private sector pay, see Richard E. Schumann, "State and local govern-

ment pay increases outpace five-year rise in private industry," *Monthly Labor Review*, February 1987, pp. 18-20.

<sup>7</sup>Participants are defined in the survey as all employees covered by a benefit plan that does not require an employee contribution, and all workers electing to pay their share of the cost of plans that require an employee contribution.

<sup>8</sup>Data on these benefits were not collected in the 1986 survey of medium and large firms in private industry. Items are added and deleted from the list of these additional benefits periodically, reflecting current benefits trends. For the most recent data collected in the private sector, see *Employee Benefits in Medium and Large Firms, 1985*, Bulletin 2262 (Bureau of Labor Statistics, 1986), pp. 81-82.

<sup>9</sup>Where annual leave plans were encountered, the provisions were calculated as paid vacation days and were not included in other benefits, such as funeral leave.

<sup>10</sup>For historical data on average weekly hours, see *Handbook of Labor Statistics*, Bulletin 2217 (Bureau of Labor Statistics, 1985), table 70. Today, workweeks of less than 40 hours are more common in nonmanufacturing industries than in manufacturing industries.

<sup>11</sup>Paid leave items, such as vacations and holidays, were adjusted for employees with unusual work schedules. For example, a firefighter who received five 24-hour shifts off for vacation would be credited with 15 days paid vacation in the survey, based on a traditional 8-hour workday.

<sup>12</sup>Sickness and accident insurance is mandated by law for some workers. The Railroad Unemployment Insurance Act provides short-term sickness and accident insurance benefits to railroad employees. State temporary disability insurance plans in New York and New Jersey mandate benefits for employees in covered establishments. Similar plans in California and Rhode Island are excluded from the surveys because they are financed entirely by employee contributions.

<sup>13</sup>Deductibles are required to be paid by a plan participant before benefits are paid by the plan; coinsurance is the percentage of benefits, after the deductible is met, that is paid by the plan.

# SECTION 89 NONDISCRIMINATION AND QUALIFICATION RULES FOR EMPLOYERS PARTICIPATING IN MULTIEMPLOYER WELFARE PLANS

By Pillsbury, Madison & Sutro

## SUMMARY

### Purpose and Effective Date of Section 89.

The Tax Reform Act of 1986 added section 89 of the Internal Revenue Code (Code) to provide welfare benefit plans with uniform nondiscrimination and qualification rules for plan years beginning after 1988. The nondiscrimination rules are mandatory for group-term life insurance plans and accident or health plans, and are elective for other welfare benefit plans, such as dependent care assistance programs. Almost all welfare plans are subject to the new qualification requirements.

Section 89 is effective for all plans, including multiemployer plans, for plan years beginning on or after January 1, 1989. Following a new trend, Congress did not exempt multiemployer plans (MEPs) from the new nondiscrimination and formality rules, but did provide marginal relief as to the effective date. Employees who are covered by a MEP by virtue of working under a collective bargaining agreement ratified before March 1, 1986 may be excluded from the nondiscrimination tests until the earlier of:

- o The first year beginning after 1990; or
- o The first year beginning on or after the date on which the last of the collective bargaining agreements terminate (without regard to any post-2/28/86 extension).

This temporary exclusion of employees covered by a collective bargaining agreement does not exempt an employer from applying the nondiscrimination tests to the portion of a MEP that provides benefits to any of its employees not covered by a collective bargaining agreement or from meeting the qualification requirements for those employees.

## Section 89 Nondiscrimination Rules.

Section 89's nondiscrimination rules were designed to identify discrimination in favor of highly compensated employees (generally employees who earn \$50,000 or more and are among the top 20% of employees).\* Each highly compensated employee will have imputed income in an amount equal to any discriminatory "excess" benefit he or she receives under a discriminatory welfare plan, and employers must report that imputed income on each affected employee's W-2.

To determine if a plan is discriminatory, section 89 requires the application of several numerical tests and a nondiscriminatory terms test. These tests include three eligibility tests and one benefits test labeled respectively the 50% test, the 90%/50% test, the nondiscriminatory terms test and the 75% benefits test. There is also an alternative 80% test.

The application of these tests is greatly complicated by the fact that, under section 89, each separate option or benefit level is often considered to be a separate plan. A large employer with different HMOs and plans for different workites, each of which has high and low options and individual and family coverage easily could be deemed to have numerous "plans" for section 89 purposes. In addition, for purposes of discrimination testing and income inclusion, welfare benefits must be valued under Code and regulatory provisions. The value of group-term life insurance is to be determined using assumptions specified in section 89 and age-related cost tables set forth in IRS regulations under Code section 79. The value of medical plan benefits was to be determined exclusively under regulations to be promulgated by the IRS. However, because the IRS will not issue procedures for valuing medical benefits until after section 89 takes effect, a transition rule now requires employers to value medical plan benefits using employer cost or any other reasonable actuarial method.

Section 89 treats all members of a controlled group of business entities as a single employer. Those controlled groups that sponsor a MEP\*\* and different plans

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\* If an employer has only highly compensated employees in any year, the nondiscrimination rules of section 89 will not apply.

\*\* An employer "sponsors" a MEP if it is required to contribute to the MEP.

for different subsidiaries and/or for salaried and hourly employees will have to take into account the value of the benefits under all of those plans, including a portion of the MEP, to identify and quantify discrimination in favor of the entire controlled group's highly compensated employees. The only exception to the controlled-group rule is that if an employer operates separate lines of business, section 89 will apply to each separate line of business as if it were a separate employer. For this purpose, a separate line of business can be established only by satisfying criteria that will be contained in regulations to be issued by the IRS.

Because Congress recognized that employers cannot control the terms and conditions of a MEP, MEPs will be tested on the employer level just as single employer plans are tested. Section 89 was amended by the Technical and Miscellaneous Revenue Act of 1988 (TAMRA) to provide the following special rules for applying section 89's tests to MEPs, emphasizing that employers, not MEPs, will be doing all section 89 testing:

1. An employer may treat its MEP contributions as the benefits provided under a MEP,
2. Reporting requirements under Code section 6039D (effective the same date section 89 is effective) are to be allocated by the IRS between an employer and the MEP based on the parties' agreement,
3. A MEP's age or length of service requirement will not affect those requirements in an employer's other welfare plans, and
4. An employer participating in a MEP may select its own testing year and its own testing date for applying section 89.

Since the employer will be doing the section 89 testing, a MEP administrator's primary, if not exclusive, responsibility will be to maintain records, provide data to employers about which of their employees and their dependents are enrolled in which plans or options, and assist in any required reporting.

Because section 89 requires that an employer's welfare plans meet certain nondiscrimination tests on the basis of all of its employees and all of its plans, an employer should develop the following data:

1. A list of each accident or health plan and group-term life insurance plan it sponsors,

including any MEPs (with options and benefit levels broken down into section 89 "plans");

2. The total number of its employees, on a controlled group basis, including the number of employees eligible for participation in each of the above plans, the number of those employees and leased employees not eligible for participation, and the reasons why those employees and leased employees are not eligible to participate (age, length of service, and so on);

3. By plan, the number of single employees covered and the number of employees-plus-dependents covered (the MEP administrator will have to prepare the MEP portion of this data);

4. A list identifying (i) the employer's highly compensated employees (HCEs), again on a controlled group basis, (ii) the plans the HCEs are eligible for and (iii) the number of HCEs in each plan (once the MEP employer identifies the HCEs, the MEP administrator should provide the employer with the information required by item (iii)); and

5. Whether any line of business exception will apply.

#### Random Sampling

Employers may prove compliance with the section 89 nondiscrimination tests on the basis of a statistically valid random sampling if it is performed by an independent third party and produces a 95% level of confidence that sample results will have a margin of error of three percent or less.

#### Time for Testing

Plans are tested for nondiscrimination on the basis of facts in existence on one day (Testing Date) of a Testing Year (any 12-month period designated in the plans, or if no designation, the calendar year). The Testing Date must be the same for each Testing Year beginning after January 1, 1989 and may be specified in the plan document (if there is no designation, the last day of the Testing Year is used). In addition, the Testing Date and Testing Year must be the same for all plans of the same type (i.e., plans whose benefits are excludable under the same Code section), and an employer may not change the Testing Year after it is selected or the Testing Date selected in 1990

without IRS consent. As noted above, each employer participating in a MEP may, subject to regulations, select its own Testing Date and Testing Year.

#### Employer Sanctions.

A stiff excise tax is imposed if an employer fails to report employees' imputed income arising under either the nondiscrimination rules or the qualification rules discussed below. A different excise tax applies if an employer maintains a discriminatory voluntary employees beneficiary association.

#### Qualification Requirements.

The "qualification" or "formality" requirements of section 89 impose documentation, notice, exclusive benefit and permanence rules on welfare plans similar to the same type of rules applicable to qualified retirement plans. These new rules, set out in section 89(k), apply not only to accident or health plans and group-term life insurance plans, but also to tuition reduction programs, cafeteria plans, voluntary employees beneficiary associations, dependent care assistance programs and certain fringe benefit programs, such as employee discounts and subsidized eating facilities.

If a group-term life insurance plan fails to comply with section 89's formality requirements, all beneficiaries will have income equal to the value of the benefits provided under the plan. For all other welfare plans that violate these requirements, all participating employees will be taxed on the value of the plan benefits for a taxable year. However, if plan assets are held in a tax-exempt trust and the qualification rules are not met, the trust will lose its tax-exemption. These sanctions apply equally to multiemployer welfare plans and single employer plans.

Section 89 may well be the most significant piece of employee benefits legislation since ERISA. Despite intense lobbying efforts to rescind the legislation or delay its effective date, Congress remained resolute and made section 89 effective for 1989, with or without further guidance from the IRS.

## **E. LEGISLATION**

1988 California Labor and Employment Legislative Wrap-Up

by  
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Our *1988 Wrap-Up* summarizes the major labor and employment law legislation considered by the California Legislature this year, including those bills that were enacted and those other bills that were defeated in the Legislature or vetoed by the Governor. We begin by discussing Proposition 97, passed by the voters in the November election, which will reestablish the California Occupational Safety and Health program.

ENACTED BILLS

WORKER SAFETY AND HEALTH

**Proposition 97 (Reactivation of Cal-OSHA):**  
On November 8, California voters approved Proposition 97 which requires the Legislature and the Governor to reactivate the private sector component of the California Occupational Safety and Health program ("Cal-OSHA") which was cancelled by the Governor in 1987.

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The 1970 federal Occupational Safety and Health Act ("OSHA"), mandated programs to protect the health and safety of workers. Absent an approved state plan, the federal government is required to enforce federal health and safety laws. California began operation of Cal-OSHA, its own worker health and safety program, in 1973. Under Cal-OSHA, the State Department of Industrial Relations enforced state workplace standards and regulations for both private and public sectors.

In 1987, however, the Governor requested withdrawal of the private sector component of the state plan and eliminated funding for that component through his budget veto powers. The Governor stated the Cal-OSHA program unnecessarily duplicated the federal program.

The Governor's action triggered a series of court challenges, and ultimately led to the circulation, and subsequent qualification, of an initiative statute sponsored by a coalition of labor, health and environmental interests to restore the Cal-OSHA program. Proposition 97 was approved by the voters at the November 8 election by a wide margin.

Proposition 97 contains various findings that the Cal-OSHA program was superior to the federal worker health and safety program and states the intent that the Cal-OSHA program be restored. In addition, Proposition 97 amends section 50.7 of the California Labor Code to require the reestablishment of the Cal-OSHA program and to require the Legislature and the Governor to submit a budget which includes support of the Department of Industrial Relations in amounts sufficient to fully carry out the purposes and provisions of the state Cal-OSHA plan and other California Labor Code provisions in a manner which assures that risk of industrial injury, exposure to toxic substances, illness and death to employees will be minimized. Proposition 97 also added section 6303.5 to the California Labor Code which expressly authorizes the state to enforce state workplace health and safety standards in situations where there is concurrent jurisdiction over worker health and safety issues. Proposition 97 made no other changes to the laws or regulations governing worker health and safety.

Interestingly, no specific dollar amount or funding formula is mandated by the initiative. In addition, Proposition 97 does not appear to require the adopted state budget to provide for such funding, only the budget *submitted* to the Legislature. Two other initiatives approved by the voters

at the November election, Propositions 78 and 99, included specific funding levels for the programs affected by the propositions.

Nevertheless, the Deukmejian administration has announced its plans to restart Cal-OSHA on January 1, 1989, and have it in full operation by the end of next June. Industrial Relations Director Ron Rinaldi appeared before the Assembly Subcommittee on Safety in the Workplace on November 30, 1988, and announced that he had asked the Department of Finance to find \$8.5 million in the current budget to run the Cal-OSHA program for the remainder of the fiscal year. He further stated that the proposed 1989-90 state budget will include funding for the same number of job site inspectors that were authorized in the last full year of Cal-OSHA operations. The annual price tag for the program is estimated at \$32 million with about \$14 million to be reimbursed by the federal government.

**AB 3713, Connelly** (Adds chapter 10.4, commencing with section 25915, to division 20 of the Health and Safety Code): This bill would require the owner of any building constructed before 1979 who knows that the building contains asbestos construction materials to provide written notice within prescribed time limits to all of his or her employees working within the building. Notice would also have to be provided to other persons who are owners, lessees, or operators of the building or part of the building with whom the owner is in privity of contract. Notice would also have to be provided of any construction, maintenance or remodeling which created a potential for contact with or the release or disturbance of asbestos. Limited notice would be required for asbestos-containing construction materials located in isolated areas of the building or asbestos fibers encapsulated in the materials that compose the ceiling, walls or floors, as specified. (As amended 8/24/88.)

**Status:** Enacted by the Governor on 8/22/88 (Chapter 1502, Statutes of 1988). Effective on 1/1/89.

## **LABOR COMMISSIONER PROCEDURES**

**AB 1160, Floyd** (Amends section 98 of the Labor Code): Existing law provides that, within 30 days from the date a complaint seeking wages or other compensation is filed, the Labor Commissioner must notify the parties whether a hearing will be held. If a hearing is to be held, it must be within a reasonable period of time. Under this

bill the hearing must be held within 90 days after the notification. (As amended 1/7/88)

**Status:** Enacted by the Governor on 2/1/88 (Chapter 5, Statutes of 1988). Effective 1/1/89.

**AB 2532, Jones** (Amends sections 64, 98.1, 98.2, 226.5, 1023, 1289, 1299 and amends and renumbers sections 1394.5, 1396, and 3725 of the Labor Code. Repeals section 1397 and repeals and adds section 2681 of the Labor Code): Modifies the procedures for serving decisions of formal wage claim hearings by permitting the decisions to be served by first class rather than by certified mail. In addition, this bill establishes uniform appeal procedures which would be applicable to appeals of citations and civil penalties relating to itemized payroll statements, employment of minors, unlicensed contractors, garment manufacturing and employers uninsured for workers compensation. The bill permits the Labor Commissioner, rather than the Director of Industrial Relations, to enter into reciprocal agreements with other federal and state labor law enforcement agencies. The bill also makes minor changes in laws relating to the employment of minors in theatrical productions. (As amended 3/7/88)

**Status:** Enacted by the Governor on 5/2/88 (Chapter 96, Statutes of 1988). Effective 1/1/89.

## WAGE RECORDS

**SB 2155, Petris** (Amends section 226 of the Labor Code): Current law requires employers to maintain certain records relating to employee wages for at least three years and to make the records available for inspection by the employee upon reasonable request. This bill would, in addition, require employers to allow current or former employees to inspect and copy their records, subject to a charge for the actual cost of the reproduction of the records. Urgency measure. (As amended 5/16/88)

**Status:** Enacted by the Governor on 9/12/88 (Chapter 827, Statutes of 1988). Effective 9/12/88.

## FAILED OR VETOED BILLS

### AGE DISCRIMINATION

**AB 2701, Floyd** (Amends section 12942, and adds section 12942.5 to the Government Code): Existing law generally requires all employers to permit any able employee, upon giving written notice, to continue employment beyond the normal retirement date contained in any pension or

retirement plan. An exception exists for an employee who has attained 65 years of age, who was employed in a bona fide executive or high policy making position for the two-year period immediately before retirement, and who is entitled to immediate nonforfeitable retirement benefits of at least \$27,000 per year. This bill would increase the benefit level necessary to qualify for the exception from \$27,000 to \$44,000. The bill would also make it an unlawful employment practice, unless based upon a bona fide occupational qualification, for an employer to discharge, dismiss, reduce, suspend, demote or transfer, if the transfer results in a reduction in salary or benefits, any employee on the grounds that the employee has announced his or her intent or desire to retire or terminate employment within six months prior to the employer's action against the employee. (As amended 8/10/88)

**Status:** Failed passage when the Assembly refused to concur in Senate amendments.

### AIDS

**AB 3795, Vasconcellos** (Amends section 54.1 of the Civil Code, and adds section 12926.1 to the Government Code): This bill would extend to persons who have tested positive for the AIDS causative agent or antibodies, but who have not been diagnosed as actually suffering from AIDS or aids related complex (ARC), the protections which apply under current law to physically disabled persons. (As amended 6/23/88)

**Status:** Vetoed by the Governor on 9/30/88. In his veto message, the Governor stated that he was not convinced of the need for the bill because the Fair Employment and Housing Act already protects people with AIDS as physically handicapped. He further noted that the Department of Fair Employment and Housing now processes such complaints on a priority basis and is already conducting an AIDS education campaign.

### CHILD CARE LEAVE

**AB 2738, Moore** (Adds sections 12945.2 and 19702.3 to the Government Code): This bill would make it an unlawful employment practice for any employer of 25 persons or more at the same location to refuse to grant a request by any employee with more than one year of continuous service and who is eligible for other benefits to take a leave for child rearing for up to a total of four months in a 24-month period. An employee could utilize any accrued vacation leave or other accrued

time off during this period or any other paid time off negotiated with the employer, but an employer would not otherwise be obligated to pay for child rearing leave. The use of sick leave, however, would require a mutual agreement between the employer and the employee. An employee on child rearing leave would be guaranteed the same or a comparable position upon return from leave. In addition, an employee taking child rearing leave would be allowed to have the period of leave treated as time served with the employer for longevity or seniority under any collective bargaining agreement or employee benefit plan. The employee would continue to be eligible for health, retirement, pension and supplemental unemployment benefit plans during the period of leave to the same extent and under the same conditions as apply to unpaid leave taken for any purpose other than child rearing, except that an employer may require the employee to pay health and welfare benefit plan premiums during the period of leave. Employers would be prohibited from taking punitive actions against employees in connection with the rights guaranteed under the bill. The bill provides that an employer would not be required to grant parental leave to an employee which would allow the employee and the other parent of the child, if also employed, parental leave totaling more than four months, nor to grant to an employee parental leave for any period of time in which the child's other parent is also taking parental leave. An employer could refuse to grant leave to prevent "undue hardship" to the employer's operations if the employee is either one of the five highest paid employees or is among the top 10% in gross salary, whichever group is larger, at the specific location. (As amended 8/26/88)

**Status:** Failed passage when the Assembly refused to concur in Senate amendments.

**SB 1757, Torres** (Adds chapter 1.5, commencing with section 280, to part 1 of division 2 of the Labor Code): This bill would require all public and private employers of 15 persons or more to permit an employee to take up to 18 weeks of unpaid leave of absence for birth or adoption of a child and up to 18 weeks of unpaid leave of absence a year for a child's serious health condition. It would require the employee who takes an unpaid leave of absence to be guaranteed his or her existing job or similar position upon returning to work. The bill would also require the employer to maintain health insurance for the employee, but it provides that an employee whose employer pays for health insurance during the leave is obligated

to return to work for the same period of time at the end of the leave or repay the employer, on a pro rata basis, the cost of the health insurance. On or after January 1, 1989, the provisions of the bill would supersede any memorandum of understanding, collective bargaining agreement or other contract which contains less generous provisions. The bill would create a right of action for the employee against an employer who violates its provisions. (As amended 4/13/88)

**Status:** Died in the Senate Appropriations Committee.

## COMMERCIAL BRIBERY

**SB 1898, Russell** (Adds section 641.3 to the Penal Code): This bill would provide that any employee who accepts or agrees to accept any money or thing of value (i.e., a bribe) from any person other than his or her employer, corruptly and without the knowledge or consent of the employer in return for using or agreeing to use his or her position for the benefit of that other person, and any person who offers or gives such a bribe, is guilty of commercial bribery. The bill expresses the intent of the Legislature that the offer and receipt of good will expenditures to create a more favorable business climate, absent a showing of criminal intent, not be considered commercial bribery. The bill would provide that commercial bribery is punishable by imprisonment in the county jail for not more than one year, if the amount of the bribe is \$400 or less, or by imprisonment in the county jail or in the state prison for two, three, or four years, if the amount of the bribe exceeds \$400. (As amended 8/2/88)

**Status:** Died in the Assembly Ways and Means Committee.

## DISCRIMINATION REMEDIES

**AB 1163, Moore** (Amends sections 12920 and 12970 of the Government Code): Existing law authorizes the Fair Employment and Housing Commission to issue remedial orders in the enforcement of discrimination laws, including awards of back pay. This bill would authorize the commission to order the payment of actual damages and affirmative or prospective relief to prevent the recurrence of unlawful practices. (As amended 6/20/88)

**Status:** Vetoed by the Governor on 7/8/88. In his veto message, the Governor stated that the provisions of the bill dealing with FEHC authority

to award damages beyond actual lost wages and out-of-pocket expenses would be premature because the issue is currently pending before the Supreme Court. He also indicated his concern that the bill did not include specific guidelines and require FEHC findings before the additional damages could be awarded.

**AB 2782, Moore** (Amends sections 12920 and 12970 of the Government Code): This bill would authorize the Fair Employment and Housing Commission to order a respondent in an unlawful employment practice proceeding to pay punitive damages. (As amended 5/5/88)

**Status:** Failed passage on the Assembly Floor.

**SB 2855, Marks** (Adds section 12960.1 to the Government Code): This bill would require the Department of Fair Employment and Housing to give priority to complaints filed by persons who have a terminal illness. (As amended 8/15/88)

**Status:** Vetoed by the Governor on 9/30/88. In his veto message, the Governor stated that the bill is unnecessary because the DFEH already acts under an administrative policy to handle such complaints on a priority basis.

## DRUG AND ALCOHOL ABUSE

**AB 330, Klehs** (Amends section 113 and adds chapter 5, commencing with section 11998, to part 3 of division 10.5 of the Health and Safety Code): This bill would enact the Substance Abuse Testing Act of 1987. It would require that all initial positive substance abuse test results be confirmed in a certified laboratory by an alternative testing method approved by the State Department of Health Services. The bill specifies the process for laboratories to become certified. The bill would also provide for various employee rights, including the right to retest a positive substance abuse test sample, and employer and laboratory responsibilities relating to utilization of substance abuse testing. (As amended 7/9/87)

**Status:** Died in the Senate Industrial Relations Committee.

**AB 869, Bates** (Adds chapter 1.5, commencing with section 1205, to part 4 of division 2 of the Labor Code): This bill would prohibit employers from making, adopting or enforcing any rule or policy forbidding or preventing employees from engaging or participating in personal relationships, organizations, activities or otherwise restricting their freedom of association, unless

these relationships, activities or associations have a direct or actual impact on the employee's job performance. The bill would also prohibit an employer from demanding, requiring or requesting an employee or applicant for employment to submit to any blood, urine or encephalographic test as a condition to acquiring or continuing employment. Blood or urine testing would, however, be authorized if:

1. The employer has probable cause to believe that the employee's faculties are impaired on the job.
2. The employee or applicant is or would be employed in a position where impairment presents a clear and present danger to the physical safety of the employee, another employee or to the public.
3. The employer at its expense provides an employee an opportunity to have a sample tested or evaluated and to rebut the result.

The bill would prohibit random or company-wide testing. In addition, the bill would require that the testing be designed to ensure that it measures only information regarding chemical substances which are likely to affect the ability of the employee or applicant to perform his or her job duties safely. The bill would not prohibit testing for workplace exposure to toxic or unhealthy substances. The bill would create a right of action for damages, attorneys' fees and costs against any person violating its provisions and would permit certain acts to be enjoined. It would provide that, in any action brought against the employer for violation of its provisions, the employer would have the burden of proving that requirements (1) - (3) above have been satisfied. (As amended 3/10/88)

**Status:** Died in the Senate Industrial Relations Committee.

**SB 1834, Davis** (Adds chapter 3.8, commencing with section 1030, to part 3 of division 2 of the Labor Code): This bill would authorize employers to establish Employee Assistance Programs ("EAPs") which may be focused on work site employer-employee concerns including, the prevention, identification, and resolution of health, marital, financial, alcohol, drug, legal, emotional, stress, or other personal concerns which may adversely affect employee job performance. The bill would require EAPs to provide confidential problem assessment and referral services. (As amended 8/1/88)

**Status:** Died in the Assembly Labor and  
Employment Committee.

**Status:** Failed passage on the Assembly Floor.

## LABOR COMMISSIONER PROCEDURES

**AB 623, Floyd** (Amends section 93 of the Labor Code): This bill would require the Labor Commissioner or deputies or agents to obtain a court order compelling compliance with a subpoena before initiating criminal proceedings to punish disobedience to the subpoena. (As amended 5/24/88)

**Status:** Failed passage when the Assembly refused to concur in Senate amendments.

**SB 890, Bill Greene** (Repeals section 64, repeals and adds chapter 4, commencing with section 79, of division 1 of the Labor Code): Among other provisions, this bill would provide that the prevailing party would be entitled to court costs and attorney fees for enforcing a judgment for wages. The bill would also require a judgment debtor to disclose the nature and location of any assets to the Labor Commissioner. (As amended 8/26/88)

**Status:** Vetoed by the Governor on 9/30/88. In his veto message, the Governor stated his concern that the provision of this bill that mandates the Division to investigate all claims under its jurisdiction would remove the discretionary authority of the Labor Commissioner to investigate employee complaints, and would adversely affect the ability of the Commissioner to direct limited resources and establish priorities. The Governor also noted that the provision authorizing the Labor Commissioner to issue subpoenas has been declared unconstitutional on its face by the courts because it does not provide due process safeguards.

**SB 1778, B. Greene** (Amends sections 98 and 98.2 of the Labor Code): Under existing law, an employer who fails to appear or answer a complaint before the Labor Commissioner may not be heard on appeal from an adverse decision without justifying or attempting to justify the default before the Commission. This bill would eliminate the requirement for first seeking relief from the Labor Commissioner. It would provide instead that an employer may, on the ground that the failure was due to mistake, inadvertence, surprise or excusable neglect within the meaning of section 473 of the Code of Civil Procedure, seek leave from the appropriate court to appeal from an order entered after a failure to appear or answer. If leave to appeal was granted, the employer could then pursue the appeal on its merits. (As amended 5/9/88)

## PLANT CLOSURES

**AB 621, Floyd:** This bill formerly would have prohibited any employer of 50 persons or more at a single worksite from reducing operations or closing the worksite unless it gives each affected employee at least 60 days advance written notice. Reducing operations is defined to mean a reduction of at least 25 percent in the number of employees in a three-month period for other than temporary, seasonal or cyclical reasons. The bill now relates to a Firefighter Joint Apprenticeship Program. (As amended 8/29/88)

**Status:** Relevant provisions have been deleted from the bill. While this legislation was pending, however, the U.S. Congress passed and the President let become law the federal Worker Adjustment and Retraining Modification Act ("WARN"). In our next Update, we will report fully on WARN and the implementing regulations promulgated by the federal Department of Labor.

## WAIVER

**AB 3787, Floyd** (Adds section 432.6 to the Labor Code): This bill would prohibit an employer from demanding or requesting, as a condition of employment, a written waiver of any right of the employee or applicant to recover damages from the employer or from any third party for physical injury or illness resulting from an industrial accident or from exposure to hazardous substances in the course of employment. (As amended 6/22/88.)

**Status:** Vetoed by the Governor on 9/29/88. In his veto message, the Governor stated that the bill is unnecessary because current law already provides that waivers of employees rights to recover damages for injuries or physical illness are void.

## WORKER SAFETY AND HEALTH

**AB 812, Floyd** (Amends sections 6304.1, 6309, 6313, 6319, 6320, 6321, 6352, 6428, 6429, and 6430, adds sections 6308.1, 6314.1, 6314.2, 6314.3, 6314.4, 6314.5, 6314.6, and 6353.5 to the Labor Code): This bill would revise the parameters and timelines for mandatory Cal-OSHA inspections, direct that discretionary inspections be targeted to the most prevalent, injury or illness causing, inspection preventable hazards in the highest hazard industries, and revise the civil penalty structure to

require the assessment of at least a minimum civil penalty in cases of serious, willful, repeat, and failure to abate violations, and to require the maximum civil penalty when such a violation causes serious injury or death or when a false notice of abatement is submitted to Cal-OSHA.

**Status:** Died in the Senate Industrial Relations Committee.

**AB 2889, Floyd** (Amends section 148.6, and adds sections 6319.3 and 6602.5 to the Labor Code): This bill would prohibit Cal-OSHA from withdrawing or amending an action on appeal so as to reduce the seriousness of a citation or the amount of a civil penalty for a serious or willful violation unless the Division obtains an order of the appeals court. It would require the appeals court to issue such an order only when the Division demonstrates by a preponderance of the evidence either that there is insufficient evidence to sustain the action or a material witness is unavailable. (As amended 8/1/88)

**Status:** Died in the Senate Appropriations Committee.

## WORKERS' COMPENSATION

**SB 323, Lockyer:** This bill has been the focus of activity by the diverse groups interested in revising California's workers' compensation laws. Differing versions have been passed by each chamber of the legislature. The specific provisions, if any, which may emerge from the ongoing deliberative process have yet to be determined, but the issues under discussion include benefit payments, vocational rehabilitation, psychiatric injury, medical evaluation, eligibility thresholds, benefit delivery procedures, insurance costs and medical cost containment.

**Status:** Died in conference committee.

## WRONGFUL TERMINATION

**SB 1827, Bill Greene** (Adds article 3.7, commencing with section 2880, to chapter 2 of division 3, and repeals section 2922 of the Labor Code): This bill would repeal existing statutory provisions defining "at-will" employment, and provide instead that a private employer of five persons or more may discharge an employee only for just cause, as defined, or if it certifies under penalty of perjury, in a Notice of Discharge, that the employee's continued employment would endanger the health or safety of other employees or the public, or that the employee has engaged in either intentional destruction or

sabotage of the employer's property, or willful misconduct. It would require that upon termination an employer give an employee a Notice of Discharge containing the reasons for discharge and specified other information, including the employee's rights to mediation and arbitration, as provided by the bill. The bill provides that the Department of Industrial Relations would administer mediation and arbitration proceedings. The bill would specify requirements for notice, hearing and review of hearing decisions relating to employee discharges. The bill would create an Employee Discharge Proceedings Fund to be funded by employer and employee contributions each amounting to 1/4 percent of an employee's wages. The contributions may be increased up to 1 percent if found necessary by the Director of the Department of Industrial Relations to fund the costs of the bill. (As amended 5/3/88)

**Status:** Died in the Senate Appropriations Committee.

**SB 2375, Lockyer** (Amends section 2922 of the Labor Code): This bill would codify case law which provides, as a matter of public policy, that an employer may not discharge an employee because of the employee's refusal to perform an illegal act at the employer's request. The bill would provide that a discharge in violation of this provision would give rise to a cause of action by the employee against the employer.

**Status:** Died in the Assembly Labor and Employment Committee.

1989 California Labor and Employment Legislative Report

by  
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This report details bills introduced into the current session of the California Legislature as of February 27, 1989.

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**BANKRUPTCY NOTICE**

**SB 421, Bill Greene** (Adds section 2807 to the Labor Code):

This bill would require any employer who files for bankruptcy to immediately provide notice of that action to each employee and applicant for employment.

**Status:** In the Senate Committee on Industrial Relations.

**DISCRIMINATION**

**AB 65, Vasconcellos** (Amends section 54.1 of the Civil Code, and adds section 12926.1 to the Government Code): This bill would extend to persons who have tested positive for the AIDS causative agent antibodies, but who have not been diagnosed as actually suffering from AIDS or AIDS Related Complex (ARC), the protections which apply under current law to physically disabled persons. The bill would specify that it does not prohibit an employer from refusing to hire or from discharging an employee who, because of the employee's physical condition,

is unable to perform his or her duties, or cannot perform those duties in a manner which would not endanger the employee's health or safety or the health or safety of others. (As amended 2/13/89).

**Status:** In the Assembly Committee on Labor and Employment.

**AB 127, Floyd** (Amends section 12942, and adds section 12942.5 to the Government Code): Existing law generally requires all employers to permit any able employee, upon giving written notice, to continue employment beyond the normal retirement date contained in any pension or retirement plan. An exception exists for an employee who has attained 65-years of age, who was employed in a bona fide executive or high policy making position for the two-year period immediately before retirement and who is entitled to immediate non-forfeitable retirement benefits of least \$27,000 per year. This bill would increase the benefit level necessary to qualify for the exception from \$27,000 to \$44,000. The bill would also make it an unlawful practice, unless based upon a bona fide occupational qualification, for an employer to discharge, dismiss, reduce, suspend or demote any employee on the grounds that the employee has announced his or her intent or desire to retire or terminate employment.

**Status:** In the Assembly Committee on Labor and Employment.

**AB 132, Moore** (Amends sections 12920 and 12970 of the Government Code): This bill would authorize the Fair Employment and Housing Commission to order a respondent in an unlawful employment practice proceeding to pay actual damages and also to order affirmative or prospective relief. The bill would also make legislative findings and declarations that these remedies are declaratory of existing law.

**Status:** In the Assembly Committee on Labor and Employment.

**AB 303, Floyd** (Adds section 12970.5 to the Government Code, and amends sections 2801 and 2803 of the Labor Code): This bill would authorize the Fair Employment and Housing Commission to assess a civil fine (within defined limits) for each unlawful employment practice committed by a respondent. The bill would also create the California Employment Discrimination Fund into which the Commission would be required to deposit all fines collected and from which the Commission would be required to distribute those fines to complainants.

**Status:** In the Assembly Committee on Judiciary.

## FREEDOM OF ASSOCIATION

**AB 84, Friedman** (Adds chapter 5.5, commencing with section 1106, to part 3 of division 2 of the Labor Code): This bill would prohibit an employer from making, adopting or enforcing any rule, regulation or policy which forbids or prevents employees from engaging or participating in personal relationships, organizations, activities or otherwise restricts their freedom of association and would also prohibit an employer from refusing to hire any person on this basis, unless the relationships, activities or associations have a direct or actual impact on the individual's ability to perform his or her job responsibilities.

**Status:** In the Assembly Committee on Labor and Employment.

## HEALTH CARE

**AB 350, W. Brown** (Adds chapter 2, commencing with section 2500, to part 9 of division 2 of the Labor Code): This bill would enact the Tucker Health Insurance Act of 1989 that would require every employer of five or more persons to provide and pay for specified health care coverage for employees (including certain part time employees). Coverage would begin at the

earliest time at which coverage can be provided after the employee has been employed for four consecutive weeks. If an employee is prevented by sickness from working and if sick leave benefits are exhausted, the bill would require the employer to continue payments for health care coverage for up to three months. Employers would be authorized to form associations to obtain group rates and coverage and to provide for self-funded employer-sponsored health care coverage. The bill would require any employer who fails to provide health care coverage for employees to pay for the health care costs incurred by an eligible employee. The bill would become operative on the effective date of federal legislation that exempts the bill from preemption by the federal Employee Retirement Income and Security Act of 1974.

**Status:** In the Assembly Committee on Finance and Insurance.

#### HOURS OF WORK AND LEAVE

**AB 77, Moore** (Adds sections 12945.2 and 19702.3 to the Government Code): This bill would make it an unlawful employment practice for any employer of 25 persons or more to refuse to grant a reasonable request for a full-time employee

to take a leave for child rearing for up to a total of four months in a 24-month period. An employee could utilize any accrued vacation leave or other accrued time off during this period or any other paid time off negotiated with the employer, but not sick leave, unless mutually agreed upon. An employee on child rearing leave would be guaranteed the same or a comparable position upon return from leave. In addition, an employee taking child rearing leave would be allowed to have the period of leave treated as time served with the employer for longevity or seniority under any collective bargaining agreement or employee benefit plan. The employee would continue to be eligible for health, retirement, pension and supplemental unemployment benefit plans during the period of leave to the same extent and under the same conditions as apply to unpaid leave taken for any purpose other than child rearing, except that an employer may require the employee to pay health and welfare benefit plan premiums during the period of leave. Employers would be prohibited from taking punitive actions against employees in connection with the rights guaranteed under the bill. The bill provides that an employer would not be required to grant parental leave to an employee that would allow the employee and the other parent of the child, if also employed, parental leave in the aggregate of more than four months, or to grant to an employee parental leave for any period of time in which the child's other parent is also taking parental leave. The bill would not affect existing

collective bargaining agreements until the sooner of 1/1/91 or expiration of the contract.

**Status:** In the Assembly Committee on Labor and Employment.

**SB 257, Torres** (Adds chapter 1.5, commencing with section 280, to part 1 of division 2 of the Labor Code): This bill would require all public and private employers of 15 persons or more to permit an employee to take up to 18 weeks of unpaid leave of absence for birth or adoption of a child and up to 18 weeks of unpaid leave of absence a year for a child's serious health condition. It would require the employee who takes an unpaid leave of absence to be guaranteed his or her existing job or similar position upon returning to work. The bill would also require the employer to maintain health insurance for the employee, but it provides that an employee whose employer pays for health insurance during the leave is obligated to return to work for the same period of time at the end of the leave or repay the employer, on a pro rata basis, the cost of the health insurance. On or after January 1, 1990, the provisions of the bill would supersede any memorandum of understanding, collective bargaining agreement or other contract which contains less generous provisions.

The bill would create a right of action for the employee against an employer who violates its provisions.

**Status:** In the Senate Committee on Industrial Relations.

#### **LABOR COMMISSIONER**

**SB 240, Bill Greene** (Amends sections 98 and 98.2 of the Labor Code): This bill would provide that the prevailing party in a wage hearing would be entitled to court costs and attorney's fees for enforcement of a judgment, require a judgment debtor to disclose the nature and location of any assets to Labor Commissioner and permit the division or Commissioner to amend an order, decision, or award to conform to the legal name of the business or person against whom a claim was brought.

**Status:** In the Senate Committee on Industrial Relations.

**SB 244, Bill Greene** (Amends sections 98 and 98.2 of the Labor Code): This bill would revise the procedure for the appeal of certain decisions by the Labor Commissioner and judicial review of the Commissioner's decisions.

**Status:** In the Senate Committee on Industrial Relations.

**SB 426, Alquist** (Amends section 3353 of the Labor Code):

This bill would provide a procedure for persons to file an application with the Labor Commissioner for a determination that the applicant qualifies as an independent contractor. The bill would require all state agencies to accept the Commissioner's determination and acknowledge the applicant as an independent contractor in the application of all state laws and regulations.

**Status:** In the Senate Committee on Industrial Relations.

#### **PERSONNEL AND EMPLOYMENT RECORDS**

**AB 96, Floyd** (Amends section 1198.5 of the Labor Code):

This bill would give employees the right to receive a complete copy of his or her personnel file upon 10 day's written notice to the employer and would permit the employer to charge a fee for copying the file.

**Status:** In the Assembly Committee on Labor and Employment.

**AB 119, Floyd** (Amends sections 1174, 1175, and 1197.5 of, and adds section 1174.5 to the Labor Code): This bill would, among other things, require employers to maintain payroll and other employment records for at least three years.

**Status:** In the Assembly Committee on Labor and Employment.

**SB 383, Bill Greene** (Amends section 1174 of the Labor Code): This bill would require employers to maintain payroll records for three years.

**Status:** In the Senate Committee on Industrial Relations.

#### **WORKERS' COMPENSATION**

**AB 208, Floyd** (Amends section 3602 of the Labor Code): This bill would add an exclusion from the exclusive remedy provisions of the worker's compensation law for instances "[w]here the employee's injury is proximately caused or aggravated by the employer's conduct that exceeds all bounds

usually tolerated by a decent society and where the employer acted deliberately for the purpose of injuring the employee".

**Status:** In the Assembly Committee on Finance and Insurance.

### **WORKER SAFETY AND HEALTH**

**AB 138, Floyd** (Amends sections 6304.1, 6309, 6313, 6319, 6320, 6321, 6352, 6428, 6429, and 6430 of, and adds sections 6308.1, 6314.1, 6314.2, 6314.3, 6314.4, 6314.5, 6314.6, and 6353.5 to the Labor Code): This bill would revise the parameters and timelines for mandatory Cal-OSHA inspections; direct that discretionary inspections be targeted to the most prevalent injury or illness causing inspection-preventable hazards in the highest hazard industries; and revise the civil penalty structure to require the assessment of at least a minimum civil penalty in cases of serious, willful, repeat and failure to abate violations, and to require the maximum civil penalty when such a violation causes serious injury or death or when a false notice of abatement is submitted to Cal-OSHA.

**Status:** In the Assembly Committee on Labor and Employment.

**AB 167, Floyd** (Amends section 148.6 of, and adds sections 6319.3 and 6602.5 to the Labor Code): This bill would prohibit Cal-OSHA (the Division) from withdrawing or amending an action on appeal so as to reduce the seriousness of a citation or the amount of a civil penalty for a serious or willful violation unless the Division obtains an order of the appeals board. It would require the appeals board to issue such an order only when the Division demonstrates by a preponderance of the evidence either that there is insufficient evidence to sustain the action or a material witness is unavailable.

**Status:** In the Assembly Committee on Labor and Employment.

**AB 189, Floyd** (Adds section 61.5 to the Labor Code): This bill would provide that whenever an employee of the Department of Industrial Relations has knowledge or reasonable suspicion that a criminal violation of the Labor Code is taking place or has occurred, the employee must report the information to the appropriate district or city attorney. The bill would also direct every Department employee to cooperate with district or city attorneys in the conduct of civil or criminal investigations. The bill would prohibit any director, division chief, manager or supervisor of the Department from restricting or attempting to restrict the ability of the

Department employee to contact the appropriate law enforcement officials.

**Status:** In the Assembly Committee on Labor and Employment.

### **WRONGFUL DISCHARGE**

**AB 386, Murray** (Adds article 3.7, commencing with section 2880, to chapter 2 of division 3 of, and repeals section 2922 of the Labor Code): This bill would repeal existing statutes concerning "at will" employment. The bill would instead provide that employers of five or more may discharge an employee only for just cause. "Just cause" is defined to include, but not be limited to, (1) excessive absenteeism or tardiness, (2) loafing or sleeping on the job, (3) leaving work without permission, (4) fighting, insubordination, using profanity, or abusive language to supervisors or other employees, (5) falsifying records, (6) theft or dishonesty, (7) incompetence, gross negligence, or carelessness, (8) gambling, and (9) possession or using drugs or alcohol at work, or reporting to work under the influence of alcohol. The bill would provide procedures for termination and for mediation and arbitration by the Department of Industrial Relations of disputes in regard to termination. The bill

would, however, authorize an employer to immediately discharge an employee when it is certified under penalty of perjury, that the employee's continued employment would seriously endanger the health or safety of other employees or the public or that the employee has engaged in either intentional destruction or sabotage of the employer's property or willful misconduct. The bill would establish the Employees Discharge Proceedings Fund that would be comprised of employee and employer contributions each in the amount of 1/4 of 1% of an employee's wages.

**Status:** In the Assembly Committee on Labor and Employment.

**SB 115, Rosenthal (Adds section 2922.5 to the Labor Code):**

The bill would prohibit an employer from asking any employee or applicant for employment to sign any agreement that would specifically permit the employer to dismiss the employee for any reason, or no reason at all. The bill would permit such an agreement to be included and enforced in any contract bargained for collectively and would provide that any agreement made in violation of the bill as void and unenforceable.

**Status:** In the Senate Committee on Judiciary.

**SB 181, Torres** (Adds section 2922.5 to the Labor Code):

This bill would specifically authorize an employee to bring an action in tort against an employer for a bad faith discharge of the employee if the employer breaches an implied covenant of good faith and fair dealing with the employee.

**Status:** In the Senate Committee on Judiciary.

**SB 222, Beverly** (Adds article 3.7, commencing with section 2880, to chapter 2 of division 3 of the Labor Code): This bill would provide that employment may be terminated at the will of either the employer or the employee for any reason deemed sufficient by that party, except as provided by this bill, and would provide that this bill would preempt all other rights and causes of action seeking redress for discharges or other employment-related personnel actions, with specified exceptions. This bill would determine a discharge to be wrongful if the court finds any of the following: (1) the employer's discharge of the plaintiff was in retaliation for the plaintiff's refusal to violate public policy or was in retaliation for reporting to appropriate public officials a violation of public policy; (2) the court finds that the employer's discharge of the employee occurred without a good faith belief by the employer that good cause existed to justify the termination; the employee has worked for the

employer for at least 1,000 hours per year for 5 or more consecutive years; and the plaintiff, at the time of discharge, was receiving total remuneration of less than \$100,000 per year, or (3) the court finds that the employer's discharge of the employee occurred without just cause, the employee had worked for the employer for at least 1,000 hours per year for 3 or more consecutive years, and the plaintiff, at the time of discharge, was receiving total remuneration of less than \$15,000 per year. In addition, the bill would provide that the terminated employee would have the burden of proof on each issue. This bill, among other things, would specify the equitable relief that the court may order if the employer has committed a wrongful discharge, and would permit the parties to agree voluntarily to resolve wrongful discharge disputes by final and binding arbitration. The bill would require an employee to request to mediate with the State Mediation Service prior to the initiation of any lawsuit or arbitration, would make a lawsuit or arbitration subject to stay pending the mediation process upon request of the employer, would establish the procedures for the mediation process, and would make any resolution of the dispute between the employee and the employer final and binding upon the parties.

**Status:** In the Senate Committee on Judiciary.

**SB 282, Bill Greene** (Adds article 3.7, commencing with section 2880, to chapter 2 of division 3 of, and repeals section 2922 of the Labor Code): See AB 386, described above.

**Status:** In the Senate Committee on Judiciary.

**SB 324, Bill Greene** (Amends section 1102.5 of the Labor Code): This bill would prohibit an employer from retaliating against an employee for disclosing a violation of a state or federal statute, or a violation or noncompliance with a state or federal regulation, to the employer.

**Status:** In the Senate Committee on Industrial Relations.

# State labor legislation enacted in 1988

*Recent legislative trends continued with significant laws enacted in a wide array of labor standards areas including minimum wage, mandatory retirement, AIDS testing, and parental leave*

RICHARD R. NELSON

State labor legislation enacted in 1988 covered a wide variety of employment standards subjects and included several significant new laws.<sup>1</sup> The year was also notable for several important general election ballot initiatives. Among these measures addressed were both traditional labor standards fields such as minimum wage and child labor protection and bans on mandatory retirement and other forms of employment discrimination, and the newer subjects of workplace AIDS and drug testing, parental leave, and asbestos abatement.<sup>2</sup>

**Wages.** Minimum wage continued as a major issue in 1988 with new legislation or wage orders increasing minimum rates in Guam, Kansas, Maine, Pennsylvania, Rhode Island, South Dakota, Vermont, the Virgin Islands, the District of Columbia for employees in hotel and restaurant occupations, and Puerto Rico for employees in the hotel and construction industries. An additional seven States had rate increases in 1988 as the result of prior legislation. Also, an initiative on the Washington State ballot in the November general election to provide for an increase in the State rate and to extend coverage to farmworkers and domestic service employees was approved by the voters.

The trend in recent legislative and administrative actions has been to increase rates above the \$3.35 per hour Federal standard in effect since 1981; in fact, the District

of Columbia; Maine, Rhode Island, and Vermont which had already surpassed the Federal level, adopted even higher rates. Fifteen jurisdictions now exceed the Federal rate for some or all employees (this number will rise to 16 on February 1, 1989 when the Pennsylvania increase becomes effective), with the highest rates being \$4.25 an hour in California, Connecticut, and the Virgin Islands; \$4.00 an hour in Rhode Island and in Puerto Rico for office, supervisory, and skilled workers in the construction industry; and from \$3.50 to \$4.85 an hour in the District of Columbia, depending on the industry.<sup>3</sup>

Bills to increase the Federal minimum wage were reported out of committee in both the House and Senate in 1988. However, neither bill reached a floor vote.

In addition to the rate increase in Maine, the State minimum will now automatically match increases in the Federal minimum wage up to \$5 per hour instead of \$4 per hour as before. Other minimum wage and overtime changes included: repeal of an exemption from the Kansas law for persons age 60 and older who work on an occasional or part-time basis; elimination of a provision in the Vermont law which had permitted payment at a lower rate for employees working for an employer for less than 90 days; and elimination, in Wyoming, of the daily overtime pay requirement for laborers, mechanics, or workers on public works projects. Employees who receive tips in Minnesota are now entitled to the same minimum cash rate from the employer as those who do not earn tips.

The Arizona equal pay law, previously applicable to private sector employers, will now also apply to State employers and employers of political subdivisions which receive State tax monies. The Nebraska wage payment

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and collection law was extended to apply to political subdivisions, and in Rhode Island, the wage payment law was amended to require employers to pay employees returning from layoff the same wages earned before separation. Employees in Louisiana may now bring civil action to enforce the payment of the undisputed portion of any wages due, and in Oklahoma, civil court actions by employees or their representatives to recover unpaid wages and liquidated damages are no longer limited to \$1,000 per claim.

Following unsuccessful efforts in each of the last few years, the Louisiana prevailing wage law was repealed, continuing a trend which has seen the repeal of nine such laws since 1979.<sup>4</sup> Efforts to enact repeal measures failed in Indiana, Massachusetts, and Oklahoma in 1988, and an effort to enact a law failed in Kansas. In addition, Massachusetts voters in November defeated a ballot initiative which sought repeal of the State's prevailing wage law. Thirty-two States currently have these laws which specify that wage rates paid on publicly funded construction projects be not less than those prevailing in the locality. In court action, the Illinois State Supreme Court reversed lower court decisions by holding that it is outside the grant of home-rule power for home-rule units to exclude themselves from coverage of the State prevailing wage law.

*Parental leave.* States continued to take the lead in legislation addressing the subject of parental leave. A new law in Maine requires private sector employers and local government with 25 or more employees and the State to grant up to 8 weeks of unpaid family medical leave in any 2 years for the birth or adoption of a child, or for the serious illness of the employee, child, parent, or spouse. In Wisconsin, employers of 50 or more workers in the private sector and the State government, must provide unpaid family or medical leave of up to 6 weeks for the birth or adoption of a child; 2 weeks to care for a child, spouse, or parent with a serious health condition; and 2 weeks personal medical leave within a 12-month period. In both cases, employees returning from such leave are entitled to reinstatement in the same or equivalent position without loss of benefits. (The legislature in Hawaii requested a study of the feasibility of enacting such a statute.)

Federal parental leave measures were reported out of committee in 1988, but failed to achieve final consideration.

Among related provisions, employers in Colorado who permit paternity or maternity time off for the birth of a child, and who provide other benefits such as job guarantee or pay, must offer the same opportunities for adoptive parents; health and insurance benefits of State employees in Massachusetts, who are granted parental leave to care for a child under 3 years of age, must be continued for the period of leave, with the employee paying that portion of

the premium normally deducted from the employee's salary; and public and private sector employers in Washington must allow an employee to use accrued sick leave to care for a minor child who has a health condition that requires treatment or supervision.

*Child labor.* Child labor amendments addressed a variety of youth employment issues. A growing concern was reflected in a New Hampshire enactment where, as part of a literacy and school dropout prevention program, the Youth Employment Law was amended to limit the school-week work hours of 16- and 17-year-olds and a committee was created to examine, among other things, the relationship between the number of hours per week that a student works or participates in sports and the student's academic achievement. In other significant developments, monetary penalties were substantially increased for child labor violations in Wisconsin; in Rhode Island, authority to declare places or occupations as hazardous for minors under 16 years of age was transferred from the Department of Health to the Department of Labor; and in Michigan, new regulations were issued making hazardous occupation provisions more detailed and more consistent with Federal standards and requiring closer supervision of minors in the workplace.

Among other enactments, the Georgia child labor law was amended to permit the Commissioner of Labor to seek a court order enjoining a violator of the law from employing the minor involved in the violation. A separate Georgia measure permits children under age 16 to be employed during school vacations in the maintenance of lawns on the grounds of factories or businesses where employment within the establishment would be prohibited, and minors under age 16 in Maine will now be permitted to work in retail sales, customer service operations, or office work in otherwise prohibited places of employment, such as factories, provided the work is performed in a separate room. Night work hours were extended somewhat for minors under age 16 in Massachusetts and New Jersey. The New Jersey law was also amended to permit minors 15 years of age or older to work as cashiers or baggers near cash register conveyor belts. Children under 7 years of age may now receive theatrical employment permits in the District of Columbia, and children working as actors or performers in Vermont may now be employed after midnight with the consent of a parent and the Commissioner of Labor and Industry.

*Discrimination.* The age 70 upper limit for protection from age discrimination or mandatory retirement provisions was removed for both private and public sector employees by amendments to laws in Idaho, Kansas, South Carolina, and Tennessee, and for various public sector employees by amendments in Arizona, the District

of Columbia, and Maryland. Maryland also enacted a law requiring that a prohibition against employment discrimination based on age be included in the required nondiscrimination clause in all State procurement contracts. In Massachusetts, certain groups of State and municipal public safety employees may now work beyond age 65 with annual certification. Some of this State activity was likely in response to Federal Age Discrimination in Employment Act amendments, effective January 1, 1987, which included removal of the age-70 upper limit on coverage in private and public sector employment.

A comprehensive human rights law was enacted in Louisiana prohibiting discrimination by private and public employers and apprenticeship and training programs on the basis of race, creed, color, religion, sex, age (for those 40 to 70 years), or national origin. In Oklahoma, a new Fair Employment Practices Act, applicable to employees of the State, permits State agencies to use optional hiring procedures to hire qualified women and minorities. Among other laws addressing the various forms of employment discrimination, the discrimination against physically or mentally handicapped persons by public and private sector employers was prohibited by a new Handicapped Persons Employment Protections Act in Delaware and by an amendment to the Idaho Human Rights Act. Both of these laws require employers to make reasonable accommodation in the workplace to a worker's disability.

*Employee testings.* The highly controversial testing of employees, either for drug or alcohol abuse or for the presence of AIDS virus (HIV) antibodies continued to be the subject of proposed legislation in several jurisdictions. Drug testing legislation was enacted in Nebraska, Kansas, and Tennessee. In Nebraska, public and private employers of 6 or more may require employees to submit to drug or alcohol testing under penalty of dismissal or other disciplinary or administrative action for refusal to be tested. Kansas authorized establishment of a drug screening program for persons taking office as governor, lieutenant governor, or attorney general and for those applying for safety sensitive positions in State government, and Department of Correction security personnel in Tennessee may be tested upon reasonable suspicion that an employee's faculties are impaired on the job and that a danger exists because of the impairment. Laws prohibiting employers from requiring a test for the presence of an AIDS virus infection as a condition of employment and from discriminating in employment on the basis of a positive test were enacted in Florida, Iowa, Rhode Island, and Vermont.

*Private employment agencies.* Laws affecting the regulation of private employment agencies were enacted in eight States. Among the more notable were a New York

amendment exempting employer fee-paid agencies from registration requirements and reducing maximum applicant-paid fees, and an amendment to the Oklahoma regulatory law limiting coverage to agencies charging a fee to job applicants rather than those charging fees to either applicants or employers. In Illinois, a new Job Referral and Job Listing Services Consumer Protection Act requires firms offering such services to maintain job and listing authorization records, to furnish jobseekers with information on fees and other facts about the prospective employment, and to refund fees if suitable employment opportunities are not furnished. The firms are prohibited from engaging in specified false or deceptive practices.

*Safety and health.* Again in 1988, as in recent years, most of the legislation dealing with worker safety and health concerned the right of workers to be informed of and given training on chemical hazards in the workplace, asbestos abatement, and restrictions on workplace smoking. New comprehensive right-to-know laws were enacted applicable to agencies of the Government of Guam and to public sector employers in Georgia. Both laws provide for notification to employees of hazardous substances in the workplace and for safety training. Of the remaining right-to-know laws, half were amendments incorporating provisions required by the Federal Emergency Planning and Community Right-to-Know Act of 1986. In related court action, a provision of the Massachusetts law, limiting the disclosure of information about the presence of hazardous substances in the workplace to those authorized to receive it, was declared unconstitutional as an unwarranted restriction on freedom of speech.

Four of the 12 asbestos abatement enactments were amendments made specifically in order to meet the State's contractor certification responsibilities under the Federal Asbestos Hazard Emergency Response Act of 1986.<sup>3</sup> Other enactments provided for regulation of various aspects of this work, including the certification or licensing of contractors, safety training of workers, and notification to employees of the presence of asbestos. New Hampshire provided for granting licenses to persons licensed by other States with substantially equivalent standards.

Since January 1, 1988, persons in Massachusetts who smoke any tobacco products may not be employed as uniformed members of the State Police, or in other specified State employment, and may not continue in their jobs if they subsequently smoke tobacco.

Other safety enactments included: in Suffolk County, New York the first law providing employee protection against possible dangers of video display terminal use; a new Amusement Rides and Amusement Attractions Safety Act in West Virginia; and laws dealing with coal mine and boiler safety. In California, voters in November approved a ballot initiative to restore the State's private sector job safety and health program.

*Other legislation.* Federal legislation requires employers of 100 employees or more to provide 60 days' advance notice of plant closings and layoffs, with recourse through civil suits filed by affected employees, labor unions, or the communities in which a layoff or shutdown has taken place. State legislation in this area also continued, with a law enacted in Tennessee providing that upon notifying workers of a major layoff, plant closure, or relocation, employers of 50 or more full-time employees are to notify the State Government of the circumstances of the reduction in operations and the number of employees affected. Other State efforts to lessen the impact of a plant closing, relocation, or major reduction in operations included: continuation, for 1 year, of a New York program to assist workers (terminated from employment because of a layoff involving 50 workers or more) with the payment of health insurance premiums; extension of coverage (to employees who lose their jobs because of a workplace closing or permanent work force reduction) of a Rhode Island law entitling involuntarily laid-off employees to continue group hospital, surgical, or medical insurance coverage by payment of premiums at the group rate; and funding for a business and job retention program in Washington.

Six States enacted or amended whistleblower laws designed to protect employees from employer retaliation for reporting violations to a public body, or for participating in an investigation, hearing, or court action. Such new laws were enacted in Ohio, applicable to both private and public employers, in West Virginia applicable to public

## Alabama

*Other laws.* Municipal corporations are to provide defense counsel and indemnity for employees who are sued for damages arising out of the performance of their official duties and while operating a motor vehicle or equipment in the course of their employment, provided the action of the employee was not intentional or willful or wanton.

## Alaska

*Equal employment opportunity.* A prohibition against race discrimination in employment conditions of public education employees was added to a preexisting law which already banned sex discrimination in public education and, under which the Board of Education is empowered to withhold State funds from a school district or area for failure to comply with nondiscrimination requirements. This public education law supplements the State's Human Rights Act of general application, which bans race and sex discrimination, among other types.

The Office of Equal Employment Opportunity was authorized to suspend the hiring authority of a State agency and to

impose mandatory affirmative action measures upon a finding that such agency has violated the State affirmative action plan or its program. The Office may also require reversal of discriminatory personnel actions and require agencies to change selection procedures that violate State or Federal law. Also, a provision was adopted requiring that collective bargaining agreements under the Public Employment Relations Act be consistent with principles of equal employment opportunity and affirmative action.

*Labor relations.* The public teacher negotiation law was amended to extend collective bargaining rights to noncertified school board employees.

*Preference.* In an exception to confidentiality requirements, the Department of Labor is to publicly disclose data, that is contained in employment security records, on the residency of employees hired by employers, in order to encourage employers to voluntarily consider the availability of qualified jobseekers in the State. A report is to be issued disclosing the names of all public and private em-

ployees, and in Illinois, limited to operators of licensed child care facilities.

Other significant enactments included a law in New Jersey requiring apparel industry manufacturers and contractors to register annually with the Department of Labor as a condition of doing business in the State; a universal health-care law in Massachusetts designed to provide basic health insurance for every resident by 1992 including the employed, those receiving unemployment benefits, and all others not enrolled in health insurance plans; a construction contractor registration law in Iowa under which only registered contractors will be eligible to be awarded State contracts; a provision for mandatory rest breaks in Minnesota; and authorization to negotiate fair share fee agreements under the Pennsylvania Public Employee Relations Act. In the November general election, Oklahoma voters approved a ballot initiative making the office of the Commissioner of Labor an elected rather than an appointed position. A Federal court of appeals affirmed in large part a lower court ruling that several provisions of the Texas mass picketing law are unconstitutional.

The Employee Polygraph Protection Act of 1988, enacted at the Federal level, prohibits most private sector employers, with certain exemptions, from using any form of lie detector tests either for pre-employment screening or during the course of employment.

The following is a summary, by jurisdiction, of labor legislation enacted during 1988.

employers of 20 or more and the hiring practices of each.

A resolution requested the Governor to direct the Commissioner of Labor to initiate a public awareness and promotional campaign to encourage private industry to hire State residents and to contract with State businesses for projects located in the State.

*Other laws.* An employer may not discharge, threaten, or take other adverse action against an employee because he or she receives or responds to a summons for jury service, serves as a juror, or attends court for prospective jury service. Employers are not required to pay employees for time spent in such service.

## Arizona

*Wages.* The equal pay law was extended to apply to State employers and employers of political subdivisions which receive State tax monies, aside from private-sector employers as before.

*Equal employment opportunity.* The requirement that members of the State retirement system retire at the age of 70 was removed. Previously, employment

past age 70 was permitted only upon approval of individual annual requests.

**Background clearance.** Beginning July 1, 1989, child care personnel must register with the Department of Health Services in order to work in a certified day care group home. A fingerprint check for purposes of conducting a background screening will be a condition of registration.

Persons employed under contracts with the Supreme Court or the Department of Corrections to provide services to juveniles must be fingerprinted as a condition of employment prior to the performance of any services involving direct contact with juveniles. Persons convicted of or awaiting trial on specified criminal charges including murder, kidnapping, and sexual abuse, are prohibited from such work.

**Occupational safety and health.** An emergency planning and community right-to-know act was approved, establishing a State Emergency Response Commission whose duties include carrying out the State's requirements under the Federal law. Requirements were established for comprehensive and facility emergency response plans, emergency notification of reportable releases of extremely hazardous substances, and for the reporting of hazardous chemicals and substances stored, handled, or processed in a facility as required by Federal law.

**Preference.** Contractors, who are licensed in the State and who have paid State or county taxes within the State for at least 2 consecutive years immediately prior to submitting a bid, may now receive a preference on public works contracts regardless of the location of their home office.

### Arkansas

**Wages.** By prior legislation, the State minimum wage rate was increased from \$3.25 per hour to \$3.30 on January 1, 1989.

### California

**Wages.** By prior action of the Industrial Welfare Commission, the basic minimum wage rate was increased from \$3.35 an hour to \$4.25 on July 1, 1988.

In order to expedite the establishment of State residents' eligibility under the Federal Immigration Reform and Control Act, the law requiring employers to maintain specified payroll records and to make them available for inspection by employees, was amended to apply to both current and former employees, and to provide the right to inspect and copy such records. Employers are authorized to take reasonable steps to assure the identity of current or former employees.

**Agriculture.** The surety bond required of farm labor contractors was increased from \$5,000 to \$10,000 and may now be used to pay for interest on wages and for any damages arising from violations of orders of the Industrial Welfare Commission. The separate fund maintained by the Labor Commissioner from a portion of the license fees to pay persons damaged by a licensee when the damages exceed the bond limits may now also reimburse persons damaged by unlicensed farm labor contractors. Licensees subject to two or more final court judgments for failure to pay wages due farm employees in a 5-year period will have their licenses suspended for 1 year. Also, persons operating as farm labor contractors after their license has been suspended or revoked are now subject to fines of from \$1,000 to \$5,000 and/or imprisonment of 6 months to 1 year.

The Department of Housing and Community Development and local jurisdictions assuming enforcement of housing standards and permits for labor camps are to submit an annual report on labor camps for the legislature including the number and location of such camps, those found operating without permits, and data on inspections, complaints, violations, and staff hours dedicated to implementing the Employee Housing Act.

**Undocumented workers.** The law prohibiting the knowing employment of aliens not entitled to lawful residence in the United States if such employment has an adverse effect on lawful resident workers was repealed. (This inoperative law had previously been preempted by the Federal Immigration Reform and Control Act of 1986.)

**Equal employment opportunity.** A permanent Limited Examination and Appointment Program was established under the State Personnel Board, replacing an existing demonstration project. The program is to provide an alternative to the traditional civil service process to facilitate the hiring of persons with disabilities in the State civil service.

**Employee testing.** In the November general election, Proposition 102 which would have, in part, repealed the prohibition on use of AIDS virus tests for employment or insurability was defeated.

**Occupational safety and health.** Proposition 97, on the November general election ballot, was approved requiring restoration of the California Occupational Safety and Health Administration (CAL/OSHA) program in the private sector which was

eliminated in the Governor's 1987-88 budget by use of his line-item veto authority. The program operated under a State plan in accordance with Federal law. With withdrawal of the State funding, the Federal Occupational Safety and Health Administration reinstated concurrent Federal enforcement over private sector employment in California; the State has continued to enforce in the public sector.

The Contractors' State License Board may not issue the certification required for asbestos-related work unless the contractor is registered with the Division of Occupational Safety and Health of the Department of Industrial Relations. Beginning on July 1, 1989, uncertified and unregistered contractors are prohibited from advertising asbestos removal services.

The owner of any building having asbestos-containing construction materials is to provide notice to all his or her employees working within the building of the existence, location, and potential health risks of the materials and general procedures and handling restrictions necessary to prevent or minimize disturbance, release, and exposure to the asbestos.

Reinspection of a place of employment, by the Division of Occupational Safety and Health, will not be required if the safety or health violation is abated at the time of the initial inspection or investigation.

A joint resolution was adopted urging the Congress to amend the Emergency Planning and Community Right-to-Know Act of 1986 to permit those States with similar laws, enacted prior to the Federal Act, discretion in carrying out the procedural or administrative requirements of the Federal act without lessening its protections of the public health and safety.

A concurrent resolution was adopted asking that the Ad Hoc Advisory Committee on Video Display Terminals, established in 1987 to study the necessity for video display terminal related health and safety standards, report back to the California Occupational Safety and Health Standards Board with proposals by May 1, 1989.

**Whistleblower.** The law protecting State government employees from any act of reprisal, retaliation, coercion, or similar act for having disclosed improper government activities to designated authorities, was amended to extend coverage to employees of the University of California.

The law protecting employees from being deprived or from an attempt to deprive them of lawful employment because of any past, current, or potential appearance as a witness before any legislative committee, was amended to also make it a misde-

meanor for an employer to, directly or indirectly, harass any such employee.

**Other laws.** A new provision was enacted to regulate the activities of foreign labor contractors engaged in providing employment services including procuring or arranging employment, transportation, housing and other living accommodations for nonagricultural foreign workers for a fee. Such contractors must enter into written contracts with foreign workers in their primary language, including all material terms, and are prohibited from engaging in specified practices. Violations constitute a misdemeanor, and aggrieved persons may bring an action for injunctive relief and damages.

The Education Code now authorizes teachers to require that the parent or guardian of a pupil, who has been suspended for certain specified disruptive behavior, attend a portion of a school day in his or her child's or ward's classroom. Employers are not to discharge, threaten to discharge, or take any other retaliatory action against a parent or guardian for such absence from work.

Amendments to the State temporary disability insurance laws require employers to give each employee leaving work due to pregnancy or nonoccupational sickness or injury a notice informing them of the disability insurance rights and benefits to which they are entitled.

## Colorado

**Hours.** The legislature approved for consideration by the voters, at the November general election, a proposed constitutional amendment authorizing the legislature to establish exceptions to the maximum 8-hour workday in underground mines and workings, blast furnaces, smelters, ore reduction works, and other industries considered injurious or dangerous. The measure, Constitutional Amendment number 4, was approved by the voters.

**Parental leave.** Employers who permit paternity or maternity time off for the birth of a child, and who provide other benefits such as job guarantee or pay, must offer the same opportunities for adoptive parents. Employers may not penalize employees for exercising their rights to such leave.

**Private employment agencies.** The part of the criminal code dealing with fraudulent and deceptive sales and business practices by employment agencies, was amended to specifically apply to employment counselors who represent that they can supply employers or available jobs, and to job listing firms. Several undesirable practices were prohibited including false advertis-

ing, sending applicants to places where labor disputes exist without informing them, and failing to refund fees when required by law. Agencies convicted of misdemeanors under this law must file a \$20,000 surety bond with the Department of Labor and Employment prior to conducting business after the conviction. The State employment agency licensing law was repealed in 1983.

## Connecticut

**Wages.** By prior law, the minimum wage rate was increased from \$3.75 to \$4.25 an hour on October 1, 1988.

**Worker privacy.** A public agency receiving a request to inspect or copy personnel or other employee records, the disclosure of which it believes to legally constitute an invasion of privacy, must now notify the employee's collective bargaining representative, if any, of the request as well as the employee. The collective bargaining representative, in addition to the employee, may now file a written objection to the disclosure.

**Equal employment opportunity.** Beginning April 1, 1989, public works contractors with 50 or more employees awarded contracts of between \$50,000 and \$250,000, must develop and submit an affirmative action plan for approval by the Commission on Human Rights and Opportunities. Failure to develop an approved plan will result in ineligibility for future contracts. In addition, contractors on projects costing more than \$250,000 must have an affirmative action plan approved after a bid has been accepted but before the award of a contract on such a project. All public works contractors and subcontractors must file compliance reports with the Commission including information such as employment policies, programs, and statistics. Violation of the antidiscrimination or affirmative action requirements will result in a partial withholding of contract funds in addition to barring the contractor from future State-funded projects.

**Labor relations.** A provision was enacted stating that no employee is to be denied the right to pursue, in court, a cause of action arising under the State or Federal constitution or under a State statute solely because the employee is covered by a collective bargaining agreement. This right will not apply to actions brought for breach of any provision of a collective bargaining agreement or other claims dependent upon the provisions of such an agreement.

**Occupational safety and health.** A State Emergency Response Commission was established to implement the provisions of the Federal Emergency Planning and Community Right-to-know Act of 1986. The Commissioner of Environmental Protection is to receive, process, and manage chemical information and notifications made pursuant to that act.

**Employment and training.** A commission on a Connecticut Partnership Compact was established, including the Commissioners of Economic Development and Labor and legislative, business, labor, and public members. The commission is to hold public hearings, and by March 1, 1989, adopt a partnership compact containing standards of participation for corporations in areas including policies affecting employees such as health benefits, education and job training, affirmative action and fair pay standards, and fair labor practices. Other considerations for participation include policies for safety, environmental protection, and community relations (including hiring and job training to benefit local residents).

## Delaware

**Equal employment opportunity.** The Handicapped Persons Employment Protections Act was approved. This act is applicable to private sector employers of 20 or more, the State and political subdivisions, employment agencies, unions, and training programs. Employment discrimination against qualified physically or mentally handicapped persons is prohibited, and reasonable accommodation must be made in the workplace to enable a handicapped person to satisfactorily perform the essential duties of the job. Enforcement of the law is vested in the Department of Labor and the Review Board established under the Fair Employment Practices Act.

**Labor relations.** A merger, consolidation, sale of assets, or business combination may not result in the termination or impairment of negotiated labor contracts until their termination date or until otherwise agreed to by the parties to the contract or their legal successors.

**Occupational safety and health.** The Director of the Division of Boiler Safety or designee is now authorized to obtain and execute administrative inspection warrants and to shut down unsafe boilers and pressure vessels.

## District of Columbia

**Wages.** The basic minimum wage for hotel, restaurant, apartment building, and allied occupations was increased from

\$3.80 an hour to \$4.75, effective October 10, 1988, by adoption of a revised wage order. The order increases the maximum tip credit allowance from \$1.95 per hour to \$2.60, and the minimum wage rate for employees under age 18 from \$3.35 to \$4.30 per hour. Adult learners age 18 or over who have been employed in the industry for not more than 90 calendar days may be paid \$4.45 per hour for the first 30 calendar days of employment with an employer.

**Child labor.** Children under 7 years who were previously prohibited from receiving theatrical employment permits, will now be permitted to receive them. New safeguards for the younger children include separate maximum work hours restrictions for infants under age 6 months, for those between 6 months and 30 months, and for those between 30 months and 7 years. A nurse with pediatric experience is to be provided for each 3 or fewer infants under the age of 30 months.

**Equal employment opportunity.** Public school teachers are no longer required to retire at age 70.

## Florida

**Wages.** Among restitution provisions in a new Victim's Rights Act of 1988, deductions from a defendant's income may be ordered by the court for restitution to the crime victim. Payor of the income may not take disciplinary action against an employee because of enforcement of such an order.

**Hours.** Intrastate commercial motor vehicle operators may now drive 15 hours in any 24-hour period, instead of 12 of the first 15 on-duty hours, before a required 8-hour rest period. Such drivers may not be on duty more than 72 hours in 7 consecutive days, except that carriers operating every day may permit drivers to remain on duty for up to 84 hours in any period of 8 consecutive days. The weekly limit does not apply to persons transporting unprocessed agricultural products from place of harvest.

**Agriculture.** Farm labor contractors must now furnish, upon the request of an employee who is applying for amnesty under the Federal Immigration Reform and Control Act of 1986, copies of all payroll records concerning such employee. Contractors are prohibited from making any false, fraudulent, or misleading representation as to the performance of seasonal agricultural work by any person.

**Employee testing.** Unless there is a bona fide occupational qualification, employers may not require AIDS testing as a condition of hiring, promotion or continued employment, nor can employers refuse to hire, discharge, or otherwise discriminate against an employee with respect to compensation, terms, conditions, or privileges of employment on the basis of the results of an AIDS test.

**Background clearance.** The courts or the Department of Law Enforcement may now refer to and disseminate information contained in sealed criminal history records if the subject of the record is seeking employment, licensing, or a contract involving a sensitive position with direct contact with children, the developmentally disabled or the aged or elderly, or employment or licensing involving teaching or child care.

**Occupational safety and health.** A Hazardous Materials Emergency Response and Community Right-to-Know Act was approved in order to carry out the State's responsibilities under the Federal Emergency Planning and Community Right-to-Know Act of 1986. Federal requirements such as the furnishing of information and providing notification were adopted by reference, and penalties were established for violations.

Among amendments to the law regulating asbestos abatement projects, persons engaged in monitoring and evaluating such projects must now be licensed. Specific training courses are now required of asbestos consultants, contractors, surveyors, management planners, and project monitors. The Department of Labor and Employment Security was authorized to take disciplinary action, including imposing administrative fines and sanctions, against asbestos surveyors for certain offenses.

**Other laws.** Among changes in the displaced homemaker act, the Department of Health and Rehabilitative Services is now directed rather than authorized to enter into contracts with, and make grants to, public and nonprofit private entities for purposes of establishing multipurpose service programs. It is to develop a 3-year State plan for the displaced homemaker program (to be updated annually) which will assess program needs and goals and make recommendations. A trust fund was established to be used by the Department for administration of the program, funded by additional fees on marriage license applications and dissolution of marriage filings.

## Georgia

**Child labor.** The child labor law was amended to permit the Commissioner of Labor to seek a court order enjoining any person, firm, or corporation in violation of the law from employing the minor involved in the violation. Also, obsolete provisions were repealed pertaining to physical examinations for 15-year-olds, maximum hours of employment of certain minors under age 18, and prohibition on corporal punishment of minors by employers.

The prohibition on work by minors under age 16 in dangerous employment will not apply to those 14 years of age or over employed during school vacations in the care and maintenance of lawns, gardens, and shrubbery including the operation of equipment in connection with the work, provided the minor furnishes the employer with an employment certificate and is covered by the employer's accident and sickness insurance plan. Such work will be permitted on the grounds of mills, factories, or businesses where employment within the establishment would be prohibited.

**Private employment agencies.** As the result of previously enacted legislation, the employment agency regulatory law was repealed as of June 30, 1987.

**Occupational safety and health.** A comprehensive new Public Employee Hazardous Chemical Protection and Right to Know Act was enacted, to be administered by the Department of Labor with the assistance of a Hazardous Chemicals Advisory Council. Public employers and contractors are required to maintain and disseminate information on hazardous substances to which workers are exposed, and to provide training for employees who handle these materials. Employees may request information about hazardous chemicals and may refuse to work with them until the information is provided. Employees are protected from being discharged or disciplined for filing a complaint or participating in a hearing under the act.

The Amusement and Carnival Ride Safety Acts were each amended to authorize the Commissioner of Labor to order the temporary cessation of operation of an amusement or carnival ride if an inspection determines it to be hazardous or unsafe.

## Guam

**Wages.** The minimum wage rate was increased from \$3.35 per hour to \$3.75 effective January 1, 1989. Also, the previous exemption for students employed

during a school summer vacation was replaced by an exemption for full-time students under age 18.

Employers of aliens not admitted for permanent residence must pay all U.S. citizens and permanent residents and citizens of the Federated States of Micronesia, the Republic of Belau, the Republic of the Marshall Islands, or the Commonwealth of the Northern Mariana Islands doing the same or substantially similar work wages equal to or greater than those paid to the nonresident aliens.

**Occupational safety and health.** A comprehensive Occupational Safety and Health Code was enacted, applicable to the Government of Guam and its departments, agencies, authorities, branches or instrumentalities. The law will be administered by a new Division of Occupational Safety and Health administratively attached to the Department of Labor. The Division is to review and modify safety standards and rules and recommend their enactment; to monitor and enforce those standards enacted; and to assess employee safety, training, and education programs. Among other items, provision is made for inspections of each agency at least annually, for an annual report to the Governor, and for an employee hazard reporting program. Employees may not be compelled to work in unsafe conditions. Every employee must spend a specified number of hours each year in safety training of his or her agency to be eligible for promotion or cost-of-living adjustments.

## Hawaii

**Wages.** By prior law, the minimum wage rate increased from \$3.35 an hour to \$3.85, effective January 1, 1988.

The wage payment law was amended to require employers to maintain and keep basic employment and earnings records for employees for a period of time and in a manner as prescribed by rule of the Director of Labor and Industrial Relations. A similar requirement is contained in the minimum wage law.

**Parental leave.** The Legislative Reference Bureau was requested by the legislature to study the feasibility of enacting a statute to require employers to grant parental or family leave to employees to care for a newborn child, a child placed with the employee for adoption or foster care, or the employee's seriously ill child or parent. A report is due to the legislature prior to the 1989 Regular Session.

**Equal employment opportunity.** Beginning July 1, 1989 enforcement of the State's employment, housing, and public accom-

modations nondiscrimination laws will be consolidated in a newly established five-member Civil Rights Commission appointed by the Governor. The Commission is authorized to receive, investigate, and conciliate complaints, hold hearings, institute civil action to seek appropriate relief and to adopt rules. The law prohibiting employment discrimination is currently administered by the Department of Labor and Industrial Relations. For administrative purposes only, the new Commission will be in the same Department.

**Private employment agencies.** Employment agencies must now include in all contracts with job applicants a statement advising of the existing prohibition against charging a fee to an applicant until employment is obtained and the first pay-check is received. Also required in the contract is a statement advising that a list of the fees charged to applicants by all commercial employment agencies in the State is available for inspection at the Department of Commerce and Consumer Affairs.

**Occupational safety and health.** Protections against exposure to secondhand smoke, previously enacted for those working in State and county government offices, will now also apply to employees of private corporations, firms, or associations receiving State funding. Protections include a requirement that employers attempt to reach a reasonable accommodation between smokers and non-smokers. If an accommodation cannot be reached, a vote of the employees in each affected area will prevail. If the decision is unsatisfactory to nonsmokers, an appeal can be made to the Director of Health.

In order to meet the State's responsibilities under the Federal Asbestos Hazard Emergency Response Act of 1986, the Department of Health was authorized to adopt rules for the development, review, approval, or disapproval of management plans submitted under the Act and for the accreditation of asbestos inspectors, management planners, and abatement project designers.

**Employment and training.** The voluntary 2-year nurses' job-sharing pilot project established in the Department of Health in 1986, in an effort to increase available employment options, was extended for another 2 years. Under the project, up to 100 full-time permanent nursing positions may be shared between two employees, with the majority of these positions allocated to neighbor island hospitals.

**Other laws.** The Legislative Reference Bureau was requested by the legislature to

study the effects of employers offering their employees child care as an optional prepaid benefit, prepaid child care, or long-term care benefit options where the employee agrees to a corresponding decrease in other benefits. A report is due to the legislature prior to the 1989 regular session.

The Employee Stock Ownership Programs law, enacted in 1986 to promote expanded opportunities for employee ownership and participation in State businesses, was extended from June 30, 1988, to June 30, 1993, and was renamed the Employee Ownership and Participation Programs law.

## Idaho

**Equal employment opportunity.** The prohibition against age discrimination, including the ban on mandatory retirement, in the Human Rights Act was extended to include all persons over age 40, rather than only those between age 40 and 70 years. The Act was also expanded to prohibit discrimination on the basis of physical or mental handicap and to require employers to make a reasonable accommodation to a worker's disability.

**Other laws.** The provision permitting the State Transportation Board to use convict labor on State highway projects was repealed.

## Illinois

**Wages.** The State Supreme Court reversed appellate and circuit court decisions by holding that it is outside the grant of home-rule power for home-rule jurisdictions to exclude themselves from coverage of the State prevailing wage law. The decision states that, "compliance with the prevailing wage act is a matter pertaining to Statewide, and decidedly not local, government or affairs."

**Labor relations.** Among amendments to the Public Labor Relations Act and the Educational Labor Relations Act, in late 1987, it was made an unfair labor practice to use public funds to hire any outside individual, firm, or organization in an attempt to influence the outcome of a representational election. Revisions were also made in mediation and arbitration procedures, and it was specified that if either party to a dispute requests the use of mediation services from the Federal Mediation and Conciliation Service the other party must either join in the request or bear the additional cost of mediation services from another source.

The Illinois Public Labor Relations Act, which grants collective bargaining rights to most public employees in the State other

than teachers, was amended to exclude employees of the legislative branch of the State government from coverage. Teachers have collective bargaining rights guaranteed under a separate law.

**Private employment agencies.** A Job Referral and Job Listing Services Consumer Protection Act was approved which is applicable to services providing jobseekers with lists of employers, job referrals or openings, or preparing resumes or lists of jobseekers for distribution to potential employers. These services must maintain and make available to the Attorney General or States Attorney certain job and listing authorization records, must furnish jobseekers with specified fee and other information, and are prohibited from engaging in specifically enumerated practices. Criteria for refund of fees to jobseekers were also established if the service fails to furnish at least three suitable employment opportunities within 10 days.

**Occupational safety and health.** The Illinois Chemical Safety Act was amended to incorporate provisions required by the Federal Emergency Planning and Community Right-to-Know Act of 1986. Both the State Environmental Protection Agency and the Emergency Services Disaster Agency are responsible for carrying out the State's responsibilities.

The Environmental Protection Agency was designated the State agency for coordinating implementation of the program requiring disclosure of routine releases of toxic chemicals into the environment as required by the Federal Emergency Planning and Community Right-to-Know Act of 1986. The agency will maintain an inventory on toxic chemical releases and publish an annual report.

**Employment and training.** The Department of Public Aid, in cooperation with various State and local agencies, was authorized to establish experimental, community-based programs to increase future employability and career development among "high risk" youth. "High risk" youth includes those between 16 and 21 years and having at least one of the following characteristics: low income, minority, illiterate, school drop out, homeless, disabled, a parent, or is a ward of the State. The programs may provide teaching basic literacy and remedial reading and writing, vocational training, and support services.

**Whistleblower.** Licensed child care facilities are prohibited from retaliating against employees who file complaints against the employer's violation of licensing or other laws, institute action for such

violations, testify in a proceeding, or refuse to perform work in violation of a licensing or other law or regulation after notifying the employer of the violation. Complaints of employer's violations of this prohibition are to be investigated by the Department of Labor. Remedial action may include court ordered relief, including rehiring and reinstatement with backpay and other benefits.

**Other laws.** Employers who provide employees with group health insurance coverage or other health care plans or arrangements may not discharge an employee because he or she files a legitimate claim or uses the medical or health care services.

### Indiana

**Wages.** Salaried employees who are eligible for overtime pay under the Federal Fair Labor Standards Act are now exempt from the semimonthly or biweekly pay and payment on separation requirements of the wage payment law.

**Occupational safety and health.** The Air Pollution Control Board is to adopt rules requiring the Commissioner of the Department of Environmental Management to establish a program for the accreditation of persons engaged in the inspection, management, or abatement of asbestos-containing material at elementary and secondary schools. A person will not be allowed to engage in such activities at these schools without accreditation, must have training and an examination as a precondition to accreditation, and have periodic retraining and reexamination to maintain accreditation.

All private and public employers must provide training on universal precautions and other infection control measures to each employee whose duties require direct contact with blood or body fluids, and such employers must adopt a written personnel policy requiring the use of the universal precautions. Employers are prohibited from retaliating against an employee who files a complaint of a violation of these requirements with the State Board of Health.

### Iowa

**Employee testing.** It was made an unfair employment practice under the civil rights law to solicit or require an AIDS test as a condition of employment of an employee or prospective employee or to take adverse action against an employee who obtains such a test. In addition, the definition of disability, for purposes of civil rights protection, was expanded to include conditions related to AIDS.

A separate law was enacted relating to AIDS testing and confidentiality. It prohibits the disclosure of information to an employer, among others, unless the test was authorized to be required under any other provision of law.

**Worker privacy.** The law prohibiting employers from requiring job applicants or employees to take a polygraph examination was amended to also prohibit employers from requesting that such an examination be taken, threatening or attempting to administer one, or requesting or requiring an employee or applicant to give a waiver of a practice prohibited by law. Employers were also prohibited from retaliating against an employee for filing a complaint or testifying in any proceeding or action involving violations of the polygraph prohibitions.

**Occupational safety and health.** An employee may not be discharged or otherwise discriminated against for refusal to work in unsafe conditions, provided that he or she, if possible, has first unsuccessfully sought a correction of the dangerous condition.

The labor commissioner was authorized to seek an injunction to restrain the use of any defective amusement device, ride, concession booth or related electrical equipment if the owner or operator continues to operate it without repair after receiving a notice of defect.

The Hazardous Chemicals Risks Right-to-Know Act was amended to extend coverage to previously exempt agricultural activities, transportation of hazardous chemicals regulated by Federal law, and educational research laboratories.

**Other laws.** Under a new construction contractor registration law, most contractors must register with the labor commissioner and be issued a public registration number. Only registered contractors will be eligible to be awarded contracts to perform work for the State or agencies of the State. Among conditions for registration, an applicant must provide evidence of compliance with State workers' compensation insurance coverage requirements, and furnish specified information about the business. The labor commissioner was given authority to adopt rules necessary for administration and enforcement, and to impose administrative penalties on violators.

### Kansas

**Wages.** The minimum wage was increased from \$1.60 to \$2.65 per hour, effective July 1, 1988, and the exemption from the law for persons age 60 and older who

work on an occasional or part-time basis was repealed.

**Agriculture.** The Agricultural Labor Relations Board is scheduled for termination on July 1, 1989, under sunset legislation.

**Equal employment opportunity.** The Age Discrimination in Employment Act was amended to extend coverage to all persons over the age of 18 instead of only those between ages 40 and 70. Mandatory retirement because of age is no longer permitted except for certain executive and high policymaking employees and, until January 1, 1994, for tenured employees at institutions of higher education. It was also made unlawful to establish or maintain an employee pension benefit plan which requires or permits the cessation or reduction of benefit accrual or account contributions because of age. With respect to public sector employers, the failure to hire or the discharge because of age of firefighters or law enforcement officers, or pursuant to a bona fide hiring or retirement plan will not be prohibited until January 1, 1994.

**Employee testing.** Establishment of a drug screening program was authorized for persons taking office as governor, lieutenant governor or attorney general and for those applying for safety sensitive positions in State government. The Director of the Division of Personnel Services of the Department of Administration is to establish and implement the program, which may include screening current occupants of these positions if there is a reasonable suspicion of illegal drug use. A person is not to be discharged for a first time positive test if he or she undergoes a drug evaluation and successfully completes any recommended education or treatment program.

**Employment and training.** Kansas Industrial Training and Retraining Programs were established under the Secretary of Commerce. The programs are to provide training to meet the needs of new or expanding industry and its new or prospective employees, and to provide retraining to meet the needs of a restructuring industry and its employees.

## Kentucky

**Equal employment opportunity.** The affirmative action plan for State employment, promulgated in 1984 and confirmed by executive order, was designated by the legislature as the official affirmative action plan for State government. The plan, administered by the Commissioner of Personnel, requires all agencies to develop

programs consistent with the plan, and provides for an annual review, validation of examination procedures, monitoring appointments and salary adjustments, and semiannual reports to the Governor. In addition, the Commissioner of Personnel was authorized to implement programs to ensure that reasonable accommodations exist for handicapped persons to allow them better access to State government employment.

**Background clearance.** Child care centers and State and local boards of education must now request all conviction information, rather than only the criminal record of prior sex crime convictions, for all applicants for initial employment in positions involving supervisory or disciplinary power over minors. Persons who are violent offenders or who have been convicted of felony sex crimes may not be employed in such positions.

**Occupational safety and health.** In order to implement the Federal Asbestos Hazard Emergency Response Act of 1986, the Department of Environmental Protection is to develop, adopt, and maintain a comprehensive asbestos contractor accreditation program which replicates the Federal Environmental Protection Agency model issued in 1987. The program is to include a provision for training and accreditation of asbestos inspectors, contractors, supervisors, abatement workers and others.

Employees in surface coal mine operations may not work alone in any hazardous area which endangers the worker's safety unless the worker can communicate with others, can be heard or can be seen.

A resolution was adopted requesting the Interim Joint Committee on Labor and Industry to consider the need for community right-to-know ordinances, statutes, or regulations.

**Employment and training.** The legislature, by resolution, encouraged employers to hire employees who have or are working towards a high school diploma or equivalency certificate, and to develop incentives and programs to encourage and enable employees to complete high school or equivalency programs.

**Other laws.** The legislature, by resolution, called for the creation of a Commission on Kentucky's Government to study each executive agency, including the Labor Cabinet and its sub-units, and its programs, functions and mission to determine that it is serving a legitimate public end and is functioning in the most efficient manner.

## Louisiana

**Wages.** The State prevailing wage law was repealed.

By amendment to a wage payment provision, which requires the employer, in cases of dispute over the amount due to a terminated employee, to pay the undisputed portion of wages due within 3 days, the employee now has a right to file an action to enforce such a wage claim and to proceed under the Code of Civil Procedure.

**Equal employment opportunity.** A comprehensive human rights law was enacted with administration vested in a newly created Commission on Human Rights in the office of the Governor. Discrimination by private employers of eight or more or public sector employers, unions, employment agencies, or apprenticeship and training programs on the basis of race, creed, color, religion, sex, age for those 40 to 70 years old, or national origin is prohibited. The Commission is authorized to receive, investigate, and conciliate complaints, hold hearings, issue cease and desist orders, and to require corrective action including hiring, reinstatement, and upgrading of employees with or without back pay.

**Employee testing.** The law prohibiting employers from requiring employees or job applicants to pay for the cost of medical examinations was amended to also include the cost of a drug test required by the employer. The Secretary of Labor was authorized to impose civil monetary penalties and to institute civil court action to obtain injunctive relief to prevent violations of the law or regulations. Civil penalties will be in addition to previously provided criminal penalties.

**Occupational safety and health.** The law requiring the licensing of contractors was amended to create a new classification of licensee, that of hazardous materials contractor, which includes asbestos removal and abatement and hazardous waste treatment and removal. Asbestos removal and abatement contractors may not be licensed until certified by the Department of Environmental Quality, and any contract dealing primarily with hazardous materials may be awarded only to a licensed contractor.

**Employment and training.** The Assistant Secretary of the Office of Labor was authorized to impose a civil penalty of up to \$500 against program sponsors and employers who violate the apprenticeship law, rules and regulations, approved program standards, or the provisions of an approved apprenticeship program. The Assistant Sec-

retary was also authorized to institute civil court proceedings to enforce administrative rulings or to seek injunctive relief to restrain and prevent violations of the law or rules and regulations.

**Other laws.** The law providing for criminal penalties against employers who discharge or otherwise discriminate against employees who testify or furnish information relative to enforcement of State labor laws was amended to now also authorize administrative and civil action. The Assistant Secretary of the Office of Labor is authorized to promulgate rules and regulations, conduct investigations, impose civil penalties of up to \$500, and to institute court proceedings to enforce rulings or to seek injunctive relief to restrain and prevent violations of the act or rules and regulations.

A resolution was adopted requesting that employers not withhold any portion of an employee's pay and benefits for those days on which he or she serves as a juror.

## Maine

**Wages.** The minimum wage was increased from \$3.65 to \$3.75 per hour starting January 1, 1989, with a further increase to \$3.85 scheduled for January 1, 1990, provided that the rate does not exceed the average minimum wage of the other five New England States. In addition, the State minimum wage will automatically increase to match increases in the Federal minimum up to \$5 per hour instead of \$4 per hour as previously provided. The minimum cash wage for employees who receive tips will remain at \$2.01 per hour irrespective of increases in the base minimum wage.

The Director of the Bureau of Labor Standards was authorized to form an informal, ad hoc advisory board to provide advice with respect to issues relating to wage rates on construction projects. The board is to include labor and contractor representatives from both the highway and the heavy building construction segments of the industry.

**Parental leave.** Private sector and local government employers of 25 employees, or more and the State must grant up to 8 weeks of unpaid family medical leave in any 2 years to any employee who has been employed by the same employer for 12 consecutive months. Employees are entitled to such leave for the birth or adoption of a child, or for a serious illness of the employee, child, parent, or spouse. Employees taking such leave are entitled to reinstatement in the same or equivalent position without loss of benefits, senior-

ity, or pay. The law is scheduled for repeal on July 1, 1990.

**Child labor.** The section of the child labor law prohibiting the employment of minors under age 16 in manufacturing or mechanical establishments, laundries, dry cleaning establishments, and bakeries was amended to permit employment of these children in retail sales, customer service operations, or office work for these establishments, provided that such work is in a separate room.

**Worker privacy.** The Director of Human Resources was authorized to release to the Director of Employee Relations, upon request, specific confidential information concerning State employees to be used in negotiations, impasse procedures, grievance proceedings, and certain other proceedings in which the Director of Employee Relations represents the State. Safeguards were enacted governing and limiting the release of the information.

**Occupational safety and health.** Annual refresher training of employees who are exposed to hazardous chemicals in their work areas is now required under the Chemical Substance Identification Law.

The Director of the Bureau of Labor Standards, in consultation with the Board of Pesticides Control, is to provide assistance to agricultural employers in the development and conduct of training programs for employees with respect to hazardous pesticide chemicals and in satisfying the information requirements of the Federal Hazard Communication Standard.

**Employment and training.** A Strategic Training for Accelerated Reemployment Program was created to establish an employment training program to provide unemployed or displaced workers receiving unemployment compensation with skills training and support leading to jobs in stable and expanding industries, and to provide employers with workers whose training is consistent with their needs. The program is to be administered by the Department of Labor.

**Whistleblower.** Employees may not retaliate against an employee who, in good faith, reports a condition or practice that is a health or safety risk, or refuses to carry out a directive that would involve exposure to dangerous conditions. Complaints of violations of employee rights under the "whistleblower" statute may now be made to the Human Rights Commission for action. Under the Human Rights Act, it is now unlawful for an em-

ployer, employment agency, or labor organization to discriminate against an employee or job applicant because of previous actions taken which are protected by the "whistleblower" statute.

**Other laws.** The Office of Child Care Coordination is to submit to the legislature an annual evaluation of the status of State financed or operated child care facilities and programs operated primarily as a service for children of State employees, along with plans for additional facilities. That office is to conduct a feasibility study prior to the creation of new or additional facilities.

## Maryland

**Parental leave.** State employees in the Executive Branch who have completed their probationary periods could previously be granted unpaid seasonal leave, during periods of low demand for their services, of up to 12 weeks within a 12-month period. The law was amended to now permit a total combined period of 12 weeks unpaid leave in a 12-month period for seasonal leave or to care for a newly born or adopted child, a foster child, a seriously ill child, spouse, parent, or legal dependent, or school-age children under the age of 14 during periods of school vacation. Employers must assure that the employee's position is available after use of any approved family or seasonal leave.

**Equal employment opportunity.** Mandatory retirement at the age of 70 is no longer required under the State employees and teachers retirement systems. Previously, employment past age 70 was permitted only upon approval of individual annual requests.

A prohibition against employment discrimination based on age must now be contained in the required nondiscrimination clause in all State procurement contracts.

**Employee testing.** Employers who require employees to be tested for job-related reasons for the use or abuse of any controlled dangerous substance or alcohol must have the specimens tested by licensed, certified or accredited laboratories, and must identify the laboratory to the employee being tested. Employees may request independent testing of the same sample for verification at their own expense.

**Employment and training.** A Rehabilitation and Employment Advisory Commission was established within the Department of Education's Division of Vocational Rehabilitation and was directed to develop a plan, by July 1, 1989, to (among other things) facilitate the placement of disabled individuals into re-

habilitation and employment settings and to facilitate the establishment of providers of services for the disabled.

### Massachusetts

**Wages.** By prior legislation, the minimum wage rate was increased from \$3.65 an hour to \$3.75, effective July 1, 1988.

Under the wage payment law, employers making deductions from wages for Social Security, unemployment compensation benefits, pension, vacation or health and welfare funds must now notify new employees, in writing, about the nature of such deductions and contributions, and notify all employees in writing at the initial time of any new deduction or contribution from wages. These notification requirements will also apply to building, highway, and public works contractors who are parties to agreements to make contributions to funds for these purposes as well as to apprentice training program funds for the benefit of employees.

An employer who makes a deduction from an employee's wages for the purchase of or contribution toward the purchase of an accident and health insurance policy and fails to purchase such coverage, is now subject to imprisonment, fine, being required to reimburse the employee for the deduction, or being required to pay for all costs incurred by the employee that otherwise would have been covered by such insurance (or a combination of these).

Voters in November defeated a ballot initiative, Question 2, which sought repeal of the Commonwealth's prevailing wage law.

**Parental leave.** Health and insurance benefits of State employees who are granted parental leave to care for a child under 3 years of age, must be continued for the period of leave, with the employee paying that portion of the premium normally deducted from the employee's salary.

**Child labor.** The child labor law was amended to permit minors under age 16 to work until 7 p.m., except that from July first through Labor Day they may work until 9 p.m. Previously, these minors were prohibited from working past 6 p.m.

**Equal employment opportunity.** Certain groups of State and municipal public safety employees may now work beyond age 65 with annual certification of their capability to continue their duties. Uniformed fire department and police personnel and specified others must retire at age 65 unless the Personnel Administrator determines that age is not a bona fide occupational qualification.

**Labor relations.** The public employees labor relations act was amended to specify that where binding arbitration is provided for grievance resolution under the terms of a collective bargaining agreement, and is selected by an employee, it will be the exclusive procedure for resolving any such grievance irrespective of any contrary provisions of the Public School Code.

**Occupational safety and health.** Beginning January 1, 1988, persons who smoke any tobacco products become ineligible for appointment as a uniformed member of the State Police, or to a position involving the care, supervision, or custody of prisoners, criminally insane persons, or defective delinquents. Appointees to such positions after January 1, 1988, may not continue in their jobs if they subsequently smoke tobacco.

A Federal District Court judge declared unconstitutional, as an unwarranted restriction on freedom of speech, a provision of the Commonwealth's right-to-know law limiting the disclosure of information about the presence of hazardous substances in the workplace to those authorized to receive it, and making it a criminal offense to convey that data to others.

**Other laws.** A universal health-care law was enacted designed to provide basic health insurance for every resident of the Commonwealth by 1992 including the employed, those receiving unemployment benefits, and all others not enrolled in health insurance plans. Under the law, employers of six employees or more must offer insurance to workers or pay a surcharge on unemployment insurance. Money from the surcharge and other funds will be used by the Commonwealth to guarantee health insurance for those without coverage. The Department of Medical Security will administer the program.

A late 1987 enactment increased the dollar amount of penalties for violation of several labor standards provisions including various provisions related to strike-breakers, wage payments on public works Sunday and holiday work, meal periods, health and safety, industrial home work, and the weekly payment of wages.

### Michigan

**Child labor.** The Department of Labor adopted new youth employment rules effective July 15, 1988. These deal with supervision of minors, restrictions on hazardous occupations in nonagricultural employment, and deviations from established hours of employment and hazardous occupation standards for 16- and 17-year-olds. In addition to the previous require-

ment that an adult employee be present when cash transactions are performed after sunset or 8 p.m., employers must now provide adult supervision intermittently throughout the work day of all minors. Hazardous occupations provisions were revised with several being made more consistent with Federal standards.

### Minnesota

**Wages.** By prior law, the minimum hourly wage rate was increased for employers covered by the Federal Fair Labor Standards Act from \$3.35 to \$3.55 on January 1, 1988, and \$3.85 on January 1, 1989. A further increase to \$3.95 is scheduled for January 1, 1990. The rate for those employers not covered by the act increased to \$3.50 on January 1, 1988, and to \$3.65 on January 1, 1989, with a further increase to \$3.80 scheduled for January 1, 1990. As of January 1, 1989, the phased elimination of the tip credit allowance against the minimum wage, begun in 1985, was completed.

**Hours.** Employers must now allow employees adequate time away from work during each 4 consecutive work hours to use the nearest convenient restroom. Different rest breaks may be established in a collective bargaining agreement.

The Commissioner of Employee Relations is to conduct a study of the use of part-time employees in the executive branch of State government with a report of the results of the study to be made to the legislature by January 15, 1989. The report is to include a statistical analysis of the executive branch work force as to full- or part-time status identifying job classifications that are male-dominated, female-dominated, and balanced; a summary of overall trends in the use of part-time workers; and the costs of providing insurance benefits to these workers.

**Equal employment opportunity.** The Human Rights Act was amended to provide that the prohibition against employment discrimination on the basis of marital status includes protection against discrimination because of the identity, situation, action, or beliefs of a spouse or former spouse.

Metropolitan government agencies and the metropolitan council must develop affirmative action plans, which among other requirements identify protected groups that are underrepresented in their work forces, describe methods for recruiting members of such groups, set goals and timetables for eliminating underrepresentation, provide a plan for retaining and promoting protected group members, and contain methods of auditing, evaluating,

and reporting program success. Such agencies must also adopt written policies prohibiting harassment based on sex, disability, or race.

The agencies and council may not accept any bid or proposal or execute a contract for goods or services in excess of \$50,000 with any employer of 20 or more unless the employer has an affirmative action plan, approved by the Commissioner of Human Rights, for employment of minorities, women, and the disabled.

**Employee testing.** The law regulating drug and alcohol testing of employees was amended to permit testing for alcohol by breath test as an initial screening provided that the results are confirmed by blood analysis.

**Labor relations.** Binding interest arbitration is required if requested by either a school board or the exclusive representative of its teachers after 5 years or more have elapsed since the expiration of the last collective bargaining agreement without a successor contract being ratified by both parties.

The city of Minneapolis was authorized, but not required, to negotiate agreements concerning the hiring and terms and conditions of employment for skilled trade and craft workers and apprentices with local labor organizations representing skilled building and construction trades and electrical workers and apprentices.

**Private employment agencies.** Employment agencies may not accept a placement fee prior to the applicant's actual starting date, instead of at the time of the acceptance of a job as before. Coverage of the licensing law was extended to job listing services, while specific exemptions were added for resumé services, and for various publications of general circulation.

**Occupational safety and health.** The Occupational Safety and Health Act was amended to increase fines for penalties and to include a new provision for a fine of up to \$10,000 for any violation that causes or contributes to the cause of the death of an employee.

**Economic development.** Various economic development programs, including the customized training program, were specifically required to serve nonprofit organizations, including community groups and labor organizations, that have a viable proposal in the same manner as businesses applying for assistance.

**Employment and training.** The youth employment opportunities program for

individuals between 14 and 22 years of age was extended from a summer to a full year program. Employers are specifically prohibited from discharging workers or reducing their hours in order to hire a person with funds available under the program and also may not hire such an individual if other workers are on layoff from the same or similar job. Persons hired under this program must now be paid the higher of the State or Federal minimum wage rather than at the Federal rate as before.

**Other laws.** Each State agency is required to adopt a smoking policy for the space it occupies, and such policy must either prohibit smoking entirely or permit it only in designated areas. Disciplinary action against any employee complaining of a smoke induced discomfort is prohibited.

The Commissioner of Administration is to consider including space usable for child care services in any State office space leased, purchased, or substantially remodeled after August 1, 1988. Such space must be included if the Commissioner determines that it is needed and can be provided at reasonable cost.

Public and private sector employers may not engage in any reprisal against an employee for declining to participate in contributions or donations to charities or community organizations, including contributions to the employer itself.

### Mississippi

**Other laws.** The Governor was directed to appoint an Executive Branch Reorganization Study Commission, aided by advisory committees as necessary, to conduct a comprehensive study of the executive branch of State government and issue a report making specific reorganization recommendations to the legislature by October 1, 1988.

### Missouri

**Wages.** The Department of Higher Education may issue an order directing any employer to withhold defaulted student loan payments from an employee's wages. An employer may not discharge, refuse to hire, or otherwise discipline an employee as a result of the order to withhold wages.

**Background clearance.** Upon written request from a youth services agency, the highway patrol will conduct a criminal record review of applicants for paid or voluntary positions with the agency which involve direct contact with minors.

**Occupational safety and health.** Among changes to the law requiring employers to provide information on hazardous sub-

stances in the workplace to local fire protection services and others, administration of the law was transferred from the Department of Health to the Department of Natural Resources. Various requirements relating to reporting and onsite inspections were conformed to Federal Emergency Planning and Community Right-to-Know requirements, and the exemptions for employers of fewer than 10 agricultural workers and retailers of consumer goods were removed.

**Employment and training.** Junior college districts, with the approval of the Department of Economic Development, were authorized to enter into cooperative agreements with employers for establishing new job training projects. Training of potential employees may not be for the purpose of replacing or supplanting workers engaged in an authorized work stoppage.

### Nebraska

**Wages.** The wage payment and collection law was extended to include political subdivisions. Employees of such subdivisions who are separated from the payroll must be paid within 2 weeks of the next regularly scheduled meeting of the subdivision's governing body.

**Employee testing.** Public and private employers of six or more are now authorized to require employees to submit to drug or alcohol testing under penalty of dismissal or other disciplinary or administrative action for refusal to be tested. Confirmation of a positive test may also subject an employee to termination or other adverse actions. Penalties were established for providing, acquiring, or using body fluids to alter test results or for tampering with samples. Testing and retesting procedures approved by the Department of Health are specified.

**Labor relations.** For purposes of the Industrial Relations Act, administrators employed by Class V school districts, except for those in the office of the superintendent and those holding certain other specified high level positions, may now join a single bargaining unit with teachers and other certificated employees.

State Patrol sergeants are to be included in the law enforcement bargaining unit with investigators and patrol officers for State employee collective bargaining purposes.

**Occupational safety and health.** The Asbestos Control Act was amended to establish specific training course requirements for the certification of workers, supervisors, inspectors, management planners, and

project designers engaged in asbestos encapsulation, removal, demolition, or dismantling. Annual review courses are now also required for recertification.

A Boiler Safety Advisory Board was created with the responsibility to hold hearings and advise the Commissioner of Labor on rules and regulations for methods of testing equipment and construction and installation of new equipment covered by the Boiler Inspection Act.

### **New Hampshire**

**Wages.** By prior law, the minimum hourly wage rate was increased from \$3.55 to \$3.65, effective January 1, 1989.

**Child labor.** As part of an act establishing a comprehensive literacy and school dropout prevention program, the Youth Employment Law was amended to provide that 16- or 17-year-olds who are enrolled in school will not be permitted to work more than 36 hours during a school week. Also, a legislative study committee was created to examine the problems of illiteracy and dropout prevention, including the relationship between the number of hours per week that a student works or participates in sports and the student's academic achievement.

**Occupational safety and health.** The law setting standards for asbestos abatement management was amended to provide that the necessary training, licensing, and certification requirements for projects, owners, managers, contractors, and employees, as established by the Director of Public Health Services, must be at least as stringent as those under the Federal Environmental Protection Agency's model plan. In addition, provision was made for granting licenses to persons licensed by other States whose standards for licensure are substantially equivalent to those of New Hampshire.

The position of chief boiler inspector was established in the Department of Labor.

### **New Jersey**

**Wages.** Under the State prevailing wage law the labor commissioner may now require employers to file payroll, hours, and other employment records within 10 days of a request. Failure to comply may result in withholding of payments due the employer on the public work of up to 25 percent, not to exceed \$100,000, until the request for records has been satisfied.

Local boards of education, county or municipal boards of health, or autonomous authorities created by a county or municipality are to deduct overdue student loan payments from the wages of their employees.

**Child labor.** The child labor law was amended to allow minors under 16 years to work until 7 p.m. rather than 6 p.m. as before, and to permit 14- and 15-year-olds who are employed in supermarkets or other retail establishments to work until 9 p.m., with written parental permission, during the period beginning the last day of school through Labor Day. The maximum hours a minor under 16 may be employed outside school time were changed to 3 hours a day (instead of 8 hours a day combined hours of school and work). Notwithstanding any prohibited occupation provision, minors 15 years of age or older may be employed as cashiers or baggers near supermarket or retail establishment cash register conveyor belts.

**Apparel registration.** Apparel industry manufacturers and contractors must now register annually with the Department of Labor as a condition of doing business in the State. The labor commissioner was directed to establish a Special Task Force to make inspections for compliance with the registration requirement as well as with State laws relating to wage and hour, industrial homework, unemployment compensation, temporary disability insurance, and workers' compensation. Among possible penalties, registration may be revoked if sufficient violations are found.

**Employment and Training.** An Occupational Information Coordinating Committee was established in the Department of Labor with responsibility for developing, managing, and overseeing a Statewide comprehensive occupational labor market supply and demand information system that will serve as a guide for the State's job training and education programs and other programs.

The Division on Women in the Department of Community Affairs was directed to establish from two to four Hispanic Women's Demonstration Resource Centers to enhance the employability of Hispanic women. The centers are to provide, among other services, job counseling, career information, job training, and job placement.

### **New Mexico**

**Other laws.** Among provisions of a new Subcontractors Fair Practices Act, passed to regulate contractor's use of subcontractors on public works projects, a provision was made for subcontractor submission of performance and payment bonds if requested by the contractor.

### **New York**

**Private employment agencies.** Beginning September 1, 1989, permissible ceilings on

applicant-paid fees for commercial, clerical, executive, administrative, and professional placements will be reduced for all jobs paying less than \$1,650 per month. For example, the maximum fee for positions paying less than \$750 per month will be reduced from 60 percent to 25 percent of the first month's salary, and for those earning between \$1,350 and \$1,500 per month it will be lowered from 60 to 50 percent. The time period over which an applicant may pay placement fees will be extended, and employee reimbursement of an employer-paid placement fee will be prohibited. Employer fee-paid agencies will no longer be required to register with the administrator, but will be subject to specified prohibited activities.

**Occupational safety and health.** A new Safety in Skiing law was adopted designed to, among other things, promote safety in the downhill ski industry. Under the law, the Commissioner of Labor is to specify the required warning implements or devices on trail maintenance vehicles and the contents of required training of ski area employees, and to receive and investigate reports of fatalities at ski areas.

Suffolk County adopted a local law providing employee protection against possible dangers of video display terminal use. The law requires employers who have 20 or more video display terminals within the County to make available, and pay 80 percent of the cost of, periodic vision examinations of operators; to adopt workstation standards covering items including chairs, backrests, terminal table height and angle, keyboards, and lighting; and to provide flexible work breaks. Operators are to be given education and training on the nature of potential health hazards to which they may be exposed, protective measures, and the requirements of this law. Employees may not be discharged or otherwise discriminated against for filing a complaint, instituting any proceeding under the law or for testifying in any such proceeding.

**Plant closings.** The temporary program to assist dislocated workers with the payment of health insurance premiums, established in the State Insurance Fund in 1987 for workers terminated from employment because of a layoff involving 50 workers or more, was continued until March 31, 1989.

### **Ohio**

**Whistleblower.** Public or private employers are prohibited from disciplining or retaliating against an employee who, after first notifying his or her employer, in good faith reports a violation of any State or Federal

statute or regulation that the employee reasonably believes is a criminal offense likely to cause imminent risk of physical harm to persons, or a hazard to public health, or is a felony. Enforcement is through civil action instituted by the employee, and the court may order reinstatement to the same or comparable position, payment of back wages, and full reinstatement of fringe benefits and seniority.

### Oklahoma

**Wages.** Civil court actions by employees or their representatives to recover unpaid wages and liquidated damages are now longer limited to \$1,000 per claim.

**Equal employment opportunity.** Under a new Fair Employment Practices Act, added to the Oklahoma Personnel Act, applicable to employees of the State, State agencies may use optional hiring procedures to hire qualified women and minorities who are State residents. These procedures may be used only for employment in a job class, group, or category which has been identified as underutilized and in which a hiring goal has been set in the agency's approved affirmative action plan, and a determination has been made that an imbalance exists justifying remedial action to reach the affirmative action goal. Each agency's appointing authority is responsible for affirmative action efforts, and agencies with 200 employees or more must designate an affirmative action officer.

**Private employment agencies.** Among changes to the private employment agency licensing and regulatory law, coverage is now limited to agencies charging a fee to job applicants instead of those charging fees to either applicants or employers. A list of organizations and services not considered to be private employment agencies was added.

**Employment and training.** A Jobs Recovery Program was enacted, designed to provide public works jobs and training for persons who have exhausted State and Federal unemployment benefits or those who are economically disadvantaged, or both.

**Other laws.** A joint resolution was adopted directing that a proposed constitutional amendment be placed on the November general election ballot that, if approved, would make the office of the Commissioner of Labor an elected position with a term of 4 years. At present the Commissioner of Labor is appointed by the Governor. The measure, State Que-

tion number 613, was approved by the voters.

### Oregon

**Occupational safety and health.** Voters in November defeated a ballot initiative, Measure 6, that would have prohibited nearly all smoking in enclosed public places, including the workplace.

### Pennsylvania

**Wages.** The State minimum wage rate will increase from \$3.35 per hour to \$3.70 effective February 1, 1989.

**Labor relations.** Employee organizations recognized as exclusive representatives under the Public Employee Relations Act may now negotiate fair share fee agreements and collect these fees from nonmembers whom they represent. The fair share fee will be the regular membership dues less the cost of nonrepresentational activities. Employees who object to making payments on bona fide religious grounds may pay an equivalent amount to a nonreligious charity agreed to by the nonmember and the exclusive representative. Coverage of the provision was specifically defined to include public school employees, aside from other public employees.

**Other laws.** A Policy, Planning and Evaluation Advisory Committee was created within the Department of Labor and Industry and was assigned many of the functions formerly the responsibility of the Industrial Board. The committee's responsibilities include advising the department on all issues and regulations within the department's jurisdiction including specifically farm labor, child labor, industrial homework, women in the work force, and plans to regularize or improve employment opportunities. The Industrial Board's jurisdiction now includes various safety laws and the employment agency law. The board is authorized to grant variances and hear appeals arising out of enforcement actions of the department, to make suggestions to the department on rules and regulations, and to perform other related functions.

### Puerto Rico

**Wages.** A mandatory decree revision, issued by the Commonwealth Minimum Wage Board, effective March 6, 1988, increased minimum rates in the hotel industry to \$2.50 an hour for waiters and bellboys and to \$3.35 for all other employees in enterprises with an annual gross income of \$362,500 or more; to \$2.25 for waiters and bellboys and to \$2.90 for all other workers in enterprises with annual gross income of less than

\$362,500; and from \$2.00 to \$2.75 an hour for all employees of guest houses. Previously, the minimums for waiters and bellboys ranged from \$1.70 to \$2.15 depending on the size and type of hotel and whether it had an annual gross income of \$250,000 or more. For other employees, the minimum ranged from \$2.25 to \$2.50 an hour. Separate minimum rates for arts and crafts employees were eliminated. An addition to the decree provides that in the event an employee ceases work, the employer is to pay for any accrued vacation leave.

Another mandatory decree revision increased minimum rates in the construction industry from \$1.60 an hour for all workers to \$4.00 an hour for office, supervisory, and skilled workers, and to \$3.45 for all other workers. A separate decree assures construction workers minimum daily pay equivalent to 4 hours of work when, under specified circumstances, work cannot be performed through no fault of the employee.

**Equal employment opportunity.** Sexual harassment in employment was prohibited.

**Other laws.** Inclusion of any unlimited right-to-fire clause in an employment contract was prohibited.

Employees may not enter into any agreement under which they agree to forgo their right to receive guaranteed severance pay or health benefits if discharged or laid off.

New regulations were adopted setting weight lifting criteria for employees.

### Rhode Island

**Wages.** The State minimum wage rate was increased from \$3.65 per hour to \$4, effective July 1, 1988.

As the result of an addition to the wage payment law, employers must offer to pay a separated employee who has worked for the employer for more than 1 year and who later returns from a layoff to the same or a similar job, the same wages earned at the time of separation.

**Child labor.** Under the child labor law, the Department of Labor rather than the Department of Health will now be empowered to declare additional places or occupations as hazardous for employment of all minors under 16 years or of a particular minor, aside from the occupations specifically enumerated in the law.

Notwithstanding other provisions of the child labor law, local school committees were authorized to establish school supervised and administered work experience and career exploration programs, for students over age 14, as approved by the

**Equal employment opportunity.** The sex discrimination ban in the Fair Employment Practices Act now requires employers to treat women affected by pregnancy, childbirth, or related medical conditions the same as other employees (not so affected but who are similar in their ability or inability to work) for all employment purposes, including receipt of fringe benefits. Nothing in the Act is to be deemed to repeal provisions of any law relating to parental leave.

A State Equal Opportunity Office was established to oversee equal employment opportunity in State government. Each State agency must prepare an annual affirmative action plan. The Commission for Human Rights is authorized to bring charges of discrimination against State agencies and personnel and to order discontinuance of discriminatory employment patterns or practices. State contractors must meet the same equal opportunity requirements as established for contractors under Federal executive orders, including affirmative action. State licensed organizations, and licensed private education institutions and health care facilities must also meet the nondiscrimination and affirmative action requirements.

**Employee testing.** As part of a new law regulating the testing for AIDS, employers are prohibited from discriminating in employment on the basis of a positive AIDS test result, or from requiring such a test as a condition of employment except under limited circumstances.

**Plant closings.** The law entitling involuntarily laid-off employees or the surviving spouse of a deceased employee to continue group hospital, surgical, or medical insurance coverage, by payment of premiums at the group rate, was extended to include employees who lose their jobs due to a workplace closing or a permanent reduction in the size of the work force. In addition, the maximum period of continuing such insurance was extended from 10 to 18 months.

**Whistleblower.** Coverage of the public employee whistleblower protection law was expanded to include persons employed by companies or associations which did more than \$200,000 in business with the State or a municipal government in the preceding year or which received more than \$200,000 in State or municipal funds for the operation of its programs.

## South Carolina

**Equal employment opportunity.** The Human Affairs Law, applicable to both public and private sector employment, was amended to remove the age 70 upper limit for coverage of the prohibition against age discrimination in employment. Until December 31, 1993, employers may refuse to hire or may discharge firefighters or law enforcement officers because of age pursuant to a bona fide hiring or retirement plan that is not a subterfuge to evade the law. The ban on mandatory retirement will not apply to persons employed under contracts of unlimited tenure at institutions of higher education until December 31, 1993, or to executive or high policymaking employees at age 65 if they are entitled to retirement benefits of at least \$44,000 a year (rather than \$27,000 a year as before).

**Occupational safety and health.** Contractors, supervisors, workers, and others involved in the removal, encapsulation, and other activities with respect to friable asbestos containing materials must now obtain a license from the Department of Health and Environmental Control. The Department was authorized to prescribe standards of performance for asbestos removal operations and licensing criteria.

## South Dakota

**Wages.** The State minimum wage rate was increased from \$2.80 per hour to \$3.35 effective July 1, 1988.

**Child labor.** The law barring persons under age 21 from on-sale alcoholic beverage establishments was amended to permit persons under age 21 to sell or dispense malt beverages if the sales of such beverages are less than 50 percent of the establishment's gross business and the licensee or an employee who is at least 21 is on the premises.

Notwithstanding Hazardous Material Transportation Safety provisions, which require a minimum age of 21 for drivers, persons under age 21 but over 18 may become qualified drivers if certified as private applicators under agricultural pesticide application requirements.

**Background clearance.** Prior to issuing a child welfare license for group homes, day care centers, foster homes, and other facilities, the Department of Social Services is to conduct a criminal record check of the applicant, of adults responsible for supervising staff or providing care and supervision to children, and adult residents. If it is found that any of these persons has been convicted of specific

crimes, the application is to be denied. Subsequently hired employees or residents are subject to the same record check.

Background checks of unregistered family day care providers and employees were also authorized, and those convicted of child abuse or sex offenses are prohibited from operating child welfare agencies, or registered or unregistered family day care homes.

Specific criteria were established for the Department of Social Services to revoke; refuse to issue, or renew any license or registration certificate to provide child care. These criteria include the failure to provide information on the background and experience of personnel, failure or refusal to submit to an investigation, failure to report suspected child abuse or neglect, and failure to exercise reasonable care in the hiring, training, and supervision of facility personnel.

**Occupational safety and health.** The Board of Minerals and Environment is to establish an asbestos abatement training program to assure the proper and safe abatement of asbestos hazards through contractor and worker certification. Criteria for asbestos contractor and worker certification and training will be developed by the board, and only certified contractors and workers will be allowed to work on asbestos abatement projects.

**Employment and training.** The State manpower advisory council, administered by the Department of Labor, was abolished.

## Tennessee

**Parental leave.** Because of an Attorney General Opinion raising questions of possible sex discrimination, the 1987 law requiring the granting of leave to female employees for the purpose of bonding with a newly born or adopted infant was amended to make the law clearly a maternity leave provision by specifying that the leave is for the purposes of pregnancy, childbirth, and nursing, where applicable.

**Child labor.** The section of the Safety and Health Code regulating the inspection of hotels, food service establishments, and public swimming pools was amended to specify that children 16 years of age or younger do not need to acquire a seller's license or permit to sell bakery goods, soft drinks, or other similar food commodities at public events if the child does not sell these goods more than three times a year.

**Equal employment opportunity.** The anti-discrimination law applicable to both public and private sector employment

was amended to protect all employees over age 40, instead of only those employees 40 to 70 years of age, from age discrimination. Employers may refuse to hire or discharge firefighters or law enforcement officers because of age pursuant to a bona fide hiring or retirement plan that is not a subterfuge to evade the law. The ban on mandatory retirement will not apply to persons employed under contracts of unlimited tenure at institutions of higher education or to executive or high policymaking employees at age 65 if they are entitled to retirement benefits of at least \$44,000 a year (rather than \$27,000 a year as before).

**Employee testing.** The Commissioner of Correction was authorized to require drug testing of the Department's security personnel upon reasonable suspicion that an employee's faculties are impaired on the job and that a danger exists as a result of the impairment. Confirmation and review of all positive tests are required before any disciplinary action may be taken and employees are to be given an opportunity to explain or rebut test results. An employee counseling and rehabilitation program must be provided.

**Private employment agencies.** The law providing for the licensing and regulation of personnel recruiting services was amended to prohibit such services from imposing a fee on a job applicant prior to placement in a job. Coverage of the law was extended to job listing firms, and the exemption from the law for the placement of nurses and public school teachers and administrators is now limited to employee trade associations.

**Occupational safety and health.** A Governor-appointed Tennessee Occupational Safety and Health Administration Labor Advisory Council was created within the Department of Labor to advise the department on all matters in the State pertaining to occupational safety and health.

**Plant closings.** Under a new law, upon notifying affected employees of a major layoff, plant closure, or relocation, as defined, employers of 50 full-time employees or more are then to advise the State government by notifying the Executive Director of the Economic Cabinet Council of the circumstances of the reduction in operations and the number of employees affected. In turn, the Executive Director is to advise other designated State officials, including the Commissioners of Employment Security and Education, among others.

**Other laws.** The law requiring employers to excuse from work and compensate employees summoned for jury duty was amended to limit the excused absence to days on which the employee's responsibility for jury duty exceeds 3 hours. Also, provision was made for excusing employees who are working a night shift or hours immediately preceding normal court hours.

## Texas

**Labor relations.** The U.S. Court of Appeals for the Fifth Circuit, on June 30, 1988, affirmed in large part, a district court ruling that several provisions of the Texas mass picketing law are unconstitutional. Provisions that were struck down include those prohibiting more than two pickets at any time within either 50 feet of any entrance to the premises being picketed or within 50 feet of any other picket or pickets and banning picketing that is accompanied by any oral or written misrepresentations.

## Utah

**Wages.** Specific provisions prohibiting violation of the minimum wage and maximum hours requirements for women and minors and establishing penalties were repealed, however, the Industrial Commission retains the duty to enforce the provisions and has authority to take action as deemed necessary for such purposes.

**Equal employment opportunity.** The prohibition on employment of women in mines or smelters if the work was found, by the Industrial Commission, to be detrimental to their health or safety was removed.

**Occupational safety and health.** Occupational safety and health provisions were amended to specifically exclude from the Industrial Commission's jurisdiction authority over mines, including inspection or enforcement of rules and regulations, so long as Federal regulations apply to the State's mines. For any mine subject to Federal law, the sole duty of the Commission is to notify the appropriate Federal agency of any complaints received.

The Air Conservation Committee was authorized to adopt rules for implementation of the Federal Asbestos Hazard Emergency Response Act of 1986, and to establish certification requirements for persons required under that act to be accredited.

**Other laws.** A resolution directed the Legislative Management Committee to assign appropriate interim committees to study

numerous labor- and nonlabor-related subjects, including a preference for in-State bidders, workers and materials on State contracts; laws relating to harassment and discrimination including AIDS discrimination; a statewide job service; a master plan for economic development; background checks on persons working with children; self-employment for low income persons; and a requirement that group health insurance benefits be provided to part-time employees.

## Vermont

**Wages.** Under prior law, the State minimum hourly wage rate rose from \$3.55 to \$3.65 on July 2, 1988. A new law was adopted providing for three additional annual 10-cent increases that will take effect starting July 2, 1989, and reach a rate of \$3.95 in 1991. Any higher Federal Fair Labor Standards Act (FLSA) rate will be matched. A provision was eliminated which had permitted payment at the prior year's rate for employees working for an employer for less than 90 calendar days.

**Child labor.** Children working as actors or performers in motion pictures, theatrical productions, radio or television may now be employed after midnight with the written consent of a parent and the Commissioner of Labor and Industry.

**Equal employment opportunity.** In addition to investigating and enforcing complaints of discrimination in public accommodations and real estate, the Human Rights Commission now also has jurisdiction over employment discrimination complaints against State agencies. Investigation and enforcement of complaints of private sector and other public sector employment discrimination remain the responsibility of the Attorney General.

It was made an unlawful employment practice, under the State fair employment practice law, for an employer, employment agency or labor organization to discriminate against a person because of a positive test result from an HIV-related blood test or to request or require an employee or prospective employee to have an HIV-related blood test as a condition of employment. It was also made an unfair labor practice under the State Employees Labor Relations Act for an employer to engage in these activities. (A separate provision bars school districts and educational institutions from requesting or requiring any applicant, prospective or current student to have an HIV-related blood test and from discriminating on the basis of a positive test result.)

**Labor relations.** The State Employees Labor Relations Act was amended to extend coverage to employees of the University of Vermont.

**Other laws.** A 14-member health insurance plan board, including the heads of various State agencies, representatives from business and labor, and advocates of low income and disabled persons, was created to develop a health insurance plan for Vermont residents who are not covered by health insurance. The board is to develop specifications on funding and administration, eligibility, and benefits to be provided. The board is to report its findings and recommendations to the General Assembly by January 15, 1989.

## Virginia

**Agriculture.** The law requiring a permit to operate a migrant labor camp was amended to include all such camps housing one or more workers instead of only those used for living quarters for more than 10 persons.

A resolution urged that a joint legislative subcommittee be established to examine the housing situation for migratory workers and the advisability and feasibility of a State role in funding for migrant camps used by the State's agricultural workers.

**Other laws.** The law prohibiting employers from discharging or taking other adverse personnel actions against employees summoned to serve on jury duty or from requiring them to use sick leave or vacation time for the absence was amended to also apply to those summoned or subpoenaed to appear in court, except for defendants in criminal cases.

## Virgin Islands

**Wages.** The minimum wage rate was increased to \$3.85 an hour effective May 1, 1988, with further increases to \$4.25 scheduled for January 1, 1989, and to \$4.65 scheduled for January 1, 1990. Beginning January 1, 1991, and annually thereafter, the rate will be revised to be equal to 50 percent of the average private, nonsupervisory, nonagricultural hourly wage as determined by the Virgin Islands Wage Board for the previous November, rounded to the nearest multiple of 5 cents. The rate for minors under age 18, full-time high school students, and employees of businesses with gross annual receipts of less than \$150,000 was raised to \$3.50 per hour on May 1, 1988, with further increases to \$3.90 and \$4.30 scheduled for January 1, 1989, and January 1, 1990. After January 1, 1991, the rate for these workers will be not more than 35 cents an

hour under the basic minimum wage rate. Tipped employees in the tourist service and restaurant industries are exempted from this rate schedule.

## Washington

**Wages.** Initiative number 518 on the November 1988 general election ballot to raise the State minimum wage from \$2.30 an hour to \$3.85 on January 1, 1989, and to \$4.25 on January 1, 1990, was approved by the voters. The measure also extends coverage to farmworkers and domestic service employees.

**Hours.** The law establishing an 8-hour day on public works contracts now authorizes contractors or subcontractors to enter into agreements with their workers permitting them to work up to 10 hours a day for up to 4 days a week. Under these agreements, overtime pay will still be required after 40 hours a week, but no longer after 8 hours a day.

**Parental leave.** Public and private sector employers must now allow an employee to use accrued sick leave to care for his or her child, under the age of 18, with a health condition that requires treatment or supervision. Employers must also post notices concerning employee's rights including any law, rule or regulation concerning maternity disability leave. The law is administered by the Department of Labor and Industries.

**Child labor.** The list of permitted employment activities for persons 18 to 21 years of age in cocktail lounges, bars, and other restricted areas of liquor-licensed premises was amended to add delivering messages, serving food, and seating patrons.

**Plant closings.** Money was appropriated to the Department of Trade and Economic Development for the establishment of a business and job retention program. The Department is to select local organizations to undertake retention activities, including identification of local firms at risk of closure, mass layoff, or relocation out-of-State; initial assessments of firms or work forces; and the coordination and provision of technical and training assistance to businesses, unions, employee groups, and work forces. The Department is also to develop and administer grants to study the feasibility of various options for continuing or renewing the operation of industrial facilities that are threatened with closure or have closed.

**Other laws.** Employers must grant a sufficient leave of absence from employment to employees summoned to jury duty, and

may not discharge, threaten, or otherwise penalize an employee who receives a summons, responds to the summons, serves as a juror, or attends court for prospective jury service.

## West Virginia

**Occupational safety and health.** Asbestos abatement project designers, inspectors, contractors, management planners, workers, and supervisors must now obtain a license from the Department of Health. Specific training requirements were established, and employers were prohibited from retaliating against an employee for reporting an instance of wrongdoing or waste or for participating in an investigation, hearing, or inquiry.

The Amusement Rides and Amusement Attractions Safety Act was adopted under which the Department of Labor is to adopt rules for the safe installation, repair, maintenance, use, operation, and inspection of all amusement rides and attractions. Owners or operators must obtain a permit from the Department. Rides must be inspected at least annually and may also be inspected periodically without notice. The Department may order a temporary cessation of operation of any ride or attraction determined to be hazardous or unsafe. Any serious physical injury or fatality is to be reported to the Department within 24 hours of its occurrence.

Among various changes involving the regulation of mining, a Division of Health, Safety and Training was created in the Department of Energy, and given responsibility for health and safety inspections and enforcement and training in surface and underground coal mines, in other specified types of mines, and in cement manufacturing plants.

**Whistleblower.** A whistleblower protection law was enacted applicable to public sector employees. Under the law, employers are prohibited from discharging or otherwise retaliating against an employee because he or she makes a good faith report or is about to report to the employer or appropriate authority an instance of wrongdoing or waste, or because he or she is requested or subpoenaed by an appropriate authority to participate in an investigation, hearing or inquiry, or in a court action.

## Wisconsin

**Wages.** A legislative attempt to increase the basic, adult nonfarm minimum wage rate from \$3.35 an hour to the higher of \$3.65 or the Federal minimum wage, and other increases for other classes of employees, passed the legislature but was vetoed by the Governor. Consequently, the Department of Industry, Labor and

Human Relations will continue to establish minimum wage rates by rule, as at present.

**Parental leave.** Employers of 50 or more, including private sector employers and the State government, must now provide unpaid family or medical leave to employees consisting of up to 6 weeks for the birth or adoption of a child; 2 weeks to care for a child, spouse, or parent with a serious health condition; and 2 weeks personal medical leave within a 12-month period. Where practicable, employees are to give employers advance notice of the need for leave. Upon return from family or medical leave, employees are entitled to reinstatement in the same or equivalent position without loss of benefits. Employees are entitled to a continuation of group health insurance coverage during such leave. The law is administered by the Department of Industry, Labor and Human Relations for all employees except those employed by the State (the Personnel Commission administers the provisions for these employees).

**Child labor.** Effective July 1, 1989, monetary penalties will be increased for first offenses for persons who employ minors in violation of the child labor law or street trades provisions and for parents who permit such employment. Separate, more severe, penalties of up to \$5,000 for employers and \$1,000 for parents for each day of the offense were added for second

or subsequent violations occurring within 5 years of a previous offense. Civil monetary forfeitures will be provided for violations by parents and for first offenses by employers. Criminal penalties will be provided for second and subsequent offenses by employers.

**Equal employment opportunity.** Exceptions to the fair employment law concerning discrimination on the basis of creed were broadened to permit nonprofit religious associations and related organizations or corporations to give preference to applicants or employees of the same or similar religious denomination in hiring or promotion to all positions instead of only to instructional or policymaking positions including chaplains and counselors. In addition, it will not be considered discrimination because of creed for such associations and related entities to give preference to applicants or employees who adhere to the religious creed of the association if the job description demonstrates that the position is clearly related to the association's religious teachings and belief.

**Occupational safety and health.** A State Emergency Response Commission was created and given responsibility for carrying out the State's obligation with respect to hazardous substances under the Federal Emergency Planning and Community Right-to-Know Act. The Department of Natural Resources is to receive notification of, and to investigate the re-

lease of hazardous substances. It is also to provide all information contained in any notification to the Commission.

**Other laws.** A pilot State job opportunity business subsidy program was created to provide wage subsidies to qualified businesses in three counties selected on the basis of extent of unemployment, major plant or business closings or announced closings, and other factors.

### Wyoming

**Wages.** The daily overtime pay requirement for laborers, mechanics, or workers employed on public works projects was eliminated (this had been changed to overtime pay after 10 rather than 8 hours in 1987). The provision that such workers not be required to work more than 8 hours a day was reinstated, but with overtime pay due only after 40 hours a week.

**Preference.** Community college districts are now subject to the State resident preference requirements when letting public works contracts.

**Other laws.** All employees of the State, including university and community college employees, who are hired after June 30, 1988 must become residents of and reside in the State within 90 days of their first day of work or their employment will be terminated. □

### FOOTNOTES

<sup>1</sup>The legislatures did not meet in regular sessions in Arkansas, Montana, Nevada, North Dakota, Oregon, and Texas. A regular session in North Carolina did not enact significant legislation in the fields covered by this article. This article is based on information received by November 7, 1988.

<sup>2</sup>Unemployment insurance and workers' compensation are not within the scope of this article. Separate articles on each of these subjects are also published in the issue of the *Monthly Labor Review*.

<sup>3</sup>Alaska, California, Connecticut, the District of Columbia, Guam, Hawaii, Maine, Massachusetts, Minnesota, New Hampshire, Puerto Rico, Rhode Island, Vermont, the Virgin Islands, and Washington.

<sup>4</sup>Florida (1979), Alabama (1980), Utah (1981), Arizona (1984), Colorado, Idaho and New Hampshire (1985), Kansas (1987), and Louisiana (1988).

<sup>5</sup>Hawaii, Kentucky, New Hampshire, and Utah.

**1988**  
**FEDERAL LABOR**  
**AND EMPLOYMENT**  
**SUMMARY**

**excerpted from**

**Major Legislation of the 100th Congress,**

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...inequities perceived...

Section 8(f) of the National Labor Relations Act (NLRA), as amended, permits employees and employers in the construction industry to sign preference agreements which stipulate the wages and working conditions on a particular construction project before the actual hiring of workers has occurred. In response to rising non-union competition, increasing numbers of employers have been repudiating their preference agreements and establishing non-union affiliates to perform work previously performed by their union workers, a practice known as "double breasting." Unions in the construction industry argue that double breasting and repudiation of preference agreements are unfair impediments to unionization in the construction industry. Contractor spokesmen defend the practice as legally permissible and enhancing efficiency and competition.

To redress what some individuals perceive as the inequities of this situation, legislation was introduced in both the 99th and 100th Congresses. H.R. 281, passed by the House on June 17, 1987, would have amended Section 8(f) of the NLRA, the provision of the NLRA which permits employers and employees in the construction industry to enter into preference agreements. The proposed amendment would have added language stating that a preference agreement imposes the same obligations on an employer as a union representation election. The effect of this amendment would have been to make preference agreements binding and enforceable, since the collective bargaining agreements that follow a union representation election are binding and enforceable.

To prohibit the practice of double breasting, H.R. 281 would have amended the current definition of the term "employer" in Section 2(2) of the NLRA. The proposed amendment explicitly defined the circumstances under which affiliated union and non-union businesses in the construction industry would be considered a single employer. The amendment stated that two business entities performing work of the same type and in the same geographic area covered by a collective bargaining agreement to which one of the entities is a party, would be considered a single employer if, in addition, the two entities share, either directly or indirectly, substantial common ownership, substantial common management, or substantial common control.

#### LEGISLATION

H.R. 281 (Clay et al.)

Construction Industry Labor Law Amendments of 1987. Introduced Jan. 6, 1987; referred to Committee on Education and Labor. Hearings held by Subcommittee on Labor and Management Relations Mar. 4. Amended bill forwarded to full committee. Reported, amended, June 8. Passed House, amended, June 17. Placed on Senate Calendar (no. 202) June 23, 1987.

Gail McCallion

The Davis-Bacon Act of 1931 (as amended) requires that construction contracts entered into by the Federal Government specify minimum wages to be paid to the various classes of laborers and mechanics working under those contracts. "Minimum wages" are defined by the Act as those determined by the U.S. Secretary of Labor to be prevailing in the locality of the project for similar crafts and skills on comparable construction work. Under a 1964 amendment, the concept of wage was expanded specifically to include a fringe benefit component.

The Act covers direct Federal construction, alteration or repair of public buildings and public works, including painting and decorating, where the contract is for more than \$2,000, and applies to such contracts entered into by all agencies of the Federal Government and the District of Columbia. In addition, the Davis-Bacon "principle" of requiring payment of locally prevailing wage rates has been written into more than 50 program statutes at the Federal level. Further, some States have enacted "little Davis-Bacon Acts" within their respective jurisdictions.

In 1934, the related Copeland "anti-kickback" Act was adopted. During the 1930s, there had been allegations that employers formally paid the prevailing wage as required under the Davis-Bacon Act, but then required "kickbacks" of portions of that wage from their employees. The Copeland Act (as administered) requires weekly reporting of wages actually paid and an affirmation from employers that any deductions from wages due to employees are proper.

During recent years, some critics of the Davis-Bacon Act have urged that the Act be repealed -- or significantly modified, if total repeal is not viable. At the same time, some have sought the elimination of the Davis-Bacon provisions from the various Federal program statutes into which they have been incorporated. Some latitude rests with the Secretary of Labor to alter the manner in which the Act is enforced through the rulemaking process. Legislative activity on these questions was substantial in the 99th and 98th Congresses but resulted in modest change.

In the 100th Congress, oversight hearings on the Davis-Bacon Act were conducted by the Subcommittee on Labor Standards, House Committee on Education and Labor. On June 24, 1987, the Subcommittee voted to report H.R. 2216, Davis-Bacon reform legislation proposed by Representatives Murphy and Hawkins. The measure was approved by the full Committee on Aug. 4, 1987, with the understanding that it would be brought to the floor under an "open rule." In addition, several other committees examined the Davis-Bacon issue and critics of the Act sought to add delimiting provisions to various program statutes.

When by May 3, 1988, the Murphy/Hawkins proposals to strengthen the Davis-Bacon Act had not reached the floor, critics of the Act sought to add alternative language, prepared by Representatives Stenholm and Dickinson, to the National Defense Authorization Act, FY89 (H.R. 4264). In back-to-back floor votes, the House rejected the Stenholm and Dickinson amendment (to weaken Davis-Bacon) and adopted, as an amendment to H.R. 4264, the substance of the Murphy/Hawkins measure (H.H. 2216). No comparable provisions were included in the Senate Defense legislation (S. 2355). In conference, the Davis-Bacon provisions were dropped. Thus, the Act emerged from the 100th Congress unchanged.

#### LEGISLATION

##### **H.R. 2216 (Murphy, A. and Hawkins)**

Amends the Davis-Bacon Act to revise the standard for coverage, to increase the coverage threshold to \$50,000 for new construction and to \$15,000 for alteration, repair, etc., and for other purposes. Introduced Apr. 29, 1987; referred to Committee on Education and Labor. Reported, amended, Feb. 9, 1988 (H.Rept. 100-504). The substance of H.R. 2216 was added to H.R. 4264, the National Defense Authorization Act, FY89, as a floor amendment, May 3, 1988. The language was subsequently dropped in conference.

William G. Whittaker

#### **DRUG TESTING IN THE WORKPLACE**

...considerable legislative activity...

National attention has focused on the problem of drug abuse. The deaths of several sports stars from drug overdoses and the initiation of a "war against drugs" by President Reagan have helped fuel the media and public interest in drug abuse. Although a recent study indicated that drug use peaked in 1979 and has been declining slightly since (with the exception of cocaine use which has been rising), public awareness and concern about this issue is at an all time high.

In addition, both private and public employer concerns about drug abuse have been growing as more information about the costs of employee drug abuse have become known. In response, more and more employers are instituting employee testing programs. In support of drug testing, employers and other proponents argue: (1) workers who abuse drugs have lower productivity; (2) drug users have more health problems and hence generate higher employer insurance premiums; (3) drug users have higher rates of absenteeism and on-the-job accidents; (4) drug users may be responsible for lawsuits against the employer by employees or customers who are injured by drug abusers; and, (5) drug users may steal from their employer to support their drug habit or disclose confidential material in exchange for money or drugs.

However, unions, employees and other opponents of employee drug testing argue: (1) drug tests violate the Fourth Amendment prohibition against unreasonable searches and seizures by the government; (2) the tests are often inaccurate; (3) a positive test indicates only the presence of certain quantities of drug residue -- it is not evidence that an individual is impaired in his/her job performance; (4) there is potential for abuse of the information revealed through the test by an employer; and, (5) employers do not always enforce drug use regulations uniformly.

There was considerable legislative activity on drug testing in the 100th Congress. S. 1041, reported to the Senate in April 1987, would have required the Secretary of Transportation to establish drug testing policies for transportation workers which include five types of tests: random, pre-employment, post-accident, periodic recurring, and reasonable suspicion testing. Subsequently, S. 1485, the Air Passenger Protection Act of 1987, was passed by the Senate in October 1987 (passed as H.R. 3051, with amendments, in lieu of S. 1485). An

amendment to this bill required drug testing of transportation workers. The language of this amendment was almost identical to the language of S. 1041. The drug testing amendment, however, was not included in the version of the bill passed earlier by the House. In addition, H.R. 4748, which would have required the Secretary of Transportation to issue regulations establishing drug and alcohol testing of railroad employees, was passed by the House (amended) on Sept. 20, 1988. Unlike S. 1041 and H.R. 3051, however, this bill would have required employers to refer employees with positive test results to a rehabilitation program. Employees who failed to be rehabilitated could be dismissed.

#### LEGISLATION

##### **H.R. 4748 (Luken et al.)**

Railroad Drug Abuse Prevention Act of 1988. Introduced June 3, 1988; referred to Committee on Energy and Commerce. Reported, amended, Aug. 9, 1988. Passed House, amended, by voice vote Sept. 20, 1988. Placed on Senate Calendar No. 999 under General orders Sept. 26, 1988.

##### **S. 1041 (Hollings et al.)**

Transportation Employer Safety and Rehabilitation Act of 1987. S. 1041, which includes portions of S. 356 and S. 362, passed Committee on Commerce Committee (19-1) Mar. 10, 1987. Reported and placed on Senate Calendar no. 97 under General Orders Apr. 15. Placed on Senate Calendar under subjects on the table Oct. 30, 1987.

##### **S. 1485 (Ford et al.)**

Air Passenger Protection Act of 1987. An amendment to this bill requires drug testing of transportation workers. The language of this amendment is almost identical to the language of S. 1041. Introduced July 10, 1987; referred to Committee on Commerce. Reported, amended, Aug. 3, 1987. Senate passed companion measure, H.R. 3051, with amendments, in lieu of S. 1485, Oct. 30, 1987.

Gail McCullion

...House moves to end its exemption from bias protection laws...

Adopting new civil rights protections for its employees on Oct. 4, 1988, by a vote of 408-12, the House of Representatives moved to end its exemption from bias protection laws set for most other workers in private as well as public sector employment. Such workers are covered under Title VII of the Civil Rights Act of 1964, which is enforced by the Equal Employment Opportunity Commission. Congress exempted itself on grounds that coverage would mean that an executive branch agency would have regulatory power over the actions of congressional offices and legislative branch agencies, raising constitutional questions regarding separation of powers in the three branches of government, as well as "speech and debate clause" problems, and questions relating to Congress' disciplinary authority over itself.

H.Res. 558 (Panetta) bars discrimination in employment in the House of Representatives based on race, color, national origin, religion, sex (including marital or parental status), handicap, or age, and addresses the constitutional questions by establishing a legislative mechanism for enforcement. Exemptions in the resolution allow Members to give preference in employment to individuals from their own States or districts and to those of their own political party affiliation. The measure establishes a special Office of Fair Employment Practices to handle complaints of discrimination and to provide counseling and mediation services. Under the resolution, House employees have access to the same range of remedies available to other workers under civil rights law, including employment, promotion, back pay, reinstatement, and legal fees. H.Res. 558 applies only to the 100th Congress, since House rules are newly approved for each Congress, but reenactment of the measure is not expected to be opposed in the 101st Congress.

During debate on the floor, sponsors argued that fairness demanded that Congress apply the same standards to itself as it has imposed on other employers. Members also were cautioned that lawsuits against them were possible at present because no internal procedure existed to remedy employee complaints of discrimination. With such a procedure in place, it was argued, courts would not accept jurisdiction over discrimination lawsuits by House employees. Noting the increasing pressures on the House to adopt other employee protection laws, such as those provided under the Fair Labor Standards Act, for example, those in favor of the measure urged passage as a necessary show of good faith.

#### **LEGISLATION**

##### **H.Res. 558 (Panetta)**

Fair Employment Practices Resolution. Provides for fair employment practices in the House of Representatives. Introduced Sept. 29, 1988; referred to Committee on House Administration. Adopted (408-12) Oct. 4, 1988.

Leslie W. Gladstone

...wage remains \$3.35 an hour...

The Federal minimum wage rate is set by the Congress, fixed in statute, and remains at the congressionally mandated level until the Congress acts to alter it. Under the 1977 Fair Labor Standards Act (FLSA) amendments, the Federal minimum wage was set (following a series of step increases) at \$3.35 per hour -- to take effect on Jan. 1, 1981. It remains unchanged.

Minimum wage and overtime pay laws had been considered by the States from the first years of the 20th century. But the State laws seem to have been of limited scope, with few penalties, and poorly enforced. Where the laws were stronger and more rigorous enforcement was attempted, they were challenged in the courts and, most often, declared unconstitutional. Finally, in the 1937 case of *West Coast Hotel v. Parrish*, the United States Supreme Court sustained a Washington State labor standards statute and, thereafter, the States and the Federal Government rushed to enact new wage and hour legislation.

The Fair Labor Standards Act (FLSA) of 1938 established Federal minimum wage and overtime pay requirements for covered workers and regulated child labor. Relatively few workers, however, were covered. Since 1938, there has been a gradual expansion of coverage and a strengthening of wage/hour requirements. The Act has undergone major amendment on six different occasions: in 1949, 1955, 1961, 1966, 1974, and 1977. While fine tuning has occurred at various times (most recently in the 99th Congress), the most recent general amendments are those of 1977.

Some have asked: Is the minimum wage any longer useful? Does it serve, as the Congress in 1938 projected, to eliminate "labor conditions detrimental to the maintenance of minimum standards of living necessary for the health, efficiency and general well-being of workers?" Or, does it create unemployment by pricing the least skilled or least competitive workers out of jobs? Does it, as some suggest, constitute virtually the only earnings protection for the non-union low-skilled worker? Is the Federal minimum wage high enough? Should Congress raise it? Should the minimum scale include a fringe benefit component? Should there be significant broadening of coverage -- and should enforcement be made stronger? Might Congress usefully index the minimum wage to an independent economic variable?

In the 100th Congress, legislation to raise the Federal minimum wage (and to make other changes in the FLSA) was reported from the Committee on Education and Labor, but no floor action was taken. In the

Senate, minimum wage legislation, reported from the Committee on Labor and Human Resources, was the subject of a lengthy floor debate prior to being returned to the calendar. Neither House took up the issue of indexation. In the Senate, floor debate focused upon various sub-minimum wage proposals.

**H.R. 1834 (Hawkins)/S. 837 (Kennedy)**

Mandates an increase in the Federal minimum wage to \$3.85 per hour on Jan. 1, 1988, to \$4.25 per hour on Jan. 1, 1989, and to \$4.65 per hour during the year beginning Jan. 1, 1990. After Jan. 1, 1991, and on January 1 each year thereafter, the Federal minimum wage would be "equal to 50% of the average private, nonsupervisory, nonagricultural hourly wage as determined by the Bureau of Labor Statistics of the Department of Labor for the previous November, rounded to the nearest multiple of 5 cents." H.R. 1834 introduced Mar. 25, 1987; referred to Committee on Education and Labor. Reported, amended (H.Rept. 100-560), Mar. 31, 1988. S. 837 introduced Mar. 25, 1987; referred to Committee on Labor and Human Resources. Reported, amended (S.Rept. 100-430), July 26, 1988.

William G. Whittaker

**OCCUPATIONAL DISEASE NOTIFICATION**

...feasible to alert workers?...

In May of 1986, an Occupational Safety and Health Administration (OSHA) Hazard Communication Standard went into effect requiring that workers be informed by their employers about the health hazards in their work environment. At issue is whether or not this concept of informing workers should be carried one step further.

The next step would be to require that workers be specifically notified when their risk of incurring occupational disease from their workplace exposures exceeds a certain level. Some argue that adopting a policy of notifying workers would open up a Pandora's box of cost and problems without a commensurate gain in health in safety. Others argue that workers have every right to know what their chances are of becoming sick from their workplace exposures.

Those who agree that workers should be notified when their risk of incurring occupational disease exceeds a certain level do not necessarily agree on

whether legislation is needed to address this issue. Some point out that administrative policies and procedures to make determinations and accomplish notification are already in place under the Occupational Safety and Health Act so that no new legislation is necessary.

Early in the 100th Congress, two similar bills, H.R. 162 (Gaydos) and S. 79 (Metzenbaum), were introduced. H.R. 162 was reported on June 26, 1987 (H.Rept. 100-194) and passed the House on Oct. 15, 1987. S. 79 was reported on Sept. 23, 1987 (S.Rept. 100-166). It was withdrawn from Senate floor consideration by its author on Mar. 29, 1988, after the Senate voted for the fourth time in 7 days not to end a filibuster on the bill.

The basic issue for Congress in considering Occupational Disease Notification legislation is whether it is appropriate and feasible to require that workers be given some indication of their probability of incurring an occupationally related disease. If the answer to this question is yes, the remaining issues are: what level of risk should trigger notification; who should do the notifying; what medical testing or evaluation should be offered notified workers, and who should pay for these services; how and by whom should these requirements be enforced; and what level of funding is appropriate to support the legislation.

**LEGISLATION**

**H.R. 162 (Gaydos et al.)**

High Risk Occupational Disease Notification and Prevention Act of 1987. Introduced Jan. 6, 1987; reported, amended, by Committee on Education and Labor (H.Rept. 100-194) June 26. Passed House, amended, Oct. 15, 1987.

**S. 79 (Metzenbaum et al.)**

High Risk Occupational Disease Notification and Prevention Act of 1987. Introduced Jan. 6, 1987; approved by Subcommittee on Labor Apr. 28. Marked up by Committee on Labor and Human Resources July 8 and 22. Reported, amended (S.Rept. 100-166), Sept. 23, 1987. Considered by Senate which filibustered the bill for a week until it was withdrawn by its author Mar. 29, 1988, after filibuster.

Mary Jane Bolle

**PLANT CLOSING LEGISLATION**

...new measure becomes law...

According to various estimates, between 650,000 and a million or more workers may have been dislocated from their jobs through plant closings or permanent layoffs, on average, during each of the years 1981-1986. To address the plight of dislocated workers, two similar versions of the Economic Dislocation and Worker Adjustment Assistance Act (H.R. 1122 and S. 538) were introduced. The Act would have provided a \$980 million three-pronged program of preventive and remedial assistance to workers affected by dislocation:

- (1) a general program of adjustment services to dislocated workers, administered by the Department of Labor;
- (2) various specific demonstration and pilot programs carried out through agreements with the Secretary of Labor and State or local organizations; and
- (3) a program of advance notification to workers and government units cases of proposed plant closings and mass layoffs.

The first two parts, comprising a dislocated worker assistance program, were recommended by the Department of Labor's Task Force on Worker Dislocation. The third part, worker prenotification -- a subject upon which Task Force members could not agree -- has been under regular consideration in Congress since 1973.

...prohibit or limit testing?...

Basic arguments in favor of dislocated worker assistance are that such programs as plant-specific worker assistance, remedial education programs, vocational and on-the-job training, and income support are needed to help workers -- especially unskilled workers who have the most difficult time finding re-employment. Basic arguments against such assistance are that it will just become another costly ineffective part of the welfare system and that primary emphasis should be placed on generating jobs, not rescuing those that are obsolete.

Basic arguments in favor of prenotification are that a few months' notice can assist workers in adjusting to their imminent unemployment and in systematically going about finding re-employment. Arguments against prenotification are that such prenotification may send a message of insolvency to creditors and potential clients, and may encourage some workers needed to close down the company to leave early, placing an undue burden on management.

S. 538 passed the Senate and was included as part of the Omnibus Trade and Competitiveness Act (S. 1420) on July 9, 1987. S. 1420 passed the House as part

of H.R. 3 on Apr. 21, and passed the Senate on Apr. 27, 1988. President Reagan vetoed H.R. 3 on May 24. Later that day the House overrode the veto. The Senate sustained the veto on July 8, 1988. Subsequently, the plant closing provisions were introduced separately as S. 2527. This bill passed both the Senate and the House with sufficient votes to override a Presidential veto. On August 2, President Reagan said he would neither sign nor veto the bill and it became law Aug. 4, 1988.

**LEGISLATION**

**P.L. 100-379, S. 2527**

Worker Adjustment and Retraining Notification Act. Requires advance notification of plant closings and mass layoffs. Introduced June 16, 1988. Passed Senate, amended, July 6. Passed House July 13. President agreed not to veto measure Aug. 2. Became law Aug. 4, 1988.

**H.R. 1122 (William Ford et al.)**

Economic Dislocation and Worker Adjustment Assistance Act. Introduced Feb. 18, 1987; reported, amended, by Education and Labor Committee June 9. Passed House as part of the Omnibus Trade and Competitiveness Act (H.R. 3) Apr. 21, 1988. President Reagan vetoed H.R. 3 May 24. House overrode veto May 24. Senate sustained veto July 8, 1988.

**S. 538 (Metzenbaum et al.)**

Economic Dislocation and Worker Adjustment Assistance Act. Introduced Feb. 19, 1987. Reported, amended, by Committee on Labor and Human Resources (S.Rept 100-62), May 19, 1987. Passed Senate and incorporated into S. 1420 July 22. S. 1420 included as part of the Omnibus Trade and Competitiveness Act (H.R. 3) July 27. Senate agreed to conference report on H.R. 3 Apr. 27, 1988. President Reagan vetoed H.R. 3 May 24. House overrode veto May 24. Senate sustained veto July 8, 1988.

Mary Jane Bole

Polygraph testing of employees has existed for many years, but in the most recent decade its use by employers has increased dramatically. According to a Nov. 26, 1986 New York Times article, approximately two million private sector job applicants and employees underwent polygraph tests in 1985, three times

the number who took the test in 1975. Roughly 75% of those tested were job applicants. The American Polygraph Association estimates that fully 98% of polygraph tests are administered in private industry with only 2% of the total administered in the public sector.

In a social climate in which drug use has become very prevalent and many business failures are attributed to employee theft, employers argue that employee testing is necessary to insure that employees are honest and drug free. Employees and unions, however, have objected vociferously to polygraph tests arguing that: the tests are an invasion of employees' privacy; many polygraph testing programs are unfairly and inconsistently applied; and, the scientific validity of the polygraph test is questionable.

There is a lot of skepticism in the scientific community regarding the validity of polygraph tests. Although most polygraph experts agree that polygraph tests are able to measure physiological changes, they disagree on the test's ability to correlate these physiological changes with truth and deception. Estimates of the test's accuracy in correctly detecting guilt range from a low of 35% to a high of 100%. Many experts argue that one serious problem with polygraph tests is that the difficulty in interpreting test data generates a large number of "false positives, i.e., innocent people incorrectly identified as deceitful. However, most agree that the polygraph test is often a successful tool in obtaining confessions.

Legislation was passed (P.L. 100-347) in the 100th Congress restricting the use of polygraphs by private employers. H.R. 1212 was passed by the House on Nov. 4, 1987. H.R. 1212 would have prohibited the use of polygraphs by most private employers. The Senate passed H.R. 1212 in lieu of S. 1904 on Mar. 3, 1988. The Senate version, unlike the House version, would have permitted employers under certain conditions to use polygraph tests to investigate specific incidents of alleged employee misconduct. Both the House and Senate versions exempted Federal, State and local government and some industries from coverage.

Conferees agreed on a compromise measure on May 17, 1988 which, like the Senate version, permits polygraph use under certain conditions to investigate alleged employee misconduct. Exempted from coverage in the compromise are Federal, State and local governments; national security agencies or contractors; private security firms; and, drug companies. An exemption in the Senate version for nuclear powerplants was not included in the compromise measure. The House approved the Conference version on May 16; the Senate approved it on June 9; the measure was signed into law on June 27, 1988 (P.L. 100-347).

**P.L. 100-347, H.R. 1212**

Employee Polygraph Protection Act. Introduced Feb. 24, 1987; referred to Committee on Education and Labor. Hearings held by the Subcommittee on Employment Opportunities Mar. 5, 1987. Executive comment was requested from the Department of Labor Mar. 23. Committee consideration and markup session held June 10. Amended version of H.R. 1212 ordered reported June 10. Reported, amended, July 9, and placed on Union Calendar No. 126. Passed House, amended, Nov. 4. Placed on Senate Calendar Nov. 6, 1987. House agreed to request for conference and Speaker appointed conferees, Mar. 22, 1988. Conference report filed (H.Rept. 100-659) May 26. House agreed to conference report (251-120) June 1, 1988. Signed into law June 27, 1988.

**S. 1904 (Kennedy et al.)**

Polygraph Protection Act of 1987. Introduced Dec. 1, 1987; referred to Committee on Labor and Human Resources. An amendment in the nature of a substitute ordered reported Feb. 3, 1988. Reported (S.Rept. 100-284) and placed on Senate Calendar Feb. 11. Senate passed companion measure H.R. 1212, with amendments, in lieu of S. 1904, Mar. 3. Senate agreed to compromise measure (68-24) June 9, 1988.

Gail McCallion

**DRUG FREE FEDERAL WORKPLACE**

...random drug tests for employees...

One element of President Reagan's Drug Free America Program is to achieve a drug-free Federal workplace. Toward this end, he issued Executive Order 12564 on Sept. 15, 1986. Each agency is required to establish random drug testing programs for employees in sensitive positions. In May 1988, the Department of Health and Human Services submitted to Congress an analysis of the agency plans specifying the criteria and procedures for designating employees for drug testing, along with a listing of position titles for those to be tested. Also, HHS has issued the scientific and technical guidelines which detail the collection procedures, chain-of-custody protections, and general laboratory specifications. In conjunction with the random testing, each agency is required to establish an Employee Assistance Program through which those employees who test positive may receive counseling and rehabilitation. It is expected that most of the agencies will commence testing by the end of 1988.

The uniformed military services have conducted drug testing for several years. Along with several non-defense agencies, they began limited testing of civilian personnel prior to the Executive order.

Legislation was proposed which would modify the program. The House and Senate reached agreement on limiting language in the FY87 Supplemental Appropriations (H.R. 1827). Employee organizations have filed suit to enjoin the Federal Government from implementing the program. A Justice Department motion to dismiss was denied and the case has been heard; a decision is pending. In July 1988, a permanent injunction was issued against the Justice Department's plan for testing its employees.

**P.L. 100-71, H.R. 1827**

Supplemental Appropriations Act, FY87. Expands the conditions under which drug testing would be allowed. Requires uniform testing plans by Federal agencies, the development of uniform laboratory certification standards, and full access by employee to test results. Introduced Mar. 25, 1987; referred to House Committee on Appropriations. Reported to House (H.Rept. 100-28) Mar. 25. Passed House, amended, Apr. 23; referred to Senate Committee on Appropriations. Reported to Senate (S.Rept. 100-48) May 1. Called up by unanimous consent in Senate; passed Senate, amended June 2. Conference report (H.Rept. 100-195) filed June 27; agreed to by House and Senate. Signed into law July 11, 1987.

**S. 1041 (Hollings)**

Transportation Employee Safety and Rehabilitation Act of 1987. Provides for testing for the illegal use of alcohol or controlled substances by the operators of aircraft, railroads, and commercial motor vehicles. Air traffic controllers are among the Federal employees covered by this legislation. Introduced Apr. 15, 1987; referred to Committee on Commerce, Science, and Transportation. Reported to Senate (S.Rept. 100-43). Placed on calendar in Senate Oct. 30, 1987.

Sharon S. Gressle

**CHILD DAY CARE**

...more than 100 bills with day care provisions...

During the 100th Congress, more than 100 bills with child day care provisions, representing a variety of approaches, were introduced; and hearings were held on the topic by a wide range of Committees. The bills and hearing testimony reflected differing perceptions regarding what should be the Federal role in the area of child care.

The Federal Government currently funds a variety of programs that provide support for child care services, training for child care workers, child nutrition, tax benefits for employers, and assistance for parents to work. The broad range of Federal programs has been criticized by some as being uncoordinated and unfocused, while others maintain that the range of Federal programs is responsive to the many purposes of and needs for day care. In addition, the question of what should be the extent of Federal involvement in the area of day care generally has been subject to debate.

It is also argued by some that Federal programs should better address perceived availability problems. The availability of day care is typically defined in terms of quantity, quality, and cost. Concerns reflect a variety of perceptions regarding the need for various forms of day care; the need to regulate the quality of care; and the cost of obtaining adequate care.

The complexity of the debate surrounding the definition of the Federal role in the area of child care has been exacerbated by the lack of comprehensive data on the number or characteristics of child day care facilities in this country and on the need for child care services.

Major child care legislation intended to address the availability of child care for families at various income levels (the Act for Better Child Care Services of 1988, H.R. 3660/S. 1885, known as the ABC bill) failed to receive consideration on the floor of either the House or Senate. This bill and a variety of alternative proposals were a focus of debate.

Several other bills, with less controversial child care provisions, were enacted. These new laws include major welfare reform legislation (P.L. 100-485), which includes provisions to address the child care needs of welfare mothers participating in work and training programs; and legislation with child care provisions targeted at specified populations, including provisions to provide for early childhood development services for disadvantaged families.

The ABC bill was reported by both the Senate Labor and Human Resources and the House Education and Labor Committees. Both versions of the bill would have authorized \$2.5 billion for FY89 for a variety of child care activities, including a Federal matching grant program under which States that met certain criteria could receive Federal grants to assist them in providing child care services, primarily for low- and moderate-income families. The definition of eligible children differed under the two versions of the ABC bill, however. Both bills required Federal child care standards to be developed. Under the House bill, participating States would have been required to ensure child care providers regulated by the State, whether or not they received funds under the legislation, met or exceeded the standards within 5 years after they were established. Under the Senate bill, providers receiving public assistance would have been required to comply with the standards within that time frame. The bills failed to receive floor action in either body, reportedly due at least in part to concerns about the parameters of Federal assistance for church-provided child care; the appropriateness of Federal child care standards; questions regarding whether Federal support should be limited to low-income families; and concerns about how to ensure parents could use the child care of their choice.

Alternative bills, which emphasized serving low-income families, incentives for child care providers, and using the tax system to provide Federal aid were also debated. These bills included the Child Care Services Improvement Act of 1988 (S. 2084/H.R. 4002), a bill to amend the Internal Revenue Code to allow for a refundable tax credit for preschool dependents and to repeal the child and dependent care tax credit (H.R. 3944/S. 2187), and the Choices in Child Care Act of 1988 (H.R. 4768/S. 2546). These bills varied regarding the types of child care support they would have authorized, the authorization levels, and the eligibility criteria for participants.

Two pieces of legislation to establish early childhood development programs received action. Congress enacted the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988 (P.L. 100-297), which, among other things, authorizes several early childhood education programs that could be provided in a day care setting. In addition, the Senate Labor and Human Resources Committee held hearings on Smart Start: The Community Collaborative for Early Childhood Development and Child Care Assistance Act of 1988 (S. 2270). Smart Start would have authorized a Federal matching grant program for States and localities to establish or expand early childhood development programs for full work days during the full calendar year to serve primarily 4-year-olds.

During the welfare reform debate, concern was expressed about the Federal role in promoting work, education, and training to help welfare mothers become self-sufficient, and the need for child care services for these mothers to participate in such programs. Efforts to address these concerns were included in the Family Support Act of 1988 (P.L. 100-485). The new law authorizes a Federal matching entitlement program for States for the costs of day care provided (up to specified levels) for AFDC recipients who participate in a new program called JOBS (Job Opportunities and Basic Skills Program). Those with children under age 6 who are required to participate are to participate part-time and to be guaranteed child care. The law also authorizes State grants to improve child care licensing and registration in the States and to monitor the child care provided under the program; authorizes demonstrations relating to the effect of early childhood development programs and projects to employ welfare mothers as day care providers; and amends the child and dependent care tax credit program under Section 21 of the Internal Revenue Code to reduce the age of eligible children from under age 15 to under age 13.

Other legislation enacted in the 100th Congress provides support for child care for specified populations, including the handicapped, homeless, residents of public housing projects, and Veterans' Administration employees; and amends the child and dependent care tax credit program to limit expenditures for overnight camps.

#### LEGISLATION

##### P.L. 100-485

Family Support Act of 1988. Requires certain AFDC recipients to participate in a new education, work and training program called JOBS (Job Opportunities and Basic Skills Program). Under this program, States are entitled to open-ended Federal matching at their Medicaid matching rate for the costs of day care provided for up to \$175 per month per child age 2 and older and \$200 per month per child under age 2, as long as these amounts do not exceed local market rates. Parents of children under age 3 are to be exempt from the JOBS program, except States may require participation of those with children age 1-3. Those with children under age 6 who are required to participate are to participate part-time

and are to be guaranteed child care. Provides for a transitional day care program for those who become ineligible for AFDC benefits. States may provide the child care services directly, arrange for care, or reimburse families for the cost of the care up to the specified amounts. The day care is to meet applicable State and local standards and the day care

providers are required to meet other specified criteria. Also authorizes \$13 million for each of FY90 and FY91 for State grants to improve child care licensing and registration and to monitor the child care provided under the program; authorizes demonstrations relating to the effect of early childhood development programs and projects to employ welfare mothers as day care providers; and reduces the eligible age under the child and dependent care tax credit program under Sec. 21 of the Internal Revenue Code from under 15 to under 13.

#### **H.R. 3660 (Kildoe et al.)**

Act for Better Child Care Services of 1988. Would have authorized Federal matching grants to States for a variety of child care services. Seventy-five percent of the funds were to be for care of children under age 13 in families whose incomes were less than 115% of the State median and where the parents worked, were seeking work or were enrolled in school. Fifteen percent of the funds were to improve the quality and availability of child care for all families. Three percent of the funds were to encourage business to support or provide child care services. The bill mandated the development of Federal child care standards. Participating States would have been required to ensure child care providers in the State met or exceeded the standards within 5 years after they were established and to monitor compliance. Reported by the House Education and Labor Committee Sept. 27, 1988.

#### **H.R. 4768 (Rep. Tauke et al.)/S. 2546 (Sen. Quayle and Hatch)**

Choices in Child Care Act of 1988. Would have established a State grant program for certificates for child care services for low-income families to work or receive training; authorized a variety of dependent care activities; restricted the use of the child and dependent care tax credit; and established a new income tax credit for families with preschool age children, as well as other tax provisions. Introduced June 8, 1988 in the House and June 21, 1988 in the Senate.

#### **S. 1885 (Dodd et al.)**

Act for Better Child Care Services of 1988. Similar to H.R. 3660 (see above). Major differences included a requirement that minimum Federal standards would have applied to publicly assisted programs rather than to all regulated child care providers in the State; a requirement that services were to be provided for children from families with incomes less than 100% of State median rather than 115%; and a requirement that providers funded under the Act were to serve families with very low incomes. In addition, the Senate version of the bill did not include specified funding to encourage businesses to support or provide day care. Reported by the Senate Labor and Human Resources Committee Aug. 10, 1988.

#### **S. 2270 (Kennedy)**

Smart Start: The Community Collaborative for Early Childhood Development and Child Care Assistance Act of 1988. Would have authorized a Federal matching grant program for States and localities to establish or expand early childhood development programs to full work days during the full calendar year for primarily 4-year-old children. At least half of the children served were to be from families with

incomes below 115% of poverty; and services were to be provided on a sliding fee scale basis but could not exceed 10% of the family's gross income and were to be without charge to low-income families. Introduced April 12, 1988. The Senate Labor and Human Resources Committee held hearings on the bill Feb. 23, prior to its introduction, and again on May 11.

Sharon Stephan

## **SELECTED WOMEN'S ISSUES IN THE 100TH CONGRESS**

...designed to address special interests of women...

Legislation in the 100th Congress designed to address special interests of women included proposals relating to parental and medical leave benefits, pay practices in the Federal Government and the private sector, prohibition of sex discrimination in federally assisted programs or activities, the equal rights amendment, and abortion funding under Federal programs. Of these major initiatives, only the prohibition of sex discrimination in federally assisted programs was enacted; a bill to assess pay practices in the Federal Government was passed by the House, and proposals relating to parental and medical leave were reported to the floor in both Chambers.

Legislation was introduced to create a Federal standard for two kinds of employee leave benefits: a parental or family care leave and a leave for temporary medical disabilities. The leaves were to be unpaid, although a study of ways to provide paid leave would have been mandated. Health benefits would have been continued during leave and an employee would have had the right to reinstatement at the same or a comparable job.

Bills promoting changes in pay practices ("comparable worth") in the public and private sectors addressed the question of whether discriminatory wage-setting practices exist. Legislation introduced would have required Federal agencies to establish guidelines and additionally would have mandated a study of wage-setting practices within the Federal job classification system. The House passed H.R. 387 on Sept. 29, 1988.

Two different proposals were introduced to define the extent of coverage of civil rights laws prohibiting discrimination in federally assisted programs and activities. The question addressed was whether to overturn the 1984 Supreme Court *Grove City* decision and restore broad coverage of all federally assisted entities, or to limit coverage to federally assisted educational institutions. On Jan. 29, 1988, the Senate amended and passed S. 557, restoring broad coverage. On March 2, the House passed S. 557. The President's veto of the bill was overridden Mar. 22, 1988 (P.L. 100-259).

A proposed amendment to the Constitution to ensure equal rights for women would have required that government at all levels treat women and men equally as citizens and individuals under the law. It would have prohibited sex-based classifications that specifically deny equality of rights or violate the principle of nondiscrimination with regard to sex.

Measures relating to abortion in the 100th Congress included both proposed amendments to the Constitution to nullify or limit Supreme Court decisions affirming abortion rights and statutory approaches to limit Federal involvement in abortion or abortion-related activities.

## LEGISLATION

### **P.L. 100-259, S. 557**

Civil Rights Restoration Act of 1987. Restores the broad scope of coverage and clarifies the application of Title IX of Section 504 of the Rehabilitation Act of 1973, and Title VI of the Civil Rights Act of 1964. Introduced Feb. 19, 1987; referred to Committee on Labor and Human Resources. Hearings held Mar. 19 and Apr. 1. Reported, amended (S.Rept. 100-64) June 5. Passed Senate, amended (75-14), Jan. 28, 1988. Passed House, amended (315-98), Mar. 2. Vetoes by the President (H.Doc. 100-175) Mar. 16. Motion to override passed House (292-133) and Senate (73-24) Mar. 22, 1988.

### **H.R. 387 (Oakar)**

Federal Equitable Pay Practices Act of 1987. Establishes the Commission on Equitable Pay Practices to determine whether the classification system and prevailing rate system are designed and administered in accordance with the general policy that sex, race, and ethnicity should not be among factors considered in determining pay rates. Introduced Jan. 6, 1987; referred to Committee on Post Office and Civil Service (Subcommittee on Compensation and Employee Benefits). Passed House, amended Sept. 29. Placed on Senate calendar Oct. 4, 1988.

### **H.R. 925 (Clay)**

Family and Medical Leave Act of 1987. Entitles employees to family leave in certain cases involving a birth, an adoption, or a serious health condition and to temporary medical leave in certain cases involving a serious health condition, with adequate protection of the employees' employment and benefit rights. Establishes a commission to study ways of providing salary replacement for employees who take such leave. Introduced Feb. 3, 1987; referred jointly to Committees on Education and Labor and on Post Office and Civil Service. Joint hearings held Feb. 25 and Mar. 5 by Education and Labor Subcommittees on Labor Management and on Labor Standards, and Apr. 2 by Post Office and Civil Service Subcommittees on Civil Service and on Compensation and Employee Benefits. Reported to House, amended, by Committee on Post Office and Civil Service (H.Rept. 100-511, Part 1) Mar. 8 and by Committee on Education and Labor (H.Rept. 100-511, Part 2) Mar. 9, 1988.

### **S. 552 (Evans)**

Federal Employee Compensation Equity Act of 1987. Establishes the Commission on Compensation Equity to determine whether the distinction between basic rates of pay for Federal jobs in executive agencies reflect substantial differences in the duties, difficulty, responsibility, and qualification requirements of the work performed and are not based on considerations of sex, race, or national origin. Introduced Feb. 19, 1987; referred to Committee on Governmental Affairs. Hearings held by Subcommittee on Civil Service, Post Office, and General Services Apr. 22, 1987. Ordered reported favorably, with amendment in the nature of a substitute, Nov. 18, 1987. Reported to Senate with amendment (S.Rept. 100-301) Mar. 16, 1988.

### **S. 2488 (Dodd)**

Parental and Medical Leave Act of 1988. A revised version of S. 249 (Dodd), grants employees parental and temporary medical leave under certain circumstances. Provides for protection of employees' employment and benefit rights. Establishes an advisory panel to study ways of providing salary replacement for employees who take such leave. Introduced June 8, 1988; referred to Committee on Labor and Human Resources. Ordered reported, amended, July 14, 1988. Reported with amendment to Senate (S.Rept. 100-447) Aug. 3, 1988. Withdrawn from further consideration after 2 weeks of floor debate and a failed attempt to invoke cloture Oct. 7, 1988.

Leslie W. Gladstone

## **CATASTROPHIC HEALTH INSURANCE**

...Medicare's new catastrophic benefit...

Catastrophic medical costs are broadly defined as large unpredictable health care expenses; these are usually associated with a major illness or serious injury. The absence of catastrophic health insurance protection for the elderly was the subject of congressional concern for several years. During the 100th Congress, a number of proposals were considered to expand protection for the aged through the Medicare program.

P.L. 100-360, the Medicare Catastrophic Coverage Act of 1988, was signed into law on July 1, 1988. This measure places an upper limit on beneficiary liability in connection with covered Medicare services. It also establishes a new catastrophic prescription drug program. The legislation is financed through a combination of (1) an increase in the monthly Part B premium for all Part B enrollees, and (2) a new supplemental premium which is mandatory for all Part A enrollees with Federal tax liability (about 40% of the elderly). State Medicaid programs are required to phase-in coverage of Medicare cost-sharing charges for the elderly and disabled with incomes below the Federal poverty line.

## LEGISLATION

### P.L. 100-360, H.R. 2470/S. 1127

Medicare Catastrophic Coverage Act of 1988. Limits the inpatient hospital deductible to one per year; eliminates the durational limits on, and coinsurance charges for, inpatient hospital services. Limits coinsurance charges for post-hospital SNF services to the first 8 days; provides that the coinsurance charge be set at a level equal to 20% of the estimated national average cost; and provides for 150 days of post-hospital SNF benefits per year. Expands home health and hospice coverage. Establishes an annual out-of-pocket limit on beneficiary's payments for Part B deductibles and coinsurance. Establishes a catastrophic prescription drug benefit. Finances coverage through (a) an increase in the Part B premium, and (b) an income-related supplemental premium for persons with income tax liability over \$150. Clean bill introduced May 19, 1987; referred to Committees on Ways and Means, and on Energy and Commerce. (Reflects Committee on Ways and Means' markup of H.R. 1270 and H.R. 1271). Reported by Committee on Ways and Means May 22. Amended by Committee on Energy and Commerce June 17. Committee on Ways and Means approved free-standing drug amendment June 24. Clean bill (H.R. 2941) introduced July 15. Text of H.R. 2941 substituted for text of H.R. 2470; passed House as H.R. 2470 July 22. S. 1127 introduced May 5, 1987; reported by Committee on Finance, amended (S.Rept. 100-126) July 27. Passed Senate, amended, Oct. 27; incorporated into H.R. 2470 as an amendment. H.R. 2470 reported by conferees (H.Rept. 100-661) May 31, 1988. Conference report passed House June 2 and Senate June 8. Signed into law July 1, 1988.

Jennifer O'Sullivan

## HEALTH INSURANCE

...percentage of uninsured is climbing...

Most Americans have health insurance coverage through private group plans offered through their place of employment or through the two major government financed programs, Medicare and Medicaid. A much smaller number of Americans purchase individual policies through the private health insurance market. There are, however, an estimated 37 million Americans under the age of 65 who lack any health insurance coverage. The share of the nonaged population lacking health insurance has grown from 14.6% in 1979 to 17.5% in 1986. The most significant change appears to have been in dependent coverage. Fewer people are obtaining insurance through another family member's employment.

The growth in the uninsured population has occurred at a time when changes in hospital reimbursement have made it more difficult for hospitals to shift the costs of treating the uninsured to privately insured patients. Consequently, access to health care for persons lacking insurance is a growing concern. These developments have led to new congressional interest in the problems of the medically uninsured. Faced with substantial Federal budget deficits and diminished interest in government-financed solutions, Congress has turned to employers as a potential source of expanding access to health insurance coverage.

In past years, Congress has mandated that employers who offer health insurance have to conform to specific requirements affecting the nature of their health insurance plans and the entitlement to those plans. In the 100th Congress, legislation was introduced to mandate that all employers offer their employees basic health insurance. Bills were also introduced to require that employers provide specific health insurance coverage, such as coverage for the costs of catastrophic illnesses. (See CRS, Mandated employer provided health insurance [by] Beth C. Fuchs, Issue Brief 87168, updated regularly; and CRS, Private Health Insurance continuation coverage [by] Beth C. Fuchs. Issue Brief 87182, updated regularly.) These proposals are likely to be revisited in the 101st Congress, as are other options for extending health insurance to the uninsured.

As a result of growing concerns about the financial condition of employer provided post-retirement health benefits, Congress also passed legislation (P.L. 100-334) to provide that retirees of certain companies that have filed for bankruptcy continue to receive health benefits while the issues related to the bankruptcy are being resolved. This measure also improves the treat-

ment of retiree health benefits under Federal bankruptcy law by requiring that companies provide without modification any retiree benefits unless certain conditions are met.

Congress also began to review proposals to encourage employers to prefund retiree health benefits. In addition, the Administration submitted a proposal to Congress to permit employers to use a part of their surplus pension assets to fund health benefits for current retirees. However, a comprehensive response to the uncertainties of post retirement health benefits did not emerge, and these issues too are likely to appear on the agenda of the 101st Congress.

## LEGISLATION

### P.L. 100-334, H.R. 2969

Amends Chapter 11 of Title 11 of the U.S. Code (Bankruptcy Code) to improve the treatment of certain retiree benefits of former employees. Introduced July 20, 1987; referred to Committee on Judiciary. Hearings held by Subcommittee on Monopolies Sept. 10, 1987. Passed House by voice vote Oct. 13. Passed Senate, after substitution of its text for House language, Oct. 30, 1987. House passed amended version (voice vote) May 23, 1988; Senate passed (voice vote), as amended by House, May 25, 1988. Signed into law June 16, 1988.

### P.L. 100-647, H.R. 4333/S. 2233

Technical and Miscellaneous Revenue Act of 1988. Includes modifications to Section 89 of the Internal Revenue Code relating to non-discrimination requirements for employer health plans. Also includes technical corrections to the Title X provisions of COBRA. H.R. 4333 introduced Mar. 31, 1988; referred to Committee on Ways and Means. Amended bill reported to the House July 26, 1988 (H.Rept. 100-795). S. 2238 introduced Mar. 31, 1988; referred to Committee on Finance. Ordered to be reported by Senate Finance on July 26, 1988. Conference agreement (H.Rept. 100-1104) approved by the House on Oct. 21, and by the Senate, Oct. 22, 1988.

Beth C. Fuchs

## LONG-TERM CARE FOR THE ELDERLY

...Congress considers financing and delivery reform...

Congress has considered issues related to the financing and delivery of long-term care services for many years. However, recent congressional action on catastrophic health insurance for the elderly has focused increased attention on the uncovered liability

most elderly persons have for institutional and home and community-based long-term care services. Moreover, the projected growth of the elderly population, combined with large and increasing public and private out-of-pocket expenses for long-term care services, especially for institutional care, has generated interest in altering the way such services are financed and delivered.

In the future, the Nation will have significantly more elderly persons, both in terms of absolute numbers and as a proportion of the total population. In addition, persons aged 85 and over, who are at the greatest risk of needing long-term care, are one of the fastest growing age groups in the country. These demographic factors are expected to increase the need, demand, and costs for both institutional and community-based long-term care services.

The Medicaid program for the poor covers principally nursing home care and offers limited support for non-medical home and community-based services. Medicare, because it is primarily oriented toward providing acute care, covers only limited long-term care services. Social service programs, like the Older Americans Act and the Social Services Block Grant, support a wide range of home and community-based services, but their resources are small when compared to other programs.

In 1986, total national nursing home expenditures of \$38 billion were financed about equally by public programs, primarily through the Medicaid program, and private sources. There are currently about 1.3 million elderly persons residing in nursing homes. Nearly all of private spending for nursing home care was paid directly by the consumer out-of-pocket. With the cost of nursing home care averaging between \$22,000 to \$25,000 per year, paying for nursing home care can represent a catastrophic expense for most elderly persons. Private long-term care insurance coverage for non-medical home and community-based services is limited, as is public support for such services. Therefore, elderly who need such care, and who are not cared for by family and friends, pay for these expenses out-of-pocket or do not receive care. However, home and community-based care is the preferred option for most elderly persons in need of long-term care services.

In the past, Congress has addressed long-term care financing and delivery issues by enacting incremental changes to existing public sector programs, primarily by approving limited expansion of home and community-based services under the Medicaid program. However, during the 100th Congress there was increased interest in larger scale reform of the long-term care system, including consideration of various options to expand Medicare coverage as well as proposals to

encourage private financing of long-term care chiefly through development of private long-term care insurance. The wide range of proposals introduced reflects the divergence of views as to what the public and private sector responsibilities for financing long-term care should be. Some policymakers believe that the Federal Government should assume the major role in financing additional long-term care services. Others believe that the costs of any public sector expansion may be prohibitive and that the private sector, through insurance and other risk-pooling mechanisms, should take the lead. Others believe that both public and private sector strategies are necessary.

A number of bills introduced propose to provide long-term care services to all who need care, regardless of financial circumstances. Under such proposals benefits would be primarily publicly financed, without deductibles or significant copayments for beneficiaries. S. 2681, introduced by Senator Kennedy, for example, would establish in a new title of the Public Health Service Act, a program covering nursing home and home care for certain chronically disabled persons of all ages. Both H.R. 3436, introduced by Representative Pepper, and S. 2671, introduced by Senator Melcher, take a similar approach to public sector financing, but would focus coverage only on home and community-based services.

At the other end of the spectrum are bills that would define a larger role for private insurance in financing long-term care by encouraging the growth of this market through various tax incentives, such as incentives for employers to offer long-term care insurance as an employee benefit and individuals to purchase such insurance (e.g., 2970, H.R. 3501, H.R. 3754, S. 2212).

In between are bills that propose comprehensive benefits under the Medicare program, but would establish certain beneficiary cost-sharing responsibilities that could be financed through the purchase of private long-term care insurance. S. 2305, introduced by Senator Mitchell, H.R. 5320, introduced by Representative Waxman, and H.R. 5393, introduced by Representative Stark, would each establish in Medicare nursing home and home care benefits that would be accompanied by certain copayments and deductibles. S. 2305, by proposing larger beneficiary cost-sharing requirements than is the case in H.R. 5320 and H.R. 5393, would create comparatively a larger role for private insurance coverage of long-term care.

In addition to consideration of these proposed changes, the 100th Congress enacted incremental changes to certain programs. Although the Medicare Catastrophic Coverage Act does not comprehensively address long-term care reform, it contains a number of long-term care provisions including a limited respite

care benefit for certain chronically dependent beneficiaries, and liberalization of certain income and asset restrictions for spouses of Medicaid recipients residing in nursing homes. In addition, Congress enacted an amendment to the Older Americans Act authorizing an expanded program of non-medical in-home services for the frail elderly.

## LEGISLATION

### P.L. 100-175, H.R. 1451

Older Americans Act Amendments of 1987. Reauthorizes the Older Americans Act for 4 years, through 1991. Among other things, establishes under the Title III State and area agency on aging program, a new authority for in-home services for the frail elderly. Conference report passed Senate Nov. 12, 1987, and House Nov. 17. Signed into law Nov. 29, 1987.

### P.L. 100-360, H.R. 2470

Medicare Catastrophic Coverage Act of 1988. Expands Medicare coverage of inpatient hospital care and limits beneficiary out-of-pocket expenses for hospital and physician payments. (For further description, see *Catastrophic Health Insurance*.) Modifies the skilled nursing facility benefit to expand coverage up to 150 days of coverage, and expands home health service coverage. Provides a limited respite benefit of up to 80 hours a year for certain beneficiaries dependent upon a voluntary caregiver. Allows spouses of Medicaid nursing home recipients to retain higher levels of income and assets for their living expenses. Conference report passed House June 2 and Senate June 8. Signed into law July 1, 1988.

### H.R. 3436 (Pepper)

Medicare Long-Term Home Care Catastrophic Protection Act of 1987. Amends Medicare to provide coverage of long-term home care services to chronically ill elderly, disabled, and children who are functionally dependent in at least two activities of daily living. Authorizes home care management agencies to provide case management services to beneficiaries. Payments for services would be limited to a fixed percentage of institutional care costs. Establishes as the financing source for this new benefit, revenues accruing from the elimination of the cap on income subject to the Medicare payroll tax. House defeated a rule to consider H.R. 3436 on the floor June 8, 1988.

Richard J. Price and Carol O'Shaughnessy

funding requirements on underfunded single-employer pension plans. Plan sponsors must provide security (such as in the form of a bond) when a plan amendment increases current liabilities. The sponsor must pay an annual \$16 premium for each participant covered by the plan, plus an additional variable rate if the plan is underfunded. The total annual pension insurance premium may not exceed \$50. Further, P.L. 100-203 provides that employers still will have access to excess pension funds after a plan is ended in accordance with current Administration guidelines. However, the new law prohibits a reversion of pension assets unless the plan has permitted this for at least 5 years. The budget law also tightens up on the granting of funding waivers, accelerates pension contributions, and increases the liability of plan sponsors to pay all benefits due plan participants, even those exceeding the level guaranteed by the PBGC.

Pension asset reversions still remain a controversy. Legislation had been reported by the Senate Committee on Appropriations to place a moratorium on this practice while Congress considered a permanent legislative solution. Rather than placing a moratorium on pension asset reversions, on July 26, 1988, the Senate adopted a sense-of-the-Senate resolution calling for Congress to enact a 60% excise tax on asset reversions that would extend until May 1, 1989. During this period the legislative committees in both Houses would be directed to draft legislation addressing the policy questions raised by employer terminations of overfunded pension plans and asset reversions. The Senate Finance Committee included a 60% excise tax on pension asset reversions in the Committee's amendment to S.2238 (Technical Corrections Act of 1988, as reported). However, the Technical and Miscellaneous Revenue Act of 1988 (P.L. 100-647), increased the excise from 10% to 15%, for reversions occurring after Oct. 21, 1988.

## LEGISLATION

### P.L. 100-647

Technical and Miscellaneous Revenue Act of 1988. Increases the excise tax on pension asset reversions from 10% to 15%. This applies to reversions occurring after Oct. 21, 1988, unless a notice of intent to terminate is filed before that date.

Ray Schmitt

## PRIVATE PENSION PLANS

...two trends cause concern...

Two trends caused concern among policymakers during the 100th Congress. First, a significant number of firms ended overfunded pension plans to recapture "excess" assets. In the past 8 years, companies ended over 1,500 plans and recaptured \$18 billion in pension assets. The underlying issues raised are as follows: Who owns pension fund assets? Should an employer have the right to any excess assets? Should the employer be able to obtain the use of the excess assets without terminating the plan? Should they be shared with retirees? Second, the termination of seriously underfunded plans in the steel industry substantially increased the Pension Benefit Guaranty Corporation's (PBGC) deficit.

In its first session, the 100th Congress changed pension law in response to some of these concerns. The Omnibus Budget Reconciliation Act of 1987 (OBRA) signed into law by President Reagan on Dec. 22, 1987 (P.L. 100-203) substantially increases the insurance premiums charged by the PBGC and imposes tighter

## RAILROAD RETIREMENT AND UNEMPLOYMENT: RECENT ISSUES

...Federal role continues to attract attention...

Federal administration of the retirement, disability, sickness, and unemployment benefits for railroad industry employees continues to attract attention from the Executive Branch. Administration documents suggest that the Federal role is either too large or altogether inappropriate, given the similarity of railroad workers to private industry employees. The Administration argues that the general taxpayer now subsidizes the railroad industry, both directly through appropriations, and indirectly (by relieving the industry of responsibility for its benefit programs). Critics of the current arrangement further suggest that this subsidy will inevitably rise as the industry declines in competitiveness. They point to declining numbers of railroad workers and increased payroll taxes, and conclude that the ratio of beneficiaries to workers is a burden that the industry cannot sustain.

These arguments (and proposals to curtail Federal involvement in rail benefit programs) have persisted in spite of Congress' apparent willingness to address financial threats to the programs without altering Federal responsibility for them. Such willingness is, to some extent, the acceptance of an historical need; Congress stepped into this legislative area in response to problems that have not gone away.

It is easy to overstate the Federal role and conclude that Congress determines rail workers' benefits, assigns payroll taxes to finance them, and appropriates monies from the General Fund to make up the differences. In fact, Congress follows two basic principles in this area: First, the relationship between benefits earned and revenues raised (along with other compensation not subject to congressional review) is decided through collective bargaining in the industry. Congress then oversees the benefits-and-taxes agreement and determines its adequacy and fairness to the industry, to present and former employees, and to the general taxpayer. If Congress is not satisfied, it may require changes in the agreement, but it has never sought to supplant the basic agreement. Second, when Congress has acted on its own initiative, it has done so in order to achieve consistency in the treatment of these workers under Federal law, relative to similarly situated private sector workers.

Federal administration of the rail benefit programs does constitute a subsidy to the rail industry and its workers. A Federal subsidy to a particular industry, however, is not unique.

It is uncertain whether the industry will be able to meet its future obligations for deferred compensation. The long-term decline in employment does not necessarily mean that the payroll tax burden will become excessive. Employment has declined for many reasons, including an ongoing industry effort to achieve employment consistent with technology. As productivity increases, more revenue is available to reward workers as well as to enhance profits. The complexity of the questions involved suggests that the issue will remain controversial.

## P.L. 100-647, H.R. 2167

Railroad Unemployment Insurance and Retirement Improvement Act. Increases unemployment benefits and structures financing mechanisms (see detail above). Also repeals the "last person service rule" -- the requirement that annuitants relinquish the right to return to the service of their last employer in order to qualify for annuity benefits. Introduced Apr. 23, 1987; referred to Committees on Energy and Commerce, and on Ways and Means. Reported May 21, 1987, by Energy and Commerce Committee (H.Rept. 100-102, Part 1). House Subcommittee on Public Assistance and Unemployment marked up and reported favorably Oct. 6,

1987. Full Committee on Ways and Means marked up and reported, with no major changes, Oct. 19, 1987 (H.Rept. 100-102). Passed House Nov. 9, 1987; referred to Senate Committee on Finance, attached to S. 2238 (Tax Technical Corrections Act) and reported Aug. 3, 1988, passed Oct. 21, 1988 as H.R. 4333.

Dennis Snook

## IMMIGRATION

...legal immigration legislation and oversight of P.L. 99-603...

Oversight of the implementation of P.L. 99-603, the Immigration Reform and Control Act (IRCA) of 1986, was a significant immigration issue during the 100th Congress. P.L. 99-603 consists primarily of amendments to the Immigration and Nationality Act (INA), the basic immigration law. Major provisions of the 1986 Act address the control of illegal immigration by employer sanctions for the employment of unauthorized aliens, legalization of some undocumented aliens, and the legal admission of alien agricultural workers. The legalization program application period ended on May 4, 1988, and enforcement of employer sanctions went into full effect on June 1, 1988. The House and Senate Judiciary Committees as well as several other interested committees held oversight hearings. The first and probably the most significant legislation amending the new law was a provision of P.L. 100-202, the FY88 Continuing Appropriations resolution, intended to expedite the processing and admission of special agricultural workers (SAWs).

The major legislative issue in the area of immigration was the revision of the law regulating legal immigration. S. 2104, the Kennedy-Simpson bill revising the numerical limits and preference system regulating legal immigration, passed the Senate on Mar. 15, 1988 by a vote of 88-4. On July 28, 1988, Representative Rodino introduced for himself and Representative Mazzoli H.R. 5115, the "Legal Immigration Amendments of 1988," to revise nonfamily-related legal immigration. However, only P.L. 100-658, legislation temporarily making more visas available to countries disadvantaged by the repeal of the national origins quota system and to countries underrepresented in the immigrant visa allocation in FY88, and extending the H-1 nonimmigrant status of certain registered nurses to Dec. 31, 1989, passed both bodies.

The exclusion and deportation of aliens, particularly on political and ideological grounds, continued to receive attention. P.L. 100-204, the FY88 Foreign Relations Authorization Act, included a temporary

prohibition against the exclusion or deportation of aliens for beliefs or statements that would be constitutional for U.S. citizens. This prohibition was extended to 1991 by P.L. 100-461, the FY89 Foreign Assistance Appropriations Act, but only for nonimmigrants. Permanent legislation amending the 32 grounds for exclusion and 19 grounds for deportation set forth in the Immigration and Nationality Act was introduced by Representative Frank, and reported by the House Judiciary Committee on Aug. 12, 1988 (H. Rept. 100-882).

In addition to provisions already noted, both P.L. 100-202, the FY88 Further Continuing Appropriations Resolution, and P.L. 100-204, the FY88 Foreign Relations Authorization Act, included a number of other provisions relating to immigration (see Legislation section). Other immigration-related legislation receiving final action by the 100th Congress included P.L. 100-525, the Immigration Technical Corrections Act of 1988, which made extensive technical amendments to legislation relating to immigration, including the INA and IRCA; and provisions of P.L. 100-690, the Anti-Drug Abuse Act of 1988, which, among other things, amended the INA to provide for expeditious deportation of aliens who commit aggravated felonies.

## LEGISLATION

### P.L. 100-202, H.J. Res. 395

Further Continuing Appropriations Act, FY88. Includes FY88 appropriation of \$741,114,000 for the Immigration and Naturalization Service (INS) within the Justice Department. Includes immigration provisions relating to SAW applications, Amerasians, proposed INS ("H-1") regulations; as well as provisions which are identical to those in P.L. 100-204 relating to Cuban political prisoners, Indochinese refugee resettlement, and legalization of status of certain aliens previously granted EVD. Signed into law Dec. 22, 1987.

### P.L. 100-204, H.R. 1777

Foreign Relations Authorization Act, FY88-89. Includes a temporary prohibition against the exclusion or deportation of aliens on certain political or ideological grounds; as well as provisions relating to the legalization of status of certain aliens previously granted EVD, Cuban political prisoners, Indochinese refugee resettlement, and exclusion for drug trafficking. Signed into law Dec. 22, 1987.

### P.L. 100-459, H.R. 4782

Department of Commerce, Justice, and State, the Judiciary and Related Agencies Appropriation Act, FY89. Includes an appropriation for INS of \$800 million plus any unused user

fees from the immigration legalization program. Includes a continuation of the ban against the adoption of H-1 regulations proposed by INS; an amendment to the INA relating to the adoption of the illegitimate children of American fathers which expires Oct. 1, 1989; and amendments to the INA creating a revolving "Immigration Examinations Fee Account." Signed into law Oct. 1, 1988.

### P.L. 100-461, H.R. 4637

Foreign Assistance Appropriations Act, FY89. Amends section 901 of P.L. 100-204 to extend the temporary prohibition against the exclusion and deportation of aliens on certain political or ideological grounds to 1991, but only for nonimmigrants. Also includes provisions relating to the continuation by USIA of the J-1 au pair program. Signed into law Oct. 1, 1988.

### P.L. 100-525, S. 2479

Immigration Technical Corrections Act of 1988. Consists of miscellaneous amendments to the INA and IRCA, and other immigration-related provisions. Signed into law Oct. 24, 1988.

### P.L. 100-658, H.R. 5115

Immigration Amendments of 1988. Extends section 314 of IRCA for FY89 and FY90, making 15,000 "NP-5" immigrant visas available each year; makes 10,000 immigrant visas available to underrepresented countries each year for FY90 and FY91; and extends H-1 nonimmigrant status for certain registered nurses through Dec. 1, 1989. Reported by the House Judiciary Committee Oct. 3, 1988 (H. Rept. 100-1038); passed House Oct. 5, 1988; passed Senate unamended Oct. 21, 1988. Signed into law Nov. 15, 1988.

### P.L. 100-690, H.R. 5210

Anti-Drug Abuse Act of 1988. Requires that a machine-readable document border security program be developed (sec. 4604); authorizes appropriations for specified INS personnel enhancement (sec. 6151); provides for INS foreign language training (sec. 6165); includes amendments to the INA and other provisions relating to the deportation of aliens who commit aggravated felonies (secs. 7341-7350); and includes a supplemental FY89 appropriation of \$26.2 million for INS (Title X). Cleared by House and Senate Oct. 21, 1988. Signed into law Nov. 18, 1988.

Joyce Violet

## JOB TRAINING: FOCUS ON DISLOCATED WORKERS, YOUTH, WELFARE RECIPIENTS

...employment and training initiatives...

The 100th Congress enacted major legislation to address the employment and training needs of two specific groups: dislocated workers and welfare recipients. The persistent employment problems of these two groups, plus disadvantaged youth, had been highlighted in the Reagan Administration's budget proposals to Congress for both FY88 and FY89.

For dislocated workers, the Administration had proposed a new \$980 million adjustment assistance program to provide a wide range of services, including job search assistance and counseling, rapid response activities immediately after a large lay-off, basic education, literacy, and job skill training. As originally proposed by the Administration, the new program would have replaced two existing programs for dis-

...education to improve the Nation's productivity...

located workers: Title III of the Job Training Partnership Act (JTPA), and Trade Adjustment Assistance (TAA).

Congress passed a version of the Administration's proposal, retaining the proposed funding level and service mix, but establishing the program as an expanded Title III of JTPA. Congress also did not repeal the existing TAA program, as requested by the Administration. The expanded dislocated worker program under Title III of JTPA, plus amendments to TAA, were incorporated into omnibus trade legislation, enacted in August 1988 (P.L. 100-418). (See MLC entry on Trade.) Appropriations for JTPA programs in FY89 had been finalized prior to enactment of the trade bill; \$287 million was appropriated for the Title III dislocated worker program in FY89 under the Labor-HHS-Education Appropriations Act, P.L. 100-436.

Numerous welfare reform initiatives were considered during the 100th Congress, including a proposal submitted by the Administration. Legislation substantially amending the existing Aid to Families with Dependent Children (AFDC) program, particularly with regard to work and training requirements imposed on recipients, was enacted in October 1988 (P.L. 100-485). The new legislation requires able-bodied welfare recipients without children younger than 3 years old to participate in some form of education, work, or training activity. States also may opt to require participation by parents with children as young as one year old.

Congress passed additional legislation related to welfare reform, which actually was an amendment to JTPA, and will provide bonuses to States to encourage them to increase their level of services under JTPA to certain groups of AFDC recipients who are likely to be long-term dependent. This legislation was enacted as a component of omnibus homeless assistance legislation (P.L. 100-628).

Finally, for disadvantaged youth, the Administration had proposed an expansion of the existing summer youth employment and training program, under Title II-B of JTPA, into a year-round remedial education program for teenage welfare recipients, as well as summer jobs for low-income youth. A version of this proposal was passed by the Senate as part of S. 514; no action was taken in the House.

**LEGISLATION**

**P.L. 100-418, H.R. 4848**

Omnibus trade bill. Contains amendments to Title III of JTPA expanding services to dislocated workers. H.R. 4848 introduced June 16, 1988; referred to more than one committee. H.R. 4848 passed House July 13, 1988, passed Senate Aug. 3, 1988. Signed into law Aug. 23, 1988.

**S. 514 (Kennedy)**

Jobs for Employable Dependent Individuals Act. Authorizes bonuses, under new Title V of JTPA, for States which place welfare recipients in long-term employment. Amends TPA performance standards for adults, and amends JTPA summer program for youth. Introduced Feb. 5, 1987; reported by Committee on Labor and Human Resources (S.Rept. 100-20) Mar. 20, 1987. Passed Senate Apr. 2, 1987. Bonus portion only, incorporated into McKinney Homeless Assistance Act reauthorization, which was enacted on Nov. 7, 1988 as P.L. 100-628.

Improvement of America's competitive position in international trade was one of the major issues pursued by the 100th Congress. Most legislative proposals included provisions for increasing the funding levels for Federal education programs, expanding current programs, or authorizing new programs. The primary goal was to improve the productivity of the Nation's workers by raising the skill level of the workforce. Discussions about education's role in addressing the competitiveness issue included the contribution of education to productivity growth, comparisons of the educational achievement of American school children with that of their peers in other nations, the educational needs of illiterate adults, and the role of technology in education.

Several issues connect education with proposals for trade competitiveness. One is the extent to which increased education can improve trade competition. Another is the concern that some of the United States' major trade competitors or trade partners are more successful than the United States in some aspects of education. In response to these concerns, efforts have been made to identify the types of additional educational programs and expenditures that might most effectively improve the Nation's trade position. For example, what kinds of programs should be provided; for whom should they be provided; what level of funding should be provided? Other issues include the extent to which Federal programs should address national priorities or allow State and local discretion, the implications of cost-sharing requirements on institutions with limited resources, and the implications of providing funds to established research universities, developing institutions, or all institutions.

The Omnibus Trade and Competitiveness Act of 1988, P.L. 100-418, includes a variety of Federal education measures -- improvement of instruction in mathematics and science education; literacy training for adults; foreign language assistance programs; dropout assistance programs; secondary school basic skills im-

provement; the Star Schools program of telecommunications partnerships for improving mathematics and science instruction; vocational training programs for adults; development of partnerships between educational institutions and private businesses; minority science and engineering programs; regional technology transfer programs; and modernization of academic research facilities and college science instrumentation program. P.L. 100-418 was enacted August 23, 1988. Identical education provisions were included in an earlier version of the trade bill, H.R. 3, which was vetoed by the President May 24, 1988. Several related education provisions were enacted through the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988, P.L. 100-297, Apr. 28, 1988.

**P.L. 100-418, H.R. 4848**

Omnibus Trade and Competitiveness Act of 1988. Title VI, the Education and Training for a Competitive America Act of 1988, subtitles A, B, and C, authorizes \$670 million to be appropriated in FY88 for programs administered by the U.S. Department of Education.

Subtitle A (Elementary and Secondary Education) of Title VI authorizes for FY88: \$175 million for mathematics and science education programs under Title II of the Education for Economic Security Act (EESA); \$30 million for workplace literacy partnerships grants; \$25 million for English literacy grants; the establishment of a Federal literacy coordination office (with no additional funds); \$20 million for the Foreign Language Assistance Act of 1988; \$1 million for Presidential Awards for Teaching Excellence in Foreign Languages; \$20 million for elementary and secondary education partnerships in mathematics and science under Title III of EESA; \$10 million for the Education Partnerships Act of 1988; \$20 million for the Star Schools Program Assistance Act; \$50 million for the School Dropout Demonstration Assistance Act of 1988; and \$200 million for the Secondary Schools Basic Skills Demonstration Assistance Act of 1988.

Subtitle B (Technology and Training) authorizes for FY88: the Training Technology Transfer Act of 1988 (with no additional funds); \$2 million for instructional programs in technology education; a requirement that the National Diffusion Network gather and disseminate information for the replication of technical education programs (with no additional funds); \$25 million for the basic program and \$25 million for the special program for adult training, retraining, and employment development under the Carl D. Perkins Vocational Education Act (Perkins Act); an additional \$10 million for industry-education partnerships under the Perkins Act; \$2 million for a technological literacy demonstration program; and \$5 million for regional access demonstration programs for rural educational opportunities.

Subtitle C (Higher Education) authorizes for FY88: \$10 million for a student literacy corps under Title I of the High-

er Education Act (HEA); \$10 million for a college and university research facilities and instrumentation modernization program under HEA Title VII; an additional \$7.5 million for minority science and engineering improvement under HEA Title X; \$15 million for the operation of regional technology transfer centers under HEA Title XII; an additional \$2.5 million for library technological enhancement under HEA Title II; \$5 million for centers for international business education under HEA Title VI; "such sums as may be necessary" for international business education and training programs; and a technical amendment to the authorization of the Robert E. McNair Post-Baccalaureate Achievement Program under HEA Title IV (no added funds).

The bill was introduced June 16, 1988; referred to more than one committee. Passed House July 13; passed Senate Aug. 3; and signed Aug. 23, 1988.

Paul M. Irwin

## **F. THE COURTS**

## SIGNIFICANT RECENT SUPREME COURT LABOR AND EMPLOYMENT RULINGS

Gordon E. Krischer and Amy L. Dixon  
O'Melveny and Myers

### LABOR MANAGEMENT RELATIONS ACT

Lingle v. Norge Div. of Magic Chef, Inc., 108 S.Ct. 1877 (1988): The Court decided unanimously that an Illinois tort action based on a retaliatory discharge for exercising state worker's compensation rights is not pre-empted by Section 301 of the Labor Management Relations Act. Therefore, an employee's case which relies on a statute or legal theory not dependent on a collective-bargaining agreement may not be removed to federal court on grounds of federal question jurisdiction and may not be dismissed based on federal labor law preemption. The Court stated that such a case involves purely factual questions about the employee's conduct and the employer's motivation; it does not require interpretation of a collective-bargaining agreement.

In an opinion by Justice Stevens, the Court reasoned that this result is not inconsistent with the policy of fostering uniform, certain adjudication of disputes over the meaning of collective-bargaining agreements. He added that the Court's rule is consistent with cases finding that there are separate areas of substantive rights which are not pre-empted by federal labor law statutes.

### NATIONAL LABOR RELATIONS ACT

Edward J. DeBartolo Corp. v. Florida Gulf Coast Bldg. and Constr. Trades Council, 108 S.Ct. 1392 (1988): The Court held that the National Labor Relations Act permits a labor union to distribute handbills urging shopping mall customers not to patronize mall tenants because of a labor dispute between the union and a construction company hired to build a store at the mall. The Court concluded that the union's actions did not constitute an unlawful secondary boycott prohibited by Section 8(b)(4)(ii)(B) of the NLRA.

In an opinion written by Justice White and joined by five other justices, the Court affirmed the Eleventh Circuit's decision which found no congressional intent to prohibit the handbilling and said that the publicity proviso of Section 8(b)(4) did not indicate congressional intent to ban all speech not coming within its terms. The Court found that Section 8(b)(4) did not contain any clear expression of congressional intent to proscribe peaceful handbilling, unaccompanied by picketing, urging a consumer boycott of a neutral employer.

The Court stated that the NLRB's interpretation of the statute, that the NLRA prohibited the union's handbilling, raised serious First Amendment problems. Construing Section 8(b)(4) as not reaching the union's handbilling, however, made it unnecessary to rule upon the First Amendment questions.

Two justices concurred in the judgment without further elaboration. There were no dissents.

Communications Workers of America v. Beck, 108 S.Ct. 2641 (1988): The Court ruled that under the NLRA, unions may not spend union dues collected from nonunion employees in an agency shop arrangement to further activities that are unrelated to collective bargaining, contract administration, or grievance adjustment.

The opinion by Justice Brennan, writing for five members of the Court, stated that federal courts had jurisdiction over the case and therefore the non-members were not limited to proceedings before the NLRB. In reaching the decision, he looked to the Railway Labor Act, which does not permit a union, over the objection of non-members, to spend mandatory agency fees for political causes.

Justice Blackmun, joined by two justices, dissented in part. He argued that Congress, when enacting Section 8(a)(3), did not intend to limit the operation of union security agreements to the extent found by the majority.

NLRB v. United Food and Commercial Workers Union, 108 S.Ct. 413 (1987): In a unanimous opinion, the Court concluded that an informal settlement of unfair labor practice charges by the General Counsel of the NLRB, after a complaint is filed but before a hearing is held, is not subject to judicial review. Because the settlement is not an adjudicatory action of the NLRB, the Court said, the NLRA's judicial review provisions do not apply. The Court also found that Congress did not intend to permit judicial review of such actions under the Administrative Procedure Act.

In an opinion written by Justice Brennan, the Court said that Congress, when enacting the NLRA, intended to differentiate between the General Counsel's "prosecutorial" functions and the NLRB's "adjudicatory" functions. Adjudicatory functions are subject to judicial review, but prosecutorial activities are not, said Brennan. He stated that the general counsel acts "on behalf of" the NLRB, but her actions are not those "of the Board" itself, and the NLRA permits judicial review only of actions of the NLRB.

Brennan also noted that review under the APA is not available when "statutes preclude judicial review." Because of the difference between adjudicatory and prosecutorial functions, he explained, the NLRA must be read to preclude judicial review under the APA. Four justices concurred in the opinion.

#### **RAILWAY LABOR ACT**

Landers v. National Railroad Passengers Corp., 108 S.Ct. 1440 (1988): In a unanimous opinion by Justice White, the Court held that Section 2, Eleventh of the Railway Labor Act, which authorizes railroads and unions to enter union shop agreements but also permits certain employees to satisfy the requirement by joining another union, does not entitle railroad employees to be represented at company-level grievance or disciplinary proceedings by a union other than the designated collective bargaining agent. The RLA does not specifically address what role, if any, minority unions play at such hearings, but the Court was unwilling to read into the statute any provision which was not specifically included by Congress.

White discussed that the purpose of the RLA, to provide an orderly settlement of certain types of labor disputes, could be frustrated by permitting employees to demand the representative of their choice. Also, the minority union might use grievance and disciplinary proceedings to undermine the position of the majority bargaining representative.

The Court appropriately could assume that any majority union would adequately represent all employees' interests at the company-level hearings, stated White. He also noted that if disciplinary proceedings are pursued past the company-level to the National Railroad Adjustment Board, an employee could be represented there by the union of his choice.

#### **FEDERAL EMPLOYERS' LIABILITY ACT**

Monessen Southwestern Railway Co. v. Morgan, 108 S.Ct. 1837 (1988): The Court decided that, as a matter of federal law, state courts may not award prejudgment interest in Federal Employers' Liability Act cases pursuant to local practice, and that FELA damages awards should be reduced to their present value.

All members of the Court agreed with the portion of the opinion by Justice White that state courts must apply federal substantive law when adjudicating FELA claims. The proper measure of damages under the FELA, including whether

prejudgment interest may be awarded to a prevailing plaintiff, is inseparably connected with the right of action, and therefore is an issue of substance that must be settled according to federal rather than state law, said the Court.

#### **FAIR LABOR STANDARDS ACT**

McLaughlin v. Richland Shoe Co., 108 S. Ct. 1677 (1988): In a 6-3 decision written by Justice Stevens, the Court decided that the same definition of "willful" in the Age Discrimination in Employment Act applies to "willful" in the Fair Labor Standards Act. To act "willfully" under these statutes, an employer must have known or shown reckless disregard for whether its conduct was prohibited by the Act. This issue is important in FLSA litigation because the statute provides a three-year statute of limitations for the civil enforcement of "willful" violations, but only a two-year limitations period for non-willful violations.

Justice Marshall, joined by two other justices, dissented. He said that the Court failed to recognize the differences between the ADEA and the FLSA and suggested that an intermediate approach should have been adopted.

## **CIVIL SERVICE REFORM ACT**

**Federal Labor Relations Authority v. Aberdeen Proving Ground**, 108 S. Ct. 1261 (1988): In a per curiam opinion, the Court decided that 5 USC 7117(b), not an unfair labor practice proceeding, is the correct procedure for determining whether a "compelling need" exists for a federal agency's regulation. Without a compelling need, the regulation is subject to the employing agency's duty to negotiate with its employees' labor organization.

The Court noted that the Federal Service Labor-Management Relations Statute, Title VII of the Civil Service Reform Act of 1978, exempts certain matters from federal agencies' duty to negotiate. The plain language of the statute provides that where a matter is covered by regulation, no duty to negotiate arises unless the FLRA has first determined that no "compelling need" justifies adherence to the regulation. The Court said that this reading of the statute is consistent with the legislative history and statutory purpose.

## **MERIT SYSTEMS PROTECTION BOARD**

**Department of Navy v. Egan**, 108 S.Ct. 818 (1988): In a 5-3 opinion by Justice Blackmun, the Court held that when the Merit Systems Protection Board reviews adverse employment actions taken by federal agencies pursuant to 5 USC 7513, it does not have authority to review the substance of an underlying security-clearance determination.

Blackmun noted the great deference that courts owe to executive branch decisions affecting military and national security affairs, then observed that the 1978 Civil Service Reform Act does not confer broad authority on the MSPB to review a security clearance determination. Under the statute, the MSPB can review only whether just cause for termination exists, whether a security clearance has been denied, and whether a transfer to a nonsensitive position is feasible. Because it does so under a preponderance of the evidence standard, if it reviewed the merits of the security clearance determination underlying an employee's removal, it inevitably would be required to second-guess national security decisions.

Justice White, joined by two others, dissented, stating that neither the CSRA's language nor legislative history prohibits the MSPB from examining discharges of employees who are alleged to be security risks.

## **NATIONAL SECURITY ACT**

**Webster v. Doe**, 108 S.Ct. 2047 (1988): The Court held that Section 102(c) of the National Security Act does not preclude judicial review of a former CIA employee's claim that firing him on the basis of his homosexuality violated his constitutional rights.

Chief Justice Rehnquist, writing for six members of the Court, noted that, because of the discretion that Section 102(c) grants the CIA director, termination decisions are "committed to agency discretion by law" within the meaning of the Administrative Procedure Act. Thus they are not judicially reviewable under that statute. He found additional support for this conclusion in the overall structure of the NSA.

Constitutional claims, however, required a different analysis. Rehnquist declared that Section 102(c) cannot be read to exclude judicial review of constitutional claims. He emphasized that where Congress intends to preclude judicial review of constitutional claims, its intent to do so must be clear.

Rehnquist rejected the CIA's argument that judicial review of even constitutional claims will entail extensive "rummaging around" in CIA affairs to the detriment of national security. He noted that claims based on Title VII are routinely entertained in federal court. Moreover, district courts can control the discovery process to protect the government's interests in confidentiality and its methods, sources and missions.

Two justices dissented from the Court's conclusion that constitutional claims are reviewable.

## **EMPLOYEE RETIREMENT INCOME SECURITY ACT**

**Mackey v. Lanier Collections Agency & Service, Inc.**, 108 S.Ct. 2182 (1988): The Court decided that a Georgia statute that expressly prohibits garnishment of employee welfare benefit plan funds is preempted by the Employee Retirement Income Security Act, but that Congress did not intend to pre-empt the use of Georgia's more general garnishment statute, even when applied to ERISA welfare benefit plans.

In a 5-4 decision by Justice White, the Court noted that one Georgia statute specifically bars the garnishment of funds or benefits of an employee benefit plan or program subject to ERISA. The possibility that the state statute was enacted to further the goals of ERISA did not

save it from preemption, stated White. Supreme Court precedent requires that a statute that singles out ERISA employee welfare benefit plans for different treatment under state garnishment procedures is pre-empted.

The remaining question, whether the entire Georgia garnishment scheme was preempted, was "a close one", said White, because ERISA does not expressly address whether ERISA trustees must comply with state garnishment laws and therefore Congress could not have intended to forbid the use against ERISA plans of state law methods of enforcing judgments. White observed that when Congress intended in ERISA to preclude a particular state law method of enforcing judgments, it did so expressly. Therefore, the Court held that the Georgia garnishment scheme was not pre-empted. It is clear, White said, that many judgments against ERISA welfare benefit plans, based on federal or state law, won in federal or state court, must be collectible in some way. Garnishment is one permissible method.

Justice Kennedy, joined by three other justices, dissented. He said the compliance with state garnishment procedures subjects ERISA plans to significant administrative burdens and costs and that it is difficult to believe that Congress intended this result.

**Laborsers Health and Welfare Trust Fund v. Advanced Lightweight Concrete Co., Inc.**, 108 S.Ct. 830 (1988): In a unanimous opinion written by Justice Stevens, the Court decided that federal courts cannot entertain suits under Section 502 of ERISA to determine whether an employer's unilateral decision to refuse to make contributions to a multiemployer pension plan, following its withdrawal from the plan, violates the National Labor Relations Act. Instead, the Court said, courts are limited by Section 502 to collecting contractually promised contributions.

The complaints in this case alleged federal jurisdiction under Sections 502(g)(2) and 515 of ERISA. Justice Stevens held that Section 515 has no applicability to an employer's NLRA duty to bargain in good faith. The liability created by Section 515 may be enforced by the trustees by bringing an action in federal court pursuant to Section 502. Both the text and legislature history of these two sections indicate that this remedy is limited to the collection of promised contributions and does not confer jurisdiction on district courts to determine whether an employer's unilateral decision to refuse to make post-contract contributions constitutes a violation of the NLRA, said Stevens.

## TITLE VII OF THE 1964 CIVIL RIGHTS ACT

Loeffler v. Frank, 108 S.Ct. 1965 (1988): The Court interpreted a provision of the 1970 Postal Reorganization Act to permit the payment of prejudgment interest in employment discrimination lawsuits against the U.S. Postal Service. The Court said that in enacting the statute's sue-and-be-sued clause, Congress intended to waive the federal government's immunity from prejudgment interest in lawsuits brought under Title VII of the 1964 Civil Rights Act.

Florida v. Long, 108 S.Ct. 2354 (1988): In an opinion by Justice Kennedy, the Court said that employees who retired before the effective date of a previous decision (Norris), under sex-based pension plans declared unlawful by that decision, are not entitled to an upward adjustment of the future benefit payments they are entitled to receive, because the pension fund administrators were not on notice.

The Court followed its general practice of not requiring that pension plan decisions be applied retroactively. Kennedy noted that the distinction between retroactive and prospective relief is not clear in pension plan cases. He stated that a holding that each monthly pension payment constitutes a continuing violation would render employers liable for past conduct, regardless of whether a decision actually is applied retroactively. For this reason, the Court concluded that no adjustment in benefit payments is required for employees who retired before the 1983 Norris case that ruled pension benefits must be calculated on a nondiscriminatory basis.

Justice Blackmun, joined by two other justices, dissented. He said that Title VII's make-whole purpose creates a presumption in favor of retroactivity that seldom can be overcome.

Justice Stevens agreed, and said he would go further and hold that each month's disparate retirement check constitutes a separate violation that may be remedied.

Watson v. Ft. Worth Bank and Trust, 108 S.Ct. 2777 (1988): The Court split sharply in this case over the use of disparate impact analysis in judging subjective or discretionary employment decisions. All eight justices who participated in the decision agreed that disparate impact analysis, which does not require proof that an employer intended to discriminate in a manner violative of Title VII, may be applied to subjective employment decisions. The Court was unable to agree, however, on what evidentiary standards should be applied to such cases.

Justice O'Connor wrote the Court's lead opinion. She stated that the Court's precedents in the employment discrimination area would be nullified if disparate impact analysis could be applied only to standardized selection practices. If an employer's informal system of subjective decision-making has the same effect as a system using impermissible intentional discrimination, she said, it is difficult to see why the disparate impact analysis should not apply.

In a portion of her opinion joined by Rehnquist, White and Scalia, O'Connor cautioned that extending disparate impact analysis to subjective employment practices may lead to perverse results. Therefore, she said, the plaintiff's burden of establishing a prima facie case requires more than just showing that there are statistical disparities in the employer's workforce. The plaintiff must offer statistical evidence sufficient enough to show that the challenged employment practice caused the exclusion of applicants because of their membership in a protected group.

Employers need not introduce formal validation studies showing that particular criteria predict actual on-the-job performance in an attempt to rebut plaintiff's showing, said O'Connor. She also noted that employers may find it easier in cases challenging subjective decisions than in cases questioning the use of standardized tests to produce evidence showing a manifest relationship between the employment decision and the employment in question.

Justice Blackmun, joined by Brennan and Marshall, concurred in part and concurred in the judgment. He said that the plurality's suggestions for applying disparate impact analysis to subjective employment standards were inconsistent with proper evidentiary standards and with Title VII's central purpose. He stated that although job-relatedness cannot always be established with mathematical certainty, employers are not freed from any burden of proof. Rather, trial courts must look to different forms of evidence when assessing businesses necessity claims.

Justice Stevens concurred in the judgment, but stated that the Court unwisely announced a new interpretation of earlier cases that applied disparate impact analysis to objective employment criteria. He said he would not have discussed the evidentiary standards set forth in the Court's prior cases until after the district court in this case had made appropriate findings concerning this plaintiff's prima facie evidence of disparate impact and the employer's explanation for its practice of giving supervisors discretion in making certain promotions.

EEOC v. Commercial Office Products Co., 108 S.Ct. 1666 (1988): In this case, the Court decided that the EEOC has jurisdiction to decide a discrimination charge filed within the extended 300-day period granted by Section 706(e) of the 1964 Civil Rights Act, even though the EEOC transmitted the charge to a state fair employment agency and the charge, when filed, was untimely under state law.

Justice Marshall delivered the opinion for the Court. In a portion of the opinion joined by four other justices, Marshall noted that under Title VII, a claimant must file a discrimination charge with the EEOC within 180 days of the alleged discrimination. If a complainant initially institutes proceedings with a state or local agency that has authority to grant or seek relief, however, the time for filing with the EEOC is extended to 300 days. Under the statute no charge may be filed with the EEOC until 60 days after the charge is initially filed with the state or local agency, unless the state or local agency action was "earlier terminated".

Marshall said that the question in this case was whether the state agency action was "earlier terminated". If the state agency's waiver "terminated" its proceedings, the charge properly was filed with the EEOC within the 300-day limit; if not, the charge was not timely because the 60-day deferral period did not expire until well after the 300-day limitation period. The Court, deferring to an EEOC interpretation, concluded that the state agency's action was "earlier terminated". It reasoned that the statutory term "terminate" does not mean "to end for all time."

In a portion of his decision joined by three justices, Marshall said that the legislative history of the Title VII deferral provision demonstrates that the EEOC's interpretation of the word "termination" is consistent with the statute.

Justice O'Connor concurred in part, but rejected any suggestion that the EEOC's interpretation of the "termination" language was the only possible interpretation.

Justice Stevens, joined by two justices, dissented. He said that the Court's decision was not faithful to the plain language or legislative history of Title VII, and did not square with the Court's prior interpretations of this provision.

## **ARBITRATION**

**United Paperworkers International Union v. Misco, Inc.**, 108 S.Ct. 364 (1987): In a unanimous opinion, the Court ruled that the Court of Appeals for the Fifth Circuit should not have set aside a labor arbitration award that ordered reinstatement of an employee who was discharged for violating an employer's rules against the possession or use of drugs on company property, even though the court was convinced that the arbitrator's decision was wrong.

The opinion by Justice White emphasized the limited role that courts play in reviewing arbitrators' decisions and said that arbitration awards are legitimate if they draw their essence from collective bargaining agreements. A court's refusal to enforce an arbitration award must be based on an explicit public policy that is well defined and dominant--not one simply ascertained from general considerations of public policy. White explained that the court below had made no attempt to review existing laws and legal precedents, but simply formulated a general "public policy". Even if that policy formulation could be accepted, White continued, the employer in this case had failed to show a clear violation of the policy.

Justice Blackmun, in a concurring opinion joined by Justice Brennan, pointed out that the Court did not decide the question for which it granted certiorari; namely, whether a court may refuse to enforce an arbitration award on public policy grounds only when the award itself violates positive law or requires illegal conduct by the employer. Blackmun also noted that the Court had not decided how a court's authority to set aside an arbitration award on public policy grounds differs from its authority, outside the collective-bargaining context, to refuse to enforce a contract on public policy grounds.

## **CONSTITUTIONAL ISSUES**

**Lyng v. International Union, United Automobile Aerospace and Agricultural Implement Workers of America**, 108 S.Ct. 1184 (1988): In this case, the constitutionality of a Food Stamp Act provision that prohibits households from becoming eligible for participation in the food stamp program while a member of the household is on strike was called into question.

In a 5-3 opinion, Justice White stated that the statute does not interfere with the First Amendment right of strikers to associate with their families. He found it unlikely that the statute would prevent individuals from continuing to associate together in unions. White also said

that the statute does not create governmental coercion over the union members' beliefs.

The Court held that the provision does not violate the equal protection component of the Fifth Amendment, since it is rationally related to the legitimate governmental objective of avoiding undue favoritism in private labor disputes. Also, White said, another stated goal of the statute, cutting federal expenditures, is a legitimate governmental concern.

Justice Marshall, joined in dissent by two others, stated that the provision does not achieve the governmental objective of preserving food stamp funds for those most in need. It also does not represent a neutral act by the government in employer-employee relations.

#### **SUPREMACY CLAUSE**

Goodyear Atomic Corp. v. Miller, 108 S.Ct. 1704 (1988): This case involved an attack on an Ohio constitutional provision that required employers to pay a supplemental unemployment compensation award to employees who were injured because of an employer's violation of a state safety requirement. The Court held that the Supremacy Clause does not bar Ohio from subjecting a private contractor operating a federally owned nuclear production facility to Ohio's worker's compensation laws.

In a 6-2 opinion written by Justice Marshall, the Court noted that the activities of federal installations, even if carried out by a private contractor, are shielded from direct state regulation by the Supremacy Clause unless Congress has provided clear and unambiguous authorization for the state regulation. In this case, the Court found such authorization in 40 USC 290. Marshall said that Section 290 compels the same worker's compensation award for an employee injured at a federally owned facility as the employee would receive if working for a wholly private facility.

#### **JUDICIAL IMMUNITY**

Forrester v. White, 108 S.Ct. 538 (1988): The Court concluded that a state judge's demotion and discharge of a court employee is an administrative decision, not a judicial one, and therefore is not entitled to absolute immunity from damages liability in a 42 USC 1983 action.

Justice O'Connor, writing for an almost unanimous Court, noted that the Court generally has taken a "functional" approach to deciding immunity questions that are not

resolved by express statutory or constitutional enactments, and that the Court has been sparing in its recognition of absolute immunity claims. Judicial immunity is comparatively sweeping, she said, since it protects the finality of judgments, discourages inappropriate collateral attacks, and insulates judges from vexatious actions by disgruntled litigants. However, she stated, the Court has recognized a difference between "judicial" actions and "administrative" actions that judges may be called upon to perform. Judges have not been accorded absolute immunity for administrative actions, said O'Connor.

Justice Blackmun joined most of the Court's opinion but, without explanation, withheld his vote from that portion of O'Connor's opinion that laid out the Court's "functional" approach to immunity and its sparing recognition of absolute immunity claims.

**SIGNIFICANT SUPREME COURT LABOR AND EMPLOYMENT CASES  
DECIDED OR PENDING DURING 1988-1989**

**NATIONAL SECURITY ACT OF 1959**

Carlucci v. Doe, 109 S.Ct. 407 (1988): The Court ruled that the National Security Agency had the authority to fire an employee who confessed to having homosexual relations with foreign nationals without first providing a hearing mandated under federal employment statutes or without determining, under the NSA Personnel Security Procedures Act, that a hearing or other termination procedures would interfere with national security.

The Court agreed with the NSA that its termination for cause procedures are authorized under the National Security Act of 1959, which empowers the Secretary of Defense or his designee to appoint NSA employees. Although the 1959 Act does not refer to termination, the Court held that, absent a specific provision to the contrary, the power of removal from office is incident to the power of appointment.

The Court also found that the language and legislative history of the federal employment and NSA statutes show that these statutes are discretionary in nature, enacted to increase an agency's termination authority, not to limit such authority.

## **STATE ACTION**

**National Collegiate Athletic Assoc. v. Tarkanian**, 109 S.Ct. 454 (1988): The Court held that sanctions imposed by the NCAA against a college for using improper recruiting practices may not be directed at individuals. The threat of additional penalties against the institution if a basketball coach is not suspended, however, does not constitute a "state action" entitling the coach to civil rights remedies.

According to the Court, the NCAA's participation in the events that led to suspension of the coach in this case did not constitute state action, nor were they performed "under color of" state law. The Court reasoned that NCAA action cannot be deemed to be state law under the theory that it misused power it possessed by acting through the state to illegally go after an individual. The University's decision to adopt the NCAA standards did not transform them into state law, and it was the school, not the Association, that suspended the coach.

## **LABOR-MANAGEMENT REPORTING AND DISCLOSURE ACT**

**Reed v. United Transportation Union**, 57 U.S.L.W. 4088 (1989): This case involved what statute of limitations governs a claim by a union member under Section 101(a)(2) of Title I of the Labor-Management Reporting and Disclosure Act of 1959, alleging that the union violated its member's right to free speech as to union matters. There is no statute of limitations expressly applicable to Section 101 actions.

The district court held that North Carolina's three-year statute of limitation for personal injury actions applied. The court of appeals reversed and held that the claim was governed by the six-month statute of limitations set forth in Section 10(b) of the NLRA for filing unfair labor practice charges with the NLRB.

In an opinion by Justice Brennan, joined by six other justices, the Court held that Section 101(a)(2) claims are governed by state general or residual personal injury statutes of limitations, rather than the six-month limitation period of the NLRA. Brennan stated that claims under Section 101(a)(2) are analogous to state personal injury actions and do not implicate federal interests or litigation practicalities that compel search beyond state laws.

Justice Scalia filed a concurring opinion.  
Justice White dissented.

**Sheet Metal Workers' International Assoc. v. Lynn**, 57 U.S.L.W. 4098 (1989): The Court ruled that removal of a local union's elected business agent, in retaliation for statements he made at a union meeting in opposition to a dues increase sought by a union trustee, violated the Labor-Management Reporting and Disclosure Act of 1959. The Court found that the business representative's right to freedom of speech had been violated. The removed official was not stripped of union membership or prevented from attending the meeting and expressing his views or casting his vote. The Court held, however, that his removal from office interfered with his free speech rights by forcing him to choose between them and his job.

The Court also that the removal of an elected official has a chilling effect on the rights of the members who voted him into office. The Court said that the official's rights were unaffected by the fact that the trustee, appointed by the union's international association, was legally empowered to suspend the local union's officers and business representatives.

#### **MINORITY SET-ASIDES**

**Richmond v. J. A. Croson Co.**, 57 U.S.L.W. 4132 (1989): The Court struck down Richmond, Virginia's requirement that 30% of the city's construction subcontracting be set aside for minority businesses, because it was not supported by proof of past discrimination in the city's construction industry and was not narrowly tailored to accomplish a remedial purpose.

The Court held that none of the facts cited by the city as its basis for the set-asides established a case of discrimination by anyone in the city's construction industry. While statistical evidence showed a disparity between the number of prime contracts awarded to minorities and the city's minority population, the Court said that a more proper analysis would compare the percentage of qualified minority businesses in the relevant market with the percentage of city contracts awarded to minorities.

The Court ruled out use of a general assertion of nationwide discrimination in the construction industry as justification for the set-asides, because a general assertion provides no guidelines for the city to determine the scope of the injury it seeks to remedy. The Court found that the factors the city claims were responsible for past societal discrimination -- deficiencies in working capital, inability to meet bonding requirements, unfamiliarity with bidding procedures, and inadequate track records -- are nonracial in character and could be addressed by

race-neutral programs. The Court also said that the city's plan was not narrowly-tailored enough because it randomly included several minorities as eligible for the set-aside and allowed minority business anywhere in the country to participate in the plan.

#### DISCRIMINATION

Patterson v. McLean Credit Corp., No. 87-107; When Patterson first petitioned the Supreme Court to hear her case, she was merely asking that the Court look at the scope of 42 USC 1981. She wanted to know whether it covered cases of racial harassment in the workplace. After the justices heard arguments on that issue last term, they announced that they were setting the case for reargument. Over the objections of four justices, the Court requested briefs on whether it should reconsider its holding in Runyon v. McCrary, 427 US 160 (1976), that 42 USC 1981 applies to private acts of discrimination. Under Section 1981, a party can get damages; under the Equal Employment Opportunity Act, employees are limited to back pay awards and equitable relief such as reinstatement.

Patterson claims that Runyon should not be overturned. As the majority in Runyon stated, both Sections 1981 and 1982 are derived from the 1866 Civil Rights Act, and Congress did not intend to repeal the part of the 1866 act that contained what is now Section 1981 when it recodified the federal statutes in 1874. She argues that Congress intended to prohibit both public and private actions when it enacted the 1866 act. Moreover, Congress has ratified and adopted the decision in Runyon and other cases that Sections 1981 and 1982 prohibit discrimination by private parties. Patterson further argues that the doctrine of stare decisis should prevent the overruling of Runyon.

Her opponents argue Section 1981 was meant only to prevent states from acting to deny the right to contract. They claim that Section 1981 is derived from Section 16 of the 1870 Enforcement Act, and thus is based on the Fourteenth Amendment, which would mean that the Section would apply only to state action. They argue further that there never was a private right of action under the 1866 act. They state that considerations of stare decisis should not prevent the overturning of Runyon. Adherence to an incorrect decision would amount to legislation by the courts, in violation of the separation of power doctrine, they claim. Moreover, the doctrine of stare decisis requires flexibility, not rigid adherence to past precedent. Even if Section 1981 were to be restricted, they assert that little change would be expected in conduct presently affected by the statute.

Wards Cove Packing Co., Inc. v. Atonio, No. 87-1387. In this case, the Court will decide whether statistical evidence that shows a disparity between the proportion of minorities in the jobs at issue in a suit under Title VII of the 1964 Civil Rights Act, and the proportion of minorities in other job classifications, make out a prima facie case of disparate impact in selection for jobs. It will also look at whether disparate impact analysis allows employees to challenge the cumulative effect of a wide range of alleged employment practices, and whether the Court of Appeals improperly allocated the burden of proof in this case, and engaged in impermissible fact-finding when applying the disparate impact analysis.

The Ninth Circuit held that the statistical evidence presented by the plaintiffs in this case established a prima facie case of disparate impact caused by certain employment practices, and that the employer had to be given the opportunity of showing business necessity.

#### **DRUG TESTING**

National Treasury Employees Union v. Von Raab, No. 86-1879: This case challenges a Customs Service requirement that all employees applying for positions involving narcotics interdiction, carrying firearms, or handling classified material, take a drug test as a condition for employment.

The Customs Service drug testing program was upheld by the Court of Appeals for the Fifth Circuit. Contrary to the position maintained by the government, the Court held that the test was a search subject to Fourth Amendment's protections. It reasoned, however, that the testing program was not "unreasonable" and therefore it did not violate the Fourth Amendment's prohibition against "unreasonable searches and seizures". The Fifth Circuit said that the testing program was not unreasonable because the Customs Service had limited and tried to minimize the intrusiveness of the search. The court also found that the government had legitimate interests in protecting against drug use.

The union argues in its Supreme Court brief that all courts that have considered this issue have held that urine drug testing implicates the Fourth Amendment. The union claims that when the Customs Service began its drug testing program, it had no reason to believe that its workforce had a drug problem. The union argues that the Service's claimed right to conduct drug testing is without probable cause, reasonable suspicion, or a showing that drug use is a problem among its employees. Therefore, it goes

beyond any authority that the Supreme Court has recognized as legitimate.

The government agrees that a balancing of interests is necessary, but argues that the balance should be in favor of the Customs Service. It claims that the drug testing program is only minimally intrusive because it is part of an ongoing employment relationship, the test is applicable only to employees who have applied for and been accepted for certain jobs, and the drug testing procedures are narrowly tailored to respect employee's privacy expectations. The government brief claims that the governmental interests at stake are substantial and therefore the program should be upheld.

**Burnley v. Railway Labor Executives' Assn., No. 87-1555:** In this case, the Court will examine a drug testing program applied to employees in private industry. The Federal Railroad Administration imposed a program requiring drug and alcohol testing for all "covered employees" involved in major accidents, impact accidents, and accidents that result in the death of a railroad employee. All members of the train crew are tested after an accident. If an employee refuses to take the test, he is disqualified from work for nine months. The program requires employees to submit to testing whenever a supervisor suspects an employee is under the influence. Testing may also be required whenever an employee violates certain operating rules.

The Court of Appeals for the Ninth Circuit concluded that the tests are searches for purposes of the Fourth Amendment. It noted that blood tests have long been considered searches, and that every court to consider the issue has held that urine tests are searches. The court looked at whether there was sufficient government action in this case to implicate the Fourth Amendment. The FRA contended that all the regulations did was authorize private railroads to carry out the testing. The Ninth Circuit rejected this view, and stated that whenever the government is significantly involved in conduct leading to a search, the Fourth Amendment is called into play. The government was involved in this case, said the court, because it helped develop and implement the testing program.

The court considered what standard to apply in this case. In balancing employees' privacy interests and the governmental interest in safe and efficient operation of the railroads, the Ninth Circuit stated that probable cause is not required, but the search must be reasonable at its inception and reasonably related in scope to the circumstances that justified the interference in the first place.

The court concluded that for tests to be reasonable at their inception, there must be some particularized suspicion. Accidents, incidents, or rule violations in and of themselves do not create reasonable grounds for suspecting drug or alcohol use by any one railroad employee, much less the entire train crew, said the court. It found that blood and urine tests intended to establish drug use other than alcohol use are not reasonably related to the stated purpose of the tests, because the tests cannot measure current drug intoxication or degree of impairment. Therefore, the court concluded that drug testing should be allowed only when there is individualized suspicion of drug use because of observable symptoms. Then a positive drug test would supply a sound basis for appropriate disciplinary action.

The Ninth Circuit noted that the tests in this case were conducted in a generally reasonable manner and that the intrusiveness was reduced as much as possible.

**OTHER SIGNIFICANT DEVELOPMENTS IN  
EMPLOYMENT LAW**

**WRONGFUL DISCHARGE IN CALIFORNIA**

**Foley v. Interactive Data Corp.**, 47 Cal. 3d 654 (1988): In this landmark decision, the California Supreme Court clarified California wrongful termination law. All of the justices agreed that an implied in fact contract can exist. Such an implied contract can include an obligation on the part of the employer to use "good faith and fair dealing" and terminate only for good cause. Importantly, the court then held 4-3 that damages recoverable in wrongful termination lawsuits for breach of an implied contract or the covenant of good faith and fair dealing are limited to contract damages. Tort remedies such as emotional distress and punitive damages, are not available for such claims.

The court also found that terminated employees may sue their employers for violation of "public policy," for which emotional distress and punitive damages may be awarded. Although it did not specifically state what constitutes a "public policy" violation, the court did say that it must involve policies which affect the public at large, not just a particular employee and employer.

# **A LEXICON OF ALTERNATIVE DISPUTE RESOLUTION PROCESSES**

**Rocco M. Scanza and Michael E. Wolfson**

Alternative Dispute Resolution (ADR) is a concept both old and new. It has long defined a family of dispute resolution processes which afford parties a means of resolving disagreements without resorting to available court processes. Employing a variety of techniques and trained professionals, ADR has grown increasingly popular as parties have become disenchanted with the costly, confusing and protracted procedures which today exist in the state and federal courts.

Dissatisfaction with the delay and burden imposed by existing court processes has become so wide spread that even the courts have begun to adopt ADR procedures in an attempt to offer more efficient, expeditious and credible dispute resolution services. These ADR processes, however, remain within the court system, yet afford an alternative, not to the system itself, but to the need for a trial as the ultimate dispute resolution mechanism.

To understand the breadth and creative momentum that exists today in the field of alternative dispute resolution, a simple lexicon, which briefly describes some of the more popular ADR processes, is an invaluable tool for those who seek new ways to resolve old problems.

## **A. Alternative Dispute Resolution Processes Outside the Court System**

### **1. Arbitration**

Arbitration is the traditional and still most popular form of ADR. It involves the submission of a dispute to an impartial third party who is empowered to render a decision after conducting a hearing. Arbitration, while exhibiting some of the characteristics of litigation, is less formal, more flexible, faster, cheaper and gives the disputants greater control of the resolution process than they have in litigation. The impartial decision maker is

selected by the parties and usually possess expertise relevant to the parties dispute. The term "arbitration" encompasses a number of variations, the most common forms of which include:

(a) **Binding Arbitration** -- The parties agree that the arbitrator's decision shall be binding upon them and give finality to resolution of their dispute. State and federal law allows a party to enforce a binding arbitration decision in court.

(b) **Advisory Arbitration** -- While the impartial decision maker is empowered to conduct a hearing and render a decision, the parties retain the right to accept or reject the arbitrator's decision. The decision, however, coming from an impartial third-party, often forms the basis for further negotiations and ultimate resolution of the dispute. Commonly used in the public sector, advisory arbitration is rarely utilized by private sector employers and unions.

(c) **Grievance Arbitration** -- In labor management relations, grievance arbitration is the traditional method of resolving disputes under the provisions of a collective bargaining agreement. The vast majority of labor contracts provide for grievance procedures which conclude with final and binding arbitration.

(d) **Interest Arbitration** -- Used primarily in a collective bargaining context, most often in the public sector, interest arbitration is invoked where the parties, having resolved some issues, have reached an impasse on others. The arbitrator is given authority to decide the remaining issues upon which the parties cannot agree.

(e) **Last or Final Offer Arbitration** -- This is a variation of interest arbitration. The arbitrator is presented the last or final offer of each party on the issues in dispute and is required to choose between them. The arbitrator is not permitted to impose a solution other than those included in the parties

last or final offers. This form of arbitration is used to resolve certain public sector disputes and disputes involving the salary demands of professional athletes.

## **2. Mediation**

Mediation is another traditional and popular method of dispute resolution. It is used in both the public and private sectors. The mediator's function, as opposed to that of an arbitrator, is to assist the parties to reach a negotiated settlement of their dispute. The mediator is not empowered to render a decision or impose a solution on the parties, but only to assist them in arriving at their own solutions. The mediator helps promote communication, reduce tensions, focus the parties on the actual issues involved, help them explore viable solutions and generally work to structure and facilitate a constructive dialogue between the disputants.

## **3. Conciliation**

Conciliation is often confused with mediation. But while mediation is a more formal and structured process in which the mediator takes an active and major role, conciliation is a more of an informal process in which the conciliator merely attempts to improve communications between the parties by providing a place to meet, low key technical assistance and even, when necessary, act as a go-between. Conciliation is frequently used in situations where parties are unable or unwilling to come to the bargaining table and negotiate their differences. The conciliator helps to open channels of constructive communication in order that meaningful bargaining can begin.

## **4. Factfinding**

Factfinding is a process which is primarily used in public sector collective bargaining disputes. The neutral factfinder, who has been selected by the parties, investigates the disputed issues and reports his or her findings to the disputants. The factfinder may also be

empowered to submit recommendations to the parties regarding resolution of the issues in dispute. Factfinding is non-binding in nature, but it injects into the negotiation process the reality of an impartial third party's findings, thus often facilitating a new and constructive dialogue between the parties.

#### 5. Ombudsperson

An Ombudsperson is a third party who receives, investigates and attempts to resolve complaints or grievances within an institution. An ombudsperson may take such actions as bringing problems to the attention of high-level or top management officials, advising complainants about available options and recourses, proposing settlement of an individual dispute and/or proposing systematic changes in the institution itself to preclude further disputes of the same nature. Ombudspersons have traditionally been used in universities and various governmental agencies to assist students, employees and the public in dealing with grievances and complaints which arise as a result of institutional actions. Ombudspersons are now being used with greater frequency in the private sector as a means of providing individuals with an impartial and independent resource to investigate complaints and facilitate solutions and appropriate changes within a company or organization.

#### 6. Mini-Trial

The first mini-trial was used a little over a decade ago. Since that time, mini-trials have become an increasingly popular form of dispute resolution. Mini-trials are not trials in the conventional sense. They usually involve a private session or two, lasting a day or less, in which a representative of each party, often a lawyer, present their "best case" in simple narrative form, to representatives of each side who have authority to settle the matter. A neutral advisor is often used to preside over the session, keep it fair, open and thorough. At the end of the parties presentations, the negotiators, with a clear view of each side's "best case," immediately attempt to resolve the dispute through intensive negotiation. Should they wish to, the negotiators may ask the neutral advisor for his or her opinion regarding the merits of the parties positions or how a court might decide the matter.

## **7. Public Policy Dialogue and Mediated Negotiations**

This is a process which employs mediation and facilitation techniques to help structure and implement various regulatory or legislative actions. It brings together representatives of business, public interest groups and government agencies to explore specific regulatory or legislative matters. The dialogue is intended to identify areas of agreement, narrow areas of disagreement and pinpoint areas and topics for negotiation. The process seeks to have the affect parties, with the aid of a mediator or facilitator, arrive at a regulatory or legislative approach that each group can live with and which takes account of all groups varying interests. This process has been used in the environmental area to structure and implement various government regulations.

### **B. Alternative Dispute Resolution Processes, Within the Legal System, Which Provide An Alternative to Trial.**

#### **1. Court-Annexed or Judicial Arbitration**

In accordance with established statutory criteria, judges refer civil matters to a court-supervised arbitration process in which arbitrators render non-binding decisions. If one party or the other chooses not to accept the arbitrator's decision, the case is returned to full control by the court and will be scheduled for trial as if no arbitration had taken place. In the majority of cases assigned to judicial arbitration, the parties accept the arbitrator's decision or use it as a basis for renewed negotiations often leading to settlement.

#### **2. Rent-a-Judge**

Rent-a-Judge is a popular name given to a procedure, presently authorized in a number of states, in which the court, upon agreement of the parties, can refer a pending lawsuit to a neutral third-party, who has been selected by the disputants, to try the case in a private and somewhat less formal environment. The third-party, usually a retired judge, is

granted most of the powers of a trial judge and his or her decision stands as the decision of the trial court with the same effect as though the case had been tried in a courtroom before a judge. The decision of the third-party neutral can be appealed through the regular appellate system just as a normal court decision can.

### 3. Summary Jury Trials

Created less than a decade ago, this process is used in a number of federal courts. Incorporating some elements of the mini-trial and judicial arbitration, the summary jury trial requires the parties and their attorneys to appear in a federal courtroom before an advisory jury for an abbreviated session in which the lawyers present, in narrative form only, their "best case." The jury briefly retires, comes to a decision and announces its decision to the parties, often with an explanation for how it arrived at the conclusions it did. With this input, the parties are required to immediately undertake negotiations in an attempt to resolve the case. If they are unable to reach a resolution, the case is returned to full control by the court and will be scheduled for a trial as if the summary jury trial had never occurred.

While the above ADR lexicon only perfunctorily covers the more wide spread and well known alternative dispute resolution processes available today, it should clearly demonstrate that litigation is not the only way, and certainly not always the best way, to resolve a dispute in which parties find themselves unable to arrive at a resolution on their own. The vitality and growing importance of ADR, fueled as it is by concerns for speed, efficiency, fairness, credibility and cost, gives a new dimension to the search for viable methods to deal with the kind of conflicts which are inherent in an organized society. Creating or matching a process to the needs of a dispute, instead of trying to conform a dispute to the needs of an inappropriate or overtaxed process, is the fundamental message of the alternative dispute resolution movement. Creative use of existing ADR processes or the creation of new or hybrid processes provides opportunities for the kind of dispute resolution that produces solutions with a minimum of conflict and a maximum of satisfaction.

## **G. COLLECTIVE BARGAINING**

# Collective bargaining and labor-management relations, 1988

*Some employers and unions continued to grapple with difficult problems: maintaining solvency and preserving jobs in the face of challenges from nonunion firms as well as foreign competitors*

GEORGE RUBEN

The flexibility and ingenuity of unions and management were again tested in 1988. The parties continued to struggle with two problems that have colored labor-management relations throughout the 1980's—preserving jobs and keeping companies economically viable. These problems, which appear likely to continue, although perhaps abated in some cases, stemmed largely from competition at home and abroad. American-made goods were challenged by products of industrialized and developing countries—products that were sometimes better made or less expensive, or both. Some foreign companies opened plants in the United States, while others entered into joint ventures with American companies, resulting in a blending of production methods and labor-management relations approaches that will apparently become increasingly significant in some industries.

Established firms in industries such as trucking, airlines, and telephone communications that, by their nature, are less vulnerable to foreign competition, faced competition from new firms that entered after the industries were deregulated. Often the established firms were unionized, while the new ones were not and benefited from lower labor costs. Some unions and companies, acknowledging their common destiny, cooperated in trying to overcome the nonunion competition by improving productivity and quality and lowering labor costs, while giving employees job

assurances and a monetary stake in the success of the company. In some cases, where their members' financial sacrifices had helped companies compete and regain profitability, unions sought a share of the gains for those members.

Efforts to restrain labor costs are reflected in the size of wage adjustment under major collective bargaining agreements. Settlements covering 1,000 workers or more in private industry reached between 1982 and 1987 provided wage adjustments averaging between 1.6 and 3.8 percent annually over their life; during the first 9 months of 1988, the average was 2.4 percent. By contrast, between 1972 and 1981, the over-the-life average was between 5.1 and 7.9 percent annually.

Another indication of the state of labor-management relations is the decline in the number of major work stoppages (strikes and lockouts involving 1,000 workers or more). In most years between 1947 and 1979, there were typically between 200 and 400 major stoppages. The number dropped to 187 in 1980, and continued to decline (with one interruption) to a record low of 46 in 1987. Through November of 1988 there were 31 major stoppages, indicating that the year would probably end with a record low.

Other characteristics of labor-management relations in 1988 are less easily measured in statistical terms, but are evident in the following discussion of developments in individual industries and firms.

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## Trucking

The year was momentous for the trucking industry, and more so for the Teamsters union, as labor and management negotiated a new master freight agreement that was widely opposed by union members. The Teamsters' difficulty in resolving the controversy over the settlement was exacerbated by a change in leadership following the death of president Jackie Presser and a Federal lawsuit alleging some of the union's leaders, including new president William J. McCarthy, permitted "Cosa Nostra figures to dominate and corrupt important . . . locals, joint councils, and benefit funds."

The Teamsters' settlement with Trucking Management Inc., the industry's lead bargaining association, drew strong criticism from union members, particularly the Teamsters for a Democratic Union, a dissident group. The group claimed the accord lacked adequate wage increases, a return to the 1-year progression to top pay rates that applied to new employees hired prior to the 1985 contract (which extended the period to 3 years, followed by a reduction to 18 months under the 1988 contract), an "adequate" limit on use of casual, lower paid employees, a ban on "doublebreasting" under which employers operate both union and nonunion units, and adequate repayment guarantees to employees who loan employers money under a new plan to assist companies in financial difficulty.

More criticism arose when Teamsters leaders declared the accord ratified, although 63.5 percent of the 100,883 participating employees voted against it. Presser said the action was necessary because the industry was "in financial chaos," and that the union's constitution permitted acceptance of a contract even if less than two-thirds of the votes are cast against the terms.

Union members challenged the contract acceptance in court, contending that the constitutional provisions referred to authorizing a strike, not acceptance of a contract. The issue was settled when the Teamsters executive board agreed that the fate of all future contract proposals would be based on a simple majority of votes cast.

Incoming president McCarthy, who had opposed the settlement, called for a reopening of negotiations, but the employers refused and the contract remained in effect.

Difficulty also arose in bargaining between the Teamsters and the National Automobile Transporters Association Labor Division, comprising companies that transport new vehicles from factories and ports of entry to dealers. A settlement for the 20,000 workers was rejected by 72 percent of the 12,657 employees casting ballots.

The Teamsters for a Democratic Union also opposed this contract proposal, contending that the wage terms were inadequate, particularly a provision that would have permitted lower rates on "new business" taken away from railroads.

Later, 66.7 percent of the participating employees voted for a revised 3-year contract that eliminated the

"new business" provision. Other wage terms included a \$1.20 increase in hourly rates, a 6-cent increase in the rate per loaded mile, and a 2-cent increase in the backhaul rate for hauling vehicles on return trips.

## Air transportation

There were sharp contrasts in financial results among the major airlines. Delta, United, and American had record profits for the first three quarters of 1988, while Eastern Airlines suffered a loss of \$223 million.

*Texas Air Corp.—Eastern.* Eastern's difficulties were only the latest among its financial problems that began in the early 1970's and have increased since the deregulation of the industry in 1978. Clearly, 1988 was a difficult year, involving a complex shifting mix of company demands for compensation concessions by employees, union charges of corporate mismanagement, company sales and planned sales of assets, and company and union legal tests of the other's resolve.

Following in chronological order are some of the more significant developments.

### In March:

- A Federal judge barred Eastern from selling Eastern Air Shuttle to its parent Texas Air Corp. without first negotiating with the Machinists union, which represents mechanics and other employees at Eastern.

### In April:

- The Department of Transportation's Federal Aviation Administration (FAA) proposed to fine Eastern \$832,000 for alleged safety violations and began a safety check of Eastern's planes and those of other Texas Air units. The FAA investigation did not uncover any significant safety problems. The Secretary of Transportation criticized the members of the pilots' union for filing large numbers of undocumented safety complaints. He later appointed a mediator to resolve the safety dispute between Eastern and its unions.

### In May:

- Texas Air sued the Machinists and the Air Line Pilots for \$1.5 billion, contending that the two unions were conducting an illegal conspiracy to destroy Eastern Airlines.
- Eastern posted a 26.3-percent drop in traffic in May, the worst drop in 5 months of progressively larger declines. The drop was attributed to continued planned cuts in operations and to public concern stemming from safety developments.
- Texas Air canceled its plans to transfer Eastern to another unit of Texas, apparently improving the bargaining climate between Eastern and the unions.

- Leaders of Texas Air, Eastern, and its three unions signed an agreement intended to resolve the public's concern about flight safety.
- Eastern pilots proposed a 4-year contract calling for annual wage increases beginning in 1989, but also including increases in flying time, cuts in paid vacations, and other concessions.
- Eastern dropped its demand for a pay cut and asked for productivity improvements amounting to \$69 million a year. In its talks with the Machinists, Eastern proposed a 4-year contract that included improved job security provisions, but continued to ask for the same 20-percent wage cut the pilots and flight attendants accepted in 1986. The Machinists proposed a 2-year contract calling for a 6.5-percent wage increase.
- Eastern announced a cutback in operations, eliminating 4,000 jobs, including 2,500 held by members of the three unions. The Machinists and the Air Line Pilots later sued to stop the action, contending that certain aspects of the action were subject to collective bargaining, but the company won on appeal.

In August:

- The Machinists submitted to its members—without a leadership recommendation for approval—an Eastern proposal for an average 20-percent pay cut. About 98 percent of the votes cast were against the proposal.

In October:

- Texas Air Corp. announced it was selling its Eastern Air Shuttle to developer Donald Trump for \$365 million. The unions at Eastern then sued to block the sale; a decision was expected to be handed down in 1989. Under the proposed sale, the 850 employees would have the option of moving to the new Trump Shuttle with their existing contract benefits or staying with Eastern.

In November:

- Eastern reported a \$112.9 million loss for the third quarter.
- Eastern terminated contracts that had called for Continental to train pilots and flight attendants to fly for Eastern in the event of a strike.
- Texas Air announced that Eastern was not for sale—that it was confident it would win contract concessions from the unions.

*United Airlines.* The difficult labor-management and labor conditions that prevailed at United Airlines at the end of 1987 continued through 1988. The Air Line Pilots, representing 7,000 pilots, continued efforts to purchase Allegis Corp., United's parent. The union admitted that a

successful purchase was contingent on winning its court case involving the 1987 contract between the Machinists and United, in which the Air Line Pilots contended that the contract included "protective covenants" intended to thwart the purchase. From the beginning, the Machinists was against the purchase offer, even if it included 20,000 Machinists members at United.

United also moved to thwart the buyout by offering the pilots a 5-year contract providing for no general wage changes, a cumulative 10-percent increase to employees hired since 1985 to narrow the two-tier pay differential, and some changes in work rules to increase productivity. In an unsuccessful effort to sell the contract to the union members, United contrasted the terms with the buyout offer, which would have required the pilots to give up 25 percent of their pay for 10 years.

Bargaining continued between United and the Association of Flight Attendants, whose 13,000 members had rejected a tentative accord reached late in 1987.

*American Airlines.* The Association of Professional Flight Attendants ratified a 5-year contract negotiated with American Airlines late in 1987. The chief bargaining issue—a union call for a narrowing of the differential between two pay tiers—was resolved by shifting lower tier workers to the top rate of the upper tier after 8 years of service. Other terms included \$600 lump-sum payments in 1988, 1990, and 1992.

American's pilots achieved a narrowing of their two-tier differential in a March 1987 settlement, leaving only the Transport Workers to bargain on the issue when its contract expires in 1989. All three unions had agreed to two-tier pay in 1983.

*USAir.* USAir and the Association of Flight Attendants negotiated a 1-year contract that raised wages for nearly all employees and begins to equalize the two pay scales that existed when Pacific Southwest Airlines merged into USAir in April.

The remainder of the disparity will be eliminated early in 1989, when Piedmont Airlines merges into USAir. Piedmont's flight attendants will also be paid at USAir rates beginning then.

Other terms of the 1988 settlement included adoption of a 401(k) savings plan for all workers and inclusion of the former Pacific Southwest workers in the USAir pension plan.

*Pan Am.* Financially-troubled Pan American World Airways moved from crisis to crisis in 1988. Early in the year, the company had some success in its efforts to win \$180 million in annual labor cost cuts from its unions. Pan Am settled with the Airline Pilots and the Flight Engineers Beneficial Association on 3-year contracts that called for a 22-percent reduction in pay in return for equity shares in the company. About 1,500 pilots and 800

flight engineers were involved. Pan Am did not reach agreement with the Teamsters for 4,300 reservations clerks, dispatchers, and gate attendants, but did impose an 8-percent pay cut under provisions of the Railway Labor Act, which permit such action (or an employee strike) 30 days after either party refuses to use arbitration to resolve a dispute. Combined, the cuts for the three groups amounted to a \$118 million savings for Pan Am.

After rejecting a tentative settlement, members of the Independent Union of Flight Attendants accepted a 39-month contract.

This left unresolved only the contract with the Transport Workers Union, whose members had rejected an earlier contract. At yearend, the union and the company entered into binding arbitration to settle their differences.

*Delta.* Delta Airlines, Inc., the only major carrier that is substantially nonunion, terminated the two-tier pay system it had implemented in 1987. This was accomplished by merging the lower pay schedule into the higher scale. All of the 47,000 nonunion employees now in the single tier also received wage increases because all progression steps of the new common schedule were increased. Previously, employees in the lower tier took longer to reach top pay steps, which were the same for both tiers. Although the nonunion employees had not received a wage increase during the 1985-87 period, they did receive a bonus in 1987 equal to 5 percent of their annual pay.

Around midyear, the Teamsters announced a drive to organize 6,000 fleet service workers at Delta. Teamsters officials conceded that Delta employees are the highest paid in the industry, but contended that there was strong sentiment for the representation drive among employees incorporated into Delta when it merged with Western Air Lines in 1987. Some of these employees had been represented by the Teamsters and others by the Air Transport Employees Union. At the time of the announcement, only two groups of Delta employees were organized: pilots, by the Airline Pilots, and dispatchers, by the Professional Airline Flight Controllers Association.

### **Automobile manufacturing**

In 1988, the automobile industry experienced an acceleration in the recent movement toward truly international production and sales. One indication of the virtual elimination of national boundaries was an announcement by Japan's Isuzu Motors Ltd. (which is 40 percent owned by General Motors) that it will buy 30,000 engines from General Motors. About 10,000 of the engines will be shipped to Japan for use in vehicles to be exported to the United States and the remaining 20,000 will be used in vehicles made at Isuzu's Lafayette, IN, joint venture with Fuji Heavy Industries, scheduled to begin in 1989. The engines will be manufactured in the United States, Canada, and Mexico.

On the bargaining front, the Chrysler Corp. settlement completed the employees' movement toward compensation parity with General Motors and Ford employees, following narrowing of the difference in the last two settlements. The new Chrysler contract, running until September 1990 (the same expiration date as the Ford and General Motors 1987 agreements), means a return to concurrent bargaining. This has not occurred since 1979, when Chrysler and the Auto Workers broke the tradition of simultaneous bargaining and pattern terms because of the company's financial problems.

Although Chrysler employees attained their parity goal, the contract ratification vote was close, with only 54 percent of participants in favor of the terms. The restrained enthusiasm was attributed to a number of factors, particularly the size of the "early settlement bonus"—\$1,000 in cash or company stock.

At the beginning of the year, Chrysler announced that it would close its stamping and assembly plants in Kenosha, WI, in September. The announcement triggered bitter denunciations by local and national officers of the Auto Workers and by local government officials.

There was a more-or-less amicable resolution of the dispute, as Chrysler agreed to provide benefits to alleviate the impact of the closings on the displaced employees and the community. The resolution ended a State threat to sue Chrysler for violation of an alleged contractual obligation to operate the plants for at least 5 years. Earlier, Chrysler had agreed to postpone the closing of the plants until the end of 1988.

Another action that angered Chrysler employees was the company's announcement that it would sell its Acustar parts manufacturing unit, comprising 20 plants employing 10,500 of the 60,000 employees the Auto Workers represents at all operations. In reaction, the union threatened to withdraw from all joint programs to improve productivity and product quality. The union also indicated that all locals would hold strike votes, ostensibly over unresolved grievances. Later, Chrysler announced that it would continue operating all of the parts plants except four, which would be closed or sold.

These difficulties presumably influenced Chrysler to ask for an earlier-than-usual start of national negotiations (talks began in April, 5 months before the existing contract expired). There still were difficulties, as union members reacted adversely to Chrysler's announcement that it was distributing \$102 million in stock options and grants to top executives. This announcement, on the second day of talks, was followed by another that the company was shifting production of two models—scheduled to be dropped in a year or so—to Mexico.

Despite these difficulties, the national accord was implemented, along with additional local Modern Operating Agreements designed to strengthen Chrysler's competitive ability by increasing operating efficiency and product

quality through improved labor-management relations and employee morale. These agreements usually adopt team production techniques and blur the distinctions between management and production employees. The latest of these local agreements, and the first for salaried employees, was for Chrysler's new Auburn Hills Technical Center and its Jefferson Avenue Assembly Plant in Detroit, MI. This brought the total number of such plans to six. Ford and General Motors have been negotiating similar plans since the early 1980's.

Also at Chrysler Corp., Diamond-Star Motors, a joint venture of Chrysler and Mitsubishi Motors Corp. began operations. The plant, located in Normal, IL, produces the Mitsubishi Eclipse and Plymouth Laser models.

Elsewhere in the automobile manufacturing industry, there was a settlement between the Auto Workers and New United Motors Manufacturing, Inc., a joint venture of General Motors and Toyota Motors Corp. The 3-year settlement covered 2,100 "team members." It provided for continuation of the Japanese-style labor relations, including team production methods, a limited number of broad job classifications, and job retention guarantees, except in severe economic downturns. This guarantee was beneficial to the team members because 1988 sales of the General Motors and Toyota models manufactured in the Fremont, CA, plant were below expectations.

Under the new contract, New United Motors Manufacturing employees remained the highest paid in the U.S. auto industry. After the only wage increase—3 percent in July 1990—the 2,000 assemblers will be paid \$15.46 an hour and the 200 trade employees will be paid \$18.39. The employees will receive a \$750 lump-sum payment and an additional payment equal to 3 percent of their 12-month earnings, and will also receive automatic quarterly cost-of-living adjustments (COLA'S) matching those for employees at GM's wholly-owned plants.

The Auto Workers also negotiated a formal agreement with Mazda Motor Manufacturing Corp., culminating its first successful organizing drive at a Japanese-controlled automobile producer. The contract, running to March 31, 1991, provides for full wage and benefit parity with employees the union represents at Ford Motor Co., General Motors Corp., and Chrysler Corp. Ford owns 25 percent of the Mazda plant, located in Flat Rock, MI. Like the contracts at the Big Three domestic companies, the Mazda contract bans layoffs, except in special circumstances, and prohibits "outsourcing" (the purchase of parts from outside sources).

An important gain for management was a reduction in the number of job classifications, which is expected to increase production efficiency.

The events leading to the settlement began in 1984, when Mazda and the Auto Workers signed a letter of intent that called for employees to be paid at 85 percent of the rate for Ford employees from the opening of the new

plant until a labor contract was negotiated. The plant began producing MX6 vehicles in late 1987 and Ford Probe vehicles in January 1988.

Volkswagen of America closed its New Stanton, PA, plant which had produced 1,197,411 vehicles since it opened in 1976. Prior to the closing, which the company attributed to decreasing sales and increasing costs, Volkswagen and Local 2055 of the Auto Workers negotiated termination aid to the 2,000 employees. Included were severance pay up to \$6,000; limited company-financed health insurance for 12 months; a reduction in the early retirement age to 55, from 60; and establishment of a joint committee to help the employees find jobs.

### **Steel and other metals**

There were few settlements in the steel industry in 1988 because major contracts, most negotiated in 1986, were not scheduled to expire until 1989 or 1990. Instead, there were continuing legal developments resulting from the severe financial problems that prevailed in 1986 or earlier. During the first three quarters of 1988, most steel companies recorded large and, in some cases, record profits. Contributing to the turnaround were the lower value of the dollar, which aided overseas sales; elimination of marginal operations; and the concessions employees accepted in the 1986 settlements.

One settlement was at Lukens Steel Co, in Coatesville, PA. The 3-year contract for the 1,400 workers provided for lump-sum payments of \$1,000, \$800, and \$600, in the first, second, and third contract years. The second and third year payments are to be offset against any payout in those years under a new profit-sharing plan. According to the company, the 1989 payout already amounted to 89 cents per hour worked, based only on profits during the first half of 1989.

In Detroit, McLouth Steel Products Corp. became the second major employee-owned firm in the steel industry (the first was Weirton Steel Corp. located in West Virginia).

The purchase of McLouth under an employee stock ownership plan began in 1987 when the company reported an \$85 million loss over a 17-month period and was on the verge of declaring bankruptcy. Under the purchase agreement, the employees own 87 percent of the stock. To finance the stock purchase, the employees in 1987 agreed to a 5-year labor contract that included a 10-percent pay cut.

The union members will not have a majority on the corporate board of directors because of conditions imposed by creditors who forgave loans in exchange for preferred stock. One board member selected by the unions is former United Auto Workers president Douglas Fraser, who served on Chrysler's board from 1980 to 1984.

In other action resulting from the steel industry's earlier problems, the Federal Pension Benefit Guarantee Corp. again assumed the obligations of three pension

plans of LTV Steel Corp. The reassumption was ordered by a Federal judge, who indicated that it would be possible to return the obligation to LTV if "severely defective" administrative procedures in the Pension Benefit Guarantee Corp. were corrected. The Federal agency had first assumed the obligations of the plans early in 1987, following the parent LTV Corp.'s move to reorganize under Chapter 11 of the bankruptcy act.

A bankruptcy judge approved Kaiser Steel Corp.'s plan for emerging from protection of Chapter 11 of the bankruptcy act. The settlement included several thousand former employees of the company who were owed insurance and pension benefits.

A U.S. district court approved a settlement providing for \$14.8 million to be allocated among 2,700 people employed by the Wisconsin Steel Works prior to its 1977 shutdown. The money will be paid by Navistar International Transportation Corp., which was International Harvester Co. at the time of the closing. The case was initiated by the Pension Benefit Guarantee Corp. and other creditors who claimed that International Harvester arranged a sham sale of the Chicago property prior to the closing to evade unfunded pension obligations.

**Aluminum.** The aluminum industry was thriving in 1988, in contrast with 1985 and 1986, when worldwide overcapacity led to severe price cutting and forced the United Steelworkers and the Aluminum, Brick and Glass Workers to accept compensation cuts in settlements with the major domestic producers. The sales resurgence, which began after the unions' 1986 settlements with Aluminum Company of America and Reynolds Metals Co., resulted from the decline in the value of the dollar, the closing of marginal operations, moderation in the rise in energy costs, and increased demand from industries such as aircraft manufacturing.

The improved financial condition of the industry was apparent in the settlement between Kaiser Aluminum and Chemical Corp. and the Steelworkers. The 29-month settlement, covering 5,400 employees at facilities in five States, featured a new profit-sharing plan providing for quarterly distributions linked to the Midwest price for aluminum. (At the current price, the distribution would be \$2 an hour, according to Kaiser.) The settlement also provided for a 50-cent-an-hour wage increase in lieu of a \$5 a share dividend workers were scheduled to receive under a stock distribution plan adopted in the 1985 accord, but terminated by the new accord; a \$1,000 contract signing bonus; and restoration of COLA's and three paid holidays, which had been dropped in 1985.

After the amicable settlement at Kaiser, the Aluminum Company of America and Reynolds Metals Co. began bargaining with the Steelworkers and the Aluminum Brick and Glass Workers. (The unions each represent some workers at both companies and they coordinate

their bargaining efforts, resulting in similar settlements.) After a breakoff of negotiations, the parties settled on 43-month contracts, subject to employee ratification. The new contracts would supersede contracts scheduled to expire on May 31, 1989.

The Steelworkers and Alcan Aluminum Ltd.'s Sebree, KY, smelter also bargained early, without settling. The union sought restoration of a compensation cut of more than \$2 an hour, while Alcan offered a \$1,000 lump-sum payment if the workers extended the existing terms by 1 year, to October 1990.

**Copper.** Workers at some of the major copper mining and processing companies, who settled for compensation cuts in 1986 when the industry was beset by overcapacity and resulting price cuts, have benefited from increasing profit-sharing distributions since then. The turnaround has resulted from improved production methods, higher demand, the reduced value of the dollar, and adverse developments at some foreign producers. Under the sharing formula adopted at Magma Copper Co. in 1986 in return for the compensation cuts, quarterly distributions were calculated at 60 cents for each hour worked in the third quarter of 1987, and at \$5, \$5.50 (the maximum under the formula), \$5.25, and \$5 in the following quarters.

At Inspiration Resources, where the maximum is \$7.10, rates for the same quarters were 82 cents, \$5.09, \$5.09, \$3.97, and \$4.01. Inspiration's assets were purchased by Cyprus Minerals Co., which did not continue the profit-sharing plan. Cyprus hired some of the 750 Inspiration employees, but indicated that it planned to operate on a nonunion basis. The Steelworkers and other unions that had represented the workers announced plans for an organizing drive at Cyprus. Prior to the sale, the unions had negotiated severance pay, early retirement, and other benefits for employees affected by the sale.

ASARCO employees did not receive payouts because unlike the other 1986 settlements, theirs provided for second- and third-year wage increases that restored part of the first-year cut in compensation. At Kennecott Corp., the employees accepted a compensation cut in return for a \$1,000 lump-sum payment and a company pledge to complete the reopening and modernization of its Bingham Canyon, UT, mine.

## Rubber

There was a round of pattern collective bargaining settlements in the tire industry in 1988, but it was overshadowed by manufacturers' efforts to find their niche in—or out—of this fast-changing industry. For companies staying in, the goal was "to be a global player" which is the only way "to compete effectively in the industry today," according to the chairman of Goodyear Tire and Rubber Co. Reasons cited for the increasing concentration of production in a few firms include the consumer's view of tires as a

commodity distinguishable only by price; slow growth in demand because of increasing sales of longer wearing radial tires, coupled with lighter vehicles; the high cost of switching to production of radial tires; the increasing "globalization" of automobile production, leading to demands for nearby tire sources; and the need to counteract world fluctuations in the value of money by locating plants in intended markets.

The year started off with B.F. Goodrich announcing that it was leaving the tire business by selling its half interest in Uniroyal Goodrich Tire Co. to an investment group that was its equal partner in the venture.

In February, new management of the Uniroyal Goodrich Tire Co. settled on aspects of a new contract with the United Rubber Workers ahead of Goodyear and Firestone Tire and Rubber Co., where current agreements also were scheduled to expire.

Terms of the accord included a ban on closing of three plants, with the fate of the fourth plant, in Eau Claire, WI, to be decided later (the company later agreed to keep the plant open for at least 3 years in exchange for wage cuts and State aid); a 1-year moratorium on quarterly COLA's, with adjustments to be made to the extent of any rise in the Consumer Price Index in excess of 4.5 percent; and a provision for the employees to gain equity in the company. Other terms were to be settled later, based on the outcome of negotiations at Firestone and Goodyear.

Also during the year, Bridgestone Corp. of Japan acquired 75 percent of Firestone for \$2.6 billion, and Pirelli S.P.A. of Italy agreed to buy Armstrong Tire Co. from Armtex Corp. for \$190 million.

At midyear, Goodyear employees settled, after rejecting an earlier proposal because it did not contain a guaranteed wage increase. The accepted 3-year contract provided an immediate 25-cent-an-hour pay increase that will be offset against possible quarterly pay increases under the COLA clause, which was continued. Other provisions for the 15,000 Rubber Workers included a provision for reopening wage negotiations—with no right to strike—in March 1990; increased pension rates; and a move to encourage employees to shift into a comprehensive medical care program by improving the savings plan available to participants. (Participants in other medical programs are also eligible for the savings plan but the company does not contribute on their behalf.)

Later, 4,700 Firestone employees settled on similar terms after a 1-week work stoppage, and Uniroyal employees settled their remaining issues.

In a settlement that came 3½ months before the scheduled expiration of the current agreement, Rubber Workers Local 665 and General Tire's Mayville, KY, plant agreed to terms similar to those at Goodyear. Union officials said they settled early to encourage Continental Gummi-Werke AG of West Germany to carry out the local \$120 million portion of a \$470 million overhaul of seven North American plants.

The West German firm, which had purchased General Tire from GenCorp in 1987, announced plans to join with two Japanese firms in building a tire plant in Mount Vernon, IL.

Armstrong Tire and Rubber Co. and the union settled for 1,700 workers at four plants. Terms were similar to those at Goodyear, except that employees at the Hanford, TN, and Des Moines, IA, plants received advance COLA's of 74 cents and 60 cents, respectively (instead of 25 cents), to help restore 1987 wage cuts.

## Bituminous coal

Going into their 1988 negotiations, the soft coal producers and the United Mine Workers faced a continuing decline in coal prices and in the portion of the Nation's output from their mines. In 1987, their share of production was about one-third, compared with nearly one-half a decade earlier. These declines, manifested in the layoff of 45,000 employees since the 1984 settlement and the closing since 1980 of 40 percent of the 5,000 total bituminous coal mines in the United States, defined the objectives for both parties: the Mine Workers would press for contract changes to protect existing jobs and open jobs to workers on layoff, and the Bituminous Coal Operators Association, the lead bargaining group, would press for moderate compensation increases. Both parties apparently succeeded, as they recorded their second successive peaceful settlement.

The union even broke its tradition of "no contract, no work" by keeping workers on the job between the tentative settlement and the counting of the employee ballots 3 days later.

The contract runs for 5 years, a departure from the 40-month agreements negotiated in 1984 and 1981, and the usual 3-year agreements of earlier years. It gives laid-off employees the right to the first 3 of every 5 jobs available at any nonunion operations of companies that have operations covered by the contract; the right to all jobs in operations that their employer lease out to other companies; the right to use their recall rights at all of their employer's operations, unlike the previous provision which limited recall to the Mine Workers district in which the lost job was located or in one contiguous district; and new employer-financed training and education programs.

Wage increases totaled \$1.05 an hour, compared with \$1.40 an hour under the 1984 contract and \$3.60 under the 1981 contract. The 1988 contract is subject to reopening on wages and pensions after the third and fourth years.

The accord also provided for improvements in pensions, insurance, and clothing allowance benefits, but the employers benefited from cessation of their \$1.11 a ton payment into one of the retirement funds, which had become fully-funded in 1987.

In the wake of the settlement, the Mine Workers settled with 200 companies that had signed interim agreements requiring them to accept the Bituminous Coal Operators Association terms in return for exemption from any work stoppage. An exception was the Pittston Coal Co., which contended that its financial condition did not permit it to accept the Bituminous Coal Operators Association terms. In late November, the 2,000 workers were still on the job and there were no indications of an imminent settlement.

Pittston and some other producers of metallurgical coal were among a number of firms that withdrew from the Association in recent years, reducing the Association's membership to about 15 at the time of the 1988 settlement, from about 130 in 1981. Some metallurgical coal firms contended that they were underrepresented in the Association, relative to producers of steam coal.

### Forest products

Developments in forest products were dominated by two events: the termination of the United Paperworkers strike against International Paper Co. and a series of settlements in the West Coast lumber industry. Although the lumber accords covered many more workers, the Paperworkers' decision to end its 16-month strike against the three International Paper plants (located in Jay, ME; Lock Haven, PA; and De Pere, WI) may have a much greater and longer lasting impact on labor-management relations in forest products as well as in other industries.

The Paperworkers' unilateral offer to return to work at International Paper could only be viewed as a defeat for the union, as the company had continued to operate during the strike with replacement workers and some non-striking union members, and actually increased profits.

International Paper welcomed the workers' offer to return to work, but reaffirmed its promise to retain the replacement workers when the strike ended. This meant that the strikers would be recalled, in seniority order, only when job openings occurred through attrition.

Other factors that apparently contributed to the return-to-work decision were the drain on the union's finances for strike payments to the participants and the failure of employees at other company plants to join the strike when their contracts expired. Instead, they continued working under contract extensions, apparently because they expected International Paper to also fill their jobs if they struck.

The confrontation began in 1987, when 1,000 Paperworkers members at International Paper's Mobile, AL, mill refused to accept elimination of premium pay for Sunday work, broadening of the duties in job classifications, and other changes in work rules the company said were needed to improve its competitive position. (Employees at six other mills had agreed to the changes.) International Paper then locked them out, began hiring a new crew, and implemented the cost-reducing changes.

The company then attempted to negotiate the same changes at Jay, Lock Haven, and DePere, triggering the strike.

After the union made the return-to-work offer, bargaining was restarted at Mobile and the parties agreed on a 6-year contract, retroactive to February 1, 1987. Unlike the strikers, all of the workers were immediately recalled as required by law because they had been locked out.

Although the cost-saving changes remained in effect, the workers did win improvements under their new contract, including four 2-percent wage increases, one 30-cent-an-hour increase, a \$1,000 lump-sum payment in February 1990, increases in shift differential and company financing of health insurance, and a new savings plan permitting employees to invest up to 4 percent of their earnings, with the company matching half the amount.

In the West Coast lumber settlements for nearly 40,000 workers, the Woodworkers union and the Western Conference of Industrial Workers (a unit of the Carpenters) regained part of the \$1.25 to \$1.65 an hour cut in compensation they had accepted in 1986 when employers were generally experiencing financial problems. The settlements did not come easy, as up to 9,000 workers were involved in work stoppages at one time.

The unions hoped to use a 4-year settlement with Bohemia Inc. as a pattern-setter, but the other companies viewed the terms as too costly. A settlement with Willamette Industries led to other settlements, which varied somewhat in provisions and duration.

At Willamette, where plywood workers averaged \$9.77 an hour and sawmill workers averaged \$9.95, there was an immediate \$1,400 lump-sum payment, followed by a 3-percent wage increase in 1989 and 4-percent increases in 1990 and 1991. Other provisions of the 4-year contract included restoration of two paid holidays given up in 1986; an additional 40 hours of vacation pay for employees with at least 10 years of service, and a \$2.50 increase in the pension rate, to \$22 a month for each year of credited service. Companies with 4-year contracts which followed the Willamette lead were Simpson Timber Co. and Georgia-Pacific Corp.

At some companies, contract terms were for 3 years, with benefit changes similar to those at Willamette. One company was Boise Cascade, where the \$1,400 lump sum was accompanied by a 25-cent-an-hour wage increase, followed by 3-percent increases in 1989 and 1990.

Terms for 6,300 Weyerhaeuser employees were similar to the terms at Willamette, except that the lump-sum payment could exceed \$1,400, depending on unit output. Unlike at the other companies, employees at Weyerhaeuser are covered by a profit-sharing plan that was improved in 1988. The plan was established in 1986 in return for employees accepting a larger compensation cut (\$3 an hour) than employees of the other companies.

## Shipbuilding

Conditions in the Nation's private shipbuilding industry were unchanged from those in recent years, as employers and employees struggled to adapt to intense competition from lower cost foreign shipyards, to increased pressure from the government to cut their bids on Navy ships, and to the shifting of some Navy work to government shipyards. The inevitable result was increased competition among the private yards for the available work, leading to closedsowns of weaker firms, labor-management conflicts stemming from employer demands that employees settle for modest increases or, in some cases, freezes or cuts in compensation to improve the employer's competitive position. The condition of the industry is illustrated by the fact that the last ocean-going commercial vessel on order from a private shipyard was completed in November 1987. Employment in private shipyards has dropped to 126,000 in 1987 from 178,000 in 1980, according to the Bureau of Labor Statistics. There also was an effect on the Marine and Shipbuilding Workers Union, the largest in the private segment of the industry, as a nearly 50-percent reduction in membership (to 13,000) since 1980 impelled it to merge into the Machinists union.

The longest of the 1988 labor-management conflicts was at General Dynamics Corp's Electric Boat Division, where management called for the 10,000 workers to accept lump-sum payments in lieu of specified wage increases. Management said the change was needed to help reduce a claimed \$1.24 an hour advantage in compensation costs held by Newport News (VA) Shipbuilding and Drydock Co., the winning bidder for several recent Navy submarine production contracts.

The accord that ended the 3-month work stoppage at the Groton, CT, shipyard provided for lump-sum payments in October 1988 and December 1989 equal to 5 percent and 4 percent, respectively, of the employee's hourly pay rate multiplied by 2,080. The 46-month contract, negotiated by a Metal Trades Council comprising 8 unions, also provided for a \$600 payment in December 1989 and for a 3-percent wage increase in April 1991. There also were improvements in pension and insurance benefits, offset to some extent by increases in the employees' share of health insurance costs.

In another East Coast settlement, Bath (ME) Iron Works and the Marine and Shipbuilding Workers settled peacefully for 5,800 employees. An important provision of the 3-year contract was a shortening of the period lower tier employees must wait before attaining the same top pay rate as upper tier employees. (Under the prior contract, new employees started at \$3 an hour below the top rate and progressed to the top rate in a \$1 step on their first three hiring anniversaries.) The 1988 settlement provided for an immediate \$1 increase for lower tier workers, followed by \$1 increases on anniversary dates.

The pay disparity had become increasingly important because hiring in the last few years had resulted in lower tier employees accounting for up to about half the work force, creating morale problems that could have been partly responsible for financial losses Bath suffered in 1987. A definite factor in the losses was the company's shift into production of larger, more complex ships, which entailed major adaptations in facilities and procedures.

Other provisions of the contract included 2.5-percent general wage increases in each year; a new job classification system with 14 top rates, replacing one with six rates; \$100 bonus payments for every 2 months (formerly 6 months) of perfect attendance; and continuation of a drug testing program, subject to further talks on procedures.

In another matter, Bath and the Occupational Safety and Health Administration (OSHA) compromised on the penalty for alleged safety violations at the shipyard. Under the settlement, Bath will pay a \$650,000 fine and help finance a center for safety and health research and training in Maine. Originally, OSHA had proposed a \$4.1 million fine.

In Middletown, RI, a 4½-month work stoppage (involving 400 workers) at the Robert E. Derecktor Shipyard ended when members of Local 9057 of the Steelworkers accepted a 3-year agreement. The last major issue—whether replacement workers should be retained—was resolved by placing them in jobs not in the bargaining unit.

The contract also provided for adoption of a profit-sharing plan, with provisions to be worked out by the bargainers, assisted by a neutral person. If an agreement is not reached, the employees will receive a 50-cent-an-hour wage increase. The settlement retained a provision for layoffs to be in seniority order. The company had pressed for a wage freeze and for the right to lay off workers on the basis of their performance.

At the time of settlement, the shipyard held contracts to build cutter ships for the Coast Guard and tugboats for the Army.

On the West Coast, a settlement between West State Inc. of Portland, OR, and a Metal Trades Council gave the company the right to hire and lay off employees without regard for seniority. The company said that the new procedures, combined with new work rules more flexible than at other firms in the area, gave it an advantage in bidding on ship repair jobs.

The 1-year contract, covering up to 800 employees, depending on the amount of work available, also provided for a \$1 an hour increase in wages, to \$13.60, the industry's highest on the West Coast. The benefit package at West State totals \$4.41 an hour.

In Seattle, WA, WFI Industries emerged from 2 years of bankruptcy proceedings under the ownership of its 400 employees, who renamed it Unimar International Inc. The purchase, through an employee stock ownership

plan, will enable the workers to "control our own destiny" according to one leader of the 12-union Metal Trades Council at the shipyard.

At its peak, WFI Industries employed 1,500 people in shipbuilding and related operations, but was caught in the industry downturn that cost 7,000 union jobs in the Puget Sound area since 1982.

In a settlement in California that ended a 3-week work stoppage, employees of National Steel and Shipbuilding Co. of San Diego accepted a cut in compensation. According to the company, the cut was necessary to enable it to compete with nonunion Avondale Shipyards in New Orleans, LA, for Navy contracts.

Under the new 4-year contract, top rates are \$11.40 an hour for current employees and \$9.40 for new hires, compared with \$10.80 and \$12.80 under the prior contract. All employees will receive 25-cent increases in October of 1990 and 1991. Reported rates at Avondale were \$5.18 for new workers, rising to a top rate of \$9.02.

Other changes at National Steel included alteration of the COLA clause, with possible quarterly adjustments to be made only during 1990 and the first half of 1991; increased normal pension rates and elimination of a benefit reduction factor that had applied when employees retired prior to age 65; loss of 3 of the 13 paid holidays; and a new requirement that single employees begin contributing \$10 a month toward health insurance premiums and those with families begin contributing \$30. Seven unions were involved in the settlements.

In Tampa, FL, American Ship Building Co. and a Metal Trades Council settled in at midyear, ending a 17-month period during which the parties had operated under an extension of the prior contract. The company said it gained important improvements in production standards and work rules in the 3-year contract, which automatically extends to 4 years if the company wins a large multiyear production contract.

Gains negotiated by the eight unions included annual lump-sum payments in the first 2 years equal to 2 percent of the employee's annual earnings, and a cost-of-living pay raise up to 3 percent in the third year.

Also in Florida, Jacksonville Shipyards, Inc., and the Boilermakers settled on a 3-year contract that called for a 41-cent-an-hour immediate cut in wage rates. The 1,100 workers, who also accepted the loss of 2 of 11 paid holidays, will receive a lump-sum payment in August 1989 calculated at 2 percent of their earnings during the preceding 12 months, followed by a payment in August 1990 calculated at a 3-percent rate.

In Mobile, AL, "meeting the competition" was the central issue in a dispute between Alabama Dry Dock and Shipbuilding Corp. and Local 18 of the Marine and Shipbuilding Workers. According to a company representative, wage and benefit costs at the shipyard averaged \$16 an hour, compared with \$10 at its competitors. After ne-

gotiating with the union and assessing the cost of major repairs in its drydock, the company closed the shipyard in October. About 600 workers were affected.

### Other industries

*Farm and construction equipment.* Going into 1988 bargaining with the Auto Workers, Deere & Co. and Caterpillar, Inc., were operating at profits, in contrast with the losses they incurred in the early 1980's. The losses led to a major revamping of the farm and construction equipment industry. Tenneco bought the farm equipment business of International Harvester Co. (now renamed Navistar International Transportation Corp. and primarily engaged in manufacturing trucks) and combined it with its J.I. Case unit, and Allis-Chalmers Corp., another old-line manufacturer of farm equipment, is in bankruptcy.

Because of this troubled past and the fact that Deere and Caterpillar still had employees on layoff, the Auto Workers pressed for, and won, improvements in the job guarantees adopted in their last settlements.

The leadoff settlement was at Deere. It provided for a Protected Employee Group Program that will protect employees against layoff for any reason except market-related declines in sales volume. Within the group of 13,600 protected employees, 8,900 (90 percent of the work force under the previous contract) are safe from layoffs for virtually any reason, including declines in sales. Deere's maximum obligation for protecting against layoffs resulting from sales declines was set at \$44 million during the contract term. There is no limit on Deere's obligation to protect employees against layoffs for other reasons. Under the prior contract, there was a \$14.4 million limit.

The contract also provided for a 44-cent-an-hour (about 3 percent) immediate wage increase—the employees' first since 1981, except for adjustments under the COLA clause, which was continued; lump-sum payments in the second and third years equal to 3 percent of each employee's "qualifying earnings" during the preceding 12 months; a moratorium on plant closings; and a new provision requiring the company to place in an Excess Overtime Account one-third of an hour's pay for each hour of overtime worked above 5 percent of straight-time hours during specified periods, with the use of the fund to be determined jointly; and a guarantee that the average 1988 profit-sharing payout will be at least \$400.

The Caterpillar settlement provided for security and wage and benefit provisions similar to those in the Deere settlement. About 17,500 workers were covered.

*Electrical equipment.* In a change from past practice, General Electric Co. (GE) and Westinghouse Electric Corp. settled on different terms with members of a coalition of 13 unions. Traditionally, GE had settled first and then Westinghouse settled on essentially the same terms.

Well before the start of the 1988 negotiations, Westinghouse said that this practice was not appropriate because the companies no longer competed with each other in many product lines. Despite the differences in the resulting settlements, the cost of the 3-year contracts was "roughly equivalent," according to the Electronic Workers, one of the unions that settled with both companies.

One area of concern for employees at both companies was job security, reflecting cuts in operations and plant closings in recent years. At GE, 12 unions represented 67,000 employees in 1988, compared with 100,000 employees in 1982. At Westinghouse, six unions represented 13,000 workers in 1988, compared with 30,000 in 1982.

Perhaps the major change in the area of job security was at Westinghouse, where the six unions gained a successor clause requiring any buyer of a company plant to recognize the existing union, and to provide comparable wages and benefits. Settlements at both GE and Westinghouse also provided for improved pensions for employees affected by cutbacks in operations (and increased pensions for normal retirement): longer pay rate retention for employees downgraded because of layoffs; relocation allowances; increased retraining allowances; and broader geographic preferential hiring rights for employees displaced by plant closings and relocations of product lines. (Some of these changes were identical at both companies; others were not.)

There also were differences in pay provisions. At GE, employees won a 2.5-percent immediate wage increase, 1.5 percent increases in June of 1989 and 1990, and cash payments of \$165 in July 1988 and \$900 in June 1989. The Westinghouse settlement called for 3-percent wage increases in August of 1989 and 1990, and lump-sum payments in September of 1988 and 1989 equal to 6 percent and 3 percent, respectively, of the employee's hourly pay rate, multiplied by the 2,080 expected work hours in the coming 12 months. According to the unions, the estimated values of the payments were \$1,566 and \$792.

Both settlements continued their COLA formula, which provides for possible semiannual adjustments of 1-cent-an-hour for each 0.15-percent movement in the Consumer Price Index. The unions valued this at 75 cents an hour, based on their forecast of the movement of the Consumer Price Index.

*Petroleum refining.* Prior to the December 1987 start of the Oil, Chemical and Atomic Workers bargaining with petroleum and petrochemical firms, the union set improving job security as its primary goal. The union, which had lost 10,000 members since 1981, also joined with the United Mine Workers and the Energy and Chemical Workers of Canada to exchange information before and during the upcoming talks for renewal of their primary labor contracts. This was done to strengthen them in bar-

gaining with companies that increasingly operate across national boundaries and in more than one field of energy.

Since mid-1987, the Oil, Chemical and Atomic Workers and the United Mine Workers had been negotiating toward a merger to attain a single voice in dealing with domestic energy firms. However, after the Oil, Chemical and Atomic Workers' leadoff settlement with American Oil Co., the union's board of directors rejected the merger idea because there were "too many unresolved details." The Mine Workers attributed the decision to board members' concern over differences in the unions' dues structures.

In the Amoco settlement, which set a pattern for 60 other companies with more than 300 covered facilities, the Oil, Chemical and Atomic Workers failed to win improvements in job security. Economic provisions of the 2-year contract included a \$900 lump-sum payment upon ratification, a 30-cent-an-hour wage increase on February 1, and a 3-percent increase in February 1989, that would bring the average wage rate for refinery workers to \$15.18 an hour. The companies also agreed to increase their financing of family health insurance coverage by \$10 a month immediately and by an additional \$2 in the second contract year. Financing of coverage for single employees was increased by \$4 in both years.

The settlements were not preceded by a general work stoppage, but there were a few stoppages over local issues. The longest was 22 weeks. It involved 350 employees at B.P. Oil Co.'s refinery in Marcus Hook, PA.

*Apparel.* The Ladies Garment Workers and the Clothing and Textile Workers, the two dominant unions in apparel manufacturing, negotiated contracts establishing parental leave provisions. The unions have strongly backed efforts to legislate parental leave provisions, and had first gained such leave in 1987 settlements. Union officials said the provisions for up to 6 months of unpaid leave with a job-return guarantee are vital to the industry's employees, many of whom are members of two-earner families, and 85 percent of whom are women.

Other terms of the Ladies Garment Workers' settlements with women's outerwear manufacturers included 4-percent wage increases in each of the 3 contract years and increased employer financing of benefits. Prior average hourly wages, which varied by type of garment, included \$7.50 for coat-makers.

Other terms of the Clothing and Textile Workers settlements for more than 40,000 employees in the cotton garment industry, comprising men's shirts, pants, and nightwear, included 40 cents an hour in wage increases, which will bring the average wage to about \$6.20 hour. The union said that it insisted on the 18-month term of the agreement to permit it to quickly press for implementation of the findings of new joint committees on "issues of national concern relating to the industry" and on the feasibility of providing child care facilities.

*Aerospace.* Collective bargaining activity in the aerospace industry was limited because most agreements expire in 1989 or 1990.

At General Dynamics Corp's Pomona and Valley Systems divisions in California, 3,200 employees accepted lump-sum payments, despite the recommendation of leaders of their Machinists local that they hold out for specified wage increases. The lump-sums were \$2,000 in the first year of the 3-year contract and \$1,000 in the second and third years. The contract also provided for improvements in benefits, including a 28-percent increase in pension rates.

- At Textron's Lycoming aircraft engine plant in Stratford, CT, more than 2,000 workers were covered by a 3-year contract that provided for an immediate \$500 "sign-up" payment, followed by payments equal to 5 percent and 4.5 percent of employee's earnings in 1988 and 1989, respectively, and a 3-percent wage increase in 1990. The accord, which ended a 7-week work stoppage, also provided for improvements in some benefits.
- At LTV Corp.'s Aircraft Products Group and Missiles Division in Grand Prairie, TX, a settlement provided for 3-percent wage increases effective immediately and in June 1991, and for lump-sum payments in September of 1988, 1989, and 1990 equal to 3, 5, and 5 percent, respectively, of employee earnings during the preceding 12 months. The 44-month contract also provided for improvements in insurance and other benefits.

*Longshore.* On the Atlantic and Gulf coasts, the major problem facing the International Longshoremen's Association (ILA) and stevedoring firms was the continuing possibility that their "50-mile container rule" might be invalidated. The rule, adopted in 1959, specifies that packing and unpacking of ship cargo containers within 50 miles of a port where the ILA holds representation rights must be performed by members of the union. In 1987, the Federal Maritime Commission ruled that this provision discriminated against some shippers not party to the ILA contract, and ordered it removed from all tariffs.

In mid-1988, the U.S. Court of Appeals for the District of Columbia upheld the Federal Maritime Commission's ruling. Later in the year, the court stayed its decision pending a review by the Supreme Court.

The initial invalidation of the container rule enabled the ILA to reopen its current contracts with the six shippers associations, but the parties could not agree on how to deal with the threat to the rule prior to an October 1 contract deadline, which meant that the current contracts will continue unchanged until they expire on September 30, 1989.

Competition from nonunion stevedore firms, which has become an increasing problem for the ILA, particularly at South Atlantic and Gulf coast ports, triggered demonstra-

tions by union members at several ports, including Pensacola and Port Canaveral, FL.

The ILA did increase its strength in one area, as it signed a 5-year contract with Crowley Maritime Corp., which had long refused to employ ILA members. The accord allows Crowley's ships to continue to call at non-ILA ports but also permits them to begin calling at ILA ports.

*Railroads.* National rail negotiations began in April but the carriers, generally represented by the National Railway Labor Conference, and unions did not press to settle by June 30, the earliest date contract amendments could have been effective under provisions of the Railway Labor Act, which regulates labor-management relations in the industry. Instead, bargaining carried over into 1989, following a long-standing tradition of protracted negotiations. Clearly, the major issue in the talks is jobs, with management seeking to improve its ability to compete with other forms of transportation by cutting jobs it views as unnecessary. On the other side of the table, unions defended the need for some of the jobs and sought to protect the livelihoods of their members.

At the Chicago and North Western Transportation Co., a long-line carrier owned by its employees, a dispute that began in 1987 over company plans to eliminate brakemen's jobs on freight trains was finally resolved by an act of the Congress requiring the parties to accept the settlement recommendations made earlier in the year by a presidential board.

Originally the carrier planned to eliminate all 1,211 of the brakemen jobs, but the board said Chicago and Northwestern should cut the jobs from the train runs where track switching is not required and should cut one of the two jobs on runs where switching is required. This action would end 689 jobs, with the possibility of more, because the board also recommended that the need for even one brakeman should be determined by arbitrators on an individual-run basis.

The United Transportation Union conceded that two brakemen were not needed, saying that it had agreed with every major railroad in the country except the Chicago and Northwestern to reduce the crew to one brakeman through attrition.

In a settlement with the Grand Trunk Western Railroad, the United Transportation Union agreed to operate with one conductor on trains of up to 35 cars, and with one conductor and one brakeman on longer trains. Previously, most trains carried one conductor and two brakemen. Union officials said the change would cost 170 to 200 jobs, but were hoping that early retirement and buy-out provisions would limit layoffs.

The new contract did not provide for a wage increase, but did establish a 401(k) savings plan and a productivity pool giving employees a share of any labor-cost savings.

The Grand Trunk operates about 1,000 miles of track in Michigan, Ohio, Indiana, and Illinois. It also negotiated cost-reducing settlements with 13 other unions; overall, the 14 settlements covered 3,600 workers. The railroad earned \$3.4 million in 1987, after losing \$16.4 million in 1986.

About 230 employees of the Union Pacific Railroad's repair shops began returning to work under provisions of a 1987 settlement between the carrier and the Railway Carmen Division of the Transportation-Communication Union. Under the accord, the returnees were paid \$10.40 an hour, compared with the \$13.76 rate for employees who were not laid off. The union said it agreed to the lower pay tier to get the workers back on the job, noting that some had been on layoff for as long as 5 years.

The settlement was based on the recommendations of a presidential emergency board issued at the time of the union's last national settlement. In its report, the board favored two-tier compensation plans in cases where railroads agreed to cut the amount of work they contract out.

Later, the railroad announced it would close one of the shops, in Omaha, NE, by the end of 1989. Under the severance settlement negotiated by the Carmen, the 45 affected employees will receive payments of up to \$40,000. Nearly 200 members of other unions will receive payments of varying amounts.

### Union affairs

Conditions were unchanged from preceding years for unions, as they sought to build—or rebuild—their strength in dealing with employers as well as the public's perception of their place in society and the economy. These efforts may have been hampered by government legal action against leaders of the Teamsters union, the unsuccessful strike by the Paperworkers against International Paper Co., and the continuing tendency to ascribe to labor part of the blame for domestic manufacturers' difficulties in competing with foreign producers in some industries. In a heartening note for labor, a Gallup poll during the year showed that 61 percent of the population approved of unions, up from 55 percent in 1981.

One new initiative by the AFL-CIO to give the public a better perception of unions and aid in organizing workers their goals was a \$12 million, 2-year "Union Yes" advertising campaign, featuring television and movie stars and rank-and-file union members. The AFL-CIO also reported progress in its 2-year-old campaign to strengthen unions' organizing and bargaining tactics and provide services and benefits to union members that could later be extended to others, thus educating them about unions and possibly inducing them to join unions.

*Mergers and affiliations.* Following the belief that there is strength in numbers, union leaders accelerated merger efforts in 1988, although not always successfully:

- The Marine and Shipbuilding Workers merged into the Machinists, becoming District 54.
- The 2,400 member Die Sinkers Conference merged into the Machinists.
- The Glass, Pottery and Plastics Workers International Union merged with the International Molders' and Allied Workers' Union, becoming the Glass, Molders, Pottery, Plastics and Allied Workers.
- Marine Engineers Beneficial Association's District 1 merged with the National Maritime Union to form District No. 1-MEBA/NMC Division.
- In New York City, the Doctors Council and the New York State Federation of Physicians and Dentists merged to form the American Federation of Doctors.
- The National Union of Hospital and Health Care Employees merged with the Service Employees, subject to membership approval.
- The 30,000 member California Federation of Teachers (a unit of the American Federation of Teachers) signed a 2-year, mutual-aid, no-raid agreement with the California School Employees Association, which represents 95,000 school support employees.
- The Oil, Chemical and Atomic Workers' board of director voted not to complete a planned merger with the Mine Workers, which had approved the proposal. The Mine Workers then established committees to explore merger with other unions and reaffiliation with the AFL-CIO.
- The delegates to the convention of the 12-member Sidetrappers union considered merging with an engraving and plate printing union, but decided to delay the move at least until the next convention.
- Merger discussions were initiated between the United Food and Commercial Workers and the Retail Wholesale, and Department Store Union.
- The Brother of Locomotive Engineers Affiliated with the AFL-CIO, after 125 years as an independent union.
- The International Longshoremen's and Warehousemen's Union reaffiliated with the AFL-CIO.

*Leadership changes.* There also were changes involving union leaders:

- Jackie Presser, president of the Teamsters, died and was succeeded by William J. McCarthy.
- Frank Droziak, president of the Seafarers, died and was succeeded by Michael Sacco.
- Patrick J. Campbell retired as president of the Carpenters union and was succeeded by Sigurd Lucassen.
- United Auto Workers secretary treasurer Raymond E. Majerus died and was succeeded by William Casstevens, who had headed the union's farm and construction equipment and organizing departments.
- Alfred K. Whitehead defeated incumbent John A. Gannon for the presidency of the Firefighters; White-

head had been the union's secretary-treasurer since 1982.

- John H. Sturdivant defeated incumbent Kenneth T. Blaylock for the presidency of the American Federation of Government Employees; Sturdivant had been executive vice president for 6 years preceding the election.
- George J. Kourpias was selected by the Machinists executive council to be the union's "official candidate" to succeed William W. Winpisinger as president. Other candidates can be nominated prior to the April 1989 election, but the council action apparently gave Kourpias the favorite's role.

### Other developments

**Federal employees.** The 1.4 million Federal white-collar employees received a 2-percent salary increase in January 1988. Under the salary adjustment procedure in the Federal Pay Comparability Act of 1970, the President's Pay Agent (a triad consisting of the Secretary of Labor, and the directors of the Office of Management and Budget and the Office of Personnel Management) reported in 1987 that an average 23.74-percent pay increase was necessary to bring white-collar pay up to the level of comparable jobs in private industry. This was based on the results of the annual National Survey of Professional, Technical and Clerical Pay conducted by the Bureau of Labor Statistics. Any change would normally have been effective in October 1987. President Ronald Reagan, however, proposed an alternate 2-percent increase for January 1988. Under the Act, as interpreted by the Supreme Court, such alternate proposals by the President stand unless vetoed by the Congress. If this had occurred, the President would presumably have been obligated to implement the 23.74-percent increase in October 1987.

The 2 million military personnel also received the equivalent of a 2-percent increase in January 1988 under laws linking their pay levels to those for Federal white-collar employees. About 456,000 trades workers received an increase of up to 2 percent during the fiscal year ending September 30, 1988. Their pay is raised at various times during a year, based on the results of local surveys of wages for similar jobs. However, their potential increase is "capped" at the same percentage amount as for the white-collar workers.

The salary increase did not apply to members of the Congress, Federal judges, and executive officials and military officers earning more than \$72,500.

Later in 1988, the Pay Agent presented to the President its finding on a salary increase that normally would be effective in October 1988. The increase, based on the Bureau's 1988 survey, was an average 26.23 percent. However, President Reagan proposed an alternate 4.1-percent increase in January 1989. This matched the increase that the Congress had endorsed prior to the President's decision. This increase did not apply to members of the Con-

gress, Federal judges, and highest ranking Government officials, but it did apply to the 7,000 members of the Senior Executive Service who direct the career civil service.

Neither pay increase applied to employees of the U.S. Postal Service because their pay is determined by collective bargaining. Their current contracts, negotiated in late 1987 and early 1988, specified wage increases of \$250 a year in July 1988 and January 1989 and cost-of-living adjustments of \$208 in May 1988 and \$520 in November 1988.

President Reagan signed a bill extending for 5 years a leave-transfer plan that had been scheduled to expire September 30. The plan allows employees to donate up to half their accrued annual (vacation) leave to specific employees in their agency or in another agency who have exhausted their annual leave because of a family emergency or have exhausted their sick and annual leave because of their own medical condition.

The act also directs the Office of Personnel Management to establish a "leave bank" into which employees could contribute leave to be available for other workers with emergencies.

**Legal rulings.** During the year, the Supreme Court and other courts and boards issued a number of decisions affecting labor-management relations, collective bargaining, and employment. The Supreme Court held that:

- Government has the right to bar families of strikers from receiving food stamps.
- Nonunion employees in a collective bargaining unit may not be required to pay full agency shop fees (an amount equal to union dues) if part of the money is used for political, legislative, social, or labor organizing activity by the union.
- Employers found to have discriminated against women regarding the amount of pension benefits can only be required to correct the inequity back to July 1983, when the court ruled that sex-based variations in pension benefits are illegal.
- Employees have the right to sue employers over a dismissal, even if their labor contract contains a grievance procedure and other remedies, if State law permits such a suit.
- Employers can be sued for personnel practices resulting in job discrimination, even if evidence of intent to discriminate is not available.
- Creditors may garnishee benefits owed to workers under pension, insurance, and similar private plans regulated by the Federal Government.
- Employers cannot be sued for not continuing to pay into benefit funds while negotiations are under way to replace an expired labor contract.

- Federal employees outside the competitive civil service cannot sue the government if they are fired or suspended.
- In other decisions, rulings, and settlements:
- The Department of Justice, in a reversal of a 1986 opinion, held that Federal agencies and federally assisted employers cannot fire or otherwise discriminate against employees beset by the acquired immune deficiency (AIDS) virus, including carriers not showing symptoms.
  - State Farm Insurance Co. paid a total of \$1.3 million to three women who claimed the company practiced discrimination in hiring sales agents in California. Under the settlement, the company agreed to contact women who had applied for but were denied such jobs between 1974 and 1987, and to fill half of all vacant sales agents jobs in California during the next 10 years with women.
  - Settling 15-year-old charges that the police department discriminated against women and minorities in hiring and promotion, the city of Chicago and the U.S. Department of Justice established a \$9.2 million back-pay fund and adjusted seniority for 729 women, blacks, and Hispanics.
  - Honda of America Manufacturing Inc. and the Equal Employment Opportunity Commission settled a 3½-year-old charge of sex and race discrimination at the company's Marysville, OH, area plants. Under the settlement, Honda hired 370 blacks and women denied employment between 1983 and 1986 and paid them a total of \$6 million, and agreed to (1) change its promotion procedures, (2) train all supervisors in fair employment practices, and (3) begin a drive to recruit employees—particularly blacks—in Columbus, OH, which had been outside the company's hiring radius.
- Home work ban lifted.* The Department of Labor ended a 45-year ban on home production of jewelry and four types of apparel and announced new rules regulating home work. The change is effective January 9, 1989.
- The Ladies Garment Workers union immediately announced that it would challenge the decision in court.
- The five new products are gloves and mittens, embroideries, buttons and buckles, handkerchiefs, and some jewelry (knitted outerwear was freed from the ban in 1984). Participating employees are required to be certified and the Labor Department will monitor the workers' wages and hours of work. □

# News

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## MAJOR COLLECTIVE BARGAINING SETTLEMENTS IN PRIVATE INDUSTRY, 1988

Major collective bargaining settlements reached in private industry during 1988 provided wage adjustments averaging 2.6 percent in the first contract year and 2.4 percent annually over the life of the contract, the U.S. Department of Labor's Bureau of Labor Statistics reported today. The last time parties to these settlements negotiated, usually in 1985 or 1986, wage adjustments (increases, decreases, and freezes) averaged 1.8 percent the first contract year and 2.6 percent annually over the contract term.

The Bureau's major collective bargaining agreements series for private industry covers 6.0 million workers in bargaining units with at least 1,000 workers. In addition to data on settlements reached in 1988, this release includes information on wage changes effective in the year that resulted from new settlements, agreements reached in earlier years, and cost-of-living adjustments (COLAs).

### Settlements in 1988

Contracts covering 28 percent (504,000) of the workers under 1988 settlements provided lump-sum payments. Such payments--typically made instead of wage increases, or to offset wage cuts--are excluded from this series. Settlements containing lump-sum provisions called for wage adjustments averaging 1.4 percent both in the first contract year and annually over the contract term. Corresponding averages for settlements without lump-sums were 3.0 and 2.8 percent. Lump-sum provisions were negotiated in a variety of industries, but were concentrated in transportation equipment and electrical and electronic equipment manufacturing.

Contracts for 38 percent (686,000) of the workers under 1988 settlements had a COLA clause. These contracts specified average wage adjustments of 1.8 percent a year over their life, compared with 2.8 percent for contracts without COLA clauses. Settlements data exclude potential wage changes resulting from COLA clauses that depend upon future price changes. (See explanatory note.)

COLA clauses were introduced or reestablished for about 11 percent (190,000) of the workers under settlements reached in 1988. Virtually all these workers are covered by the National Master Freight Agreement, reached by the Teamsters and Trucking Management, Inc., which reestablished the COLA clause that had been suspended during the prior agreement. Settlements for 39,000 workers dropped COLA's. As a result of these changes, the proportion of workers under major private industry bargaining agreements with COLA clauses was 40 percent in 1989 compared with 38 percent at the end of 1987.

Average wage adjustments were lower in manufacturing settlements (2.2 percent the first year and 2.1 percent a year over their term) than in nonmanufacturing (2.8 percent and 2.5 percent, respectively). Lump-sum provisions and COLA clauses, however, were more prevalent in manufacturing. Fifty-five percent of the workers covered by settlements in manufacturing were under contracts containing lump-sum provisions, and 60 percent were under contracts with COLA clauses; corresponding coverages in nonmanufacturing were 11 and 24 percent.

Average wage adjustments under settlements in the construction industry (covering 22 percent of the workers under settlements in 1988) averaged 2.2 percent in the first contract year and 2.6 percent over their term. Corresponding averages in all other industries were 2.7 and 2.3 percent. None of the construction settlements included lump sum or COLA provisions.

The Bureau also measures changes in compensation (wages and employee benefits costs) in settlements covering at least 5,000 workers. Such settlements reached in 1988 provided compensation adjustments of 3.1 percent in the first contract year and 2.5 percent annually over the life of the contract.

#### Effective wage adjustments

Effective wage adjustments are those that result from (1) settlements in 1988, (2) deferred changes made under agreements negotiated earlier, and (3) COLA provisions.

Effective wage adjustments in 1988 averaged (in percent):

	For workers receiving <u>wage change(s)</u>	For all workers <u>(prorated)</u>
All adjustments .....	3.3	2.6
New settlements .....	3.1	0.7
Deferred adjustments ....	3.0	1.3
COLA .....	2.7	0.6

Wage changes (increases and decreases) put into effect in 1988 averaged 3.3 percent for the 4.7 million workers who received them. When this net wage gain was averaged over all 6.0 million workers covered by major agreements, the effective wage adjustment was 2.6 percent.

COLA clauses are designed to adjust wages to reflect changes in consumer prices. The size of the adjustment depends on the formula used to relate wage changes to price changes (typically based on the Bureau's Consumer Price Index--CPI), the timing of COLA reviews, and possible limitations on the amount of COLA change.

Of the 1,957,000 workers who had COLA reviews in 1988, 1,268,000 had COLA-triggered wage increases averaging 2.7 percent. The remaining workers had no COLA wage change, largely because changes in the CPI were insufficient to trigger one. Wage adjustments stemming from COLA reviews in 1988 averaged .7 percent of the price change during the COLA review period.

#### First-quarter 1989 bargaining activity

There were 598,000 workers under 104 contracts that had expired or been reopened, but had not been renegotiated or ratified prior to January 1, 1989. About 350,000 of these workers are employed by railroads, and 82,000 by airlines; the balance are in a variety of industries. In addition, 266,000 workers are under 83 major agreements scheduled to expire or reopen for wage negotiations during January-March 1989, primarily in food stores and construction.

About 565,000 workers are scheduled to receive deferred wage changes (increases and decreases) averaging 3.2 percent during the first quarter of 1989. These changes will be made under provisions of agreements negotiated earlier. About 1,166,000 workers are scheduled for COLA reviews during the quarter.

## EXPLANATORY NOTE ABOUT THE DATA

This release covers major collective bargaining units--those with 1,000 workers or more--in private nonfarm industries. It is limited to production and related workers in manufacturing and nonsupervisory workers in nonmanufacturing. About 7 percent of the employed wage and salary workers in private industry (excluding households) are covered by a major bargaining agreement.

### Settlements data

Major collective bargaining settlements data relate to agreements reached in a given period. They reflect decisions to increase, decrease, or not change wage and benefit rates.

Percentage changes in wage rates are calculated by dividing newly negotiated wage rate changes by the average hourly rate at the time the agreement is reached. Similarly, measures of compensation (wages and benefits) rate change are calculated by dividing the change in the value of the newly negotiated wage and benefit package by the existing average hourly compensation rate, which includes the cost of previously negotiated benefits, legally required social insurance programs, and average hourly earnings.

In calculating compensation change, a value is put on the benefit portion of the settlements at the time they are reached. The cost estimates are based on the assumption that conditions existing at the time of settlement (e.g., methods of financing pensions or composition of the labor force) will remain constant. The data, therefore, are measures of negotiated changes and not of total changes in employer cost.

Data for settlements include specified first-year and deferred changes, but exclude potential changes resulting from COLA clauses that depend upon future changes in the CPI unknown at the time of settlement. Conversely, "guaranteed" COLA amounts (those specified when the agreement was reached and scheduled to be implemented later) are included in settlement calculations because they are not tied to subsequent price movements. Lump-sum payments (e.g., those made instead of wage increases, or for performance or attendance) are excluded from all measures in this series. Settlements reached under both scheduled and unscheduled contract reopenings are included in the settlement data.

Contract duration runs from the effective date of the agreement to the expiration date or first wage reopening date, if applicable. Average annual percent changes over the contract term take account of the compounding of successive changes.

Effective wage adjustments data

The effective wage adjustment measure includes increases, decreases and no change in wage rates during the reference period for all workers in the series. The increases and decreases, which stem from settlements reached in the period, agreements reached in a prior period, and COLA clauses, are reflected in the effective wage change measure, which relates only to workers whose wages change.

Wage rate changes under COLA clauses are based on changes in the Consumer Price Index specified in the contract for a designated review period.

Data for 1988 are preliminary and may be revised if additional information is obtained. Final data will be available in Spring 1989.

Additional historical information is available from the Office of Compensation and Working Conditions, Bureau of Labor Statistics, Washington, D.C. 20212.

Data on major public sector settlements are collected separately and issued semi-annually. Information for 1988 will be released in February, 1989.

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Major private industry collective bargaining settlements data for the first quarter of 1989 will be released on April 25, 1989 at 10:00 AM (EDT).

Table 1. Average (mean) wage and compensation (wage and benefit costs) adjustments<sup>1/</sup> in collective bargaining settlements, 1988. (in percent)

Measure	First-year adjustments <sup>2/</sup>	Annual adjustment over life of contracts <sup>3/</sup>	Number of workers ('000's)
<b>Wage adjustments in settlements covering 1,000 workers or more:</b>			
All industries.....	2.6	2.4	1,799
Contracts with COLA clauses.....	2.4	1.8	686
Contracts without COLA clauses.....	2.7	2.8	1,113
Manufacturing.....	2.2	2.1	706
Contracts with COLA clauses.....	2.1	1.8	426
Contracts without COLA clauses.....	2.5	2.6	280
Nonmanufacturing.....	2.8	2.5	1,093
Contracts with COLA clauses.....	2.9	1.7	259
Contracts without COLA clauses.....	2.7	2.8	834
Construction.....	2.2	2.6	393
Contracts without COLA clauses.....	2.2	2.6	393
All industries excluding construction.....	2.6	2.3	1,406
Contracts with COLA clauses.....	2.4	1.8	686
Contracts without COLA clauses.....	2.9	2.8	721
Nonmanufacturing excluding construction.....	3.1	2.5	700
Contracts with COLA clauses.....	2.9	1.7	259
Contracts without COLA clauses.....	3.2	2.9	441
<b>Compensation adjustments in settlements covering 5,000 workers or more:</b>			
All industries.....	3.1	2.5	1,103
Contracts with COLA clauses.....	3.3	2.2	544
Contracts without COLA clauses.....	2.9	2.8	559
Manufacturing.....	2.9	2.3	448
Contracts with COLA clauses.....	3.1	2.1	296
Contracts without COLA clauses.....	2.6	2.6	151
Nonmanufacturing.....	3.2	2.6	655
Contracts with COLA clauses.....	3.7	2.2	248
Contracts without COLA clauses.....	3.0	2.9	407
Construction.....	2.6	3.1	181
Contracts without COLA clauses.....	2.6	3.1	181
All industries excluding construction.....	3.2	2.4	922
Contracts with COLA clauses.....	3.3	2.2	544
Contracts without COLA clauses.....	3.0	2.6	378
Nonmanufacturing excluding construction.....	3.5	2.5	475
Contracts with COLA clauses.....	3.7	2.2	248
Contracts without COLA clauses.....	3.3	2.7	227

1/ Includes increases, decreases, and freezes. Excludes lump-sum payments and potential changes from COLA clauses.

2/ Adjustments under settlements reached in the period and effective within 12 months of the contract effective date.

3/ Adjustments under settlements reached in the period expressed as an average annual (compound) rate over life of contract.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

Table 2. First-year wage adjustments <sup>1/</sup>in collective bargaining settlements covering 1,000 workers or more, 1988.

Measure <sup>2/</sup>	All industries	Manu- facturing	Nonmanu- facturing
Total number of workers (in thousands):.....	1,799	706	1,093
Percent of workers			
All settlements.....	100	100	100
No wage change.....	20	27	15
Decreases <sup>3/</sup> .....	2	(4)	2
Increases.....	79	73	83
Under 2 percent.....	13	11	14
2 and under 4 percent.....	38	33	41
4 and under 6 percent.....	24	27	22
6 percent and over .....	4	1	6
Adjustments (in percent):			
Mean adjustment (percent).....	2.6	2.2	2.8
Median adjustment (percent).....	2.4	2.5	2.4
Mean increase (percent).....	3.4	3.1	3.5
Median increase (percent).....	3.1	3.1	3.1

<sup>1/</sup> See note 1, table 1.

<sup>2/</sup> See note 2, table 1.

<sup>3/</sup> Distributions are not shown to protect confidentiality.

<sup>4/</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

## PRELIMINARY

Table 3. Annual rate of wage adjustments<sup>1/</sup> over the life of the contract in collective bargaining settlements covering 1,000 workers or more, 1988.

Measure <sup>2/</sup>	All industries	Manu- facturing	Nonmanu- facturing
Total number of workers (in thousands).....	1,799	706	1,093
Percent of workers			
All settlements.....	100	100	100
No wage change.....	11	15	8
Decreases <sup>3/</sup> .....	2	(4)	2
Increases.....	88	84	90
Under 2 percent.....	32	39	28
2 and under 4 percent.....	31	21	37
4 and under 6 percent.....	23	24	22
6 percent and over.....	2	1	3
Adjustments (in percent):			
Mean adjustment (percent).....	2.4	2.1	2.5
Median adjustment (percent).....	2.2	1.8	2.2
Mean increase (percent).....	2.7	2.5	2.9
Median increase (percent).....	2.4	2.0	2.6

<sup>1/</sup> See note 1, table 1.<sup>2/</sup> See note 3, table 1.<sup>3/</sup> Distributions are not shown to protect confidentiality.<sup>4/</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

Table 4. Annual rate of compensation (wage and benefit costs) adjustment<sup>1/</sup> in collective bargaining settlements covering 5,000 workers or more, 1988.

Measure	First-year adjustments <sup>2/</sup>
Total number of workers (in thousands).....	1,103
Percent of workers	
All settlements.....	100
No change.....	9
Decreases.....	1
Increases.....	89
Under 2 percent.....	19
2 and under 4 percent.....	41
4 and under 6 percent.....	25
6 percent and over.....	5
Adjustments (in percent)	
Mean adjustment (percent).....	3.1
Median adjustment (percent).....	3.4
Mean increase (percent).....	3.5
Median increase (percent).....	3.5
Adjustments averaged over life of contract <sup>3/</sup>	
Total number of workers (in thousands).....	1,103
Percent of workers	
All settlements.....	100
No change.....	5
Decreases.....	0
Increases.....	95
Under 2 percent.....	44
2 and under 4 percent.....	28
4 and under 6 percent.....	22
6 percent and over.....	1
Adjustments (in percent)	
Mean adjustment (percent).....	2.5
Median adjustment (percent).....	2.0
Mean increase (percent).....	2.6
Median increase (percent).....	2.0

<sup>1/</sup> See note 1, table 1.

<sup>2/</sup> See note 2, table 1.

<sup>3/</sup> See note 3, table 1.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

Table 5. Annual rate of adjustment<sup>1/</sup> in compensation (wage and benefit costs) and wages in construction collective bargaining settlements covering 1,000 workers or more, 1988.

Measure	First-year adjustments <sup>2/</sup>	
	Compensation	Wages alone
Total number of workers (in thousands).....	393	393
Percent of workers		
All settlements.....	100	100
No change.....	19	23
Decreases <sup>3/</sup> .....	7	4
Increases.....	74	73
Under 2 percent.....	12	19
2 and under 4 percent.....	36	27
4 and under 6 percent.....	22	25
6 and under 8 percent.....	4	3
8 percent and over.....	0	1
Adjustments (in percent)		
Mean adjustment (percent).....	2.3	2.2
Median adjustment (percent).....	2.7	2.6
Mean increase (percent).....	3.4	3.3
Median increase (percent).....	3.4	3.2
Mean decrease (percent).....	-3.4	-4.3
Median decrease (percent).....	-2.0	-2
	Adjustments averaged over life of contract <sup>4/</sup>	
	Compensation	Wages alone
Total number of workers (in thousands).....	393	393
Percent of workers		
All settlements.....	100	100
No change.....	12	13
Decreases <sup>3/</sup> .....	2	4
Increases.....	86	83
Under 2 percent.....	18	18
2 and under 4 percent.....	49	38
4 and under 6 percent.....	16	24
6 and under 8 percent.....	3	3
8 percent and over.....	0	1
Adjustments (in percent)		
Mean adjustment (percent).....	2.7	2.6
Median adjustment (percent).....	2.8	2.7
Mean increase (percent).....	3.2	3.2
Median increase (percent).....	3.0	3.2
Mean decrease (percent).....	-1.7	-1.1
Median decrease (percent).....	-1.9	-1

<sup>1/</sup> See note 1, table 1.<sup>2/</sup> See note 2, table 1.<sup>3/</sup> Distributions are not shown to protect confidentiality.<sup>4/</sup> See note 3, table 1.

NOTE: Because of rounding, sums of individual employment items may not equal totals.

Table 6. Average wage adjustments<sup>1/</sup> in collective bargaining settlements covering 1,000 workers or more by duration of contract, 1988. PRELIMINARY

Measure	Contract duration						
	All contracts	12 months or less	More than 12 and less than 24 months	24 months	More than 24 and less than 36 months	36 months	More than 36 months
Number of settlements.....	415	39	30	55	52	137	102
Number of workers (in thousands).....	1,799	91	135	186	246	660	480
Average duration (months).....	33.3	11.1	17.7	24.0	31.1	36.0	43.0
Percent adjustment in:							
First contract year.....	2.6	1.7	3.2	2.5	2.8	2.7	2.2
Second contract year.....	2.2	-	1.2	2.8	1.7	2.3	2.3
Third contract year.....	2.1	-	-	-	1.0	2.3	2.3
Average annual percent adjustment over life of contract.....	2.4	1.9	3.1	2.6	2.0	2.4	2.3

<sup>1/</sup> See note 1, table 1.

<sup>2/</sup> Average is based only on settlements with a duration greater than 12 months.

<sup>3/</sup> Average is based only on settlements with a duration greater than 24 months.

Table 7. Average wage and compensation (wage and benefit costs) adjustments <sup>1/</sup> for collective bargaining settlements reached in 1987 and, by quarter, 1988. (in percent)

Measure	1987	1988				
	Full year	I <sup>2/</sup>	II <sup>2/</sup>	III <sup>2/</sup>	IV <sup>3/</sup>	Full year <sup>3/</sup>
Wage adjustments in settlements covering 1,000 workers or more:						
First year <sup>4/</sup>						
All industries.....	2.2	2.1	2.6	2.7	2.7	2.6
Contracts with COLA clauses...	2.3	2.0	2.6	1.9	2.4	2.4
Contracts without COLA clauses...	2.1	2.2	2.6	3.1	2.9	2.7
Manufacturing.....	2.1	2.1	2.2	2.5	2.0	2.2
Contracts with COLA clauses...	2.4	1.0	2.3	1.7	2.2	2.1
Contracts without COLA clauses...	1.3	2.4	1.9	3.6	1.7	2.5
Nonmanufacturing.....	2.3	2.2	2.8	2.8	3.4	2.8
Contracts with COLA clauses...	1.9	3.9	2.9	2.7	2.9	2.9
Contracts without COLA clauses...	2.4	2.1	2.7	2.8	3.5	2.7
Construction.....	2.9	1.2	2.7	1.9	.4	2.2
All industries excluding construction.....	2.0	2.2	2.5	3.0	3.0	2.6
Nonmanufacturing excluding construction.....	1.9	2.3	2.8	3.9	4.1	3.1
Annual average over life of contracts <sup>5/</sup>						
All industries.....	2.1	2.3	2.2	2.8	2.3	2.4
Contracts with COLA clauses...	1.5	2.1	1.8	1.6	1.7	1.8
Contracts without COLA clauses...	2.5	2.4	2.6	3.5	2.5	2.8
Manufacturing.....	1.3	2.1	2.0	2.5	1.8	2.1
Contracts with COLA clauses...	1.0	1.3	2.0	1.6	1.4	1.8
Contracts without COLA clauses...	2.1	2.3	2.0	3.8	2.3	2.6
Nonmanufacturing.....	2.7	2.5	2.3	3.1	2.7	2.5
Contracts with COLA clauses...	2.7	3.5	1.5	1.3	2.8	1.7
Contracts without COLA clauses...	2.7	2.4	2.8	3.3	2.7	2.8
Construction.....	3.1	1.8	2.7	2.8	1.7	2.6
All industries excluding construction.....	1.8	2.4	2.0	2.8	2.3	2.3
Nonmanufacturing excluding construction.....	2.5	2.6	2.0	3.5	2.9	2.5
Compensation adjustments in settlements covering 5,000 workers or more:						
First year <sup>4/</sup>						
All industries.....	3.0	1.8	3.1	3.4	3.8	3.1
Contracts with COLA clauses...	3.2	1.5	3.4	2.5	4.6	3.3
Contracts without COLA clauses...	2.7	1.8	2.6	4.0	3.2	2.9
Annual average over life of contracts <sup>5/</sup>						
All industries.....	2.6	1.8	2.4	3.2	2.2	2.5
Contracts with COLA clauses...	2.3	.8	2.2	1.8	2.6	2.2
Contracts without COLA clauses...	2.9	2.0	2.8	4.0	2.0	2.8

<sup>1/</sup> See note 1, table 1.

<sup>2/</sup> Preliminary revised.

<sup>3/</sup> Preliminary.

<sup>4/</sup> See note 2, table 1.

<sup>5/</sup> See note 3, table 1.

Table 8. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more, 1987 and, by quarter, 1988 (in percent)

Characteristic	1987	1988				
	Full Year	I <sup>1/</sup>	II <sup>1/</sup>	III <sup>1/</sup>	IV <sup>2/</sup>	Full Year <sup>2/</sup>
Adjustments (prorated over all workers) <sup>3/</sup>						
Total effective adjustments .....	3.1	0.4	0.9	0.8	0.5	2.6
Source:						
Current settlements.....	.7	.1	.3	.2	.1	.7
Prior agreements.....	1.8	.3	.5	.4	.2	1.3
COLA provisions.....	.5	.1	.1	.2	.2	.6
Industry						
Manufacturing.....	3.4	.5	.7	.8	.9	2.8
Nonmanufacturing.....	2.9	.4	1.0	.8	.3	2.5
Nonmanufacturing excluding construction.....	2.8	.5	.7	.8	.4	2.4
Construction.....	3.1	.3	1.8	.8	.1	2.9
Transportation and public utilities.....	2.7	.3	.7	.8	.2	2.1
Wholesale and retail trade.....	2.0	.2	.8	.6	.7	2.3
Services.....	3.8	1.0	.6	1.2	.7	3.5
Effective wage change for workers receiving changes <sup>4/</sup>						
Total effective wage change.....	3.6	1.6	2.3	2.1	1.9	3.3
Source:						
Current settlements.....	2.9	2.7	3.1	2.7	3.1	3.1
Prior agreements.....	3.3	2.7	3.3	2.5	2.8	3.0
COLA provisions.....	2.6	.6	.6	1.1	1.2	2.7
Total number of workers receiving wage change (in thousands) <sup>5/</sup> .....	5,376.3	1,658.3	2,268.8	2,231.5	1,553.9	4,736.
Source:						
Current settlements.....	1,620.1	202.8	650.0	395.6	265.5	1,423.
Prior agreements.....	3,547.1	603.5	849.3	988.4	344.3	2,612.
COLA provisions.....	1,276.7	952.8	846.4	1,042.9	1,002.9	1,268.
Number of workers not receiving a wage change (in thousands).....	956.3	4,363.9	3,753.5	3,790.7	4,468.3	1,285.

1/ Preliminary revised.

2/ Preliminary.

3/ Includes increases, decreases, and no change in wages stemming from current settlements, agreements reached in a prior period, and COLA clauses. Because of rounding and compounding, sums of individual items may not equal totals.

4/ The total change reflects the worker weighted average of each source of wage change.

5/ The employment total does not equal the sum of employment for each source, because some workers receive wage changes from more than one source.

Table 9. Average wage adjustments <sup>1/</sup>in collective bargaining settlements covering 1,000 workers or more during 4-quarter periods.  
(in percent)

Measure	Four quarters ending								
	1986	1987				1988			
		IV	I	II	III	IV	I <sup>2/</sup>	II <sup>2/</sup>	III <sup>2/</sup>
All industries									
First year <sup>4/</sup> .....	1.2	1.2	1.5	2.0	2.2	2.4	2.4	2.5	2.
Contracts with COLA clauses.....	1.9	2.0	1.8	2.1	2.3	2.2	2.4	2.4	2.
Contracts without COLA clauses...	.9	.8	1.3	2.0	2.1	2.5	2.4	2.6	2.
Over life of contract <sup>5/</sup> .....	1.8	1.8	2.0	2.2	2.1	2.2	2.0	2.2	2.
Contracts with COLA clauses.....	1.7	1.8	1.7	1.7	1.5	1.4	1.5	1.5	1.
Contracts without COLA clauses...	1.8	1.8	2.1	2.5	2.5	2.7	2.5	2.8	2.
Manufacturing									
First year <sup>4/</sup> .....	-1.2	-1.5	-.8	1.1	2.1	2.4	2.5	2.5	2.
Contracts with COLA clauses.....	1.3	1.3	1.3	2.1	2.4	2.4	2.5	2.4	2.
Contracts without COLA clauses...	-2.8	-3.5	-2.7	-1	1.3	2.4	2.5	3.0	2.
Over life of contract <sup>5/</sup> .....	.2	.6	.3	1.0	1.3	1.5	1.6	1.9	2.
Contracts with COLA clauses.....	.9	.8	.8	1.0	1.0	1.0	1.3	1.4	1.
Contracts without COLA clauses...	-2	-.6	-.2	1.2	2.1	2.7	2.5	3.1	2.
Nonmanufacturing									
First year <sup>4/</sup> .....	2.0	2.2	2.3	2.4	2.3	2.3	2.3	2.4	2.
Contracts with COLA clauses.....	2.1	2.2	2.1	2.1	1.9	1.6	2.2	2.4	2.
Contracts without COLA clauses...	2.0	2.1	2.3	2.6	2.4	2.5	2.4	2.5	2.
Over life of contract <sup>5/</sup> .....	2.3	2.4	2.6	2.8	2.7	2.7	2.4	2.4	2.
Contracts with COLA clauses.....	2.1	2.2	2.2	2.4	2.7	2.4	1.9	1.8	1.
Contracts without COLA clauses...	2.4	2.5	2.7	2.9	2.7	2.7	2.6	2.7	2.
Construction									
First year <sup>4/</sup> .....	2.2	2.4	2.7	3.0	2.9	2.9	2.6	2.1	2.
Contracts with COLA clauses.....	1.4	1.6	3.7	7/	7/	7/	8/	8/	2.
Contracts without COLA clauses...	2.3	2.4	2.7	7/	7/	7/	2.6	2.1	2.
Over life of contract <sup>5/</sup> .....	2.5	2.5	2.9	3.2	3.1	3.1	2.7	2.4	2.
Contracts with COLA clauses.....	1.6	1.4	3.8	7/	7/	7/	8/	8/	2.
Contracts without COLA clauses...	2.5	2.6	2.9	7/	7/	7/	2.7	2.4	2.

1/ See note 1, table 1.

2/ Preliminary revised.

3/ Preliminary.

4/ See note 2, table 1.

5/ See note 3, table 1.

6/ More than 0 and less than 0.05 percent.

7/ Data by COLA coverage do not meet publication standards.

8/ None of the settlements included COLA provisions.

Table 10. Average effective wage adjustments in collective bargaining agreements covering 1,000 workers or more during 4-quarter periods. (in percent)

Characteristic	Four quarters ending								
	1986	1987				1988			
	IV	I	II	III	IV	I <sup>1/</sup>	II <sup>1/</sup>	III <sup>1/</sup>	IV <sup>2/</sup>
Total effective adjustments (prorated over all workers) <sup>3/</sup> .....	2.3	2.0	2.2	2.5	3.1	3.2	3.0	2.9	2.1
Source:									
From current settlements.....	.5	.4	.3	.4	.7	.8	1.0	1.0	.7
From prior agreements.....	1.7	1.5	1.6	1.7	1.8	1.8	1.6	1.4	1.4
From COLA.....	.2	.1	.3	.4	.5	.5	.5	.5	.1
Effective wage change for workers receiving changes <sup>4/</sup> .....	2.8	2.4	2.7	3.2	3.6	3.8	3.7	3.5	3.1
Source:									
From current settlements.....	1.6	1.1	1.0	1.8	2.9	2.9	2.9	2.9	3.1
From prior agreements.....	3.9	3.7	3.5	3.3	3.3	3.3	3.3	3.0	3.1
From COLA.....	1.0	.6	1.8	2.3	2.6	2.7	2.3	2.5	2.1

- <sup>1/</sup> Preliminary revised.
- <sup>2/</sup> Preliminary.
- <sup>3/</sup> See note 3, table 8.
- <sup>4/</sup> See note 4, table 8.

# Collective bargaining in 1989: negotiators will face diverse issues

*Agreements covering 3.1 million workers  
in private industry and State and local government  
will be on the table; talks set in communications,  
steel, longshore, and health care industries*

WILLIAM M. DAVIS AND FEHMIDA SLEEMI

About 3.1 million workers are under major collective bargaining agreements (those covering 1,000 workers or more) scheduled to expire or be reopened in 1989. They constitute 36 percent of the 8.6 million workers under all major agreements in private industry and State and local government.

In private industry, scheduled bargaining will cover 2.1 million of the 6.1 million workers under major agreements, or about 35 percent, compared with 38 percent in 1988 and 30 percent in 1987. In State and local government, bargaining will involve 968,000 of the 2.5 million workers under major agreements, or about 39 percent. This proportion was 42 percent in 1988 and 49 percent in 1987.

In private industry, 78 percent (1,630,000) of the workers whose contracts are slated for renegotiation in 1989 are in nonmanufacturing industries, compared with 63 percent in 1988 and 53 percent in 1987. They are concentrated in communications (534,000 workers), construction (434,000), and retail trade (240,000). Manufacturing industries with the largest number of workers under contracts slated for renewal are transportation equipment manufacturing (mainly aerospace), with 111,000 workers, and primary metals (mostly steel and aluminum production) with 107,000. (See tables 1 and 2.)

Workers covered by public sector contracts scheduled to expire or reopen in 1989 are almost equally divided between State and local governments. At the State level, half (502,000) of the 1,029,000 workers under major agreements will be covered by negotiations during the year; three-fifths of these workers are in general administration. In local government, one-third (467,000) of the 1,457,000 workers under major contracts have agreements up for renewal; three-fifths of these are in primary or secondary education.

Information on 1989 bargaining is based on data available to the Bureau of Labor Statistics as of September 30, 1988. Thus, any settlements occurring in the fourth quarter of 1988 that provide for 1989 expiration or reopening could affect the proportion of workers scheduled for negotiations in 1989. In State and local government, for example, 919,000 workers were under 228 agreements that expired by December 31, 1988, but for which settlements had not been reached or details of new settlements had not been available by September 30. Ninety percent of these workers are under contracts that expired by the end of the third quarter. In the unlikely event that all of these contracts are settled before the end of 1988 and call for termination or reopening during 1989, bargaining activity for the year in State and local government would be extremely heavy, affecting about three-fourths of the workers under major agreements. The bargaining agenda will also include negotiations that continued into 1989 on contracts that expired or reopened in 1988 or earlier.

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**Table 1. Major collective bargaining agreements scheduled to expire or with wage reopenings, by year and industry**

[Workers in thousands]

Industry	Total <sup>1</sup>		Year of expiration or scheduled wage reopening, or both							
	Number of agreements	Workers covered	1989		1990		1991 and later		Unknown or in negotiation <sup>2</sup>	
			Number of agreements	Workers covered	Number of agreements	Workers covered	Number of agreements	Workers covered	Number of agreements	Workers covered
All industries <sup>3</sup> .....	1,948	8,567	794	3,068	523	2,600	314	1,452	433	1,892
All private industries.....	1,289	6,080	503	2,100	380	1,984	241	1,173	205	975
Manufacturing.....	457	2,093	164	470	136	1,013	96	436	72	222
Food and kindred products.....	56	140	22	34	21	43	9	50	5	14
Tobacco products.....	3	14	2	13	—	—	1	1	—	—
Textile mill products.....	7	22	2	3	2	10	2	7	5	16
Apparel and other textile products.....	28	202	2	6	6	96	16	93	4	8
Lumber and wood products, except furniture.....	12	25	1	1	1	2	8	17	2	5
Furniture and fixtures.....	5	6	—	—	2	1	1	2	2	2
Paper and allied products.....	36	49	18	23	11	16	2	3	5	6
Printing and publishing.....	16	25	8	16	5	6	3	5	1	1
Chemicals and allied products.....	27	49	13	22	5	9	4	10	7	13
Petroleum and coal products.....	11	33	1	1	10	32	—	—	—	—
Rubber and miscellaneous plastics products.....	13	47	2	3	7	36	6	34	1	1
Leather and leather products.....	3	15	—	—	2	11	—	—	1	4
Stone, clay, and glass products.....	19	47	4	6	8	32	3	3	4	7
Primary metal industries.....	44	202	25	107	10	50	3	25	6	21
Fabricated metal products.....	24	49	12	22	5	16	2	3	5	8
Industrial machinery and equipment.....	27	87	9	25	7	22	5	6	6	34
Electronic and other electric equipment.....	43	231	19	73	8	31	10	96	6	30
Transportation equipment.....	74	632	21	111	24	594	18	78	11	49
Instruments and related products.....	4	12	2	4	1	6	1	1	—	—
Miscellaneous manufacturing industries.....	5	7	1	2	1	1	2	3	—	2
Nonmanufacturing.....	632	3,967	339	1,630	244	971	145	737	133	752
Mining.....	5	73	3	5	1	3	1	85	—	—
Construction.....	361	1,008	159	434	128	376	74	221	17	44
Transportation, except railroads and trucking.....	52	257	16	77	10	51	4	32	23	100
Railroad transportation.....	26	352	—	—	—	11	—	—	26	352
Trucking and warehousing.....	13	309	3	4	2	42	4	154	5	1
Communications.....	39	565	26	534	8	23	5	9	1	1
Electric, gas, and sanitary services.....	74	234	32	92	20	65	12	30	14	58
Wholesale trade.....	10	38	3	4	5	8	1	25	1	2
Retail trade, except eating and drinking places.....	123	576	43	210	30	164	34	141	17	63
Eating and drinking places.....	12	37	9	30	—	—	—	—	4	15
Finance, insurance, and real estate services, except hotels and health services.....	23	129	6	58	10	25	3	35	4	11
Hotels and other lodging places.....	38	151	12	43	13	52	3	5	10	52
Health services.....	15	104	8	50	3	29	1	9	3	6
State and local government.....	41	154	19	89	14	49	3	12	8	11
State government.....	659	2,487	291	968	143	616	73	280	228	917
Local government.....	186	1,029	106	502	19	137	20	101	57	415
Total government.....	473	1,457	185	467	124	479	53	179	171	502

<sup>1</sup> Totals may be less than the sum of the data for individual years because 116 agreements covering 445,000 workers have both reopenings and expirations in the reference period.

<sup>2</sup> Includes agreements which were due to expire between Oct. 1 and Dec. 31, 1988; agreements which expired prior to Oct. 1, 1988, but for which new agree-

ments were not reached by then; agreements which expired prior to Oct. 1, 1988, but for which necessary information was not available; and agreements that have no fixed expiration or reopening date.

<sup>3</sup> Includes all private nonagricultural industries and State and local governments. Note: Because of rounding, sums of individual items may not equal totals.

## The economy

When George Bush becomes President in January, he will face mixed signals from some of the major indicators of the Nation's economic well-being, judging from data available at the time of his election. The stock market had rebounded from its low in October 1987, and unemployment remained relatively stable at about 5.5 percent during 1988. For the year ending September 1988, the price rise, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), was 4.2 percent, and the gross national product grew about 3.7 percent. However, the composite index of leading economic indicators, compiled by the U.S. Department of Commerce's Bureau of

Economic Analysis to forecast movements in aggregate economic activity, pointed to an economic slowdown in 1988. For the year ending September 1988, the index increased 0.7 percent, compared with an increase of 6.7 percent for the previous 12-month period. Meanwhile, the budget and trade deficits were continuing major concerns.

## Bargaining developments

Negotiations in 1989 follow another year of relative peace in labor-management relations. Through the first 9 months of 1988, there were 28 major work stoppages (strikes and lockouts involving 1,000 workers or more). At that rate, the number of stoppages in 1988 would fall below the record low of 46 set a year earlier. Fewer than

**Table 2. Calendar of major collective bargaining activity**  
 [Workers in thousands]

Year and month	Agreement expirations and/or scheduled wage reopenings <sup>1</sup>		Principal industries covered
	Number	Workers covered	
All years <sup>2</sup>	1,948	8,567	
Total 1989 <sup>3</sup>	794	3,068	
January	19	51	Tobacco, airlines
February	23	103	Food stores
March	58	178	State and local government
April	74	176	Construction
May	82	379	Communications, construction
June	278	998	State and local government, construction, health services, aluminum
July	34	66	Construction
August	73	535	Communications, local government, steel
September	66	236	Food stores, State and local government, maritime
October	34	162	Aircraft manufacturing, food stores
November	19	57	Local government, health services
December	36	130	Real estate management, building maintenance
Total 1990	523	2,600	
January	33	107	Petroleum refining
February	28	141	Apparel and other textile products
March	44	124	Health services, construction
April	37	128	Construction
May	69	218	Construction
June	157	553	State and local government
July	25	176	Parcel delivery
August	28	148	Food stores
September	49	845	Automobiles, State and local government
October	19	51	Food stores
November	13	40	Transportation equipment
December	22	82	Local government
Total 1991 and later	314	1,452	
Year unknown or in negotiation <sup>4</sup>	433	1,892	

<sup>1</sup> Includes all private nonagricultural industries and state and local governments.

<sup>2</sup> See note 1, table 1.

<sup>3</sup> Includes two agreements covering 3,000 workers which have both a wage reopening and expiration scheduled in 1989.

<sup>4</sup> See note 2, table 1.

NOTE: Because of rounding, sums of individual items may not equal totals.

100 major work stoppages have been recorded each year beginning in 1982 through 1987, when the record low was set. The use of the work stoppage as a bargaining tool has declined sharply since 1980. In all but 2 years between 1947 and 1979, there were from 200 to 470 major stoppages. There were 187 in 1980, 145 in 1981, and there have been fewer than 100 each year since 1982.

Major collective bargaining agreements in private industry that were negotiated in the first 9 months of 1988 provided wage rate adjustments averaging 2.4 percent annually over the contract life. Since 1982, settlements have called for average annual wage rate adjustments of be-

tween 1.8 and 3.6 percent over the contract term. From 1968, when the series began, to 1981, settlements provided wage rate adjustments averaging from 5.1 to 8.9 percent annually over the contract term. The size of major settlements reached in the last few years contributed to keeping wage increases, as measured by the Bureau's Employment Cost Index (ECI), proportionally smaller for all union workers than for nonunion workers in each calendar quarter except two, from the fourth quarter of 1983 to the third quarter of 1988.

In part, the size of negotiated wage rate adjustments in the first 9 months of 1988 reflects continuing economic difficulties facing many industries, including competition from abroad, competition from nonunion firms at home, and declining employment opportunities. However, measures of wage rate adjustments do not capture the changes in other forms of worker compensation that are not part of the wage rate. For example, increasing costs for health benefits have diverted funds that might have been available for wage increases.

In addition, the collective bargaining settlements series excludes lump-sum payments such as those that have been, since 1983, a significant part of settlements for many workers.<sup>1</sup> These payments were often introduced to curb labor costs, particularly in firms facing economic hardships. They are made in lieu of or to supplement wage increases, or to offset wage cuts. They keep down labor costs because they generally are not taken into account in calculating certain benefits, and they are one-time payments that are not added to the permanent wage-rate structure. Payments may be specified as a uniform dollar amount for all workers, a uniform percentage of earnings during a specified period, or a dollar or percent amount varying by occupation, skill, pay level, work schedule, or length of service. They may also be contingent on profit levels.

Contracts that include provisions for lump-sum payments provide smaller wage adjustments than those without lump sums, on average. For example, private industry contracts expiring in 1989 that have lump-sum provisions provided specified wage-rate adjustments averaging 1.4 percent annually over the contract term, compared with 2.6 percent for those without lump sums.

Agreements for one-third (709,000) of the workers in private industry whose contracts are slated for renewal in 1989 include lump-sum provisions. These workers are concentrated in telephone communications (265,000), food stores (106,000), and transportation equipment, mostly aerospace (93,000). Overall, about 43 percent (2.6 million) of the workers under major contracts in private industry have agreements providing lump-sum payments. (See table 3.)

Some bargainers will have to deal with problems that derived from the two-tier wage and compensation structures which they introduced in their preceding contracts in attempts to cut labor costs. These structures temporary-

Table 3. Incidence of lump-sum payment provisions in major collective bargaining agreements, October 1988  
(Workers in thousands)

1988 sic code <sup>1</sup>	Industry <sup>2</sup>	All agreements			Agreements with lump-sum provisions		1988 sic code <sup>1</sup>	Industry <sup>2</sup>	All agreements			Agreements with lump-sum provisions	
		Number	Workers covered	Percent of workers covered by lump-sum provisions	Number	Workers covered			Number	Workers covered	Percent of workers covered by lump-sum provisions	Number	Workers covered
	Total .....	1,948	8,567	33	395	2,818							
	Private nonagricultural industries .....	1,289	6,080	43	343	2,585							
10	Metal mining .....	3	7	63	2	5	35	Machinery, except electrical .....	27	87	60	10	52
12	Bituminous coal and lignite mining .....	2	66	0	0	0	36	Electrical machinery equipment and supplies .....	43	231	69	23	159
15	Building construction general contractors .....	124	421	0	0	0	37	Transportation equipment instruments and related products .....	74	832	92	50	762
16	Construction other than building construction .....	94	283	0	0	0	38	Miscellaneous manu- facturing industries .....	5	7	0	0	0
17	Construction-special trade contractors .....	143	303	0	0	0	39	Railroad transportation .....	26	352	99	24	348
20	Food and kindred products .....	56	140	38	23	54	40	Local and urban transit .....	4	11	0	0	0
21	Tobacco manufacturing .....	3	14	85	2	12	41	Motor freight transporta- tion .....	13	309	37	2	115
22	Textile mill products .....	7	22	0	0	0	42	Water transportation .....	15	62	0	0	0
23	Apparel and other finished products .....	28	202	2	2	5	43	Transportation by air .....	33	183	26	7	48
24	Lumber and wood prod- ucts except furniture .....	12	25	63	7	16	44	Communications .....	39	565	51	27	288
25	Furniture and fixtures .....	5	6	26	1	1	45	Electric, gas, and sanitary services .....	74	234	14	9	33
26	Paper and allied products .....	36	49	68	24	33	50	Wholesale trade— durables .....	3	6	0	0	0
27	Printing, publishing, and allied industries .....	16	25	0	0	0	51	Wholesale trade— nondurables .....	7	32	88	3	28
28	Chemicals and allied products .....	27	49	27	8	13	53	Retail trade—general merchandise .....	14	61	53	4	32
29	Petroleum refining and related industries .....	11	33	96	10	32	54	Food stores .....	97	488	62	52	302
30	Rubber and miscellane- ous plastics .....	13	47	11	2	5	55	Automotive dealers and service stations .....	5	9	0	0	0
31	Leather and leather products .....	3	15	0	0	0	56	Apparel and accessory stores .....	2	6	0	0	0
32	Stone, clay, glass, and concrete products .....	19	47	23	6	11	57	Eating and drinking places .....	12	37	0	0	0
33	Primary metals industries .....	44	202	37	10	74	58	Miscellaneous retail stores .....	5	13	38	2	5
34	Fabricated metal products .....	24	49	49	8	24	59	Finance, insurance and real estate .....	23	129	7	2	9
							60-65	Services .....	94	409	28	20	114
							70-89	State and local govern- ment .....	659	2,487	9	52	233

<sup>1</sup>There are no major collective bargaining agreements in sic codes 13, 14, 46, 47, 52, 57, or 67.

<sup>2</sup>Includes all private nonagricultural industries and State and local government.

NOTE: Because of rounding, sums of individual items may not equal totals, and percentages may not equal numerical worker ratios.

ily or permanently provide wage scales or benefits, or both, that are lower for employees hired after a certain date than for employees hired earlier. Some recent contracts have reduced the differential between tiers or eliminated the structure entirely because of problems that two-tier systems create for both employers and union leaders.

In addition to considering the general economy and trends in collective bargaining, this year's negotiators will take into account what their expiring or reopening agreements have yielded.

### Expiring and reopening agreements

*Private industry.* The following tabulation for agreements expiring or reopening in 1989 shows total average annual wage adjustments—specified adjustments and those triggered by cost-of-living adjustments (COLA's) through September 30, 1988. It also shows average annual

specified wage adjustments only (excluding adjustments from COLA clauses).

	Percent wage adjustments	
	Total	Specified only
Private industry .....	2.4	2.2
Contracts with COLA .....	2.5	1.8
Contracts without COLA .....	2.3	2.3

Wage adjustments provided by contracts expiring or reopening in 1989 are the smallest in the 15 years for which the Bureau has been compiling these data. Specified adjustments averaged 2.2 percent a year, and when COLA's through September 1988 were added to them, total adjustments averaged 2.4 percent a year. Adjustments for contracts with COLA's and for all contracts combined may change as a result of potential COLA adjustments occurring between October 1, 1988, and contract reopenings or expirations in 1989.

Contracts covering 26 percent (552,000) of the 2.1 million workers whose agreements will expire or be reopened in 1989 contain COLA clauses. For the second consecutive year, these contracts will yield larger total wage adjustments than contracts without COLA clauses. This follows 5 years during which expiring contracts that did not have COLA clauses yielded more than those that did. Part of this reversal in pattern can be traced to the difference in the rate of increase in consumer prices during the two periods. The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) rose less than 4 percent a year between 1982 and 1986; the index increased 4.5 percent in 1987 and rose at an annual rate of 4.5 percent during the first 9 months of 1988. Expiring or reopening contracts for 332,000 workers (primarily in telephone communications and the steel industry) had discontinued COLA coverage; those for 38,000 workers added COLA coverage. The subject of COLA's, therefore, will be discussed by negotiators of these and other contracts this year.

**State and local government.** State and local government contracts expiring or reopening in 1989 provided annual wage adjustments averaging 5.1 percent. The effect of COLA's on the overall average was insignificant because COLA clauses in major State and local government agreements cover only about 3 percent of the workers. Lump-sum provisions are only somewhat more common, affecting about 9 percent of the workers under contracts up for renegotiation in 1989.

#### Trends in COLA coverage

The proportion of private industry workers under major agreements with cost-of-living adjustment (COLA) clauses has been declining over the last 10 years, from a peak of 61 percent in 1977. The proportion declined somewhat from 1978 through the end of 1984, dropped sharply in 1985 and 1986, declined slightly in 1987, and rose slightly, to 40 percent as of October 1988. (See table 4.) The decline stemmed from employment losses in industries in which COLA clauses were common and the suspension or elimination of COLA coverage, especially in contracts settled in 1985 and 1986. Some of the settlements that dropped COLA clauses replaced contracts that had provided little or no COLA increase.

As of October 1988, 2.4 million out of 6.1 million (40 percent) private industry workers under major agreements had COLA coverage. (See table 5.) In State and local government, COLA coverage is rare, applying to only 3 percent of the workers under major agreements.

#### Deferred wage changes in 1989

Of the 8.6 million workers covered by major collective bargaining agreements, 2.8 million are scheduled to receive specified wage changes averaging 4.0 percent in

**Table 4. Workers under cost-of-living adjustment clauses in major collective bargaining agreements in private industry, 1971-89**

Year <sup>1</sup>	Total workers		With COLA coverage	
	Number	Number	Number	Percent <sup>2</sup>
1971.....	10.8	3.0	28	
1972.....	10.6	4.3	41	
1973.....	10.4	4.1	39	
1974.....	10.2	4.0	39	
1975.....	10.3	5.3	51	
1976.....	10.1	6.0	59	
1977.....	9.8	6.0	61	
1978.....	9.6	5.8	60	
1979.....	9.5	5.6	59	
1980.....	9.3	5.4	58	
1981.....	9.1	5.3	58	
1982.....	8.8	5.0	57	
1983.....	8.3	5.0	60	
1984.....	7.7	4.4	57	
1985.....	7.3	4.1	56	
1986.....	7.0	3.4	48	
1987.....	6.5	2.6	40	
1988.....	6.3	2.4	38	
1989 (preliminary) <sup>3</sup> .....	6.1	2.4	40	

<sup>1</sup> Data relate to December 31 of preceding year.

<sup>2</sup> Percent coverage was computed on actual rather than rounded employment numbers.

<sup>3</sup> Data relate to information available as of Oct. 1, 1988.

1989 under the terms of contracts negotiated earlier. (See tables 6 and 7.) In private industry, 2.0 million workers will receive deferred wage changes (all but 5,800 will receive increases) that will average 3.4 percent, up from last year's 3.0 percent, which was the smallest change in the 21-year history of this statistical series. Deferred wage changes, averaging 5.4 percent, are scheduled for 808,000 workers in State and local governments, compared with a 5.0-percent change in 1988.

#### Bargaining in key industries

Bargainers will be operating in the same general economic climate. For most, however, the local economy, or economic conditions in the industry or in the bargaining unit itself, will largely determine the outcome of individual contract talks.

The remainder of this article describes issues that will face negotiators in key industries in which the heaviest bargaining will occur this year. The issues are as diverse as the industries involved in contract talks. Job security will be a primary concern in some situations, while improvements in wages and benefits will be the most important issue in others.

**State and local government.** About 968,000 workers are covered by 291 major State and local government contracts that will be expiring or reopening in 1989. They include 502,000 workers under 106 State contracts and 467,000 workers under 185 local government contracts. Expiring contracts account for about 39 percent of the 2.5 million workers under major State and local government

Table 5. Incidence of cost-of-living adjustment clauses in major collective bargaining agreements, October 1988  
[Workers in thousands]

1988 SC Code <sup>1</sup>	Industry <sup>2</sup>	All agreements			Agreements with COLA clauses		1988 SC Code <sup>1</sup>	Industry <sup>2</sup>	All agreements			Agreements with COLA clauses	
		Number	Workers covered	Percent of workers covered by COLA clauses	Number	Workers covered			Number	Workers covered	Number	Workers covered	
	Total.....	1,948	8,567	29	313	2,481	35	Machinery, except electrical.....	27	87	78	19	68
	Private nonagricultural industries.....	1,289	6,080	40	289	2,408	36	Electrical machinery equipment and supplies.....	43	231	63	25	144
10	Metal mining.....	3	7	0	0	0	37	Transportation equipment .....	74	832	91	56	758
12	Bituminous coal and ignite mining.....	2	66	0	0	0	38	Instruments and related products.....	4	12	28	1	3
15	Building construction general contractors.....	124	421	6	5	26	39	Miscellaneous manu- facturing industries.....	5	7	27	1	2
16	Construction other than building construction.....	94	283	3	2	8	40	Railroad transportation.....	26	352	99	24	348
17	Construction-special trade contractors.....	143	303	4	5	12	41	Local and urban transit.....	4	11	12	1	1
20	Food and kindred products.....	56	140	8	5	11	42	Motor freight transpor- tation.....	13	309	95	8	292
21	Tobacco manufacturing.....	3	14	100	3	14	44	Water transportation.....	15	62	36	4	23
22	Textile mill products.....	7	22	16	1	4	45	Transportation by air.....	33	163	3	2	6
23	Apparel and other finished products.....	28	202	47	17	96	48	Communications.....	39	565	41	18	230
24	Lumber and wood prod- ucts, except furniture.....	12	25	6	1	2	49	Electric, gas, and sanitary services.....	74	234	10	8	23
25	Furniture and fixtures.....	5	6	0	0	0	50	Wholesale trade— durable.....	3	6	0	0	0
26	Paper and allied products Printing, publishing, and allied industries.....	36	49	0	0	0	51	Wholesale trade— nondurables.....	7	32	77	1	2
27	Chemicals and allied products.....	18	25	41	6	10	53	Retail trade—general merchandise.....	14	61	39	2	24
28	Petroleum refining and related industries.....	27	49	10	3	5	54	Food stores.....	97	488	1	2	5
29	Rubber and miscellane- ous plastics.....	13	47	83	9	39	55	Automotive dealers and service stations.....	5	9	0	0	0
30	Leather and leather products.....	3	15	0	0	0	56	Apparel and accessory stores.....	2	6	0	0	0
31	Stone, clay, glass, and concrete products.....	19	47	92	16	44	58	Eating and drinking places.....	12	37	0	0	0
32	Primary metals industries	44	202	22	13	44	59	Miscellaneous retail stores.....	5	13	34	1	5
33	Fabricated metal	24	49	69	14	33	60-65	Finance, insurance and real estate.....	23	129	52	6	67
34							70-89	Services.....	94	409	9	10	37
								State and local govern- ment.....	659	2,487	3	24	73

<sup>1</sup>There are no major collective bargaining agreements in sc 13, 14, 46, 47, 52, 57, or 87.

<sup>2</sup>Includes all private nonagricultural industries and state and local government.

NOTE: Because of rounding, sums of individual items may not equal totals, and percentages may not equal numerical worker ratios.

agreements, compared with 42 percent in 1988 and 49 percent in 1987.

Unions representing government workers include: the American Federation of State, County and Municipal Employees (AFL-CIO) which represents a variety of government workers; the National Education Association (Independent) and the American Federation of Teachers (AFL-CIO), which chiefly represent workers in public education; the Fraternal Order of Police (Independent) and the International Association of Fire Fighters (AFL-CIO), which represent many public protective service workers; and the Amalgamated Transit Union (AFL-CIO), which bargains for workers in public transit systems.

Workers in general government administration account for 62 percent of the workers under State agreements scheduled to expire or be reopened in 1989. These workers are employed in a variety of occupations including secretaries, administrators, accountants, craftspersons, and appraisers.

Primary and secondary education accounts for 62 percent of the workers under expiring local government contracts; the majority are teachers. In education, depending on the school district, all or most occupations (such as teachers, teacher aids, clerical workers, bus drivers, and cafeteria workers) may be covered under one contract or separate agreements may cover one or several job classifications.

During the coming negotiations, bargainers will be interested in recent changes in wages and benefits in other government contracts. State and local government settlements reached during the first 9 months of 1988 provided wage adjustments averaging 5.3 percent over the life of their contracts, compared with 5.2 percent in the agreements they replaced. Settlements reached between January and September 1988 varied by level of government as well as government function. Average annual wage adjustments over the term of the agreements were higher in local than in State government contracts (5.4 and 5.1 percent, respectively). Contracts for education employees in local

government provided wage adjustments averaging 5.9 percent over the life of the agreements. This reflects continuing efforts to improve education by providing salary incentives to attract and retain teachers. When settlements for education employees are excluded, local government settlements provided lower average annual wage adjustments over the contract life than settlements in State government. Following are average annual wage adjustments over the life of contracts reached during the first 9 months of 1988 (in percent):

All State and local government .....	5.3
State government .....	5.1
Local government .....	5.4
Education .....	5.7
Colleges and universities .....	4.6
Primary and secondary schools .....	5.9
General government and administration .....	5.2
Protective services .....	5.0
Health care .....	5.7
Transportation .....	4.6
State and local government, excluding education .....	5.1
State government, excluding education .....	5.5
Local government, excluding education .....	4.9

Negotiators will also be concerned with what their expiring contracts yielded. On average, State and local government contracts subject to renegotiation in 1989 provided average wage adjustments of 5.1 percent annually over their terms. Expiring local government contracts yielded average annual wage adjustments of 5.5 percent, and State government contracts yielded 4.7 percent. Expiring agreements for workers in primary and secondary education

provided larger annual adjustments over the contract life than those for all other groups and also were primarily responsible for making the average wage adjustment higher in local government than in State government. Following are average annual adjustments over the life of contracts expiring or reopening in 1989 (in percent):

All State and local government .....	5.1
State government .....	4.7
Local government .....	5.5
Education .....	5.7
Colleges and universities .....	5.1
Primary and secondary schools .....	5.8
General government administration .....	4.7
Protective services .....	4.7
Health care .....	4.9
Transportation .....	5.3
State and local Government, excluding education .....	4.7
State government, excluding education .....	4.7
Local government, excluding education .....	4.9

Three States account for 44 percent of the State government workers under contracts slated for 1989 talks. They are: Florida (91,000 workers), New Jersey (73,000), and Massachusetts (56,000). In contrast, scheduled bargaining activity is geographically dispersed on the local level. For example, Chicago has the largest number of workers (46,800) covered by expiring local government contracts, accounting for 7.5 percent of the total.

Florida State government workers are covered by 10 contracts scheduled to expire or reopen for negotiations in June 1989. The American Federation of State, County and Municipal Employees (AFL-CIO) represents 90 per-

Table 6. Scheduled deferred wage changes under major collective bargaining agreements in 1989, by industry

Selected industry	Number of agreements	Number of workers (thousands)	Mean change <sup>1</sup>						Median change		Mean increase	
			Total		With COLA		Without COLA		Cents	Percent	Cents	Percent
			Cents	Percent	Cents	Percent	Cents	Percent				
Total <sup>2</sup> .....	681	2,830	60.2	4.0	32.7	3.0	67.7	4.3	41.9	3.9	60.3	4.0
All private nonagricultural industries .....	481	2,022	48.6	3.4	32.7	3.0	54.9	3.6	35.0	3.3	48.8	3.4
Manufacturing <sup>3</sup> .....	150	600	28.1	2.8	26.9	2.7	29.2	3.0	26.0	3.0	28.1	2.8
Food and kindred products .....	27	89	28.4	2.7	23.5	1.6	28.9	2.8	22.4	2.2	28.4	2.7
Apparel and other textile products .....	21	188	24.3	3.5	27.8	4.0	20.5	3.1	25.0	4.0	24.3	3.5
Petroleum and coal products .....	10	32	44.2	3.0	0	0	44.2	3.0	44.2	3.0	44.2	3.0
Stone, clay, and glass products .....	10	34	30.2	2.9	30.3	2.9	27.0	2.4	31.0	3.0	30.2	2.9
Metalworking .....	38	174	23.4	1.9	22.9	1.8	26.3	2.3	18.0	1.5	23.4	1.9
Nonmanufacturing <sup>4</sup> .....	331	1,422	57.3	3.7	39.2	3.4	61.6	3.8	41.9	3.7	57.6	3.7
Construction .....	182	523	74.3	3.8	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	70.0	3.8	74.3	3.8
Transportation and public utilities .....	53	301	52.8	3.8	30.2	2.4	75.6	3.6	30.0	2.4	52.8	3.0
Wholesale and retail trade .....	51	282	36.6	3.9	39.0	4.4	36.4	3.9	39.0	3.8	37.7	4.0
Finance, insurance, and real estate .....	13	87	49.4	4.5	52.6	4.7	38.6	3.6	50.0	4.4	49.4	4.5
Services .....	31	163	60.1	4.4	51.2	4.6	62.2	4.3	41.2	4.4	60.1	4.4
State and local government .....	200	808	89.1	5.4	32.2	2.7	91.9	5.6	71.8	5.0	89.1	5.4

<sup>1</sup>Changes in cents per work hour and percent of straight-time average hourly earnings.

<sup>2</sup>Includes all private nonagricultural industries and State and local government.

<sup>3</sup>Includes workers in the following industry groups for which data are not shown separately: lumber (17,000); furniture (2,000); paper (14,000); printing (11,000); chemicals (13,000); rubber (11,000); leather (11,000); instruments (1,000); and miscellaneous manufacturing (4,000).

<sup>4</sup>Includes 65,000 workers in the mining industry for which data are not shown separately to ensure confidentiality of data.

<sup>5</sup>Data by COLA coverage do not meet publication standards.

Note: Workers are distributed according to the average adjustment for all workers in each bargaining situation considered. Deferred wage increases include guaranteed minimum adjustments under cost-of-living clauses. Because of rounding, sums of individual items may not equal totals.

Table 7. Deferred wage increases<sup>1</sup> scheduled in 1989 in major collective bargaining agreements, by month

[Workers in thousands]

Effective month	Workers covered <sup>2</sup>	Principal industries
January - December	2,824 <sup>3</sup>	
January	519	State and local government, construction
February	207	Bituminous coal, petroleum
March	90	(*)
April	268	Food stores, construction
May	129	Construction
June	453	Construction, apparel, electrical products
July	666	State and local government, construction
August	269	Parcel delivery, food stores
September	254	State and local government
October	151	Apparel, State and local government
November	38	(*)
December	70	Food stores

<sup>1</sup> Excludes decreases received by 3,300 workers in May and 2,500 workers in June.

<sup>2</sup> Includes 808,000 workers under State and local government agreements.

<sup>3</sup> This total is smaller than the sum of individual items because 237,000 workers are scheduled to receive two increases and 26,000 are scheduled to receive three increases in 1989. It is based on data available as of October 1, 1988, and thus may understate the number of workers scheduled to receive deferred increases for the entire year.

<sup>4</sup> No single industry accounts for a substantial proportion of workers.

cent of these workers in various classifications; the balance are represented by three independent organizations—the American Nurses' Association, Police Benevolent Association, and National Education Association.

Contracts for the American Federation of State, County and Municipal Employees (AFSCME) (excluding one for university workers) which were negotiated in June 1987, with reopeners in June 1989, provided 3-percent general wage increases during the first and second years and 3- to 5-percent merit increases during the first year for select classifications. The AFSCME also represents 11,000 university support personnel and the National Education Association represents 1,500 graduate students who are employed by the State universities. Contracts for both groups expire in June 1989. The 1987-89 AFSCME contract for university employees provided a 3-percent wage increase on July 1, 1987, and merit increases ranging from 3 to 6 percent on January 1, 1988. A subsequent reopener in June 1988 yielded an additional 4.5-percent raise and established a "pretax" health insurance program. The 1987-89 National Education Association agreement for graduate students provided a 4.5-percent general wage increase. The students received another 4.5-percent raise, following a reopener in June 1988.

The American Nurses' Association also negotiated a 3-year contract in June 1987; it provided a 4.5-percent general wage increase during the first and second year. In addition, an education fund was established. The pact with the Police Benevolent Association provided a 3-percent general wage increase and 5-percent merit increase on July 1, 1987. This 3-year agreement also provided for

wage reopeners in 1988 and 1989. The reopener in 1988 increased wages by an additional 3 percent retroactive to July 1, 1987.

Negotiations for the Florida State government workers began November 1988. Some of the issues involved are general wage changes, attendance and leave, and health insurance improvements.

About 73,000 New Jersey State government employees are covered by 14 contracts that are scheduled to expire in 1989: 69,000 are under 12 contracts expiring in June. The Communications Workers of America (CWA) represents 45 percent of the workers, including administrative, clerical, primary and "higher level" supervisors, and professional employees. The American Federation of State, County and Municipal Employees represents 29 percent of the workers, most of whom are employed in health care and rehabilitation, services, or craft occupations, or are nonfaculty university employees. The remainder are represented by various other unions.

In the last round of negotiations, 3-year agreements were ratified on June 20, 1986, for employees (except those in universities) represented by the American Federation of State, County and Municipal Employees and on September 15, 1986, for those represented by the Communications Workers of America, replacing contracts that had expired the previous June. Wages were increased 6 percent in October 1986 and 5 percent in October 1987 and 1988. Vision care benefits were increased from \$25 to \$35 per year. The contract for nonfaculty university employees, represented by AFSCME, was ratified on January 1, 1987. It provided a 6-percent general wage increase retroactive to October 1986 and 5 percent in October 1987 and October 1988. Three-year agreements with terms identical to the CWA and AFSCME (nonuniversity) contracts were also negotiated for the other unions with ratification dates varying between June 1986 and October 1986, replacing contracts that expired in June 1986.

Approximately 55,550 Massachusetts State government employees are covered by nine contracts scheduled to expire throughout 1989. Sixty-four percent of these workers are jointly represented by the Service Employees International Union and the American Federation of State, County and Municipal Employees; 28 percent by the National Association of Government Employees and the remainder by various other unions. Settlements providing similar wage terms were negotiated between May 1986 and November 1987. The contracts increased wages 13 percent over the contract term, raised the evening shift differential from 25 to 50 cents, restructured grades and titles, and increased the employer contribution to dental insurance from \$5 to \$6 per week.

It is not unusual for contract talks for State and local government workers to extend well beyond the expiration date of the preceding contract. In part, this reflects the time-consuming bargaining process in the public sector.

After an agreement is negotiated by the executive branch, it is frequently sent to the legislature or a special agency for appropriation of funds. There were 826,000 government workers under 190 agreements that expired prior to October 1, 1988, but for whom new contracts had not been concluded by that time. These include 193,500 workers in a variety of government functions in New York State. They are covered by eight contracts which expired in 1988. There also are 48,000 workers, about half of whom are in protective services, under 16 New York City contracts which expired in 1987. In addition, there were 93,000 workers under 39 agreements that expired or were reopened on October 1 or later. Some of these contracts may not be renegotiated by year's end. Thus, the 1989 bargaining scene in State and local government will include both contracts scheduled for talks during the year and some that expired earlier. If previous years' experience holds true, some contracts expiring or reopening in 1989 will not be resolved before the end of the year.

*Telephone communications.* Contract negotiations in 1989 will cover about 531,000 workers in telephone communications who constitute 96 percent of the workers under major contracts in the industry. The Communication Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW) will negotiate with American Telephone and Telegraph Co. (AT&T) for long distance operations, and with seven regional companies for local operations. These companies are Pacific Telesis, US West Communications, Southwestern Bell, Bell South, Ameritech, Bell Atlantic, and NYNEX.

The previous round of negotiations in 1986 was the first following the January 1984 court-ordered breakup of AT&T. Before 1986, AT&T settled with the CWA and IBEW on essentially identical terms that set a pattern for settlements by the two unions and other unions with the 22 "operating" companies. Following the breakup, AT&T retained long distance services and its telephone manufacturing business but was divested of the 22 operating companies. These companies retained local operations and kept their identities but were formed into seven regional firms known as "Baby Bells." During the 1986 negotiations, some of these companies negotiated on a regional level and some on a company-by-company basis.

In 1986, AT&T was the first to reach a settlement. Its separate contracts with the CWA and IBEW provided similar terms. They emphasized job security, reflecting employee concern over job cutbacks in the communications industry resulting from competition among former Bell system companies and new firms.

Economic terms of the 3-year contracts included an initial increase in hourly pay rates of 2 percent for top rate ranges, smaller increases in intermediate steps, and no change in starting rates. In 1987 and 1988, adjustments ranged from no change in the starting step to a 3-percent

increase at the top. Other terms called for suspension of the COLA clause, a reduction in the number of pay grades, and elimination of incentive pay at some manufacturing plants.

When subsequent negotiations between the unions and the former Bell system operating companies were concluded, contract uniformity no longer existed. The size of the wage increases set by these contracts varied. Some provided for lump sum payments and for profit-sharing plans. Cost-of-living clauses were maintained in some contracts, but modified or suspended in others.

Since AT&T was forced to divest itself of three-fourths of its \$150 billion in assets in 1984, it has consolidated numerous operations, cut overall costs by 3 percent a year, slashed losses in computer operations by 70 percent through restructuring, and invested in new equipment to improve its long distance business.<sup>2</sup>

Many local service companies have sought opportunities to diversify. Some have ventured into nonregulated areas like cellular service and publishing the "Yellow Pages" outside of their regions. Regulated phone service, however, remains their major source of income.

The interests of AT&T and "Baby Bells" are coming into conflict as regional companies push for regulatory freedom to enter AT&T's key markets. AT&T is attempting to keep them out of long distance operations. At the same time, it is trying to persuade the Federal Communications Commission to relax the stringent regulations on long distance rates.

On January 17, 1988, in preparation for coming negotiations, the CWA and the IBEW reached an agreement with AT&T for coordinated bargaining in 1989. Wages and benefits will be negotiated nationally and other aspects of the contract will be negotiated locally. There will be separate talks for "operations" and for "manufacturing." In contrast to the AT&T negotiations, some of the "Baby Bells" will negotiate on a regional level for wages and benefits and on a local level for other issues, while others will bargain on a company-by-company basis.

Recent developments in the industry—such as increased competition, diversification, restructuring, and automation—strongly suggest that job security will again be a paramount issue. Wage rates, lump-sum payments, COLA clauses, and profit-sharing provisions will also be addressed.

*Construction.* Approximately 434,000 construction workers are covered by 159 major contracts expiring or reopening in 1989. These workers account for 43 percent of all workers covered by major construction industry agreements. April, May, and June will be the most active months, with contracts covering 76 percent of the workers terminating or reopening during this time. Although expiring construction contracts cover workers throughout the Nation, this year's bargaining calendar is concen-

trated in the Midwest and West (primarily California). These two regions account for 66 percent of the workers under construction agreements up for negotiation.

In the construction industry, individual companies are generally members of national employer associations, such as Associated General Contractors or National Electrical Contractors Association. Local or regional branches of these associations represent area members in collective bargaining. Union workers typically are organized by craft—electricians, carpenters, or operating engineers, for example. Settlements in a region often have similar economic terms regardless of craft, reflecting the area's economic conditions, such as the amount of construction activity and the extent of nonunion competition.

The value of new nonresidential construction increased from \$81.1 billion in 1984 to \$95.3 billion in 1985 but remained at around \$91 billion to \$92 billion each year for the next 2 years. The value for the first 9 months of 1988 was \$68.5 billion, compared with \$67.1 billion for the same period in 1987. While the value of nonresidential construction has not changed much over recent years, employment in the construction industry has shown some improvement. In September 1988, the seasonally adjusted unemployment rate for construction workers was 9.2 percent, compared with 11.9 percent a year earlier. The seasonally adjusted employment figure for nonsupervisory construction workers was at 4.2 million in September 1988, up from 3.9 million in September 1987.

Construction settlements ratified during the first 9 months of 1988 reflected economic trends in the industry. Nationally, they provided average annual wage adjustments of 2.7 percent over the life of the contract, compared with 2.5 percent allowed by the contracts they replaced.

The national average, however, masks regional variations. As the following tabulation shows, average annual wage adjustments over the life of the contract ranged from 0.1 percent in the Mountain region and 0.3 percent in the South Central region, where employment and market activity were down, to 4.8 percent in the Mid-Atlantic region, where the industry was strong. These figures correlate with trends in State employment figures for the construction industry. States that showed significant employment losses included Arizona, Colorado, and Texas, which are in the Mountain and South Central regions, while States with gains included New York and New Jersey in the Mid-Atlantic region. California and Illinois also posted employment gains over the last year. Average annual wage adjustments provided by settlements reached in the first 9 months of 1988 (in percent) are shown below:

All agreements .....	2.7
Northeast .....	4.6
New England .....	4.2
Mid Atlantic .....	4.8

Midwest .....	3.2
East North Central .....	3.4
West North Central .....	1.0
South .....	1.1
South Atlantic .....	1.6
South Central .....	.3
West .....	1.9
Mountain .....	.1
Pacific .....	2.4
Interregional .....	3.2

Settlements reached in the first 9 months of 1988 also varied by type of activity. Contracts covering workers involved in heavy construction (other than building) provided a 3.0 percent average annual wage adjustment over the contract term, compared to 2.8 percent for workers in general building construction and 2.5 percent for those in special trades.

Negotiators in 1989 will note not only what transpired in 1988 but what their expiring contracts yielded. Construction agreements expiring or reopening in 1989 yielded an average wage adjustment of 2.9 percent per year over the term of the contract. These averages are virtually the same as the parties specified in the contract because very few construction contracts provide for cost-of-living adjustments and none has lump-sum payments. As with 1988 settlements, there were regional differences, with adjustments ranging from 0.6 percent annually in the South Central region to 5.3 percent in New England. The following tabulation shows average annual wage adjustments under contracts expiring in 1989 (in percent):

All agreements .....	2.9
Northeast .....	4.3
New England .....	5.3
Mid Atlantic .....	3.8
Midwest .....	2.9
East North Central .....	3.1
West North Central .....	2.6
South .....	1.0
South Atlantic .....	2.5
South Central .....	.6
West .....	2.2
Mountain .....	2.1
Pacific .....	2.3
Interregional .....	3.5

The wage adjustments provided by expiring contracts also varied by type of construction. Contracts for special trades yielded annual wage adjustments of 3.3 percent, compared to 3.2 percent for general construction and 2.3 percent for heavy construction (other than building).

The average duration of construction settlements reached in the first 9 months of 1988 was 29.7 months, compared with 24.9 months for the contracts they replaced. In part, this difference reflects the common practice 2 and 3 years ago of delaying final contract settlements (while continuing to work under the terms of the last agreements) because of uncertainty about economic conditions. When a new contract was finally reached

(sometimes months later), it specified an expiration date on an anniversary date of past expirations, shortening the contract duration. This lag in contract conclusions was common practice in 1986 and 1987 but was less pronounced in 1988. Sixty-five percent of the workers covered by contracts expiring or reopening in 1989 are under agreements that were reached in 1986 or earlier, 24 percent are under agreements negotiated in 1987, and the balance are under 1988 settlements.

Recent contracts have reflected efforts by unionized employers and their unions to compete with nonunion contractors. To match a practice used by nonunion contractors, some agreements in the last few years have included "helper" classifications which allow lower wages for those who do not fully perform the skilled work of the craft. Some agreements allow contractors to continue paying the old wage rates on projects begun prior to the new contract. Others have dual wage scales with lower wage rates for small projects in which nonunion competition is more prevalent. Although nonunion competition will influence the terms of many construction agreements this year, the economic state of the industry locally and prospects for the future will undoubtedly be the overriding concern on both sides of the bargaining table.

*Wholesale and retail trade.* Some 244,000 workers in the wholesale and retail trade industry are covered by 55 major contracts that are scheduled to expire or have reopening provisions next year. About 178,000 of these workers are covered by 31 major food store contracts. The balance of workers under expiring agreements in the industry are employed in eating and drinking places, department stores, drug stores, and automotive dealers, or in wholesale trade.

Seventy-three percent of the workers under agreements in trade expiring in 1989 are represented by the United Food and Commercial Workers. The remainder are represented by a variety of unions including the Hotel Employees and Restaurant Employees; the Retail, Wholesale and Department Store Workers; the International Association of Machinists; and the International Brotherhood of Teamsters.

The trade agreements that are expiring or reopening in 1989 provided wage adjustments averaging 2.4 percent a year over the contract term. There were no industrywide pattern-setting agreements. Settlements varied by region.

Bargaining over food store agreements will dominate negotiations in trade. Workers covered by these agreements account for 36 percent of those under major food store agreements. Expiring food store agreements yielded average annual adjustments (including COLA's through September 1988) of 1.9 percent over their term. They varied substantially from decreases of 2.6 percent to gains of 6.6 percent. Contracts for three-fifths of the workers called for lump-sum payments instead of, or in conjunc-

tion with, increases, or to offset decreases in base rates of pay. For contracts with lump sums, the annual wage adjustments (excluding lump-sum amounts but including any cost-of-living increases) averaged 0.4 percent, compared with 4.1 percent for contracts without lump-sum payments.

Besides reviewing the results of their expiring agreements, negotiators will note recent negotiations in the industry. Settlements providing lump-sum payments covered one-half of the food store workers for whom new contracts were concluded during the first 9 months of 1988. Wage adjustments under these settlements averaged 1.1 percent over the term, compared with 4.1 percent in settlements without lump-sum provisions. Overall, adjustments in food stores averaged 3.1 percent.

Many contracts reached in the early 1980's in trade established two-tier wage or benefit systems. Some had been considered permanent and others temporary. Recently, two-tier structures have been modified or eliminated because of problems associated with them, for example, morale and high turnover. It is likely that two-tier structures will be on the table in many negotiations in trade this year.

In addition, negotiators will be concerned with the replacement of national chains by regional ones, the growth of nonunion competition, and the practice of leveraged buyout, whereby some of the assets of the company being acquired may be sold to help pay the cost of the takeover. Food store chains are particularly vulnerable to leveraged buyouts because they consist of many small units which can be sold individually to another chain or operator. Many leveraged buyouts have led to the sale of real estate, store closings, and job losses. This has prompted union negotiators to seek contract provisions assuring job security in the case of buyout or takeover.

The use of part-time workers is another issue that may be addressed at the bargaining table. Part-time workers are usually paid less and receive fewer benefits than their full-time counterparts, so their use helps keep employers costs down. However, this practice reduces opportunities for full time workers to work overtime.

*Longshore.* Contracts covering about 19,000 Atlantic and 7,000 Gulf Coast longshore workers represented by the International Longshoremen's Association (ILA) will expire on September 30, 1989. Another contract covering 2,000 longshore workers on the Great Lakes expires on December 31, 1989. Bargainers will have to deal with continuing problems: (1) competition among the ports for scarce tonnage; (2) inroads by non-ILA ports; and (3) reduced shipments of some types of cargo (particularly in the South).

The parties will also have to deal with the thorny problem of handling containerized cargo, supposedly resolved in their 1959 contract, when they agreed that ILA mem-

bers would pack and unpack shipborne containers within 50 miles of a port. Their resolution has been challenged in the courts and by the Federal Maritime Commission, however, and the issue is still in litigation.

Historically, the ILA negotiated uniform wage terms for Atlantic and Gulf Coast ports. However, this year's expiring pacts, settled in 1986, contain wage terms that differed from port to port, reflecting the need to adapt to different local conditions. In general, contracts in the southern ports provided pay cuts while those in northern ports yielded pay increases.

1. Southern ports. Although contracts were not to expire until September 30, 1986, the West Gulf Maritime Association and 5,000 ILA members reached agreement on wages and local issues in April 1986. Southern employers had argued they were unable to compete effectively with nonunion labor, which was more prevalent in the South than in the North. A depressed oil market and reduced grain shipments also complicated bargaining problems. The 1986 pact provided for pay cuts of \$3 an hour for handling break bulk cargo (that is, individual goods) and \$5 an hour for bulk cargo, effective October 1, 1986. The Guaranteed Annual Income program was eliminated. This program had guaranteed ILA members a specified number of hours of pay each year even if work was not available. This sometimes amounted to a full year's pay. Work gang sizes and pay for holidays were reduced.

The South Atlantic Employers Negotiating Committee and the ILA negotiated a similar contract for 3,000 workers in May 1986. It provided for a \$3-an-hour pay cut for handling both break bulk and bulk cargoes, and a reduced Guaranteed Annual Income. Other smaller area agreements were patterned after these settlements.

2. Northern ports. Negotiations on the North Atlantic Coast began in June 1986 for about 15,000 ILA workers. Negotiators included the New York Shipping Association, the Boston Shipping Association, and the Carriers Container Council. The Council of North Atlantic Shipping Associations (representing the ports of Baltimore, Philadelphia, Hampton Roads, and Providence) had joined in the negotiations initially but broke away from the talks in July. Settlements were not concluded until November 1986, although various tentative agreements were reached earlier.

The tentative "master" agreement for 7,700 workers in New York and about 500 in Boston, reached in September 1986, provided a 2-year wage freeze and a \$1-an-hour pay increase in the third contract year. It increased employer payments to health and welfare funds by 20 cents an hour (to \$2.70) and to pension funds by 25 cents (to \$4) in the third contract year.

As the September 30 expiration date neared, however, local issues had not been resolved, and the Council of

North Atlantic Shipping Associations ports had not agreed to a tentative "master" agreement. The New York and Boston Shipping Associations proposed a 45-day extension of existing agreements, but the proposal was rejected. On October 1, longshore workers from Maine to Virginia went on strike. They returned to their jobs on October 3, after all employer groups agreed to a 45-day extension to last until November 17. Two days later, the New York Shipping Association reached tentative agreement on "local" issues.

The Council of North Atlantic Shipping Associations reached a tentative "master" agreement with the ILA for about 6,800 workers in October 1986. Terms were similar to the pacts for New York and Boston except for a \$1-an-hour pay cut for handling bulk cargo.

In November, a coastwide ratification of "master" agreement terms was approved by workers in New York, Hampton Roads, and Boston. Other Northeast ports subsequently settled on similar terms.

Bargaining with the ILA for a new master agreement to replace the contracts set to expire in 1989 began on September 14, 1988. These talks involved eight of the nine ports (with the ninth as an observer) and were requested in July by ILA President John Bowers in anticipation of an unfavorable court ruling regarding "Rules on Containers." These rules had sought to preserve work historically performed by longshore workers, within 50 mile zones, for ILA members. The contract provided for a reopening should the "Rules on Containers" be abrogated in court. Concerned over the potential abrogation of the "Rules on Containers," the employers agreed to joint bargaining in hopes of overcoming this obstacle as well as dealing with the complex issues facing the industry.<sup>3</sup>

Subsequently, the U.S. Court of Appeals for the District of Columbia has upheld a decision by the Federal Maritime Commission that invalidated the rules, but the rules continue to be enforced pending a hearing by the Supreme Court.

During the next round of talks, the employers are expected to focus on ways to increase productivity, for example, changing work rules and reducing gang size. The union will attempt to improve wages and benefits. The employers have already proposed a 5-year pact, contrasted with an 18-month pact sought by the ILA.

*Health care.* About 89,000 health service workers are under major collective bargaining agreements scheduled to expire in 1989. Of these, 45 percent are covered by the agreement between the League of Voluntary Hospitals and Nursing Homes of New York and Local 1199, Drug, Hospital and Health Care Employees, a unit of the Retail, Wholesale and Department Store Union. This agreement, which covers 40,000 workers at 34 hospitals, nursing homes, and 13 other health care facilities in New York City, expires in June. Terms of the League contract can be

expected to set the pattern for an additional 15,000 Local 1199 members who work at 47 non-League institutions that have "me too" agreements. In addition, in the last round of bargaining, settlement terms similar to the League's were provided in contracts covering 6,500 workers at five other hospitals—four operated by the Roman Catholic Archdiocese of New York, and Beth Israel Medical Center—and in a contract with the New York Association of Voluntary Nursing Homes covering 5,000 employees at 10 facilities.

The League-Local 1199 contract covers workers in many diverse occupations. These include: service workers—attendants, and kitchen and laundry workers; maintenance workers—painters, plumbers, and electricians; clerical staff—clerks, secretaries, receptionists; and technical and professional staff—x ray, laboratory, and operating room technicians, licensed practical nurses, social workers, and dietitians.

The League's 1986 agreement called for a 4-percent wage increase in the first year, and additional wage increases in the second and third years, equal to 4 percent and 5 percent, respectively, of the wage rate at the beginning of the contract. Because of a surplus in pension funding, the hospitals' pension payment was reduced to 7 percent of base pay from 8 percent of gross pay, and pension benefits were increased 10 percent for future retirees. Past retirees received a one-time lump sum payment of 10 percent of their annual pension benefit. In a key area of work scheduling, the 1986-89 agreement retained the prior agreement's provision that allowed employees to be off every other weekend, regardless of work schedule. This issue was a serious point of contention during the 1984 negotiations.

Other health care bargaining will be for 18 major contracts covering hospitals, nursing homes, medical clinics, and other health facilities throughout the country. Employees will be represented by the American Nurses' Association (registered nurses), the Service Employees International Union, the United Steelworkers of America, and the National Union of Hospital and Health Care Employees (which broke from the Retail, Wholesale and Department Store Union in 1984).

Bargainers in health care will have to address two opposing pressures: third party cost-control efforts and labor shortages. The industry has been under constraints from both State and Federal Governments to hold down costs and to change methods of pricing health care to patients. The Social Security Act was amended October 1983, establishing a prospective payments system for health care for those covered by the Federal Medicare program, and the State-administered Medicaid program. Under this system, the governments will pay only specified predetermined amounts for certain procedures for hospital inpatients. Labor costs are included in these payments. Costs above the reimbursed amounts must be

absorbed by the health facility. If, however, costs are below the amount, the difference is retained by the facility. While 40 percent of health care is paid by government through Medicare and Medicaid programs, reimbursements have not kept pace with the cost of providing care. To avoid financial losses, hospitals are having to increase their fees to privately insured patients to make up for losses on government-insured patients.

On the other hand, institutions have had to loosen their purse strings to hire and retain health care employees. More of these employees are needed because of the increasing health care needs of an aging population. In addition, more highly trained workers are needed because of the increasing use of new and sophisticated technologies.

Many health care jobs, especially nursing, traditionally had been held by women. However, with other careers open to them proportionally fewer women than in the past have been attracted to health service occupations. In addition, the negative aspects of the field—shift work, irregular workweeks, and sometimes unfavorable working conditions have caused shortages of workers. This has been especially true in the nursing profession and in large hospitals in urban areas on both coasts.

*Primary metals.* About 107,000 workers employed in the primary metal industries are under major agreements that expire in 1989. About 80,000 of these workers are employed in steel production and 25,000 in aluminum manufacturing. They account for one-half of all steelworkers and three-fourths of all aluminum workers covered by major agreements.

1. *Steel.* The last round of negotiations in the steel industry began in 1986. It was marked by the breakup of "coalition bargaining" that had been the industry pattern since 1956. Prior to 1986, the United Steelworkers of America had negotiated uniform contracts with the largest steel companies which bargained together as the Coordinating Committee Steel Companies. These contracts set the pattern for subsequent contracts with nonmember companies.

Starting in 1986, each steel company negotiated separately with the Steelworkers and the resulting settlements no longer all had the same expiration date. Settlements occurred between April 1986 and January 1987. A contract between the Steelworkers and USX Corp. (formerly a contract pattern setter), for example, was not reached until the conclusion of a 6-month walkout in January 1987; it does not expire until 1991. Steelworkers' contracts with three companies account for three-fifths of the workers under steel industry agreements slated for negotiations in 1989: Bethlehem Steel (30,000 workers), Inland Steel (11,500 workers), and National Steel (7,200 workers). Each of these agreements expires on August 1, 1989.

As a result of fragmented bargaining, the terms of the last set of steel industry contracts also varied by company.

Two-thirds of the workers under expiring steel industry contracts took pay cuts ranging from 0.9 to 5.4 percent annually over the contract term and averaging 2.5 percent annually. One-fourth of the workers had their wages frozen over the contract term. Contracts providing either wage cuts or a wage freeze typically provided an assortment of profit-sharing and stock option plans to try to offset the decreases or compensate for wage freezes. The remaining workers under steel agreements reached in 1986 received wage increases; they were employed by specialty steel manufacturers.

The June 1986 agreement between Bethlehem Steel and the Steelworkers cut wages by 8.09 percent, suspended the cost-of-living adjustment clause, and eliminated three holidays. To help offset these cuts, a profit-sharing plan was introduced that provided cash or shares of a new issue of dividend-bearing stock. The profit-sharing plan distributes 10 percent of profits up to \$100 million and 20 percent of any higher amount among employees. If these payments did not equal the wage and benefit cuts, the difference would be paid in shares of stock. The parties also provided for local talks to develop cash distributions based on tonnage shipped, work hours per ton, product quality, and nonlabor cost reductions attributable to workers.

The 1986-89 accord reached with the Inland Steel Corp. provided no wage changes, and suspended the cost-of-living adjustment clause, but established a profit-sharing plan for hourly employees.

Under the 1986 National Steel contracts, workers sustained a 42-cent cut in wages; the 11-cent cost-of-living adjustment that had gone into effect in February 1986 was eliminated, and the cost-of-living clause was suspended. In return, a profit-sharing plan was introduced. This plan provided a minimum annual bonus ranging from 50 cents per hour worked if the company loses money, up to \$1.75 per hour if net income is \$300 million or more. Workers are also eligible for quarterly bonuses based on increases in productivity. Separate plans at the company's three locations took into account: (1) increased local tonnage shipped; (2) local reductions in the labor force; and (3) corporatwide cuts in the labor force.

The economic climate for the 1989 contract talks has improved since the last agreements were negotiated. According to the American Iron and Steel Institute, the steel industry overall earned a small profit in 1987—the first aggregate net income since 1981.<sup>4</sup> This economic turnaround results from many factors including (1) company reorganizations; (2) the modernization, phasing out, or closing of obsolete plants; (3) cutbacks in exports to the United States under Voluntary Restraint Agreements with European countries and Japan; and (4) labor-management cooperation aimed at improving company profits while at the same time preserving jobs. For the first 10 months of 1988, the industry worked at 89 percent of

capacity, compared with 77 percent for the same period in 1987.

The results of the profit-sharing plans have been mixed, depending on the specific provisions, as well as the financial state of the company. Some plans have generated only modest returns to workers while others have more than offset the cuts provided by the 1986 pacts.

Uncertainty about the future, however, will continue to plague the industry. Steel is overproduced, in large part because of the expansion of steel facilities in third world countries. The U.S. companies will be competing against these low cost producers as well as subsidized producers in developed countries. These factors will undoubtedly be reflected in bargaining.

2. Aluminum. Four major contracts expire on June 30, 1989. The Aluminum Co. of America (ALCOA) will negotiate two contracts: one with the Aluminum, Brick and Glass Workers for 8,000 workers, and another with United Steelworkers of America for 7,000 workers. Similarly, contract talks are scheduled for Reynolds Metals Co. with the Aluminum Workers for 6,000 workers and the Steelworkers for 4,000 workers.

During the last bargaining round, in 1986, settlements were preceded by a 4-week strike by both unions at ALCOA. The unions coordinated their bargaining with two companies but limited their June walkout to ALCOA because of the company's "attitude" and because of its position as the "major company in the industry," according to a Steelworkers' representative.

The pacts were all settled in July with similar terms. They provided no general wage changes over the contract term. The quarterly cost-of-living adjustment clause was changed from providing adjustments of 1 cent for each 0.26-point change in the Bureau of Labor Statistics' Consumer Price Index (CPI-W) to 1 cent for each 0.3-point change in the index, but only after the index had risen by 3 percent each year. In addition, cost-of-living increases that had not been incorporated into the wage rate were reduced. The contracts also eliminated extended vacations of 10 weeks once every 7 years and the vacation bonus.

In mid-1988, the parties began negotiations to replace pacts expiring in 1989.<sup>5</sup> This was the first time they had agreed to meet so far in advance of expiration in hopes of reaching an early accord. Tentative settlements with Reynolds Metals Co. and Alcoa were reached in early December 1988.

*Aerospace.* Contracts covering approximately 86,000 aerospace workers will expire in the spring and fall of 1989.<sup>6</sup> These workers make up 41 percent of all workers covered by collective bargaining agreements in the aerospace manufacturing industry. The Boeing Co. has expiring contracts with two unions—The International

Association of Machinists and Aerospace Workers (Machinists) which represents 40,000 workers, and The United Automobile, Aerospace and Agricultural Implement Workers of America (UAW), which represents 3,000 workers. Lockheed Corp. will negotiate three contracts for 26,600 workers represented by the Machinists. Other companies scheduled for bargaining in 1989 are McDonnell Douglas, Avco Corp., United Technologies, and Teledyne Industries.

The 1986 settlements between Boeing and the Machinists set the pattern for the other contracts in the industry. The Boeing-Machinists accord increased the size of lump-sum payments provided in the previous accord. Under the prior contract, negotiated in 1983, Boeing workers had received lump-sum payments each year based on 3 percent of their previous year's earnings. The 1986 contract provided lump-sum "productivity payments" each December based on pay for all hours paid for during the 12 months ending the previous October. The payment in December 1986 was 12 percent of pay; in December 1987 and 1988, it was 5 percent of pay.

The contract provided for quarterly COLA adjustments to be offset by a 40-cent "prepaid COLA." As of September 30, 1988, the 40 cents had been offset and the COLA clause had yielded an additional 31 cents; further COLA increases may be generated by the four remaining quarterly reviews scheduled before the contract expires in October 1989. The COLA clause in the 1986 agreement restored coverage to all employees; under the previous contract, lower paid workers had been excluded from coverage. The 1986 contract also permitted employees in lower grades to increase their skills through company-financed courses.

The aerospace industry has undergone many changes in recent years. Competition and deregulation in air transportation have opened up new commuter routes and created demand for new aircraft. In addition, many other factors including lower fuel prices, increased safety fears

about old airplanes, and tougher noise regulations are contributing towards the decision by airlines to replace some of the old airplanes with bigger and better ones.

The backlog of unfilled orders for aerospace products rose from \$139 billion in August 1987 to \$160.7 billion by August 1988, ensuring continued production activity for the next few years.<sup>7</sup> Overall sales, however, are expected to level off in 1988 because of a decrease in orders for military products.

Employment in the aerospace industry has been about 1.3 million workers for each year from 1986 through 1988. In 1988, about one-half of these workers were employed in the production of civilian and military aircraft, one-fifth in the manufacture of missiles and space vehicles, and three-tenths in making other related products. Recent concerns about the size of the defense budget have generated the expectation that spending on military aircraft will be reduced. The Aerospace Industries Association of America has estimated that this would result in a 4.9 percent work force reduction in the military aircraft production sector in 1988.<sup>8</sup>

It is expected that negotiations in 1989 will be conducted on a company-by-company basis. Bargaining will be influenced by such factors as a potential work force reduction stemming from automation, increasing foreign competition for aerospace/aircraft contracts, and future defense spending. Companies will attempt to hold down costs to stay competitive and to adapt to any defense budget reductions. The companies, therefore, may try to maintain lump-sum provisions and two-tier wage structures, while the unions will probably seek wage rate increases and the elimination of dual wage structures.

IN SUMMARY, the issues facing this year's bargainers are as diverse as the industries involved in contract talks. Job security will be a primary concern in some situations, while improvements in wages and benefits will be the most important issue in others. □

—FOOTNOTES—

<sup>1</sup>Beginning in mid-1989, the Bureau is planning to publish a new measure of adjustments in compensation, including lump-sum payments, for major collective bargaining settlements.

<sup>2</sup>See John J. Keller and associates, "AT&T: The Making of a Comeback," *Business Week*, Jan. 18, 1988.

<sup>3</sup>For a more detailed discussion of the containerization issue, see George Ruben, "Collective bargaining and labor management relations, 1988," this issue, pp. 25-39.

<sup>4</sup>*Annual Statistical Report for 1987* (American Iron and Steel Institute, 1988).

<sup>5</sup>For a detailed discussion of developments in aluminum industry contract talks in 1988, see "Collective bargaining," p. 30.

<sup>6</sup>For a detailed discussion of aerospace negotiations in 1988, see "Collective bargaining," pp. 36.

<sup>7</sup>U.S. Bureau of the Census, "Manufacturers, Shipments, Inventories and Orders," August 1988, Series M-3.

<sup>8</sup>Carl Pascale, "1987-1988 Aerospace Industry Employment Survey" (Aerospace Industry Association of America, Inc.).

# News

United States  
Department  
of Labor



Bureau of Labor Statistics

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## UNION MEMBERSHIP IN 1988

Approximately 17 million wage and salary employees in the United States were union members in 1988, the U.S. Department of Labor's Bureau of Labor Statistics reported today. (See table 1.) The number of union members has been virtually unchanged since 1985, while the nation's employment has been increasing. Therefore, the proportion of the nation's wage and salary employees who are union members, at 16.8 percent in 1988, has continued to edge downward, from 17.0 percent in 1987, 17.5 percent in 1986, and 18.0 percent in 1985.

Union membership as a proportion of wage and salary employment has been drifting down over the last 4 decades, but for different reasons. Between 1980 and 1985, the membership proportion dropped because the number of union members fell while total employment increased. Earlier, the number of union members increased, but employment rose at a faster pace.

In 1988, union members made up 37 percent of employment in government (Federal, state, and local), compared with 13 percent in private industry. Among major private industry groups, transportation and public utilities had the highest membership proportion--33 percent. Membership proportions also exceeded the overall private industry average in manufacturing (22 percent), construction (21 percent), and mining (19 percent). The other private industry groups (wholesale and retail trade; services; and finance, insurance, and real estate) had membership proportions of less than 7 percent.

There were 10.7 million union members in private industry and 6.3 million in government. The largest number of private industry members, 4.5 million (42 percent) were in manufacturing. Despite their below-average membership proportions, trade and services combined had almost 2.8 million members, 26 percent of all union members in private industry.

The major occupational groups with the highest membership proportions were operators, fabricators, and laborers (28 percent) and precision production, craft, and repair workers (27 percent). (The operators, fabricators, and laborers group includes machine and vehicle operators, assemblers, cleaners, and helpers. The precision production, craft, and repair group includes mechanics and construction and other skilled trades workers.) However, the four other major occupational groups, with lower union membership proportions, together accounted for over one-half of all union members.

Union membership proportions were higher among men (20 percent) than women (13 percent) and among blacks (23 percent) than among either whites or Hispanics (16 percent each.)

Twenty-two percent of workers age 35 to 64 and 15 percent of the 25 to 34 year olds were union members. Workers who were 65 or older, on the other hand, had a membership rate of 9 percent, and those age 16 to 24 had a rate of 6 percent.

In addition to the 17.0 million wage and salary employees who were union members, there were 2.2 million workers who were represented by a union but were not union members; just over one-half of these workers were in government.

These union membership and employment data are from the Current Population Survey. (See Explanatory Note.) The Current Population Survey also provides data on median weekly earnings of full-time wage and salary employees by union membership status.

The survey shows that, in 1988, full-time wage and salary employees who were union members had median usual earnings of \$480 per week, compared with \$356 per week for those who were not union members. These averages reflect a variety of influences, including coverage by a collective bargaining agreement and variations in the distribution of union and nonunion workers among occupations and industries.

More detailed information on earnings by union membership status from the Current Population Survey will

appear in the January 1989 "Employment and Earnings" and the February 1989 "Current Wage Developments," monthly publications of the Bureau of Labor Statistics. Data on average hourly compensation (wages and benefits) levels for all union and nonunion employees in private industry in March 1987 and 1988 appear in "Employment Cost Indexes and Levels, 1975-88," BLS Bulletin 2319.

#### Explanatory Note About the Data

The union membership estimates presented in this release are obtained from the Current Population Survey (CPS), conducted by the Bureau of the Census for the Bureau of Labor Statistics. The CPS provides estimates of agricultural and nonagricultural wage and salary employees identified as union members or as being represented by a union at their work place, regardless of whether they were union members. Union members include employees belonging to traditional labor unions or to employee associations similar to labor unions. The membership estimates exclude workers who are self employed, retired, or unemployed.

The CPS provides estimates (e.g., of union membership) based on a scientifically selected probability sample, rather than a census of the entire population. These sample based estimates may differ from the results obtained from a census of the population. The sample used was one of many possible samples, each of which could have produced different estimates. The variation in the sample estimates across all possible samples that could have been drawn is measured by the standard error. The standard error is used to calculate a "confidence interval" around a sample estimate.

The BLS frequently uses 1.6 times the standard error of the estimate to create approximate 90 percent confidence intervals in its analysis of CPS data. If different samples were selected to estimate the population value (e.g., union membership), the 90-percent confidence interval would include the true population value approximately 90 percent of the time.

For example, in 1988, the estimate of union membership is 17,002,000, and the estimated standard error is about 127,000. Hence, we are 90 percent confident that the interval between 16,798,800 and 17,205,200 (or  $17,002,000 \pm 1.6 \times 127,000$ ) includes the true population value for union membership.

Standard errors for all estimates included in this release are available upon request from the Office of Compensation and Working Conditions, Bureau of Labor Statistics, Washington, D.C. 20212.

Table 1. Employed wage and salary workers by age, sex, race, Hispanic origin, full- or part-time status, and union affiliation

(Numbers in thousands)

Age, sex, race, Hispanic origin, and full- or part-time status	1987				1988					
	Total employed	Members of unions <sup>1</sup>		Represented by unions <sup>2</sup>		Total employed	Members of unions <sup>1</sup>		Represented by unions <sup>2</sup>	
		Total	Percent of employed	Total	Percent of employed		Total	Percent of employed	Total	Percent of employed
<b>SEX AND AGE</b>										
Total, 16 years and over	99,303	16,913	17.0	19,051	19.2	101,407	17,002	16.8	19,241	19.0
16 to 24 years	19,553	1,299	6.6	1,538	7.9	19,469	1,206	6.2	1,457	7.5
25 years and over	79,749	15,614	19.6	17,513	22.0	81,938	15,795	19.3	17,784	21.7
25 to 34 years	30,197	4,752	15.7	5,436	18.0	30,688	4,578	14.9	5,223	17.0
35 to 44 years	23,443	5,080	21.7	5,664	24.2	24,382	5,178	21.2	5,858	24.0
45 to 54 years	14,718	3,442	23.4	3,821	26.0	15,468	3,706	24.0	4,107	26.6
55 to 65 years	9,349	2,142	22.9	2,367	25.3	9,237	2,139	23.2	2,371	25.7
65 years and over	2,042	198	9.7	224	11.0	2,162	194	9.0	225	10.4
<b>Men, 16 years and over</b>										
16 to 24 years	10,018	860	8.6	991	9.9	10,007	768	7.7	911	9.1
25 years and over	42,920	10,211	23.8	11,153	26.0	43,905	10,251	23.3	11,221	25.6
25 to 34 years	16,517	3,112	18.8	3,460	20.9	16,767	3,027	18.1	3,355	20.0
35 to 44 years	12,865	3,295	25.6	3,579	28.0	12,831	3,323	25.9	3,632	28.3
45 to 54 years	7,894	2,258	28.9	2,442	31.0	8,154	2,363	29.2	2,571	31.5
55 to 65 years	5,139	1,425	27.9	1,546	30.1	5,021	1,409	28.1	1,539	30.7
65 years and over	1,094	111	10.2	124	11.4	1,132	106	9.6	124	11.0
<b>Women, 16 years and over</b>										
16 to 24 years	46,365	5,842	12.6	6,907	14.9	47,495	5,982	12.6	7,109	15.0
25 years and over	36,829	5,402	14.7	6,360	17.3	38,033	5,544	14.6	6,563	17.3
25 to 34 years	13,680	1,640	12.0	1,976	14.4	13,921	1,551	11.1	1,868	13.4
35 to 44 years	11,079	1,796	16.1	2,086	18.8	11,551	1,855	16.1	2,226	19.3
45 to 54 years	6,914	1,183	17.1	1,379	19.9	7,314	1,323	18.1	1,537	21.0
55 to 65 years	4,209	707	16.8	819	19.5	4,216	730	17.3	832	19.7
65 years and over	947	87	9.1	100	10.6	1,030	85	8.3	100	9.7
<b>RACE, HISPANIC ORIGIN, AND SEX</b>										
<b>White, 16 years and over</b>										
Men	46,079	9,407	20.4	10,288	22.3	46,783	9,294	19.9	10,210	21.8
Women	39,446	4,565	11.6	5,424	13.8	40,393	4,638	11.5	5,549	13.7
<b>Black, 16 years and over</b>										
Men	5,329	1,361	25.9	1,591	29.7	5,502	1,438	26.1	1,601	29.1
Women	5,509	1,065	19.3	1,238	22.5	5,674	1,121	19.8	1,297	22.9
<b>Hispanic origin, 16 years and over</b>										
Men	4,315	859	19.9	938	21.7	4,535	837	18.5	913	20.1
Women	2,900	374	12.9	434	15.0	3,088	384	12.4	440	14.3
<b>FULL- OR PART-TIME STATUS<sup>3</sup></b>										
Full-time workers	80,836	15,670	19.4	17,567	21.7	82,692	15,773	19.1	17,753	21.5
Part-time workers	18,467	1,243	6.7	1,484	8.0	18,716	1,229	6.6	1,488	8.0

<sup>1</sup> Data refer to members of a labor union or an employee association similar to a union.

<sup>2</sup> Data refer to members of a labor union or an employee association similar to a union as well as workers who report no union affiliation but whose jobs are covered by a union or an employee association contract.

<sup>3</sup> The distinction between full- and part-time workers is based on hours usually worked.

NOTE: Data refer to the sole or principal job of full- and part-time workers. Excluded are self-employed workers whose businesses are incorporated although they technically qualify as wage and salary workers. Detail for the above race and Hispanic origin groups will not sum to totals because data for the "other races" group are not presented and Hispanics are included in both the white and black population groups.

Table 2. Employed wage and salary workers by occupation, industry, and union affiliation

(Numbers in thousands)

Occupation and industry	1987				1988					
	Total employed	Members of unions <sup>1</sup>		Represented by unions <sup>2</sup>		Total employed	Members of unions <sup>1</sup>		Represented by unions <sup>2</sup>	
		Total	Percent of employed	Total	Percent of employed		Total	Percent of employed	Total	Percent of employed
<b>OCCUPATION</b>										
Managerial and professional specialty	23,378	3,512	15.0	4,286	18.3	24,369	3,644	15.0	4,470	18.3
Executive, administrative, and managerial	10,770	726	6.7	944	8.8	11,337	734	6.5	877	8.6
Professional specialty	12,607	2,786	22.1	3,342	26.5	13,032	2,910	22.3	3,490	26.8
Technical, sales, and administrative support	31,801	3,265	10.3	3,868	12.2	32,271	3,312	10.3	3,976	12.3
Technicians and related support	3,243	341	10.5	412	12.7	3,462	391	11.3	469	13.5
Sales occupations	10,860	612	5.6	691	6.4	11,019	587	5.3	689	6.2
Administrative support, including clerical	17,698	2,311	13.1	2,765	15.6	17,790	2,333	13.1	2,818	15.8
Service occupations	13,876	1,953	14.1	2,187	15.8	14,178	1,989	14.0	2,225	15.7
Protective service	1,909	725	38.0	795	41.7	1,969	765	38.9	830	42.6
Service, except protective service	11,967	1,228	10.3	1,392	11.6	12,209	1,224	10.0	1,387	11.4
Precision production, craft and repair	11,567	3,132	27.1	3,364	29.1	11,766	3,164	26.9	3,374	28.7
Operators, fabricators, and laborers	16,920	4,956	29.3	5,234	30.9	17,010	4,815	28.3	5,105	30.0
Machine operators, assemblers, and inspectors	7,882	2,423	30.7	2,538	32.2	7,879	2,327	29.5	2,453	31.1
Transportation and material moving occupations	4,351	1,349	31.0	1,430	32.8	4,418	1,330	30.1	1,407	31.8
Handlers, equipment cleaners, helpers, and laborers	4,686	1,183	25.2	1,298	27.0	4,713	1,158	24.6	1,245	26.4
Farming, forestry, and fishing	1,763	96	5.4	113	6.4	1,813	77	4.2	91	5.0
<b>INDUSTRY</b>										
Agricultural wage and salary workers	1,469	33	2.2	37	2.5	1,492	30	2.0	35	2.4
Private nonagricultural wage and salary workers	80,993	10,826	13.4	11,850	14.6	82,741	10,674	12.9	11,723	14.2
Mining	782	143	18.3	153	19.5	711	133	18.7	146	20.5
Construction	5,052	1,060	21.0	1,123	22.2	5,193	1,096	21.1	1,151	22.2
Manufacturing	20,235	4,691	23.2	5,008	24.7	20,430	4,516	22.1	4,854	23.8
Durable goods	12,005	2,989	24.7	3,162	26.3	12,170	2,875	23.6	3,095	25.4
Non-durable goods	8,231	1,722	20.9	1,846	22.4	8,260	1,641	19.9	1,759	21.3
Transportation and public utilities	5,819	1,947	33.5	2,106	36.2	6,053	2,001	33.1	2,144	35.4
Transportation	3,274	1,051	32.1	1,113	34.0	3,412	1,104	32.3	1,153	33.8
Communications and public utilities	2,545	897	35.2	993	39.0	2,640	897	34.0	992	37.6
Wholesale and retail trade	20,401	1,440	7.1	1,572	7.7	20,597	1,386	6.7	1,559	7.6
Wholesale trade	3,925	330	8.4	359	9.1	3,873	290	7.5	336	8.7
Retail trade	16,466	1,110	6.7	1,213	7.4	16,724	1,095	6.6	1,223	7.3
Finance, insurance, and real estate	6,738	158	2.3	217	3.2	6,812	178	2.6	238	3.5
Services	21,965	1,387	6.3	1,673	7.6	22,944	1,365	5.9	1,631	7.1
Government workers	16,841	6,055	36.0	7,164	42.5	17,175	6,298	36.7	7,483	43.6

<sup>1</sup> Data refer to members of a labor union or an employee association similar to a union.

<sup>2</sup> Data refer to members of a labor union of an employee association similar to a union as well as workers who report no union affiliation but

whose jobs are covered by a union or an employee association contract.

NOTE: Data refer to the sole or principal job of full- and part-time workers. Excluded are self-employed workers whose businesses are incorporated although they technically qualify as wage and salary workers.

**H. A SELECTED BIBLIOGRAPHY ON  
EMPLOYEE RELATIONS**

# A SELECTED BIBLIOGRAPHY ON EMPLOYEE RELATIONS\*

## ABOUT THE BIBLIOGRAPHY

The following bibliography includes books and articles on employee relations which were published during 1988. It provides up-to-date research, analysis, and suggestions related to various aspects of employee relations policy and practice. This year's bibliography includes new or expanded sections on such timely subjects as: the "skills crisis"; human resource management in multinational firms; temporary employees; using computers in human resource management; dual career couples; ethics; technical employees; retiree health care benefits; child care and parental leave; and provisions and implications of Section 89.

Some of these materials may be available through your local corporate or public library. Most can be found at large university research libraries. A local librarian can order items for you through interlibrary loan.

Within each category, items are listed title first. Each entry provides title, author(s), and publication information, as follows:

### BOOKS

TITLE — Training Needs Assessment  
Rossett, Allison — AUTHOR(S)  
Educ Tech Pubns July 1988 (last name first)  
PUBLISHER — ACTUAL OR  
ANTICIPATED  
PUBLICATION  
DATE

### ARTICLES

TITLE — Benefits Flexibility to Increase in Future  
DiBlase, Donna — AUTHOR(S)  
Business Insurance v21n42 PP: 36,38 Oct 19, 1988 (last name first)  
JOURNAL OR MAGAZINE — PUBLICATION DATE  
VOLUME AND ISSUE NUMBERS — PAGE NUMBERS

\* This bibliography was prepared by Judith Richlin-Klonsky, Senior Editor, UCLA Institute of Industrial Relations. Thanks are due to Miki Goral, of the UCLA University Research Library Reference Department, for her helpfulness in conducting the initial computerized literature search from which items were selected; to Margaret Zamorano of the IIR, for her tireless efforts in presenting the bibliography in outline form; and to Jenny Bleier, for assistance in producing the manuscript.

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