Recent Developments in California Labor Relations

Daniel J.B. Mitchell

Strikes and lockouts dominated the news in Southern California in the fall of 2003, focusing national attention on labor relations in the state. The region experienced two major disputes. The first, a strike against the Los Angeles County Metropolitan Transit Authority, closed down public buses, subways, and light rail, causing considerable inconvenience. The second was a strike at Safeway-owned supermarkets that began on October 11, 2003, and then escalated when two other grocery chains locked out their workers the next day. The four-month-long strike and lockout affected tens of thousands of workers and many members of the shopping public, who faced picket lines and media coverage. The strike and its outcome will likely influence bargaining not only in Northern California, where supermarket contracts expire later in 2004, but also in other parts of the country. The issue of health insurance benefits was central to both disputes, signaling a growing concern for California’s (and the nation’s) workers. The debate over employer-provided health care has also generated a new law and a repeal initiative that will appear on the ballot in November as Proposition 72.

This chapter provides more detail on these and other recent developments. It begins with an overview of union membership in California, followed by a discussion of labor disputes and a portrait of the state’s union contracts. I then review recent political, economic, and regulatory developments, concluding with an account of the supermarket strike and other notable events affecting labor relations.

Union Coverage Trends

Unionization coverage rates in California have declined over the past few decades, just as they have in the United States, but California has maintained a somewhat higher unionization rate than the country as a whole. The four-year moving average shown in Figure 5.1 suggests some stabilization of the unionization rate in California.

This chapter reflects developments through June 30, 2004. Information on subsequent events was not available at this writing. The author thanks Stephanie Chen for research assistance.
in recent years despite a continued erosion nationally.\(^1\) California has a relatively high unionization rate in the public sector—almost 60% of public sector workers in California are union-represented—when compared with workers nationwide.\(^2\) In both California and the United States the slippage in the union representation rate is a private-sector phenomenon; the public sector shows little downward trend. The result, a growing percentage share of public sector workers in the union movement, increases the significance of fiscal distress at the state and local level for union-management labor relations.\(^3\)

**Labor Disputes**

Although California has been the site of several major labor disputes in recent years—not only the supermarket strike and lockout but also such high-profile events as the longshore lockout and the university teaching assistant strike—the state is not especially prone to work stoppages, as an analysis of data from the U.S. Bureau of Labor Statistics (BLS) on labor disputes involving 1,000 or more workers over the decade from 1993 to 2003 reveals. During 1993–2003 California accounted for about 17% of the nation's large strikes and lockouts (including some multistate strikes in which California was significantly involved), about the proportion one would expect

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1. Data are from the Current Population Survey (BLS 2004). Data in the figure refer to the non-agricultural sector.

2. The rate of union coverage in the United States is about four out of ten public sector workers.

3. See Milkman and Rooks 2003 for an overview of union membership in California.
given the state's share of collective bargaining contracts (as discussed below). The strikes are listed in Appendix A.

As Figure 5.2 shows, 46% of the stoppages in California were of one or two days' duration; the median was about 3.5 days. Of the twenty-six stoppages that lasted no more than two days, eleven were in health care. Only 11% of the strikes lasted over sixty days. The duration distribution had a long tail, however: the mean was about twenty-three days during 1993–2003. Moreover, roughly the same proportions of workers were involved in the relatively long and the very short stoppages (Figure 5.3). In short, California is not especially strike-prone, but when long strikes have occurred they have attracted disproportionate public attention because of the disruption and drama involved.

CALIFORNIA UNION-MANAGEMENT CONTRACTS

For many years the BLS and the private Bureau of National Affairs, Inc. (BNA), conducted surveys of the contents of union-management contracts at the national

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4. The long-duration data are heavily affected by a prolonged strike against advertisers by the Screen Actors Guild (SAG). Some of the 135,000 workers involved in this strike were not in California. And, because actors often work sporadically, many were not idled by the dispute at all. If the SAG strike is removed, the proportion of workers in the long strikes is cut in half.
level. These national surveys have been discontinued since the publication of BNA's 1995 edition of *Basic Patterns in Union Contracts*. The California Department of Industrial Relations had a similar program at the state level that was terminated in the 1980s. Since that time, content information for California union agreements has not been available.

To bring the contract record up to date, the BNA surveyed 100 major California contracts in its 2003 files for the UC Institute for Labor and Employment. These contracts were in manufacturing; the rest were in other sectors. Distribution of the contracts is shown in Appendix B. (Public sector contracts were not included, nor were multistate and national contracts such as those in the airline industry.)

As Figure 5.4 shows, over half of all the surveyed union agreements were for four years or longer. This long duration was found in both manufacturing and nonmanufacturing; indeed, none of the manufacturing contracts had a duration of less than

5. These California contracts had expiration dates of June 2003 or later. The vast majority of contracts in the BNA library are supplied by unions or management; the others either are supplied by the U.S. Department of Labor or are collected through other sources.

6. In the BNA framework, a one-year agreement runs from six to eighteen months, a two-year agreement from nineteen to thirty months, a three-year agreement from thirty-one to forty-three months. Contracts of over four years' duration ran forty-four months or longer. One three-year utility agreement had a re-opener clause that could potentially shorten the agreement. Four nonmanufacturing contracts had wage re-openers.
three years.\textsuperscript{7} Multiyear agreements are generally viewed as a sign of relatively stable labor relations. Sometimes, however, long agreements are part of concession deals, guaranteeing an extended period in which the risk of work stoppage is minimized. Not surprisingly, given the multiyear duration of most agreements, over 80\% of the contracts included provisions for deferred wage adjustments (wage adjustments after the first year).

Figure 5.5 shows some of the major non-compensation provisions of these contracts. Relatively few of them included contingent wage adjustments based on profits or price inflation. Only 6\% contained profit sharing, which has always been rare in union agreements. It became more common during the 1980s, in the era of concession bargaining, particularly after it was adopted in agreements with the major U.S. automobile makers. Cost of living adjustment (COLA) clauses, which link wages by formula to the Consumer Price Index (CPI), have been more common. Active COLAs were included in 13\% of these contracts, most of them in manufacturing.\textsuperscript{8} Because inflation has been mild and not highly variable for many years, the low incidence of COLAs is not surprising. Variable pay incentives (piece rates and commissions) were referenced in only 5\% of the agreements.\textsuperscript{9}

7. The shorter contracts were concentrated in the entertainment, automobile services, health care, and local transit sectors.
8. Sometimes contracts contain clauses that may appear to be COLA clauses but provide no linkage to the CPI. Such clauses are not counted as COLAs here.
9. One contract explicitly forbade the use of such incentives. Contracts with incentives typically provide mechanisms for union involvement in implementation.
Lump-sum bonuses—along with profit sharing—took on prominence during the concession-prone 1980s, a period in which bonuses often were substituted for basic wage increases.\(^\text{10}\) Bonuses are also sometimes used to encourage workers to ratify newly negotiated contracts, since the bonus may be payable upon ratification. Fourteen percent of the California contracts analyzed here included these bonuses. Similarly, two-tier arrangements, in which new hires receive lower wages and/or benefits than incumbent workers do, also became common during the 1980s. Thirty-one percent of the agreements in the sample included a two-tier provision.\(^\text{11}\) Such arrangements also figured prominently in the bitter southern California grocery strike (discussed below).

Despite the often-adversarial relationship between the parties engaged in collective bargaining, both sides have a joint interest in safety and health. Forty-five percent of these California agreements referenced union-management safety committees, with an even higher proportion in manufacturing. Forty-six percent of the agreements contained broader pledges of union-management cooperation on issues of mutual concern.

Because the focus of collective bargaining is the negotiated formulation of a written contract, a variety of mechanisms have evolved to reinforce the integrity of the process. Almost half of the California contracts analyzed here had “successorship” language that guaranteed that the negotiated contract would remain in force even if the company underwent a change in ownership. Over 80% of the contracts contained no-lockout language, and 85% contained no-strike language.\(^\text{12}\) Such language is designed to prevent either side from renegotiating the contract’s provisions before

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\(^{10}\) A three-year agreement with a 3% annual wage increase will raise the basic wage by over 9% (due to compounding) by the end of the contract’s term. Benefits that are calculated on the base wage—such as pensions—will rise accordingly. In contrast, a three-year agreement with a 3% lump-sum bonus in each year does not raise the base wage or related benefits at all, so that in the final year workers receive only 3% more pay than in the year immediately before the contract began.

\(^{11}\) In addition, 58% of the contracts had minimum wage guarantees if workers reported for work at normal times and work was not available, and 63% had wage guarantees for workers called in to work or called back to work. Such arrangements were common in industries such as construction and health care, where being on call is often a job requirement. Over two-thirds of the agreements specified shift differentials (for example, a premium for night work). Pay for travel expenses, work clothes, and tools were found in 22%, 37%, and 15% of the contracts, respectively. Ninety-eight percent of the contracts had provisions for overtime pay. Eighty-six percent designated daily overtime pay, and 74% designated weekly overtime pay standards (both may be specified). In some cases these contract provisions may duplicate California and federal overtime requirements. Some contracts, however, included overtime requirements for weekend or sixth- or seventh-day work; these premiums are not required by federal or state law.

\(^{12}\) Almost a fourth of the no-strike pledges were conditional, allowing strikes in some situations: for example, a union might have the right not to cross the picket line of another union at the same employer. Close to a fifth of the no-lockout clauses were conditional.
its term officially ends. To have an effective long-term contract, some mechanism is needed for settling disputes when strikes and lockouts are not allowed. Thus, virtually all the contracts provided for a grievance and arbitration system to settle "rights" disputes during the term of the contract.\footnote{13}

Although binding arbitration is almost always the last step in resolving rights disputes, many disputes are settled informally or during various steps specified in the grievance process. Most do not end in arbitration. Practices varied widely under the California contracts surveyed, but the bulk of them featured grievance processes with three or four steps before issues were sent to arbitration (Figure 5.6).\footnote{14} In some cases when arbitration was used, the agreements specified the name of a single arbitrator, a board of arbitrators, or a rotating list of arbitrators (Figure 5.7). Nonetheless, the most common method of arbitrator selection was simply an ad hoc agreement of the parties on the choice of an individual, who was often drawn from the lists of names supplied by the Federal Mediation and Conciliation Service, the American Arbitration Association, or some other entity.\footnote{15}

Over 80\% of these California contracts contained a management rights clause, typically outlining management’s general responsibilities in regard to running the firm’s operation (see Figure 5.4). These clauses govern the flexibility arbitrators have

\footnote{13} Disputes over the negotiation or re-negotiation of a new contract are termed “interest” disputes.

\footnote{14} Typically, each step in the hierarchy involves successively higher-ranking management and union officials.

\footnote{15} Some of the contracts provided for more than one mechanism of arbitrator selection in a specified order.
to fashion remedies in rights disputes. Some contracts also limited the scope of management rights. Almost a third placed some limitation on subcontracting and on assigning bargaining unit work to supervisors (Figure 5.8). One-sixth imposed some restrictions on displacement of workers resulting from technological change. Another 10% placed a constraint on the ability of management to close or relocate the worksite.

The most common union security provision in the California contracts was the “union shop.” As Figure 5.9 shows, 74% of contracts contained such clauses, which typically require that new hires become union members within thirty days. Provisions for “agency shops,” which require dues but not formal membership, were found in 12% of these contracts. As a legal matter, the two arrangements are virtually the same. Court decisions have upheld the right of union-represented employees to refuse to join the union and to pay only that proportion of dues that covers the cost of bargaining and representational services. Seven percent of the sampled contracts contained “maintenance of membership” clauses requiring those who are union members to remain so during the term of the contract. Eighty-seven percent included “checkoff” arrangements, under which union dues are deducted automatically from paychecks. Twenty-six percent provided for union referral of new hires when job vacancies arise.

16. About 7% of the contracts with these clauses contained modifying language, typically exempting certain employees—perhaps those with religious objections to union membership—from the requirement.
17. Agency shops tend to be more common in the public sector than in the private sector.
18. Federal law requires periodic authorization of such deductions by employees.
19. Union hiring halls, which dispatch workers to jobs, are found in industries such as construction and building services.
**Figure 5.8.** Restrictions on Management Rights in California Contracts, by Sector, 2003

**Source:** BNA 2003.

**Note:** "All" includes contracts with a general statement of restriction.

**Figure 5.9.** Security Provisions in California Contracts, by Sector, 2003

**Source:** BNA 2003.

**Note:** "Union shop" includes modified union shops.
Individual workers under union-management contracts in California have their income or jobs protected through a variety of mechanisms. Some form of income maintenance protection was found in 47% of the contracts (Figure 5.10). Fourteen percent contained a guarantee of minimum pay or work. Six percent contained "Supplemental Unemployment Benefits" (SUB) plans, which add to the income that laid-off workers receive from state unemployment insurance. Forty-one percent provided for severance pay in the event of permanent layoffs.

To protect workers from drops in labor demand, 9% of the California contracts provided for some degree of work sharing (reduced hours per employee) to avoid layoffs (Figure 5.11). Should layoffs occur, 42% of the agreements required some advance notice. Eighty-eight percent specified seniority as a criterion for being laid off (typically the most junior employees are released first). Workers with seniority who are targeted for layoffs may have "bumping rights" to displace more junior employees.

20. In some circumstances workers under such arrangements may be eligible for partial unemployment insurance benefits in California.
21. There are also legal requirements for advance notice in cases of mass layoffs or plant shutdowns.
22. Almost one-sixth of the contracts with seniority clauses provided for some exceptions to strict layoff by reverse seniority.
workers in other classifications; almost 60% of contracts in the California sample had such a provision. Seventy-five percent of the contracts specified a system for recalling laid-off workers should demand pick up. Seniority is also often an element when employees are recalled.

As previous research has shown, seniority is particularly important in unionized workplaces, where various workplace privileges and advantages often accrue to more senior workers. As Figure 5.12 shows, seniority was a criterion for promotion in over 80% of these California agreements. It was the sole factor in almost 25% of the contracts that used seniority as a criterion and a partial factor in the others.

Unionized workers are more likely to be covered by benefit plans—and to have more generous benefits—than otherwise comparable nonunion employees. The median number of specified holidays in all the California contracts was nine days, with a higher number in manufacturing (Figure 5.13). Nearly 90% of all contracts referenced a pension plan (Figure 5.14). Since pension arrangements are sometimes included in agreements that are separate from the basic contract, even this high proportion may be an understatement. Close to 70% of these agreements included life insurance, and 28% included accidental death and disability insurance. Over 60% had an optical plan. Almost 90% included dental insurance, and almost all the contracts included a basic health policy.23

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23. The BNA breaks health plans into components, so it is unclear how many of the contracts had a basic health insurance program. The breakdown provided was: sickness and accident, 23%; hospitalization, 18%; surgical, 7%; major medical, 28%; doctors' visits, 15%; miscellaneous medical expenses, 2%; comprehensive medical, 49%. Unfortunately, these categories overlap,
This survey of contracts in California provides a snapshot of collective bargaining in the state during 2003. Although comparable national data are no longer available, it is likely that the California sample broadly mirrors what would be found elsewhere in the country. Contract duration in California may be somewhat longer than the national average, but the widespread use of grievance and arbitration machinery and the limited use of COLA clauses in a period of low inflation can be found in other states as well.

**Major Contract Coverage**

Another source of information on California union contracts is the BLS, which maintains a file of "major" collective bargaining agreements (those covering 1,000 or more workers). Those data, now accessible on the Internet, include both public and private sector agreements. Unfortunately, this file does not include information on

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24. The file is maintained pursuant to the Taft-Hartley Act of 1947. It does not include contracts under the Railway Labor Act, which covers railroads and airlines, but it does include state and local agreements. Data cited in the text refer to the BLS contract files updated through December 2003. It should be noted that contracts may be missing and that the BLS may be slow in updating contracts that are renegotiated. Contracts covering fewer than 1,000 workers are not included.

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FIGURE 5.13. Number of Holidays Specified in California Contracts, by Sector, 2003
SOURCE: BNA 2003

SOURCE: BNA 2003
NOTE: Pension provisions may be contained in supplementary agreements.
the contents of these agreements; it does include basic information on the number of workers covered, contract duration, and contract sector.

Although most workers in the private sector in California are covered by agreements confined to the state, there are notable exceptions, such as those in the entertainment and longshore industries. There are also some construction contracts that cover workers in parts of California and Nevada.

The construction industry accounts for the largest share of unionized workers covered by these California-only, private sector contracts (Figure 5.15). Wholesale and retail trade (mainly supermarkets) accounts for the next largest share. The union mix in California-only contract representation (under agreements with 1,000 or more workers) reflects the sectoral mix. As Figure 5.16 shows, the United Food and Commercial Workers International Union (UFCW) represents the largest single share of workers under these contracts, mainly because of its supermarket contracts. Most of the other unions listed in Figure 5.16 are linked to the construction industry: Laborers' International Union of North America (LIUNA), International Brotherhood of Electrical Workers (IBEW), United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada (PPF), United Brotherhood of Carpenters and Joiners of America (UBC), International Union of Operating Engineers (IUOE), and Painters and Allied Trades (PAT). Some International Brotherhood of Teamsters (IBT) contracts also cover construction. The Service Employees International Union
(SEIU) represents large numbers of private sector workers in building maintenance (mainly janitorial) and health care, and it has begun to organize security guards.25 The Communications Workers of America (CWA) is found in the telephone industry, and Hotel Employees and Restaurant Employees International Union (HERE) has major agreements with hotels in Los Angeles, Anaheim, and San Francisco.

Figure 5.17 provides a sectoral breakdown of state and local public employment.26 Although the largest segment is in general government and a variety of miscellaneous functions (denoted “other” in the figure), education accounts for much of the rest. K-12 and higher education (including community colleges) account for 40% of union-represented workers, with police and corrections accounting for 8%. SEIU has strong representation in general government and, as Figure 5.18 shows, covers the largest group among workers under major public contracts. The National Education Association (NEA) and the American Federation of Teachers (AFT) together

25. A rally organized by the union as part of this effort was held in Los Angeles in December 2003.

26. Some federal government workers, such as those in the U.S. Postal Service, are employed in California but are not reflected in the BLS contracts.
Figure 5.17. State and Local Government Workers Covered by Major California Contracts, by Industry, 2003

Source: BLS 2004b.

Note: Contracts included are for 1,000 or more workers.

Figure 5.18. State and Local Government Workers Covered by Major California Contracts, by Union, 2003

Source: BLS 2004b.

Note: Contracts included are for 1,000 or more workers.
account for 17%, or one of six workers. Another 3% are members of the Coalition of University Employees (CUE), which represents clerical workers in the California State University system. The influential California Correctional Peace Officers Association (CCPOA), which represents prison guards, accounts for 4% of workers in the public sector covered by these agreements.

**Pay Settlement Trends**

Union wage settlements can be expected to reflect economic conditions. Since multiyear contracts are the norm, however, the parties may look beyond the immediate period in which bargaining occurs. Although first-year median wage agreements in California in past years have run somewhat ahead of national trends, California and U.S. settlements converged in the private sector in 2003 (Table 5.1). Moreover, the gravity of the state’s recent fiscal problems seems to have affected state and local settlements, pulling them below national levels.

**NLRB Unfair Labor Practice Filings**

The National Labor Relations Board (NLRB) has jurisdiction over private sector labor relations excluding agriculture, industries covered by the Railway Labor Act (railroads and airlines), and employers too small to be considered in interstate commerce. Public sector employers are not covered by the NLRB, with the important exception of the U.S. Postal Service. Unions, individuals, and employers can file unfair labor practice complaints with the NLRB. Section 8(a) charges are filed against employers; Section 8(b) charges are filed against unions. Such charges often arise in the context of union organizing campaigns or difficult negotiations. Thus, tabulations of unfair labor practice charges in California can indicate points of friction in labor relations within the state.

Tables 5.2–5.5 provide data on NLRB unfair labor practice charges in California during federal fiscal year 2003. In general, the industries and unions that were prominent in the previous fiscal year, 2002 (see Mitchell 2003), were again among the top ten filers of charges or recipients of charges in 2003. Many of the cases in the administrative and support services industry classification involve building services such as cleaning and security; these cases appear to reflect the activities of the Service Employees International Union (SEIU) in its Justice for Janitors campaign and its more recent organizing efforts among guards. Cases in the wholesale trade, nondurable goods classification are often related to the grocery business. Transportation equipment cases include employment in aerospace, shipbuilding, and motor vehicles.

27. The NEA is much larger than AFT, but because both are combined as a single entity in Los Angeles, separating them in the figure was not possible.
### Table 5.1. First-Year Median Union Wage Settlements in California and United States, 1999–2003

<table>
<thead>
<tr>
<th>Year</th>
<th>Private Sector California</th>
<th>Private Sector U.S.</th>
<th>Local Government California</th>
<th>Local Government U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>3.6%</td>
<td>3.0%</td>
<td>4.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>2000</td>
<td>4.0%</td>
<td>3.4%</td>
<td>3.0%</td>
<td>3.5%</td>
</tr>
<tr>
<td>2001</td>
<td>4.1%</td>
<td>3.5%</td>
<td>5.0%</td>
<td>3.5%</td>
</tr>
<tr>
<td>2002</td>
<td>4.2%</td>
<td>3.5%</td>
<td>3.6%</td>
<td>3.5%</td>
</tr>
<tr>
<td>2003</td>
<td>3.0%</td>
<td>3.0%</td>
<td>1.4%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

Note: California contracts without sufficient information are omitted. The business sector includes fee-charging public enterprises.

### Table 5.2. Top Ten Industries Charged with Unfair Labor Practices under NLRB Section 8(a), California, Fiscal Year 2003

<table>
<thead>
<tr>
<th>Industry</th>
<th>Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative and support services</td>
<td>228</td>
</tr>
<tr>
<td>Hospitals</td>
<td>189</td>
</tr>
<tr>
<td>Special trade contractors</td>
<td>147</td>
</tr>
<tr>
<td>U.S. Postal Service</td>
<td>146</td>
</tr>
<tr>
<td>Broadcasting and telecommunications</td>
<td>143</td>
</tr>
<tr>
<td>Waste management and remediation services</td>
<td>111</td>
</tr>
<tr>
<td>Accommodation</td>
<td>86</td>
</tr>
<tr>
<td>Food manufacturing</td>
<td>83</td>
</tr>
<tr>
<td>Transit and ground passenger transportation</td>
<td>70</td>
</tr>
<tr>
<td>Wholesale trade, nondurable goods</td>
<td>68</td>
</tr>
<tr>
<td>All California 8(a) cases</td>
<td>2,468</td>
</tr>
</tbody>
</table>


### Table 5.3. Top Ten Parties Filing Unfair Labor Practice Charges under NLRB Section 8(a), California, Fiscal Year 2003

<table>
<thead>
<tr>
<th>Party</th>
<th>Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>An individual</td>
<td>540</td>
</tr>
<tr>
<td>International Brotherhood of Teamsters</td>
<td>384</td>
</tr>
<tr>
<td>Service Employees International Union</td>
<td>340</td>
</tr>
<tr>
<td>International Union of Operating Engineers</td>
<td>215</td>
</tr>
<tr>
<td>Communications Workers of America</td>
<td>129</td>
</tr>
<tr>
<td>International Association of Machinists and Aerospace Workers</td>
<td>91</td>
</tr>
<tr>
<td>American Postal Workers Union</td>
<td>78</td>
</tr>
<tr>
<td>Laborers' International Union of North America</td>
<td>75</td>
</tr>
<tr>
<td>Hotel Employees and Restaurant Employees International Union</td>
<td>73</td>
</tr>
<tr>
<td>United Brotherhood of Carpenters and Joiners of America</td>
<td>72</td>
</tr>
<tr>
<td>All California 8(a) cases</td>
<td>2,468</td>
</tr>
</tbody>
</table>


### Table 5.4. Top Ten Industries Filing Unfair Labor Practice Charges under NLRB Section 8(b), California, Fiscal Year 2003

<table>
<thead>
<tr>
<th>Industry</th>
<th>Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative and support services</td>
<td>115</td>
</tr>
<tr>
<td>Special trade contractors</td>
<td>82</td>
</tr>
<tr>
<td>U.S. Postal Service</td>
<td>77</td>
</tr>
<tr>
<td>Hospitals</td>
<td>49</td>
</tr>
<tr>
<td>Accommodation</td>
<td>37</td>
</tr>
<tr>
<td>Building, developing, and general contracting</td>
<td>36</td>
</tr>
<tr>
<td>Support activities for transportation</td>
<td>36</td>
</tr>
<tr>
<td>Food and beverage stores</td>
<td>34</td>
</tr>
<tr>
<td>Transportation equipment manufacturing</td>
<td>31</td>
</tr>
<tr>
<td>Broadcasting and telecommunications</td>
<td>30</td>
</tr>
<tr>
<td>All California 8(b) cases</td>
<td>956</td>
</tr>
</tbody>
</table>

TABLE 5.5. Top Ten Unions Charged with Unfair Labor Practices under NLRB Section 8(b), California, Fiscal Year 2003

<table>
<thead>
<tr>
<th>Union</th>
<th>Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Brotherhood of Teamsters</td>
<td>148</td>
</tr>
<tr>
<td>Service Employees International Union</td>
<td>145</td>
</tr>
<tr>
<td>United Brotherhood of Carpenters and Joiners of America</td>
<td>65</td>
</tr>
<tr>
<td>American Postal Worker Union</td>
<td>48</td>
</tr>
<tr>
<td>Hotel Employees and Restaurant Employees Internation Union</td>
<td>47</td>
</tr>
<tr>
<td>United Food and Commercial Workers International Union</td>
<td>39</td>
</tr>
<tr>
<td>International Longshore and Warehouse Union</td>
<td>38</td>
</tr>
<tr>
<td>International Brotherhood of Electrical Workers</td>
<td>37</td>
</tr>
<tr>
<td>International Union of Operating Engineers</td>
<td>35</td>
</tr>
<tr>
<td>Communication Workers of America</td>
<td>29</td>
</tr>
<tr>
<td>Painters and Allied Trades</td>
<td>29</td>
</tr>
<tr>
<td>All California 8(b) cases</td>
<td>956</td>
</tr>
</tbody>
</table>


Cases involving the U.S. Postal Service remained prominent among unfair labor practice charges. The continuing presence of this employer reflects in part the large number of workers it employs in California and a difficult labor relations climate. There is relatively little new organizing in the Postal Service since most workers are already under union contracts. Thus, such charges generally arise from ongoing friction between union and management. Individuals who file charges (see Table 5.3) commonly allege illegal discharge or discipline for union activities such as organizing (the specific union involved is not listed in NLRB data files). Industries that became hot spots in California labor relations in the period covered by this chapter—retail groceries, hospitals, telecommunications, and hotels—are prominent among those involved in unfair labor practice filings.

RECENT POLITICAL, ECONOMIC, AND REGULATORY DEVELOPMENTS AFFECTING LABOR RELATIONS

Labor unions in California generally opposed the October 2003 recall of Governor Gray Davis. The recall produced a 55% "yes" vote from all voters, but according to a Los Angeles Times poll, union households, which constitute 30% of all voters in California, voted narrowly against the recall (52% against the recall versus 48% in favor).28 The concurrent election of Arnold Schwarzenegger created a new dynamic in Sacramento, particularly in regard to the state's budget and to workers' compensation insurance.

The Davis budget of August 2003 included provision for a $10.7 billion bond issue to refinance past deficits and an additional "pension bond." Legal challenges made it unlikely that these bond issues could be floated, and Governor Schwarzenegger proposed an alternative $15 billion bond with a related limited "cap" on future deficits. Propositions 57 and 58, which appeared on the March 2004 ballot and were approved by voters, incorporated these related issues. Unions generally supported the two propositions. Unions also supported Proposition 56, which would have cut the legislative votes needed to pass budgets from two-thirds to 55%, but this proposal was soundly defeated. 29

In the background of labor relations in California in 2003–04 was the ongoing state budget crisis, which was of special concern to state and local government employees. Although passage of the "Economic Recovery Bond" seemed to take pressure off the budget issue, the state's legislative analyst continued to report that California faced a structural deficit— the yearly differential between income and outgo—that would not be resolved by economic recovery. Nonetheless, the limited state hiring "freeze" in effect since October 2001 was lifted at the end of June 2004.

Despite much rhetoric to the effect that California's regulatory climate is unfavorable to business, job losses in California were no greater than in the United States as a whole, as Figure 5.19 shows, except in the early 1990s, when the state's defense sector collapsed after the end of the Cold War. Once this defense-related job erosion bottomed out, industries in California either added jobs faster than the rest of the country or, at least, held their own. Similar cycles occurred at the end of World War II and, to a lesser extent, the Vietnam War.

29 A 55% hurdle would have been sufficiently low to allow legislative Democrats to pass a budget without Republican support, albeit subject to a gubernatorial veto.
As Figure 5.20 indicates, net hiring strength in California peaked in 2000. Since that time the outlook for job creation as projected by employers has fluctuated, but has generally been uncertain or pessimistic. The first sign of a trend toward improvement appeared in the first quarter of 2004, when employers projected a net expansion for the following quarter (2004-II). Hiring strength also advanced in the second quarter, when employers expressed optimism about the third quarter (2004-III). Contract settlements in the future—at least in private employment, where the state budget crisis has no direct impact—may reflect this improved job outlook.

California’s aerospace industry has downsized substantially in the past ten years, but it remains a significant employer. For this reason, international developments such as the Iraq War may have an impact on state employment trends. Boeing is the largest private employer in Southern California, with about 35,000 employees. Much of the recent softness in the California labor market has been concentrated in the Bay Area, where the bursting of the dot-com bubble had particularly severe repercussions (see Pastor and Zabin 2002). Future trends in the high-tech sector are unclear, although the outsourcing of certain high-tech jobs to India and elsewhere has become controversial in this period.

**Workers’ Compensation and Unemployment Compensation**

The issue of workers’ compensation has festered for some time in California, especially during periods of economic downturn. Generally, the complaints have been that workers’ comp in California is more expensive than the national average, but that benefits are lower. Employers are mandated to provide workers’ comp insurance. They may purchase it from private carriers or, if they have difficulty obtaining private coverage, they may tap into the state’s back-up fund. That fund is itself facing financial difficulties, and some legislators have proposed that certain reserve obligations be relaxed to allow lower premiums. Insurance Commissioner John Garinendi has opposed steps that would reduce reserve requirements for the state fund and enable rate cuts to employers, however, and the state auditor has criticized as ineffective official efforts to reduce fraud in the system.

The governor, gubernatorial staff, key legislators, union representatives, and

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Data are from Manpower, Inc., which surveys employer hiring intentions four times a year, asking employers to project increases or decreases for the following quarter. The difference between the percentage of employers expecting an increase and the percentage expecting a decrease provides an index of employer expectations about the short-term outlook for the labor market and thus a useful forecasting tool. Figure 5.20 presents data on such expectations in California through the second quarter of 2004. Because net hiring is highly seasonal, the figure breaks the index down by quarter.

The State Compensation Insurance Fund fired its auditor in October 2003, apparently because of the auditor’s insistence on building up sufficient fund reserves.
FIGURE 5.20. Employers' Projections of Net Employment Growth in California, 1999–2004


NOTE: Each quarter represents a projection in the prior quarter by surveyed employers as to whether they expected to increase or decrease employment.
employers engaged in on-again, off-again negotiations over workers' comp reform during the spring of 2004. The governor threatened a ballot initiative if an agreement with the legislature could not be reached. Although enough signatures for a ballot proposition were collected, a last-minute compromise permitted a legislative solution in mid-April 2004. The compromise featured elements of "managed care" and other cost-saving measures. Some employee benefits will be increased under the plan, but others will be decreased. Democrats pushed for the regulation of rates offered by workers' comp carriers to ensure that the cost reductions would result in lower premiums. In the end, the compromise avoided actual regulation; it did provide for a review to see if savings are being passed on through lower insurance premiums. Various insurance carriers announced that premiums would be lowered after the reform bill was enacted, but the cuts were generally smaller than the supporters of the bill had predicted.

Although it has not received as much attention, California's unemployment insurance program also faces fiscal pressures that will need official action. At the end of March 2004, almost half of the Californians receiving these benefits had exhausted their allowable twenty-six weeks of payments without finding a job (U.S. Department of Labor 2004).

Health Insurance and Health Care

Immediately before the recall election, the legislature passed—and Governor Davis signed—Senate Bill 2, which effectively mandates employer-provided health insurance beginning in 2006 through a "pay-or-play" system. The employer groups that opposed the bill sponsored a repeal initiative that will appear before voters in November 2004 as Proposition 72. SB 2 also faces likely legal challenges on the grounds that the federal Employee Retirement Income Security Act (ERISA) precludes state action.

32. Unemployment insurance is a joint federal and state program in which benefits are paid through a federally operated fund but the details of taxation and administration are left to the states. Some states such as New York had to borrow from the federal government to meet their obligations during the economic slump of the early 2000s. Various budgetary ratios commonly used to gauge the fiscal health of state unemployment insurance funds have shown California to be below the national average in funding soundness in recent years.

33. A fine of $25,000 was levied by the Fair Political Practices Commission against "Californians Against Government Run Healthcare," the group that put the initiative on the ballot, for nondisclosure of contributors on a timely basis. The initiative might have appeared on the March 2004 ballot, but a suit challenging the wording of the petition delayed the certification of signatures.

34. Attempts to pass either an employer mandate or a single-payer health insurance program by ballot initiative failed in the 1990s. Indeed, the earliest attempt to create a California health plan through the ballot goes back to the World War I era. Hawaii has a state mandate plan, but it has a congressional exemption from ERISA. SB 2 attempts to avoid the ERISA problem by imposing a tax that goes into a new state insurance fund. Employers that purchase health insurance are exempted from the tax, and those that pay the tax are covered by the state fund.
If SB 2 survives, employers with 200 or more employees will be required to provide family health insurance as of January 2006, with employers paying 80% of the premiums. Employers with 50 to 199 employees will then be required to provide worker-only insurance by January 2007. At the same time, but only if a state subsidy is available, employers of between 20 and 49 employees would also be required to offer worker-only insurance. About a million new workers and dependents would receive coverage if SB 2 is fully implemented (UCLA Center for Health Policy Research 2003). The bill would not provide universal coverage, since about 4.5 million Californians are estimated currently to be without coverage.35 It would, however, address some of the concerns related to Wal-Mart and other large employers that at this juncture provide limited or no health insurance to their workers.

Many employers do provide health insurance to their workers, but rising costs have been an aggravating factor in labor relations as firms seek to shift more of the costs to employees. For many years, in part because of the prominence of HMOs in California, employer health premiums were lower than the national average. That gap has been closing in recent years, however, as California premiums have risen somewhat faster than the national average has. Employers large enough to have negotiating leverage may be able to obtain cost savings by bargaining with health service providers. CalPERS, the large state retirement fund that also provides health insurance to many state and local employees, has enough bargaining clout to obtain such concessions. For example, it was able to win a price cap from the Sutter hospital chain in April 2004 after it threatened to drop Sutter hospitals from coverage. Although some hospitals were eventually dropped from coverage despite protests from employee unions, CalPERS nonetheless continued to anticipate a substantial rise in health insurance costs.

Meanwhile, on January 1, 2004, a state law establishing minimum nurse-to-patient ratios came into effect at California hospitals. Nursing unions, which had strongly backed the law when it was passed in 1999, complained that the new ratios were often not being met. In May 2004 a legal challenge to the ratios filed by a hospital trade group was rejected by a California court.

**State Overtime and Labor Standards Laws**

In recent years claims for unpaid overtime wages have been filed under state law on behalf of a variety of workers. Usually these claims have been based on allegations that employees were told to work off the clock or were misclassified in ways that removed them from state overtime requirements. In February 2004 a California

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35. The uninsured rate would fall from about 13% to 10%-11% under SB 2, depending on the degree of implementation.

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Court of Appeals upheld most of a $90 million claim against Farmers Insurance Exchange brought on behalf of claims representatives. Retailer Wet Seal settled an overtime suit filed by store managers in January 2004 for $1.3 million. A settlement with managers at Borders bookstores was also reached in January, and another was reached with closeout retailer Big Lots in February. Complaints that day workers hired through Labor Ready, a temporary staffing agency, should be compensated for waiting and travel time are currently pending, as are claims by bank tellers at Wells Fargo. In June major grocery chains resolved a lawsuit involving allegations that they knowingly allowed a cleaning contractor to shortchange supermarket janitors of overtime pay. Details of that settlement were not available at this writing. Although the Bush administration's plans for the implementation of administrative changes in federal overtime requirements were scheduled for August 2004, these changes will not apply to California employees since the state's standards are more stringent than the federal ones.

Senate Bill 796, which was enacted in 2003 and went into effect in January 2004, allows employees to sue employers for labor code violations when the relevant state agency fails to do so. It also allows 25% of the fines and other penalties that may be recouped under such suits to be retained by plaintiffs. California employers have voiced concerns about the new law and hope to have it repealed. The Schwarzenegger administration expressed support for such a repeal.

Assembly Bill 17, which was signed into law by outgoing Governor Davis in October 2003, will require private contractors with the state government to offer benefits to domestic partners starting in 2007. AB 17 was modeled after a similar statute enacted in San Francisco in 1997. Meanwhile, San Francisco voters in November 2003 voted to raise the minimum wage to $8.50 an hour, well above the $6.75 statewide minimum (which exceeds the $5.15 offered by the federal government). And Berkeley's "living wage" law—which includes a minimum wage for certain businesses in the Marina area of the city—survived a legal challenge in federal court in June 2004.

37. Not all such claims succeed. For example, an attempt to use the federal RICO statute in an overtime case was rejected by the Ninth Circuit (Miller v. Yokohama Tire Corp., No. 02-36722, 1/12/04). In another case instructors at a cooking school were found to be exempt from overtime requirements when the school was found to be a "college" under state law (California School of Culinary Arts v. Lujan, Cal. Ct. App., No. B160288, 9/18/03).
38. Workers who claim employer retaliation for filing a complaint with CalOSHA concerning safety violations also retain the right to sue, even in the presence of a union contract with a grievance-arbitration clause, unless that clause specifically covers the statute (Taylor v. Lockheed Martin Corp., Cal. Ct. App., No. B162846, 11/17/03). In a related matter, the U.S. Supreme Court let stand a California Supreme Court decision that employers that require arbitration of employment disputes must pay all costs for claims that allege violations of public policy (Austo Stegler v. Little, U.S. No. 02-1720, cert. Denied 10/6/03). The Ninth Circuit ruled in September 2003 that employers can require employees to sign arbitration agreements covering race and sex discrimination.
California's new paid family leave law goes into effect in July 2004. Employees already had certain rights to unpaid family leave under state and federal law, but the new program, which is employee funded, will provide eligible workers 55% of pay up to $728 a week (see Milkman and Appelbaum, this volume).

MAJOR DEVELOPMENTS IN THE PUBLIC SECTOR

The BLS major contract file reports that fifty-one major public sector agreements covering about 173,000 employees are slated to expire in 2004 (Appendix C). Almost 35,000 workers in the K-12 sector are under contracts that expire in June, and large numbers of workers in higher education are similarly covered by contracts expiring in June and other months. Because public sector agreements often involve prolonged negotiations, particularly when budgets are tight, there will also be bargaining in 2004 for expired agreements that were not successfully negotiated in 2003.\(^{39}\)

Budget-Related Issues

In the context of California's budget crisis, newly elected Governor Schwarzenegger proposed modifying public pension plans to create a two-tier structure that would give new hires pensions that are less generous than those available to current employees. Although the proposal was substantially watered down after budget negotiations involving union representatives and Democratic legislators, elements of it will be put into effect in fiscal year 2004–05. Underfunded state and local pension programs will likely be a continuing issue in future public sector bargaining.

The governor also wanted to renegotiate state labor contracts. Some bipartisan support for renegotiation with the prison guards' union, the CCPOA, led to some concessions by the union. Other state employees, however, received a scheduled 3% pay increase despite efforts to block it. The governor did cut a deal with the trial courts that will allow the state to participate in collective bargaining with unions representing judicial employees (the state is involved in trial court funding).

The Schwarzenegger administration declined to defend a contract provision negotiated between state highway engineers and the previous administration that limited outsourcing. Generally, the new administration is likely to be more receptive to privatization proposals than was Governor Davis. Creation of a gubernatorial

\(^{39}\) The BNA reports additional contract expirations, some smaller than “major” by BLS standards (i.e., less than 1,000 workers). These are listed by month of expiration. January: Riverside County and SEIU (750 employees). April: San Jose and Operating Engineers (830 employees). June: Santa Clara County and SEIU (8,000 employees); University of California and AFSCME (6,750 employees). July: Ventura County Community College and SEIU (350 employees). December: Riverside County Sheriff’s Assn. (850 employees). See BNA 2004, p–37.
commission to evaluate plans for restructuring state government and operations was announced in June 2004. Other proposals—such as reducing the number of state holidays—that were also circulating during the spring of 2004 were dropped.49

State budget pressures have cascaded down to the local level. For example, teachers in Inglewood filed an unfair labor practice complaint, citing the local school board (which pleaded budgetary pressures) for not providing previously negotiated raises. In Richmond city officials appealed to employee unions to come up with cost-saving suggestions. Some unions have negotiated “back-loaded” contracts, which schedule pay increases in the later years of the contract when (it is hoped) budget pressures will be reduced.41 In June 2004 SEIU officials conducted a “sleep-in” outside the offices of the chief negotiator for the city of Los Angeles to press for a new contract for blue-collar municipal workers. (Pay increases for white-collar workers had already been negotiated.)

Nonbinding Arbitration and the Los Angeles Transit Strike

With certain exceptions for protective service personnel, state and local government workers in California have the right to strike. Various state laws cover these employees and provide for mediation and fact-finding to resolve disputes, but no form of third party intervention that can produce a binding settlement is specified. The Los Angeles Metropolitan Transportation Authority (MTA) has approximately 9,200 employees. Its largest unions are the Amalgamated Transit Union (ATU), which covers about 2,000 mechanics, and the United Transportation Union, which covers bus and train drivers. The unions and the MTA (and its various predecessor agencies) have a history of difficult labor relations: transit workers went on strike nine times between 1960 and the expiration of the ATU contract in 2003.

Bargaining at the MTA falls under the state’s Public Transportation Labor Disputes Act, which provides for fact-finding if the governor believes a work stoppage will be disruptive.42 Governor Davis invoked fact-finding in August 2003, delaying a strike until mid-October. The eventual strike was marked by acrimonious comments from union and public officials. A major issue was the health plan, which was largely union-operated and was viewed by the MTA as overly expensive. Management insisted that its “final” offer be put to a vote of the workers, and the offer was soundly rejected. Both sides then agreed voluntarily to a plan for nonbinding

40. A bill to cut the number of state paid holidays from fourteen to twelve died in the Assembly in April 2004.
41. Firefighters in Ventura County, for example, agreed to a three-year deal in December 2003 that provides only 1% during 2004 and 6% during 2005.
42. Supervisors at the MTA came under the jurisdiction of the California Public Employment Relations Board (PERB) when the new Los Angeles County Metropolitan Transportation Authority Employer-Employee Relations Act took effect in 2004.
TABLE 5.6. Public Employee Relations Board Unfair Labor Practice (ULP) Data, California, 1994–2003

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<td>278</td>
<td>312</td>
<td>216</td>
<td>193</td>
<td>240</td>
<td>332</td>
</tr>
</tbody>
</table>
| Total            | 460       | 502       | 665       | 615       | 646       | 538       | 485       | 778       | 860       

Note: Data for 2001–02 include two mass filings of the same charges by 193 individuals.

Arbitration, under which an arbitrator would hear the health plan dispute and make a recommendation if a private settlement could not be reached; a two-thirds vote of either the union board or the MTA board would be required to reject the recommendation. This mechanism ended the strike after thirty-five days. MTA board members and union officials accepted the recommendation.

Conceivably, the nonbinding arbitration approach could be used in future disputes at the MTA or other transit agencies. Indeed, it could be used anywhere in the public sector if the parties agreed. A version of nonbinding arbitration is required under a 2003 law applicable to protective service employees.43

PERB Activity

The California Public Employment Relations Board (PERB) is the main agency charged with administering the state's public sector labor relations statutes. During fiscal year 2002–03 PERB received 802 unfair labor practice charges. Charges had jumped the previous year, as Table 5.6 indicates. The increased activity reflected a change in PERB’s statutory responsibility to cover local governments under the Meyers-Milias-Brown Act of 1968. About 1.5 million workers are now covered by PERB. The agency conducted nineteen elections related to representation issues in 2002–03, a drop from previous years.

43. SB 440 invokes an arbitration process for disputes involving police and fire employees' unions. The arbitration recommendation can be rejected by the local authority, but only by a unanimous decision. An earlier version of this process that was strictly binding was voided by the California Supreme Court because of the delegation of government power to an arbitrator.
Other Public Sector Developments

Substitute teachers in San Bernardino were able to win a first contract in December 2003 that provides pay increases and some degree of job security. Union-represented police at the University of California received pay and other adjustments under terms of a contract renegotiation effective in January 2004. University and student teaching assistants represented by the UAW agreed to consolidate the various campus units into a single bargaining unit following a one-day strike; the agreement, which went into effect in December 2003, also provided pay increases. University of California "administrative professionals" turned down representation by the University Professional and Technical Employees (UPTE) in March 2004.

After gathering enough signatures to put an initiative on the November 2004 ballot that would raise funding for public education by increasing the property taxes of businesses, the California Teachers Association (CTA) decided not to submit the petition. The initiative would have increased the commercial property tax from 1% to 1.55%. Likely taxpayer resistance and a potentially crowded ballot appeared to be the reasons. Orange County firefighters threatened to put an initiative on the ballot for added funding after county supervisors rejected an alternate plan for an increased fire service budget.

An attempt by the Sacramento City Unified School District to create a parallel pension plan that allowed selected employees to opt out of CalPERS and Social Security ended in April, when the school board voted to terminate its relationship with the plan, which is known as the California Administrative Services Authority, or CASA. CalPERS ruled that CASA may be illegal, and the district might be forced to provide back payments to CalPERS and Social Security. Similarly, a court ruled in February 2004 that temps hired by the Southern California Metropolitan Water District should not have been excluded from CalPERS merely because they were ostensibly employed through outside agencies.44

An alleged sick-out by sheriffs' deputies in Los Angeles County that interfered with court proceedings was settled with a $100,000 contempt of court fine and other strictures in December 2003. In March 2004 bus drivers in Sacramento staged a sick-out that curtailed service for one day. The action occurred during negotiations for a new contract to replace the agreement that had expired in February.

Although most public workers in California are employed by state and local governments, there are about 230,000 federal employees in the state, most of whom are union represented. This figure includes about 80,000 quasi-public employees of the U. S. Postal Service. Most of the remaining federal employees are under the general federal pay scale, which is adjusted for comparability to private workers. A 4.4% wage increase for those workers went into effect in January 2004. Because of wage

trends in California, higher pay raises were approved for the state’s major urban areas; these ranged from 4.41% in Sacramento to 5.35% in San Francisco.45

Also in the federal sector, a court decision in February 2004 appeared to give a go-ahead for a one-day Amtrak strike to protest inadequate congressional funding of the government-run passenger railroad. The court found that the strike was politically motivated and thus outside the normal strictures of the Railway Labor Act. Amtrak provides passenger service to several major California cities.46 To date, however, no such strike has occurred.

MAJOR DEVELOPMENTS IN THE PRIVATE SECTOR

The bargaining schedule for major contracts in the private sector for 2004 is summarized in Appendix D. Among the major contracts up for negotiation are those in telecommunications (expiring in April), entertainment (expiring in May and June), and various agreements in the construction industry (expiring during the spring and summer). A strike “notice” was sent to SBC in early April 2004 by the CWA as negotiations proceeded on a new contract. The union then announced a strike with a predetermined duration of four days—an unusual tactic. The union had supported the company in another context, however—namely, the possible buyout of AT&T Wireless by cellular provider Cingular (which is owned by SBC and Bell-South). SBC promised to continue health benefits in the event of a strike. In that relatively friendly context, a five-year settlement was reached in late May that provides a combination of pay increases, lump-sum bonuses, and a COLA in the final two years.

A Boeing contract covering over 2,800 workers in Long Beach expired in April 2004 amid uncertainty concerning the plant’s future. Labor relations at the plant, which were difficult when it was owned by McDonnell-Douglas, have benefited in recent years from a union-management employee involvement program. In spite of recommendations by the union to reject the offer, workers voted to accept a three-year deal in early May that provides pay increases but also requires employees to contribute to some health care options.

SEIU represents 74,000 home care aides in Los Angeles County whose contract expired in June. Formerly, these aides were essentially the private employees of the individual disabled persons for whom they cared, although their pay came from the government (see Howes, this volume). SEIU pioneered a mechanism for organizing such workers in Los Angeles through the formation of an umbrella organization that functions as their employer of record. Thus, these workers fall into a category that

45. President Bush initially approved a 2% federal pay raise, but this figure was overridden by Congress, which approved a 2.7% general increase plus an additional amount of 1.4% for local trends. Los Angeles area workers received 4.74%, and San Diego workers received 4.58%.
46. Settlements with some Amtrak unions, including the Transportation Communications Union (TCU), were reached in March 2004. Other contracts remain to be re-negotiated.
spans both public and private sectors. (Similar arrangements were subsequently developed in other localities.) Since public funding is involved, the state's budget crisis will inevitably complicate negotiations for a new contract.

California judges hear cases regarding labor practices of American firms operating abroad. Unocal faced litigation in state and federal courts over various human rights abuses in Myanmar (Burma), where a subsidiary is constructing a pipeline. Plaintiffs in state court received a setback when the judge ruled that the Unocal subsidiary, not the parent firm, should have been sued; in June the U.S. Supreme Court allowed a parallel suit in federal court to proceed. California State Treasurer Phil Angelides urged Unocal to sever its Myanmar connection, but the firm made no such commitment. DaimlerChrysler Corp. was sued in January 2004 on behalf of workers who disappeared in Argentina in the 1970s when the country was under military rule. Nike settled a state court suit that alleged that its advertising had mischaracterized its labor practices abroad; the company agreed to pay $7.5 million to support the programs of the Fair Labor Association, a group that monitors adherence to labor standards on behalf of various academic and other institutions.

Following is a selection of other recent developments that affect labor relations in the private sector.47

**Agriculture**

Because labor relations in the agricultural industry are not subject to federal law, states are free to establish their own regulatory systems for this sector. In California that system is administered by the Agricultural Labor Relations Board (ALRB). The ALRB handles relatively few cases per year (Table 5.7). Nevertheless, these cases often receive media attention that is disproportionate to the number of workers involved because of the history of the United Farm Workers (UFW)—the main union in California farming—and its legendary former leader, Cesar Chavez. In 2002 a complicated mediation and arbitration statute was passed governing agricul-

47. As in the case of public sector contracts, the BNA reports some contract expirations not listed in the BLS files. These are listed by month of expiration. January: Walt Disney and HERE (Anaheim, 1,200 workers). March: Coastal Berry and UFW (Oxnard, 750 workers); Food 4 Less and UFCW (Southern California, 3,000 workers); Lucile Packard Children’s Hospital (700 workers) and Stanford Hospital (1,050 workers) and an independent local nurses’ union. April: Cedar-Sinai Medical Center and SEIU (Los Angeles, 1,500 workers); Holiday Inn Convention Center and HERE (Los Angeles, 1,800 workers). June: Associated General Contractors and Operating Engineers (San Diego, 1,700 workers); Personal Assistance Services and SEIU (L.A. County, 74,000 home aids). July: Safeway and UFCW (Sacramento, 6,000 workers). August: San Francisco Building Owners and Managers-Operating Engineers (San Francisco, 4,000 workers). October: TV and Radio Commercial Announcements Agreement-Musicians (100,000 workers). December: U.S. Boxco and ILWU (Boron, 600 workers); Henry Mayo Newhall Memorial Hospital and United Electrical Workers (Valencia, 500 workers). See BNA 2004.
tural disputes over “first contracts” (the initial contract negotiated after a union wins a representation election). The statute addressed the union’s concern that even after winning an election the union was often unable to reach a first contract agreement with the employer. Under the new statute an arbitrator can impose a contract if negotiations between growers and workers fail.

In February 2004 a contract with the UFW was imposed on the PictSweet Mushroom Farm. The contract provides yearly salary increases and medical coverage for workers and their families. The National Right to Work Foundation filed a complaint with the ALRB alleging that the UFW was overcharging nonmembers at PictSweet for representation services. The ALRB also imposed a contract on Hess Collection Winery that is being challenged in court.

The UFW is in conflict with D’Arrigo Brothers Co., a firm that produces a variety of crops in the Salinas Valley. In March 2004, a federal judge ruled that the company owes its workers as much as $13 million in back pay for travel time. The UFW is still seeking a first contract at D’Arrigo, and a representation dispute continues between Gallo of Sonoma and the UFW. Meanwhile, a Florida labor dispute involving suppliers of Taco Bell, a fast-food chain based in Irvine, spilled over into California. Demonstrations took place at Taco Bell headquarters as part of an effort to pressure the firm through a consumer boycott and adverse publicity.

**Construction**

Because of government involvement in various aspects of the construction industry, public policy and litigation can be important to unions in this sector. In January building trades unions successfully defended California regulations that set minimum wages for apprentices in a lawsuit decided by the U.S. Court of Appeals for the Ninth Circuit. Employers had argued that federal law preempted the state regulations.48

In 2002 legislation backed by environmentalists and construction unions and supported by former Governor Davis limited the use of polyethylene plastic piping in new homes and other buildings. Governor Schwarzenegger indicated support for reversing the law, signaling a possible future battle.

Although prevailing wage regulations in California put a floor under construction pay, their application is sometimes ambiguous when nonprofit groups do volunteer work. A recent complaint issued by LIUNA over such a project led the state’s Department of Industrial Relations to rule that fines and back pay were owed.


**Table 5.7. Decisions and Orders Issued by the Agricultural Labor Relations Board, California, 1998–2003**

<table>
<thead>
<tr>
<th>Year</th>
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<td>2002</td>
<td>9</td>
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<td>2003</td>
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*Source: ALRB 2004.*
for volunteer work. Other building trades unions have not supported that interpretation, however.

**Education**

Stanford University froze the pay of its nonunion employees in 2003, but an SEIU affiliate that represents janitorial, dining room, and other support workers at the university was able to negotiate a three-year agreement providing pay raises in the second and third years of the contract. Because of concerns about job security, the union negotiated certain restrictions on the university’s use of temporary workers.

The Los Angeles Unified School District adopted an “anti-sweatshop” code for goods supplied to its schools by outside vendors. Vendors must pledge to comply with relevant labor laws and pay a “non-poverty” wage to employees.

**Energy**

British Petroleum and the Paper, Allied Industrial, Chemical, and Energy Workers (PACE) were negotiating over a company proposal to reduce the employer’s share of health care premiums for retirees. Retirees from British Petroleum’s Carson refinery would be affected.

**Entertainment**

Contracts between the major film studios and the Writers Guild of America (WGA) expired in early May 2004. Internal political problems had plagued the union beginning in January, when WGA president Victoria Riskin had to step down after her membership credentials were challenged. She was replaced by Charles Holland, who resigned in March after inaccuracies in his résumé were revealed. The interim president, Daniel Petrie, took office shortly before formal contract negotiations began. The main issues in the current bargaining round involve video-related revenues, health plan contributions, and questions related to reality TV shows. Both sides were reported to be seeking to avert a strike and a repeat of the production disruption that occurred in 2001 when writers and actors threatened to strike, but talks broke off in June after the management side made what it termed its “final offer.”

The Screen Actors Guild (SAG) and the American Federation of Television and Radio Artists (AFTRA) have been exploring a possible merger. The two organizations have considerable overlapping membership; moreover, technological advances are eroding the differences between film and video. So far, however, the proposal has failed when put to membership vote.\(^{49}\) In February the two unions agreed with pro-

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\(^{49}\) Both unions required a 60% electoral margin for merger in a June 2003 poll. Although AFTRA members voted for merger, the SAG tally fell below the 60% level.
ducers to extend the existing agreement for one year. The extension includes various pay, benefit, and jurisdictional enhancements. The parties also agreed to begin bargaining early on a successor contract to avoid the production disruption that occurred in 2004. A proposal for a dues increase and continued tensions over the merger issue have dominated internal SAG politics, however; if continued, such frictions could complicate negotiations in 2005.

Local Los Angeles officials, who are anxious to maintain production in the area, appointed a new president of the Entertainment Industry Development Corporation (EIDC). The EIDC is an autonomous entity created to streamline the permitting process, promote local filmmaking, and avert “runaway” production. Allegations of mismanagement by the previous president had hindered the agency’s operations.59

Drug testing became a contentious labor-management issue in Major League Baseball in 2003–04. The players’ 2002 contract stipulated that if 5% of samples taken during the anonymous testing of all players revealed positive indications for illegal drug use, a more far-reaching program would be established in 2004. The contractual threshold was exceeded and, as a result, a new schedule of suspensions for steroid use has been established pursuant to the labor agreement. In addition, federal prosecutors began investigating allegations that the Bay Area Laboratory Co-Operative, or BALCO, provided steroids to players. Six of the thirty major league teams are in California.

Health Care

Tenet Healthcare, which owns nineteen hospitals in California, has been a major union organizing target, especially for nurses’ unions. Two rival unions, SEIU and the independent California Nurses Association (CNA), agreed in December 2003 to cooperate in future efforts at Tenet. Under pressure created by various internal corporate scandals, Tenet entered into a neutrality agreement vis-à-vis the unions’ organizing efforts. Organizing has also apparently been facilitated by Tenet’s plan to sell all or some of its California hospitals, which has raised job security concerns among employees. Various negotiated settlements with Tenet were reached, including a contract ending a thirteen-month nursing strike in San Pablo.

Separately, CNA and the Steelworkers formed an organizing alliance in the health care sector whereby nurses are to be represented by CNA and other employees are to be covered by the Steelworkers. The alliance achieved its first contract at Long Beach

59. The former EIDC chief pleaded “no contest” in late May 2004 to a charge of embezzling public funds. Not often mentioned in the context of the film industry is the significant porn production sector in the San Fernando Valley. Actors in the adult film business began to discuss unionization in April 2004 after it was discovered that some performers had contracted HIV despite industry health screening procedures.
Memorial Medical Center in October 2003. An agreement on organizing involving SEIU and St. Vincent Medical Center in Los Angeles led to litigation, a Ninth Circuit decision in September 2003, and an unsuccessful appeal by the employer to the U.S. Supreme Court. St. Vincent, which is owned by Catholic Healthcare West, and SEIU had agreed to avoid derogatory attacks on each other during an election that the union lost in 2000. SEIU argued that management had violated the agreement, and the court agreed and imposed arbitration. The U.S. Supreme Court declined to hear St. Vincent’s appeal. In June 2004 SEIU reached a four-year settlement covering 14,000 California workers across the state; the new agreement provides pay and benefit increases and a training fund.

Kaiser Permanente and various AFL-CIO unions negotiated a cooperative “partnership” agreement in 1997. Both sides saw benefits in having a less adversarial relationship. An evaluation of the agreement released in August 2003 found that the accord has had a variety of positive effects, but it also noted that such agreements can erode over time. The researchers pointed to CNA’s absence from the agreement and suggested that bringing the union into the pact should be a long-term objective of the parties (McKersie et al. 2003).

**Hotels and Resorts**

HERE negotiated new contracts with three Disneyland hotels in Anaheim in February 2004, covering about 1,300 workers. Under the contract health insurance coverage is available on a fully employer-paid basis. The union did agree to a two-tier wage plan under which new hires start at 80% of the existing base wage, reaching 100% after four years. HERE succeeded in reaching a contract at Santa Monica’s Four Points Sheraton as part of its larger campaign to organize that city’s beach-area hotels. Contracts with nine major hotels in Los Angeles, covering about 5,000 workers, expired in April. Health care is a major concern at this writing, as HERE seeks to negotiate a contract that would end in 2006, coinciding with the expiration of hotel contracts in other major U.S. cities. By aligning hotel contracts around the country, HERE would be able to hold simultaneous negotiations, increasing its bargaining leverage.

In response to the union’s demands, the hotels offered a five-year pact and said they would begin co-payments for health insurance if the offer was rejected. The hotels let it be known that they would lock out all union workers if the union targeted a single hotel for a strike. Thus, the conflict seemed similar to the earlier southern California grocery strike and lockout (described below).

The issue of gaming and union representation at tribal resorts remained conten-

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Apart from AFL-CIO affiliated unions and the unaffiliated CNA, there are still other negotiations and organizing going on in California health care. For example, an independent union—the Committee for Recognition of Union Achievement—won a three-year pact with two hospitals in Palo Alto.
tious during 2003–04. During the recall election Governor Schwarzenegger promised to negotiate a better deal on state revenue from such gambling. These issues arose in part because recognized Native American tribes have sovereign rights that put them outside the general reach of state taxation and labor law. HERE sponsored a demonstration at the Palm Springs Agua Caliente resort in early April 2004 that was aimed at ensuring that labor rights would be included in any deal between the governor and tribal leadership. The governor reached a budgetary compact with some of the major tribes in June 2004 that provides some increase in state revenue and greater union access for organizing. But not all tribes favor the compact, and two November ballot initiatives related to Indian gaming could upset the compact if passed.

Meanwhile, HERE and UNITE, the apparel union, plan to merge if approved by their memberships at a joint convention in July 2004. The combined union would have 440,000 members nationwide.

**Publishing**

Bitter labor disputes erupted at newspaper publishers in various California cities in the 1960s and 1970s as computers replaced Linotypes and other machines used in hot-type printing and workers feared the loss of their jobs. At the San Francisco Chronicle, which used hot type into the mid-1970s, some workers received lifetime employment guarantees. Further computerization in 2003 led to either the retirement or the retraining of these workers as part of a downsizing program. These adjustments in San Francisco appear to be the final echo of the earlier technology-related disputes.

**Retail**

A bitter grocery strike in southern California developed over issues related to health care funding and demands by management for a two-tier plan to meet competition from nonunion grocery suppliers such as Wal-Mart, the nation’s largest employer. The most commonly reported figure in the media for the number of strikers was 59,000; they worked at Vons and Pavilions (owned by Safeway), Ralphs (owned by Kroger), and Albertsons. Teamster truckers at various points refused to cross picket lines to make deliveries, adding to the number of striking or locked-out workers. Another 11,000 workers continued working at two local chains, Gelson’s and Stater Brothers, that signed “me-too” agreements with the United Food and Commercial Workers (UFCW). Although the strike was called only at Safeway-owned stores, the other two firms responded by immediately locking out their

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52 In a related matter, the California Department of Insurance has been investigating one tribe that allegedly has been offering cheap but unregulated workers’ compensation insurance to employers.
workers under a mutual assistance pact that also involved profit sharing among the three chains. This pact was challenged on antitrust grounds by the state attorney general in litigation that has yet to be resolved.53 Nevertheless, Kroger announced plans to distribute payments to its two rivals by April 2004.

The work stoppage began on October 11, 2003. Negotiations, convened by the head of the Federal Mediation and Conciliation Service, took place intermittently for four and one-half months before the strike was finally settled. At one point union negotiators offered to settle the dispute through binding arbitration, but employers rejected this almost immediately. UFCW held a number of demonstrations at supermarket locations in other parts of the country and near the home of Safeway chairman and CEO Steve Burd.

The UFCW was criticized for not having a more elaborate strategy for negotiations that it knew would be difficult, for ineffective outreach to the public, and for not involving other unions earlier in the process. In addition, many criticized the union’s withdrawal of pickets from Ralphs despite the continuing lockout, a strategy that was not well understood by the shopping public.54 Toward the end of the dispute national UFCW and AFL-CIO officials assumed a significant role in resolving the impasse. The national president of UFCW resigned shortly after the strike and lockout ended.

The Safeway-owned stores continued to operate with replacement workers throughout the dispute, but the three chains reported large losses in sales, and it appeared that considerable public support for the union workers had developed.55 Many shoppers took their business to other chains, including “ethnic” food stores, specialty retailers like Trader Joe’s and Whole Foods, and discounters like Costco.56 The final settlement involved a two-tier wage and benefit plan, although incumbent workers preserved their existing health care program for at least two years of the new three-year agreement and received various lump-sum bonuses.

53. One issue raised was the inclusion in the profit sharing arrangement of the Food 4 Less chain (owned by Ralphs/Kroger) that was not a party to the dispute. The Food 4 Less contract was set to expire in February 2004, but it was extended to April. Legal issues were also raised about the alleged hiring of locked-out workers by some Ralphs store managers under false names and Social Security numbers.
54. In some areas pickets returned sporadically to Ralphs.
55. Estimates of sales losses for the three chains were on the order of $1.3 billion. Stock prices of these chains generally fell in the early weeks of the dispute but rose thereafter to levels at or above their pre-strike values. Sales losses were reported by other retail stores that shared shopping centers with supermarkets involved in the dispute because of reduced traffic. There were even concerns that Girl Scout cookie sales might be adversely affected since the Scouts often sell near supermarkets and that Christmas-time donations to volunteers from the Salvation Army would fall for the same reason. Two HMOs, PacificCare and Kaiser Permanente, reported a drop in enrollment as striking or locked out workers lost eligibility for coverage.
56. Many Costco workers are union-represented. Workers at the upscale chains such as Whole Foods and Trader Joe’s are not. The Gigante supermarket chain that caters to the Latino market is unionized, but Superior, which competes in the same consumer market, is not.
Following the settlement various public pension funds, including CalPERS, expressed concern about the continued leadership of Safeway CEO Burd. Various legal actions related to the strike and lockout are still pending. Kroger announced it would close fifteen Ralphs stores in Southern California. Gelson’s workers rejected the “me-too” settlement that was supposed to follow the agreement with the three major chains, although workers at the major chains had ratified it by an 86% margin. A new Gelson’s vote was scheduled and the contract was eventually approved. In Inglewood voters rejected a ballot proposition sponsored by Wal-Mart that would have circumvented city council opposition to a new superstore. And a major class-action lawsuit against Wal-Mart was given the go-ahead by the California federal court in June. The allegations, which Wal-Mart denies, involve the unfair treatment of female employees.

In other retail developments, community activists staged demonstrations and filed litigation against clothing retailer Forever 21 in protest of the labor standards of its contractors and subcontractors. The federal courts rejected various claims in March 2004 as being primarily state matters; the activists then filed at the state level. In response, Forever 21 filed a defamation suit against several activists that is still pending. Another clothing retailer, Wet Seal, agreed to compensate workers who claimed underpayment from one of its contractors in January 2004. Under AB 633 (instated in 1999) California retailers and manufacturers can be held accountable for underpayments by their contractors.

**Transportation**

The transportation sector, by its nature, tends to reflect national trends. The airline industry is still being affected by the economic slump and the post–9/11 travel environment. United Airlines, which has a significant presence at airports such as LAX and SFO, was operating in bankruptcy and engaged in bitter conflict with its unions over reductions in its retiree health care plan. It has failed on several occa-

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57. Safeway was experiencing economic difficulties prior to the strike and lockout, including problems in its attempt to sell its Dominick’s chain in Chicago.
58. It is unclear to what degree, if any, the contract finally approved at Gelson’s differed from the one rejected. A union spokesperson indicated that a change was incorporated, but it was not publicly identified.
59. The Los Angeles City Council is considering an ordinance that would effectively bar Wal-Mart superstores from most areas in the city. Wal-Mart has had similar skirmishes with local authorities in other parts of California. Because local governments benefit more from sales taxes than from other forms of revenue, cities have an incentive to offer various concessions to attract “big box” stores. SB 124 (passed in 2003) places certain limits on the ability of local agencies to compete with one another for such retailers.
60. A March 2004 court decision allowed United to cease making payments on bonds issued to build facilities at various airports including LAX. At SFO United has been granted a scaled-back renewal agreement. At both airports union organizing has been continuing at various private concessions operating in the terminals, and developments that might undermine traffic could affect those efforts.
sions to obtain a federally guaranteed loan, most recently in June 2004. The airline has created a low-cost subsidiary named Ted that is reminiscent of the discontinued United Shuttle. Ted initially offered only limited service in California, unlike the old Shuttle.  

Pilots at US Airways pledged to work with their carrier to reduce costs, but the airline’s flight attendants complained of poor labor relations. Delta announced executive pay cuts and was negotiating pay cuts for its unionized pilots. Hawaiian Airlines was also pushing for pay concessions. Early negotiations at Alaska Airlines with the Pilots, in which the airline demanded concessions, were terminated in March 2004; binding arbitration will occur if no settlement is reached by December 2004.

Negotiations between Southwest Airlines and the Transport Workers Union (TWU), which represents the airline’s flight attendants, appeared to be deadlocked in April 2004. The parties had been at the table since their contract expired in June 2002. Pay cuts were an issue. The flight attendants claimed that management was offering wages that were well below the industry average. The carrier sought a long contract duration, presumably to avoid future strikes, and a six-year deal was negotiated in late June. Southwest remained profitable after 9/11 and is a major provider of intra-state service in California.

Not all airlines were seeking to cut pay. America West negotiated a three-year contract with its pilots in January 2004 that raised salaries 11% in the first year and provided other benefit enhancements. And not all airline negotiations were focused on bankruptcy and concessions. The Pilots and United Parcel Service were negotiating under an “interest-based bargaining” arrangement for a contract that became amendable under the terms of the Railway Labor Act in December 2003.

In developments in the trucking industry, the Teamsters announced an organizing campaign at USF Bestways, a firm with terminals in various parts of the southwest including Southern California. The Teamsters and the International Longshore and Warehouse Union (ILWU) jointly announced a campaign to improve the safety of truck trailers that service port facilities. Shippers complained that the campaign was indirectly designed to support an organizing drive among truckers who haul containers.

In April the U.S. Supreme Court heard arguments in a NAFTA-related dispute over the presence of Mexican trucks in the United States. Under NAFTA the trucks were to be allowed to have full access to the U.S. market by 2002, but various protests and litigation held up that process. The Ninth Circuit Court had ruled that the U.S. Department of Transportation had to complete an environmental impact study before the trucks would be permitted on U.S. roads, and the Bush administration appealed the decision. The Supreme Court overthrew the Circuit Court’s decision ruling in June. In response, legislators introduced a bill in the California Assembly that would bar Mexican trucks from traveling throughout the state if they do not meet federal pollution standards.

61. Flights are planned between Ontario, California, and Denver, Colorado.
The West Coast longshore industry experienced a high-profile lockout and a Taft-Hartley injunction in 2002 and is now operating under a six-year agreement negotiated at that time. A major issue in that dispute was the introduction of labor-saving technology and related union worker displacement by nonunion personnel. Under the current agreement, as new technology is introduced into the ports the union can file a grievance if it feels that the technology is being used to foster the displacement of union workers. Several such grievances have been filed, although meanwhile employment on the docks has risen as a result of increased international trade.

Utilities

California’s electricity crisis of 2001, which ultimately led to the bankruptcy of Pacific Gas and Electric, apparently complicated negotiations for a labor agreement covering power plant workers, meter readers, and other employees of the company. IBEW members rejected a proposed deal twice before reaching a new five-year contract in October 2003. The contract covers 9,100 workers and provides wage increments, a lump-sum bonus, and pension improvements. An employee co-payment for health insurance was added to the benefit plan.

Other Developments

The City of Los Angeles has a “living wage” ordinance that sets minimum pay and benefit standards for private contractors to city departments. In March 2004, laundry workers sued their employer, Cintas Corp., alleging that the company, which holds a contract with the city’s Department of Water and Power, had not paid the mandated wage. The workers were backed by UNITE, which has been trying to organize laundry workers at Cintas nationwide. In April the workers received the support of Mayor Jim Hahn and some members of the city council. A related lawsuit was filed in Northern California, and in late May Cintas filed in its efforts to have that case dismissed. In February Cintas filed a defamation lawsuit against UNITE in federal court. UNITE and the Teamsters have filed anti-discrimination claims against Cintas with the federal Equal Employment Opportunity Commission.

A high-profile attempt to operate an apparel manufacturing firm in Los Angeles that would pay a living wage and provide benefits was reported to be foundering. The manufacturer, Sweat-X, was started with seed money from a foundation grant and had a contract with UNITE. Sweat-X markets its T-shirts and other apparel to university clothing outlets and other stores that cater to union-friendly customers. Its economic difficulties were attributed in part to poor management and higher production costs.
SUMMARY AND CONCLUSION

California is not a world apart from the rest of the country. Labor relations in the state are heavily affected by national economic trends and are broadly similar to those elsewhere. The rise in health care costs is an aggravating element in labor disputes in California, as it is throughout the nation. Although there have been some high-profile strikes in California recently, California is not more dispute-prone than other regions are. When a high-profile work stoppage in California does occur, it may provide lessons for the rest of the state and the country. The supermarket strike, for example, suggests that unions will need to undertake more intense strategic planning and to improve coordination when bargaining with large national employers.

Roughly half of California's union-represented workforce is in the public sector, so the state's budget crisis is a major factor in the labor relations climate and in future negotiations. Although unions supported the Schwarzenegger bond-refinancing proposals in the March 2004 election, they may find themselves in conflict with the new governor over issues such as privatization and other aspects of government restructuring. Since, as the state's legislative analyst has pointed out, the state's budget problem is structural—that is, it is not likely to be cured simply by a pickup in the economy—fiscal pressures may well persist for years. And since local government revenues are tied to the state government in various ways, the state's budget crisis will also affect labor relations in cities, counties, and school districts for an indefinite period.

REFERENCES


1993  McDonnell Douglas, Long Beach
       Aircraft Machinists, 6,800 workers, 3/2/93–3/3/93
       Kaiser Permanente, Southern California
       Service Employees, 12,000 workers, 1-day stoppage on 4/1/93
       Vallejo Board of Education, Vallejo
       National Education Assn., 1,000 workers, 4/16/93–4/17/93
       PPG Industries, California and Pennsylvania
       Aluminum, Brick, and Glass Workers, 1,400 workers, 5/8/93–7/14/93
       Pacific Maritime Assn., Bay Area
       Longshore and Warehouse, 1,500 workers, 1-day stoppage on 9/10/93
       Southern California Gas Co., Southern California
       Utility Workers and Chemical Workers, 6,000 workers, 1-day stoppage on 10/1/93

1994  Continental Baking, Northern California
       Teamsters, 1,100 workers, 2/4/94–2/11/94
       Pirelli Armstrong Tire, California, Tennessee, and Iowa
       Rubber Workers, 1,000 workers, 7/15/94–3/12/95
       Los Angeles Metro Transportation Authority, Los Angeles County
       Amalgamated Transit Union, 7,200 workers, 7/25/94–8/2/94
       San Francisco Newspapers, San Francisco
       Multi-union, 2,600 workers, 11/11/94–11/12/94

1995  Construction Industry, Southern California
       Drywall workers (no formal union), 3,000 workers, 4/3/95–6/15/95
       UCLA student assistants, Los Angeles
       United Auto Workers, 3,000 workers, 4/26/95–4/27/95
       Pepsi Cola Bottling, California
       Teamsters, 1,000 workers, 6/26/95–6/28/95
       Associated General Contractors, Southern California
       Operating Engineers, 1,200 workers, 8/1/95–10/30/95
       Pacific Maritime Assn., California, Oregon, and Washington
       Longshore and Warehouse, 7,500 workers, 1-day stoppage on 8/7/95
       Oakland Unified School District, Oakland
       National Education Assn., 3,500 workers, 11/28/95–11/29/95

1996  Oakland Unified School District, Oakland
       National Education Assn., 3,500 workers, 1-day stoppage on 1/30/96
       San Diego public schools, San Diego
       National Education Assn., 5,000 workers, 2/1/96–2/8/96
       Pacific Maritime Assn., Los Angeles and Long Beach
       Longshore and Warehouse, 3,000 workers, 1-day stoppage on 2/5/96
       Oakland Unified School District, Oakland
       National Education Assn., 3,500 workers, 2/15/96–3/20/96
       Bay Area cleaning companies, Bay Area
       Service Employees, 4,900 workers, 6/3/96–7/2/96
       Compton public schools, Compton
       National Education Assn., 1,100 workers, 1-day stoppage on 6/10/96
       Contra Costa County public schools, Contra Costa County
       Multi-union, 4,100 workers, 1-day stoppage on 6/26/96
APPENDIX A. (Continued)

1996  National Steel and Shipbuilding, San Diego
       Multi-union, 1,800–2,500 workers, 7/17/96–8/16/96 (fewer than 1,000 workers
       after 8/16/96)

1997  Kaiser Permanente, Northern California
       California Nurses Assn., 17,000 workers, 1-day stoppage on 4/16/97
Kaiser Permanente, Northern California
       California Nurses Assn., 10,500 workers, 7/17/97–7/18/97
Bay Area Rapid Transit, San Francisco Bay Area
       Amalgamated Transit Union, AFSCME, Service Employees, 2,600 workers,
       9/7/97–9/13/97
Kaiser Permanente, Northern California
       California Nurses Assn., 20,300 workers, 9/8/97–9/9/97
Los Angeles County child welfare workers, Los Angeles
       Service Employees, 2,200 workers, 9/30/97–10/2/97
Foster Farms Poultry, Livingston
       Food and Commercial Workers, 2,200 workers, 10/8/97–10/23/97
Kaiser Permanente, Northern California
       California Nurses Assn., 8,900 workers, 1-day stoppage on 11/10/97

1998  Kaiser Permanente, Northern California
       California Nurses Assn., 8,000 workers, 1-day stoppage on 1/28/98
Kaiser Permanente, Northern California
       California Nurses Assn., 7,100 workers, 1-day stoppage on 2/24/98
University of California, eight campuses
       Communications Workers, 9,000 workers (1,200 with bargaining rights),
       12/1/98–12/6/98

1999  Independent contractors, construction industry, San Mateo County
       Carpenters, 1,000 workers, 5/20/99–5/21/99

2000  Los Angeles Janitorial Maintenance Contractors, Los Angeles County
       Service Employees, 8,500 workers, 4/3/00–4/24/00
University of California student assistants
       United Auto Workers, 5,000 workers, 1-day stoppage on 4/18/00
Stanford Hospital and Packard Children’s Hospital, Palo Alto
       Independent nurses union, 1,700 workers, 6/7/00–7/27/00
Ten hospitals in the Bay Area and Northern California
       Service Employees, 3,800 workers, 1-day stoppage on 7/6/00
Drywall contractors in Northern California
       Painters, 1,200 workers, 8/1/00–8/16/00
Eight hospitals in the Bay Area and Northern California
       Service Employees, 3,500 workers, 8/2/00–8/3/00
Three hospitals in the Bay Area
       Service Employees, 1,600 workers, 1-day stoppage on 9/20/00
Advertising agencies in California and elsewhere
       AFTRA and Screen Actors, 13,500 workers, 5/1/00–10/30/00
Los Angeles Metro Transportation Authority, Los Angeles County
       United Transportation Union, 7,400 workers, 9/16/00–10/17/00
APPENDIX A. (Continued)

2000  Los Angeles County
      Service Employees, 47,000 workers, 1-day stoppage on 10/11/00
      Eight hospitals in the Bay Area and Northern California
      Service Employees, 3,500 workers, 1-day stoppage on 10/25/00
      Summit Logistics, Tracy
      Teamsters, 1,600 workers, 10/18/00–12/1/00
      Eighteen hospitals in California
      Service Employees, 6,000 workers, 1-day stoppage on 12/14/00

2001  Northern California Painters and Finishing Contractors, San Francisco area
      Painters, 1,000 workers, 7/1/01–7/30/01
      Painters and Decorators Joint Committee, Oakland area
      Painters, 1,200 workers, 7/1/01–7/23/01
      Hospitals in Northern California
      Service Employees, 3,500 workers, 4/16/01–4/19/01

2002  Delta Dental, Northern California
      Teamsters, 1,200 workers, 7/19/02–8/12/02
      Pacific Maritime Assn., California, Oregon and Washington
      Longshore and Warehouse, 10,500 workers, 9/27/02–10/9/02

2003  San Joaquin County, Stockton
      Service Workers, 5,000 workers, 8/4/03–8/8/03
      Albertsons, Ralphs, and Vons Markets, Southern California
      Food and Commercial Workers, 67,300–59,300 workers, 10/12/03–2/29/04
      Los Angeles Metro Transportation Authority, Los Angeles County
      Amalgamated Transit Unit, 6, 200 workers, 10/14/03–11/17/03

SOURCE: BLS 2004b.
### APPENDIX B. Distribution of 100 Major California Contracts, 2003

<table>
<thead>
<tr>
<th>Manufacturing</th>
<th>Nonmanufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$N = 40$</td>
</tr>
<tr>
<td>3 Chemicals</td>
<td>4 Amusement: movies</td>
</tr>
<tr>
<td>3 Fabricated metals</td>
<td>3 Automotive services</td>
</tr>
<tr>
<td>14 Foods</td>
<td>5 Business and personal services</td>
</tr>
<tr>
<td>1 Instruments</td>
<td>2 Communications</td>
</tr>
<tr>
<td>5 Machinery</td>
<td>5 Construction</td>
</tr>
<tr>
<td>1 Paper</td>
<td>3 Education</td>
</tr>
<tr>
<td>2 Primary metals</td>
<td>13 Health care</td>
</tr>
<tr>
<td>4 Printing</td>
<td>6 Hotels</td>
</tr>
<tr>
<td>1 Stone-clay-glass</td>
<td>2 Local transit</td>
</tr>
<tr>
<td>6 Transportation equipment</td>
<td>1 Mining</td>
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<tr>
<td></td>
<td>1 Real estate</td>
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<tr>
<td></td>
<td>6 Retail</td>
</tr>
<tr>
<td></td>
<td>2 Utilities</td>
</tr>
<tr>
<td></td>
<td>7 Wholesale</td>
</tr>
</tbody>
</table>

**Source:** Survey undertaken by BNA for the UC Institute of Labor and Employment, 2003.
### APPENDIX C. Major BLS Contract Expirations in the Public Sector, 2004

<table>
<thead>
<tr>
<th>Agreement</th>
<th>Location</th>
<th>Union</th>
<th>Workers</th>
<th>Date</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santa Cruz City (general unit)</td>
<td>Santa Cruz</td>
<td>SEIU</td>
<td>1,000</td>
<td>4/23/04</td>
<td>Other</td>
</tr>
<tr>
<td>California, University of (patient care tech, Unit 13)</td>
<td>California</td>
<td>AFSCME</td>
<td>7,750</td>
<td>4/30/04</td>
<td>Higher ed</td>
</tr>
<tr>
<td>Santa Clara County (general unit)</td>
<td>Santa Clara</td>
<td>SEIU</td>
<td>8,000</td>
<td>6/20/04</td>
<td>Other</td>
</tr>
<tr>
<td>Orange County (general unit)</td>
<td>Santa Ana</td>
<td>OCEA-I</td>
<td>3,150</td>
<td>6/24/04</td>
<td>Other</td>
</tr>
<tr>
<td>Orange County (office service)</td>
<td>Santa Ana</td>
<td>OCEA-I</td>
<td>2,700</td>
<td>6/24/04</td>
<td>Other</td>
</tr>
<tr>
<td>Orange County (supervisors unit)</td>
<td>Santa Ana</td>
<td>OCEA-I</td>
<td>1,550</td>
<td>6/24/04</td>
<td>Other</td>
</tr>
<tr>
<td>California State University (faculty and library, Unit 3)</td>
<td>California</td>
<td>SEIU</td>
<td>18,500</td>
<td>6/30/04</td>
<td>Higher ed</td>
</tr>
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<td>California, University of (service, Unit 11)</td>
<td>California</td>
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<td>6,750</td>
<td>6/30/04</td>
<td>Higher ed</td>
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<td>Ventura County Community College District (faculty)</td>
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<td>AFT</td>
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</tr>
<tr>
<td>ABC Unified School District (teachers)</td>
<td>Cerritos</td>
<td>AFT</td>
<td>1,100</td>
<td>6/30/04</td>
<td>K-12</td>
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<tr>
<td>Anaheim City School District (certificated)</td>
<td>NEA</td>
<td></td>
<td>1,000</td>
<td>6/30/04</td>
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</tr>
<tr>
<td>Capistrano Unified School District (certified staff)</td>
<td>San Juan Capistrano</td>
<td>AFT</td>
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<td>6/30/04</td>
<td>K-12</td>
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<tr>
<td>Capistrano Unified School District (classified)</td>
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<td>6/30/04</td>
<td>K-12</td>
</tr>
<tr>
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<td>K-12</td>
</tr>
<tr>
<td>Fontana Unified Schools (classified)</td>
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<td>Fontana Unified Schools (teachers, counselors)</td>
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<td>Fremont Board of Education (teachers)</td>
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<td>K-12</td>
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<td>Orange Unified Schools (teachers)</td>
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</tr>
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<td>San Diego Unified School District (para-educators)</td>
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<td>SEIU</td>
<td>2,700</td>
<td>6/30/04</td>
<td>K-12</td>
</tr>
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<td>San Francisco Unified School District (support)</td>
<td>San Francisco</td>
<td>AFT</td>
<td>2,000</td>
<td>6/30/04</td>
<td>K-12</td>
</tr>
<tr>
<td>San Francisco Unified School District (teachers)</td>
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<td>5,200</td>
<td>6/30/04</td>
<td>K-12</td>
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<td>San Francisco Unified School District (b,c, w/e)</td>
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<td>SEIU</td>
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<td>6/30/04</td>
<td>K-12</td>
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<td>San Juan Unified School District (teachers)</td>
<td>Carmichael</td>
<td>NEA</td>
<td>1,400</td>
<td>6/30/04</td>
<td>K-12</td>
</tr>
<tr>
<td>Santa Ana Unified School District (certificated)</td>
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<td>NEA</td>
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<td>6/30/04</td>
<td>K-12</td>
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<tr>
<td>Los Angeles (administrative unit)+</td>
<td>Los Angeles</td>
<td>EAA</td>
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<tr>
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<td>6/30/04</td>
<td>Other</td>
</tr>
<tr>
<td>Los Angeles (equipment operators and laborers)+</td>
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<td>SEIU</td>
<td>3,300</td>
<td>6/30/04</td>
<td>Other</td>
</tr>
<tr>
<td>Los Angeles (professionals, engineers, and scientific unit)+</td>
<td>Los Angeles</td>
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<td>1,500</td>
<td>6/30/04</td>
<td>Other</td>
</tr>
<tr>
<td>Los Angeles (service and crafts)+</td>
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<td>1,206</td>
<td>6/30/04</td>
<td>Other</td>
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<tr>
<td>Los Angeles (technical unit)+</td>
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<td>Marin County (units 1-5 and 16)</td>
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<td>San Joaquin County (office, technical, and clerical)</td>
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<tr>
<td>San Jose (clerical and support staff)</td>
<td>San Jose</td>
<td>AFSCME</td>
<td>2,300</td>
<td>6/30/04</td>
<td>Other</td>
</tr>
<tr>
<td>Los Angeles (safety, security, and non-sworn)+</td>
<td>Los Angeles</td>
<td>SEIU</td>
<td>1,200</td>
<td>6/30/04</td>
<td>Police</td>
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<td>Alameda Contra Costa Transit Authority (drivers)</td>
<td>Oakland</td>
<td>ATU</td>
<td>1,500</td>
<td>6/30/04</td>
<td>Transit</td>
</tr>
<tr>
<td>Bay Area Rapid Transit (bus drivers and operators)</td>
<td>San Francisco</td>
<td>ATU</td>
<td>900</td>
<td>6/30/04</td>
<td>Transit</td>
</tr>
<tr>
<td>San Francisco Municipal Railway (transit operators)</td>
<td>San Francisco</td>
<td>TWU</td>
<td>2,000</td>
<td>6/30/04</td>
<td>Transit</td>
</tr>
<tr>
<td>California State University (crafts and maintenance, Unit 12)</td>
<td>California</td>
<td>IUOE</td>
<td>11,109</td>
<td>7/28/04</td>
<td>Other</td>
</tr>
<tr>
<td>Alameda County (multi-department unit)</td>
<td>Oakland</td>
<td>SEIU</td>
<td>6,500</td>
<td>7/28/04</td>
<td>Other</td>
</tr>
<tr>
<td>Los Angeles (building trades)+</td>
<td>Los Angeles</td>
<td>LABCTC</td>
<td>1,600</td>
<td>8/31/04</td>
<td>Other</td>
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<tr>
<td>California, University of (clerical and allied services, Unit 12)</td>
<td>California</td>
<td>CUE-I</td>
<td>18,250</td>
<td>9/30/04</td>
<td>Higher Ed</td>
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<tr>
<td>California, University of (research support)</td>
<td>California</td>
<td>CWA</td>
<td>4,400</td>
<td>9/30/04</td>
<td>Higher ed</td>
</tr>
<tr>
<td>California, University of (technical unit)</td>
<td>California</td>
<td>CWA</td>
<td>4,000</td>
<td>9/30/04</td>
<td>Higher ed</td>
</tr>
<tr>
<td>Long Beach (non-supervisory)</td>
<td>Long Beach</td>
<td>IAM</td>
<td>4,000</td>
<td>10/1/04</td>
<td>Other</td>
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<tr>
<td>San Juan Unified School District general unit</td>
<td>Carmichael</td>
<td>SEIU</td>
<td>2,200</td>
<td>11/15/04</td>
<td>K-12</td>
</tr>
<tr>
<td>San Bernardino County (general unit)</td>
<td>San Bernardino</td>
<td>SBPEA-I</td>
<td>12,000</td>
<td>12/24/04</td>
<td>Other</td>
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<tr>
<td>Riverside County (law enforcement)</td>
<td>Riverside</td>
<td>RSA-I</td>
<td>850</td>
<td>12/31/04</td>
<td>Police</td>
</tr>
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</table>

*source: BLS 2004b.*
## APPENDIX D. Major BLS Contract Expirations in the Private Sector, 2004

<table>
<thead>
<tr>
<th>Agreement</th>
<th>Location</th>
<th>Union</th>
<th>Workers</th>
<th>Date</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price Company, doing business as Costco Wholesale (was Price Club)</td>
<td>California</td>
<td>IBT</td>
<td>7,800</td>
<td>2/1/04</td>
<td>wholesale, retail</td>
</tr>
<tr>
<td>IBT Conventional Dairy Agreement (office workers)</td>
<td>Southern California</td>
<td>IBT</td>
<td>1,800</td>
<td>2/28/04</td>
<td>manufacturing</td>
</tr>
<tr>
<td>IBT Conventional Dairy Agreement (plant and drivers)</td>
<td>Southern California</td>
<td>IBT</td>
<td>1,800</td>
<td>2/28/04</td>
<td>manufacturing</td>
</tr>
<tr>
<td>Pacific Telesis Group (Pacific Bell, Nevada Bell et al.)</td>
<td>National</td>
<td>CWA</td>
<td>34,000</td>
<td>4/1/04</td>
<td>utilities</td>
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<tr>
<td>Hotel Restaurant Employers' Council of Southern California, Inc.</td>
<td>Southern California</td>
<td>HERE</td>
<td>5,000</td>
<td>4/15/04</td>
<td>service</td>
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<tr>
<td>Boeing Co. (was McDonnell Douglas)</td>
<td>Long Beach</td>
<td>UAW</td>
<td>4,976</td>
<td>4/25/04</td>
<td>manufacturing</td>
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<tr>
<td>Mason Contractors Exchange of Southern California</td>
<td>Southern California</td>
<td>BAC</td>
<td>1,100</td>
<td>4/30/04</td>
<td>construction</td>
</tr>
<tr>
<td>AMPTP (basic theatrical and television)</td>
<td>National</td>
<td>WGA</td>
<td>7,800</td>
<td>5/1/04</td>
<td>service</td>
</tr>
<tr>
<td>National Electrical Contractors Association (inside wireman)</td>
<td>Sacramento</td>
<td>IBEW</td>
<td>1,500</td>
<td>5/31/04</td>
<td>construction</td>
</tr>
<tr>
<td>National Electrical Contractors Association (inside)</td>
<td>Oakland</td>
<td>IBEW</td>
<td>1,000</td>
<td>5/31/04</td>
<td>construction</td>
</tr>
<tr>
<td>National Electrical Contractors Assn (residential)</td>
<td>Santa Clara</td>
<td>IBEW</td>
<td>1,600</td>
<td>5/31/04</td>
<td>construction</td>
</tr>
<tr>
<td>San Diego Hospital Association, doing business as Sharp Healthcare</td>
<td>San Diego</td>
<td>UNAC</td>
<td>3,500</td>
<td>5/31/04</td>
<td>health care</td>
</tr>
<tr>
<td>Macy's California Department Stores</td>
<td>San Francisco</td>
<td>UFCW</td>
<td>2,000</td>
<td>5/31/04</td>
<td>wholesale, retail</td>
</tr>
<tr>
<td>AGC, San Diego</td>
<td>San Diego</td>
<td>IUOE</td>
<td>1,700</td>
<td>6/15/04</td>
<td>construction</td>
</tr>
<tr>
<td>AGC, forty-six counties in Northern California</td>
<td>Northern California</td>
<td>UBC</td>
<td>5,000</td>
<td>6/30/04</td>
<td>construction</td>
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<td>AGC, San Diego County</td>
<td>San Diego</td>
<td>LIUNA</td>
<td>3,000</td>
<td>6/30/04</td>
<td>construction</td>
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<td>AGC (pile drivers)</td>
<td>Northern California</td>
<td>UBC</td>
<td>1,200</td>
<td>6/30/04</td>
<td>construction</td>
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<td>Iron Worker Employers Council</td>
<td>Nevada and California</td>
<td>BSOIW</td>
<td>11,000</td>
<td>6/30/04</td>
<td>construction</td>
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<td>Nevada Contractors Association</td>
<td>Nevada, California, and Arizona</td>
<td>UBC</td>
<td>1,800</td>
<td>6/30/04</td>
<td>construction</td>
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<td>Painting and Decorating Contractors Association, AGC</td>
<td>Nevada, California, and Arizona</td>
<td>UBC</td>
<td>1,800</td>
<td>6/30/04</td>
<td>construction</td>
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<td>SCCA, Southern California (excludes San Diego)</td>
<td>Southern California</td>
<td>IUOE</td>
<td>14,000</td>
<td>6/30/04</td>
<td>construction</td>
</tr>
<tr>
<td>AMPTP (TV)</td>
<td>National</td>
<td>SAG</td>
<td>34,500</td>
<td>6/30/04</td>
<td>service</td>
</tr>
<tr>
<td>Association</td>
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<td>San Francisco</td>
<td>San Diego</td>
<td>Northern California</td>
<td>Southern California</td>
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<td>---------------</td>
<td>-----------</td>
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<td>Associated Produce Dealers of Los Angeles</td>
<td>1,400</td>
<td>6,300/04</td>
<td>6,500/04</td>
<td>8,000/04</td>
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<td>Hooch, The (mining employee)</td>
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<td>Albertsons, Inc. (food agreement)</td>
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<tr>
<td>Safeway (food agreement)</td>
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<tr>
<td>National Electrical Contractors Association (sound and communications, Southern California)</td>
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</tr>
<tr>
<td>Southern California Gas Co.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** BLS 2004.
The State of California Labor

2004

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