

Healthcare and two-tier system at issue

Southern California grocery workers ratify new contract

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Southern California grocery workers ratified a new four-year contract on July 22. The 65,000 workers, employed at 785 stores from central California down to the Mexican border, are members of the United Food and Commercial Workers (UFCW).

The union said more than half of workers cast ballots, with 87 percent approving the contract, which is retroactive to March 6, 2007. The workers are employed by Ralph's, owned by Kroger; Albertsons, owned by Supervalu; and Vons, owned by Safeway.

The agreement follows seven months of negotiations and two strike authorization votes. Management, union bureaucrats and the media hailed the contract, calling it a "win-win" situation. However, the touted victory was only a partial recoup of the devastating concessions given up in the settlement of the 19-week strike/lockout in 2003-2004, the longest supermarket strike in US history. The UFCW betrayed the strike, isolating workers and eventually forcing through a contract slashing benefits for existing employees and instituting a two-tier system that imposed huge cuts in pay and benefits for new workers.

The new contract eliminates the two-tier wage system created by the last contract, but it will take most workers longer than before, from six to nine years, to reach the top pay scale. In just a few positions, such as meat cutter, will it require only two years to reach top pay.

There were 33,000 so-called second-tier workers hired after the 2003-2004 strike at pay rates far lower than veteran, or first-tier, workers. Entering at \$7.55 an hour, five cents above the California minimum wage, they worked next to senior store employees who earned \$12.17 to \$17.90 an hour with benefits.

The pay increases, retroactive to March 5, were paltry given the high cost of living in the state. Over the next four years the majority of workers will get a \$1.65

increase. In addition, according to one Albertsons worker in Thousand Oaks, the contract did not address the problem of some higher seniority, first-tier workers getting paid second-tier wages. They will have to wait longer to get raises.

The waiting period for healthcare eligibility was reduced to six months for new hires and dependent children, and 24 months for spouses. Previously it took more than a year for workers to get eligibility, and 30 months for children and spouses. However, former second-tier workers will have to wait five-and-a-half years to qualify for the top healthcare plan.

Preventive healthcare will be covered for all workers and will include routine physicals, mammograms, prostate cancer screenings, baby care and childhood immunizations. The union will supplement healthcare coverage, supplying \$3,000 for each employee, contributing \$240 million from a healthcare trust fund, managed jointly by the union and the grocery companies.

In the past, supermarkets gave a set amount of money to cover healthcare benefits; the new deal creates \$1,000 reimbursement accounts for each employee to pay for medical visits. Another key change is an emphasis on wellness programs, such as weight loss and programs to quit smoking.

Kevin Herglotz, senior vice president of Vons owner Safeway Inc., said employers were able to offer wage increases and improved health benefits because the union agreed to significant initiatives that will help control the companies' expenses.

It appears that the grocery chains retreated on the two-tier system in part because of problems associated with high employee turnover. Citing similar concerns, Stater Bros., Southern California's fourth-largest unionized grocer, signed a contract that eliminated the two-tier wage

system and increased health and pensions for its 16,000 workers earlier this year.

The grocery chains also appeared to be anxious to avoid a confrontation at this time, given that a major potential competitor, Britain's largest retailer Tesco, has announced it is spending \$2 billion to launch Fresh & Easy Neighborhood Market and will open 100 small-format stores in the western US, about half of them in Southern California.

Recent reports present a clear picture of the enormous human cost of the trade union bureaucracy's betrayal in 2004. A University of California, Berkeley study documents the fact that 20,000 children of grocery workers lost their health coverage under the 2004 contract. A Reuter's news article reported that the huge sacrifices imposed by the contract took a toll on workers and their families in the form of suicides, lost homes and divorces.

The UC Berkeley Center for Labor Research and Education report published in January documents the decline in healthcare for grocery workers as a result of the 2003-2004 strike. Researcher Ken Jacobs said it was shocking how quickly healthcare coverage evaporated. He commented, "It is very dramatic and very disturbing, but it does really reflect the long-term trends. And if changes aren't made on a policy level, we will see much greater deterioration in job-based coverage in the state."

Based on data gathered from UFCW locals in Northern and Southern California and interviews with 755 rank-and-file members, Jacobs, Arindrajit Dube and Felix Su compiled the report called "Declining Health Coverage in the Southern California Grocery Industry." Its findings included the following:

- * Before the last strike, 94 percent of Southern California UFCW workers had health coverage. Now only 54 percent have coverage.

- * For workers hired under the new contract, waiting periods increased from four months to a year for individual coverage, 18 months for courtesy clerks, and 30 months for family coverage. New workers were required to pay 20 percent of the premium cost while getting poverty wages.

- * Of the workers hired since April 2004, only 7 percent of these workers were covered through their employer. Half are uninsured and the rest are covered through a parent or spouse's employer or receive government aid. There are now 20,000 fewer children covered by grocery store health insurance plans.

- * The study also found that 20 percent of workers

reported that they skipped needed doctor visits because of the cost.

At a hearing before the Blue Ribbon Commission on the Los Angeles Grocery Industry and Community Health in January, one grocery worker testified that he had cancer, but had to rely on government programs to pay his bills because he was not covered by his employer. Another worker said he needed medical care but would have to wait 11 months to see a doctor until his insurance went into effect.

In an article in the *San Diego Union-Tribune*, Jacobs wrote, "This steep and sudden drop in job-based health coverage among grocery workers in Southern California over the last three years is emblematic of what is happening with job-based healthcare in general in California and the United States, but just at a speedier pace. And as bad as the healthcare situation of the Southern California workers is, their options are still better than those of Wal-Mart workers. Between 2001 and 2006, the proportion of Californians with job-based coverage fell by 5 percent."

The WSWs spoke with Phyllis, a seafood deli worker with 30 years service at a Ralph's in Irvine. She said, "It still didn't make up for all that we lost in the last contract. There are parts of the contract that are good. The medical is good, especially for families, (but) there aren't many workers like myself with 30 years in the industry. I am 'grandfathered' out because I've already reached the top level of pay. Still I'd like some kind of increase because of the cost of living going up.

"It's hard to understand all the complicated contractual language. We're only told the 'highlights.' One thing though that's new, those of us in the meat and seafood section must now work in any other department when there's a need.

"It seems very wrong to me that we're working so hard making these wages, while many of the union people are making more. I don't think that's right. They shouldn't be paid so much. Frankly, I don't trust them or the company."



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