

UPS demands new tiers, massive wage concessions in next contract with Teamsters union

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On Thursday, United Parcel Service (UPS) presented its economic proposal for its next labor contract, demanding massive wage cuts and the addition of new tiers for both part- and full-time workers. The logistics giant is throwing down the gauntlet to its 340,000 workers, who voted earlier this month to strike by 97 percent.

The proposal was so provocative that the negotiating team for the International Brotherhood of Teamsters, eager to save face and desperate to get a deal done before the July 31 deadline, pulled a stunt protest by “walking out” of negotiations. However, the union bureaucracy, which voluntarily signed a non-disclosure agreement at the start of talks, never actually informed workers what the company had proposed. Details were leaked online Friday morning.

New tiers and lower real wages for part-timers

About two-thirds of the UPS workforce are part-timers working in the company's warehouses for as little as three hours a day. At the start of the current contract, which the Teamsters imposed in 2018 even after workers voted against it, these workers made \$13 per hour, and this has been gradually raised each year of the contract to its current rate of \$15.50.

Adjusted for inflation, these workers are making less now than they were in 2018 (\$15.50 today is equal to \$12.85 in August 2018). The pay is so low that in many areas of the country the company has unilaterally raised wages under “market rate adjustments” (MRAs) in order to attract enough workers.

The last contract also introduced a wildly unpopular tier of lower-paid “hybrid” drivers—known as 22.4s after the relevant clause in the contract—who split their time between making deliveries and working inside UPS facilities.

The new proposal would greatly expand the tier system. For part-timers, wage progression would be tied to two classes of “legacy” workers, those making more and those making less than \$20 per hour, and a third tier of new workers hired after the start of the contract on August 1. For both “legacy” categories, general wage increases would be a paltry 55 cents for the first three years of the contract, followed by 60 cents an hour in the final two years.

For those earning \$20 an hour currently, that works out to only 14 percent in wage increases over five years—an average of roughly 2.8 percent a year, meaning a substantial cut in real wages given that inflation remains above 4 percent.

Meanwhile, those currently making less than \$20 per hour would not be brought up to that level until 2025 and would only receive the final two 60 cent wage increases after that.

New hires after August 1 appear not to be eligible for those general wage increases at all. Instead, the current wage schedule, under which all part-timers receive the same wages each year of the contract, is replaced with a four-year wage progression, starting at \$17 and ending at \$21. With the exception of workers affected by MRAs, this means that starting pay for new part-timers will be frozen at \$17 per hour the entire length of the contract, again leading to a substantial erosion in pay through inflation.

In the paragraph covering wages for new part-timers, language from the previous contract committing the company to “[eliminating] the two (2) tier progression existing in prior contracts” and establishing “one uniform hourly rate for part-time employees” has been crossed out.

This change to restore the progression at the expense of general wage increases would save the company huge amounts of money because the extremely high turnover rate means that most workers will never stay long enough to reach the top rate. Workers often last a year or two or even only a few months inside the warehouses due to poor working conditions and low pay and working hours. By the end of the contract, the vast majority of part-timers will be making closer to \$17 per hour.

New tiers and lower top pay for full-timers

A similar multi-tier scheme, dividing “legacy” workers from new hires, would be imposed on full-time workers as well, with even lower general wage increases of 50 to 55 cents each year. New hires working inside UPS facilities would max out at \$24 per hour after four years.

Under the proposal, the 22.4 category would be eliminated and all current hybrid drivers would become Regular Package Car Drivers. However, the progression for all new full-time drivers (as well as most other non-“inside” categories) would be capped at \$32 an hour. This is far below even the current top rate for 22.4 drivers, effectively replacing them with an even lower-paid third tier.

Gig work, six-day workweeks, and reverse COLA

In fact, given that only portions of the proposal have been leaked, the full language may also create an even lower fourth tier of drivers through the massive increase of Personal Vehicle Drivers, an Uber-style package delivery system. While the PVD gig system is already in place under the current contract, there has been widespread speculation that UPS is pushing for a significant expansion.

Other terms in the leaked proposal amount to outright provocations. For example, the company would have the ability to switch to a six day workweek with only 45 days’ notice. A bracketed note suggests that a proposal for *seven* day workweeks is “forthcoming.”

Cost of Living adjustments (COLA) are limited to the final two years, unlike the current contract, which included COLA each year. UPS even proposes the ability to conduct “reverse” cost-of-living adjustments to lower general wage increases if inflation rate drops below zero! “This formula shall be applied in the same manner in reverse to reduce the applicable yearly general wages increase set forth in Articles 22 and 41 in any year in which deflation in the index” meets a set threshold.

Build rank-and-file committees to fight the Teamsters-UPS conspiracy!

The proposal makes clear that the logistics giant, which has made record profits during the pandemic and recorded \$100 billion in revenue for the first time in its history last year, is preparing a new offensive against workers. It does not have even the slightest intention of giving up anything to workers.

But the “walkout” by the Teamsters bureaucracy is meant only for public consumption, to conceal the fact that it is helping UPS to enforce concessions. New General President Sean O’Brien has pledged repeatedly to strike UPS if a new deal is not in place by the end of July, but the bureaucracy has quickly violated its own pledges in order to try to get a deal in place before then. Meanwhile, the union held a strike authorization vote this month in as slapdash a fashion as possible in order to limit participation and prevent the vote from becoming a focal point of opposition.

In the days before the company released its economic proposal, the Teamsters had been signaling that they were close to an agreement, bragging that all “non-economic” issues had already been resolved. For weeks, they have claimed to have secured major gains in the dozens of regional supplemental agreements, while maintaining complete radio silence on any details.

But it beggars belief to suggest that UPS had been giving up continuous concessions to workers on “non-economic” issues and suddenly is now playing hardball on wages. In reality, it is far more likely that the bureaucracy has already given up major concessions to the company and has known all along what UPS would demand for pay.

What is happening in the conference room in Washington, DC is not “talks” in the sense of negotiations between two opposing parties. It is a conspiracy against workers involving the Teamsters bureaucracy, UPS management and the Biden administration. The White House has been heavily involved in the talks from the start, continuing its close collaboration with the Teamsters on the railroads last year, when it bought Biden crucial time to ban a strike and impose a sellout contract.

As it did in 2022 on the railroads and is trying to do now with West Coast dockworkers, the White House is seeking to enforce a de-facto ban on strikes through the medium of the union bureaucracy. O’Brien’s “militant” and angry-sounding public rhetoric—as with the “back in the fight” declarations of new United Auto Workers President Shawn Fain—is aimed at lulling workers into a false sense of security, as the bureaucracy prepares concessions even more brutal than in previous contracts.

While there is deep distrust among rank-and-file UPS workers towards the Teamsters bureaucracy, this sentiment must find an independent, organized form. UPS workers must take matters into their own hands by forming rank-and-file committees, independent of the union bureaucracy, to organize a fight against the corporatist conspiracy and launch a counteroffensive to win what workers need.



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