Anatomy of a sellout: UPS tentative agreement includes two-tier wages for part-timers, freezes to pension contributions for some

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Then, tell us what you think about the tentative agreement at UPS by filling out the form below. All submissions will be kept anonymous.

More details are coming to light about the five-year tentative agreement at UPS, as workers begin going through what has been released so far by the Teamsters. The union has posted the text of the tentative agreement on its internal app.

The agreement was suddenly announced Tuesday morning, only hours after the restart of talks, in order to block a strike next week by 340,000 UPS workers. For months, Teamsters General President Sean O'Brien and the union bureaucracy have made countless pledges to call a strike by August 1 if a deal was not in place by then.

This has now been exposed as theatrics designed to get in front of rank-and-file anger. "We've been watching a movie, is what we've been doing," one worker at UPS's Worldport hub in Louisville, Kentucky, said. "You had a 97 percent strike authorization vote. You had more leverage than you'll ever have, and you came out with this substandard contract?"

The deal came only two days after the Teamsters had called off a strike by 22,000 workers at the freight company Yellow in an attempt to separate workers at each company and enforce sellouts at each. While the Teamsters announced a "deal" purporting to give Yellow more time to pay outstanding pension obligations, the company is using the time instead to prepare for bankruptcy as soon as next Tuesday, according to a report in *Freight Waves.*

The *New York Times*, summing up the attitude of Wall Street, declared the agreement important "to the economy" in an article published in its Wednesday edition. "The deal, if ratified, removes a serious threat to the U.S. economy," which would have cost $7 billion over 10 days, the newspaper declared, drawing parallels with the potential railroad strike last year which was ultimately banned by Biden and Congress.

The next step, according to the paper, is overcoming rank-and-file anger to ram the deal through or, as the article euphemistically puts it, "Whether it passes will partly be a political test for Mr. O'Brien." It quotes UPS CEO Carol Tomé, who told investors in April "that the two sides were aligned on many key issues and that outsiders should not be distracted by the 'great deal of noise' that was likely to arise in the run-up to a deal."

Meanwhile, a showdown between UPS workers and the union apparatus is developing. If workers are to prevail, their opposition must find expression through the building of rank-and-file committees, controlled by workers themselves, to organize the rejection of the sellout in next month's vote and to transfer power from the bureaucrats to the workers.

Two-tier wages for part-timers

The most high-profile of the supposed "gains" in the tentative agreement is the increase of starting pay for part-timers to $21 per hour. In reality, this does next to nothing to lift the company's nearly 200,000 part-time workers out of poverty. "If they start at $21 an hour, at 3 to 3.5 hours a day, you'll have to work 2 or 3 jobs to make ends meet," the Worldport worker said. "In a city like Louisville, that's bad enough, but in the Northeast [where the cost of living is much higher], that's not going to help."

Worst of all, the contract creates a second tier of lower paid part-timers out of all new hires. They will start out at $21 per hour, but this will not change until the last year of the contract. Section 5, Paragraph b in the new TA declares: "Part-time employees, who are hired or reach seniority after August 1, 2023, will be paid according to the following progression," starting at $21 and topping out at only $23 after four years. Only by 2027 will the starting pay be raised to $23.

By then, the buying power will have been substantially eroded by inflation. Assuming even a modest 4 percent average inflation rate, $23 will be worth $18.90 in current dollars by 2028. By comparison, a part-time worker in 1978 started out at $7.75 per hour, or $36.50 today. "We've had so many sellout contracts in a row," the Louisville worker said. "The gaps between rich and poor are increasing. They are tearing out the middle class."

Existing part-timers will be paid according to a higher rate which, depending upon years of seniority at the time of ratification, will top out at between $25.75 and $35.89, including $7.50 in general wage increases spread out over five years and between a "longevity bonus" of up to $1.50. This is obviously structured to encourage existing workers, who will actually be voting on the contract, to approve a deal that would sell out the next generation of part-timers.

In reality, because of extremely high turnover rates, the hourly wage for most workers will be $21 per hour. According to figures from the Teamsters, 108,000 current part-timers have under five years' seniority. This plummets to only 19,000 employees with between five and 10 years' seniority, and in total only 62,000 part-time workers have more than five years' seniority at the company. This means that most current part-time workers will not even see the $25.75 rate because they will no longer be working at UPS.

The wage of $21 per hour is so low that UPS is already paying more than that in many areas of the country under "Market Rate Adjustments" in order to attract enough workers. Starting pay would bring wages to

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somewhat above the starting pay at nonunion Amazon, which is currently $19 per hour. The starting contractual rate for part-timers and UPS is currently only $15.50, and they get fewer hours than Amazon workers.

"This is disrespectful to part-timers who have been here," a part-time worker from Pennsylvania said. "We worked through a pandemic for them, with no hazard pay, and the best we can get is $0.50-$1.50 'longevity'? The general wage increase is also disgustingly small in the years 2024 and 2025, at $0.70. $7.50 over five years is not enough.

"The people who have been hired in the building have already been making $21 an hour for the last two years. They are up to $24 now" because of the local MRA, "but they can also just take it away, whenever they want to."

Below-inflation wages for drivers

The $7.50 in general wage amounts to less than an 18 percent increase for delivery drivers over five years, meaning they will almost certainly be making less in real terms at the end of the contract than they do now. This has sparked particular outrage among delivery drivers.

Moreover, while the tentative agreement eliminates the second-tier "hybrid" driver classification, which was created in the 2018 contract—a move which UPS itself proposed because it was not saving as much money as it had hoped from it—the new progression rate means that hybrids who have been transferred to regular drivers will be making virtually the same as before. Drivers will be on a four-year progression, starting at $23 an hour and reaching $28.75 in the third year.

Pension contribution freezes

Pensions for UPS workers are structured on a regional basis and can vary considerably from one area to the next. In a statement, the Teamsters boasted to workers that the new contract included "major increases" to the IBT-UPS Pension Plan, which covers the region formerly covered by the Teamsters Central States Pension Funds. (UPS withdrew from the fund in 2007 and replaced it with its current, company-operated pension.)

This has quickly turned out to be a lie. According to a document released to workers, current retirees will see only $400 in extra pension money per month. Retirees with 35 years of service will see their monthly pensions go from $4,300 to $4,700, a 9 percent increase.

But for other areas, the situation is even worse. Pension contributions in the Teamsters Western Conference will be *frozen* under the next five years. This has prompted outrage among drivers and other full-time workers. "This is simply the largest betrayal in the history of the [Western Conference]!" one worker wrote on a widely-used message board. "Those who are trustees need to resign immediately from the [pension fund] and should be totally and completely kicked out and brought up on charges for selling the members out."

Pensions for part-timers are little better than full-timers in the IBT-UPS plan. Part-time retirees with 35 years of service will have their monthly pensions increased by only $175 a month to $2,450. Retirees with 25 years experience will get only an extra $125 up to $1,450 a month, below the poverty line for a family of two.

A trickle of full-time jobs, leaving part-timers to wait decades

The new contract proposes to add a measly 7,500 new full-time jobs. With a total workforce of 340,000, this leaves part-timers with next to no opportunity to move up to full-time status.

"It takes 17 to 20 years on average to move up to full-time here," the Worldport worker said. "Only 10 percent of the operation here [with more than 11,000 workers] is full-time. That's a joke. 7,500 jobs nationwide is obsessively low."

He added: "And even if you do move up to a full-time job, your pay is frozen for four years in what they falsely call a 'progression.' That's under the Air Rider for Louisville. If you're caught in that progression, then nothing about the wages in this contract means anything to to you. But the real 'progression,' when you count the time you spend as a part-timer, is upwards of 24 years."

Is the TA even worth the paper it's printed on?

As bad as the contract is, the Teamsters leaders have repeatedly allowed the company to simply bypass crucial contract provisions, effectively meaning any contract is "binding" only upon workers, not UPS. For example, in Louisville, the Teamsters allowed the company to bypass contract language to shift its operations from Monday through Friday to Sunday through Thursday.

"We went through a restructuring where they bypassed the contractual language to change the language of the two-day air freight operation," the Louisville worker explained. "They bypassed the existing language to do it. They basically eliminated jobs, and certain workers ended up worse off depending on job classification.

"That's been a hallmark of Fred Zuckerman at Local 89," referring to the former local president, now General Secretary Treasurer of the union. "Obviously he knew about the progression problem for workers moving up to full-time here. That was never done away with. But in every single one of these locals—they're rats. That's exactly what they are.

"I've heard the contract is a $30 billion package over five years," he concluded. "Well, UPS took in $100 billion in revenue last year. That works out to about 6 percent of the company's revenue per year. That's nothing, with the way that online is growing. If you look at the data and how online sales are growing, that's just a drop in the bucket."

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