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Collective Bargaining

First-Quarter Contracts Down to 1.6 Percent In First-Year Wage Hikes, BNA Analysis Finds

Average first-year wage increases reported to BNA in the first quarter of this year were less than the increases reported at the same time in 2009 in all sectors.

The all-settlements average first-year wage increase under contracts negotiated in the first quarter of 2010 was 1.6 percent, compared with 2.9 percent reported in the first quarter of 2009. The second-year average increase reported in the first quarter was 1.9 percent, compared with 2.9 percent in first-quarter 2009, and the third-year average increase was 2.3 percent, compared with 2.8 percent.

The median first-year increase in agreements reported in the first quarter of 2010 was 1.6 percent, compared with 3 percent in the first quarter of 2009. Second- and third-year median increases in agreements reported to date in 2010 were 2 percent and 2.3 percent, respectively, compared with second- and third-year increases of 3 percent reported a year ago.

The weighted average first-year wage increase in agreements reported in the first quarter was 1.3 percent, compared with 3.6 percent reported in the first quarter of 2009. The second-year weighted average increase in settlements reported to date in 2010 was 2 percent, compared with 2.9 percent in the comparable period of 2009, and the third-year weighted average increase was 2.2 percent, compared with 2.7 percent.

The analysis was based on a database of 227 agreements covering more than 233,000 workers reported in BNA's *Collective Bargaining Negotiations and Contracts* service during the first quarter of 2010. Not included in tabulations of averages, medians, and weighted averages were wage increases of unspecified amounts and cost-of-living adjustments.

Thirty-three percent of contracts reported to date in 2010 called for first-year wage increases in the more than 2 percent to 4 percent range, 33 percent called for a wage freeze, 25 percent called for increases of up to 2 percent, and 8 percent called for increases of more than 4 percent.

The manufacturing average first-year increase in first-quarter contracts was 1.6 percent, compared with 2.1 percent in first-quarter 2009, and the median increase was 2 percent, compared with 2.9 percent.

The nonmanufacturing (excluding construction) average first-year increase in first-quarter 2010 was 2.1 percent, compared with 3.3 percent in the corresponding period a year ago, and the median increase was 2.5 percent, compared with 3 percent.

State and local government contracts reported in the first quarter of 2010 provided an average first-year increase of 1.3 percent, compared with 2.7 percent in the first quarter of

2009, and a median increase of 0.8 percent, compared with 3 percent.

Lump-sum payments were found in 14 percent of contracts reported in the first quarter of 2010, compared with 10 percent reported in the first quarter of 2009 and 15 percent reported in the first three months of 2008.

The all-settlements average first-year pay hike with lump-sum factoring was 1.8 percent in the first quarter of 2010, compared with 3.1 percent reported in the comparable period of 2009. The median increase with lump-sum factoring in all settlements was 2 percent, compared with 3 percent in the year-ago period, and the weighted average increase was 2.3 percent, compared with 4.5 percent.

Benefit changes were detailed in 101 contracts, or 44 percent of settlements reported in the first quarter of 2010. Most often mentioned was insurance, found in 71 percent of contracts itemizing changes.

Of 72 contracts specifying insurance changes, 45, or 63 percent, contained measures to control health care costs. Other modified benefits included prescription drug insurance (15 percent of the 72 contracts) and dental insurance and life insurance (each 8 percent).

Pension plans were altered in 31 contracts reported in the first quarter of 2010. In six contracts specifying increases, benefit payments by end of term were to average \$45.17 per month per year of service. Increases in benefits over term were to average \$4.17 per month per year of service under three contracts specifying amounts.

New or revised 401(k) plans were called for in 3 percent of first-quarter 2010 contract reports, compared with 6 percent a year ago.

Duration of settlements reported to date in 2010 broke down as follows: terms of more than three years, 21 percent; three-year terms, 41 percent; two-year terms, 31 percent; and terms of one year or less, 7 percent. Twelve settlements extended the contract term by an additional time ranging from eight months to two years.

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