Pacific Maritime Association

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Total Wages Paid to Longshore & Clerk Employees Increase 38% in First Two Years of 1996/99 Agreement

TOTAL ANNUAL DIRECT WAGES (LONGSHORE AND CLERK OCCUPATION CODES)

Contract Year:	1995/1996	1996/1997		1997/1998	
	Actual	Projected	Actual	Projected	Actual
Base Wage Rate	$349,789,989	$380,635,667	$399,222,323	$396,058,506	$465,581,661
Shift Diff'ls.	38,541,675	41,950,122	38,288,462	43,646,634	41,681,162
Overtime Diff'ls.	55,599,335	60,503,797	63,765,575	62,956,029	73,118,802
Skill Diff'ls.	30,861,101	53,100,835	61,209,776	53,393,869	74,786,774
Total Direct Wages	$474,792,099	$536,190,421	$562,486,135	$556,055,037	$655,168,399
Change from 6/30/1996:		**12.93%**	**18.47%**	**17.12%**	**37.99%**

TOTAL LONGSHORE AND CLERK HOURS

Contract Year:	1995/1996	1996/1997	1997/1998
	15,422,839	16,175,945	18,130,127
Change from 1995/96 Hours:		4.88%	17.55%

Wages paid to employees under longshore and clerk occupation codes totaled $655.2 million in 1997/98, an increase of $180.4 million or 38.0% over the wages paid in the 1995/96 contract year.

The unexpected rise in total longshore and clerk wage costs, detailed in the table above, is the result of unprecedented growth in the number of hours paid over the last two years. In 1995/96, there were 15.4 million hours paid at longshore and clerk occupation codes. In 1997/98, there were 18.1 million hours, an increase of 17.55%.

The total hours paid at longshore and clerk occupation codes in 1995/96 was 15,422,839. This number was the "base year" hours upon which the projected costs of changes negotiated in the 1996/99 agreement were measured. The base year figures will be discussed in more detail later.

Contract Projections

Following the 1996 coastwise bargaining, the total increase in direct wages was projected to be 17.12%*, or $81.3 million, for the duration of the three-year contract. This projection, for the purposes of costing the contract, assumed that the number of hours paid would remain constant for each of the three years of the agreement.

If there had been normal increases in productivity and moderate increases in cargo tonnage, the actual hours paid might be expected to decrease slightly in each succeeding year of the three-year agreement. In fact, the reverse has occurred: annual hours paid since the beginning of this agreement have increased 17.55%.

An increase in hours would be expected to correspond with an even greater increase in tonnage. This has not happened.

From 7/1/96 to 6/30/98 the increase in total tonnage (non-weighted), including empty containers, was 7.5%. On a weighted tonnage basis, *including empty containers discharged and loaded,* the increase was 16.4%. The empty container TEUs were included in these tonnage data by multiplying them by 17 tons per TEU in the same fashion as revenue-bearing container TEUs.

This demonstrates clearly that productivity measured as "tons per hour paid" continues to decline even when empty containers are included in the tonnage data.

What is a Contract Base Year Cost?

One of the steps in preparation for labor contract bargaining is to establish the average hourly wage cost of each component of the existing labor agreement, and this is known as the base year cost.

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In simplest terms, the total average hourly wage cost is calculated by dividing total wages by the number of hours paid. In this analysis, the additional cost of each item in the wage rate structure, such as overtime and skill rates, is calculated separately and added to the base wage rate.

The table on page 2 shows the actual average hourly wage costs projections made following negotiations in July 1996 compared with the actual costs at 6/30/97 and at 6/30/98.

At 6/30/97, the actual increase in hourly wage cost was 12.95% over the base year cost. By 6/30/98 another 4.44% had been added to the hourly wage costs for longshore and clerk labor, raising the total to 17.39% above the 6/30/96 base year cost. This was 0.27% more than the projected 17.12% increase.

Skill Differentials Increase

Extraordinary changes were made in the 1996 bargaining to the structure of skill differentials for longshore and clerk work. Prior to this agreement, there were six contractual skill differentials for longshore labor (other than gear and mechanics' work) of which the largest was a 6.75% skill for crane-rated occupation codes.

*The total direct wage costs shown in the tables in this study do not include the adjustments made resulting from hours paid at "experience rates" or other adjustments that are described on page 2.

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AVERAGE DIRECT WAGE COST PER HOUR PAID

	Actual Cost @ 6/30/96	% of Total Cost	@ 6/30/97 (1st Contract Year) Projected Cost	% of Total Cost	Actual Cost	% of Total Cost	@ 6/30/98 (2nd Contract Year) Projected Cost	% of Total Cost	Actual Cost	% of Total Cost
Base Wage Rate	$22.680	*73.7%*	$24.680	*71.0%*	$24.680	*71.0%*	$25.680	*71.2%*	$25.680	*71.1%*
Shift Diff'ls.	2.499	*8.1*	2.720	*7.8*	2.367	*6.8*	2.830	*7.8*	2.299	*6.4*
Overtime Diff'ls.	3.605	*11.7*	3.923	*11.3*	3.942	*11.3*	4.082	*11.3*	4.033	*11.2*
Skill Diff'ls.	2.001	*6.5*	3.443	*9.9*	3.784	*10.9*	3.462	*9.6*	4.125	*11.4*
Total	$30.785	*100.0%*	$34.766	*100.0%*	$34.773	*100.0%*	$36.054	*100.0%*	$36.137	*100.0%*
Change from 6/30/1996:			**12.93%**		**12.95%**		**17.12%**		**17.39%**	

The current agreement defined only two skill rates, raising the lowest longshore skill to $2.27 (10% of the 1995/96 base wage rate) and the higher skill to $4.54 (20% of the 1995/96 base wage rate).

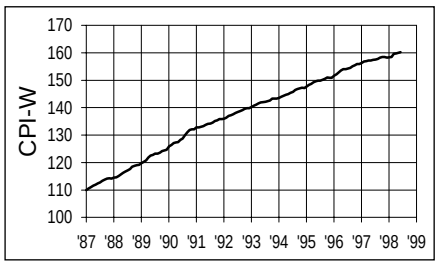
Similarly, the clerk skill rates were changed from 10% and 20% differentials to three levels: 15%, 25%, and 30% of the 1995/96 base wage rate.

These changes were projected to increase the contribution of skilled longshore and clerks' work from $2.001 for each hour paid to $3.462 per hour by the end of the second year, a 73% increase. The table at the top of page 2 shows that the increase was larger than projected, bringing the skill differential portion of the hourly wage cost to $4.125 per hour, a 106% increase.

If the same number of hours were paid in 1997/98 as in 1995/96, then this extra 66.3¢ per hour would translate into $10.2 million ($0.663 per hour x 15,422,839 hours) in additional wages being paid at skilled occupation codes. Because of the additional hours paid in 1997/98, the annual cost of skills was $74.8 million, or an increase of $44 million above the base year cost.

CONSUMER PRICE INDEX
U.S. CITY AVERAGE - ALL ITEMS
(1982-84 = 100)
Urban Wage Earners & Clerical Workers

Month	1996	1997	1998	12 Mo.
JAN	151.7	156.3	**158.4**	**1.34%**
FEB	152.2	156.8	**158.5**	**1.08**
MAR	152.9	157.0	**158.7**	**1.08**
APR	153.6	157.2	**159.1**	**1.21**
MAY	154.0	157.2	**159.5**	**1.46**
JUN	154.1	157.4	**159.7**	**1.46**
JUL	154.3	157.5	**159.8**	**1.46**
AUG	154.5	157.8	**160.0**	**1.39**
SEP	155.1	158.3		2.06
OCT	155.5	158.5		1.93
NOV	155.9	158.5		1.67
DEC	155.9	158.2		3.31



The skills portion of the average hourly wage cost has grown from 6.5% of the 1995/96 cost to 11.4%. This increase is the result of two factors. First, some additional job categories were moved into the higher skill groups that were not included in the calculation of the projections, and second, a much larger proportion of total hours have been paid at skilled rates of pay than were paid in the 1995/96 base contract year.

These increased skill differentials were offset by reductions in other differentials bringing the total average hourly wage cost close to that projected in 1996.

LONGSHORE SKILLS: Longshore skills grew from $1.088 per hour to $2.531 per hour, a 132.6% increase.

CLERK SKILLS: Clerk skills in 1997/98 added $1.594 per hour to the direct wage cost, about 4.4%. In the 1995/96 contract year, they represented $0.913 per hour, or 3.0% of the direct wage cost.

Shift Differentials Decline

In the 1995/96 average hourly wage cost, hours paid at second and third shift rates was $2.499 per hour paid. By the end of the second contract year, this has decreased to $2.299 per hour.

This 20¢ per hour decrease is the result of a much smaller proportion of hours being paid at third shift rates. In 1995/96, 9.0% of all longshore and clerk hours were paid at third shift rates. During the last contract year, only 3.8% were paid at third shift rates.

Conversely, hours paid at second shift rates have grown from $1.307 per hour to $1.712 per hour paid.

Little Change in Overtime

The overtime component of the average hourly wage cost represented 11.7% of the total in 1995/96, and it now makes up 11.2% of the cost. The projected average hourly cost for the second contract year was $4.082 per hour, and the actual value was $4.033 per hour, a reduction of 5¢ per hour.

Contract Cost Analysis

These data show clearly that although the average cost per hour may closely follow predicted patterns, changes in the number of hours paid in a contract year can determine the direction and magnitude by which the total wage costs change.

Changes in wage rate structures, skill rates, and other similar wage and benefits components can be accurately translated into average hourly costs. However, it is difficult to predict changes in total hours paid because they depend not only on changes in the contract but also on factors such as pay practices and changes in the volume of cargo. The magnification effect on total annual wage costs produced by unpredictable increases in hours paid can drive total wages far beyond what is predicted on an hourly basis.

Total Employment Cost

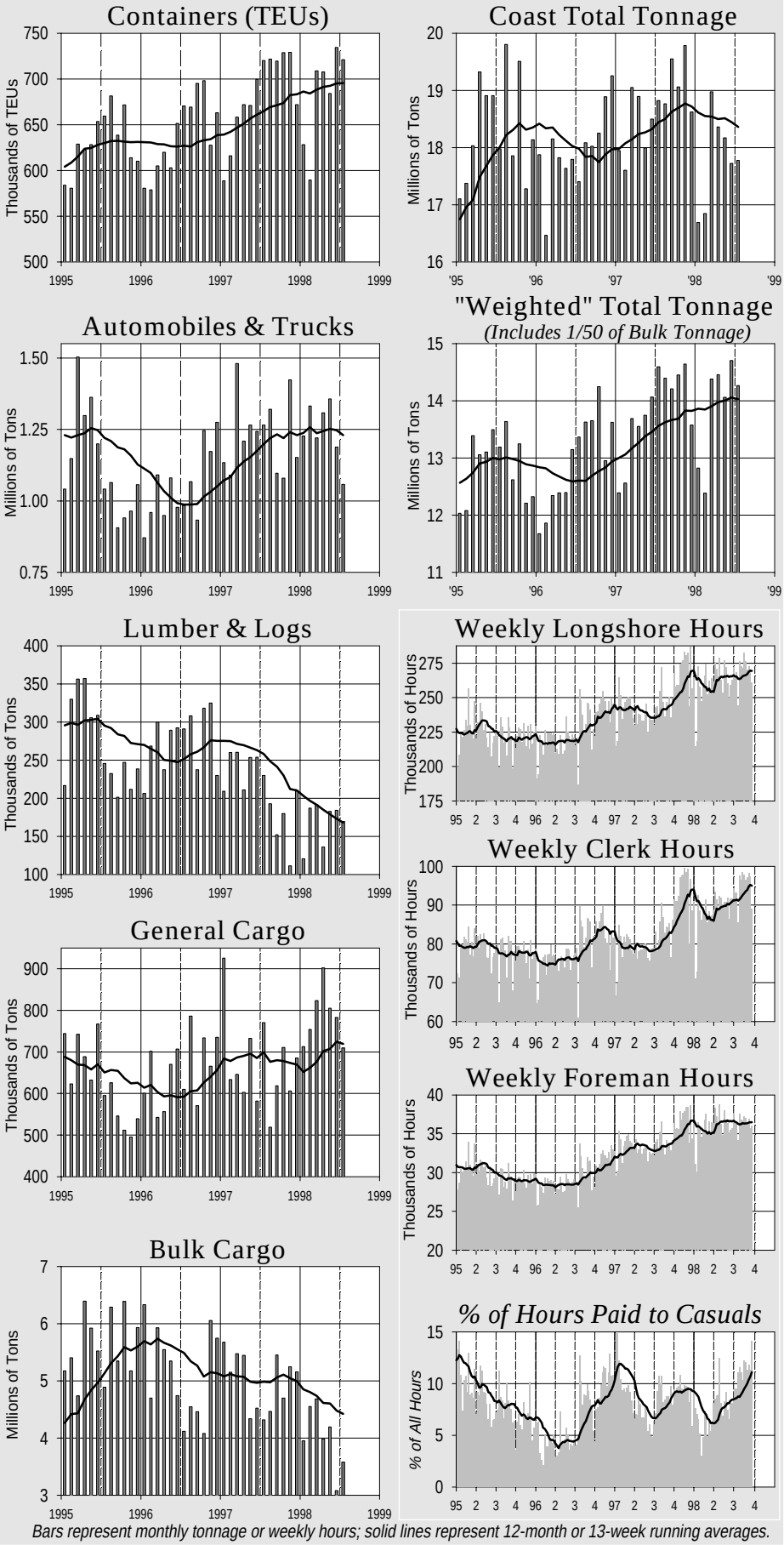
For the benefit of the reader familiar with contract costing, the discussion of hourly wage cost above is only the most direct part of the Total Employment Cost, also called "labor cost." This additional hourly cost includes the cost of collectively bargained benefits, wage adjustments including experience rates, travel costs, meals & fares, and other related employment costs.

For example, employees paid at longshore and clerk occupation codes who have fewer than 4,000 paid hours of experience receive wages with a lower base wage rate than those with 4,000 hours or more. The hours paid at the lower rates produce a credit adjustment to the average hourly direct wage cost that reduces the actual average hourly cost from what it would be if no hours were paid at these rates.

The unprecedented growth of the Los Angeles/Long Beach work force, both casual and registered, has significantly increased the number of hours paid at the "experience rates" in the past two years.

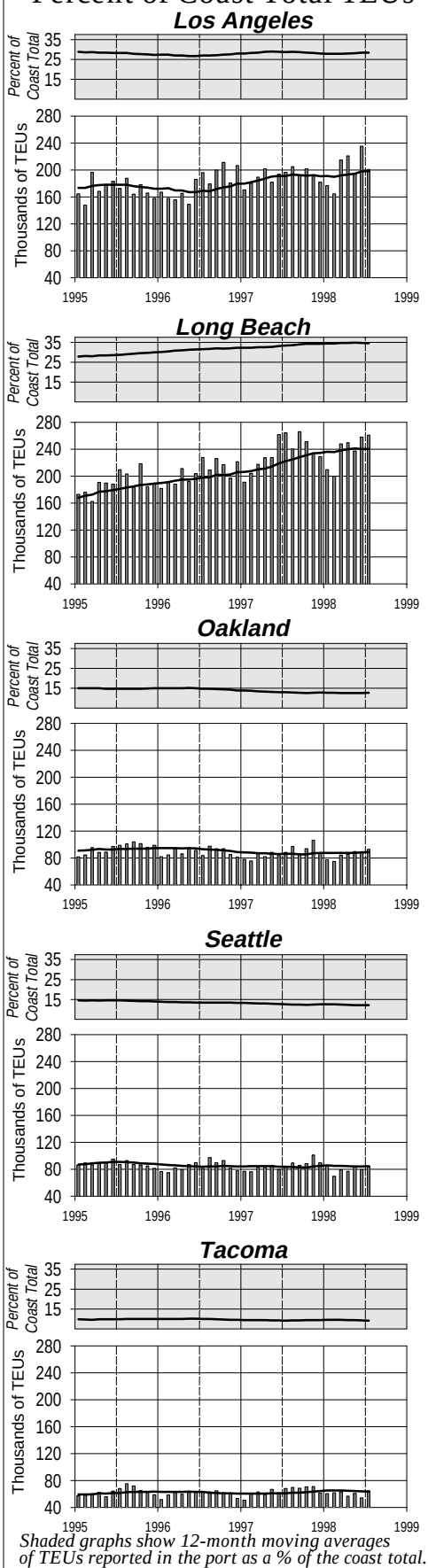
Further discussions of Total Employment Cost will appear in future issues of the Update.

Monthly Tonnage by Reporting Category and Weekly Hours by Occupation Code Type



Bars represent monthly tonnage or weekly hours; solid lines represent 12-month or 13-week running averages.

Major Container Ports: Monthly TEUs Reported & Percent of Coast Total TEUs



Shaded graphs show 12-month moving averages of TEUs reported in the port as a % of the coast total. Vertical bars represent TEUs reported in the port each month; lines are 12-month moving averages.

REGISTRATION — STATS (For 52 Payroll Weeks) — PORT HOURS (Year-to-date) — TONNAGE BY PORT AREA (For12 months-to-date & YTD)

ILWU LOCAL/PORT AREA	REGISTRATION (At 9/5/98) TOTAL	Class "B"	STATS (Ending 8/26/98) Number Working	Annual Hrs Pd	Wkly PGP	Hours Paid: Out of Port	Other Local	Casuals	Inactives	PORT HOURS P/R Wks 1-36, '98 Avg. Wkly HRS	% Cst	Hours Paid at Occ Codes Clk	Frm	Exp. Rates*	TONNAGE BY PORT AREA % of Category Coast Total (12 Months-to-Date) Cont'r RU's	Lmbr Logs	Autos Trucks	Other Gen'l	Bulk Cargo	TOTAL	1998 YTD (Jan-Jul) TONS	% of Coast Total	1998 YTD '98 as a % of '97	Cstwise Loaded TONS
Longshoremen	NO.	NO.	NO.	HRS	$	%	%	%	%	HRS	%	%	%	%	%	%	%	%	%	%	TONS	%	%	TONS
Southern California																									
29 San Diego	55	19	53	2,038	4	10.7	3.0	31.0	0.7	2,919	*0.7*	9.2	12.2	34.8	0.1	3.4	11.9	0.7	1.5	1.3	1,683,427	*1.4*	115.5	0
13 Los Angeles/Long Beach	3,469	850	3,432	2,204	< 1	0.2	2.0	11.4	0.6	243,952	*61.0*	23.7	9.8	26.1	63.1	8.0	35.3	52.9	24.5	51.1	65,729,698	*52.8*	105.2	101,990
46 Port Hueneme	82	12	80	2,079	2	8.0	5.4	38.3	1.2	6,274	*1.6*	14.5	6.5	34.1	0.1	< 0.1	10.1	8.3	-	1.1	1,424,491	*1.1*	123.8	0
Southern California Total	**3,606**	**881**	**3,565**	**2,199**	**< 1**	**0.5**	**2.2**	**12.4**	**0.6**	**253,144**	***63.3***	**23.3**	**9.7**	**26.4**	**63.3**	**11.4**	**57.3**	**61.9**	**26.0**	**53.4**	**68,837,616**	***55.3***	**105.7**	**101,990**
Northern California																								
10 San Francisco Bay Area	982	174	935	1,696	< 1	2.2	1.7	4.2	1.1	46,779	*11.7*	26.6	7.9	16.6	12.9	< 0.1	7.6	7.6	2.0	9.6	11,890,168	*9.5*	101.8	140,759
54 Stockton	55	19	54	1,489	86	4.3	7.0	17.5	0.2	2,270	*0.6*	12.5	7.5	7.5	< 0.1	-	-	2.0	2.6	0.7	780,098	*0.6*	82.7	0
18 Sacramento	25	6	25	1,442	163	7.7	18.4	19.0	0.0	1,364	*0.3*	23.7	6.6	11.9	-	0.3	-	2.0	1.3	0.4	536,330	*0.4*	96.1	0
14 Eureka	31	0	31	824	395	42.7	2.3	3.4	0.0	387	*0.1*	12.0	10.6	5.7	-	1.3	-	1.9	0.6	0.2	305,245	*0.2*	82.0	13,891
Northern California Total	**1,093**	**199**	**1,045**	**1,653**	**20**	**3.0**	**2.5**	**5.4**	**1.0**	**50,799**	***12.7***	**25.8**	**7.8**	**16.0**	**12.9**	**1.7**	**7.6**	**13.5**	**6.5**	**10.9**	**13,511,841**	***10.8***	**99.7**	**154,650**
Oregon																								
12 North Bend/Coos Bay	94	19	92	1,295	139	29.7	5.3	2.5	1.5	1,846	*0.5*	10.5	8.1	1.2	< 0.1	8.9	-	0.9	5.5	1.4	1,580,837	*1.3*	71.3	16,887
53 Newport	7	0	7	508	462	75.2	17.3	0.4	2.9	27	*0.0*	0.0	0.0	0.0	-	0.3	-	-	-	< 0.1	3,506	*0.0*	117.1	0
50 Astoria	50	0	50	501	485	78.8	0.0	2.2	1.6	113	*0.0*	0.4	0.3	2.3	-	1.9	-	< 0.1	-	< 0.1	25,631	*0.0*	112.0	0
8 Portland	471	76	464	1,736	13	3.3	9.3	2.5	1.1	20,041	*5.0*	14.6	7.2	3.3	2.4	3.8	16.7	4.0	22.1	8.2	9,766,244	*7.8*	98.4	20,597
4 Vancouver, WA	152	45	149	1,721	12	11.7	10.9	5.0	2.0	6,438	*1.6*	14.9	6.5	13.7	< 0.1	0.7	3.4	3.9	8.2	2.4	2,775,493	*2.2*	81.7	0
21 Longview, WA	196	22	193	1,835	23	13.9	4.0	4.2	0.7	7,774	*1.9*	9.2	8.0	5.5	< 0.1	30.2	-	6.2	14.0	3.9	4,477,323	*3.6*	67.2	43,011
Oregon Total	**970**	**162**	**955**	**1,638**	**55**	**10.5**	**8.2**	**3.3**	**1.2**	**36,239**	***9.1***	**13.2**	**7.3**	**5.5**	**2.4**	**45.8**	**20.1**	**15.0**	**49.7**	**15.9**	**18,629,034**	***15.0***	**83.8**	**80,495**
Washington																								
24 Aberdeen	71	0	71	1,374	171	25.2	7.5	4.1	0.3	1,726	*0.4*	6.7	6.8	0.7	< 0.1	14.4	-	0.7	-	0.2	193,167	*0.2*	55.4	169,663
27 Port Angeles	56	0	56	766	474	67.9	4.7	1.2	0.0	325	*0.1*	8.4	7.7	0.0	-	1.9	-	-	0.4	0.1	130,556	*0.1*	83.1	57,781
51 Port Gamble	13	0	12	425	673	83.5	4.5	0.0	0.0	18	*0.0*	0.0	1.8	0.0	-	-	-	-	-	-	0	*0.0*	-	0
47 Olympia	30	8	30	1,228	133	4.8	18.6	17.9	0.0	951	*0.2*	14.8	15.3	24.0	0.1	2.0	-	0.1	-	0.1	92,079	*0.1*	127.6	0
23 Tacoma	472	84	469	1,742	< 1	0.9	5.9	9.1	0.1	23,554	*5.9*	22.8	9.2	4.1	9.1	16.4	10.8	3.7	10.0	9.3	11,181,430	*9.0*	84.3	0
19 Seattle	583	136	574	1,792	< 1	2.0	5.2	7.8	0.6	30,807	*7.7*	26.6	7.9	8.3	12.1	0.4	4.2	3.3	4.8	9.4	11,116,079	*8.9*	86.1	70,217
32 Everett	55	0	53	1,274	174	11.4	15.6	5.6	0.1	1,346	*0.3*	5.4	7.9	3.4	< 0.1	5.9	-	0.3	0.6	0.2	253,132	*0.2*	90.2	8,893
25 Anacortes	13	0	13	1,094	209	25.1	7.1	0.3	0.0	279	*0.1*	10.5	20.5	0.4	-	0.1	-	-	0.6	0.1	177,088	*0.1*	81.8	0
7 Bellingham	37	5	37	1,069	193	24.0	9.6	4.4	0.0	687	*0.2*	11.1	10.4	4.0	-	-	-	1.6	1.4	0.4	433,954	*0.3*	61.8	0
Washington Total	**1,330**	**233**	**1,315**	**1,634**	**53**	**5.1**	**6.2**	**8.2**	**0.3**	**59,694**	***14.9***	**23.5**	**8.6**	**6.5**	**21.3**	**41.2**	**15.0**	**9.6**	**17.8**	**19.8**	**23,577,485**	***18.9***	**84.3**	**306,554**
Total/Average	**6,999**	**1,475**	**6,880**	**1,930**	**21**	**2.7**	**3.5**	**9.9**	**0.7**	**399,876**	***100.0***	**22.7**	**9.1**	**20.1**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**124,555,976**	***100.0***	**96.7**	**643,689**
% Change from Update *of 9/97*	*+3.5*	*+5.9*	*+3.9*	*+5.5*	*+23.5*	*-0.6*	*-0.9*	*-0.7*	*0.0*	*+8.9*		*+0.7*	*0.0*	*+3.9*	*4.8%*	*-34.8%*	*2.6%*	*2.9%*	*-11.3%*	*-0.3%*				*-4.4%*
Clerks																								
29 San Diego	5	0	5	2,121	2	20.6	31.8	10.3	0.0															
46 Port Hueneme	12	0	12	2,310	-	2.9	33.0	9.7	0.0															
63 Los Angeles/Long Beach	957	1	943	2,554	< 1	0.1	9.6	12.8	0.5															
14 Eureka	3	0	3	***	***	20.4	34.9	0.0	0.0															
34 SF Bay Area & Delta	271	9	264	2,356	2	3.0	8.1	1.9	0.6															
40 Portland	95	0	92	2,449	< 1	33.3	8.3	1.3	2.3															
23 Tacoma	71	0	71	2,554	-	0.1	36.3	1.7	0.9															
52 Seattle	178	0	177	2,502	< 1	13.8	10.9	2.5	2.5															
Total/Average	**1,592**	**10**	**1,567**	**2,502**	**1**	**4.1**	**11.4**	**8.9**	**0.8**															
Foremen/Walking Bosses																								
29 San Diego	2	0	2	***	***	0.2	70.4	1.3	1.7															
46 Port Hueneme	5	-	5	2,257	10	0.2	42.1	0.4	0.0															
94 Los Angeles/Long Beach	345	-	339	3,521	< 1	0.1	5.5	0.0	1.0															
91 Northern Calif. Area	73	-	71	2,524	33	0.4	12.7	0.0	2.2															
92 Portland	48	-	47	2,539	12	11.1	13.0	0.0	3.7															
98 Seattle	99	-	99	2,577	7	9.6	11.4	0.0	0.2															
Total/Average	**572**		**563**	**3,133**	**7**	**2.3**	**8.8**	**0.0**	**1.2**															

* Longshore and Clerk hours only. *** "Annual Hrs Pd" and "Wkly PGP" for groups of less than five individuals are not shown, but the data are included in category averages.