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Authors

Dube, Arindrajit
Lantsberg, Alex

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WAGE AND HEALTH BENEFIT RESTRUCTURING IN CALIFORNIA'S GROCERY INDUSTRY

Public Costs and Policy Implications

A REPORT OF THE UC BERKELEY CENTER FOR LABOR RESEARCH AND EDUCATION

Prepared for
United Food and Commercial Workers

Arindrajit Dube, PhD
UC Berkeley Institute of Industrial Relations

Alex Lantsberg
UC Berkeley Department of City and Regional Planning

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I. OVERVIEW AND PURPOSE

The United Food and Commercial Workers (UFCW) have commissioned this report to examine the statewide effects on workers and taxpayers of recent and potential future changes in labor agreements between the UFCW and California's large grocers (Safeway, Albertson's, and Kroger's), hereon 'Grocers'. In this paper, we extrapolate the compensation terms of the new Southern California labor agreement to grocery workers statewide, calculate the resulting impact on workers' wages and benefits over the life of the contract, and project the fiscal impact on California's publicly supported health care programs as workers who were once covered by employer based health insurance are forced to rely on the public health system either because of ineligibility for health benefits or the inability to afford insurance.

In this introduction we begin by providing background on the contract negotiations between the UFCW and the Grocers. We then present the major findings of our analysis and discuss broader trends in our system of employment based health insurance system. We conclude the chapter with a short explanation of our report's overall structure.

The Southern California Grocery Contract

In October of 2003 California's large grocers advised the UFCW locals covered by the Southern California labor agreement of their intention to negotiate a new contract to respond to what they claimed as competitive pressures from non-union grocers planning to enter the California marketplace. The grocers' restructuring plan relied on reductions in direct labor and benefits costs through:¹

- 1) A two-tier wage structure that maintains the current wage structure and progression for current workers and lowers wages and lengthens the time required to reach the maximum for new workers hired after ratification.
- 2) Longer wait times for health care benefits eligibility periods for new employees;

¹ A table highlighting the major changes in the contracts is provided in the following chapter.

- 3) Lower per employee contribution from the grocers into the joint health trust for individual and family health insurance; and
- 4) Higher monthly employee contributions for health care.

After a four and a half month lockout and strike – the longest in the history of the grocery industry – that cost the grocers more than \$2.5 billion in revenue and inflicted severe hardship on employees,² the parties settled on a contract that provided greater protection for current employees' benefits, while containing a two-tier compensation structure similar to the one originally proposed by the grocers.

The Southern California contract covers roughly 70,000 of the 120,000 unionized supermarket workers in the state. Another 15,000 workers in the Central Valley are covered by a contract that expires later this summer. The 35,000 workers in the Bay Area and Central and North Coast counties are under contract until September 2004.

To extrapolate these changes throughout the unionized grocery industry in the state, we employ the following method. We use the *proportional* changes in wage levels and the rate of wage progression between the first and second tiers in Southern California to project an equivalent *Tier 2* for other parts of the state. We also apply the changes in health insurance eligibility and employee premium contributions in Southern California to unionized stores throughout the state over the three year life of the contract. Additional changes relating to job security and retiree benefits are not discussed as part of this report.

Major Findings

Analysis of the consequences of an extension of the terms of the Southern California Grocery Contract to unionized stores throughout the state reveals the following:

- The average hourly wage of unionized supermarket workers would decline between 18% and 28% by the end of the contract in 2007 and between 22% and 30% by 2010 if the contract is extended for another three years.
- By 2007, between 26% and 47% the unionized grocery workforce would be *ineligible* for either single or family health coverage.
- By 2007, between 33% and 53% of unionized workers would not be covered by the Grocers' plan, and forced to rely on either their spouses or the public health system for their coverage, either as program enrollees or as emergency room visitors. This contrasts with the previous 98% rate of coverage amongst unionized grocery workers. As a result, an additional 89,000 to 124,000

² **Grocers Reach Tentative Deal with Strikers**, *Wall Street Journal*. New York, N.Y.: Feb 27, 2004. pg. 1

workers and family members would no longer be insured by the joint union/employer health plan.

- Between 47% and 71% of part time workers would be not be covered by the Grocers' plan by 2007. The Grocers are increasing their reliance on part time labor and the impact of this disparity is likely to become more pronounced over the years.
- Reliance on the public health system is expected to spike in the first year of the contract. Between 3,000 and 4,000 additional children would enroll in the Healthy Families Program. Between 15,000 and 20,000 new persons would enroll in Medi-Cal. Use of the county public health system would rise by between 42,000 and 56,000 persons.
- By the end of the contract in 2007, at least \$66 million and up to \$102 million in health care costs would be shifted on to the taxpayers annually. By this time, in total, the public would have subsidized the grocers between \$202 million to \$293 million.
- These costs would be primarily borne by taxpayers at the county level; nearly 55% of the health care impact is attributable to uncompensated care for uninsured persons who would use emergency rooms at county hospitals.
- Businesses employing spouses of grocery workers would also see an increase in cost as these employees and family members switch away from the grocers' plan.

Trends in the Employer Based Health Care System

The provision of health insurance in the United States takes place primarily through the workplace. In fact, 59% of all Californians receive their coverage through an employer. Looking at working age adults (between 18 and 65), this number is even higher at 64%. However, the employment based system is today under great duress. A pattern of rising costs and shifting responsibilities threatens to unravel the primary source of health coverage for most Americans in general and Californians in particular.

Behind the health care crisis lie two related causes. First, health care premium costs have risen sharply in California over the last 5 years. According to Kaiser Family Foundation (KFF) data, between 1999 and 2003 premium costs grew by a total of 39% for single coverage and 36% for family coverage. Second, employers have responded to this situation by changing eligibility rules and passing on costs to employees. KFF data reveals that between 1999 and 2003 the average worker contribution to health premiums in California rose 74% for individual coverage and 80% for family coverage. The conflict over who pays for the growing costs has become the central issue in labor relations in many parts of the country. The strike by UFCW workers over health insurance in Southern California was just one example of the mounting social tensions concerning the future of employer-sponsored health insurance (ESI). Indeed the vast

majority of strikes in California over the past year have revolved around issues of health care.

Rising employee contributions and stricter eligibility rules have taken a toll on health coverage, especially for moderate-income workers. Based on the Current Population Survey (CPS), we find that in California, own employer based coverage for working adults earning between \$20,000 and \$30,000 a year fell from 65.9% to 55.6% between 2000 and 2003. As the employment based system excludes more workers and family members, the ranks of the uninsured and publicly insured continue to swell. The number of uninsured Californians without private insurance rose by nearly 1.1 million people between 2000 and 2003, and Medi-Cal enrollment grew by nearly 500,000 persons. California's public health systems are under severe financial strain due to state and county budget shortages. The outcome of the grocery lockout and strike in Southern California, and any final resolution of the Northern California negotiations, should be understood within the broader dynamic of our health care system.

Report Structure

This report projects changes in wages health care costs for Grocery employees – and the resulting public impacts – based on attrition rates in the current Northern California workforce and health care eligibility and take-up by workers in California's large grocery stores. In the next section we will discuss the data sets, methodology, and assumptions used for our analysis. In Section 3 we will provide a socio-economic and demographic profile of workers in California's large grocery stores and an overview of the Northern California contract that will be negotiated later this coming autumn. In Section 4 we will present results of our analysis of impacts resulting from changes in wages and health care costs if the Southern California Grocery Contract is extended statewide. Finally, in Section 5 we discuss the implications of our findings for California's taxpayers and policymakers.

II. DATA AND METHODOLOGY

This section describes the dataset we created, the assumptions we made, and the methods we used to carry out our analysis of the impacts from changes in wages and health care costs resulting from the statewide extension of the Southern California grocery contract.

Datasets

This report relies primarily on two data sources: (1) a tenure, wage, and job category distribution of current grocery store workers, and (2) information on how workers at California's large grocery stores use public assistance programs.

The first dataset is based on a list of current employees as of February 19, 2004 at Albertsons' stores in seven of the eleven Northern California locals representing slightly more than 7,400 workers provided to us by the United Food and Commercial Workers.³ We consider this dataset to be representative of the overall workforce due to the relative homogeneity of contract provisions and job classifications across the state prior to the last contract.⁴ The Albertsons' dataset was used to model the evolution of health insurance take up and wages over the course of the contract, however a secondary dataset representing an additional 6,800 Safeway workers at four of the eleven locals⁵ supplemented the Albertsons' file for the purposes of calculating turnover across the workforce.⁶

³ The UFCW locals represented in this dataset include 101, 373, 428, 648, 839, 870, and 1179.

⁴ Although job titles vary by local, we used wage levels to standardize categories across the file. In cases where wage levels did not correspond to the levels in the contract, we used our best judgment to classify the worker with the appropriate category. Individual wages that were higher than they would be for the corresponding seniority level remained at their level until the worker reached a progression step with a higher wage.

⁵ The UFCW locals represented in this dataset include 101, 648, 839, and 1179.

⁶ The Safeway dataset had translation problems that prevented it from being used for modeling wages and job categories, however we were able to use it for estimating workforce attrition. The workforce

The second dataset used for this analysis is the Annual Demographic Supplement of the Current Population Survey (also referred to as the March Supplement) for the years 2000 to 2003, which is jointly published by the Bureau of Labor Statistics and the Census Bureau. The March Supplement asks respondents questions about receipts of cash and non-cash payments during the previous year, including the two main programs studied in this report—Medicaid and the State Children's Health Insurance Program, known in California as respectively as Medi-Cal and the Healthy Families Program. It is used to predict whether an employee “takes-up” a spouse's policy or one of these programs, or goes without coverage based on a number of factors that will be discussed below.

Additional data sources are used in the report to estimate the effects of monthly premium co-payments on program health care take-up, the actual costs of increased program use, and the impacts on and costs of uncompensated care resulting from increases in uninsured families and individuals. The elasticity of private or employer based health insurance take-up resulting from increased health care costs comes from the 2004 California Establishment Survey (CES), a unique dataset with detailed information on California businesses. Designed by Prof. Michael Reich at UC Berkeley and conducted by the UC Berkeley Survey Research Center, it asks businesses questions on an array of topics including wage scales, internal labor market structures, promotions, workplace practices, training, turnover and costs of replacing workers, use of subcontractors, and health benefits.⁷ Specifically on health benefits, businesses report eligibility and take-up rates as well as employee premium contributions. This allows us to estimate how health insurance take-up rates vary according to employee contributions - holding constant firm characteristics such as size, industry, age, distribution of occupation and distribution and wages. It also allows us to estimate how the relationship between take-up and employee costs varies by wage level.

Per capita Medicaid cost is derived from the UC Berkeley Labor Center's recently published report on the public costs of low wage labor. The per capita cost of the Healthy Families Program comes from administrative enrollment and budget data from the State of California's Managed Risk Medical Insurance Board (MRMIB), which manages the Healthy Families Program. Finally the cost to counties of uncompensated care for the uninsured is from the recent work of the UCLA Center for Health Policy.

composition in the two datasets was substantially similar enough to provide assurance that they were both representative of the workforce under contract.

⁷ The CES used a stratified random sample based on the Dun and Bradstreet (D&B) database of establishments for California. Only business and non-profit establishments with five or more employees were included. Government agencies, public schools or universities, and agriculture, forestry, and fishing industries were excluded from the sampling frame. Survey respondents included owners (9%), managers (27%), personnel department officials (39%), and "Others" (25%). The sample comprises of 1081 establishments, interviewed during the summer and fall of 2003.

Modeling the Contract

As discussed above, the new Southern California contract made important changes in the labor agreement by the instituting a two-tier system that freezes wages and staves off increased health care costs for current workers while significantly reducing the wages and benefits for new workers through lower wage levels and longer progression times, longer times to become eligible for single and family coverage, and higher health care premiums. We assume that identical benefit terms and equivalent reductions in starting and maximum wage are extended throughout the State and use a weighted average of Northern and Southern California to make statewide calculations for our health-care take up and public cost estimates. We group Central Valley workers with Northern California because the higher wage scale will ensure that we do not overestimate the contract's impacts. The major differences in wage and health care benefits between the tiers are summarized by job category in Table 1; a detailed breakdown of the wage scales of the Southern California contract and an equivalent Northern California contract is provided in Appendix B.

Table 1 Comparison of Northern and Southern California Grocery Contracts

	Northern California <i>CURRENT</i>	Northern California <i>PROJECTED TIER 2</i>	Southern California <i>TIER 1</i>	Southern California <i>TIER 2</i>
Starting Minimum By Job Category				
Clerk's Helpers	\$ 8.40	\$ 8.40	\$ 6.75	\$ 6.75
Food Clerks	9.45	8.60	9.78	8.90
Meat Cutters	9.70	9.49	11.43	11.18
Meat Clerks	8.73	8.66	7.61	7.55
Non Food/GM Clerks	8.74	8.74	7.55	7.55
Pharmacy Technicians	11.76	11.76	9.00	9.00
Maximum By Job Category				
Clerk's Helpers	\$ 8.40	\$ 8.40	\$ 7.40	\$ 7.40
Food Clerks	20.17	16.11	18.90	15.10
Meat Cutters	21.02	17.07	20.18	16.38
Meat Clerks	14.73	13.37	12.17	11.05
Non Food/GM Clerks	14.61	12.16	13.27	11.05
Pharmacy Technicians	14.00	14.15	14.25	14.40
Time To Maximum Wage By Job Category				
Clerk's Helpers	No progression	No progression	9 mos.	9 mos.
	Full Time: At least 24 mos.			
Food Clerks	Part Time: At least 40 mos.	Full Time: 45 mos.; Part Time: 75 mos.	Approximately 36 mos.	Full Time: 45 mos.; Part Time: 75 mos.
Meat Cutters	42 mos.; 93% of maximum after 2 yrs.	Full Time: 45 mos.; Part Time: 75 mos.	Approximately 48 mos.	Full Time: 45 mos.; Part Time: 75 mos.
Meat Clerks	Full Time: 24 mos.; Part Time: 40 mos.	Full Time: 45 mos.; Part Time: 75 mos.	18 mos.	Full Time: 45 mos.; Part Time: 75 mos.
	Full Time: At least 24 mos.;			
Non Food/GM Clerks	Part Time: At least 40 mos.	Full Time: 45 mos.; Part Time: 75 mos.	Approximately 36 mos.	Full Time: 45 mos.; Part Time: 75 mos.

Pharmacy Technicians	Full Time: 12 mos.; Part Time: 20 mos.	Full Time: 24 mos.; Part Time: 40 mos.	24 mos.	Full Time: 24 mos.; Part Time: 40 mos.
Health Insurance Benefit Eligibility				
Single Coverage	After 90 Days	After 1 year; After 18 mos. for Clerk's Helpers	After 90 Days	After 1 year; After 18 mos. for Clerk's Helpers
Family Coverage	After 90 Days	After 30 mos.; none for Clerk's Helpers	After 90 Days	After 30 mos.; none for Clerk's Helpers
Health Insurance Benefit Cost				
Single Coverage	None	20% of monthly premium;	\$5/week after 2006	20% of monthly premium;
Participant & Dependent child	None	Approximately 20% of monthly premium	\$10/week after 2006	Approximately 20% of monthly premium
Participant & Spouse with or without Child	None	Approximately 20% of monthly premium	\$15/week after 2006	Approximately 20% of monthly premium
Employer Contribution	<i>Currently \$7.23 per hour; adjusted quarterly to maintain benefits package</i>	\$3.80/straight time hour until 2006; \$1.10 thereafter	\$3.80/straight time hour until 2006; \$4.60 thereafter	\$3.80/straight time hour until 2006; \$1.10 thereafter

To conduct our analysis it was necessary for us to predict changes in the composition of the workforce for three factors: wages, health care eligibility, and monthly premium co-payment. Each of these factors is dependent on which tier the employee occupies, which is in turn dependent on turnover in the workforce.

To estimate the attrition in the workforce we fit a curve on the tenure distribution of the Safeway and Albertsons' datasets and predict the probability of a current or future worker leaving her job during the course of the year.⁸ Because turnover rates vary depending whether the worker is a full or part-time employee, we calculated probabilities of separation for each of the designations. Under the terms of the contract, a new worker at a lower tier wage and benefit level immediately fills a vacancy induced by such separation. Although there is evidence of a shift from reliance on full time to part time employees, we assume that full time workers replace full time workers and that workers do not move between full and part-time designations during the course of their employment under the contract.

Establishing turnover rates for full and part time employees allows us to compute, for each year of the contract, the total expected number of individuals at various job, seniority based wage progression,⁹ and benefit eligibility categories. We do this for both the calculated turnover rate and 2002 industry-wide average (the lowest in a decade) as reported by the Food Marketing Institute,¹⁰ designating these "Low Turnover" and "High Turnover" scenarios. We use these two scenarios because it is quite possible that the reduced wages and benefits would increase the turnover rate closer to the industry average. Because a worker would move through several wage progression levels (varying by full and part time status) during the course of the year we assume that each worker earns the average salary across the hours that person would work during the course of the year. This tends to slightly *overestimate* wages since there is a possibility that a worker would leave prior to completing a full year's progression steps and actually earning that average wage. The turnover rates are shown in Table 2.

Table 2 Turnover Rate by Full/Part Time Status

	Full Time	Part Time
Low Turnover Scenario	9.0%	27.2%
High Turnover Scenario	13.3%	58.0%

⁸ We fit a constant hazard rate model to estimate the turnover rate.

⁹ In reality the last progression (from *Experienced* to *Head*) for *Tier 1* Meat Cutters, General Merchandise Clerks, and Food Clerks is based on the position's availability, not time as in our model. This leads us to slightly overestimate the top wage of *Tier 1* workers in these job categories and the overall average wage. This however has no impact on the public health take-up or costs because the overestimates are within the conditional ranges of the utilization coefficients for both employer sponsored insurance and the public health programs.

¹⁰ **Food Marketing Industry Speaks: The State of the Food Retail Industry** (2002). Washington D.C., *Food Marketing Institute*.

The Southern California Contract spans three years and for the purposes of this analysis we assume its renewal in 2007 with no changes in the tier, wage, or health benefit structure to see the implication of these changes over the medium run.

Estimating Health Insurance Take-up and Costs

Once we model the workforce's wages and health benefits we are then able to predict how these workers use the Grocers' plan, move to their spouse's coverage, or rely on the public health insurance systems, and what that costs.

EMPLOYER SPONSORED INSURANCE

For individuals who are eligible for single or family health benefits, we impute take-up based on an average premium cost (which varies between tiers) for single and family coverage based on income levels. We establish the premium cost for new employees by assuming that the Employers' contribution of \$1.10 per new employee per straight time hour represents 80% of the monthly premium for the average employee in 2006, that the contribution goes up by the health care inflation rate of 12% when the contract is renewed for 2007-2010, and that the plan's quality remains constant from year to year.¹¹ The elasticity of take-up by income levels comes from the 2003 California Establishment Survey, which is discussed above.¹² Taken together, the contributions amounts and elasticities give us the total number of workers each year that would take up the employer provided health insurance plan.

PUBLIC HEALTH PROGRAMS

Once we have established who would be using the Grocers' provided health insurance we are able to use the CPS March Supplement to estimate how many of these individuals and their families would take up either their spouse's plan, Medi-Cal or the

¹¹ In reality, the adjustment between plan costs and the sum of the employer and employee contributions might take the form of declining quality of care through increased deductibles, etc. Some eligible workers therefore may elect to have wraparound (or dual) Medi-Cal coverage.

¹² To estimate the responsiveness of take-up to premium costs, we use a regression model based on the CES data. Specifically, we regress the take-up rate at the establishment on average monthly premium costs interacted with proportion of workers in these 4 wage categories (under \$9/hr, \$9 to \$10.99/hr, \$11 to \$19.99/hr, and over \$20/hr). This produces wage-specific take-up elasticities. In this regression, we control for industry classification (1 digit); firm size; percentages of the workforce that are professional, clerical, sales or blue collar workers; proportion of workforce that is college educated; age of establishment; an indicator for whether the establishment is for profit; an indicator for whether the establishment is a branch or franchise of a chain; and the unionization rate of the workforce. With these controls, we can be relatively comfortable that the wage and benefit differences we observe are between otherwise relatively similar companies, which helps us isolate the individual impact of premium on take-up for workers at different income levels.

Healthy Families Program,¹³ or remain uninsured and rely on the county health system during emergencies and what that would cost.

In order to use the March Supplement for our analysis we have to make a number of transformations and adjustments to conform to the health insurance unit used in the contract, to reflect actual costs, and to isolate the variables used in the prediction regression model.¹⁴ First we must create a new “family” that corresponds to the specifications of the health insurance plan provided through the contract because the CPS’s definition of family is broader than the one used for the purposes of establishing health insurance eligibility in the contract; it restricts the plan to workers, their spouses, and their dependent children. For example, in the CPS a worker living with her spouse and his parents and siblings would be considered one family but only the worker and her spouse would be eligible for benefits according to the contract. Secondly we isolate a number of other socio-economic, demographic, and work variables that are used as control variables for our regression model.¹⁵

Table 3 Per Capita Cost of Public Health Programs

Program	Annual Per Capita Cost
Medi-Cal (not elderly or disabled)	\$1,722
Healthy Families Program	\$1,098
Uncompensated Care	\$963

To estimate the costs of Medi-Cal and uncompensated care through the county health system we rely on recent studies focusing on these programs for a per capita cost – Zabin, Dube, & Jacobs (2004) for Medi-Cal;¹⁶ Kominsky and Roby (2004) for uncompensated care.¹⁷ The per capita cost of the Healthy Families Program comes directly from MRMIB. Estimated per capita costs are summarized in Table 3. We do not adjust these over time, which is another way in which our figures likely understate the full public costs.

¹³ Descriptions of the Medi-Cal and Healthy Families Programs are provided in Appendix A.

¹⁴ This methodology is based on the one used by Zabin, Dube, and Jacobs in their 2004 study *The Hidden Costs of Low-Wage Labor*. A detailed explanation is available in Appendix B of that report, which can be found at <http://laborcenter.berkeley.edu/livingwage/workingpoor.pdf>.

¹⁵ These variables include: *family income, hourly wage, labor force status, industry, whether the person works for a large grocery store, presence of own health insurance, spouse’s insurance status, number of dependent children (under 6 and under 18) and their health insurance status, race/ethnicity, age, gender, and educational attainment.*

¹⁶ *ibid*

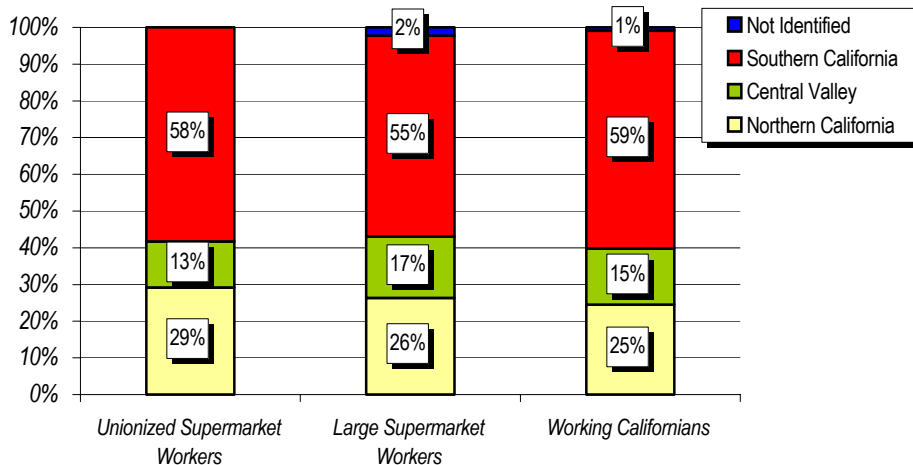
¹⁷ http://www.healthpolicy.ucla.edu/pubs/files/CostofCaring_pb_052004.pdf

III. GROCERY WORKERS TODAY

In this section we will provide a general overview of the demographic and socio-economic characteristics of workers in California's supermarkets that employ more than 500 persons. Where possible we include the characteristics of Northern California UFCW workers as another point of comparison.

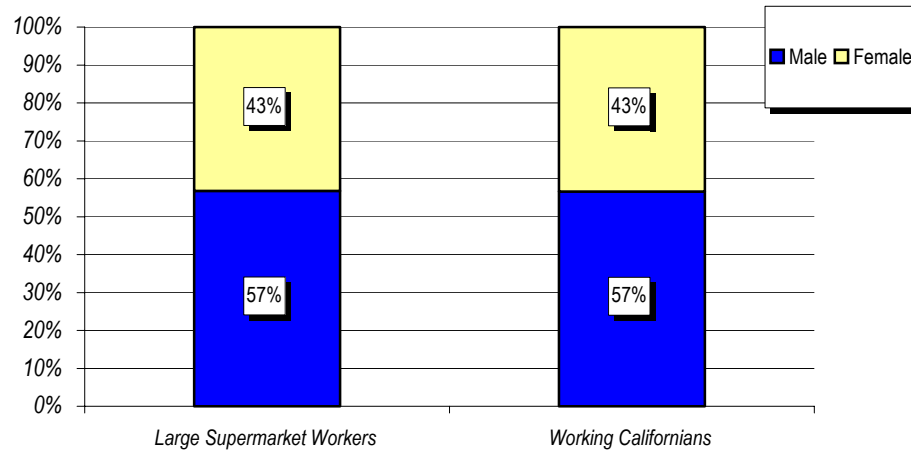
California's supermarket workers represent a vital part of California's working middle class. According to the Current Population Survey, there were 126,118 workers at large supermarkets throughout the state in 2003. This figure is very similar to the UFCW's total unionized supermarket membership of 120,000. This is very reasonable since several chains with significant California presences such as Whole Foods and Trader Joe's are not under the contract with the union while some smaller stores are. As shown in Figure 1, these workers are distributed throughout the state in proportions fairly similar to the UFCW's supermarket worker membership.¹⁸

Figure 1 Proportion of Unionized Supermarket Workers, Large Supermarket Workers, and Working Californians by Region



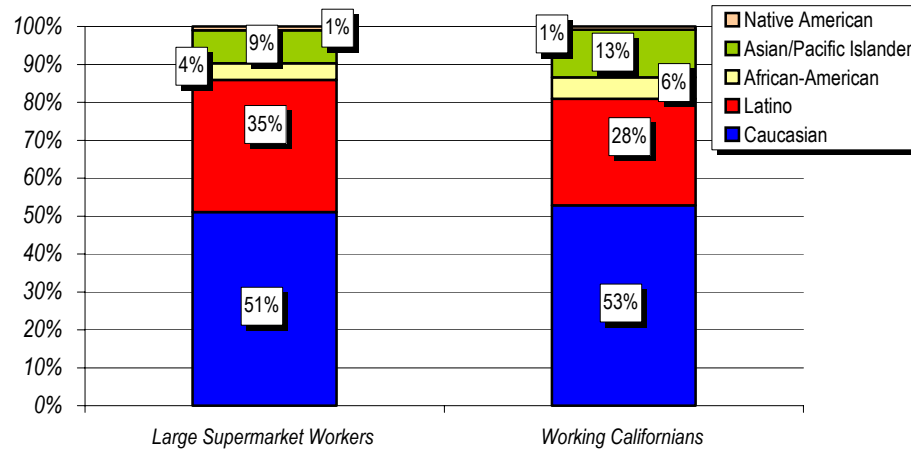
¹⁸ Unless otherwise noted, proportions in this section represent the average of the years 2000-2003.

Figure 2 Gender of Supermarket Workers and Working Californians



Except for having an identical gender and similar racial/ethnic compositions - Latinos overrepresented in the workforce by 25% - as the general workforce, shown in Figures 2 and 3, there are a number of distinctions from the state's other workers.

Figure 3 Racial/Ethnic Composition of Supermarket Workers and Working Californians



Workers in large supermarkets are generally younger than the overall workforce. As Figure 4 shows, between one-fifth and one-quarter of grocery workers are under 25 years of age, while only slightly more than one in ten of California's workers fall into that category.

Figure 4 Age Composition of Northern California UFCW Members, Large Supermarket Workers, and Working Californians

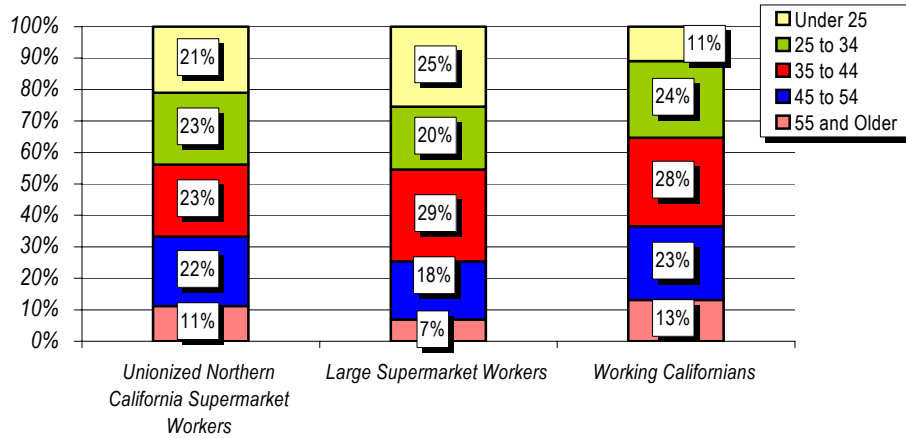
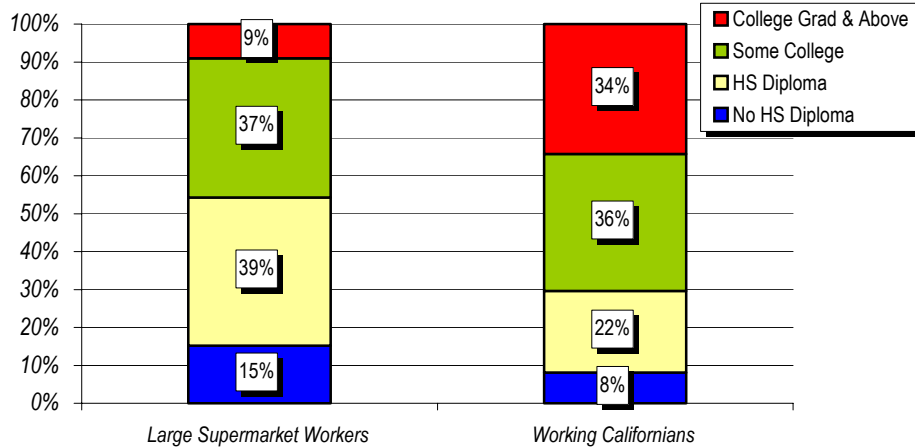


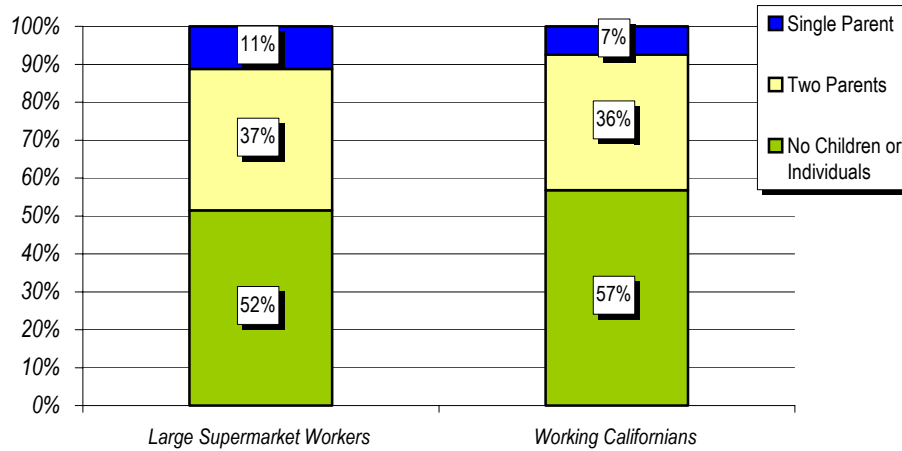
Figure 5 shows that grocery workers tend to have less formal education than other workers; more than half of the workforce has no education beyond the high school level. College graduates are almost four times as likely to be found in the general workforce than working at large supermarkets.

Figure 5 Educational Attainment of Supermarket Workers and Working Californians



Supermarket workers are more likely to have children than other workers as shown Figure 6. Such a situation makes the generous benefit package for current workers that much more valuable and is reflected in Figure 7, which breaks down who is enrolled in the union's health care plan.

Figure 6 Family Structure of Supermarket Workers and Working Californians

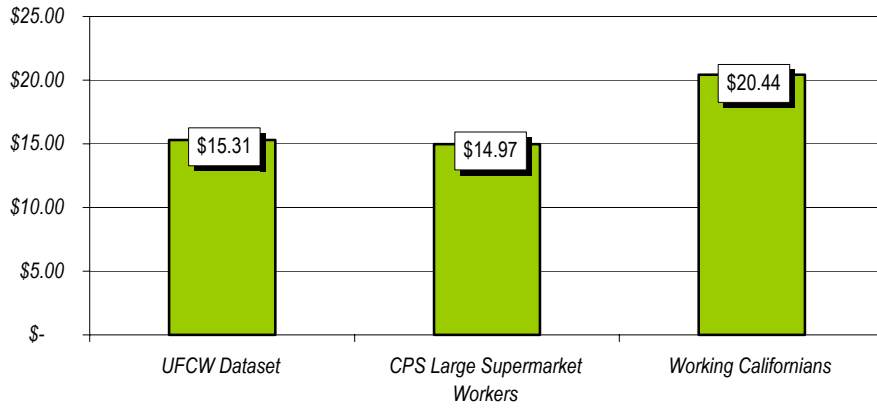


Lastly, Figure 8 compares the average wages of Northern California supermarket workers from our sample file, all large supermarket workers, and all working Californians. While grocery workers earn less than the statewide average it is important to again remember that they have less education than the rest of the workforce and are facing a distinct disadvantage in competing for jobs with higher wages and similar benefits packages. By all accounts, workers covered by the UFCW's Tier 1 contract are firmly in the middle class.

Figure 7 Health Care Plan Enrollee Type of Northern California UFCW Members, Large Supermarket Workers, and Working Californians



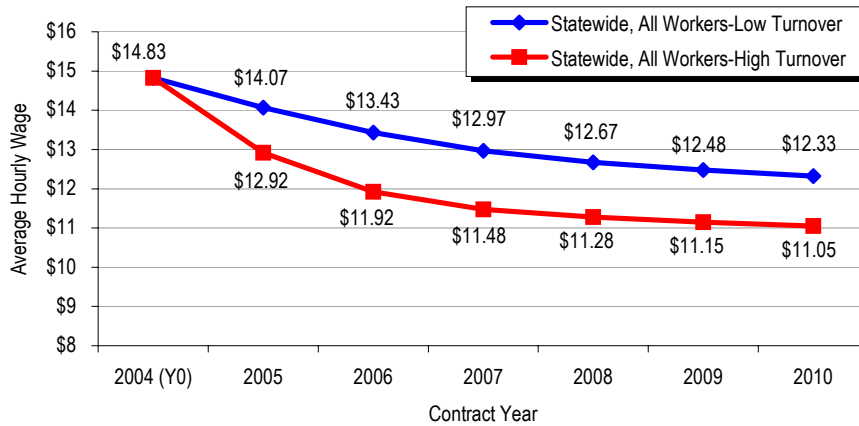
Figure 8 Average Wage of Unionized Supermarket Workers, All Large Supermarket Workers, and Working Californians



IV. MODELING RESULTS

In this section we present the results of our analysis, focusing on changes in wages, health care eligibility, and the incidence of use of and impacts on the public health system. Detailed tables of our results are available in Appendix B.

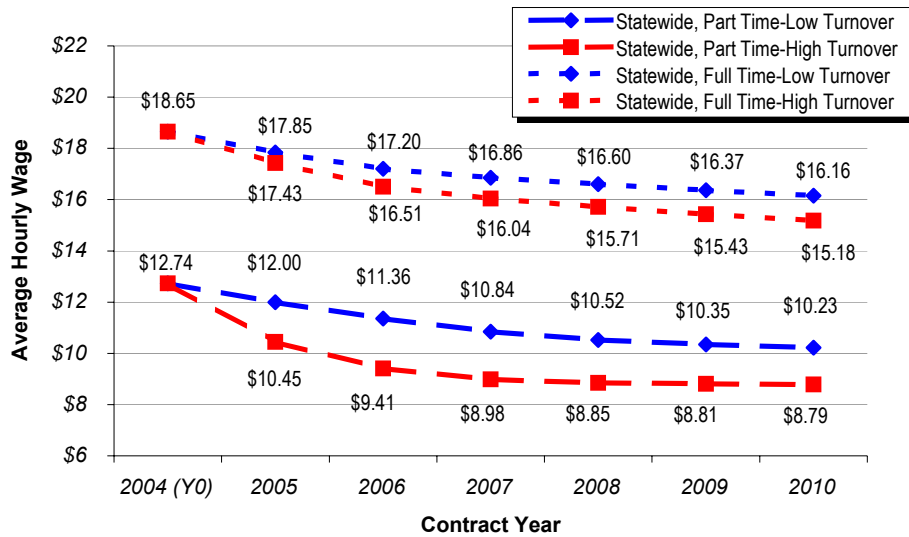
Figure 9 Average Hourly Wage, 2004-2010



Wage, Health Benefit Eligibility, and Premium Co-Payment Evolution

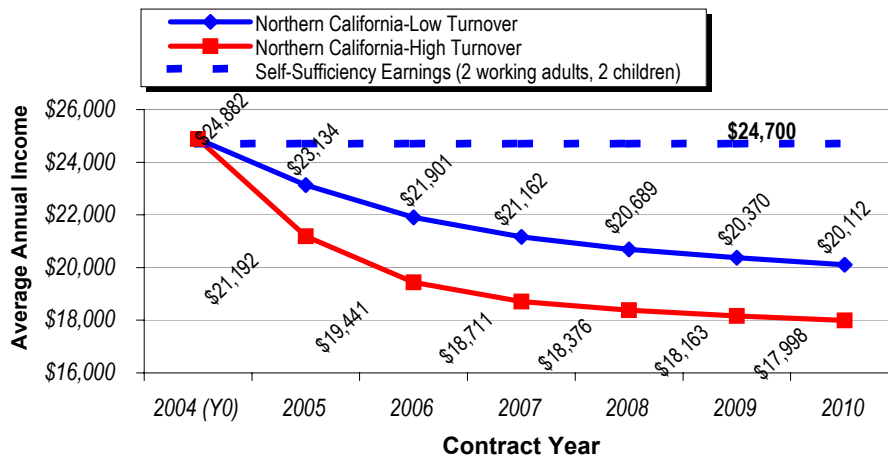
The two-tier structure agreed to in Southern California is designed to significantly reduce the wages and benefits paid to grocery workers. Each of the three major components of the two tier system – lower average wages, reduced average health insurance eligibility, and higher premium co-payments – shifts the cost of health care away from the employers and onto workers and the public.

Figure 10 Average Hourly Wage by Part/Full Time Status, 2004-2010



Based on our calculations the average wage for a grocery worker would fall between 13% and 23% by the end of the contract in 2007 and a total 17% to 25% assuming it is renewed for another three years. Figure 10 shows the steady decline in the regional average wage during this period. This is significantly below the annual “self-sufficiency” income of \$24,700 for a Northern California family with two children and two adult earners,¹⁹ as shown in Figure 11.

Figure 11 Average Annual Income in Northern California, 2004-2010



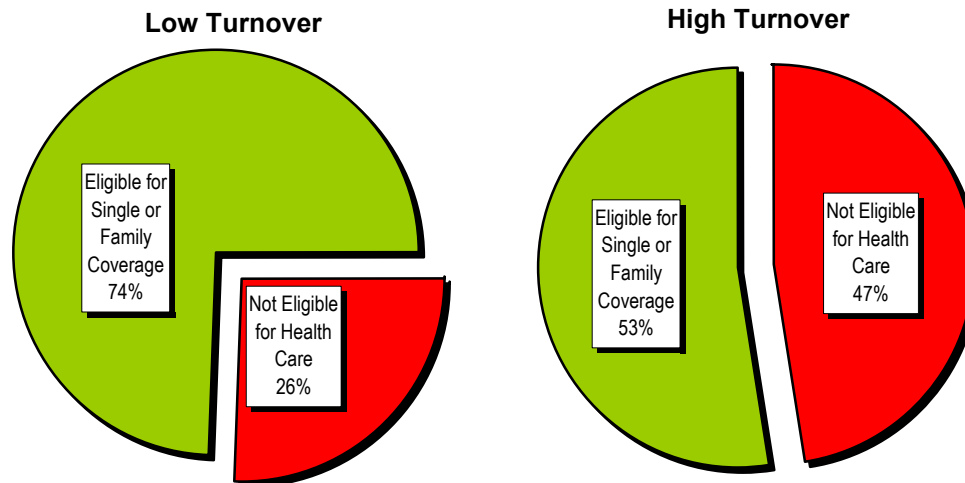
¹⁹ The self sufficiency income of \$24,700 is *half* of the total income needed for a two-earner family with 2 children in Alameda County, as calculated by the National Economic Development and Law Center (NEDLC).

Table 4 Average Hourly Wage by Region by Tier, 2004-2010

	2004	2005	2006	2007	2008	2009	2010
Northern California							
<i>Low Turnover</i>							
Tier 1	\$ 16.13	16.31	16.48	16.59	16.63	16.63	16.63
Tier 2		8.87	9.21	9.79	10.30	10.67	10.91
<i>High Turnover</i>							
Tier 1	\$ 16.13	16.37	16.54	16.61	16.63	16.63	16.63
Tier 2		8.87	9.12	9.47	9.73	9.91	10.04
Southern California							
<i>Low Turnover</i>							
Tier 1	\$ 13.18	14.09	14.93	15.28	15.28	15.28	15.28
Tier 2		8.44	8.73	9.21	9.66	9.99	10.20
<i>High Turnover</i>							
Tier 1	\$ 13.18	14.32	15.07	15.28	15.28	15.28	15.28
Tier 2		8.44	8.65	8.94	9.17	9.33	9.44

Although current workers will be protected under the contract, the wide discrepancy in the average wage between the tiers, as shown in Table 4, serves as a strong incentive for the Grocers to encourage current workers to leave their jobs.

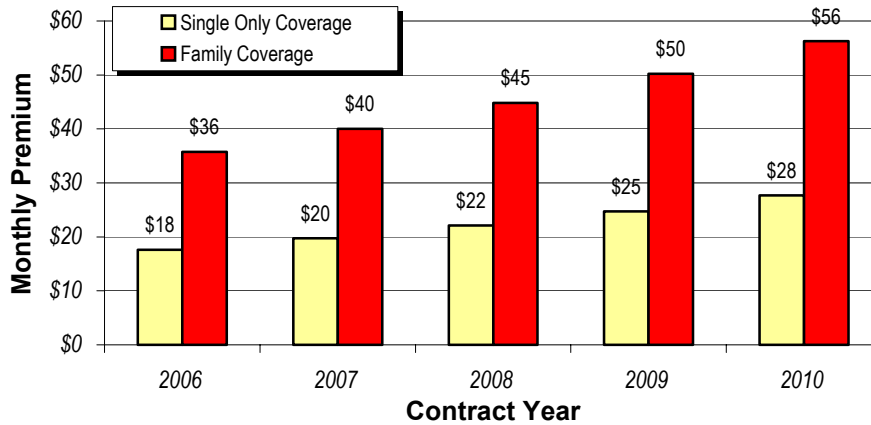
Figure 12 Composition of Workforce Health Care Eligibility after 2007



Unlike average wages, which descend steadily, health care eligibility drops sharply in the first two years as current workers with full family benefits are replaced by New Hires. By 2007, when the contract is up again for renegotiation, between 26% and 47% of the workforce would be ineligible for health insurance benefits as shown in Figure 12. After 2007 the share of health care ineligible workers stays steady, however

in successive years fewer of the remaining workers qualify for family (as opposed to single only) coverage.

Figure 13 Monthly Premium Co-Payment Growth of New Hires, 2006-2010

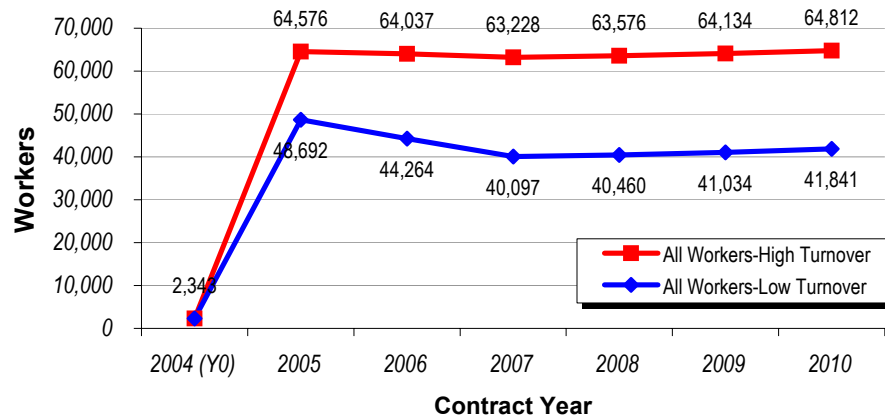


The last of the three major components of the new contract is the premium co-payment for both current and new workers. As discussed earlier, current workers would begin paying between \$20 and \$60 per month, depending on policy type, for health coverage beginning in 2006 and we assume that number to remain the same if the contract is renewed after 2007. Once eligible, New Hires would pay “approximately 20%” of the total premium for coverage. Figure 13 shows the projected premium co-payment for single and family coverage assuming the recent average health cost inflation rate of 12%.

Program Take-Up Changes For Eligible Workers

Declining wages, extended eligibility waiting periods, and premium co-payments all affect whether a worker uses employer provided health insurance or relies on the public health care system to meet their needs. Because of the nature of our data, we are only able to distinguish between workers who are either eligible for *single only* coverage or those eligible for *single and family* coverage. We are unable to tell whether a worker eligible for family coverage chooses single coverage rather than family coverage, or whether a worker chooses to insure the entire family, or just herself and her dependent children; only whether or not she selected to use the company plan. Since take-up increases as premium co-payments decline, there is a strong likelihood that some workers may choose to rely on lower cost single coverage or partial family coverage if they are unable to afford full family coverage.

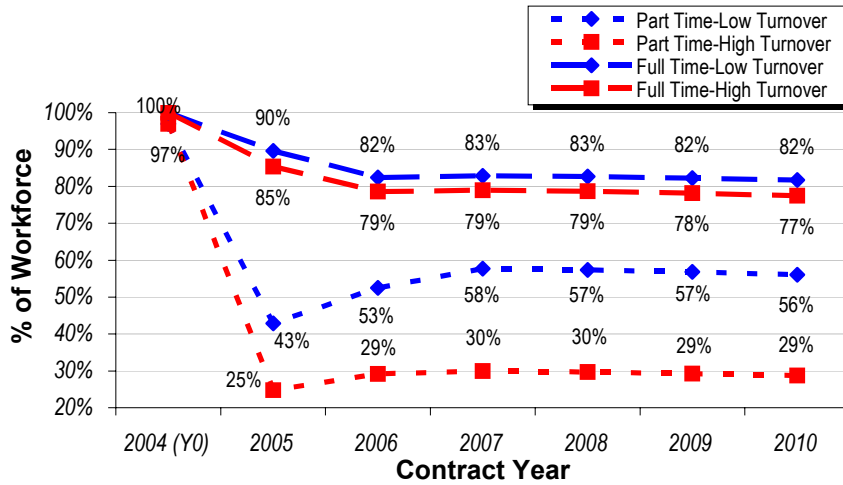
Figure 14 Number of Workers Not Insured on Employer's Policy, 2004-2010



EMPLOYER SPONSORED INSURANCE

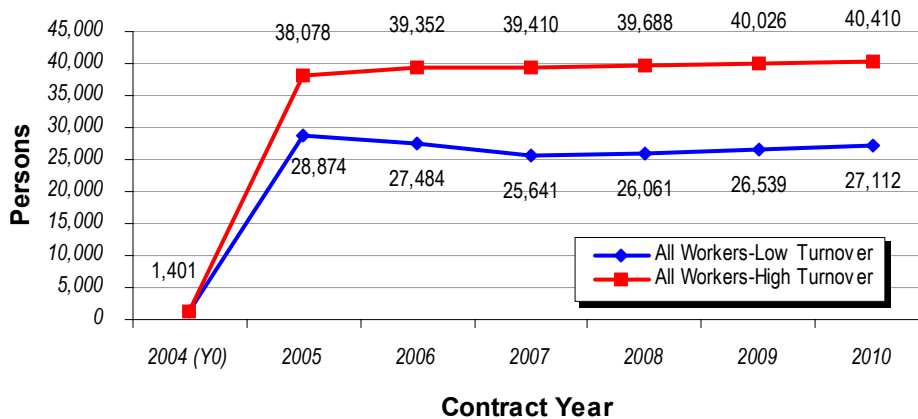
The overall portion of the workforce insured on the Grocers' plan in the contract's first year drops dramatically from the nearly universal coverage of today to between 46% and 60%. By the end of the contract, coverage stabilizes at about two-thirds of the workforce assuming today's turnover levels and a bit less than half of the workforce as turnover rises to the industry average. This pattern occurs due to the interplay between turnover, eligibility, and premium cost dependent take-up. At the beginning of Year 1 (2005) none of the workers hired over the course of the previous year are yet eligible for insurance; the only covered workers are in Tier 1. By 2006 the new Tier 2 workers (less turnover) become eligible for *single only* insurance - resulting in an increase in coverage from the previous year - and then family coverage eighteen months afterwards. Because the utilization probability of lower cost *single only* coverage is higher than *single and family* coverage, the model shows a drop in overall enrollment in 2008 as the average take-up declines. The numbers then stabilize downward through attrition in the better-paid, lower premium contributing Tier 1 employees.

Figure 15 Percentage of Workers Insured on Employer's Policy by Full or Part Time Status, 2004-2010



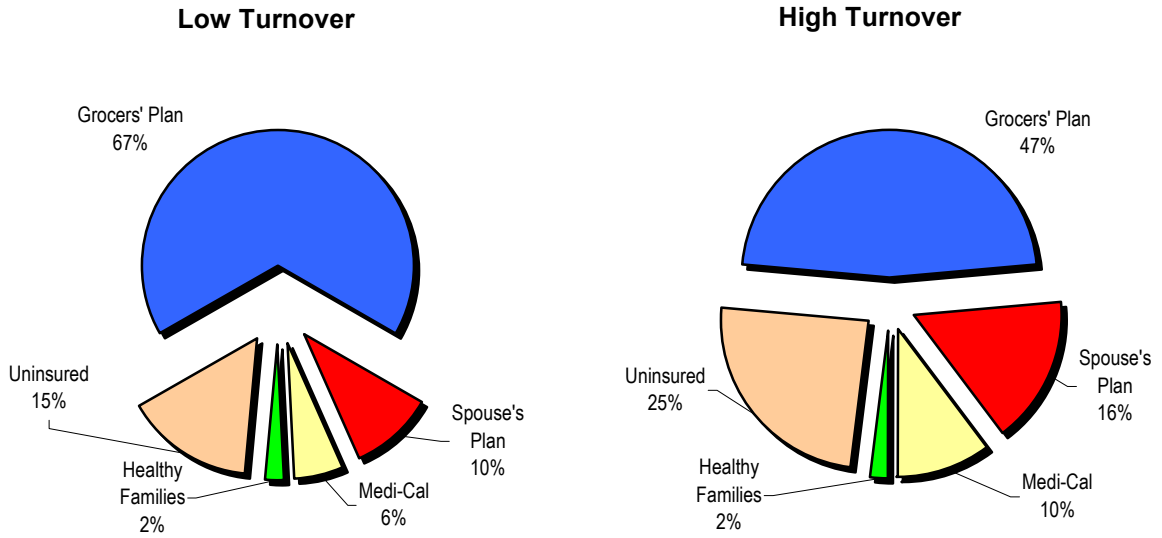
The aggregate picture however masks the wide disparities between full and part time workers. Figure 15 shows the much lower rate of employer provided insurance in part time workers. It is important to again note that our model assumes that the full/part time composition remains constant throughout our analysis horizon, while in practice the Grocers have been shifting from full time to part time workers. This suggests that we may be *overestimating* the proportion of workers who would be covered under the Grocers' plan.

Figure 16 Number of Persons Covered by Move to Spouse's Health Plan



Some of the workers who do not enroll in the Grocers' plan would begin to rely on their spouses for coverage. As Figure 16 shows, between 27,000 and 37,000 persons who are currently covered by Grocers' policy would switch to a policy held by a supermarket worker's spouse in the first year of the contract.

Figure 17 Insurance Status of Workers and Family Members at End of Contract (2007)



PUBLIC HEALTH SYSTEM

Those who are unable to enroll in the Grocers' plan – either because of cost or ineligibility – and unable to secure spousal coverage would be forced to rely on the public health system for their care. Figure 17 breaks down the workforce between the types of coverage to show that by 2007 between one quarter and one third of the workforce would be relying on either a public health program or the emergency room to care for their families; the number would rise by a few percent over the next three years.

Figure 18 Projected Utilization of Public Health Programs; Low Turnover Scenario

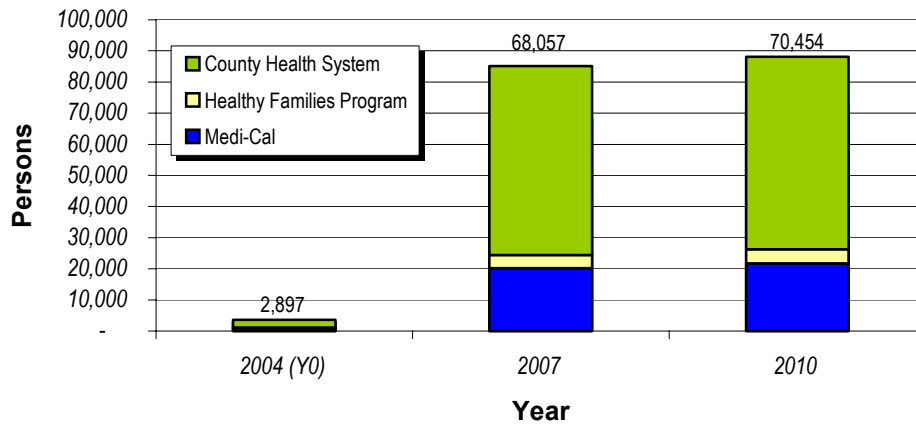
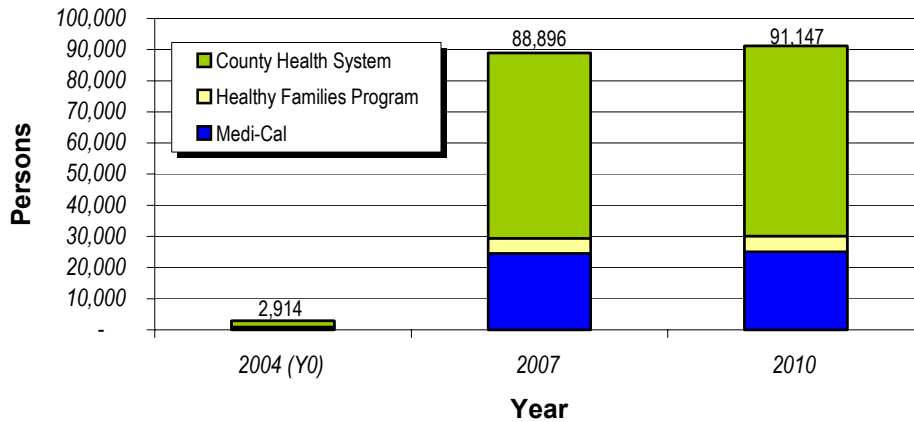
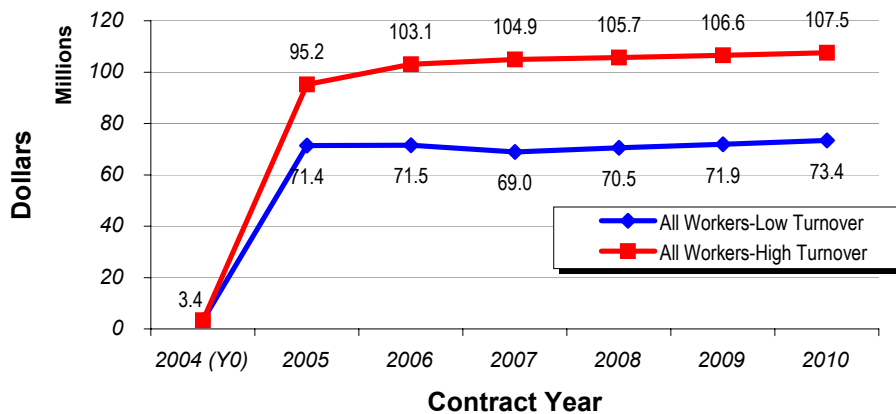


Figure 19 Projected Utilization of Public Health Programs, 2004-2010; High Turnover Scenario



The projected enrollment impact on our two programs of interest and the county level system through 2010 is shown in Figures 18 and 19. Clearly, the new contract's sharply reduced wage and benefits package has a significant impact on utilization of public health programs within the first year of the contract as new workers are hired. We estimate that statewide enrollment would increase to between 3,000 to 4,000 persons in the Healthy Families Program, between 15,000 to 21,000 persons in Medi-Cal. Additionally, between 42,000 and 56,000 persons would rely on the county health system. Projected use of the county health system dips slightly between 2006 and 2007 due to the eligibility of some workers for family coverage, however the decline is only temporary as program use continues to slightly rise thereafter.

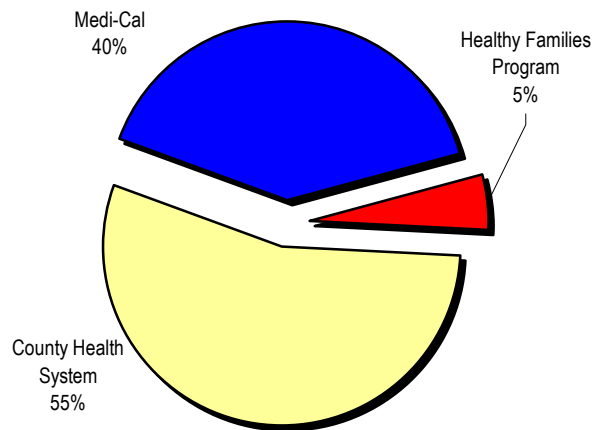
Figure 20 Projected Annual Public Cost, 2004-2010



Public Costs

We expect that the sharp increase in use of public health programs resulting from a statewide extension of the Southern California contract would cost a total of at least \$202 million and up to \$293 million over the life of the contract; Figure 20 shows the annual costs. While some of these would be split between the state and federal governments, Figure 20 shows that 55% those costs would primarily fall (at least in the first instance) onto counties as uncompensated care.²⁰ Costs may increase more than 40% if turnover rises toward the industry average due to lower wages and reduced benefits. Because Southern California's 70,000 workers comprise roughly 58% of the unionized grocery workforce and are already subject to the contract's terms we can expect that their counties of residence would face between \$49 and \$70 million in additional health care costs over the next three years.

Figure 21 **Composition of Public Costs of Increased Enrollment, 2010; High Turnover Scenario**



²⁰ A recent study by Hadley and Holahan (2003) found that the overwhelming majority of uncompensated care is borne by the public sector. The immediate costs of uncompensated care are borne by hospitals, typically county facilities. The final incidence falls also on the federal and state governments through a variety of payments (i.e., “disproportionate share”) made to hospitals that provide services to indigent population. Whereas the rules around these payments have changed and are expected to change, what is clear is that the cost will be borne immediately at the county level, and eventually somewhere within the public sector.

<http://www.kff.org/uninsured/loader.cfm?url=/commonspot/security/getfile.cfm&PageID=35965>

V. DISCUSSION AND CONCLUSION

The findings in this report inform policy discussions beyond just restructuring in the Grocery industry. While it is clear that the impact upon Grocery workers and their families would be significant, the findings in this report suggest that the introduction of similar employment terms in other parts of the retail sector, as well as in other industries, would have significant impacts on public health system's capacity to handle the increased case load from *working families unable to obtain health coverage because they are either ineligible or unable to afford it*. Much of this cost would fall to counties that are already struggling with deficits.

Responses to this situation can take several forms. First are service cutbacks. These are already occurring throughout the state and it is unclear just how much more can be cut from vital health services.²¹ The second response is revenue enhancement. This has already occurred in Alameda and Contra Costa Counties where voters approved a sales tax increase for the County's emergency health care system in March 2004 and a parcel tax to fund the West Contra Costa County Healthcare District, respectively. Yet accomplishing this in other parts of the state would likely be challenging. Although the Bay Area is less averse to such assessments than the state as a whole, California has a general predisposition against new taxes and a two-thirds supermajority is required to pass tax increases. While new taxes can take a variety of forms, sales and property taxes have been popular revenue enhancement tools.²² But reliance on electorally approved tax increases is an inherently uncertain strategy; county level sales and parcel taxes to fund hospital and emergency services have won only 44% of the their ballots between 1996 and 2000, although during that period, while all tax measures have only won 30% of the time.²³ Moreover, both sales and property taxes

²¹ **Stretched Thin: State Budget Cuts Threaten Health and Human Services Programs** (2004). Sacramento, CA, *California Budget Project*: 44

²² Rueben, K. and P. Cerdán (2003). **Fiscal Effects of Voter Approval Requirements on Local Governments**. San Francisco, CA, *Public Policy Institute of California*: 135. p. 73

²³ Rueben, p. 74

are generally regressive in that lower income persons pay a higher proportion of their income in taxes than do wealthier persons.²⁴

Because the brunt of the costs will fall to the local government level, counties themselves may pursue a third option in the form of fees on large commercial developments. For example, Zabin, Dube, and Jacobs showed that the retail sector is associated with the highest public costs because of its general reliance on low wage labor. Based on these findings, a county Board of Supervisors may elect to assess commercial developers seeking a permit to construct a large retail development an annual fee to recoup the value of projected health care costs that will be generated by the retail uses. The fee could be waived for retailers that provide comprehensive health care insurance. San Francisco has a requirement along these lines for firms that operate on City property or have service contracts with the City. A City or County could also require a Community Impact Report on new large retail development to assess the impacts of the development on the public as part of the approval process, and negotiate Community Benefit Agreements to offset the public costs. Proposals along these lines are under consideration in Los Angeles and San Jose. A third option would be to require large retailers to indemnify local government against workers' public health costs.

Because retail uses are inherently geographically tied to their markets and unlikely to move away from their sources of demand, the probability of such a measure serving as a disincentive on development of such uses may be small. A coordinated regional effort among several counties could further minimize the locational effects of such a fee. While Boards of Supervisors can enact such fees as stopgap measures to prevent *additional* costs from new development, the fees could not be applied to existing uses without triggering the supermajority voter approval requirements. To the degree that the competitive pressure to lower wages and cut benefits is due to the entry of big box grocers into the state, local legislation could serve to maintain higher labor standards and mitigate the impact of shifting health costs onto the public.

A fourth approach is the establishment of statewide labor market standards that ensure that working families have affordable access to health insurance. In 2003 California's Legislature passed the California Health Insurance Act (HIA) of 2003 (also known as Senate Bill 2), a "pay or play" health insurance initiative that mandates large employers to provide a health insurance to employees and sometimes their dependents in lieu of paying the state a fee for coverage. The HIA has generated considerable controversy with supporters and detractors providing widely divergent estimates of the bill's cost to business (between \$1.3 billion to \$11.3 billion) and ultimate impact on the California economy.²⁵ A coalition of business groups led by the California Chamber of Commerce, the California Restaurant Association, and the

²⁴ <http://www.ctj.org/html/whopays.htm>

²⁵ *Overview of SB 2*, California Healthcare Foundation, <http://www.chcf.org/topics/sb2/index.cfm?itemID=21732>

California Retailers Association has placed a referendum to overturn the HIA on the November 2004 ballot and is considering State and Federal court challenges to the law.

Under the legislation employers with 200 or more workers will have to extend coverage to employees of three months or longer who work at least 100 hours per month, and their dependents, beginning January 1, 2006. Firms with 50 to 199 eligible employees will have until January 1, 2007; dependents will be ineligible. Firms with 20 to 49 employees are exempt unless the State provides them with a tax credit that equals 20% of their premium and those under 20 employees are completely exempt. The Managed Risk Medical Insurance Board (MRMIB), the same agency that manages the Healthy Families Program, will administer the program and set all of the requirements regarding premiums, deductibles, and co-payments. The terms will be similar to the Grocers' Tier 2 plan, in that employees will be responsible for 20% of their monthly premium, although workers earning 200% of the Federal Property Level will have a contribution cap of 5% of their annual income. The waiting period under HIA (3 months) is considerably less than 1 year as specified in the grocer's Tier 2 plan. It is unclear how the quality of care will compare with the Grocers' plan, what the actual premium will be, and what workers who are still unable to afford the plan will do.

The HIA would affect the grocery industry in a number of ways. First, unionized grocers *may* be excluded by a collective bargaining exemption of the act. However, the union may use the HIA standard as a baseline for future negotiations. Second, HIA would level the competitive field between the large grocers that are covered by the contract and firms like Wal-Mart, which have structured their plans to emphasize catastrophic care with high deductibles and major coverage gaps²⁶ and are being blamed for the Grocers' demands for wage and benefits concessions.

In summary the changes ushered in by the Southern California grocery contract are part of an overall crisis in the employment based health care system and have the potential for profound implications beyond just the impacts on the workers covered by the contract. In addition to significantly lowering wages and reducing benefits, an extension of the terms of the contract to union groceries statewide would drive thousands of people into the public health system and cost taxpayers, primarily at the county level, between \$71 million to \$107 million per year. By 2010 the Grocers would have shifted up to \$622 million in health care costs on to the public. A shift in cost of this magnitude has important public policy implications.

²⁶ Wysocki Jr, B. and A. Zimmerman (2003). **Bargain Hunter: Wal-Mart Cost-Cutting Finds A Big Target in Health Benefits; Restrictions and Tough Stance On Basic Claims Keep Its Outlays Below Average; Setting Industry 'Benchmark'?** *Wall Street Journal*. New York, N.Y.

APPENDIX A: DESCRIPTION OF PUBLIC HEALTH PROGRAMS

Medi-Cal (Medicaid)

Medi-Cal is California's Medicaid health care program. This program pays for a variety of medical services for children and adults with limited income and resources. Medi-Cal is supported by federal and state taxes. Once eligibility is established, Medi-Cal benefits are available as long as eligibility requirements are met.

An individual is automatically eligible for Medi-Cal if she or he receives cash assistance under one of the following programs:

- SSI/SSP (Supplemental Security Income/State Supplemental Program).
- CalWORKs (California Work Opportunity and Responsibility to Kids). Previously called Aid to Families with Dependent Children (AFDC).
- Refugee Assistance.
- Foster Care or Adoption Assistance Program.

Individuals not receiving cash assistance may be eligible for Medi-Cal if they are one of the following:

- Age sixty-five or older.
- Blind.
- Disabled.
- Under twenty-one years of age.
- Pregnant.
- Diagnosed with breast or cervical cancer.
- In a skilled nursing or intermediate care facility.
- A person with refugee status during a limited period of eligibility. Adult refugees may or may not be eligible depending upon how long they have been in the United States.
- A parent or caretaker relative of a child under twenty-one years of age.

- A child whose parent is:
 - (a) The primary wage earner and unemployed or underemployed; or
 - (b) Deceased or doesn't live with the child; or
 - (c) Incapacitated.

Further details are available at <http://www.dhs.ca.gov/mcs/medi-calhome/FAQs2.htm>.

Healthy Families Program (SCHIP)

The Healthy Families Program is a state- and federally funded health coverage program for children up to the age of nineteen whose family incomes are above the level eligible for no-cost Medi-Cal and below 250% of the Federal Income Guidelines (\$38,160 for a family of three) and who have been without employer-sponsored health insurance in the last three months.

Parents, legal guardians, stepparents, foster parents, or caretaker relatives may apply for insurance for a child living in their home. Only the parents' income will be considered. The income of a legal guardian, stepparent, foster parent, or caretaker relative who lives with a child will not be used to qualify the child for the program.

Additional qualification criteria are available at http://www.healthyfamilies.ca.gov/English/about_join.html.

APPENDIX B: CONTRACT MODELING DATA TABLES

Contract Wage Rates

SOUTHERN CALIFORNIA, TIER 1

MEAT CUTTERS	
1 st six months	11.43
2 nd six months	12.31
3 rd six months	14.16
4 th six months	15.82
Experienced (5 th six months)	19.18
Head (Thereafter)	\$ 20.18

FOOD CLERKS	
1 st 26 weeks	9.78
2 nd 26 weeks	11.41
3 rd 26 weeks	13.04
4 th 26 weeks	14.67
Experienced (5 th 26 weeks)	17.90
Head (Thereafter)	\$ 18.90

CLERK'S HELPERS	
1 st 3 months	6.75
Next 6 months	6.95
Thereafter	\$ 7.40

GENERAL MERCHANDISE CLERKS	
1 st 26 weeks	7.55
2 nd 26 weeks	7.85
3 rd 26 weeks	8.70
4 th 26 weeks	9.78
Experienced (5 th 26 weeks)	12.17
Head (Thereafter)	\$13.27

MEAT CLERKS	
1 st 26 weeks	7.61
2 nd 26 weeks	8.70
3 rd 26 weeks	9.78
Thereafter	\$ 12.17

PHARMACY TECHNICIANS	
1 st 26 weeks	9.00
2 nd 26 weeks	9.75
3 rd 26 weeks	10.25
4 th 26 weeks	11.25
Thereafter	\$ 14.25

SOUTHERN CALIFORNIA, TIER 2

MEAT CUTTERS	
Fewer than 520	\$ 11.18
Between 520 & 1040	11.38
Between 1040 & 1560	11.58
Between 1560 & 2600	11.78
Between 2600 & 3640	12.28
Between 3640 & 4680	12.78
Between 4680 & 5720	13.28
Between 5720 & 6760	14.28
Between 6760 & 7800	15.28
More than 7800	16.38

FOOD CLERKS	
Fewer than 520	\$ 8.90
Between 520 & 1040	9.10
Between 1040 & 1560	9.30
Between 1560 & 2600	9.50
Between 3640 & 4680	10.50
Between 2600 & 3640	11.00
Between 4680 & 5720	11.50
Between 5720 & 6760	12.50
Between 6760 & 7800	13.50
More than 7800	15.10

CLERK'S HELPERS	
1st 3 months	\$ 6.75
Next 6 months	6.95
After 9 months	7.40

GENERAL MERCHANDISE CLERKS	
Fewer than 520	7.55
Between 520 & 1040	7.75
Between 1040 & 1560	7.95
Between 1560 & 2600	8.15
Between 2600 & 3640	8.55
Between 3640 & 4680	8.95
Between 4680 & 5720	9.35
Between 5720 & 6760	9.85
Between 6760 & 7800	10.35
More than 7800	\$ 11.05

MEAT CLERKS	
Fewer than 520	\$ 7.55
Between 520 & 1040	7.75
Between 1040 & 1560	7.95
Between 1560 & 2600	8.15
Between 2600 & 3640	8.55
Between 3640 & 4680	8.95
Between 4680 & 5720	9.35
Between 5720 & 6760	9.85
Between 6760 & 7800	10.35
More than 7800	11.05

PHARMACY TECHNICIANS	
Fewer than 1040	\$ 9.00
Between 1040 & 2080	9.75
Between 2080 & 3120	10.25
Between 3120 & 4160	11.25
More than 4160	14.40

NORTHERN CALIFORNIA, TIER 1

MEAT CUTTERS	
1st 6 months	\$ 9.701
2nd 6 months	11.463
3rd 6 months	13.226
4th 6 months	14.988
Journeyman	19.524
Head Meat Cutter	20.774
Head Meat Cutter II	21.024

MEAT CLERKS	
1st 520 hours	\$ 8.728
2nd 520 hours	9.109
3rd 520 hours	9.729
4th 520 hours	10.349
5th 520 hours	10.984
6th 520 hours	11.478
7th 520 hours	11.970
8th 520 hours	12.480
Thereafter	14.728

GENERAL MERCHANDISE CLERKS	
1st 520 hours	\$ 8.743
2nd 520 hours	9.082
3rd 520 hours	9.477
4th 520 hours	10.019
5th 520 hours	10.463
6th 520 hours	10.907
7th 520 hours	11.350
Experienced Clerks	13.205
Head Clerks	13.605
Combo Baker/Deli Manager	14.605

CLERK'S HELPERS	
All	\$ 8.395

FOOD CLERKS	
Apprentice 1 st 520 hours	\$ 9.452
Apprentice 2 nd 520 hours	11.170
Apprentice 3 rd 520 hours	12.889
Apprentice 4 th 520 hours	14.607
Experienced Clerk	19.084
Head Clerk	19.513
Senior Head Clerk	19.627
Managing Clerk	20.168

PHARMACY TECHNICIANS	
Fewer than 1040	\$ 11.760
Between 1040 & 2080	12.320
Between 2080 & 3120	12.880
Between 3120 & 4160	13.440
More than 4160	14.000

NORTHERN CALIFORNIA, TIER 2

MEAT CUTTERS	
Fewer than 520	\$ 9.489
Between 520 & 1040	9.780
Between 1040 & 1560	10.072
Between 1560 & 2600	10.363
Between 2600 & 3640	11.091
Between 3640 & 4680	11.820
Between 4680 & 5720	12.548
Between 5720 & 6760	14.005
Between 6760 & 7800	15.462
More than 7800	17.065

GENERAL MERCHANDISE CLERKS	
Fewer than 520	\$ 8.743
Between 520 & 1040	8.938
Between 1040 & 1560	9.134
Between 1560 & 2600	9.329
Between 2600 & 3640	9.720
Between 3640 & 4680	10.110
Between 4680 & 5720	10.501
Between 5720 & 6760	10.990
Between 6760 & 7800	11.478
More than 7800	12.162

FOOD CLERKS	
Fewer than 520	\$ 8.602
Between 520 & 1040	8.844
Between 1040 & 1560	9.086
Between 1560 & 2600	9.328
Between 3640 & 4680	10.540
Between 2600 & 3640	11.146
Between 4680 & 5720	11.752
Between 5720 & 6760	12.963
Between 6760 & 7800	14.175
More than 7800	16.113

MEAT CLERKS	
Fewer than 520	\$ 8.659
Between 520 & 1040	8.929
Between 1040 & 1560	9.198
Between 1560 & 2600	9.467
Between 2600 & 3640	10.006
Between 3640 & 4680	10.545
Between 4680 & 5720	11.083
Between 5720 & 6760	11.757
Between 6760 & 7800	12.430
More than 7800	13.373

CLERK'S HELPERS	
All	\$ 8.395

PHARMACY TECHNICIANS	
Fewer than 1040	\$ 11.760
Between 1040 & 2080	12.092
Between 2080 & 3120	12.313
Between 3120 & 4160	12.755
More than 4160	14.147

Average Wage Job Category by Region by Year

NORTHERN CALIFORNIA PART TIME – LOW TURNOVER

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Pharmacy Technicians	\$ 13.779	\$ 13.508	\$ 13.332	\$ 13.322	\$ 13.315	\$ 13.309	\$ 13.305
Non-Food/General Merchandise Clerks	12.211	11.585	11.340	11.231	11.007	10.819	10.683
Meat Clerks	12.943	12.012	11.520	11.356	11.211	11.108	11.032
Meat Cutters	17.532	16.860	15.722	14.485	13.866	13.563	13.343
Food/Produce Clerks	19.632	16.918	14.929	13.626	12.978	12.668	12.442
Courtesy Clerks	8.421	8.414	8.409	8.405	8.402	8.400	8.399
Non-Food Clerks (hired between 11/2/79 & 12/12/85)	15.011	13.339	12.238	11.575	11.291	11.165	11.074
Total	13.925	12.704	11.881	11.360	11.044	10.865	10.735

NORTHERN CALIFORNIA FULL TIME – LOW TURNOVER

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Pharmacy Technicians	\$ 14.758	\$ 14.509	\$ 14.308	\$ 14.219	\$ 14.178	\$ 14.140	\$ 14.106
Non-Food/General Merchandise Clerks	16.706	16.039	15.490	15.117	14.806	14.524	14.267
Meat Clerks	14.728	14.219	13.855	13.707	13.615	13.532	13.456
Meat Cutters	20.903	19.980	19.239	18.864	18.596	18.352	18.130
Food/Produce Clerks	20.163	19.160	18.387	17.991	17.716	17.466	17.239
Non-Food Clerks (hired before 11/2/79)	17.428	16.677	16.092	15.743	15.468	15.218	14.991
Total	19.648	18.711	17.981	17.593	17.316	17.063	16.833

NORTHERN CALIFORNIA ALL WORKERS – LOW TURNOVER

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Pharmacy Technicians	\$ 14.10	\$ 13.84	\$ 13.65	\$ 13.62	\$ 13.60	\$ 13.58	\$ 13.57
Non-Food/General Merchandise Clerks	13.124	12.489	12.183	12.020	11.778	11.572	11.411
Meat Clerks	13.078	12.178	11.696	11.533	11.392	11.290	11.215
Meat Cutters	20.651	19.747	18.976	18.537	18.243	17.994	17.772
Food/Produce Clerks	19.912	18.099	16.750	15.925	15.474	15.195	14.969
Courtesy Clerks	8.421	8.414	8.409	8.405	8.402	8.400	8.399
Non-Food Clerks (hired before 11/2/79)	17.428	16.677	16.092	15.743	15.468	15.218	14.991
Non-Food Clerks (hired between 11/2/79 and 12/12/85)	15.011	13.339	12.238	11.575	11.291	11.165	11.074
Total	15.950	14.829	14.039	13.565	13.262	13.058	12.893

NORTHERN CALIFORNIA PART TIME – HIGH TURNOVER

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Pharmacy Technicians	\$ 13.779	\$ 12.865	\$ 12.581	\$ 12.574	\$ 12.571	\$ 12.570	\$ 12.569
Non-Food/General Merchandise Clerks	12.211	10.444	9.780	9.510	9.393	9.349	9.331
Meat Clerks	12.943	10.678	9.849	9.575	9.492	9.468	9.458
Meat Cutters	17.532	13.833	11.825	10.903	10.649	10.578	10.548
Food/Produce Clerks	19.632	13.475	10.942	10.010	9.745	9.672	9.641
Courtesy Clerks	8.421	8.406	8.400	8.397	8.396	8.395	8.395
Non-Food Clerks (hired between 11/2/79 and 12/12/85)	15.011	11.444	10.088	9.617	9.501	9.472	9.459
Total	13.925	11.028	9.857	9.418	9.280	9.238	9.220

NORTHERN CALIFORNIA FULL TIME – HIGH TURNOVER

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Pharmacy Technicians	\$ 14.758	\$ 14.390	\$ 14.106	\$ 13.987	\$ 13.934	\$ 13.888	\$ 13.848
Non-Food/General Merchandise Clerks	16.706	15.706	14.928	14.426	14.029	13.684	13.386
Meat Clerks	14.728	13.975	13.461	13.262	13.144	13.042	12.954
Meat Cutters	20.903	19.503	18.439	17.932	17.589	17.292	17.034
Food/Produce Clerks	20.163	18.677	17.585	17.053	16.701	16.396	16.132
Non-Food Clerks (hired before 11/2/79)	17.428	16.316	15.491	15.021	14.670	14.365	14.101
Total	19.648	18.255	17.221	16.700	16.345	16.037	15.770

NORTHERN CALIFORNIA ALL WORKERS – HIGH TURNOVER

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Pharmacy Technicians	\$ 14.10	\$ 13.36	\$ 13.08	\$ 13.04	\$ 13.02	\$ 13.00	\$ 12.99
Non-Food/General Merchandise Clerks	13.124	11.513	10.826	10.509	10.335	10.230	10.154
Meat Clerks	13.078	10.926	10.121	9.853	9.767	9.737	9.721
Meat Cutters	20.651	19.080	17.945	17.408	17.071	16.791	16.550
Food/Produce Clerks	19.912	16.215	14.442	13.720	13.409	13.214	13.060
Courtesy Clerks	8.421	8.406	8.400	8.397	8.396	8.395	8.395
Non-Food Clerks (hired before 11/2/79)	17.428	16.316	15.491	15.021	14.670	14.365	14.101
Non-Food Clerks (hired between 11/2/79 and 12/12/85)	15.011	11.444	10.088	9.617	9.501	9.472	9.459
Total	15.950	13.584	12.462	11.994	11.779	11.643	11.537

SOUTHERN CALIFORNIA PART TIME – LOW TURNOVER

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Pharmacy Technicians	\$ 11.502	\$ 11.721	\$ 11.987	\$ 12.254	\$ 12.270	\$ 12.281	\$ 12.289
Non-Food/General Merchandise Clerks	9.739	10.202	10.382	10.103	9.787	9.617	9.493
Meat Clerks	10.065	10.161	10.156	9.677	9.477	9.391	9.329
Meat Cutters	14.736	15.828	15.757	15.027	14.489	14.198	13.987
Food/Produce Clerks	17.560	15.845	14.300	13.145	12.563	12.272	12.061
Courtesy Clerks	7.022	7.296	7.295	7.295	7.295	7.295	7.295
Non-Food Clerks	12.170	10.955	10.156	9.677	9.477	9.391	9.329
Total	11.887	11.497	10.994	10.471	10.148	9.984	9.864

SOUTHERN CALIFORNIA FULL TIME – LOW TURNOVER

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Pharmacy Technicians	\$ 13.053	\$ 13.274	\$ 13.364	\$ 13.408	\$ 13.419	\$ 13.428	\$ 13.436
Non-Food/General Merchandise Clerks	12.901	12.623	12.349	12.170	12.018	11.880	11.754
Meat Clerks	12.170	11.769	11.465	11.322	11.246	11.177	11.115
Meat Cutters	19.823	19.212	18.729	18.431	18.174	17.940	17.726
Food/Produce Clerks	18.803	17.989	17.323	16.971	16.714	16.480	16.266
Non-Food Clerks	12.170	11.769	11.465	11.322	11.246	11.177	11.115
Total	17.932	17.228	16.646	16.330	16.091	15.874	15.676

SOUTHERN CALIFORNIA ALL WORKERS – LOW TURNOVER

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Pharmacy Technicians	\$ 12.01	\$ 12.23	\$ 12.44	\$ 12.63	\$ 12.65	\$ 12.66	\$ 12.67
Non-Food/General Merchandise Clerks	10.381	10.694	10.781	10.523	10.240	10.077	9.952
Meat Clerks	10.223	10.282	10.254	9.801	9.610	9.526	9.463
Meat Cutters	19.443	18.960	18.507	18.177	17.899	17.660	17.447
Food/Produce Clerks	18.215	16.974	15.893	15.161	14.749	14.489	14.276
Courtesy Clerks	7.022	7.296	7.295	7.295	7.295	7.295	7.295
Non-Food Clerks	12.170	11.769	11.465	11.322	11.246	11.177	11.115
Non-Food Clerks	12.170	10.955	10.156	9.677	9.477	9.391	9.329
Total	14.026	13.524	12.994	12.544	12.251	12.067	11.920

SOUTHERN CALIFORNIA PART TIME – HIGH TURNOVER

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Pharmacy Technicians	\$ 11.502	\$ 10.728	\$ 10.489	\$ 10.585	\$ 10.592	\$ 10.594	\$ 10.596
Non-Food/General Merchandise Clerks	9.739	9.143	8.669	8.336	8.206	8.166	8.150
Meat Clerks	10.065	9.120	8.594	8.254	8.172	8.152	8.143
Meat Cutters	14.736	13.924	12.883	12.231	12.010	11.942	11.913
Food/Produce Clerks	17.560	12.969	10.877	10.033	9.795	9.726	9.698
Courtesy Clerks	7.022	7.176	7.176	7.176	7.176	7.176	7.176
Non-Food Clerks	12.170	9.577	8.594	8.254	8.172	8.152	8.143
Total	11.887	10.031	9.095	8.669	8.537	8.498	8.482

SOUTHERN CALIFORNIA FULL TIME – HIGH TURNOVER

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Pharmacy Technicians	\$ 13.053	\$ 13.096	\$ 13.036	\$ 13.039	\$ 13.052	\$ 13.063	\$ 13.073
Non-Food/General Merchandise Clerks	12.901	12.389	11.949	11.689	11.494	11.325	11.179
Meat Clerks	12.170	11.576	11.147	10.955	10.858	10.774	10.701
Meat Cutters	19.823	18.845	18.100	17.681	17.352	17.066	16.818
Food/Produce Clerks	18.803	17.572	16.619	16.142	15.813	15.527	15.280
Non-Food Clerks	12.170	11.576	11.147	10.955	10.858	10.774	10.701
Total	17.932	16.847	16.000	15.566	15.260	14.995	14.766

SOUTHERN CALIFORNIA ALL WORKERS – HIGH TURNOVER

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Pharmacy Technicians	\$ 12.01	\$ 11.50	\$ 11.32	\$ 11.39	\$ 11.40	\$ 11.40	\$ 11.41
Non-Food/General							
Merchandise Clerks	10.381	9.803	9.335	9.017	8.874	8.808	8.765
Meat Clerks	10.223	9.304	8.786	8.458	8.374	8.349	8.336
Meat Cutters	19.443	18.478	17.711	17.274	16.953	16.684	16.452
Food/Produce Clerks	18.215	15.394	13.901	13.251	12.965	12.782	12.638
Courtesy Clerks	7.022	7.176	7.176	7.176	7.176	7.176	7.176
Non-Food Clerks	12.170	11.576	11.147	10.955	10.858	10.774	10.701
Non-Food Clerks	12.170	9.577	8.594	8.254	8.172	8.152	8.143
Total	14.026	12.442	11.538	11.109	10.916	10.797	10.705

Health Care Take-up

PROPORTION OF EMPLOYEES ON GROCERS' PLAN

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Part Time - Low Turnover	0.96999	0.42896	0.52538	0.57691	0.57327	0.56797	0.56059
Full Time - Low Turnover	0.99962	0.89616	0.82433	0.82836	0.82645	0.82261	0.81708
All Workers - Low Turnover	0.98047	0.59423	0.63113	0.66586	0.66283	0.65805	0.65133
Part Time - High Turnover	0.96999	0.24741	0.29168	0.30005	0.29697	0.29253	0.28761
Full Time - High Turnover	0.99962	0.85363	0.78546	0.78923	0.78665	0.78162	0.77463
All Workers - High Turnover	0.98047	0.46187	0.46636	0.47310	0.47020	0.46555	0.45990

ADDITIONAL PERSONS USING SPOUSE'S PLAN PER EMPLOYEE

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Part Time - Low Turnover	0.01795	0.34283	0.29953	0.27520	0.28002	0.28500	0.29067
Full Time - Low Turnover	0.00020	0.05390	0.10025	0.10128	0.10237	0.10454	0.10765
All Workers - Low Turnover	0.01167	0.24062	0.22904	0.21367	0.21718	0.22116	0.22593
Part Time - High Turnover	0.01795	0.44956	0.44032	0.43983	0.44260	0.44541	0.44822
Full Time - High Turnover	0.00020	0.07573	0.12262	0.12489	0.12636	0.12920	0.13313
All Workers - High Turnover	0.01167	0.31732	0.32793	0.32842	0.33073	0.33355	0.33675

ADDITIONAL PERSONS USING MEDICAID PER EMPLOYEE

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Part Time - Low Turnover	0.00993	0.18816	0.17930	0.17506	0.18102	0.18544	0.18948
Full Time - Low Turnover	0.00010	0.03072	0.05725	0.06204	0.06248	0.06330	0.06446
All Workers - Low Turnover	0.00645	0.13246	0.13612	0.13508	0.13908	0.14223	0.14525
Part Time - High Turnover	0.00993	0.25003	0.26523	0.27132	0.27405	0.27569	0.27702
Full Time - High Turnover	0.00010	0.04368	0.07490	0.08172	0.08230	0.08337	0.08483
All Workers - High Turnover	0.00645	0.17704	0.19790	0.20425	0.20622	0.20766	0.20903

ADDITIONAL PERSONS USING HEALTHY FAMILIES PROGRAM PER EMPLOYEE

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Part Time - Low Turnover	0.00188	0.03614	0.03522	0.03477	0.03598	0.03695	0.03782
Full Time - Low Turnover	0.00002	0.00586	0.01212	0.01409	0.01419	0.01438	0.01464
All Workers - Low Turnover	0.00122	0.02543	0.02705	0.02745	0.02827	0.02896	0.02962
Part Time - High Turnover	0.00188	0.04736	0.05122	0.05262	0.05316	0.05348	0.05373
Full Time - High Turnover	0.00002	0.00831	0.01572	0.01843	0.01857	0.01881	0.01914
All Workers - High Turnover	0.00122	0.03355	0.03866	0.04053	0.04092	0.04122	0.04149

ADDITIONAL UNINSURED PERSONS PER EMPLOYEE

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Part Time - Low Turnover	0.02548	0.48423	0.42203	0.38810	0.39471	0.40139	0.40900
Full Time - Low Turnover	0.00041	0.11143	0.20345	0.20669	0.20872	0.21278	0.21859
All Workers - Low Turnover	0.01661	0.35235	0.34471	0.32392	0.32891	0.33467	0.34164
Part Time - High Turnover	0.02548	0.63944	0.62629	0.62607	0.62993	0.63385	0.63779
Full Time - High Turnover	0.00041	0.15723	0.25224	0.25834	0.26108	0.26638	0.27373
All Workers - High Turnover	0.01661	0.46886	0.49397	0.49598	0.49944	0.50385	0.50900

COST OF ADDITIONAL PERSONS USING MEDICAID

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Part Time - Low Turnover	\$ 1,325,836	\$ 25,126,471	\$ 23,943,200	\$ 23,377,382	\$ 24,173,093	\$ 24,763,706	\$ 25,302,509
Full Time - Low Turnover	7,095	2,245,294	4,184,649	4,535,330	4,567,129	4,627,076	4,711,717
All Workers - Low Turnover	1,332,930	27,371,766	28,127,849	27,912,712	28,740,222	29,390,783	30,014,227
Part Time - High Turnover	1,325,836	33,389,561	35,419,180	36,231,999	36,596,035	36,815,746	36,992,618
Full Time - High Turnover	7,095	3,193,309	5,475,197	5,973,663	6,016,251	6,094,400	6,201,217
All Workers - High Turnover	1,332,930	36,582,870	40,894,377	42,205,662	42,612,286	42,910,146	43,193,834

COST OF ADDITIONAL CHILDREN USING HEALTHY FAMILIES PROGRAM

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Part Time - Low Turnover	\$ 160,139	\$ 3,057,476	\$ 2,995,048	\$ 2,959,211	\$ 3,071,433	\$ 3,154,690	\$ 3,229,348
Full Time - Low Turnover	909	279,346	574,399	662,403	666,665	674,872	686,814
All Workers - Low Turnover	161,048	3,336,822	3,569,447	3,621,614	3,738,098	3,829,562	3,916,161
Part Time - High Turnover	160,139	4,020,415	4,357,962	4,478,146	4,527,733	4,555,386	4,576,353
Full Time - High Turnover	909	394,770	742,659	864,640	870,307	880,915	895,860
All Workers - High Turnover	161,048	4,415,185	5,100,621	5,342,786	5,398,040	5,436,301	5,472,213

COST OF ADDITIONAL UNINSURED PERSONS

	2004 (Y ₀)	2005	2006	2007	2008	2009	2010
Part Time - Low Turnover	\$ 1,902,841	\$ 36,162,018	\$ 31,517,310	\$ 28,982,921	\$ 29,476,734	\$ 29,976,040	\$ 30,543,843
Full Time - Low Turnover	16,627	4,555,284	8,316,972	8,449,711	8,532,661	8,698,499	8,936,178
All Workers - Low Turnover	1,919,468	40,717,303	39,834,282	37,432,632	38,009,395	38,674,538	39,480,021
Part Time - High Turnover	1,902,841	47,753,494	46,771,061	46,754,504	47,042,944	47,335,797	47,629,687
Full Time - High Turnover	16,627	6,427,546	10,311,592	10,561,180	10,672,841	10,889,636	11,189,926
All Workers - High Turnover	1,919,468	54,181,040	57,082,653	57,315,685	57,715,784	58,225,433	58,819,612