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Longshore and Clerk Basic Benefit Costs Hit $31,791 per Active Registrant in 1998/99

Based on data through March 1999, employer costs for longshore and clerk pension, welfare, vacation, paid holiday, and pay guarantee (PGP) for the fiscal year ending June 30, 1999 will be $288,029,000. (This does not include such benefits as 401(k) plan administration, training, dispatch hall contributions, nor does it include the costs for foremen or watchmen.)

Dividing this cost by the total active longshore and clerk registration at the end of 1998, the midpoint of the fiscal year, produces an average cost of $31,791 per active registrant.

Costs versus Registration

Figure 1 shows the total employer costs for selected longshore and clerks' benefits by fiscal year since 1980/81. The costs have followed a straight-line trend very closely, but they are beginning to exceed that long-term growth rate in the last few years.

Also shown in Figure 1, as shaded vertical bars, is the total longshore and clerk registration at the midpoint of each fiscal year. Attrition and minimal additions to the registered work force slowly reduced registration between 1980 and 1994 from 9,685 to 7,296 during which time total benefits costs rose continuously.

Figure 2 shows the changes in both longshore and clerk registration levels by year since 1980. The pattern for longshore registrants closely matches the combined registration shown in Figure 1. The number of clerk registrants, however, is quite different. Clerk registration grew throughout the early 1980s, then decreased in the late 1980s only to begin growing at an unprecedented rate since 1994 to the level of 25 years ago.

It is important to recognize that the costs of these specific longshore and clerk benefits increased at nearly $10 million per year despite the reduction in the number of active registrants. The growth in costs was primarily the result of increased benefits bargained in each new contract and the large increases in medical care expenses.

Costs of Each Benefit

Figure 3 shows the longshore and clerk portion of the employers' costs for each of

Figure 1. Annual Longshore & Clerks' Benefits Costs
Pension, Welfare, Vacation, Paid Holiday, and PGP
(Costs based on benefits plus expenses less employee contributions)

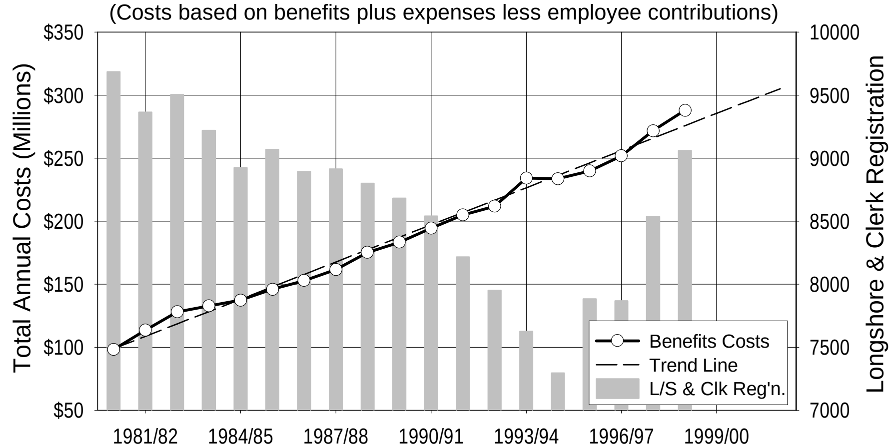


Figure 2. Longshore and Clerk Registration
at End of Calendar Year

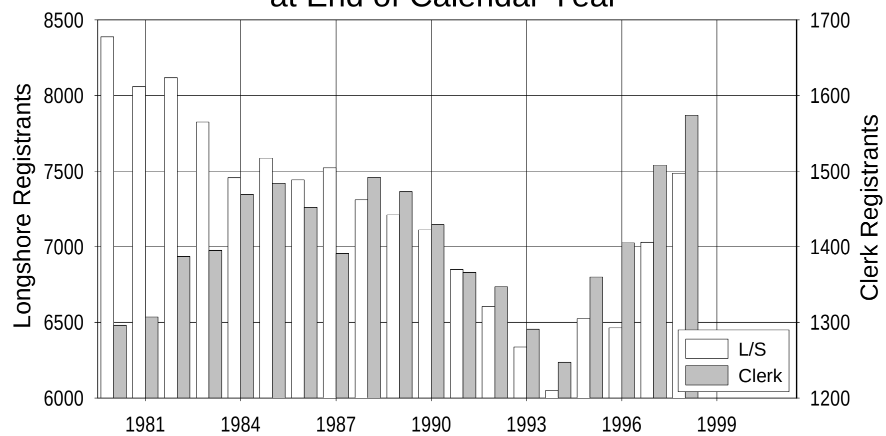
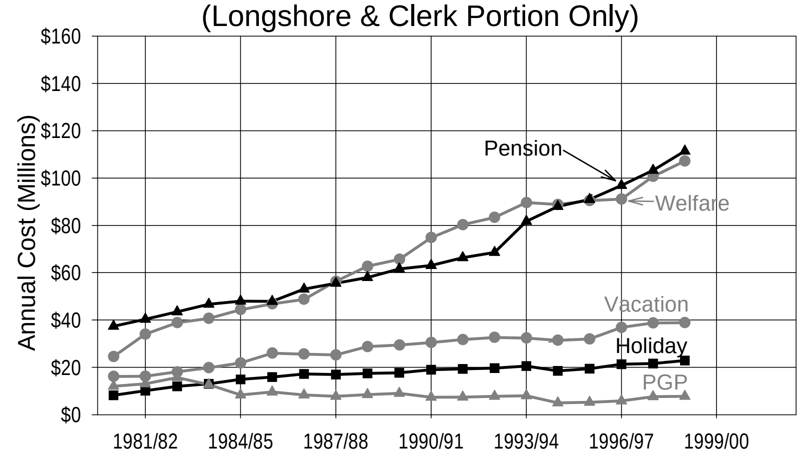


Figure 3. Annual Employers' Costs by Plan
(Longshore & Clerk Portion Only)



the selected benefits. The costs shown for pension and welfare have been derived from the total plan benefits costs (less employee contributions to welfare: in 1998, 0.56% of earnings, or about $37 per month for longshore and clerk registrants) on a per capita basis by year. Welfare costs include retirees' benefits costs. Longshore and clerk vacation and paid holiday costs for early periods in this study have been determined on a percent of benefit cost basis. These adjustments are required because foremen costs, and in some years, ILWU watchmen welfare benefits costs are included in the total plan costs data.

Welfare and pension make up most of these costs. Pension has been the most expensive benefit, except for the years between 1987/88 and 1995/96 when welfare outpaced pension. The only benefit which has reduced in cost over the period is pay guarantee. Both vacations and paid holidays have grown from their 1980/81 levels.

Pension costs have increased at an accelerated rate beginning in 1993/94 when the pension benefits for active and retired employees were increased by an unusually large amount.

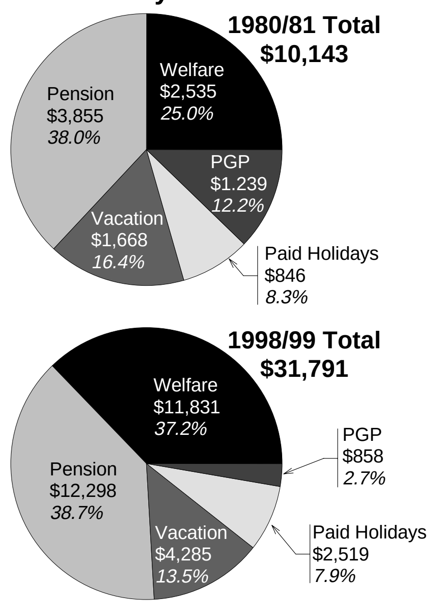
Welfare costs remained essentially flat from 1993/94 through 1996/97, but welfare costs are again climbing, at a rate higher than that experienced prior to 1993/94.

Cost per Active Registrant

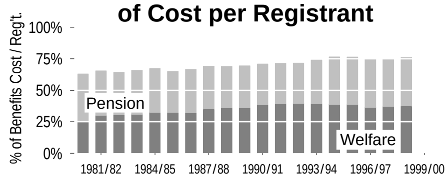
Figure 4 shows the relative proportion each benefit plan makes to this group of longshore and clerk benefits. The top pie chart shows the benefits package costs in 1980/81. Welfare, at $2,535 per registrant, represented 25.0% of the costs, and pension ($3,855) made up 38.0%, totaling 63%. Paid holiday and PGP costs made up 16.4% and 12.2%, respectively.

The lower pie chart shows that in the current fiscal year, the proportion of costs going into welfare has grown to 37.2%, or $11,831, and pension represents 38.7% of the total, or $12,298. Together, pension and welfare represent more than three-quarters of the benefits discussed.

Figure 4. **Annual Cost per Reg't. by Plan**



Welfare and Pension as a % of Cost per Registrant



Not only has the annual average cost of the group of benefits gone from $10,143 per registrant to $31,791, a 213.4% increase, but welfare cost alone has grown from $2,535 to $11,831, a 366.7% increase. Average welfare costs per registrant have grown at an annual compounded rate of 8.9% per year in the period discussed.

The stacked bars show the proportion of the selected benefits that are welfare and pension costs. These two benefits have together accounted for about 75% of the total since 1993/94.

Projected Costs by Plan

Figure 5 shows straight-line cost projections for each plan based on recent years' experience. The years chosen for the pension plan projection are the six years since 1993/94. Since welfare costs have begun to increase again in the last three years, the welfare projection line is based on this shorter period. The projections for vacation, paid holiday, and PGP are based on the most recent five year period.

These projections show that by the year 2001/02, longshore and clerk pension costs will reach $127 million; welfare, $132 million; and a total of $83 million for the other benefits shown. The sum of these five projections is about $341,400,000.

If longshore and clerk registration were to remain at its current level (9,165 on May 10, 1999), the projections predict annual average pension costs of about $13,835. Similarly, welfare costs would grow to $14,375, and an additional $9,035 for the other three benefits.

Where Do the Trends Lead?

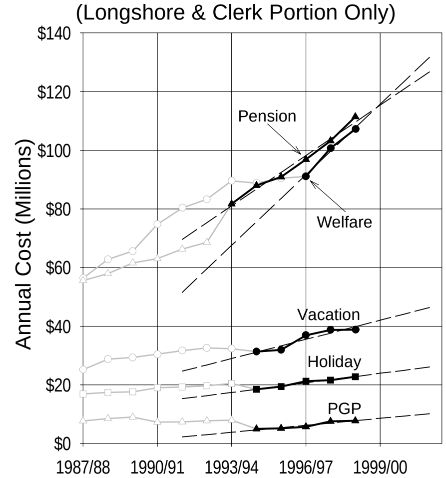
Welfare costs for the current schedule of benefits have been projected by plan consultants to increase by about 30% in the next three years, assuming a constant registered work force. This increase in costs is usually referred to as "maintenance of benefits." The increase is in fact higher than the projections shown in Figure 5.

Also, the large numbers of new registrants added to the active work forces in the past five years will drive benefits costs up at an accelerated rate: they are, on the average, younger than the existing registered work forces; they will receive increasingly larger vacation payments; they and their spouses and dependents will utilize the welfare benefits more as they age; and they will have much larger pension benefits when they retire.

Projected pension benefits costs made in 1993 when the major improvement in these benefits was bargained were made when registration was still decreasing. More particularly, they were made prior to the rapid growth in registration shown in Figure 2. These additions to the work force will significantly enlarge the future pension costs above the earlier projections.

Therefore, the average cost of benefits per active registrant will increase in the future. Based on the projections made for each plan, which assumed no additional improvements in the benefits schedules, costs for these selected benefits can be expected to exceed $37,250 per active longshore and clerk registrant by 2001/02. Given the probable increases in pension and welfare describe above, that estimate may well be conservative.

Fig. 5. Annual Employers' Costs by Plan
(Longshore & Clerk Portion Only)

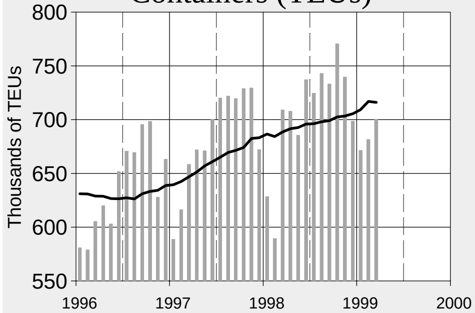


CONSUMER PRICE INDEX
U.S. CITY AVERAGE - ALL ITEMS
(1982-84 = 100)
Urban Wage Earners & Clerical Workers

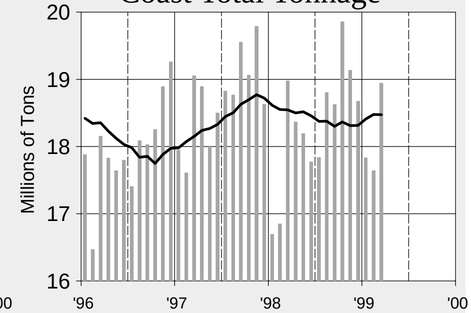
Month	1997	1998	1999	12 Mo.
JAN	156.3	158.4	**161.0**	**1.64**
FEB	156.8	158.5	**161.1**	**1.64**
MAR	157.0	158.7	**161.4**	**1.70**
APR	157.2	159.1	**162.7**	**2.26**
MAY	157.2	159.5		1.46
JUN	157.4	159.7		1.46
JUL	157.5	159.8		1.46
AUG	157.8	160.0		1.39
SEP	158.3	160.2		1.20
OCT	158.5	160.6		1.32
NOV	158.5	160.7		1.39
DEC	158.2	160.7		1.58

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

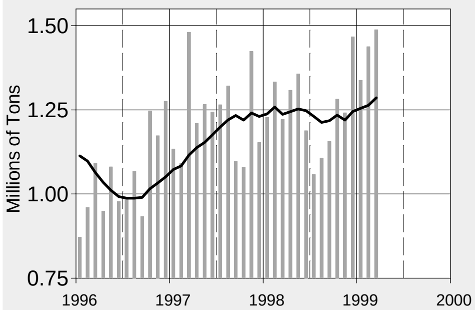
Containers (TEUs)



Coast Total Tonnage

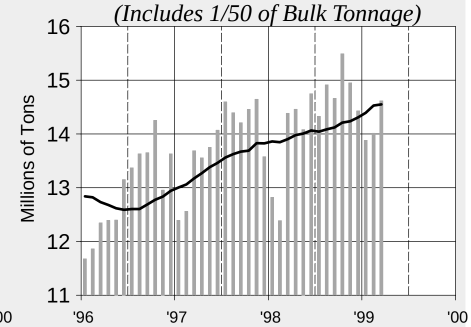


Automobiles & Trucks

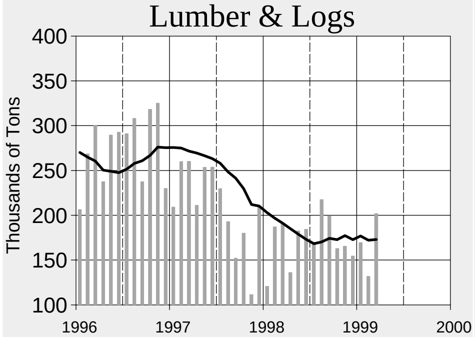


"Weighted" Total Tonnage

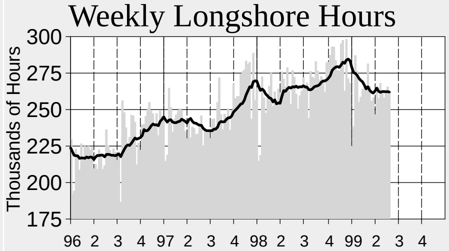
(Includes 1/50 of Bulk Tonnage)



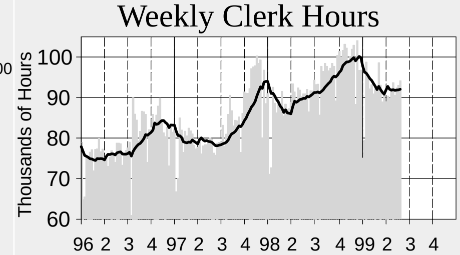
Lumber & Logs



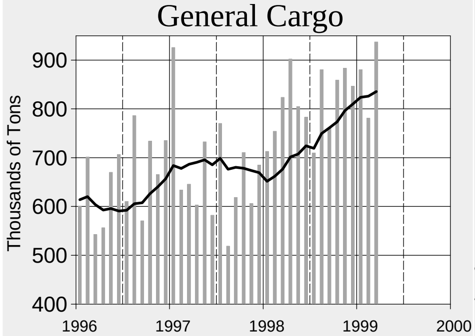
Weekly Longshore Hours



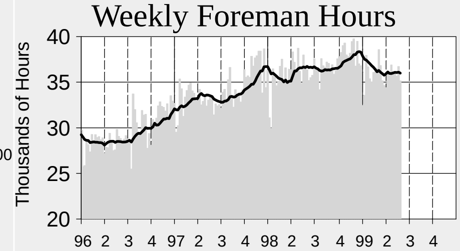
Weekly Clerk Hours



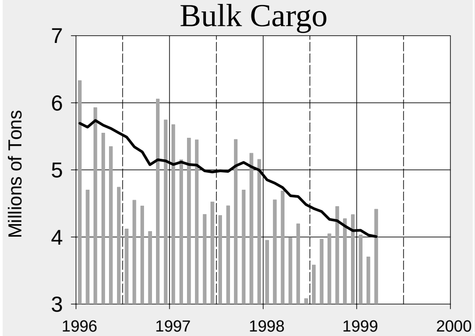
General Cargo



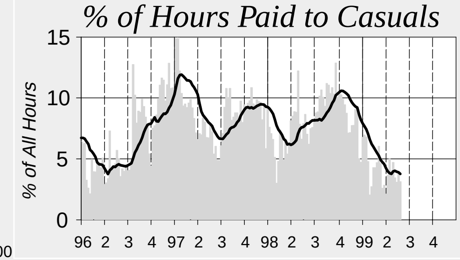
Weekly Foreman Hours



Bulk Cargo



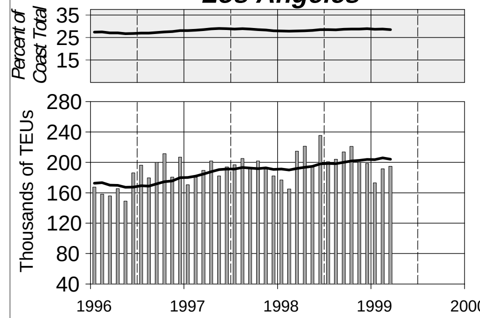
% of Hours Paid to Casuals



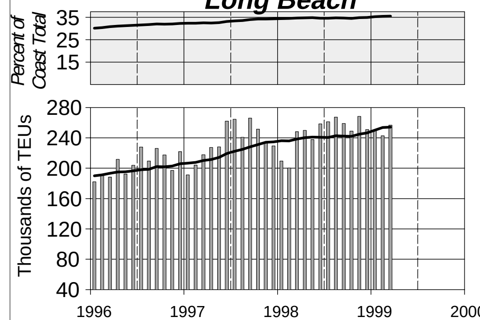
Bars represent monthly tonnage or weekly hours; solid lines represent 12-month or 13-week running averages.

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

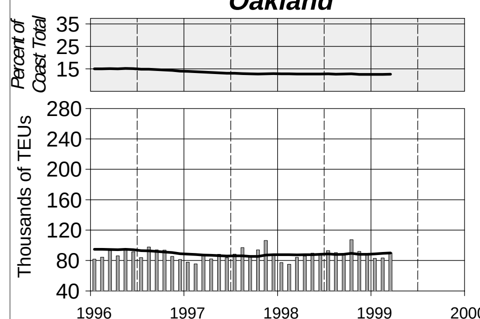
Los Angeles



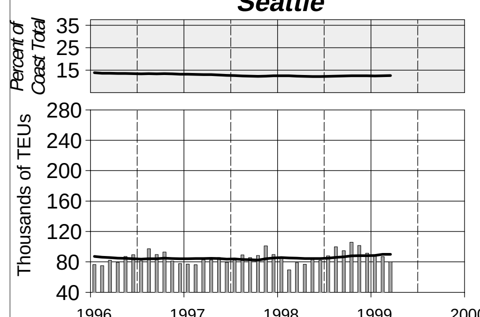
Long Beach



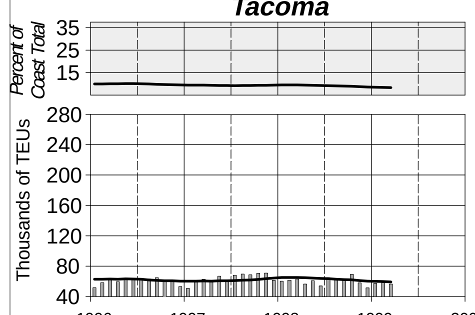
Oakland



Seattle



Tacoma



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.

ILWU LOCAL/PORT AREA	REGISTRATION (At 5/5/99) TOTAL	Class "B"	STATS (For 52 Payroll Weeks) (Ending 5/1/99) Number Working	Annual Hrs Pd	Wkly PGP	Hours Paid: Out of Port	Other Local	Cas-uals	Inac-tives	PORT HOURS (Year-to-date) P/R Wks 1-18, '99 Avg. Wkly	% Cst	Hours Paid at Occ Codes Clk	Frm	Exp. Rates*	TONNAGE BY PORT AREA (For 12 months-to-date & YTD) % of Category Coast Total (12 Months-to-Date) Cont'r RU's	Lmbr Logs	Autos Trucks	Other Gen'l	Bulk Cargo	TOTAL	1999 YTD (Jan-Mar)	% of Coast Total	1999 YTD '99 as a % of '98	Cstwise Loaded
Longshoremen	NO.	NO.	NO.	HRS	$	%	%	%	%	HRS	%	%	%	%	%	%	%	%	%	%	TONS	%	%	TONS
Southern California																								
29 San Diego	54	20	51	2,252	< 1	6.4	6.0	32.6	0.3	3,372	0.8	8.9	12.2	28.2	< 0.1	4.1	13.1	1.6	2.1	1.5	990,840	1.8	139.2	0
13 Los Angeles/Long Beach	4,029	941	3,985	2,031	< 1	0.2	1.1	8.6	0.3	231,299	58.2	24.7	9.9	18.0	64.0	7.6	35.4	52.3	26.7	52.9	27,632,032	50.8	105.7	32,768
46 Port Hueneme	82	12	79	2,054	< 1	6.8	6.0	37.5	0.2	6,532	1.6	14.5	6.3	32.9	0.1	< 0.1	10.6	7.4	0.1	1.1	686,914	1.3	110.4	0
Southern California Total	**4,165**	**973**	**4,115**	**2,034**	**< 1**	**0.5**	**1.3**	**9.7**	**0.3**	**241,203**	**60.7**	**24.2**	**9.9**	**18.6**	**64.1**	**11.7**	**59.1**	**61.2**	**28.9**	**55.5**	**29,309,786**	**53.9**	**106.7**	**32,768**
Northern California																								
10 San Francisco Bay Area	1,030	202	981	1,698	< 1	1.8	1.7	4.3	0.6	47,959	12.1	26.8	8.1	17.8	12.8	0.1	5.6	8.2	2.3	9.7	5,073,367	9.3	108.2	343
54 Stockton	58	23	57	1,547	76	5.5	6.0	13.3	0.5	2,376	0.6	18.7	7.5	5.9	< 0.1	-	-	1.8	2.9	0.7	318,346	0.6	141.7	0
18 Sacramento	24	3	24	1,562	171	9.8	17.1	21.7	0.0	2,706	0.7	21.4	6.5	19.9	-	0.1	-	1.8	1.3	0.4	302,872	0.6	112.5	0
14 Eureka	31	0	31	939	362	40.8	3.2	4.0	0.0	479	0.1	11.7	12.1	6.0	-	1.8	-	1.7	0.5	0.2	116,278	0.2	67.3	0
Northern California Total	**1,143**	**228**	**1,093**	**1,666**	**18**	**2.7**	**2.3**	**5.3**	**0.6**	**53,521**	**13.5**	**26.0**	**8.0**	**17.3**	**12.8**	**2.0**	**5.6**	**13.6**	**7.0**	**11.0**	**5,810,863**	**10.7**	**108.5**	**343**
Oregon																								
12 North Bend/Coos Bay	93	16	90	1,172	192	44.3	0.9	2.0	0.5	1,277	0.3	10.0	8.8	0.7	< 0.1	8.2	-	0.4	4.2	1.0	654,408	1.2	77.2	9,740
53 Newport	8	1	8	652	425	76.9	20.6	0.5	1.3	37	0.0	0.0	0.0	4.9	-	0.3	-	-	-	< 0.1	1,583	0.0	-	0
50 Astoria	49	0	49	694	464	87.2	0.9	0.6	2.3	72	0.0	0.0	0.0	0.0	-	1.8	-	-	-	< 0.1	2,186	0.0	23.0	475
8 Portland	464	43	451	1,856	7	2.5	12.4	2.7	0.4	23,267	5.9	14.4	7.6	5.3	2.2	2.9	18.3	7.3	24.1	8.3	4,728,913	8.7	108.6	12,841
4 Vancouver, WA	147	40	144	1,732	13	12.1	11.9	6.8	1.1	6,477	1.6	13.8	6.5	10.6	< 0.1	0.1	2.7	3.9	8.8	2.3	1,318,434	2.4	100.9	0
21 Longview, WA	190	17	189	1,901	16	16.6	5.2	5.1	1.0	8,751	2.2	9.2	8.3	5.5	< 0.1	30.5	-	6.0	12.4	3.2	2,155,125	4.0	90.3	21,239
Oregon Total	**951**	**117**	**931**	**1,708**	**55**	**12.0**	**10.3**	**3.9**	**0.7**	**39,881**	**10.0**	**13.0**	**7.6**	**6.1**	**2.2**	**43.8**	**20.9**	**17.6**	**49.5**	**14.9**	**8,860,649**	**16.3**	**99.5**	**44,295**
Washington																								
24 Aberdeen	70	0	70	1,350	167	24.4	7.7	3.1	0.0	1,868	0.5	6.5	6.1	0.6	< 0.1	13.4	-	0.6	-	0.2	97,623	0.2	117.6	15,113
27 Port Angeles	54	0	53	731	507	61.6	6.0	1.0	2.6	334	0.1	8.5	7.0	0.0	-	1.9	-	< 0.1	0.4	0.1	75,752	0.1	121.9	13,773
51 Port Gamble	12	0	12	408	680	82.5	0.0	0.0	0.0	17	0.0	0.0	0.0	0.0	-	-	-	-	-	-	0	0.0	-	0
47 Olympia	28	5	28	926	257	31.7	30.9	9.0	0.0	286	0.1	2.9	11.8	7.4	< 0.1	1.4	-	< 0.1	-	< 0.1	12,460	0.0	30.5	0
23 Tacoma	487	100	484	1,760	< 1	2.3	2.8	8.9	0.3	24,469	6.2	21.9	8.9	8.0	8.3	18.4	10.5	3.1	9.2	8.5	4,744,221	8.7	92.6	0
19 Seattle	579	129	573	1,852	< 1	1.5	4.5	9.8	0.2	33,437	8.4	25.6	7.8	8.2	12.5	0.3	3.9	3.0	2.4	9.2	5,194,044	9.5	102.6	13,257
32 Everett	55	0	55	1,116	215	16.0	14.4	5.8	0.0	1,348	0.3	5.8	7.4	3.0	< 0.1	6.1	-	0.1	0.7	0.2	99,855	0.2	75.2	1,601
25 Anacortes	13	0	13	943	238	29.8	24.4	1.0	0.0	197	0.0	7.8	11.4	3.7	< 0.1	1.0	-	-	0.4	0.1	29,556	0.1	32.0	0
7 Bellingham	32	0	32	895	238	19.2	7.6	4.8	7.6	926	0.2	10.4	11.1	9.9	-	-	-	0.8	1.4	0.3	173,191	0.3	92.4	0
Washington Total	**1,330**	**234**	**1,320**	**1,651**	**58**	**5.2**	**4.7**	**8.9**	**0.3**	**62,882**	**15.8**	**22.7**	**8.2**	**7.7**	**20.9**	**42.5**	**14.4**	**7.6**	**14.6**	**18.7**	**10,426,702**	**19.2**	**96.7**	**43,744**
Total/Average	**7,589**	**1,552**	**7,459**	**1,872**	**20**	**2.8**	**2.9**	**8.4**	**0.4**	**397,517**	**100.0**	**23.1**	**9.1**	**15.4**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**54,408,000**	**100.0**	**103.6**	**121,150**
% Change from Update *of 5/98*	*+7.8*	*-0.4*	*+7.4*	*-0.3*	*+5.3*	*-0.2*	*-0.9*	*-0.8*	*-0.3*	*+1.1*		*+0.7*	*0.0*	*-3.8*	*4.0%*	*-9.5%*	*4.0%*	*23.5%*	*-15.4%*	*-0.4%*				*-51.6%*

Clerks	TOTAL	Class "B"	Number Working	Annual Hrs Pd	Wkly PGP	Out of Port	Other Local	Cas-uals	Inac-tives
29 San Diego	4	0	4	***	***	10.8	32.8	10.8	0.8
46 Port Hueneme	12	0	12	2,429	-	2.5	27.4	8.2	0.0
63 Los Angeles/Long Beach	940	1	926	2,669	< 1	0.2	11.3	10.7	0.4
14 Eureka	3	0	3	***	***	20.8	36.6	0.0	0.0
34 SF Bay Area & Delta	283	11	279	2,340	2	2.6	9.5	1.9	0.3
40 Portland	92	0	88	2,502	2	32.5	11.2	1.7	2.3
23 Tacoma	71	0	71	2,501	-	1.5	35.9	0.8	0.3
52 Seattle	171	0	171	2,534	-	12.8	12.3	3.3	1.4
Total/Average	**1,576**	**12**	**1,554**	**2,572**	**1**	**3.8**	**12.7**	**7.6**	**0.6**

Foremen/Walking Bosses	TOTAL	Class "B"	Number Working	Annual Hrs Pd	Wkly PGP	Out of Port	Other Local	Cas-uals	Inac-tives
29 San Diego	2	0	2	***	***	0.7	71.6	1.1	0.1
46 Port Hueneme	5	-	5	2,344	3	0.1	38.8	0.2	0.0
94 Los Angeles/Long Beach	355	-	349	3,466	< 1	0.2	4.1	0.0	0.5
91 Northern Calif. Area	76	-	74	2,590	33	0.6	13.6	0.0	0.7
92 Portland	50	-	49	2,526	13	12.9	15.7	0.0	2.0
98 Seattle	98	-	96	2,550	13	9.5	10.9	0.0	0.0
Total/Average	**586**		**575**	**3,109**	**8**	**2.4**	**8.1**	**0.0**	**0.5**

* 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.