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U. S. DEPARTMENT OF LABOR
WAGE AND HOUR DIVISION
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ANNUAL WAGE CONTRACTS FILED BY HORTEL AND OTHERS

An annual wage contract guaranteeing its employees over \$3,400 a year salary and limiting their work hours to 2,000 a year, has just been filed with the Wage and Hour Division, U. S. Department of Labor, by the Greenville Finishing Company of Smithfield, R. I., the Wage and Hour Division announced today.

The contract entered into with the Machine Printers' Beneficial Association of Rhode Island, as the bona fide representative of the employees, so certified by the National Labor Relations Board, in conformance with the requirements of Section 7 (b)(2) of the Fair Labor Standards Act, automatically grants the Greenville Finishing Company exemption from the overtime provisions of the Act up to 12 hours a day and 56 hours a week for as long a period, or succession of periods, as is possible under the limitation of the total number of working hours to 2,000 during the 52-week life of the contract.

This section was written into the Act by Congress in recognition of the social and economic values of dependable income and uninterrupted employment. This provision was intended to facilitate the efforts of employers to arrange their employments in conformity to the growing tendency to develop plans for employment stabilization.

The Greenville Finishing Company is the fourth employer concern in the country to avail itself of the operating advantages accruing to an employer under the Fair Labor Standards Act from entering into an annual wage contract with certified representatives of their employees and thereby contributing to stabilization of employment.

The other three companies which to date have filed such annual wage contracts meeting all the requirements of the Act governing such agreements, are the Bellman Brook Bleachery Company, of Fairview, N. J.; the Cranston Print Works Company, of Cranston, R. I. and George A. Hormel & Company, packers of meat products, of Austin, Minn.

The Greenville Finishing Company, Bellman Brook Bleachery Company and Cranston Print Works Company contracts are all with the Machine Printers Beneficial Association which has been certified as the bona fide representatives of the employees in each instance.

All three of these contracts guarantee an annual wage and provide that the members of the Association covered by the contract shall work not more than 2,000 hours during the period of fifty-two weeks covered by the contract.

The basic work week throughout the term of the contract, it is stated in each of the three documents shall be forty hours a week. This may, by mutual consent of the parties involved, be extended from time to time but in no event, it is stipulated, shall the basic work week, as thus increased be extended beyond forty-eight hours a week.

The annual wage guaranteed each journeyman printer covered by the Cranston Print Works Company contract, is \$3,380. The annual wages guaranteed in the Bellman Bleachery Company contract are \$3,200 for six color machines; \$3,350 for eight color machines and \$3,500 for ten color machines, payable weekly at the rates of \$61.54, \$64.43 and \$67.31 a week. The Greenville Finishing Company contract, just filed, guarantees the covered employees an annual wage of \$3,432 for operating six to eight color machines, and \$3,536 on eight to twelve color machines, payable weekly at the rates of \$66 and \$68 a week.

The three contracts negotiated with the Machine Printers Beneficial Association involve concerns having a comparatively small number of highly paid

workers covered by the contracts. The annual wage contract filed by George A. Hormel & Company, however, involves approximately 2,700 Hormel employees, and its operation in the widely known Hormel plant serves to demonstrate to other employers with large working forces and varying peaks of seasonal activity, how they may solve many of the problems which their periods of peak activity present under the maximum hours provisions of the Fair Labor Standards Act, and at the same time, promote stabilization of employment, one of the main objectives of economic and labor legislation.

Because the Hormel plant is highly departmentalized, due to the variety of services performed, the Hormel contract known as the "Geo. A. Hormel & Co. Straight Time Arrangement," does not mention any specific amount as the guaranteed annual wage, as do the other three approved contracts. The average annual wage guaranteed to the Hormel employees by the contract is about \$1,500, however, or roughly \$30 a week.

The objectives of the straight time plan, the contract states, are to provide for employees continuous employment, a uniform and dependable weekly pay check, an opportunity to earn more leisure time without diminishing weekly or annual pay and an opportunity to earn more money whenever the company's volume of business permits.

Each employee regularly assigned to a straight time department will receive the weekly rate of pay provided for in the latest approved straight time plan for his department. The contract provides that unless a straight time arrangement is discontinued, or the work gang in a department is reduced because of reduction in the required amount of work for that department, there will be no reduction in the number of employees in any straight time department within a period of one year from the latest approval of the straight time arrangement for that department.

Any employee who is laid off from a straight time department may find employment elsewhere on the basis of his seniority rights, or may, on application be transferred at his regular rate of pay to the Extra Gang. During the period of any one fiscal year, the contract provides, this extra gang will not be reduced below the number who have been transferred to it from regular straight time employment, thus maintaining employment with full pay for at least one year for the number of individuals originally assigned to the straight time schedule for any year.

"Every employee originally assigned to the straight time schedule for any year, will be employed for the year" the contract states, "and will receive for said year not less than an amount equal to the weekly rate of pay provided for him in the latest approval of the straight time plan for his department for the 52 week period contemplated by that arrangement. Additional compensation may be paid for additional production accomplished or additional hours worked according to such arrangements as may be made in behalf of the group or individuals concerned.

"In no case shall any such employee be employed more than 2,000 hours within the applicable 52 week period."

Jay C. Hormel, president of the company, in Washington on business recently, visited the Wage and Hour Division and expressed deep satisfaction with the manner in which the annual wage plan was working out in his plant. Under it, he said, some of his employees might be required to work forty-eight, fifty or fifty-three hours a week over brief periods of peak seasonal activity, without receiving overtime, but when these busy periods were over, they received the same weekly pay check for eighteen or twenty hours of work.

Under such an annual wage contract, he pointed out, he is assured of a steady, year around working force, whereas, if he didn't avail himself of the

hours exemptions automatically conferred by filing an approved annual wage contract and had to pay time and a half overtime for all hours worked in excess of 42 a week during periods of peak activity, he would have to take on temporary additional employees for a few weeks at a time and then "throw them back on town relief" when the busy season was over.

Mr. Hormel reported he had no difficulty keeping within the limitation of 2,000 total working hours a year.

The Fair Labor Standards Act, it should be noted, does not dictate or limit the rate of pay, working conditions or terms of the annual wage contract beyond those stated in Section 7 (b)(2) which states that no employer shall be deemed to have violated the Act by employing any employee for a workweek in excess of that specified in the Act "if such employee is so employed on an annual basis in pursuance of an agreement with his employer, made as a result of collective bargaining by representatives of employees certified as bona fide by the National Labor Relations Board, which provides that the employee shall not be employed more than two thousand hours during any period of fifty-two consecutive weeks ... and if such employee receives compensation for employment in excess of 12 hours in any workday, or for employment in excess of 56 hours in any workweek, as the case may be, at a rate not less than one and one half times the regular rate at which he is employed."

All other terms and conditions of employment, such as rates of pay, vacations, sick leave and production bonuses, will be determined by collective bargaining between the employer and the certified representatives of his employees.

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