



## The Top Ten Costly Mistakes You Should Avoid Making Under Your Labor Contracts

Employment, Labor & Benefits Practice Group

*Foster Swift Employment, Labor & Benefits Quarterly*

Spring 2010

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### PRACTICE AREAS

Business Contracts

Employment Law

Labor Relations

### (PART 1)

The most costly mistakes union employers make are all avoidable. After all, the contractor either negotiated the terms of the collective bargaining agreement (the "Contract" or "CBA") or, at the least, had a right to read it before signing it. Yet, the same mistakes are often being made by sophisticated owners who run small and multi-million dollar businesses.

### WHY MISTAKES HAPPEN

- 1. Employers** - need to focus on the entire Contract. Employers often review only the "wage rate" and incorrectly assume the remainder of the Contract is not important. (It is!)
- 2. Contractors** - need to get involved in the negotiation process. Contractors often leave the negotiations to human relations or labor personnel or the association and "assume" the contract will be "OK"! (Big mistake! What you don't know can hurt you!)
- 3. Change in Union Steward** - Even when employers have blatantly violated language that has been unchanged in their Contracts for 20 years without complaint from the union, a new, more vigilant Union Steward may grieve or sue you for not following the plain language in the Contract.

### WHAT ARE THE "TOP 10" CONTRACTOR MISTAKES?

- 1. The Evergreen Clause.** Most CBAs have an evergreen clause. This means that, if the contractor fails to give timely notice, the CBA will automatically renew - - for another term, or in some cases, only year-to-year.

**2. Union Security Clause / Union Membership.** The most common -- and costly - - error employers make is to assume that just because an employee is not a union member, the employer does not have to pay the employee union wages and fringes. Similarly, an Employer may assume that a union member who does not perform "covered" work does not get union wages or fringes. This assumption may not be correct.

**3. Hours "Worked" versus Hours "Paid".** Understand your Contract and the difference between hours paid and hours worked. For example, must the employer make fringe benefit payments on the employees' vacation, personal, and sick days? (i.e., Are payments made on hours paid or hours worked?)

**(PART 2 - NEXT ISSUE)**