

UNITE HERE: A Merger that is Working

Introduction

In 2004 UNITE and HERE merged, creating one bigger, stronger union. Five years later, after major organizing and bargaining victories that have improved the lives of hundreds of thousands of workers, President Raynor is calling for the dissolution of the merger. Threatening internal conflict and chaos, President Raynor calls the UNITE HERE merger an “abject failure.”

If the UNITE HERE merger were a failure, then members of UNITE HERE would have cause for serious concern. But President Raynor’s desire to divide the union is not motivated by a principled disagreement over how to organize more workers. Rather President Raynor is losing a crucial debate in UNITE HERE regarding the need for good contracts that lift the standard of living of service workers, for strategic organizing investments that create power in our industries and companies, and above all, for the principle that unions must be democratic and controlled by the members. Upon losing this debate within the Union and its democratic forums, President Raynor now seeks to divide UNITE HERE through a civil war to preserve his power and control, no matter what the consequences.

Through a flurry of lawsuits, white papers, and press releases, President Raynor has advanced three main arguments for dissolving the merger of UNITE HERE: 1) UNITE HERE has “failed to organize as many workers as the separate predecessor unions were able to do”; 2) key organizing programs in hotels and gaming have “been nothing but disappointing”; and 3) a “faction” representing a majority of UNITE HERE members are seeking to “plunder” the former assets of UNITE through uncontrollable deficit spending.

President Raynor’s claims are not supported by the evidence.

1. Playing with Numbers vs Building Real Power

President Raynor cynically argues that the union has “failed to organize as many workers as the separate predecessor unions were able to do.” But one must look behind these “organizing” numbers to form an opinion about UNITE HERE’s success or failure. Ultimately, we must decide if we are to measure our organizing success by our ability to build real power for workers at their companies and in their industries, or by a desire to generate illusory organizing gains that make fodder for press releases and white papers, but build little power for workers.

For example, President Raynor points to the 50,500 workers organized by UNITE from 1999-2003 in laundries, textiles, retail and distribution centers in support of his claim that the predecessor unions organized more workers alone than through the merger. However, President Raynor neglects some key facts regarding UNITE’s organizing “victories.”

- President Raynor claims that UNITE organized approximately 35,000 industrial laundry workers from 1998 to 2003 as a result of a new strategy to diversify from manufacturing. However, at least 22,000 members of these “organizing” gains came through UNITE’s “raid and trade” tactics. For example, the Textile Processors union merged 7,200 industrial laundry workers into UNITE in early 2000, after significant raids by UNITE of Textile Processors’ shops over the course of the previous year. In 2001, the 8,800 members of the Laundry and Dry Cleaning International Union merged
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with UNITE. The 2,800 workers “organized” at National Linen, and the 1,600 workers “organized” at Mission Laundries, were done by decertifying other unions. These “raids and trades” constitute a majority of President Raynor’s organizing gains in the industrial laundry sector.

- UNITE did score some organizing victories over the five year period, culminating in 1999 in the end of a 25-year campaign in North Carolina that brought 5000 workers into the union and the organizing of over 800 Levi’s workers. Unfortunately, through no fault of the union or the workers, by the end of 2003, those shops had all been closed. In addition, many of UNITE’s organizing numbers came from industries like nursing homes, health care, auto parts, and the public sector where the union had very little density or power.

Thus while it may be true that UNITE “organized” 50,500 workers from 1999 to 2003, the majority of these “victories” were in “raids and trades,” shops that subsequently closed, or unrelated industries where UNITE had little density or power. While this type of organizing creates “numbers” for President Raynor’s press releases, it is not the type of organizing that builds real power for workers.

**Workers Organized by UNITE
1999-2003**



President Raynor continues this same numbers game when evaluating the organizing through Service Workers United (SWU), a joint food service organizing project of SEIU and UNITE HERE. SWU has often publicized membership figures based on estimates of workers under potential agreements rather than actual members. As of January 2009, SWU claimed to have organized over 16,000 members. In fact, SWU’s average membership as of January 2009 was just under 6,000 members. About one fourth of those new members were actually organized by HERE affiliates in campaigns that were begun prior to the merger. HERE Locals, with virtually no international resources, organized 1,500 food service workers in the two years leading up to the 2004 merger.

2. Evaluating the Success of the Merger

President Raynor charges that key organizing programs in hotels and gaming have “been nothing but disappointing,” while the laundry and food service divisions, led by President Raynor, have been “bright spots” in the merger. Lamenting that hotels and gaming have spent \$61 million to organize over 32,000 workers, President Raynor neglects to mention that he spent \$55 million to “organize” 27,000 workers in the laundry and food service division (many of whom are not members of the union as they have no contract).

Although it is critical to evaluate the resources a union spends on organizing campaigns, President Raynor misses the important lesson of how *strategic* investments in organizing can build worker power and density in an industry. President Raynor has never achieved this goal in his organizing career. By contrast, significant union density *has* been achieved in the gaming industry: major strategic investments in organizing campaigns beginning in the mid-1980’s grew membership in Las Vegas from 18,000 members in 1987 to over 55,000 today. Using this base, the gaming program now represents close to

a majority of workers in the top 10 gaming markets. Over the past 20 years, these investments have paid off in large organizing numbers.

Under President Raynor’s standard for deciding on organizing expenditures, he would have pulled the plug on the HERE gaming program long before the organizing investments began to show major organizing gains. When evaluating the UNITE HERE merger, the proper question is *whether the union is making strategic investments in organizing that build density and power in key industries and companies*. This is a more difficult question to answer than whether UNITE HERE organized more workers in the few years before or after the merger, but it is the right question.

The other key question to ask when evaluating the UNITE HERE merger is whether there have been major advances in wages, benefits, and working conditions for members represented by the union. While President Raynor says good contracts are a distraction and a hindrance to organizing, this is a fundamental area of disagreement. Real organizing advances cannot happen unless the union substantially improves the lives of the workers that it seeks to represent. This is not only the core mission of the union, but *good contracts and active rank-and-file organizations are essential to building power in our companies and industries*. “Bargain-to-organize” strategies are simply not possible with weak contracts and an uninvolved membership.

Consequently, to evaluate the UNITE HERE merger we must ask whether we are achieving good contracts and making strategic investments in organizing that build power in our key industries. While substantial progress has been made toward this goal in the gaming, hotel, and airport industry since the merger, some industries in the divisions run by President Raynor raise real questions. Nevertheless, the conclusion is clear that overall the UNITE HERE merger is working. Although there are differences that need to be debated, the solution is not to dissolve the union, as President Raynor seeks to do.

Hotels

UNITE HERE’s Hotel Division is an example of how long-term campaign investments can come to fruition in large-scale organizing victories. Since the merger, the Hotel Division has seen enormous victories as a result of a bargaining-to-organize strategy that has ensured **both growth and strong contract standards**. Inside and outside the labor movement, UNITE HERE’s Hotel program has been viewed as a success.

Hotel Workers Organized 2006 to Present	
Workers	11,700
Hotels	75
UH Affiliates	25
% Growth	13%

- Long before the merger, HERE hotel locals agreed to a strategy to line up contracts **to increase bargaining strength**. Through major sacrifice, including a hotel strike/lockout and locals working without contracts, New York City, Boston, Chicago, Honolulu, Toronto, Monterey, San Francisco, Los Angeles locals were successful in aligning contract expirations in 2006.
- In 2006, led by flagship locals in New York and San Francisco, the Union **renegotiated contracts for 60,000 hotel workers in more than 400 hotels**. Because of increased bargaining strength, the wage and benefit increases were the best packages that had been negotiated in years. The strategy also brought major improvements in contract language addressing workload and safety issues; African-American hiring practices; successorship language to protect workers in the common event of a

sale of their hotel; and in many cases, language requiring union construction for hotel renovations, first obtained by UNITE HERE Local 75 in Toronto.

- As a result of 2006 agreements, **UNITE HERE has organized more non-gaming hotel workers into the Union in the three year period since 2006 than it organized in the previous ten years.** Between 2006 and the present, UNITE HERE organized more than 11,700 hotel workers, in 75 hotels, represented by more than 25 UNITE HERE Affiliates. That represents a 13% increase in Union hotel workers in three years.
- The organizing gains of Hotel Workers Rising have accrued to Affiliates from both the former HERE and the former UNITE, in a true measure of the merger's success for members throughout our union. The 5 Affiliates in whose jurisdiction the Hotel Division organized the most hotel workers include former HERE locals in Los Angeles and Boston, and former UNITE Joint Boards in the Mid-Atlantic Region, the NY-NJ Region and the Southern Region.
- In an achievement that will contribute to **future organizing for years, UNITE HERE secured "after-acquired" language in every major set of negotiations,** providing for card checks at newly acquired hotels operated by leading union companies, to position UNITE HERE and its members to grow with our employers as the industry consolidates further.
- UNITE HERE produced **groundbreaking organizing agreements** with hotel companies in 2006. These agreements focused on breakthrough markets to expand the playing field – markets like Phoenix and Atlanta, and suburban markets, where the industry has grown non-union for years. UNITE HERE devoted unprecedented resources to staffing non-union hotel organizing in this period, running campaigns in many markets simultaneously with the contract campaigns.
- Another important goal of the 2006 campaign was to **increase union density.** Because of the 2006 campaign, union density at Hilton Hotels, for example, has grown to more than 75% of its owned hotels in North America. Union density has increased in major metropolitan markets as well – for example, in the LA area, density has climbed from 29% to 40% in full-service hotels, in Boston, density increased from 52% to 57%.
- Since 2006, UNITE HERE significantly expanded its long-running and successful program to secure agreements at hotels under development. **UNITE HERE has card checks for roughly 10,000 hotel workers in more than 50 hotels** under construction or in planning, including projects in markets represented by Affiliates from the former UNITE who have been newly active in this program as a result of the merger.
- Ironically, while President Raynor complains about the pace of organizing in the hotel division, he told the New York Times at the height of the 2006 campaign that "our goal is to move service-sector workers into the middle class," he said. "The manufacturing unions did that for factory workers. **It took them 20 years to do that,** and we hope to do the same thing."

Gaming

UNITE HERE's program in gaming underscores the point that it is possible to organize tens of thousands of workers and achieve significant density in a key industry without sacrificing core contract standards

for members. The merger has advanced the gaming program and contributed to its success in rendering most gaming jobs middle class jobs.

- As a result of organizing agreements achieved in key contract fights after the merger, and an aggressive program of obtaining agreements in expanding gaming markets, **UNITE HERE has achieved a high level of union density in the commercial gaming industry.** In the top 10 gaming markets, UNITE HERE members now represent 44% of the market, and 38% of market in the top 20 gaming markets. The three largest gaming companies in the United States are now highly represented by UNITE HERE: Harrah’s (62%), MGM Mirage (91%), and Boyd (43%).
- Over the next several years, over **27,000 workers will be added to the union through organizing agreements** in Pennsylvania, California, Florida, New York, Las Vegas, and other key jurisdictions. These agreements will significantly increase the density of the union in the gaming industry.
- Since the merger, **nearly 80,000 workers in Las Vegas, Atlantic City, Illinois, Indiana, Mississippi, Pennsylvania, and California achieved new contracts** that significantly increased wages and benefits, and brought many newly-organized workers into the middle-class. In 2004, workers in Atlantic City won a month-long strike due to the combined power of UNITE and HERE.
- President Raynor calls the union’s California gaming program “disappointing.” At the time of the merger, union density among the major Indian casinos was 12 percent. At the start of 2009, as a direct result of the union’s campaign, **collective bargaining agreements and organizing agreements at future casinos cover 23% of the tribal gaming market** in California. The union achieved these standards despite the enormous opposition by a handful of tiny, wealthy tribes that together spent \$321 million buying political influence and opposing organizing rights for industry workers.
- While critical of the UNITE HERE gaming program, President Raynor praises the recent strategy of the UAW to organize casino dealers through NLRB elections. President Raynor tellingly omits the fact that **not one worker “organized” by the UAW has obtained a first contract.** While these may be organizing victories in President Raynor’s mind, it underscores the fact that organizing numbers are meaningless without real advances in the wages, benefits, and working conditions of those organized.

Future Growth due to Organizing Agreements	
Hotels	10,000
Gaming	21,000

Airports

Our Union’s industry program in airport concessions exemplifies a long-term organizing strategy, begun well before the merger, which has as its goal building of industrial power. It has also produced, and will continue to produce, major membership growth for UNITE HERE.

- Since the merger, there have been **significant increases in airport union density.** In 2003, HERE represented approximately 40% of food/beverage airport concessions and had nominal presence in retail concessions. Today, UNITE HERE represents or has organizing agreements for over 50% of food/beverage concessions and represents 20% of retail/news/gifts concessions.
- Six of the seven major national concessions companies are now under **national agreements** – all

but one include organizing rights for new business and all but two include worker retention that protects members jobs and union density in the industry.

- **Worker retention and labor peace** are fast becoming an industry norm with worker retention policies or RFP language in 13 airports and labor peace policies or RFP language in ten airports (up from six airports with either or both policies prior to the merger).
- During the merger, more than **20,000 airport concessions workers** have had new or first-time contracts negotiated, raising their standard across the country.

Food Service - SWU (Service Workers United)

President Raynor has pointed to SWU as an area of organizing success within the union. As discussed in Section One, the numbers describing SWU's organizing have been grossly exaggerated. Instead of the model first envisioned for SWU of coordinated organizing that would lead to increased member power, the food service division has instead witnessed an unfortunate pattern of compromising contract standards.

President Raynor has openly admitted that he believes his powers should be used unilaterally to trade away the contractual rights of affiliates and their members in order to obtain voluntary recognition at non-union shops (i.e. "growth") from major corporations. President Raynor has frequently stated that the Union's greatest enemy is "standards." By "standards," he means contractual standards regarding members' wages, benefits and working conditions – standards members have fought hard to establish over many years.

- In New York City, Local 100 has 60% density in the food service sector. Local 100 has spent decades fighting to establish and protect good standards, including contracts that typically include fully paid family health care for workers. In contrast, **SWU has signed contracts with the same employers in the same market as Local 100 with inferior benefits**; under SWU contracts, workers pay up to 25% of the cost of single health care coverage and more for family coverage.
- **A failure to value the standards set in existing contracts has led to situations in which workers for the same company, in the same place, have different standards.** In Los Angeles, Sodexo workers at Mattel Cafeteria in El Segundo who are members of Local 11 have fully paid family health through employer contributions to the union's health fund. Sodexo workers employed at Mattel's Design Center Cafeteria in El Segundo, who are covered by a SWU contract, have to pay 25% for single coverage.
- **Los Angeles union laundry workers also have unequal access to health care under SWU.** Local 52 members at Prudential Overall Supply receive free family health. Meanwhile, SWU workers at Compton Textile Services pay 25% of the premium for single coverage.
- In May 2008, the *Wall Street Journal* exposed that **President Raynor had engaged in secret negotiations with food service companies on behalf of SWU.** Raynor reportedly agreed to undercut already established contract standards, restrict organizing efforts, and sign away workers' rights without consulting either those members or their elected leadership.
- At mid 2008, President Raynor unilaterally settled a long dispute with ARAMARK. The deal was

agreed to by Raynor over protests by two-thirds of affiliate leaders whose members were affected by the agreements scope, limitations and low standards.

While President Raynor points to the organizing numbers as confirmation of his strategy, those numbers are inflated and the so-called strategy unilaterally undercuts the Union's ability to build long-term power in the industry .

Industrial Laundries

While criticizing the pace of organizing in the traditional HERE industries of gaming and hotels, President Raynor also points to the "bright spot" of "UNITE HERE's success in organizing laundry" workers. The program to organize industrial laundry workers is without a doubt President Raynor's signature campaign. Yet President Raynor's leadership in this campaign raises real questions about his ability to effectively organize workers on a large scale.

- In 2003, President Raynor announced in a press release "the largest national organizing campaign in recent labor history," telling the media that UNITE was seeking to build on its strength in industrial laundries by organizing the 17,000 laundry workers at Cintas. Attracting major media attention, the New York Times called the campaign "a highly visible test for UNITE's president." It was also a test for President Raynor because it was the first major campaign of his career in which he was seeking to organize a company through a card check campaign, rather than pursuing NLRB elections as he had done for most of his career.
- Nearly six years later after announcing the Cintas campaign, and despite spending at least \$15 million since the UNITE HERE merger, President Raynor has shown little progress and is no closer to winning his first major card check campaign at Cintas. While few Cintas workers have been organized during the campaign, the Cintas campaign has exposed UNITE HERE to \$5 million or more in potential damages for violating privacy laws. A federal appeals court has upheld the judgment against the Union.
- Although there have been some successes in the industrial laundries, including significant contract gains, membership in the industry has remained flat since the merger. And while the 2005 contract victory at Angelica Laundries contained important organizing language, the campaign conducted by President Raynor again subjected UNITE HERE to significant legal liabilities. In 2006, UNITE HERE lost a libel case arising out of the Angelica campaign, subjecting the union to over \$17 million in potential damages. The union was required to deposit \$25 million with the court while appealing case, tying up vital union assets in litigation.

One of the key benefits of the UNITE HERE merger is the strategic connection between industrial laundry workers and hospitality workers – laundry workers supply the linens to hotels and casinos and the hospitality sector is a major source of new growth for a company such as Cintas. In fact, this connection was successfully used in the 2007 city-wide casino and laundry contract negotiations in Las Vegas to achieve the best contract in the history of laundries. Over 3,000 laundry workers in Las Vegas now have free family health insurance – something that was unattainable for them prior to the merger.

Rather than work to use this strategic connection to his advantage in the Cintas campaign, President Raynor's new strategy to win his signature campaign is to "divorce" laundry workers from the hotel

and gaming workers that use the linen from the laundries.

3. Management of Union Assets: President Raynor's Record of Financial Stewardship

President Raynor has alleged that a “faction” of elected union leaders representing a majority of UNITE HERE members are seeking to “plunder” the former UNITE assets through uncontrollable deficit spending. Claiming that HERE was “in perilous financial condition” before the merger, President Raynor contends that HERE sought a merger for the purpose of forcing UNITE to “surrender assets.”

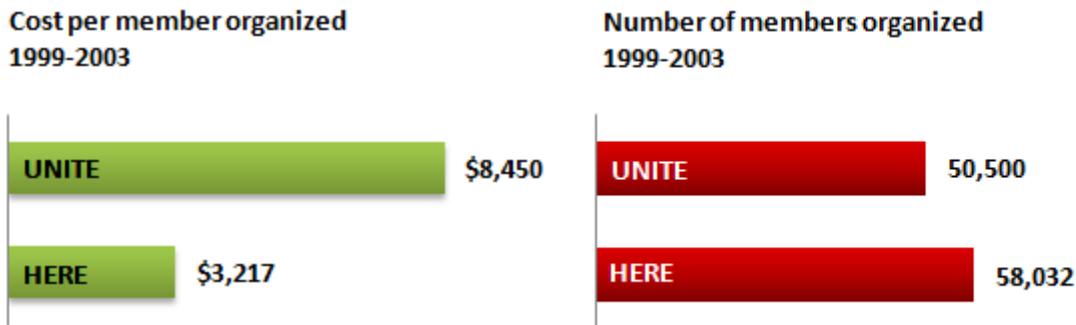
The responsible stewardship of union member's hard earned assets is one of the highest duties of an elected officer of any union. To suggest that any union leader would “plunder” union assets is a very serious charge that should be clearly substantiated by the record. However, the record does not support President Raynor's reckless charges.

First, in February the General Executive Board of UNITE HERE approved a series of measures proposed by President Wilhelm to balance the budget for 2009.

Second, while President Raynor portrays himself as a responsible steward of union assets, his record of spending at UNITE prior to the merger shows that he engaged in the very activities for which he is now recklessly accusing others. Moreover, the record clearly shows that HERE was not in “perilous financial condition” at the time of the merger, as President Raynor asserts. A review of financial information submitted to the Department of Labor shows the following:

- **President Raynor ran up a \$328 million operating deficit during his tenure at UNITE:** From 1999 to 2003, President Raynor spent more than four times what UNITE received in member-based dues and per capita, leading to a \$328 million operating deficit. Although non-operating revenues (interest, dividends, rent, and other sources of income) helped cover some of the deficit, President Raynor was forced to liquidate \$59 million in union real estate to sustain his spending.
- **President Raynor liquidated \$59 million of union real estate to finance the deficit:** From 1999 to 2003, Raynor sold \$59 million in real estate assets that he gained control over through the merger of his union, the Amalgamated Clothing and Textile Workers Union (ACTWU), with the International Ladies Garment Workers Union (ILGWU) in 1995. For example, President Raynor sold the former headquarters of the ILGWU for \$23 million in 2003, the ILGWU UNITY House for \$4 million in 2002 (a historic resort created by the ILGWU in 1924 for garment workers), and a number of other ILGWU properties for \$32 million. Presumably President Raynor was not troubled then, as he is today, by the prospect of selling real estate assets that “were built by the blood, sweat, and tears of generations of garment workers.”
- **\$427 million of spending in five years:** President Raynor was forced to sell the ILGWU's real estate assets because of the extraordinary level of spending under his watch. From 1999 to 2003, UNITE spent \$427 million, or \$1,988 per member. In comparison, HERE – which had 39,000 more members than UNITE in 2003 – spent \$187 million over the same time period, or \$753 per member.
- **Money well spent?** Taking at face value President Raynor's inflated claim that UNITE “organized” 50,500 workers from 1999-2003 (see Section 1), the union spent \$427 million over that same period, or \$8,450 per newly organized worker. In contrast, HERE organized 58,032 workers from

1999-2003, spending \$187 million over the same period, or \$3,217 per newly organized worker. UNITE had more than twice the amount of money available to spend on organizing compared to HERE, yet organized less. In addition, President Raynor’s recent charge that UNITE HERE wastefully spent \$61 million over the life of the merger to organize over 30,000 workers in the hotel and gam-



ing industries should be put in perspective of President Raynor’s own exuberant spending history.

- **Where did the money go?** Despite fewer members than HERE, UNITE vastly outspent HERE on administration, staff salaries, and benefits. From 1999 through 2003, UNITE spent \$49 million in administrative costs (\$230 per member), compared to \$19 million for HERE (\$74 per member). In addition, UNITE spent \$144 million on salaries and benefits, compared to \$49 million for HERE.

- **HERE was not in “perilous financial condition” at the time of our merger with UNITE**, as President Raynor charges. In fact, HERE had over \$20 million in net assets on the balance sheet months before the merger. In addition, because HERE derived the vast majority of its revenues from member dues (as opposed to UNITE), the union had no choice but to live within its means. In the two years preceding the merger, HERE generated positive cash flow. In addition, HERE saw operating revenues increase by 16.7% and operating expenses decline by 10.4% when comparing 2003 to 1999. These trends reflected the per capita increase instituted in 2001, and cost cutting measures imposed after 9/11.

Cost Comparisons (1999-2003)			
Category	UNITE	HERE	Per mمبر
Salaries and Benefits	\$144M	\$49M	\$74
Administrative	\$49M	\$19M	\$230

Conclusion

A healthy debate regarding bargaining and organizing strategies is the hallmark of any democratic union. In that spirit, each of President Raynor’s criticisms is addressed in this paper. But ultimately this debate will not be decided by dueling white papers, but by the members of UNITE HERE through a democratic process.

Through that process, UNITE HERE will continue – stronger still – to pursue its mission as laid out in the Foreword of our Constitution: “providing the power, dignity, and independence that only democratic trade unionism can bring to the unorganized and dispossessed.”