

## DET NEWS: Revived Big 3 prep for new hiring blitz

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But entry-level workers may find taxing jobs lack storied pay, perks

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Detroit's Big Three, which eliminated tens of thousands of hourly jobs during the downturn, are gearing up for massive factory hiring.

All three U.S.-based automakers have recalled many laid-off workers, replenishing ranks depleted during the recession. But more are needed as the companies boost production to satisfy the returning appetite for new cars and trucks.

The hiring is good news for Michigan, and a turning point for an industry that's been hemorrhaging jobs for a good part of the past decade.

But for many new hires, the work is a far cry from the high-paying, handsomely benefited jobs that once helped set the bar for production wages and made the auto industry the envy of U.S. industrial workers. The jobs bank that enabled autoworkers to continue drawing nearly all their pay while in layoff, as well as cost-of-living increases and pay raises have been suspended.

Also, history: the generous \$28 hourly wage that helped build wealth among the middle class in Michigan and in factory towns across America.

All new entry-level workers from now on will start at about \$14 an hour, about half the veteran wage, and less than the average U.S. manufacturing wage of \$18.89 an hour, according to the Bureau of Labor Statistics.

While still not bad pay, some analysts and labor officials believe it may not be enough to encourage workers to stick with physically demanding assembly line jobs.

"It's really hard work in the plants," said Kristin Dziczek, director of labor and industry at the Ann Arbor-based Center for Automotive Research.

"It's one thing to work the line for one day, but the hard part is getting up and doing it again the next day, and the next day, and the next day."

Numbers add up

In the next five years, the U.S. automakers are expected to add about 34,000 new hourly and salaried workers nationwide, helping to bring their ranks back to near pre-recession levels, according to a CAR study.

The report does not break out hourly employment, but the domestic automakers have recently announced plans to add thousands of new manufacturing workers over the next few years.

Chrysler Group LLC started hiring new entry-level workers last year, when it added a second shift and 1,200 employees at its Jefferson North Assembly plant in Detroit.

The Auburn Hills-based carmaker also plans to bring on board another 900 workers this year at Sterling Heights Assembly; the majority will be new hires, said Chrysler spokeswoman Jodi Tinson.

Ford Motor Co., too, will need about 1,800 to fill jobs when it adds two shifts late this year at its assembly plant in Louisville, Ky. Beyond that, Ford expects to add another 4,700 jobs through 2012.

With only 400 workers left in its layoff pool, Ford expects many of its new jobs to go to new hires. About 1,800 temporary workers at Ford will get first preference.

General Motors Co., the largest of the U.S. automakers, is also in hiring mode with plans to add thousands of jobs. They will include 2,500 at Detroit-Hamtramck Assembly, where GM will build three Chevy models around-the-clock; 750 at its truck plant in Flint; and 600 to build a new small Cadillac at Lansing Grand River Assembly.

Detroit-based GM plans to recall all 1,350 workers still on layoff by September, clearing the way for new workers.

GM isn't yet accepting applications for hourly work, and laid-off workers will have first recall rights, followed by transfers.

"The hiring the auto companies are going to do is certainly going to be helpful to the economy," said Dana Johnson, a chief economist at Comerica Bank.

"There are a lot of people that are unemployed," Johnson said, noting the state is still suffering high unemployment at 10.2 percent in April.

"I don't think the auto companies will have any trouble attracting people," he added. "I suspect they'll be long lines of people apply for those jobs."

Lower pay, benefits

Whether those new hires will see the tier-two work as a lifelong occupation, as many did many in previous generations, is another question.

Aside from the lower salary, benefits aren't as rich as those offered to veteran hourly workers. And the path to move up to a higher wage rate remains uncertain.

United Auto Workers' Vice President Joe Ashton, who represents GM workers at negotiations, wants the entry-level wage rate increased and more opportunities for tier-two workers to move up. It will be an issue during contract talks this summer.

About 3 percent of GM's 48,000 hourly workers make the entry level wage. Ford said it has no full-time tier-two workers; Chrysler declined to break out the figure.

Ashton pointedly described the \$14-an-hour pay — about \$30,000 a year in straight time — as not a middle-class wage. "We're not looking to make plants uncompetitive, but we're looking for people to make a decent wage," he said.

The UAW agreed to the entry-level pay tier during contract talks in 2007, hoping to help U.S. car companies better compete with the foreign automakers which traditionally have had lower labor costs.

That gap is closing, but UAW and U.S. auto executives agree that to remain competitive, the second tier is essential. The more tier-two workers added to the mix, the more labor costs come down for the Big Three.

Initially, entry-level work was to go to employees performing noncore factory work — anything off the line — but because these jobs were considered easier, many senior level, tier-one workers wanted them instead, analysts say.

"Now there are people working side-by-side, doing the same job but for different pay," Dzikczek said.

The pay disparity already is causing some resentment on the factory floor, some hourly workers say.

"I've observed tension on both sides," said Nick Waun, 31, a first-tier worker at GM's Lordstown, Ohio

plant, who was hired in 2007.

Waun and other workers say they've witnessed newly hired, second-tier workers walk off the job after only a couple of weeks.

"Some would take off during lunch," Waun said. "One guy told me you can make the same amount at Home Depot for an easier job."

Orval Plumlee, president of Local 2209 in Indiana, which represents workers at GM's Fort Wayne Assembly plant, also is concerned about the lower-level pay. About 43 workers of the plant's 3,400-employee work force are second tier.

"We're pretty close to that breaking point where we can't keep good help," Plumlee said. "If the economy turns around, I do expect there to be a lot of turnover."

#### Applicants plentiful

High turnover can be disruptive and costly for the auto companies, and if they find they're spending too much on retraining replacement workers, they may be more receptive to an entry-level pay increase, Dziczek said.

At this point, company officials say turnover hasn't been a problem. They say they are confident, with many people still looking for work, they'll have little trouble filling the jobs.

"When the window is open, we're getting hundreds, if not thousands, of applicants for these positions," said Chrysler's Tinson.

"Yes, there'll be a certain amount (of turnover) because of the rigors of the job, but most people are grateful to have the opportunity."

Max Wright, a tier-two worker at GM's assembly plant in Orion Township, agrees.

He recognizes the second-tier wage as a "necessary evil" to keep the U.S. automakers competitive. He also credits it for helping bring some small car production back to the United States from overseas.

This year, GM will start building two new small cars at Orion Assembly: an all-new Buick compact, and the successor to the Korean-built Aveo, the Chevrolet Sonic.

To help build these cars here profitably, GM struck a unique labor deal with the union for the plant, where 40 percent of its workers will earn a second-tier wage.

Wright, 36, said he hasn't seen any turnover among entry-level workers, and doesn't feel it's a concern.

"In Michigan right now, it's difficult to find \$14-\$16 an hour jobs, with full benefit packages," he said.

Sure, he'd rather be working at the first-tier wage, but "if it's between the second-tier and no job, I'd rather have a job," Wright added.