

1 CHAIRPERSON JAMES: Ms. Alexander.

2 MS. ALEXANDER: Good afternoon, Commissioners.

3 My name is Courtney Alexander, and I'm the Research
4 Director for Culinary Union, an affiliate of the Hotel Employees
5 and Restaurant Employees International Union. Thank you for the
6 opportunity to share our information about job quality in the
7 gaming industry.

8 The printed version of this testimony, which you
9 should have in front of you, has enlarged charts behind the tabs
10 so you can visualize my testimony. It also has background
11 information on the distribution of gaming jobs in the state,
12 which I've cut for the sake of time. It is important to note,
13 however, that 63 percent of Clark County's hotel- casino jobs
14 are located on the Las Vegas Strip. In broad terms, each area
15 represents hotel and food and beverage classifications, as well
16 as slot change employees, whereas, dealers are non-union.

17 As of October 1998, including the recent opening of
18 the Belagio Resort, HERE represents 47,500 hotel-casino workers
19 in Clark County. Our membership is dominated by Las Vegas Strip
20 workers just as that market dominates the county's gaming
21 employment. Almost all major strip casinos have contracts with
22 our union, as do most downtown hotel-casinos.

23 Our membership also represents the diversity of
24 gaming jobs. As you can see in figure 4 behind that tab, 36
25 percent of our members are white; 35 percent Hispanic, 15
26 percent African American, and 12 percent Asian. Fifty-six

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1 percent are women. With this background I would like to present
2 data for your consideration that assess quality of casino jobs
3 in Nevada. We believe there is a foundation of economic issues
4 that define what a good job is. Does it pay well enough to
5 provide for a family. Does it offer affordable health
6 insurance, and does it provide retirement benefits. Well, there
7 may be ways to measure subjective aspects of job quality like
8 job satisfaction for example. I will focus my testimony on the
9 hard facts we can derive about the quality of jobs in Nevada's
10 gaming industry.

11 First, we compare the quality of Nevada's gaming
12 related jobs to hotel and restaurant jobs in the rest of the
13 country. According to data from the Economic Policy Institute,
14 non-supervisory hotel and restaurant workers in Nevada had an
15 average hourly wage of \$9.14, compared to \$6.45 in the United
16 States, as you can see in figure 5. That means that hotel and
17 restaurant workers in Nevada, the category which includes casino
18 workers, make \$2.69 per hour or 42 percent more than their
19 counterparts in the country as a whole.

20 The Economic Policy Institute analysis also
21 addresses the health insurance and pension questions. Figure 6
22 shows that the share of non-supervisory hotel and restaurant
23 workers who had health insurance in Nevada was 64 percent, in
24 contrast to 24 percent in the US. Furthermore, 37 percent of
25 non-supervisory hotel and restaurant workers had a pension in
26 Nevada and only 11 percent did in the US. In Nevada hotel and

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1 restaurant jobs with gaming clearly provide better wages and
2 better health insurance and pension benefits than similar jobs
3 in the rest of the country without gaming. This is a critical
4 public policy point. America is rapidly becoming a service
5 economy. Hotels and restaurants are among the fastest growing
6 sector of the expanding service economy. If jobs in these
7 sectors are good jobs that can support families, this country
8 will prosper. If service jobs have low wages and inadequate
9 benefits the economy will become increasingly polarized and
10 unable to support our standard of living. In short, gaming jobs
11 in Nevada are the kind of jobs America needs.

12 Within Nevada, however, there's a story to tell
13 about why gaming jobs are so good. Part of the explanation may
14 be a combination of Nevada's low unemployment rate, it's rapid
15 job expansion, and the fact that casinos are generally more
16 profitable than most hotels and restaurants without gaming. But
17 part of the reason is gaming jobs in Nevada are more likely to
18 be union than average hotel and restaurant jobs in this country.
19 In Nevada union casino jobs are higher quality jobs, and that
20 higher quality coupled with our stronger than average union
21 density, has the effect of raising the standard in Las Vegas. I
22 should add that this higher union density has been for the most
23 part achieved through strong labor-management cooperation.

24 As figure 7 illustrates, one in four jobs in Clark
25 County's gaming sector is represented by HERE, while in the
26 United States one out of seven jobs overall is union and one in

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1 ten hotel jobs is union. If we look at just the job
2 classifications we represent, our union density is 58 percent in
3 Clark County and 87 percent on the Strip, as shown in figure 8.
4 So what does this mean? Do you know the Center for Economic and
5 Business Research did a wage survey of casinos located in
6 different Las Vegas markets. The Strip, downtown, and
7 neighborhood casinos. The survey estimates average wage rates
8 for specific job classifications. Let me preface these data by
9 acknowledging that the study does not attempt to calculate
10 weighted average wages, obviously arguably the most useful
11 number, and it does not include every casino in the respective
12 markets. With that caveat, these data are consistent with
13 information from other sources.

14 Figures 9 and 10 show that for job classifications
15 we represent the average 1998 wage rate on the Strip where are
16 union density was 87 percent, was \$11.64 according to the
17 survey. In stark contrast, the average wage rate in
18 neighborhood casinos where our union density is only 10 percent,
19 was \$9.65. Wage rates are \$1.99 per hour or 21 percent higher
20 in Strip jobs than in neighborhood casino jobs, just as union
21 density is higher on the strip than in neighborhood casinos.

22 To get a comparison of weighted average wages, we
23 analyzed information from one non-union neighborhood casino, the
24 Santa Fe Hotel and Casino, where our union is in negotiations
25 with the company for a first contract covering 700 employees.
26 Santa Fe Hotel's weighted average wage in our bargaining unit

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1 classifications was \$6.91 per hour, not much higher than the
2 average for hotel and restaurant workers in the United States.
3 We also calculated what the weighted average wage would be if
4 the Santa Fe were party to our union's collective bargaining
5 agreement. Under a downtown contract, the weighted average wage
6 for Santa Fe employees in our classifications would rise to
7 \$9.75. Figure 11 illustrates the dramatic difference, \$2.84 per
8 hour between pay in a non-union casino and pay for the same work
9 in a union casino. For a Santa Fe Hotel worker average annual
10 income would be over \$5,000 greater under our union contract or
11 41 percent higher.

12 The EPI analysis can also be used to compare the
13 average hourly wage in Las Vegas, \$9.23, to that in Reno, \$8.18.
14 Whereas, our unions represent approximately 26 percent of all
15 employees in the Clark County gaming sector, HERE represents two
16 percent of that sector in Reno. Figure 12 shows the parallel
17 between union density and annual income data published by the
18 state. In 1997, hotel gaming and recreation's average annual
19 income in Clark County was \$25,500, while it was only \$19,400 in
20 Marshall County. These data demonstrate the good -- that gaming
21 jobs are better in Las Vegas where union density is much higher.

22 To help make what I am arguing clear, I also
23 compared average annual income in the retail sector where union
24 density is low across the state. According to the Department of
25 Employment, retail jobs in Clark County have grown faster than
26 gaming jobs over the five-year period from 1992 to '97, and

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1 growth and income for retail workers has grown more slowly than
2 in gaming. Moreover, for retail workers there is no income
3 difference between working in Clark County and working in Reno.
4 As illustrated in figure 13, average annual income for 1997 in
5 the retail sector trailed gaming's annual income by \$7,000 in
6 Las Vegas and by less than a \$1,000 in Reno.

7 Health insurance and pension coverage was also
8 better where union density is higher, as you can see in figure
9 14. Ninety-one percent of the casino workers covered by our
10 collective bargaining agreements are eligible under the Union
11 Welfare Fund for full family health coverage. According to the
12 data from the Economic Policy Institute, 66 percent of
13 non-management hotel and restaurant workers in Las Vegas had
14 health insurance. The preliminary results of a recent study
15 commissioned by the Legislature shows similarly unimpressive
16 levels of health insurance among average hotel-casino employees
17 in Nevada. While 82 percent of the total population in Nevada
18 was covered continuously with health insurance, approximately 67
19 percent of non-management hotel and gaming employees were.

20 Not only do far more casino workers who are covered
21 by union contracts have health insurance coverage, it is better
22 coverage. Look at figure 15. According to the state study, out
23 of those people with health coverage in the state, only 60
24 percent were covered for preventative medical services compared
25 to 100 percent of those with our union insurance. Where 100
26 percent of workers covered by Union Welfare Fund have coverage

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1 for dental care, including dental exams and treatment, only 8.5
2 percent of those covered in the state have coverage that pays
3 for dental treatment.

4 Moreover, casino workers who are covered by the
5 Union Welfare Fund pay none of the premiums for family coverage.
6 It is paid entirely by their employer. We do not know of
7 another health insurance plan for non-management casino workers
8 and their families in this state that does not require workers
9 to pay for a portion of their premium costs. At the Santa Fe
10 Casino workers who are eligible for insurance must pay \$48 per
11 month for family coverage. At ARC restaurants, the largest
12 subcontractor of food and beverage jobs on the Las Vegas Strip,
13 health insurance coverage costs \$132 per month for family
14 coverage, and that coverage only pays for 55 percent of the cost
15 of health care.

16 As these facts show, casino jobs provide health
17 insurance to a much higher percentage of workers when they are
18 union jobs, as well as providing better quality health
19 insurance. A similar case can be made about pension coverage.
20 All employees in the union bargaining unit have contributions
21 into a defined benefit retirement plan made on their behalf by
22 their employer. By contrast, according to the EPI data, only 28
23 percent of non-union hotel and restaurant employees in Las Vegas
24 have pension coverage, as shown in figure 16. Important to note
25 is that 38 percent of those eligible under the Southern Nevada
26 Culinary and Bartenders Pension Plan are fully invested. Higher

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1 than the percentage of non-union employees in Las Vegas who even
2 have a pension coverage. Neither Santa Fe nor ARC, both
3 non-union employers, offers employees in our bargaining unit
4 participation in a defined benefit pension plan.

5 Recently there has emerged a threat to this picture
6 of good quality gaming jobs on the Las Vegas Strip, and that is
7 the growing practice of subcontracting. Subcontracting is the
8 practice of hiring other companies to provide certain services
9 like restaurants and casinos so that those workers are no longer
10 employed by the primary company. Las Vegas casinos are
11 increasingly using subcontractors to provide food service, and
12 it has the effect of lowering the wages and benefits for large
13 groups of casino workers. One striking example is ARC
14 Restaurants, the largest single subcontractor on the Las Vegas
15 Strip. ARC employs approximately 800 workers who provide food
16 service in a Strip casino. Unlike the good pay and benefit
17 package that prevails on the Strip, ARC pays some of the lowest
18 wages in the county, provides health insurance that is both
19 costly and of poor quality, and does not provide retirement
20 benefits. Figure 17 demonstrates how substandard ARC jobs are.
21 If this relatively recent but growing trend is not contained,
22 restaurant jobs on the Las Vegas Strip will be no better than
23 their counterparts in the rest of America, and we will quickly
24 see the quality of all gaming jobs in Las Vegas eroded.

25 To conclude, I believe the data I have presented
26 demonstrates that gaming jobs in Nevada are better jobs in terms

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1 of pay and access to health and pension benefits than their
2 non-gaming counterparts in the rest of the country. Moreover,
3 when gaming jobs are in a market influenced by strong union
4 density, as they are in Las Vegas, the better quality associated
5 with union gaming jobs contributes to a raised standard of
6 living for all gaming employees. We believe that any
7 examination of the economic impact of gaming needs to take job
8 quality into account. The Las Vegas gaming industry has for the
9 most part weighed in on the side of quality jobs. That is why
10 we believe that Las Vegas is the best place in America for
11 workers, and especially workers without a lot of formal
12 education, to raise a family.

13 Thank you for inviting me to testify.

14 CHAIRPERSON JAMES: Thank you, Ms. Alexander.

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