

Issue: Labor Unions and Right-to-Work Laws in Virginia

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Summary

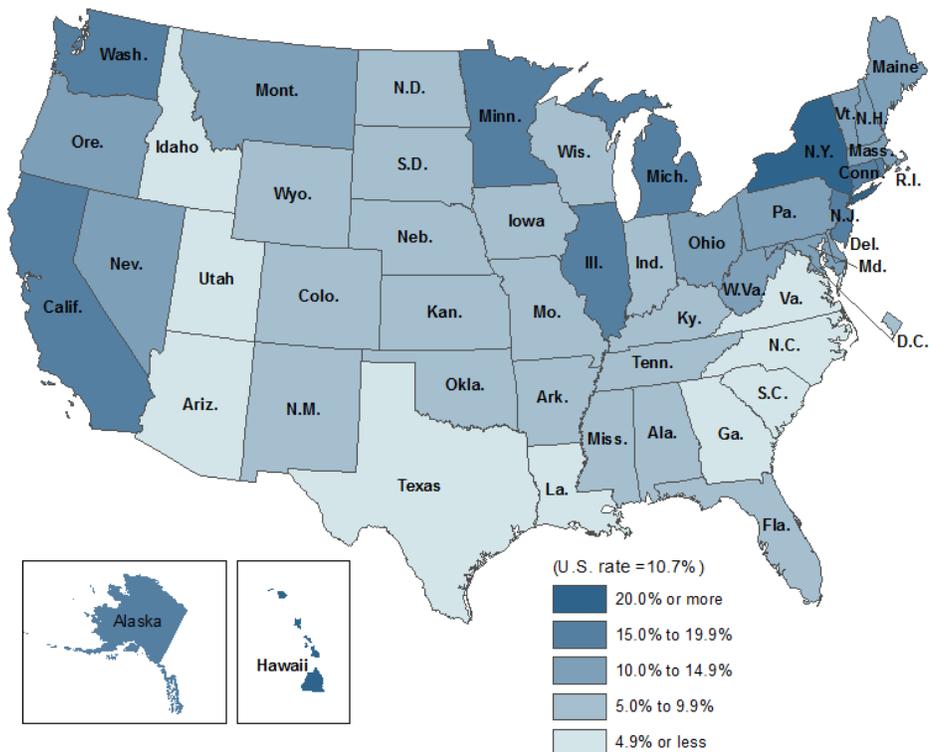
Arising from the abuses of the Industrial Revolution, labor unions were formed to fight for workers’ rights to higher wages, safer working conditions, and health benefits, all of which still resonate with wage labor challenges in today’s gig economy. Yet listening to conservative spokespersons today, “right to work” proponents advocate anti-union policy under the guise of First Amendment free speech, when in fact their goal is to silence workers protected by those same unions. According to Gordon Lafer, Associate Professor at the University of Oregon’s Labor Education and Research Center:

“When these corporations were pushing so-called ‘right to work’ laws, they said their goal was to expand workers’ rights by letting everyone choose whether they want to be part of a union. That was never true. Their latest legislative push makes it clear that their only goal is to make it impossible for workers to have powerful organizations of their own that would let them negotiate with their employers on something like an equal footing. This latest set of lawsuits and strategies is aimed simply at bankrupting unions.”¹

Background: Labor Unions

Through collective bargaining, or negotiation with employers on behalf of employees, labor unions work to improve wages, benefits, compensation, and working conditions for millions of workers in the country.² Labor unions conduct several rounds of negotiation, after which a collective bargaining agreement is signed, outlining pay scales, working hours, employment benefits, and other work rules.³ In exchange for collecting dues from employees, unions—led by elected officers and a bargaining committee—advocate for workers’ rights.⁴ This employer-employee framework empowers workers and provides a clear path to solving labor disputes.

Chart 2. Union membership rates by state, 2017 annual averages

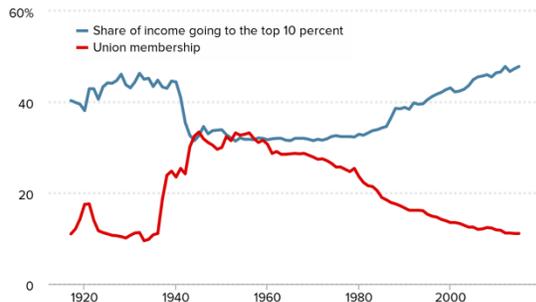


Current Status of Unionization

Virginia is one of just three states in the nation with a blanket prohibition on collective bargaining for all public-sector employees.⁵ This ban affects firefighters, police officers, teachers, and other individuals in state and local government jobs. In 2018, Virginia had the fourth lowest union membership rate in the nation at 4.3 percent.⁶ In 1983, by comparison, 15.1 percent of workers in Virginia were union members.⁷

Given the union’s role of representing and protecting workers’ rights, it is not surprising that the state’s declining union membership rate has exacerbated income inequality and left behind thousands of middle-class families.⁸ As illustrated in the Economic Policy Institute graphics below, decreasing unionization corresponds with increasing shares of income going toward the top 10 percent of the population and decreasing shares of income going toward the middle 60 percent. In other words, as union membership declines—with states like Virginia precipitating that decline—the rich get richer and the middle class is increasingly gutted.

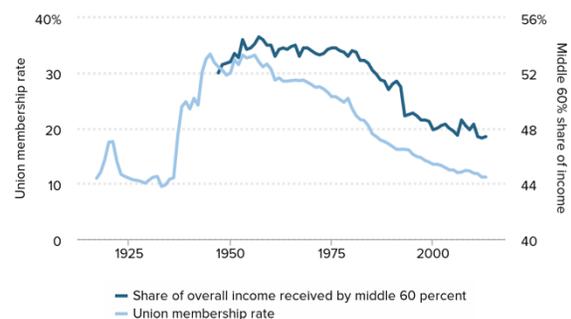
Union membership and share of income going to the top 10 percent, 1917–2015



Sources: Data on union density follows the composite series found in Historical Statistics of the United States; updated to 2015 from unionstats.com. Income inequality (share of income to top 10 percent) data are from Thomas Piketty and Emmanuel Saez, "Income Inequality in the United States, 1913–1998," *Quarterly Journal of Economics* vol. 118, no. 1 (2003) and updated data from the Top Income Database, updated June 2016.

Economic Policy Institute

Union membership rate and share of income going to the middle 60 percent of families, 1917–2013



Sources: Data on union density follow the composite series found in Historical Statistics of the United States; updated to 2013 from unionstats.com. Data on the middle 60 percent's share of income are from U.S. Census Bureau Historical Income Tables (Table F-2).

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Benefits of Labor Unions

Higher Wages

Wages for unionized workers are substantially higher than nonunion members. Between 2004 and 2007, employees who were part of a union in Virginia earned 13.9 percent more than their nonunion counterparts.⁹⁺

Safer Workplace Conditions

Unions help to enforce labor standards and to create workplaces that are safe and healthy for employees. Across dozens of industries, work-related injuries and hazards are significantly lower in unionized workplaces. For example, in the state of New York, the Occupational Safety and Health Administration (OSHA) found twice as many health and safety violations at nonunion construction sites than at unionized construction firms.¹⁰ Likewise, the unionization of coal mines from 1993 to 2010 decreased traumatic injuries by 14 to 32 percent and fatalities by 29 to 83 percent.¹¹ Because union members can report safety issues without fear of retaliation from employers, they may be more inclined to come forward with their concerns.

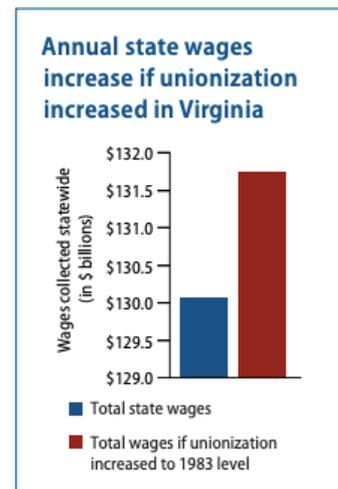
More Employee Benefits

Unions provide workers with a greater sense of job security by securing critical healthcare and retirement benefits for themselves and their families. Below is a graphic comparing the percent of union participants and nonunion employees with access to employer-sponsored health insurance, paid sick days, and retirement plans.¹² The data is from a Bureau of Labor Statistics study that examined both public and private sector companies, categorizing them as small, medium-size, and large establishments. The data is unadjusted, meaning comparisons are based only on union status and do not distinguish between the size of the companies that were analyzed. Clearly, a greater percentage of those covered by a union contract have access to benefits like healthcare, pensions, and paid sick leave. Moreover, in unionized workplaces, the quality of benefits that workers receive is higher. On average, union employers spend 77.4 percent and 56 percent more on health insurance and retirement, respectively.¹³ Thus, union employers provide greater benefits to a larger share of workers.

Benefits	Employer-Sponsored Healthcare	Paid Sick Days	Employer-Provided Retirement Plan
Union Workers	94%	87%	90%
Nonunion Workers	67%	69%	75%

Rewarding Workers for Productivity Growth

From 1980 to 2007, workforce productivity in the U.S. increased by 70.1 percent.¹⁴ During this 27-year period, average wages (adjusted for inflation) in Virginia grew by 28.5 percent, meaning workers were not compensated for 41.6 percent of their gains in productivity.¹⁵ This discrepancy indicates that working wages have not accurately reflected productivity growth, meaning workers have not been properly recognized for their increases in productive capacity. By lifting the ban on collective bargaining for public-sector employees, however, working wages in Virginia would logically rise for both union and nonunion members, as many employers would increase pay in order to avoid unionization. In fact, if the current unionization rate in Virginia returned to 15.1 percent, as it was in 1983, it is estimated that unionized employees would receive \$1.7 billion more in salaries per year.¹⁶ In addition, higher wages are said to bolster productivity because employers have a greater incentive to invest in capital and employees are less likely to be replaced, reducing turnover costs.¹⁷ Thus, increasing Virginia's union membership rate would not only compensate workers for improvements in efficiency, but would also work toward further enhancing productivity.



Source: Authors' calculations based on CEPR estimates of the union premium from the Current Population Survey Micro-Data for all wage and salary workers 16 years and older; and unionized workforce data from Barry T. Hirsch and David A. Macpherson, "Union Membership and Coverage Database from the Current Population Survey," available at <http://www.unionstats.com> (last accessed December 2008).

Background: Right-to-Work Laws

One essential component of collective bargaining agreements is known as a union security clause; this provision stipulates that workers who receive the benefits of union representation—namely, higher wages, safer working conditions, and greater benefits—must pay their fair share of dues.¹⁸ So-

called right-to-work (RTW) laws prohibit the inclusion of union security clauses in negotiated contracts, allowing workers to reap the benefits of unionization without paying anything.¹⁹ Despite their name, RTW laws do not pertain to a worker's right to maintain a job. Right-to-work laws basically allow employees to work in unionized work places without joining the union or paying dues.

Proponents argue that RTW laws expand workers' rights, e.g., the right to decide to join the union. Opponents argue that, "right-to-work encourages freeloading – because a worker can enjoy union representation without paying dues – and is essentially a roundabout way to undermine unions in a workplace, depriving them of revenue, membership numbers, and, ultimately, their bargaining power with management. Advocates say right-to-work preserves individual freedoms; critics call it "the right to work – for less."²⁰ The phrase "right-to-work" also wrongly assumes that employees can lose their jobs if they refuse to join a union. Per *NLRB v. General Motors Corp.*, a worker cannot be legally required to participate in a union.²¹ Currently, Virginia is one of 27 states with RTW laws in place.²²

Economic Effects of RTW Laws

RTW laws undermine labor unions by decreasing their funding base. By making payment optional, more unionized workers may refuse to pay dues.²³ In response, unions have to increase fees on the remaining dues-paying members, creating a feedback loop that ultimately reduces membership and diminishes unions' bargaining power.²⁴ This trend is most recently shown in the Midwest. Between January 2010 – the time at which RTW laws were passed in Indiana, Michigan, and Wisconsin – and December 2016, union membership fell by 2.1 percent across all three states, and real hourly wages dropped by 2.6 percent.²⁵ This decline in wages primarily affected members of the lower and middle class.²⁶ Moreover, fewer workers in RTW states have employer-sponsored health insurance and pension coverage.²⁷

Democratic Attempts to Reform

In the 2019 legislative session, two pro-union bills were introduced by Del. Lee Carter (D) but ultimately died in Republican-led subcommittees. The first—HB 1806—would effectively repeal Virginia's longstanding right-to-work statute that allows workers to reap the benefits of union representation without paying for such services.²⁸ This would increase the funding base of labor unions, thereby increasing union membership and bargaining power. The second—HB 1764—would enable employees to strike without fear of termination by their employers, a critical step toward legalizing collective bargaining for public and private sector employees in Virginia.²⁹ The rejection of these workers' rights proposals underscores the need for a Democratic majority in the Virginia General Assembly to reverse the relentless deterioration of the middle class across the state.

¹ <https://www.prwatch.org/news/2019/01/13438/alecs-new-union-busting-toolkit>

² <https://www.investopedia.com/terms/l/labor-union.asp>

³ Ibid

⁴ Ibid

⁵ <http://cepr.net/documents/state-public-cb-2014-03.pdf>

⁶ <https://www.bls.gov/news.release/pdf/union2.pdf>

⁷ Ibid

⁸ <https://www.epi.org/publication/how-todays-unions-help-working-people-giving-workers-the-power-to-improve-their-jobs-and-unrig-the-economy/>

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- ⁹ https://www.americanprogressaction.org/wp-content/uploads/issues/2008/pdf/efca_va.pdf
¹⁰ http://nycosh.org/wp-content/uploads/2017/01/DeadlySkyline2017_NYS-ConstructionFatalitiesReport_final_NYCOSH_May.pdf
¹¹ <https://law.utexas.edu/wp-content/uploads/sites/25/morantz-do-unions-make-a-difference.pdf>
¹² See note 8
¹³ Ibid
¹⁴ See note 9
¹⁵ Ibid
¹⁶ Ibid
¹⁷ <https://tandfonline.com/doi/abs/10.1080/07360932.2015.1121837?scroll=top&needAccess=true&journalCode=rfse20>
¹⁸ https://umaine.edu/ble/wp-content/uploads/sites/181/2011/04/RighttoWork_Laws.pdf
¹⁹ Ibid
²⁰ <https://www.thebalancecareers.com/right-to-work-2071691>
²¹ <https://supreme.justia.com/cases/federal/us/373/734/>
²² <http://www.ncsl.org/research/labor-and-employment/right-to-work-laws-and-bills.aspx>
²³ <https://fas.org/sgp/crs/misc/R42575.pdf>
²⁴ Ibid
²⁵ <https://ler.illinois.edu/wp-content/uploads/2017/03/RTW-in-the-Midwest-2010-2016.pdf>
²⁶ Ibid
²⁷ <https://www.epi.org/publication/right-to-work-states-have-lower-wages/>
²⁸ <https://lis.virginia.gov/cgi-bin/legp604.exe?191+sum+HB1806>
²⁹ <http://lis.virginia.gov/cgi-bin/legp604.exe?191+sum+HB1764>