# THE NATIONWIDE ASSAULT ON WORKERS' RIGHTS:

# A THREAT TO OUR ECONOMY AND AMERICA'S MIDDLE CLASS

# INFORMATION PACKET

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## *SUMMARY:*

## *THE NATIONWIDE CAMPAIGN AGAINST WORKING FAMILIES*

Wisconsin Governor Scott Walker's assault on public employees is just one piece of the anti-worker agenda that special interests are spearheading across this country under the guise of deficit reduction. But this agenda, as Washington Post columnist Harold Meyerson put it, "is about removing a check on right-wing and business power in America." The fact is, unions are a critical voice for maintaining a vibrant democracy and strong middle class in America.

**Wisconsin's bill to strip public sector workers of their collective bargaining rights is just the tip of the iceberg in the attack against workers' rights.**

- More than a dozen states have introduced bills to eliminate or restrict public sector employees' right to collectively bargain.
- Other states are considering legislation to roll back prevailing wage laws, prohibit project labor agreements, impose right-to-work-for-less laws, and otherwise make it difficult for workers to effectively organize.

**Republican measures in Congress have also promoted a radical rollback of the rights of American workers.**

- Three amendments that would have crippled workers' rights and wages were defeated after Republicans tried to attach them to their Continuing Resolution, H.R. 1:
  - Closing the National Labor Relations Board, which enforces private sector workers' right to organize and collectively bargain.[1]
  - Cutting construction workers' pay on government projects.[2]
  - Banning federal project labor agreements.[3]
- Although these amendments were rejected, the Republican majority was successful in pushing through the House the underlying bill and its deep cuts to programs that support students, workers, and middle class families.

**Instead of addressing job creation and the real causes of the deficits, Republican bills in Congress and around the country push an ideological agenda to strip basic rights from hard-working Americans.**

- Republican bills have asked workers, families and students to sacrifice while protecting and rewarding the well-connected with tax giveaways and subsidies -- putting us deeper in debt.
- During this economic crisis, as in previous economic crises, workers have been more than willing to make sacrifices during tough times.
- But when some try to take advantage of workers' willingness to make sacrifices by targeting their fundamental rights, they have also shown that they will stand up and fight, especially when the well-off and well-connected have not been asked to make any sacrifices at all toward the national good .

**The fiscal and economic crises confronting states and the nation were not caused by working people or their unions.**

- The recent recession was the result of Wall Street recklessness and the collapse of the housing market, not collective bargaining.
- The over-leveraged economy was thanks in part to decades of wage stagnation, even in the face of decades of productivity increases. During those decades, workers' bargaining power decreased in the face of trade pressures and loss of union representation. Today, only 11.9 percent of workers are represented by a union (36.2 percent of public sector workers and only 6.9 percent of private sector workers). Without the bargaining power to ensure wage increases kept up with cost of living increases, American workers had to increasingly rely on credit to maintain their standard of living. At the same time, the portfolios of banks and other wealthy investors expanded to new, untested, and ultimately unwise investment vehicles. These developments were a recipe for financial collapse.
- In the states, the housing market collapse brought on by Wall Street's recklessness is playing out in budget deficits. State tax revenues have dropped by 12 percent because of the recession.[4] Budgets have been squeezed, but not because of school nurses, kindergarten teachers, or county maintenance workers.

**While ideologues pursue their special-interest anti-worker agenda, the middle class and the economy pay the price.**

- Cutting workers' wages does not create jobs. It depresses economic activity. Likewise, job creation has not been a priority this year in the GOP-controlled House. The recent House-passed Continuing Resolution, H.R. 1, in fact would reverse recent job gain by slowing economic growth by 1.5 to 2 percent and destroying at least 700,000 jobs, according to independent analyses.[5]
- Eliminating collective bargaining does not solve budget deficits. It demoralizes the workforce. And it silences the voices of front-line workers who are best-equipped to offer solutions on how to improve government services and efficiency.
- Banning project labor agreements does not save money. It results in project delays, cost overruns for taxpayers, and reduced opportunities for local workers to get trained and hired.
- Busting unions does not make our economy more competitive. It widens the gap between rich and poor. And it undermines the foundations of the American middle class – the engine of the greatest economy in the world.

**With our economic recovery and international competitiveness hanging in the balance, the reckless pursuit of narrow ideological goals could not be more dangerous. Now is the time to work together to create jobs, solve budget crises, strengthen and expand the middle class, and invest smartly in our future.**

## *STATE-BY-STATE EFFORTS TO BUST UNIONS, CUT WAGES, AND DESTROY EMPLOYMENT OPPORTUNITIES FOR WORKING PEOPLE*

An anti-worker agenda is currently aimed at busting unions, cutting workers' wages, and destroying employment opportunities for working people across the country. The magnitude of this push – using the economic and fiscal crises in the states as a subterfuge for these rollbacks – is unprecedented.

**Twenty states have introduced bills to restrict or eliminate the right of workers to collectively bargain.**

- Arizona, Colorado, Florida, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Nebraska, Nevada, New Hampshire, New Jersey, Ohio, Oklahoma, South Dakota, Tennessee, Washington and Wisconsin.
- Legislation in New Hampshire has already become law.

**Seven states have introduced bills to cut wages by rolling back prevailing wage laws.**

- Illinois, Indiana, Maryland, Michigan, Missouri, New Jersey and Wisconsin.
- Introductions in other states may follow.

**Seven states have introduced bills to prohibit project labor agreements.**

- Arizona, Idaho, Indiana, Kentucky, Maryland, Missouri, New Jersey and West Virginia.
- Iowa instituted prohibitions on publicly funded projects by executive order. The Idaho bill has already become law.

**Fourteen states have introduced bills to institute right-to-work-for-less laws.**

- Alaska, Connecticut, Hawaii, Indiana, Maine, Maryland, Michigan, Minnesota, Missouri, New Hampshire, New Mexico, Pennsylvania, Washington, and West Virginia.
- Introductions in other states may follow.

In addition, a variety of other anti-worker bills are being pushed. For example, in Missouri, a bill would roll back prohibitions on the use of child labor, including eliminating the prohibition on employment of children under 14.[6]

**On the federal level, major bills aimed squarely at middle class labor protections have already passed the U.S. House this year.** H.R. 1 would cripple federal efforts to enforce workplace safety and health rules and the right to organize and would effectively zero out the funding for Workforce Investment Act training and employment programs. H.R. 2 would repeal the health care law, stripping 32 million Americans of access to affordable health care coverage and millions more of basic protections against the worst insurance industry abuses.

## *WHY UNIONBUSTING IS HARMFUL TO EVERYONE*

The right of workers to organize and collectively bargain is an internationally-recognized human right. **It is also a necessary ingredient to a strong middle class and a fair economy.**

**Throughout the years, unions have given a voice to workers and provided for a fairer, more productive and healthier society.**

- Unions have helped to:
  - Establish the 40-hour work week and ensure that workers have a right to a minimum wage and overtime pay.
  - Abolish child labor.
  - Protect the right of workers to take family and medical leave.
  - Ensure that workers who are injured on the job have a right to workers' compensation.
  - Protect the health and safety of workers on the job.
  - Enact social security and unemployment insurance.
  - Protect the rights of workers to be free from discrimination in the workplace.
  - Ensure that by 2014 all Americans have access to quality affordable health insurance.

**Attacks on unions put all of these achievements for working families and the middle class in jeopardy.**

**Unionized workers have greater economic security versus nonunion workers.**

- **Union workers earn higher wages**: Workers in unions earn 28 percent higher wages and benefits than nonunion workers. For women, African-American, and Latino workers, the union difference is even greater.[7]
- **Union workers are more likely to have health insurance:** Union workers are 56 percent more likely to have employer-sponsored healthcare. In contrast, nonunion workers are five times more likely to lack health insurance.[8]
- **Union workers are more likely to have retirement security**. Union workers are 209 percent more likely than nonunion workers to have a defined-benefit pension.[9]

**This greater economic security results in greater economic activity for everyone.**

- **Unions raise wages most significantly for low- and middle-wage earners. These workers become consumers who pump money into the economy.** A 2007 study found that wage increases won by unions in Los Angeles resulted in consumer spending that created 64,800 additional jobs and increased economic output in the area by $11 billion.[10]
- **For employers**, a unionized workforce, increased worker productivity, and lower turnover are often intrinsically linked.

**All workers benefit from strong labor laws - not just union members.**

- **Nonunion workers benefit from unions:** Unions establish a wage rate that nonunion employers follow to stay competitive and in some cases avoid unionization.
- **Nonunion workers earn more when working in a unionized industry:** A non-union worker in an industry that is 25 percent unionized will earn 5 percent more than workers in fields with less union representation.[11]

## *POLLS: THE AMERICAN PEOPLE ARE REJECTING THE RADICAL RIGHT'S ANTI-WORKER AGENDA*

Recent polls show that Americans do not support the rollbacks of basic rights spearheaded by the likes of Wisconsin Governor Scott Walker.

### NBC/Wall Street Journal Poll[12]- March 2, 2011

- **62 percent** of Americans believe it is unacceptable to eliminate the collective bargaining rights of public workers as a way to deal with the deficit.

### CBS/NY Times Poll[13] – February 28, 2011

- **60 percent of Americans oppose weakening collective bargaining rights** of public employee unions.

- **56 percent of Americans oppose cutting the pay or benefits** of public employees to reduce deficits.

- **61 percent** of Americans believe the **salaries and benefits** of most public employees are either **"about right" or "too low"** for the work they do.

### USA Today/Gallup Poll[14]- February 21, 2011

- **61 percent** of Americans oppose eliminating collective bargaining rights for state unions.

### Greenberg Poll[15] – February 2011

- **49 percent** of Americans believe allowing public employees to engage in collective bargaining increases the quality of public service while 32 percent do not.

- **48 percent of Democrats and 47 percent of Republicans** report they will be impacted if collective bargaining for public employees is eliminated.

## *BUSTING SOME OF THE COMMON MYTHS PROMULGATED BY ANTI-WORKER CAMPAIGNS*

**MYTH #1: Public sector workers are overpaid.**

**FACTS:** Studies purporting to show that public sector workers are paid more than private sector workers invariably compare apples to oranges.

Studies that compare state and local employees with private-sector employees of **similar occupations, similar education, and other earnings determinants** find that **state and local employees earn less in compensation than their private-sector counterparts.**

- Overall, when using comparable earning determinants, state and local employees earn up to 12 percent less than private-sector workers in wages.[16]
- And they receive up to 7.4 percent less in total compensation.[17]

It is important to remember that, where public employees may sometimes appear to have higher health or pension benefits, that is largely because private employers have been terminating or cutting back on pension and health care benefits, not because public employees are enjoying overly generous benefits.

**MYTH #2: Public sector unions have bankrupted the states.**

**FACTS: The fiscal crises in the states are largely due to the economic downturn.** The recession did not start with collective bargaining. It started with Wall Street recklessness.

**When recessions hit, tax revenues drop.** This has been the deepest and longest recession since World War II. It has caused state and local revenues to decline precipitously, blowing a hole in budgets. Tax revenues in the states are now 12 percent below pre-recession levels.[18]

**While public sector workers did not cause state and local fiscal crises, they have pitched in to help solve them.** Pay and benefit cuts have been agreed to in collective bargaining with public sector unions across the country. They have been willing to make sacrifices in compensation to save jobs and public services. The unions in Wisconsin, for example, have already agreed to every economic concession demanded by Governor Walker to "repair" the budget. Meanwhile, these anti-worker campaigns do not ask the wealthy to do their fair share in solving the fiscal crises.

**MYTH #3: Pensions for public sector workers are exorbitant.**

**FACTS:** The largest public sector union, AFSCME, reports the following: **Its average member earns less than $45,000** per year **and receives a pension of $19,000** per year after a full career.[19]

**Before Wall Street's collapse, public pension plans were generally well-funded.** On average, they held 86 percent of the assets they needed to pay out future benefits.[20] Unfortunately, they were invested in the same market as everyone else and experienced investment losses that reduced their funding. Most of today's pension shortfalls are due to the decline of the stock market during 2007 through 2009.[21] Incidentally, Wisconsin is one of four states (the others being Florida, Washington, and New York) with a pension plan considered fully funded, at more than 95 percent.[22]

**Public pension plans are mostly funded by public sector workers themselves.** From 1996 to 2007, taxpayers, i.e., local and state governments, only made 14.3 percent of the total contributions to pension plans.[23] In 2008, government spending on pensions amounted to 3.8 percent of total spending.[24]

**For many public sector workers, their pension is all they have for retirement.** Unlike private sector employees, many of these workers are not covered by Social Security.

**Ending public pension plans and switching workers to 401(k)-style plans would not save money.** It costs 401(k) plans 46 percent more than a traditional pension plan to deliver the same benefit. [25]

**MYTH #4: Davis Bacon wages drive up the cost of construction projects and cost jobs.**

**FACTS:** The Davis-Bacon Act mandates payment of locally prevailing wages on federally funded construction contracts. **Davis Bacon wages are locally prevailing wages, not union wages.** The Department of Labor determines an area's prevailing wage by surveying construction wages county by county, union or nonunion.

**Studies show that prevailing wage laws DO NOT** raise construction costs. Rather, any cost of higher wages is made up for by increased productivity and safety on the project.

- A study of 10 states where nearly half of all highway and bridge work in the U.S. is done, showed that when high-wage workers were paid substantially more than the wage of low-wage workers, they built *74.4 more miles of roadbed* and *32.8 more miles of bridges* for *$557 million less.*[26]

**Studies also show that prevailing wage laws provide broader economic benefits** from higher wages and better workplace safety, eliminate hidden taxpayer costs, and elevate worker skills in the construction industry.

- In a 2006 study on Davis Bacon projects, states with prevailing wage laws had higher rates of construction training programs, and trainees were more likely to complete their programs compared to states without prevailing wage laws.[27]

**MYTH #5: Project Labor Agreements (PLAs) preference unions and discourage competitive bidding on contracts.**

**FACTS:** A project labor agreement (PLA) is a pre-hire agreement between employers and labor organizations that establishes the terms and conditions of employment on one or more construction projects.

- Any contractor – union or non-union – can work on projects under a PLA, as long as they abide by the wages, benefits and other terms of the PLA.

- PLAs ensure a steady flow of well-trained construction labor, avoiding labor disputes and improving efficiency on the underlying construction project.

- There is no substantial evidence that PLAs decrease the number of bidders on a project, or increase the costs of construction projects.

- Boeing, Disney, Inland Steel, ARCO, Harvard University, and Pfizer are among the large number of private corporations that use PLAs. Toyota has used a PLA on every plant it has constructed in the U.S. If these companies find that PLAs make business sense, governments should not be denied the opportunity to use them as well.[28]

**MYTH #6: Right to Work laws will boost economic growth.**

**FACTS:** Workers in "right to work" states earn lower wages, have fewer benefits and are more likely to work in an unsafe working environment.

**There is no correlation between right-to-work and employment rates.**

- Two out of the three states with the highest unemployment rates are right to work, including the state with the worst unemployment rate in the nation.
- Nevada, a right-to-work state, has 14.5 percent unemployment, followed by California, a free-bargaining state, at 12.5 percent, and Florida, a right-to-work state, at 12 percent.[29]
- Out of the ten states with the worst unemployment, half are right-to-work states and half are free-bargaining states.[30]
- The most recent state to become right-to-work, Oklahoma, saw previously climbing manufacturing employment and relocations into the state reverse direction and fall after adopting its right-to-work legislation.[31] In the now-globalized supply chain, companies seeking to relocate mainly to cut labor costs move to Mexico, China, or other low-wage countries, not right-to-work states.
- Surveys of employers show that highway accessibility and land availability are key factors in companies' decisions on where to locate. Right-to-work ranks 14th.[32]
- Education matters much more than right-to-work. High-tech firms are locating in non-right-to-work states. According to the 2010 State New Economy Index,

non-right-to-work states Massachusetts, Washington, Maryland, New Jersey and Connecticut were ranked as the top 5 best places to locate in order to be globally competitive in 21st Century industries.[33]

**Right to work laws result in lower wages for both union and non-union workers.**

- Workers in right to work states **earn 3.2 percent less and are less likely to have employer-sponsored health insurance or pension benefits.**[34]
- **A lower wage means less consumer demand and fewer jobs.** For every $1 million in wage reductions, $850,000 less is spent in the economy, resulting in the loss of six jobs.[35]
- The rate of **workplace deaths** in right to work states is **51 percent higher** than in free bargaining states.[36]

Right to work laws create a free-rider system whereby workers do not have to pay any representation fees but get the benefits of union representation. Unions, on the other hand, are legally required to expend resources to represent all employees, whether they pay dues, pay fair fees for the representation, or free ride altogether. Right-to-work laws thereby encourage free-riding, reducing a union's ability to effectively represent employees. As a result, union representation drops in those states.

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[2] King Amendment #273 to H.R. 1, Full-Year Continuing Appropriations Act, 2011 (Feb. 19, 2011).
[3] Guinta Amendment #126 to H.R. 2, Full-Year Continuing Appropriations Act, 2011 (Feb. 17, 2011).
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[5] Mark Zandi, *A Federal Shutdown Could Derail the Recovery*, Moody Analytics (Feb. 28, 2011).
[6] *Id.*
[7] Bureau of Labor Statistics, http://www.bls.gov/news.release/pdf/union2.pdf (Jan. 21, 2011).
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[9] AFL-CIO, *supra.*
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[11] *Id.*
[12] 62% Opposed to Stripping Public Employees' Collective Bargaining Rights (conducted Feb. 24-28, 2011).
[13] Americans Weigh in On Labor Unions and Public Employees (conducted Feb. 24-27, 2011).
[14] Eliminating Collective Bargaining Rights for State Unions (Feb. 21, 2011).
[15] Collective Bargaining Rights Matter to Voters (Feb. 2011).
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