The League of Women Voters of Dane County, Inc.

Presents....

General Meeting and Issues Forum

**How Are Unions and Workers Faring in Wisconsin?**

As unemployment has fallen, what has been the impact of 2011 Act 10 seven years later?

**Speakers:**

Becky Shigiel, executive director of Worker Rights Wisconsin

John Wedge, WEAC Region 6 director, NEA, AFL-CIO

**Wednesday, March 7, 2018**

7:00 – 8:30 p.m.

Capitol Lakes Grand Hall
333 West Main Street in downtown Madison

The event is free and open to the public.

Free parking in the ramp across the street.
Bring your ticket into Capitol Lakes to get stamped.

Committee: Dorothy Wheeler and Ingrid Rothe

For more information visit the League’s website at www.lwvdanecounty.org
Study questions:
1. What is the most surprising or unexpected thing you learned from the speakers or the study materials? How does it change the way you think about the status of Wisconsin workers?
2. Should there be a government role for encouraging workers to join unions? If so, what should it be?
3. What is the most important thing government could do to ensure that Wisconsin workers work in a safe environment and have reasonable knowledge and control over their work schedules?

Positions:
The League of Women Voters of the United States supports the ratification of the Universal Declaration of Human Rights, which includes the following in regard to labor:

(1) Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
(2) Everyone, without any discrimination, has the right to equal pay for equal work.
(3) Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.
(4) Everyone has the right to form and to join trade unions for the protection of his interests.

The LWVUS also has positions in support of non-discrimination in employment, support of the Family Medical Leave Act, in support of fair, living wages, comparable worth, needed support services to assist women seeking employment, including comprehensive child care.

The League supports measures to address the adverse impact of international trade on domestic workers, firms and industries. Training, education and safety net programs, such as cash assistance, relocation assistance, and health care, should be enhanced and made easily available to dislocated workers, whether or not a trade connection can be made. Portability of health care coverage, pension rights and other fringe benefits should also be assured. The League supports temporary trade barriers consistent with international trade rules to permit firms seriously injured by surging import competition to adjust to changed conditions.
The union membership rate—the percent of wage and salary workers who were members of unions—was unchanged at 10.7 percent in 2017, according to the U.S. Bureau of Labor Statistics. The number of wage and salary workers belonging to unions, at 14.8 million in 2017, edged up by 262,000 from 2016. In 1983, the first year for which comparable union data are available, the union membership rate was 20.1 percent and there were 17.7 million union workers.

- The union membership rate of public-sector workers (34.4 percent) continued to be more than five times higher than that of private-sector workers (6.5 percent).
- Workers in protective service occupations and in education, training, and library occupations had the highest unionization rates (34.7 percent and 33.5 percent, respectively).
- Men continued to have a higher union membership rate (11.4 percent) than women (10.0 percent).
- Black workers remained more likely to be union members than White, Asian, or Hispanic workers.
- Nonunion workers had median weekly earnings that were 80 percent of earnings for workers who were union members ($829 versus $1,041). (The comparisons of earnings in this release are on a broad level and do not control for many factors that can be important in explaining earnings differences.)
- Among states, New York continued to have the highest union membership rate (23.8 percent), while South Carolina continued to have the lowest (2.6 percent).

**Industry and Occupation of Union Members**  In 2017, 7.2 million employees in the public sector belonged to a union, compared with 7.6 million workers in the private sector. Although the union membership rate for private-sector workers edged up by 0.1 percentage point in 2017, their unionization rate continued to be substantially lower than that for public-sector workers (6.5 percent versus 34.4 percent). Within the public sector, the union membership rate was highest in local government (40.1 percent), which employs many workers in heavily unionized occupations, such as teachers, police officers, and firefighters. Private-sector industries with high unionization rates included utilities (23.0 percent), transportation and warehousing (17.3 percent), telecommunications (16.1 percent), and construction (14.0 percent). Low unionization rates occurred in finance (1.1 percent), food services and drinking places (1.4 percent), and professional and technical services (1.7 percent).

Among occupational groups, the highest unionization rates in 2017 were in protective service occupations (34.7 percent) and in education, training, and library occupations (33.5 percent). The rate for workers in education, training, and library occupations continued to decline in 2017. Unionization rates were lowest in sales and related occupations (3.2 percent); farming, fishing, and forestry occupations (3.4 percent); food preparation and serving related occupations (3.8 percent); and in computer and mathematical occupations (3.9 percent).
Overall, the state’s unemployment rate compares favorably with the national rate but unemployment is not distributed evenly across the state. In 2016, Wisconsin’s African American unemployment rate was 11 percent – a rate higher than the state’s overall rate in the worse months of the Great Recession. The opportunities implied by the lower unemployment rates are not available to everyone.

Notably, Wisconsin’s disparity between black and white rates is higher than the national disparity. This is shown in the figure below. **WISCONSIN’S AFRICAN AMERICAN UNEMPLOYMENT RATE, 11 PERCENT, IS 2.9 TIMES THE RATE FOR WHITES.** Nationally, the black unemployment rate is 2.1 times the white rate.

Job opportunity is not distributed equally across the map. In July of 2017, two counties, Dane and Iowa, posted very low unemployment rates at 2.5 percent. Three counties, Menominee (7.4 percent), Iron (5.5 percent), and Forest (5.1 percent) had unemployment above 5 percent, and more than twice as high as the state’s counties with the lowest rates of unemployment.
Long-term wage stagnation is evident in figure 3. On it, you can see the wage of the worker at the exact middle of the wage distribution for Wisconsin and the United States from 1979 to 2016. (All workers, both hourly and salaried, are included in this analysis. For salaried workers, an hourly wage is created by dividing annual earnings by hours of work. And all wages are expressed in 2016 dollars which takes inflation over the period into account.)

In 1979, Wisconsin’s median worker earned a wage well above the national median. The 1980s—an especially bad decade for workers in Wisconsin—brought considerable real and relative wage decline, leaving Wisconsin workers nearly a dollar per hour behind the US median. Wisconsin moved back to the national median wage in 1995, and wages grew in the state each year until 2005. The weak economy and Great Recession took their toll on wages, which slipped to a low point in 2012.

In 2016, Wisconsin’s median wage climbed to $17.96 per hour -- just slightly higher than the pre-recession median wage in 2007 ($17.68 per hour). At $17.80 per hour in 2016, the US median wage is just slightly below Wisconsin’s.

The bottom line? Taking inflation into account, the wage of Wisconsin’s median worker is 92¢ per hour more today than it was in 1979. That’s very slow wage growth – an annual raise of less than 3¢ per hour. In terms of annual income, that amounts to an increase of $1,800 for a full-time worker.

Compared to 1979, Wisconsin’s median worker today has more education and is working with more productive technology. Even with their higher education and productivity, however, that worker earns not even $1 per hour more than the median earned nearly 40 years ago.

Unlike the data on jobs, where Wisconsin’s story is markedly worse than the national trends, the wage data is more or less in line with the national picture. Wisconsin’s job market remains tough and worker wages are stagnant. Certainly, after six years of Governor Walker’s “open for business” policies of deregulation, regressive tax and budget changes, and union and voter suppression, there is no evidence that the situation for workers in the state has improved relative to national trends.


**Racial Inequality, Income Inequality, and Middle Class Decline**

As we have long documented in *The State of Working Wisconsin* and other reports, Wisconsin has extremely high levels of racial inequality and increasing income inequality. The rewards of economic growth are being concentrated at the top of the income distribution. And *the chasm separating black and white Wisconsinites is among the largest in the nation.*

Wisconsin has the regrettable distinction of ranking among the worst states in the nation in terms of racial equality. Various aspects of the disparity – from education to jobs and income to incarceration – have been documented consistently for more than a decade. We offer below the summary of Wisconsin racial disparity in economic indicators, drawn from *Wisconsin’s Extreme Racial Disparity, 2017.*

This disparity is a defining problem of the Wisconsin economy. Strategies to close the racial gap in wages, outcomes, opportunity, are absolutely essential.

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**Table 1**

**Racial Disparity in Economic Opportunity 2015: Wisconsin vs Other States**

<table>
<thead>
<tr>
<th></th>
<th>Wisconsin</th>
<th>Other States</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>State overall</td>
<td>Blacks</td>
</tr>
<tr>
<td>Total population*</td>
<td>5,771,337</td>
<td>362,290</td>
</tr>
<tr>
<td>Unemployment rate†</td>
<td>4.6</td>
<td>11.6</td>
</tr>
<tr>
<td>Labor force participation*</td>
<td>66.90%</td>
<td>61.20%</td>
</tr>
<tr>
<td>Median household income*</td>
<td>55,638</td>
<td>29,223</td>
</tr>
<tr>
<td>Poverty rate: all families*</td>
<td>7.90%</td>
<td>31.00%</td>
</tr>
<tr>
<td>Poverty rate: children under 18 years old*</td>
<td>16.40%</td>
<td>44.20%</td>
</tr>
<tr>
<td>Individuals with no health insurance*</td>
<td>5.70%</td>
<td>8.60%</td>
</tr>
</tbody>
</table>

*American Community Survey 2015 one-year estimates
A second defining problem in the American economy is increasing inequality. Wisconsin has historically been and remains today a relatively equal state. But inequality is on the rise, both nationally and in Wisconsin. Over the last 40 years, Wisconsin’s richest residents have experienced dramatic increases in income, while the rest of the state’s residents have experienced little to no income growth.

These trends are detailed in *Pulling Apart 2017* which was released by COWS and the Wisconsin Budget Project in August. In Wisconsin, the top 1% made, on average, 19 times the average annual income of $48,000 that the remaining 99% of residents made. Wisconsin ranked 33rd among US states in the ratio of the top 1% of income to the remaining 99% of income. The average income of the top 0.01% in Wisconsin was 399 times the average income of the bottom 99% of Wisconsin residents.

An additional warning signal on the economy comes from closely related measures of the fortunes of the middle class. **According to analyses by the Pew Charitable Trust Over 2000-2013, the share of families in the middle class in Wisconsin fell by 5.7 percent.** That is the largest decline posted by any state in the nation.

In all three areas of inequality – extreme racial disparities, increasing income inequality, and a declining middle class – the challenges in Wisconsin are clear and long-standing. These are essential economic issues requiring sustained and creative policy attention.

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### Table 2

**Ratio of Top 1% of Income to Remaining 99% of Income, in 2014**

<table>
<thead>
<tr>
<th>State/Region</th>
<th>Average Income of the Top 1%</th>
<th>Average Income of the Remaining 99%</th>
<th>Top-to-remaining Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wisconsin</td>
<td>$933,000</td>
<td>$48,000</td>
<td>19.4</td>
</tr>
<tr>
<td>Midwest</td>
<td>$1,011,000</td>
<td>$47,000</td>
<td>21.7</td>
</tr>
<tr>
<td>United States</td>
<td>$1,281,000</td>
<td>$47,000</td>
<td>27.4</td>
</tr>
</tbody>
</table>


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**Wisconsin Falls Below the National Average**

Unions have played a critical role in Wisconsin’s economic history, helping secure better wages and working conditions for their members and for workers throughout the state. This history, including the state’s long-standing public-sector union laws, came into focus starting in February 2011, when Act 10 was passed in spite of mass mobilization against it. The Act has dramatically reduced public-sector union membership by undermining unions in important ways. Public-sector unions in Wisconsin can no longer bargain over any issue other than wages—not safety or working conditions, not benefits. Further, in negotiations, bargained wage increases cannot exceed the rate of inflation. Union employers are not allowed to collect union dues in paychecks, even when a signed card states a worker’s interest in such collection. Additionally, every public-sector bargaining unit is required to annually recertify through an election in which the union must receive votes from at least 51 percent of all members of the unit, whether or not all members of the unit vote. (This standard far exceeds the US norm in political and labor elections of winning on the basis of the votes actually cast).

The effect of this array of restrictions and rules around public sector collective bargaining has been dramatic and reverberated across the State’s economy. Many units have not even attempted to recertify under these terms. These trends have led to a decline in union membership in Wisconsin that far exceeds national or regional trends. Figures 4 and 5 show how Wisconsin’s union coverage has fallen relative to the national trend, especially since 2011. Wisconsin’s recent decline was the largest and most dramatic in the region. **OVER 2011-16, WISCONSIN UNION COVERAGE FELL BY MORE THAN ONE-THIRD, FROM 14.1 TO 9 PERCENT, A DECLINE OF 5.1 PERCENTAGE POINTS.** Over the same period, national union coverage fell 1 percentage point.

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**Figure 4**

**Union Coverage, US & Wisconsin 2000 - 2016**

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**Figure 5**

**Percentage Point Change in Union Coverage, US, Wisconsin, and Midwest, 2011-16**

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*Source: EPI analysis of CPS data*
HOW UNIONS HELP WORKING PEOPLE

How Today’s Unions Help Working People, released by the Economic Policy Institute, provides a comprehensive review of collective bargaining in the US economy. The authors point out that unions are a force that can help build the middle class. Indicated in figure 6 below, they point out:

“... when unions are weak, the highest incomes go up even more, but when unions are strong, middle incomes go up.

Research by EPI and other institutions shows this correlation is no accident. First, unions have strong positive effects on not only the wages of union workers but also on wages of comparable nonunion workers, as unions set standards for entire industries and occupations (these union and nonunion wage boosts are explored in detail in the next section of this report). Second, unions make wages among occupations more equal because they give a larger wage boost to low- and middle-wage occupations than to high-wage occupations. Third, unions make wages of workers with similar characteristics more equal because of the standards unions set. Fourth, unions have historically been more likely to organize middle-wage than high-wage workers, which lowers inequality by closing gaps between, say, blue-collar and white-collar workers. Finally, the union wage boost is largest for low-wage workers and larger at the middle than at the highest wage levels, larger for black and Hispanic workers than for white workers, and larger for those with lower levels of education—wage increases for these groups help narrow wage inequalities.”

figure 6
UNION MEMBERSHIP AND SHARE OF INCOME GOING TO THE TOP 10%, 1917 - 2015

Jobs are precarious, health-care costs are skyrocketing, and wages aren’t keeping up with the cost of living—no wonder young people are organizing.

Are you a young adult confused about your economic future? You’re not alone. The president brags of surging markets and job growth, but you’re getting rejected for every job you apply for, scrambling to pay rent, and stuck in a dead-end retail job. Maybe it’s time to take inspiration from the latest stats about millennials: Workers age 35 and under are the main component of an unprecedented surge in union membership over the past two years.

Nationwide in 2017, nearly 860,000 workers under age 35 got hired, and nearly a quarter of those were union jobs. According to an analysis by the Economic Policy Institute, “Historically, younger workers have been less likely than older workers to be a member of union,” so in that sense there’s a lot of room to grow among younger workers, whose union membership lags behind other age groups. Millennials are responsible for a huge portion of the recent gains in union representation across the workforce, which has managed to remain fairly steady (yep, young people are keeping labor alive). Growing by some 198,000 workers, youth in union jobs are offsetting loss of union jobs in older age brackets; union jobs for workers age 45 to 54 dropped by some 75,000 over the same period.

So, in contrast to the myth of millennials’ being economically and politically adrift, they’re stepping in readily to fill the union ranks that have hemorrhaged middle-aged workers over the years—2017 actually saw an increase in the overall number of unionized workers over the previous year. A movement that we’re used to thinking of as getting older and smaller is actually growing stronger and younger—and they may well be leading the next progressive voting bloc in tandem with the labor movement.
In addition to breaking with an overall long-term decline in unionization across the workforce (now 10.7 percent), the youth surge highlights another dimension to the simultaneous rise in “gig economy” jobs. A recent analysis of job growth since 2005 reveals massive growth in temporary, irregular, or subcontracted work, known for unstable pay and precarious working conditions. And yet there hasn’t been a correlating backslide necessarily in younger workers’ labor power. There are actually signs that youth are increasingly driven to join unions precisely in response to economic precarity and eroding economic mobility. Even youth-oriented sectors have seen high-profile union victories, from digital-newsroom unions at Vice and Fusion to graduate-faculty unions at many public and increasingly, private, university campuses.

According to EPI Vice President John Schmitt, the employment trends suggest that the labor movement currently “seems right exactly where the future is.... Either they’re organizing new young workers, [for example] information-sector workers who are disproportionately young and are deciding that their online and/or cool Silicon Valley inspired kinds of firms are better if they’re union than if they’re not. Or the other thing that could be happening is, employment is expanding in sectors that are already union that have young workers,” including historically unorganized service industries like retail or health-care-support services—two areas where robust unionization efforts have been led by women, immigrants, and people of color.

But millennials may experience unique push-and-pull factors that drive them into unions. As EPI details in a separate analysis, unionization counters the characteristics that make jobs lousy today: gender and racial discrimination, wage gaps and lack of advancement opportunities. Union jobs provide a net wage premium for women, especially in service-sector jobs that often lack stability and livable wages. Collective bargaining and union representation are associated with significantly higher wages for black and Latino workers. Nationwide, unionized workers are more than 50 percent more likely to have an employer-sponsored pension, and the vast majority have health insurance through their employer—a virtual financial unicorn for millennials who are often tracked into freelance and gig work with few benefits. Workers under age 25 who are unionized earn roughly a fifth more than their non-union counterparts.
Janus v. AFSCME

In this court case, scheduled for oral arguments before the Supreme Court on February 26, 2018, the court will consider whether public sector unions may require employees who are not members to be required to help pay for collective bargaining. If the court’s answer is no, unions will probably lose a substantial source of revenue.

The question was before the justices last year in Friedrichs v. California Teachers Union, when the court appeared poised to find against the unions. The death of Justice Antonin Scalia resulted in a 4-4 deadlock. This may have provided the unions with only a short reprieve, since Justice Gorsuch appears ready to rule against them.

The new case concerns Mark Janus, who works for the state of Illinois, and is represented by AFSCME Council 31. He sued the union, saying he does not agree with its positions and should not be forced to pay fees to support its work.

An Illinois law requires government workers who choose not to join a union to “pay their proportionate share of the costs of the collective bargaining process, contract administration and pursuing matters of wages, hours and other conditions of employment.” The Supreme Court has said that such laws are constitutional. Illinois public employees are not required to pay fees related to political activities of the unions.

Janus argues that all compulsory fees are inherently political in nature and hence violate his First Amendment rights. Unions reject First Amendment arguments, saying that the plaintiffs are merely trying to avoid paying for their fair share for activities of the union from which they benefit.

The State of Wisconsin has joined 10 other states in filing an amicus brief in support of Janus.