

Talking Points on the Value and Cost of Public Sector Unions

Public Sector Unions Do Not Increase State Budget Shortfalls. From Policy Matters Ohio http://www.policymattersohio.org/pdf/CollectiveBargainingPressBriefing2010_1230.pdf

For the 2011 fiscal year:

- 16.5% Budget Deficit in the 9 states banning collective bargaining by all state/local public employees.
- 16.2% Budget Deficit for 15 allowing collective bargaining for all public employees.
- 16.6% Budget Deficit among the 42 states allowing some or all collective bargaining by public employees..
- 17.6% Budget Deficit for the 31 states that allow only state workers to collectively bargain

Public Employees Are Not Overpaid. From the Center for Economic Policy Research

<http://www.cepr.net/documents/publications/wage-penalty-2010-05.pdf>

and the Economic Policy Institute study <http://www.epi.org/page/-/pdf/bp276.pdf>

Comparing public sector and private sector wages:

- The compensation differences amount to a “wage penalty” for public sector workers.
- State and local government workers make 4% less on average than similar private sector workers.
- When looking at gender, women in the public sector make 2% less and men make 6% less than private sector equivalents.
- When looking at type of work, a middle-wage earner makes approximately 4% less in the public sector and high-wage workers make about 11% less than private sector equivalents.
 - On average, public sector workers are paid 3.7% less than similarly situated, full-time private sector employees.
 - The comparison is closer for local public employees (1.8%) than state workers (7.6%).
 - State and local governments pay a higher percentage of employee compensation in the form of benefits (34.1%), as opposed to the private sector (26.1-33.1%).
The forms of benefits vary between the two sectors:
 - Health insurance: 11.2% of public sector compensation; 6.3-8.3% of private sector compensation.
 - Retirement benefits: 8.1% of public sector compensation; 2.8-4.8% of private sector compensation.
- Differing pay levels between the public and private sector are affected by education differences amongst the workforce:
 - 54% of full-time state and public workers earned at least a four year college degree; only 35% of private sector workers have the same.

Arbitration is an effective part of public sector collective bargaining

American Rights At Work Website:

http://www.americanrightsatwork.org/dmdocuments/clearinghouse_resources/public_employees_and_collective_bargaining_lit_review.pdf

- Twenty-five have laws encouraging public sector employers and unions to voluntarily negotiate collective bargaining agreements, with the possibility of an arbitrated settlement as a fallback when they are unable to resolve disputes on their own.
- In most states, arbitration is compulsory for police or firefighters (where one side can initiate the process without the agreement of the other side, or where a third party can initiate the process), while it's voluntary for other types of public employees.
- There is general acceptance of the laws by employers, employees, and citizens. In response to problems that have arisen with these statutes, legislators have merely amended the laws rather than fully repealing them.
- States with voluntary or compulsive arbitration include: AK, CT, DE, DC, HI, IL, IN, IA, ME, MA, MI, MN, MT, NE, NV, NH, NJ, NM, NY, OH, OK, OR, PA, RI, TX, VT.
- The passage of an arbitration law has little to no effect on wages or benefits. For instance, a 2001 study of police officer salaries from 32 states and the District of Columbia found that there was no statistically significant evidence that the presence of an arbitration statute systematically affects wages.
- Wage increases and contract terms resulting from arbitration tend to be very similar to those won through voluntary negotiations.⁸ Arbitrators are normally bound to base their decisions on factors outlined in the law, such as the comparability of wages with similar jobs in the region, as well as the public employer's ability to pay.
- It's more the threat of arbitration, not the actual use of the procedure, which encourages parties to voluntarily settle.
- Arbitration has significantly reduced the number of public sector strikes.
- Arbitrators tend to be conservative and shy away from imposing any innovations in an award.
- Innovations thus must be developed through mutual agreement by both sides. What's clear from this body of research is that arbitration reduces labor strife, encourages productive collective bargaining, and levels the playing field for public employees—all with a minimal fiscal impact on the state and local governments.
- The data do not suggest that arbitration has done great mischief to the democratic process or put an undue strain on the public coffers.
- The vast majority of contracts in these jurisdictions are settled voluntarily.
- Studies indicate that the number of voluntary settlements increase from the time the laws were enacted.

Right to Work States Fair No Better

from New Research Counters Arguments for “Right-To-Work” Laws

http://www.americanrightsatwork.org/dmdocuments/clearinghouse_resources/research_counters_rtw_arguments_12_10.pdf - Erin Johansson and Michael Wasser December 2010

and http://www.epi.org/resources/datazone_rtw_index/

The 1947 passage of the Taft-Hartley amendments to the National Labor Relations Act allowed states to make it illegal for employers and unions to bargain agreements stipulating that all employees represented by a union had to pay dues. Without these agreements, unions are required to represent and negotiate on behalf of all the employees they represent, regardless of whether they choose to pay dues or decide to be “free riders.” Since 1947, twenty-two states have passed RTW laws.

RTW laws don’t generate jobs, economic growth

- Proponents of RTW laws claim that they enable a more business-friendly environment and lead to economic growth for states and their residents.
- Yet recent studies rebut claims of economic growth and instead find that laws suppress wages. Comparing RTW states with non-RTW states:
 - Has no impact on economic growth
 - Has no influence on employment
 - Has no influence on business capital formation (the ratio of firm ‘births’ to the number of firms)
 - Is correlated with a decrease in wages
 - average real state GDP growth rate of RTW states is not significantly different than non-RTW states.
 - From a state’s economic standpoint, being right-to-work yields little or no gain in employment and real economic growth.”
 - Controlling for geographic factors, studies find RTW legislation is associated with only a slight increase in manufacturing employment, along with a decrease in employment in agriculture, fishing, mining and some service industries.
- RTW laws lead to declines in workplace representation and wages
- RTW laws do lead to declines in union representation.
- Workers living in RTW states earn 6.5% less than comparable workers living in non-RTW states.
- Workers living in a RTW state on the border of a non-RTW state enjoy higher wages.
- Our economy is dependent on consumer spending, and when workers don’t have money in their pockets to spend, our economy suffers.
- According to recent remarks by Federal Reserve Chairmen Ben Bernanke, rising wages spur consumer spending and would “help sustain growth” in the economy.

- Yet if more states enact RTW legislation, research indicates that rather than generating more jobs, legislators risk depressing wages and impeding this economic recovery.