

Economic Policy Institute

Press Releases

News from EPI

Facts and resources on Friedrichs v. California Teachers Association

January 8, 2016

On Monday, the Supreme Court will hear arguments on Friedrichs v. California Teachers Association, which could have far-reaching consequences for public sector unions. EPI research has shown that strengthening collective bargaining will raise wages and improve the standard of living for all workers. At a time when workers' bargaining power in the labor market has been severely eroded, policymakers should not look to ways of further weakening collective bargaining rights.

Wages are lower in right-to-work states

- Accounting for cost-of-living and demographic differences, **wages are 3.1 percent lower in right-to-work states** than non-right-to-work states.
- Under federal law, no one can be forced to join a union as a condition of employment, and the Supreme Court has made clear that workers cannot be forced to pay dues used for political purposes.
- **Unions raise wages of unionized workers by roughly 20 percent** and raise compensation, including both wages and benefits, by about 28 percent. The impact of unions on total nonunion wages is almost as large as the impact on total union wages.

Collective bargaining levels the playing field between public- and private-sector workers

- In states with full collective bargaining, public sector workers make as much as their private-sector peers. In states with partial collective bargaining rights, public-sector employees earn 1 percent less than their private-sector counterparts. **In right-to-work states, the penalty is 10 percent.**
- This may impede state and local governments from recruiting and retaining highly skilled employees for their many professional and public safety occupations.

Fair share fees strengthen collective bargaining and cut down on free riders

- The share of public-sector workers in a union is nearly three times higher in non-right-to-work states than in right-to-work states.
- 80 percent of public sector union members are located in the 24 states that allow for full public-sector collective bargaining and agency fees, which is evidence of the ability of agency fees to strengthen worker voices and collective bargaining.
- In right-to-work states, 20.3 percent of public-employee union members are free riders—meaning they enjoy the benefits of collective bargaining, without paying their fair share to support the union's ability to negotiate on their behalf. In non-right-to-work states, only 6.8 percent of the bargaining units are nonunion members, though they still pay agency fees equivalent to about 85 percent of dues.

- Union membership declined by 7 percent, and free-riding more than doubled, after Michigan enacted a public-sector right-to-work law and prohibited school districts from collecting union dues by payroll deduction in 2012.

Public-sector collective bargaining has not led to massive wage increases or threatened public safety

- The share of public-sector employees with the right to bargain grew from 2 percent to 63 percent from 1960 to 2010. This growth did not cause excessive or distorted public employee compensation.
- Employees covered by the right to strike earn only about 2 percent to 5 percent more than those without it.
- The right to strike has not had catastrophic results in terms of threats to public safety or welfare. Public safety employees are covered by interest arbitration, which prevents strikes by requiring management and the union to submit conflicts to an outside arbitrator in the event of negotiations that do not produce a settlement. This has prevented strikes and has resulted in no effect on wages for these employees when compared to other forms of dispute resolution.

EPI research:

Eliminating fair share fees and making public employment “right-to-work” would increase the pay penalty for working in state and local government

Laws enabling public-sector collective bargaining have not led to excessive public-sector pay

On Friedrichs v. California Teachers Association: The inextricable links between exclusive representation, agency fees, and the duty of fair representation

“Right-to-Work” States Still Have Lower Wages

How unions help all workers