



## ***NEWS from the Fiscal Policy Institute***

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### **Unions Make a Big Difference for Low-Wage Workers** *Unionization lifts the lowest-wage workers above the poverty line*

After decades of disappointing wage growth for most workers, a new report shows that unionization significantly boosts the wages of low-wage workers. The report was co-released today by the Fiscal Policy Institute in New York and the Center for Economic and Policy Research in Washington, DC.

The report, “The Union Advantage for Low-Wage Workers,” finds that for workers in the lowest wage brackets in New York State, union membership means getting a wage that is 16 percent higher than for non-unionized workers with similar education and other characteristics. That’s even more than the overall average wage premium of 12 percent for workers who are represented by a union. The lowest wage brackets refer to the lowest-paid 20 percent of workers.

“This is very good news for workers who are already in unions, like the 28,000 newly organized home-based child-care providers who are currently negotiating their first contract,” noted David Dyssegaard Kallick, senior fellow of the Fiscal Policy Institute. “And it certainly illustrates why other low-wage workers, such as retail salespeople or security guards, are engaged in active campaigns to unionize.”

A non-unionized worker at the 10<sup>th</sup> percentile currently makes \$7.49/hour in New York, the study finds. That same worker could be expected to make \$1.22/hour more if he or she were in a union. By comparison, to keep a family of three above the poverty level, a parent working full time and year-round would have to earn \$8.25 an hour. In other words, unionization can make the difference for a low-wage worker between being above or below the poverty line.

“Too often, people think there’s not much we can do to reverse polarization in our economy,” Kallick added. “Here’s clear evidence that unionization helps: it raises wages for all workers, and it raises them especially among lower-wage workers.”

The report analyzed five years of data on 16-to-64 year old workers from the Current Population Survey for the years 2003 through 2007, the most recent years available. Over that period, 26.4 percent of New York workers were either members of a union or covered by a union contract—nearly double the national rate of 13.8 percent.

“Unionization raises wages for all workers, but unions have by far the biggest impact on the wages of the lowest-paid workers,” said John Schmitt, a Senior Economist at CEPR and the author of the national study.

“Unions give the biggest boost to low-wage workers because these are the workers that have the least bargaining power in the labor market,” Schmitt said. “Unionization has a large and measurable impact on the bargaining power, and therefore the wages, of low-wage workers.”

“This report adds to a growing understanding of the connection between unionization and good wages,” noted James Parrott, chief economist of the Fiscal Policy Institute. “Many studies have shown that unionization benefits the average wage, but this is the first systematic analysis across all states and wage levels. It’s no wonder that, when given the chance, most workers opt to join unions.”

*The Fiscal Policy Institute (FPI) is a nonpartisan research and education organization that focuses on tax, budget, and economic issues that affect the quality of life and the economic well being of New York State residents.*

*The Center for Economic and Policy Research is a nonprofit, nonpartisan Washington, D.C.-based organization conducting research on economic and social issues.*

The CEPR report is available at:

[http://www.cepr.net/documents/publications/quantile\\_2008\\_05.pdf](http://www.cepr.net/documents/publications/quantile_2008_05.pdf)

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