



Sept. 4, 2020

Why Americans Celebrate Labor Day

Labor Day celebrates the contributions of the labor movement to the economic wellbeing of American workers. Many of these have been lasting—including a five-day work week, safer working conditions and child labor laws. However, the sharp decline in union membership has been accompanied by rising income inequality, a growing racial wage gap and lower retirement savings.

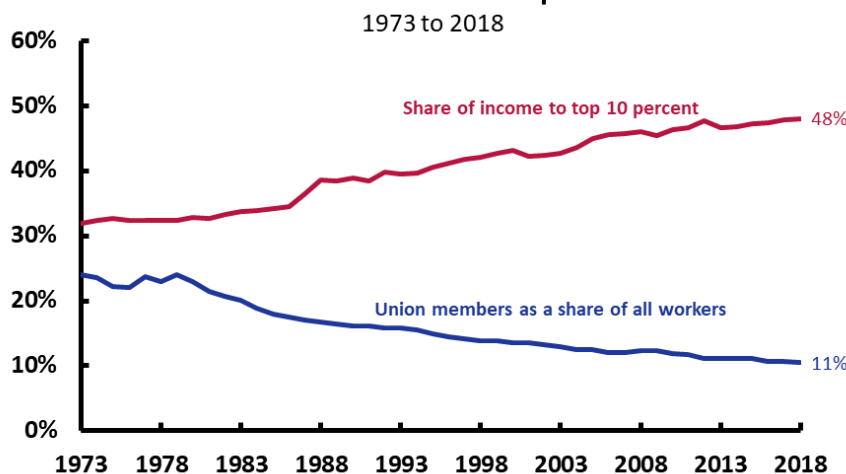
Union representation

- **Over 16 million U.S. workers** were represented by a union in 2019.¹
- The share has dropped by more than half over the last 40 years—falling from **27.0%** in 1979 to **11.6%** in 2019.²
- There is a higher share of workers who have union coverage or *report* they want union coverage than there was 40 years ago—**54.2%** in 2017 compared to **50.8%** in 1977.³
- Hawaii and New York had the highest union membership rates in 2019 (**23.5%** and **21.0%**, respectively), while South Carolina and North Carolina had the lowest (**2.2%** and **2.3%**, respectively).⁴

Income

- An average worker covered by a union earns **11.2% more** in wages than a peer with similar education and experience in the same industry who is not covered by a union.⁵
- As union membership has decreased, the share of income going to the top 10% of Americans has increased. In 2018, **48% of income** went to the top 10%.

The Share of Income Going to the Top 10 Percent Has Increased As Union Membership Has Declined



Source: JEC Democratic staff calculations based on data from the Union Membership and Coverage Database and Piketty and Saez (2003; updated tables and figures to 2018). Note: Union membership data for 1982 are interpolated; income shares are based on market income excluding capital gains.



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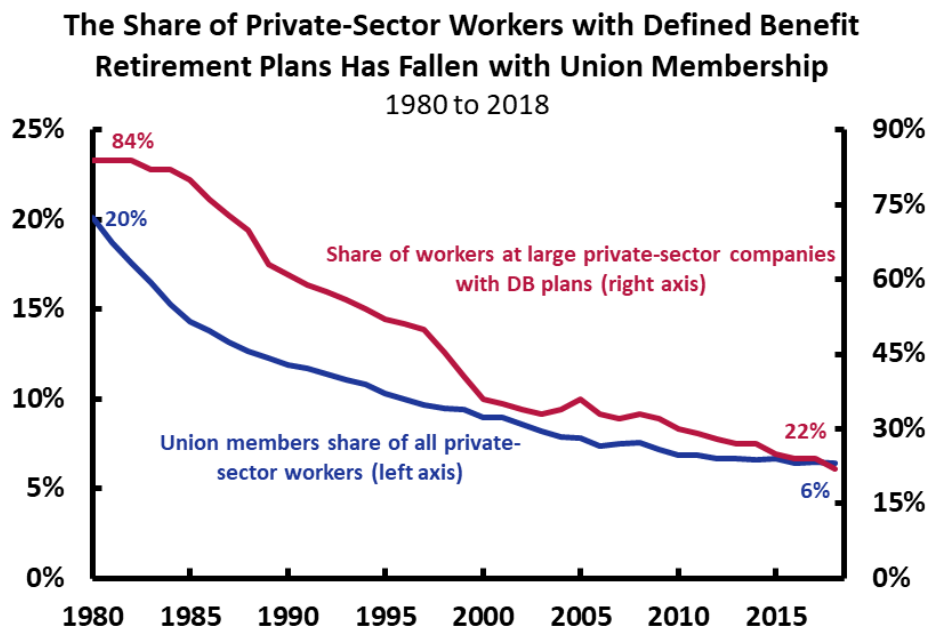
- Black workers who are represented by unions are paid **13.7% more** than their nonunion Black peers. Hispanic workers represented by unions are paid **20.1% more** than their nonunion Hispanic peers.⁶
- The decline of union coverage has contributed to the **widening gap** between the median wages of Black and white workers. Black and Hispanic workers get a larger boost from unionization because collective bargaining lifts their wages closer to those of their white counterparts.⁷
- Women represented by unions earn hourly wages that are **5.8% higher** on average than for their nonunion peers.⁸

Benefits

- **94% of union workers** have access to employer-provided health insurance compared to only **68% of nonunion workers**.⁹
- **91% of union workers** have access to paid sick leave compared to only **73% of nonunion workers**.¹⁰

Retirement

- As the union membership share among private-sector workers has decreased, the share of private-sector workers with defined benefit retirement plans has also fallen. In 2018, **just 22% of workers** had defined benefit plans.



Source: JEC Democratic staff calculations based on data from the Union Membership and Coverage Database, the Employee Benefit Research Institute and the National Compensation Survey from the Bureau of Labor Statistics.
Notes: Union membership data for 1982 are interpolated; Retirement plan data are for employees at medium and large firms (with 100 or more employees) and are interpolated for years with missing data.

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CONGRESSMAN DON BEYER, VICE CHAIR



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State	Union Membership (Percent of Employed)	Union Representation (Percent of Employed)	Median Hourly Wage
Alabama	8.5	9.8	\$16.73
Alaska	17.1	18.7	\$23.34
Arizona	5.7	7.1	\$18.46
Arkansas	5.2	5.9	\$15.84
California	15.2	16.5	\$21.24
Colorado	9	9.8	\$21.28
Connecticut	14.5	16	\$23.33
Delaware	8.7	9.9	\$19.66
District of Columbia	9.3	10.2	\$35.74
Florida	6.2	7.6	\$17.23
Georgia	4.1	5	\$17.75
Hawaii	23.5	25.5	\$21.35
Idaho	4.9	6	\$17.00
Illinois	13.6	14.7	\$19.74
Indiana	8.3	9.8	\$17.77
Iowa	6.3	7.9	\$18.41
Kansas	8.7	10.1	\$17.79
Kentucky	8	9.5	\$17.09
Louisiana	5.3	6.1	\$16.66
Maine	11.8	13.7	\$18.45
Maryland	11.3	12.8	\$22.10
Massachusetts	12	13.2	\$24.14
Michigan	13.6	15	\$18.60
Minnesota	13.7	14.3	\$21.21
Mississippi	6.3	8.4	\$15.00
Missouri	11.1	12.5	\$17.88
Montana	10.5	12	\$17.51
Nebraska	8.4	9.6	\$18.46
Nevada	14.6	16.1	\$17.51
New Hampshire	10.3	11.6	\$19.95
New Jersey	15.7	17.4	\$21.64
New Mexico	7.1	8.8	\$17.03
New York	21	22.7	\$22.44
North Carolina	2.3	3.4	\$17.75
North Dakota	6	7.5	\$20.44
Ohio	11.9	13.1	\$18.54
Oklahoma	6.2	7.9	\$17.18
Oregon	14.4	15.7	\$19.83
Pennsylvania	12	13.1	\$18.99

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Rhode Island	17.4	19	\$21.24
South Carolina	2.2	2.7	\$16.68
South Dakota	5.6	6.7	\$16.71
Tennessee	4.6	5.5	\$17.26
Texas	4	5.2	\$18.28
Utah	4.4	5.9	\$18.23
Vermont	11.2	12	\$19.68
Virginia	4	5.2	\$20.30
Washington	18.8	20.2	\$23.15
West Virginia	10.2	11.1	\$16.31
Wisconsin	8.1	9.1	\$18.79
Wyoming	7.3	8.7	\$20.02

Source: Bureau of Labor Statistics, Union affiliation of employed wage and salary workers by state, May 2019 State Occupational Employment and Wage Estimates

Note: Union membership refers to members of a labor union or an employee association similar to a union. Union representation refers to both union members and workers who report no union affiliation but whose jobs are covered by a union or an employee association contract.

¹ U.S. Bureau of Labor Statistics, Union Members Summary, January 22, 2020, <https://www.bls.gov/news.release/union2.nr0.htm>.

² U.S. Bureau of Labor Statistics, Union Members Summary, January 22, 2020, <https://www.bls.gov/news.release/union2.nr0.htm>; Heidi Shierholz, “Working people have been thwarted in their efforts to bargain for better wages by attacks on unions,” Economy Policy Institute, August 27, 2019, <https://www.epi.org/publication/labor-day-2019-collective-bargaining/>.

³ Heidi Shierholz, “Working people have been thwarted in their efforts to bargain for better wages by attacks on unions,” Economy Policy Institute, August 27, 2019, <https://www.epi.org/publication/labor-day-2019-collective-bargaining/>.

⁴ U.S. Bureau of Labor Statistics, Union Members Summary, January 22, 2020, <https://www.bls.gov/news.release/union2.nr0.htm>.

⁵ Celine McNicholas, Lynn Rhinehart, Margaret Poydock, Heidi Shierholz and Daniel Perez, “Why unions are good for workers—especially in a crisis like COVID-19,” Economic Policy Institute, August 25, 2020, <https://www.epi.org/publication/why-unions-are-good-for-workers-especially-in-a-crisis-like-covid-19-12-policies-that-would-boost-worker-rights-safety-and-wages/>.

⁶ Ibid.

⁷ Celine McNicholas, Lynn Rhinehart, Margaret Poydock, Heidi Shierholz and Daniel Perez, “Why unions are good for workers—especially in a crisis like COVID-19,” Economic Policy Institute, August 25, 2020, <https://www.epi.org/publication/why-unions-are-good-for-workers-especially-in-a-crisis-like-covid-19-12-policies-that-would-boost-worker-rights-safety-and-wages/>.

⁸ Ibid.

⁹ Ibid.

¹⁰ Ibid.