

The Bell Policy Center

Press Release

For Immediate Release: May 15, 2008

Contact: Rich Jones, jones@thebell.org

(303) 297-0456 in metro Denver

(866) 283-8051 toll-free in Colorado

New report shows unionization substantially improves economic opportunities for thousands of low- and middle-income families in Colorado

DENVER, CO: Unionization significantly raises the wages of low- and middle-income workers in Colorado, according to a national study by the Center for Economic and Policy Research (CEPR) in Washington, DC, and released today in conjunction with Colorado's Bell Policy Center. The benefit of unionization is greatest for low-wage workers.

For the typical Colorado worker – meaning the worker right in the middle of the pay scale – unionization raises wages by 6.1 percent. The boost is even greater at the lower end of the income scale – 16.5 percent for the typical low-wage worker.

In dollar terms, that translates into a premium of \$1.32 per hour, or about \$2,745 per year, for low-wage full-time workers in Colorado. For the typical worker at the middle of the pay scale, the unionization premium is \$1.03 per hour, or about \$2,142 per year.

The study looked only at wage data and did not take into account other benefits unionized workers may receive, such as improved health insurance coverage or access to pension plans.

“The data clearly show the value of unions in our economy,” said Wade Buchanan, president of the Bell Policy Center. “Unions help low-income families achieve self-sufficiency, and they help middle-income families hold on to the American Dream. They have proven to be a major gateway to opportunity for thousands of Colorado families.”

While the Bell Policy Center has yet to take positions on ballot measures for this fall, Buchanan noted that at least one measure (Amendment 41) could directly impact unionized workers. “We think this will be important information for voters to keep in mind this fall,” he said. “Changing the rules by which unions operate in Colorado could have a real and detrimental impact on the livelihoods of working families in our state.”

- more -

The report, [*The Union Wage Advantage for Low-Wage Workers*](#), was authored by John Schmitt, PhD, a senior economist at CEPR, and funded by the Ford Foundation.

Colorado's numbers, while lower than the national average across the board, mirror the effects of unionization throughout the country. Nationally, the unionization wage premium was 13.7 percent for the typical U.S. worker and 20.6 percent for the typical low-wage worker.

“The numbers vary from state-to-state based on a variety of factors, including employment patterns, industry and occupational structure, wage distribution and more,” explained Rich Jones, director of policy and research at the Bell. “What’s important is not the variation from one part of the country to another, but the similarity throughout the country. Every state shows a large wage premium for unionization, and in every state that premium is greater at the lower end of the wage scale. Clearly unions have a positive wage impact everywhere in the country.”

Jones added that the study likely understates the real economic value of unionization for Colorado families because it does not take into account factors such as health care or pension benefits. “It only looks at wages,” Jones said. “To the extent unionization also results in better health insurance or other benefits, the real value of unionization for families will be greater than the report shows.”

Colorado's numbers are relatively unique in that they actually show a negative wage impact among the highest paid workers. “This likely has a lot to do with which occupations are unionized at the upper end of the wage scale,” explained Rich Jones. Only a handful of other states showed statistically-significant negative premiums, and all of these were among the very highest earners.

The [Center for Economic and Policy Research](#) is an independent, nonpartisan think tank established to promote democratic debate on the most important economic and social issues that affect people's lives. CEPR's Advisory Board of Economists includes Nobel Laureate economists Robert Solow and Joseph Stiglitz; Richard Freeman, Professor of Economics at Harvard University; and Eileen Appelbaum, Professor and Director of the Center for Women and Work at Rutgers University.

[The Bell Policy Center](#) is a nonpartisan research and advocacy organization committed to making Colorado a state of opportunity for all. The Bell works to reinvigorate the debate on issues affecting the well-being of Coloradans and to promote policies that open gateways to opportunity.

###