

# Union Advantage for Black Workers

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## Acknowledgements

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# Introduction

Since at least the early 1970s, and likely earlier, unionization rates for black workers have been higher than for other racial groups in the United States. As sociologists Jake Rosenfeld and Meredith Kleykamp (2012) have recently written, the labor movement has been “a remarkably inclusive institution vital for its economic support of African-American men and women.”<sup>1</sup> Nevertheless, the share of unionized black workers has been falling almost continuously since the early 1980s, reflecting a trend also seen in the workforce as a whole.

In this report, we review the most recent data available to examine the impact of unionization on the wages and benefits paid to black workers. These data show that even after controlling for factors such as age and education level, unionization has a significant positive impact on black workers' wages and benefits.<sup>2</sup> The union advantage is particularly strong for black workers with lower levels of formal education.

## All Black Workers

In 1983, the earliest year for which we have consistent data on unionization rates, more than one in four black workers was a member of a union (27.1 percent).<sup>3</sup> As **Figure 1** demonstrates, this rate was higher than the overall unionization rate in the same year (23.3 percent). By 2008-2013, the period we focus on here,<sup>4</sup> the share of black workers in a union had fallen 12.1 percentage points to only 15.0 percent of the black workforce, a rate that was still above the 13.1 percent rate for all workers in that same period.

As **Table 1** shows, unions visibly boost the pay and benefits of black workers. On average, unionized black workers do substantially better than their non-union counterparts. In 2008-2013, black workers in a union earned, on average, about 27 percent more per hour than black workers who were not in a union (\$22.55 per hour, compared to \$17.81 per hour). Black workers in unions also had much better benefits. Almost three-fourths (74.9 percent) of unionized black workers had health insurance through their employer (or their union), compared to less than half (48.6 percent)

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1 For longer discussions of the experience of African Americans in unions, see Bronfenbrenner and Warren (2007), Frymer (2008), Hill (1995), Pencavel (2009), Rosenfeld and Kleykamp (2012), Schmitt and Warner (2009).

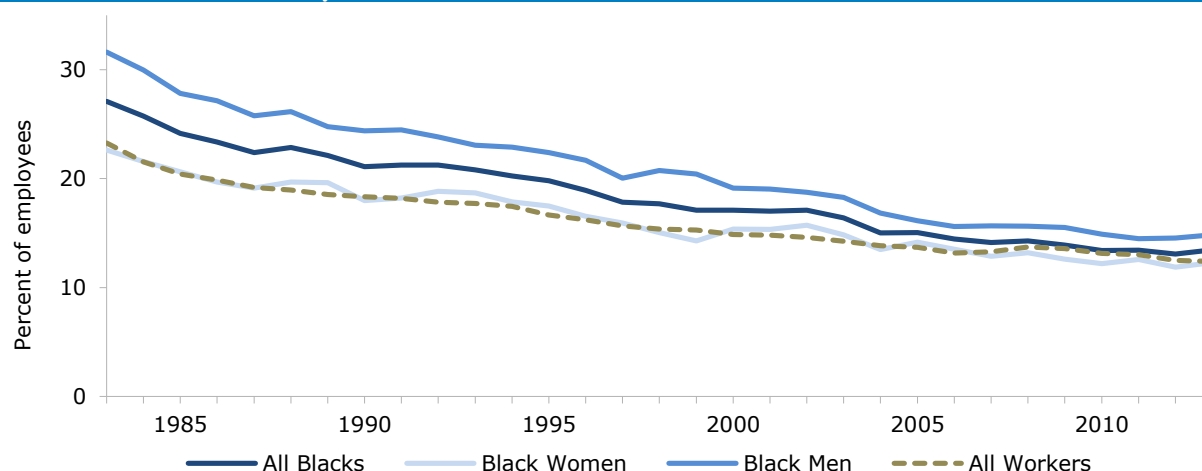
2 For earlier research on the effect of unionization on wages and the wage distribution of the entire workforce, see Blanchflower and Bryson (2007), Blackburn (2008), Bratsber and Ragan (2002), Hirsch (2004), Pencavel (2009), Western and Rosenfeld (2013).

3 See the data appendix for details on the Current Population Survey (CPS) data we analyze here.

4 We pool the six most recent years of CPS data in order to minimize the effects of the relatively small sample size of unionized black workers in the survey.

**FIGURE 1**

**Black workers are more likely than others to be unionized, but the share of unionized workers has been falling**



Source: CEPR analysis of CPS data, 1983-2013.

**TABLE 1**

**Wages, Health, and Retirement Coverage for Black Workers, 2008-2013**

	Unionization rate (percent)	Mean hourly wage (2013\$)		Health-insurance (percent)		Retirement plan (percent)	
		Union	Non-union	Union	Non-union	Union	Non-union
All	15.0	22.55	17.81	74.9	48.6	65.8	38.8
Women	14.0	21.90	17.04	72.3	48.3	63.5	37.5
Men	16.3	23.24	18.77	77.9	49.0	68.3	40.5
In low-wage occupations	11.9	15.58	12.05	54.6	32.6	46.0	22.1

Notes: CEPR analysis of CEPR extract of the Current Population Survey (CPS) Outgoing Rotation Group and March CPS. Union refers to union membership or union coverage. Health insurance refers to participation in an employer- or union-sponsored plan where the employer pays some or all of the premium. Retirement plan refers to participation in an employer-sponsored plan, with or without employer contribution. Health and pension coverage refer to 2007-2012; wages refer to 2008-2013.

of black workers who weren't in a union; almost twice as many unionized black workers (65.8 percent) had an employer-sponsored retirement plan as non-union black workers (38.8 percent).

The data in Table 1, however, do not account for several systematic differences between the unionized and non-unionized workforces. For example, on average, union workers have more formal education, are more likely to live in higher-wage states, and are more likely to work in higher-wage industries. **Table 2**, therefore, presents the impact of unions on the wages and benefits of black workers after using regression techniques to control for these differences in the union and non-union workforce.<sup>5</sup>

5 We control for age (and age squared), education (five levels of educational attainment), gender (wherever observations for men and women appear in the same regression), state of residence, and two-digit industry. The wage regressions use ordinary least squares; the health-insurance and pension regressions are probits.

**TABLE 2**

**Regression-Adjusted Union Wage, Health, and Retirement Premiums for Black Workers, 2008-2013**

	Unionization rate (percent)	Hourly wage Union premium (percent)	Health-insurance coverage		Retirement plan	
			Union premium (p.p.)	Coverage increase (percent)	Union premium (p.p.)	Coverage increase (percent)
All	15.0	15.6	17.9	36.7	19.1	49.1
Women	14.0	13.1	15.0	31.1	15.4	41.0
Men	16.3	18.1	21.8	44.5	24.3	59.9
In low-wage occupations	11.9	19.7	10.6	32.5	19.5	88.4

**Notes:** All regressions include controls for age, education, gender, state, and two-digit industry. Union wage premiums in percent are converted from log points. Union-health insurance and pension coverage figures are the percentage-point (p.p.) increases associated with union coverage or membership. Coverage increases in percent terms are from the current coverage rates for non-union workers. Health and pension coverage refer to 2007-2012; wages refer to 2008-2013.

Controlling for these factors reduces the impact of unionization on wages and benefits somewhat, but the union effect remains economically large and statistically significant. For wages, the regression-controlled union wage premium is 15.6 percent; for employer-provided health insurance, the regression-controlled premium is 17.9 percentage points; and for employer-sponsored retirement plan, 19.1 percentage points.

## By Gender

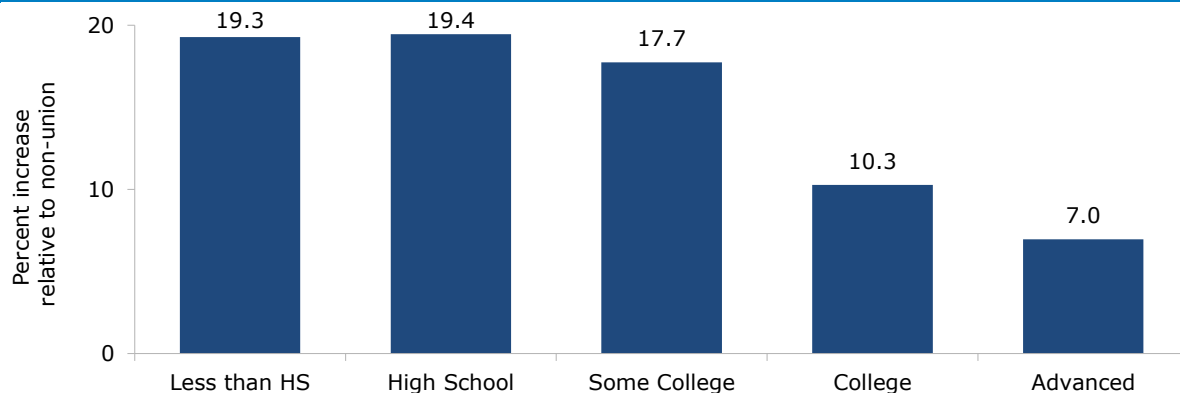
The union pay and benefit advantage holds for both black men and black women. The regression-controlled union wage premium is 18.1 percent for black men and 13.1 percent for black women. For black men, the union effect on health insurance coverage is 21.8 percentage points and the effect on retirement is 24.3 percentage points. For black women, the union effect on health insurance coverage is 15.0 percentage points and on retirement, 15.4 percentage points.

## By Education Level

The union advantage for black workers varies by level of education, with the largest gains for the wages and benefits of less-educated workers. Unionization raised the hourly wage for black workers with less than a four-year college degree by nearly 20 percent (19.3 percent for those with less than a high school degree, 19.4 percent for those with only a high school degree, and 17.7 percent for those with some college but short a four-year degree). The union wage premium for these workers is almost double the 10.3 percent premium for black workers with a four-year college degree. (See **Figure 2.**)

**FIGURE 2**

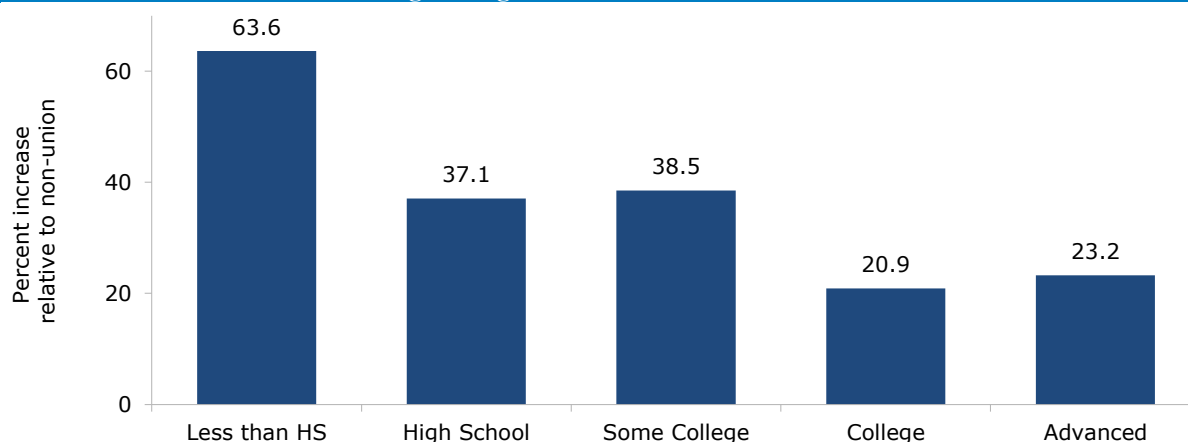
The union wage advantage is larger for black workers with less education



Source: CEPR analysis of CPS data, 2008-2013.

**FIGURE 3**

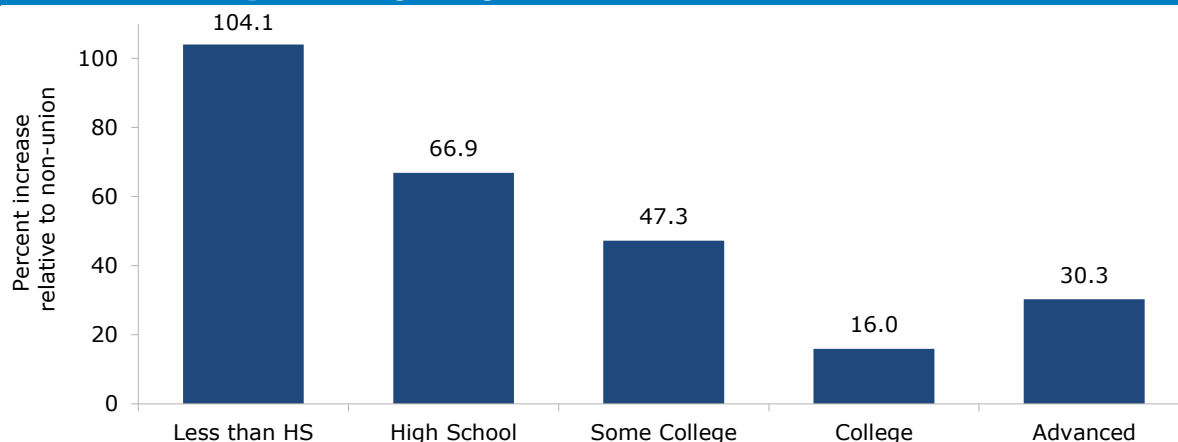
The union health-insurance advantage is larger for black workers with less education



Source: CEPR analysis of CPS data, 2008-2013.

The impact of unionization on health-care coverage is also higher for workers with less than a college degree than it is for those with a four-year college degree or more. As **Figure 3** shows, unionization raises the probability that a black worker without a high school degree has employer-provided health insurance by 63.6 percent. For black workers with only a high school degree or with some college education but no degree, union representation raises the likelihood of having health insurance by more than one-third (37.1 percent and 38.5 percent, respectively). For black workers with a college degree or more, the union advantage is important, but smaller than for workers with less education (a 21-23 percent increase).

With respect to employer-sponsored retirement plans, a broadly similar pattern holds. For black workers without a high school diploma, unionization roughly doubles (increases by 104.1 percent) their chances of having a retirement plan. For those with only a high school degree the increased

**FIGURE 4****The union retirement plan advantage is larger for black workers with less education**

Source: CEPR analysis of CPS data, 2008-2013.

likelihood is more than two-thirds higher (66.9 percent) and for those some college but short of a four-year degree the increase is almost half (47.3 percent). (See **Figure 4**.)

## By Low-wage Occupations

The benefits of unionization also extend to black workers in traditionally low-wage occupations. To illustrate, we focus here on 15 low-wage occupations, including food prep workers, cashiers, child-care workers, home-care aides, janitors, grounds maintenance workers, nursing and home health aides, and security guards.<sup>6</sup> While black workers accounted for just over 11 percent of total employment in the period 2008-2013, they made up over 18 percent of all workers in these 15 low-wage occupations.

The effect of unionization for black workers in low-wage occupations is comparable to that of all black workers. The union wage premium is somewhat larger for black workers in low-wage occupations (19.7 percent) than it is for black workers overall (15.6 percent). Unionization also raises the likelihood that black workers in low-wage occupations have health insurance by 10.6 percentage points (compared to a 17.9 percentage-point increase for black workers overall). Union representation boosts participation in an employer-sponsored retirement plan by 19.5 percentage points (compared to a 19.1 percentage-point difference for the average black worker).

6 The 15 low-wage occupations are: food preparation workers, cashiers, cafeteria workers, child-care workers, cooks, housekeeping cleaners, home-care aides, packer and packagers, janitors, grounds maintenance workers, nursing and home health aides, stock clerks, teachers' assistants, laborers and freight workers, and security guards. These occupations were those in CPS with the lowest non-union median wage in 2004-07, where the occupation had at least 0.25 percent of the total workforce and the unionization rate was at least five percent. See Schmitt, Waller, Fremstad, and Zipperer (2007) for further details.

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# Appendix

Our analysis combines data from six consecutive years of the Current Population Survey (CPS), a nationally representative monthly survey of about 60,000 households. For wage-related data, we use the 2008 to 2013 merged Outgoing Rotation Group (ORG) from the CPS. The ORG includes a series of questions about the respondent's current job, asked of one-quarter of the monthly participants in the CPS. For health- and retirement-related data, we use the March supplement to the CPS for the years 2008 to 2013. The March CPS survey asks respondents about their health- and retirement-coverage in the preceding calendar year, so the health and retirement data in the report refers to coverage during the calendar years 2007 to 2012. (The wage data refer to calendar years, 2008-2013; in both cases, we use the most recent data available as we write this report.)

## **Health Insurance**

The March CPS asks whether an individual was covered by an employer-provided health-insurance plan and, if so, whether the employer paid all, part, or none of the premiums for that plan. We treat workers as having health-insurance coverage if their employer (or union) offered a plan and the employer paid at least part of the premiums associated with the plan. Respondents answer the health-coverage question in March of each year, but their response refers to their coverage status in the preceding calendar year.

## **Retirement Plan**

The March CPS asks whether an individual's employer participated in an employer-sponsored retirement plan. Unfortunately, the survey does not distinguish between defined-contribution and defined-benefit plans and does not ask if the employer makes a contribution to the plan. We treat workers as having pension coverage if their employer offered a retirement plan, whether or not the employer made a contribution to that plan. As with health-insurance coverage, respondents answer the retirement question in March of each year, but their response refers to their coverage status in the preceding calendar year.

## **Union**

The CPS ORG asks workers if they are a member of, or represented by, a union at their current job. We define a union worker as any worker who says that he or she is a member of or represented by a union. Unfortunately, the March CPS does not ask workers about their union status during the preceding calendar year. We use workers' union status in their current job in March of each year as a proxy for their union status in the preceding calendar year. Using workers' status in March has two drawbacks for our analysis. First, since we must rely on union status in March, which comes from the ORG for the same month, we are limited to only one-fourth of the full March CPS sample --the

fourth of the full monthly sample that also participated in the ORG. The smaller sample reduces the precision of our estimates of the union effect on health and pension, making it more difficult for us to find a statistically significant union effect if one exists. Second, using union status in March as a proxy for union status in the preceding year introduces measurement error into the union variable in the health and pension regressions. Measurement error will bias the coefficient of the variable measured with error toward zero, reducing our estimate of the size of any union effect relative to its true level and making it less likely that we will find a statistically significant union effect if there is one.

### **Low-wage Occupations**

We analyze 15 low-wage occupations as defined by the Current Population Survey for 2008-2013. The specific occupations we selected were the 15 occupations with the lowest non-union median wage in 2004-2007 meeting the following two criteria in the same period: first, the occupation had to be at least 0.25 percent of the total workforce; and, second, the unionization rate had to be at least five percent. For further details, see Schmitt, Waller, Fremstad, and Zipperer (2007).