

Union-nonunion Wage Differences, 1997

Data from the 1997 National Compensation Survey were used to examine union-nonunion occupational pay differences for the total economy, private industry, and State and local government. In almost all occupations, union workers enjoyed a salary advantage over non-union workers.

ANN C. FOSTER

Bureau of Labor Statistics (BLS) data show that the relationship between union and nonunion pay increases in private industry has varied over time. Employment Cost Index (ECI) data show that, between 1975 and 1982, union pay consistently rose more rapidly than nonunion pay. In contrast, between December 1982 and March 1999, nonunion pay rose faster.¹ (See chart.)

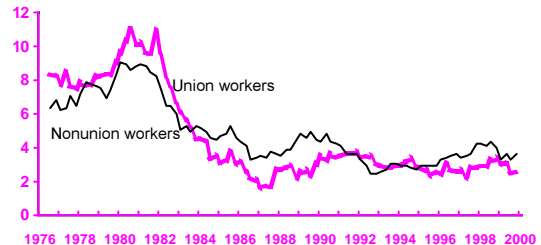
Although union wages have not increased as rapidly as nonunion wages in recent years, they still are higher. For example, data from the Employer Costs for Employee Compensation (ECEC) Survey show that, in March 1999, wages and salaries for private industry union workers averaged \$16.21 per hour, compared with \$13.54 for nonunion workers. From another perspective, data from the Current Population Survey (CPS) show that, in 1998, median hourly earnings of private industry wage and salary workers who are paid by the hour and represented by a union were \$13.26, compared with \$8.40 among nonunion workers.²

The National Compensation Survey (NCS) provides occupational wage estimates for the total economy, private industry, and State and local government. NCS data also are classified by worker characteristics, such as bargaining status (union-nonunion); establishment characteristics, such as establishment size; and geographic area.³

Bargaining status information has been included in NCS area wage survey publications since 1996. Now, nationwide data are also available. This article uses data from the 1997

Percent change in wages and salaries for union and nonunion workers, private industry, 1976-99

12-month percent change



NCS to examine union-nonunion differences in occupational pay. Analysis of nationwide NCS data will provide a different perspective on union-nonunion pay differences from those provided by ECEC and CPS data.

Union status

In the NCS, a worker is considered to be in a union occupation when all of the following conditions are met:

- A labor organization is recognized as the bargaining agent for all workers in the occupation.
- Wage and salary rates are determined through collective bargaining or negotiations.

Ann C. Foster is an economist in the Division of Compensation Data Analysis and Planning, Bureau of Labor Statistics.
Telephone: (202) 691-6199
E-mail: Foster_A@bls.gov

- Settlement terms, which must include earnings provisions and may include benefit provisions, are embodied in a signed, mutually binding collective bargaining agreement.⁴

In the 1997 NCS, 23 percent of all workers were unionized. CPS data indicate that, in 1997, 15.6 percent of all wage and salary workers were represented by a union. Sixteen percent of private industry workers in the NCS sample were union workers, compared with 46 percent in State and local government. CPS data indicate that, in 1997, unions represented 10.6 percent of private industry wage and salary workers and 43 percent of State and local government workers.⁵

NCS data show that, in 1997, mean hourly earnings were \$16.91 for unionized workers, compared with \$14.56 for nonunion workers. Union workers in private industry averaged \$14.90 per hour, compared with \$14.29 for nonunion workers. In State and local government, mean hourly earnings were \$19.74 for union workers and \$16.20 for nonunion workers.⁶ (See table.)

Occupational differences in the NCS

White-collar occupations. In 1997, unionized white-collar workers earned an average of \$20.82 an hour, compared with \$18.18 for their nonunion counterparts. In private industry, however, hourly earnings averaged \$17.57 for unionized white-collar workers and \$18.12 for nonunion workers. In State and local government, unionized white-collar workers averaged \$22.23 an hour, compared with \$18.47 for nonunion workers.

For all white-collar groups, nonunion workers in executive, administrative, and managerial occupations had higher average hourly earnings than their union counterparts. These wage advantages may reflect the fact that most of the members of this occupational group are not union members or are not subject to collective bargaining. Union workers in this occupational group also tend to be at the lower levels of the earnings scale.

Except in State and local government, nonunion workers in sales occupations had higher average hourly earnings than unionized workers. This finding reflects the fact that unionized sales workers tend to be concentrated in less highly compensated positions, such as cashiers, while nonunion members make up the bulk of the more highly compensated occupations, such as financial services, insurance, and real estate.

State and local government sales workers made up only 1 percent of all sales workers. The majority (71 percent) of State and local government sales workers were cashiers, including toll-taking positions, which are infrequently found in the private sector. Thus, the union wage advantage may be due to the particular types of sales occupations found in State and local government.

Blue-collar occupations. In 1997, unionized blue-collar workers earned an average of \$15.07 an hour, compared with \$10.95 for their nonunion counterparts. In private industry, hourly earnings for blue-collar workers averaged \$15.00 for unionized workers and \$10.89 for nonunion workers. In State and local government, unionized blue-collar workers averaged \$15.63 an hour, compared with \$11.83 for nonunion workers.⁷

The union-nonunion pay differential for blue-collar workers was \$4.12 per hour; in private industry and State and local government, the differentials were \$4.11 and \$3.80, respectively. In addition, for all four blue-collar major occupational groups, the differentials for State and local government were larger than those found for private industry. Within these industry groups, the size of the union-nonunion pay differential for individual occupations was not related to the level of wage rates. The smallest differentials were found for handlers, equipment cleaners, helpers, and laborers, whose wages—both union and nonunion—were the lowest; the largest differentials were found in the machine operators, assemblers, and inspectors group, which had the second lowest average hourly earnings.

Service occupations. In 1997, unionized service workers had average hourly earnings of \$13.44, compared with \$7.81 for nonunion workers. In private industry, unionized service workers averaged \$9.81 per hour and nonunion workers averaged \$7.19 per hour. Unionized service workers in State and local government earned an average of \$15.71 per hour, compared with \$10.72 for their nonunion counterparts.

Like blue-collar workers, unionized service workers enjoyed an earnings advantage over their nonunion counterparts. The union-nonunion differential was \$5.63 for all service workers, \$2.62 for private industry service workers, and \$4.99 for State and local government service workers. The differentials for individual subcategories were more varied than those found among blue-collar workers. The smallest differential (88 cents) was found in the private industry health services occupational group; the largest (\$7.76) was found for all protective service workers. Unlike the blue-collar occupations, the union-nonunion pay differential in the service occupations was greater for State and local government workers than for private industry workers in 3 of the 5 occupational groups.

Conclusion

Data from the 1997 NCS show that, in almost all occupations, union workers enjoyed a salary advantage over nonunion workers. Differences in wages between union and nonunion workers however, may reflect factors other than union representation. Among these factors are the specific mix of occupational categories, the mix of full- and part-time workers, the size and specific industry of the employer, and the establishment's geographic location. ■

¹ For a discussion of union-nonunion differences in rates of pay and compensation change, see Albert E. Schwenk, "Trends in the Differences Between Union and Nonunion Workers in Pay Using the Employment Cost Index," *Compensation and Working Conditions*, September 1996, pp. 27-33.

² For more information on the ECEC, see *Employer Costs for Employee Compensation, March 1999*, USDL 99-173 (Bureau of Labor Statistics, June 1999). CPS estimates of hourly earnings for all workers were obtained from unpublished data. Published CPS data are for median weekly earnings of full-time wage and salary workers. For more information on published data, see *Union Members in 1998*, USDL 99-21 (Bureau of Labor Statistics, January 1999).

Although the nature of the union-nonunion relationship is similar in both surveys, the actual dollar amounts found in the CPS and ECEC surveys are not strictly comparable. One reason is that ECEC data are for mean, or average, hourly earnings, while CPS data are for median earnings, which are the midpoint of the frequency distribution of workers by earnings: one half of workers have earnings above the median, the other half have earnings below the median. It is important to note that CPS data refer to usual weekly earnings and ECEC data refer to a specific week's earnings. In addition, the ECEC is an establishment survey, while the CPS is a household survey. For more information on the makeup of the two surveys, see *BLS Handbook of Methods*, Bulletin 2490 (Bureau of Labor Statistics, 1997).

³ The NCS is designed to provide data on the levels and rates of change of occupational wages and employee benefits for localities, broad geographic regions, and the Nation as a whole. This article uses wage data only. For more information on the NCS, see *Occupational Wages in the United States, 1997*, Bulletin 2519 (Bureau of Labor Statistics, 1999).

⁴ The NCS definition is the same as that used in the ECI and ECEC. For more information, see *National Compensation Survey Procedures Manual, Volume 1: Wages and Sampling* (Bureau of Labor Statistics, May 1999) p. 111.

The CPS has two measures of bargaining status, the first of which is the number of members of unions. This category includes members of a labor union or an employee association similar to a union. The second measure, the number of persons represented by a union, includes members

of a labor union or employee association, plus workers who are not union members but whose jobs are covered by a union or employee association contract. Because the second measure more closely corresponds to the NCS definition of bargaining status, it is used in this article when comparisons between CPS and NCS are made. For more information on CPS bargaining status definitions, see *Union Members in 1998*.

⁵ The NCS is designed to support estimates of occupational earnings. Estimates of the number of workers provide a description of the size and composition of the labor force included in the survey. These estimates are not intended for comparison with other statistical series to measure employment trends or levels.

The higher rate of unionization in the NCS sample may be due to the exclusion of establishments with fewer than 50 employees, which tend to have lower unionization rates than do larger establishments. In addition, the geographic scope of the NCS was limited to the 48 contiguous States. More information on the NCS survey scope may be found in *Occupational Wages in the United States, 1997*.

The CPS is a nationwide probability sample of about 50,000 households. Union membership and earnings data are tabulated from one-quarter of the CPS monthly sample and are limited to wage and salary workers. More information on CPS methodology may be found in *BLS Handbook of Methods*. For more information on 1997 CPS unionization data, see *Union Members in 1998*.

⁶ ECEC data show that, in March 1997, union workers in private industry had average hourly earnings of \$15.13, compared with \$12.75 for their nonunion counterparts. For more information, see *Employer Costs for Employee Compensation, 1986-98*, Bulletin 2508 (Bureau of Labor Statistics, 1998).

CPS data also show higher earnings for union workers. For example, in 1997, private industry workers represented by a union had median hourly earnings of \$12.81, compared with \$8.03 for nonunion workers. Government workers (Federal, State, and local, combined) represented by a union had median hourly earnings of \$13.35, compared with \$9.15 for their non-union counterparts.

⁷ ECEC data show that, in March 1997, average hourly earnings for private industry blue-collar unionized workers were \$15.16, compared with \$10.60 for nonunion workers. For more information, see *Employer Costs for Employee Compensation, 1986-98*.

TABLE. Mean hourly earnings¹ by occupational group and collective bargaining status, August 1997

Occupation	All industries			Private industry			State and local government		
	Union	Non-union	Diff- erential ²	Union	Non-union	Diff- erential ²	Union	Non-union	Diff- erential ²
All	\$16.91	\$14.56	\$2.35	\$14.90	\$14.29	\$.61	\$19.74	\$16.20	\$3.54
White collar	20.82	18.18	2.64	17.57	18.12	-.55	22.23	18.47	3.76
White collar, excluding sales	21.59	19.00	2.59	19.61	19.12	.49	22.26	18.53	3.73
Professional specialty and technical	26.97	21.74	5.23	26.05	22.03	4.02	27.19	20.93	6.26
Professional specialty	27.76	23.72	4.04	25.35	24.44	.91	28.12	22.04	6.08
Technical	22.18	15.77	6.41	26.98	16.08	10.90	15.52	13.96	1.56
Executive, administrative, and managerial	22.50	27.37	-4.87	22.74	27.91	-5.17	22.48	24.60	-2.12
Sales	10.77	12.98	-2.21	10.60	13.01	-2.41	14.77	9.23	5.54
Administrative support, including clerical	13.34	11.18	2.16	14.60	11.28	3.32	12.56	10.70	1.86
Blue collar	15.07	10.95	4.12	15.00	10.89	4.11	15.63	11.83	3.80
Precision production, craft, and repair	18.01	14.53	3.48	18.10	14.59	3.51	17.49	13.90	3.59
Machine operators, assemblers, and inspectors	13.83	9.75	4.08	13.82	9.75	4.07	14.42	9.81	4.61
Transportation and material moving	15.62	11.65	3.97	15.81	11.81	4.00	14.94	10.57	4.37
Handlers, equipment cleaners, helpers, and laborers	11.76	8.33	3.43	11.56	8.25	3.31	13.16	9.73	3.43
Service	13.44	7.81	5.63	9.81	7.19	2.62	15.71	10.72	4.99
Protective service	18.38	10.62	7.76	11.12	8.07	3.05	18.85	13.46	5.39
Food service	8.79	6.29	2.50	8.28	6.17	2.11	9.90	8.11	1.79
Health service	10.11	7.99	2.12	8.80	7.92	.88	12.14	8.48	3.66
Cleaning and building service	10.76	7.75	3.01	9.70	7.46	2.24	12.07	8.84	3.23
Personal service	12.47	8.09	4.38	15.02	8.05	6.97	10.25	8.31	1.94

¹ Earnings are the straight-time hourly wages or salaries paid to employees. They include incentive pay, cost-of-living adjustments, and hazard pay. Excluded are premium pay for overtime, vacations, holidays, nonproduction bonuses, and tips. The mean is computed by totaling the pay of all workers and dividing by the number

of workers, weighted by hours.

² Differentials are obtained by subtracting nonunion earnings from union earnings.

NOTE: Overall occupational groups may include data for categories not shown separately.

Need timely data from BLS?

Users of data from the Bureau of Labor Statistics can request a fax of news releases, historical data, and technical information 24 hours a day, 7 days a week from the Bureau's fax-on-demand system.

News releases of major economic indicators are available at 8:45 a.m. on the morning they are released. Other options include tables of historical data (some going back to the 1940s) and technical information about the Bureau's programs and surveys. To obtain data or information from the BLS national office, call (202) 606-6325.

To obtain data, use a touch-tone telephone and follow the voice instructions for entering document codes and your fax telephone number. The fax-on-demand catalog, containing a list of available documents and codes, can be obtained by entering code 1000. You may request up to four documents with each call. Faxes are sent immediately following the request. If your fax line is busy, the system attempts to send the requested material four times before disconnecting.