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### **Union Membership Skids and Job Growth Shifts**

At the national level, union membership fell in 2012 from the 2011 reading, tumbling from 11.8 percent of the work force to 11.3 percent. Interestingly, union membership was down in both the private sector and among government employees. Private union membership dropped from 7,202,000 to 7,037,000 pushing the percentage of workers in unions from 6.9 to 6.6 percent. In the public sector, union membership dipped from 7,562,000 to 7,328,000 lowering the percent unionization from 37 to 35.9 percent.

Membership in government unions remains greater than private sector membership even though there are five times more private sector employees than public sector workers. The bulk of public union membership is accounted for by local government where about half of government workers are employed and where over 40 percent of workers are in unions. By contrast only 27 percent of Federal and 31 percent of state employees are in unions. Local government percentage had the biggest loss in union membership, sliding from 43.2 percent in 2011 to 41.7 percent in 2012.

Last year's slide in private sector unionization was a continuation of a decades' long trend. It is important to bear in mind that the recent declines have come despite policies of the current administration and rulings by the National Labor Relations Board designed to assist in unionization efforts along with rulings extremely favorable to bargaining units.

Percentage unionization fell in many industries including construction, manufacturing, private education, private health care, information, retail trade and transportation and utilities. The financial sector saw a slight rise in unionization but remains below two percent of employees. Meanwhile, the professional and technical services sector, holding at 1.2 percent union membership in 2012, ranks among the very lowest unionized sectors.

By occupation, the management category, production workers and the education and training categories saw significant declines in percentage union membership from 2011 to 2012.

How did unionization fare in Pennsylvania and other states? Total union membership in Pennsylvania (private and public) fell from 779,000 in 2011 to 734,000 in 2012 resulting in a drop from 14.6 percent union membership to 13.5 percent. The breakout of changes to public and private union members are not available as yet but, given the slide in local and Federal jobs over the past year, there is reason to suppose that the number of government union members in Pennsylvania was also down somewhat.

But the biggest drop in union membership would have been in the private count. Overall modest private sector job gains resulted from a mixture of weakness in construction and private education

that was offset somewhat by strength in finance, leisure and hospitality, and professional and technical services. Education and construction have relatively high percentages of unionization while the faster growth sectors have very low percentages of unionization. Thus the mix effect could account for some of the decline. However, there was almost certainly a slippage in unionization across many industries.

Meanwhile, many other traditionally strong union states also experienced major declines in the percentage of unionized workers. One of the biggest drops occurred in Wisconsin where the percentage fell from 13.3 to 11.2. Maryland saw unionization slip from 12.4 to 10.6 percent, West Virginia was down from 13.8 to 12.1, Illinois down from 16.2 to 14.0 percent and Connecticut plunged from 16.8 to 14.0 percent. In short, the 2012 decline in union membership was widespread across industries and occupations and was quite large in some of the most heavily unionized states.

Thirty-four states had membership decreases, some quite substantial as noted above. Fifteen states and the District of Columbia saw unionization rise, including a small uptick in California and some significant gains in traditionally very low unionized states in the South and Midwest.

Moreover, the unionization decline hit all working age groups. The least unionized age group, the 16 -24 group, had the smallest drop in percentage of employees in unions, 4.4 percent to 4.2 percent. The biggest decline occurred in the 45-54 age group, 14.9 to 14.0 percent.

Recent data for union membership are not available for the Pittsburgh region although there are figures for 2010. At that time, 10.8 percent of percent of private employment were union members and 50.3 percent of public workers were in unions. The Pittsburgh Metropolitan Statistical Area (MSA) unionization percentages are significantly higher than national numbers for both the public and private sectors.

Noteworthy for Pennsylvania and the Pittsburgh MSA, the long term trend of private union membership is downward but in recent years has fluctuated up and down year depending on the state of the economy. Generally speaking, when there is a strengthening of job gains, unionization has notched up, and when the economy softens, the unionization percentage drops. Nonetheless, private sector unionization in Pennsylvania has fallen from over 15 percent in 1990 to under 10 percent—almost certainly caused in large part by the enormous decline in manufacturing jobs in the state. No doubt Pittsburgh's private unionization has followed closely the same pattern, but was made even more dramatic by the huge declines in airline employment following the loss of hub status at Pittsburgh International.

Assuming the general pattern of unionization by industry nationally holds to a substantial degree in the Pittsburgh region, that would mean construction, manufacturing, local, state and Federal governments, commercial airlines, utilities, and telecommunications will have well above average private sector levels of percent union membership. At the same time, sectors such as finance, professional and technical services, food services (which represent the bulk of the leisure and hospitality sector employment) that have very low levels of unionization nationally are likely to have much lower than the Pittsburgh MSA average private sector unionization percentage.

As we have noted in a recent *Policy Brief (Volume 13, Number 2)* there has been a slowing in overall job growth in the MSA but as that has happened, the employment picture has been bolstered by strong gains in professional and technical services, finance, and the leisure and hospitality sectors. Indeed, these three sectors all set record high employment readings in late

2012. Meanwhile, construction and local government jobs have fallen and manufacturing has flattened out after a small upturn in growth a year or so ago. Private education and health care job gains have also slowed from their rapid pace of recent years.

This is an interesting development to say the least. Industries with quite low unionization have shown strong gains over the last year while some of the most heavily unionized sectors have been on a downward track or slowing. Coincidence? Perhaps. But it is significant that sectors that are very dependent on taxpayer funding are losing steam. And why not? For one thing, government employment compensation, driven by union contracts, pensions, and health care along with inefficiencies created by work rules have pushed public employee spending beyond what taxpayers can afford—or wish to pay for. Prevailing wage rules lead to public construction costs that are far above those set in a free market system of construction contracts. That means taxpayers are getting less production than they should for what they are spending.

One of the biggest perennial unaddressed problems in Pennsylvania is the inordinate power wielded by unions, particularly government unions, over law and policy making. Power that has produced the right of teachers and transit workers to strike, creating enormous bargaining leverage that is allowed in very few states and that list is shrinking. This power has also produced some of the most labor favoring binding arbitration statutes in the country.

The mutually beneficial relationship between elected officials and government employees is exactly the kind of problem that Madison warned against in the Federalist Papers, i.e., government taking sides with or promoting a special interest against the interests of the general public.

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