THE IMPACT OF CONSTRUCTION UNION DUES IN MINNESOTA

AN ORGANIZATIONAL AND INDIVIDUAL-LEVEL ANALYSIS

Report by: Midwest Economic Policy Institute
Website: www.midwestepi.org
Construction in Minnesota

- Construction workers are:
  - Productive, high-skilled, and well-paid

- 30.3 percent of construction workforce is unionized
  - Only 13.2 percent of U.S. construction industry is unionized
  - 77,786 members in construction labor organizations in MN

- Can voluntarily leave unionized contractor, opt out of certain dues, or vote to decertify

- So what are the benefits of being in a union and contributing membership dues?
Construction Union Dues in Minnesota

- The average union member contributed $1,381 in annual dues, fees, and other membership payments - $115 per month

- 1.4% of all membership dues collected are spent on political contributions and lobbying - $17.47 per year

- 75.5% of membership dues collected is spent on bargaining and representation
FIGURE 4: ACTIVITIES SUPPORTED BY MEMBERSHIP DUES AND FEES IN MINNESOTA, REPORTING UNIONS, FY2015

Activities Supported by Construction Trade Union Dues and Fees:
Minnesota Fiscal Year 2015

- Representational Activities: 21.60%
- Employee Benefits: 1.35%
- Political Activities & Lobbying: 1.58%
- Union Administration & Overhead: 31.96%
- Grants, Gifts, & Contributions: 14.46%
- Residual Surplus: 29.05%

Source(s): OLMS, 2015b. Form LM-2 Data.
Return on Investment

- There are many personal benefits of being a union member.

- Union membership increases the after-tax income of construction workers by $7,720 annually.

- Unions increase construction worker health insurance coverage by 13.1 percentage-points.
Return on Investment

- Annual benefit-to-cost ratio of paying union dues:
  - For every $1 paid in dues and fees, a construction worker gets $5.59 in after-tax income

$1 ➞ $5.59
## Return on Investment

- This financial return is in **addition** to:
  - Better health coverage
  - Less chance of living below poverty line
  - Apprenticeship training
  - Higher job satisfaction

### Figure 8: Personal Costs and Benefits Ratio of Construction Union Membership in Minnesota, 2015

<table>
<thead>
<tr>
<th></th>
<th>Annual Costs</th>
<th>Annual Benefits</th>
<th>Benefit-to-Cost Ratio</th>
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</thead>
<tbody>
<tr>
<td>Average Dues</td>
<td>$1,381</td>
<td>After-Tax Income Benefit</td>
<td>After-Tax Return on $1 of Dues</td>
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<tr>
<td>and Fees</td>
<td></td>
<td>+$7,720</td>
<td>+$5.59</td>
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<tr>
<td></td>
<td></td>
<td>Health Insurance Coverage Benefit</td>
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<td></td>
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<td>+13.14%</td>
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<td>Additional Benefit</td>
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<td></td>
<td>+Voice at work, safety, apprenticeship training</td>
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Economic Impacts of Construction Unions

- Contribute $1,136 more in federal income taxes per year than nonunion workers
- Contribute $341 more in state income taxes than nonunion counterparts
- Average net wage and salary income of $7,720

Source(s): Flood, et al., 2015. IPUMS-CPS. March Current Population Survey. For complete earnings and tax information in a .txt format, contact author Frank Manzo IV at fmanzo@midwestemi.org.
Economic Impacts of Construction Unions

Because union members earn higher incomes:

- Unionized construction workers create over 9,000 jobs
  - 1,300 direct jobs in labor organizations and almost 8,000 other jobs from higher earnings and consumer spending in union households

- $808.6 million increase in economic output

- $99.5 million more in state income tax revenue
Positives of Trade Unions

- Return of investment is high
  - $1 in dues = $5.59 in after-tax income

- Higher salary, better benefits, safety training, and voice at work

- Unions stimulate the economy
  - Create over 9,000 jobs that would not be there without unionization
  - Boost Minnesota’s economy with $808.6 million in economic output
Thank you

Please visit www.midwestepi.org, Illinois Economic Policy Institute on Facebook, or the Local 49 website for the full report.