How State and Local Governments Can Strengthen Worker Power and Raise Wages

By David Madland and Alex Rowell  May 2017
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Introduction and summary

American workers understand that today’s economy is not working for them. The benefits of increased productivity and economic growth are largely accruing to a wealthy few, not the majority of workers. Over the past 40 years, incomes for the richest 1 percent have more than tripled, while the incomes of the bottom 90 percent have barely grown faster than inflation.1 Four decades ago, CEOs made roughly 30 times what the typical worker made, but now they make around 275 times more than the typical worker.2 This situation is not only bad for workers, but it also poses a threat to our future economic growth as well as our democracy.3

Numerous reforms are necessary to raise wages, reduce inequality, and make democracy work for all Americans—including reforms that lessen the influence of money in politics, promote full employment, raise the minimum wage, and improve workplace standards. But among the most important reforms are those that give workers ways to band together and have a strong collective voice. State and local governments have an important role to play in this crucial reform effort.

The ability to stand together and bargain collectively enables workers to negotiate with CEOs on relatively even footing to not only increase their own wages but also improve labor standards across the economy and reduce income inequality.4 Estimates indicate that roughly one-third of the rise of inequality among men over recent decades is due to the decline of unions.5

In addition, when workers have a strong collective voice, they can make politicians more responsive to the concerns of ordinary Americans and provide a key counterbalance to wealthy special interests. Union members are much more likely to vote, take political action, join other groups, and be more charitable because unions provide workers—particularly those with less education and lower incomes—with the means and opportunity to stand up for themselves and participate more fully in our democracy.6 Indeed, unions are an essential antidote to the feelings of powerlessness that have contributed to the rise of President Donald Trump and could possibly even lead to more overt authoritarianism.7
But new and better ways are needed for workers to have a strong collective voice than are provided in current law. The basic principle ingrained in federal law that workers have the right to join together and bargain collectively to improve their conditions is correct, but the law needs to be updated to ensure that workers can actually exercise their collective voice. Although federal and state laws do provide significant constraints, state and local governments have many channels to help workers build the power they need to raise their wages.

Perhaps the most well-known problem with current labor law is that there are virtually no repercussions for companies that break the rules and fire workers for exercising basic rights. This depresses union membership below what it would be if workers were protected when seeking to exercise their rights and weakens the power of unions trying to improve workplace conditions.8

A less well-known, but no less central flaw in our current system is that it channels collective bargaining to the firm level—or a unit within a firm—instead of to a higher level such as a group of firms in a region or industry. Firm-level bargaining has become less effective as the nature of the firm has changed, with companies increasingly “fissuring” by contracting out work and directly employing fewer employees.9 Firm-level bargaining also leads to conflict because it means that unionized firms typically have higher labor costs than their competitors, which often leads to a host of unproductive reactions in the workplace such as management engaging in costly and conflictual anti-union campaigns to undermine workers. The current system of firm-level bargaining also leaves out many workers: 93 percent of private-sector workers are not in a union—though in some regions and industries many more workers are covered.10

Scholars and practitioners have long recognized these problems and increasingly have recommended bold reforms to address them, with a number of recent papers calling for moving toward industrywide bargaining.11

In the 2016 report “The Future of Worker Voice and Power,” the Center for American Progress laid out a broad vision for how to modernize labor law and build a system that works better for workers as well as the larger economy.12 The modernization is based on elements that are currently working well in a few areas of the United States and have proven successful in U.S. history and in a number of other countries.
In this new system, most bargaining would take place above the firm level, at the region or industry level. This would not only help raise wages for union and nonunion workers alike, but it would also provide a wage structure that increases productivity by ensuring similar pay for similar work as well as directing some conflict outside the firm, which would allow relations between workers and their managers to be more cooperative and productive. The modernized system would foster new kinds of workplace organizations that facilitate collaboration, such as works councils. Workers would be provided with incentives to join unions, worker centers, and other types of worker organizations, helping address the free-rider problems that plagued our old system. Finally, basic rights would be enhanced and protections increased.

In short, under the new system, workers would have more power and their power would be channeled in ways that are more fruitful. Not only would workers gain, but so would high-road businesses that would be able to compete on an even playing field. Productivity would also increase, benefiting the whole economy.13

Implementing the entire agenda would require federal action, but even considering pre-emption concerns, state and local governments have significant powers to affect several of the most important channels of modernization.14 State and local governments have the ability to raise standards across entire industries, sectors, or regions through a variety of policies that approach the ideal labor relations system in which most bargaining takes place above the level of the firm. Similarly, state and local governments have several important levers that can make it easier for workers to join together in unions and new forms of worker organization, as well as promoting partnerships between government, business, and labor. This is critical because higher industrywide wages may be just a fleeting phenomenon if workers do not have the power to ensure that political and economic systems work for them.

This report focuses on eight policy mechanisms that state and local governments can use to raise wages at an industry or sectoral level and to support worker organizations. The eight policy areas—wage boards, prevailing wages, improved enforcement, sectoral training, program navigation, government purchasing, licensing and permitting, and facilitating membership—are summarized in the text box below. Some policies affect both wage-setting and worker organization, while others have more a more focused effect.
Cities and states have implemented policies in all eight of the areas, providing examples for others to follow. Some of the policies can be implemented through executive action, though new legislation is often required to achieve the ideal policy. While states such as California and New York and cities such as Seattle, Los Angeles, and San Francisco provide many of the examples, some of the examples come from relatively conservative states such as Alaska, or progressive cities in conservative states such as Austin, Texas. Even the most progressive cities and states have hardly begun to implement all of the policies they could to promote sectoral bargaining and support worker organizations.

The policies laid out in this report run the gamut from the tried and true to more novel approaches, providing a menu of items that can make sense in a range of political environments. In a few areas, courts have rendered conflicting judgments on the legality of state or local action. And while this report emphasizes the goals of sectoral wage-setting or building worker organization, some policies are primarily focused on other goals, such as improving the results of government spending, and only secondarily achieve the aims of this report. Similarly, the report generally uses the term “worker organization” to emphasize the need to build worker power through all types of organizations, including unions, worker centers, and new kinds of organizations, though there are important differences between these kinds of organizations. Where the law and politics allow it, state and local governments should push for policies to support unions, as they have the strongest rights and powers of the different types of worker organizations, as well as alternative forms of worker organizations.

The need for a full-throated embrace of worker power has never been stronger. Because of inadequate worker power, our economy, democracy, and social cohesion are all in trouble. Unfortunately, because of the current makeup of the federal government, national efforts will be focused on defending workers’ rights instead of on passing national legislation to modernize labor law. As such, state and local governments have an opportunity and an obligation to lead the way to strengthen worker voice and power. This report helps outline the path forward.
8 policies to rebuild worker power at the state and local levels

Establish new industrywide standards with wage boards

Bring together workers, businesses, and the government in a commission to set minimum working standards for industries and occupations. These wage boards would set minimum standards for wages and benefits based on economic and social factors such as industry productivity and cost of living, as well as testimony from business owners, workers, and other stakeholders. The board could even set pay levels above the overall minimum wage floor and provide pay differentials for workers with additional skills or experience. While some states currently allow officials to convene similar bodies, others would require new legislation. For workers who are not covered by the National Labor Relations Act, or NLRA, wage boards could even directly promote sectoral bargaining.

Support existing industrywide standards with prevailing wages

Use prevailing wage laws to ensure that government spending—in both the construction and service sectors—is not used to drive down wages. In addition to expanding prevailing wage protection to additional types of contract spending as well as grants, loans, and tax expenditures, policymakers should set predominant collectively bargained wages in a region and industry as the prevailing wage. This type of wage-setting would help ensure that high-road companies who pay their workers good wages are not undercut by companies that treat their employees poorly.

Raise standards on government spending to improve results and support good jobs

Attach standards to government funds to ensure that taxpayers receive the best possible results. State and local governments fund millions of jobs through their spending on contracts, grants, loans, tax breaks, and economic development subsidies. This funding should be structured so that it creates good jobs that benefit the entire community. For example, governments can require labor peace agreements in order to prevent labor disputes, or give preference to the bids of high-road employers who have a track record of complying with the law.

Improve enforcement by partnering with worker organizations

Combat wage theft and other labor standard violations by including community and worker organizations in enforcement efforts and allowing workers to go to court to enforce labor laws. Governments can better enforce the law and empower workers to stand up for their rights by working with and providing grants to organizations that have day-to-day contact with workers and vulnerable populations. These groups have workers’ trust and thus have information about what is happening to them that government is not privy to—as vulnerable workers are often afraid to talk to government officials. As such, these groups can serve as key intermediaries to bring workers and government together by informing workers of their rights and by helping workers take action to receive their earned pay and benefits.

Promote high-quality training through labor-management partnerships and worker organizations

Provide high-quality training opportunities for workers by promoting sectorwide training partnerships with labor organizations and industry groups. This can be done by instituting new training requirements for government services such as home care, promoting apprenticeship programs, and directing that training and education funds that state and local governments have control over go to labor-management training partnerships.

Use worker organizations to improve workplace benefits

Help ensure government programs reach the workers who need them by including worker organizations in the provision of benefits. Worker organizations can improve benefit provision in a variety of ways, including helping workers navigate the unemployment insurance system and training programs, overseeing state-run retirement benefit programs, and working with companies to design more effective workers’ compensation systems.
Use licensing and permitting so the market supports high-road firms and organizations

Use the power to license and permit businesses and construction projects to improve worker standards. For example, introducing expedited building permits for construction projects that treat their workers fairly—as done in Austin, Texas—can encourage employers to act in their workers’ best interests. Governments can also increase licensing requirements for industries with a history of poor worker treatment in order to protect workers, as California has done with bond requirements in the car wash industry.

Lower barriers to joining worker organizations

Make it easier for workers to join worker organizations by providing opportunities for worker outreach and paying dues. For workers who are not covered by the NLRA, states should allow these workers to unionize and bargain collectively and should also more actively promote membership, such as by allowing worker organizations to provide information at worksites or training sessions. State and local governments can also enable workers to contribute voluntarily to nonunion worker organizations through payroll deductions.
Unpacking the 8 policy recommendations

Establish new industrywide standards with wage boards

Federal law allows states and cities to set minimum wages and other working standards above federal minimums and to use a variety of processes to set these standards. States—as well as local governments whose states have not taken away their ability to do so—can use this authority to move toward multi-employer bargaining by establishing wage boards or commissions that bring together workers, businesses, and the government to set minimum standards for industries and occupations. This process can complement and supplement high across-the-board minimum wages as well as traditional firm-level bargaining under the National Labor Relations Act.

These tripartite bodies would make their decisions on working standards based on economic and social factors such as productivity and the skill level of the work as well as fairness and regional cost of living. Industry standards—depending on the specifics of the industry—could be higher than the floor set by across-the-board minimums. The standards can also include a number of things beyond simply a minimum wage, including certain benefits, training, leave, and pay differentials for additional skills or experience. These bodies could even take pay and benefits found in labor contracts within a given industry or region into account to help determine appropriate standards.

Bringing together workers, businesses, and the government to set standards is not a new concept. In fact, the Fair Labor Standards Act originally included “industry committees” that could make recommendations for industry minimum wages to an administrator at the U.S. Department of Labor. These committees were even required to consider existing collectively bargained contracts in the industry and the pay practices of high-road employers when making their decision. Similar committees are still in use today at the state and local levels.
Several states—New York, California, and New Jersey—already have laws that enable the creation of these bodies through executive action, while other states and cities would need to pass legislation. For example, California’s Industrial Welfare Commission, which by statute includes two labor representatives, two employer representatives, and one member of the public, has issued orders that set standards for both specific industries and occupations. Similarly, New York used its wage board powers in 2015 to raise the minimum wage for employees in the fast food industry to $15 per hour. Analogous commissions exist in other areas of law: States are required to establish medical care advisory committees—including health care professionals, consumer groups, and the public—to help set standards for state Medicaid agencies.

States that have wage boards should actively use them to their full potential. Cities and states that do not have them should create similar bodies that allow representatives from workers and employers to have their voices heard on statewide standards. Neighboring states could also join together to create regional standards for their workers.

At hearings called by these commissions, firms, employer associations, workers, and labor organizations would all be able to testify on what they feel should be included in any minimum standards. In order to encourage industries to organize themselves in a way conducive to multiemployer bargaining, preference could be given to the most representative employers’ association and labor organization. These tripartite labor standard commissions could also be given the ability to require firms to disclose relevant information—such as current hours, wage rates, benefits, and profits—to the commission.

State and local governments can support and expand the work of tripartite commissions by promoting and funding joint labor-management committees that connect multiple firms in an industry or sector. For example, the Minnesota Area Labor-Management Committee Grant Program funds area or industry councils that improve labor-management relations in a given area or industry, such as the Labor-Users-Contractors Council, which brings together members of the construction industry to work on issues including safety, recruitment, and apprenticeship programs.
Expanding bargaining rights for excluded workers

States have the ability to use these commissions to raise minimum wages and standards for all workers and move toward sectoral bargaining. But for workers who are not covered by the NLRA—such as agricultural workers, domestic workers, public-sector workers, and independent contractors—cities and states can go much further toward the ideal multiemployer bargaining model. As roughly one-fifth of private-sector workers are outside the NLRA, there could be significant room for improvement through this process.

For this subset of workers, cities and states should of course allow them to unionize and bargain collectively. California has done this with agricultural workers, for example, and a number of states have done so with independent home health care workers. Likewise, the city of Seattle has gotten in on the act by establishing a bargaining structure to allow for-hire drivers who are classified as independent contractors to collectively negotiate with their companies. Some states even actively promote collective bargaining for these workers—as, for example, California does with its Agricultural Labor Relations Board that requires mandatory mediation for collective bargaining agreements for agricultural workers. A few states even structure bargaining at the state level, rather than at the individual firm—Missouri has done this with home care workers funded by Medicaid.

Ideally, state and local governments would go further and promote regional or sectoral bargaining for all workers outside the NLRA. The model would be a tripartite commission similar to the wage boards described previously, but one that could incorporate more features of traditional collective bargaining. For example, commissions could require that workers vote for who represents them on the board; give the most representative worker organizations preferential access to board processes; allow workers to express their support or disapproval of the final decision; or even require direct negotiations between workers and firms while providing for arbitration of the final contract and extending the terms of the contract to firms that did not participate.

Support existing industrywide standards with prevailing wages

Millions of workers across the country work in jobs funded by state and local government spending such as contracts, grants, loans, and tax breaks. State and local governments can use this spending to ensure that companies receiving public funds do not undercut industry-standard wages and benefits.

Many people are familiar with the efforts of the hundreds of cities—and the state of Maryland—that have established living wage laws for government-funded jobs. These laws effectively act as a high minimum wage for government-funded work. People may be less familiar with state and local governments’ long-standing efforts to use government spending to support even higher standards across a region or industry. For 100 years, various American governments have used prevailing wage laws to do just that. Indeed, a majority of states have prevailing wage laws for at least some types of spending.
Prevailing wage laws require companies to pay wages and benefits that at least match existing compensation levels in the industry and region when working on government-funded projects. This helps standardize wages across an industry and ensures that government spending does not drive down market wages. These laws cannot ensure high standards in industries where there is only low-road competition. In industries where a number of high-road firms exist, however, prevailing wage laws can help support strong industrywide standards and can, at some level, function as a form of an extension law that supports sectoral bargaining.

Prevailing wage laws are most common for government-funded construction projects, but some cities and states have extended them to service contract workers as well. In addition, a few have applied them to other forms of government spending such as grants, loans, and tax breaks.

States and local governments give up billions of dollars annually in economic development subsidies—most of which accrue to large businesses; new disclosures will help clarify just how much, but the scale may be as big as or bigger than direct government contracts. State and local governments should apply prevailing wage laws to all forms of spending, including contracts, grants, loans, and tax subsidies. In addition to direct government spending, prevailing wage standards should be applied to the spending of quasi-government structures such as independent authorities and spending that occurs through public-private partnerships.

Additionally, state and municipal governments should determine the prevailing wage in a manner that supports or promotes collective bargaining, as a number of governments already do for some forms of spending. States such as New York and Maryland set prevailing wages based on the wage paid to a certain percentage of workers in an industry or locality. Jersey City, New Jersey, uses collectively bargained wages from the union contract that covers the most workers in a given classification for prevailing wages for building service workers, provided that the contract covers at least 200 workers. Several states explicitly use collectively bargained rates, without regard for a set coverage threshold, to determine prevailing wages for public works projects. Government can also bring firms and unions together to determine the prevailing wage, akin to the tripartite commission described earlier, as Indiana previously used.

Not only can prevailing wage laws support high industry standards and foster collective bargaining—as collectively bargained wages can be effectively extended to other workplaces—but they also can help deliver good value to taxpayers.
Research indicates that prevailing wage laws lead to high-quality work at little to no additional cost to taxpayers. In sum, when state and local governments spend money, they should use prevailing wage laws.

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**Raise standards on government spending to improve results and support good jobs**

State and local governments finance millions of jobs across our economy with the hundreds of billions of dollars that they spend each year on contracts, grants, loans, tax breaks, and economic development subsidies. Indeed, new reporting requirements will soon help clarify just how much governments spend on economic development subsidies.

Governments frequently attach standards to these funds—such as the prevailing wage standards described above or the numerous other ways outlined in CAP’s 2015 “Contracting that Works” report, including rigorous screening of companies that receive government support. High standards should be imposed on all forms of government spending—including grants, loans, and tax breaks—by quasi-government structures such as independent authorities, not just the direct government contracts where they are most common. And critically, the standards on government spending should be crafted to ensure the highest-quality results for the government, which can often have the added benefit of supporting worker organizations.

When the government acts as a market participant by spending tax dollars on contracts, loans, and tax subsidies, courts often recognize that it has the ability to set a variety of requirements, including those that help ensure that labor unrest does not interfere with their projects. To further this goal, states and cities should, where appropriate, require their contractors and others who receive government funds to sign labor peace agreements with local unions that ensure that their workers will not strike and that, as employers, they will maintain neutrality on organizing efforts. These requirements have been used in Washington, D.C., for hotel development projects and in New York City for economic and housing development projects, among other places. State and local governments should also ensure that change or renewal of a contract—even a contract that the government is not a party to—is not used to lay off incumbent workers.
In addition, states and municipalities can go beyond mandates and provide preferences that support high-road employers. Giving preference to bidders who create high-quality American jobs and provide opportunities to underrepresented workers has been used successfully by many local transit agencies. Governments have also used preferences, as well as requirements, for project labor agreements, where labor and management jointly prepare in advance a framework agreement for work on a particular project in order to ensure high-quality construction and benefit the community. Worker-owned firms also could be given preference in contracting.

**Improve enforcement by partnering with worker organizations**

Simply raising standards for workers is not enough. These standards must be enforced to be effective. Unfortunately, evidence suggests that violations of workplace standards are widespread. To take but one example: Wage theft through violations of minimum wage standards is estimated to cost U.S. workers between $8 billion and $14 billion annually.

State and local enforcement efforts are essential to adequately enforcing workplace standards. And enforcement of workplace standards requires close partnerships with worker organizations, presenting a critical opportunity for state and local governments to help support worker organization.

The U.S. Department of Labor can only enforce federal laws. This means, for example, that the Department of Labor can only enforce minimum wage violations where covered individuals are paid below $7.25 per hour. Yet 29 states plus Washington, D.C., have set minimum wages above the federal level, as have a number of cities. Similarly, a number of cities and states have prevailing wage laws, paid sick days, family leave, and fair scheduling requirements that the federal government does not enforce.

Even worse, the limited federal support for enforcement of state and local workplace standards—such as partnership between government agencies—is about to get much more limited. Under former President Barack Obama, the Department of Labor dramatically improved its enforcement efforts and strategically focused on industries where violations are most likely to occur. Such targeted enforcement is important, as workplace-wide audits and investigations can take place without waiting for vulnerable workers, who often fear retaliation from private enforcement,
to step forward. Under the Trump administration, it is far from certain that such an effective approach to assist low-wage workers will continue. Indeed, it is likely that federal enforcement will be gutted—as it was when George W. Bush was president, when accounts indicated that the Department of Labor simply ignored numerous reports of workplace violations.56 This means that state and local governments will have to redouble their efforts to protect workers from low-road employers that violate labor law and fail to pay their workers what they are rightfully owed.

But no matter how good or well-resourced state and local enforcement agencies are, they cannot do the job alone. Unfortunately, estimates show that there are fewer than 1,000 state investigators of wage and hour violations nationwide. Even if the number of investigators were doubled, it still would not be nearly enough for such a rampant problem.57

To more effectively enforce the law, policymakers must include worker and community organizations in their enforcement efforts, as Janice Fine, associate professor of labor studies and employment relations at Rutgers University, and Jennifer Gordon, professor of law at Fordham University, have forcefully argued.58 Community and worker organizations—from unions, to worker centers, to religious organizations and other volunteer groups—are in contact with workers in more workplaces than government inspectors will ever be able to get to. Community and worker organizations can also serve as trusted intermediaries, bringing workers and government together and guiding workers through the process of ending labor violations in their workplace, which often involves real risks for workers who are justifiably afraid to go it alone.59 Indeed, some businesses have engaged in labor-management partnerships to help ensure that standards in their industries are adequately enforced.60

The ideal co-enforcement model contains a number of elements. It starts with strong government leadership making clear that enforcement is a priority, whether through the bully pulpit or through litigation such as Alaska’s successful effort to exclude some ride-sharing companies from the state until and unless these firms properly classify their drivers as employees under Alaska law.61 The model also includes a number of different kinds of support for worker and community organizations, including direct government funding for some of the enforcement activities done by worker and community groups; encouraging these organizations to benefit from enforcement lawsuits like private attorneys do; fees on businesses or contractors to support enforcement; and improving access to information and workplaces.62
Several cities have joined a number of states and are beginning to carry out elements of this model. For example, San Francisco and Seattle have implemented community enforcement programs, providing grants to community organizations that help enforce workplace standards, and other cities are following suit. Organizations can use these grants to educate workers about their rights; attempt to informally solve disputes directly with employers; and refer victims to the appropriate enforcement agency, guiding workers through the legal process. Other cities and states could follow their example. States can also help provide additional funding for these local co-enforcement efforts, akin to the federal Wage Theft Prevention and Wage Recovery Grant Program proposed by Sen. Patty Murray (D-WA) and Rep. Rosa DeLauro (D-CT), which would provide $50 million in federal grants to local entities to help enforce wage and hours law.

State and local governments can also ensure that workers can go to court to enforce the law if that is the route they choose. Good policy helps ensure that private citizens and their attorneys have the tools necessary to bring companies that violate the law to court and win judgments that benefit workers as well as sustain the lawyers and the worker organizations that work with them. Some states, such as Maryland and Illinois, have laws that allow for certain misclassified workers to privately enforce their rights through the courts. In addition, some states, following the American Bar Association’s model rule on ethics, allow attorneys who successfully enforce workers’ rights in court to support nonprofit organizations who refer those cases financially. And California has taken several actions to empower workers in the courtroom. Under California law, contracting companies are held jointly liable for wage and hour violations committed by labor contractors. And through its Private Attorneys General Act, California allows workers to sue over labor code violations and share in the civil penalties awarded to the state. Finally, for workers not covered by the NLRA, states can make labor organizing a civil right and ensure that workers have a right to go to court to enforce violations of their right to join together.

Sadly, wage theft is common enough that grants to community organizations and private litigation—which can face barriers such as mandatory arbitration clauses, class action difficulties, and fear of retaliation—may not be the right strategy for all violations or be able to reach enough workers. As a result, policymakers may want to go even further to ensure that workers are paid what they are rightfully owed.
Matthew W. Finkin, University of Illinois law professor, has proposed a major new reform to allow workers to designate a “wage-checker,” who would have rights to payroll records related to workers’ wages and hours and improved access to workers in the workplace. This type of concept has a long historical precedent: Coal miners in many states were and still are in some cases protected by “check weighmen laws,” which allow miners to select a third party to check the scales when coal is weighed before payment. These laws could be updated and expanded.

Promote high-quality training through labor-management partnerships and worker organizations

State and municipal governments are increasingly prioritizing career and technical education programs that prepare workers for in-state jobs because there is a growing demand for workers with so-called middle-skill credentials, between a high school diploma and four-year college degree. This need to increase worker training for these and other positions provides a major opportunity for states and municipalities to work with industry groups and worker organizations to encourage and expand training.

By including representatives of workers and businesses in their plans, government programs and funding can be directed to areas in which training is most needed and to jobs where workers fully share in the benefits of training. Research shows that involving worker organizations can help workers receive more training and that this training leads to jobs with higher pay. Workers are also more likely to complete training programs when worker organizations are involved. Furthermore, training programs achieve better outcomes when they are implemented industrywide or sectorwide, with a coalition of employers, so that workers gain skills that are generally valued in the economy rather than only by one particular employer.

The basic model calls for strongly encouraging high-quality, sectoral training—through either requirements or financial support—and then ensuring that training is delivered in partnership with worker organizations, often with employers. In order to broadly promote this training, employers and their workers can work together at the industry or area level through labor management committees.

The state of Washington provides one example of how training requirements can be used to improve the quality of state services and build worker power.
Over recent decades, the state of Washington has worked to move Medicaid-financed long-term care from nursing homes to in-home and community-based care, allowing seniors and people with disabilities to continue to live in their homes. During this transition, the state worked to ensure that caregivers in the home had appropriate training.78

Washington voters passed a state initiative in 2001 that gave home care workers the right to organize. Their new union, Service Employees International Union, or SEIU, 775, has been a crucial partner in advocating for and providing training for workers that allows them to properly care for their patients. Understanding the importance of high standards for home care workers, Washington voters passed two additional state initiatives to expand training requirements. Home care workers must now complete 75 hours of training to be certified as a home care aide, with ongoing continuing education requirements.79

This training is provided by the SEIU Healthcare NW Training Partnership, which is a product of a joint labor-management partnership, including SEIU 775, the state of Washington, and private employers. This partnership allows the training to be focused more precisely to best help patients, workers, and employers. The cost of training is covered by employer contributions for union members, though the training is open to all. The program has rapidly grown and now serves more than 45,000 workers per year.80 The partnership is now expanding to include additional pathways beyond basic training, including registered apprenticeships for more advanced caregiving and management as well as building credentials to move to fields such as nursing.81

This restructuring of the caregiving industry has led not only to building a more professionalized workforce, with accompanying increased pay for workers, but also to increased quality of care in the state. Washington ranks among the highest states for quality of long-term services and supports.82 New York state has had similar success with family child care providers, where the workers’ union helps ensure adherence to quality standards by providing training and technical assistance.83

Another way that states and local governments can encourage high-quality worker training is through their funding. When state and local governments are spending money on training, they should encourage that training be done by labor-management partnerships or worker organizations that are sector-based.
This kind of policy has most frequently been done with apprenticeships but could apply to other kinds of workforce education and training. Apprenticeships are a successful form of worker training that is underutilized in the United States. With an apprenticeship, a worker is generally paid for his or her time in training, receives a valuable credential that is accepted across an industry, and is generally retained by his or her employer after completing the program.

States should begin to invest or increase their investment in programs to encourage employers to operate apprenticeship programs, including with Workforce Innovation and Opportunity Act funds, additional federal grants, and state training dollars. Politicians of both parties appreciate the value of state funding for apprenticeship. For example, Gov. Terry Branstad (R-IA) and Gov. Dannel Malloy (D-CT) have both increased grants for apprenticeship in recent years. When considering grant applications, states should preference apprenticeship programs that involve joint labor-management partnerships, as union involvement has been shown to increase the quality of training.

As well as supporting existing labor-management partnerships or sectoral worker organizations, states could use grants to seed-fund new ones. For example, the Pennsylvania Department of Labor & Industry provides grants to industry partnerships that extend across multiple employers and worker organizations in a given industry and area. These grants are used to improve training across the industry. Companies are required to show how the partnership will be sustainable once grant funds are exhausted.

States and local governments can also institute a requirement that government spending is put toward projects that use apprenticeships. In Alaska, for example, construction contractors on projects of more than $2.5 million are required to use apprentices for 15 percent of the work, and the city of Juneau has used project labor agreements to establish apprenticeship utilization requirements ranging from 15 percent to 20 percent for locally funded construction projects. Such utilization requirements are also found in the state of Washington at the statewide and municipal levels. Chicago uses a system where contractors that use union apprentices from a city training program receive a preference on future bids. Each of these strategies shares a common goal: making sure that government funds are used in a way that trains a high-skilled workforce and provides a pathway for workers to enter middle-class jobs.
Use worker organizations to improve workplace benefits

State and local governments can also allow worker organizations to assist in the provision of new or existing workplace benefits—such as unemployment insurance, retirement, and workers’ compensation. This will both increase the effectiveness of government programs and allow workers to build relationships with worker organizations. Giving worker organizations a formal role in implementing certain government programs has been successful for decades in places including Denmark and Belgium. Since worker organizations can use relationships built through the program to recruit members, countries with systems such as this have relatively high and stable union membership. Belgium, for example, has actually seen a slight increase in union membership over recent decades. Although having a nonprofit organization work to improve government service delivery may seem foreign, it is already used in some instances in America, as the training and enforcement programs described earlier make clear. But there are many more examples: For example, the U.S. Department of State authorizes AAA to provide international driving permits. Additionally, the government pays a variety of consumer advocate organizations to assist Americans enrolling in plans through the Health Insurance Marketplace or approaching other parts of the Affordable Care Act.

This concept could be applied to workplace benefits. For example, an estimated one-quarter to one-half of workers who are eligible for unemployment insurance do not actually use their available benefit. As union members are more likely to apply for unemployment insurance, it is likely that increased help from worker organizations in navigating the system would increase benefit take-up. This would both help families who face bouts of unemployment and boost the stabilizing effect of unemployment insurance on the economy. And since states have broad authority to design their unemployment insurance programs, it is possible to grant worker organizations a role in the process. Unions could also be engaged in helping match workers with employers or career coaching.

This model could also be used to improve the delivery of new state retirement plans for workers whose employers do not offer plans or who do not have a traditional employer. Including worker organizations in plan oversight—as practiced by federal government employees’ retirement plan, the Thrift Savings Plan—makes sure that plans are designed to serve workers’ best interests. Further, deciding how much to save, as well as when and how to withdraw money in retirement, is complicated; worker organizations can help individuals make those decisions.
Somewhat analogously, some states have done similar things with their workers’ compensation programs. States including New York, Minnesota, and California allow unions and firms to bargain over alternative dispute resolution procedures for workers’ compensation that meet certain criteria. This ensures that workers get needed benefits but also encourages that the program is designed in a way that best fits the specific needs of firms and workers in an industry.

Use licensing and permitting so the market supports high-road firms and organizations

Industries structured in certain ways—such as with lots of low-road, undercapitalized, transient businesses or those where there is a lack of competition, giving firms more power to set wages unilaterally—make it hard for workers to build organization or bargain collectively. Other kinds of industries, such as those characterized by well-capitalized firms investing in their long-run success, are more conducive to building worker voice and power. Government licensing and permitting can play a key role in structuring the market in an industry and help determine whether workers are able to build power. Critically, cities often have greater freedom to license and permit.

For example, the San Francisco Department of Public Health recognizes a connection between wage theft and public health and has the authority to suspend or revoke health permits for restaurants that have been found by wage enforcement agencies to have violated the law. California and several West Coast cities have also pursued a requirement model. The city of Los Angeles recently passed an initiative to require training standards, as well as labor and wage regulations on development projects requiring zoning changes. Similarly, Los Angeles requires waste removal firms, which are granted an exclusive franchise for a specific zone of the city, to agree to labor peace agreements. The state of California addressed problems of wage theft in the car wash industry—where the transient nature of businesses made it difficult for workers to collect on claims—by requiring car wash owners to post a surety bond so that funds are available to settle wage theft claims.
Licensing requirements can be used to protect workers from more than just wage theft. Workers in the hotel and janitorial industry are often subject to unsafe working environments and sexual harassment.\textsuperscript{107} To address this problem, Seattle voters approved Initiative 124 in November 2016, which sets safety requirements, work requirements, and minimum benefit supplements for hotel workers, as well as requires right of first refusal for current staff when management changes.\textsuperscript{108} Under a new law in California, janitorial employers must be licensed, and both employees and their employers will be required to attend in-person sexual harassment training sessions. State agencies are working with employers, unions, and sexual assault victim advocacy groups to develop the training requirement.\textsuperscript{109} Similarly, states can also seek to promote worker power as they address the impact of anti-competitive industries on workers and fight against practices that limit worker power, such as noncompete clauses.\textsuperscript{110}

In a different, incentive-based model, Austin, Texas, is currently developing a voluntary expedited permitting program that allows certified real estate developers to receive quicker building permits.\textsuperscript{111} Developers certified by the Better Builder program must ensure that their subcontractors pay living wages and provide safe workplaces, among other requirements. The certification program was developed by a worker organization and is already in use by a number of companies, project owners, and real estate developers.\textsuperscript{112} By linking expedited permitting to use of Better Builder or similar certification, the city of Austin can help raise standards as well as provide an opportunity for responsible businesses to benefit.

Lower barriers to joining worker organizations

There are a variety of steps that state and local governments can take to remove barriers that can prevent workers from joining worker organizations, and they can even help provide nudges or incentives to make membership easier to obtain.

For workers who are not covered by the NLRA, states should explicitly allow these workers to unionize. As California has done for agricultural workers, for example, Washington and many other states have done for home care workers and New York has done for home-based child care providers.\textsuperscript{113}
Workers can have difficulty receiving information about worker organizations. Thus, a simple, additional role for governments to play is to minimize barriers to information. One of the key ways to do this is to allow worker organizations to provide information at the worksite—something that state and local governments can clearly do for workers not covered by the NLRA. In California, for example, unions have the right to give presentations at home health workers’ orientation sessions. This concept could be expanded in other states to allow worker organizations to present information at trainings that are required by the state for licensing.

In places where unions are not present, workers should be able to support nonprofit organizations, including but not limited to those organizations whose mission is to educate and advocate to protect the rights of workers. Governments can allow employees to choose to have contributions deducted from their paycheck, just as they can put money toward their retirement account or health insurance premiums. Federal employees already have a similar program: The Combined Federal Campaign allows them to easily contribute to nonprofit organizations. These types of mechanisms forward the crucial goal in democracy of citizen participation in civic society.
Conclusion

Today’s economy is broken. While the American economy is growing, many workers are not seeing their fair share of the growth. Instead, the wealthy few are bringing home a near-record share of the national income. As a result, these rich individuals are gaining more and more political power that can be used to further policies that help themselves at the expense of working- and middle-class Americans, creating great instability in our democracy.

Policymakers must act to restore balance to our economy and political system. Working people must have a greater say in the workplace and our democracy. Building a labor relations system as outlined in CAP’s “The Future of Worker Voice and Power,” would help achieve that goal.115

While fully implementing this vision will require federal legislation, policymakers at the state and local levels can take major steps toward this progressive agenda. This report provides a variety of policy options that state and local governments can use to move toward this better system. These policies would serve to raise workers’ wages and increase their power in the marketplace and political realm. By adopting any number of these options, policymakers can help rebalance our economy and ensure that more workers share in its growth.
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Endnotes


13 For a general review of the research on the employer and economic benefits, see ibid. For some case studies, see Ronda Sauget and Marv Finkelstein, “Project Labor Agreements (PLAs) and Tripartite Approach Model for Construction Project Management Success” (Collinsville, IL: Southwestern Illinois Building Trades Council, 2015), available at http://www.swibuildingtrades.com/pdf/PLAs_TAM_overall%20%281%29.pdf.

14 State and local lawmakers are restricted in the actions they can take to regulate collective bargaining due to extraordinarily broad federal pre-emption of labor law. Despite the fact that the National Labor Relations Act does not include an explicit pre-emption clause, over the decades since the NLRA was passed, courts have established that cities and states face major limits on labor policy. Through “Garmon preemption,” states are not permitted to regulate activity arguably permitted or prohibited by the NLRA. And through “Macninch preemption,” states are prohibited from regulating labor activity that is not regulated by the act. See Cynthia Estlund, “The Osification of American Labor Law,” Columbia Law Review 102 (6) (2002): 1527–1612; International Association of Machinists and Aerospace Workers v. Wisconsin Employment Relations Commission 427 U.S. 132 (1976); San Diego Building Trades Council v. Garman 353 U.S. 26 (1957).


17 Note that the federal government regulates employer-provided benefit plans through the Employee Retirement Income Security Act, or ERISA. With exceptions to allow for insurance, banking, and securities regulation, ERISA pre-empts state and local laws related to certain employee benefit plans. However, states and municipalities can still regulate some benefits. For example, states have been creating retirement programs requiring companies that do not offer employer retirement plans to automatically enroll employees in payroll deduction individual retirement accounts. Furthermore, ERISA pre-emptions do not apply to state and local laws that establish requirements for paid sick, family, or medical leave. See Employee Benefits Security Administration, “Savings Arrangements Established by States for Non-Governmental Employees,” 81 FR 59464, August 30, 2016, available at https://www.federalregister.gov/documents/2016/08/30/2016-20639/savings-arrangements-established-by-states-for-non-governmental-employees.

18 Andrias, “The New Labor Law”; 29 U.S.C. 208 (c) (1940). Note that the Fair Labor Standards Act limited the range of minimum wages that could be implemented by the committees and wage orders.

19 The industry committee and administrator were required to consider, among other factors, “the wages established for work of like or comparable character by collective labor agreements negotiated between employers and employees by representatives of their own choosing” and “the wages paid for work of like or comparable character by employers who voluntarily maintain minimum-wage standards in the industry.” 29 U.S.C. 208 (c) (1940).


21 Note that while this commission was defunded in 2004, its orders are still active. CA Labor Code § 70-74; California Department of Industrial Relations, available at https://www.dir.ca.gov/wc/wageorderindustriesprior.htm (last accessed February 2017).


28 Note that local government authority to regulate independent contractors may vary by state and sector.


41 Jersey City, New Jersey § 3-76 (2016), available at https://www.municode.com/library/nj/jersey_city/codes/code_of_ordinances/title/32/chapters/2/WeWorkArtsDEHKEY-DEHOEDECO_S3-76DEICDE.


46 Walter and others, “Contracting that Works.”


72 Ibid.


Note that home care aides providing care to their own family members have lower training requirements. See Washington State Department of Social and Health Services, “Individual Providers,” available at https://www.dshs.wa.gov/altsa/home-and-community-services/individual-providers (last accessed February 2017).


Ibid.


Madland, “The Future of Worker Voice and Power.”
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The Center for American Progress Action Fund is an independent, nonpartisan policy institute and advocacy organization that is dedicated to improving the lives of all Americans, through bold, progressive ideas, as well as strong leadership and concerted action. Our aim is not just to change the conversation, but to change the country.

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