The Iowa Policy Project
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EXECUTIVE SUMMARY

Attacks on collective bargaining: Hidden costs, untold consequences for Iowans

Iowa lawmakers and the outgoing Governor have in recent weeks announced their intent to pursue dramatic changes to Iowa's public sector collective bargaining law. Many changes under discussion appear to be similar to provisions of anti-union collective bargaining bills enacted in Wisconsin and Ohio in 2011, and to an Iowa bill Governor Branstad sponsored in 2011.

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Drastic changes to collective bargaining could be devastating for Iowans. Lawmakers and the public should be aware of serious pitfalls associated with sweeping changes to this long-standing law (Chapter 20 of the Iowa Code) which carry implications for every school district, city, county, and state agency in Iowa. Of primary concern to all Iowans, economic impacts and ripple effects are likely to exacerbate existing trends — low and stagnating wages, growing uncertainty about access to health care, and increasing income inequality — putting many Iowa households on a downward path. These effects are likely to disproportionately harm rural communities and low-income workers, and to threaten the quality of the health care, public safety and public education systems upon which all Iowans depend.

Public employees are a significant share of the Iowa workforce. Of the nearly 1.6 million nonfarm payroll jobs in Iowa, **about 1 in 7 jobs — 238,500 — are in state and local government**. These workers are important to the state economy, as taxpayers supporting local schools and state and local services, and as consumers supporting local businesses and other private sector jobs. About half of Iowa's public-sector workers — **over 119,000 employees — are in jobs covered by 1,203 different contracts negotiated under Iowa's current collective bargaining law**:[1]

- 34,400 state employees
- 11,595 county employees
- 11,562 city employees
- 56,402 local school employees
- 2,948 area education agency employees
- 2,114 community college employees

Impacts of any sweeping changes to collective bargaining will thus be significant and widespread, holding consequences for local economies, public services, and Iowa's labor market as a whole.

Lowering Iowans' wages, increasing inequality and accelerating "brain drain"

Under Iowa's current law, public employers and employees meet to seek agreement about a specified range of subjects that affect job quality and, by extension, public services. Strict new limitations on topics employers and employees may discuss — like those enacted in Wisconsin— are designed to weaken the collective bargaining system and restrict the ability of employees to advocate for job quality or improved public service. Iowa is already a low-wage and highly unequal state, where median wages have increased only 1 percent since 1979, and where the richest 1 percent have average incomes 14 times greater than those of the remaining 99 percent.[2]

Any weakening of collective bargaining can be expected to further erode conditions in public employment, and increase downward pressure on private sector wages and working conditions. Eroding collective bargaining would likewise worsen Iowa's challenges in retaining young professionals.[3] Such labor market effects have already become evident in Wisconsin, which since 2011 has fallen to 40th of 50 states in job growth and 42nd in wage growth, and where over 75 percent of school districts are losing teachers more often.[4]

Disproportionate impacts on rural areas
Eroding the quality of public-sector jobs has a disproportionate negative impact on rural areas since the public sector is a "major source of earned income in rural areas" where one finds far fewer of the financial, professional or information service activities concentrated in urban areas.[5]

Throwing into question health care access and affordability
Health insurance is a central component of economic security for working Iowans and an important recruitment tool for many employers. Under existing law, public employers and employees meet to seek agreement on health benefits, taking into consideration cost, efficiency and local circumstances. Governor Branstad has proposed prohibiting public employers and employees from negotiating health insurance, instead mandating statewide plans and premium rates (though no specific plans have yet been studied or offered publicly). A sudden shift to a one-size-fits-all mandate on plan designs and premium payments would have wildly disparate effects on employers and individuals statewide, slashing take-home pay for many, and creating potential new barriers to health care access for many.

Hidden new costs to taxpayers, more red tape for public employers
Legislators are reportedly considering a proposal, similar to provisions of Wisconsin's Act 10, to mandate that a union election take place every year in workplaces with a contract, even if no one has requested such an election. Annual administration of over 1,200 such elections could require significant time and resources from public employers and the Public Employment Relations Board.

Why the current system works: Protecting taxpayers, sustaining good jobs
Chapter 20 was designed to promote balance and stability in employment relationships, enhance the ability of state and local government to provide reliable, efficient services, and encourage employers and employees to recognize a joint stake in promoting fair employment. Under the law, 98 percent of public-sector contracts each year are settled voluntarily. A remaining 2 percent are resolved by a neutral arbitrator, who must consider factors including budget constraints in selecting the most "reasonable" proposal.[6] No public-sector strikes have occurred since the law was enacted. Overreach by legislators threatens to disturb or even destroy this balance.

Conclusion
Changes to any law affecting all units of local government and hundreds of thousands of Iowans demand extensive study, public involvement and public scrutiny. While unresolved questions about proposed changes are numerous, predicted costs and negative consequences are substantial for Iowans and the Iowa economy, and deserve state leaders' fullest consideration.

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[1] Data provided by Iowa Public Employment Relations Board, Jan. 26, 2017. Numbers to PERB by employers and by employee unions/associations.
[2] U.S. Bureau of Labor Statistics, Current Population Survey, 2016, and Estelle Sommeiller, Mark Price, and Ellis Wazeter. Income Inequality in the U.S. by State, Metropolitan Area, and County. The Economic Policy Institute, June 16, 2016.
[3] Iowa ranks 50 of 50 states in average annual pay for registered nurses (U.S. Bureau of Labor Statistics, Occupational Employment and Wages, May 2015) and is facing reported teacher shortages Des Moines Register, Jan. 31, 2017: http://tinyurl.com/zkw2xlq
[4] U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages; Wisconsin Budget Project, "Budget Cuts and Teacher Shortages: With Fewer Resources, Schools Struggle to Find Educators."
[5] US Department of Agriculture, "Rural Economy & Population: Employment and Education."
[6] "To Promote Harmonious and Cooperative Relationships: A Brief History of Public Sector Collective Bargaining in Iowa, 1966 to 2016," U of Iowa Labor Center, 2016.