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COLLECTIVE BARGAINING BILL'S FISCAL IMPACT TO WELD COUNTY

The fiscal impact of the proposed collective bargaining bill on Weld County has been calculated based upon findings of third party published studies. The associated costs of unionization for an organization from the studies have been extrapolated by applying the costs or percentage of costs to Weld County's budget, costs of salary and benefits, and staffing numbers.

The Weld County financial and demographic data used is as follows:

- Full time equivalent employees (FTE) 1,823
- Total budget \$379,739,671
- Total salary and wages \$126,910,189
- Total benefit costs \$44,863,515
- Total salary and benefits \$171,773,704

A summary of the costs is provided below, with detailed findings supporting the costs in the narrative:

- **Unionization campaign costs to an organization** can cost an organization \$400,000 to \$2,000,000. To be conservative the estimated cost to Weld County could be \$400,000.
- **Research indicates that the cost of running a unionized operation is 25% to 35% greater than for a non-unionized one.** Using this generalized estimated added cost for Weld County it would add \$42,943,426 to \$60,120,796, if just salary and benefits were considered.
- **If workers covered by a union contract in California earn an average of 12.9 percent more than non-union workers** with similar demographic characteristics and working in similar industries, it could result in added salary costs of \$16,371,414 and added benefit costs of \$5,787,393 for a total of \$22,158,807 annually to Weld County.
- **Total additional annual operating expenses for an organization** with a union presence range from \$900,000 (for a company with 100 employees) to more than \$4,000,000 (for a company with as many as 2,000 employees.) The average cost for an employer Weld County's size would be \$2,000 per employee times 1,823 employees or \$3,646,000.
- **Loss of productivity/output** of union versus non-union employers equals 2.4%. A 2.4% loss in productivity for a workforce with \$171,773,704 in salary and benefits alone equals \$4,122,569 annually in costs for the taxpayers of Weld County or a decrease in equivalent services.
- **Cost of union dues to county employees** annually run between 1.5 to 4.0 percent of earnings. The range would be \$1,903,653 to \$5,076,407. With half of the union dues going to the union's international organization it would mean the local Weld County employees would send roughly \$950,000 to \$2,500,000 of their earnings out of state to the union's international headquarters each year.

- **Intangible costs:** Besides the hard cost above there are numerous intangible costs to the organization, which will impact services to the citizens of Weld County.

CONCLUSION:

If the proposed collective bargaining bill becomes law Weld County could expect a one-time expense of approximately \$400,000 to deal with the unionization campaign. Ongoing annual costs could range from a high of \$42,943,426 to \$60,120,796, if the generalized 25%-35% added cost from unionization is used. If more itemized costs from above are used the ongoing annual costs are approximately \$30 million (\$29,927,376). Plus, the intangible costs cited below.

As a rule of thumb Weld County is typically 5% of the total number for Colorado counties when talking about population, allocation of costs, etc. Using the 5% rule of thumb for Weld County's costs for collective bargaining it could mean it could cost a total of over \$500 million to \$600 million annually for all counties in Colorado. This bill could very likely become the costliest unfunded mandated bill to counties in the history of Colorado.

The bottom line is the bill will adversely impact the citizens and taxpayers of Weld County paying more for county services or having to experience a reduction in county services. While Weld County employees would send roughly \$950,000 to \$2,500,000 of their earnings out of state to the union's international headquarters each year.

Unionization campaign costs to an organization:

In a study done by Projections, Inc. entitled *The Cost of Unionization Labor* consultant Jim Gray found that organizations facing union organizing can expect to spend from \$400,000 to well over \$2 million on a single unionization campaign. Gray's analysis includes vital investments like legal counsel to keep the organization from running contrary to the law, costs like travel expenses, and spending time and resources to educate employees on sides of the unionization question. Add to that the lost productivity, the stress, and impact on citizens and customers served by the organization. The total cost is hard to quantify but can add up to thousands and even millions of dollars depending on the size of the organization.

Research indicates that the cost of running a unionized operation is 25% to 35% greater than for a non-unionized one:

Research indicates that the cost of running a unionized operation is 25% to 35% greater than for a non-unionized one, and this figure does not reflect any negotiated changes in unionized employee wages or benefits. As an illustration consider what was found at a recent Adams, Nash, Haskell & Sheridan national seminar when they reviewed the administrative budgets of a major manufacturing company. This well-known company operates 30 manufacturing plants; half are union free and half are unionized all or in part. The administrative budgets of the unionized plants were 30% higher due to:

- Larger human resources staffs to deal with grievances, job descriptions, rate negotiations, time, and motion measurements, and "overcompliance" with government regulations. ("Bird dogs" overseeing workplace statute compliance are less prevalent in union-free facilities.)
- Increased involvement with regulatory agencies, especially those associated with hours and wages, OSHA and the EEOC.
- Expensive indirect costs in the form of outside services, such as the frequent need for a specialized labor attorney to deal with contract negotiations, handle grievances and arbitrations, and review compliance with a collective bargaining agreement.

Other costs of unions may include:

- Added administrative staff for calculating, deducting, and documenting employee union dues.
- Payment for employees who are called in to cover for other employees in steward or representative positions when they are attending to union business.
- Contracting with consultants to develop an action plan for a possible work stoppage or strike.
- Wages for short-term replacements if a strike occurs, which can be significantly higher than striking employees wages, especially if replacements are required for highly trained positions.
- Employees also incur costs when a union wins a NLRB election.
- The average annual cost of union dues is \$400, or about two hours of pay per month.
- There is a disinclination of unions toward the contingent worker. Unions want full-time dues payers.
- The employee puts it all on the line during a labor dispute. It is the union employee who is not receiving a paycheck or benefits during a strike.

Workers covered by a union contract in California earn an average of 12.9 percent more than non-union workers:

A study done by the UC Berkley Labor Center in 2018 (*Union Effect in California #1 Wages, Benefits, and Use of Public Safety Net Programs*) found that workers covered by a union contract in California earn an average of 12.9 percent more than non-union workers with similar demographic characteristics and working in similar industries.

Total additional annual operating expenses for an organization:

Jim Gray, cited above, estimates that the total additional annual operating expenses for an organization with a union presence range from \$900,000 (for a company with 100 employees) to more than \$4,000,000 (for a company with as many as 2000 employees.) These estimates do not include wages and benefits but do include items such as:

- additional training on managing in a union environment
- additional Human Resources training and administrative support
- ongoing legal fees
- cost of arbitrations
- handling of grievances
- time spent in negotiations with each contract renewal
- lost productivity due to union work rules
- strike contingency planning to reassure customer
- security in the event of unrest

Loss of productivity/output:

Extending the research out to 10 years post-unionization, the Employment Policy Foundation (EPF) stated that a unionized company's output per employee is 2.4 percent less than a union-free competitor if that unionized company experiences just a .25 percent reduction in productivity. The EPF concluded that, unless the unionized company could sell their product at a higher price or other cost savings could be attained, the unionized company is likely to see 14 percent less in profits per labor hour than their non-union competitor.

In his book, "[Union Proof – Creating Your Successful Union Free Strategy.](#)" author Peter J. Bergeron noted that the cost of operating a unionized organization is estimated to be 25 to 35 percent higher than a union-free organization. Bergeron goes on to point out that unionized organizations lead to more extensive human resources staff, increased legal counsel, increased involvement with regulatory agencies, loss of flexibility, and increased labor costs due to rules on overtime, grievances, and arbitration processing and many other requirements.

A 2021 [study released by the Bureau of Labor Statistics \(BLS\)](#) supports these claims. Researchers found that, as of March 2021, union-free employees were paid an average of \$25.43 per hour, while union employers in the same sector were obligated to \$30.24 per hour. Additionally, unionized workers received \$20.49 per hour in benefits, whereas [union-free](#) employers were able to keep benefits costs to \$10.03 per hour per covered employee. Union dues are not accounted for in this study, but does any of that matter if the company – or entire industry – collapses under the strain? The differences in the cost of unionization to a company are significant when annualized.

Cost of union dues to county employees:

Unions like to say, "it doesn't cost to belong to a union - it pays". Nationally the average union dues percentage in 2021 ranges from 1.5 to 4.0 percent of gross wages, depending on the union local and any assessment the local union charges. Unions talk about the cost and benefit of union membership in the same breath. The dues are said to benefit employees, but up to half of the dues go the union international organization.

What is the [cost of unionization](#)? For union members, it's typically around two-and-a-half hours of pay each month. But, for a company, the cost of unionization is more in line with a 30% increase in operating expenses. And the cost of a union to a community – in lost jobs, loss of competitiveness and productivity, strikes, and consumer confidence – can be staggering.

How are union dues calculated? The amount of union dues employees pay varies because each union sets the amount. Some unions charge a percent of pay, while others have a flat amount. The [Teamsters Union dues](#) rate is 2.5 times the hourly wage for one hour plus two dollars for the strike fund if you make \$11 per hour or more. If making less, it's 2.0 times plus the strike fund.

The [UAW](#) has a more complicated setup because, tellingly, they are trying to build an \$850 million (yes, almost a billion dollars!) strike and defense fund. Until that goal is reached, UAW members are paying dues of 2.5 hours of straight time pay. After that amount is reached, dues are two hours of straight time pay.

[SEIU Local 2015](#) for California Long Term Caregivers has a regular member dues rate of 3 percent of gross wages with a minimum of \$15.50 and a maximum of \$45 and includes the strike fund. So, the average union dues percentage in 2021 ranges from 1.5-4.0 percent of gross wages, depending on the union local and any assessments the local union charges.

<https://projectionsinc.com/unionproof/the-cost-of-unionization-2/#:~:text=Over%20the%20course%20of%20decades,on%20a%20single%20unionization%20campaign>

Intangible Cost:

In addition to obvious increased costs, there are those that affect morale, creativity, and resiliency. Ultimately, an organization's profit margin can decline. Productivity appears to be lower in unionized environments, possibly due to:

- Employee anger or frustration when the collective bargaining process for an initial contract lasts more than a year or does not result in the changes promised by a union during the organizing campaign. (About 75% of initial contracts are still being negotiated a year after the NLRB representation election according to the Federal Mediation and Conciliation Service [1996], and 50% of initial contract negotiations never achieve an executed agreement.)
- Union strategies and rules that impair the employee-employer relationship by playing on employee emotion and interfering with direct employee-supervisor communication, which cast the employer in the role of "enemy" and result in employee mistrust of all management.
- Diminished employee participation in workplace decision making via power sharing programs when such programs had been in place prior to an election.
- Employees having to cope with the divisiveness, name-calling and, sometimes, terrorizing behavior of union coworkers when they disagree in word or deed.
- Less flexibility-both internally and externally-to move quickly or creatively in response to change due to union rules and related contract language that results in rigid operating guidelines.
- Increased difficulty recruiting and retaining the most creative and effective employees. Union-imposed strictures often limit rewarding an employee based on performance or productivity and union grievance procedures tend to protect low-performing and negative employees.
- Decreased client or vendor satisfaction may occur if unionization affects service or product cost or quality.
- Another common objection to collective bargaining with public-employee unions was that it would mean taking some of the decision-making authority over government functions away from the people's elected representatives and transferring it to union officials, with whom the public had vested no such authority. In this view, democracy would be compromised when elected officials began sharing with union leaders the power to determine government employees' wages, benefits, and working conditions. Furthermore, collectively bargained work rules could alter what public servants did day to day in ways not condoned by either elected officials or the voting public.

<https://anh.com/the-cost-of-unions/>