Insight

Analyzing the Biden Administration's Task Force on Worker Organizing and Empowerment

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Executive Summary

- President Biden issued an executive order establishing a White House Task Force on Worker Organizing and Empowerment, which will likely seek to boost the density of union works in ways that complement the Protecting the Right to Organize (PRO) Act, an administration priority.
- Advocates of unionization argue that workers receive higher pay and benefits, and that overall wage inequality is reduced by unionization, but unions also bring slower economic growth, higher burdens for businesses, and less worker flexibility.
- Rather than focusing on union density, the administration could instead pursue policies that support sustainable job growth and the interest of workers more directly, including portable benefits, worker training, and occupational licensing reform.

Introduction

The Biden Administration has created the White House Task Force on Worker Organizing and Empowerment. The creation of this task force follows numerous other attempts by the administration to fundamentally change U.S. labor law by strengthening union power via executive order, supporting the Protecting Right to Organize Act, and introducing numerous rule changes throughout the Department Labor. These efforts are all done allegedly for the sake of workers—to raise wages, increase benefits, and address inequality. Advocates of unions point to evidence that union workers are paid roughly 14 percent more on average than non-union workers and are more likely to receive benefits such as pensions and health insurance. Drastically increasing union power, however, comes with serious drawbacks. Rather than focusing on union density, the Biden Administration should instead focus on policy options that expand options for workers and increase the potential for sustainable wage growth and mobility such as portable benefits, effective worker training, and occupational licensing reform.

The White House Task Force on Worker Organizing Empowerment

On April 26, President Biden issued an executive order (EO) establishing a White House Task Force on Worker Organizing and Empowerment, stating, "it is the policy of my administration to encourage worker organizing and collective bargaining." The task force will be chaired by Vice President Kamala Harris and vice chaired by Secretary of Labor, Marty Walsh. The over 20 additional members of the task force are heads of other federal agencies and cabinet members. The EO directs the task force to make recommendations within 180 days on how existing policies can further worker organizing efforts and where new policies or programs can be implemented to accomplish the same goal.

Not only is the Biden Administration attempting to increase unionization, but it is also attempting to require more workers to be classified as employees, going directly against the interests of independent workers, and to remove the freedom to choose unionization through the elimination of right-to-work legislation. The administration is pursuing these goals through both legislation and administrative action, with this task force being one major means of finding ways to enact these policies.

The Protecting the Right to Organize Act

Prior efforts in labor policy indicate the direction the Biden Administration will take with its task force, and a major piece of legislation that the administration is openly supporting, the Protecting the Right to Organize (PRO) Act, serves as a major guidepost for the direction of labor policy. The legislation makes significant changes to established labor law that would push more workers into unions. For example, the bill includes definitional changes that would lead to the reclassification of many independent workers as traditional employees and abolishes right-to-work legislation, which ensures that workers do not need to unionize or pay dues as a condition of employment.

One of the reasons that the Biden Administration has focused on the independent workforce is the sheer number of individuals who are part of it. In the past year, 36 percent of workers participated in the independent workforce. It is more challenging for independent workers to be in a union and they are not entitled to the same protections as traditional employees, so those workers rarely choose to organize at all. Broad reclassification of independent workers into traditional employees would give unions access to a significant portion of the labor market and millions of additional workers. A justification for this reclassification measure is that it would also give workers access to benefits that traditional employers have. The whole of the bill is focused on pushing more workers into unions by increasing the number of workers who are eligible, and then pushing those workers into unions by repealing right-to-work.

The Cost of Unionization

Worker organizing has been an important facet of the American labor force and have led to important changes such as child labor laws and improving working conditions through safety regulations. In the past several years, however, private sector unionization membership has declined. The justification for the administration's unequivocal support of unions stems from the assumption that the decline in union density is due to a lack of support from the federal government and anti-union legislation. The more likely cause is that the federal government has stepped into the role that unions used to occupy with workplace regulations, safety standards, and mandating certain benefits. Consequently, unions provide a much smaller benefit to workers than they once did, and measures that are pro-union are not necessarily pro-worker.

Unions make work inefficient and often more expensive. Increased costs are in part due to the marginally higher wages that the unionized workforce sees. Work stoppages and additional administrative cost that come with unions add to the overall costs as well. The union system also poses problems for rapidly growing sectors of the economy like healthcare, green energy, and the independent workforce, ultimately leading to stifled growth.

Previous American Action Forum research assessed the consequences as well as the costs of the PRO Act. Reclassifying workers could lead to upward cost pressure on employers of up to $12.1 billion. In the face of rising costs employers, especially those running small businesses would need to choose to absorb costs either through increased costs to consumers or layoffs. Further, right-to-work states typically outperform non-right-to-work states in key areas including employment growth, private sector output, and growth in number of businesses.

In addition to restricting freedom of association and taking control away from workers, eliminating the protection of right-to-work laws (in the 27 states where they exist) impacts workers' choices by essentially forcing unionization. Furthermore, forced unionization fails to keep unions accountable to those they represent, since workers would by default be union member or pay dues.

Even efforts to reclassify workers as employees and given them the benefits that such workers receive isn't obviously a net benefit. Many independent workers value their flexibility, and when asked, fewer than 1 in 10 independent contractors would prefer traditional employment.

Alternative Policy Options

Rather than form a task force whose policies could lead to layoffs, go against worker preferences, limit worker freedom, and stifle growth, this administration could pursue policy options that expand options for workers and increase the potential for sustainable wage growth and mobility. Portable benefits would allow independent workers to keep the flexibility they value and allow workers to continue having control over their schedules and earnings. Effective training would allow for greater labor mobility and earning potential. And occupational licensing reform would remove barriers to entry specifically for low-skill and minority workers.

Portable Benefits

Rather than limit worker choices through reclassification of independent workers, the creation of a portable benefits system would allow workers to keep their flexibility while also having access to benefits that the traditional employee typically receives from the employer. The idea of a portable benefits system has been floated by legislators on both sides of the aisle, with Senator Mark Warner and Senator Todd Young supporting a proposal for a portable benefits pilot program. And outside groups such as the Aspen Institute have taken an interest in this area as well, researching how to create such a program.

A portable system would move with workers, meaning that they would not lose coverage when moving from employer to employer. A system of portable benefits would allow workers to have a similar level of support as traditional employees while retaining their independent status. Thus, a successful portable benefits system would provide support for independent workers while making the labor market more dynamic. This system would by no means be easy to set up. Crucial questions to address include identifying a provider of benefits and developing a funding mechanism. Such a system is an area where unions could offer a benefit to workers if they were to act as providers or administrators. If unions sought to provide this service, they would provide a genuine benefit that more workers would be willing to pay dues for because they would be working directly with worker interests, not against them.

Worker Training

Without robust training and upskilling, many workers, especially lower-wage workers, may have difficulty moving to different industries and experience limited wage growth. There are a number of issues to tackle within the worker-training space including increasing access to underserved demographic groups, expanding existing programs into other industries, and creating training that is truly effective. Unions and the federal government have had a hand in creating and supporting worker training programs, but the results and take up are not keeping up with the needs of the labor market. AAF research notes that participants in federal apprenticeship programs and worker trainings are concentrated in industries that are not expected to have significant future job growth.

Not only are training options largely available in only a small handful of industries, but the majority of participants are men. With women representing 57 percent of the labor force, there should be efforts to have them engaged in training and upskilling as well. Currently only 9 percent of all active federal apprenticeship participants are women.

Unions have developed training programs in industries such as construction and manufacturing, and these programs should continue operating, but the worker-training system needs to shift toward where future gaps in the labor market may appear and demand for skilled workers will rise. To rapidly create new apprenticeship programs, the Trump Administration started the Industry Recognized Apprenticeship Program (IRAP). The Biden Administration ended the program in February of 2021 despite it having created over 130 programs, the majority of which were in the health care industry.

Occupational Licensing Reform

Occupational licensing has grown significantly over the last several decades. 60 years ago, it affected around 5 percent of the workforce. Recent data show that this number has risen to 25 percent. Occupational licensing restricts the mobility of workers and in many cases acts as a barrier to enter the labor force all together. These regulations vary state by state, meaning a worker who has been a working as a hair braider for years in one state may need to take hundreds of hours of classes and pay licensing fees to continue this work in a different state. While part of the role of occupational licensing is to impose important safety regulations, many of the requirements have become burdensome to the point that they act as a barrier to labor force entry, or overly punitive by imposing heavy fines and even jail time. These regulations affect workers in crucial segments of the labor force who already experience difficulty with labor force attachment, including military spouses and lower-wage workers. Research shows that occupational licensing requirements disproportionately affect minority populations, raises costs for consumers, and exacerbate income inequality. An effort to remove unnecessary regulations—such as in a recent executive order—would not only support current economic recovery efforts to connect more people to work but could also allow workers greater mobility.

Conclusion

The Biden Administration created the White House Task Force on Worker Organizing and Empowerment with the aim of improving workers lives through increased unionization. The policy changes included in the PRO Act provide a hint to what the task force could focus on. Increasing union power, however, comes with significant tradeoffs and may work contrary to worker interests. Improving wage growth, access to the labor market, and protecting worker choice and flexibility can be accomplished through different measures that are not simply pro-union but focus directly on workers. Portable benefits would allow independent workers to retain their flexibility and have access to additional benefits. Increased training would enable workers to move into rapidly growing industries and access higher wages. Last, occupational licensing reform would remove crucial barriers to entry. Taken together, focusing on these policies has the potential to directly help workers and allow them greater freedom and mobility in the labor force.