

Labor Union Self Interest: Facts Behind Organized Labor's Push to Raise the Federal Minimum Wage

An analysis of union collective bargaining agreements available from the Department of Labor's Office of Labor-Management Standards indicates that many service, retail and hospitality industry labor unions—such as UNITE-HERE or the Service Employees International Union (SEIU)—peg baseline wages to the federal minimum wage. Thus, in many cases, raising the federal minimum wage will either trigger wage renegotiations or automatic wage hikes for certain unionized employees.

The United Food and Commercial Workers (UFCW) union explained that the practice is commonplace, [writing](#) “that oftentimes, union contracts are triggered to implement wage hikes in the case of minimum wage increases.” The UFCW suggested this was “one of the many advantages of being a union member.”

The contracts examined either set baseline wages as a percentage of the state or federal minimum wage, or mandate a flat wage premium above the minimum wage.

- A [number](#) of [collective bargaining agreements](#) signed by the **Union of Needletrades, Industrial and Textile Employees (UNITE)** mandated that “[w]henver the federal legal minimum wage is increased, minimum wage [in the agreement] shall be increased so that each will be at least fifteen (15%) percent higher than such legal minimum wage.”
- **Several United Food and Commercial Workers (UFCW) Locals** [signed an agreement](#) with a California grocer requiring that, “in the event the State or Federal minimum wage increases during the term of this Agreement (2007-2011) to a rate greater than eight dollars (\$8.00), each rate will be at least twenty cents (\$0.20) above the minimum wage and each rate will be at least ten cents (\$0.10) higher than the previous rate in the progression schedule.”
- **Two UNITE-HERE locals** [signed an agreement](#) which ordered that upon the increase of a federal or state minimum wage, all wages would be at least 25 cents higher than the new minimum wage.
- Another **UNITE** affiliated union, the **Intimate Apparel Embroidery, Belt and Allied Workers' Union Local 62-32**, signed an [agreement](#) stating that in the event of a state or federal minimum wage increase “the craft minimum wage

rates set forth in this Agreement shall be reset” to 25 cents above the “applicable, statutory minimum.”

- **UFCW Local 1500's** agreement with [Shop Rite](#) and [Stop & Shop](#) grocery stores requiring that the 30-day rate for newly hired part time employee be set at least 25 cents above any increase in the prevailing federal or state minimum wage.
- Similarly, **UFCW Local 1099's** [agreement](#) with CVS stated “In the event Federal Minimum Wage increases, the Employer agrees to implement a start rate at \$.15 above minimum wage effective the year following the Federal Minimum Wage increase.”
- An **SEIU Local's** [agreement](#) orders that “[t]he minimum hourly wage rates shall exceed any statutory applicable minimum wage rate by fifty cents.”

In other cases, union contracts may order that the union and the employer go back to the negotiating table to discuss wage change following a minimum wage increase. This re-opens a process that would otherwise be settled until the next agreement.

- An [agreement](#) by the **Retail, Wholesale, & Chain Store Food Employees Union Local 338** says that “In the event of an increase in Federal or State minimum wage requirements, the employer agrees to meet and discuss those rates impacted by the new minimum wage.”
- **UFCW 1262** [agreed](#) with several grocery store chains that “Should any law be enacted by any state or the federal government which increases the minimum wage, the parties will meet to discuss the effects on employees.”