

How Will The Booming Economy, Corporate Tax Cuts, And Healthcare Uncertainty Affect Labor Negotiations In 2018?

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Bloomberg BNA recently [published a report](#) predicting that labor unions will be seeking to score more in wages and benefits in their 2018 collective bargaining agreements than in recent years. This is in light of the relative hot economy and significant corporate tax cuts going into effect. The fact that [many non-union companies](#) have publicly announced [higher wages and bonuses for their employees](#) based on the tax overhaul may encourage the unions to be aggressive on this front. One issue that continues to cloud the labor negotiations horizon, however, is healthcare. While congressional efforts to modify or repeal the Affordable Care Act last year failed, there is speculation that those efforts will resume in 2018. Even in the absence of new legislation, there is much market uncertainty regarding health insurance and rates in many areas continue to climb. Based on that, even in a strong economy, many companies are seeking more cost-sharing for such benefits with employees in their labor agreements. It will be interesting to watch the wage increase and insurance trends in settled collective bargaining agreements throughout 2018. To the extent a company is covered by the National Labor Relations Act, it is important to recall that the Act requires an employer to bargain in “good faith” (a standard that varies depending on the facts of a given negotiation), but it generally does not require that a party ultimately agree to a proposal from the other party. Accordingly, a best practice is to think about the long-term both in terms of proposals a company is proffering and those that it may entertain from the union. Indeed, [one recent case](#) where union retirees just had a class action lawsuit certified over free lifetime insurance benefits provided for in prior labor agreements demonstrates the potential pitfalls of not keeping an eye on the future regardless of how rosy the present may seem.

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