

Building Worker Power Through Budget Reconciliation

Bypassing the Senate Filibuster Through Budget Reconciliation

CWA has for over a decade been fighting to eliminate the Senate filibuster, which has been used for decades to block pro-worker and pro-civil rights legislation. We believe that we are close to achieving that goal, but have been exploring ways to advance legislation to enhance worker power through the budget reconciliation process in case we are unable to end the filibuster or are delayed in doing so.

What Is Budget Reconciliation?

Budget reconciliation is a special process created by the Congressional Budget Act of 1974. There are three key provisions about the budget reconciliation process that differentiate it from the regular legislative process:

1. The Senate requires 60 votes to break a filibuster and pass legislation, but the budget reconciliation process only requires a majority vote.
2. Budget reconciliation is set up to address only budget-related issues that address policies like taxes, spending and the debt limit. The process was used for welfare reform, parts of the Affordable Care Act, and the Bush and Trump tax cuts for the rich.
3. The Senate parliamentarian can rule provisions included in budget reconciliation out of order if they do not impact the budget or if the impacts are “merely incidental”, like they did with the Fight for \$15 provision of the American Rescue Plan. (Covid-19 relief).

Congress has one opportunity each calendar year to use the budget reconciliation process. Congress didn't pass a Fiscal Year 2021 budget last year, so Congress will have two opportunities to use budget reconciliation this year. They used the first one to pass much-needed Covid-19 relief to working families.

Labor Provisions

Some changes to enhance worker power have already been identified for potential inclusion under the reconciliation process. The four proposals are:

1. Restore and enhance tax deduction for union dues

Allow for union members to deduct their union dues from their federal income taxes “above the line” meaning they are automatically deductible whether you itemize your deductions or not. Dues were previously tax deductible, but the 2017 Trump corporate tax cut eliminated that deduction.

2. End tax deductibility of the costs of hiring permanent striker replacements

Prevent businesses from deducting from their taxes business expenses incurred in fighting workers efforts to unionize, hiring of striker replacements and any other expenses used to fight the workers or their unions.

3. Reduce the misclassification of employees as independent contractors

The current tax code allows companies to continue misclassifying workers as independent contractors even if the IRS determines they are employees. The solution is to establish tax penalties for companies that misclassify employees as independent contractors. Properly classified employees would have the right to form a union, collectively bargain, and receive benefits, which currently as misclassified “independent contractors” they do not have.

4. Civil penalties for Unfair Labor Practices (ULPs)

One of the main reasons why we need labor law reform is that companies only receive a slap on the wrist for violating workers' rights and committing ULPs. Budget reconciliation should establish financial penalties for ULPs and, hopefully, apply those penalties to the new ULPS created under the PRO Act, like the PRO Act's bans on captive audience meetings and permanent striker replacement.

Worker Power Campaign Plan

CWA and our allies will fight to include the four proposals in this year's and next year's budget reconciliation process along with pushing for the PRO Act and the Public Service Freedom to Negotiate Act.

Sources:

Center for Budget and Policy Priorities, “Introduction to Budget ‘Reconciliation’”, January 21, 2021

<https://www.cbpp.org/research/federal-budget/introduction-to-budget-reconciliation>

Center for American Progress Action Fund, “Three pro-union reforms to improve tax fairness for American Workers”, September 2, 2020

<https://www.americanprogressaction.org/issues/economy/reports/2020/09/02/178565/3-pro-union-reforms-improve-tax-fairness-american-workers/>