Unions for Loggers: A Potential Solution for Small Business?

BY ALISON BERRY

In an industry with thin profit margins, it can be a struggle for logging companies to provide benefits for workers. That was the problem facing Peter Wood, a third-generation logger in Duluth, Minnesota, and the owner of Wood Forest Products Incorporated. Ten years ago, Wood’s employees had what Wood called the “Cadillac of health insurance,” a plan with great coverage at affordable rates. But then premiums started going up and the quality of coverage simultaneously declined. Wood worried what this shift would mean for his business. He knew what he was up against. Nationwide, logging is among the industries currently facing the biggest labor shortages in the United States, according to US Bureau of Labor Statistics data. There are not enough workers to fill all of the open positions and to keep the industry thriving. In Maine alone, a recent labor study by the Professional Logging Contractors of Maine identified 700-1,000 vacancies in the state’s logging industry.

In addition, logging competes with other industries also facing labor shortages, including construction, manufacturing, and mining. In order to keep current workers and attract new ones, employers in the logging industry need to offer incentives to employees – through pay, benefits, or a work environment that equals or surpasses those in other industries.

These difficulties worried Wood as he looked towards the future. He explored his options and found them to be limited. Like many others in the industry, he considered going without any health insurance at all. Wood was unsure what to do until 2014, when personal connections put Wood in touch with the International Union of Operating Engineers Local 49, covering Minnesota, North Dakota, and South Dakota.

Many factors pointed to a clear match between IUOE and Wood’s logging company. Founded in 1896, IUOE represents more than 400,000 members internationally in 123 local unions throughout the United States and Canada. In Peter Wood’s region, there are more than 13,000 Local 49ers, including building contractors, well drillers, welders, sand and gravel suppliers, and more. Many of the 49ers – mostly in construction trades – have some experience with logging, at least seasonally. Others are equipment operators that don’t have experience with logging but can be trained and are familiar with operating heavy equipment. Like other local IUOE branches nationwide, Local 49 owns and operates a training facility to support professional development. Local 49’s 400-acre, state-of-the-art facility in Hinckley, Minnesota offers classes, field courses, and apprenticeships.

In November 2017, Wood’s family business unionized with IUOE, giving his employees access to health insurance, retirement benefits, and training opportunities.

Joining IUOE made sense for Wood, in part, because no loggers’ union or trade association that offered employee benefits available to Wood’s business. The Associated Contract Loggers and Truckers of Minnesota (ACLT) actively supports the timber industry in the region, but Executive Director Scott Dane noted, “It is beyond us to offer health insurance.”

Jason George, Business Manager and Financial Secretary of Local 49, commented that union benefits are “better than what any trade association could offer.” With family coverage for more than 13,000 members, Local 49 supplies health insurance for upwards of 30,000 individuals, spending $150 million each year on health care. George added that in some areas trade groups do offer health insurance, but the difference is that trade groups are geared toward the owner of a firm, whereas unions are geared toward the workers. Still, IUOE Local maintains good relationships with several trade groups and works with them to support workers. As Peter Wood entered into discussions about unionizing though Local 49, ACLT participated in exploring the unionizing process, hoping it might help the local logging
industry to attract and retain workers.

But what is it like for a logging company to actually join an equipment operators’ union?

Even with strong support from the IUOE local 49, the ACLT, and Peter Wood, it was not an overnight process for a logging company to unionize. The groups had to start from scratch. Scott Dane noted, “This was a first,” for logging companies to unionize through an equipment operators’ union. Because the IUOE does not typically work with loggers, the 49rs had to work with their parent organization to create a charter for logging companies and get that approved.

It took three years after Peter Wood’s first meeting with the 49rs to successfully negotiate an agreement. However, now that the IUOE has the logging charter in place, it provides a blueprint for other logging companies interested in joining the union, according to Jason George. This would make for a speedier process for other logging companies, regardless of their location.

After the agreement was reached, Peter Wood was reluctant at first to share the news. He wanted to be sure that joining Local 49 would be a success for his company. But as of this writing, a year into the experience, he said, “Right now, I don’t have a downside on it.”

In January, Wood finally shared his experience on his radio show, “Let the Sawdust Fly,” broadcast on WDSM in Duluth and available to stream at www.wdsm710.com. The radio show has been a monthly gig for Peter Wood for nearly three years. It is featured for one hour on the last Wednesday of every month as a part of the daily “Sound Off” show hosted by local radio personality Brad Bennett. Every month, Wood discusses a topic relevant to the logging industry, often bringing in guests for additional commentary.

The January 30, 2019, episode featured Peter Wood, Scott Dane, Jason George, and other Local 49 representatives. They shared their experience in the unionizing process and discussed the potential that it might hold for others in the logging industry. Peter Wood shared his story because he is hopeful that others might be able to take advantage of this model, so that loggers can have employment benefits similar to workers in construction and heavy equipment trades.

In a follow-up interview with The Northern Logger, Wood noted that the union health insurance coverage is better than anything he could have secured on his own. His premiums are nearly half of what they had been previously. While he hasn’t taken advantage of the IUOE training facility yet, he admitted that it might offer a valuable alternative to his current approach of training “in the woods, on the fly,” although he was quick to also recognize the benefits of in-the-field training. Finally, he added that the relationship between the IUOE and logging companies could be a boon for seasonal construction workers who, in the past, may have been out of work in the winter. Winter logging work would not only provide an off-season paycheck but could also allow workers to maintain union benefits year-round if logging companies are part of the IUOE.

But could unionizing work for other logging companies across the country?

According to Scott Dane, union benefits could go a long way to support the timber industry, which right now is not competitive in his region. Dane cites relatively low wages, a lack of health insurance, and no pensions for the most part. He estimates that 90 percent of timber companies do not offer health insurance. He adds that tapping into union benefits could “stabilize the infrastructure of the logging industry.”

Other companies are taking notice. According to Dane, since Peter Wood unionized, one other logging company and one log trucking company have followed suit. Several other companies have expressed interest as well. Dane warns, however, that unionizing will not work for every logging company. Employees have to be willing to pay union dues, which are not extensive, but they are a cost to the worker. For employers, there are cost-per-worker for wages and benefits, so the model works best for smaller companies. Peter Wood adds that every employee has to be a part of your pool of insurance, and for the most part, “Everyone has to be on board for it really to work.”

In some places, legislation may prevent loggers from unionizing, as is the case in Maine, according to Dana Doran, Executive Director of the Professional Logging Contractors of Maine (PLC). Doran adds that health insurance is a “major issue” facing logging contractors in his state. New federal legislation in 2017 has eased the way for trade associations to provide health insurance, an opportunity that PLC is looking into in hopes of better supporting the logging industry in their state, according to Doran. The hope is that by pooling their membership, they can keep individual health insurance costs down.

In the face of labor shortages, it helps to have employers like Peter Wood who are able to think creatively about ways to secure benefits for workers. Although some people are willing to put up with the risks and volatility of the timber industry for the job satisfaction of working in the woods, others might look for a safer or higher paying field. If unions can provide logging companies with a means to offer competitive benefits, unionizing could be one step towards securing a more reliable labor pool for the logging industry.

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