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COMPULSORY UNIONIZATION THROUGH GRIEVANCE FEES: THE NLRB'S ASSAULT ON RIGHT–TO–WORK

HEARING

BEFORE THE

COMMITTEE ON EDUCATION AND THE WORKFORCE
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

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COMPULSORY UNIONIZATION THROUGH GRIEVANCE FEES: THE NLRB'S ASSAULT ON RIGHT–TO–WORK

Wednesday, June 3, 2015
House of Representatives
Committee on Education and the Workforce
Washington, D.C.

The Committee met, pursuant to call, at 10:02 a.m., in room 2175, Rayburn House Office Building, Hon. John Kline [chairman of the committee] presiding.

Present: Representatives Kline, Wilson, Foxx, Thompson, Walberg, Salmon, Rokita, Messer, Byrne, Brat, Carter, Bishop, Grothman, Curbelo, Stefanik, Allen, Scott, Hinojosa, Grijalva, Courtney, Fudge, Polis, Sablan, Wilson, Bonamici, Pocan, Takano, Jeffries, Clark, and DeSaulnier.

Staff present: Lauren Aronson, Press Secretary; Janelle Belland, Coalitions and Members Services Coordinator; Ed Gilroy, Director of Workforce Policy; Callie Harman, Staff Assistant; Tyler Hernandez, Press Secretary; Marvin Kaplan, Workforce Policy Counsel; Nancy Locke, Chief Clerk; John Martin, Professional Staff Member; Zachary McHenry, Legislative Assistant; Daniel Murner, Deputy Press Secretary; Brian Newell, Communications Director; Krisann Pearce, General Counsel; Alissa Strawcutter, Deputy Clerk; Juliane Sullivan, Staff Director; Alexa Turner, Legislative Assistant; Tylease Alli, Minority Clerk/Intern and Fellow Coordinator; Austin Barbera, Minority Staff Assistant; Amy Cocuzza, Minority Labor Detailee; Denise Forte, Minority Staff Director; Christine Godinez, Minority Staff Assistant; Carolyn Hughes, Minority Senior Labor Policy Advisor; Kendra Isaacson, Minority Labor Policy Detailee; Brian Kennedy, Minority General Counsel; Kevin McDermott, Minority Senior Labor Policy Advisor; Richard Miller, Minority Senior Labor Policy Advisor; Amy Peake, Minority Labor Policy Advisor; Veronique Pluviose, Minority Civil Rights Counsel; Dillon Taylor, Minority Labor Policy Fellow.

Chairman KLINE. A quorum being present, the Committee on Education and the Workforce will come to order.

Good morning. I would like to begin by extending a special welcome to Governor Pete Ricketts. Governor, we are grateful to you for taking time out of your schedule to join us as a testament to the importance of this issue, and your dedication to the people of your state.

We are here to discuss the latest in a series of actions by the National Labor Relations Board, designed to empower big labor at the expense of America's workers.

In recent years, the President's appointees at the NLRB have undermined employee free choice through an ambush election scheme, stifled employee freedom through micro unions, and restricted employee access to secret ballot elections.

Now, the board is setting its sight on the freedom of choice provided to employees under the state right-to-work laws. In 1947, Congress passed a number of amendments to the *National Labor Relations Act.* One of those amendments allowed states to prohibit compulsory union membership. This important policy, known as right-to-work, simply means union membership cannot be a condition of employment and employees cannot be required to pay union dues or fees.

Today, 25 states have enacted right-to-work laws, with Indiana, Michigan, and Wisconsin recently joining the ranks. Union leaders vigorously oppose right-to-work because it leads to less control over workers and fewer dollars flowing to union coffers. But this isn't about what is best for unions, it is about what is best for workers.

Every worker has a fundamental right to decide whether or not to join a union. Those who decide not to join a union shouldn't be punished for that decision, especially when the punishment denies a worker the chance to provide for his or her family. That is why it is deeply troubling the Obama Labor Board is trying to undermine a policy embraced by workers and state leaders across the country.

In April, the Board requested public comment on whether it should adopt a new rule permitting unions to charge nonunion members grievance fees in right-to-work states. We have long heard complaints from labor leaders about so-called "free riders"—the idea that workers who opt out of union representation and associated fees still avail themselves of the provisions laid out in the collective bargaining agreement.

When it comes to the grievance process, this argument is deeply flawed for a simple reason: workers have no choice. The grievance process is outlined in the collective bargaining agreement, and even nonunion members are bound by its requirements. There is no other recourse for nonunion members to resolve grievances aside from the process stipulated in the labor contract.

If we adopted Big Labor's logic, workers would be stuck between a rock and a hard place. They would either have to pay the union fee or forfeit any opportunity to resolve grievances with their employers. That is not what Congress intended nearly 70 years ago, and it is not what Congress intends today.

Despite the complaints of labor leaders, current policies governing grievance fees have been board precedent for decades and have been upheld in federal court. These policies shouldn't be discarded by an unelected and unaccountable board of bureaucrats.

For those who would argue we are getting ahead of ourselves, I would simply note that we have been down this road before. The board has a track record of seizing routine cases as a means to impose sweeping changes on our nation's workplaces. We have no rea-

son to believe this case will be any different, and America's workers are once again expected to pay the price.

Right-to-work is an important tool for state leaders trying to attract new businesses and good-paying jobs. Employers at home and abroad are increasingly drawn to right-to-work states. No doubt, Governor Ricketts will explain for us why that continues to be true. Working families win when companies like Volvo, BMW, and Volkswagen build factories here in the United States. With millions of Americans searching for full-time work, why would we discourage that kind of investment in our nation's workers?

Just as importantly, why would we accept a policy that undermines the right of workers to decide whether or not they want to join a union? The board needs to pull back and leave employees in right-to-work states alone.

Before closing, I want to make a brief comment about our witness panel. Staff received word late last night that one of our intended witnesses had expressed publicly a number of offensive views. The views expressed by this individual do not reflect the views of this committee or its members, and that is why the committee withdrew the invitation for this individual to testify. It is regrettable this occurred, and we look forward to a productive hearing on the important issue at hand.

With that, I will now recognize Ranking Member Scott for his opening remarks.

[The statement of Chairman Kline follows:]

Prepared Statement of Hon. John Kline, Chairman
Committee on Education and the Workforce

Good morning. I'd like to begin by extending a special welcome to Governor Pete Ricketts. Governor, we are grateful to you for taking time out of your busy schedule to join us; it is a testament to the importance of this issue and your dedication to the people of your state.

We are here to discuss the latest in a series of actions by the National Labor Relations Board designed to empower Big Labor at the expense of America's workers. In recent years, the president's appointees at the NLRB have undermined employee free choice through an ambush election scheme, stifled employee freedom through micro-unions, and restricted employee access to secret ballot union elections. Now the board is setting its sights on the freedom and choice provided to employees under state right to work laws.

In 1947, Congress passed a number of amendments to the National Labor Relations Act. One of those amendments allowed states to prohibit compulsory union membership. This important policy, known as "right to work," simply means union membership cannot be a condition of employment and employees cannot be required to pay union dues or fees. Today, twenty-five states have enacted right to work laws, with Indiana, Michigan, and Wisconsin recently joining the ranks.

Union leaders vigorously oppose right to work because it leads to less control over workers and fewer dollars flowing to union coffers. But this isn't about what's best for unions; it's about what's best for workers. Every worker has a fundamental right to decide whether or not to join a union. Those who decide not to join a union shouldn't be punished for that decision, especially when the punishment denies a worker the chance to provide for his or her family. That is why it is deeply troubling the Obama labor board is trying to undermine a policy embraced by workers and state leaders across the country.

In April, the board requested public comment on whether it should adopt a new rule permitting unions to charge nonunion members grievance fees in right to work states. We have long heard complaints from labor leaders about so-called "free riders," the idea that workers who opt out of union representation and associated fees still avail themselves of the provisions laid out in the collective bargaining agreement.

When it comes to the grievance process, this argument is deeply flawed for a simple reason: workers have no choice. The grievance process is outlined in the collec-

tive bargaining agreement and, even nonunion members are bound by its requirements. There is no other recourse for nonunion members to resolve grievances aside from the process stipulated in the labor contract.

If we adopted Big Labor's logic, workers would be stuck between a rock and a hard place; they would either have to pay the union fee or forfeit any opportunity to resolve grievances with their employers. That is not what Congress intended nearly 70 years ago and it is not what Congress intends today. Despite the complaints of labor leaders, current policies governing grievance fees have been board precedent for decades and have even been upheld in federal court. These policies shouldn't be discarded by an unelected and unaccountable board of bureaucrats.

For those who would argue we are getting ahead of ourselves, I would simply note that we have been down this road before. The board has a track record of seizing routine cases as a means to impose sweeping changes on our nation's workplaces. We have no reason to believe this case will be any different, and America's workers are once again expected to pay the price.

Right to work is an important tool for state leaders trying to attract new businesses and good-paying jobs. Employers at home and abroad are increasingly drawn to right to work states. No doubt Governor Ricketts will explain for us why that continues to be true. Working families win when companies like Volvo, BMW, and Volkswagen build factories here in the United States. With millions of Americans searching for full-time work, why would we discourage that kind of investment in our nation's workers?

Just as importantly, why would we accept a policy that undermines the right of workers to decide whether or not they want to join a union? The board needs to pull back and leave employees in right to work states alone.

Before closing, I want to make a brief comment about our witness panel. Staff received word late last night that one of our intended witnesses has expressed publicly a number of offensive views. The views expressed by this individual do not reflect the views of this committee or its members, and that is why the committee withdrew the invitation for this individual to testify. It is regrettable this occurred, and we look forward to a productive hearing on the important issue at hand.

With that, I will now recognize Ranking Member Scott for his opening remarks.

Mr. SCOTT. Thank you, Mr. Chairman. And Mr. Chairman, on that last remark, I appreciate that could happen to anyone. And I am delighted that you took the action you took.

Mr. Chairman, the title of today's hearing, "Compulsory Unionization through Grievance Fees: The NLRB's Assault on Right-to-Work" fundamentally distorts the legal issues in a pending appeal before the NLRB. That appeal has to do with whether a union may charge a nonmember a fee to process a grievance when they request the union's assistance. The NLRB has solicited amicus briefs, but has not acted. Regardless, the case doesn't have anything to do with the right-to-work laws. I think we ought to let the NLRB process go forward, in any case.

I represent a district in Virginia, which is a right-to-work state and has been since 1947. That means that workers who are employed at a unionized workplace in Virginia cannot be required to pay union fees as a "condition of employment."

However, this hearing does give us an opportunity to highlight serious policy questions beyond the narrow issue of grievance fees, such as whether the vast majority of workers are better off with stronger or weaker union representation.

Congress passed the *Taft-Hartley Act* in 1947 that allows states to pass these right-to-work laws that allow workers to get all of the benefits of union representation without the responsibility of paying anything for it.

Over the last 58 years, state legislators have passed so-called right-to-work laws in 25 states. Since unions have the duty of fair representation to represent members and nonmembers alike, they

are obligated to incur the costs of representing free riders, who are not paying union dues, and it forces actual members to pay higher dues to cover the expenses of the free riders, which creates a further disincentive to be a union member.

When a grievance goes to arbitration, the cost to the union can often exceed $5,000 a case, an expense that dues-paying members must shoulder if the grievance is brought by a nonmember.

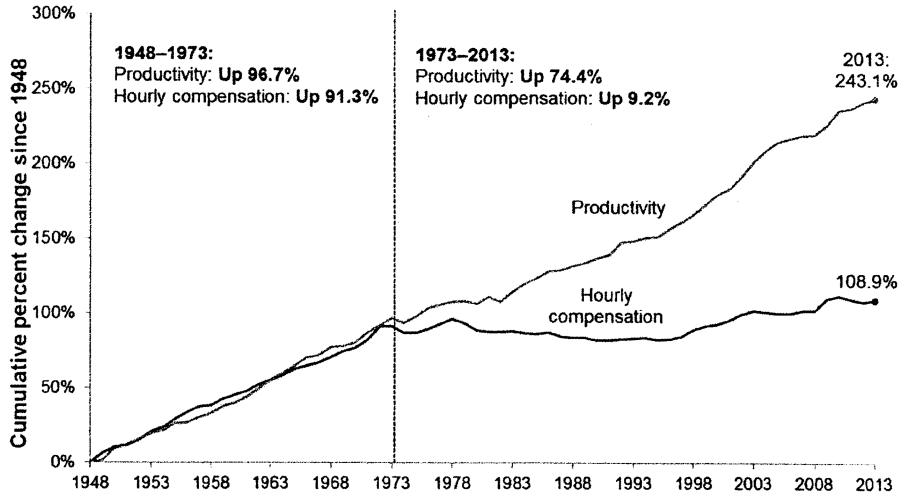
Again, this isn't a discussion about the right to work. It is a question of whether one desires a stronger or weaker union movement. The economic research is clear, stronger unions are better than weaker unions for building and sustaining a strong middle class. Stronger unions reduce wage inequality and help ensure that the increased wealth generated by growing productivity is fairly shared by the workers.

Falling union participation exacerbates the troubling economic conditions we are seeing today: stagnant wages and extreme levels of inequality in wealth and income. And this chart shows part of the problem. It shows from 1948 to 1973, as productivity grew 97 percent, wages went up 91 percent. But since 1973, worker output has soared another 74 percent, but income—but the hourly wages have gone up only 9 percent.

[Additional submission by Mr. Scott follows:]

Workers produced much more, but typical workers' pay lagged far behind

Disconnect between productivity and typical worker's compensation, 1948–2013



Note: Data are for compensation (wages and benefits) of production/nonsupervisory workers in the private sector and net productivity of the total economy. "Net productivity" is the growth of output of goods and services less depreciation per hour worked.

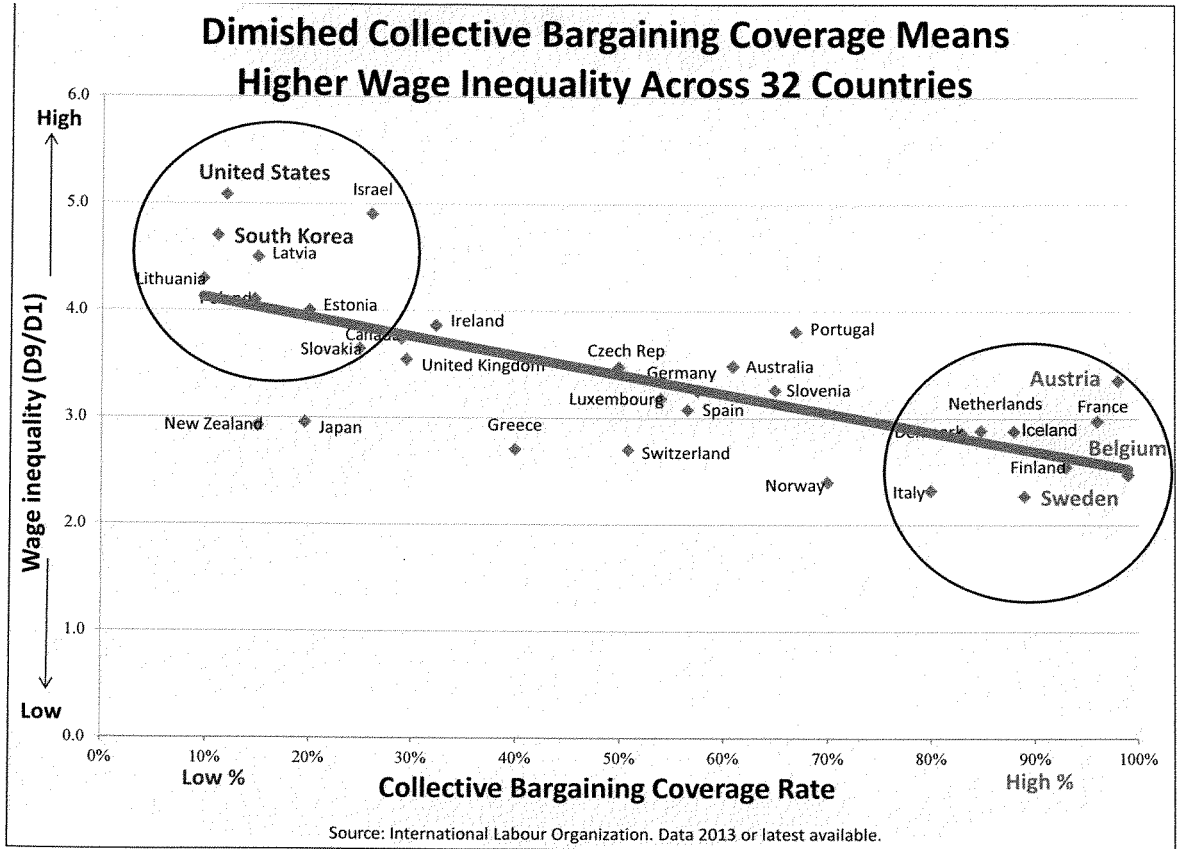
Source: EPI analysis of unpublished Total Economy Productivity data from Bureau of Labor Statistics (BLS) Labor Productivity and Costs program, wage data from the BLS Current Employment Statistics, BLS Employment Cost Trends, BLS Consumer Price Index, and Bureau of Economic Analysis National Income and Product Accounts

ECONOMIC POLICY INSTITUTE

Again, this sharp divergence can be seen on the chart. And, coinciding with that divergence, there has been a reduction in union participation.

Strong unions are needed to help close the gap between wages and productivity growth and to reduce inequality. The International Labor Organization recently evaluated wage inequality in 32 countries. And this chart shows that those with stronger union representation have less inequality; those with less union participation, like the United States, have extremely high levels of inequality.

[Additional submission by Mr. Scott follows:]



Source: International Labour Organization. Data 2013 or latest available.

The ILO's data illustrates a remarkably consistent relationship: low levels of collective bargaining coverage associated with high levels of inequality.

So, Mr. Chairman, I don't expect us to agree today on the value of strong labor unions. But, reconsideration of the case law regarding grievance frees is not an overreach.

I would note that it was a Republican NLRB chairwoman, Betty Murphy, who issued a concurring opinion in a 1976 case declaring that non-discriminatory grievance fees may well be permissible without running afoul of the *National Labor Relations Act.* In an opinion involving a Virginia mechanical parts manufacturer, she stated "a bargaining representative requiring a payment of a reasonable fee for all employees for processing a grievance imposed on members and nonmembers alike cannot be discriminatory treatment of either group, and such a fee paid by nonmembers on the same basis cannot be unlawful."

I would caution the committee that we should respect the adjudicative process that is now underway before criticizing the NLRB's decision to simply ask for more input by soliciting amicus briefs. So rather than rushing into judgment on the nuances of this case, we should allow the NLRB to deliberate and render an opinion. Briefs are not even due until mid-July. And if the NLRB issues a decision that the parties feel is unlawful, they can obviously appeal.

I would like to thank the witnesses for being here today, particularly those who had to travel a long way. And I look forward to their testimony.

Yield back.

[The statement of Mr. Scott follows:]

Prepared Statement of Hon. Robert C. "Bobby" Scott, Ranking Member Committee on Education and the Workforce

Mr. Chairman, the title of today's hearing "Compulsory Unionization through Grievance Fees: The NLRB's Assault on Right-to-Work," fundamentally distorts the legal issues in a pending appeal before the National Labor Relations Board. That appeal has to do with whether a union may charge a non-member a fee to process a grievance when they request the union's assistance. The NLRB has solicited amicus briefs, but has not yet acted. Regardless, the case has nothing to do with so-called right-to-work laws.

I represent a District in Virginia, which is a right-to-work state and has been since 1947. That means that workers who are employed at a unionized workplace in Virginia cannot be required to pay union fees as a "condition of employment."

No matter how the NLRB rules in the grievance fee case, Virginia will remain a right-to-work state. This case has nothing to do with whether a worker must join a union or pay an agency fee as condition of employment. It is misleading to suggest that the policy issues in this case are in any way related to the inflammatory title of this hearing.

However, this hearing does highlight serious policy questions beyond the narrow issue of grievance fees, such as whether the vast majority of workers are better off with a stronger or weaker union movement. Congress passed the Taft Hartley Act in 1947—over President Truman's veto—with the intent to weaken the finances of labor unions. It allowed states to pass these right-to-work laws that allow workers to get union representation without paying for it. It authorized states to create a class of workers who can get something of real value for nothing. While some refer to these individuals as free-riders, I call them free-loaders.

Over the past 58 years, state legislators have passed so-called right-to-work laws in 25 states. Since unions have a duty of fair representation to represent members and non-members alike, the costs of representing free riders weakens unions by draining their treasury. Alternatively, it forces members to pay higher dues to cover the expenses of the free riders, which creates further disincentive to be a union

member. When a grievance goes to arbitration, the cost, even if split with the employer, runs the union upwards of $5,000 a case, an expense that dues-paying members must shoulder if the grievance is brought by a non-member. Again, any discussion of right-to-work is really about whether one desires a stronger or a weaker union movement.

The economic research is clear—stronger unions are better than weaker unions for building and sustaining a middle class. Stronger unions reduce wage inequality and help ensure that the increased wealth generated by growing productivity is fairly shared with the workers. Falling union density exacerbates the troubling economic conditions we

have today in this country: stagnant wages and extreme levels of inequality in income and wealth.

Show Chart A (EPI).

Part of the reason for growing inequality in our country is due to workers' limited bargaining power to secure a fair share of the increase in productivity, which is a measure of output per worker-hour. The hourly compensation of a typical worker grew in tandem with productivity from 1948 to 1973 , as productivity grew 97 percent matched by a 91 percent increase in real hourly wages. That can be seen in the Chart on the screen.

However, since 1973 output per worker hour has soared 74 percent, while hourly compensation for the typical worker has increased only nine percent. Again, this sharp divergence can be seen on the chart. Coinciding with this divergence has been a reduction in union density.

Strong unions are needed to help close the gap between wages and productivity growth, and to reduce inequality. The International Labor Organization recently evaluated wage inequality in 32 countries. See the chart on the screen.

Show Chart B (ILO)

The ILO found that those countries with collective bargaining coverage rates under 15 percent, such as the United States and South Korea, have extremely high levels of inequality.

By contrast, countries with as much as 95 percent collective bargaining coverage, such as Belgium, Austria and Sweden, have far lower rates of inequality.

The ILO's data illustrates a remarkably consistent relationship: low levels of collective bargaining coverage are associated with high levels of inequality.

Mr. Chairman, I don't expect us to agree today on the value of strong labor unions, but reconsideration of the case law regarding grievance fees is not an overreach.

I would note that it was a Republican NLRB Chairwoman, Betty Murphy, who issued a concurring opinion in a 1976 case declaring that non-discriminatory grievance fees may well be permissible without running afoul of the National Labor Relations Act. In an opinion involving a Virginia mechanical parts manufacturer, she stated:

"A bargaining representative requiring payment of a reasonable fee for all employees for processing a grievance, imposed on members and non-members alike, cannot be discriminatory treatment of either group, and such a fee paid by non-members on the same basis cannot be unlawful."

I would caution that this Committee should respect the adjudicative process that is now underway before criticizing the NLRB's decision to simply seek more input by soliciting amicus briefs.

Rather than rushing to judgment on the nuances of this case, we should allow the NLRB to deliberate and render an opinion on the merits. Briefs are not even due until mid-July. And if the NLRB issues a decision that the parties feel is unlawful, they can seek judicial review in the Court of Appeals.

I would like to thank our witnesses for being here today, particularly those who had to travel a long way, and look forward to their testimony.

Chairman KLINE. I thank the gentleman, however much we may disagree.

Pursuant to committee rule 7(c), all members will be permitted to submit written statements to be included in the permanent hearing record. And without objection, the hearing record will remain open for 14 days to allow such statements and other extraneous material referenced during the hearing to be submitted for the official hearing record.

I will now introduce our distinguished witnesses. The Honorable Pete Ricketts is the Governor of Nebraska. Governor Ricketts was sworn in as Nebraska's 40th governor on January 8th, 2015. Prior to his election as Governor, he worked to support Nebraska entrepreneurs and start-up companies. He has also previously held various leadership roles in TD Ameritrade.

Mr. Walter Hewitt is a director of technology with the United Way of Southeast Connecticut in Gales Ferry, Connecticut, and is testifying on his own behalf. Mr. Hewitt is responsible for all information technology initiatives at United Way of Southeast Connecticut. Prior to joining United Way in 2007, Mr. Hewitt worked at TriVIN, CCEH, and Pfizer.

Dr. Robert Bruno is a professor at the University of Illinois in Urbana-Champaign. Dr. Bruno is the director of the labor education program, and his research focuses broadly on working-class and union studies issues.

Dr. Elise Gould is a senior economist at the Economic Policy Institute here in Washington, D.C. Her research areas include wages, poverty, inequality, economic mobility, and health care.

Mr. Mark Mix is President of the National Right-to-Work Committee in Springfield, Virginia. Prior to joining National Right-to-Work Committee in 1990, Mr. Mix worked for several state level right-to-work groups.

I will now ask our witnesses to stand and to raise your right hand.

[Witnesses sworn.]

Let the record reflect the witnesses answered in the affirmative. You may be seated. I can't imagine the day when a witness doesn't answer in the affirmative. But there we are.

Before I recognize you to provide your testimony, let me once again briefly explain our lighting system. It is a little antiquated, but it is pretty straightforward. You have five minutes to present your testimony. And by the way, I have yet to gavel down any witness who ran over in presenting their testimony. But I would encourage you, please try to stay within that, because we want to give all members the chance to participate.

When you begin, the light in front of you will turn green. When one minute is left, the light will turn yellow. And when your time is expired, the light will turn red.

I will point out that I will be less forgiving for members of the committee, as we will adhere to the five-minute rule.

I would now like to recognize Governor Ricketts.

TESTIMONY OF HON. PETE RICKETTS, GOVERNOR, STATE OF NEBRASKA, LINCOLN, NEBRASKA

Governor RICKETTS. Chairman Kline, Ranking Member Scott, and members of the committee, I thank you for examining the new and serious threat to state right-to-work laws from the National Labor Relations Board.

Should the NLRB's threat be carried out, the board's actions would seriously impair employees' personal freedom, the economies of 25 states that have the right-to-work laws, and the U.S. economy.

According to the Bureau of Labor statistics, Nebraska has the lowest unemployment rate, at 2.5 percent. We know our right-to-work laws present a competitive advantage for us and contribute to this because it sends the right message to employers and employees.

When I was president of Accutrade, a subsidiary of what is now TD Ameritrade, we were looking to expand outside the state and we were going to create several hundred jobs. One state, Oklahoma, approached us. And when we found out they were not a right-to-work state, we stopped the conversation. There wasn't any point going further. We know that being a right-to-work state is a competitive advantage in being able to attract businesses and new jobs.

Last year, I was elected as governor of Nebraska. Nebraska has a long history of defending freedom. In fact, in 1946, Nebraska voted 60 percent to 40 percent to adopt a right-to-work law prohibiting compulsory union membership. This was even before Congress had passed the *Taft-Hartley Act,* reaffirming the power of states to approve and enforce such laws.

Like the overwhelming majority of my constituents, I am a strong supporter of the nearly seven decades of the right-to-work provision in Nebraska's constitution. Along with other like-minded Nebraskans, I will fight with determination against any and all attempts by the Federal Government to undermine the power of the states to protect employees within our borders and forced union affiliation.

Now, the NLRB is threatening to undermine the power of the states and impose fees on free people by board *fiat.* The board would grant private sector union officials compulsory workplace grievance privileges. The intended consequence will be to undermine the right-to-work freedom currently granted by Nebraska and 24 other states.

Requiring a nonmember to pay for a union's participation is unreasonable and unfair. And it makes perfect sense that both the courts and the NLRB have consistently barred organized labor from charging nonmembers in right-to-work states to get their grievances processed, when union members can have their grievances processed for free.

But now the NLRB seems poised to do an about-face on its own precedent going back to 1953. The NLRB's apparent eagerness to suddenly give a green light to forced grievance fees is especially disturbing to Nebraskans. Right-to-work supporters in our state fought this battle over a decade ago and thought we had won up until the spring when the NLRB made their announcement.

Over 10 years ago, officers in the AFL–CIO had lobbied for a bill called L.B. 230, which would be very similar to what the NLRB is now proposing. L.B. 230 would have entitled organized labor to charge agency fees to nonunion members and then actually sue those workers who refused to pay it. Effectively, you know, forcing them to accept the fees.

Supporters of this legislation managed to attach the language of L.B. 230 into a high-priority workers' compensation reform bill. But grassroots opponents, assisted by the National Right-to-Work Committee, kept fighting back.

Finally, State Senator Adrian Smith, who I am happy to say is a member of the U.S. House of Representatives today, vowed he would lead a protracted fight to stop the workers' comp reform bill if it came to the floor with the forced unionization language still attached. In the end, the forced grievance fees provision was not enacted.

Mr. Chairman, the battle that occurred in the early to mid-2000s to defeat L.B. 230 in Nebraska was a classic example of representative government in action. It is unfortunate and would be a travesty if the NLRB would now choose to bureaucratically override the will of the people. This is an issue of precedence and State's rights. This is about the people I represent, who respect the right to organize and respect the right to decline.

Nebraska and 24 other states protect the rights of workers to handle the grievances as they see fit. This is a proposal that is a solution in search of a problem and would hurt individual rights, employers, and continued economic growth.

Thank you very much for the opportunity to be here to testify.

[The testimony of Governor Ricketts follows:]

Oral Testimony of the Honorable Pete Ricketts,
Governor of Nebraska
U.S. House Education and the Workforce Committee Hearing on
Compulsory Unionization Through Grievance Fees
June 3, 2015

Chairman Kline and members of the Committee, I thank you for examining the new and serious threat to state Right to Work laws from the National Labor Relations Board (NLRB). Should the NLRB's threat be carried out, the Board's actions would seriously impair employees' personal freedom, the economies of the 25 current Right to Work states, and the U.S. economy.

According to the Bureau of Labor Statistics, Nebraska has the lowest unemployment rate in the country at 2.5%. We know our right-to-work status contributes to that because it sends the right message to employers and employees.

When I was the President of Accutrade, a subsidiary of what is now TD Ameritrade, which is located in Omaha, we were considering expanding our operations which had the potential to employ several hundred people. We received a call from another state to move the call center there. Our company had a key question: are you a right to work state? The answer was no, and that was the end of the conversation. There is no doubt being a right to work state is a competitive advantage.

Last year, I was elected governor of Nebraska. Nebraska has a long history of standing up for freedom. In 1946, Nebraskans voted 60 percent to 40 percent to adopt a Right to Work law prohibiting compulsory union membership. This was even before Congress had passed the Taft-Hartley Act reaffirming the power of states to approve and enforce such laws.

Like the overwhelming majority of my constituents, I am a strong supporter of the nearly seven-decade-old Right to Work provision in Nebraska's Constitution.

Along with other likeminded Nebraskans, I will fight with determination against any and all federal attempts to undermine the power of states to protect employees within their borders from forced union affiliation.

Now, the NLRB is threatening to usurp the power of states and impose fees on free people through Board fiat. The board would grant private-sector union officials compulsory workplace grievance privileges. The intended consequences will undermine Right to Work freedom currently granted by Nebraska and 24 other states.

Requiring a nonmember to pay for the union's participation is unreasonable. And, it makes perfect sense that both the courts and the NLRB have up to now consistently barred Organized Labor from charging nonmembers in Right to Work states to get their grievances processed when union members can have their grievances processed for free.

But now the NLRB seems poised to do an about-face on its own precedents going back to 1953.

The NLRB's apparent eagerness to suddenly give a green light to forced grievance fees is especially disturbing to Nebraskans. Right to Work supporters in our state actually fought this battle a decade ago, and until the NLRB's proposed actions this spring we thought we had won.

In 2005 and 2006, top officers of the Nebraska AFL-CIO lobbied to enact LB230, a state measure very similar in its effect to what the NLRB is now proposing.

LB230 would have entitled Organized Labor to collect forced agency fees from non-union members. And it would have empowered union officials to sue workers who refused to pay for grievance services they were effectively forced to accept.

Supporters of the legislation managed to attach the language in LB230 to a high-priority workers' compensation reform bill.

But grassroots opponents, assisted by the National Right to Work Committee, kept fighting back. Finally, State Sen. Adrian Smith, who I am happy to say now represents Nebraska in the U.S. House, vowed he would lead a protracted fight to stop the workers' comp reform bill if it came to the floor with the forced-unionism language still attached. In the end, the forced grievance fees provision was not enacted.

Mr. Chairman, the 2005-2006 battle to defeat LB230 in Nebraska is a classic example of representative government in action. It will be unfortunate if the NLRB now chooses to bureaucratically override the will of the people.

This is an issue of precedence and states' rights. This is about the people I represent, who respect the right to organize and respect the right to decline.

Nebraska and 24 other states protect the rights of workers to handle their grievances as they see fit. This proposal is a

solution in search of a problem and would hurt individual rights, employers, and continued economic growth.

Thank you very much for the opportunity to testify.

Chairman KLINE. Thank you, Governor. And thank you for staying within the five minutes. That is a good example.

Mr. Hewitt?

TESTIMONY OF MR. WALTER HEWITT, MANAGEMENT INFORMATION SYSTEMS DIRECTOR, UNITED WAY OF SOUTHEASTERN CONNECTICUT, (TESTIFYING ON OWN BEHALF), UNCASVILLE, CONNECTICUT

Mr. HEWITT. Chairman Kline, distinguished committee members, thank you for providing me with this opportunity to talk to you about the importance of right-to-work in the workplace.

I want to start out by saying that I am not anti-union, in spite of many of those assertions from various union members after I agreed to come here today. Unfortunately, I do live in a compulsory union state. By virtue of the fact that my company, the United Way of Southeastern Connecticut has a union, I am forced to be a union member, whether or not I wish to be.

We have had certain issues recently which have convinced us, the members, to do some research and determine what our rights actually are. Luckily, we discovered that we do, in fact, have the right to disassociate. Let me give you some background about that.

Basically, during recent contract negotiations with the OPEIU, our current union, our union officials, refused to bring any issues to the table to talk to the employees at all about what was presented to them, what issues were on the table, what was being negotiated. Most infuriating to us was the fact that the union representatives agreed to—and they claimed to—they claimed that they agreed that management had encouraged them and required them to keep a veil of secrecy and that no one could present anything to the employees during this negotiating process.

During this period, I stood up at a union meeting and noted the employees' strong displeasure with the secret negotiating process, which limited the union's ability to communicate with membership. I stated my belief to the union officials that failure to communicate with employees prevented them from faithfully fulfilling their duty to represent us.

In addition, I asked that those officials would consider signing a prospective document assuring that never again would they agree to any such process that would limit their ability to communicate with membership. The union, unfortunately, declined to make any such pledge.

Our members—many members stood up and agreed with me and noted their own displeasure with the entire negotiating process. Employees expressed frustration with the way the union officials were treating employees and had treated us for many years. Employees who dared to question the union were treated extremely rudely at this and other meetings.

We were, quite frankly, amazed that it is possible that this union tasked with representing this body of people would speak to us in such a rude fashion and treat our collective requests with such wanton disregard. It was the way that the members were treated during those meetings that convinced me and my associates to disassociate from the union's actions. Long-standing members of our union were belittled and verbally abused for simply speaking up.

The first impulse I and other members had was to drop the union altogether and negotiate directly as individuals or find another union, perhaps. But we learned—and a simple Google search allowed me to determine that there is a way to decertify. So we set about, we collected a petition with over 50 percent of our members agreeing. It was my belief, our belief, that we could submit this to management prior to the signing of the next contract and we could continue to move forward without the union.

Unfortunately, there is a contract bar rule, which provides only a small window of opportunity for that petition to be submitted. I went to and did another Google search. I was lucky to find Glenn Taubman at the National Right-to-Work, and he explained that there was this other provision, a way to disassociate and at least not be forced to pay another three years of union dues and have no one listen to us.

The bottom line is we really do not want to have to sit there and be ignored for another three years. There is absolutely no other way for us to get their attention to get them to work on our behalf and do as we ask, other than to have a vote and be able to say look, enough is enough. We had that vote; on April 30th 62 percent of the membership, in fact, voted yes, we do want to disassociate with this union.

However, the union raised an objection and indicated that—falsely, I might add—that I had some contact with the management that encouraged me to do this process. It couldn't be farther from the truth, and it should be immaterial. Irregardless, we are still waiting for the NLRB to issue the decision to certify the results of that election and allow us to move on.

In closing, I would like to say that without right-to-work, unions are all but guaranteed to become complacent and lazy in responding to the wishes of their members. This behavior borne of the ability to force dues from all employees or to get them fired is guaranteed to cause a rift between the union members and the union leadership, and will ultimately result in the collapse of the unions themselves.

Without right-to-work freedom to chose, any claim of solidarity is an obvious farce. The only way individual members can have influence over union officials is through the power of the pocketbook. Our ability to de-authorize the union dues clauses from our contract, in essence, is a line item veto of compulsory financial participation, and it has given us the chance to encourage the OPEIU union to act in the employees' best interest and to earn our voluntary support.

I think passage of a national right-to-work act would strengthen every worker in the United States who works under a monopoly bargaining arrangement. And I think that the NLRB must be stopped as it tries to weaken and undermine these rights with this parallel de-authorization process.

[The testimony of Mr. Hewitt follows:]

Submitted written testimony of

Walter E. Hewitt

on June 3, 2015 at 10:00 a.m. before the

Committee on Education and the Workforce

Chairman Rep. John Kline

Senior Democratic Member Rep. Bobby Scott

Chairman Kline and distinguished Committee Members: Thank you for providing this opportunity to talk about the importance of Right To Work in the workplace.

I want to start by saying that I am not anti-union!

Unfortunately, I live in a compulsory unionism state, Connecticut, where our elected officials have not seen fit to allow hardworking people the freedom to decide for themselves whether or not to pay union association fees.

However, Congress does allow those of us in non-Right To Work states the option of making our workplace essentially a Right To Work zone, via a "deauthorization" election.

I am the employee who filed a petition to "disassociate" from the union and nullify the forced dues clause from our collective bargaining contract. Along with other members of our union, Office and Professional Employees International Union (OPEIU) Local 106, I filed this deauthorization petition because we believed we had no other choice.

But it now appears that the National Labor Relations Board (NLRB) intends to bypass Congress and the States, and take away employees' freedom not to pay for an unwanted union without losing our jobs.

Let me provide some background.

I work at the United Way of Southeastern Connecticut, which has a labor contract with OPEIU Local 106. Many of my coworkers and I became highly dissatisfied with unresponsive union officials whose "representation" we are forced to accept.

Under the National Labor Relations Act (NLRA), labor unions are given extraordinary power that can be used for the benefit of employees. Unfortunately, in our case, that power was usurped by one member and used for her own benefit.

Basically, during contract negotiations, OPEIU union officials refused to talk to employees regarding the proposals on the negotiating table, and refused to consider proposals put forth by employees. OPEIU officials even refused to provide employees with information about the issues being negotiated. Most infuriating to employees, union representatives claimed that they had agreed with management to maintain a veil of secrecy and not discuss with the membership anything about the pending contract.

During this period, I stood up at a union meeting and noted employees' strong displeasure with the secret negotiating process, which limited the union's ability to communicate with the membership. I stated my belief that the union officials' failure to communicate with employees prevented them from fulfilling their duty to faithfully represent the membership. In addition, I asked union officials to consider signing a prospective document assuring that never again would they agree to a negotiating process that would limit their ability to communicate with the membership. The union officials declined to make such a pledge.

Other members voiced agreement with me, and noted their displeasure over the entire negotiating process. Employees expressed frustration with the way the union officials were treating employees and had treated them for many years. Employees who dared to question the union were treated very rudely at this meeting!

Indeed, we were amazed that it was possible that this union, tasked with representing a body of people, could speak to us in such a rude fashion, and treat our collective requests with such wanton disregard!

It was the way the members were treated during those meetings that convinced me to disassociate from the union's actions. Longstanding members of our union were belittled and verbally abused for speaking up.

The first impulse I and other members had was to "drop the OPEIU union" and either join a different union that would listen to us, or simply drop the union altogether and negotiate directly as individuals.

A quick Google search provided what we thought would be the answer. We circulated a petition to "decertify" the OPEIU union and quickly collected signatures from in excess of 50% of our members. We thought we could submit this to management and this union would be gone!

We were shocked to discover, however, that we missed a "window period" to submit such a petition under the NLRB's "contract bar" rules, which are used to entrench unpopular incumbent unions and prevent employees from voting them out. Faced with the realization that we had another three years of forced representation in front of us, paying dues to an unpopular union yet having no real voice, we continued looking for ways we might actually be able to force the union to listen to us.

I reached out to the National Right to Work Legal Defense Foundation for help. One of its attorneys, Glenn Taubman, explained that we had another option. He explained that Section 9(e) of the National Labor Relations Act (NLRA) allows employees to vote to nullify a forced dues clause in a labor contract, thereby creating a localized Right To Work environment right in our own workplace. We immediately collected signatures and filed them with the NLRB.

The NLRB oversees deauthorization elections just as it oversees decertification elections, via secret ballot. On April 30, 2015, 21 employees (100% of the total in my United Way of Southeastern Connecticut bargaining unit) voted in our deauthorization election. Those 21 employees voted by a 13-8 margin to negate the forced dues clause in the United Way of Southeastern Connecticut-OPEIU Local 106 contract, thereby asserting our freedom to choose whether or not to join or support a union. That deauthorization election, like Right To Work laws, freed us from being forced to pay OPEIU officials for unwanted and poor quality "representation."

At this time, we are still waiting for the NLRB to officially certify the election results. The OPEIU union has filed an "objection" that is totally baseless and immaterial, all to delay the certification of our victory and hold on to its forced dues power for a little longer. The union claims that there was collusion between our management and me, but this claim cannot be further from the truth! I hope that the NLRB will soon rule that we held a valid election, and will certify the results and allow our small workplace to move forward in the direction that our members clearly wish to head.

Even as we are winning our victory for the right to choose, I understand that the NLRB is gearing up to undo sixty years of settled law and take away the freedom to refrain from *all* compulsory fees that NLRA Section 14(b) grants to employees in Right To Work states. Such an action by the NLRB bypasses Congress, negates Right To Work laws that provide employees like us freedom from compulsory fees imposed by an unwanted or unresponsive union, and undermines NLRA Section 9(e), which allowed us to deauthorize the unpopular OPEIU union.

In closing, I believe that unions' "duty of fair representation" (to represent all employees fairly) does not impose additional "costs" or burdens on labor unions. Unions gain a thing of value by being allowed the power of "exclusive representation" over all employees in bargaining units whether the employees agree or not, and that value is sufficient compensation for whatever services the unions perform for employees.

Indeed, union officials are not required to exclusively represent anyone, but willingly and voluntarily seek the power of "exclusive representation" to serve their own purposes. The NLRB should not be allowed to undermine employee free choice by allowing unions to squeeze money out of employees under the guise of "fees for grievance representation," where employees are forced to accept such representation whether they agree or not.

It is my belief that the Right To Work is, in fact, a fundamental right. I also believe that if unions wish to survive, they must embrace Right To Work. If the OPEIU union officials would have talked with us, understood our issues and concerns, and actually worked to faithfully represent us, the members, they would have positively effected our employment landscape and would have no problem attracting us and keeping us as voluntary members!

But without the Right To Work, union officials are all but guaranteed to become complacent and lazy in responding to the wishes of their members. This behavior, borne of the ability to force dues from all employees or get them fired, is guaranteed to cause a rift between the union members and union leadership, and will ultimately result in the collapse of the unions themselves. Any claim of "solidarity" without the Right To Work and freedom to choose is an obvious farce.

The only way individual members can have influence over union officials is through the power of the pocketbook. Our ability to deauthorize the union dues clause from our contract -- in essence a "line-item veto" of compulsory financial participation -- has given us a chance to encourage the OPEIU union to act in the employees' best interest and earn our voluntary support. I think passage of a National Right To Work Act would strengthen every worker in the United States who works under a monopoly-bargaining arrangement, and I think the NLRB must be stopped as it tries to weaken and undermine these Right To Work laws and the parallel deauthorization process.

Again, thank you for the opportunity to speak with you today.

Chairman KLINE. Thank you, sir.

Dr. Bruno you are recognized.

TESTIMONY OF DR. ROBERT BRUNO, PH.D., PROFESSOR, SCHOOL OF LABOR AND EMPLOYMENT RELATIONS, UNIVERSITY OF ILLINOIS, CHICAGO, ILLINOIS

Mr. BRUNO. Thank you. Good morning, Chairman Kline, Ranking Member Scott, and members of the committee. My name is Robert Bruno, and I am a professor of labor and employment relations at the University of Illinois.

My testimony addresses four key points. First, I provide an explanation of what is meant by right-to-work laws. Second, I explain why the ostensible focus of the hearing today is mislabeled. Third, I describe how right-to-work laws raise fundamental equity issues. And fourth, I summarize findings from a substantial body of evidence on the negative impacts of right-to-work on workers, middle-class opportunities, and societies at large.

A right-to-work law has nothing to do with the right of an individual to seek and accept gainful employment. Instead, a right-to-work law is a government regulation that bars employers and labor unions from including union security clauses in collective bargaining agreements.

Since 1947, workers have not been forced to join a union anywhere in America. But labor unions must, by law, unconditionally represent, at times at great cost, all employees in a workplace.

In my opinion, it is premature to be commenting on the elements that may be at play in the Buckeye, Florida case. Consistent with decades of past practice, the board has simply requested that interested parties submit briefs on a set of questions.

Additionally, it is important to point out that whatever the findings of the board turn out to be, the current case does not revisit or affect in any way the standing of right-to-work laws. Nothing in the Buckeye case affects the power of a state to adopt such a law or affects any such laws currently on the books.

While there is little value in speculating on the Buckeye case, right-to-work raises serious equity issues. In right-to-work settings, workers can choose to receive 100 percent of the sizable benefits of a collective bargaining agreement, while making no contribution to the cost of providing those benefits. This arrangement violates one of the most cherished values of American society: the fairness principle.

Right-to-work, contrary to basic social tenets of individual autonomy and responsibility, celebrates—even encourages—shifting the burden of sustaining an equitable employment relationship onto others who have freely made a decision to pay their fair share.

Now, as of June 2015, there are 25 states with right-to-work laws and 25 states, plus the District of Columbia, where fair share agreements are permitted. This difference in statewide labor policy creates a natural laboratory in which researchers have analyzed economic impacts. So let me now briefly address six of those impacts of right-to-work laws.

First, there is no significant impact of right-to-work laws on overall employment in a state economy. And corporate decision makers

repeatedly do not identify right-to-work laws as a defining factor in business location decisions.

Number two, right-to-work policy causes a loss in worker earnings and lowers both employer-provided health insurance and pension coverage.

Number three, by lowering worker earnings, right-to-work is associated with a drop in tax revenues and an increase in the need for government assistance. Workers, for example, in right-to-work states receive more in tax relief from the Earned Income Tax Credit than workers in collective bargaining states. By earning higher incomes, contributing more in tax revenues, and receiving less in government assistance, workers in collective bargaining states are subsidizing the low-wage model of employment in right-to-work states.

Number four, right-to-work lowers union membership. And paired with the previous impacts lends weight to claims that the true intent of right-to-work is an antipathy towards organized workers.

Number five, unions benefit individuals and society at large, for example, by raising wages, increasing employment-based health and retirement benefits, giving workers a voice at work, and standardizing safety procedures to reduce workplace fatalities and injuries.

In addition, people living in union households report higher levels of well-being than those residing in nonunion households. But, because right-to-work reduces union membership, there is a corresponding loss of these goods for individuals and society.

And number six, the United States has experienced a prolonged period of income inequality. By far, the largest institutional driver of that inequality has been the gradual decline in union membership. The decline in unionization rates explains a fifth to a third of the growth in inequality in America.

And in conclusion, right-to-work is bad public policy. Right-to-work laws have no discernible impact on job growth, lower worker earnings and benefits, have a negative impact on the public budget, while increasing reliance on government assistance programs.

Finally, right-to-work laws reduce unionization rates and the relative power of labor unions, thereby increasing societal income inequality and, importantly, restraining the growth of the middle class. Thank you.

[The testimony of Dr. Bruno follows:]

Testimony of Robert Bruno
Professor of Labor and Employment Relations University of Illinois
Before the
Committee on Education and the Workforce
U.S. House of Representatives

At a Hearing Entitled, "Compulsory Unionization Through Grievance Fees: NLRB's Assault on Right to Work"

June 3, 2015

Introduction

Chairman Kline, Ranking Member Scott, and Members of the Committee, my name is Robert Bruno and I am a Professor of Labor and Employment Relations in the School of Labor and Employment Relations at the University of Illinois. My testimony today addresses four key points. First, I provide an explanation of what is meant by right-to-work (RTW) laws. Second, I explain why the ostensible focus of the hearing today is mislabeled. Third, I describe how RTW laws raise fundamental equity and fairness issues. And fourth, I show that there is a substantial body of evidence on the largely negative impacts of RTW on workers, opportunities for growing the middle-class, and society at large.

I. What is a Right-to-Work Law?

A "right-to-work" (RTW) law, contrary to what its name would suggest, has nothing to do with the right of an individual to seek and accept gainful employment. Instead, a RTW law is a government regulation that bars employers and labor unions from agreeing to "union security" clauses in collective bargaining agreements. "Union security" clauses ensure that each person in a collective bargaining unit who receives the benefits of collective bargaining (e.g., a higher wage, better health and retirement benefits, grievance representation, a voice at work) also provides his or her fair share of dues or fees. Right-to-work is a government prohibition on a specific type of privately-negotiated contract between workers and employers.

It is important to understand that under current law, workers are not forced to join a union anywhere in America, but labor unions must by law represent all employees in a workplace. In a fair-share collective bargaining state, employers and labor unions are at liberty to negotiate a range of union security clauses. They may, but are *not* mandated to, agree to a union security clause that requires all persons covered by the contract to pay dues or fees to cover the cost of bargaining activities. In these states, covered employees are only required to pay for bargaining costs and are not required to finance political or other non-bargaining activities. This has been the law ever since the Supreme Court's 1988 decision in *Communications Workers of America v. Beck.*

II. Buckeye Florida Case Before the NLRB

Pending before the National Labor Relations Board (NLRB) is a case involving a provision that allows the union to require the payment of a service fee when it handles a grievance or arbitration on behalf of a worker in the bargaining unit who is not a member of the union. (United Steel, Forestry and Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, Local 1192 (Buckeye Florida) (Case No. 12-CB-109654). The administrative law judge in the case ruled that the fee collection practice violated the National Labor Relations Act. In April of this year, the NLRB invited the public to submit briefs on various questions relating to whether unions should be permitted to charge non-members for the cost of grievance and arbitration services. Briefs are due in July.

In my opinion, it is very premature to be commenting on the elements that may or may not be at play in the Buckeye case. As is its prerogative and consistent with decades of past practice, the Board has simply requested that interested parties submit briefs on a set of questions. Additionally, it is very important to point out that whatever the cumulative findings of the Board turn out to be, the current case does not revisit or affect in any way the standing of RTW laws. Section 14(b) of the Taft-Hartley Act specifically authorizes states to adopt RTW laws. Nothing in the Buckeye case

affects the power of a state to adopt such a law or affects any such laws currently on the books. Rather, the narrow question in Buckeye is the appropriateness of the union charging a fee to process a grievance for a non-member covered by a collective bargaining agreement.

III. Equity Concerns About RTW

RTW raises serious equity issues. In RTW settings, workers can choose to receive 100% of the sizeable benefits of a collective bargaining agreement, while making no contribution to the cost of providing those benefits which include negotiating the contract, administering it, handling grievances and arbitrations, and less formal issues under the agreement. This arrangement violates one of the most cherished values of American society – the fairness principal. RTW, contrary to basic social tents of individual autonomy and responsibility, celebrates – even encourages – shifting the burden of sustaining an equitable employment relationship onto others, who have already freely made the decision to pay their fair share. In practice, by permitting some workers to "free-ride" on the contributions of others, RTW policy is a misguided means to individual advancement at the expense of others.

In the remainder of my written testimony I will address six (6) critical findings from the economic and social science research on the impacts of RTW and provide a brief conclusion.

IV. Economic and Social Impacts of RTW

(1) Right-to-Work Has Inconclusive Effects on Job Growth and Business Growth

Proponents of RTW make *testable* claims about the regulation's impact on the labor market. The most important claim is that right-to-work laws incentivize businesses to locate in states with right to work laws, thereby reducing unemployment, increasing job growth, and possibly raising worker incomes. As of June 2015, there are 25 states with "right-to-work" laws and 25 states (plus D.C.) where fair-share agreements are permitted. This difference in statewide labor policy creates a natural laboratory in which economic researchers and social scientists can analyze these claims.

Studies done in 2012 and 2014 by the Congressional Research Service find that the "existing empirical research is inconclusive" and that the isolated impact of right-to-work on employment outcomes is mixed (Collins, 2012, 2014). While some studies have suggested that RTW increases manufacturing employment (Kalenkoski & Lacombe, 2006), recent research finds no discernible effect on manufacturing employment and calls the prior results into question (Eren & Ozbeklik, 2011). In addition, a review of the extant literature finds that right-to-work laws have between a modest negative (-1.2 percent) to slightly positive (+1.4 percent) effect on employment growth (Manzo, Zullo, Dickson and Bruno, 2013). A meta-analysis of the peer-reviewed studies demonstrates that the preponderance of research finds no statistically significant impact of RTW laws on overall employment in a state economy (Stevans, 2009; Hogler, 2011; Collins, 2012, 2014).

Surveys of corporate decision-makers also reveal that right-to-work laws are not a defining factor in business location decisions. Labor skills, state and local tax incentives, highway accessibility and infrastructure investment, energy costs, and proximity to major markets with high consumer demand are far more important to corporate executives (*Area Development*, 2014). Reports that find that RTW laws increase job growth are typically methodologically unsound, failing to control for these and a litany of other extremely important factors that actually impact employment (Vedder, 2010; Zycher et al., 2013). For example, these studies generally fail to account for the impact of educational attainment and skills acquisition on the labor force, for the types of industries and occupations in a given state, or other public policies.

(2) Right-to-Work Lowers Worker Earnings

Proponents of RTW further contend that restricting union membership will increase worker incomes. But any assertion that right-to-work laws improve worker incomes is false based on the academic research. While some reports find no evidence that RTW impacts worker incomes (Moore, 1980; Eren & Ozbeklik, 2011; Hogler, 2011), many recent economic studies find that the

policy causes a loss in worker earnings. Gould and Shierholz (2011) control for almost all demographic and macro-economic state factors, and estimate that RTW reduces wages by 3.2 percent on average, while lowering employer-sponsored health insurance benefits by 2.6 percent. The 3.2 percent drop in hourly wages associated with RTW has been replicated in two recent studies using new data (Bruno & Manzo, 2014; Gould & Kimball, 2015). Furthermore, and often ignored in the debates over RTW, is that the law has also been found to reduce the wages of the most vulnerable nonunion workers by 3.0 percent (Lafer, 2011).

However, RTW has been found to redistribute wealth from employees to employers. Stevans (2009) used an advanced statistical analysis to find that worker wages and per capita income are both lower, on average, in RTW states. He went on to demonstrate that RTW lowers wages by 2.3 percent, but increases proprietor income by 1.9 percent, indicating that RTW is a transfer of income from workers to owners with "little 'trickle-down' to the largely non-unionized workforce in these states" (Stevans, 2009). Additionally, as recently as 2012, "compensation of employees," which includes wage and salary income plus employer contributions for employee pension funds, employee insurance funds, and government social insurance, was 54.4 percent of total gross domestic product (GDP) in collective-bargaining states but just 51.5 percent of total GDP in right-to-work states. By contrast, "gross operating surplus," which includes proprietor income, corporate profits, net transfer payments from businesses and governments, and fixed capital depreciation, is 39.1 percent in collective-bargaining states but 41.7 percent in right-to-work states (Bruno & Manzo, 2014). This information supports Stevans' conclusion that a RTW law transfers income from labor to capital.

It is worth noting that RTW is increasingly found to have the largest negative impact on the construction industry. Right-to-work laws reduce all construction worker earnings by 22 percent (Manzo, Zullo, Dickson and Bruno, 2013). Zullo (2011) also has found that RTW laws "result in

the underfunding of union safety training or accident preservation activities," statistically increasing the construction fatality rate by 0.3 to 0.7 per 100 workers compared to collective-bargaining states with high union density. Data from the BLS Census of Fatal Occupational Injuries report that construction fatality rates in RTW states averaged 13.1 deaths per 100,000 workers from 2008 to 2010. In collective bargaining states, on the other hand, fatality rates are much lower at 9.6 deaths per 100,000 workers. In addition to lost wages, RTW statistically increases the likelihood of lost lives at work.

(3) Right-to-Work Increases the Number of Workers on Government Assistance

The downward effect of right-to-work laws on worker incomes has a consequential impact on the public budget. By lowering worker earnings by around 3 percent on average, RTW is associated with a fall in tax revenues. A RTW law statistically lowers the after-credit federal income tax liability of workers by 11.1 percent on average. Revealingly, 46.6 percent of workers in RTW states paid no federal income taxes from 2011 through 2013, compared to 44.5 percent of workers in collective-bargaining states (Bruno & Manzo, 2014). RTW leads to workers earning less, so they *contribute* less in income taxes, sales taxes, and property taxes.

Moreover, when workers earn less, they are more likely to *receive* supplemental income assistance from government programs. Indeed, RTW statistically increases the poverty rate among workers by approximately 1.0 percentage point. Accordingly, despite paying less in taxes, workers in RTW states receive 18.9 percent more in tax relief from the Earned Income Tax Credit and 14.1 percent more in food stamp value than workers in collective-bargaining states. A RTW law also lowers both the share of workers who are covered by an affordable employer provided health insurance plan by 3.5 percentage points and the share of workers who are covered by a pension plan at work by 3.0 percentage points on average. When workers do not have their own health and retirement plans, they are often forced to turn to public programs for assistance in times of need.

The conclusion is that by earning higher incomes, contributing more in tax revenues, and receiving less in government assistance, workers in collective-bargaining states are subsidizing the low-wage model of employment in RTW states. (Bruno & Manzo, 2014). This is a larger-scale version of the model used by low-wage employers, like Wal-Mart and McDonalds, which socializes employment costs onto taxpayers (House CEW, 2013).

(4) Right-to-Work Significantly Reduces Unionization Rates

One area where economic research is unanimous on right-to-work laws is that the policy restricts union membership. The work that labor unions perform is not costless. Organizing members and negotiating and administering contracts, requires that unions in right-to-work states expend substantial resources even while getting by with fewer financial resources. As a result, RTW unambiguously lowers union membership: Moore (1980) approximates a 5 to 8 percentage point drop, Davis and Huston (1993) find an 8.3 percentage point fall, Hogler, Shulman, and Weiler (2004) estimate an 8.8 percentage point reduction, and Manzo and Bruno (2014) find a 9.6 percentage point decline in a state's unionization rate due to RTW. Paired with the previous economic impacts, the fact that right-to-work limits labor unions has led one researcher to assert that the true intent of RTW laws is based on ideological motivations: "less influence for unions, less bargaining power for workers, more wealth for the wealthy, and more misery for the immiserated" (Hogler, 2011).

Although the effect needs to be more precisely studied, data from the Current Population Survey by the BLS does suggest that curbing collective-bargaining rights for public sector workers (which is similar to RTW) has an even more negative impact on unionization rates. Since 2011, when Wisconsin limited collective bargaining for state government employees, the union membership rate for state workers has fallen from 40.2 percent to 24.6 percent, a 15.6 percentage-

point drop. Over the same timeframe, state worker unionization rates in Illinois and Minnesota were relatively unchanged, hovering around 50 percent (Bruno et al., 2015).

(5) The Personal and Societal Benefits of Labor Unions and Collective Bargaining

There are many personal benefits to being a union member. In the early 1990s, two leading labor economists found that unions raise worker wages by between 10 and 17 percent (Freeman, 1991; Card, 1992). This union wage premium has held over time (Hirsch & Macpherson, 2006; Schmitt, 2008; Bruno et al., 2015). Additionally, the United States Bureau of Labor Statistics (2014) reports that 79 percent of union workers participate in workplace-based medical plans, while less than half of nonunion workers do so. The comparison of union to nonunion employees with retirement plans is similar. When controlled for all measurable factors, on average, union membership improves the likelihood that a worker will have employer provided health insurance coverage by 6.4 percentage points and pension coverage by 12.5 percentage points, while reducing reliance on food stamps by 1.1 percentage points, and lowering the probability that a given worker is below the official poverty line by 2.9 percentage points (Bruno & Manzo, 2014). Unions also institute democratic workplaces, giving workers a voice, protecting them against the abuse of managerial authority, and standardizing safety procedures (Rees, 1989).

The deep importance of work for families and communities means that debates over public policies that create valuable outcomes for society must not overlook work, the workplace, and the employment relationship. University of Minnesota Professor, John Budd (2014) has persuasively noted that, "labor unions feature prominently in the analyses because they are the most visible nonmarket institution for creating publicly valuable outcomes relating to work." Work is recognized by economists, philosophers, sociologists, and religious scholars as a fully human activity that determines, in Budd's terms "how we earn a living, build a material world, develop (or lose) our self-esteem and social identity, interact with others least like ourselves, and experience society's

power imbalances" (2011).

It should then come as no surprise that in households with at least one union member, individuals report higher levels of happiness than their counterparts in nonunion households. Results from the General Social Survey from 2000 to 2012 indicate for example that, compared to individuals in nonunion households across America, those in union households are more likely to have an advanced (i.e., master's, professional, or doctorate) degree and more likely to work more weeks and hours. The result is that people in a union household report being marginally happier, than those in households without a union member (Manzo & Bruno, 2014).

Additionally, empirical evidence confirms that job satisfaction is a primary determinant of overall life satisfaction. Research done by Pfeffer and Davis-Blake (1990), demonstrated that "unionization has a significant positive effect on job satisfaction." Notre Dame Political Scientist, Benjamin Radcliff (2013) went further and examined data from the World Values Surveys for all OECD Countries and found that "both [union] members and nonmembers lead better lives, on average, when more workers are organized." Most directly relevant to the policy effects of RTW, he applied his analysis to the American states and found that citizens reported that their life satisfaction increases as the share of workers organized into unions increases. And the impact of unionization was "a huge effect in substantive terms." Recognizing the defining and aspirational effects of work in a person's life, strongly recommends protecting those institutions, like collective bargaining, that raise job satisfaction and thereby contribute to feelings of a life well lived. Contrarily, by weakening organized labor, right-to-work laws diminish the positive personal effects of unions and subsequently, reduce social levels of wellbeing.

(6) The Economic Benefits of Labor Unions and Collective Bargaining

The United States has experienced an era of privatization and deregulation, which has seen public policy changes in the labor market that have contributed to income inequality. Increasingly

lax employment and enforcement of laws have led to frequent wage theft violations amongst vulnerable and misclassified low-income workers (Bernhardt et al., 2009). Changes in CEO compensation have increasingly rewarded executives, who now earn 272.9 times the amount of their average workers (Mishel & Sabadish, 2013). These CEO pay adjustments have occurred despite a general lack of association between actual year-to-year firm performance and CEO (Lin et al., 2013) compensation. The declining real value of the minimum wage, which is not pegged to inflation, has further increased inequality (U.S. Congress Joint Economic Committee, 2010), particularly among women (Gordon & Dew-Becker, 2008).

In terms of labor market institutions and their influence on wage and income inequality, by far the largest factor has been the gradual, long-term decline in labor union membership among American workers. In 2008, the union hourly wage premium was 11.9 percent for the average worker nationwide (Schmitt, 2008). The union wage premium was 13.7 percent for the median worker in America, but for workers earning below the median, the wage effect was 15.0 to 20.6 percent. Accordingly, "unions benefit lower- and middle-wage workers most," helping to reduce wage inequality (Schmitt, 2008). Wage dispersion has also been found to be 25 percent lower in unionized firms than in nonunion workplaces. As a result, in the 1980s and 1990s, unionization reduced wage inequality in the national economy by as much as 10 percent (Freeman, 1996).

Conversely, recent research has demonstrated that the decline of organized labor has contributed to the growth in inequality. A comprehensive multi-nation International Labour Organization (ILO, 2015) study finds that "a growing number of studies attribute the rise in wage inequality in these countries to the decline in union density and influence." The increase in the 50-10 ratio for men (i.e., higher wages at the median compared to the poorest 10 percent of earners) was caused mainly by shrinking unionization (Gordon & Dew-Becker, 2008). Western and Rosenfeld (2011) discovered that unions equalize the wage distributions of both union members and

nonunion workers by instituting norms for fair pay. They estimate that the decline in unionization rates explains a fifth to a third of the growth in inequality in America, growing inequality by between 8 and 13 percent. Finally, research by the International Monetary Fund (IMF) found that "[t]he decline in unionization is strongly associated with the rise of income shares at the top," "is associated with less redistribution of income," and explains about half of the rise in income inequality (Jaumotte & Osorio Buitron, 2015). By significantly reducing union membership rates, policies like right-to-work laws contribute to income inequality both at home and globally.

IV. Conclusion

Economic and social science research generally finds that right-to-work is bad public policy. Right-to-work laws have no discernible impact on job growth or business growth, lower worker earnings, and have negative impacts on the public budget by reducing the tax contributions of workers while increasing reliance on government assistance programs. Economic research is unanimous in concluding that right-to-work laws significantly reduce unionization rates and the relative power of labor unions, thereby reducing the number of workers who will have a health insurance and a retirement plan.

Finally, the gradual decline in unionization has been found to be a driving force in the increase in income inequality both in the United States and across the world. By lowering union membership, right-to-work laws contribute to the redistribution of income from workers to employers, from labor to capital, and from middle-class taxpayers to the wealthy. When workers are encouraged to accept the higher standards of living that flow from unionized workplaces, while also opting out of making any financial contributions to the contracts that protect them, then the capacity of unions to lift up all workers will be compromised. In the end, RTW increases the unilateral authority of employers to determine how men and women should labor and be compensated for their daily bread.

RTW should be rejected as a policy tool because it is grounded in a view of the American economy that depends on reducing the income of workers. It presumes that the American economy can only function effectively and generate broad benefits across all economic levels by reducing labor costs. Collective bargaining and unionization however channel the dynamism of the free-market in a democratic state to generate equitable opportunities for middle class prosperity.

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Chairman KLINE. Thank you. Dr. Gould, you are recognized.

TESTIMONY OF DR. ELISE GOULD, PH.D., SENIOR ECONOMIST AND DIRECTOR OF HEALTH POLICY RESEARCH, ECONOMIC POLICY INSTITUTE, WASHINGTON, DC

Ms. GOULD. Thank you. Good morning. Chairman Kline, Ranking Member Scott, and members of the committee, thank you for the invitation to speak here today on the important issue of the economics of unionization.

My name is Elise Gould, and I am a senior economist at the Economic Policy Institute. I have three important points to share with you today.

First, wage growth for typical workers has been sluggish for a generation despite sizable increases in overall productivity, incomes, and wealth.

Second, a key factor in the divergence between pay and productivity is the widespread erosion of collective bargaining that has diminished the wages of both union and nonunion workers.

Third, because right-to-work laws weaken unions, it is no surprise that wages are lower and benefits are less common in right-to-work states compared to states without such laws.

Productivity is our nation's output of goods and services per hour worked. In the three decades following World War II, the hourly compensation of a typical worker grew in tandem with productivity. Since the 1970s, however, pay and productivity were driven apart. Between 1979 and 2013, productivity grew 64 percent, while hourly compensation only grew 8 percent.

This brings me to my second point. One key factor in the divergence between pay and productivity is the widespread erosion of collective bargaining that has diminished the wages of both union and nonunion workers. In fact, the erosion of collective bargaining has been a key factor undermining pay growth for middle-wage workers over the last few decades.

When unions are able to set strong pay standards in particular occupations or industries through collective bargaining, the employers in those settings also raise the wages and benefits of nonunion workers towards the standards set through collective bargaining. Over the last 30 years, the union coverage rate was cut in half. This weakening of the collective bargaining system has had an adverse impact on the compensation of both union and nonunion workers.

The decline of collective bargaining through its impact on union and nonunion workers can explain one-third of the rise of wage inequality among men since 1979 and one-fifth among women.

Furthermore, the states where collective bargaining eroded the most since 1979 had the lowest growth in middle-class wages. Specifically, the ten states that had the least erosion of collective bargaining saw their inflation-adjusted median hourly compensation grow by 23 percent from 1979 to 2012, far faster than the 5 percent growth of the 10 states suffering the largest erosion of collective bargaining. That is a gap in compensation growth of 17.9 percentage points.

This same dynamic played out in the ability of typical workers to share in productivity growth. The divergence between the

growth of median hourly compensation and productivity was greater in the states that suffered the largest erosion of collective bargaining. The greater the decline in collective bargaining coverage, the lower was the return on productivity obtained by the typical worker.

This takes me to my third point and the subject of my most recent research in the area, which is attached to this statement, the relationship between wages and right-to-work status.

At their core, right-to-work laws hamstring unions' ability to help employees bargain with their employers for better wages, benefits, and working conditions. Given that unionization raises wages for both individual union members as well as for nonunion workers in unionized sectors, it is not surprising that research shows that both union and nonunion workers in right-to-work states have lower wages and fewer benefits on average than comparable workers in other states.

Wages in right-to work states are 3.1 percent lower than those in non-right-to-work states after controlling for a full complement of individual, demographic, and socioeconomic factors, as well as state macroeconomic indicators.

This translates into right-to-work status being associated with $1,558 lower annual wages for a typical full-time, full-year worker. Related research also finds that workers in right-to-work states are less likely to have employer-sponsored health insurance and pension coverage. And these results do not just apply to union members, but to all employees in the state. Where unions are strong, compensation increases even for workers not covered by any union contract as nonunion employers face competitive pressure to match union standards.

Likewise, when unions are weakened by right-to-work laws, all the state's workers feel the impact. As unions are weakened, workers' diminished bargaining power means lower compensation and a continued divergence between pay and productivity.

Thank you for the opportunity to speak with you about this important issue.

[The testimony of Dr. Gould follows:]

Testimony of

Elise Gould, Ph.D.
Senior Economist
Economic Policy Institute

In a hearing before the

U.S. House Committee on Education and the Workforce

entitled

"Compulsory Unionization through Grievance Fees: The NLRB's Assault on Right-to-Work"

10:00 a.m., Wednesday, June 3, 2015
Rayburn House Office Building

Chairman Kline, Ranking Member Scott, and Members of the Committee, thank you for the invitation to speak here today on the important issue of the economics of unionization. My name is Elise Gould, and I am a senior economist at the Economic Policy Institute. I have three important points to share with you today.

First, wage growth for typical workers has been sluggish for a generation despite sizable increases in overall productivity, incomes, and wealth. Second, a key factor in the divergence between pay and productivity is the widespread erosion of collective bargaining that has diminished the wages of both union and nonunion workers. Third, because right-to-work laws weaken unions, it is no surprise that wages are lower and benefits are less common in right-to-work states compared to states without such laws.

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When unions are able to set strong pay standards in particular occupations or industries through collective bargaining, the employers in those settings also raise the wages and benefits of nonunion workers toward the standards set through collective bargaining. Thus, the weakening of the collective bargaining system has had an adverse impact on the compensation of both union and nonunion workers. The decline of collective bargaining through its impact on union and nonunion workers can explain one-third of the rise of wage inequality among men since 1979, and one-fifth among women.[1]

Furthermore, the states where collective bargaining eroded the most since 1979 had the lowest growth in middle-class wages.[2] Specifically, the 10 states that had the least erosion of collective bargaining saw their inflation-adjusted median hourly compensation grow by 23.1 percent from 1979 to 2012, far faster than the 5.2 percent growth of the 10 states suffering the largest erosion of collective bargaining—a gap in compensation growth of 17.9 percentage points. This same dynamic played out in the ability of the typical worker to share in productivity growth; the divergence between the growth of median hourly compensation and productivity was greater in the states that suffered the largest erosion of collective bargaining. The greater the decline in collective bargaining coverage, the lower was the return on productivity obtained by the typical worker.

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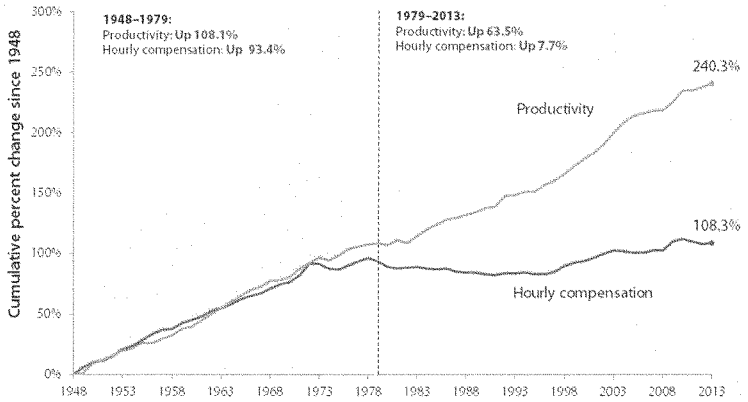
At their core, right-to-work laws hamstring unions' ability to help employees bargain with their employers for better wages, benefits, and working conditions. Given that unionization raises wages both for individual union members as well as for nonunion workers in unionized sectors, it is not surprising that research shows that both union and nonunion workers in right-to-work states have lower wages and fewer benefits, on average, than comparable workers in other states.

FIGURE A

Disconnect between productivity and typical worker's compensation, 1948–2013



Note: Data are for compensation of production/nonsupervisory workers in the private sector and net productivity (growth of output of goods and services less depreciation per hour worked) of the total economy.

Source: EPI analysis of data from BLS Labor Productivity and Costs program, Bureau of Labor Statistics Current Employment Statistics public data series, and Bureau of Economic Analysis National Income and Product Accounts (Tables 2.3.4, 6.2, 6.3, 6.9, 6.10, and 6.11)

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Wages in right-to-work states are 3.1 percent lower than those in non-right-to-work states, after controlling for a full complement of individual demographic and socioeconomic factors as well as state macroeconomic indicators.[3] This translates into right-to-work status being associated with $1,558 lower annual wages for a typical full-time, full-year worker.

Related research also finds that workers in right-to-work states are less likely to have employer-sponsored health insurance and pension coverage.[4] And, these results do not just apply to union members, but to all employees in a state. Where unions are strong, compensation increases even for workers not covered by any union contract, as nonunion employers face competitive pressure to match union standards. Likewise, when unions are weakened by right-to-work laws, all of a state's workers feel the impact.

As unions are weakened, workers' diminished bargaining power means lower compensation and the continued divergence between pay and productivity.

Thank you for the opportunity to speak with you about this important issue.

Resources

1. *Unions, Norms, and the Rise in American Wage Inequality,* by Bruce Western and Jake Rosenfeld, Harvard University Department of Sociology, 2011

2. *The Erosion of Collective Bargaining Has Widened the Gap Between Productivity and Pay,* by David Cooper and Lawrence Mishel, Economic Policy Institute, 2015

3. *"Right-to-Work" States Still Have Lower Wages,* by Elise Gould and Will Kimball, Economic Policy Institute, 2015

4. *The Compensation Penalty of "Right-to-Work" Laws,* by *Elise* Gould and Heidi Shierholz, Economic Policy Institute, 2011

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"RIGHT-TO-WORK" STATES STILL HAVE LOWER WAGES

BY ELISE GOULD AND WILL KIMBALL

This report is part of **Raising America's Pay,** a multiyear research and public education initiative of the Economic Policy Institute to make wage growth an urgent national policy priority. Raising America's Pay identifies broad-based wage growth as the central economic challenge of our time—essential to alleviating inequality, expanding the middle class, reducing poverty, generating shared prosperity, and sustaining economic growth. *epi.org/pay*

Introduction and executive summary

Under federal law, no one can be forced to join a union as a condition of employment, and the Supreme Court has made clear that workers cannot be forced to pay dues used for political purposes. So-called right-to-work (RTW) legislation goes one step further and entitles employees to the benefits of a union contract—including the right to have the union take up their grievance if their employer abuses them—without paying any of the cost.

This means that if an employer mistreats a worker who does not pay a union representation fee, the union must prosecute that worker's grievance just as it would a dues-paying member's, even if it costs tens of thousands of dollars. Non-dues-paying workers would also receive the higher wages and benefits their dues-paying coworkers enjoy. RTW laws have nothing to do with whether people can be forced to join a union or contribute to a political cause they do not support; that is already illegal. Nor do RTW laws have anything to do with the right to have a job or be provided employment.

At their core, RTW laws seek to hamstring unions' ability to help employees bargain with their employers for better wages, benefits, and working conditions. Given that unionization raises wages both for individual union members as well as for nonunion workers in unionized sectors, it is not surprising that research shows that both union and nonunion workers in RTW states have lower wages and fewer benefits, on average, than comparable workers in other states.

Indeed, in a 2011 EPI paper, Elise Gould and Heidi Shierholz estimate that wages in RTW states are 3.2 percent lower on average than wages in non-RTW states, even after controlling for a full set of worker characteristics and state labor market conditions. Gould and Shierholz (2011) also find that workers in RTW states are less likely to have employer-sponsored health insurance and pension coverage.

In this paper, we update that research and subject the results to a series of robustness tests. We utilize more recent data from the Current Population Survey, and employ a cost-of-living indicator from the Bureau of Economic Analysis that was only made available in the years following the release of Gould and Shierholz (2011). Last, we subject our results to various robustness tests as suggested by Sherk (2015) regarding choice of specific explanatory variables. We find that the main results hold under any reasonable alternative specifications. Only extensive data-mining and non-standard specifications of wage equations can move the estimated RTW penalty to statistical insignificance. Our central findings are:

- Wages in RTW states are 3.1 percent lower than those in non-RTW states, after controlling for a full complement of individual demographic and socioeconomic factors as well as state macroeconomic indicators. This translates into RTW being associated with $1,558 lower annual wages for a typical full-time, full-year worker.
- The relationship between RTW status and wages remains economically and statistically significant under alternative specifications of our econometric model.

Background

The 1947 Taft–Hartley amendments to the National Labor Relations Act (1935) sanctioned a state's right to pass laws that prohibit unions from requiring a worker to pay dues, even when the worker is covered by a union-negotiated col-

lective bargaining agreement. Within a couple of years of the amendment's passage, 12 states had passed RTW laws. Today, RTW laws are in place in 25 states, predominantly in the Midwest, South, and Southwest.[1]

Although there has been an extensive amount of research on the effect of RTW laws on union density, organizing efforts, and industrial development (see Moore 1998 and Moore and Newman 1985 for literature overviews), there has been surprisingly little examination of the perhaps more important issue of RTW laws' effect on wages and employer-sponsored benefits. Part of the reason that there has been little research done on these latter relationships is that it is hard to identify or isolate the RTW effect. For example, there is little variation in the timing of when many states adopted RTW laws—10 states adopted or amended such laws in a two-year window in the late 1940s, right before a recession hit. In addition, it's hard to adequately control for the decision of a state to become RTW or isolate that effect from other legislative changes. Further, there are many factors that influence state labor market conditions over time, making it hard to identify the RTW effect amid other economic, social, or technological phenomena.

These limitations make clear why causal impacts of RTW laws are hard to estimate, but one can legitimately take a cross-sectional approach and look at the correlation of RTW status and wages after controlling for a range of other influences that could impact state-level wages. Gould and Shierholz (2011) use this approach and overcome one obvious shortcoming of previous research by controlling for differences in cost of living throughout the United States, thereby making inflation-adjusted wages in various parts of the country as comparable as possible.

First and foremost, this paper is an update to Gould and Shierholz (2011), using data through 2012. Unfortunately, since three states have passed RTW legislation in the last three years, any analysis must still be restricted to data from 2012 and prior so as not to contaminate (that is, bias) the results with data from states switching their regime during the period of study.[2] Most researchers think that whatever the effect of RTW on states' economies, it takes a relatively long time to manifest. Thus, it is difficult to know how to classify states that have very recently passed RTW laws. Once the full effects of changes in legislation have been felt in these states, which could take several years, these states can be further evaluated. In this paper we also employ a different cost-of-living adjustment based on a new measure from the Bureau of Economic Analysis (BEA).

And, finally, this paper responds to concerns raised about the robustness of the Gould and Shierholz (2011) findings on RTW and wages. Specifically, Sherk (2015) argues that his preferred regression specification yields the result that a wage differential does not exist between RTW and non-RTW states. After extensive investigation, we do not find his conclusion compelling. The previous Gould and Shierholz (2011) finding is robust to reasonable changes in model specification, and the regression specification Sherk (2015) uses that yields no wage differential is idiosyncratic, excluding variables that belong and including variables that do not belong in a wage regression.

An update: Wages are lower in RTW states, 2010–2012

To determine the relationship between RTW laws and wages, we update the findings in Shierholz and Gould (2011) by estimating log wage equations using Bureau of Labor Statistics Current Population Survey Outgoing Rotation Group (CPS-ORG) data for 2010–2012. The results of the three-year pooled data are very consistent with single-year analyses, but we pool three years of data in this paper to minimize any spurious year-specific economic relationships, thereby helping us achieve more precise estimates. The total sample consists of 304,157 workers, age 18–64, who earn wages and salaries.[3] About 38 percent of the sample lives in states with RTW laws.[4]

Table 1 displays the characteristics of workers in both RTW and non-RTW states. On many levels, these two sets of workers are similar. Some demographic characteristics between the two groups are very similar, such as the gender breakdown and the shares of the workforce that are married. Educational attainment is similar, with workers in non-RTW states having slightly higher levels of schooling. The racial/ethnic composition varies, with more white workers in non-RTW states, and more African American and Hispanic workers in RTW states.

The biggest difference between workers in RTW and non-RTW states is the fact that workers in non-RTW states are more than twice as likely (2.4 times) to be in a union or protected by a union contract. Average hourly wages, the primary variable of interest, are 15.8 percent higher in non-RTW states ($23.93 in non-RTW states versus $20.66 in RTW states).[5] Median wages are 16.6 percent higher in non-RTW states ($18.40 vs. $15.79).

These are the unadjusted differences between wages in RTW and non-RTW states. Because there are differences between workers' characteristics in RTW and non-RTW states, and since some of these characteristics will directly impact workers' expected wages, it is important to control for these factors in a multivariate regression model. This helps us factor in these differences, which allows us to come closer to identifying the pure relationship between RTW legislation and wages.

In **Table 2**, we construct a regression model, starting with the most general and building up to a model that controls for the full range of explanatory variables. The dependent variable is always the natural log of hourly wages, and the variable of interest is an indicator variable taking on the value one when the worker lives in a RTW state and zero otherwise. (Full regression results are reported in Appendix Table A1.)

The results of the simple model (which only controls for year fixed-effects) mimic the differences in wages found in the descriptive statistics and are displayed in the first column. The coefficient of -0.136 on the RTW indicator variable means that wages in RTW states are estimated to be 12.7 percent lower than in non-RTW states.[6] This result almost perfectly matches the corresponding results in Gould and Shierholz (2011), which found a coefficient estimate of -0.137, or a 12.8 percent wage differential.

In the second model, we add in a basic set of controls, which include the demographic variables included in Table 1—age, age squared, race/ethnicity, education indicators, sex, marital status, urbanicity, an indicator for being an hourly worker, and an indicator for being a full-time worker—in addition to a worker's major industry and occupation. As with worker characteristics, the industry and occupation mix in the state could affect the average wage. Again, controlling for these differences allows us to better isolate the relationship between RTW status and wages. As expected, the coefficient on the RTW indicator moves closer to zero (as shown in the second column of Table 2), and wages in RTW states are found to be 8.9 percent lower, on average, after controlling for these worker differences. Again, these results are in line with previous research.

Following Gould and Shierholz (2011), the third column of Table 2 includes additional state-level variables pertaining to the economic conditions—measured by the state unemployment rate—and differences in the cost of living across states. Averages for these continuous variables are found at the bottom of Table 1. State unemployment rate data come from the Bureau of Labor Statistics Local Area Unemployment Statistics (BLS LAUS). In this third regression, cost-of-living differences are measured by two separate research entities and methodologies: the Political Economy Research Institute (PERI) and the Missouri Economic Research and Information Center (MERIC).[7] Controlling for these price

TABLE 1

Characteristics of workers, RTW states versus non-RTW states (2010–2012)

	Non-right-to-work state	Right-to-work state
Demographics		
Age	39.9	39.5
Sex (male)	51.0%	51.8%
Race/ethnicity		
White	70.3%	62.6%
Black	7.1%	14.0%
Hispanic	14.8%	18.2%
Asian	6.1%	3.3%
Other	1.7%	2.0%
Education		
Less than high school	7.9%	9.8%
High school	26.0%	27.7%
Some college	19.4%	20.4%
Associate degree	10.6%	10.7%
College degree	23.2%	21.1%
Advanced	12.9%	10.3%
Marital status		
Never married	31.1%	28.2%
Married	55.5%	56.1%
Divorced/widowed	11.1%	12.9%
Separated	2.3%	2.7%
Metropolitan area	86.7%	82.3%
Worker characteristics		
Hourly worker	57.7%	55.9%
Full-time	79.4%	83.0%
Union/union contract	17.5%	7.3%
Average hourly wage (2014 dollars)	$23.93	$20.66
Median hourly wage (2014 dollars)	$18.40	$15.79
State characteristics		
Unemployment rate	9.1%	8.4%
Cost of living (PERI)	1.03	0.95
Cost of living (MERIC)	112.09	94.74
Cost of living (BEA RPP)	103.09	94.64
Number of observations	189,412	114,745

Source: EPI analysis of Current Population Survey Outoing Rotation Group microdata (various years)

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differences captures the extent to which higher costs and therefore higher wages may be found in non-RTW states for reasons other than their lack of RTW legislation, letting us better isolate the relationship between wages and RTW status. In addition to the cost-of-living variables, the wage regressions reported are quite standard, using controls (race, gender, five education categories, industry, occupation, experience, union status, hourly status, part-time status, mar-

TABLE 2

Log wage regression results (2010–2012)

Variable	(I) Model with no controls	(II) Model adds demographic and individual-level labor market controls	(III) Model adds state-level labor market controls and cost-of-living measures	(IV) Final model, updates cost-of-living indicator
RTW indicator	-0.136***	-0.0936***	-0.0329***	**-0.0318*** **
	(0.00271)	(0.00194)	(0.00223)	**(0.00216)**

Note: Robust standard errors in parentheses. Three asterisks (***) indicate significance at the 1 percent level, two indicate significance at the 5 percent level, and one indicates significance at the 10 percent level.

All models include year indicators. Demographic controls include variables for gender, experience (age and age squared), marital status (four category), race/ethnicity, and education, which are specified as dummy variables for less than high school, some college, associate degree, college, and advanced degree. Log of hourly wage is the dependent variable. Allocated wages are excluded. Individual-level labor market controls include variables for full-time status, hourly status, union status, occupations, and industries. State-level labor market controls include the unemployment rate. For cost-of-living controls, model 3 includes the PERI and MERIC measures (as used by Gould and Shierholz 2011) while model 4 utilizes the log of BEA's RPP-all items measure.

Source: EPI analysis of Current Population Survey Outgoing Rotation Group microdata, Political Economy Research Institute (PERI) data, Missouri Economic Research and Information Center (MERIC) data, and Bureau of Economic Analysis Regional Price Parities

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riage status, and unemployment rate) that are very common in labor economic research examining the determinants of wages (Blanchflower and Oswald 1996).

Using the same full set of controls used in Gould and Shierholz (2011), we find a similar result where wages in RTW states are significantly lower, in both statistical and economic terms, than in non-RTW states. On average, RTW laws are associated with wages that are 3.2 percent lower than in states without such laws. As with the earlier regressions, this result is consistent with the findings of Gould and Shierholz (2011), which, using 2009 data, also found a wage differential of 3.2 percent.

Since the Gould and Shierholz (2011) paper was released, the Bureau of Economic Analysis has released measures of Regional Price Parities (BEA RPP), which offer an alternative method of capturing inter-area differences in prices. The fourth model in Table 2 replaces the previously discussed cost-of-living measures with the BEA's logged RPP-all items index. As compared with model three, this change leaves the RTW penalty essentially unchanged (it falls from 3.2 percent to 3.1 percent).

Using this final model, we can estimate how much less, on average, workers earn in RTW states versus non-RTW states. Taking the average wage in non-RTW states and inferring a full-time, full-year salary, we find that workers in RTW states earn $1,558 less a year than similar workers in non-RTW states.

Wage differences remain after a series of robustness tests

In his recent paper, Sherk (2015) critiques the Gould and Shierholz (2011) methods. Since this paper serves as an update to their methods, we use the most recent data presented here to test some of his criticisms. Primarily, we defend our methods against the idiosyncratic empirical model choices Sherk (2015) uses. Secondarily, we explore some suggestions Sherk (2015) makes regarding the cost-of-living methodology to control for possible measurement error. As

TABLE 3

Results of robustness tests

Variable	(I) Two-stage least squares (second-stage results)	(II) Less occupations	(III) Less industries	(IV) Less unemployment rate	(V) Less full-time status	(VI) Less union
RTW indicator	-0.0315***	-0.0308***	-0.0322***	-0.0319***	-0.0271***	-0.0407***
	(0.00216)	(0.00222)	(0.00222)	(0.00215)	(0.00217)	(0.00215)

Note: Robust standard errors in parentheses. Three asterisks (***) indicate significance at the 1 percent level, two indicate significance at the 5 percent level, and one indicates significance at the 10 percent level.

Demographic controls include variables for gender, experience (age and age squared), marital status (four category), race/ethnicity, and education, which are specified as dummy variables for less than high school, some college, associate degree, college, and advanced degree. Log of hourly wage is the dependent variable. Allocated wages are excluded. Labor market controls include variables for full-time status, hourly status, union status, state unemployment rate, occupations, and industries. In model 1, BEA's RPP-rents (1 and 2 years lagged) are included in the first-stage regression to predict log RPP-all items, but excluded from the log wage regression. Second-stage results are displayed; first-stage results are available upon request. All other models in the table use BEA\'s RPP-all items index as the cost-of-living control.

Source: EPI analysis of Current Population Survey Outgoing Rotation Group microdata, Bureau of Labor Statistics Local Area Unemployment Statistics, and Bureau of Economic Analysis Regional Price Parities

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shown in **Table 3**, and as will be discussed in detail below, in all cases we find that his suggestions do not change, in a statistically or economically significant way, the estimated RTW wage differential. (All of the models in Table 3 should be compared against the final model in Table 2. Full regression results are reported in Appendix Table A2.)

Here, we address the question of possible measurement error first before moving on to concerns over our model specification. Sherk (2015) suggests that simply putting cost-of-living variables on the right-hand side of a regression may produce inaccurate estimates. Following Winters (2009), he uses an instrumental variable two-stage least squares model to instrument the primary cost-of-living indicator (log RPP-all items) on the two previous years' worth of the instrumental variable (log RPP-rents).[11] We use a very similar method on the fourth model from Table 2, and the results of the second-stage least squares can be seen in the first model of Table 3. It is clear that our earlier findings are robust to using the instrumental variable regression, and we therefore find that extra step unnecessary.

More broadly, Sherk (2015) makes several claims in justifying his idiosyncratic regression specification that finds no RTW wage penalty. We find most of these claims unconvincing. In the remainder of this section, we address these model specification issues. Sherk (2015) suggests that Gould and Shierholz (2011) over-control for labor market features that could have been impacted over time by states being either a RTW state or not. Specifically, he asserts that labor market controls used in Gould and Shierholz (2011)—occupations, industry, unemployment, full-time status—bias results downward for RTW states because when controlling for these variables, Gould and Shierholz eliminate some of the positive effects of RTW laws on wages through indirect economic benefits. Among these, only the exclusion of occupations has any reasonable rationale in standard wage equations, though even that is questionable in this context.

Some labor economists have argued that occupations do not belong in wage equations because they are too co-determined (and statistically collinear) with educational attainment to provide useful information (i.e., one's education is

what qualifies one to enter a particular occupation). But others have noted that including them in wage equations "works" (i.e., they return economically and statistically significant coefficients) and therefore they should be included (see Lemieux 2011 for a review of the literature). Furthermore, the objective here is to compare similar workers, not examine the returns to education, a common use of a log wage model. We exclude occupation from our regression as a reasonable robustness test. The exclusion very slightly reduces the estimated RTW wage differential, as shown in the second column of Table 3.

While we maintain that occupation should be included, it is also important and relevant to include control variables such as industry, unionization, and full-time status in our regressions because we are trying to compare wages between RTW and non-RTW states for *similar workers with similar types of jobs*. Ideally, we would have two workers with exactly the same set of characteristics, except for one—the fact that one lives in a RTW state and the other does not. Then, when we compare their wages, we are isolating the RTW effect. Controlling for job and economic conditions is the best way we can estimate the relationship between wages and RTW status. It is also standard practice in the analysis of wages using individual workers as observations (Blanchflower and Oswald 1996). While we think it is important to include these labor market controls, we explore whether or not removing any one of these variables dramatically reduces the RTW coefficient, which could indicate that our results are not robust.

Sherk (2015) relies on a theory that RTW laws affect the industry *composition* of states. He claims, for example, that RTW laws may have attracted manufacturing jobs that pay higher wages, but that this wage-boosting impact of RTW would not show up in a regression model that controls for the state's industry composition among its other labor market variables. Empirically, these are mostly moot arguments. There has been no research showing a clear causal relationship between RTW status and attracting manufacturing jobs, and when we examined the relationship between the manufacturing share of employment in a state and RTW status we found no evidence to support his claim.[9] Furthermore, recent statistical studies show no basis for assuming that RTW affects manufacturing share of employment. The annual *Area Development Magazine* (2014) survey, a survey of manufacturers, has never reported RTW ranking anywhere in the top 10 factors shaping manufacturers' location decisions. Additionally, the annual State New Economy Index, which ranks states according to their favorability for higher-wage, higher-tech manufacturers, shows that these firms are drawn to states with strong education systems, strong research universities, good digital infrastructure, and other features that are predominantly found in fair-share, not RTW, states (Atkinson and Nager 2014). Sherk (2015) relies on anecdotal evidence, but even in his examples, it's not clear that RTW status has led to company location decisions.[10] In contrast, there are plenty of statistically rigorous studies that find little effect of RTW on manufacturing or overall employment growth (Stevans 2009;[11] Eren and Ozbeklik 2015;[12] Lafer and Allegretto 2011;[13] Belman, Block, and Roberts 2009;[14] Hicks 2012[15]).

The policy question at hand concerns precisely what RTW status does to similar workers. For example, do autoworkers in, say, Alabama earn lower wages than autoworkers in, say, Ohio in part because of RTW status? Still, we explore what happens to our wage equation when we remove industry controls, and we actually see the wage differential increase, albeit slightly (see the third model in Table 3).

Beyond industries, Sherk (2015) also suggests that unemployment rates and full-time status are two channels through which RTW can boost wages. But again, the empirical evidence finds that neither one changes our results. The removal of the unemployment rate control variable (the fourth model in Table 3) leaves the wage differential unchanged. When

we remove full-time status, we do find that the wage differential moves closer to zero but remains statistically significant at -2.7 percent. Of the three mediums through which Sherk claims RTW can boost wages, we found that only one of them (full-time status) moved the wage differential closer to zero, but even this reduction was minimal, with the differential remaining economically and statistically significant.

Sherk also removes union status in his preferred model because it eliminates a likely channel through which RTW laws reduce wages. This would actually suggest that by including the union status variable, our regression results understate any wage penalty associated with RTW laws.[16] But again, the policy question is the effect of RTW status on similar workers. A key question is precisely whether working in a RTW state lowers the wages of even similar nonunion workers when compared with other states. We do in fact see that when we remove union status controls, the wage differential increases to 4.0 percent.

Standard practice in empirical labor economics when modeling the determinants of wages is to account for a full complement of factors that affect wages outside of the policy measure of interest (RTW status). Sherk's (2015) arguments for the removal of several labor market control variables because those variables either directly or indirectly affect wages miss the point of this type of wage regression model: to control for things that affect wages. Clearly the unemployment rate where one lives, the industry one works in, whether one is full-time or part-time, and union status may all affect one's wages and therefore should be included in the model. The goal of the analysis is to isolate the effect of RTW legislation, and removing labor market controls confounds these effects.

In his full model, Sherk (2015) also *adds in* several other variables without much justification. And these additions are quite idiosyncratic. For instance, he adds in *15* variables for educational attainment, including *seven* different ones for workers without a high school degree or GED (a group that is less than 10 percent of the workforce). He also employs specific variables such as "married man," "parent with a child at home," and "single parent," after already controlling for sex and marital status. His justification for the addition—or, alternatively, removal—of variables appears weak, at best.

Sherk also adds his own set of controls for state-level amenities. In theory, workers would be willing to accept a lower wage if they are able to enjoy more amenities (e.g., preferential weather, proximity to schools and shops, etc.). Winters (2009) worked with city-level data and was therefore able to use measures of amenities that were specific to the local level and could plausibly affect the value of one wage versus another between cities. It is difficult to conceive of appropriate measures for amenities that are uniform at the state level while not also oversimplifying preferences of workers and their families. Sherk's choices of amenity control variables—whether or not a state borders an ocean (Los Angeles, California, does, for example, but Bakersfield, California, does not) and the average temperatures and precipitation by season—are fraught with those problems.

Since our results are very robust to model specification, only the accumulated weight of nonstandard model specification by Sherk resulted in an insignificant relationship between RTW status and workers' wages. In the end, between the removal of relevant and standard labor market controls and the inclusion of nonstandard and irrelevant worker characteristics and state-level amenities, the regression specification that Sherk (2015) constructs to find no RTW wage differential looks deeply data-mined. In other words, his idiosyncratic choices may simply be the result of extensive searching for the model that produces the result he wants. On the other hand, our specification adheres to the industry

standard for empirical labor economics and should clearly be preferred over his. And our results hold after reasonable robustness tests.

Conclusion

This paper updates and confirms the findings of Gould and Shierholz (2011). No matter how you slice the data, wages in RTW states are lower, on average, than wages in non-RTW states.

As shown in great detail in Gould and Shierholz (2011), these results do not just apply to union members, but to all employees in a state. Where unions are strong, compensation increases even for workers not covered by any union contract, as nonunion employers face competitive pressure to match union standards. Likewise, when unions are weakened by RTW laws, all of a state's workers feel the impact.

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APPENDIX TABLE A1

Full log wage regression results from Table 2 regressions

	(I)	(II)	(III)	(IV)
Variables	**Model with no controls**	**Model adds demographic and individual-level labor market controls**	**Model adds state-level labor market controls and cost-of-living measures**	**Final model, updates cost-of-living indicator**
RTW indicator	-0.136***	-0.0936***	-0.0329***	-0.0318***
	(0.00271)	(0.00194)	(0.00223)	(0.00216)
Union indicator		0.129***	0.118***	0.117***
		(0.00273)	(0.00271)	(0.00271)
White		0.0849***	0.0932***	0.0931***
		(0.00315)	(0.00314)	(0.00314)
Hispanic		-0.0194***	-0.0514***	-0.0504***
		(0.00375)	(0.00377)	(0.00377)
Asian		0.0584***	0.0222***	0.0261***
		(0.00550)	(0.00551)	(0.00550)
Other race/ ethnicity		0.0496***	0.0463***	0.0480***
		(0.00696)	(0.00693)	(0.00692)
Male		0.141***	0.140***	0.140***
		(0.00215)	(0.00213)	(0.00213)
Some high school		-0.119***	-0.120***	-0.119***
		(0.00336)	(0.00335)	(0.00336)
Some college		0.0692***	0.0668***	0.0678***
		(0.00251)	(0.00249)	(0.00249)
Associate degree		0.151***	0.149***	0.150***
		(0.00321)	(0.00320)	(0.00320)
College degree		0.264***	0.259***	0.261***
		(0.00316)	(0.00313)	(0.00314)
Advanced degree		0.461***	0.455***	0.457***
		(0.00442)	(0.00438)	(0.00438)
Age		0.0344***	0.0342***	0.0343***
		(0.000563)	(0.000560)	(0.000560)
Age squared		-0.000332***	-0.000333***	-0.000334***
		(6.77e-06)	(6.72e-06)	(6.73e-06)
Married		0.0900***	0.0971***	0.0970***
		(0.00253)	(0.00251)	(0.00251)
Divorced or widowed		0.0366***	0.0456***	0.0453***
		(0.00352)	(0.00349)	(0.00349)
Separated		0.00750	0.00865	0.00747
		(0.00582)	(0.00577)	(0.00578)
Hourly worker		-0.178***	-0.171***	-0.170***

APPENDIX TABLE A1 (CONTINUED)

	(I)	(II)	(III)	(IV)
Variables	**Model with no controls**	**Model adds demographic and individual-level labor market controls**	**Model adds state-level labor market controls and cost-of-living measures**	**Final model, updates cost-of-living indicator**
		(0.00247)	(0.00246)	(0.00246)
Full-time worker		0.148***	0.151***	0.150***
		(0.00270)	(0.00269)	(0.00269)
Metro area		0.124***	0.0944***	0.0957***
		(0.00230)	(0.00236)	(0.00234)
State unemployment rate			-0.00325***	0.000247
			(0.000536)	(0.000536)
Cost-of-living (PERI)			0.606***	
			(0.0177)	
Cost-of-living (MERIC)			0.000772***	
			(0.000115)	
Cost-of-living (BEA RPPI)				0.771***
				(0.0132)
Industry and occupation indicators	No	Yes	Yes	Yes
Constant	2.964***	1.559***	0.906***	-1.990***
	(0.00249)	(0.0118)	(0.0163)	(0.0614)
Observations	304,157	304,157	304,157	304,157
R-squared	0.011	0.527	0.535	0.534

Note: Robust standard errors in parentheses. Three asterisks (***) indicate significance at the 1 percent level, two indicate significance at the 5 percent level, one indicates significance at the 10 percent level.

All models include year indicators.

Source: EPI analysis of Current Population Survey Outgoing Rotation Group microdata, Political Economy Research Institute (PERI) data, Missouri Economic Research and Information Center (MERIC) data, and Bureau of Economic Analysis Regional Price Parities

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APPENDIX TABLE A2

Full log wage regression results from Table 3 regressions

	(I)	(II)	(III)	(IV)	(V)	(VI)
Variables	**Two-stage least squares (second-stage results)**	**Less occupations**	**Less industries**	**Less unemployment rate**	**Less full-time status**	**Less union**
RTW indicator	-0.0315***	-0.0308***	-0.0322***	-0.0319***	-0.0271***	-0.0407***
	(0.00216)	(0.00222)	(0.00222)	(0.00215)	(0.00217)	(0.00215)
Union indicator	0.117***	0.101***	0.133***	0.117***	0.127***	
	(0.00271)	(0.00275)	(0.00273)	(0.00271)	(0.00272)	
White	0.0931***	0.115***	0.0882***	0.0930***	0.0884***	0.0907***
	(0.00314)	(0.00322)	(0.00321)	(0.00313)	(0.00318)	(0.00316)
Hispanic	-0.0506***	-0.0489***	-0.0580***	-0.0504***	-0.0489***	-0.0549***
	(0.00377)	(0.00388)	(0.00384)	(0.00377)	(0.00381)	(0.00380)
Asian	0.0259***	0.0339***	0.0191***	0.0261***	0.0252***	0.0184***
	(0.00550)	(0.00571)	(0.00564)	(0.00550)	(0.00553)	(0.00552)
Other race/ ethnicity	0.0480***	0.0647***	0.0420***	0.0479***	0.0445***	0.0449***
	(0.00692)	(0.00712)	(0.00714)	(0.00691)	(0.00700)	(0.00694)
Male	0.140***	0.133***	0.166***	0.141***	0.155***	0.141***
	(0.00213)	(0.00207)	(0.00210)	(0.00213)	(0.00214)	(0.00214)
Some high school	-0.119***	-0.143***	-0.130***	-0.119***	-0.125***	-0.123***
	(0.00336)	(0.00343)	(0.00338)	(0.00336)	(0.00338)	(0.00340)
Some college	0.0678***	0.0961***	0.0752***	0.0678***	0.0596***	0.0688***
	(0.00249)	(0.00254)	(0.00256)	(0.00249)	(0.00252)	(0.00252)
Associate degree	0.150***	0.202***	0.158***	0.150***	0.148***	0.150***
	(0.00320)	(0.00329)	(0.00327)	(0.00320)	(0.00323)	(0.00322)
College degree	0.261***	0.364***	0.277***	0.261***	0.259***	0.262***
	(0.00314)	(0.00307)	(0.00321)	(0.00314)	(0.00317)	(0.00315)
Advanced degree	0.457***	0.595***	0.457***	0.457***	0.453***	0.463***
	(0.00438)	(0.00423)	(0.00446)	(0.00438)	(0.00441)	(0.00437)
Age	0.0343***	0.0352***	0.0382***	0.0343***	0.0396***	0.0349***
	(0.000560)	(0.000577)	(0.000572)	(0.000560)	(0.000555)	(0.000562)
Age squared	-0.000334***	-0.000344***	-0.000375***	-0.000334***	-0.000395***	-0.000339***
	(6.73e-06)	(6.94e-06)	(6.87e-06)	(6.73e-06)	(6.69e-06)	(6.76e-06)
Married	0.0971***	0.107***	0.107***	0.0970***	0.0974***	0.0982***
	(0.00251)	(0.00259)	(0.00258)	(0.00251)	(0.00254)	(0.00252)
Divorced or widowed	0.0453***	0.0494***	0.0546***	0.0453***	0.0503***	0.0461***
	(0.00349)	(0.00361)	(0.00358)	(0.00349)	(0.00353)	(0.00351)
Separated	0.00747	0.00465	0.0121**	0.00747	0.0103*	0.00737
	(0.00578)	(0.00600)	(0.00592)	(0.00578)	(0.00585)	(0.00584)
Hourly worker	-0.170***	-0.220***	-0.180***	-0.170***	-0.191***	-0.167***

APPENDIX TABLE A2 (CONTINUED)

	(I)	(II)	(III)	(IV)	(V)	(VI)
Variables	**Two-stage least squares (second-stage results)**	**Less occupations**	**Less industries**	**Less unemployment rate**	**Less full-time status**	**Less union**
	(0.00246)	(0.00246)	(0.00250)	(0.00246)	(0.00243)	(0.00248)
Full-time worker	0.150***	0.171***	0.185***	0.150***		0.157***
	(0.00269)	(0.00275)	(0.00271)	(0.00269)		(0.00270)
Metro area	0.0955***	0.103***	0.0932***	0.0958***	0.0950***	0.0965***
	(0.00235)	(0.00240)	(0.00240)	(0.00233)	(0.00236)	(0.00236)
State unemployment rate	0.000213	0.000508	-0.00125**		0.00001	0.000429
	(0.000536)	(0.000552)	(0.000548)		(0.000540)	(0.000538)
Cost-of-living (BEA RPP)	0.775***	0.796***	0.779***	0.772***	0.763***	0.808***
	(0.0132)	(0.0136)	(0.0135)	(0.0130)	(0.0133)	(0.0132)
Constant	-2.011***	-2.131***	-2.036***	-1.991***	-1.932***	-2.173***
	(0.0616)	(0.0630)	(0.0628)	(0.0612)	(0.0619)	(0.0615)
Observations	304157	304157	304157	304157	304157	304157
R-squared	0.534	0.507	0.510	0.534	0.527	0.531

Note: Robust standard errors in parentheses. Three asterisks (***) indicate significance at the 1 percent level, two indicate significance at the 5 percent level, one indicates significance at the 10 percent level.

Unless otherwise indicated, the regression models include variables in Model IV from Appendix Table A1.

Source: EPI analysis of Current Population Survey Outgoing Rotation Group microdata, Political Economy Research Institute (PERI) data, Missouri Economic Research and Information Center (MERIC) data, and Bureau of Economic Analysis Regional Price Parities

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Endnotes

1. RTW states include Alabama, Arizona, Arkansas, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Louisiana, Michigan, Mississippi, Nebraska, Nevada, North Carolina, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Wisconsin, and Wyoming.

2. Although Indiana's RTW legislation took effect in March 2012, we include Indiana as a non-RTW state in our analysis. Any economic changes due to RTW status would likely operate with a lag. We did run sensitivity analysis on this decision by re-running our regressions without Indiana, and found that the wage differential was essentially unchanged.

3. We exclude all observations for which earnings are allocated. Information is "allocated," or "imputed," to a respondent in the CPS when they either refuse to report their earnings or a proxy respondent is unable to report earnings. The method of imputing earnings to workers for whom earnings are not reported does not take account of their union status, thus reducing the estimates of the union wage premium and potentially biasing the relationship between RTW and wages.

4. For the purpose of this analysis, which contains pooled data from 2010 to 2012, three states (Indiana, Michigan, and Wisconsin) that have recently enacted RTW legislation are considered non-RTW.

5. All wages are adjusted to 2014 dollars using the CPI-U-RS.

6. Interpreting the results from these semilogarithmic functions requires utilizing the exponential function on the coefficient. Specific to the binary variable coefficient (β_1) for RTW, the percent change in workers' wages resulting from a state being RTW can be calculated by the formula: $100*[\exp(\beta_1)-1]$. Typically, the result of this equation will be very close to the coefficient itself, but will differ more as the coefficient becomes larger.

7. See Gould and Shierholz (2011) for a more extensive discussion of these cost-of-living measures.

8. Sherk (2015) also includes an indicator for whether a state borders the ocean, but since there is little justification for its inclusion, we do not include it. Additional discussion of state-level amenities follows.

9. We examined the relationship between the share of manufacturing jobs and RTW status in a simplified regression model with only demographic controls. The result was not consistent with Sherk's (2015) proposition. Results are available upon request.

10. In the very industry that Sherk raises as his hypothetical—the auto industry—the effect of RTW status on site location decisions is ambiguous at best. In fact, the North American vice president for site location for Toyota reported that RTW had no effect one way or the other on Toyota's choice to build a plant in Mississippi and another in Texas (Sloan 2011). Furthermore, in the first year after adopting RTW, the state of Indiana was not able to identify a single company that stated it had moved to Indiana because of RTW and would not have done so without the law (Lafer, Wolfson, and Guyott 2012).

11. A 2009 study conducted by Hofstra University economics professor Lonnie Stevans controlled for a broad array of economic and business climate variables, and concluded that RTW is associated with lower wages and higher proprietors' income but has "no influence on employment" and "no effect on economic growth."

12. An econometric study conducted by a pair of economics faculty at Louisiana State University and the Claremont McKenna Colleges and slated for publication in 2015 examined the impact of Oklahoma's adoption of RTW, concluding that the law resulted in a decrease in unionization but no significant impact on employment either overall or specifically in the manufacturing sector.

13. In 2011, an economist at the University of California at Berkeley, together with a political scientist at the University of Oregon, examined Oklahoma's experience after adopting RTW in 2001. Conducting multiple forms of regression analysis, the authors found that RTW had no impact whatsoever on overall job growth, manufacturing job growth, or the state's unemployment rate.

14. A 2009 analysis by a team of faculty at Michigan State University's School of Labor and Industrial Relations likewise found that after controlling for the impact of other state economic policies and industrial dynamics, "right to work laws … seem to have no effect on economic activity."

15. A 2012 study by the director of the Center for Business and Economic Research at Ball State University in Indiana concluded that RTW had no discernible effect on manufacturing employment.

16. Sherk (2015) is correct here that excluding the union indicator would increase the wage differential between RTW and non-RTW states, but we argue that it should still be included for all the reasons already mentioned.

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Chairman KLINE. Thank you.
Mr. Mix, you are recognized.

TESTIMONY OF MR. MARK MIX, PRESIDENT, NATIONAL RIGHT TO WORK COMMITTEE, SPRINGFIELD, VIRGINIA

Mr. MIX. Yes. Thank you for the opportunity, Mr. Chairman, members of the committee. It is a pleasure to be here and talk about right-to-work.

Let's just first of all get a better definition on the table here about what right-to-work is. Right-to-work laws in 25 states do not stop any worker from joining a union. Right-to-work laws in 25 states do not stop any worker from paying union dues. Right-to-work laws in 25 states do not stop any worker from supporting the political campaigns and political actions of labor unions. They simply give workers the choice.

Fundamentally, at the bottom of the right-to-work fight is a battle between union officials and the very workers they claim to represent. This is not a battle between business and labor. This is a battle between union officials and workers, who, if given the choice, may decide they don't want to associate with a labor union. Unfortunately, in 25 states, they can be fired from their jobs for failure to tender dues or fees to a union.

You know, we talk about the right to associate in this country, the right of association. In order to have the right to associate, it is fundamentally sound to believe that you must have the right not to associate. Yet, labor policy throws that associational privilege on its head by forcing workers to associate with someone and some organization which they may not want to associate with. That is the original injustice of what we have in this regime of compulsory unions and for over 80 years in this country since 1935.

One solution, one minor solution, is to give workers the choice. In 1947, as the Chairman mentioned, Taft-Hartley was passed to basically address the issue that from 1935 from 1947, forced workers not only to pay fees to them, but actually forced them to join, to physically join a private organization. In General Motors in 1963, the Supreme Court said we have gone too far. We can't force them to join a private organization, but we can force them to pay up to 100 percent of dues or fees to keep their jobs.

The duty of monopoly representation is something that we should be discussing here, and it is something that is relevant to the discussion of the NLRB's action when it comes to charging workers for representational fees. You know, this so-called duty of fair representation was created by the U.S. Supreme Court interpreting the *National Labor Relations Act* in a case called *Steele v. Louisville National Railroad, 1944.*

And that case was a very interesting one. Because if you look at it, what happened in that case is five black train workers were not going to be represented by the union. They were forced to join, but the white union officials said they would not represent those workers. And those workers went to the Supreme Court and they said we are forced to join this organization, we are forced to accept them as our bargaining agent, but yet they choose not to support us and not represent us; in fact, won't let us even participate in a union.

And the Supreme Court said in that case, said that is a pretty amazing power that we have given to organized labor officials. And because we have given them that power to control the livelihoods of these workers and to force ourselves in between them and their opportunity to speak for themselves, we believe that the statute also created a duty to represent those workers. That is the duty of fair representation.

So you had this forced association and then you had the union saying we are not going to represent you—in this particular case because of the color of your skin—and we had the court coming back saying we can't give you this monopoly bargaining power without the right to have workers be able to represent them as well, even though they don't want to be associated with you.

The notion that we are now coming back after 60 years of NLRB precedent, Supreme Court precedent, and U.S. District Court and federal court precedent and considering the idea that we are going to force workers to pay fees for grievance representation is just another example of union officials trying to get around the right-to-work protections.

I mean, I would be scared, too if I were union officials, because three states have passed trying work laws in the last three years. Eleven states had bills in their legislature. Missouri, the House and Senate passed a right-to-work law. In New Mexico, the House of Representatives passed a right-to-work law. In Maine, there is a debate over right-to-work; in Montana. The issue of worker freedom is spreading across the country. And one of the things that you could do to stop that was to give union officials new power to force nonmembers to pay fees.

The court, in a case called *Emporium v. Capwell,* said that individual employees cannot individually use the grievance process. Union officials own the grievance process. That is a fact. The Supreme Court has said that, District Courts have said that, the NLRB has said that. And despite what Betty Murphy, the Republican member of the NLRB, said in 1975, in four instances since that time in NLRB proceedings, the NLRB has upheld the notion that you can't force workers to pay grievance fees.

The extant case here, the Buckeye case we are talking about, is about the idea of forcing this worker to pay a fee. Now, obviously, nothing has been happening yet on this. And we expect the NLRB to ask. They have asked for briefs, as the professor said. And we expect that the three members of that board who have changed the rules as to union elections and are looking to change the rules as to how strikes are operated are interested in changing the rules on how right-to-work laws are enforced. And I would be glad to talk to you more about that in question-and-answer.

[The testimony of Mr. Mix follows:]

Written Testimony of Mark Mix,
National Right to Work Committee
Education and the Workforce Committee Hearing on
Compulsory Unionism Through Grievance Fees: The NLRB's
Assault on Right to Work
June 3, 2015

My name is Mark Mix. I am President of the National Right to Work Committee, a 2.8 million member citizens' organization dedicated to the elimination of compulsory unionism. On behalf of our 2.8 million members and supporters across the country, I thank the chairman and members of this committee for taking the time today to examine the Right to Work issue, and the NLRB's assault on the freedom of American workers to decide for themselves whether a labor union deserves their financial support.

At this point, most people know that Right to Work means more jobs and a better economy. Most people know that forcing anyone to bankroll an organization against their will just to keep their job is wrong. It's also not hard to see how forced unionism can breed corruption and abuse.

But the NLRB's newest assault on Right to Work laws through the "grievance" process is particularly deceptive, so I'd like to begin by defining a few terms.

Right to Work is the simple freedom to choose whether or not to financially support the labor union that has imposed its monopoly power over you.

Imagine yourself standing just outside this building when a cab pulls up. Two guys grab you and pull you into the cab with them. When the driver announces that the cab is on its way to Baltimore, you protest, but the other two passengers tie you up and do not let you get out.

The driver ignores your protests.

After the lengthy drive, he finally pulls over. The car stops and they untie you. But before they let you go, the driver demands $100, "For the cab fare," he explains.

"You've got to be kidding," you say. "You forced me to go with you. I had nothing to say about it."

"But you don't understand," they tell you. "We had a vote, and the majority rules. And unless you pay your share of the ride, you're a 'free rider.' We have every right to make you pay."

"But I didn't want to go to Baltimore, I just wanted to go home," you say. "I'm a kidnap victim!"

In a nutshell, I have just illustrated how federal and state labor laws allow union officials to abuse the freedom of working people to earn an honest living for themselves and their families.

If this taxi ride were to happen for real, the driver of the taxi would be arrested for kidnapping and extortion. Forced unionism makes no more sense.

Under current law in all 50 states, employees who never requested nor wanted union representation can be forced to accept a labor union as their exclusive monopoly bargaining agent, be forced to work within the union's monopoly-negotiated contract and be forced to accept the union's grievance process.

In the 25 non-Right to Work states, this injury is compounded by forcing workers to pay for this so-called "representation" which they did not ask for, do not want, and which may even be working against their best interests.

But the NLRB's new "fee-for-grievance" scheme would give union officials a way to extract "fees" from nonunion workers -- fees that could in fact be greater than regular dues -- leaving the Right to Work Law on the books, but severely emasculated.

You see, the grievance process is entirely controlled by the union contract, and it is entirely inseparable from the contract. If the NLRB could legally force workers to pay for grievance processing, it would directly contradict section 14(b) of the Taft-Hartley Act and fundamentally undermine every existing state Right to Work law.

The whole "fee for grievance" scheme hangs on the AFL-CIO-created fiction that employees "choose" to use union representation in grievance proceedings.

Nothing could be further from the truth. Federal law virtually forces workers to use the union grievance process.

Federal law requires that workers not be given a choice as to who represents them in a grievance.

* The union MUST be invited to participate in all grievance proceedings.

* The employer can refuse to meet with anyone other than the union representative. In fact, if the employer agrees to let an employee bring in an outside

representative, he exposes himself to an unfair labor practice complaint.

* Any resolution to a grievance must comply with the union contract, essentially giving the union hierarchy veto power over the decision.

The matter is simple. This union-controlled grievance process is often the weapon Big Labor uses against non-members in the workplace.

In fact, history has shown that union officials all too often initiate on-the-job discrimination, which forces a worker into a process the union bosses control, in order to punish him or her for not joining the union in the first place.

At the end of the day, this whole scheme is nothing more than an elaborate ruse, designed to gut Right to Work laws.

You see, Big Labor's whole intellectual house of cards is built on two myths that they desperately want you to believe.

And both myths are designed to cover up facts that union officials do not want you to understand.

First, despite what you have heard and will continue to hear from all manner of union officials, federal law **does not** require them to represent all workers.

Unions are perfectly free under federal law to negotiate a contract that only sets the terms and conditions for their own voluntary members.

Indeed, this practice was common in the first several years after the adoption of the National Labor Relations Act in 1935.

But a monopoly is a powerful thing.

That's why, instead of exercising this perfectly legitimate members-only bargaining option, today's union bosses consistently take advantage of the provisions of federal law that give them the tyrannical power to force every worker to submit to their monopoly bargaining -- what the law euphemistically calls "exclusive representation."

By exercising this power, they forbid individual workers to represent themselves.

Then these same union officials turn around and falsely complain that stripping away these workers' right to self-representation has somehow become a "burden" to the union, entitling them to forced dues or, in the case of the current NLRB scheme, "fees" for grievance processing. This is among the most brazen hypocrisies you will ever find in American politics.

The other truth that Big Labor doesn't want you to understand is that the union contract virtually ALWAYS harms some workers in order to benefit others.

* Contracts that base pay entirely on seniority work against a new employee who would love to work harder, longer or smarter, and be rewarded for it. He cannot. And no matter how much better he works, he will be the first one fired.

* Contracts that trade away wages in favor of gold-plated health insurance plans work to the advantage of older employees and retirees, and against young employees who would rather have a simple health plan and a couple extra dollars an hour.

* Union contracts regularly hold back the most productive workers, and prominent pro-union theorists freely admit this fact.

Richard Rothstein, research associate of the union-backed Economic Policy Institute, commented that, "In [unionized] firms, wages of lower paid workers are raised above the market rate, with the increase offset . . . [in part] by reducing pay of the most productive workers."

And Harvard economist Richard Freeman, one of the leading academic apologists for forced unionism, actually **praised** Big Labor for "removing performance judgments as a factor in determining individual workers' pay."

So don't be fooled. Independent-minded workers are routinely being forced to accept a union as their bargaining agent and are being forced to work under contracts that harm their interests.

It is an outrage to force people to pay for this so-called "representation" that they did not ask for, do not want and would be better off without.

Federal law that was supposedly constructed to "protect" workers actually contains some of the most deliberately misleading language one could imagine. Let me read the essential

portion of Section 7 of the National Labor Relations Act, entitled "Rights of Employees":

> Employees shall have the right to self-organization to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection, and shall also have the right to refrain from any or all such activities . . .

Now, what could be fairer than that?

Unfortunately, the sentence does not end there. It continues:

Employees shall have the right to refrain "<u>except to the extent that such right may be affected by an agreement requiring union membership as a condition of employment</u> . . . ."

That "except," and the words that follow, have to be one of the most cynical exercises in legislative deception on record.

Fortunately, since 1947, federal law has also allowed states the ability to partially right this wrong by passing a state Right to Work law.

So far, 25 states have done so, and Big Labor is not taking that lying down.

That's why this out-of-control National Labor Relations Board is now laying the groundwork to cut the heart out of all 25

existing Right to Work Laws by allowing union officials to charge fees to non-members whenever the grievance process is triggered at their workplace.

Congress must put a stop to this deliberate attempt by unelected bureaucrats to gut the 25 state Right to Work laws.

But stopping this scheme is just the beginning of the solution. Ultimately, every American deserves to be able to make their own decisions about supporting a union.

That's why I urge this Congress to pass the National Right to Work Act (H.R. 612).

The Right to Work Act does not add a single word to federal law. It would simply delete the NLRA's and RLA's cynical exception to employees' right to refrain from union participation.

That would free workers in all 50 states from the burden of being forced to support a union that they despise.

The collection of forced dues is so odious that even the most avid promoters of compulsory unionism are forced to defend it on the basis of expediency, not principle.

No less an authority than Bill Clinton's former Secretary of Labor, Robert Reich, put this most succinctly. As a Harvard lecturer in 1985, Reich gave the following explanation of federal labor law to an Associated Press reporter -- and I quote his exact words:

In order to maintain themselves, unions have got to have some ability to strap their members to the mast.

Secretary Reich has accurately -- if callously -- described the basic assumption of federal labor law -- that the convenience of union officials must take precedence over the freedom of employees who wish to earn a living for themselves and their families.

It's a bad assumption, and it should eventually be changed.

But in the interim, you have the power to make the situation better with a National Right to Work law, which would at least guarantee that workers need not pay to have their rights taken away.

The underlying philosophy of those who believe in the Right to Work principle can be best summed up by the words of Samuel Gompers, founder of the American Federation of Labor, who urged "devotion to the fundamentals of human liberty -- the principles of voluntarism. No lasting gain has ever come from compulsion. If we seek to force, we but tear apart that which, united, is invincible."

Right to Work is fundamentally an issue of individual freedom.

The NLRB's plan to undercut Right to Work laws is an outrage to working men and women all across this country.

I urge this Committee, and this Congress, to take all measures necessary to prevent the rogue NLRB from implementing

this scheme, including, ultimately, passage of the National Right to Work Act.

Ms. FOXX. [Presiding.] Thank you very much. Thanks to all the panelists for doing such a great job of staying within time. I now recognize myself for five minutes to ask questions. The Chairman had to step away and will be back.

Mr. Mix, Mr. Bruno states that a right-to-work law is a government regulation that bars employers and labor unions from agreeing to "union security clauses in collective bargaining agreements." This is a substantially different explanation than the one you have offered. And I know that Mr. Bruno's explanation leaves out employees.

I have two questions. First, is a compulsory union membership a government creation? And second, how can employees object to a union security clause in a collective bargaining agreement?

Mr. MIX. Yes. The notion of compulsory unionism was developed in 1935 in the *Wagner Act* after President Roosevelt came to office. And using New Deal powers and the energy of the particular climate at the time, they passed a sweeping labor relations law that now covers private sector workers across the country. We are 80 years into that experiment.

So the idea of Section 7 rights under the *National Labor Relations Act* is really kind of a very interesting preamble to our labor law. It talks about the workers' rights to associate, the workers' rights to bargain, the workers' rights to do all of these things. And it says—believe it or not, it says "has the right to refrain—" and if Congress would have put a period there, we wouldn't be here today because unionism would be voluntary. But they didn't. They said, except to the extent that a worker can be compelled as a condition of employment, as a contract matter, to formally join a labor union. If Congress hadn't said that at the end, that little phrase at the end of Section 7 of the Act, we would have voluntary unionism in America. But Congress established this compulsory union saying a worker could be fired if they did not tender dues or fees to a union. Twenty-five states now protect that.

The idea of a union security clause, that is a mandatory subject of bargaining. If an employer refuses to bargain over whether or not his employees would be forced to pay dues or fees or her employers are forced to pay dues or fees, the union can file an unfair labor practice charge against them saying they are not bargaining in good faith. They must bargain over the union security clause.

And frankly, if you are an employer and you look at this and you say okay, we are bargaining over wages, working conditions, all kinds of things. The one thing the unions put on the table is a union security clause, that doesn't cost me a thing. It simply says I have to force all my employees to pay 38 bucks a month in order the work here. It doesn't hit my bottom line, it doesn't hit the cost of the contract. It is simply something that one, you have to bargain over. And two, something that the union oftentimes goes on strike over if you don't agree to it and will file unfair labor practices if you won't bargain over it.

Ms. FOXX. When you were President of Accutrade, you employed hundreds of people. How did you handle employee grievances at Accutrade? In your opinion, is union participation necessary to resolve a grievance to the satisfaction of both the employer and the employee?

Governor RICKETTS. Well, I don't believe that the union participation was necessary. When we had issues with folks who worked at Ameritrade, we tried to work them out. So, for instance, if someone had an issue with the manager, they would bring it to the manager, they would bring it to that manager's manager, or they would talk with us.

I think what you are really seeing here is it is about the employees' right to choose. How do they want to resolve those issues? And the company that I was at, we tried to resolve those because we knew that if we had somebody who was a satisfied employee, that person would take care of our customers, and that is how we were able to grow our business. So we didn't need a union to be able to do that. We knew that it was in our best interest to make sure that our employees were happy so they would make sure our customers were happy.

Ms. FOXX. Thank you. Let me go back to Mr. Mix.

We hear a lot about the issue of fairness around here. Unions have argued that fair share policies that require nonmembers to pay grievance processing fees are fair. Is this a fairness matter? And you alluded before about employees pursuing their agreed grievances outside the procedures laid out in the CBA. I wonder if you would talk a little bit more about that.

Mr. MIX. Yes. Just to reiterate, the policy of the Supreme Court, the NLRB, and federal courts has been that individual workers cannot exercise the grievance process outside of union control. The unions own the process. That is literally the words the courts have used in talking about the grievance process.

But let's talk a little bit more about the fairness to nonmembers. In a right-to-work state, even in the 25 right-to-work states, in order for a worker to exercise those rights, they have to give up certain workplace rights in order to exercise their personal rights or their political rights. You have to resign to union membership in order to exercise your privileges under the right-to-work laws.

What that means is you can't vote on the very contract that governs your employment. It means you can't vote in union elections. You can't run for union office. You can't participate in union activities at all.

So on one hand, you have this Hobson's choice of having to give up your workplace rights in order to protect your philosophical, economic, political rights. That is not fair to begin with. Because the union has the monopoly bargaining privilege. They speak for you whether you want it or not. You are forced to associate with them.

In the forced-unionism states, a worker has to go through that same process and give up those same rights, but can be compelled to pay fees in order to keep their job. That is not fair.

Ms. FOXX. Thank you very much, Mr. Mix.

Mr. Scott, you are recognized for five minutes.

Mr. SCOTT. Thank you, Madam Chair.

Mr. Mix, you went to great lengths to talk about the unfairness of union members not being fairly represented. Isn't it true that even nonmembers get the benefit of salary negotiations?

Mr. MIX. That is true. Under the exclusive monopoly of bargaining power, those workers will receive those. But they have to.

Mr. SCOTT. Okay. And if the union hires people to make sure the workplace is safe, the nonmembers get benefit of that—of those expenditures?

Mr. MIX. Congressman Scott, you are assuming that everything is a benefit to everybody. I would disagree with that contention, that premise. And we can discuss these. I mean—

Mr. SCOTT. Okay, well—

Mr. MIX.—the idea that something benefits you, I may not believe it to be a benefit. So you can talk about the equity of that—

Mr. SCOTT. Well—

Mr. MIX.—compulsory agreement.

Mr. SCOTT. But you know that Virginia is an employment-at-will state, where the employer can fire people without cause?

Mr. MIX. Yes, sir. And as a state legislator, you know they are not the same code. The employment-at-will doctrine is completely separate from the right-to-work doctrine.

Mr. SCOTT. That is true. But if you are not a union member and the union contract says you can't be fired without cause, you would benefit for that even though you are not paying dues, is that true?

Mr. MIX. That is a burden that the union took upon themselves, sir. They wanted to be the exclusive bargaining agent. In fact, the United Steel Workers—

Mr. SCOTT. The employee nonmember gets the benefit of that protection.

Mr. MIX. Under the monopoly bargaining agreement, they are. The courts have recognized there is a duty of representation, that is correct.

Mr. SCOTT. Dr. Bruno, the nonmembers get the benefit of all of the benefits that members get. Is it a different question when you talk about individualized representation that no one benefits from except the free rider?

Mr. BRUNO. Well, Member Scott, if I understand your question, it really speaks to who benefits when the union negotiates a collective bargaining agreement and whether those benefits are equally accessible to all workers. And at different times in a worker's career, one benefit may prove more valuable than another. But they are all equally available. They can all be equally accessed.

And clearly, a safer workplace will benefit all workers, whether an individual worker conceptualizes a particular safety procedure as helpful or not. Safety is something that affects everyone. Wage increases, retirement benefits, having a voice on the job, being able to have an opportunity to question a form of managerial abuse. We recognize these generally as a way to bring democracy into the workplace. And that is going to be an equal benefit to all workers, whether individual workers have a particular need for it at a particular time.

Mr. SCOTT. And what about—yes. But a grievance is an individual representation that runs up cost. Is that a different question whether a nonmember were to have access to that individualized representation that doesn't benefit anybody but that nonmember?

Mr. BRUNO. Well, it is—actually, it is—most grievances that occur in the workplace, whether they are happening to a union member or to a nonmember have implications for the entire bar-

gaining unit. They set precedent. They help to shape what the bargaining relationship is going to be.

So in effect, every worker is impacted by the way particular disputes are addressed and handled in a workplace.

Mr. SCOTT. But that individual will benefit without paying any of the costs?

Mr. BRUNO. Absolutely. Absolutely.

Mr. SCOTT. We have heard that right-to-work states, Dr. Bruno, have competitive advantages. What is the competitive advantage that a right-to-work state has?

Mr. BRUNO. Well, if you are a worker, I can't see any. In you are an employer, there is some shifting of wealth shares from workers to the employer. But in terms of the general health of the economy or of workplaces, there is no clearly-defined benefit that right-to-work isolated as a policy generated.

What it ultimately does, it reduces voice. It reduces choice on behalf of workers who collectively organize. And it re-shifts power to management.

Mr. SCOTT. Dr. Gould, can you talk about the benefits of union membership to nonmembers? To those areas where there are not—people are not—do not belong to unions, what a strong union movement does for them?

Ms. GOULD. Yes, absolutely. A strong union membership sets standards that raise the wages of nonunion members, as well as union members so that the wages and benefits are higher and wage bargaining is stronger in both union and nonunion benefit in—for both union and nonunion members where unions are strong.

Chairman KLINE. [Presiding.] Gentleman yields back. I want to apologize for stepping out for a minute. It is a crazy world that we live in. And thank Dr. Foxx for taking the chair for a few minutes.

Dr. Bruno stated in his testimony, roughly quoting here, that nothing in the case before the board on grievance fees affects the power of a state to adopt right-to-work laws or affects any such law currently on the books. Roughly a direct quote.

Governor Ricketts, do you agree with that?

Governor RICKETTS. No, I would disagree with that. In fact, as I mentioned in my testimony, we have actually fought this battle over 10 years ago. And during the course of that discussion, our attorney general ruled—and I think other courts have found the same—that if you are compelling nonunion members to pay grievance agency fees, whatever it is, you are essentially compelling them to join the union, which is in direct contradiction of our constitution in Nebraska and, in general, the principle of the right-to-work states.

So this proposed rule would actually be a direct attack on the 25 right-to-work states and the laws that they have passed, in our case, our Constitution.

Chairman KLINE. Thank you. Continuing with Dr. Bruno's testimony. He says that right-to-work policy is a misguided means to individual advancement at the expense of others.

Mr. Mix, your testimony highlights how compulsory unionization advances certain individuals at the expense of others. Could you briefly summarize that section of your testimony? Let's get clear on this.

Mr. MIX. Yes, it is interesting. When you think about the idea that a collective, no good worker can be rewarded above any other worker, no bad worker can be disciplined as opposed to other workers when it comes to a monopoly bargaining contract. Basically, even union officials and union economists have indicated this, that it is clear that union—compulsory union agreements and monopoly bargaining agreements actually hold back some of the most productive workers. And it stops them from being rewarded for their good work, because all of the raises or bonuses or anything have to be negotiated in the contract.

So it is very clearly detrimental to some of the best workers, and it is very beneficial to some of the worst workers.

Chairman KLINE. Yes, thank you. It is interesting to see the steady decline in union membership in the private sector. And I am always fascinated in these hearings and these discussions. Everybody has got statistics, boy, they have got research they are ready to quote. And it depends on what baseline you start with and what you factor in and out.

I am looking at a little factsheet here that shows some numbers derived from the Bureau of Labor Statistics and the Department of Commerce, Bureau of Economic Analysis, and some more stuff from the Bureau of Labor Statistics.

And it gets to—again, these are—depends on where you start. But if you look, for example, according to this, at the growth and the number of residents in the state, in right-to-work states they are a growing by 5.4 percent between 2003 and 2013. And the other states are declining by 4.1 percent. So I can understand why some governors would be pretty strong proponents, as we have seen in recent months, for right-to-work laws.

More statistics. Here again, if you look from 2004 to 2014, the percentage of growth in nonfarm private sector payroll employment in right-to-work states is 9.9 percent, in the other states it is 5.1 percent. The percentage of growth and total private sector nonfarm employment; right-to-work states 16.2 percent, other states, those are forced-union states, 9.3 percent. Percentage real growth in private sector employee compensation; right-to-work states 15.3 percent, forced-union states 8.4 percent.

So we have heard all kinds of other different statistics here. Dr. Gould had a different starting point. If you start in 1970, you get a different number. I think they are important. And it is important for us to understand where we are starting when we are looking at these statistics.

So trying to—in my continuing futile effort to set the standard here, I am going to yield back and recognize Ms. Fudge. I think you are next.

Ms. FUDGE. Thank you very much, Mr. Chairman. And thank you all for being here and for your testimony.

Mr. Chairman, here we are again. We are here at the same place we were before talking about states' rights. Here we are again, moving back in time to a place where we want to ignore established law, we want to once again put states in a position to make a determination as to who should work and who should not. We have come to a point where we are disproportionately once again affecting populations who are poor and populations of color.

I listen to the governor talk about what happened back in 1953. Mr. Mix talked about what happened in 1944. That was before the *Civil Rights Act of 1964.* It was before the *Voting Rights Act of 1965.* It was before nondiscrimination labor laws. So let's not talk about the past. Let's deal with established law.

Professor Bruno, you talked about, or gave us examples of workers who are costing the government more money because they are in right-to-work states. Could you expand upon that, please?

Mr. BRUNO. So if you take a look at the percentages of the population within states that are collective bargaining states and right-to-work states over a period of time and look at what percentage of their population, for example, would be receiving food stamps and the total dollar value of those food stamps, or you were looking at the Earned Income Tax Credit, as two—just two examples, and compare those to collective bargaining states, which would obviously have a higher unionization rate, what you find is that those right-to-work states are receiving a larger percentage, if you will, value of government assistance back to those states than they are contributing to the Federal Government, as opposed to the collective bargaining states.

Illinois being one as an example, which actually pays more in federal taxes to the government than it gets back in federal assistance. And we can look at—also look at poverty rates and can see that in these three collective bargaining states, poverty rates are lower. So that is the issue that I was—

Ms. FUDGE. So basically then you are saying that you have data to prove that people who are on government assistance are not just lazy, just don't want to work? We are talking about working people; correct?

Mr. BRUNO. Oh, absolutely.

Ms. FUDGE. Just wanted to make sure about that.

Mr. BRUNO. No question about that.

Ms. FUDGE. Thank you very much.

Ms. Gould, could you please elaborate on the institute's findings that over the last 10 years, there has been a lost—it has been a lost decade for American workers?

Ms. GOULD. Sure. Great question. What we have seen over the last 10 years, and unfortunately even longer than that, is very sluggish wage growth for the vast majority of Americans in this country. It is not just about the Great Recession and the losses that we saw there in employment and in wages. But the trends have been going much longer back than that.

Ms. FUDGE. Professor—oh. Let me go back to Ms. Gould.

In a resent paper, the Economic Policy Institute states that productivity grew by 74 percent since 1973 while hourly compensation of a typical worker grew just 9.2 percent. How has collective bargaining played in that, one way or another?

Ms. GOULD. Yes, it is a great question. So collective bargaining we have seen—again, over that 30-year period, collective bargaining has been—the loss—the erosion of collective bargaining has meant that half as many people were covered by collective bargaining. We have cut the coverage rate, the union coverage rate, in half over that period. And that is the key reason why we have seen this disconnect between pay and productivity in this country.

Ms. FUDGE. Thank you.

Mr. Chairman, I yield back.

Chairman KLINE. Thank the gentlelady. I am just noticing here, looking at statistics again and listening to Dr. Bruno, from the Bureau of the Census the welfare, the TANF recipients per thousand residents in right-to-work states is five and in forced union states is 15.6. So depends on where you measure.

Mr. Byrne?

Mr. BYRNE. Thank you, Mr. Chairman. And I appreciate my colleagues saying we should not ignore established laws.

Mr. Mix, isn't it a fact that the established law that is at issue here is the *Taft-Hartley Act*? And the provision that it has, it says that states can choose to enact their own right-to-work laws and those right-to-work laws are enforceable. Isn't that the established law that is in issue today?

Mr. MIX. Yes, that is right. Section 14(b) is one of those unique sections that allow a state to get out from under the federal preemption as it relates to the *National Labor Relations Act* and allow them to outlaw union security agreements that require workers to pay dues or fees to get new jobs.

Mr. BYRNE. And in taking briefs in this case, as the Labor Board is doing, seems to me to be an effort to go right in the teeth of what that established law says by saying well, we are not going to make you join the union. But since the union has to represent you in the grievance process, whether you want them to or not, we are going to make you, an individual citizen of this country, we are going to force you to pay that union to do that. Isn't that an end-run around the established Taft-Hartley law?

Mr. MIX. Absolutely. I think the briefs in cases since that time indicate that very fact.

Mr. BYRNE. So isn't the real issue here today that we have got this 800-ton gorilla, the big unions in America that want to throw their weight around and take freedom and liberty away from individual citizens like Mr. Hewitt and force them to pay these unions money because the unions are losing membership and they are losing money? Isn't that what this is really all about?

Mr. MIX. I think so.

Mr. BYRNE. So, Mr. Chairman, we come to these things and I hear people say well, we don't know what the Labor Board is gonna do. I know what the Labor Board is gonna do. Every time we come in here we say we don't know what they are gonna do. We all know what they are gonna do. They got three people on that board and they are gonna do whatever the labor unions want them to do.

Now, heretofore, what they have done, Mr. Mix, I think is they have changed precedent as established by case law by the Labor Board. This, however, would be going into the teeth of a congressional statute. Isn't that the difference?

Mr. MIX. That is correct. I think that courts have ruled and briefs have ruled that in order for this to be changed, you have got to come to Congress.

Mr. BYRNE. And instead what they are trying to do is go around Congress, because they know that we are not going to do what we want them to do.

I was listening to the testimony from Mr. Bruno. Mr. Bruno, you said that businesses don't cite right-to-work laws as reasons to locate a business. I have talked with dozens and dozens and dozens of businesses who have considered coming to the state of Alabama, a right-to-work state.

Every time they mention two things. They never talk to me about incentives, by the way. They talk about the quality of your workforce. And I am proud to say we have got great workers in Alabama, as I know you do, Governor, in Nebraska. And the second thing they say is your labor laws, particularly the fact that you are a right-to-work state.

Where in the world are you getting your information that business people don't take that into account?

Mr. BRUNO. Well, thank you, Congressman. So there is a business magazine referred to as Area Development Magazine. And there is an annual survey that is done of corporations in which CEOs are asked about decisions to relocate their businesses. And there are up to 30, 40 different factors that are usually mentioned. And according to the research that I have done looking at—and others have—that labor policy, right-to-work, rarely ranks higher than 16 or 17. What ranks much more—

Mr. BYRNE. Then why are all these people—why are the states—you just heard the Chairman give the data. Why are these states that have right-to-work laws, why are they growing? Why is employment growing in those statements and not in states that don't have right-to-work laws?

Mr. BRUNO. Well, actually, it is not completely true that states that have collective bargaining agreements or that are collective bargaining statements aren't growing. Just to use Illinois again. Illinois actually created more jobs than its neighbors did in the past fiscal year—

Mr. BYRNE. Well, if you—we are running out of time. But please send me those—

Mr. BRUNO. There are lots of—

Mr. BYRNE. I am going to go to the economic development conference in my state in a few weeks here. And I am gonna show them your research and I can't wait to see their reaction.

Last thing I want to go over with you. You said that wages are going down for people in right-to-work states. Go look at Alabama's data. Since we have shed unions, our workers' wages have gone steadily up. And our workers are voting with their feet by going to these employers that are nonunionized because they are better places to work, where they get better wages, wages that people in Alabama have never been able to dream of. And when they keep bringing these union elections back to people like Austal Shipyard in my district, the employees say we don't want it.

And, Mr. Chairman, I don't think we should make those people pay a dime to a union if they don't want to. Thank you, sir, I yield back.

Chairman KLINE. Gentleman yields back.

Mr. Pocan, you are recognized.

Mr. POCAN. Thank you, Mr. Chairman. And thank you to the witnesses for being here today.

First of all, Mr. Chairman, I think, you know, the Committee, the name we have for today's hearing is a little misnamed and misguided. I think right-to-work laws prohibit union fees as a condition of employment. But grievance fees, if deemed lawful, are not a condition of employment. Grievance fees are not an attack on right-to-work laws. So the hearing is misnamed.

In fact, I would argue that we should be talking about right to freeload, rather than right-to-work laws. Because that is what I see out of this, is really a right to freeload. In fact, Mr. Mix, in your written testimony you talk about this idea of someone getting in a cab. Well, this morning I got on the metro, all right? And I swiped my card to pay. If someone else decided the metro's already going where they are going to, why don't they just hop the fence and go in, I would consider that freeloading.

And that is exactly what I see by people not paying their fees; right? I mean, we know there are cheap people in society, right? They don't want to pay to get the benefits like the others. But really, it is more about freeloading more than anything else. And I think that is what is behind these right-to-work laws.

We just went through this fight in Wisconsin. So I am very familiar with it. In fact, one of the other things that in addition to the freeloading aspect of this, it is not just that you make less money and you get less benefits, but also it doesn't create jobs. And it is not just the anecdotal sort of this is what happens in Alabama. But this is Bureau of Labor Statistics.

And I am very sensitive to these because I got PolitiFact'ed on this. And I got a mostly true because I said Wisconsin was dead last in the Midwest for job creation. Technically, we are tied for dead last. Nebraska was, in this particular report, tied for second to last.

But right-to-work doesn't seem to be having that magical formula of creating additional jobs, at least according to the Bureau of Labor Statistics, who actually counts the jobs, rather than anecdotes about individual states.

But the bottom line is people really do make less money. We know that. We know according to some studies you make $6,000. In other studies you make $7,000 less than states with right-to-work. And then I believe you make $4,000 less than the national average in right-to-work states.

So again, those are concrete numbers that show that you have a right to work for less in these states. But it doesn't necessarily benefit any people.

What I would like to do is that I would ask unanimous consent to enter into the record, I have got a list of 468 businesses in Wisconsin that oppose the right-to-work law that we just had.

[The information follows:]

Wisconsin Contractors Coalition

468 Businesses Opposed to Right to Work in Wisconsin and Against the Prevailing Wage Law

List of Members

1st Business Solutions, Inc.

4 Seasons Air, LLC

A. Warp Mechanical, Inc.

A.D.S. Mechanical LLC

A.G. Industries, LLC

A.R.M. Mechanical Insulation, Inc.

A-1 Excavating

Acoustic Specialties Inc.

Adaptive Electrical Controls, Inc.

Adkins Construction Inc.

Advance Construction Inc

Advance Thermotec

AG Excavating, Inc

Air Quality Systems, Inc.

Albrightson Excavating, Inc.

Aldag Honold Mechanical, Inc.

Alexander Insulation, Inc.

All Comfort Services, Inc.

Alloy Welding Inc.

All-Timate Construction, Inc.

Alpine Plumbing, Inc.

Altmeyer Electric Inc.

American Express Transportation LLC

American Sewer Services, Inc.

Andrew Excavating Co., Inc.

Anthony Electric Inc.

Antigo Construction, Inc.

Arbor Earth & Stone LLC

Arbor Green Landscape (Arbor Green, Inc.)

Area Erectors, Inc.

Arnie Mackey Construction, Inc.

Arteaga Construction, Inc.

Associated Tradesman, LLC

Atlas Heating and Sheet Metal Works, Inc.

August Winter & Sons, Inc.

Austad & Son, Inc.

AW Oakes & Sons, Inc.

Azco, Inc.

B & B Electrical Contractors, Inc.

B & D Contractors, Inc.

B A Construction, LLC

Bacco Construction Company

Bachmann Construction Company, Inc.

Badger Acoustics, Inc.

Badger Crane and Dragline Inc.

Badger Environmental & Earthworks, Inc.

Badger Scaffold LLC

Badger Sheet Metal LLC

Badgerland Aggregates, LLC

Badgerland Demolition & Earthwork, Inc.

Badgerland Metal Building Erectors, Inc.

Balance Technologies, Inc.

Bane Nelson Inc.

Bartel Exc., Inc

Bartelt Insulation Supply, Inc.

Bartingale Mechanical, Inc.

Bassett Mechanical Services, Inc. (Bassett Inc.)

Batt's Roofing Co.

Bauer & Raether Builders, Inc.

Baumgart Mechanical, Inc

Baumhardt Sand & Gravel, Inc.

BCF Construction Corporation

Beacon Electric LLC

Bedrock Sewer & Water, Inc.

Belknap Electric, Inc.

Beno Plumbing & Heating, Inc.

Benson Electric Company

Bentley Electric, LLC

Best Erectors

Biehl Excavating, Inc.

Bielinski Excavating

Bluse Enterprises

Bohmann & Vick Inc.

Bouterse Construction, Inc.

Brenner Corporation

Budget Signs & Specialties

Bukacek Construction, LLC

Buteyn-Peterson Construction Co., Inc.

Butters-Fetting Co., Inc.

C & C Johnson Services, Inc.

C & W Trucking Company of Bayfield, Inc.

C.A. Reid Construction Company

C.D. Smith & Son (C.D. Smith Construction, Inc.)

C.W. Purpero, Inc.

Calnin & Goss, Inc.

Camosy Construction Co., Inc.

Capelle Bros. & Diedrich, Inc.

Capital Steel Erectors, Inc.

Capitol Ceilings, Inc.

Capitol Underground, Inc.

Carlson Racine Roofing & Sheet Metal, Inc.

Carr Creek Electric Service

Cary Specialized Services, Inc.

Caulking Plus Inc

Cecchin Plumbing & Heating

Central State Mechanical Insulation, LLC

Certified Inc.

Champion Steel

Chippewa Concrete Services, Inc.

Choice Construction Companies, Inc.

Coates Electric, Inc.

Coenen Mechanical LLC

Colonial Quality Printing Co.

Commercial Air, Inc

Concrete Structures Inc.

Conditioned Air Design, Inc.

Corevac, LLC

Corner Stone Construction of Janesville, Inc.

Cornerstone Pavers LLC

Coulee Backhoe / Bobcat Service

Coulee Crane Service, Inc.

Countertop Designs, LLC

CPR Inc.

Craft Master Plumbing, LLC

Cretex Materials, Inc.

Crowley Masonry, Inc.

Cudahy Roofing and Supply, Inc.

Custer Excavating, LLC

Cutting Edge (Drilling & Sawing LLC)

D.C. Burbach, Inc.

D.F. Tomasini Contractors, Inc.

Dairyland Fence Company

Darold Berger Masonry

David Tenor Corporation

Dawes Rigging & Crane Rental, Inc.

Day & Zimmerman, Inc.

De Santis Excavating

Dekeyser Construction Company, Inc.

Dickow & Cyzak Tile Co., Inc

DK Contractors, Inc.

Dnesco Electric Inc.

Donald Hietpas & Sons

Double D Landscape, LLC

Duffek Sand & Gravel Inc.

E & A Enterprises, Inc.

E-Con Electric, Inc.

Ed Gersek Inc.

Edgerton Contractors, Inc.

EGI Mechanical, Inc.

Eland Electric Corporation

Ellefson Excavating, Inc.

Energy Control & Design Inc.

Enerpipe, Inc.

Environmental Control, Inc.

Environmental Systems Anaylsis, Inc.

Equipment Services of WI, Inc.

Erosion Control Specialties, Inc.

Express Insulation, Inc.

Falcon Drilling & Blasting, Inc.

Faust Co., Inc.

Feaker and Sons Co.

Fibre-Fab of La Crosse, Inc.

Fischer Industries. Inc.

Five Star Masonry, LLC

Flores Contractors, Inc.

Fore-Front Mechanical, Inc.

Forward Electric, Inc.

Four Star Construction, Inc.

Fowler and Hammer, Inc.

Frank Bros. Inc.

Frank Silha & Sons Excavating, Inc.

Fred Radandt Sons Enterprises Corp.

Fritz Koepl Inc.

Gabe's Construction Co., Inc.

Gauthier & Sons Construction, Inc.

Geist Electric LLC

General Heating & Air Conditioning, Inc.

Genesis Excavators, Inc

Gerke Excavating, Inc.

GMS Inc.

Gordon J. Grube Const. Co., Inc.

Gordy's Concrete Pumping Service, Inc.

Goschey Mechanical, Inc.

Great Lakes Excavating

Great Lakes Mechanical, Inc.

Groeschel Company, Inc.

GRP Mechanical, Inc.

H.J. Martin & Sons, Inc.

H & B Steel, Inc.

H & H Industries, Inc.

H & H Mechanical Contractors, Inc.

H & H Utility Excavating

H & N Crane Service, Inc.

H. James & Sons, Inc.

Hahn's Badger Carpet Service, Inc.

Hallmark Drywall, Inc.

Harker Heating & Cooling, Inc.

Hegg Contractors, Inc.

Heiden Plumbing Co., Inc.

Hengel Brothers, Inc.

Henry R Marohl Inc.

Hero Plumbing LLC

Hetzel Tile & Marble, Inc.

Hi-Boom Erecting, Inc.

Highway Landscapers, Inc.

Hill Electric, Inc.

HJ Pertzborn Plumbing & Fire Protection Corp.

Hoffman Construction Company

Hogen Electric Inc

Holming Fan & Fabrication, LLC

Homburg Contractors, Inc.

Home Glass Company, Inc.

Hooper Corp

Horner Plumbing Company, Inc.

Hovland's Inc.

Hudson Electric, Inc.

Hugo & Barrette Asphalt Paving Co., Inc.

Hugo Trucking Co., Inc.

Hunt Electric Corporation

Hurckman Mechanical Industries, Inc.

Hurt Electric, Inc

IEI General Contractors

Ideal Mechanical

Immel Construction (Howard Immel, Inc.)

Industrial Construction Specialists, LLC

Insulation Industries, Inc.

Integrity Grading & Excavating, Inc.

InterCon Construction, Inc.

International Erectors, Inc.

Interstate Tree Landscape Co.

Iron River Fence

Ivan Rice & Sons, Inc.

J & H Heating, Inc.

J & L Steel of Wisconsin, LLC

J.F. Ahern Co.

J.F. Brennan Company, Inc.

J.H. Findorff & Son Inc.

J.I. Construction, LLC

J.M. Brennan, Inc.

J.P. Cullen & Sons, Inc.

J.W. Schultz Construction, Inc.

Jahn & Sons Inc.

James Peterson & Sons Company of Medford (Utility Division)

James Peterson Sons, Inc.

Jeff's Grading LLC

Jerome Excavating Contractors, LLC

Joe De Noble Sewer & Water Construction, Inc.

John Beres Builders, Inc.

John White Fence

Johnny O's Recycling, LLC

Johnson & Jonet Mechanical Contractors, Inc.

Johnson-Wilson Constructors

JR Jensen Construction Company

JW Flooring Inc

K & M Electric of Schofield, Inc.

K.B.S. Construction, Inc.

K.G. Landscaping, LLC

Kammel Custom Excavating, Inc

Kenneth F. Sullivan Co.

Keystone Heating & Air Conditioning Co., Inc.

Kip Gulseth Construction Company, Inc.

Kish & Sons Electric, Inc.

KNG Mechanical, Inc.

Kohler Pit, Inc.

KOJA Construction, Inc.

Kolo Trucking & Excavating, Inc.

Kraemer Company, LLC

Kraemer North America, LLC (formerly Edward Kraemer & Sons)

Krantz Electric, Inc.

KS Energy Services, LLC

Kuehne Company, Inc.

La Crosse Backhoe Service Inc.

La Crosse Mechanical, Inc.

Lakehead Constructors, Inc.

Lakehead Painting Company, Inc.

Landfill Drilling & Piping Specialists, LLC

Larson Construction Co., Inc.

Lee Plumbing Mechanical Contractors Inc.

Lemberg Electric Company, Inc.

Leo J. Fox Trucking & Excavating, Inc.

Lewis Construction, Inc.

Life Safety Systems, Inc.

Lindahl Marine Contractors, Inc.

Livesey Painting Inc.

Lloyd Hamm Masonry, LLC

Luke's Electric, LLC

Lunda Construction Company

M. Jolma, Inc.

M.A. Mortenson Company

M.P. Systems, Inc.

M.Z. Construction Inc.

Maas Bros. Construction Co., Inc.

Madison Sheet Metal, LLC

MariMar, Inc.

Marine Tech, LLC

Market & Johnson, Inc.

Marshall Hanes Steel Erectors, Inc.

Martell Construction, Inc.

Martin Petersen Co., Inc.

Mashuda Contractors, Inc.

Mathy Construction Co.

Mattison Contractors, Inc.

Mavid Construction Services LLC

Mavo Systems, Inc.

McCabe Construction, Inc.

McDowell Affordable Concrete

McDowell Construction Corp

McGuire, Inc.

McHugh Excavating and Plumbing, Inc.

McMullen & Pitz Construction Co.

Meade Electric (Company, Inc.)

Mechanical Associates of Wisc., Inc.

Mechanical Inc.

Mechanical Incorporated

M.T.I. Mechanical Technologies, Inc.

Merrill Sand & Gravel, Inc.

Michels Corporation

Mid City Plumbing & Heating, Inc

Midwest Drilled Foundations & Eng. Inc.

Midwest Stair and Iron, Inc.

Minda, LLC

Miron Construction Co., Inc.

MJ Construction, Inc.

Modern Crane Service Inc.

Modern Mechanical Contractors, LLC

Moll Construction Inc.

Mutch Electric Inc.

Navarrette Mechanical LLC

NEI Electric

Nelco Electric, Inc.

New Berlin Grading, Inc.

Newton Electric Corp.

Nickles Electric (Robert J. Nickles, Inc.)

North Farm Landscaping LLC

Northeast Asphalt, Inc.

Northern Illinois Insulation

Northern Industrial Insulation, Inc.

Northern Interstate Construction, Inc.

Northtowne Electric Co. LLC

Northwest Dirtworks, Inc.

Nylund Electric, Inc.

Olson Bros. Contractors of Brule, Wisconsin, Inc.

Oudenhoven Construction, Inc.

Pace Electric, Inc.

Parisi Construction Co., Inc.

Parsons Electric LLC

Paschke Drilling & Blasting (Al W. Paschke Construction Company, Inc.)

Paul G Senft & Sons Trenching, LLC

Paul Proksch Trucking Inc.

Paul V. Farmer, Inc.

Pavement Maintenance, Inc.

Payne & Dolan, Inc.

Pheifer Brothers Construction Company, Inc.

Pieper Electric, Inc.

Piping Systems, LLC

Platta Excavating, Inc.

Poellinger Inc.

Point Heating & Cooling

Potratz Concrete Pumping, Inc.

Precision Grading & Utilities, Inc.

Precision Lab Installations, Inc.

Precision Pipeline, LLC

Preferred Electrical Contractors, Inc.

Pro Electric, Inc

Pro Terra Grading, LLC

Professional Heating & Cooling LLC

Professional Landscape Contractors, Inc.

PTS Contractors Inc.

R & R Wash Materials, Inc.

R & S Concrete Pumping Service, Inc.

R & T of Wisconsin

R.G. Schmitt, Inc.

R.J. Jurowski Construction, Inc.

R.J. Underground, Inc.

Rajon Construction 2, Inc.

Rams Contracting, LTD.

Random Lake Structural, LLC

Rapids Sheet Metal

Rasch Construction & Engineering, Inc.

Rawson Contracting LLC (Rawson Contractors, Inc.)

Ray Stadler Construction Company, Inc.

RB Scott Company, Inc.

Red Cedar Steel Erectors, Inc.

Reeke-Marold Co. Inc.

Relyco, Inc.

Richards Excavating, Inc.

Richardson Construction

Riley Construction Company, Inc.

Riverview Construction, Inc.

RMS of Wisconsin, Inc.

Robin Myre Electrical Contracting LLC

Rock Road Companies, Inc.

Rockwell Mechanical, LLC

Rodriguez Construction Corp

Roman Electric Co., Inc.

Rossi Construction Company Inc.

Ryan Inc. Central

S & L Underground & Trucking, Inc.

S & N Inc.

S & S Mechanical

S P E Inc.

Safe Excavating with H2O LLC

Schleis Floor Covering, Inc.

Schmelzer Paint Co., Inc.

Schneider Excavating, Inc.

Scott DeNoble & Sons Construction Inc.

Selden Steel, LLC

Shea Electric & Communications LLC

Shipp Lawn Service, LLC

Simon Electric Construction Co., Inc.

Sirrah Construction and Company, LLC

SMA Construction Services LLC

Smith Restorations Inc.

Sommers Concrete Sealing LLC

Sommers Construction, Co., Inc.

South Central Contracting, Inc.

Spancrete Group, Inc.

Speedway Sand & Gravel Inc.

Stack Brothers Mechanical Contractors, Inc. (Stack Brothers, Inc.)

Staff Electric Co., Inc.

Stainless Specialists, Inc.

Statz Painting & Decorating, Inc.

Steele Construction Corporation

Steve Leis Excavating Inc.

Stoiber Electric Co, Inc.

Straightline Grading & Excavating, LLC

Strupp Trucking, Inc.

Stuczynski Trucking & Excavating, Inc.

Super Excavators, Inc.

T and T Tree Service, LLC

T.D. Padesky Electric, Inc.

T.J. Electric, Inc.

Taylor Insulation Company, Inc.

Team Industries, Inc.

Tetra Tech EC, Inc.

TNT Rebar, LLC

Tomah Environmental Contractors, Inc.

Total Excavating, LLC

Total Mechanical, Inc.

Townsend Construction, Inc.

Tribovich Construction, LLC

Tri-City Concrete Contractors, Inc.

Trico Excavating, Inc.

Tri-Cor Mechanical, LLC

Tri-County Paving, Inc.

Tri-North Builders, Inc.

Trierweiler Construction, Inc.

Tri-State Concrete Pumping, Inc.

Tweet Garot Mechanical Inc.

United Piping Inc.

UPI, LLC

Up-Right Services, Inc.

US Vet, LLC

Valley Drilling & Bit Grinding

Valley Hydro-Excavation, LLC

Valley Machine & Iron (VMI, LLC)

Van Ert Electric Co., Inc.

Van Straten Construction Co., Inc.

Van's Roofing, Inc

Veit & Company, Inc.

Venture Electrical Contractors, Inc.

Verhalen Commercial Interiors (Verhalen, Inc.)

Vinton Construction Company

Vitalize Construction & Design, Inc.

Vollbrecht Sheet Metal LLC

W.H. Jacklin, Inc.

Wagner Excavating, Inc.

Wall-Tech, Inc.

Walsh Masonry, Inc.

Wanasek Corporation

Waukesha Crane Sales & Service, Inc.

Waukesha Lime and Stone, Inc.

White City Glass (of Chippewa Falls, LLC)

William A. Hein Construction Company, Inc.

Willkomm Excavating & Grading Inc.

WK Construction Co., Inc.

Wm. Heinz & Sons Inc.

Yahara Materials, Inc.

Yeske Construction Company, Inc.

Zenith Tech Inc.

Zenke, Inc.

Chairman KLINE. Without objection.

Mr. POCAN. And the reason I raise this is just the conversation we just had. You know, we talked about the dozens of businesses who are coming to Alabama because they didn't have right-to-work laws. And yet, interestingly, in Wisconsin when we had this fight, some of the leading opposition to the right-to-work laws came from local business leaders, 468 businesses.

So Dr. Bruno, if I could just ask you that question specifically. You know, we know you are gonna make less, we know you are gonna get less benefits, we know you can freeload by being not able to, you know, pay anything when you are gonna benefit from something. But why would businesses be so strongly opposed to putting a right-to-work law in place? Why would that happen?

Mr. BRUNO. Well, thank you, Congressman. For a number of reasons. There are a number of studies that demonstrate that union workers are highly productive. There has been a series of meta analyses, which—or studies that look at other studies and summarize those and find that productivity gain can be, you know, 7, 10 percent. In the construction, the unionized construction industry, 17 to 20 percent.

Look at the high percentage of union members actually that have master's degrees or college degrees compared to similarly-situated nonunion workers. And we know that education is powerfully correlated with productivity. So it is a highly-productive workforce. It is a safer workforce. Think about workman's comp cost.

In fact, most employers, when they look at what really drives where they are gonna go, they are looking at policies, but it isn't that labor policy. It is not that labor management policy. It is about regulations. It is about taxes. It is about workman's comp. Those issues—

Mr. POCAN. I am glad you said that. Because, I mean, anecdotally, you know, Ameritrade may not trust their workers to collectively make some decisions. But a lot of these businesses do. You know, and I have a union shop, just for the record. And because I have people who stay long in the business, I don't have to retrain them. And because we have apprenticeship programs to make sure that people are highly trained so that I can get more business because they know that they are gonna get a better quality product. I just want to hear the anecdotal—I didn't want it to just be an anecdotal. I wanted to have it from your side.

Dr. Bruno, this freeloading argument. I mean, am I wrong to say, essentially you are freeloading if you are not paying a grievance fee and you are still getting a benefit? Isn't that like the example of the metro hopping over the turnstile?

Mr. BRUNO. It seems to be consistent with what we learned in kindergarten, quite frankly.

Mr. POCAN. Yes.

Mr. BRUNO. Right? Everybody should make a contribution. Everyone should be treated fairly. It is about accountability. You are receiving a benefit, a sizable benefit. That grievance could lead to an arbitration that saves your jobs that over a career could amount to thousands of dollars. You benefit not just in the moment, but you benefit maybe over a lifetime. And you have contributed nothing to it.

But you perceive that if you contribute nothing to it, the strength of the union will always be there. Notice they are saying that they are working for that unionized company. Because they want that union to work for them. They are simply looking at the options and saying if I can get it for nothing, some people will do that.

Chairman KLINE. Gentleman's time is expired.

Mr. Bishop.

Mr. BISHOP. Thank you, Mr. Chairman. Thank you to our distinguished guests today.

Is there anything to prohibit a person from voluntarily paying a union fee?

Mr. BRUNO. No.

Mr. BISHOP. So if they wanted to join a union and get those benefits, they could do that voluntarily?

Mr. BRUNO. Yes.

Mr. BISHOP. I am from Michigan, so all of this I take very personally. We are a labor state. We are a proud labor state. For many years, Detroit was the arsenal of democracy. And we did very well back in the day. And then came about 2000 to 2010 where Michigan hit a significant downturn. Everything turned upside down. Jobs fled, people fled. We were one of the only states in the union that actually lost population. And we would have lost more if the housing market wasn't so bad. People couldn't sell their houses; locked in place. And we shed jobs, especially in the manufacturing sector.

About 2010, the people of our state said enough is enough, they kicked out our former governor, brought in a whole new group of leaders who made some really tough decisions from 2010 until now. One of those decisions was right-to-work. And if you had told me 10 years ago that Michigan would be a right-to-work, I would have told you, you are crazy.

But everything you are telling me is completely contrary to my experience. Michigan has completely turned around. It is not just because of right-to-work. It is because of a lot of other things. But our unemployment rate is now 5.4 percent. And all those union workers that used to be involved in the union, who can now voluntarily belong the that union, are working again. And instead of being forced out of the state and being displaced, they are now working again.

And to me, the decisions that were made, although tough and contrary to our history in terms of the culture of the state, made a difference. So my experience is different. So when you tell me these statistics, I can't believe what I am hearing.

But I would like to know, Governor Ricketts, I hope if you could just—and I would like to talk to Mr. Hewitt too and his experience as well. And I appreciate your being here. Because we need your testimony, as well.

Put your executive hat back on again. Help me out here. Governor Snyder in the state of Michigan is trying to attract new business. How does right-to-work help your state? Can you give us some information? We just heard that it—there are some—some businesses that want the right to—or want a union environment. How does right-to-work help your state?

Governor RICKETTS. Sure. I think fundamentally what right-to-work does is it is about freedom. It is about the opportunity to choose. And so when companies and employees are thinking about that right, they want to have the most optionality they can, or the greatest ability to choose.

Certainly, in my experience in the real world, it is a competitive advantage. We made decisions about where we were going to expand based upon that absolute fact. And so, you know, that was kind of the first question. If you are not a right-to-work state, none of the other things are gonna matter. We are not even gonna check you.

You know, we are not gonna look to see what your workforce is like, we are not gonna look the see what your roads and infrastructure is like if you are not right-to-work. We have got plenty of other states that are right-to-work that we can go find those similar types of things. And that is where we are gonna look to expand.

So that is a huge competitive advantage for any company located in a state that is a right-to-work state to be able to draw—you know, to have. And why it is an advantage with states to draw those companies in or to look to get companies to expand there. I think it allows people to have more freedom, more flexibility.

And again, it gets back the choice. You know, again, my experience in Nebraska is the people in Nebraska overwhelmingly support this. They have for almost 70 years. And it is one of the things that we certainly looked for when I had my executive hat on. And now, as governor, I am looking to make sure that we continue to retain that; that the NLRB doesn't do—undercut that rule so that we can continue to try to attract jobs to our state. And we do have the lowest unemployment rate in the country and one of the highest—we do have an above national average workforce participation rate, as well.

Mr. BISHOP. Thank you, Governor.

And Mr. Chairman, I yield back.

Chairman KLINE. I thank the gentleman.

Ms. Bonamici?

Ms. BONAMICI. Thank you very much, Mr. Chairman.

And thank you to our panel of witnesses for their testimony. This has been a very interesting discussion that has obviously gone beyond the scope of what is suggested by the title.

And I just wanted to make a big picture comment to start about some of the language. There was an analogy about union membership being analogized to kidnapping and extortion. And I think that kind of message is not very productive in a discussion about the benefits of union membership. And as some might say, not benefits. But let's have a discussion that doesn't inflame people.

And interesting that I am following on the member from Michigan. I actually was born and raised near Detroit. So my grandfather worked for Ford Motor Company before 1941, before the UAW came to Ford Motor Company. And just looking at the differences in his workplace over time from before the UAW was there in terms of safe working conditions.

And when we talk about union members, you know, we shouldn't make these stereotypes with the inflammatory language. We are talking about teachers and firefighters and people who take care of

sick patients. You know, there is a really broad range of people in unions. So let's make sure that we are having a factual discussion.

So I represent a district in Oregon. We were the first state to officially recognize Labor Day back in 1887, and firmly believe that the workers in Oregon as well as across the country should be able to collectively bargain for fair wages, reasonable hours, safe workplace, health care, other hallmarks of a democratic society.

And unions continue to do things like build the infrastructure, help our economy grow, strengthen the innovation of America's workforce has long been the key to our success as a nation. And looking back over history, we cannot understate the role of the labor movement in helping to create and maintain a thriving middle class.

So in Oregon, I know we have had some discussions about the disparity in wages between union members and people who aren't in a union. But for example, the University of Oregon Labor Education Research Center identified the median hourly wage for a certified nursing assistant in an Oregon nursing facility. And there was a difference—$12.15 but in a unionized facility it was $14.29. With insurance and retirement benefits included, a little more than $15 an hour.

So when you talk about those differences in wages—and obviously, as we saw in—over history, when people have more discretionary income, they spend more so—in the marketplace.

So I wanted to ask you, Dr. Gould, your testimony states that wages in right-to-work states are lower than in states without right-to-work. And there is obviously a difference in states across the country. We have a very diverse country. So can you explain whether and how this remains true, if there are—differences in tax policy, demographics, education, other types of industry.

And I know my state of Oregon is not a right-to-work state. And we have businesses that love doing business there. It is a place to live. There are a lot of other factors that go into that consideration. So can you talk about that, whether there is data to show, considering those variations to the whole.

Ms. GOULD. Sure. Absolutely. That is a great question. And I think the example that you gave is a great example. You are talking about within your state where the policies and laws are similar, the economic conditions are similar, and you are comparing a CNA in a union shop with a CNA in a nonunion shop and looking at those wage differences.

What we do when we look at right-to-work states and non-right-to-work states is we are trying to do exactly the same thing. We are trying to look at individuals that are all else equal and see if their wages are any different.

So to do that properly, we use multi-varied regression analysis, and we can control for the racial composition of that state, we can control for the educational attainment of people in that state, we can control for the occupations, the industries, all the different factors that might be different. The cost of living in one state versus another. And when we control for all of those things, we still see that right-to-work states have 3.1 percent lower wages.

Ms. BONAMICI. Thank you. And I am gonna try to get one quick question in.

Dr. Bruno, your testimony says that the right-to-work states lead to a reduced state tax collection. In part because of the Earned Income Tax Credit and increases in use of programs like SNAP. So what studies have been done to quantify these costs to government from right-to-work laws?

Mr. BRUNO. The study that I am referencing is a study that we did here at the University of Illinois. I believe it is referenced in the written testimony that we submitted when we actually took a look at essentially the way in which two states—and we were looking at Illinois and other collective bargaining states and Indiana as a neighboring state trying to measure this.

So there is actually a report that we did at the university that I could certainly make available to you that made this comparison.

Ms. BONAMICI. Thank you, Dr. Bruno.

My time is expired. I yield back. Thank you, Mr. Chairman.

Chairman KLINE. Thank the gentlelady.

Mr. Allen?

Mr. ALLEN. Thank you, Mr. Chairman. And thank you, distinguished panel, for your testimony here today. It has been very enlightening.

As a business owner for the last 37 years in the state of Georgia, I have experienced lots of activity, both with the union and nonunion workers. Actually, the company I started working with was union. And then when we formed our company, we elected to go nonunion at that time because that was sort of the trend. And that was in the mid-1970s.

One of the things that I value about our employee relationship is the fact that, you know, we are—kind of turned the hierarchy upside down. The workers actually have a good bit to say about how we run our business. And we like it that way. And I found that in my union involvement, it was always a conflict. And it was very difficult to deal with.

But I will say that Georgia was selected by Site Selection magazine as the number one state to locate a business in. And we have been a right-to-work state for a long, long time. And we too are very proud of our workers and our productivity, our cost of living, which I don't think we have talked about cost of living or the cost of products and things like that make a big difference and competitiveness, makes a big difference, you know, where we are.

And the fact that our workers love where they work. And I have experienced that touring many of our manufacturers throughout the district since I was just recently elected to Congress. And what I have been amazed at is the attitude of the workforce out there with these manufacturers. And it has been quite enlightening to me as far as the labor front goes.

Mr. Hewitt, we haven't asked you a question. And I have been involved in United Way. I love that organization because I think it is like 90 percent of what we raise actually goes to help the agencies and the folks we are trying to help. And that is what community is all about.

And I am sure as a National United Way, you have talked to others in the—around the—I don't—we are not union. Our United Way is not union. They are in Augusta. But in your talking with these other United Ways and your having to spend apparently a

lot of your time dealing with these union issues, how are you doing that and still being able to serve the very folks that need serving? Can you explain that?

Mr. HEWITT. I put in a lot of hours. Most of this behavior, all of this effort is done off hours, individually, via individual email. It is not done during company time.

Mr. ALLEN. Right.

Mr. HEWITT. And it is—we do—I am a little upset, because we do have a lot of union involvement. And there have been extreme threats of pulling back, pulling away and not supporting to the degree that they have. There have been claims that unions in our area support your organization. And because you are doing this antiunion thing of disassociating, we are going to pull our support.

Now, okay, you are affecting the community because we, as the members, find that we are not represented; that we, in fact, do not have a union that works for us, but work for themselves. Because we are raising our hands and objecting to that and trying to exercise our rights, you want to affect the entire community?

Mr. ALLEN. Let me see if I heard you correctly. In other words, the unions don't quite understand exactly what your mission is here? I mean, your mission is to help folks who—

Mr. HEWITT. It seems not to matter. It seems not to matter.

Mr. ALLEN.—are unfortunate and can't help themselves.

Mr. HEWITT. Right.

Mr. ALLEN. So they don't care about that?

Mr. HEWITT. That is the message. I am hoping that it—

Mr. ALLEN. That is shocking.

Mr. HEWITT.—was just said in anger.

Mr. ALLEN. Yes.

Mr. HEWITT. It didn't prevent our membership from standing up for our rights and for saying in spite of that, we don't feel that we can continue. A number of our members did, obviously. We had 100 percent participation, but we had 62 percent who said no, we cannot continue—

Mr. ALLEN. It is unconscionable that people in America would have strings attached to the cause to help the—

Chairman KLINE. The gentleman's time has expired.

Mr. ALLEN. I yield back.

Chairman KLINE. Mr. DeSaulnier.

Mr. DESAULNIER. Thank you, Mr. Chairman. I really find this conversation interesting. Having grown up in two states that are not right-to-work states, Massachusetts, and have lived most of my live in the Bay Area, both areas that I would argue are cornerstones to innovation in this country but also have strong historical labor movements.

So while I appreciate the details of Mr. Mix and the issues about around what NLRB is about to do, I tend to believe that NLRB will do as it is designed to, as it is designed to do in the political context of who is appointed to that, depending on the administration. And then the courts will opine one way or the other.

So I am more interested in sort of the macro of—Mr. Lincoln once said that in the United States, we should always keep capital and labor roughly within balance. And he also said if capital were

to become out of balance and superior, we would lose American democracy, which is my fear sitting here today.

And I say that as a former union member, but also as a former business owner of nonunion restaurants. I tended to think that if I treated my employees well, they wouldn't have a reason to organize. Sort of similar to what I have heard from the governor and previous comments.

So, Dr. Bruno, in the larger context, it seems irrefutable that we are in a period where we are in an economy that requires—is 70 percent consumer-driven. If you don't have people who are making enough income—and this is one of our challenges in the Bay Area where, by the way, we get a third of the venture capital in the United States comes to the innovative companies in the Bay Area. Our struggle is the cost of housing and the cost of living there.

And it seems pretty irrefutable that we need to have higher wages for people to buy tech products and be able to afford to live there.

So Dr. Bruno, I'd just like to ask you in your last comment, you said, "the gradual decline in unionization has been found to be a driving force in the increase in income inequality both in the United States and across the world."

In light of the comments that I made and the need to have a strong consumer class as your research, Dr. Gould, led you to believe at a larger level, we need to do some adjusting to the imbalance of capital markets and what we compensate workers for in America.

Mr. BRUNO. Thank you. It is indisputable that consumer society is driving our economy. And workers are going to generate demand. They will generate that demand with the income that they are able to spend. And as you noted, if 70 percent of job growth is in a low-wage service sector, these are workers who are not going to be able to save money, they are not gonna be able to spend beyond a sort of basic sustenance level.

And you are gonna need some labor market institution that can aggregate their interest and go into the employment relationship roughly on an equal balance to negotiate, to negotiate collectively. Let's not forget, that union is not an isolated entity. It represents those workers who have freely chosen that union. They are in that union. Their interests are collectively brought together. They negotiate on behalf of those workers.

That is the way in which in 1935, Congress understood that you could save, if you will, you could protect, you could promote capitalism, you could promote the free market by putting money into the pockets of workers who would have a little bit more negotiating capacity in the workplace.

And, quite frankly, I have looked at thousands of collective bargaining agreements. They can be very nimble, they can be very smart, they can address productivity in different ways, they can problem-solve.

And if I could, in 2003 a study was done that looked at this productivity question. And just to quote from it, "the evidence indicates that in the United States, workplaces with both high-performance work systems"—and I think that is what Congressman Allen was experiencing in Georgia, which is wonderful, "and union

recognition have a higher union productivity than other workplaces."

But without the union or bad set of labor relations, keep in mind that contract helps to settle disputes. You can keep your most talented workers in that workplace. So I don't understand how you can build a strong and middle class—and we have never done it. We haven't built a strong middle class in this country without an independent, strong robust labor union.

And it is hard to find a similar example in an industrialized country that is a democracy anywhere in the world which hasn't had a strong independent labor union.

Mr. DESAULNIER. Thank you, Doctor.

I yield back the remainder of my time.

Chairman KLINE. Thank the gentleman.

Mr. Grothman, you are recognized.

Mr. GROTHMAN. I have a couple questions for Dr. Bruno. We have recently been through rather significant changes in our labor laws in the state of Wisconsin. And both in the public sector and private sector. The public sector—the private sector change is fairly recent. Haven't had time to analyze it.

But at least in the public sector, I can think of a few examples in which, because you don't have collective bargaining, individual employees were able to make more. And, of course, that is because under most labor union contracts, everybody is treated the same. And if you have one employee who is more productive than another employee, or you have one employee whose job is different than another employee but the labor union tries to put them all in the same box, people are denied their ability to make what their job would.

How do you justify telling a very productive employee or perhaps an employee whose job description is a little different than another employee that they have to have their wages artificially held down by a union contract that they are forced to pay to negotiate?

Mr. BRUNO. Well, thank you, Congressman. There are a number of things in your statement and your question. I would note, of course, that nothing's holding back the employer from offering to pay people more. They could arrive at a negotiated settlement in which they do pay people more.

And collective bargaining agreements can have a variety of different job titles, job occupations that they are doing under that collective bargaining agreement. That was true in the steel industry for decades. And those titles had different—they pay with different levels of pay. In the construction industry on a large construction site, what that pay is going to be for the painter or the glazier or for the electrician, those rates are gonna be set at different levels. So there is the ability to be nimble in that regard.

But, quite frankly, if, in fact, the union and the employer are interested in finding ways to make their workers more productive or benefiting/rewarding those workers because they want to keep them in that workplace, there are ways that can be done. The collective bargaining agreement is between the two parties. And we should let the two parties figure that out.

Mr. GROTHMAN. Well, certainly, Dr. Bruno, you must know that in mostly every union contract the goal is to treat everybody the

same. I am not saying it is impossible that someday there is going to be an enlightened union that treats different employees differently. But, for example, in a school system there are certainly jobs that are more demanding than other jobs and in your standard contract both employees are treated identically. You certainly must know that is the norm.

And as the result, you are holding back some employees who would naturally make more—from making more because of the union contract.

Mr. BRUNO. What the contract is attempting to do is to make sure that any employment decisions made are not random or irrelevant so that people are treated fairly. So there is an egalitarianism expressed throughout that agreement. I don't think anybody would disagree that is an important—that is an important component.

But there is nothing, quite frankly, that is demonstrable that union contract has somehow withheld earnings from a worker that could have earned more. The data is quite clear that when you compare apples to apples, workers in a unionized setting are earning more than workers in a nonunion setting.

Look at the UAW's contracts now with the big three. They are actually—look at Ford. Particularly, a new book has just been released by a colleague. And it is a pretty impressive story of how to bring an industry back. It is a really good model. We should look at it.

Mr. GROTHMAN. Okay. I mean, I guess I find it hard to believe that you don't realize a goal that—maybe it is a good goal—is that whether you are a better or worse employee, you are all treated the same. But I am gonna give you one more question.

In your testimony, you said that corporate decision makers—surveys of corporate decision makers of right-to-work laws are not a defining factor in business location. Now, I believe they are. I have been told that by some business leaders. Usually, they qualify it by saying I am never gonna say that publicly. Because of course the unions are very powerful, and no person is publicly going to say I am putting my factory in Kentucky rather than Illinois because of a union situation.

Have you ever done studies of large businesses, maybe large foreign-owned businesses as they have a chance to choose whether they are gonna with be in one of the 25 right-to-work states or 25 states that aren't and seen overall when these companies, including—and I know there are a couple of exceptions—including, for example, foreign auto markers, where they decide to locate and whether or not that is an overwhelming factor. Because I—

Chairman KLINE. I am sorry. The gentleman's time has expired.

Mr. Grijalva?

Mr. GRIJALVA. Thank you very much, Mr. Chairman.

And the state that I was born in, live in is a right-to-work state, Arizona. And from what I have heard today of some of the comments, I—you know, I guess right-to-work laws are the panacea for citizen democracy, economic growth, individual growth, economic growth, as well.

And the fact remains, though, that ongoing and not only in my state but across this country, there is a very fundamental economic

problem that families are facing in this country. That is stagnant wages and income inequality across the board.

And let me turn to Dr. Bruno, Dr. Gould. Right-to-work laws as being promoted today, putting aside the fact that there is nothing in law that prevents a rule that requires employees if you are taking the benefit of a grievance representation, then you should be able to kick in a little bit in terms of a fee for that representation. There is nothing.

But having said that, income inequality and the right-to-work law as the salve that is going to take care of this issue, which continues to persist. One question.

Have either of you—has there ever been any study—because when we talk about economic growth, I think it is always good to put another ledger there in terms of the public subsidies that go into bringing a company into a state—tax relief, forgiving taxes for 10 years, building the infrastructure—as an attraction to bring that in and what that public cost is, as well.

With that, let me—that is the only question—

Mr. BRUNO. Well, if I could, I—again, knowing Illinois maybe a little bit better. At conservative estimate, there are well over 400 very profitable corporations in Illinois. And actually, many of them are international companies that pay zero in taxes or a very, very small percentage. It is millions of dollars that are not being paid into the public treasury. And this was a decision made by the state's leaders to create an incentive for folks to be there.

And this is a right-to-work state—I am sorry. Whoa. This is a—retract that. This is a collective bargaining state. And these businesses have been attracted there. And that is just one of the tools that the state legislature has used.

So I know, particularly in this case, it is millions of dollars that are not paid into the public treasury. And I imagine the bet was that having those companies there—and the vast majority of these companies are working with unionized employees—that they are actually generating work, they are generating dollars that is important to the state's overall economy.

Now, I haven't looked particularly at what the net is there. But it is considerable in terms of the tax exemption or the tax expenditure that is happening in Illinois. And I imagine it is true in most other states.

Mr. GRIJALVA. Dr. Gould, back to the wage, the income inequality issue that is persistent and hasn't seemed to move in a positive direction for quite a while.

Ms. GOULD. Yes. Stagnant wages for the vast majority explains the entirety of the rise of income inequality. Because the pay productivity gap is clearly incomes going somewhere else. They are going to wages at the top. They are going to corporate profits. And so all of these things.

And if you look at states where collective bargaining has eroded the most, they had the weakest growth in middle class wages. So those two things are intertwined.

Mr. GRIJALVA. You know, I mentioned—I asked the question about the subsidy and the income stagnation that we are seeing in reference to Arizona. As we attempt to attract and promote the idea that you can come here because we are a right-to-work state,

also on that same picture, in that same mirror is we are second lowest in per-people expenditures for education in the country, lowest for taking care of children in terms of health care, and lowest in terms of great actual wage growth.

So, you know, when you look in the mirror, it is not always the picture that has been painted today.

I yield back.

Chairman KLINE. Gentleman yields back. Mr. Walberg.

Mr. WALBERG. Thank you, Mr. Chairman. And thanks to the panel for being here.

I would state, Professor Bruno, your slip on Illinois being a right-to-work state. From your lips to God's ears, I hope.

As a proud son, proud son of Illinois and a former United Steelworker working at U.S. Steel South Works. And if you know anything about U.S. Steel South Works, it is no longer there. The union could not save South Works. Electric furnace where I worked the, the bop shop, the blast furnaces, the rolling mills. Now, there are other problems with that, as well. It is not only the United Auto Workers fault. I understand that.

But in our setting, in Michigan where I live now—and I can proudly say we are a right-to-work state. And I have colleagues often ask me, did I remember accurately that Michigan is a right-to-work—yes, it is. But it is more than that. It is an employee free-choice state. It is also an employer free-choice state.

Because like my friend and colleague, Mr. Pocan from Wisconsin who is a business owner and has union at his business. Has that choice, as well. My father helped organize U.S. Steel United Workers there. Proud union member. Until later years when he said wait a second, we got the things we needed; working standards, safety, benefits and other things that are important. But now, let's make sure we keep the jobs, as well.

And so let me ask you, Governor Ricketts, and thank you for being here. Why do entrepreneurs and start-up companies value right-to-work legislation?

Governor RICKETTS. One of the things that start up companies and entrepreneurs are looking for are making sure they have access to the best talent. And people who, you know, they are looking to attract are looking to have choice.

And so I think that, again, when you are talking about undermining the right-to-work laws, such as the NLRB is talking about doing right now for Nebraska which, again, in our constitution. You are making it harder for us to keep those young people here in Nebraska that would be attracted to these companies and are start-up companies to be able to create those jobs.

So to me it gets back to choice and attracting the best talent available.

Mr. WALBERG. Mr. Mix, you know Michigan well from your efforts on right-to-work legislation for many years there, as well. The unions weren't able to save General Motors or Chrysler and the jobs, specifically, of their employees.

But more importantly, in my district where not only do we have auto plants, but we also have the suppliers. Those little businesses, some that were unionized, some that weren't, have had a much

more traumatic impact, and they are gone. Some went to the southern states where they had better opportunity, as well.

It is frequently stated that employees in right-to-work states are paid less and receive fewer benefits than similar employees in states that are not right-to-work. Is that accurate, Mr. Mix?

Mr. MIX. Absolutely not. In fact, we have evidence from the AFL–CIO that indicates otherwise. They did a study called the Interstate Study of Cost of Living Wages. And when they adjusted for cost of living, what they found was that workers in right-to-work states had about $1,250 more a year in mean disposable income than workers in forced unionism states.

It is just not. I mean, these studies don't adjust for cost of living. In fact, a new study is out about California having the highest poverty rate of any state in the country when you adjust for cost of living. There are meaningful comparisons that need to be made between wages from Utah and New York. If you do that and you adjust for wages, you find that workers in right-to-work states are actually better off, with more disposable income.

Mr. WALBERG. Is security of jobs also a part of that factor?

Mr. MIX. Well, absolutely. Absolutely. You know, it is interesting. I wish that Congressman Pocan was still here. Because, you know, he says Wisconsin has been last in job growth—or tied for last for the last couple years. They have only been a right-to-work state for two months. I would ask him to be patient.

On the other front, the idea the metro rider, that guy who jumps over the fence does it illegally. The worker that is forced into a cab does it by force. But, the idea of having a job is important. I mean, 78 percent of all automotive manufacturing activity in the United States of America now occurs in right-to-work states. I mean, there is a reason for that.

Volvo just announced growth in South Carolina; BMW; Volkswagen in the right-to-work state of Tennessee. Good things are happening in those states. And good things are happening in other states, too.

But the idea of allowing individual workers to choose is really the fundamental issue here. I mean, let's get back to the basics. Will we as a country force a private organization to force a worker to pay dues or fees to work?

Mr. WALBERG. Can employees pursue their grievances outside of the procedures in the CBA?

Chairman KLINE. The gentleman's time—

Mr. MIX. They cannot. They cannot.

Chairman KLINE.—has expired.

Mr. Jeffries.

Mr. MIX.—they can't.

Mr. JEFFRIES. Thank you, Mr. Chair.

Let me start with Mr. Mix. To the extent that a union in a right-to-work state collectively bargains a higher wage, the nonunion employee benefits from that higher wage; correct?

Mr. MIX. That is correct. They are forced to accept that union as their bargaining agent. That is correct.

Mr. JEFFRIES. They are forced to accept a higher wage.

To the extent that a union in a right-to-work state collectively bargains a more robust health care plan, the nonunion employee benefits from that more robust health care plan; correct?

Mr. MIX. In your question, the answer is, yes. They are required to accept that, yes.

Mr. JEFFRIES. Okay. So and to the extent that a union in a right-to-work state collectively bargains a strong pension plan, for instance, the nonunion employee gets the benefit of that stronger pension plan; correct?

Mr. MIX. The answer to your question is correct because of the union's monopoly bargaining power that they asked for. They requested to be the exclusive bargaining agent. And, you know, they recognize that they can represent only their members.

Mr. JEFFRIES. Okay. So—

Mr. MIX. In fact, I hold a United Steelworkers brief to the NLRB in 2007 where they clearly recognize the ability under federal law to represent their members only. And if you were union, Congressman, if you could negotiate these benefits, don't you think workers would want to join you voluntarily? Absolutely yes.

Mr. JEFFRIES. Mr. Mix, I have got limited time. So it just seems to me to be fundamentally unfair if you are concerned about unfairness that you have a situation where you have workers make a voluntary decision not to participate in union membership, not to pay dues, but nonetheless get the benefit of that union membership. And in the grievance context, all that is being asked is that a reasonable fee be paid. But let me move on.

The productivity of the American worker has increased exponentially over the last 40-plus years; correct?

Mr. MIX. According to the EPI study, that is what I saw—

Mr. JEFFRIES. In fact, in studies that I have seen, it has increased since the early 1970s in excess of 275 percent. But at that same period of time, the wages of the American worker has largely remained stagnant; correct?

Mr. MIX. I can't really comment. I think that is the information that was—

Mr. JEFFRIES. Dr. Gould, is that correct?

Ms. GOULD. Yes, that is correct.

Mr. JEFFRIES. Okay. So Americans are working more productively, but earning less, correct, Mr. Mix?

Ms. MIX. According to her statistics.

Mr. JEFFRIES. Okay. No one disagrees with those numbers, by the way, that I have seen in this institution during the two-plus years that I have been here.

Now, in America, do you think that there is a right-to-work for a fair wage and good benefits?

Mr. MIX. I think in a country that is founded on the basic principle of individual freedom, I think that workers have the right to negotiate a fair wage for a day's work, for sure. It is a fundamental piece—it is actually the fertilizer of who we are as a country; that somebody controls their ability to work.

Mr. JEFFRIES. And the better-paid workers are actually in fair share collective bargaining states; correct?

Mr. MIX. I would disagree with that vehemently.

Mr. JEFFRIES. Dr. Gould, is that correct?

Ms. GOULD. Yes, that is correct.

Mr. JEFFRIES. Okay. Now, you made a statement, Mr. Mix, in my limited time, that is kind of extraordinary. So I think, let me just check that I got this correct; that workers in right-to-work states are better off. Is that your view?

Mr. MIX. That is my statement. Yes, sir.

Mr. JEFFRIES. Okay. Now, is Tennessee a right-to-work state?

Mr. MIX. Yes, sir.

Mr. JEFFRIES. And Tennessee is one of the poorest states in the union, true?

Mr. MIX. I don't know that to be fact. I can't testify to that fact.

Mr. JEFFRIES. Okay. Let me introduce into the record a table, Table 709, Individuals and Families Below Poverty Level Number and Rate by State. This is between 2000 and 2009. According to this document, Tennessee is the tenth-poorest state in the union.

[The information follows:]

Table 709. Individuals and Families Below Poverty Level—Number and Rate by State: 2000 and 2009

[In thousands (33,311 represents 33,311,000), except as indicated. Represents number and percent below poverty in the past 12 months. Prior to 2006, the American Community Survey universe was limited to the household population and excluded the population living in institutions, college dormitories, and other group quarters. Poverty status was determined for all people except institutionalized people, people in military group quarters, people in college dormitories, and unrelated individuals under 15 years old. These groups were excluded from the numerator and denominator when calculating poverty rates. Based on a sample and subject to sampling variability; see Appendix III]

State	Number below poverty (1,000)				Percent below poverty			
	Individuals		Families		Individuals		Families	
	2000	2009	2000	2009	2000	2009	2000	2009
United States	**33,311**	**42,868**	**6,615**	**7,956**	**12.2**	**14.3**	**9.3**	**10.5**
Alabama	672	805	146	167	15.6	17.5	12.4	13.4
Alaska	55	62	11	10	9.1	9.0	6.8	6.2
Arizona	780	1,070	150	175	15.6	16.5	11.6	11.6
Arkansas	439	527	96	113	17.0	18.8	13.0	14.8
California	4,520	5,129	832	887	13.7	14.2	10.7	10.6
Colorado	363	634	64	110	8.7	12.9	5.7	8.9
Connecticut	254	321	51	59	7.7	9.4	5.8	6.7
Delaware	70	93	14	16	9.3	10.8	6.7	7.1
District of Columbia	94	105	17	16	17.5	18.4	15.4	14.6
Florida	1,987	2,708	387	488	12.8	14.9	9.3	10.7
Georgia	999	1,575	206	301	12.6	16.5	10.0	12.7
Hawaii	103	131	19	23	8.8	10.4	6.8	7.5
Idaho	144	216	26	39	11.4	14.3	7.7	9.9
Illinois	1,335	1,677	262	309	11.1	13.3	8.6	9.9
Indiana	592	897	113	178	10.1	14.4	7.1	10.7
Iowa	281	343	53	61	10.0	11.8	7.0	7.7
Kansas	247	365	43	65	9.5	13.4	6.2	9.0
Kentucky	640	777	148	165	16.4	18.6	13.5	14.4
Louisiana	862	755	182	150	20.0	17.3	16.0	13.3
Maine	124	158	22	29	10.1	12.3	6.6	8.3
Maryland	477	505	89	85	9.3	9.1	6.6	6.1
Massachusetts	586	655	110	109	9.6	10.3	7.1	7.0
Michigan	975	1,577	196	292	10.1	16.2	7.7	11.6
Minnesota	328	563	66	95	6.9	11.0	5.1	7.0
Mississippi	498	624	104	131	18.2	21.9	14.2	17.3
Missouri	606	849	118	168	11.2	14.6	7.7	10.9
Montana	117	143	23	23	13.4	15.1	9.5	9.9
Nebraska	158	215	28	39	9.6	12.3	6.5	8.4
Nevada	194	322	34	57	9.9	12.4	6.9	9.0
New Hampshire	63	109	11	19	5.3	8.5	3.5	5.5
New Jersey	651	799	126	151	7.9	9.4	6.0	7.0
New Mexico	320	354	64	66	18.0	18.0	14.2	13.6
New York	2,391	2,692	491	498	13.1	14.2	10.7	10.8
North Carolina	1,018	1,478	203	289	13.1	16.3	9.6	11.9
North Dakota	71	72	14	11	11.6	11.7	8.1	6.6
Ohio	1,216	1,710	246	328	11.1	15.2	8.4	11.1
Oklahoma	459	578	100	115	13.8	16.2	11.0	12.1
Oregon	439	535	84	94	13.2	14.3	9.5	9.8
Pennsylvania	1,240	1,517	247	275	10.5	12.5	7.8	8.6
Rhode Island	108	116	23	22	10.7	11.5	8.5	8.6
South Carolina	557	754	123	150	14.4	17.1	11.7	12.9
South Dakota	83	111	16	18	11.5	14.2	8.4	9.0
Tennessee	745	1,052	158	215	13.5	17.1	10.5	13.1
Texas	3,056	4,150	639	800	15.1	17.2	12.3	13.4
Utah	192	316	40	51	8.8	11.5	7.2	7.8
Vermont	63	68	12	12	10.7	11.4	7.5	7.3
Virginia	630	803	124	148	9.2	10.5	6.8	7.5
Washington	667	804	127	133	11.6	12.3	8.6	8.1
West Virginia	327	313	72	68	18.6	17.7	14.7	13.9
Wisconsin	461	683	75	121	8.9	12.4	5.6	8.2
Wyoming	55	52	10	9	11.4	9.8	7.9	6.3

Source: U.S. Census Bureau, 2009 American Community Survey, B17001, "Poverty Status in the Past 12 Months by Sex and Age" and B17010, "Poverty Status in the Past 12 Months of Families by Family Type by Presence of Related Children under 18 Years by Age of Related Children," <http://factfinder.census.gov/>, accessed January 2011.

	State	2009
	United States	**14.3**
1	Mississippi	21.9
2	Arkansas	18.8
3	Kentucky	18.6
4	District of Columbia	18.4
5	New Mexico	18.0
6	West Virginia	17.7
7	Alabama	17.5
8	Louisiana	17.3
9	Texas	17.2
10	Tennessee	17.1
11	South Carolina	17.1
12	Arizona	16.5
13	Georgia	16.5
14	North Carolina	16.3
15	Oklahoma	16.2
16	Michigan	16.2
17	Ohio	15.2
18	Montana	15.1
19	Florida	14.9
20	Missouri	14.6
21	Indiana	14.4
22	Idaho	14.3
23	Oregon	14.3
24	South Dakota	14.2
25	California	14.2
26	New York	14.2
27	Kansas	13.4
28	Illinois	13.3
29	Colorado	12.9
30	Pennsylvania	12.5
31	Wisconsin	12.4
32	Nevada	12.4
33	Nebraska	12.3
34	Washington	12.3
35	Maine	12.3
36	Iowa	11.8
37	North Dakota	11.7
38	Utah	11.5
39	Rhode Island	11.5
40	Vermont	11.4
41	Minnesota	11.0

42	Delaware	10.8
43	Virginia	10.5
44	Hawaii	10.4
45	Massachusetts	10.3
46	Wyoming	9.8
47	Connecticut	9.4
48	New Jersey	9.4
49	Maryland	9.1
50	Alaska	9.0
51	New Hampshire	8.5

Mr. MIX. It is not the poorest state.

Mr. JEFFRIES. We are gonna get to that.

Mr. MIX. Okay.

Mr. JEFFRIES. Louisiana is a right-to-work state; correct?

Mr. MIX. Yes, sir.

Mr. JEFFRIES. And is Louisiana one of the poorest states in the country?

Mr. MIX. I do not know that.

Mr. JEFFRIES. It is the eighth poorest state in the country, according to this document. Is Alabama a right-to-work state, Mr. Mix?

Mr. MIX. Yes, sir.

Mr. JEFFRIES. And is Alabama one of the poorest states in the country?

Mr. MIX. Yes. But it is important to note that Alabama has a union density higher than many states that do not have right-to-work laws, sir.

Mr. JEFFRIES. Okay. And is Arkansas a right-to-work state?

Mr. MIX. Yes, sir.

Mr. JEFFRIES. Is Arkansas one of the poorest states in the country?

Mr. MIX. I do not know that to be true.

Mr. JEFFRIES. It is actually number two. And let's get to the penultimate question that you anticipated. Is Mississippi a right-to-work state, sir?

Mr. MIX. Yes, sir.

Mr. JEFFRIES. And is Mississippi the poorest state in the union?

Mr. MIX. I believe that your table would indicate that.

Mr. JEFFRIES. Thank you. I yield back.

Chairman KLINE. The gentleman yields back. Mr. Thompson?

Mr. THOMPSON. Thank you, Chairman.

Mr. Hewitt, what were the factors that led you to believe your union officers had become unresponsive to your concerns? And under what circumstances would you financially support a union?

Mr. HEWITT. In what circumstances would I financially support? Basically, they were unresponsive because they failed to communicate with us during the union negotiating process. They absolutely refused to tell us what was under consideration. They refused to listen to us as we went forward, in spite of repeated attempts to request that they do so. So they were entirely unresponsive and refused to change their ways in any way, shape, or form. What was the second part of the question?

Mr. THOMPSON. My follow-up question was under what circumstances would you financially support a union?

Mr. HEWITT. I started this by saying that I am not anti-union. And just because we have the right to not be members, I am personally going to remain a member and try to work with our union and to convince them that they need to listen to us; that if they want to ensure their future, the future of unions in general, they need to listen to us.

This is the only thing at my disposal to force our card to force them to, in fact, listen to us. It is not that I don't want to pay my dues. That has—that couldn't be further from the truth. The fact is I will happily pay my dues if they, in fact, are willing to listen

to me, to do as we ask them to do, to consider our perspective and not go off on a tangent and do whatever it is they want to do for themselves, individually or for a very small portion of the union membership.

It is not that I would not pay. In fact, the issue at concern isn't really right-to-work. It is this one little clause that says if I have a grievance, I want to charge you for representation during that grievance. Well, all of my grievances are with the union itself. So you mean to tell me that I am going to have the pay the union to represent me in my grievance against themselves? That is just incredibly insane. Why would I want to do that?

You know, I have pledged to remain a union member. I have pledged to continue on this fight and to continue to have these grievances. But my grievances are not with management. My grievances are with the union itself in their failure to listen to me, the member and the rest of our members. Those are my grievances.

And to assume that their representation is valuable or to assume that it is desired, that is just false. I could pay to have them stay away. If I had to pay, I would pay someone else to represent me. But no way would I ever think that it would be reasonable for you to charge me for them to represent me against themselves. That is just insane.

Mr. THOMPSON. Sounds like there may be a little bit of a bias there if the representation you had to hire was those you had a grievance with. Thank you, sir.

Mr. Mix, in your testimony you described how the NLRB has deviated from its original intent; to protect workers against unfair labor practices and determine whether or not they wish to be represented by a union.

And aside from the fee-for-grievance method that we have just illustrated, can you outline some of the intimidation tactics that are being used in the workplace to pressure individuals into joining unions? And what can the Federal Government do to address this problem?

Mr. MIX. Yes, there is lots there. You know, I think this debate has actually kind of migrated into the debate between unions and management. And, you know, when we wrote the Labor Code back in 1935, it was designed to be for employees.

And unfortunately, we are no longer in that mode where the employees are a party. And even, in fact, all of us tend to slip into that context of saying this is a battle with union and management. It is not. The act was designed to protect individual employees.

And let me just give you a quick example of the NLRB and a case we just got done with and at a company called NTB Bauer in Alabama. The workers there decided they wanted to decertify the union using the rules under the NLRB procedures to do that. In over two years, they had five different votes to do that. Four of those votes were won by the employees but challenged by organized labor. During that whole process, these workers were still compelled to be represented by that union that they had thrown out not once, not twice, not three times, but four times.

This is an act that is being stacked against individual workers' rights. And that, fundamentally, is where we need to go back to determine whether or not these issues and these policies that they

are gonna promulgate are favorable to workers. And I would suggest forcing workers to pay fees to an organization they did not ask for, did not vote for, did not want is coercive by nature, and it is clearly violative of the 25 state right-to-work laws.

Chairman KLINE. Gentleman's time has expired.

Mr. Takano?

Mr. TAKANO. Thank you, Mr. Chairman.

My question, Dr. Bruno or Dr. Gould, are either of you familiar with the role of training, the amount of training that unions provide to workers, especially in the building trades? I myself have visited the carpenter's union training facilities, and they are quite impressive.

Is there any other entity that—for workers, especially in the construction trades, that finances that level of training?

Mr. BRUNO. Absolutely not.

Mr. TAKANO. I have seen that some nonunion organizations who oppose, say, project labor agreements at a local level have said that, you know, that they provide that training as well, or that these local agreements discriminate against their workers in terms of their training. I find that to be kind of a specious claim.

Mr. BRUNO. Well, I think you are right to conclude that. When research has been done that looks at spending that is done in the joint apprenticeship training programs—again, keep in mind, these are union and employer-negotiated agreements and plans, as opposed to plans that are apprenticeship programs that are set up simply by employers unilaterally in the nonunion sector.

And you do a dollar-for-dollar value, it isn't even close. The union sector spends almost the equivalent, if you were to just measure it, as if it were a university. They would have actually I believe the sixth largest number of students involved. And the contribution is in the billions of dollars.

And when you look at the number of workers, when you compare apprentices in nonunion programs versus union programs, again, it is light years. Statistically, I am not even sure what the number would be. There are so many more unionized apprentices. So it is an embarrassing comparison, actually, for the non-union construction industry.

Mr. TAKANO. So at least within this industry that I am—

Mr. BRUNO. Correct.

Mr. TAKANO.—bringing up, and I could speak about other industries, a tremendous amount of their union resources that—a lot of it is coming from the dues—is spent on training the skilled workers through levels of apprenticeships and a greater mastery.

And something that I don't think people fully fathom or realize—and I think the American public would really benefit by actually going to a training center, seeing what happens. I have seen an entire ramp of a freeway; I had no idea how much carpentry went into that. And that ramp, the apprentices build that ramp, tear it down. And I was just amazed at the scale of the training programs we have.

I also want to talk about, you know, it has been suggested here that unions were to blame for the demise of the auto industry in the Midwest. Can you comment on that? I mean, I recall that period of time of decline, that there were also some strategic blunders

made by some of the executives. During the time when oil prices were rising, oil shock was happening, the Japanese introduced a lot smaller cars that the markets seemed to favor. Mr. Bruno, do you want to respond to that question?

Mr. BRUNO. Yes, thank you. I was hoping for an opportunity. And I should say, I grew up in a steelworking family in Youngstown, Ohio. My dad was a steelworker for over three decades, as were members of my extended family and my neighbors. And I have written a bit about the steel industry, for example. And I, you know, am really sensitive to the one Congressman's experience of having worked in the South Works. I worked in a steel mill in the summer. It is a much bigger picture.

Let's talk about trade policy and how the degree in which policy has impacted and protected industries here, as opposed to the way European and Asian countries have treated their industries. Let's talk about currency exchange. Let's talk about decisions that the big three made, that they have readily admitted. You don't have to take my word for it. You can look at people—you can read people who have written about the auto industry and can talk about how tone deaf they were about the products that they were constructing.

Mr. TAKANO. So my time is—so it is a bit hollow to sort of lay the blame at labor, I would say.

Mr. BRUNO. It is incredibly hollow.

Mr. TAKANO. And Mr. Chairman, I yield back.

Chairman KLINE. Gentleman yields back.

Mr. Rokita?

Mr. ROKITA. I thank the chairman. I thank the witnesses for their testimony this morning. I am learning a lot. My first question is I think is to the governor. Thank you for being here, especially.

It seemed to me Mr. Bruno's testimony was mostly commenting on the negative economic effects of right-to-work. And I just to make sure that if you wanted to respond to any of that with any of your personal experience or from your state or anywhere else, I would like to hear it.

Governor RICKETTS. Sure. It is just not my experience in the real world, the practical world, that being a right-to-work state is a disadvantage. In fact, just the opposite; that being a right-to-work state was certainly one of the things that—particularly when I was an executive, as I mentioned before, that was an important factor about where we were looking to expand. I think as companies look to see what their options are, it is an important tool to make sure they have flexibility. And frankly, that the people that work for them have flexibility. So I think it is an important thing there.

And if you look at Nebraska, for instance, we have got the lowest unemployment rate in the country, 2.5 percent. As I mentioned, we have got a high workforce participation rate. We see a lot of economic things going on in our state that are very, very good.

Mr. ROKITA. Okay. Thank you, Governor.

And switching across the row there to Mr. Mix. Is it safe to say you are fairly familiar with the construct of the generic CBA agreement, collective bargaining agreement?

Mr. MIX. Yes. Yes.

Mr. ROKITA. Okay. There was some testimony in response to Congressman Grothman's questioning that I thought indicated that an employer could give a raise to individual employees under a collective bargaining agreement. Is that your understanding, or does that go against the whole nature of a collective bargaining agreement?

Mr. MIX. Generally, under a collective bargaining agreement, a monopoly bargaining agreement, an employer would—it could be an unfair labor practice if you decided to adjudicate some kind of a pay raise or any kind of a bonus to an individual employee. That is pretty well known. Yes.

Mr. ROKITA. Okay. Thank you. And following along with you, Mr. Mix, if I understand this right, under the collective bargaining agreement, the union likes to have sort of a monopoly over all the employees, whether they are unionized or in a right-to-work state, for example, nonunionized. And so they offer this grievance procedure. In fact, you have to go through this grievance procedure.

And now, of course, the NLRB is saying well, there ought to be a charge to the nonunion employees for this grievance procedure. Isn't it possible at least from a legal standpoint that a union could just decide not to offer the grievance procedure to a nonunionized employee in the collective bargaining agreement?

Mr. MIX. I am sorry. The question again? I didn't quite hear that question.

Mr. ROKITA. Yes.

Mr. MIX. Is it—

Mr. ROKITA. Yes. So the collective bargaining agreement structure as I understand it covers all employees for the—

Mr. MIX. Yes, sir.

Mr. ROKITA.—union or not.

Mr. MIX. Yes.

Mr. ROKITA.—right?

And then now the issue, of course, is the NLRB wants to charge a fee to the nonunion employees for the grievance procedure that the CBA covers—

Mr. MIX. That is correct.

Mr. ROKITA.—right?

Well, isn't it just as legally possible to have a CBA that excludes the union employee from the grievance procedure? Isn't that a way to resolve this?

Mr. MIX. Yes. Yes. In fact, you know, union officials and actually the former chairman of the National Labor Relations Board, Bill Gould, he indicated and he understood that federal law allows union officials to represent members only. And we are beginning to have that debate in Chattanooga at the Volkswagen plant down there.

The bottom line is the grievance process is part and parcel, it is wholly encapsulated by the bargaining agreement. In fact, it is simply the interpretation of the bargaining agreement that it is. If you are a nonmember, you didn't vote on the agreement, you didn't get a chance to because of your nonmember status—

Mr. ROKITA. Right. Right.

Mr. MIX.—in a right-to-work state, but you have to accept it because of the exclusive bargaining monopoly privilege of the union.

And so if you have a Venn diagram, you know, where the two circles intersect, the collective—the grievance process is entirely within the bargaining circle. It is not outside. It is not independent. It can't be adjudicated in a way that violates the contract.

And it is the union that is the final arbitrator of whether or not it violates the contract. In fact, a worker can't go to a second step of appeal without the union's permission. And the union has the right to appeal any adjudication of a grievance and actually have it voided because it violates the contract. Those are the facts.

Mr. ROKITA. But that doesn't have to be.

Mr. MIX. It doesn't have to be. They could represent their members only.

Mr. ROKITA. In the 30 seconds or so I can't—I don't have the clock right in front of me, but I see the yellow light.

Tell me more about Chattanooga, what is going on down there.

Mr. MIX. Yes, in Chattanooga the UAW announced that they had a majority of workers there and they wanted the company to accept a card check unionization, meaning we hand you these cards, you agree that these workers have said they want the union.

And so they announced publicly that they had a majority. They couldn't prove it. No one saw them. We actually ended up representing several employees down there in Tennessee. They had a secret ballet election. The employees won the election voting against recognition by the UAW.

The UAW has come back now with what is a member-only bargaining unit, Local 42. And they want to talk to the company, they want to talk to the company on behalf of their members, only their members. Now, ultimately, they are gonna ask for exclusive bargaining privileges. That is pretty clear that is where they want to end up. But they recognize the fact that they can have member-only bargaining there and speak for them.

Chairman KLINE. The gentleman's time has expired.

Ms. Clark?

Ms. CLARK. Thank you, Mr. Chairman. And thank you to all the witnesses who are here today.

My oldest son graduated from high school last Friday. And as I looked out on that stage with incredible pride as a mom, but also wondering about the future for these high school grads and the college graduations that I attended in my district, as well.

I would describe my home state of Massachusetts as a right-to-a-fair-shot state. We are a proud union state. We protect collective bargaining. And I looked at these high school seniors graduating, going off to make their world in the workplace or at college. And I thought about what they are facing; rise of income inequality, a rise of child poverty, and also a rise of corporate influence and power. Not only in the board rooms, but in the political process, as well. And I have to say that I believe this right-to-work is an incredible misnomer.

But my question is for Dr. Bruno and Dr. Gould, what do you see the impact for these young people, for the people that we are trying to attract? And, by the way, I have never talked to a business that is thinking of leaving Massachusetts who has ever cited unions as a problem. High cost of housing, high cost of electricity, those are issues that we need to address. It is not unionization—

that is making us a better and wealthier communities—that is ever cited as an issue.

But how do you see these issues around health insurance coverage, pensions, and wages affecting our most recent graduates?

Ms. GOULD. Unfortunately, the class of 2015, the people you are talking about, those young high school graduates, those young college graduates, are entering a labor market that has still had many problems because of the Great Recession and its aftermath. And so that the wages of those workers are gonna be probably no higher than the class of 2000. So we have seen stagnant wages over the last decade and more.

And I think that what we have seen overall over the last 30 years is this decline in unionization, this decline in collective bargaining, has led to this great divergence between pay and productivity where young workers starting out, like workers across the economy, are not getting the wage increases that they would get if their wages rose with productivity.

Ms. CLARK. Thank you.

I yield back.

Chairman KLINE. Gentlewoman yields back.

Mr. Hinojosa?

Mr. HINOJOSA. Thank you, Chairman Kline and Ranking Member Scott for holding this important hearing today. And thanks to all the panelists for your testimony.

In these current economic challenges, I believe that it is vitally important that our nation protect the rights of American workers; to achieve this goal, and to be effective, we must get through the demagoguery and allow the National Labor Relations Board to do its job.

In many of the questions that have been asked, I can identify with the concerns that have been asked by my colleagues on both sides of the aisle. My first question is going to be to Dr. Elise Gould.

What is the relationship between the rising inequality and stagnant wages? And what role does the decline in union density play in the wage stagnation and decline of the middle class?

Ms. GOULD. Right. So as I mentioned, unionization declined precipitously over the last 30 years. We saw the unionization rate overall go from about 26 percent down to about 13 percent in the economy. And stagnant wages for the vast majority explain the entirety of the rise of income inequality because of that pay productivity gap, that divergence between pay and productivity.

That means that incomes are going somewhere. They are not going into wages for typical workers. They are going into the wages of the top 1 percent, into wages, into corporate profits. And a lot of this is the result of policy decisions. And for the most part, the abandonment of full employment policy, both monetary policy and fiscal policy and efforts that make it harder to form unions have meant that workers are not getting higher wages, even though we have a far more productive economy.

Mr. HINOJOSA. My next question would be to Professor Robert Bruno. Your testimony says that right-to-work can increase the poverty rate. What is the evidence for this?

Mr. BRUNO. A study that we did at the University of Illinois, and I think one of the congressmen also put into the record another report that was done.

We took a good look at poverty rates across the country and correlated those with unionization rates and whether a state was a right-to-work state or a collective bargaining state. And what we found when we looked at all of those was that on average, poverty rates were lower in states that had free collective bargaining. And that if, in fact, you were to implement right-to-work in these collective bargaining states, for example, you would see an increase in poverty.

And we projected that if it were to ever happen—and let's hope it doesn't in Illinois—that poverty rates would go up by at least 1 percent, which is actually quite sizable.

Mr. HINOJOSA. Next question to Mr. Mark Mix. Mr. Mix, in your testimony, you state your views of right-to-work. The question is whether you have provided an imprecise characterization of that term. Here is what your testimony says. "Right-to-work is the simple freedom to choose whether or not to financially support the labor union that has imposed its monopoly power over you."

But section 14(b) of NLRA says something very different; and I quote, it says, "Nothing authorizes the execution or application of agreements requiring membership in a labor organization as condition of employment in any state or territory where the state or territory prohibits such agreement."

So your description of right-to-work seems to overlook what we think is a key qualifier; mainly, section 14(b) of the NLRA, which allows states to pass laws that bar union dues as a condition of employment.

Mr. Mix, isn't it the case that the first condition of employment is, indeed, a key qualifier?

Mr. MIX. Congressman, if I understand the question, what I would say is that section 14(b) allows states to authorize right-to-work laws and control union security agreements. And it has been the history for the last 60 years, both at the Supreme Court level, the federal court level, and since 1953 at the National Labor Relations Board, to say that the forced payment of a grievance fee in a right-to-work state is—you can't do it under section 14(b) of the *Taft-Hartley Act*. The Supreme Court has said that, the federal courts have said that. And that is what the NLRB has said.

And that is why we are here today, because ultimately, what we are gonna find is that when this rule comes out, we fully expect that the National Labor Relations Board position will be that they will not deem it a violation if a union decides to file—to charge a worker fees for a grievance. And I think that is the record in the courts going back to the Emporium case where, in the plumbers case from the D.C. circuit that said, you know, you can't do this. I think the litigation record and the record of the court is pretty clear. And I don't think that has been really in dispute here today.

Chairman KLINE. The gentleman's time has expired. I see that we have crossed the magic 12:00 timeframe, so we are drawing to a close. I would like to recognize Mr. Scott for any of his closing comments.

Mr. SCOTT. Thank you, Mr. Chairman. And I thank the witnesses for their testimony.

It is clear that everybody benefits when you have strong unions, higher wages, less inequality. It is better for the economy. And under right-to-work, those who are not members, not contributing anything to the dues get the same union representation without paying that those who have actually paid for the benefits; that is in higher wages, job security, pension, safe workplace. They get all the benefits that—paid for by members. They get to be freeloaders.

This extends to the individual representation at a grievance. And the question before the NLRB is whether it should be illegal to require any payment from a nonmember for the individual representation they get at a grievance. Not the total cost of the grievance. Just any payment at all, whether or not that ought to be legal. That case is pending before the NLRB. They have asked for briefs, and whatever the decision—whatever decision is made is subject to appeal. So we don't know what the decision will be or what the final outcome will be.

But it is clear that some payment ought to be available to help offset the individualized costs to the union. But we will have to see.

I yield back.

Chairman KLINE. Gentleman yields back. I want to thank the witnesses. Really good testimony. Thank you for traveling. Particularly you, Governor. Governor of a state, you are a very, very busy man. We appreciate you taking the time.

And once again, we had the battle of statistics going on here. It tells me we have got to look at a lot more—listen to the testimony of Dr. Bruno and Dr. Gould about the cost to the state. And then I look at these statistics from the Bureau of the Census. Again, it says that the rate of welfare recipients in forced union states is over three times that what it is in right-to-work states. So it is a study that we are gonna look at, and it is incumbent upon us to take a look at these things.

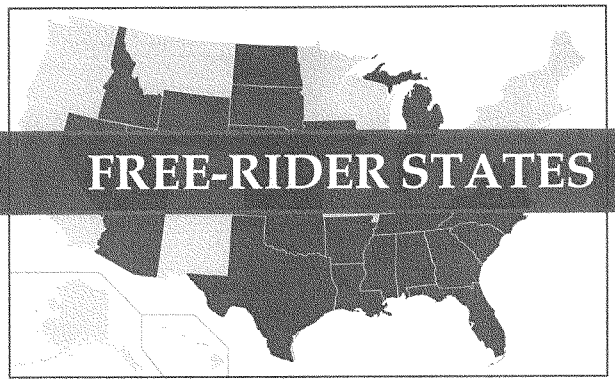
It seems clear to me, as I said in my opening remarks, that the National Labor Relations Board has got a clear agenda of growing private sector union membership at sort of any cost. And I disagree with my colleague who said that was kind of their job, because that is the way this sets up under the partisan nature of the NLRB, depending upon who is in the White House. And I dispute that. That is not what the NLRB is for, that is not what the *National Labor Relations Act* is for. It was to make sure that people have a fair say in whether or not they want to be in a union, whether those elections are conducted fairly.

That is what the National Labor Relations Board is for. It is not to push an agenda. It is not to push regulations to bypass the actions of Congress. So we have some work to do here.

Again, I want to thank you very, very much for joining us today. We are very, very grateful. There being no further business, we are adjourned.

[Additional submissions by Mr. Bruno follow:]

Research Report September 2, 2014



FREE-RIDER STATES

How Low-Wage Employment in "Right-to-Work" States Is Subsidized by the Economic Benefits of Collective Bargaining

A Higher Road for a Better Tomorrow
ILLINOIS ECONOMIC POLICY INSTITUTE
ILEPI
Frank Manzo IV, MPP

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UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN
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EXECUTIVE SUMMARY

This study investigates the impact of "right-to-work" (RTW) laws on worker earnings, employment, tax revenues, and government assistance. The analysis has resulted in the following key findings:

Right-to-work laws have negative impacts on the public budget.

- A RTW law reduces worker income from wages and salaries by 3.2 percent on average.
- Employees work slightly more hours per week (+0.6 hours) and weeks per year (+0.4 weeks) in RTW states, but this is likely because lower incomes force employees in RTW states to work longer hours to earn as much as their counterparts in collective-bargaining (CB) states.
- A RTW law reduces the union membership rate by 9.6 percentage points.
- A RTW law lowers both the share of workers who are covered by a health insurance plan by 3.5 percentage points and the share of workers who are covered by a pension plan by 3.0 percentage points.
- A RTW law increases the poverty rate among workers (the "working poor") by 0.9 percentage points.
- A RTW law lowers the after-credit federal income tax liability of workers by 11.1 percent.
- From 2011 through 2013, 46.6 percent of workers in RTW states paid no federal income taxes compared to 44.5 percent of workers in CB states.
- Despite paying more in taxes, CB workers receive 18.9 percent less in tax relief from the Earned Income Tax Credit and 14.1 percent less in food stamp value than workers in RTW states.
- On average, union membership lifts a worker's wage and salary income by 17.4 percent, improves health insurance coverage by 6.4 percentage points, raises pension coverage by 12.5 percentage points, increases a worker's federal tax liability by 18.5 percent, reduces reliance on food stamps by 1.1 percentage points, and lowers the probability of a worker being below the official poverty line by 2.9 percentage points.

Workers in CB states are subsidizing the low-wage model of employment in RTW states.

- While workers in RTW states account for just 37.4 percent of all federal income tax revenues, they receive 41.9 percent of all non-health, non-retirement government assistance.
- Workers in RTW states receive $0.232 in non-health, non-retirement government assistance per dollar of federal income tax contributions compared to $0.187 per dollar for CB workers.
- Ultimately, non-health, non-retirement government assistance constitutes 9.3 percent of the average worker's *total income* in a RTW state compared to just 7.4 percent in a CB state.
- In 2005, total federal government spending (on all programs) per dollar of federal taxes contributed was $1.16 in RTW states and $0.95 in CB states, including just $0.75 in Illinois.
- In 2012, labor's share of GDP was 54.4 percent in CB states but just 51.5 percent in RTW states while capital's share was 39.1 percent in CB states but 41.7 percent in RTW states, indicating that CB workers are subsidizing employment practices which redistribute income from labor to capital in RTW states.

Illinois would have been worse off if it was a RTW state in 2013.

- Fewer than 47,000 additional workers would have been employed.
- Total labor income would have been $12.3 billion lower ($2,444 lower per worker for the year) and the official poverty rate for workers would have been 1.2 percentage points higher.
- Health insurance and pension coverage would have respectively been 4.1 percentage points and 4.2 percentage points lower in the state, transferring costs from employer-sponsored plans onto taxpayers.
- Federal income tax revenues would have been experienced a $4.8 billion void and state income tax revenues would have been $492.3 million lower.
- Spending on the Earned Income Tax Credit and on food stamps to workers would have been $307.1 million and $159.0 million higher, respectively.

Right-to-work laws allow employees to free-ride on the efforts of their peers in a collective bargaining unit and, by reducing worker incomes, allow poorer RTW states to free-ride on the higher income tax revenues generated by workers in CB states. Right-to-work laws weaken state economies and strain public budgets.

INTRODUCTION

As the nation continues to recover from the Great Recession, many states are rethinking policies on economic development. While policymakers across the country agree that employment growth, wage growth, and responsible government investment drive economic improvement, there is disagreement on the public policies required to achieve these outcomes. One proposed policy change in many states is the implementation of a "right-to-work" law, which limits the ability of collective bargaining units to collect dues and fees from the workers they represent and to influence the conditions of employment in a workplace. Right-to-work proponents argue that the laws encourage businesses to locate in a state, thereby increasing employment and tax revenues. Conversely, opponents of right-to-work laws assert that they decrease unionization, reduce wages, and have no impact on employment, thereby harming the economy and lowering tax revenues.

While the empirical evidence on the effect of adopting a right-to-work law on labor market outcomes and state budgets varies, most research findings concur with right-to-work's opponents. If, however, the adoption of such a law is to remain in the policy discussion for states across America, voters and workers both deserve sound information regarding the effect of the policy– including right-to-work's impact on worker earnings, employment, tax revenues, and government assistance. It is widely recognized that low-wage employers, like Wal-Mart and McDonalds, socialize their employment costs, whether operating in right-to-work or collective-bargaining states. As a consequence, social insurance programs and public health services subsidize employers whose workers need government assistance despite having paid employment. The transfer of tax dollars from the public treasury to unemployed and employed workers is a necessary life-line to those individuals. It is also, however, an additional cost borne by the public that allows employers to offer low wages and retain a higher proportion of revenues as company profit (House CEW, 2014).

The following study, conducted by researchers at the Illinois Economic Policy Institute and the University of Illinois at Urbana-Champaign, therefore investigates the impact of a right-to-work law on these socioeconomic outcomes.

WHAT IS A RIGHT-TO-WORK LAW?

"Right-to-work" has nothing to do with the right of an individual to seek and accept gainful employment. Instead, a right-to-work (RTW) law is a government regulation which bars labor unions from including union security clauses in collective bargaining agreements with employers. Union security clauses ensure that each member of a bargaining unit who receives the benefits of collective bargaining– e.g., a higher wage, better health and retirement benefits, grievance representation, a voice at work– also provides his or her fair share of dues or fees. By both law and the practicalities of the workplace, labor unions must represent all employees covered by their organization.

Workers are *not* forced to join a union anywhere in America. In a collective-bargaining state (CB state)– also called a free-bargaining state or a non-right-to-work state– employers and labor unions are at liberty to negotiate a range of union security clauses. They may, but are not *mandated* to, agree to a union security clause that requires all persons covered by the contract to pay dues or fees to cover the cost of bargaining activities. In these states, covered employees are only required to pay for bargaining costs and are not forced to finance non-bargaining or political activities. Some collective bargaining agreements also allow union objectors to contribute their dues to charity.

A right-to-work law denies workers the basic right to enter into contracts with employers. RTW makes the payment of dues or fees optional for all bargaining unit members, allowing workers to "free-ride" on the efforts and contributions of others. When a significant number of individuals make the microeconomic decision to free-ride, the representative unit becomes resource-starved, causing it to underperform. Research has shown that right-to-work reduces the union membership rate by 5 to 8 percentage points (Moore, 1980) and possibly by as much as 8.8 percentage points (Hogler et al., 2004) while also increasing free-riding by 8.3 percentage points (Davis & Huston, 1993). Thus, the true intent of a RTW law is to discourage union activity and reduce bargaining power for workers.

For a full list of the 24 RTW states and 26 CB states plus the District of Columbia as of January 1, 2014, see Table H in the Appendix.

WORKERS ARE BETTER OFF IN COLLECTIVE-BARGAINING STATES

While some studies find no evidence that RTW impacts worker income (Moore, 1980; Eren & Ozbeklik, 2011; Hogler, 2011), many recent reports have found that the policy causes a loss in worker earnings. Stevans (2009), for instance, used an advanced statistical analysis to find that worker wages and per-capita personal income are both lower on average in RTW states. He found that RTW lowers worker wages by 2.3 percent but increases proprietor income by 1.9 percent, indicating that RTW is a transfer of income from employees to owners with "little 'trickle-down' to the largely non-unionized workforce in these states." Gould and Shierholz (2011) control for almost all observable characteristics and estimate that RTW reduces wages by 3.2 percent on average while lowering employer-sponsored health insurance benefits by 2.6 percent. RTW has also been found to reduce the wages of *nonunion* workers by 3.0 percent (Lafer, 2011). Lastly, a 2013 study by the University of Illinois found that RTW laws are associated with a 2 to 8 percent reduction in worker incomes, "with the general effect being about a 6 percent drop" (Manzo et al., 2013).

The evidence on RTW's purported employment effects is mixed. While early studies suggested that RTW increases manufacturing employment (Dinlersoz & Hernandez-Murillo, 2002; Kalenkoski & Lacombe, 2006), recent research finds no impact on manufacturing employment and calls the prior results into question (Eren & Ozbeklik, 2011). In addition, the preponderance of research finds no discernible effect of RTW laws on total employment (Stevans, 2009; Hogler, 2011; Collins, 2012). Finally, the University of Illinois estimated that RTW's impact on employment could range from a 1.2 percentage point decrease in total employment to a 1.4 percentage point increase in total employment. In either case, the effect is minimal (Manzo et al., 2013).

The macroeconomic conclusions drawn from economic research about right-to-work laws are problematic for public sector budgets. If RTW laws reduce labor income by 2 to 8 percent but have a minimal (or zero) impact on employment, then RTW reduces consumer demand in the economy. Lower incomes mean reduced revenue from income taxes, sales taxes, and property taxes. By producing a drop in worker wages, RTW could also cause more workers to rely on government programs to cover the costs of living, such as for food, housing, and health care. This Research Report explores these possibilities.

DATA, METHODOLOGY, AND LIMITATIONS

Unless otherwise noted, all data utilized in this Research Report are from the March Current Population Survey (CPS) for 2011, 2012, and 2013. The March CPS is a survey of 60,000 randomly-selected households across America, jointly sponsored by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics. Data are collected through personal and telephone interviews of the civilian non-institutionalized population 16 years and older, and weights are provided to match the survey sample to the overall American population. Estimates from the U.S. Department of Labor on the unemployment rate and on a wide range of employment and earnings factors are all derived from the CPS. State and federal taxes, both before and after credits and deductions, are imputed by the Census Bureau using an improved technical model outlined in two 2006 papers (O'Hara, 2006; HHESD, 2006). In total, the dataset comprises 275,655 observations from employed persons over the three years of analysis across America, including 166,490 respondent workers (60.4 percent) from collective bargaining states. The information was extracted from the Integrated Public Use Microdata Series (IPUMS-CPS) project by the Minnesota Population Center at the University of Minnesota (King et al., 2010).

This study analyzes data in three ways. First, workers in RTW states are compared to workers in CB states using simple averages. This method describes "what is," yielding results from the survey that are uncontrolled for but are weighted to match the overall U.S. employed population.

Second, ordinary least squares (OLS) regressions are used to parse out the actual and unique causal effect that right-to-work laws have on such variables as wage and salary income, total income, usual hours worked, and weeks worked. This technique describes "how much is:" for example, how much is a RTW law responsible for the lower wages in a state, after controlling for other observable factors that could also have an impact on a worker's wages? In all OLS regressions, variables that are accounted for include age, gender, race/ethnicity, urban status, marital status, immigrant status, citizenship, school enrollment, private or government employment, educational attainment, veteran status, disability status, occupation, and industry. The models are all weighted to match the population using sampling weights.

Finally, an advanced statistical approach called a probit regression model is utilized. A probit regression model allows for analysis of the probability of a "binary" yes-or-no variable occurring after accounting for other factors. This technique describes "what the (increased or decreased) chance is" that a worker is, for example, a union member if he or she resides in a RTW state. In this study, probit regressions report the (positive or negative) direction of the effect that a RTW law has on the probabilities of being a union member, being covered under a health insurance plan, having a pension plan at work, living below the poverty line, being a food stamp recipient, and being employed in the labor force. To determine the magnitude of statistically significant factors, average marginal effects (AMEs) are produced and reported. The models are all weighted to match the population using importance weights.

There are limitations to both the dataset and the statistical approaches taken by this study. First, data from the March Current Population Survey report a worker's state of residence rather than state of employment,

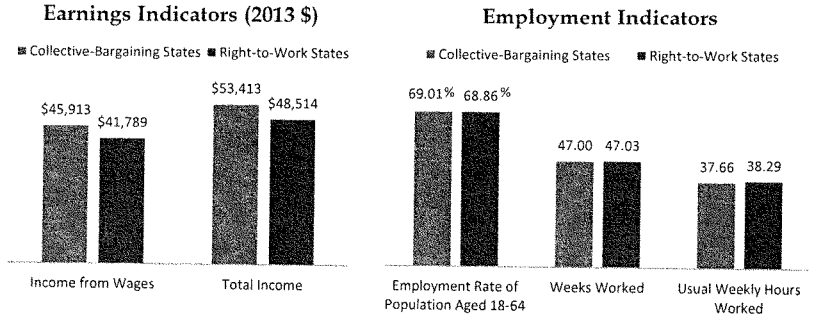
so the results may be biased by workers who live in RTW states but work in CB states (e.g., living in Iowa but working in Minnesota) and vice-versa. CPS data is also based on household survey responses rather than on administrative payroll reports. Additionally, the data is based on individual respondents and is categorized by state. Of course, the economy of Boston (in CB-state Massachusetts) is likely very different from the market in Boise (in RTW-state Idaho), so the analysis is imperfect to some extent. Accounting for factors that may influence why RTW and CB economies are different (such as industry mix or educational attainment) helps to net out most of these differences. Still, future research should focus on contiguous border counties where RTW is the law on one side and CB is the state law across the border or focus on RTW's impact after a given adopted the policy. The final concerns are those associated with all regression models, such as lurking and unobservable variables.

IMPACTS OF RIGHT-TO-WORK AND UNIONIZATION ON EARNINGS AND EMPLOYMENT OUTCOMES

Workers earn less in right-to-work states. From 2011 through 2013, the average worker in a RTW state earned $41,789 per year in wage and salary income (in constant 2013 dollars). The average real wage and salary income for workers in CB states was $45,913 annually, or 9.9 percent more than for RTW workers. The story is similar when evaluating *total income* from all sources- which includes income from business ownership, from interest and dividends, from renters, from alimony, from survivor's benefits, and from government assistance. The inflation-adjusted total income of workers in RTW states averaged $48,514 per year from 2011 through 2013 but was $53,413 annually in CB states (10.1 percent more) (Figure 1).

Despite the claims of right-to-work proponents, employment is not higher in RTW states. The share of the working-age population that had a job (i.e., the employment rate) was 68.9 percent in RTW states in 2011, 2012 and 2013. By contrast, the employment rate of persons aged 18 through 64 years old was effectively the same in CB states at 69.0 percent. The mean number of weeks worked in the previous year was 47.0 weeks in both types of states as well. Finally, workers in RTW states usually work an average of 38.3 hours each week compared to 37.7 hours on average for those in CB states. Together, these indicators refute assertions that RTW laws necessarily lead to better employment outcomes but substantiate the finding that RTW laws lower worker incomes (Figure 1).

Figure 1: Earnings and Employment Indicators, CB States vs. RTW States, 2011-2013



Source: Authors' analysis of the March CPS (IPUMS-CPS), Minnesota Population Center at the University of Minnesota (2010) for employed persons in 2011, 2012, and 2013. Dataset includes 275,655 observations of workers. Observations are weighted to match the U.S. Population.

While important and suggestive, these simple averages of earnings and employment statistics could be the result of a litany of factors other than whether a not a state has a RTW law. Factors that could influence how much money a worker earns or the quantity of work performed include, but are not limited to, union membership, demographics, educational attainment, urban status, marital status, public or private sector work, firm size, veteran status, disability status, occupation, industry, and national trends. Figure 2 presents results from advanced regressions on the effect of a RTW law on earnings and employment. All outcomes displayed in the tables are statistically significant. Full outputs from the regressions are available in Tables A, B, and C in the Appendix.

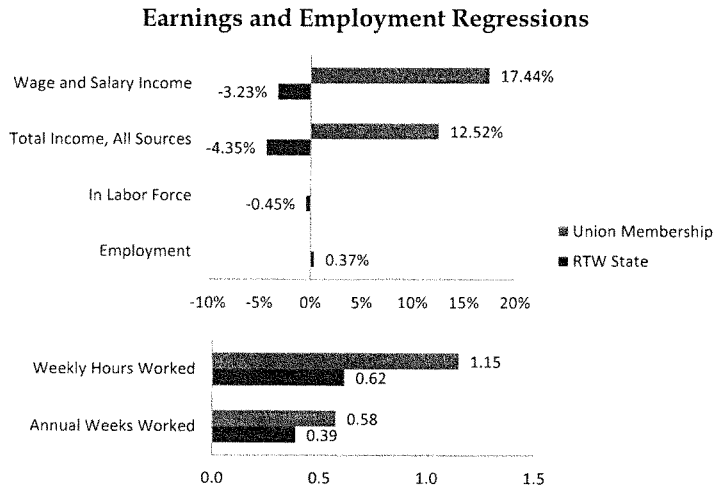
After accounting for nearly all other observable variables, a RTW law reduces worker earnings on average (Figure 2). Holding all else constant, a RTW law is found to lower wage and salary incomes by 3.2 percent on average. This 3.2 percent estimated reduction in worker earnings due to RTW aligns with Gould and Shierholz's (2011) estimated effect. The law also shrinks total income from all sources by 4.3 percent on average for workers in RTW states compared to those in CB states. By contrast, after controlling for all other factors, union membership raises a worker's wage and salary income by 17.4 percent on average and increases total income by an average of 12.5 percent. The 12 to 18 percent increase in earnings due to being a union member parallels estimates from numerous studies (Freeman, 1991; Card, 1992; Hirsch & Macpherson, 2006; Schmitt, 2008; Mishel, 2012; Schmitt & Woo, 2013; Manzo et al., 2014). Clearly, unionization is more effective than RTW laws at lifting worker incomes.

The regression analyses find relatively mixed impacts of RTW laws on employment outcomes (Figure 2). After accounting for other variables, RTW laws are correlated with a minor 0.4 percentage point increase in the employment rate (also see Manzo et al., 2013). The policy lowers the labor force participation rate, on the other hand, by an average of 0.5 percentage points– implying that RTW laws may encourage workers to leave the labor market if they cannot find work. As a result, a slightly lower share of the population in the labor force artificially lowers the unemployment rate in RTW states compared to CB states, further calling into question any purported employment benefits of a RTW law. A lower level of unionization in a state also has no statistical impact on the state's employment rate (Figure 3).[1] Furthermore, a RTW law raises weekly hours worked and annual weeks worked by small amounts: 0.6 hours and 0.4 weeks on average, respectively. Union membership, in comparison, increases the average employee's workweek by 1.1

[1] Union membership is not included in the probit regressions on "in labor force" and "employment" in Figure 2 because one *must* be both in the labor force and employed in order to be a union member. Analysis on whether unions raise or reduce employment is therefore limited to state-level correlations, as depicted in Figure 3.

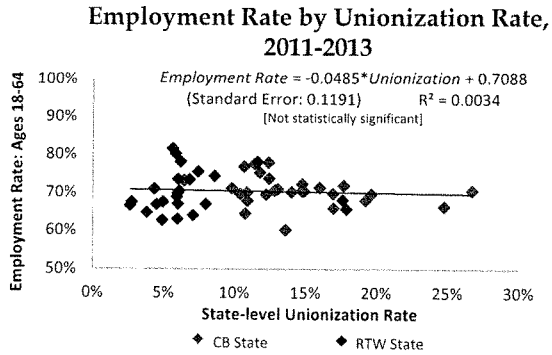
hours and annual weeks worked by 0.6 weeks (Figure 2). Therefore, if a RTW law has a negative impact on union membership, any positive effects of RTW on weeks and hours worked are offset because the policy reduces the positive (and stronger) impacts of union membership.

Figure 2: The Impacts of RTW and Union Membership on Earnings and Employment Indicators, Regression Results, 2011-2013



Source: Authors' analysis of the March CPS (IPUMS-CPS), Minnesota Population Center at the University of Minnesota (2010) for employed persons in 2011, 2012, and 2013. Dataset includes 275,655 observations of workers. Observations are weighted to match the U.S. Population. All displayed results are statistically significant. For full regression analyses, see Appendix Table A, Table B, and Table C.

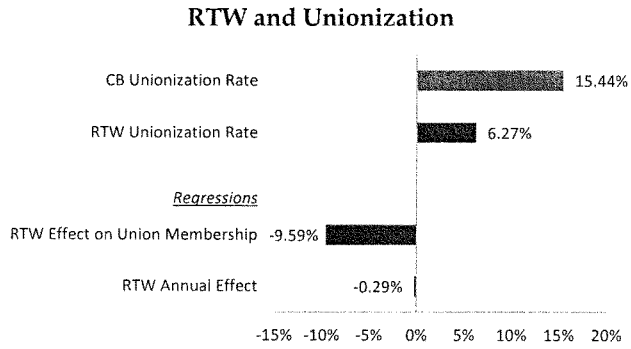
Figure 3: Employment Rate by Unionization Rate, 2011-2013



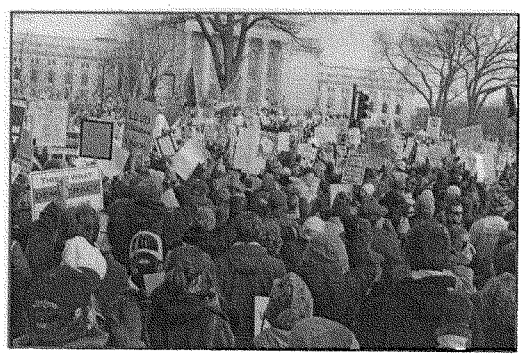
Source: Authors' analysis of the March CPS (IPUMS-CPS), Minnesota Population Center at the University of Minnesota (2010) for employed persons in 2011, 2012, and 2013. Dataset includes the District of Columbia. "Employment Rate: Ages 18-64" and "State-level Unionization Rate" are three-year averages. Indiana and Michigan are included as RTW states in this analysis.

Union membership is lower in right-to-work states than in collective-bargaining states (Figure 4). From 2011 through 2013, the unionization rate was 15.4 percent among workers in CB states but just 6.3 percent for workers in RTW states. The 9.2 percentage-point difference in unionization between CB states and RTW states can be entirely explained by the unique effect of the RTW policy itself: after accounting for other factors, a RTW law decreases the probability that a worker is a member of a labor union by 9.6 percentage points on average. RTW also reduces the chances that a worker is a union member by 0.3 percentage points *each year* on average compared to a worker in a CB state (See Appendix Table D for full regression results).

Figure 4: The Impact of RTW on the Unionization Rate, CB States vs. RTW States and Regression Results, 2011-2013



Source: Authors' analysis of the March CPS (IPUMS-CPS), Minnesota Population Center at the University of Minnesota (2010) for employed persons in 2011, 2012, and 2013. Dataset includes 275,655 observations of workers. Observations are weighted to match the U.S. Population. All displayed results are statistically significant. For full regression analysis, see Appendix Table D.



Proponents of RTW laws often contend that annual employment growth and annual wage growth are higher in RTW states (Figure 5). Results from the regression analyses provide "growth" estimates for 2013 compared to 2012 and 2012 compared to 2011 (See Appendix Tables A, B, and C

for the full regression outputs). After controlling for other variables, RTW is revealed to have no effect on annual income growth, weekly hours worked, or annual weeks worked in RTW states compared to CB states. Again, RTW laws have mixed impacts on employment outcomes. On average, a RTW policy marginally increases employment by 0.03 percentage points each year but decreases participation in the labor force by 0.06 percentage points every year. A RTW law thus has negative effects on worker earnings but overall inconclusive effects on the total quantity of labor supplied by all workers.

Figure 5: The Impact of RTW on Earnings and Employment Growth Indicators, Regression Results, 2011-2013

RTW Annual "Growth" Compared to CB States, Regressions	
Wage and Salary Income (2013 $)	No effect
Total Income, All Sources (2013 $)	No effect
Weekly Hours Worked	No effect
Annual Weeks Worked	No effect
Employment Rate	0.03%
Labor Force Participation Rate	-0.06%
Union Membership	-0.29%

Source: Authors' analysis of the March CPS (IPUMS-CPS), Minnesota Population Center at the University of Minnesota (2010) for employed persons in 2011, 2012, and 2013. Dataset includes 275,655 observations of workers. Observations are weighted to match the U.S. Population. All displayed results are statistically significant. For full regression analyses, see Appendix Table A, Table B, Table C, and Table D.

IMPACTS OF RIGHT-TO-WORK ON TAX REVENUES AND PUBLIC ASSISTANCE

Due to the progressivity of America's federal income tax code, workers with higher incomes pay a larger share of their incomes in taxes. Workers with lower incomes, meanwhile, are more likely to rely on government assistance. Accordingly, if a RTW law lowers worker incomes by between 3.2 and 4.3 percent and reduces unionization by 9.6 percentage points, then employed persons in RTW states pay less in federal income taxes and may receive more in public assistance than their counterparts in CB states. To evaluate whether this logic materializes in reality, both simple averages and the advanced regression techniques are once again utilized.

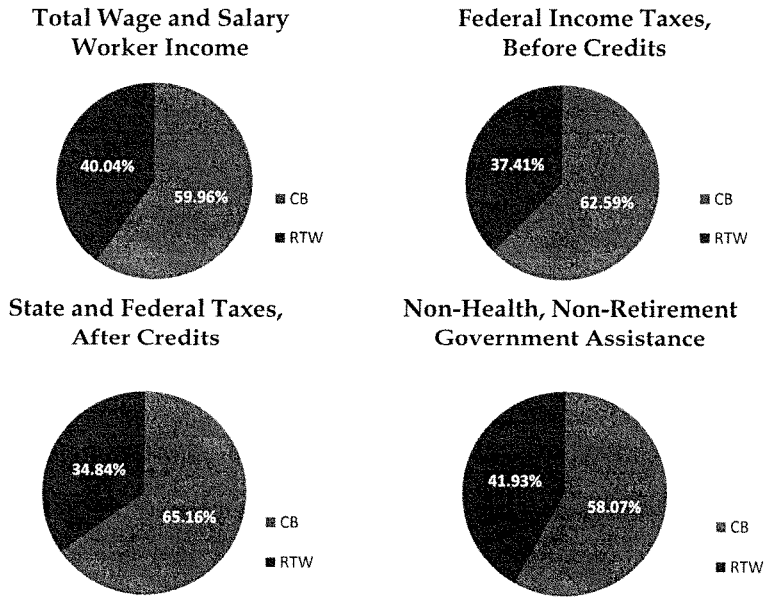
The March CPS provides information on at least eight categories of non-health, non-retirement benefits, itemized in Figure 6. These include tax relief through the Earned Income Tax Credit (EITC), welfare benefits, unemployment insurance, workers compensation, educational assistance, veteran's income, disability income, and Supplemental Nutrition Assistance Program (SNAP or "food stamp") income. From 2011 through 2013, spending on these eight programs for *workers* (i.e., not on the unemployed, or those who are out of the labor force, or on children) totaled $155.9 billion on average, including an average of $65.4 billion (41.9 percent) in RTW states. This $155.9 billion was close to half of all federal spending on benefits for people with low income. In 2009, for example, this type of spending- "cash aid," "food assistance," "education," "social services," and "employment and training"- totaled $318.2 billion (Spar, 2011). Note that, over recent decades, government assistance has shifted from direct cash assistance programs to a model that aims to encourage employment. For example, traditional welfare now accounts for a small 1.0 percent of government assistance to workers while the Earned Income Tax Credit comprises 20.9 percent. The data also show that, although there are fewer workers in RTW states, those states cumulatively receive about the same level of EITC assistance and food stamp benefits as CB states (Figure 6).

Figure 6: Itemized Non-Health, Non-Retirement Government Assistance to Workers, CB States vs. RTW States, 2011-2013

Non-Health, Non-Retirement Benefit to Workers, Average 2011-2013	CB State	RTW State
Earned Income Tax Credit	$17.15 billion	$15.50 billion
Welfare Benefits	$1.19 billion	$0.40 billion
Unemployment Insurance	$20.87 billion	$9.91 billion
Workers Compensation	$2.56 billion	$1.09 billion
Educational Assistance	$21.18 billion	$13.91 billion
Veteran's Income	$5.10 billion	$6.43 billion
Disability Income	$2.34 billion	$1.00 billion
SNAP (Food Stamp) Income	$20.16 billion	$17.14 billion
Sum of Government Assistance	*$90.54 billion*	*$65.39 billion*
Percentage of Government Assistance	*58.07%*	*41.93%*

Source: Authors' analysis of the March CPS (IPUMS-CPS), Minnesota Population Center at the University of Minnesota (2010) for employed persons in 2011, 2012, and 2013. Dataset includes 275,655 observations of workers. Observations are weighted to match the U.S. Population.

Figure 7: Comparison of Income, Tax Contributions, and Government Assistance, CB States vs. RTW States, 2011-2013

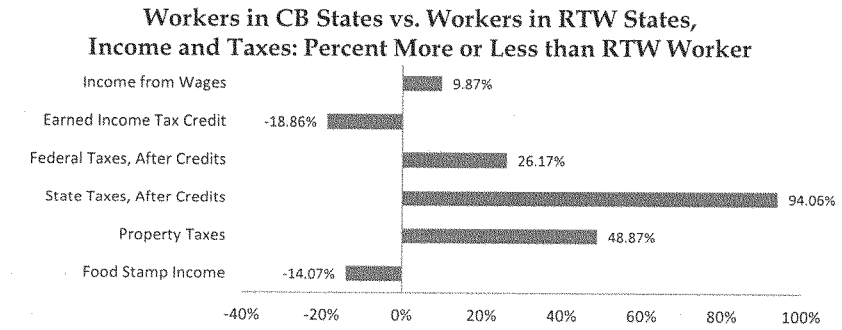


Source: Authors' analysis of the March CPS (IPUMS-CPS), Minnesota Population Center at the University of Minnesota (2010) for employed persons in 2011, 2012, and 2013. Dataset includes 275,655 observations of workers. Observations are weighted to match the U.S. Population. Note that the RTW share is larger in the government assistance pie chart than it is in the government contributions charts

Figure 7 compares the total wage and salary income to the taxes paid and benefits received by workers in CB and RTW states. Workers in RTW states account for 40.0 percent of all labor income in America. By contrast, they pay 37.4 percent of all federal income taxes before tax credits and deductions and contribute just 34.8 percent of all state and federal taxes after credits and deductions. But workers in RTW states receive 41.9 percent of all non-health, non-retirement government assistance provided to the employed population in America, lending credence to the idea that RTW has adverse impacts on the public budget. Workers in RTW states receive more in government assistance (41.9 percent) than they contribute in tax revenues (37.4 percent).

Figure 8 displays how much more money the average worker in CB states either earns or contributes in federal taxes compared to his or her counterpart in RTW states, uncontrolled for other factors. As noted in the previous section, incomes are 9.9 percent higher in CB states than RTW states. The average worker in a CB state pays 26.2 percent more in federal income taxes after credits and deductions and 94.1 percent more in state income taxes after credits and deductions compared to the average worker in a RTW state. CB workers also face property tax burdens that are 48.9 percent higher than those faced by RTW workers, indicating either that homeownership is more prevalent in CB states or that property tax rates are higher in CB states, or both. Despite paying more into the general fund of local, state, and federal government bodies, CB workers receive 18.9 percent less in tax relief from the Earned Income Tax Credit and 14.1 percent less in SNAP food stamp value than workers in RTW states (Figure 8). Finally, 46.6 percent of workers in RTW states pay no federal income taxes but instead receive an average of $782 in tax credits (in constant 2013 dollars); the comparable figures are 44.5 percent and $669 respectively for workers in CB states (Figure 9). Thus, a larger share of workers contribute positively to the public budget in CB states, and they pay more into the public purse while receiving less aid from the government.

Figure 8: Income and Taxes Paid by Workers in CB States as Compared to Those in RTW States



Source: Authors' analysis of the March CPS (IPUMS-CPS), Minnesota Population Center at the University of Minnesota (2010) for employed persons in 2011, 2012, and 2013. Dataset includes 275,655 observations of workers. Observations are weighted to match the U.S. Population.

Figure 9: Workers with No Federal Income Tax Liability, CB States vs. RTW States, 2011-2013

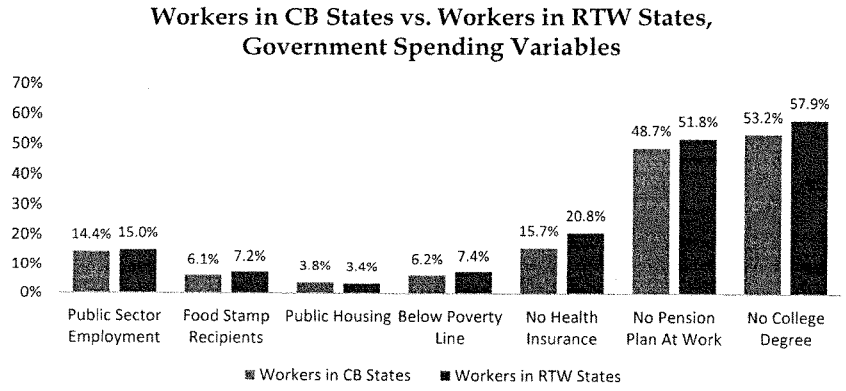
Workers with No Federal Income Tax Liability	CB	RTW
Share of Workers Paying No or Negative Income Taxes	44.5%	46.6%
Average Tax Credit to Low-Income Workers	-$669.11	-$782.37

Source: Authors' analysis of the March CPS (IPUMS-CPS), Minnesota Population Center at the University of Minnesota (2010) for employed persons in 2011, 2012, and 2013. Dataset includes 275,655 observations of workers. Observations are weighted to match the U.S. Population.

By paying more in taxes, workers in CB states are subsidizing the low-wage, low-skill model of employment in RTW states (Figure 10). RTW states actually have higher shares of the workforce who are employed by the public sector (15.0 percent compared to 14.4 percent) and who receive food stamps (7.2 percent to 6.1 percent). The percentage of workers who reside in public housing is also about the same in RTW states as in CB states (3.4 percent to 3.8 percent). The slightly greater fraction of CB workers living in public housing is the result of more generous public policies in those states. A larger share of the employed in RTW states are "working poor," or below the official poverty line despite having a job. The poverty rate for workers in RTW states was 7.4 percent compared to 6.2 percent for workers in CB states. Thus, whether or not they receive government assistance, more workers in RTW states face conditions under which they cannot support a family.

From 2011 through 2013, 20.8 percent of workers in RTW states had no health insurance coverage and 51.8 percent of workers had no pension plan at work, compared to respective figures of just 15.7 percent and 48.8 percent in CB states (Figure 10). Workers in RTW states therefore rely more heavily on government programs for security when they suffer an illness or injury and when they exit the labor force into retirement. Finally, considerable dependency on government assistance may serve as a disincentive for workers to invest further in their own education. That is, if the government subsidizes a worker's employment more in RTW states, then it is possible that neither workers nor firms find it economically rational to continue improving the skill level of labor. This reasoning could in part explain why there are more workers without a college degree (i.e., an associates, bachelors, or advanced degree) in RTW states (57.9 percent) than in CB states (53.2 percent).

Figure 10: Government Spending on Workers, CB States vs. RTW States, 2011-2013



Source: Authors' analysis of the March CPS (IPUMS-CPS), Minnesota Population Center at the University of Minnesota (2010) for employed persons in 2011, 2012, and 2013. Dataset includes 275,655 observations of workers. Observations are weighted to match the U.S. Population.

Figure 11 provides estimates on the causal impact of a RTW law on many of these government revenues and expenditures after accounting for other factors (See Appendix Tables A, E, and F for the full regression outputs). Once other observables are incorporated, a RTW law is statistically associated with an average 11.1 percent reduction in the after-credit federal income tax liability for workers. Conversely, union membership is statistically correlated with an 18.5 percent average

increase in federal income taxes owed after credits and deductions compared to nonunion workers, since union membership unambiguously increases worker incomes on average.

Additionally, advanced predictive analytics are performed to estimate the effect that a RTW law has on the chances of a worker being covered by a health insurance plan, having a pension plan at work, living below the official poverty line, and receiving SNAP assistance. The evaluations account for a host of other factors *including* wage and salary income, to investigate whether RTW increases government reliance independent of income level. The results are telling. Holding all else constant, a RTW policy is found to reduce the probability that a worker has health insurance coverage (regardless of public, employer-sponsored, or individual plan) by 3.5 percentage points on average and to lower the likelihood of having a pension plan at work by 3.0 percentage points on average. Unions, on the other hand, increase health insurance coverage by an average of 6.4 percentage points while also raising the chances of having a pension plan at work by 12.5 percentage points on average (Figure 11).

In the timeframe of the analysis, there was higher annual growth in health insurance and pension coverage in RTW states compared to CB states (by 0.5 percentage points and 0.4 percentage points per year, respectively), but this finding could be because coverage levels were already depressed in RTW states and they are merely "playing catch up" (Figure 11). Higher growth in health insurance coverage from 2011 through 2013, for example, is likely due to the efforts of the Patient Protection and Affordable Care Act (passed in 2010) to cover more Americans through an insurance mandate. Health insurance coverage growth in RTW states, therefore, is mainly the result of a larger initial share of uninsured workers in RTW states.

Figure 11: The Impacts of RTW and Union Membership on Federal Income Taxes, Health Insurance, Pension Coverage, and Food Stamp Recipients, Regression Results, 2011-2013

Estimated Impacts from Regression Analyses	RTW Law	RTW Annual Growth Compared to CB	Union Membership	Observations (N=)
OLS Regressions				
Federal Taxes, After Credits	-11.066%	No effect	18.490%	22,607
Probit Regressions				
Health Insurance Coverage	-3.528%	0.512%	6.406%	40,709
Pension Plan at Work	-3.011%	0.375%	12.515%	40,709
SNAP (Food Stamp) Recipient	-0.349%	0.099%	-1.078%	40,676
Below Poverty Line	0.898%	-0.036%	-2.879%	40,676

Source: Authors' analysis of the March CPS (IPUMS-CPS), Minnesota Population Center at the University of Minnesota (2010) for employed persons in 2011, 2012, and 2013. Dataset includes 275,655 observations of workers. Observations are weighted to match the U.S. Population. All displayed results are statistically significant. For full regression analyses, see Appendix Tables A, E, and F.

Workers in CB states receive 14.1 percent less in SNAP assistance on average compared to RTW workers and CB states have a lower share of the workforce who receives SNAP benefits (6.1 percent to 7.2 percent), as shown in Figures 8 and 10 respectively. The share of food stamp recipients grew by 0.1 percentage points per year due to RTW. And union membership again reduced the need for public aid, lowering the probability that a worker received SNAP assistance by 1.1 percentage points (Figure 11). The drop in union membership associated with RTW means that the policy reduces this positive benefit of labor unions. It should be emphasized once more that this analysis controlled for wage and salary income. Since wage and salary income are lower in RTW states, RTW increases the number of food stamp recipients in a state.

A RTW law is statistically associated with a 0.9 percentage point increase in the poverty rate for workers. Conversely, union membership reduces the chances that a worker is below the poverty line by 2.9 percentage points. Therefore, more workers need government assistance in RTW states.

RTW STATES FREE-RIDE ON SUBSIDIES FROM CB STATES

A disproportionate percentage of workers in right-to-work states are free-riders, whether purposefully or unintentionally. First, workers in RTW states who opt out of paying dues and fees to the collective bargaining unit free-ride on the efforts of others to provide the benefits of union membership. This includes the 17.4 percent increase in wages and salaries, the 1.2-hour increase in the workweek, the 0.6-week increase in the number of weeks worked, the 6.4 percentage point increase in health insurance coverage, and the 12.5 percentage point increase in pension coverage at work. Similarly, the low-wage, low-skill model of RTW employment means that workers in RTW states free-ride on government assistance subsidized by workers in CB states. A higher share of workers in CB states pay federal income taxes than in RTW states, and CB workers pay 12.1 percent more in federal income taxes after accounting for other factors. Lower rates of health insurance and retirement plan coverage combined with elevated spending on food stamps indicate that public assistance is higher in RTW states.

Even if health and retirement benefits are excluded, it is apparent that workers in RTW states benefit disproportionately from government assistance (Figure 12). The average worker in a RTW state receives 9.3 percent of his or her total annual income (from all sources) from non-health, non-retirement government assistance. By contrast, this type of public aid constitutes just 7.4 percent of the average CB worker's total income. Accordingly, non-health, non-retirement assistance amounts to $0.232 per dollar of federal income tax contributions for the average worker in a RTW state compared to a lower $0.187 per dollar for the average CB worker (Figure 12).

Figure 12: Non-Health, Non-Retirement Government Assistance to Workers as a Share of Income and Tax Contributions, CB States vs. RTW States, 2011-2013

2011-2013 Government Assistance to Workers	RTW	CB
Non-Health, Non-Retirement Assistance Share of Total Income from All Sources	9.32%	7.44%
Non-Health, Non-Retirement Assistance Per $1 of Federal Contributions	$0.232	$0.187

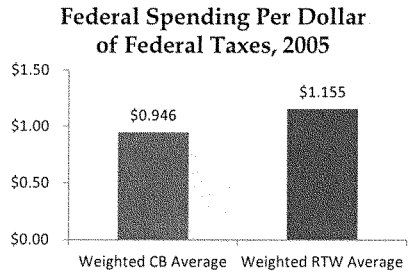
Source: Authors' analysis of the March CPS (IPUMS-CPS), Minnesota Population Center at the University of Minnesota (2010) for employed persons in 2011, 2012, and 2013. Dataset includes 275,655 observations of workers. Observations are weighted to match the U.S. Population.

These findings parallel 2005 data from the nonprofit Tax Foundation on "Federal Taxes Paid vs. Spending Received by State" (Tax Foundation, 2007). Figures from the Tax Foundation comprised all types of federal spending to the entire state population (i.e., including spending on infrastructure investments, Social Security, Medicaid, etc.) compared to all federal tax revenues from the population. In 2005, federal spending for each dollar of federal taxes was $1.16 per dollar in all RTW states but just $0.95 in all CB states (Figure 13). The comparable figure in Illinois, an example of a high-wage CB state, was just $0.75 per dollar. The data suggest that CB states (including Indiana and Michigan in 2005) are "donor states," subsidizing government investment in low-income RTW states, which are poorer in part *because of* the RTW policy. For additional information and a full table of spending per dollar of federal taxes by state, see Table G of the Appendix.

A similar story can be told with 2012 data from the Bureau of Economic Analysis (BEA, 2013). Figure 14– which includes Indiana as a RTW state but excludes Michigan– displays economic data per *capita* rather than per worker. Nevertheless, in 2012, the net of taxes on production and imports minus subsidies to private businesses was lower in RTW states, at $3,008 per capita, than in CB states ($3,356 per capita). As a

result of lower tax revenues from lower wages and disproportionate subsidies to businesses, economic activity in RTW states is supported by workers in CB states (Figure 14).

Figure 13: Federal Spending Per Dollar of Federal Taxes by State, CB States vs. RTW States, 2005



Source: Authors' analysis of the "Federal Taxes Paid vs. Spending Received by State" by the Tax Foundation (2007) for 2005. Dataset includes the District of Columbia. Observations are weighted by state population to provide average estimates for CB states and RTW states. For more information, see Appendix Table F.

Data from the Bureau of Economic Analysis also reveals that labor's share of a state's gross domestic product (GDP) is higher in CB states (Figure 14). In 2012, compensation of employees– which includes wage and salary income plus employer contributions for employee pension funds, employee insurance funds, and government social insurance– was 54.4 percent of GDP in CB states but just 51.5 percent of GDP in RTW states. By contrast, gross operating surplus– which includes proprietor income, corporate profits, net transfer payments from businesses and governments, and fixed capital depreciation– is 39.1 percent in CB states but 41.7 percent in RTW states. This information supports Stevans' (2009) conclusion that a RTW law transfers income from employees to owners. Thus, subsidies from workers in CB states are bankrolling a low-wage employment model which also redistributes income from labor to capital in RTW states.

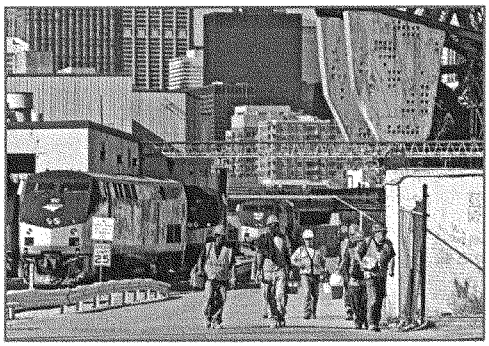
Figure 14: Per-Capita GDP, Per-Capita Taxes Minus Subsidies, and Share of GDP by Labor and Capital, CB States vs. RTW States, 2012

2012 Bureau of Economic Analysis	RTW State	CB State
Gross Domestic Product (GDP) Per Capita	$44,114.08	$51,910.95
Taxes Minus Subsidies Per Capita	$3,007.55	$3,355.55
Labor Share of GDP (Compensation of Employees)	51.45%	54.39%
Capital Share of GDP (Gross Operating Surplus)	41.73%	39.14%

Source: Authors' analysis of "Regional Data: GDP & Personal Income" by the Bureau of Economic Analysis (BEA) for 2012.

WHAT IF ILLINOIS WAS A RTW STATE? APPLYING THE FINDINGS

Figure 15 uses Illinois as a case study to demonstrate the effects of a right-to-work law on labor market outcomes. The data "as a CB state" are the weighted estimates for Illinois in 2013, the most recent year in the March CPS dataset. Estimates "if a RTW state" are based on the causal effect of a RTW law on the given labor market outcome as provided in the advanced regressions from Appendix Tables A through F *plus* the effects from a predicted 9.6 percentage point decline in union membership due to the RTW law.



If Illinois was a RTW state in 2013, employment and the quantity of labor would have been slightly higher. Total employment in the state would have increased by about 46,600 workers while labor market participation would have fallen by about 57,600 individuals, artificially lowering the unemployment rate. Employed persons in Illinois would also have worked 0.6 weeks and 0.3 hours more on average in a hypothetical RTW Illinois. Combined, the increases in employment, hours, and weeks would have translated into an additional 294.7 million hours worked (or total labor supplied) by the Illinois workforce over the year (Figure 15).

These employment impacts, however, would have come at an exorbitant cost. First, the average worker's income from wages and salaries would have been $2,444 lower in a RTW Illinois, leading to a $12.3 billion reduction in total labor income across the state. Thus, the price paid to increase employment by about 46,600 workers would have been $264,033 in lost income per additional job created. Furthermore, health insurance coverage, pension coverage, and labor union coverage would have respectively been 4.1 percentage points, 4.2 percentage points, and 9.6 percentage points lower in the state. The loss in benefits from a decline in employer-sponsored welfare plans would have been transferred onto taxpayers as a social cost. Additionally, the official poverty rate of workers would have been 1.2 percentage points higher in Illinois. Consequently, although there would have been a slightly lower *percentage* of workers on food stamps, lower incomes across the board would result in a higher *value* of food stamps per recipient, leading to $159.0 million in added food stamp spending in a RTW Illinois. Earned Income Tax Credit relief in a RTW Illinois would have been $307.1 million higher, further straining the public budget. Finally, after-credit federal income tax contributions would have been $4.8 billion lower each year and annual state income tax revenues would have been $492.3 million lower in a RTW Illinois (Figure 15).

The increase in hours worked and weeks worked associated with a RTW law is likely the consequence of a new "labor-leisure tradeoff" faced by workers. That is, workers suffer a drop in wages due to RTW and must work more hours to earn anywhere near the same amount of money as a comparable CB worker. The real question for policymakers is whether a 0.7 percent increase in employment is worth a 4.2 percent decrease in total labor income across the state, a 4.2 percent decrease in state income tax revenues, a 12.2 percent decrease in federal income tax revenues, an increase in working poverty, and a higher reliance on government assistance. All of these findings and figures are closely aligned with high-end estimates in another 2013 University of Illinois paper on RTW's predicted impact on Illinois which analyzed data from a different source (the CPS Outgoing Rotation Group) over a longer period of time from 2003 to 2012 (Manzo et al., 2013). The economics principle of "Pareto optimality" dictates that a policy which benefits a select few workers at the expense of the many is inefficient. Thus, a right-to-work law should be regarded as a bad public policy.

Figure 15: Comparison of Illinois as a CB State to Illinois at a RTW State, Inputs from Regressions, 2013 Estimates

2013 Illinois Estimates	As a CB State	If a RTW State	Difference
Employment	5,940,648 workers	5,987,265 workers	46,617 workers
Labor Force	6,519,637 participants	6,462,066 participants	-57,571 participants
Worker Earnings			
Wage and Salary Income	$49,824	$47,380	-$2,444
Total Labor Income (Annual Earnings)	$295,985,241,977	$283,676,825,779	-$12,308,416,198
Quantity of Labor			
Weeks Worked	47.84 weeks	48.40 weeks	0.56 weeks
Usual Hours Worked	38.28 hours	38.56 hours	0.28 hours
Total Labor Supply (Worker-Hours)	10,879,020,349 hours	11,173,722,970 hours	294,702,621 hours
Worker Coverage			
Has Health Insurance	85.55%	81.41%	-4.14%
Has Pension Plan At Work	52.44%	48.23%	-4.21%
Union Membership Rate	16.33%	6.75%	-9.59%
Government Assistance			
Food Stamp Recipient Rate	6.94%	6.69%	-0.25%
SNAP (Food Stamp) Spending	$1,454,929,921	$1,613,884,569	$158,954,647
EITC Spending	$1,548,266,782	$1,855,334,975	$307,068,193
Official Poverty Rate	5.71%	6.88%	1.17%
Tax Contributions			
Federal Income Taxes, After Credits	$39,242,085,028	$34,472,340,573	-$4,769,744,455
State Income Taxes (4%)*	$11,839,409,679	$11,347,073,031	-$492,336,648

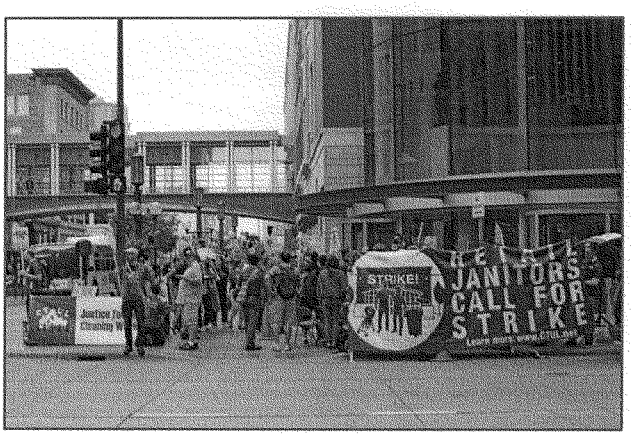
Source: Authors' analysis of the March CPS (IPUMS-CPS), Minnesota Population Center at the University of Minnesota (2010) for employed persons in 2011, 2012, and 2013. Dataset includes 275,655 observations of workers. Observations are weighted to match the Illinois Population. Inputs from Appendix Table A, Table B, Table C, Table D, Table E, and Table F.

**A 4 percent state income tax rate is used due to uncertainty over a possible extension of the temporary flat income tax hike from 3 percent to 5 percent. In addition, even with a 5 percent state income tax, Illinois' EITC means that many workers pay less than the 5 percent rate.*

CONCLUSION

Right-to-work laws have negative impacts on the public budget. First, a RTW law reduces worker earnings from wages and salaries by 3.2 percent on average. As a result, even though employment increases by a small amount (+0.4 percentage points) and employees work slightly more hours per week (+0.6 hours) and weeks per year (+0.4 weeks), workers have less money to spend in the economy and contribute toward tax revenues. Second, a RTW policy decreases both the labor force participation rate (-0.5 percentage points) of the population and the union membership rate (-9.6 percentage points). Working-age residents who drop out of the labor force depend on government assistance; a decline in union membership diminishes the positive effects of unionization which keep workers off of public assistance and allow them to support a family. Finally, a RTW law lowers the after-credit federal income tax liability of workers by 11.1 percent, lowers the share of workers who are covered by a health insurance plan by 3.5 percentage points, and lowers the share of workers who are covered by a pension plan by 3.0 percentage points. Meanwhile, RTW raises the poverty rate, increasing government spending on food stamps and the Earned Income Tax Credit. RTW, therefore, decreases government revenues *from* workers but increases government spending *on* workers.

Workers in CB states are subsidizing the low-wage model of employment in RTW states. While workers in RTW states account for 37.4 percent of all federal income tax revenues before credits and deductions, they receive 41.9 percent of all non-health, non-retirement government assistance. Workers in RTW states receive $0.232 in non-health, non-retirement government assistance per dollar of federal income tax contributions compared to $0.187 per dollar for each worker in a CB state. Additionally, a larger share of the RTW workforce (46.6 percent) pays nothing in federal income taxes than the CB workforce (44.5 percent). In sum, non-health, non-retirement government assistance constitutes 9.3 percent of the average worker's total income in a RTW state compared to 7.4 percent in a CB state. Pairing these findings with the fact that capital's share of GDP is greater in RTW states demonstrates that CB workers are subsidizing employment practices which also redistribute income from labor to capital in RTW states.



The question for policymakers is whether a small increase in employment is worth a significant decrease in total labor income, a considerable decline in state income tax revenues, an even larger drop in federal income tax revenues, and an increased depletion of public budgets. If Illinois was a RTW state, for example, employment would have increased by less than 47,000 workers but labor income would have been $12.3 billion lower. Accompanying declines in government revenues would have totaled $4.8 billion lost in federal income tax revenues and about $500 million lost in state income tax revenues over the year, while government assistance in the form of food stamps and EITC benefits would have increased by over $440 million.

Right-to-work laws have overall negative impacts for American workers. RTW laws promote free-riding at both the microeconomic level and the macroeconomic level. They allow workers to free-ride on the efforts of their peers in a collective bargaining unit and, by reducing worker incomes, allow poorer RTW states to free-ride on the higher income tax revenues generated by workers in CB states. Right-to-work laws weaken state economies and strain public budgets. Ultimately, the conclusive negative impacts of RTW– lower worker earnings, lower union membership rates, lower tax revenues, lower health and retirement coverage, and higher reliance on government assistance– greatly outweigh any minor employment benefits from the policy.

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APPENDIX

TABLE A: OLS REGRESSIONS OF THE IMPACT OF RIGHT-TO-WORK ON INCOME-BASED OUTCOMES, 2011-2013

	ln(Wage and Salary Income)		ln(Total Income, All Sources)		ln(Federal Taxes, After Credits)	
Variable	Coefficient	(St. Err.)	Coefficient	(St. Err.)	Coefficient	(St. Err.)
RTW law	-0.0323***	(0.0112)	-0.0435***	(0.0118)	-0.1107***	(0.0281)
Union member	0.1744***	(0.0113)	0.1252***	(0.0120)	0.1849***	(0.0246)
Year_ordinal	-0.0096	(0.0059)	-0.0118**	(0.0060)	0.0435***	(0.0129)
RTW*year_ordinal	-0.0133	(0.0088)	-0.0125	(0.0091)	-0.0153	(0.0206)
Age	0.0408***	(0.0020)	0.0229***	(0.0020)	0.0721***	(0.0043)
Age^2	-0.0004***	(0.0000)	-0.0001***	(0.0000)	-0.0006***	(0.0000)
Usual hours worked	0.0293***	(0.0005)	0.0230***	(0.0007)	0.0213***	(0.0011)
Weeks worked per year	0.0393***	(0.0006)	0.0287***	(0.0005)	0.0203***	(0.0016)
Lives in central city	0.1010***	(0.0099)	0.0946***	(0.0102)	0.1827***	(0.0234)
Lives in suburb	0.0840***	(0.0083)	0.0754***	(0.0088)	0.1850***	(0.0193)
Female	-0.1663***	(0.0089)	-0.1773***	(0.0092)	-0.0794***	(0.0192)
Married	0.1046***	(0.0091)	0.0884***	(0.0091)	0.6153***	(0.0201)
Divorced	0.0603***	(0.0129)	0.0587***	(0.0136)	0.0371	(0.0248)
Immigrant	-0.0155	(0.0155)	-0.0344***	(0.0154)	-0.0540**	(0.0349)
Citizen	0.0681***	(0.0186)	0.0854***	(0.0190)	0.1543***	(0.0461)
Latino or Latina	-0.0132	(0.0291)	-0.0089	(0.0293)	-0.1248*	(0.0641)
White, non-Latino	0.0435	(0.0274)	0.0368	(0.0276)	0.1242**	(0.0582)
African-American	-0.0171	(0.0293)	-0.0209	(0.0295)	-0.0998	(0.0628)
Asian or Pacific Islander	0.0010	(0.0320)	0.0101	(0.0328)	0.0064	(0.0707)
In school, full-time	-0.1535***	(0.0239)	-0.1076***	(0.0272)	-0.5254***	(0.0759)
In school, part-time	-0.0202	(0.0288)	-0.0253	(0.0315)	-0.1806**	(0.0759)
Federal government	0.0858***	(0.0225)	0.0784***	(0.0237)	0.1452***	(0.0524)
State government	-0.0893***	(0.0192)	-0.1079***	(0.0197)	-0.1102***	(0.0424)
Local government	-0.0448***	(0.0171)	-0.0581***	(0.0171)	-0.0222	(0.0387)
Less than high school	-0.1508***	(0.0156)	-0.2108***	(0.0186)	-0.3291***	(0.0460)
Some college, no degree	0.0624***	(0.0108)	0.0841***	(0.0176)	0.1094***	(0.0259)
Associates, occupational	0.1199***	(0.0171)	0.1540***	(0.0118)	0.2120***	(0.0344)
Associates, academic	0.1377***	(0.0145)	0.1584***	(0.0177)	0.2494***	(0.0511)
Bachelors	0.3113***	(0.0116)	0.3317***	(0.0152)	0.5503***	(0.0308)
Masters	0.4716***	(0.0162)	0.4964***	(0.0122)	0.7850***	(0.0467)
Professional or doctorate	0.5755***	(0.0292)	0.6532***	(0.0172)	1.0253***	(0.0190)
Veteran	0.0149	(0.0153)	0.0531***	(0.0287)	0.0116	(0.0308)
Has a disability	-0.1453***	(0.0232)	-0.0399	(0.0164)	-0.2054***	(0.0467)
Industry dummies	Y		Y		Y	
Occupation dummies	Y		Y		Y	
Firm size dummies	Y		Y		Y	
Constant	6.2487***	(0.1455)	7.8555***	(0.2002)	5.6445***	(0.2891)
R^2	0.6590		0.5969		0.4557	
Observations	39,745		40,192		22,607	
Weighted	22,153,964		22,420,406		13,146,793	

*Three asterisks (***) indicate significance at the 1% level, two asterisks (**) indicate significance at the 5% level, and one asterisk (*) indicates significance at the 10% level. Source: IPUMS-CPS (March), Minnesota Population Center at the University of Minnesota, 2011-2013. The data are adjusted by the sampling weight to match the total population 16 years of age or older. Year_ordinal values are 0 for 2011, 1 for 2012, and 2 for 2013. RTW*year_ordinal is the interaction term of RTW and year_ordinal, and is used to determine annual "growth" estimates. Also note the significant impact that education plays for all factors. For full regression outputs in a .txt format, please contact author Frank Manzo IV at fmanzo@illinoisepi.org.*

TABLE B: PROBIT REGRESSIONS OF THE IMPACT OF RIGHT-TO-WORK ON LABOR FORCE OUTCOMES, 2011-2013

	Prob(Employed)			Prob(In Labor Force)		
Variable	Coefficient	(St. Err.)	**AME**	Coefficient	(St. Err.)	**AME**
RTW law	0.0126***	(0.0003)	**0.0037*** **	-0.0174***	(0.0003)	**-0.0045*** **
Year_ordinal	0.0140***	(0.0001)	**0.0003*** **	0.0012***	(0.0002)	**0.0003*** **
RTW*year_ordinal	0.0010***	(0.0001)	**0.0041*** **	-0.0023***	(0.0002)	**-0.0006*** **
Age	0.1040***	(0.0000)		0.0997***	(0.0000)	
Age^2	-0.0013***	(0.0000)		-0.0014***	(0.0000)	
Lives in central city	-0.0497***	(0.0003)		-0.0485***	(0.0003)	
Lives in suburb	-0.0070***	(0.0002)		0.0010***	(0.0002)	
Female	-0.3408***	(0.0003)		-0.4543***	(0.0002)	
Married	0.0325***	(0.0002)		-0.0579***	(0.0003)	
Divorced	0.0976***	(0.0004)		0.1216***	(0.0004)	
Immigrant	0.0330***	(0.0004)		0.0430***	(0.0004)	
Citizen	0.1298***	(0.0004)		0.1538***	(0.0005)	
Latino or Latina	0.1298***	(0.0007)		0.0817***	(0.0007)	
White, non-Latino	0.1650***	(0.0007)		0.1070***	(0.0007)	
African-American	-0.0527***	(0.0007)		-0.0239***	(0.0007)	
Asian or Pacific Islander	-0.0083***	(0.0008)		-0.0977***	(0.0008)	
In school, full-time	-0.6666***	(0.0004)		-0.9252***	(0.0004)	
In school, part-time	0.1234***	(0.0019)		0.0441***	(0.0009)	
Less than high school	-0.3182***	(0.0003)		-0.3026***	(0.0003)	
Some college, no degree	0.1568***	(0.0003)		0.1379***	(0.0003)	
Associates, occupational	0.3228***	(0.0005)		0.3062***	(0.0005)	
Associates, academic	0.3154***	(0.0004)		0.2877***	(0.0005)	
Bachelors	0.3637***	(0.0003)		0.3065***	(0.0003)	
Masters	0.4887***	(0.0004)		0.4236***	(0.0004)	
Professional or doctorate	0.6947***	(0.0007)		0.6189***	(0.0007)	
Veteran	0.1661***	(0.0004)		-0.1921***	(0.0004)	
Has a disability	-1.0183***	(0.0003)		-1.0936***	(0.0003)	
Constant	-1.2284***	(0.0011)	**0.5908*** **	-0.5744***	(0.0011)	**0.6462*** **
R^2	0.2431			0.2906		
Observations	445,150			445,150		
Weighted	Y			Y		

***AMEs** are the "average marginal effects" or "average partial effects," and are the important figures in this output. Probit regressions report the (positive or negative) direction of the effect that a factor has on the binary variable of interest and whether the output is statistically significant. AMEs are used to determine the magnitude of statistically significant factors. Three asterisks (***) indicate significance at the 1% level, two asterisks (**) indicate significance at the 5% level, and one asterisk (*) indicates significance at the 10% level. Source: IPUMS-CPS (March), Minnesota Population Center at the University of Minnesota, 2011-2013. The data are adjusted by the supplement weight (using importance weights) to match the total population 16 years of age or older. Year_ordinal values are 0 for 2011, 1 for 2012, and 2 for 2013. RTW*year_ordinal is the interaction term of RTW and year_ordinal, and is used to determine annual "growth" estimates. For full regression outputs in a .txt format, please contact author Frank Manzo IV at fmanzo@illinoisepi.org.*

TABLE C: OLS REGRESSIONS OF THE IMPACT OF RIGHT-TO-WORK ON QUANTITY-OF-LABOR OUTCOMES, 2011-2013

	Usual Hours Worked Per Week		Weeks Worked Per Year	
Variable	Coefficient	(St. Err.)	Coefficient	(St. Err.)
RTW law	0.6156***	(0.0727)	0.3892***	(0.1646)
Union member	1.1487***	(0.0950)	0.5763***	(0.1551)
Year_ordinal	0.0773	(0.0346)	0.0085	(0.0810)
RTW*year_ordinal	0.0640	(0.0537)	-0.1795	(0.1246)
Age	0.5922***	(0.0170)	0.3477***	(0.0296)
Age^2	-0.0070***	(0.0002)	-0.0032***	(0.0003)
Usual hours worked			0.1696***	(0.0073)
Weeks worked per year	0.2030***	(0.0017)		
Lives in central city	-0.1533	(0.0617)	0.2048	(0.1484)
Lives in suburb	-0.4775***	(0.0536)	0.0834	(0.1202)
Female	-3.0540***	(0.0608)	0.2155*	(0.1239)
Married	0.3168***	(0.0570)	0.3047***	(0.1276)
Divorced	1.1361***	(0.0643)	-0.0364	(0.1796)
Immigrant	-0.0016	(0.0967)	0.1486	(0.2142)
Citizen	-0.0544	(0.0944)	0.5259*	(0.2836)
Latino or Latina	0.1227	(0.1382)	0.5040	(0.4335)
White, non-Latino	0.1689	(0.1274)	0.2202	(0.3923)
African-American	-0.0671	(0.1349)	-0.0224	(0.4262)
Asian or Pacific Islander	0.2036	(0.1789)	-0.2564	(0.4797)
In school, full-time	-8.0887***	(0.1229)	-2.1474***	(0.4489)
In school, part-time	-2.2146***	(0.2488)	1.4123***	(0.4878)
Federal government	-1.0568	(0.1756)	0.5326*	(0.3016)
State government	-0.2877	(0.1200)	0.1359	(0.2796)
Local government	-0.3001***	(0.1196)	-0.2880	(0.2433)
Less than high school	-1.2087***	(0.0687)	-1.0767***	(0.2661)
Some college, no degree	0.0316	(0.0625)	-0.0111	(0.1641)
Associates, occupational	0.2634	(0.1261)	0.1991	(0.2356)
Associates, academic	0.2601	(0.1080)	0.1556	(0.2240)
Bachelors	1.1200***	(0.0868)	0.1670	(0.1585)
Masters	1.4345***	(0.1545)	-0.0900	(0.2038)
Professional or doctorate	4.8813***	(0.3213)	-0.0657	(0.2950)
Veteran	-0.0732	(0.1029)	-0.6597***	(0.2116)
Has a disability	-2.5712***	(0.1051)	-1.2331***	(0.3320)
Industry dummies	Y		Y	
Occupation dummies	Y		Y	
Firm size dummies	Y		Y	
Constant	-11.1126***	(0.6409)	-8.3682***	(2.3367)
R^2	0.4207		0.4769	
Observations	40,709		40,709	
Weighted	22,742,282		22,742,282	

*Three asterisks (***) indicate significance at the 1% level, two asterisks (**) indicate significance at the 5% level, and one asterisk (*) indicates significance at the 10% level. Source: IPUMS-CPS (March), Minnesota Population Center at the University of Minnesota, 2011-2013. The data are adjusted by the sampling weight to match the total population 16 years of age or older. Year_ordinal values are 0 for 2011, 1 for 2012, and 2 for 2013. RTW*year_ordinal is the interaction term of RTW and year_ordinal, and is used to determine annual "growth" estimates. For full regression outputs in a .txt format, please contact author Frank Manzo IV at fmanzo@illinoisepi.org.*

TABLE D: PROBIT REGRESSION OF THE IMPACT OF RIGHT-TO-WORK ON UNION MEMBERSHIP, 2011-2013

		Prob(Employed)	
Variable	Coefficient	(St. Err.)	**AME**
RTW law	-0.6784***	(0.0015)	**-0.0959*** **
Year_ordinal	0.0310***	(0.0006)	**0.0044*** **
RTW*year_ordinal	-0.0205***	(0.0011)	**-0.0029*** **
Age	0.0325***	(0.0002)	
Age^2	-0.0003***	(0.0000)	
Usual hours worked	0.0067***	(0.0001)	
Weeks worked per year	0.0053***	(0.0000)	
Lives in central city	0.1476***	(0.0012)	
Lives in suburb	0.1278***	(0.0010)	
Female	-0.0780***	(0.0010)	
Married	0.0220***	(0.0011)	
Divorced	0.0116***	(0.0015)	
Immigrant	0.0478***	(0.0017)	
Citizen	0.3163***	(0.0024)	
Latino or Latina	0.0467***	(0.0037)	
White, non-Latino	-0.0221***	(0.0035)	
African-American	0.0968***	(0.0037)	
Asian or Pacific Islander	0.0038	(0.0041)	
In school, full-time	-0.3265***	(0.0033)	
In school, part-time	-0.1509***	(0.0043)	
Federal government	0.6100***	(0.0022)	
State government	0.7044***	(0.0018)	
Local government	0.8841***	(0.0016)	
Less than high school	-0.2049***	(0.0021)	
Some college, no degree	0.0246***	(0.0013)	
Associates, occupational	0.0203***	(0.0020)	
Associates, academic	0.0560***	(0.0018)	
Bachelors	-0.0857***	(0.0014)	
Masters	0.0818***	(0.0017)	
Professional or doctorate	-0.3818***	(0.0028)	
Veteran	-0.0276***	(0.0016)	
Has a disability	-0.0171***	(0.0022)	
Industry dummies	Y		
Occupation dummies	Y		
Firm size dummies	Y		
Constant	-3.6838***	(0.0226)	**0.1166*** **
R^2	0.2877		
Observations	40,709		
Weighted	Y		

***AMEs** are the "average marginal effects" or "average partial effects," and are the important figures in this output. Probit regressions report the (positive or negative) direction of the effect that a factor has on the binary variable of interest and whether the output is statistically significant. AMEs are used to determine the magnitude of statistically significant factors. Three asterisks (***) indicate significance at the 1% level, two asterisks (**) indicate significance at the 5% level, and one asterisk (*) indicates significance at the 10% level. Source: IPUMS-CPS (March), Minnesota Population Center at the University of Minnesota, 2011-2013. The data are adjusted by the supplement weight (using importance weights) to match the total population 16 years of age or older. Year_ordinal values are 0 for 2011, 1 for 2012, and 2 for 2013. RTW*year_ordinal is the interaction term of RTW and year_ordinal, and is used to determine annual "growth" estimates. For full regression outputs in a .txt format, please contact author Frank Manzo IV at fmanzo@illinoisepi.org.*

TABLE E: PROBIT REGRESSIONS OF THE IMPACT OF RIGHT-TO-WORK ON HEALTH AND WELFARE BENEFITS, AVERAGE MARGINAL EFFECTS 2011-2013

	Has Health Insurance		Has Pension Plan at Work	
Variable	**AME**	(St. Err.)	**AME**	(St. Err.)
RTW law	**-0.0353*** **	(0.0001)	**-0.0301*** **	(0.0003)
Union member	**0.0641*** **	(0.0003)	**0.1252*** **	(0.0003)
Year_ordinal	**-0.0122*** **	(0.0001)	**-0.0047*** **	(0.0001)
RTW*year_ordinal	**0.0051*** **	(0.0002)	**0.0037*** **	(0.0002)
Real Income from Wages	**$8.79e^{-7}$*** **	(0.0000)	**$3.48e^{-7}$*** **	(0.0000)
Age dummies	Y		Y	
Usual hours worked	Y		Y	
Weeks worked per year	Y		Y	
Urban status dummies	Y		Y	
Gender dummy	Y		Y	
Marital status dummies	Y		Y	
Immigration status dummy	Y		Y	
Citizenship dummy	Y		Y	
Race/ethnicity dummies	Y		Y	
School attendance dummies	Y		Y	
Public sector dummies	Y		Y	
Educational attainment dummies	Y		Y	
Veteran status dummy	Y		Y	
Disability dummy	Y		Y	
Veteran	Y		Y	
Has a disability	Y		Y	
Industry dummies	Y		Y	
Occupation dummies	Y		Y	
Firm size dummies	Y		Y	
Constant	0.8342***	(0.0001)	0.5469***	(0.0001)
R^2	0.2274		0.2456	
Observations	40,709		40,709	
Weighted	Y		Y	

***AMEs** are the "average marginal effects" or "average partial effects," and are the important figures in this output. Probit regressions report the (positive or negative) direction of the effect that a factor has on the binary variable of interest and whether the output is statistically significant. AMEs are used to determine the magnitude of statistically significant factors. Three asterisks (***) indicate significance at the 1% level, two asterisks (**) indicate significance at the 5% level, and one asterisk (*) indicates significance at the 10% level. Source: IPUMS-CPS (March), Minnesota Population Center at the University of Minnesota, 2011-2013. The data are adjusted by the supplement weight (using importance weights) to match the total population 16 years of age or older. Year_ordinal values are 0 for 2011, 1 for 2012, and 2 for 2013. RTW*year_ordinal is the interaction term of RTW and year_ordinal, and is used to determine annual "growth" estimates. For full regression outputs in a .txt format, please contact author Frank Manzo IV at fmanzo@illinoisepi.org.*

TABLE F: PROBIT REGRESSIONS OF THE IMPACT OF RIGHT-TO-WORK ON POVERTY OUTCOMES, AVERAGE MARGINAL EFFECTS 2011-2013

	Receives SNAP Assistance		Below Official Poverty Line	
Variable	**AME**	(St. Err.)	**AME**	(St. Err.)
RTW law	**-0.0035*** **	(0.0003)	**0.0090*** **	(0.0001)
Union member	**-0.0108*** **	(0.0003)	**-0.0288*** **	(0.0002)
Year_ordinal	**-0.0028*** **	(0.0001)	**0.0043*** **	(0.0001)
RTW*year_ordinal	**0.0010*** **	(0.0002)	**-0.0004*** **	(0.0001)
Real Income from Wages	**$-1.83e^{-6}$*** **	(0.0000)	N	
Age dummies	Y		Y	
Usual hours worked	Y		Y	
Weeks worked per year	Y		Y	
Urban status dummies	Y		Y	
Gender dummy	Y		Y	
Marital status dummies	Y		Y	
Immigration status dummy	Y		Y	
Citizenship dummy	Y		Y	
Race/ethnicity dummies	Y		Y	
School attendance dummies	Y		Y	
Public sector dummies	Y		Y	
Educational attainment dummies	Y		Y	
Veteran status dummy	Y		Y	
Disability dummy	Y		Y	
Veteran	Y		Y	
Has a disability	Y		Y	
Industry dummies	Y		Y	
Occupation dummies	Y		Y	
Firm size dummies	Y		Y	
Constant	0.0566***		0.0617***	(0.0000)
R^2	0.2270		0.3031	
Observations	40,676		40,676	
Weighted	Y		Y	

***AMEs** are the "average marginal effects" or "average partial effects," and are the important figures in this output. Probit regressions report the (positive or negative) direction of the effect that a factor has on the binary variable of interest and whether the output is statistically significant. AMEs are used to determine the magnitude of statistically significant factors. Three asterisks (***) indicate significance at the 1% level, two asterisks (**) indicate significance at the 5% level, and one asterisk (*) indicates significance at the 10% level. Source: IPUMS-CPS (March), Minnesota Population Center at the University of Minnesota, 2011-2013. The data are adjusted by the supplement weight (using importance weights) to match the total population 16 years of age or older. Year_ordinal values are 0 for 2011, 1 for 2012, and 2 for 2013. RTW*year_ordinal is the interaction term of RTW and year_ordinal, and is used to determine annual "growth" estimates. For full regression outputs in a .txt format, please contact author Frank Manzo IV at fmanzo@illinoisepi.org.*

TABLE G: 2005 FEDERAL TAXES PAID VS. SPENDING RECEIVED BY STATE, RIGHT-TO-WORK STATES VS. COLLECTIVE-BARGAINING STATES, TAX FOUNDATION

RTW State	Federal Spending Per Dollar of Federal Taxes
Weighted RTW Average	*$1.155*
Mississippi	$2.02
Louisiana	$1.78
North Dakota	$1.68
Alabama	$1.66
South Dakota	$1.53
Virginia	$1.51
Arkansas	$1.41
Oklahoma	$1.36
South Carolina	$1.35
Tennessee	$1.27
Idaho	$1.21
Arizona	$1.19
Kansas	$1.12
Wyoming	$1.11
Iowa	$1.10
Nebraska	$1.10
North Carolina	$1.08
Utah	$1.07
Georgia	$1.01
Florida	$0.97
Texas	$0.94
Nevada	$0.65

CB State	Federal Spending Per Dollar of Federal Taxes
Weighted CB Average	*$0.946*
New Mexico	$2.03
Alaska	$1.84
West Virginia	$1.76
Kentucky	$1.51
Montana	$1.47
Hawaii	$1.44
Maine	$1.41
Missouri	$1.32
Maryland	$1.30
Vermont	$1.08
Pennsylvania	$1.07
Indiana (Became RTW in 2012)	$1.05
Ohio	$1.05
Rhode Island	$1.00
Oregon	$0.93
Michigan (Became RTW in 2013)	$0.92
Washington	$0.88
Wisconsin	$0.86
Massachusetts	$0.82
Colorado	$0.81
New York	$0.79
California	$0.78
Delaware	$0.77
Illinois	**$0.75**
Minnesota	$0.72
New Hampshire	$0.71
Connecticut	$0.69
New Jersey	$0.61
District of Columbia	$5.55

Source: Tax Foundation (2007) for FY2005. The data are adjusted by each state's population to determine the weighted average for all RTW states and all CB states. Note that most of the larger "donor" states which receive back less than they contribute (less than $1.00 in federal spending per dollar of federal taxes) are also those with large budget deficits. These states are, at least in part, subsidizing the general funds of other states at the expense of their own state budgets.

TABLE H: LIST OF RIGHT-TO-WORK STATES AND COLLECTIVE-BARGAINING STATES, AS OF JANUARY 1, 2014

24 RTW States	26 CB States Plus D.C.
Alabama	Alaska
Arizona	California
Arkansas	Colorado
Florida	Connecticut
Georgia	Delaware
Idaho	District of Columbia
Indiana	Hawaii
Iowa	Illinois
Kansas	Kentucky
Louisiana	Maine
Michigan	Maryland
Mississippi	Massachusetts
Nebraska	Minnesota
Nevada	Missouri
North Carolina	Montana
North Dakota	New Hampshire
Oklahoma	New Jersey
South Carolina	New Mexico
South Dakota	New York
Tennessee	Ohio
Texas	Oregon
Utah	Pennsylvania
Virginia	Rhode Island
Wyoming	Vermont
	Washington
	West Virginia
	Wisconsin

[Additional submissions by Mr. Hewitt follow:]

Chairman Kline and distinguished Committee Members: I would like to take this opportunity to respond to a few additional points raised by various members of the Committee during the hearing.

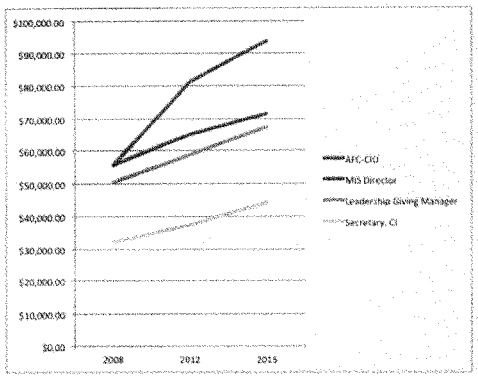
The first item is the allegation that our desire to disassociate/deauthorize was driven by a wish to be "free-loaders" and to benefit from the efforts of the union while not providing any monetary support of the process.

If you would kindly refer to my testimony, you will see that in fact our desired approach was not to deauthorize, but rather to decertify. The LAST thing that we want is to allow a union that will not listen to us, that refuses to speak with us, disrespects us, and will not faithfully represent us and our desires to negotiate ANYTHING in our name. We would have decertified this union, and we had a sufficient number of members to do just that! If it were not for the fact that the NLRB provides us only a small window of opportunity during which we may decertify, and if it were not for the fact that the union kept this a secret thereby preventing us from availing ourselves of this opportunity, we would have decertified, the union would have been disbanded, and we would not be forced to accept a collective bargaining agreement made without our direction. Thus, if we are or to appear to be "free-loaders," it is because the union has forced itself upon us with the blessing of the NLRB! Please make no mistake; we have no intention of being free-loaders! If the union continues to ignore us, we will decertify! I believe that most people who resign from unions when given the opportunity do so for the very same reason; NOT to be free-loaders, but simply because they do not wish to pay for poor representation, or worse – to appear to support a union that does things that they feel are wrong, offensive, or unfair!

The second issue is the concept that in order to have a good job, one needs to be employed by a company that has – and forces you to belong to -- a union. This notion is not only untrue, it is simply preposterous! The truth is that I took a pay cut when I went to work in this union position! When I started, the CEO argued with the union and had them agree in advance of my hire to bring my salary up to the maximum rate within my pay grade after a probationary period. Even then, this salary is was the bottom of the industry standard salaries for people having my skills, training, experience and position. My CEO wanted to start me out at the maximum rate right from the start, but because the union insisted, I was forced to earn a lower rate during the probationary period.

Likewise, my employer recently hired two new employees, and management wanted to pay them higher rates of pay because they were aware that people in similar positions in other organizations were earning significantly more. Again, the union refused to allow it! These new hires were forced to remain at the lower rates because our union leadership insisted! The truth is that our union actively works to limit our members' pay, while at the same time negotiating large raises for the union leaders themselves! The rank and file workers are kept at the lowest rate possible, while union leaders are given large raises mid-contract via secret memorandums of understandings with the union! The fact is that all union members are not treated the same. Some are held back and prevented from getting raises, while others – the individuals trusted to negotiate on behalf of the entire membership -- actually negotiate very large raises for themselves!

This graph illustrates the disparity between a sample of salaries over three contract periods. While it is true that we all saw general increases that kept pace with the rate of inflation, the salaries of particular members who also had union positions (union steward for instance) had a much steeper slope, representing significantly larger raises over the period:



Clearly, all union members are not treated the same – and have not been treated the same over multiple contract periods! So, while the union leaders were arguing that union positions had to remain within the parameters specified in the contract in order to remain fair to all members, they themselves did not feel compelled to honor the same sense of fair play, and gladly enjoyed significant wage advantages personally!

On Friday June 12th our board of directors met in closed session with our President, and our VP's. Our board includes members of local union leadership – including Wayne Burgess, the President of the Central Labor Council, and the author of the letter which threatened the United Way. After that meeting, myself and Helen – our Grant Writer were laid off. Helen was an advocate of disassociation. The "official" reason given to us was that it was a "permanent reduction in workforce" and that it was due to "the current business climate". On Monday, additional staff – Ellen, also a strong advocate of dis-association was discharged. On Tuesday, Sandra – a member who also signed the original petition to disassociate, and who served as our part-time receptionist located at our food center was also let go.

It is difficult to believe that honorable men and women would allow such an obvious abuse of power to go un answered. The threat by the Central Labor Council was obviously taken as justification to terminate multiple people who believed in individual freedom.

My question to this committee is "Do YOU feel that such actions are reasonable?"

Sincerely,

Walter Hewitt

FORM NLRB-4889
(5-90)

UNITED STATES OF AMERICA
NATIONAL LABOR RELATIONS BOARD

TALLY OF BALLOTS - UD ELECTION

UNITED WAY OF SOUTHEASTERN CONNECTICUT

and

OFFICE AND PROFESSIONAL EMPLOYEES INTERNATIONAL UNION, LOCAL 106

CASE	DATE FILED
01-UD-148737	March 23, 2015
DATE ISSUED	
April 30, 2015	

TYPE OF ELECTION: *(Check)*

- [x] STIPULATION
- [ ] BOARD DIRECTION
- [ ] CONSENT AGREEMENT
- [ ] RD DIRECTION

The undersigned agent of the Regional Director certifies that the results of the tabulation of ballots in the election held in the above case, and concluded on the date indicated above, were as follows.

1. Approximate number of eligible voters 21
2. Void ballots 0
3. Votes cast in favor of withdrawing the authority of the bargaining representative to require, under its agreement with the Employer, that employees make certain lawful payments to the Union in order to retain their jobs 13
4. Votes cast against the above proposition 8
5. Valid votes counted *(sum of 3 and 4)* 21
6. Challenged ballots 0
7. Challenges are (~~are~~) sufficient in number to affect the results of the election.
8. The required majority of the eligible voters have (~~not~~) cast valid ballots in favor of the proposition.

For the Regional Director
Subregional 34

The undersigned acted as authorized observers in the counting and tabulating of ballots indicated above. We hereby certify that the counting and tabulating were fairly and accurately done, that the secrecy of the ballots was maintained, and that the results were as indicated above. We also acknowledge service of this tally.

For UNITED WAY OF SOUTHEASTERN CONNECTICUT Jay Crowley Esq.

For Petitioner Walter Hewitt

For OFFICE AND PROFESSIONAL EMPLOYEES INTERNATIONAL UNION, LOCAL 106

For Paul A. Rom Jr.

Southeastern Connecticut Central Labor Council

AFFILIATED WITH

AMERICAN FEDERATION OF LABOR AND
CONGRESS OF INDUSTRIAL ORGANIZATIONS

112 Jerome Road
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860-460-7388
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A Letter of Concern from the Southeast Connecticut Central Labor Council

To: The United Way

Re: Upcoming Deauthorization Vote

It has come to the attention of the Southeastern Labor Council the staff of the United Way have an important election scheduled soon. Some ill-informed workers wish to deauthorize the Union of the United Way staff from collecting dues. Obviously, some of your staff has been misled to believe that deauthorizing membership with OPEIU Local 106 will somehow improve their rights in their workplace. This misguided effort from a few disgruntled employees could destroy the excellent pay and benefits that the OPEIU Local 106 has established over the 20 plus years of its existence at the United Way.

We are concerned this highly anti-union action will cause a rift between the labor community of Southeast Connecticut and the United Way.

Together, we have been a great force for good for our community in our corner of Connecticut. With Labor donations comprising over a third of the United Way's budget we fear a disastrous outcome should the majority of your staff vote yes to deauthorize in this election.

If as a result of this action Labor Unions and their members may stop contributing at the levels they do now which could result in cuts of vital community services or layoffs of staff at the United Way.

We know the leadership of the United Way is limited in what they can say about the upcoming vote. We simply wanted to make you aware at the earliest opportunity about our grave concerns regarding this matter.

In Solidarity,

Wayne Burgess, President Southeastern Labor Council

Buy Union. Buy "Made in USA"

[Whereupon, at 12:18 p.m., the Committee was adjourned.]

○