

Bill as  
Introduced

HB 323-FN - AS INTRODUCED

2013 SESSION

13-0247

06/04

HOUSE BILL

**323-FN**

AN ACT

establishing the Franklin Partin right-to-work act.

SPONSORS:

Rep. W. O'Brien, Hills 5; Rep. Baldasaro, Rock 5; Rep. Warden, Hills 39;  
Rep. Boehm, Hills 20; Rep. Cebrowski, Hills 7; Rep. Kappler, Rock 3;  
Rep. Comerford, Rock 33

COMMITTEE:

Labor, Industrial and Rehabilitative Services

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ANALYSIS

This bill prohibits collective bargaining agreements that require employees to join a labor union.

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Explanation:

Matter added to current law appears in ***bold italics***.

Matter removed from current law appears [~~in brackets and struck through~~].

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Thirteen*

AN ACT establishing the Franklin Partin right-to-work act.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

1 1 Name of Act. It is the intent of the general court that this act be known as "The Franklin  
2 Partin Right to Work Act."

3 2 New Chapter; Right to Work Act. Amend RSA by inserting after chapter 273-C the following  
4 new chapter:

5 CHAPTER 273-D

6 RIGHT TO WORK ACT

7 273-D:1 Short Title. This act may be cited as the "Right to Work Act."

8 273-D:2 Declaration of Public Policy. It is hereby declared to be the public policy of this state in  
9 order to maximize individual freedom of choice in the pursuit of employment and to encourage an  
10 employment climate conducive to economic growth, that all persons shall have, and shall be  
11 protected in the exercise of, the right freely, and without fear of penalty or reprisal, to form, join, or  
12 assist labor organizations, or to refrain from any such activity.

13 273-D:3 Definitions. In this chapter:

14 I. "Employer" means any individual, corporation, association, organization, or entity that  
15 employs one or more persons. The term includes, but is not limited to, the state of New Hampshire  
16 and its agencies, every district, board, commission, instrumentality, or other unit whose governing  
17 body exercises similar governmental powers. The term "employer" includes, but is not limited to,  
18 employers of agricultural labor.

19 II. "Labor organization" means any organization of any kind, or agency or employee  
20 representation committee or plan, which exists for the purpose, in whole or in part, of dealing with  
21 employers concerning grievances, labor disputes, wages, rates of pay, hours of work, or other  
22 conditions of employment.

23 273-D:4 Freedom of Choice Guaranteed; Discrimination Prohibited. No person shall be  
24 required, as a condition of employment or continuation of employment:

25 I. To resign or refrain from voluntary membership in, voluntary affiliation with, or  
26 voluntary financial support of a labor organization;

27 II. To become or remain a member of a labor organization;

28 III. To pay any dues, fees, assessments, or other charges of any kind or amount to a labor  
29 organization;

30 IV. To pay any charity or other third party, in lieu of such payments, any amount equivalent  
31 to or a pro-rata portion of dues, fees, assessments, or other charges of a labor organization; or

1 V. To be recommended, approved, referred, or cleared by or through a labor organization.

2 273-D:5 Voluntary Deductions Protected. It shall be unlawful for any employer to deduct from  
 3 the wages, earnings, or compensation of any employee any dues, fees, assessments, or other charges,  
 4 to be held for, transferred to, or paid over to a labor organization, unless the employee has first  
 5 presented, and the employer has received, a signed written authorization of such deductions, which  
 6 authorization may be revoked by the employee at any time by giving written notice of such  
 7 revocation 30 days in advance of its effective date. Every employer who receives such an  
 8 authorization from an employee shall have a duty to promptly notify that employee in writing that  
 9 the employee may revoke an authorization at any time by giving the employer 30 days written  
 10 notice.

11 273-D:6 Agreements in Violation, and Actions to Induce Such Agreements, Declared Illegal.  
 12 Any agreement, understanding or practice, written or oral, implied or expressed, between any labor  
 13 organization and employer which violates the rights of employees as guaranteed by the provisions of  
 14 this chapter is hereby declared to be unlawful, null and void, and of no legal effect. Any strike,  
 15 picketing, boycott, or other action, by a labor organization for the sole purpose of inducing or  
 16 attempting to induce an employer to enter into any agreement prohibited under this chapter is  
 17 hereby declared to be for an illegal purpose and is a violation of the provisions of this chapter.

18 273-D:7 Notice to be Posted. It shall be the duty of every employer to post and keep  
 19 continuously displayed the following notice at such a place or places in the business, establishment,  
 20 or premises where it may be readily seen by all employees, and it shall be the further duty of every  
 21 employer to furnish a copy of such notice to each employee at the time the employee is hired:

22 EMPLOYEES FREEDOM OF CHOICE

23 Under the law of the state of New Hampshire, employees are protected in the exercise of their  
 24 free choice to join or refrain from joining labor unions, and it is unlawful for an employer and a labor  
 25 union to enter into a contract or agreement requiring them to pay dues, fees, or charges of any kind  
 26 to a labor union as a condition of obtaining or keeping a job. Under this law, an employer may not  
 27 discharge or otherwise discriminate against an employee because of joining or refusing to join a labor  
 28 union, or to pay dues, or other charges to a labor union.

29 273-D:8 Coercion and Intimidation Prohibited. It shall be unlawful for any person, labor  
 30 organization, or officer, agent or member thereof, or employer, or officer thereof, by any threatened  
 31 or actual intimidation of an employee or prospective employee, or the employee's parents, spouse,  
 32 children, grandchildren, or any other persons residing in the employee's or prospective employee's  
 33 home, or by any damage or threatened damage to property, to compel or attempt to compel such  
 34 employee to join, affiliate with, or financially support a labor organization or to refrain from doing so,  
 35 or otherwise forfeit any rights as guaranteed by provisions of this chapter. It shall also be unlawful  
 36 to cause or attempt to cause an employee to be denied employment or discharged from employment  
 37 because of support or nonsupport of a labor organization by inducing or attempting to induce any

1 other person to refuse to work with such employees.

2 273-D:9 Penalties. Any person, employer, labor organization, agent, or representative of an  
3 employer or labor organization, who directly or indirectly imposes upon any person any requirement  
4 prohibited by this chapter shall be guilty of a misdemeanor, and, notwithstanding RSA 651:2, shall  
5 be subject for each offense to a fine not exceeding \$1,000, or to imprisonment not exceeding 90 days,  
6 or both.

7 273-D:10 Civil Remedies. Any person harmed as a result of any violation or threatened  
8 violation of the provisions of this chapter shall be entitled to injunctive relief against any and all  
9 violators or persons threatening violation, and may also recover any or all damages of any character,  
10 including costs and reasonable attorney fees, resulting from such violation or threatened violation,  
11 cognizable at common law. Such remedies shall be independent of, and in addition to, the penalties  
12 and remedies prescribed in other provisions of this chapter.

13 273-D:11 Duty to Investigate. It shall be the duty of the attorney general and of each county  
14 attorney, to investigate any complaints of violation of this chapter, and to prosecute all persons  
15 violating any of its provisions, and to use all means at their command to insure effective enforcement  
16 of the provisions of this chapter.

17 273-D:12 Existing Contracts. The provisions of this chapter shall apply to all contracts entered  
18 into on or after the effective date of this chapter and shall not apply to existing contracts, but shall  
19 apply to any renewal or extensions of such existing contracts.

20 273-D:13 Exceptions. The provisions of this chapter shall not apply:

21 I. To employers and employees covered by the federal Railway Labor Act.

22 II. To federal employers and employees.

23 III. To employers and employees on exclusive federal enclaves.

24 IV. Where they would otherwise conflict with, or be preempted by, federal law.

25 273-D:14 Severability. If any provision of this chapter or the application thereof to any person  
26 or circumstance is held invalid, the invalidity does not affect other provisions or applications of the  
27 chapter which can be given effect without the invalid provisions or applications, and to this end the  
28 provisions of this chapter are severable.

29 3 Effective Date. This act shall take effect January 1, 2014.

HB 323-FN - AS INTRODUCED

2013 SESSION

13-0247  
06/04

HOUSE BILL        **323-FN**

AN ACT            establishing the Franklin Partin right-to-work act.

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Rep. Boehm, Hills 20; Rep. Cebrowski, Hills 7; Rep. Kappler, Rock 3;  
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STATE OF NEW HAMPSHIRE

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AN ACT establishing the Franklin Partin right-to-work act.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

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2 Partin Right to Work Act."

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5 CHAPTER 273-D

6 RIGHT TO WORK ACT

7 273-D:1 Short Title. This act may be cited as the "Right to Work Act."

8 273-D:2 Declaration of Public Policy. It is hereby declared to be the public policy of this state in  
9 order to maximize individual freedom of choice in the pursuit of employment and to encourage an  
10 employment climate conducive to economic growth, that all persons shall have, and shall be  
11 protected in the exercise of, the right freely, and without fear of penalty or reprisal, to form, join, or  
12 assist labor organizations, or to refrain from any such activity.

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16 and its agencies, every district, board, commission, instrumentality, or other unit whose governing  
17 body exercises similar governmental powers. The term "employer" includes, but is not limited to,  
18 employers of agricultural labor.

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20 representation committee or plan, which exists for the purpose, in whole or in part, of dealing with  
21 employers concerning grievances, labor disputes, wages, rates of pay, hours of work, or other  
22 conditions of employment.

23 273-D:4 Freedom of Choice Guaranteed; Discrimination Prohibited. No person shall be  
24 required, as a condition of employment or continuation of employment:

25 I. To resign or refrain from voluntary membership in, voluntary affiliation with, or  
26 voluntary financial support of a labor organization;

27 II. To become or remain a member of a labor organization;

28 III. To pay any dues, fees, assessments, or other charges of any kind or amount to a labor  
29 organization;

30 IV. To pay any charity or other third party, in lieu of such payments, any amount equivalent  
31 to or a pro-rata portion of dues, fees, assessments, or other charges of a labor organization; or

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4 held for, transferred to, or paid over to a labor organization, unless the employee has first presented,  
5 and the employer has received, a signed written authorization of such deductions, which authorization  
6 may be revoked by the employee at any time by giving written notice of such revocation 30 days in  
7 advance of its effective date. Every employer who receives such an authorization from an employee  
8 shall have a duty to promptly notify that employee in writing that the employee may revoke an  
9 authorization at any time by giving the employer 30 days written notice.

10 273-D:6 Agreements in Violation, and Actions to Induce Such Agreements, Declared Illegal.  
11 Any agreement, understanding or practice, written or oral, implied or expressed, between any labor  
12 organization and employer which violates the rights of employees as guaranteed by the provisions of  
13 this chapter is hereby declared to be unlawful, null and void, and of no legal effect. Any strike,  
14 picketing, boycott, or other action, by a labor organization for the sole purpose of inducing or  
15 attempting to induce an employer to enter into any agreement prohibited under this chapter is  
16 hereby declared to be for an illegal purpose and is a violation of the provisions of this chapter.

17 273-D:7 Notice to be Posted. It shall be the duty of every employer to post and keep  
18 continuously displayed the following notice at such a place or places in the business, establishment,  
19 or premises where it may be readily seen by all employees, and it shall be the further duty of every  
20 employer to furnish a copy of such notice to each employee at the time the employee is hired:

21 **EMPLOYEES FREEDOM OF CHOICE**

22 Under the law of the state of New Hampshire, employees are protected in the exercise of their  
23 free choice to join or refrain from joining labor unions, and it is unlawful for an employer and a labor  
24 union to enter into a contract or agreement requiring them to pay dues, fees, or charges of any kind  
25 to a labor union as a condition of obtaining or keeping a job. Under this law, an employer may not  
26 discharge or otherwise discriminate against an employee because of joining or refusing to join a labor  
27 union, or to pay dues, or other charges to a labor union.

28 273-D:8 Coercion and Intimidation Prohibited. It shall be unlawful for any person, labor  
29 organization, or officer, agent or member thereof, or employer, or officer thereof, by any threatened  
30 or actual intimidation of an employee or prospective employee, or the employee's parents, spouse,  
31 children, grandchildren, or any other persons residing in the employee's or prospective employee's  
32 home, or by any damage or threatened damage to property, to compel or attempt to compel such  
33 employee to join, affiliate with, or financially support a labor organization or to refrain from doing so,  
34 or otherwise forfeit any rights as guaranteed by provisions of this chapter. It shall also be unlawful  
35 to cause or attempt to cause an employee to be denied employment or discharged from employment  
36 because of support or nonsupport of a labor organization by inducing or attempting to induce any  
37 other person to refuse to work with such employees.



1       273-D:9 Penalties. Any person, employer, labor organization, agent, or representative of an  
2 employer or labor organization, who directly or indirectly imposes upon any person any requirement  
3 prohibited by this chapter shall be guilty of a misdemeanor, and, notwithstanding RSA 651:2, shall  
4 be subject for each offense to a fine not exceeding \$1,000, or to imprisonment not exceeding 90 days,  
5 or both.

6       273-D:10 Civil Remedies. Any person harmed as a result of any violation or threatened  
7 violation of the provisions of this chapter shall be entitled to injunctive relief against any and all  
8 violators or persons threatening violation, and may also recover any or all damages of any character,  
9 including costs and reasonable attorney fees, resulting from such violation or threatened violation,  
10 cognizable at common law. Such remedies shall be independent of, and in addition to, the penalties  
11 and remedies prescribed in other provisions of this chapter.

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14 violating any of its provisions, and to use all means at their command to insure effective enforcement  
15 of the provisions of this chapter.

16       273-D:12 Existing Contracts. The provisions of this chapter shall apply to all contracts entered  
17 into on or after the effective date of this chapter and shall not apply to existing contracts, but shall  
18 apply to any renewal or extensions of such existing contracts.

19       273-D:13 Exceptions. The provisions of this chapter shall not apply:

20       I. To employers and employees covered by the federal Railway Labor Act.

21       II. To federal employers and employees.

22       III. To employers and employees on exclusive federal enclaves.

23       IV. Where they would otherwise conflict with, or be preempted by, federal law.

24       273-D:14 Severability. If any provision of this chapter or the application thereof to any person  
25 or circumstance is held invalid, the invalidity does not affect other provisions or applications of the  
26 chapter which can be given effect without the invalid provisions or applications, and to this end the  
27 provisions of this chapter are severable.

28       3 Effective Date. This act shall take effect January 1, 2014.

**HB 323-FN - FISCAL NOTE**

AN ACT establishing the Franklin Partin right-to-work act.

**FISCAL IMPACT:**

The Department of Justice, Department of Labor, Judicial Branch, Judicial Council, New Hampshire Association of Counties, and the New Hampshire Municipal Association state this bill, **as introduced**, may increase state, county, and local expenditures by an indeterminable amount in FY 2014 and each year thereafter. The Public Employees Labor Relations Board states this bill will have indeterminable fiscal impact on state, county and local expenditures in FY 2014 and each year thereafter. There will be no impact on state, county and local revenue.

**METHODOLOGY:**

The Department of Justice states this bill will prohibit any person from being required, as a condition of employment or continuation of employment: 1) To resign or refrain from voluntary membership in, voluntary affiliation with, or voluntary financial support of a labor organization; 2) To become or remain a member of a labor organization; 3) To pay any dues, fees, assessments, or other charges of any kind or amount to a labor organization; 4) To pay any charity or other third party, in lieu of such payments, any amount equivalent to or a pro-rata portion of dues, fees, assessments, or other charges of a labor organization; or 5) To be recommended, approved, referred, or cleared by or through a labor organization. This bill will also prohibit employers from deducting certain fees or assessments without written authorization and also requires the Attorney General and all county attorneys to investigate any complaints of violations and prosecute all persons who violate any of its provisions. The Department of Justice states this bill will have an indeterminable increase on state and county expenditures because the number of investigations, prosecutions, and appeals is unknown.

The Department of Labor states this bill would have an indeterminable increase in expenditures for the Department because employees with wage grievances would come to the Department to file wage claims. The Department states there is no way of determining how much such activity would increase if this bill were passed and what the cost would be to the state.

The Judicial Branch states it does not have information on which to estimate how many additional misdemeanor prosecutions may result from this bill. The Judicial Branch asserts

the proposed bill contemplates a class A misdemeanor because a conviction could result in imprisonment for up to 90 days. The Judicial Branch states the cost to process a class A misdemeanor case in the district division of the circuit court will be \$62.71 in FY 2014 and \$64.40 in FY 2015. The Branch states if the proposed bill results in 160 new class A misdemeanors, the Branch would see a fiscal impact exceeding \$10,000 annually. Likewise, the Branch has no information on which to estimate how many new complex civil cases will be brought because of the proposed bill. The Judicial Branch states the cost to process a complex civil case in the superior court will be \$656.99 in FY 2014 and \$672.69 in FY 2015. At those rates, the Judicial Branch states if this proposed bill resulted in 16 new complex civil cases in FY 2014 and 15 cases in FY 2015, the fiscal impact would exceed \$10,000 annually. Another civil case type potentially arising under the proposed bill is an equitable action for injunctive relief in the superior court. The Judicial Branch estimates processing an equity case in the superior court would cost \$636.90 in FY 2014 and \$648.60 in FY 2015. The Branch states if this bill resulted in 16 new equity cases at those rates for either year, the Judicial Branch would see an impact exceeding \$10,000. According to the Judicial Branch, the estimated costs presented above do not consider the cost of any appeals to the superior court or supreme court, or both. The potential for appeals makes the number of cases needed for a fiscal impact to the Judicial Branch in excess of \$10,000 significantly fewer. The Branch also notes the cost estimates are based on data that is more than seven years old in some cases and does not reflect the changes to the courts over that same period of time, the impact these changes may have on processing these types of cases, or the increase in self-represented litigants.

The Judicial Council states the fiscal impact of this bill is indeterminable. The Judicial Council assumes this bill would not generate delinquency petitions in the Family Courts and also assumes anyone violating the provisions of this proposed bill would be ineligible for assistance of counsel at state expense because violators would do so within the context of their employment and probably would not meet the eligibility requirements. Nevertheless, the Council states if an individual is found to be indigent, the state would be subject to a flat fee of \$275 for each misdemeanor case handled by a public defender or contract attorney. If an assigned counsel attorney is used, the fee is \$60 per hour with a cap of \$1,400 for a misdemeanor charge. The Council also states additional costs could be incurred if an appeal is filed. The public defender, contract attorney, and assigned counsel rates for Supreme Court appeals is \$2,000 per case. State expenditures would increase if assigned counsel attorneys receive permission to exceed the fee cap. Expenditures would increase if services are requested by counsel and approved during the defense of a case or during an appeal.

The Public Employees Labor Relations Board (PELRB) states the fiscal impact of this bill is indeterminable due to a number of unknown factors. The PELRB states this proposed bill may

directly or indirectly affect the extent to which employee organizations provide representation to bargaining unit employees in collective bargaining and grievance proceedings, matters commonly brought before the PELRB and the state superior and supreme courts. The PELRB asserts any changes in these areas might result in related expenditure reductions at the state, county, and local level, but the occurrence of such changes and the amount of any related expenditure reductions is speculative. Enforcement provisions of the Act may require new expenditures at the state and county levels in order to conduct investigations, prosecutions, and enforcement of the law. However, the extent to which such activity will be required cannot be determined based upon the information currently available.

The New Hampshire Association of Counties states this bill may have an impact on county expenditures related to collective bargaining but the impact is indeterminable. The Association states this bill will increase county expenditures related to investigations and prosecutions conducted by county attorneys and, to the extent more individuals are charged, convicted, and sentenced to incarceration in a county correctional facility, the counties may have increased expenditures. The Association is unable to determine the number of individuals who might be charged, convicted, or incarcerated as a result of this bill to determine an exact fiscal impact. The average annual cost to incarcerate an individual in a county correctional facility is approximately \$35,000.

The New Hampshire Municipal Association states the impact of this bill on local expenditures may have some effect on collective bargaining costs, but the fiscal impact is indeterminable because they cannot predict what that effect will be.

The Department of Administrative Services states this bill appears to have no fiscal impact on state, county, or local expenditures or revenue.

# Amendments

Amendment to HB 323-FN

1 Amend the title of the bill by replacing it with the following:

2

3 AN ACT                    establishing the Franklin Partin right-to-work act and eliminating the duty of a  
4                                public employee labor organization to represent employees who elect not to join or  
5                                to pay dues or fees to the employee organization.  
6

7 Amend the bill by inserting after section 2 the following and renumbering the original section 3 to  
8 read as 4:

9

10            3 New Paragraph; Obligation to Bargain. Amend RSA 273-A:3 by inserting after paragraph IV  
11 the following new paragraph:

12                    V. The employee organization certified by the board as the exclusive representative of the  
13 bargaining unit shall not be required to represent employees who elect not to join or to pay dues or  
14 fees to the employee organization. A collective bargaining agreement reached under this chapter  
15 shall apply only to public employees in the bargaining unit who are members of, or who elect to pay  
16 dues or fees to, the employee organization.

2013-0192h

AMENDED ANALYSIS

This bill prohibits collective bargaining agreements that require employees to join a labor union.

This bill also provides that no public employee labor organization shall be required to represent employees who elect not to join or to pay dues or fees to the employee organization.

# Speakers



# SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # HB 323 FN Date January 30, 2013  
 Committee Labor

\*\* Please Print All Information \*\*

Name	Address	Phone	Representing	(check one)	
				Pro	Con
Sen. Gasky			DIST. #13		✓
Rep Al Baldasaro			Rock-Dist 5	X	
Rep Jeff Goley					X
Rep Sylvia Baker			Hills 28		X
Ben Baccocchi	1175 Bridge St - Marsh.		Self		X
Sam Breske			self		X
MANNY GARCIA-NUÑEZ			SELF	X	
Scott Curtis	Manchester, NH		NPMHU		✓
Matt Caplowick	Manchester		Americans for Prosperity	X	
JAY WARD	Pembroke				X
Justin Bruce	Dunbarton		self		X
HARRIET SPENCER	Manchester	603- 606-3303	ARMA		X
JAMETA EAN	Concord	226-0246	self	✓	
Rep Pat Moran	Stratham			✓	
Dave Jurek	122 N. Main, Concord	229-5388	BIA	X	
ST. REP. LOUISE KAPPLER			ROCK 3	X	
Rep. Jeanine Natter			Hills 21	X	
Judith Stadtman	104 Richards Ave Portsmouth		self		X
MARK KING	8 Carthage St Nashua NH 07064		self		X
Rick Rothwell	1320 Hanover St Manchester		self		X
Michelle McCro	3 Bearcst Concord NH		self		X
Joe Cicirelli	142 Back Canaan Str Stafford NH				X
Brian Hawkins	55 N. Main Rd Colchester		self		X

# SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # HB 323 FN Date January 30, 2013  
 Committee Labor

\*\* Please Print All Information \*\*

Name	Address	Phone	Representing	(check one)	
				Pro	Con
Kesly Upham-Torosian	PO Box 807 Dubuque NH	603 289 4983	self		X
David Alfano	9 Lund St Nashua NH	603 594 9491	self		X
Jean Chellis	12 Bedford St Concord NH		self		X
Bill Legrand	34 Commercial Dr Brentwood NH		IUPAT		X
Jan Schaffer	496 Newmarket Rd		Warner AFCEA		X
Ashley Pratte	14 Courtside Way Manchester NH	603 361 5057	Cornerstone	X	
ARNIE ALPERT	4 Park St Concord		AFSC		X
Rep. JOE DURTE				X	
Rep. Christy D. Buttitt					X
Josette White	4 Park St Concord	205 1932	America Votes		X
Gene Chandler			Republican Office	X	
REP. DAVID MURATAKE	17 Portchester Dr Nashua NH	603-889-4488	Hills 32	X	
Rep. John T. O'Connor	Rock.		DIST. 6	X	
Linda Twombly	Nashua			X	
John Thera	203 E Day St Derry NH		self		X
Timothy Twombly	Nashua		former constituents	X	
Timothy Horrigan			Strafford 6		X
BOB PERCY			STRAFFORD #3		X
Rep Tara O'Neil			Cheshire 1		X
Kayla McCarthy	Concord		PFFNH		X
David Pelletier	Dunbarton NH		Plumbers Local 131		X
Gene Beaudeno	Pittsfield NH		IBEW Local 490		X
Joseph Casey	Rochester NH		NH Building Trades		X

# SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # HB 323 PD

Date January 30, 2013

Committee LABOR

\*\* Please Print All Information \*\*

Name	Address	Phone	Representing	(check one)	
				Pro	Con
Rep Pam Tucker			Rock - 23	<input checked="" type="checkbox"/>	
Rep Laura Jones			Rochester	<input checked="" type="checkbox"/>	
Janice Kelbie	54 Evergreen Ave Franklin	934-4985	SELF		<input checked="" type="checkbox"/>
Rep Leon Rineout	Lancaster NH		COOS 7	<input checked="" type="checkbox"/>	
Kip Holden	33 Jefferson Rd		manch. 10th Teamsters		<input checked="" type="checkbox"/>
Lauren Fowler	Teamsters Local 633		53 Grafton Rd Manch		<input checked="" type="checkbox"/>
Rep Dan Sullivan			Hills 4/2 Manch.		<input checked="" type="checkbox"/>
Rep. Regina Burdell			Rock 13 Hampstead Kingston	<input checked="" type="checkbox"/>	
Rep Kathleen Souza			Hills 4/5 Manchester	<input checked="" type="checkbox"/>	
Rep. Ken Weyler			Rock 17	<input checked="" type="checkbox"/>	
JIM GOLDSON	18 THURSTON DR LEE NH		SELF		<input checked="" type="checkbox"/>
Steven Soule	10 Popple Road New Boston NH		SELF		<input checked="" type="checkbox"/>
CITARIUS CAREY	4 PASTURE DRIVE FRANKLIN		SELF		<input checked="" type="checkbox"/>
MEDIA CASH	ROCHESTER N.H.				<input checked="" type="checkbox"/>
Russell BARTASTI			Hooksett		<input checked="" type="checkbox"/>
Joseph THOMAS			merrimack self.	<input checked="" type="checkbox"/>	
REP. TIM COPELAND			STRATTON		<input checked="" type="checkbox"/>
Rep. Kathleen Hoelzel			Raymore	<input checked="" type="checkbox"/>	
Rep Candace O'Boyle			Concord	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Rep Michael O'Brien			Nashua		<input checked="" type="checkbox"/>
Brian D. Rhodes			Nashua Dist 30		<input checked="" type="checkbox"/>
BRAID ASBURY			Dunbarton		<input checked="" type="checkbox"/>

Against  
TAS



# Hearing Minutes

HOUSE COMMITTEE ON LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES

PUBLIC HEARING ON HB 323-FN

**BILL TITLE:** establishing the Franklin Partin right-to-work act.  
**DATE:** 1/30/13  
**LOB ROOM:** 307      **Time Public Hearing Called to Order:** 9:30 am  
**Time Adjourned:**

(please circle if present)

**Committee Members:** Reps. A. White, S. Kelly, Coulombe, C. Rice, Weed, J. Schmidt, DiSilvestro, Andrews, Cahill, Ley, Tanner, Daniels, Burchell, H. Richardson, Infantine, Pellegrino, Flanagan, Emerick, Sedensky and St. James.

**Bill Sponsors:** Rep. W. O'Brien, Hills 5; Rep. Baldasaro, Rock 5; Rep. Warden, Hills 39; Rep. Boehm, Hills 20; Rep. Cebrowski, Hills 7; Rep. Kappler, Rock 3; Rep. Comerford, Rock 33

TESTIMONY

\* Use asterisk if written testimony and/or amendments are submitted.

**\*Rep. William O'Brien, Sponsor**

This bill is to honor the memory of Franklin Partin, a worker who had to give up his job because he felt he could not join a union because of his beliefs. Feels NH will be left behind economically or finally adopt the "RTW": He says workers are leaving unions each year. Numbers are down since the 50's. Will hand out a study which will be placed in the file. All income levels are benefitted in a "RTW" state. Feels the facts are not on the side of labor and they therefore would argue on emotional issues. Feels NH would have more business come to NH if we become a "RTW" state. Wages in RTW states lower or not? RTW states are not the states that could have unions because of the type of population in these states. States with lower wages showed that when RTW came into the states, wages increased. Feels NH is an artificial high wage state because of a higher age group of workers. Young people leave NH because of RTW? Census does show young people are leaving because they are looking to move to states that show job growth. Higher Education costs are a problem of young people staying in NH? I have no data to back that up. Impact on Union wages if RTW is voted in? Has seen no correlation. Should be a right to associate or not associate within a union work.

**\*Rep. Mark Warden, Co-Sponsor**

Feels people should have choice and not be forced to join. Would like this to be OTP. Dues and/or fees forced and if the business profits go to organizations such as BIA can a worker request those funds returned? I feel that is a separate issue.

Rep. Rice – Explain Right to Work & force to join the Union- please clarity.  
"I don't know the answer to that".

**Rep. John Cebrowski, Co-Sponsor – Supports**

Reason I co-sponsored revenue! I serve on Finance. It's painful to sit and listen to dept. and make legislature for appropriations that we can't meet. It's painful. Manufacturing is the #1 business in NH. No strategy plan for NH since Gov. Sheehan, NONE!. The bill is to strengthen the "NH way" to bring companies to NH. Co's look for good laws, taxes, workers feel RTW would bring more business here. Feels RTW would definitely make NH in the game among other states, to bring in business. What % of private sector is union jobs? I don't have that answer.

Are you aware of Dept. of Resource & Economic Development - yes

**Rep. White** – Where does the question of RTW fall in a question from business as to whether or not we have RTW. **Answer:** It hasn't come up.

**Rep. Al Baldasaro, Co-Sponsor – Support.** Grew up in a union household, was an original democrat, but when he was young and living in Mass. the place where his father worked became a teamster shop and workers were forced to join. Let them negotiate on their own, not through joining a union whether through membership or agency fees. Feels prime area for business but they aren't coming because we don't have RTW. Feels freedom is the issue, people should have the choice to pick where they want to work without having to decide to join the union. Feels this is a jobs bill.

**Rep. Kelly** – Is Mass a RTW work state? NO. Is Maine a RTW work state? NO. Then your children are working in good jobs in states that can't have RTW.

Numerous questions – fees and dues.

**Rep. Baldasaro** feels these monies are infringing on people's liberties, because he feels they are being forced to join the union in what he considered a good job. Small % of private jobs is union jobs.

**Rep. Flanagan** had to leave 10:25 a.m.

**Ray Buckley, NH Democratic party – Opposed.** While listening, was reminded of his terms in the House and how many times it's been heard and never been voted in as a Bill. If this was a true Republican Party platform during his day in the House, then he feels it would have passed with the Republican Majority. Government shouldn't interfere with people's right to join a Union. No proof of benefits to NH as far as a worker coming into the State. Lower wages does not spur more jobs. Gov. Lynch said at no time did a business say the RTW was or was not an issue for them, it didn't come up. Asks that this bill be killed. Businesses look for an educated work force, this is the #1 thing they look for. Will provide committee with statistical information to support his position on voting "RTW" down.

**Rep. Leon Rideout** – Supports. His county is economically challenged, when paper mills closed his people feel the union gave them a raw deal and that is why the mills closed. RTW in my mind will empower the worker.

**Rep. Richardson** – What % of private sector jobs are unions? **Answer:** not sure but similar %

**Mark S. Mackenzie, NHAFLCIO, Opposed.** Have faced this issue over the past 20 yrs or so and it has been defeated. Proposed legislature, take negotiated agreement which have been agreed to by interpreters, you can't force anybody to belong to a labor organization. Labor and Mgmt. can't negotiate in the state workers jobs. Negotiated agreement is determined by employers & workers as to what an agency fee would be. It is not forced on employees but a negotiated benefit within the contract. Will provide written material. RTW has not shown that RTW will improve the amount of jobs to a state. Employers do not care about RTW. If he thought RTW would explode the work place with jobs he would have a different view; but it does not!!

**Rep. Infintine** – Agency fee seems to be the issue? How do we take care of all the people in a workplace, under law all people need to be represented, and the agency fee takes care of cost of union representing employee with a dispute with the employer. Ultimately people always have a choice where they want to work.

Suzanne Marie Rak, GFWC – Supports. Says Co's have asked about us not being a RTW state and have taken their business elsewhere. Off shore jobs went to other states because of tax breaks; not the issue of RTW.

**Caitlin Rollo**, Granite State progress – Opposed. Feels we are back again speaking on the same issue which Rep. O'Brien keeps bringing forward. This bill has never been supported by the workers of NH. Will provide materials which shows how "RTW" or as she said RTW for less, does not improve the workers of New Hampshire.

**Honorable David Welch**, Kingston – Opposed. Now feels the amount of state workers is so low that he says what is the problem? He says there is none. Hopes it goes to ITL.

Rep. Coulombe – What advantage is there for a Co to move to NH? Whether there is RTW or Unions? Answer: I don't feel there is an issue. RTW is not an issue for a company.

**Honorable David Scott**, Dover – Supports. Freedom of choice issue. This bill leaves union membership to the choice of the people. He feels this will bring work to NH as we will be the first New England state to make into law RTW.

**Jon Bresler**- Opposed. Businesses like our low tax base. Out of 160 businesses in the state he says they do not want RTW in NH. Asked if there are any employers in the audience, the response was "NO EMPLOYERS" in the audience. He feels that shows that RTW is not an issue for employers.

**Pamela Ean**, Concord – Supports. Feels this is a liberty issue; that she is now forced to pay an agency fee in order to keep her job.

**Scott McGilvrey**, NEA-NH – Opposed. No one in America can be forced to join a union. Feels income growth would slow down- based on Dept. of Labor reports. Public sector workers are not the enemies to us, they are friends and relatives. Middle class defined by wages for about 30,000 to approx. \$50,000.

**Gail Kinney**, Canaan NH – Opposed. Opposed to RTW it was suggested that it has a religious overtone. She said it does not. Many faith organizations feel the right to bargain is a necessity. Many religious groups have come in the past to protect RTW. They do not want it.

**Linda Horan**, IBEW – Opposed. In her history of testifying against RTW in her position in the Telephone Co.- was that her boss came with her in opposition to RTW. This is an issue of Democracy. Let people and employers negotiate in good faith, RTW will degrade the power of the working people.

\***Matt Ciepielowski**, Americans for Prosperity – Supports. This organization is a strong supporter of bringing new business to NH. "Americans for prosperity" feel states w / RTW have an improved economic base.

**Rep. Coulombe**-Why are non union business leaving NH? A variety of reasons, such as unqualified workers, energy costs. He feels RTW is important to businesses and where they locate.



**Diana Lacey, SEA** – Opposed. Spoke about Caterpillar, in Canada where they worked for a better pay and benefits in 2012, the Co. asked its people to accept lower wage/benefit. When they didn't Caterpillar moved to Indiana where they could set up business in an area devastated by the economy and was able to improve their own profit margin, while their workers make far less. Please vote ITL

**Timothy Trombly, Nashua** – Supports. Clarify a point, employees can't be forced, we may be right but, I see an ad for employment, I would apply but the last line in the ad was a request you join the labor union. Was asked to find ad talked about and forward to the committee.

**Janice Kelble**– Opposed. Retired postal worker. Made a choice to join the union because she saw the difference between casual workers of the post office and permanent workers. The casual worker did not belong to the unions by choice and she realized the difference between working conditions and wage/benefits.

**John Kalb, NH citizens RTW** – Supports. Provided copies of written testimony for file.

**Karen Hill, City of Lebanon** – Opposed. Has testified on numerous times in opposition to the bill. She is an employer. Feels RTW legislation should be killed and we should move onto business to improve our State and its people.

**Joe Casey, NH Building Trades** – Opposed. Electrical jobs – Business agent for the electrical union. Currently 1,500 workers in NH. Though dues which are set up through their membership, provides training programs for their people. All members are free to join a work for non-union electrical companies. Feels Democracy is a wonderful thing and it shows in the electrical workers union.

**Dave Lang, Prof. FF Of NH** – Opposed. What do we want in NH? We all want the best for our families. RTW will hinder the good relationship between workers and employers. To protect the middle class vote down the RTW.

Respectfully submitted,



Rep. Linda DiSilvestro, Clerk

HOUSE COMMITTEE ON LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES

PUBLIC HEARING ON HB 323-FN

BILL TITLE: establishing the Franklin Partin right-to-work act.

DATE: 1/30/13

LOB ROOM: 307

Time Public Hearing Called to Order: 9:30 am

Time Adjourned:

(please circle if present)

Committee Members: Reps. A. White, S. Kelly, Coulombe, C. Rice, Weed, O. Schmidt, DiSilvestro, Andrews, Cahill, Key, Tanner, Daniels, Burchett, H. Richardson, Infantino, Pellegrino, Flanagan, Emerick, Sedensky and St. James.

Bill Sponsors: Rep. W. O'Brien, Hills 5; Rep. Baldasaro, Rock 5; Rep. Warden, Hills 39; Rep. Boehm, Hills 20; Rep. Cebrowski, Hills 7; Rep. Kappler, Rock 3; Rep. Comerford, Rock 33

TESTIMONY

\* Use asterisk if written testimony and/or amendments are submitted.

1. Rep Wm O'Brien - Sponsor - written material

This bill is to honor the memory of Franklin Partino - a worker who had to give up his job - because he felt he could not join a union - because of his beliefs. Feels NH will be left behind economically or finally adopt the "RTW". He says workers are leaving unions each year. Numbers are down since the 50's. Will hand out a study - which will be placed in the file. All income levels are benefited in a RTW state. Feels the facts are not on the side of labor and they therefore would argue on an emotional issues. Feels NH would have more business come to NH if we become a "RTW" state.

Wages on RTW States - Lower or not?

RTW states are not the States who could have unions, because of the type of population in these States.

States w/ lower wages showed that when RTW came into the States wages increased. Feels NH is artificial High wage State because of a higher age group workers.

Young people leave NH because of RTW?  
Census does show young leaving - because they are looking to move to States that show job growth.

Higher Ed cost a problem of young people staying in NH?  
I have no data to back that up.

Impact on Union wages if RTW is voted in?

Has seen no correlation.  
Should be a right to associate or not associate with a union work.

2 Rep Mark Warden - Support - Co-Sponsor - written test.  
Feels people should have choice and not be forced  
to join. Would like this to be OTP.

Dues and/or fees forced & and if the Business profits  
go to ORANIZATIION such as BIA - can a worker  
request those funds returned. I feel that is a  
separate issue.

Rep Steve Explain RTW & force to join the union please clarify.  
~~Sorry~~ I don't know the answer to that.

3 Rep John Cebrowski - support - co-sponsor.

I co-sponsored  
idea - revenue! I saw on Jenom - its  
painful to sit a bill to Dept & make by my. In  
approx 100 that we can't meet. It's phant.

Manufacturing is the #1 business in N.H.  
NO strategy plan for N.H. since "Bow Shockan" - Nope!  
this bill is to strength the "NH Way" - to  
bring companies to N.H. Co's look for good  
laws, taxes, wages & feels RTW - would bring more  
bus. here. Feels RTW would definitely make NH  
IN the game among other States - to bring in bus.

What % of private sector union jobs?

I don't have that answer.

R. U. award Dept of Res & Eco Dev - Yes  
Rep White - where are the questions of RTW fall in a question  
from business as to whether or not we have RTW.  
ans: It hasn't come up.

4  
Rep. Al Balbasaro - Support - Co-sponsor

2

Grew up in a union household - was an original Dem - but when he was young & living in MASS the place where is Subh worked became a Teamster shop & workers were forced to join.

Let her negotiate on their own - not through joining a union whether through membership or agency fees. Feels prime area for business, but they'll coming because we don't have RTW - Feels freedom is the issue & people should have the choice to pick when they want to work without having to decide to join the Union.

Feels this is a Jobs Bill.

Rep Kelly - A Is Mass a RTW work State? NO

Is Mass a RTW work State? NO

Then your children are working in good jobs in States that don't have RTW.

Numerous questions - Fees & dues - and Rep Balbasaro feels ~~that~~ these fees are infringing on people's liberties - because he feels they are being forced to join the union in what he considers a good job.

Small % of private jobs are union jobs

Rep Hengon had to leave 10/25

5. Ray Buckley - oppose -

While speaking was reminded of his time in the House & how many times it's been heard and never been voted in as a Bill.

If this was a true Rep. party platform during his day in the House - then he feels it would have passed with the Rep. majority.

Gov't shouldn't interfere w/ people's right to join a union - No proof of benefits to NH or for a work coming into the State.

Lower wages does not spur more jobs.

Gov Lynch - said at no time did a bill say the RTW - was never an issue for them - it doesn't come up. Asks that this bill be killed.

Business look for and Educated work force - this is the #1 thing they look for.

Will provide committee w/ statistical info to support his position on voting "RTW" - Down.

6. Rep Leon Riceant - Support -

His County is economically challenged - when paper mills closed - his people feel the Union gave them a raw deal and that is why the mills closed.

RTW in my mind will empower the worker.

Rep Richardson - what 70% of priv. Sector jobs are union - not sure better smile 70.

7 Mark Mackenzie - Oppose

Have faced this issue over the past 20 yrs or so. and it has been de-sealed.

Proposed leg - take nego agreement - wh have been agreed to by interpreters - y a cert some chybady to belong to a labor organization.

Labor & Mgmt can't neg in the State workers jobs. Negotiated agreement is determined by employees & wher as to what an Agency see would be - it is not forced on employees - but a negotiated benefit within the Contract.

Will provide written material. On RTW has not shown that RTW will improve the amount of jobs to a State. Employees do not care about RTW.

If he thought RTW would explore the workplace with jobs - He would have a different view - But it does not!

Rep Infante - Agency see it seems to the union? ~~to how~~ what to do for the people. How do we take care of all the people in a workplace - under law all people need to be represented - and the Agency see takes care of cost of union representing employee with a dispute w/ the employer. Ultimately people always have a choice when they want to work.

8. Suzanne RAK - Support

Says Co's have asked about us B. not being a RTW state - and have taken there business elsewhere. Off shore jobs went to other States because of Tax breaks - not the issue of RTW

9. Caitlin Rollo - oppose

Feels we are back again speaking on the same issues, which Rep O'Brien keeps bringing forward. This bill has never been supported by the voters of NH. will provide material - which shows how "RTW" is as she said. RTW is less - does not improve the (3)

10 Hon. David Welch - oppose -

Now feels the amount of State wages is so low - that he says what is the problem? He says there is ~~no~~ none. Hope it goes to FTL.

Rep Colombe: What advantage is there for a Co to move to NH & while there is RTW or Unions?

I don't feel there is an issue & RTW is not an issue for a company.

11 Honorable David Scott - Support

Freedom of choice issue - the bill limits union membership to the choice of the people. He feels this will bring work to NH as we will be the first N. Eng. State to make into law RTW.



12 Jon Bresler - oppose -

Business like our low top bore -

Out of 160 business in the State he says they do not want RTW in NH.

asked if there was any employees in the audience - the response was "NO Employees" in the audience. He feels that shows that RTW is not an issue for employers

13 Pamela EAW - Support

feels this is a liberty issue - that she is now forced to pay an agency fee in order to keep her job.

14 Scott McGilvrey - oppose

No one in America can be forced to join a Union -

Dept of Labor reports  
feels economic growth would be so down - based on

Public Sector workers are not the enemies to us - they are your friends and relatives.

Middle class declines by wages in about 30% to approx 50's

15 Gail Kney - oppose -

was suggested that it opposes to RTW - ~~has a number of~~  
has a religious overton - She said it does not - many many faith organizations feel the right to bargain is a necessity. Many Religious groups have come in the past to protest RTW - they do not want it.

16 Linda Horan - oppose - written test.  
 In her history of testifying against Right to  
 work in her position in the Telephone Co - was  
 that her boss came w/ her as oppositor to RTW.  
 This is an issue of Democracy let people & employe  
 negotiate in good faith - RTW - will deprive  
 the power of the working people.

17 Matt Ciepiewski - support - written material  
 is organization is a strong support of  
 bring new bus. to N.H. "American for  
 Prosperity".  
 Feels State w/ RTW have an improved  
 economic base.

Rep Columb. Why are you union bies leaving N.H.  
 a long of reasons - such as unqualified wages,  
 energy costs. He feels RTW is important  
 to business and when the locale.

18 DIANA Lacey - oppose -  
 Spoke about Caterpillar - in Canada  
 where they worked for a better pay & benefits -  
 in 2012 - the Co asked its people to accept  
 lower wage/benefit. and when they didn't  
 Caterpillar move to Indiana where they could  
 set up business in an area devastated by the  
 economy and was able to improve their non profit  
 margin - while their wages make for less.  
 Please vote I.T.L.

19 Timothy Trombly - support

clarify a point - employees can't be forced - we may be right but - I read a add for employment - I thought I wld apply but the last line in the add was we must join the labor union - was asked to find out if I talked about add forward to the committee.

20 - Janice Keble - oppose

Retiree postal worker - made a choice to join the union because she saw the difference between casual workers of the post office & permanent worker - the casual worker did not belong to the unions by choice - and she realized the difference between working conditions & wages/benefits.

21 - John Kolb - Support - written - provided one copy for file.

22 Karen Hill - oppose

has testified on numerous times in opposition to this bill - I am an employer - feels RTW legislation should be killed and we should move into business to improve our state and its people.

23 Joe Casey - oppose  
 electrical jobs - has agent for the electrical  
 union. Currently 1500 workers in N.H. They pay  
 dues which are set up through their memberships - provide  
 many programs for their people - All members  
 are free to join a work for non-union  
 electrical companies. Feels Democracy is  
 a wonderful thing and it shows in the electrical  
 workers union.

24 Dave Lang - oppose -  
 What do we want in N.H. we all want  
 the best for our families - RTW will hinder  
 the good relationship between workers + employees.  
 To protect the middle class vote down the RTW.

# Testimony

# ISSUE BRIEF

No. 3839 | JANUARY 22, 2013

## Labor Unions: Declining Membership Shows Labor Laws Need Modernizing

James Sherk

Union density in the American workplace fell to another new post-World War II low of 11.3 percent in 2012. Private-sector union membership fell to 6.6 percent—less than when President Franklin Roosevelt signed the National Labor Relations Act (NLRA).

U.S. labor laws do not meet the needs of modern American workers. The laws prevent union members from receiving individual raises and employers from giving non-union employees a formal voice on the job. Congress created these restrictions in the 1930s for a primarily industrial economy that no longer exists. The time has come for Congress to bring America's labor laws into the 21st century.

### Falling Union Membership.

The Bureau of Labor Statistics reports that union membership continues to stagnate. While employers

added almost 2 million net new jobs in 2012, unions lost 398,000 members. As a result, union density fell 0.5 points to a new post-war low of 11.3 percent. Private-sector unionization rates fell from 6.9 percent to 6.6 percent as private-sector unions lost 165,000 members. In government, unionization fell 1.1 percentage points to 35.9 percent as unions lost 234,000 members.<sup>1</sup>

The large drop in government union membership occurred primarily because of government budget cuts in heavily unionized states such as Illinois, New York, and Connecticut. A contributing factor was the decision of policymakers in Wisconsin to balance their budget by ending collective bargaining in government. Union membership among state and local government employees in Wisconsin fell from 50 percent to 37 percent, and unions lost 42,000 members between 2011 and 2012.<sup>2</sup> Those losses accounted for one-sixth of the nationwide decline in government union membership.

A majority of union members (51 percent) work in government. More than twice as many union members now work in the U.S. Postal Service as in the domestic auto industry.<sup>3</sup> This represents a significant historical reversal. President Roosevelt

opposed the idea of unions in government.<sup>4</sup> George Meany, the first president of the AFL-CIO, famously stated, "It is impossible to bargain collectively with government."<sup>5</sup>

**No Union Recovery in Manufacturing.** The manufacturing recovery has largely bypassed unionized firms in recent years. During the recession, manufacturing employment fell sharply as consumers put off making major purchases. Over one-eighth of manufacturing jobs disappeared between 2007 and 2010. Since then, however, employers have added approximately a half million new manufacturing jobs.

On net, however, all of that hiring took place in non-union firms. Between 2010 and 2012, non-union manufacturing employment expanded by 6.5 percent. At the same time, unionized manufacturing employment continued to fall, dropping another 4.7 percent.<sup>6</sup>

This continues a long-term trend. Non-union manufacturers employed just as many workers in 1977 (12.5 million) as in 2012. During that same period, unionized manufacturing employment fell from 7.5 million to 1.5 million—an 80 percent drop.<sup>7</sup>

**Unions Resist Recognizing Achievement.** Such sharp drops in union membership indicate that

This paper, in its entirety, can be found at <http://report.heritage.org/1b3839>

Produced by the Center for Data Analysis

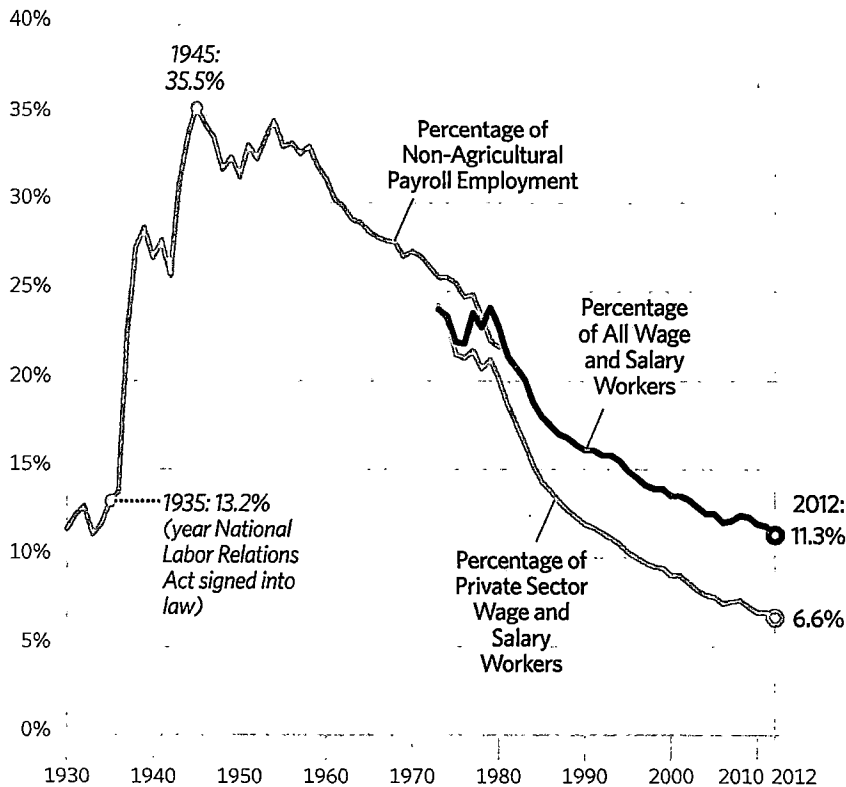
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CHART 1

## Union Membership Rates Continue Decline

### UNION MEMBERSHIP PERCENTAGES



**Note:** This chart displays union membership using two separate data sources: assorted union reports filed with the Department of Labor between 1930 and 1980 and data from the Current Population Survey. Data for 1982 have been interpolated.

**Sources:** Data for 1930-1980: U.S. Department of Labor, assorted labor union reports, and Haver Analytics; 1977-2012: Heritage Foundation calculations using data from Barry T. Hirsch and David A. Macpherson, "Union Membership and Coverage Database from the Current Population Survey," Unionstats.com, <http://www.unionstats.com> (accessed January 23, 2013), and from the U.S. Department of Labor, Bureau of Labor Statistics.

IB 3839 heritage.org

U.S. labor laws are out of step with the modern economy. Traditional unions no longer appeal to workers the way they did two generations ago. Outdated restrictions in labor laws are now seen as holding back both employers and employees.

For example, union wage rates are legally both minimum and maximum wages: A unionized employer may not pay employees more than the union rate without the union's permission. While unions happily accept group raises, they often resist individual performance pay. They typically insist that employers base promotions and raises on seniority instead of individual recognition.

In 2011, Giant Eagle gave individual raises to two dozen employees at its Edinboro, Pennsylvania, grocery store. These raises were in addition to the union wages. United Food and Commercial Workers Local 23 nonetheless argued that the pay increases violated their collective bargaining agreement. They objected to the fact that some entry-level employees made more than senior union members. The union filed charges. Last November, the Federal District Court for Western Pennsylvania ordered Giant Eagle to rescind the pay increases. Nationwide, union members are less than half as likely

1. U.S. Department of Labor, Bureau of Labor Statistics, "Union Members—2012," January 23, 2013, <http://www.bls.gov/news.release/pdf/union2.pdf> (accessed January 23, 2013).
2. Heritage Foundation calculations using the January–December 2012 Current Population Survey. State and local government unions in Wisconsin had 170,000 members in 2011 and 128,000 members in 2012.
3. Heritage Foundation calculations using data from the 2012 Current Population Survey. In 2012, there were 458,000 union members who worked for the postal service, while 200,000 worked in motor vehicle and motor vehicle equipment manufacturing.
4. President Franklin D. Roosevelt, "Letter on the Resolution of Federation of Federal Employees Against Strikes in Federal Service," August 16, 1937, <http://www.presidency.ucsb.edu/ws/index.php?pid=15445> (accessed January 23, 2013).
5. Leo Kramer, *Labor's Paradox: The American Federation of State, County and Municipal Employees, AFL–CIO* (New York: Wiley, 1962), p. 41.
6. Heritage Foundation calculations using the January–December 2012 Current Population Survey.
7. See *ibid.*, and Barry T. Hirsch and David A. Macpherson, *Union Membership and Coverage Database from the Current Population Survey*, Union Stats, <http://www.unionstats.com> (accessed January 23, 2013).

TABLE 1

## Total U.S. Union Membership

	Total Unions		Private Unions		Government Unions		Percentage of Union Members in Government
	Members	Rate	Members	Rate	Members	Rate	
2011	14,764,000	11.8%	7,202,000	6.9%	7,562,000	37.0%	51.2%
2012	14,366,000	11.3%	7,037,000	6.6%	7,328,000	35.9%	51.0%
Change	-398,000	-0.5%	-165,000	-0.3%	-234,000	-1.1%	

Sources: News release, "Union Members—2012," U.S. Department of Labor, Bureau of Labor Statistics, January 23, 2013, <http://www.bls.gov/news.release/pdf/union2.pdf> (accessed January 24, 2013).

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to receive performance pay as non-union employees.<sup>8</sup>

This holds back union members. A one-size-fits-all approach was workable when all employees brought essentially the same skills to the bargaining table. But the nature of work is changing. Employers have automated many rote repetitive tasks. At the same time, employers are also flattening the job hierarchy. The line between management and workers is blurring. Employers increasingly expect workers to exercise independent judgment and take initiative on the job. Employers want to reward—and employees want to be rewarded for—individual contributions that no collective contract can reflect.

**Law Prohibits Most Employee Involvement Programs.** Federal labor laws also prevent non-union employees from having a voice on the job. Many employees and employers would like employee involvement (EI) programs and work groups in which workers and supervisors can meet to discuss workplace issues. Examples of effective EI programs

that advance worker interests abound. For instance:

- Webcor Packaging, a manufacturing company in Flint, Michigan, formed a plant council consisting of five elected employees and three appointed managers to pursue ways to improve work rules, wages, and benefits. The council members took suggestions from all employees and made recommendations to management based on those suggestions.
- Employees at Electromation, in Elkhart, Indiana, opposed a plan to change the attendance bonus the company offered. In response, the company met with randomly selected employees and formed action committees to solve various workplace problems. The company asked committee members to meet with other workers and promised to implement the solutions if they were not cost-prohibitive.<sup>9</sup>

These EI programs gave workers a voice in the workplace and improved working conditions. They were also illegal. Section 8(a)(2) of the NLRA prohibits employer-dominated "labor organizations." As a result, the government forced Webcor and Electromation to disband their EI programs.<sup>10</sup>

The EI ban was intended to prevent companies from creating and negotiating with employer-dominated "company unions" to fight off organizing drives. This has become as antiquated as laws preventing union members from earning performance bonuses. Companies today create EI programs to improve working conditions, helping them attract and retain valuable employees.

**Modernizing Labor Law.** Congress should bring labor law into the 21st century. Congress should remove the Section 8(a)(2) proscription on employee involvement programs. Congress should also remove unions' ability to veto individual raises.

8. *Giant Eagle, Inc., v. United Food & Commercial Workers Local 23* (3d Cir. 2012).

9. Steven C. Bahls and Jane Easter Bahls, "Labor Pains: Employee Focus Groups May Seem Like a Good Idea, but They Could Land You in Court," *Entrepreneur*, December 1997.

10. *Ibid.* Webcor was forced to disband its program in 1997, and Electromation was forced to abandon its program in 1994.



Some in Congress are trying to do so. Senator Marco Rubio (R-FL) and Representative Todd Rokita (R-IN) introduced the Rewarding Achievement and Incentivizing Successful Employees (RAISE) Act, which would retain union rates as a wage floor while ensuring they never set a maximum on what employees earn.

Such reforms would help make federal labor laws relevant to workers in the modern economy. The government should not limit employee voice in the workplace, nor should it prevent employees from getting ahead through hard work.

—*James Sherk is Senior Policy Analyst in Labor Economics in the Center for Data Analysis at The Heritage Foundation.*



# FACT SHEET

## National Institute for Labor Relations Research

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January 2013

## Five Reasons Why New Hampshire Should Enact a Right to Work Law

### 1. Freedom to Associate Also Means Freedom Not to Associate

The average man on the street, as well as constitutional scholars, understands that any genuine personal right should include the freedom to refrain from exercising that right.

But federal labor law, like many state laws that are modeled after it, doesn't protect employees' freedom in the commonly accepted sense of the word.

It recognizes the right to join a labor union, but does almost nothing to protect those who don't want labor union affiliation.

Contrary to the false claims that Organized Labor and other advocates of forced unionism sometimes make, labor union officials can choose to *represent only their members* and allow non-members to bargain for themselves. An August 2007 legal brief filed with the National Labor Relations Board (NLRB) by the United Steelworkers of America (USWA) and six other large, AFL-CIO-affiliated unions openly acknowledged that such "members-only" bargaining has been permissible under federal law for decades. And a January 2008 NLRB petition filed by lawyers for the entire six million-member "Change to Win" union conglomerate, which broke off from the AFL-CIO in 2005, acknowledged the same thing.

However, since the early 1960's, union officials have rarely tried to exercise their members-only option. Instead, union organizers have focused their efforts on obtaining recognition from the employer as the monopoly-bargaining agent of all the employees in a so-called "bargaining unit." Private-sector monopoly bargaining is authorized and promoted by both the National Labor Relations Act (NLRA) and the Railway Labor Act (RLA).

Under monopoly bargaining, employees lose the individual right to bargain for themselves over their wages, benefits, and work rules, and must allow a union agent to negotiate in their stead, like it or not. This is the foundation of compulsory unionism.

And once union officials have rejected their members-only option and exploited NLRA or RLA provisions to seize monopoly power over private-sector employees, they then use that power as an excuse for demanding that the employer acquiesce to a contract forcing workers to pay union dues or “agency” fees to get or keep a job. Such demands are abetted by federal law and many state laws that authorize and promote the firing of employees for refusal to join or pay dues to an unwanted union.

This is just plain wrong.

What impact does the so-called “representation” have on workers who don’t want it? As academic allies of Big Labor and union officials themselves have admitted repeatedly over the years, all too often the best workers are actually harmed by monopoly bargaining.

For example, Richard Rothstein, a veteran researcher for the AFL-CIO-funded Economic Policy Institute and former New York *Times* columnist, has written in a review article that “union . . . negotiated contracts reduce wage dispersion . . . by reducing pay of the most productive workers.” Harvard economist Richard Freeman, arguably the leading academic apologist for forced unionism in the U.S., has also openly acknowledged that union officials have been “very successful in removing performance judgments as a factor in determining individual workers’ pay.” In the August 2007 legal brief cited above, a team of union lawyers actually wrote that nonunion employees “benefit” from members-only bargaining, because it leaves them “free to bargain individually, without union representation.” And in June 2012 Big Labor lobbyists successfully pressured a 54-45 majority of U.S. senators into opposing an appropriations amendment that would have allowed employers subject to union monopoly-bargaining agreements to reward their best workers with pay increases based solely on their merit, without first receiving union officials’ permission.

People should not be forced to contribute or pay dues to an organization that they do not wish to belong to, whether it’s a church, the Girl Scouts of America, or a labor union.

Today, there are roughly 11 million working Americans who, under federal and state laws, must pay dues or so-called “agency” fees to union officials on pain of being fired, and in exchange are typically receiving lower wages and/or less job security than they would if they were representing themselves.

However, 24 states have constitutional amendments or statutes that apply the freedom-to-refrain principle to labor-management relations by outlawing the forced payment of dues or fees as a condition of employment.

If a worker’s freedom to affiliate with a labor union merits government protection (and the overwhelming consensus is that it does), then it should follow that the freedom *not* to affiliate with a labor union also merits protection.

By protecting employees from both employers and union officials who would deny them freedom of association, a New Hampshire Right to Work law would prevent the exploitation of employees as a means to anyone’s end. But policies currently in effect in New Hampshire authorize termination of workers for refusal to pay dues or fees to an unwanted union. These policies promote Big Labor exploitation of workers.

## 2. Right to Work Bolsters Job Creation, Personal Income Growth

In addition to freeing roughly 63,000 workers who are currently forced to pay union dues as a condition of employment, a New Hampshire Right to Work law would be good for the state economy.

Study after study shows that states that have passed Right to Work laws have a huge advantage in creating jobs and expanding their economies.

Because independent-minded employees have the power to penalize Big Labor's irresponsible class-warfare tactics by resigning from a union and withholding their dues, in Right to Work states union bosses must rein in their militancy.

Businesses are thus naturally inclined to locate new jobs in and, when feasible, transfer existing jobs to jurisdictions where the Right to Work is protected.

Rutgers University professor Leo Troy, the preeminent labor economist in America, observed in a 2006 study that "right-to-work laws are strongly correlated with faster growth in jobs and personal income."

In a journal article published in early 2010, Ohio University economist Richard Vedder, the author of more than 100 academic papers as well as several books and a specialist in labor, taxation and education issues, reported his finding that there is a "very strong and highly statistically significant . . . positive relationship between" Right to Work laws "and economic growth."

As recently as 1970, 28.5% of Americans lived in Right to Work states, noted Vedder. By 2008, the "proportion" had risen to nearly 40%. And "the most important reason for the increase in the percentage of the U.S. population" living in Right to Work states has been "a huge migration of persons" from forced-unionism states "to those allowing greater personal liberty with respect to employment."

According to the most recent available annual U.S. Commerce Department data, between 2001 and 2011, private-sector employment in Right to Work states as a group increased by 12.5%, compared to 3.5% gains for non-Right to Work states nationwide and for New Hampshire individually. And academic studies carried out by economists and financial specialists over the past three decades have repeatedly shown that households in Right to Work states have higher cost of living-adjusted incomes.

For example, a study by Dr. Barry Poulson, an economics professor at the University of Colorado (UC) in Boulder and past president of the North American Economics and Finance Association, compared cost of living-adjusted household incomes for all the metropolitan areas located entirely in a Right to Work state (or states) or a non-Right to Work state (or states) for which data are available on the CD ROM *2004 MSA Profile*, from Woods and Poole Economics in Washington, D.C.

Poulson found that, when the number of households in each metro area is factored into the equation, the average cost of living-adjusted household income in Right to Work state metro areas in 2002 was \$50,571, compared to \$46,313 in non-Right to Work state metro areas.

Research by AFL-CIO-affiliated scholars reveals a similar Right to Work advantage, though union bosses naturally downplay the finding.

Data furnished in the American Federation of Teachers (AFT/AFL-CIO) union's "Survey and Analysis of Teacher Salary Trends 2002," published in July 2003, showed that on average, living costs (excluding all taxes) are roughly 15% higher in non-Right to Work states than in Right to Work states. Once Bureau of National Affairs data on mean weekly earnings in the 50 states are adjusted for cost of living, using the AFT index, and taxes, they reveal that real, spendable 2001 earnings were on average 5.6% higher in Right to Work states.

### **3. Right to Work's Benefits Reach Citizens at All Income Levels**

In addition to protecting the freedom of association and promoting economic development, a New Hampshire Right to Work law would be an anti-poverty program with a proven record of success.

Economists of all political stripes know that a buoyant employment market is especially beneficial to job-seekers who are striving to pull themselves and their families out of poverty. In a more vibrant economy, those just entering the work force find jobs more quickly and can command higher wages when they do.

Therefore, it's not surprising that a far larger share of citizens in compulsory-unionism states must depend on federal welfare payments to get by than in Right to Work states.

According to U.S. Administration for Children and Families data, over the 2011 calendar year an average of just 7.0 per 1000 residents of Right to Work states were recipients of the principal federal welfare program (Temporary Aid to Needy Families, or TANF). Welfare dependency in Right to Work states that year was 50% below the national average and less than 40% as great as in non-Right to Work states.

Furthermore, over the past four decades, Right to Work states have made far more rapid progress than non-Right to Work states in cutting poverty as well as welfare rolls. As Paul Kersey of the Midland, Mich.-based Mackinac Center for Public Policy noted in a 2007 study, between 1969 and 2000, poverty rates "dropped by 6.7 [percentage points] on average in right-to-work states, compared to a reduction of 2.0 [percentage points] in non-right-to-work states." During the recession and initially halting recovery of 2001 to 2006, poverty increased in Right to Work states, but increased more in non-Right to Work states.

It shouldn't be surprising that welfare dependency is substantially lower in Right to Work states, because overall real earnings are higher. In 2011, disposable income per capita in Right to Work states, adjusted for cost of living with an index calculated by the Missouri Economic Research and Information Center, was \$36,938, roughly \$2370 higher than in New Hampshire alone and nearly \$2500 higher than in forced-unionism states as a group.

#### **4. Without a Right to Work Law, It Is Basically Impossible To Prevent Forced-Dues Politicking by Union Bosses**

If New Hampshire's Legislature enacts a Right to Work law, New Hampshire workers and other citizens will have a brighter economic future. But that's not all. It will also ensure New Hampshire workers have a practicable right to refuse to contribute to political candidates they do not wish to support.

Every election year, forced union dues and "agency" fees finance phone banks, get-out-the-vote drives, and "volunteer" campaign organizing work by union staff who remain on the union payroll. The fact is that union bosses' direct PAC contributions to candidates are just the tip of the iceberg.

Well-informed political observers agree that the value of the union bosses' hidden forced-dues expenditures is far greater than that of all union and business reported PAC contributions to GOP and Democratic candidates combined. In a February 20, 2005 op-ed for the *Los Angeles Times*, Jonathan Tasini, former president of the AFL-CIO-affiliated National Writers Union and now a rabidly anti-Right to Work blogger and head of the Labor Research Association, a New York City-based consulting firm with a long list of Big Labor clients, spoke candidly about union officials' forced-dues politicking.

Tasini reported that several "union political experts" had told him "unions spend seven to 10 times what they give candidates and parties on internal political mobilization." So, said Tasini, "we're talking \$8 billion to as much as \$12 billion on federal elections alone" between 1979 and 2004.

And in many cases Big Labor bankrolls the campaigns of candidates workers oppose with their forced dues and fees. For example, as a post-2008 election wrap-up posted on the AFL-CIO web site accurately boasted, that year the "union movement put its full efforts into its largest political mobilization ever" in order to help "propel" Barack Obama and pro-forced unionism congressional candidates to victory. "Volunteers" organized and led by paid, full-time union staff made some "70 million phone calls," distributed roughly "27 million workplace flyers," and stuffed and posted an estimated "57 million union mail pieces."

Yet, according to the official 50-state presidential exit poll conducted by Edison Media Research (EMR) and cited by major national news organizations like CNN, 39% of union household members voted for the McCain-Palin ticket.

(While the original 2008 polls reported to the media by EMR and subsequently cited in news reports early Election Night were as in previous years generally off the mark, sometimes by a wide margin, experienced political observers consider the final exit poll to be highly credible.)

An estimated 10.4 million union household members voted for John McCain and Sarah Palin. Of these, roughly 80% -- or 8.3 million -- were either personally forced to pay union dues if they wished to keep their jobs, or had someone else who was so coerced in their households.

While Right to Work advocates have sought in the judiciary system for decades to curtail Big Labor's abuse of workers' forced dues to help elect and reelect politicians with whom they

disagree, experience shows that state Right to Work laws are a far more effective means of combating forced dues for politics. Only by passing a Right to Work law can New Hampshire elected officials prevent union bosses from engaging in this outrageous form of political corruption with Granite State employees' conscripted dues and fees.

## 5. Right to Work Laws Deter Union Corruption

The incestuous relationship between forced union dues and corruption was captured perfectly by the late U.S. Sen. John McClellan (D-Ark.): "Compulsory unionism and corruption go hand in hand." McClellan was referring to the corruption inherent within labor organizations that depend on the forced tribute of workers. Compulsory dues foster not only the misuse of union treasury funds for political purposes, but also union embezzlement, extortion, bribery, and bid-rigging. Since the late 1990's, seven international union presidents have been forced out of office after being implicated in felonies. And, according to the U.S. Labor Department's union-fraud unit, in Fiscal 2008 alone its investigations resulted in more than 100 convictions of corrupt union officials and their cohorts, primarily on charges related to embezzlement of workers' forced union dues and fees. However, "only a small percent of these crimes are detected," according to LaVern Duffy, former general counsel for the U.S. Senate Permanent Subcommittee on Investigations.

When an employee's Right to Work isn't protected, refusal to join or financially support a union he or she believes or knows to be corrupt can be grounds for dismissal. It shouldn't be surprising, therefore, that two scholarly studies of union corruption by journalist and labor-policy expert Carl Horowitz, issued in 1999 and 2004, found that union corruption is pervasive in non-Right to Work states, but relatively rare in Right to Work states. In a 2006 book-length expose of union corruption, lifelong union activist Robert Fitch explained the correlation this way:

"In the Western world, American unions like the Teamsters, the Longshoremens, UNITE, and the Laborers are the last refuge of premodern despotism. . . . More than any other single factor, what turns them into realms governed by petty warlords is a lack of consent." Horowitz similarly concluded in his 1999 monograph, *Union Corruption: Why It Happens, How to Combat It*: "Union corruption occurs most frequently, and involves greater sums of money, in states without a Right to Work law." Acting individually or in groups, employees should have the option of punishing union bosses as soon as they see wrongdoing by withholding their dues.

Nothing here is to be construed as an attempt to aid or hinder the passage of any bill before the New Hampshire Legislature.

# **NFIB.** New Hampshire News

National Federation of Independent Business • 2 Eagle Square • 4<sup>th</sup> Floor • Concord, NH 03301 • (603) 228-2370 •

For Immediate Release

Contact: Bruce Berke (603) 496-8092

## **NFIB Endorses Right to Work Legislation**

Concord – Today, the New Hampshire chapter of the National Federation of Independent Business endorsed the passage of House Bill 474, which is relative to freedom of choice of whether to join a labor union.

The 1500 member NFIB organization represents New Hampshire's broadest cross section of small businesses in the state and it supports the passage of the "Right to Work" legislation that overwhelmingly passed the House and Senate.

"The right to work legislation that is pending gives employees a choice," said Bruce Berke, NFIB New Hampshire's State Director. "If someone chooses to work for a business that is later unionized, that employee should not be forced to either join that union or pay fees to support that union."

"Giving employees a choice in a matter such as supporting or not supporting big labor is empowering to those employees and should be permitted under our state's laws," Berke said.

Studies have shown that so-called right to work states perform better economically than states that require union membership in workplaces that are organized. Berke said, "People are moving to states where they have a 'right to work' law rather than being encumbered by unwanted union involvement in their work life. Additionally, a study by economist Richard Vedder, found that workers in right to work states experienced a 23% faster increase in per capita income over the 30 years between 1977 and 2007." Mr. Vedder also pointed out that the northeast and Midwest lost the most jobs in recent years and most of those states have mandatory union membership laws.

"NFIB-NH urges legislators to override the Governor's veto to allow the free market to dictate whether a business organizes or not and to let the individual worker at that business decide whether membership in the union is the best choice for him or her."

###

*NFIB is the nation's leading small business association, with offices in Washington, D.C. and all 50 state capitals. Founded in 1943 as a nonprofit, nonpartisan organization, NFIB gives small and independent business owners a voice in shaping the public policy issues that affect their business. NFIB's powerful network of grassroots activists send their views directly to state and federal lawmakers through our unique member-only ballot, thus playing a critical role in supporting America's free enterprise system. NFIB's mission is to promote and protect the right of our members to own, operate and grow their businesses. More information about NFIB is available online at [www.NFIB.com/newsroom](http://www.NFIB.com/newsroom).*





**Business and Industry Association**  
New Hampshire's Statewide Chamber of Commerce

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**FOR IMMEDIATE RELEASE**

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## **BIA to legislators: Right to work good for New Hampshire**

*Statewide chamber urges legislators to override Lynch veto of HB 474.*

**CONCORD, N.H. – May 23, 2011** – The Business and Industry Association – New Hampshire's statewide chamber of commerce and leading business advocate – is urging legislators to support "right-to-work" legislation and vote on Wednesday to override Gov. John Lynch's veto of HB 474. Under HB 474, employees would have the right to choose whether to financially support a labor union and could not be required to pay fees to a union should a company become unionized.

According to BIA President Jim Roche, this bill is good for employees and good for business, and has the support of businesses throughout New Hampshire.

"Employees should have the freedom to choose whether or not to belong to a labor union," said Roche. "Employers in New Hampshire and around the country support a right-to-work law and, in fact, use it as a factor in making business decisions about where to expand."

There are 22 right-to-work states and 28 states that require compulsory union membership. Data show that, over the past decade, right-to-work states have grown faster than their union-shop counterparts in nearly every respect, including gross state product, personal income, population and payroll.

Roche maintains HB 474 would put New Hampshire at a competitive advantage in terms of retaining and attracting businesses, as New Hampshire would be the only right-to-work state in the Northeast.

"We expressed our support of HB 474 in a letter to the governor, asking him not to veto the bill," continued Roche. "He did not agree with us, so we are imploring the New Hampshire Legislature to pay attention to what businesses are saying about right to work and vote yes to an override."

Many New Hampshire employers support right-to-work legislation. Examples of some who are publicly on record in support include C3 Supply LLC, Cirtronics Corp., Elektrisola Inc., Jarvis Cutting Tools, New England Wire Technologies, New Hampshire Central Paper Products, Novus Public Affairs, Sturm Ruger and Co., Turbocam International, Warner Power and Wire Belt Co.

"This is just the tip of the iceberg," said Roche. "Many companies support right-to-work laws, but, for various reasons, choose not to publicly voice their support."

The BIA is encouraging members to contact legislators in their districts about HB 474.

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**About the BIA:** The Business and Industry Association is New Hampshire's statewide chamber of commerce and leading business advocate. The BIA represents more than 400 members in a variety of industries, including advanced manufacturing, high technology, professional services, financial services, health care, hospitality and tourism, public utilities, higher education and insurance. Member firms employ 86,000 people throughout the state and contribute \$4.5 billion annually to the state's economy. Through advocacy with state legislators and regulators, the BIA works to promote a healthy business climate and robust economic future for New Hampshire.

The BIA's 2011 public policy priorities include: preserving the New Hampshire Advantage through support of fiscally conservative state budgets with a business-friendly tax structure; supporting business tax incentives that foster economic growth; supporting infrastructure development; supporting efforts to increase the availability and affordability of housing for working people; supporting fair and balanced labor rules and regulations that carefully consider the rights and responsibilities of workers and management; supporting efforts that enhance outcomes and reduce/slow the growth of total healthcare costs for employers and the state; supporting efforts to develop New Hampshire's future workforce; working towards mitigating the rising cost of energy; supporting efforts to expand telecommunications infrastructure throughout the state; and supporting environmental policies, legislation and administrative rules that balance economic development with the long-term viability of the state's natural resources. For more information about the BIA, visit <http://www.nhbia.org>.

Honorable Members of the Labor, Industrial and Rehabilitative Services  
Committee,

I speak before you as a concerned citizen, as well as President of the  
Nashua Public Library Employee Union, AFT-FPE #4831.

HB 323 Establishing the Franklin Partin right-to-work act is a bill that is a  
waste of time for both the legislators of the state of New Hampshire and its  
citizens. It seeks to thwart the 1935 National Labor Relations Act, better  
known as the Wagner Act.

Federal law dictates that all employees have the right to join, or not join a  
union of their choice. A labor union is instituted using democratic  
procedure. A democratically elected union must represent all bargaining  
unit positions.

“A great deal of interest centers around the question of majority rule.  
The national labor relations bill provides that representatives selected  
by the majority of employees in an appropriate unit shall represent all  
the employees within that unit for the purposes of collective  
bargaining. This does not imply that an employee who is not a  
member of the majority group can be forced to enter the union which  
the majority favors. It means simply that the majority may decide who  
are to be the spokesmen for all in making agreements concerning  
wages, hours, and other conditions of employment. Once such  
agreements are made the bill provides that their terms must be

applied without favor or discrimination to all employees. These provisions conform to the democratic procedure that is followed in every business and in our governmental life, and that was embodied by Congress in the Railway Labor Act last year. Without them the phrase "collective bargaining" is devoid of meaning, and the very few unfair employers are encouraged to divide their workers against themselves." -Senator Robert Wagner (Record, 2005)

Support for the Wagner Act was not a partisan stand. Roosevelt's opponent for the office of President in 1944, Republican Thomas Dewey of New York, also supported the Wagner Act.

"The National Labor Relations Act was the work of a bi-partisan majority of both Houses of Congress. A majority of the members of my party voted for it. That act was modeled on the Railway Labor Act of 1926, a measure which was written, passed and approved by a Republican Administration. The National Labor Relations Act is a good and a necessary law. It acknowledges the trend of our times and will continue to be the law of the land." (Dewey, 2012)

Reed Larson, the longtime head of the National Right to Work Committee had this to say at his retirement from the organization, after years of claiming that NRTWC was not against unions, just what he termed (willfully ignorant of reality) "forced unionism"

"This has been an opportunity for me to have the greatest impact in defeating the entity I feel is very detrimental to individual freedom.... The unions are for more government, more taxes, more regulation,

and they operate under a set of rules and laws that are designed to give special privileges to organized labor." (Berlet, 2009)

Forcing people to join unions is against Federal Law. That point is moot. So the "freedom" angle is just an inaccurate ideological talking point.

Did the Right to Work for Less proponents trot out the Fantus study?

Representative Gary Daniels mentioned the study as reinforcing his perspective on Right to Work at a May 24, 2011 "Right to Work" forum I attended in Nashua, New Hampshire. Daniels, the New Hampshire state chairman of ALEC, cited a study by Fantus Consulting, "a nationally known business relocation consulting firm". He said Fantus Consulting had indicated that a majority of companies planning to relocate automatically didn't consider states lacking a Right to Work law. He did not mention the fact that the Fantus Consulting study was from 1975. Also not shared is that the report was a highly political one, or that Fantus vice president Charles Harding had said, "These surveys do a lot of harm", calling them "a Trojan horse for a certain ideological position". (LeRoy, 2006)

In six years of service as New Hampshire State Commissioner of Labor, George Copadis has never had any business leader (out of the couple

thousand he has worked with) mention a need for "Right to Work" legislation. Copadis states that New Hampshire Department of Resources and Economic Development Commissioner George Bald has never had the Right to Work issue come up when working with businesses in the state or those looking to locate here. (Copadis, 2011) Copadis said six previous labor commissioners were also against Right to Work. (Love, 2011)

My research indicates that adherence to a "Right to Work" philosophy is a function of ideology rather than on evidence gathered from an examination of the realities of union membership in the context of our working world. Ideological support is simple. A measured and reasoned analysis of the "Right to Work" perspective offers an easy refutation of facet after facet of the worldview. I find that the proponents of RTW ignore the history of labor laws of the United States as well as subtleties of the reality of its effects on our economy and our workforce.

Why would a bill lifted from American Legislative Exchange Council boilerplate even see light in our state of New Hampshire?

It is instructive to take a moment to look at ALEC model legislation. The first example offered is the corporate "Right to Work" bill in its generic 'boilerplate' form as it is given to citizen legislators at ALEC conventions.

The second example is the bill in the final form it takes as it travels through the New Hampshire statehouse and the full legislative process. They are not fundamentally different. Neither version of RTW is legitimate when compared to the Wagner Act and its intent. The fact is, democratically elected unions that cover all bargaining unit members because a majority of workers voted for union membership are wholly American. ALEC, a group of corporations, has a profound influence on state legislation, judging by the inroads the organization has made into the New Hampshire political process. The Granite State is just one of many which has seen this model "Right to Work" bill make its way to their legislatures. I'll **bold** the ALEC text. The final version of the New Hampshire Bill appears in *italics*.

**Section 1. { Title.} This Act may be cited as the Right to Work Act.**

*273-D:1 Short Title. This act may be cited as the "Right to Work Act."*

**Section 2. {Declaration of public policy.} It is hereby declared to be the public policy of the State of (state), in order to maximize individual freedom of choice in the pursuit of employment and to encourage an employment climate conducive to economic growth, that the right to work shall not be subject to undue restraint or coercion. The right to work shall not be infringed or restricted in any way based on membership in, affiliation with, or financial support of a labor organization.**

*273-D:2 Declaration of Public Policy. It is hereby declared to be the public policy of this state in order to maximize individual freedom of choice in the pursuit of employment and to encourage an employment climate conducive to economic growth, that all persons shall have, and shall be protected in the exercise of, the right freely, and without fear of penalty or reprisal, to form, join, or assist labor organizations, or to refrain from any such activity.*

**Section 3. {Labor organization.}** The term "labor organization" means any organization of any kind, or agency or employee representation committee or union, that exists for the purpose, in whole or in part, of dealing with employers concerning wages, rates of pay, hours of work, other conditions of employment, or other forms of compensation.

*273-D:3 Definitions. In this chapter:*

*I. "Employer" means any individual, corporation, association, organization, or entity that employs one or more persons. The term includes, but is not limited to, the state of New Hampshire and its agencies, every district, board, commission, instrumentality, or other unit whose governing body exercises similar governmental powers. The term "employer" includes, but is not limited to, employers of agricultural labor.*

*II. "Labor organization" means any organization of any kind, or agency or employee representation committee or plan, which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of work, or other conditions of employment.*

**Section 4. {Freedom of choice guaranteed, discrimination prohibited.}** No person shall be required, as a condition of employment or continuation of employment:

**(A) to resign or refrain from voluntary membership in, voluntary affiliation with, or voluntary financial support of a labor organization;**

**(B) to become or remain a member of a labor organization;**

**(C) to pay any dues, fees, assessments, or other charges of any kind or amount to a labor organization;**

**(D) to pay to any charity or other third party, in lieu of such payments, any amount equivalent to or a pro-rata portion of dues, fees, assessments, or other charges regularly required of members of a labor organization; or**

**(E) to be recommended, approved, referred, or cleared by or through a labor organization. (Democracy T. C., 2012)**



*273-D:4 Freedom of Choice Guaranteed, Discrimination Prohibited. No person shall be required, as a condition of employment or continuation of employment:*

*I. To resign or refrain from voluntary membership in, voluntary affiliation with, or voluntary financial support of a labor organization;*

*II. To become or remain a member of a labor organization;*

*III. To pay any dues, fees, assessments, or other charges of any kind or amount to a labor organization;*

*IV. To pay any charity or other third party, in lieu of such payments, any amount equivalent to or a pro-rata portion of dues, fees, assessments, or other charges of a labor organization; or*

*V. To be recommended, approved, referred, or cleared by or through a labor organization (Court, 2012)*

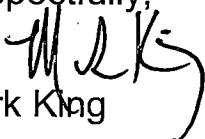
Lifted from ALEC boilerplate HB 323 leads us to a more crucial question:

Why has this bill, predecessors of which have perennially failed amidst great contention, been dragged out of the closet yet again? Are its sponsors doing the will of the good people of the Granite State?

I ask that you, honorable members of the House Labor, Industrial and Rehabilitative Services Committee, move to declare HB 323 Inexpedient to Legislate.

Respectfully,

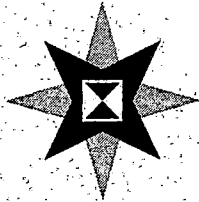
Mark King



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# American Friends Service Committee

**Arnie Alpert**  
**New Hampshire Program Coordinator**  
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## **Statement of Arnie Alpert in Opposition to HB 323, Right to Work (for LESS)**

January 30, 2013

My name is Arnie Alpert. I am New Hampshire Program Coordinator for the American Friends Service Committee. I am also a member of UNITE-HERE Local 66L and the UNITE-HERE New England Joint Board. I am pleased to be able to appear before you today both as a representative of my union and as a representative of my employer to urge your rejection of HB 323, the so-called "right to work" bill.

The American Friends Service Committee is a Quaker organization that turns 96 years old this year. Throughout almost our entire history, going back to 1922 when we provided humanitarian assistance to unemployed coal miners in West Virginia and Pennsylvania, we have assisted working people who have sought to better their lives and working conditions. In 1936, a year after President Roosevelt signed the National Labor Relations Act, the AFSC Social-Industrial Section drafted a statement "on the attitude that the AFSC should take towards organized labor." The statement noted, in part:

*Collective bargaining by groups of workers with employers is therefore desirable in order that workers may meet management on something like equal terms when they bargain for rates of pay, conditions of work, and security of employment.*

Since then, from the textile mills of North Carolina to the orange groves of Florida to the grape fields of California to the maquiladora factories along the Mexican border, the AFSC has stood with people who have sought employment, living wages, and dignity on the job.

The ability of working people to attain a decent standard of living is threatened in our country and in our state. According to the NH Housing Finance Authority, it takes an income of \$43,400 to afford the median 2-bedroom apartment in New Hampshire. That's almost three times what a worker makes at the current minimum wage.

If the purpose of HB 323 were to provide jobs at decent wages so that working people could afford decent housing, we would be enthusiastic about it. But this bill is not about ensuring that all people have the right to a decent job. Rather this bill is about undermining the ability of working people to organize among themselves and bargain collectively with their employers.

By making it more difficult for workers to organize, "right to work" would force down the wage levels of all working people in New Hampshire. The ability to afford health care would be threatened. The ability to pay taxes to support schools would be diminished. The state's housing crisis would intensify. More people would seek public assistance.

Over the years, in this country and around the world, the American Friends Service Committee has observed that strong unions help their members better their wages and working conditions, but also can be powerful advocates for human rights and a better standard of living for everyone.

If you are interested in reducing poverty and giving more people access to decent jobs, you should recommend this bill inexpedient to legislate.

# The Effect of Right-to-Work Laws on Economic Development

by William T. Wilson, Ph.D.

## Executive Summary

“Right-to-work” (RTW) laws are state statutes or constitutional provisions that ban the practice of requiring union membership or financial support as a condition of employment. These laws establish the legal right of employees to decide for themselves whether or not to join or financially support a union. The right to enact a RTW law is assured by Section 14(b) of the Federal Labor-Management Relations Act (also called the Taft-Hartley Act) of 1947.

Since the 1940s, 22 states have adopted RTW laws, the most recent being Oklahoma, which added a provision to its constitution in 2001. Michigan, a non-RTW state, is home to 972,000 unionized employees, which represents 21.8 percent of all private and public sector workers employed in Michigan in 2001.

Advocates of RTW laws cite a growing body of evidence showing that RTW states enjoy faster economic and employment growth than non-RTW states. This growth advantage—experienced predominantly by the southern and western states, which comprise the bulk of RTW states—has been in evidence ever since Taft-Hartley was passed.

Opponents of right-to-work laws argue, conversely, that compulsory unionism is necessary to offset the power of big business in a market economy. In this view, big business and free markets are responsible for a slowdown in real earnings for workers and for greater income inequality during the past quarter century.

To evaluate the merits of these arguments, this study compares economic development between RTW and non-RTW states. It examines a broad cross-section of state economic statistics from the past three decades. Michigan’s economic performance receives particular attention. The results of this analysis contradict many of organized labor’s long-standing contentions.

The following are the key conclusions of the research. Except where otherwise noted, these data are averages of annual figures taken from 1970 through 2000:

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*These laws establish the legal right of employees to decide for themselves whether or not to join or financially support a union.*

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***Employment grew almost 1 percent faster each year, on average, in right-to-work states. Employment in Michigan grew only half as fast as employment in RTW states.***

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- From 1977 through 1999, Gross State Product (GSP), the market value of all goods and services produced in a state, increased 0.5 percent faster in RTW states than in non-RTW states. Michigan's GSP grew at roughly half the rate of RTW states.
- Employment grew almost 1 percent faster each year, on average, in RTW states. Employment in Michigan grew only half as fast as employment in RTW states.
- Manufacturing employment grew 1.7 percent faster in RTW states. Right-to-work states *created* 1.43 million manufacturing jobs, while non-RTW states *lost* 2.18 million manufacturing jobs. Michigan lost more than 100,000 manufacturing jobs during this period, performing even worse than many other non-RTW states.
- Construction employment grew 1 percent faster each year, on average, in RTW states. Michigan ranked 32<sup>nd</sup> in the nation in this category.
- From 1978 through 2000, average annual unemployment was 0.5 percent lower in RTW states. Unemployment in Michigan was 2.3 percent higher than in RTW states.
- Per-capita disposable income was 0.2 percent higher, on average, in RTW states. Michigan's rate of increase in this category matched the average for other non-RTW states. Although nominal per-capita disposable income was 10 percent higher in non-RTW states in 2000, research shows that the cost of living is also higher in these states; so high, in fact, that after-tax purchasing power—real income—is greater in RTW states.
- Unit labor costs—the measure of labor compensation relative to labor productivity—were 93.2 in RTW states and 98.1 in non-RTW states in 2000. Michigan, at 109.2, had the second highest unit labor costs in the nation that same year, exceeding all but New Jersey.
- The percentage of families living in poverty in RTW states dropped from 18.3 percent to 11.6 percent between 1969 and 2000. During this same period, seven states saw increases in poverty, all non-RTW states. Michigan was among them, with a poverty increase of 0.6 percent, ranking it 45<sup>th</sup> among the states in poverty rate improvement.
- Income inequality rose in both RTW and non-RTW states between 1977 and 2000. But while this inequality was greater in RTW states in 1977, by 2000 the situation had reversed.

This study attributes the better economic performance of RTW states to greater labor productivity. The post-World War II period has brought rapid economic globalization, which has dramatically increased the importance of labor productivity and of policies, such as right-to-work, that affect it.

Advances in information technology, greater capital mobility, and lower barriers to entry for business startups are making it increasingly difficult for businesses to pass higher costs on to suppliers and customers. The net effect is increasing pressure for firms to seek geographical regions with lower cost structures and higher rates of labor productivity.

Right-to-work laws increase labor productivity by requiring labor unions to earn the support of each worker, since workers are able to decide for themselves whether or not to pay dues. This greater accountability results in unions that are more responsive to their members and more reasonable in their wage and work rule demands.

The study predicts that Michigan will continue to fall behind economically relative to RTW states until it adopts a right-to-work policy.

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***This study  
attributes the better  
economic  
performance of  
right-to-work states  
to greater labor  
productivity.***

# A Higher Standard of Living in Right-to-Work States

James T. Bennett, Ph.D.



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### About the Author

James T. Bennett is an Eminent Scholar at George Mason University and holds the William P. Snavely Chair of Political Economy and Public Policy in the Department of Economics. He received his Ph.D. from Case Western Reserve University in 1970 and has specialized in research related to public policy issues, the economics of government and bureaucracy, nonprofit institutions, and labor unions. He is editor of the *Journal of Labor Research* and has published more than 50 articles in such professional journals as the *American Economic Review*, *Review of Economics and Statistics*, *Policy Review*, *Public Choice*, and *Cato Journal*. His books include *The Political Economy of Federal Government Growth* (1980), *Better Government at Half the Price* (1981), *Deregulating Labor Relations* (1981), *Underground Government: The Off-Budget Public Sector* (1983), *Destroying Democracy: How Government Funds Partisan Politics* (1985), *Ideas, Advocacy, and the Corporation* (1989), *Health Research Charities: Image and Reality* (1990), *Official Lies: How Washington Misleads Us* (1992), and *Unhealthy Charities: Hazardous to Your Health and Wealth* (1994).



# A Higher Standard of Living in Right-to-Work States

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Many economic studies have shown that the gross wages of union workers are higher than those of their counterparts who choose not to join a union.<sup>1</sup> This finding raises a critical issue: Are wages of unionized workers higher because of unionization, or do unions concentrate on organizing in industries where wages are high already? After an extensive survey of the economic studies of relative wage effects due to unions, C.J. Parsley answered this question in the following way: "It appears that wages affect unionization to a greater degree than unionism influences wages, but paradoxically, workers presumably become union members because they believe that the latter causal direction predominates."<sup>2</sup>

Thus, it appears that high wages attract unions, not the other way around as much union publicity claims.

A second question concerns the difference in real incomes between states with Right-to-Work laws, and those without them. In the 21 states which have RTW laws,<sup>3</sup> employees do not have to financially support the union with monopoly bargaining privileges at the workplace in order to keep their jobs. In states which do not have a RTW law, an employee must often financially support the union in order to keep his or her job. In short, in states without RTW laws, employees are coerced to pay union dues regardless of whether they desire union representation.

Supporters of this regime have often looked to the above-mentioned finding about the difference in gross wages to make a claim that RTW laws are "right-to-work-for-less" laws, and that employees are worse off in states which have them. This claim deserves careful examination.

Money income varies widely across states, regions, and cities, but so does the tax burden which reduces the family income, as do the prices of goods and services which are purchased with after-tax income.

The appropriate comparison across cities, states, or regions in measuring economic well-being is the purchasing power of after-tax income. The relevant question is this: Is money income adjusted for taxes and the cost of living higher in non-RTW states than in RTW states?

Two earlier studies<sup>4</sup> comparing adjusted incomes in RTW states with those in non-RTW states showed that while *money income* was higher in non-RTW states, *adjusted income* was higher in RTW states so that a higher money income does not imply that an employee is necessarily better off. These studies were conducted for the years 1977 and 1981 using family median income, tax, and cost-of-living data for each state. An interesting and important question is whether this finding remains valid.

Unfortunately, an updated replication of these earlier works is not possible because the U.S. Bureau of Labor Statistics no longer publishes the data series used in the earlier analyses. However, alternative data are available for 1993 which are highly suitable for this purpose. In their book, *Places Rated Almanac*, Richard Boyer and David Savageau estimate family income, state and local taxes, and the cost of living for each of the 318 Standard Metropolitan Statistical Areas or SMSAs (central cities and surrounding suburbs) in the U.S. in which three-quarters or more of the U.S. population live.<sup>5</sup>

In short, in states without Right-to-Work laws, employees are coerced to pay union dues regardless of whether they desire union representation.

The remainder of the population resides in small towns and villages, and in rural areas where labor unions are less prevalent. In fact, information for individual cities is preferable to information for states, for cities and their surrounding suburbs are more homogeneous economically than are states. A cost-of-living index is much more difficult to determine accurately for an entire state than for individual cities. The cost of living, for example, in New York City is quite different from that in Elmira which is located upstate. Boyer and Savageau's cost-of-living index takes into account the costs of food, housing, health care, transportation, property taxes, and college tuition.<sup>6</sup>

Seven SMSAs were omitted from the analysis because part of the SMSA lies in a RTW state and part in a non-RTW state; thus, there are 311 SMSAs in our sample.<sup>7</sup> In these 311 SMSAs, the entire SMSA lies entirely within either a RTW state or a non-RTW state. RTW states tend to cluster in the South, Plains States, and Rocky Mountain region. All have common borders with one or more other RTW states.

Table 1 lists alphabetically the 129 SMSAs in the 21 RTW states and Table 2 lists the 182 SMSAs located in non-RTW states. For each SMSA, typical family income (unadjusted income), state and local taxes, income after taxes, the cost-of-living

index, and income adjusted for taxes and cost of living (adjusted income) are reported. Joplin, MO is the least expensive SMSA in which to live, and the cost-of-living index was set equal to 100.0 for this SMSA so that the cost-of-living index for all other SMSAs is measured relative to the cost in Joplin. Averages for each variable are reported at the end of each table.

Before adjusting for taxes and cost of living, typical family income for the 129 SMSAs in states with RTW laws is \$46,883, \$6,747 less than the average for the 182 SMSAs located in states without RTW laws, \$53,630. However, on average, families that reside in SMSAs in RTW states pay only \$1,779 in state and local taxes, while families in non-RTW states pay \$3,005. Thus, there is less difference in *after-tax* average family income between RTW and non-RTW states; average annual after-tax family income in states with RTW laws is \$45,104, only \$5,521 less than the average annual after-tax income of \$50,625 of families in states without RTW laws.

It is important to emphasize that these data include only state and local taxes; federal taxes also reduce the income that families have available for purchasing goods and services. Federal taxes are based on money income and are progressive, *i.e.*, the tax rate rises with income. Thus, since average income is greater in non-RTW states than in RTW states, the federal tax bite should be greater in non-RTW states, and this would further narrow the difference in after-tax income between RTW and non-RTW states. Put another way, if it were possible to also adjust for federal taxes, the difference in after-tax family income between RTW and non-RTW states would be smaller than \$5,521.

On average, residents in SMSAs in states *without* Right-to-Work laws pay 24.5 percent *more* for food, housing, health care, transportation, utilities, property taxes, and college tuition than in Right-to-Work states.

But the real difference comes after adjusting for the cost of living.

After-tax income buys much more in states with RTW laws because the cost of living is considerably higher in SMSAs in non-RTW states than for those located in RTW states. The average cost-of-living index for the 129 SMSAs in RTW states is 123.8 in comparison with 154.1 for the 182 SMSAs in non-RTW states.

Stated in money terms, the same package of goods and services that can be purchased on average for \$123.80 in RTW states would cost \$154.10 in non-RTW states. Thus, on average, residents in SMSAs in states without RTW laws pay 24.5 percent more for food, housing, health care, transportation, utilities, property taxes, and college tuition than residents in RTW states.

After adjusting for the cost of living and the state and local tax burden, average after-tax income is then \$36,540 in RTW states versus only \$33,688 in non-RTW states. Thus, a typical urban family in a RTW state has \$2,852 *more* in after-tax purchasing power than the same family would have in a non-RTW state — a statistically significant difference.<sup>8</sup>

In SMSAs where incomes are high, taxes and the cost of living are generally high as well. In states without RTW laws, high taxes and the high cost of living erode the purchasing power of income so much that families in states with RTW laws are, on average, actually better off. Stated another way, low taxes and low or moderate living costs can easily offset lower hourly rates of pay, as the evidence presented in this study reveals.

A typical urban family in a Right-to-Work state has \$2,852 *more* in after-tax purchasing power than the same family would have in a non-Right-to-Work state.

Two additional points are noteworthy. First, unions may collect dues, fees, fines, assessments, and per capita taxes from all the employees that they represent in states without RTW laws where financial support of the union is a condition of employment.<sup>9</sup> Payments to the union can further reduce the income of families in non-RTW states relative to their counterparts in RTW states who choose not to join the union.

Second, the gap in living standards between RTW and non-RTW states appears to be growing over time. A study using the same data source and methodology as employed here for 1993 was done using statistics for 1987.<sup>10</sup> In 1987, RTW states had only \$1,377 more in after-tax purchasing power compared to the comparable figure of \$2,852 for 1993. Thus, the size of the difference in after-tax purchasing power between RTW and non-RTW states has more than doubled between 1987 and 1993, *i.e.*, in the past six years.

Table I

Income, state and local taxes, after-tax income, cost-of-living index, and adjusted income for the 129 Standard Metropolitan Statistical Areas in Right to Work states.

Standard Metropolitan Statistical Area	Unadjusted Income	Taxes	Income - Taxes	COL Index	Adjusted Income
Abilene, TX	47,223	986	46,237	109.4	42,264
Albany, GA	45,500	2,655	42,845	116.7	36,714
Alexandria, LA	44,614	2,097	42,517	108.7	39,114
Amarillo, TX	47,137	985	46,152	114.3	40,378
Anniston, AL	39,776	2,151	37,625	104.3	36,074
Asheville, NC	43,827	2,674	41,153	125.6	32,765
Athens, GA	40,586	2,368	38,218	125.6	30,428
Atlanta, GA	56,098	3,273	52,825	140.5	37,598
Augusta-Aiken, GA-SC	48,794	2,847	45,947	121.1	37,941
Austin-San Marcos, TX	46,426	970	45,456	138.7	32,773
Baton Rouge, LA	50,983	2,397	48,586	122.0	39,825
Beaumont-Port Arthur, TX	51,184	1,069	50,115	112.2	44,666
Biloxi-Gulfport-Pascagoula, MS	41,835	1,699	40,136	112.4	35,708
Birmingham, AL	49,945	2,702	47,243	121.2	38,979
Bismarck, ND	47,229	1,429	45,800	121.9	37,572
Boise City, ID	50,107	3,145	46,962	123.2	38,119
Brazoria, TX	55,176	1,153	54,023	126.3	42,774
Brownsville-Harlingen-San Benito, TX	37,607	786	36,821	108.2	34,030
Bryan-College Station, TX	36,152	755	35,397	129.0	27,440
Casper, WY	48,084	674	47,410	112.0	42,330
Cedar Rapids, IA	51,896	2,660	49,236	120.6	40,826
Charleston-North Charleston, SC	46,195	2,676	43,519	127.8	34,052
Charlotte-Gastonia-Rock Hill, NC-SC	49,530	3,022	46,508	132.8	35,021
Charlottesville, VA	54,773	2,560	52,213	151.1	34,555
Chattanooga, TN-GA	47,276	1,190	46,086	112.7	40,893
Cheyenne, WY	47,143	660	46,483	121.9	38,132
Columbia, SC	49,906	2,891	47,015	125.2	37,552
Columbus, GA-AL	43,811	2,556	41,255	116.6	35,382
Corpus Christi, TX	48,790	1,019	47,771	110.0	43,428
Dallas, TX	57,704	1,206	56,498	147.9	38,200
Danville, VA	43,525	2,034	41,491	108.7	38,170
Daytona Beach, FL	41,421	743	40,678	131.9	30,840
Decatur, AL	44,036	2,382	41,654	111.0	37,526
Des Moines, IA	54,261	2,781	51,480	126.1	40,825
Dothan, AL	42,643	2,307	40,336	109.8	36,736
Dubuque, IA	48,865	2,504	46,361	118.2	39,223
El Paso, TX	42,225	882	41,343	122.1	33,860
Fayetteville-Springdale-Rogers, AR	42,126	2,090	40,036	111.7	35,842
Fayetteville, NC	41,447	2,529	38,918	119.3	32,622
Florence, AL	38,578	2,087	36,491	106.7	34,200
Florence, SC	44,048	2,552	41,496	110.1	37,689
Fort Lauderdale, FL	58,000	1,041	56,959	155.8	36,559
Fort Myers-Cape Coral, FL	49,557	890	48,667	145.5	33,448
Fort Pierce-Port St. Lucie, FL	46,986	843	46,143	147.4	31,305
Fort Walton Beach, FL	44,821	805	44,016	129.8	33,911
Fort Worth-Arlington, TX	52,486	1,096	51,390	137.0	37,511
Gadsden, AL	37,504	2,028	35,476	101.8	34,849
Gainesville, FL	42,200	757	41,443	123.3	33,612

Table I (continued)

Galveston-Texas City, TX	50,694	1,059	49,635	127.3	38,991
Goldboro, NC	37,980	2,317	35,663	115.8	30,797
Greensboro-Winston-Salem-High Point, NC	48,929	2,985	45,944	125.5	36,609
Greenville-Spartanburg-Anderson, SC	44,679	2,588	42,091	116.7	36,068
Greenville, NC	40,965	2,499	38,466	119.6	32,162
Hickory-Morgantown, NC	43,568	2,658	40,910	115.5	35,420
Houma, LA	43,749	2,057	41,692	108.6	38,390
Houston, TX	56,795	1,187	55,608	139.7	39,805
Huntsville, AL	49,118	2,657	46,461	126.4	36,757
Iowa City, IA	48,250	2,473	45,777	141.7	32,306
Jacksonville, NC	35,527	2,167	33,360	117.2	28,464
Jacksonville, FL	50,836	913	49,923	131.0	38,109
Jackson, MS	47,577	1,932	45,645	119.5	38,197
Johnson City-Kingsport-Bristol, TN-VA	41,120	1,035	40,085	107.8	37,185
Killeen-Temple, TX	42,028	878	41,150	113.2	36,352
Knoxville, TN	44,052	1,109	42,943	118.1	36,362
Lafayette, LA	44,296	2,082	42,214	109.4	38,587
Lake Charles, LA	46,575	2,189	44,386	111.9	39,666
Lakeland-Winter Haven, FL	42,871	769	42,102	121.3	34,709
Laredo, TX	36,720	767	35,953	115.2	31,209
Las Vegas, NV-AZ	49,228	931	48,297	142.8	33,821
Lawrence, KS	40,687	1,690	38,997	120.4	32,390
Lincoln, NE	49,601	2,416	47,185	126.0	37,448
Little Rock-North Little Rock, AR	47,622	2,363	45,259	119.2	37,969
Longview-Marshall, TX	44,873	937	43,936	111.4	39,440
Lubbock, TX	44,785	936	43,849	117.4	37,350
Lynchburg, VA	47,132	2,202	44,930	117.6	38,206
Macon, GA	48,931	2,855	46,076	118.3	38,948
McAllen-Edinburg-Mission, TX	34,690	725	33,965	104.2	32,596
Melbourne-Titusville-Palm Bay, FL	47,408	851	46,557	138.5	33,615
Memphis, TN-AR-MS	52,543	1,323	51,220	126.6	40,458
Miami, FL	55,316	993	54,323	154.2	35,229
Mobile, AL	43,873	2,373	41,500	117.8	35,229
Monroe, LA	43,151	2,028	41,123	112.3	36,619
Montgomery, AL	48,718	2,635	46,083	117.6	39,186
Myrtle Beach, SC	37,401	2,167	35,234	129.8	27,145
Naples, FL	65,617	1,178	64,439	188.2	34,240
Nashville, TN	52,365	1,318	51,047	129.9	39,297
New Orleans, LA	50,488	2,373	48,115	127.1	37,856
Norfolk-Virginia Beach-Newport News, VA-NC	51,376	2,401	48,975	145.2	33,729
Ocala, FL	36,716	659	36,057	121.8	29,603
Odessa-Midland, TX	48,564	1,015	47,549	119.8	39,690
Omaha, NE-IA	55,906	2,723	53,183	124.9	42,580
Orlando, FL	48,537	871	47,666	141.0	33,806
Panama City, FL	41,364	742	40,622	121.9	33,324
Pensacola, FL	43,633	783	42,850	120.4	35,590
Phoenix-Mesa, AZ	50,740	2,085	48,655	144.9	33,578
Pine Bluff, AR	40,293	1,999	38,294	105.9	36,161
Provo-Orem, UT	44,741	3,031	41,710	125.8	33,156
Punta Gorda, FL	40,273	723	39,550	136.7	28,932
Raleigh-Durham-Chapel Hill, NC	49,546	3,023	46,523	136.8	34,008
Rapid City, SD	46,231	839	45,392	120.7	37,607
Reno, NV	58,499	1,106	57,393	163.9	35,017
Richmond-Petersburg, VA	60,197	2,813	57,384	143.0	40,129



Table I (continued)

Roanoke, VA	53,678	2,508	51,170	125.3	40,838
Rocky Mount, NC	43,229	2,637	40,592	115.5	35,145
Salt Lake City-Ogden, UT	50,486	3,420	47,066	129.9	36,232
San Angelo, TX	46,632	974	45,658	113.6	40,192
San Antonio, TX	48,257	1,008	47,249	126.8	37,263
Sarasota-Bradenton, FL	54,532	979	53,553	145.5	36,806
Savannah, GA	50,632	2,954	47,678	126.1	37,810
Sherman-Denison, TX	46,476	971	45,505	111.1	40,959
Shreveport-Bossier City, LA	46,531	2,187	44,344	111.2	39,878
Sioux City, IA-NE	49,810	2,553	47,257	112.0	42,194
Sioux Falls, SD	51,118	928	50,190	118.9	42,212
Sumter, SC	36,768	2,130	34,638	109.6	31,604
Tallahassee, FL	43,879	788	43,091	127.5	33,797
Tampa-St. Petersburg-Clearwater, FL	47,695	856	46,839	131.8	35,538
Texarkana, TX -AR	42,022	2,085	39,937	104.7	38,144
Topeka, KS	54,568	2,267	52,301	118.0	44,323
Tucson, AZ	42,988	1,766	41,222	136.7	30,155
Tuscaloosa, AL	42,069	2,275	39,794	115.8	34,364
Tyler, TX	49,210	1,028	48,182	116.9	41,216
Victoria, TX	49,542	1,035	48,507	116.9	41,494
Waco, TX	44,208	923	43,285	114.4	37,837
Waterloo-Cedar Falls, IA	47,430	2,431	44,999	114.7	39,232
West Palm Beach-Boca Raton, FL	61,937	1,112	60,825	165.4	36,774
Wichita Falls, TX	49,261	1,029	48,232	112.5	42,873
Wichita, KS	54,939	2,283	52,656	122.3	43,055
Wilmington, NC	45,418	3,826	41,592	133.0	31,272
Yuma, AZ	37,173	1,527	35,646	127.1	28,046
<b>Averages</b>	<b>\$46,883</b>	<b>1,779</b>	<b>\$45,104</b>	<b>123.8</b>	<b>\$36,540</b>

Table II

Income, state and local taxes, after-tax income, cost-of-living index, and adjusted income for the 182 Standard Metropolitan Statistical Areas in states without Right to Work legislation.

Standard Metropolitan Statistical Area	Unadjusted		Income - Taxes	COL Index	Adjusted Income
	Income	Taxes			
Akron, OH	52,151	3,231	48,920	129.7	37,718
Albany-Schenectady-Troy, NY	54,154	4,919	49,235	165.3	29,785
Albuquerque, NM	48,564	2,318	46,246	137.7	33,585
Allentown-Bethlehem-Easton, PA-NJ	56,800	5,022	51,778	162.8	31,805
Altoona, PA	42,567	3,763	38,804	117.6	32,997
Anchorage, AK	72,833	0	72,833	180.4	40,373
Ann Arbor, MI	62,165	4,099	58,066	164.2	35,363
Appleton-Oshkosh-Neenah, WI	49,598	3,077	46,521	125.3	37,128
Atlantic City-Cape May, NJ	68,878	2,534	66,344	173.9	38,151
Bakersfield, CA	49,696	2,169	47,527	142.3	33,399
Baltimore, MD	61,695	4,122	57,573	156.1	36,882
Bangor, ME	46,599	2,500	44,099	131.0	33,663
Barnstable-Yarmouth, MA	60,629	4,121	56,508	219.6	25,732
Bellingham, WA	43,447	924	42,523	146.3	29,066
Benton Harbor, MI	46,045	3,036	43,009	129.4	33,237
Billings, MT	47,091	1,581	45,510	123.8	36,761
Binghamton, NY	48,598	4,414	44,184	143.7	30,747
Bloomington-Normal, IL	54,754	2,526	52,228	133.3	39,181
Bloomington, IN	37,934	1,892	36,042	127.0	28,380
Boston, MA	68,411	4,650	63,761	229.1	27,831
Boulder-Longmont, CO	59,528	3,215	56,313	162.4	34,675
Bremerton, WA	49,777	1,059	48,718	150.7	32,328
Bridgeport, CT	66,100	3,263	62,837	175.2	35,866
Buffalo-Niagara Falls, NY	50,659	4,601	46,058	146.8	31,375
Burlington, VT	52,103	2,143	49,960	175.3	28,500
Canton-Massillon, OH	48,059	2,977	45,082	120.7	37,350
Central New Jersey, NJ	81,411	2,995	78,416	222.8	35,196
Champaign-Urbana, IL	48,711	2,247	46,464	138.7	33,500
Charleston, WV	45,101	2,375	42,726	115.7	36,928
Chicago, IL	66,300	3,059	63,241	176.6	35,810
Chico-Paradise, CA	42,406	1,851	40,555	146.4	27,702
Cincinnati, OH-KY-IN	54,870	3,399	51,471	138.2	37,244
Cleveland-Lorain-Elyria, OH	56,848	3,522	53,326	147.8	36,080
Colorado Springs, CO	51,065	2,758	48,307	137.4	35,158
Columbia, MO	48,567	2,939	45,628	126.4	36,098
Columbus, OH	51,630	3,199	48,431	136.0	35,611
Cumberland, MD-WV	40,444	2,702	37,742	108.0	34,946
Danbury, CT	68,780	3,363	65,417	187.8	34,833
Dayton-Springfield, OH	51,551	3,194	48,357	129.3	37,399
Decatur, IL	51,558	2,378	49,180	118.9	41,362
Denver, CO	58,114	3,189	54,925	147.7	37,187
Detroit, MI	58,890	3,883	55,007	147.2	37,369
Dover, DE	44,567	2,154	42,413	136.1	31,163
Duluth-Superior, MN-WI	43,857	2,691	41,166	115.0	35,797
Dutchess County, NY	63,374	5,756	57,618	203.3	28,341
Eau Claire, WI	43,409	2,693	40,716	119.5	34,072
Elkhart-Goshen, IN	47,738	2,382	45,356	116.1	39,066
Elmira, NY	45,423	4,126	41,297	129.7	31,840

Table II (continued)

Enid, OK	44,392	2,511	41,881	101.4	41,303
Erie, PA	48,381	4,277	44,104	128.0	34,456
Eugene-Springfield, OR	43,095	1,572	41,523	131.4	31,600
Evansville-Henderson, IN-KY	47,631	2,376	45,255	114.5	39,524
Flint, MI	48,837	3,220	45,617	128.9	35,389
Fort Collins-Loveland, CO	49,546	2,676	46,870	141.4	33,147
Fort Wayne, IN	50,509	2,520	47,989	115.5	41,549
Fresno, CA	52,046	2,272	49,774	141.9	35,077
Gary, IN	49,409	2,465	46,944	129.5	36,250
Glen Falls, NY	44,944	4,082	40,862	154.9	26,380
Grand Rapids-Muskegon-Holland, MI	52,007	3,429	48,578	137.1	35,433
Great Falls, MT	46,750	1,569	45,181	121.9	37,064
Greeley, CO	50,437	2,724	47,713	126.8	37,629
Green Bay, WI	50,598	3,139	47,459	126.3	37,576
Hagerstown, MD	47,681	3,186	44,495	131.7	33,785
Hamilton-Middletown, OH	49,185	3,047	46,138	134.7	34,252
Harrisburg-Lebanon-Carlisle, PA	50,405	4,456	45,949	146.7	31,322
Hartford, CT	69,989	2,311	67,678	208.8	32,413
Honolulu, HI	74,744	4,979	69,765	262.0	26,628
Huntington-Ashland, WV-KY-OH	40,764	2,147	38,617	108.9	35,461
Indianapolis, IN	52,633	2,626	50,007	124.7	40,102
Jackson, MI	45,276	2,985	42,291	125.8	33,618
Jamestown, NY	43,608	3,961	39,647	125.4	31,616
Janesville-Beloit, WI	46,187	2,865	43,322	118.4	36,590
Johnstown, PA	42,529	3,760	38,769	119.7	32,388
Joplin, MO	40,606	2,457	38,149	100.0	38,149
Kalamazoo-Battle Creek, MI	47,979	3,163	44,816	129.1	34,714
Kankakee, IL	51,749	2,387	49,362	130.3	37,883
Kenosha, WI	52,491	3,256	49,235	135.3	36,390
Kokomo, IN	47,755	2,382	45,373	116.2	39,047
La Crosse, WI-MN	45,768	2,839	42,929	124.9	34,371
Lafayette, IN	44,068	2,199	41,869	121.0	34,602
Lake County, IL	84,060	3,878	80,182	211.6	37,893
Lancaster, PA	55,290	4,888	50,402	155.1	32,496
Lansing-East Lansing, MI	50,571	3,334	47,237	140.9	33,525
Las Cruces, NM	35,339	1,687	33,652	126.6	26,581
Lawton, OK	40,577	2,295	38,282	111.2	34,426
Lewiston-Auburn, ME	46,905	2,516	44,389	140.3	31,639
Lexington, KY	47,509	3,741	43,768	125.1	34,986
Lima, OH	48,226	2,988	45,238	119.0	38,015
Long Island, NY	88,415	9,506	78,909	251.1	31,425
Los Angeles-Long Beach, CA	71,029	4,251	66,778	250.5	26,658
Louisville, KY-IN	50,905	4,009	46,896	121.8	38,502
Madison, WI	53,757	3,335	50,422	148.2	34,023
Manchester-Nashua, NH	67,289	0	67,289	193.6	34,757
Mansfield, OH	43,675	2,706	40,969	114.4	35,812
Medford-Ashland, OR	42,447	1,548	40,899	141.6	28,883
Merced, CA	48,839	2,132	46,707	144.3	32,368
Millwaukee-Waukesha, WI	55,757	3,459	52,298	147.5	35,456
Minneapolis-St. Paul, MN-WI	61,029	3,744	57,285	151.5	37,812
Modesto, CA	46,010	2,008	44,002	161.6	27,229
Monmouth-Ocean, NJ	72,548	2,669	69,879	208.2	33,563
Muncie, IN	42,549	2,123	40,426	111.9	36,127
New Bedford-Fall River-Attleboro, MA	53,155	3,613	49,542	185.1	26,765

Table II (continued)

New Haven-Meriden, CT	65,474	3,742	61,732	195.7	31,544
New London-Norwich, CT-RI	57,783	2,667	55,116	194.5	28,337
New York, NY	67,201	6,104	61,097	280.0	21,820
Newark-Jersey City, NJ	73,817	2,716	71,101	238.6	29,799
Northern New Jersey, NJ	84,416	3,106	81,310	250.3	32,485
Oakland, CA	66,538	2,905	63,633	238.7	26,658
Oklahoma City, OK	46,056	2,605	43,451	112.6	38,589
Olympia, WA	47,906	1,019	46,887	138.5	33,853
Orange County, CA	73,145	4,378	68,767	259.1	26,541
Orange County, NY	61,322	5,570	55,752	198.8	28,044
Owensboro, KY	44,186	3,480	40,706	108.5	37,517
Parkersburg-Marietta, WV-OH	43,368	2,284	41,084	107.5	38,218
Peoria-Pekin, IL	52,136	2,405	49,731	124.1	40,073
Philadelphia, PA-NJ	63,701	5,632	58,069	198.0	29,328
Pittsburgh, PA	52,108	4,607	47,501	158.8	29,912
Pittsfield, MA	55,800	3,793	52,007	172.7	30,114
Portland, ME	57,821	3,102	54,719	169.2	32,340
Portland, OR	53,763	1,961	51,802	152.1	34,058
Portsmouth-Dover-Rochester, NH	61,354	0	61,354	198.8	30,862
Providence-Warwick-Cranston, RI	52,340	2,088	50,252	185.2	27,134
Pueblo, CO	44,230	2,389	41,841	110.6	37,831
Racine, WI	54,196	3,362	50,834	136.7	37,187
Reading, PA	56,680	5,011	51,669	151.6	34,082
Redding, CA	46,232	2,018	44,214	144.2	30,662
Richland-Kennewick-Pasco, WA	50,710	1,079	49,631	125.4	39,578
Riverside-San Bernardino, CA	52,760	2,303	50,457	178.3	28,299
Rochester, MN	61,954	4,230	57,724	141.0	40,939
Rochester, NY	58,139	5,281	52,858	161.5	32,729
Rockford, IL	51,911	2,395	49,516	133.7	37,035
Sacramento, CA	54,026	2,358	51,668	180.4	28,641
Saginaw-Bay City-Midland, MI	51,531	3,397	48,134	125.4	38,384
Salem, OR	47,543	1,734	45,809	128.7	35,594
Salinas, CA	62,064	3,714	58,350	226.5	25,762
San Diego, CA	56,542	2,468	54,074	223.1	24,238
San Francisco, CA	80,087	4,793	75,294	299.4	25,148
San Jose, CA	75,157	4,498	70,659	279.8	25,253
San Luis Obispo-Atascadero-Paso Robles, CA	49,835	2,175	47,660	228.0	20,904
Santa Barbara-Santa Maria-Lompoc, CA	64,354	3,851	60,503	254.9	23,736
Santa Cruz-Watsonville, CA	62,645	3,749	58,896	257.3	22,890
Santa Fe, NM	51,047	2,437	48,610	168.9	28,780
Santa Rosa, CA	61,392	3,674	57,718	221.7	26,034
Scranton-Wilkes-Barre-Hazleton, PA	46,355	4,098	42,257	131.7	32,086
Seattle-Bellevue-Everett, WA	57,884	1,231	56,653	184.4	30,723
Sharon, PA	43,811	3,873	39,938	115.3	34,638
Sheboygan, WI	52,669	3,267	49,402	126.9	38,930
South Bend, IN	48,817	2,436	46,381	111.2	41,710
Spokane, WA	46,466	988	45,478	117.1	38,837
Springfield, IL	55,258	2,549	52,709	125.0	42,167
Springfield, MA	54,997	3,738	51,259	175.6	29,191
Springfield, MO	45,172	2,733	42,439	117.2	36,211
Stamford-Norwalk, CT	96,760	1,632	95,128	233.0	40,827
State College, PA	45,533	4,026	41,507	145.1	28,606
Steubenville-Weirton, OH-WV	42,206	2,615	39,591	111.2	35,603
Stockton-Lodi, CA	51,269	2,238	49,031	163.1	30,082

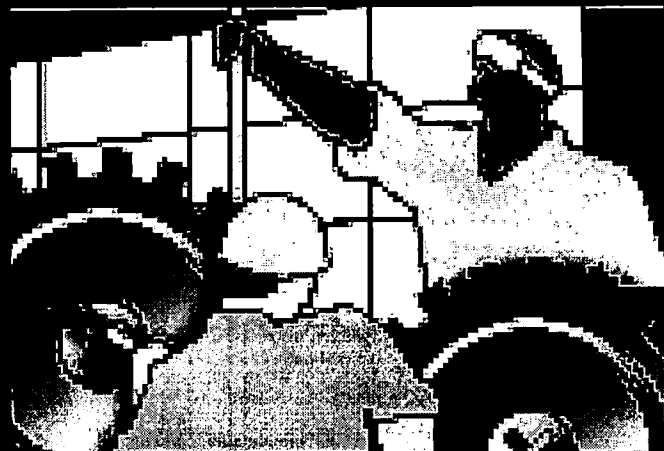
Table II (continued)

St. Cloud, MN	44,960	2,758	42,202	129.8	32,513
St. Joseph, MO	47,499	2,874	44,625	104.2	42,826
St. Louis, MO-IL	58,697	3,552	55,145	137.5	40,105
Syracuse, NY	51,716	4,697	47,019	147.3	31,921
Tacoma, WA	46,556	990	45,566	146.9	31,018
Terre Haute, IN	41,815	2,086	39,729	106.9	37,165
Toledo, OH	51,398	3,184	48,214	131.0	36,805
Trcnnton, NJ	78,772	2,898	75,874	198.7	38,185
Tulsa, OK	49,050	2,775	46,275	113.5	40,771
Utica-Rome, NY	45,754	4,156	41,598	141.9	29,315
Vallejo-Fairfield-Napa, CA	56,022	2,445	53,577	191.7	27,948
Vancouver, WA	46,082	980	45,102	135.9	33,188
Ventura, CA	67,036	4,012	63,024	252.3	24,980
Vincland-Millville-Bridgeton, NJ	55,018	2,024	52,994	140.8	37,638
Visalia-Tulare-Porterville, CA	49,003	2,139	46,864	134.9	34,740
Waterbury, CT	61,256	1,033	60,223	172.9	34,831
Wausau, WI	48,432	3,004	45,428	120.4	37,731
Wheeling, WV-OH	42,857	2,257	40,600	107.1	37,908
Williamsport, PA	45,135	3,990	41,145	124.3	33,101
Wilmington-Newark, DE-MD	62,712	2,195	60,517	164.0	36,901
Worcester-Fitchburg-Leominster, MA	56,517	3,842	52,675	183.5	28,706
Yakima, WA	49,201	1,047	48,154	113.5	42,426
Yolo, CA	56,202	2,453	53,749	181.9	29,549
York, PA	55,683	4,923	50,760	150.9	33,638
Youngstown-Warren, OH	45,470	2,817	42,653	117.1	36,424
Yuba City, CA	46,004	2,008	43,996	141.7	31,049
Averages	\$53,630	3,005	\$50,625	154.1	\$33,688

## Footnotes

1. See, for example, H. Gregg Lewis, *Union Relative Wage Effects: A Survey* (Chicago, IL: University of Chicago Press, 1986).
2. C. J. Parsley, "Labor Unions and Wages: A Survey," *Journal of Economic Literature* 18 (March 1980), p. 29.
3. The 21 states with RTW laws are: Alabama, Arizona, Arkansas, Florida, Georgia, Idaho, Iowa, Kansas, Louisiana, Mississippi, Nebraska, Nevada, North Carolina, North Dakota, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, and Wyoming.
4. See "World Report: Is Mississippi Richer than New York?" (Chicago, IL: First Chicago Bank, 1977) and James T. Bennett, "Does A Higher Wage Really Mean You Are Better Off?" (Springfield, VA: National Institute for Labor Relations Research, 1985).
5. Richard Boyer and David Savageau, *Places Rated Almanac* (New York, NY: Simon and Schuster, 1993). In addition, Boyer and Savageau also include information on 25 SMSAs in Canada, but since Canada has no counterpart to the RTW law in the U.S., these cities were omitted from the analysis.
6. *Ibid.*, p. 23.
7. The seven SMSAs are Clarksville-Hopkinsville, TN-KY; Davenport-Rock Island-Moline, IA-IL; Fargo-Moorehead, ND-MN; Ft. Smith, AR-OK; Kansas City, MO-KS; Washington, DC-MD-VA; and Grand Forks, ND-MN.
8. The mean (standard deviation) of adjusted income in the 129 SMSAs in RTW states is \$36,540 (3,696.9); for non-RTW states, the mean adjusted income in 182 SMSAs is \$33,688 (4,559.3). The computed value of the t-statistic used to determine whether the difference in the means is statistically significant is 6.08, which is statistically significant at better than the 99.9 percent level for a one-tailed test.
9. The costs of unionization to employees vary widely, and precise estimates are difficult to find. However, such costs can be significant. One estimate of the annual per capita cost of unionization in the private sector exceeded \$500 in 1987. See James T. Bennett, "Private Sector Unions: The Myth of Decline," *Journal of Labor Research* 12 (Winter 1991), Table 2, p. 4.
10. See James T. Bennett, "A Higher Standard of Living in Right-To-Work States," (Springfield, VA: National Institute for Labor Relations Research, 1990).

June 2002



# The Effect of Right-to-Work Laws on Economic Development

A Comparative Analysis of Economic Performance  
in All 50 States and the Implications for Michigan

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# **The Effect of Right-to-Work Laws on Economic Development**

by **William T. Wilson, Ph.D.**

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by William T. Wilson, Ph.D.

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# The Effect of Right-to-Work Laws on Economic Development

by William T. Wilson, Ph.D.

## Executive Summary

“Right-to-work” (RTW) laws are state statutes or constitutional provisions that ban the practice of requiring union membership or financial support as a condition of employment. These laws establish the legal right of employees to decide for themselves whether or not to join or financially support a union. The right to enact a RTW law is assured by Section 14(b) of the Federal Labor-Management Relations Act (also called the Taft-Hartley Act) of 1947.

Since the 1940s, 22 states have adopted RTW laws, the most recent being Oklahoma, which added a provision to its constitution in 2001. Michigan, a non-RTW state, is home to 972,000 unionized employees, which represents 21.8 percent of all private and public sector workers employed in Michigan in 2001.

Advocates of RTW laws cite a growing body of evidence showing that RTW states enjoy faster economic and employment growth than non-RTW states. This growth advantage—experienced predominantly by the southern and western states, which comprise the bulk of RTW states—has been in evidence ever since Taft-Hartley was passed.

Opponents of right-to-work laws argue, conversely, that compulsory unionism is necessary to offset the power of big business in a market economy. In this view, big business and free markets are responsible for a slowdown in real earnings for workers and for greater income inequality during the past quarter century.

To evaluate the merits of these arguments, this study compares economic development between RTW and non-RTW states. It examines a broad cross-section of state economic statistics from the past three decades. Michigan’s economic performance receives particular attention. The results of this analysis contradict many of organized labor’s long-standing contentions.

The following are the key conclusions of the research. Except where otherwise noted, these data are averages of annual figures taken from 1970 through 2000:

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*These laws establish the legal right of employees to decide for themselves whether or not to join or financially support a union.*

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***Employment grew almost 1 percent faster each year, on average, in right-to-work states. Employment in Michigan grew only half as fast as employment in RTW states.***

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- From 1977 through 1999, Gross State Product (GSP), the market value of all goods and services produced in a state, increased 0.5 percent faster in RTW states than in non-RTW states. Michigan's GSP grew at roughly half the rate of RTW states.
- Employment grew almost 1 percent faster each year, on average, in RTW states. Employment in Michigan grew only half as fast as employment in RTW states.
- Manufacturing employment grew 1.7 percent faster in RTW states. Right-to-work states *created* 1.43 million manufacturing jobs, while non-RTW states *lost* 2.18 million manufacturing jobs. Michigan lost more than 100,000 manufacturing jobs during this period, performing even worse than many other non-RTW states.
- Construction employment grew 1 percent faster each year, on average, in RTW states. Michigan ranked 32<sup>nd</sup> in the nation in this category.
- From 1978 through 2000, average annual unemployment was 0.5 percent lower in RTW states. Unemployment in Michigan was 2.3 percent higher than in RTW states.
- Per-capita disposable income was 0.2 percent higher, on average, in RTW states. Michigan's rate of increase in this category matched the average for other non-RTW states. Although nominal per-capita disposable income was 10 percent higher in non-RTW states in 2000, research shows that the cost of living is also higher in these states; so high, in fact, that after-tax purchasing power—real income—is greater in RTW states.
- Unit labor costs—the measure of labor compensation relative to labor productivity—were 93.2 in RTW states and 98.1 in non-RTW states in 2000. Michigan, at 109.2, had the second highest unit labor costs in the nation that same year, exceeding all but New Jersey.
- The percentage of families living in poverty in RTW states dropped from 18.3 percent to 11.6 percent between 1969 and 2000. During this same period, seven states saw increases in poverty, all non-RTW states. Michigan was among them, with a poverty increase of 0.6 percent, ranking it 45<sup>th</sup> among the states in poverty rate improvement.
- Income inequality rose in both RTW and non-RTW states between 1977 and 2000. But while this inequality was greater in RTW states in 1977, by 2000 the situation had reversed.

This study attributes the better economic performance of RTW states to greater labor productivity. The post-World War II period has brought rapid economic globalization, which has dramatically increased the importance of labor productivity and of policies, such as right-to-work, that affect it.

Advances in information technology, greater capital mobility, and lower barriers to entry for business startups are making it increasingly difficult for businesses to pass higher costs on to suppliers and customers. The net effect is increasing pressure for firms to seek geographical regions with lower cost structures and higher rates of labor productivity.

Right-to-work laws increase labor productivity by requiring labor unions to earn the support of each worker, since workers are able to decide for themselves whether or not to pay dues. This greater accountability results in unions that are more responsive to their members and more reasonable in their wage and work rule demands.

The study predicts that Michigan will continue to fall behind economically relative to RTW states until it adopts a right-to-work policy.

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## I. INTRODUCTION

In September of 2001, the citizens of Oklahoma overcame powerful union opposition to approve a “right-to-work” provision for their state constitution. “Right-to-work” laws are state statutes or constitutional provisions that ban the practice of requiring union membership or financial support as a condition of employment. This successful campaign made Oklahoma the 22<sup>nd</sup> state to achieve right-to-work (RTW) status since this option was assured under the Taft-Hartley amendments to the National Labor Relations Act in 1947.

The Oklahoma story is only the latest evidence of a growing interest in reassessing the costs and benefits of the compulsory union regime spawned during the Great Depression, and which remains today one of the primary determinants of labor productivity. With increasing global competitiveness taking a toll on U.S. manufacturing jobs, and state governments and municipalities struggling to achieve greater operating efficiencies in the face of declining revenues and increasing costs, the consequences of compulsory unionism are universally important.

Today labor union membership is at its lowest point since the 1950s. Eighty-four percent of Michigan’s private sector workers (and 91 percent nationwide) pay no dues to any union; they either work for themselves or negotiate individually with employers, and manage for the most part to do rather well. In Michigan’s manufacturing sector, however, which is a critical component of our economic vitality, 29.2 percent or 305,900 manufacturing employees are represented by unions. In addition, Michigan is home to 350,000 unionized state and local government employees, constituting 56.2 percent of the public sector workforce. Total union membership stands today at 972,000, or 21.8 percent of all workers employed in Michigan during 2001.

Advocates of right-to-work laws point toward a growing body of evidence showing faster economic and employment growth in right-to-work states. This growth advantage—experienced predominantly by the southern and western states, which comprise the bulk of right-to-work states—has been in evidence since the passage of the Taft-Hartley Act in 1947.

Opponents of right-to-work laws, conversely, maintain that compulsory union support is vital to organized labor, which protects workers from the negative aspects of big business and market economies. In this view, firms seeking to maximize profits at the expense of rank-and-file workers are responsible for the slowdown in real earnings and the growing income inequality over the past quarter century.

To evaluate the merits of these arguments, this study compares economic development between RTW states and non-RTW states by examining a broad cross section of economic statistics from the past three decades. The results of this analysis challenge many of organized labor's long-standing contentions. Particular attention is paid to Michigan's economic performance.

Section II provides an overview of compulsory unionism and RTW statutes as background for the economic analysis that follows. Section III provides a brief review of the literature on the impact of RTW laws. Section IV gives a geographical breakdown between RTW and non-RTW states. Section V discusses how globalization is impacting union activity. Section VI compares RTW and non-RTW states using nine economic measurements. The final section summarizes the results.

Some highlights from the economic analysis are summarized below:

From 1970 through 2000:

- RTW states' economies grew one-half percent faster annually.
- RTW states created 1.43 million manufacturing jobs; non-RTW states lost 2.18 million manufacturing jobs.
- RTW states have greater disposable income growth.
- RTW states have lower unit labor costs.
- RTW states' poverty rates are falling faster.

Michigan's performance:

- Annual economic growth averaged one-half the rate experienced by RTW states.
- The state lost over 100,000 manufacturing jobs since 1970.
- Annual construction employment growth was a full percent below that of RTW states.
- The state had the second highest unit labor costs in the nation.
- The poverty rate rose.

## II. The Nature of the Right-to-Work Debate

Right-to-work is a labor law term used to describe state laws or state constitutional provisions that ban any requirement of union membership or financial dues obligations as a condition of employment. Currently RTW laws exist in 22 states: Alabama, Arizona, Arkansas, Florida, Georgia, Idaho, Iowa, Kansas,

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***... this study compares economic development between right-to-work states and non-right-to-work states by examining a broad cross section of economic statistics from the past three decades. The results of this analysis challenge many of organized labor's long-standing contentions.***

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Louisiana, Mississippi, Nebraska, Nevada, North Carolina, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, and Wyoming. A right-to-work law secures the right of employees to decide for themselves whether or not to join or financially support a union.

The opportunity to enact a right-to-work law is assured by Section 14(b) of the Federal Labor-Management Relations Act of 1947 (also called the Taft-Hartley Act). That section reads:

Nothing in this Act shall be construed as authorizing the execution or application of agreements requiring membership in a labor organization as a condition of employment in any State or Territory in which such execution or application is prohibited by State or Territorial law.

These 44 words are fighting words to labor union officials who charge that their union security and solidarity is jeopardized by allowing individual workers to opt out of any union membership or financial requirements. Right-to-work proponents, however, argue that these laws uphold the civil right of Americans to work without being forced to pay union membership dues or agency fees in order to continue working.

In order to understand the role of economic analysis in the RTW debate, it is important to understand the main arguments marshaled by both supporters and opponents of RTW laws. The primary argument of opponents is that workers benefit from union representation, and that therefore they should be required to pay the cost of this representation. Unions argue that RTW laws create "free riders," employees who receive the benefits of a bargaining contract while escaping any financial obligation to reimburse the union for the costs of collective bargaining.

To assess the merits of this claim, however, one must understand the nature of compulsory unionism as it relates to the rights and duties of workers covered by a collective bargaining contract. Most important is the fact that federal law grants unions "exclusive representation" privileges. This means that once a union is "recognized" (i.e., voted in by a majority of employees) it has the sole right to speak for the entire group of employees and negotiate on its behalf. Individual employee negotiations are prohibited. This is true even when individuals have neither voted for a union nor desire union representation. A right-to-work law does not affect this union privilege.

Exclusive representation therefore provides unions with total legal control in employee representation matters. Exclusivity not only makes it illegal for workers to bargain on their own, but also prevents them from hiring another union or agent to deal on their behalf with their employers. Exclusivity normally prevents any redress of a worker's problem without the union being present during an employer-worker meeting.

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***Exclusive representation therefore provides unions with total legal control in employee representation matters.***



Supporters of RTW laws claim that because employees are prevented from selecting a competing representative during the union's period of exclusivity—that the union has in essence a monopoly on worker representation—the union is likely to be less accountable to its members. This means that the union may, with relative impunity, provide fewer services to employees or engage in political or social activities having nothing to do with workplace issues. Right-to-work advocates therefore argue that requiring unions to earn the voluntary support of workers is one way to assure that union policies reflect the interests of the represented workers.

One solution to the alleged “free-rider” problem would be to eliminate exclusive representation and permit a union to represent only those employees desiring its representation. If a worker did not join and pay dues, the union would not be required to represent him, and the worker could negotiate his own employment relationship with the employer. Labor union officials, however, consistently refuse to support this alternative. They fought hard for their federal exclusive representation privileges and jealously protect them. They claim that exclusivity permits the union to wield the bargaining power necessary to balance the interests of workers with the interests of management. Unions rely on their status as the sole representative for all bargaining unit workers to justify the payment of forced union dues.

Supporters of RTW laws also take issue with the assumption, implicit in organized labor’s “free rider” argument, that union representation benefits all employees in the negotiating unit. Supporters state that workers are often “captive passengers” rather than “free riders.” They claim there is always a group of highly skilled or ambitious workers whose ability to get ahead is impeded by union contract restrictions such as rigid seniority clauses, which prevent them from competing for advancement. Employees may also oppose union obligations because of union discrimination, which can result from employees objecting to forced financing of union political activities.

The other major argument used by opponents of RTW laws is that working in a right-to-work state is “the right-to-work for less” or “the right-to-starve.” This is shorthand for the idea that enactment of a right-to-work law will weaken the union’s ability to protect workers from management exploitation, and therefore reduce the economic gains of workers.

The remainder of this study examines this latter claim, and suggests what economic impact a right-to-work law might have in Michigan. The analysis concludes that RTW laws do not lead to a reduction in economic benefits for workers in RTW states and would not do so in Michigan. In fact, there are signs that RTW laws have produced significant benefits for workers in those states. The debate surrounding RTW principles often centers on emotional rhetoric. This analysis, however, provides empirical evidence that will help both supporters and opponents of right-to-work to assess more accurately the impact of a Michigan RTW law on Michigan workers and their families.

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***... requiring unions to earn the voluntary support of workers is one way to assure that union policies reflect the interests of the represented workers.***

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*The economies of RTW states have been growing faster than those of non-RTW states since the late 1940s.*

### III. Literature Review

More than five decades of experience with RTW laws has yielded a large body of economic analysis of their impact on a variety of economic factors.

Right-to-work laws were enacted, in large part, to promote economic growth. Anecdotal evidence suggests that they have. The economies of RTW states have been growing faster than those of non-RTW states since the late 1940s. Much research attributes this phenomenon to employers seeking to avoid unions. (Cobb, 1982; Newman, 1983; 1984; Cappelli and Chalykoff, 1985; Kochan et al., 1986; Reder, 1988). For a review of the pre-1980s literature see Moore (1985).

Survey research also indicates that RTW laws are important in industry location decisions (for a review of the literature see Cobb, 1982 and Calzonetti and Walker, 1991). Businesses often cite RTW laws or "favorable business climate" as major factors in location decisions. For example, Schmenner (1982) reports that in his survey of Fortune 500 firms a "favorable labor climate" was the most important factor in industry location followed by proximity to markets.

Holmes (1996) finds a precipitous drop in manufacturing activity when crossing the border from a RTW into a non-RTW state. Relative manufacturing employment declines by one-third as one moves from within 25 miles of the border in the RTW state to within 25 miles of the border in the non-RTW state. Holmes finds that this pattern did not become statistically significant until the early 1960s or many years after the passage of the Taft-Hartley Act (which permits RTW laws), suggesting that it may take years for these laws to yield significant returns in industrial development.

Examining 311 U.S. metropolitan areas, James Bennett (1994) finds that while families living in non-RTW states have higher average nominal incomes, the average urban family in a RTW state has \$2,852 more in after-tax purchasing power per year than the same family would have in a non-RTW state. This is because on average, residents in states without RTW laws pay 24.5 percent more for food, housing, health care, utilities, property taxes, and college tuition than those in RTW states). Moreover, Bennett finds evidence that the gap in living standards between RTW and non-RTW states appears to be growing over time.

Employing similar methodology for nine Midwestern states, David Kendrick (2001) finds inflation-adjusted, after-tax income to be \$1,145 higher in RTW states (IA, KS, NE, ND) than in non-RTW states (IL, IN, MN, MO, WI).

#### IV. RTW vs. Non-RTW: The Regional Breakdown

Most RTW states adopted RTW laws during late 1940s and 1950s. Today such laws are in effect in twenty-two states, most of them in the West and Southeast. The Northeast is the only region without a RTW state while the South (at 12) has the greatest concentration. Table 1 gives the geographic breakdown of RTW states.

The rosters of RTW and non-RTW states have changed little in a half century. After 19 states passed RTW legislation shortly after Taft-Hartley in 1947, only three non-RTW states enacted a RTW law from 1964 until 2001. Oklahoma’s passage of a new law in 2001, however, shows that RTW legislation isn’t entirely dormant. Only one RTW state, Indiana, has repealed its law, in 1965.

**Table 1 – Breakdown of States by Region and Right-to-Work Status, 2002**

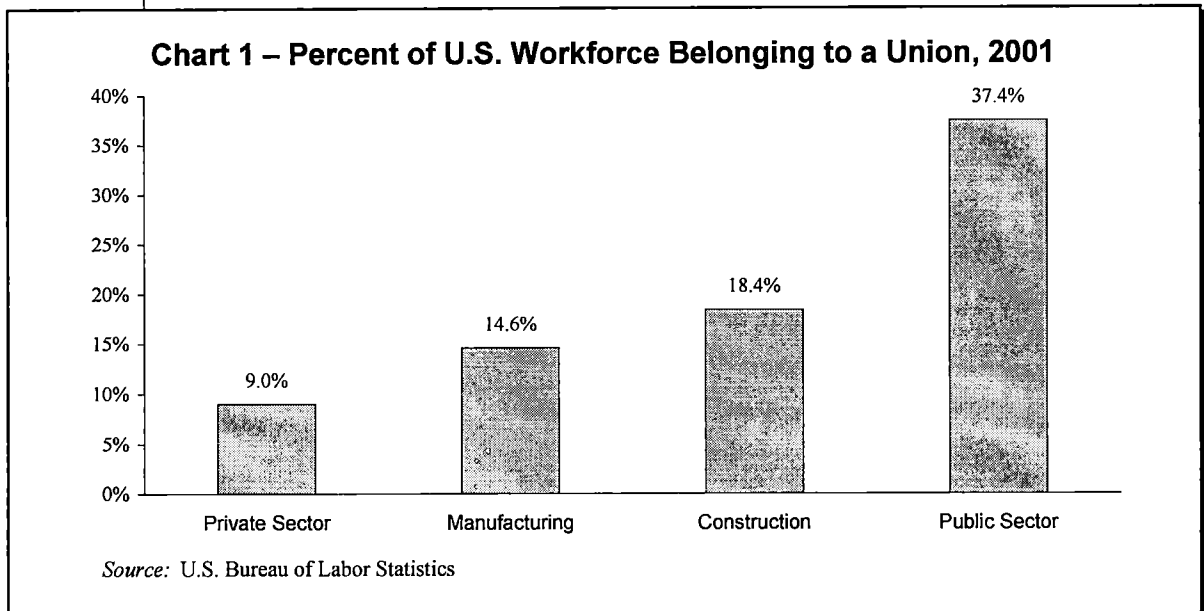
	Northeast	South	Midwest	West	Total
Non-right-to-work	11	2	7	8	28
Right-to-work	0	12	5	5	22
Total	11	14	12	13	50

<i>Northeast</i>	<i>South</i>	<i>Midwest</i>	<i>West</i>
Connecticut	<b>Alabama</b>	Illinois	Alaska
Delaware	<b>Arkansas</b>	Indiana	<b>Arizona</b>
Maine	<b>Florida</b>	<b>Iowa</b>	California
Maryland	<b>Georgia</b>	<b>Kansas</b>	Colorado
Massachusetts	Kentucky	Michigan	Hawaii
New Hampshire	<b>Louisiana</b>	Minnesota	<b>Idaho</b>
New Jersey	<b>Mississippi</b>	Missouri	Montana
New York	<b>North Carolina</b>	<b>Nebraska</b>	<b>Nevada</b>
Pennsylvania	<b>Oklahoma</b>	<b>North Dakota</b>	New Mexico
Rhode Island	<b>South Carolina</b>	Ohio	Oregon
Vermont	<b>Tennessee</b>	<b>South Dakota</b>	<b>Utah</b>
	<b>Texas</b>	Wisconsin	Washington
	<b>Virginia</b>		<b>Wyoming</b>
	West Virginia		

**After 19 states passed right-to-work legislation shortly after Taft-Hartley in 1947, only three non-right-to-work states enacted a right-to-work law from 1964 until 2001.**

*NOTES: Right-to-work states denoted in bold. Indiana repealed its RTW law in 1965. Louisiana, Idaho, and Oklahoma passed RTW legislation in 1976, 1985, and 2001, respectively.*

State union membership rates are strongly correlated with RTW status. According to the U.S. Bureau of Labor Statistics, all states in the Great Lakes, Mid-Atlantic and Pacific regions (i.e., non-RTW regions) had union membership rates above the national average of 13.5 percent in 2001, while all states in the East South Central and West South Central divisions had below-average rates. Overall, 29 states had union membership rates below the U.S. average, while 21 states and the District of Columbia had higher rates.



Four states had union membership rates over 20 percent in 2001—New York, Hawaii, Alaska, and Michigan (in order of decreasing share). Two states, North and South Carolina, had membership rates below 5 percent. As of 2001, half of the nation’s 16.3 million union members lived in six states—California, New York, Illinois, Michigan, Ohio, and Pennsylvania. These six states accounted for 35 percent of wage and salary employment nationally.

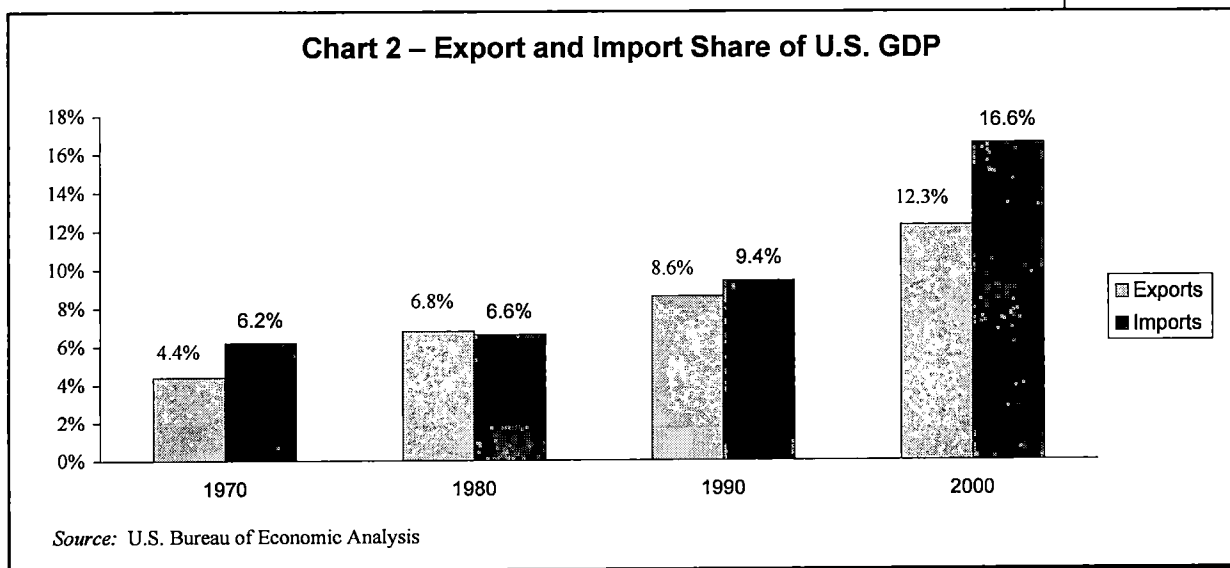
Workers in the public sector continued to have unionization rates that were about four-times higher than their counterparts in private industry. In 2001, the unionization rate of government workers was 37.4 percent, compared with 9 percent among private sector employees (see Chart 1). Local government, which includes many workers in the heavily unionized fields of public education (the NEA is the largest union in the country), firefighting and law enforcement, had the highest unionization rate, at 43.1 percent. The construction and manufacturing industries also had higher-than-average unionization rates, at 18.4 percent and 14.6 percent, respectively. The nonagricultural industry with the lowest unionization rate in 2001 was finance, insurance, and real estate at 2.1 percent.<sup>1</sup>

## V. The Influence of Globalization

The post-World War II period has brought rapid economic globalization, which has dramatically increased the importance of labor productivity and of policies, such as right-to-work, that affect it. Advances in information technology, greater capital mobility, and lower barriers to entry for business startups are making it increasingly difficult for businesses to pass higher costs on to suppliers and customers. The net effect is increasing pressure for firms to seek geographical regions with lower cost structures and higher rates of labor productivity.

Between 1948 and 1994, seven tariff reduction rounds significantly liberalized world trade among the developed nations. The United States currently has zero tariffs on one-third of all imports, while the Most-Favored-Nation (MFN) tariff rate has declined to approximately 4.6 percent.

This trade liberalization has produced increasing import and export penetration as a share of the U.S. Gross Domestic Product (GDP). Between 1970 and 2000, the U.S. export share of GDP almost tripled (4.4 percent to 12.3 percent) while the U.S. import share of the economy more than doubled (6.2 percent to 16.6 percent) (see Chart 2). Interestingly, the 1990s witnessed the greatest percentage increase in trade penetration, with both export and import shares rising markedly. This fact will prove interesting throughout the analysis presented in section VI.



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***Union membership now hovers around 9 percent of the private sector workforce. Despite organized labor's persistent influence in the national and local political arena, the forces of globalization continue to shrink its ranks.***

Before the forces of globalization opened the relatively insular U.S. economy to increased trade, U.S. manufacturers were enjoying near monopolistic market conditions in the United States. The U.S. auto industry, for example, enjoyed a 90 percent domestic market share in 1960.

These benign market conditions for U.S. manufacturers in the early post-World War II period allowed them to pass on higher costs to consumers without a significant loss in market share. These conditions also permitted organized labor to thrive, swelling its ranks to one-third of the American workforce by 1955.

Union membership now hovers around 9 percent of the private sector workforce. Despite organized labor's persistent influence in the national and local political arena, the forces of globalization continue to shrink its ranks. There is every reason to believe that these forces will only intensify in the future as barriers to international trade continue to fall and as relative business costs play a greater role in regional economic performance. Advances in information technology, greater capital mobility and lower barriers to entry for business startups are making it increasingly difficult for businesses to pass on higher costs to suppliers and customers. The net effect is increasing pressure for firms to seek geographic regions with lower cost structures and higher rates of labor productivity.

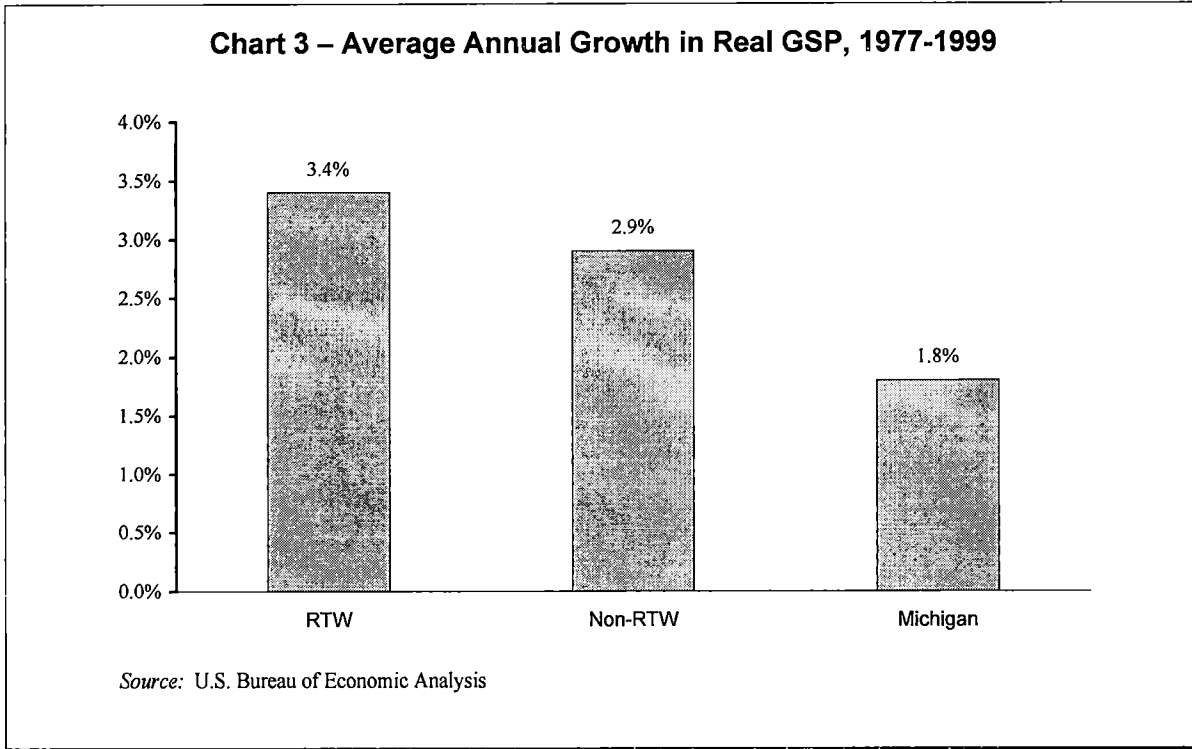
## **VI. Comparative Analysis of Economic Performance**

Nine economic statistics (Gross State Product, employment growth, manufacturing and construction employment, the unemployment rate, per-capita disposable income, unit labor costs, poverty rate, and income inequality) provide the yardstick for comparing economic development between RTW and non-RTW states. These statistics represent a diverse cross-section of economic data, providing a multifaceted comparison of economic development between the states. Contingent upon data availability, results are presented over three decades, 1970 through 2000.<sup>2</sup>

To show key inflection points for each of the nine statistics, the results are presented for each decade in Appendix I. In addition to comparing key differences between RTW and non-RTW states, Michigan's results are presented separately.

The time series methodology will account for the status change of Louisiana and Idaho, which became RTW states in 1977 and 1985, respectively. Oklahoma is classified as a non-RTW state for purposes of this study, since its change to RTW status is too recent (2001) for the effects to be reflected in the statistics.

**A. Gross State Product (GSP)**



*Note: 1977 is the first year GSP is available.<sup>3</sup>*

Gross State Product (GSP), the market value of all goods and services produced in a state, is the broadest measure of a state’s economic activity. Chart 3 summarizes average annual real GSP growth rates between RTW states, non-RTW states and Michigan from 1977-1999.

Right-to-work states enjoyed a 0.5 percent annual growth advantage over non-RTW states. This is a considerable growth advantage, particularly when compounded over 23 years.

Dividing the results into two equal time periods (1977-88 and 1988-99, both of which include a recession) to discover any changes in relative growth rates yielded even more distinctions (see Table I, Appendix I). While the average annual growth advantage held by RTW states was just 0.1 percent from 1977-88, it accelerated to 1 percent from 1988-99.

Michigan averaged 1.8 percent growth from 1977-99, growing a little more than half as fast as the average RTW state. Michigan’s growth even lagged that of its sister non-RTW states by more than 1 percent annually. Over this period, only three

states have grown more slowly than Michigan (Montana at 1.6 percent, West Virginia at 1.3 percent, and Louisiana at 1.4 percent).

While Michigan’s annual GSP growth more than doubled during the 1988-99 period, it still lagged behind the GSP growth of the average RTW and non-RTW states by significant margins (Michigan’s state ranking increased to 36<sup>th</sup>). While Michigan’s growth did accelerate during this period, that growth was slower than the average growth in RTW and non-RTW states. Only two RTW states (Wyoming and Louisiana) failed to grow as fast.

**B. Payroll Employment Growth**

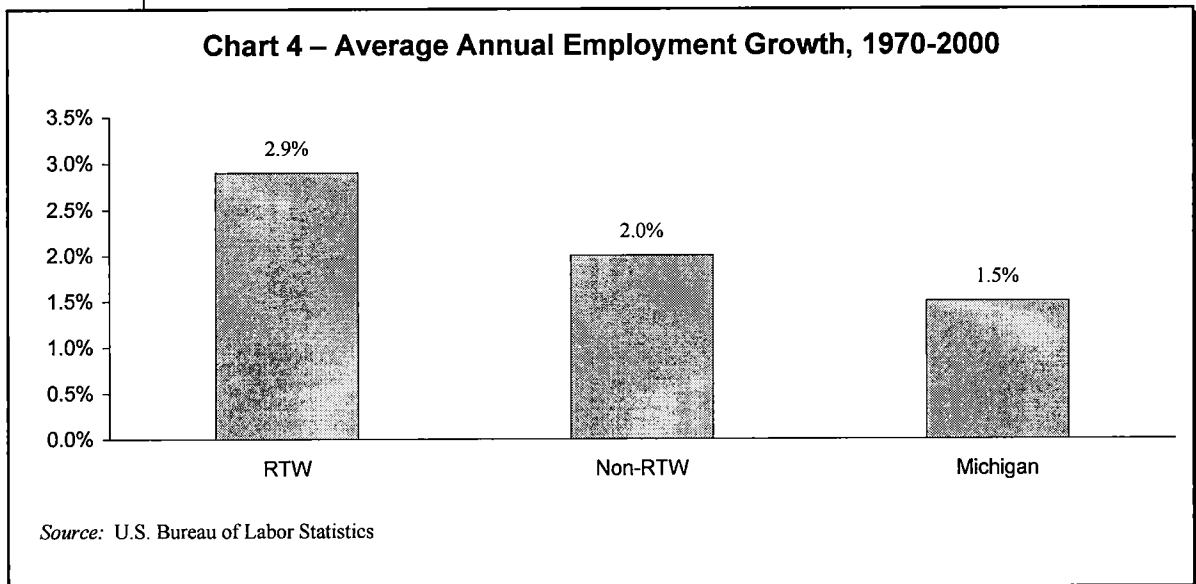
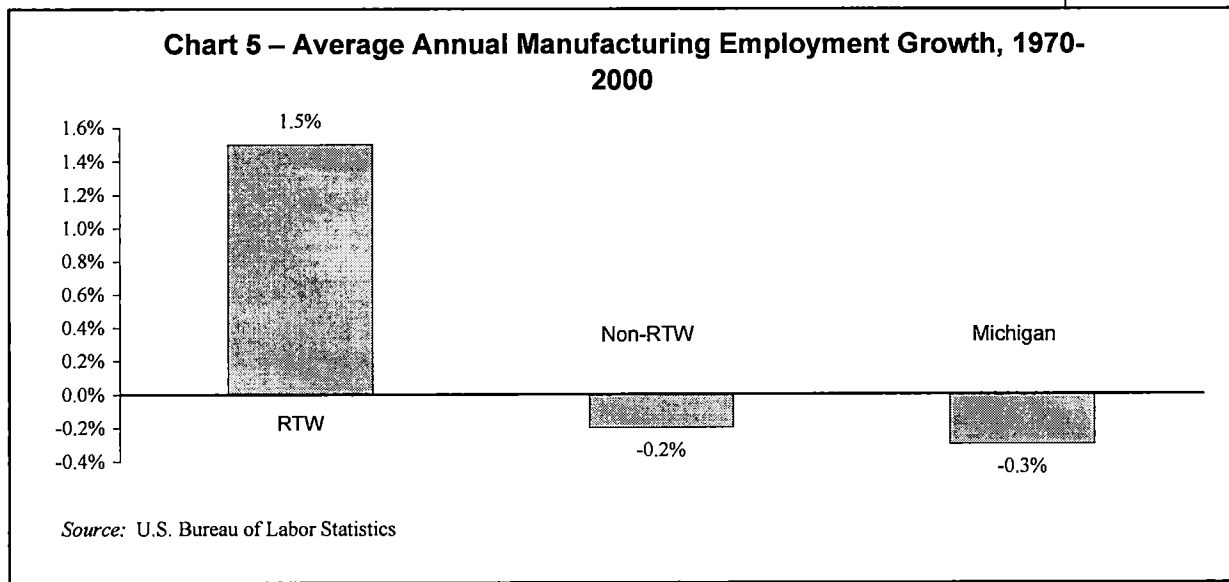


Chart 4 presents average *non-farm payroll employment growth* from 1970-2000. Right-to-work states averaged almost 1 percent faster annual growth. Although this difference dissipated temporarily during the 1980s, it widened significantly during the 1990s (see Table II, Appendix I).

At 1.5 percent, Michigan’s employment growth averaged only half that of RTW states, placing it 41<sup>st</sup> in employment growth over this period (surpassed by every RTW state). Michigan’s relative ranking barely improved during the 1990s, placing it in 35<sup>th</sup> place, again trailing all 21 RTW states.



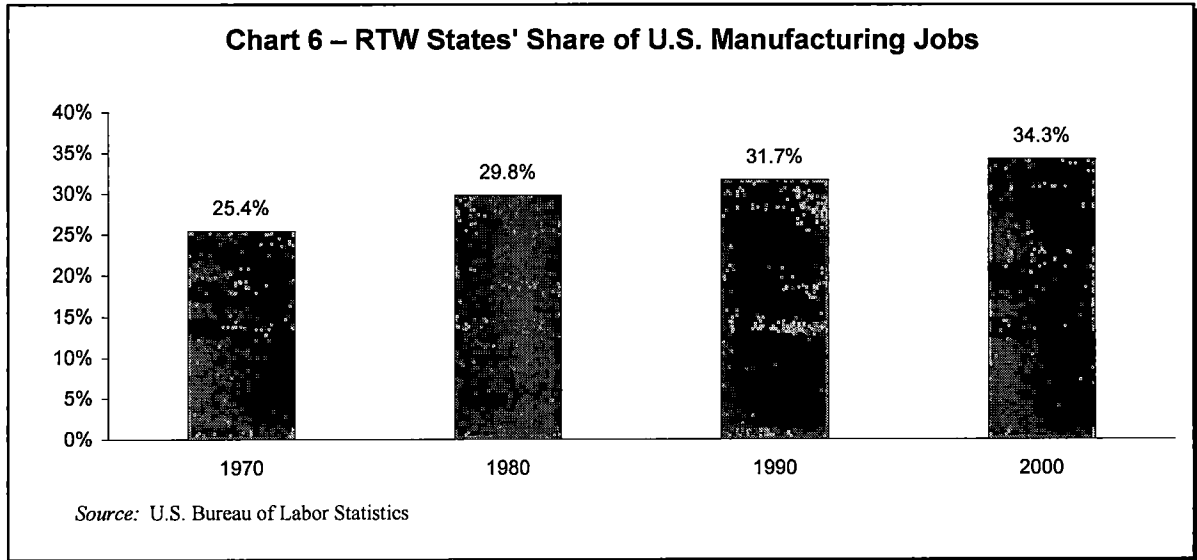
### C. Manufacturing Employment Growth



Because the manufacturing workforce has much higher rates of unionization than the overall labor force, the RTW advantage should be even more amplified in this sector. If compulsory unionism drives up labor compensation levels without a commensurate rise in productivity, manufacturers will seek more attractive regions for expansion, leaving non-RTW states with shrinking manufacturing payrolls.

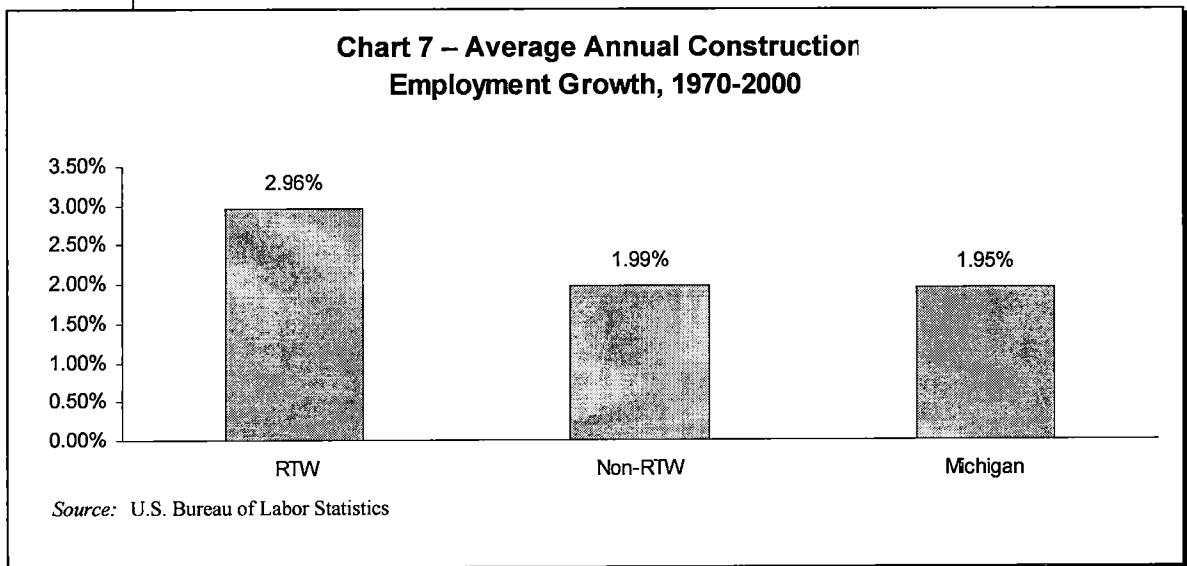
Chart 5 illustrates that this clearly has been the case. In a period (1970-2000) where total manufacturing employment dropped by 5 percent nationwide, RTW states augmented their employment base by 1.5 percent annually. Over the 1970-2000 period, RTW states enjoyed a 1.7 percent growth advantage over non-RTW states, a significantly larger margin than they posted for total payroll employment.

While non-RTW states were cutting manufacturing payrolls by 2.3 million from 1970-2000, RTW states were increasing their blue-collar payrolls by 1.4 million. The RTW states' share of total manufacturing jobs (see Chart 6) rose from 25.4 percent in 1970 to 34.3 percent by 2000. Despite the loss of 875,000 U.S. manufacturing jobs over this period, all of the 21 RTW states registered a net gain in manufacturing payrolls.



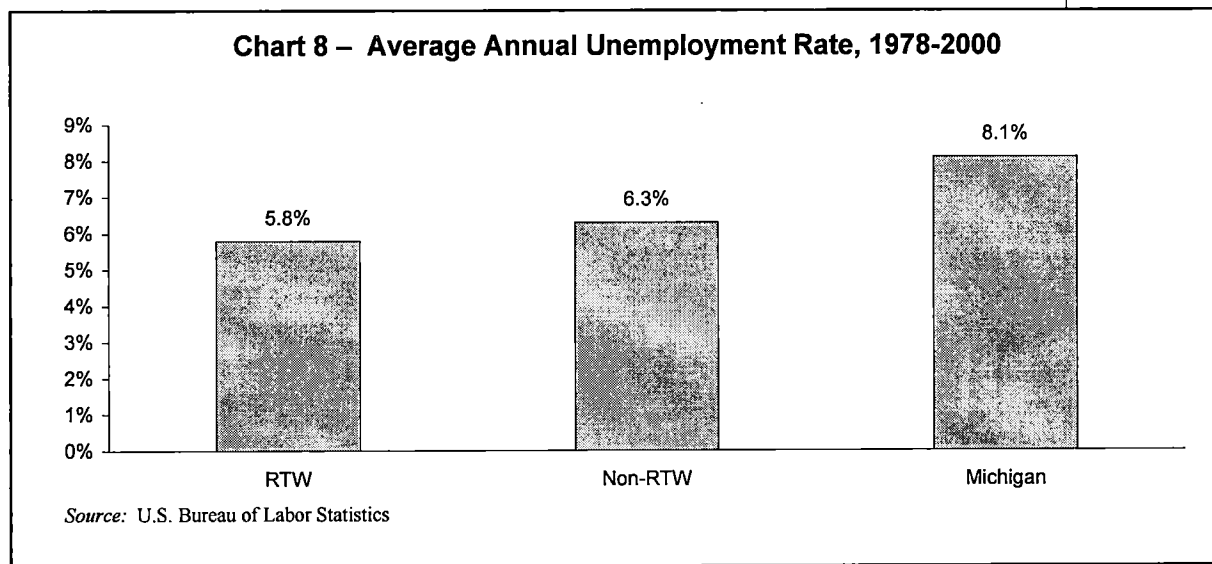
Once a manufacturing powerhouse, Michigan fared poorly even in relation to other non-RTW states, losing over 100,000 manufacturing jobs from 1970 to 2000. Unlike most non-RTW states, however, Michigan's manufacturing payrolls did managed to grow during the 1990s (see Table III, Appendix I), ranking it 23<sup>rd</sup> in growth among all states.

**D. Construction Employment Growth**



Not surprisingly, RTW states also had almost 1 percent faster construction employment growth over this period. While non-RTW states had higher growth in this category during the 1980s (without Wyoming's 7.5 percent decline, RTW states would have had positive construction job growth), the RTW advantage quickly reasserted itself during the 1990s. Michigan ranked 32<sup>nd</sup> in the nation (from 1970-2000), averaging 1.9 percent annual growth in construction employment.

### E. Unemployment Rate



From 1978 through 2000, RTW states had lower average annual unemployment rates for all but 5 of 23 years. Right-to-work states also weathered the 1990-91 recession better, with unemployment rising only 0.43 percent (from 1990-91) compared to a 1.13 percent rise for non-RTW states.

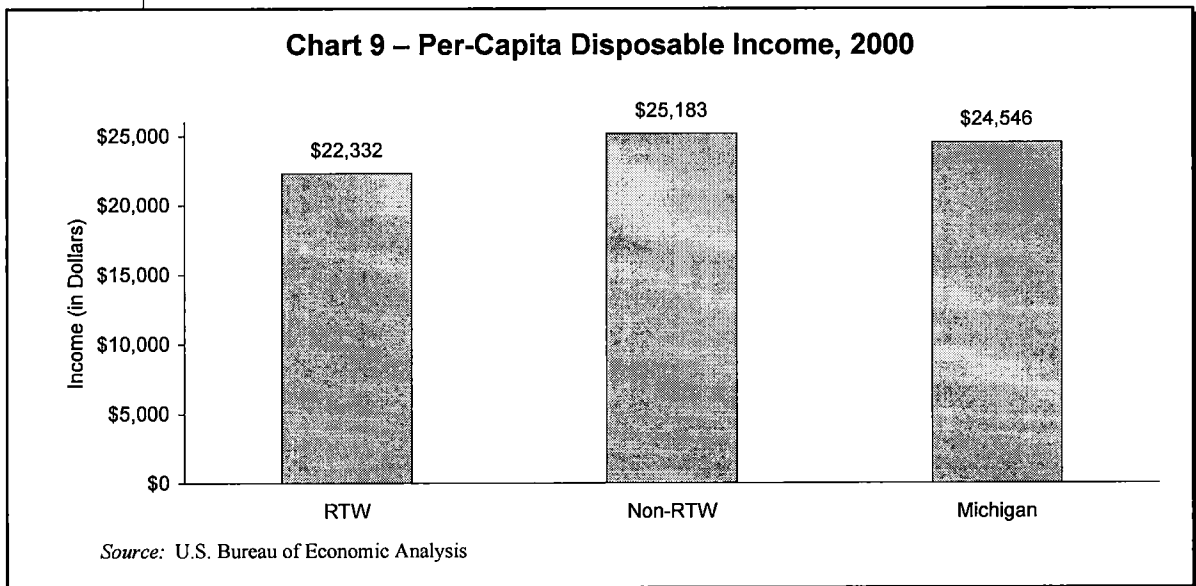
The unemployment gap between RTW and non-RTW states dissipated during the 1990s, reflecting a national trend toward tighter labor markets (and full employment) in most states. This phenomenon produced labor shortages which were more acute in RTW states.

Michigan's unemployment rate averaged 8.1 percent from 1970-2000, significantly higher than the 5.8 and 6.3 percent average for RTW and non-RTW states, respectively. While Michigan's average rate did fall below the national average during much of the 1990s, this was more a consequence of slower growth in Michigan's workforce (i.e., fewer eligible workers), not faster employment growth.

### F. Per-Capita Disposable Income Growth

Critics of RTW legislation have often acknowledged the faster employment growth in RTW states, but counter that it comes at the expense of much lower wages and incomes. Organized labor’s mantra, the “right-to-work for *less*” or the “right-to-starve,” has resonated strongly both inside and outside union circles.

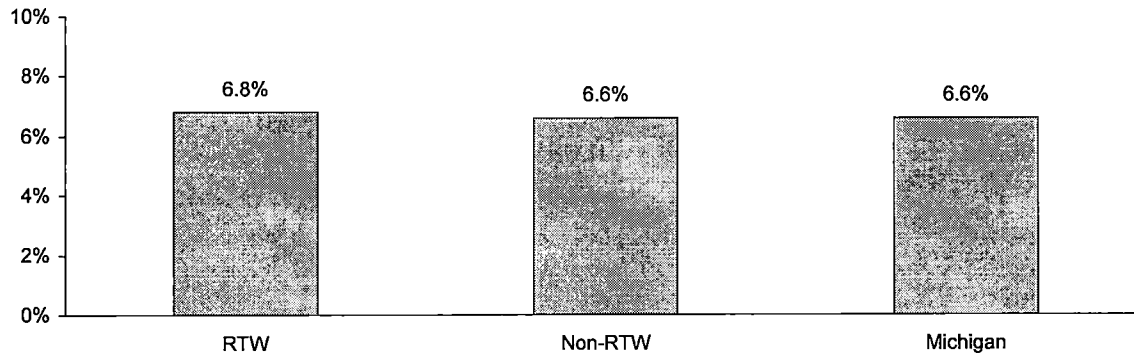
Most economic studies have shown higher nominal or money income in non-RTW states. Chart 9 confirms that this is still the case. *Per-capita disposable income*, the per-person income available for spending and saving after paying taxes, was approximately 10 percent higher in non-RTW states in 2000.



But this gap in favor of the non-RTW states does not necessarily mean that purchasing power, or the standard of living, is higher in these states. Higher nominal incomes may simply reflect a higher cost-of-living. This is, in fact, precisely what recent research is finding (see Bennett 1994 and Kendrick 2001). James Bennett, for example, found that a typical family in a RTW state had \$2,852 *more* in after-tax purchasing power than the same family had in a non-RTW state (even though the non-RTW families had higher nominal incomes).<sup>4</sup>

Besides evidence of greater purchasing power or higher living standards in the RTW states, there is also hard evidence that the nominal income gap between RTW and non-RTW states is narrowing. As shown in Chart 10, per-capita disposable income grew 0.2 percent *faster* annually for RTW states over the 1970-2000 period. So while non-RTW states have traditionally held a lead in nominal income, this gap continues to narrow.

**Chart 10 – Average Annual Growth in Per-Capita Disposable Income, 1970-2000**



Source: U.S. Bureau of Economic Analysis

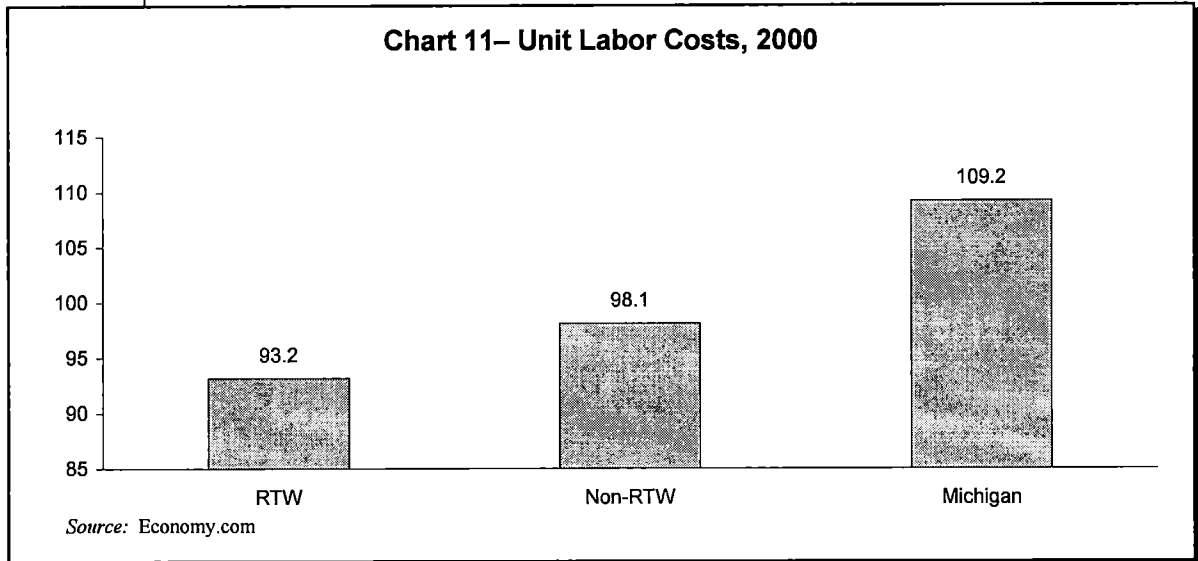
Disposable income is growing faster in RTW states because they have a flexible work environment in which employers and employees can more easily respond to market incentives. This produces lower costs, higher productivity, and greater income and job growth. Businesses increasingly reject “top-down” management, relying instead upon employee participation in every aspect of a firm’s decision-making process. This inevitably favors a work environment that is more responsive to the changing needs of both workers and employers.

Employees protected by RTW legislation can quit supporting a union without quitting their job. Reid and Faith (1987) find that unions in RTW states reward members more equally and are less concerned with day-to-day administration of complex bargaining agreements. This makes collective job actions more difficult and prompts local union leaders to strive more for consensus among their members. Right-to-work legislation forces a union to bargain more in the immediate interest of all members because members can withdraw from a union at any time without cost to themselves.

Rigid union-negotiated employee contracts typically have the perverse effect of reducing the pay of the most productive workers while increasing compensation for less productive workers. Any system that grants union officials the legal power to impose unwanted union representation on its most productive workers, and then forces them to pay for it, ultimately lessens the income and standard of living of all its citizens.

Michigan, ranking fourth in the nation in private-sector union membership (as a percent of the private workforce in 2001), matched the non-RTW state average in disposable income growth.

**G. Unit Labor Costs**



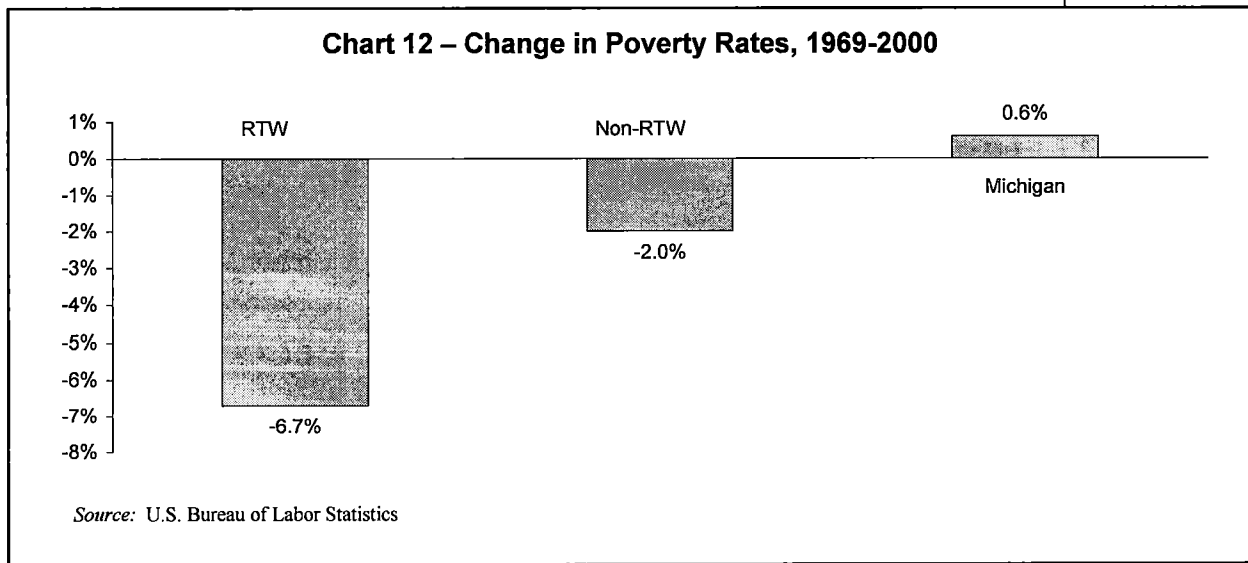
Unit labor costs measure labor compensation relative to labor productivity. Defined as compensation per unit of real output (see Appendix II for a detailed description of this index), unit labor costs are a better indication of business profitability than labor compensation alone, and are the most crucial component of the cost of doing business within a geographical region.

Labor compensation growth, over time, is directly linked to growth in labor productivity. A workforce that is producing more output per person (i.e., higher productivity) will experience higher growth in real earnings. This growth in real earnings will not jeopardize a region’s business competitiveness when matched by commensurate productivity gains. Growth in labor compensation that is not matched by productivity gains, conversely, will result in higher unit labor costs and deteriorating business competitiveness.

Relative business costs have been a major factor affecting regional economic performance. As U.S. businesses find it increasingly difficult to raise prices due to greater competition from both home and abroad, relative business costs will likely play an increasingly important role in business location decisions. States or regions that maintain uncompetitive unit labor costs will see an exit of capital and business formation to more competitive regions.

Table VII in Appendix I shows the time series of unit labor costs for each state and the District of Columbia from 1990 through 2000. Not surprisingly, the results show a clear pattern of higher unit labor costs in non-RTW states during the past decade. According to Economy.com, only three RTW states in 2000—Florida, Utah and Virginia—had unit labor costs above the national average (U.S.=100) while 11 non-RTW states exceeded the average. In 2000, RTW and non-RTW states’ unit labor costs averaged 93.2 and 98.1, respectively. Uncompetitive at the start of the decade, Michigan’s unit labor costs rose to 109.2 by 2000, ranking it second in the nation behind New Jersey.

**H. Poverty Rate**



The U.S. Bureau of Labor Statistics defines the poverty rate as the percentage of people who live in households with cash incomes below the “poverty line.” This line is not a fixed dollar amount but varies by family size and type. For example, the poverty line for a single person in 2001 was \$9,044 and \$18,104 for a typical family of four.

The U.S. poverty rate fell between 1949 and 1969, from 39.7 percent to 14.4 percent. The official poverty rate reached a historic low in 1973, then stopped falling. Between that year and 2000, the poverty rate rose from 11.1 percent to 11.3 percent.

While the poverty rate failed to drop nationwide over the past three decades, it showed a distinctly different pattern in the RTW states. Starting with much higher poverty rates (averaging 18.3 percent in 1969), by 2000 RTW states had dropped sharply their average rate to 11.6 percent, placing the poverty rate only 0.3 percent higher than the U.S. poverty rate. All 21 RTW states’ (including Louisiana and

Idaho) poverty rates have declined over the past 30 years. Based on the U.S. Bureau of Labor Statistics' decennial survey from the past four decades, the poverty rate declined 6.7 and 2.0 percent for RTW and non-RTW states, respectively, from 1969 to 2000 (see Table VIII, Appendix I for actual poverty rates).

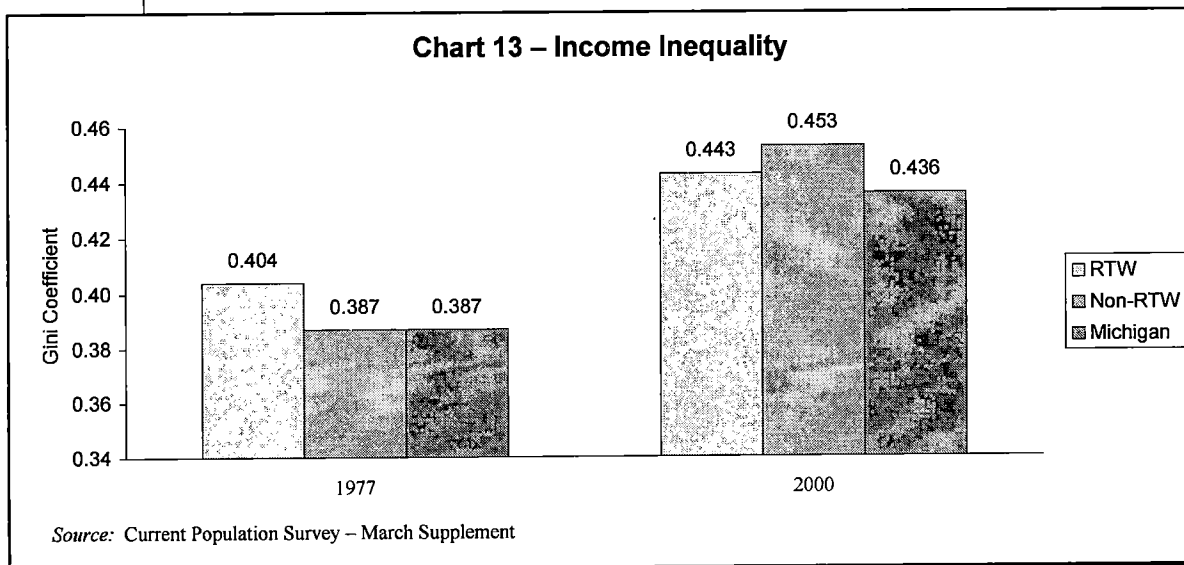
Michigan's poverty rate showed a disturbing 0.6 percent rise over this same period, ranking it 45<sup>th</sup> overall in poverty rate improvement. Michigan is one of seven states, all non-RTW, whose poverty rate actually increased over the past 30 years.

### I. Income Inequality

In section F we found faster growth in disposable income in RTW states. In this section we examine *income inequality* to more accurately determine changes in the *distribution* of income.

Neither economic theory nor history suggests that a market economy should lead to an even distribution of earnings. In free markets, prices adjust to equate supply and demand. When demand for skilled workers outstrips supply, the wages of those at the top of the distribution grow faster than the wages of those at the bottom.

In other words, rising income inequality is not necessarily an unhealthy sign in a growing economy. Such a rise occurred in the second half of the 1800s, a period of strong economic growth and rising real incomes for most Americans. Falling income inequality, conversely, is not necessarily positive. Inequality remained relatively high going into the 20th century but declined rapidly during the Great Depression. Nevertheless, income inequality, examined in context with the other statistics, may yield some additional insight into the differences between RTW and non-RTW states.





Income inequality, as measured by the *Gini Coefficient* (see Appendix III), ranges from zero to one, with zero indicating perfect income equality (all income distributed equally to all households) and one indicating perfect income inequality (all income accruing to one household). The Gini Coefficients for RTW states, non-RTW states and Michigan are shown in Chart 13 for 1977 (first year available) and 2000. See Table IX in Appendix I for the Gini Coefficient for the years 1977, 1985, 1993 and 2000.<sup>5</sup>

Like poverty rates, income inequality started significantly higher in RTW states.<sup>6</sup> While inequality rose for both over the past quarter century (as a trend, it has risen in the United States), it has risen significantly faster for non-RTW states. By 1992, the positions had reversed: RTW states had, on average, *lower* income inequality than non-RTW states.

Lower income inequality in the RTW states would have seemed unthinkable a generation ago. A quarter century of superior economic growth in the RTW states adds to the increasing evidence that economic growth is the best way to raise the incomes of all Americans.

Michigan's Gini coefficient rose from .387 to .436 over the same period. In 1977, the state ranked 17<sup>th</sup> in income inequality (i.e., 16 states had lower income inequality). Michigan's income inequality widened rapidly during late 1970s and early 1980s, and by 1985, its state ranking had dropped to 33<sup>rd</sup>. Since then, however, Michigan's income inequality has risen less rapidly than most states. By the turn of the millennium, its state ranking had risen to 18<sup>th</sup>.<sup>7</sup>

These results contradict the widely held belief that the presence of unions and the power of collective bargaining mitigate income inequality by distributing earnings more evenly. Although this may be true within individual unionized companies, it is not true for any state's economy as a whole. The favorable economic climate produced by RTW laws appears to be responsible for general income growth that benefits all workers and reduces income disparity.

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***A quarter century of superior economic growth in the right-to-work states adds to the increasing evidence that economic growth is the best way to raise the incomes of all Americans.***

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## VII. Conclusion

**Table 2. Michigan: A Final Look**

<i>Economic Variable</i>	<i>Year(s)</i>	<i>State Rank</i>
Gross State Product	1977-1999	47
	1988-1999	36
Employment Growth	1970-2000	41
	1990-2000	35
Manufacturing Employment Growth	1970-2000	37
	1990-2000	23
Construction Employment Growth	1970-2000	32
	1990-2000	18
Unemployment Rate	1978-2000	47
	1990-2000	14
Per-Capita P.I. Growth	1970-2000	34
	1990-2000	22
Unit Labor Costs	2000	49
	1990	48
Poverty Rate Improvement	1969-2000	45
Income Inequality	1977	17
	2000	18

Right-to-work laws were enacted by states primarily to attract and to promote economic growth. This study, employing a large cross-section of economic indices, finds a broad-based trend of superior economic development in RTW states over the past three decades.

The comparative statistics on income growth, unit labor costs and poverty rates are the most novel and interesting. Until now, organized labor has stressed the necessity of compulsory union support as a countervailing force against corporate power and rising income inequality. Although they have often derided RTW laws as “right-to-work for less,” advocates of compulsory unionism have no economic basis upon which to support that claim.

The RTW economic growth advantage clearly accelerated during the 1990s. Poverty fell further; disposable income grew faster and manufacturing employment expanded in RTW states. There is a strong possibility that this widening in economic development will only continue in the future. Heightened competition, both at home and from abroad, has increased the importance for firms of finding regions with a flexible labor environment and lower cost structures. The advent of the Internet,

advances in information technology, lower barriers to entry for most industries, and the increased mobility of financial capital all favor states with RTW legislation.

Table 2 above summarizes Michigan's ranking, vis-à-vis all 50 states, over the 1970-2000 period with a separate listing for the 1990s. The state rank is enumerated so that the higher the ranking, the better the economic performance. The 1990s were singled out because the decade is widely regarded as a period of "superior" performance for the state's economy.

Michigan's relative economic performance over the past three decades was dismal, finishing in the bottom quintile in economic and employment growth, unit labor costs and poverty rate improvement. Interestingly, with the exception of per-capita personal income growth (for which it was tied) and income inequality, Michigan performed worse in every category vis-à-vis the average non-RTW state.

More worrisome, however, are the startling statistics on Michigan's unit labor costs. As the forces of globalization and competition intensify, Michigan's high unit labor costs will increasingly discourage fresh capital from planting new seeds.

While the 1990s brought some very modest improvement in Michigan's relative standing, it was hardly a decade of economic superiority. The state continued its three-decade tradition of below-average growth in output, employment and income. The recipient of key economic headwinds, Michigan's relative economic performance should have excelled during the 1990s. Relatively low energy prices and interest rates were a boon to the state's heavy industry. The exchange value of the dollar, significantly weaker since the 1980s, was a boost to state exporters (Michigan is a major exporter). Equally important, the Big Three automakers, riding the wave of light-truck mania, registered record sales and profits.

Interestingly, the 1990-91 recession also favorably impacted Michigan's relative growth statistics. With economic growth contracting more here than in most states during the late 1980s and the 1990-91 recession, Michigan's economic recovery came off a relatively low base, biasing its growth figures upward. Michigan's ensuing cyclical recovery (1991-1999) should have produced much more robust economic growth. Instead, Michigan still lagged behind RTW states.

Communism as a political philosophy eventually died because it couldn't "deliver the goods." Like communism, compulsory union support hasn't delivered the goods but has managed to survive in the majority of states. This paper shows a clear correlation between economic growth and RTW status. Corroborated by a growing body of research conducted by many independent scholars, the compelling conclusion is that RTW laws increase state economic development and overall prosperity.

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***Corroborated by a growing body of research conducted by many independent scholars, the compelling conclusion is that right-to-work laws increase state economic development and overall prosperity.***

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**NOTES**

<sup>1</sup>Paragraph provided by the Bureau of Labor Statistics' "*Union Members Summary 2001.*"

<sup>2</sup>RTW and non-RTW summary statistics are weighted by the number of states in each category (typically 29 and 21 for non-RTW and RTW, respectively).

<sup>3</sup>1999 was the last year available as of this writing.

<sup>4</sup>Lacking cost-of-living data by state, Bennett used Consumer Price Index data from a large number of metropolitan areas to compare RTW versus non-RTW states.

<sup>5</sup>The Census Bureau's decennial survey data on *family* income starts in 1969 but the most recent survey (i.e. – 1999) is currently unavailable. The series from the *household* survey (used in the study), conversely, has data for 2000 but dates back only to 1977. The annual series from the Current Population Survey is not interchangeable because the series uses a different scale than the decennial survey.

<sup>6</sup>The poverty gap between RTW and non-RTW states was even greater in earlier periods. The U.S. Census Bureau's 1969 decennial survey shows Gini coefficients of .372 and .348 for RTW states and non-RTW, respectively.

<sup>7</sup>But in the decennial survey on *family* income, Michigan has the distinction of having the greatest increase in income inequality among all 50 states from 1969 through 1989, with the Gini coefficient rising from .329 to .395.

**APPENDIX I**

**SUMMARY TABLES**

**Table I. Real Gross State Product Growth (1977-1999)**

	<b>RTW</b>	<b>Non-RTW</b>	<b>Overall Difference</b>	<b>Michigan</b>
<b>1977-1988</b>	3.1%	3.0%	<b>0.1%</b>	1.1%
<b>1988-1999</b>	3.8%	2.8%	<b>1.0%</b>	2.5%
<b>1977-1999</b>	3.4%	2.9%	<b>0.5%</b>	1.8%

**Table II. Employment Growth (1970-2000)**

	<b>RTW</b>	<b>Non-RTW</b>	<b>Overall Difference</b>	<b>Michigan</b>
<b>1970-79</b>	4.4%	2.9%	<b>1.5%</b>	2.2%
<b>1980-89</b>	2.0%	1.9%	<b>0.1%</b>	1.5%
<b>1990-2000</b>	2.6%	1.6%	<b>1.0%</b>	1.7%
<b>1970-2000</b>	2.9%	2.0%	<b>0.9%</b>	1.5%

**Table III. Manufacturing Employment Growth (1970-2000)**

	<b>RTW</b>	<b>Non-RTW</b>	<b>Overall Difference</b>	<b>Michigan</b>
<b>1970-79</b>	3.4%	1.2%	<b>2.2%</b>	0.8%
<b>1980-89</b>	0.7%	-0.6%	<b>1.3%</b>	-0.3%
<b>1990-2000</b>	1.0%	-0.6%	<b>1.6%</b>	0.4%
<b>1970-2000</b>	1.5%	-0.2%	<b>1.7%</b>	-0.3%

**Table IV. Construction Employment Growth (1970-2000)**

	<b>RTW</b>	<b>Non-RTW</b>	<b>Overall Difference</b>	<b>Michigan</b>
<b>1970-79</b>	5.7%	2.8%	<b>2.9%</b>	1.8%
<b>1980-89</b>	-0.3%	2.4%	<b>-2.7%</b>	2.0%
<b>1990-2000</b>	4.4%	2.5%	<b>1.9%</b>	4.0%
<b>1970-2000</b>	3.0%	2.0%	<b>1.0%</b>	1.9%

**Table V. Unemployment Rate (1980-2000)**

	RTW	Non-RTW	Overall Difference	Michigan
<b>1980</b>	6.20%	7.30%	<b>1.10%</b>	12.40%
<b>1990</b>	5.20%	5.60%	<b>0.40%</b>	7.60%
<b>2000</b>	3.80%	4.00%	<b>0.20%</b>	3.60%

**Table VI. Per-capita Disposable Income Growth (1970-2000)**

	RTW	Non-RTW	Overall Difference	Michigan
<b>1970-79</b>	10.0%	9.4%	<b>0.6%</b>	9.6%
<b>1980-89</b>	6.7%	6.9%	<b>-0.2%</b>	6.5%
<b>1990-2000</b>	4.0%	3.8%	<b>0.2%</b>	4.0%
<b>1970-2000</b>	6.8%	6.6%	<b>0.2%</b>	6.6%

**Table VII. Unit Labor Cost Index (1990-2000)**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Alaska	90.5	91.2	91.0	91.1	91.5	92.1	92.9	92.8	91.8	91.0	90.9
Alabama	93.9	94.9	94.7	94.7	95.5	96.2	96.6	96.7	97.0	96.8	96.7
Arkansas	88.7	88.4	88.5	87.8	87.5	87.8	87.8	88.2	88.8	89.8	90.5
Arizona	104.6	106.0	103.8	101.2	97.9	96.3	96.2	96.8	98.0	98.5	98.7
California	103.0	102.5	102.4	102.8	102.9	102.4	102.7	102.7	102.7	102.1	101.9
Colorado	104.1	104.3	104.5	103.9	103.3	103.3	104.2	103.8	103.3	103.0	103.7
Connecticut	107.1	105.9	105.6	105.6	105.4	105.0	105.6	106.5	106.6	106.5	106.1
District of Columbia	111.8	112.1	112.6	111.4	109.8	109.1	109.7	110.8	110.5	112.1	113.8
Delaware	89.7	88.3	87.3	86.5	87.2	88.0	89.3	90.7	92.9	94.7	95.7
Florida	101.0	101.4	101.7	101.5	101.5	101.0	100.8	100.4	100.9	101.1	101.3
Georgia	98.9	98.6	97.9	96.6	95.9	95.4	94.9	94.9	95.4	96.0	96.3
Hawaii	95.4	95.1	95.4	97.5	98.9	99.1	98.6	98.6	98.8	98.7	98.4
Iowa	81.0	80.8	81.0	82.0	82.7	83.7	83.1	82.2	82.6	85.1	88.1
Idaho	88.3	89.9	91.3	90.5	89.6	89.2	89.8	90.6	91.4	92.4	92.5
Illinois	100.7	100.6	100.8	101.5	101.3	102.0	101.3	101.6	101.7	102.6	103.5
Indiana	95.8	96.2	96.3	96.5	96.7	97.8	98.3	98.1	97.6	98.5	99.3
Kansas	87.4	87.2	87.6	89.7	91.2	93.1	93.6	94.1	93.8	94.2	94.5
Kentucky	86.3	87.1	88.3	88.9	89.2	89.5	90.1	90.9	91.5	92.0	92.3
Louisiana	85.2	85.6	87.3	90.0	91.6	90.6	89.9	89.7	91.3	91.9	92.4
Massachusetts	108.5	108.3	109.2	108.9	108.8	108.4	108.7	109.7	109.8	109.4	108.7
Maryland	98.7	99.2	100.2	101.3	102.3	103.1	103.6	104.0	103.7	103.4	103.1
Maine	99.4	99.8	99.8	98.8	99.0	98.4	98.6	98.1	98.6	99.0	99.5
<b>Michigan</b>	<b>105.2</b>	<b>105.0</b>	<b>105.8</b>	<b>106.4</b>	<b>106.9</b>	<b>107.6</b>	<b>108.4</b>	<b>108.7</b>	<b>109.2</b>	<b>109.1</b>	<b>109.2</b>
Minnesota	98.0	98.3	99.4	101.0	101.6	102.6	102.2	101.2	99.8	98.6	98.4

Missouri	96.2	96.3	96.4	97.0	97.7	98.1	97.3	96.8	96.5	97.1	97.6
Mississippi	84.0	84.7	84.6	84.7	85.4	86.6	87.5	88.6	90.5	92.0	92.8
Montana	86.2	85.2	85.5	85.9	87.1	88.2	89.7	89.8	89.7	89.5	89.6
North Carolina	94.2	94.1	95.0	95.6	96.1	96.2	96.8	96.8	97.2	96.1	95.5
North Dakota	87.3	85.7	84.9	87.3	88.1	90.4	89.5	90.6	90.1	92.0	92.5
Nebraska	85.9	84.5	84.0	84.9	85.0	84.6	81.0	80.2	80.1	82.2	82.5
New Hampshire	100.3	99.3	97.6	96.5	97.8	97.6	96.9	96.2	96.1	95.7	94.5
New Jersey	108.5	108.6	108.1	106.7	106.4	106.3	107.5	108.5	109.7	110.1	110.4
New Mexico	100.9	94.1	88.2	79.9	76.4	75.5	77.2	78.7	78.2	77.0	76.1
Nevada	93.8	94.1	94.5	94.0	93.7	92.9	93.5	94.0	94.8	96.0	96.6
New York	103.4	104.2	103.8	104.0	103.8	103.8	103.5	103.7	103.3	102.8	101.7
Ohio	98.1	97.1	96.7	97.8	98.4	99.0	98.4	97.9	97.5	97.3	97.4
Oklahoma	82.9	82.2	81.4	81.5	81.8	82.1	82.1	81.8	82.3	82.8	83.1
Oregon	99.8	100.4	100.0	99.8	99.9	99.5	98.1	97.1	96.0	96.5	95.5
Pennsylvania	102.9	102.1	101.1	100.1	100.2	99.6	99.7	99.3	100.1	100.6	100.8
Rhode Island	99.5	97.4	95.9	93.8	94.2	94.5	94.4	91.3	91.1	90.2	90.7
South Carolina	95.6	96.0	96.9	96.9	97.1	96.0	96.0	96.3	97.2	97.9	98.6
South Dakota	68.4	67.6	66.8	65.8	65.8	66.1	66.7	67.6	68.4	70.4	71.9
Tennessee	96.5	96.9	95.8	94.2	94.1	95.4	96.9	98.3	98.6	98.5	98.4
Texas	93.6	94.0	94.7	94.7	94.0	93.5	94.2	94.5	95.5	95.8	96.7
Utah	101.9	101.6	101.5	103.0	105.1	105.4	102.7	100.5	99.3	100.4	100.2
Virginia	99.8	99.6	99.6	99.4	99.6	99.4	99.6	99.9	100.1	101.1	101.7
Vermont	91.9	92.2	92.3	92.5	93.0	94.4	95.7	96.1	96.3	96.6	97.2
Washington	94.5	94.9	96.1	96.6	97.6	98.3	100.6	102.6	103.8	104.2	103.6
Wisconsin	94.9	95.8	96.9	97.4	98.2	99.0	99.7	99.6	99.0	99.1	99.0
West Virginia	92.5	92.7	93.2	93.1	92.7	92.6	92.6	93.0	93.3	93.9	94.5
Wyoming	78.2	77.6	78.6	80.0	82.1	81.5	79.9	77.9	77.1	77.8	78.5

U.S. = 100

Source: Economy.com

**Table VIII. Poverty Rate (1969-2000)**

	<b>RTW</b>	<b>Non-RTW</b>	<b>Overall Difference</b>	<b>Michigan</b>
<b>1969</b>	18.3%	12.2%	<b>-6.1%</b>	9.4%
<b>1979</b>	14.2%	11.3%	<b>-2.9%</b>	10.4%
<b>1989</b>	14.9%	11.7%	<b>-3.2%</b>	13.1%
<b>2000</b>	11.6%	10.2%	<b>-1.4%</b>	10.0%

**Table IX. Income Inequality (1977-2000)**

	RTW	Non-RTW	Michigan
1977	0.405	0.388	0.387
1985	0.416	0.406	0.417
1993	0.432	0.437	0.433
2000	0.443	0.453	0.436

**APPENDIX II****Unit Labor Cost Calculation – Provided by Economy.com**

The wage and output data for both the states and metropolitan areas come from the U.S. Bureau of Economic Analysis (BEA) and the U.S. Bureau of the Census, with missing data estimated by Economy.com. The labor compensation measure used is total wages and salaries by place of work, divided by total employment in each industry. Productivity per worker for metropolitan areas is estimated by applying the 1992 ratio of metropolitan to state level productivity to the gross state product release of the BEA. This ratio is calculated using data on revenues and costs obtained from the 1992 Economic Census.

Since relative regional economic growth is most influenced by enhancing local production of exportable goods and services, industries predominantly driven by local demand have been excluded from the analysis. These industries are primarily retail trade, construction, real estate, many service industries, and the government sector. In order to compare different regions properly, Economy.com constructed separate indices of worker productivity and earnings per worker for each metropolitan area, covering employment for each export industry at the three-digit Standard Industrial Classification level. However, a measure that used the aggregate output and earnings per worker would be biased by the region's industrial composition. Thus, the index of unit labor costs re-aggregates productivity and compensation per employee, using the national share of employment in each industry as the weights. This adjustment is necessary because certain industries have higher output per earnings ratios, due to the occupational mix of its employment and the capital structure of its operations. For example, productivity in the automotive industry is extremely high compared to other industries, whereas in the textile industry it is relatively low. As a result of these industry differences, a region with a high proportion of automotive manufacturing will appear to have lower unit labor cost than a region concentrated in textiles. However, by using the national share of employment in each industry to weight the productivity for each region, the index avoids this industry composition bias.



Employment composition is based upon SIC employment classifications. Economy.com uses three-digit SIC data in order to gauge the regional industry mix properly. However, since data in industries with a particularly small number of employees are subject to a higher degree of inaccuracy, a minimum size of 100 employees was imposed on the index. If the industry had fewer than the necessary 100 employees in the metropolitan area, then the relevant state labor cost measure was used.

The formula below is used to calculate Economy.com's wages and salary and productivity index for any level of aggregation, which weights each three-digit SIC equally for each area, with national employment share for each year serving as weights. This composition-adjusted aggregate is then indexed by the appropriate state earning or productivity measure. Labor costs are then calculated by dividing the earnings index by the analogous productivity index. The unit labor cost index was created for each year by dividing the region's unit labor cost index by the national unit labor cost index.

### Definition of Relative Earnings or Productivity Indexes

$$I_{K}^{St} = \left\{ \sum_k (Y/Emp)^{St}_k * (Emp^{US}_k / Emp^{US}_K) \right\} / (Y/Emp)^{US}_K$$

Where:

Y = Output or Earnings

St = State or Region

K = Total for all industries

k = Three-digit SIC industry

## APPENDIX III

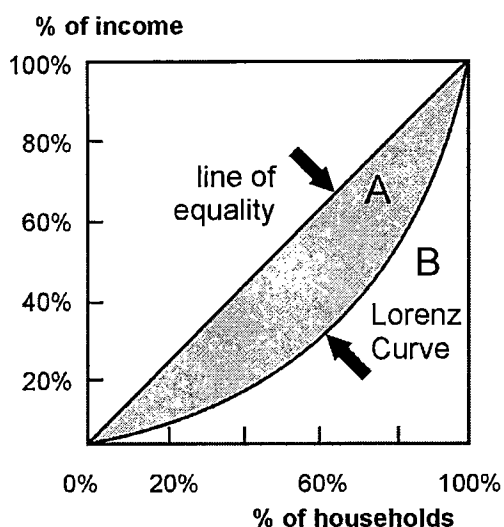
### THE GINI COEFFICIENT

The Gini Coefficient is a summary measure that captures the deviation shown in the Lorenz curve. It is calculated as follows:

$$G = \frac{1}{2} \sum_{i=1}^k |x_i - y_i|$$

where  $x_i$  and  $y_i$  are the relative frequencies, rather than the cumulative frequencies, and  $k$  is the number of classes/groups.

The Gini Coefficient can be expressed graphically with the Lorenz curve, where:  $G = A/(A+B)$ , where A is the area between the line of equality and the Lorenz curve, and B is the area under the Lorenz curve.



A Lorenz Curve illustrates inequality.

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## **About the Author**

**William T. Wilson, Ph.D.**, is senior policy analyst with the Mackinac Center for Public Policy. Dr. Wilson previously worked as vice president and economist for Comerica Bank in Detroit where he provided consulting services to the bank's commercial credit and private banking operations. He taught at the university level for seven years, including several at Purdue University, from which he earned a Ph.D. in economics and finance.



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**Testimony of John A. Kalb**  
**Executive Director, New England Citizens for Right to Work**  
**Before the House Labor Committee**  
**On House Bill 323**  
**January 30, 2013**

Mr. Chairman, members of the committee, my name is John Kalb, and I am the Executive Director of New England Citizens for Right to Work.

I am proud to speak in support of House Bill 323, which would guarantee working men and women in New Hampshire the right to decide for themselves whether a labor union deserves their financial support.

Right now, the law workers are under is akin to needing a ride, but having no choice but to board a bus where the majority votes on a destination, and arriving at an undesirable destination, being forced to pay a hefty fare. It's "Want a job? Go union, and leave the driving to us."

Under current law, if a union chooses monopoly bargaining status, they take away a worker's right to negotiate for himself.

Once a union boss has taken away a worker's right to negotiate for himself, they then demand the ability to collect dues or "fees" from that worker, adding insult to injury.

That's just plain wrong.

In addition to being the right thing to do, passing Right to Work would also give individual workers an effective counterweight against union militancy.

When asked if he would support a controversial resolution at a NEA convention, former Iowa State Education Association Executive Director Fred Comer said,

"Hell no, we don't support it! Iowa is a Right to Work state. We have to earn our membership. If we supported that, we'd lose too many members."

Without Right to Work, there is little incentive for union officials to respect the views of the minority so long as they can keep a bare majority happy enough to avoid decertification.

Right to Work would also help New Hampshire's economy.

While New Hampshire's job growth rate was an anemic 3.5% between 2001 and 2011, Right to Work states added jobs at a 12.5% rate, more than three times faster.

Meanwhile, Area Development Magazine's surveys have found that anywhere from 50-80% of business leaders and site selection consultants consider a state's Right to Work status either important or very important to their decisions.

In conclusion, Right to Work will help New Hampshire workers and New Hampshire's economy, and it's just the right thing to do.

I urge all of you to vote HB 323 Ought to Pass.

David Scott 220 Back Road Dover, NH Jan 30 2013

Former State Rep from Dover, former member of the Dover City Council.

I am here to offer my support for this Right to work Bill - 323 - for two reasons

1. It is a freedom of choice and freedom of association issue.
2. RTW will bring private sector jobs to NH.

This bill leaves the choice of union membership up to the individual.

It removes the compulsion to join union and pay union dues - to have a job.

This bill doesn't prevent anyone from joining a union.

Passage of this bill will bring more private sector investment to NH.

It will make NH the first right to work state in the North East. As such it will give NH an advantage over other North East states in attracting private sector investment equals new jobs.

There is impressive evidence that US job growth in the last ten years has been in RTW states. Statistics from the US department of labor show that in the past 10 years the 22 right to work states have added 1.5 million new private sector jobs and the other 28 states have lost 1.8 million private sector jobs. ~~Statistics from the US department of labor show that in the past 10 years the 22 right to work states have added 1.5 million new private sector jobs and the other 28 states have lost 1.8 million private sector jobs.~~

I am particularly interested in the creation of future private sector jobs in New Hampshire.

I have 4 grandchildren with a fifth on the way. We have a close family and we have lots of fun when we are all together. My wife and I would be extremely pleased if our adult children and their families would move to New Hampshire.

There are also 40,000 students that have graduated from our New Hampshire colleges in the last 4 years. It is my understanding that at least half of them have not as yet found full time employment.

Neither the unions nor government are able to create new private sector jobs. New private sector jobs are created by the investment of private companies.

This legislation will not prohibit anyone from joining a union. If an individual wants to contribute \$600 per year to a union they still can with passage of this bill if they so desire. It removes the obligation to become a union member.

Let's free the individual from this financial obligation and leave it to their choice.

This bill doesn't reduce the pay and benefits of anyone in a union today. Nor prohibit anyone from joining a union in the future.

Freedom of choice is part of our live free or die tradition.

David Scott



Good Morning,

My name is Linda Horan and I live in Alstead, NH. I am here today to oppose HB 323 the so-called Right To Work bill.

I've worked in unionized jobs for most of my life. I retired from the phone company, back when it was Verizon and I worked there when it was ATT, Ma Bell, Pa Bell, Baby Bell...throughout that time, no matter what name many of us were getting our phone service from, the workers were represented by a union. My union was IBEW 2320. When I retired from there in 2001 and found myself working in a non-union job, I set out to change that and for a short time, I succeeded. My coworkers and I, through a majority vote formed a union and attempted to bargain our first contract. I was elected President. During this time, the union was decertified by my co-workers, again by a (slim) majority vote. So I just want to talk to you for a short time about union membership and democracy-with a small "d".

In the IBEW, we elected our officers, we elected our negotiating team, we voted on whether or not to accept or reject a contract, we voted on whether to strike or not to strike – we worked by majority rule. But these votes were not taken without a great deal of discussion and input from the minority.

The same was true for the union that we elected in my last workplace – we elected officers, we had a negotiating team – and we voted on and ratified our first contract. Which did not, by the way, include a union security clause.

In my union, IBEW 2320, we had negotiated a union security clause – which meant that everyone who benefited from the union paid for the costs of bargaining and maintaining our contract. No one had to be a member of our union, but everyone paid a share towards what we negotiated for – higher wages, a safer workplace, a better pension, health care.

This so-called Right to Work is really an outright attack on democracy in the workplace – it, BY LAW, sets up a scenario which is counter to the principle of collective bargaining – which is everyone is included, everyone is protected, and everyone contributes. These laws really do attempt to weaken workers ability to bargain. THAT is why they are attractive to some businesses and to some politicians – they both lower wages and decrease the power that working people have.

Thank you.



# FACT SHEET

## National Institute for Labor Relations Research

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October 2011

### Right to Work States Benefit From Faster Growth, Higher Real Purchasing Power – 2011 Update

Percentage Growth in Non-Farm Private-Sector Employees (2000-2010)	Right to Work States . . . . .	+0.3%
	Forced-Unionism States. . . . .	-5.5%
	National Average . . . . .	-3.3%
<small>Source: Department of Labor, Bureau of Labor Statistics (BLS)</small>		
Growth in Real Manufacturing GDP in Chained 2005 Dollars (2000-2010)	Right to Work States . . . . .	18.6%
	Forced-Unionism States. . . . .	8.3%
	National Average . . . . .	11.3%
<small>Department of Commerce, Bureau of Economic Analysis (BEA)</small>		
Percentage Real Growth in Private- Sector Employee Compensation (2000-2010)	Right to Work States . . . . .	11.3%
	Forced-Unionism States. . . . .	0.7%
	National Average . . . . .	4.3%
<small>BEA; BLS</small>		
Cost of Living-Adjusted Compensation Per Private-Sector Employee (2010)	Right to Work States . . . . .	\$56,575
	Forced-Unionism States . . . . .	\$55,420
	National Average . . . . .	\$55,896
<small>Missouri Economic Research and Information Center (MERIC); BEA; Department of Commerce, Bureau of the Census (BOC)</small>		
Aggregate "Tax Freedom Day"* (2010)	Right to Work States . . . . .	April 6
	Forced-Unionism States. . . . .	April 14
	National Average . . . . .	April 9
<small>Tax Foundation; BEA</small>		
Value Added by Manufacture Per Production Worker (2009)	Right to Work States . . . . .	\$265,606
	Forced-Unionism States. . . . .	\$258,567
	National Average . . . . .	\$261,261
<small>BOC</small>		
Cost of Living-Adjusted Per Capita Disposable Personal Income (2010)	Right to Work States . . . . .	\$35,643
	Forced-Unionism States. . . . .	\$33,762
	National Average . . . . .	\$34,541
<small>MERIC; BEA</small>		

\* The term "Tax Freedom Day," was coined and popularized by the nonpartisan, Washington, D.C. -based Tax Foundation. As the Tax Foundation has explained, it is "the day when Americans . . . finally have earned enough money to pay off their total [federal, state and local] tax bill for the year." (For simplicity's sake, the Tax Foundation assumes an equal amount of income is earned every day, and does not distinguish weekdays from weekends.)

(continued on page 2)

(page 2)

New Privately-Owned Single- Unit Housing Authorizations Per Thousand Residents (2010)	Right to Work States . . . . .	2.1
	Forced-Unionism States. . . . .	1.0
	National Average . . . . .	1.4
<small>BOC</small>		
Growth in Number of Residents Aged 25-34 (2000-2010)	Right to Work States . . . . .	+9.2%
	Forced-Unionism States. . . . .	-1.0%
	National Average . . . . .	+2.9%
<small>BOC</small>		
Welfare (TANF) Recipients Per 1000 Residents (2010 Fiscal Year Average)	Right to Work States . . . . .	7.7
	Forced-Unionism States. . . . .	18.2
	National Average . . . . .	14.2
<small>U.S. Administration for Children and Families; BOC</small>		
Percentage Growth in Number of People Covered by Private, Employment-Based Health Insurance (2000-2010)	Right to Work States . . . . .	-3.2%
	Forced-Unionism States. . . . .	-9.1%
	National Average . . . . .	-6.9%
<small>BOC</small>		
Percentage Growth in Number of People Covered by Any Form of Private Health Insurance (2000-2010)	Right to Work States . . . . .	-1.7%
	Forced-Unionism States. . . . .	-6.5%
	National Average . . . . .	-4.7%
<small>BOC</small>		

To obtain more detailed information about how any or all of the above comparative economic data were derived, contact Stan Greer -- e-mail [stg@nrtw.org](mailto:stg@nrtw.org) or call 703-321-9606.

**ALEC EXPOSED**

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda—underwritten by global corporations—includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

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Home → Model Legislation → Commerce, Insurance, and Economic Development

**Right to Work Act****Summary**

ALEC's model Right to Work Act provides that no employee need join or pay dues to a union, or refrain from joining a union, as a condition of employment. The Act establishes penalties and remedies for violations of the Act's provisions.

**Model Legislation**

{Title, enacting clause, etc.}

**Section 1. { Title. }** This Act may be cited as the Right to Work Act.

**Section 2. {Declaration of public policy.}** It is hereby declared to be the public policy of the State of (state), in order to maximize individual freedom of choice in the pursuit of employment and to encourage an employment climate conducive to economic growth, that the right to work shall not be subject to undue restraint or coercion. The right to work shall not be infringed or restricted in any way based on membership in, affiliation with, or financial support of a labor organization.

**Section 3. {Labor organization.}** The term "labor organization" means any organization of any kind, or agency or employee representation committee or union, that exists for the purpose, in whole or in part, of dealing with employers concerning wages, rates of pay, hours of work, other conditions of employment, or other forms of compensation.

**Section 4. {Freedom of choice guaranteed, discrimination prohibited.}** No person shall be required, as a condition of employment or continuation of employment:

(A) to resign or refrain from voluntary membership in, voluntary affiliation with, or voluntary financial support of a labor organization;

(B) to become or remain a member of a labor organization;

(C) to pay any dues, fees, assessments, or other charges of any kind or amount to a labor organization;

(D) to pay to any charity or other third party, in lieu of such payments, any amount equivalent to or a pro-rata portion of dues, fees, assessments, or other charges regularly required of members of a labor organization; or

(E) to be recommended, approved, referred, or cleared by or through a labor organization.

**Section 5. {Voluntary deductions protected.}** It shall be unlawful to deduct from the wages, earnings, or compensation of an employee any union dues, fees, assessments, or other charges to be held for, transferred to, or paid over to a labor organization, unless the employee has first presented, and the employer has received, a signed written authorization of such deductions, which authorization may be revoked by the employee at any time by giving written notice of such revocation to the employer.

**Section 6. {Agreements in violation, and actions to induce such agreements, declared illegal.}** Any agreement, understanding, or practice, written or oral, implied or expressed, between any labor organization and employer that violates the rights of employees as guaranteed by provisions of this chapter is hereby declared to be unlawful, null and void, and of no legal effect. Any strike, picketing, boycott, or other action by a labor organization for the sole purpose of inducing or attempting to induce an employer to enter into any agreement prohibited under this chapter is hereby declared to be for an illegal purpose and is a violation of the provisions of this chapter.

**Section 7. {Coercion and intimidation prohibited.}** It shall be unlawful for any person, labor organization, or officer, agent or member thereof, or employer, or officer thereof, by any threatened or actual intimidation of an employee or prospective employee, or an employee's or prospective employee's parents, spouse, children, grandchildren, or any other persons residing in the employee's or prospective employee's home, or by any damage or threatened damage to an employee's or prospective employee's property, to compel or attempt to compel such employee to join, affiliate with, or financially support a labor organization or to refrain from doing so, or otherwise forfeit any rights as guaranteed by provisions of this chapter. It shall also be unlawful to cause or attempt to cause an employee to be denied employment or discharged from

Did you know that global corporation Kraft Foods was the corporate co-chair in 2011?

**Section 8. {Penalties.}** Any person who directly or indirectly violates any provision of this chapter shall be guilty of a misdemeanor, and upon conviction thereof shall be subject to a fine not exceeding (insert amount) or imprisonment for a period of not more than (insert time period), or both such fine and imprisonment.

**Section 9. {Civil remedies.}** Any employee harmed as a result of any violation or threatened violation of the provisions of this chapter shall be entitled to injunctive relief against any and all violators or persons threatening violations and may in addition thereto recover any and all damages, including costs and reasonable attorney fees, of any character resulting from such violation or threatened violation. Such remedies shall be independent of and in addition to the penalties and remedies prescribed in other provisions of this chapter.

**Section 10. {Duty to investigate.}** It shall be the duty of the prosecuting attorneys of each county (or the attorney general of this state) to investigate complaints of violation or threatened violations of this chapter and to prosecute all persons violating any of its provisions, and to take all means at their command to ensure its effective enforcement.

**Section 11. {Prospective application.}** The provisions of this chapter shall apply to all contracts entered into after the effective date of this chapter and shall apply to any renewal or extension of any existing contract.

**Section 12.** An emergency existing therefore, which emergency is hereby declared to exist, this Act shall be in full force and effect on and after its passage and approval.

**Section 13. {Severability clause.}**

**Section 14. {Repealer clause.}**

**Section 15. {Effective date.}**

Were your laws repealed?

*1995 Sourcebook of American State Legislation*

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Center for Media and  
Democracy's quick summary

"Right to work" legislation creates a very difficult environment for private sector unions. It prohibits labor unions and private sector employers from making membership or payment of union dues a condition of employment. Even if a union has the support of a majority of workers in a place of employment, it cannot represent all the workers. Around twenty-two states, mostly in the South and West, are "right to work" states, and this bill encourages others to follow suit.

**Testimony of NH AFL-CIO President Mark MacKenzie on HB 323  
Respectfully submitted, January 30, 2013**

Chairman White and members of the committee,

My name is Mark MacKenzie and I am the President of the New Hampshire AFL-CIO. We represent over 40,000 union members in the state of New Hampshire in the private, public and federal sectors. We appear today in opposition to House Bill 323.

First of all, it is clear beyond any doubt that based on the economic data alone, this bill is bad policy for our state.

The Economic Policy Institute's report, *Right to Work: Wrong for New Hampshire*, by University of Oregon economist Professor Gordon Lafer, found that the impact of adopting a RTW is to lower wages and benefits by about \$1,500 per year – for both union and non-union workers – and to lower the odds of getting health insurance or a pension through one's job, while having no impact at all on job growth.

Professor Lafer's study was updated in 2012 and will be distributed to the committee today.

I would like to highlight some of the more compelling findings in the report that merits the committee's attention.

To a large extent, globalization has rendered RTW impotent. In the globalized economy, companies looking for cheap labor are overwhelmingly looking to China or Mexico.

The most important case study for any state considering RTW in 2013 is that of Oklahoma, the only state to have newly adopted RTW in the post-NAFTA era (Indiana and Michigan have just recently implemented their new laws).

When Oklahoma was debating RTW in 2001, a series of corporate location consultants told legislators that the state was being "redlined" because up to 90% of relocating companies "won't even consider" locating in a non-RTW location. If Oklahoma adopted RTW, these consultants promised, the state would see "eight to ten times as many prospects."

But instead of growing, the number of new companies coming into Oklahoma has actually fallen by one-third in the eleven years since RTW was adopted. The state's manufacturing employment has also decreased by 30%, and Oklahoma's unemployment rate in 2010 was twice as high as when the law was passed. Every promise made by RTW boosters has proven false.

Employer surveys confirm that RTW is not a significant draw; in 2009 manufacturers ranked it fourteenth among factors affecting location decisions. It slipped even lower as a factor in 2011 to 16<sup>th</sup>.

In addition, the report found that New Hampshire's economy is far superior to the right-to-work average. New Hampshire has seen significant growth in the number of new companies incorporating in the state, including both local startups and out-of-state companies opening locations in New Hampshire.

Partly due to its economic success, New Hampshire's quality of life is far superior to that in RTW states. In 2010, New Hampshire ranked among the top 10 states in median household income; share of population with health insurance; share of population receiving dental care; number of primary care physicians; low violent crime rate; and low incidence of heart attacks, strokes, infectious disease, diabetes, low birth weight babies; and occupational fatalities. New Hampshire's school system performs above national standards, with math and reading scores significantly above the national average in 2009. The median weekly earnings of New Hampshire employees are not only higher than the average of RTW states, but higher than every single one of the RTW states. So too, New Hampshire's median household income is higher, and its poverty rate lower, than all of the 23 states with right-to-work laws passed before 2011.

For all these reasons, New Hampshire would do far better maintaining our existing system rather than imitating the RTW states.

Over the course of the last two years, significant new information has come to light, all of which confirms the negative impact of RTW legislation.

- A new study by independent economists from the University of Nevada and Claremont McKenna College confirms RTW results in lower wages for non-union workers.
- An Oklahoma corporate think-tank admitted RTW has failed to create jobs. The Oklahoma Council on Public Affairs – a think tank affiliated with the Heritage Foundation, that played a leading role in promoting that state's 2001 RTW law – now admits that "manufacturing is lower today than it was before RTW." Furthermore, the same organization reports that Oklahoma has become a net job exporter.
- RTW has been shown to increase construction fatalities. A new study shows that, in addition to its negative impact on wages and benefits, RTW also makes for less safe workplaces, including increased fatalities for construction workers.
- New Hampshire continues to outperform RTW states. As of December 2011, unemployment in New Hampshire was lower than in all but three of the 23 RTW states.

### **The South Carolina Model:**

In the past year, South Carolina has frequently been promoted as a model of economic development due to its RTW law. But at the end of 2012, South Carolina's unemployment rate was 8.4 percent; While New Hampshire's was 5.4 percent. South Carolina's poverty rate is also double that of New Hampshire; while its median income is \$23,000 lower. The rate of new business openings was 25 percent faster in New Hampshire than in South Carolina. When it comes to "new economy" firms – the high-tech, high-wage employers that every state seeks – New Hampshire is ranked much higher than South Carolina. By any measure, South Carolina should be trying to figure out how to be more like New Hampshire -- not the opposite.

The past two years have also produced evidence that shed light on some misleading claims that had been put forth on behalf of RTW.

**Texas' growth was entirely in the public sector, unrelated to RTW.** For the last four years, job growth in Texas has come entirely through government jobs, while the private sector shrank—clearly a trend that cannot be credited to RTW.

**Evidence presented as current was actually thirty-five years old.** The National Right to Work Committee produced a Powerpoint presentation in 2011 that quotes an executive of Fantus, a site-location firm, warning that “approximately 50 percent of our clients ... do not want to consider locations unless they are in right-to-work states”. The Committee neglected to mention that the quote is based on a report from 1975, and that by 1986, the firm's executive vice president reported that the figure had fallen to 10 percent.

With all this evidence it would seem that those advocating in favor of this bill are actually driven by an Ideological belief system with no real regard for the true impact this bill will have on New Hampshire's middle class working families and our state's economic future.

I urge the committee to reject this legislation.

Thank you for your consideration.





## **RIGHT TO WORK: A FAILED POLICY**

### **A New Hampshire Update**

GORDON LAFER

In 2011, New Hampshire legislators spent several months debating so-called “right-to-work” (RTW) legislation. To inform the discussion, the Economic Policy Institute issued a study that found that RTW has failed as an economic development strategy and is particularly unsuited to New Hampshire (Lafer 2011).

This report seeks to update legislators revisiting the RTW question on the evidence published since the last report. The new evidence strengthens the earlier findings: A right-to-work law could lower New Hampshire workers’ wages, reduce benefits, and threaten the state’s small business and health care sectors while doing nothing to boost job growth.

### **Recap: What the evidence showed in 2011**

EPI’s 2011 report, *Right to Work: Wrong for New Hampshire*, noted that in states that have adopted RTW, annual wages and benefits are about \$1,500 lower than for comparable workers in non-RTW states—for both union and nonunion workers—and the odds of getting health insurance or a pension through one’s job are also lower. The report also pointed out that RTW has no impact at all on job growth—a conclusion of multiple statistical studies carried out both by the report’s author and by other independent economists.

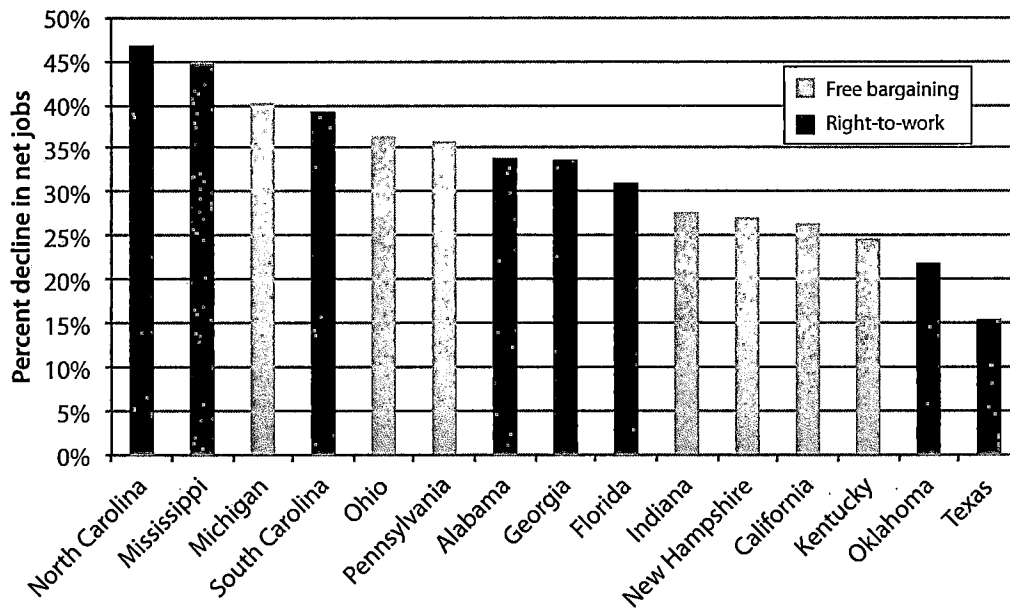
To a large extent, globalization has rendered RTW impotent, the report noted. In the 1970s and ’80s, U.S. companies may have moved to RTW states in search of lower wages. But in the globalized economy—the terms of which were ushered in by the North American Free Trade Agreement in 1994—companies looking for cheap labor are overwhelmingly looking to set up operations in China or Mexico, not South Carolina.

Every U.S. state has lost manufacturing jobs to cheaper labor overseas, and RTW laws have been powerless to prevent this. Indeed, as shown in **Figure A**, the RTW states of North and South Carolina, Mississippi, Alabama, Georgia, and Florida have all lost a higher share of their manufacturing sector since NAFTA than has New Hampshire (Public Citizen 2011).

In this sense, the most instructive case study for any state considering RTW in 2012 is Oklahoma, the only state to have newly adopted RTW since NAFTA took effect, the report said.

FIGURE A

Manufacturing net job loss since NAFTA (1994–2010)



NOTE: Although Indiana became a right-to-work state in February 2012, it was a free-bargaining state during the time period covered by this graph.  
 SOURCE: Public Citizen (2011)

During the debate leading up to the passage of RTW in 2001, numerous corporate location consultants told Oklahoma legislators that the state was being “redlined” because up to 90 percent of relocating companies “won’t even consider” locating in a non-RTW location. If Oklahoma adopted RTW, the state would see “eight to ten times as many prospects,” these consultants promised (Lafer and Allegretto 2011).

But instead of growing, the number of new companies coming into Oklahoma has fallen by one-third in the 10 years since Oklahoma adopted RTW. Employer surveys confirm that RTW is not a significant draw. In 2009, manufacturers ranked RTW 14th among factors affecting location decisions (Gambale 2009). For higher-tech, higher-wage employers, nine of the 10 most-favored states are non-RTW. New Hampshire ranks 11th on that list, ahead of 21 of the 22 states that had RTW laws at the time (Atkinson and Andes 2010). (Indiana passed RTW in February 2012.)

In addition, the 2011 EPI report found that New Hampshire’s economy is far superior to the average of right-to-work states (as shown in Table 1). Proponents of a right-to-work law claim that it is needed to bring new jobs into the state. But New Hampshire has already seen significant growth in the number of new companies incorporating in the state, including both local startups and out-of-state companies opening locations in New Hampshire. The number of businesses newly incorporated in New Hampshire increased by 60 percent from 2006 to 2009. Even more dramatically, the number of out-of-state corporations newly locating in New Hampshire rose by almost 150 percent over the same period (New Hampshire Employment Security, Economic and Labor Market Information Bureau 2011). Most tellingly, the number of new companies opening per 1,000 workers is higher in New Hampshire than in more than three-fourths of the right-to-work states. Even the conservative Tax Foundation declared in 2010 that “New Hampshire is a magnet for people and income,” noting that in all but one of the last 15 years, “New Hampshire has gained citizens at the expense of all other states” (Hodge 2009).

TABLE 1

### Economic performance in New Hampshire and RTW states

	Median weekly earnings, full-time workers, 2009	Median household income, 2009	Poverty rate, 2009	New business openings per 1,000 workers, quarterly, 2007	Unemployment rate, Dec. 2011
New Hampshire	\$839	\$64,131	8.5%	11.1	5.1%
RTW average	\$680	\$46,238	15.0%	10.1	7.5%
How many of the 22 RTW states does New Hampshire outperform?	22	22	22	17	19

**NOTE:** Data incorporate the 22 RTW states as of December 31, 2011 (not including Indiana).

**SOURCES:** Unemployment data from Bureau of Labor Statistics (2012); all other data from University of Maine (2011).

TABLE 2

### Quality of life in New Hampshire and RTW states

	New Hampshire	RTW average	How many of the 22 RTW states does New Hampshire outperform?
Life expectancy	79.7	74.2	18
Adults graduated high school	90.9%	81.5%	21
Adults graduated college	33.3%	24.5%	21
Children under 6 in poverty	10.6%	20.9%	22
Adults aged 65+ in poverty	8.3%	9.8%	18
Infant mortality (per 1,000 births)	5	6.8	21
Households with food insecurity	7.7%	10.8%	21
Population without health insurance	11.6%	15.4%	22
Practicing physicians (per 10,000 population)	27.7	25.1	22
Violent crimes (per 100,000 population)	157	393	22

**NOTE:** Data incorporate the 22 RTW states as of December 31, 2011 (not including Indiana).

**SOURCE:** American Human Development Project of the Social Sciences (2011)

Partly due to its economic success, New Hampshire's quality of life is far superior to that in the pre-2012 RTW states (as shown in Table 2), the report notes. In 2010, New Hampshire ranked among the top 10 states in the country in median household income; share of population with health insurance; share of population receiving dental care; number of primary-care physicians; low incidence of violent crime; and low incidence of heart attacks, strokes, infectious diseases, diabetes, low-birth-weight babies, and occupational fatalities (New Hampshire Employment Security, Economic and Labor Market Information Bureau 2011).

New Hampshire's school system performs above national standards, with math and reading scores significantly above the national average in 2009 (New Hampshire Employment Security, Economic and Labor Market Information Bureau 2011). The median weekly earnings of New Hampshire workers are not only higher than the average of RTW states, but higher than in every single one of the RTW states. So too, is New Hampshire's median household income higher, and its poverty rate lower, than in all of the 22 states with right-to-work laws prior to 2012 (University of Maine 2011).

For all these reasons, last year's EPI report concluded that New Hampshire would do far better maintaining its existing law rather than imitating the RTW states.

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## What the new evidence shows

Significant new information since the last report confirms that RTW legislation is harmful:

- *Independent economists confirm that RTW lowers wages for nonunion workers.* A new study by a team of economists from the University of Nevada and Claremont McKenna College (Eren and Ozbeklik 2012) estimates that the damage that RTW inflicts on nonunion employees is even greater than earlier research suggested. The authors estimate that wages of nonunion workers in Oklahoma fell 4.3 percent as a result of RTW. The wage losses of nonunion workers could even be higher in states such as New Hampshire, where a higher share of the workforce is unionized than in Oklahoma.
- *Employers say RTW is less meaningful than ever.* In the past year, *Area Development* magazine updated its annual survey of manufacturers—focused on small manufacturers, which make up roughly three-fourths of the survey sample. RTW, which had never ranked in the top 10 factors influencing location decisions, ranked 14th in 2009 and slipped to 16th in 2010 (*Area Development* 2011).
- *Oklahoma think tank reports that RTW has failed to create the predicted jobs.* The Oklahoma Council on Public Affairs, a think tank that played a leading role in promoting Oklahoma's RTW law, reports that the state has lost manufacturing jobs (Moody and Warcholik 2011) and become a net job exporter (Moody and Warcholik 2010), with jobs leaving the state to almost all of Oklahoma's neighbors, including non-RTW Colorado.
- *Study shows RTW increases construction fatalities.* A new study shows that, in addition to its negative impact on wages and benefits, RTW also makes for less-safe workplaces, including increased fatalities for construction workers (Zullo 2011). This fact is unsurprising given that unions spend significant resources on occupational safety and negotiate job safety procedures beyond those contained in OSHA regulations. Since both the stated goal and the clear impact of RTW are to undermine union strength, it is only logical that job safety would suffer as a result.
- *Data show New Hampshire continues to outperform RTW states.* As of December 2011, unemployment in New Hampshire was lower than in all but three of the 22 states that had right-to-work laws at that time (U.S. Bureau of Labor Statistics 2012).
- *Signs of weakness appear in the "South Carolina model."* Both the American Legislative Exchange Council (Laffer, Moore, and Williams 2011) and the U.S. Chamber of Commerce (Eisenach et al. 2011) issued reports promoting South Carolina as a model of economic development due, in part, to its RTW law, with the Chamber praising the Palmetto State for its "strong pro-employment policies" (Eisenach et al. 2011, 11). But at the end of 2011, South Carolina's unemployment rate was 9.5 percent—nearly double that of New Hampshire. South Carolina's poverty rate was also double that of New Hampshire, while its median household income in 2010 was almost \$25,000 lower. The rate of new business openings was 25 percent greater in New Hampshire than in South Carolina. When it comes to "new economy" firms—the high-tech, high-wage employers that every state seeks—New Hampshire is ranked the 11th most attractive in the country, while South Carolina ranks 39th.

## What misleading claims on behalf of RTW fail to show

The past year also produced evidence that sheds light on several highly misleading claims that have been put forth on behalf of RTW:

- *Job growth in Texas was entirely in the public sector, unrelated to RTW.* In its *Rich States, Poor States* report, the American Legislative Exchange Council (ALEC) noted that RTW Texas has added more jobs in the past decade than any other state, declaring Texas "the state with the best policy to emulate" (Laffer, Moore, and Williams 2011, 13). What ALEC didn't tell readers is that for the last four years, the state's job growth has come entirely through government jobs, while the private sector shrank—clearly a trend that cannot be credited to RTW (Fletcher 2011).

- *Claims that RTW influences corporate location decisions were based on 37-year-old evidence.* A 2011 PowerPoint presentation by The National Right to Work Committee quotes an executive of Fantus, a site-location firm, warning that “approximately 50 percent of our clients ... do not want to consider locations unless they are in right-to-work states” (National Right to Work Committee 2011). The committee neglected to mention that the quote comes from a 1975 report, and that by 1986, the firm’s executive vice president reported that the figure had fallen to 10 percent (Warren 1986).
- *Population growth is unrelated to labor laws.* ALEC’s report argued that faster population growth in the 22 states with RTW laws at that time showed that “people ... want to move to places where workers have the freedom to decide whether they would like to join a union” (Laffer, Moore, and Williams 2011, 13). But national data show that most people move from one state to another to find more-affordable housing, to meet certain family needs, to retire, to move to or from college, to access better weather, or for other reasons unrelated to work (Schachter 2001; Molloy, Smith, and Wozniak 2010). There is no evidence that Americans move because of labor laws. In Texas, the largest RTW state, population growth was driven by “retirees in search of warm winters [and] middle-class Mexicans in search of a safer life,” explains Paul Krugman (2011), a winner of the Nobel Prize in Economics and columnist with the *New York Times*. Indeed, Texas experienced a greater influx of undocumented workers than any other state over the past decade (Pew Hispanic Center 2011). None of these dynamics is related to RTW.

Fifty years ago, Martin Luther King Jr. warned against “false slogans such as ‘right to work’...[whose] purpose is to destroy labor unions and the freedom of collective bargaining by which unions have improved wages and working conditions of everyone” (Economic Policy Institute 2012). His advice remains as timely today as when it was uttered—particularly for states like New Hampshire that have already charted a more successful path to economic growth.

—Gordon Lafer is an associate professor at the Labor Education and Research Center at the University of Oregon. His work concentrates on labor law and employment policy issues.

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**New Hampshire State Representative**

**L. Mike Kappler**

**HB-323-FN**

**Committee Chair and members,**

**I have always believed that "Right-to-Work" is worker freedom. It means there will be more jobs HERE and more of our family members, friends, and neighbors working HERE, rather than being forced to go out of state for work to support their families.**

**You just cannot oppose this "Right-to-Work" bill and still claim that you support our New Hampshire economy.**

**I strongly urge the committee to vote, and pass on to the House floor, HB-323-FN as "Ought to Pass" (OTP).**

**Thank you.**

A handwritten signature in cursive script, appearing to read "L. Mike Kappler".

## TESTIMONY OF COREY R. LEWANDOWSKI

### STATE DIRECTOR OF AMERICANS FOR PROSPERITY

#### BEFORE THE HOUSE LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES COMMITTEE

JANUARY 30, 2013

Mr. Chairman, members of the Committee, my name is Corey Lewandowski and I am the State Director of Americans for Prosperity here in New Hampshire. I would like to express my support for HB 323, which would establish the Franklin Partin right-to-work act.

AFP-NH has been a staunch and consistent supporter of efforts to attract new employers to our state and increase economic freedom and opportunity for those already here. As is evidenced from the title, this bill sets out to give NH workers the right to work. Specifically, it imparts upon NH workers the right to work on their own terms and to pursue their own best interest. Those who oppose this bill don't trust NH workers to do these things for themselves. They believe they need a collective, i.e. a labor union, to do so for them. In some cases, that may be the case. But in some cases, that is blatantly false.

By giving workers the freedom to choose whether or not to join a union, we empower them to make the best decision for themselves free from discrimination or any other repercussions.

No worker should be forced to join a union as a condition of employment. NH workers deserve the right to decide for themselves whether union membership is in their best interest. This bill would finally give them this fundamental right. And if that means fewer union members because NH workers chose to negotiate directly with their employers, then so be it. According to the Bureau of Labor and Statistics, overall union membership in this country is at its lowest point since the 1930's. If the unions cannot prove their worth to their members, then those members should be free to leave and should not be held hostage by an antiquated state law, which is currently the case in NH.

For employers, right-to-work would contribute to a climate of economic growth and stability. It will draw new employers into the state and provide those already here with another reason to remain. By making NH the first right-to-work state in New England we have the opportunity to not just protect the NH advantage in this region but expand it by increasing our competitiveness with states across the country.

Research completed by the National Institute for Labor Relations lays out the case for adopting right-to-work legislation. In several key economic factors, right-to-work states outperformed non right-to-work states. Specifically, right-to-work states experienced a higher percentage of growth in non-farm private sector employees, 12.9% to 6.0%; a lower average poverty rate-adjusted for cost of living, 8.5% compared to 10.1%; a significantly greater growth in patents annually generated, 33.0% to 11.0%; and a higher percentage of growth in real personal income, 26.0% to 19.0%.

As these numbers broadly indicate, states with right-to-work laws enjoy more growth in private sector job creation and personal income as well as lower poverty rates and more technology development.

Since adopting right-to-work legislation last year, the state of Indiana has experienced a significant surge of interest from new employers. The Indiana Economic Development Corporation reports 251 companies will expand or establish operations in Indiana, resulting in \$6.5 billion and nearly 28,000 new jobs in the coming years.



Those same opportunities could be available to us with the passage of this legislation. We support adopting this right-to-work bill that will increase and guarantee freedom of choice for NH workers and encourage economic expansion and prosperity in the Granite State.

Thank you.



ADMINISTRATIVE OFFICE  
32 SOUTH MAIN STREET  
CONCORD, NH 03301-4857



GEORGE N. COPADIS, COMMISSIONER

January 30, 2013

Remarks of Commissioner Copadis of New Hampshire Employment Security

Below are remarks from Commissioner George Copadis in opposition to HB323. When similar legislation was proposed two years ago, I appeared then as Commissioner of Labor to testify against it. In fact six prior Labor Commissioners including Commissioner Duvall, Murphy, Kelly, Flynn, Symonds, and Casey have all appeared before the House and Senate opposing this legislation. The Commissioners included both Democrat and Republican Commissioners.

Having served as Commissioner of Labor for a period just shy of 8 years I have never ever been approached by any business owner indicating the State of New Hampshire should adopt Right To Work legislation. As part of Governor Lynch's Job Cabinet and as a member of the Commissioner's Business Outreach Group we met with hundreds of businesses throughout the state and not once was Right To Work ever brought to my attention as an issue for any employer in the state.

The State of New Hampshire has the 9<sup>th</sup> highest per capita personal income according to 2011 data released by the Bureau of Economic Analysis, U.S. Department of Commerce. Ranking states from the highest per capita personal income to the lowest per capita personal income based on the data supplied by the Bureau of Economic Analysis, the Right To Work states occupy seven of the lowest 10 income levels including:

Arizona 41<sup>st</sup>  
Alabama 42<sup>nd</sup>  
Arkansas 45<sup>th</sup>  
Utah 46<sup>th</sup>  
South Carolina 48<sup>th</sup>  
Idaho 49<sup>th</sup>  
Mississippi 50<sup>th</sup>

These seven Right To Work states have per capita incomes ranging from \$32,000 to \$35,062. The United States average per capita personal income is \$41,560. In comparison, New Hampshire with the 9<sup>th</sup> highest per capita income stands at \$45,881.

Comparing the levels of per capita personal income, nine of the ten states with the smallest increase in the level of per capita personal income from 2001 to 2011 are Right To Work States.

According to the Census Bureau's American Community Survey data for 2011, of the 10 states with the highest poverty rates, seven are RTW states; conversely, of the 10 states with the lowest poverty rates, eight are non-RTW states. New Hampshire had the lowest percent of population below the poverty level.

An educated work force is critical to economic growth. According to the 2011 American Community Survey data from the U.S. Census Bureau, New Hampshire has the 8<sup>th</sup> highest share of its population 25 years of age and over with a bachelor's degree or higher. In fact, nine of the top ten states so ranked are non-Right To Work states like New Hampshire. On the other end of the scale, eight of the ten states with the lowest shares of population 25 years of age and over with at least a bachelor's degree are Right To Work states.

Respectfully,

George N. Copadis  
Commissioner

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Per Capita Personal Income tends to be higher in non-RTW states - seven of the 10 lowest levels are in RTW states, while seven of the 10 highest levels are in non-RTW states

Rank (Highest to Lowest)	State (excluding DC)	Per Capital Personal Income - 2011
1	Connecticut	\$57,902
2	Massachusetts	\$53,471
3	New Jersey	\$52,430
4	New York	\$51,126
5	Maryland	\$50,656
6	Wyoming	\$47,898
7	North Dakota	\$47,236
8	Virginia	\$46,107
9	New Hampshire	\$45,881
10	Alaska	\$45,665
11	Minnesota	\$44,560
12	South Dakota	\$44,217
13	Colorado	\$44,053
14	Washington	\$43,878
15	Rhode Island	\$43,875
16	Illinois	\$43,721
17	California	\$43,647
18	Hawaii	\$42,925
19	Nebraska	\$42,450
20	Pennsylvania	\$42,291
21	Vermont	\$41,572
--	United States	\$41,560
22	Delaware	\$41,449
23	Iowa	\$41,156
24	Kansas	\$40,883
25	Texas	\$40,147
26	Florida	\$39,636
27	Wisconsin	\$39,575
28	Louisiana	\$38,549
29	Maine	\$38,299
30	Missouri	\$37,969
31	Ohio	\$37,836
32	Oklahoma	\$37,679
33	Oregon	\$37,527
34	Nevada	\$36,964
35	Tennessee	\$36,567
36	Michigan	\$36,264
37	North Carolina	\$36,028
38	Montana	\$36,016
39	Georgia	\$35,979
40	Indiana	\$35,689
41	Arizona	\$35,062
42	Alabama	\$34,880
43	New Mexico	\$34,133
44	Kentucky	\$33,989
45	Arkansas	\$33,740
46	Utah	\$33,509
47	West Virginia	\$33,403
48	South Carolina	\$33,388
49	Idaho	\$32,881
50	Mississippi	\$32,000

Yellow shading indicates a RTW state

Source: U.S. Bureau of Economic Analysis. Per capita personal income is total personal income divided by total midyear population.

Nine of the ten states with the smallest increases in the level of Per Capita Personal Income from 2001 to 2011 are RTW states

	State (excluding DC)	Absolute Change in Per Capita Personal Income (2001-2011)
1	<b>North Dakota</b>	\$20,662
2	<b>Wyoming</b>	\$16,682
3	<b>South Dakota</b>	\$16,352
4	<b>New York</b>	\$15,650
5	<b>Maryland</b>	\$14,453
6	<b>Connecticut</b>	\$14,341
7	<b>Massachusetts</b>	\$13,924
8	<b>Hawaii</b>	\$13,612
9	<b>Alaska</b>	\$13,414
10	<b>Louisiana</b>	\$13,274
11	<b>Iowa</b>	\$13,248
12	<b>Virginia</b>	\$12,861
13	<b>New Jersey</b>	\$12,795
14	<b>Rhode Island</b>	\$12,678
15	<b>Nebraska</b>	\$12,601
16	<b>Vermont</b>	\$12,095
17	<b>Pennsylvania</b>	\$11,608
18	<b>Oklahoma</b>	\$11,479
19	<b>Kansas</b>	\$11,221
20	<b>Minnesota</b>	\$11,212
21	<b>New Hampshire</b>	\$11,076
22	<b>Texas</b>	\$10,962
23	<b>Washington</b>	\$10,912
24	<b>Montana</b>	\$10,732
25	<b>Illinois</b>	\$10,489
--	<b>United States</b>	\$10,403
26	<b>Maine</b>	\$10,118
27	<b>Arkansas</b>	\$9,876
28	<b>Florida</b>	\$9,832
29	<b>West Virginia</b>	\$9,830
30	<b>Alabama</b>	\$9,808
31	<b>California</b>	\$9,751
32	<b>Wisconsin</b>	\$9,470
33	<b>New Mexico</b>	\$9,382
34	<b>Missouri</b>	\$9,332
35	<b>Mississippi</b>	\$9,185
36	<b>Delaware</b>	\$9,099
37	<b>Tennessee</b>	\$9,016
38	<b>Colorado</b>	\$8,698
39	<b>Kentucky</b>	\$8,626
40	<b>Ohio</b>	\$8,561
41	<b>Oregon</b>	\$8,277
42	<b>Arizona</b>	\$7,971
43	<b>Utah</b>	\$7,891
44	<b>South Carolina</b>	\$7,751
45	<b>North Carolina</b>	\$7,669
46	<b>Indiana</b>	\$7,661
47	<b>Idaho</b>	\$7,216
48	<b>Georgia</b>	\$6,633
49	<b>Michigan</b>	\$6,240
50	<b>Nevada</b>	\$5,839

Source: U.S. Bureau of Economic Analysis, Per Capita Personal Income for 2001 and 2011

**Percent of Population Below Poverty Level -- 2011:**

Of the 10 states with the highest poverty rates, seven are RTW states; conversely, of the 10 states with the lowest poverty rates, eight are non-RTW states.

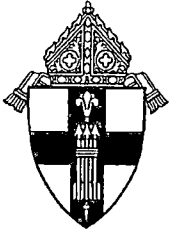
Rank (Highest to Lowest)	State (Excluding DC)	Percent below poverty level
1	Mississippi	22.6%
2	New Mexico	21.5%
3	Louisiana	20.4%
4	Arkansas	19.5%
5 (tie)	Georgia	19.1%
5 (tie)	Kentucky	19.1%
7 (tie)	Alabama	19.0%
7 (tie)	Arizona	19.0%
9	South Carolina	18.9%
10	West Virginia	18.6%
11	Texas	18.5%
12	Tennessee	18.3%
13	North Carolina	17.9%
14 (tie)	Michigan	17.5%
14 (tie)	Oregon	17.5%
16	Oklahoma	17.2%
17	Florida	17.0%
18	California	16.6%
19	Idaho	16.5%
20	Ohio	16.4%
21 (tie)	Indiana	16.0%
21 (tie)	New York	16.0%
23	Nevada	15.9%
24	Missouri	15.8%
25	Illinois	15.0%
26	Montana	14.8%
27	Rhode Island	14.7%
28	Maine	14.1%
29 (tie)	South Dakota	13.9%
29 (tie)	Washington	13.9%
31 (tie)	Kansas	13.8%
31 (tie)	Pennsylvania	13.8%
33 (tie)	Colorado	13.5%
33 (tie)	Utah	13.5%
35 (tie)	Nebraska	13.1%
35 (tie)	Wisconsin	13.1%
37	Iowa	12.8%
38	North Dakota	12.2%
39	Hawaii	12.0%
40 (tie)	Delaware	11.9%
40 (tie)	Minnesota	11.9%
42	Massachusetts	11.6%
43 (tie)	Vermont	11.5%
43 (tie)	Virginia	11.5%
45	Wyoming	11.3%
46	Connecticut	10.9%
47	Alaska	10.5%
48	New Jersey	10.4%
49	Maryland	10.1%
50	New Hampshire	8.8%

Source: U.S. Census Bureau, American Community Survey, 2011 ACS 1-year - Table S1701; Data for Population for whom poverty status is determined

**Share of Population 25 years or older with a bachelor's degree of higher --  
RTW states tend to have lower levels of educational attainment and claim eight of the lowest 10 states**

Rank (Highest share to Lowest share)	State (excluding DC)	Percent of population 25 years and older with bachelor's degree or higher
1	<b>Massachusetts</b>	39.1%
2	<b>Maryland</b>	36.9%
3	<b>Colorado</b>	36.7%
4	<b>Connecticut</b>	36.2%
5	<b>Vermont</b>	35.4%
6	<b>New Jersey</b>	35.3%
7	<b>Virginia</b>	35.1%
8	<b>New Hampshire</b>	33.4%
9	<b>New York</b>	32.9%
10	<b>Minnesota</b>	32.4%
11	<b>Washington</b>	31.9%
12	<b>Rhode Island</b>	31.1%
13	<b>Illinois</b>	31.0%
14	<b>California</b>	30.3%
15	<b>Kansas</b>	30.1%
16	<b>Utah</b>	29.7%
17	<b>Oregon</b>	29.3%
18	<b>Hawaii</b>	29.1%
19	<b>Delaware</b>	28.8%
20	<b>Maine</b>	28.4%
21	<b>Montana</b>	28.2%
22	<b>Nebraska</b>	27.9%
23	<b>Georgia</b>	27.6%
24	<b>Pennsylvania</b>	27.0%
25	<b>North Carolina</b>	26.9%
26	<b>Arizona</b>	26.6%
27	<b>Wisconsin</b>	26.5%
28 (tie)	<b>Alaska</b>	26.4%
28 (tie)	<b>Texas</b>	26.4%
30 (tie)	<b>North Dakota</b>	26.3%
30 (tie)	<b>South Dakota</b>	26.3%
32	<b>Missouri</b>	26.1%
33 (tie)	<b>Iowa</b>	25.8%
33 (tie)	<b>Florida</b>	25.8%
35 (tie)	<b>Michigan</b>	25.6%
35 (tie)	<b>New Mexico</b>	25.6%
37	<b>Idaho</b>	25.2%
38 (tie)	<b>Wyoming</b>	24.7%
38 (tie)	<b>Ohio</b>	24.7%
40	<b>South Carolina</b>	24.1%
41	<b>Oklahoma</b>	23.8%
42	<b>Tennessee</b>	23.6%
43	<b>Indiana</b>	23.0%
44	<b>Nevada</b>	22.5%
45	<b>Alabama</b>	22.3%
46 (tie)	<b>Kentucky</b>	21.1%
46 (tie)	<b>Louisiana</b>	21.1%
48	<b>Arkansas</b>	20.3%
49	<b>Mississippi</b>	19.8%
50	<b>West Virginia</b>	18.5%

**Yellow shading indicates a  
RTW state**



DIOCESE OF MANCHESTER  
*Secretariat for Administration*

February 1, 2013

The Honorable Andrew White  
House Labor, Industrial and Rehabilitative Services Committee  
107 North Main Street – Room 307  
Concord, New Hampshire 03301

**Re: HB 323 (Prohibiting Collective Bargaining Agreements that Require Employees to Join a Labor Union)**

Dear Representative White and Members of the House Labor, Industrial and Rehabilitative Services Committee:

As the Director of the Office of Public Policy of the Roman Catholic Diocese of Manchester, and on behalf of Bishop Peter Libasci, I write to express our opposition to HB 323, a so-called “Right-to-Work” bill.

Since the late 19<sup>th</sup> century, the Roman Catholic Church has supported the right of workers to band together in free trade unions for the purpose of bargaining with employers. Over the years, our free collective bargaining system has worked well to obtain fair wages and working conditions for workers, to promote creative collaboration between workers and management, and to balance within society the interests of labor and capital.

Because collective bargaining has worked so well, any proposal to alter the current system requires careful scrutiny. Proposals that offer genuine reform deserve support, but proposals that radically change existing arrangements without offering any benefit to either workers or management should not be supported. In light of this, the Roman Catholic Diocese of Manchester opposes so-called right-to-work laws. Three reasons undergird our position.

First, “right-to-work” laws are unnecessary. Supporters of “right-to-work” laws have argued that some workers have conscientious objections about political positions adopted by their unions, but federal law already protects workers who do not want to join a union as a condition of employment or from paying for union activities that violate their personal beliefs.

Second, “right-to-work” laws unnecessarily restrict the freedom of unions and employers to bargain over substantive issues, specifically union security arrangements. Labor and management should be permitted to reach agreements about a wide range of issues. The “union shop” is just one possible outcome of negotiations. Unions and employers are free to agree to other arrangements. The state should protect this freedom rather than arbitrarily ban an outcome acceptable in every other New England state.



Third, "right-to-work" laws seriously undermine the sense of collective good. Our nation is devoted to protecting individual freedom as well as fostering the unity of all people. Much of what we receive, such as national defense and education, is produced and received collectively. A person need not support every policy and priority of our national or state government in order to pay taxes. Likewise, all workers, regardless of their opinions, benefit from significant collective goods won by their unions. It is reasonable to expect them to share in the cost. The needs of the individual and the community always must be kept in balance. "Right-to-work" laws skew the balance toward the individual and devalue the good of the broader community.

Catholic social teaching supports the right of workers to choose whether to organize, join a union, and bargain collectively. Workers, owners, employers, and unions should work together in this time of economic difficulty to create decent jobs, build a more just economy, and advance the common good. The passage of a "right-to-work" law will not help New Hampshire accomplish any of these goals.

For the foregoing reasons, we urge you to vote against passage of HB 323. Thank you for your service to the people of the State of New Hampshire.

Sincerely,

A handwritten signature in cursive script that reads "Meredith P. Cook".

Meredith P. Cook, Esq.  
Director, Office of Public Policy

MPC/kjl



# Voting Sheets

HOUSE COMMITTEE ON LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES

EXECUTIVE SESSION on HB 323-FN

**BILL TITLE:** establishing the Franklin Partin right-to-work act.

**DATE:** February 5, 2013

**LOB ROOM:** 307

**Amendments:**

Sponsor: Rep. Daniels OLS Document #: 2013 0192h

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

**Motions:** OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep. Daniels

Seconded by Rep. Emerick

Vote: 4-14 (Please attach record of roll call vote.)

**Motions:** OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep. Kelly

Seconded by Rep. Weed

Vote: 13-5 (Please attach record of roll call vote.)

**CONSENT CALENDAR VOTE: NO**

(Vote to place on Consent Calendar must be unanimous.)

**Statement of Intent:** Refer to Committee Report

Respectfully submitted,

Rep. Linda A. DiSilvestro, Clerk

HOUSE COMMITTEE ON LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES

EXECUTIVE SESSION on HB 323-FN

BILL TITLE: establishing the Franklin Partin right-to-work act.

DATE: 2/5/13

LOB ROOM: 307

Amendments:

Sponsor: Rep. Daniels OLS Document #: 0192-H  
Sponsor: Rep. Emmert OLS Document #:  
Sponsor: Rep. 4-14 OLS Document #:

Motions: OTP, OTP/A, ITL Retained (Please circle one.)

Moved by Rep. Kelly  
Seconded by Rep. Weed

Vote: 13-5 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE:

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Linda A. DiSilvestro, Clerk



STATE OF NEW HAMPSHIRE  
OFFICE OF THE HOUSE CLERK

1/10/2013 9:29:31 AM  
Roll Call Committee Registers  
Report

2013 SESSION

LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES

Bill #: 323-FN Title: establishing the Franklin right-to-work

PH Date: 1/30/13 Exec Session Date: 2/5/13

Motion: ITL Amendment #: 0192-H

MEMBER

YEAS

NAYS

MEMBER	YEAS	NAYS
White, Andrew A, Chairman		NO
Kelly, Sally H, V Chairman		NO
Weed, Charles F		NO
Rice, Chip L		NO
Coulombe, Gary M		NO
Andrews, Christopher R		NO
Cahill, Michael D		NO
DiSilvestro, Linda A, Clerk		NO
Ley, Douglas A		NO
Schmidt, Janice E		NO
Tanner, Linda L		NO
Daniels, Gary L,	Yes	1
Infantine, William J,	absent	
Richardson, Herbert D		NO
Pellegrino, Tony J	Yes	
Sedensky, John B,		NO
Flanagan, Jack B		
Burchell, Richard B	Yes	
Emerick, J. Tracy	yes	
St.James, Kevin P		NO
<b>TOTAL VOTE:</b>		

4 14



2013 SESSION

LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES

Bill #: 323-FN Title: establishing the Franklin right-to-work

PH Date: 1/30/13 Exec Session Date: 2/5/13

Motion: ~~REL~~ Amendment #: ~~0192-F~~

MEMBER

YEAS

NAYS

MEMBER	YEAS	NAYS
White, Andrew A, Chairman	Y	
Kelly, Sally H, V Chairman	Y	
Weed, Charles F	Y	
Rice, Chip L	Y	
Coulombe, Gary M	Y	
Andrews, Christopher R	Y	
Cahill, Michael D	Y	
DiSilvestro, Linda A, Clerk	Y	
Ley, Douglas A	Y	
Schmidt, Janice E	Y	
Tanner, Linda L	Y	
Daniels, Gary L,		N
Infantine, William J,	absent	
Richardson, Herbert D	Y	
Pellegrino, Tony J		N
Sedensky, John B,		N
Flanagan, Jack B	absent	
Burchell, Richard B		N
Emerick, J. Tracy		N
St.James, Kevin P	Y	
<b>TOTAL VOTE:</b>		

13

5

# Committee Report

**REGULAR CALENDAR**

**February 7, 2013**

**HOUSE OF REPRESENTATIVES**

**REPORT OF COMMITTEE**

**The Majority of the Committee on LABOR,**  
**INDUSTRIAL AND REHABILITATIVE SERVICES to**  
**which was referred HB323-FN,**

**AN ACT establishing the Franklin Partin right-to-work**  
**act. Having considered the same, report the same with**  
**the following Resolution: RESOLVED, That it is**  
**INEXPEDIENT TO LEGISLATE.**

**Rep. Sally H Kelly**

**FOR THE MAJORITY OF THE COMMITTEE**

**MAJORITY  
COMMITTEE REPORT**

Committee:	<b>LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES</b>
Bill Number:	<b>HB323-FN</b>
Title:	<b>establishing the Franklin Partin right-to-work act.</b>
Date:	<b>February 7, 2013</b>
Consent Calendar:	<b>NO</b>
Recommendation:	<b>INEXPEDIENT TO LEGISLATE</b>

**STATEMENT OF INTENT**

The bill seeks to prohibit unions from collecting "agency fees" from employees who choose not to belong to the union, agency fees are not union dues. Agency fees include the cost to negotiate and administer contracts, defend grievances and cover legal expenses. Agency fees are not mandatory. Agency fees can only be collected from non-union employees IF the employee group and the employer jointly agree to them. The majority of the committee was not convinced there was any economic benefit to the State, and viewed credible evidence that wages were across the board lower in Right to Work States, poverty levels were higher and that every Right to Work State has a sales, income tax, or both. New Hampshire does not force anyone to join a union or force anyone to pay union dues, as stated, non-members only have to pay a fee if there is agreement between the employer and the employee group on the fee. When asked why businesses might be leaving New Hampshire, a Representative testifying for Americans for Prosperity testified the reasons were a lack of a properly educated work force and high costs of energy and interestingly, not the lack of a Right to Work law. The bipartisan Majority of the committee understands that enacting a Right to Work law does not address the real problems facing our economy like our extremely high cost of energy - essential in the manufacturing sector, our crumbling infrastructure, and our lack of appropriately trained workers, all of which would address the real needs of businesses looking to expand or relocate here. Right to Work is a false slogan and a concept that has been rejected for decades in New Hampshire, this bill if passed will drive down wages for not only union members but for everyone in New Hampshire, at the same time doing nothing for the real needs of our current businesses and those who would consider moving here.

Vote 13-5

Original: House Clerk  
Cc: Committee Bill File



Rep. Sally H Kelly  
FOR THE MAJORITY

Original: House Clerk  
Cc: Committee Bill File

## REGULAR CALENDAR

### LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES

**HB323-FN**, establishing the Franklin Partin right-to-work act. **INEXPEDIENT TO LEGISLATE.**

Rep. Sally H Kelly for the **Majority** of LABOR, INDUSTRIAL AND REHABILITATIVE

**SERVICES.** The bill seeks to prohibit unions from collecting "agency fees" from employees who choose not to belong to the union, agency fees are not union dues. Agency fees include the cost to negotiate and administer contracts, defend grievances and cover legal expenses. Agency fees are not mandatory. Agency fees can only be collected from non-union employees IF the employee group and the employer jointly agree to them. The majority of the committee was not convinced there was any economic benefit to the State, and viewed credible evidence that wages were across the board lower in Right to Work States, poverty levels were higher and that every Right to Work State has a sales, income tax, or both. New Hampshire does not force anyone to join a union or force anyone to pay union dues, as stated, non-members only have to pay a fee if there is agreement between the employer and the employee group on the fee. When asked why businesses might be leaving New Hampshire, a Representative testifying for Americans for Prosperity testified the reasons were a lack of a properly educated work force and high costs of energy and interestingly, not the lack of a Right to Work law. The bipartisan Majority of the committee understands that enacting a Right to Work law does not address the real problems facing our economy like our extremely high cost of energy - essential in the manufacturing sector, our crumbling infrastructure, and our lack of appropriately trained workers, all of which would address the real needs of businesses looking to expand or relocate here. Right to Work is a false slogan and a concept that has been rejected for decades in New Hampshire, this bill if passed will drive down wages for not only union members but for everyone in New Hampshire, at the same time doing nothing for the real needs of our current businesses and those who would consider moving here. **Vote 13-5.**

Original: House Clerk

Cc: Committee Bill File

The bill seeks to prohibit unions from collecting "agency fees" from employees who choose not to belong to the union, agency fees are not union dues. Agency fees include the cost to negotiate and administer contracts, defend grievances and cover legal expenses. Agency fees are not mandatory. Agency fees can only be collected from non-union employees IF the employee group and the employer jointly agree to them. The majority of the committee was not convinced there was any economic benefit to the State, and viewed credible evidence that wages were across the board lower in Right to Work States, poverty levels were higher and that every Right to Work State has a sales, income tax, or both. New Hampshire does not force anyone to join a union or force anyone to pay union dues, as stated, non-members only have to pay a fee if there is agreement between the employer and the employee group on the fee. When asked why businesses might be leaving New Hampshire, a Representative testifying for Americans for Prosperity testified the reasons were a lack of a properly educated work force and high costs of energy and interestingly, not the lack of a Right to Work law. The bipartisan Majority of the committee understands that enacting a Right to Work law does not address the real problems facing our economy like our extremely high cost of energy - essential in the manufacturing sector, our crumbling infrastructure, and our lack of appropriately trained workers, all of which would address the real needs of businesses looking to expand or relocate here. Right to Work is a false slogan and a concept that has been rejected for decades in New Hampshire, this bill if passed will drive down wages for not only union members but for everyone in New Hampshire, at the same time doing nothing for the real needs of our current businesses and those who would consider moving here.

# Labor Industrial Rehabilitative Services

HB 323

## Establishing the Franklin D. Roosevelt right-to-work act

The bill seeks to prohibit unions from collecting "agency fees" from employees who choose not to belong to the union. Agency fees are not union dues. Agency fees include the cost to negotiate and administer contracts, defend grievances and cover legal expenses. Agency fees are not mandatory. Agency fees can only be collected from non-union employees IF the employee group and the employer jointly agree to them. The majority of the committee was not convinced there was any economic benefit to the State, and viewed credible evidence that wages were across the board lower in Right to Work States, poverty levels were higher and that every Right to Work State has a sales, income tax, or both. New Hampshire does not force anyone to join a union or force anyone to pay union dues, as stated, non-members only have to pay a fee if there is agreement between the employer and the employee group on the fee. When asked why businesses might be leaving New Hampshire, a Representative testifying for Americans for Prosperity testified the reasons were a lack of a properly educated work force and high costs of energy and interestingly, not the lack of a Right to Work law. The bipartisan Majority of the committee understands that enacting a Right to Work law does not address the real problems facing our economy like our extremely high cost of energy - essential in the manufacturing sector, our crumbling infrastructure, and our lack of appropriately trained workers, all of which would address the real needs of businesses looking to expand or relocate here. Right to Work is a false slogan and a concept that has been rejected for decades in New Hampshire, this bill if passed will drive down wages for not only union members but for everyone in New Hampshire, at the same time doing nothing for the real needs of our current businesses and those who would consider moving here.

# COMMITTEE REPORT

COMMITTEE: Labor Industrial + Rehabilitative Services

BILL NUMBER: HB 323

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_ CONSENT CALENDAR: YES  NO

OUGHT TO PASS

OUGHT TO PASS W/ AMENDMENT

INEXPEDIENT TO LEGISLATE

INTERIM STUDY (Available only 2<sup>nd</sup> year of biennium)

Amendment No. _____
------------------------

## STATEMENT OF INTENT:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

COMMITTEE VOTE: 13 - 5

RESPECTFULLY SUBMITTED,

- |                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Copy to Committee Bill File</li><li>• Use Another Report for Minority Report</li></ul> |
|--------------------------------------------------------------------------------------------------------------------------------|

Rep. Kelly Kelly  
For the Committee

**REGULAR CALENDAR**

**February 7, 2013**

**HOUSE OF REPRESENTATIVES**

**REPORT OF COMMITTEE**

**The Minority of the Committee on LABOR,**

**INDUSTRIAL AND REHABILITATIVE SERVICES to**

**which was referred HB323-FN,**

**AN ACT establishing the Franklin Partin right-to-work**

**act. Having considered the same, and being unable to**

**agree with the Majority, report with the following**

**amendment, and the recommendation that the bill**

**OUGHT TO PASS WITH AMENDMENT.**

**Rep. Gary L Daniels**

**FOR THE MINORITY OF THE COMMITTEE**

Original: House Clerk

Cc: Committee Bill File

**MINORITY  
COMMITTEE REPORT**

Committee: **LABOR, INDUSTRIAL AND REHABILITATIVE  
SERVICES**

Bill Number: **HB323-FN**

Title: **establishing the Franklin Partin right-to-work  
act.**

Date: **February 7, 2013**

Consent Calendar: **NO**

Recommendation: **OUGHT TO PASS WITH AMENDMENT**

**STATEMENT OF INTENT**

The minority believes it is wrong to allow employers to bargain away the constitutional rights of its employees, forcing them, as a condition of employment, to financially support a third party organization with which the employee may not wish to associate. It is unfair to employees who wish not to have the benefits bargained for by the union to be forced to pay for benefits which they have no interest in receiving. The minority believes they have no interest in receiving. The minority believes that unions who take care of their members should have no concerns should this bill pass. It would be a travesty if unions feel the only way they can be successful is to force unwilling employees to financially support them.

Rep. Gary L Daniels  
FOR THE MINORITY

Original: House Clerk  
Cc: Committee Bill File

REGULAR CALENDAR

LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES

**HB323-FN**, establishing the Franklin Partin right-to-work act. **OUGHT TO PASS WITH AMENDMENT.**

Rep. Gary L Daniels for the **Minority** of LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES. The minority believes it is wrong to allow employers to bargain away the constitutional rights of its employees, forcing them, as a condition of employment, to financially support a third party organization with which the employee may not wish to associate. It is unfair to employees who wish not to have the benefits bargained for by the union to be forced to pay for benefits which they have no interest in receiving. The minority believes they have no interest in receiving. The minority believes that unions who take care of their members should have no concerns should this bill pass. It would be a travesty if unions feel the only way they can be successful is to force unwilling employees to financially support them.



HB 323

OTP/A

The minority believes it is wrong to allow employers to bargain away the constitutional rights of its employees, forcing them, as a condition of employment, to financially support a third party organization with which the employee may not wish to associate. It is unfair to employees who wish not to have the benefits bargained for by the union to be forced to pay for benefits which they have no interest in receiving. The minority believes they have no interest in receiving. The minority believes that unions who take care of their members should have no concerns should this bill pass. It would be a travesty if unions feel the only way they can be successful is to force unwilling employees to financially support them.

Gary Daniels

# MINORITY REPORT

COMMITTEE: Labor

BILL NUMBER: HB 323

TITLE: \_\_\_\_\_

DATE: 2/5/2013 CONSENT CALENDAR: YES  NO

- OUGHT TO PASS
- OUGHT TO PASS W/ AMENDMENT
- INEXPEDIENT TO LEGISLATE
- INTERIM STUDY (Available only 2<sup>nd</sup> year of biennium)

Amendment No.  
\_\_\_\_\_

**STATEMENT OF INTENT:**

The minority believes it is ~~constituted~~ wrong to allow employers to bargain away the constitutional rights of its employees, forcing them, as a condition of employment, to financially support a third party organization with which the employee may not wish to associate. It is unfair to employees who wish not to have the benefits bargained for by the union to be forced to pay for benefits which they have no interest in receiving. The minority believes that unions who take care of their members should have no concerns should this bill pass. It would be a travesty if unions feel the only way they can be successful is to force unwilling employees to financially support them.

COMMITTEE VOTE: \_\_\_\_\_

RESPECTFULLY SUBMITTED,

• Copy to Committee Bill File

Rep. Gary L. Daniels  
For the Minority