



NILRR FACT SHEET

National Institute for Labor Relations Research

5211 Port Royal Road, Suite 510, Springfield, VA 22151 • Phone: (703) 321-9606 • Research@nilrr.org • NILRR.org

4 September 2014

Working-Age Resident Deficit

Compulsory-Union-Dues States' Total Population Aged 35-54 Fell by Roughly Two Million from 2003 to 2013

By Stan Greer

Because, as a group, they already have plenty of work experience, but are still able to put in a lot of hours on the job, the 84.2 million Americans who were aged 35-54 in 2013ⁱ are commonly characterized by economists as being in their “peak earning years.”

Unfortunately for the 26 states that continue to lack Right to Work laws today, millions of their residents in this age bracket have gone missing.

To estimate the full extent of the working-age population shortfall, it is necessary to investigate where the 84.2 million U.S. citizens and other residents who are now in their peak earning years were born as well as where they live now. But the fact that there is a large shortfall can be readily seen even if only more recent Census data are considered.

In fact, recently released U.S. Census Bureau data for 2013 and analogous data for 2003 show that last year there were roughly 1.7 million fewer people aged 35-54 living in the 26 remaining non-Right to Work states than would have been expected a decade ago.

Due to the “baby bust” that occurred during the 1970’s, there were roughly 700,000 fewer adults aged 35-54 in 2013 compared to a decade earlier.ⁱⁱ This decline occurred even as there was an increase of several million in foreign-born U.S. residents aged 35-54.ⁱⁱⁱ

The overall decline in 35-54-year-olds is clearly a significant impediment to economic growth because, according to a wide array of data, this is the age range when employees are most productive and, consequently, earn the most.

But not all states have been equally affected by the “baby bust.” Three New England states (Maine, Rhode Island and Vermont) and Michigan suffered double-digit declines over the past decade in the number of residents in their peak earning years.

The other seven bottom-ranking states (Alaska, Montana, New Hampshire, Ohio, Pennsylvania, West Virginia and Wisconsin) are geographically diverse. What they and the four states suffering double-digit declines most notably have in common is that, prior to 2013, none had Right to Work laws on the books. Even today, among the 11 bottom-ranking states, only Michigan, whose Right to Work law took effect less than a year-and-a-half ago, prohibits compulsory unionism.

Meanwhile, nine states experienced increases of 3% or more in their populations aged 35-54. Every one of these states (Arizona, Florida, Georgia, Idaho, Nevada, North Carolina, South Carolina, Texas, and Utah) has a Right to Work law.

Overall, from 2003 to 2013, the number of 35-54 year-olds fell by roughly two million, or 4.1%, in the 26 states that lacked Right to Work states for the whole decade, while Right to Work states experienced a collective increase of 1.7 million, or 5.4%, in the same population group.

Had forced-unionism states experienced only a decline equivalent to the national average of 0.8%, there would be 1.7 million more 35-54-year-olds residing in those states than is currently the case.

Immigration Trend Masks Extent of Non-Right to Work States' Native-Born Working-Age Population Losses

The reallocation of America's breadwinners over the past decade cannot adequately be described as a shift to the "Sunbelt." Despite taking in large influxes of immigrant job seekers and entrepreneurs, sunny, but forced-unionism California experienced a gain of just 1.5% in its 35-54 year-old population, a much smaller increase than chilly Idaho's 7.2%. Another high-immigration forced-dues state in the Sunbelt, New Mexico, saw its breadwinner population fall by 2.6%.

In reality, the overall loss of breadwinners for forced-unionism states is even greater when the impact of immigration from abroad is factored out. To do this, it is necessary to look first at births occurring in the 24 states that currently have Right to Work laws and the 26 states that still lack them between the late 1950's and the late 1970's.

Aggregate nativity data for the years 1960, 1965, 1970 and 1975 show that 58.6% of all U.S. births occurred in the 26 states that still didn't have Right to Work laws in 2013.^{iv} But as of 2013 just 54.5% of all 35-54 year-olds in the U.S. lived in non-Right to Work states.^v

If the number of 35-54 year-olds living in forced-unionism states today were perfectly proportionate to those states' share of births from 1959-1978, they would have had, as of 2013, nearly 49.4 million residents in this age bracket, instead of 45.9 million. That suggests forced-unionism states' actual deficit of residents in their peak earning years is roughly 3.5 million.

But even this figure understates the actual net loss of native-born, working-age residents.

Census Bureau data indicate that a disproportionately high share of the 15.3 million immigrants aged 35-54 in 2010^{vi} first settled in non-Right to Work states. While in 2003 56.4% of all 35-54 year-olds lived in the 26 states that still lack Right to Work laws today, from 2000 to 2009 58.3% of the U.S. net population gain from international immigration occurred in these states.^{vii}

Forced-Dues States' 2013 Native-Born Population, Age 35-54, 16.8% Lower Than Total Births, 1959-1978

After subtracting an estimated 16.51 million foreign-born residents of the 50 states and Washington, D.C., aged 35-54 as of 2013,^{viii} the National Institute for Labor Relations Research has calculated that there were 67.77 million native-born Americans in the same age bracket and living in the 50 states and Washington, D.C., last year.

This figure is 7.1% lower than the estimated total births of 72.96 million from 1959 to 1978. The disparity is plausible, because it's estimated that over six million Americans are living abroad,^{ix} and a substantial share of these expatriates are undoubtedly in their prime working years, and because, as of 2003, 6.4% of Americans reportedly died before the age of 50.^x

In the 26 current forced-unionism states alone, there were roughly 42.71 million births from 1959 to 1978, but only 35.55 million U.S.-born residents aged 35-54 in 2013. That represents a 16.8% loss in their overall native-born residents in their peak earning years, compared to the national average loss of just 7.1% due to international out-migration and deaths. Had forced-unionism states suffered no net losses of the people born in their states from 1959 to 1978 due to domestic out-migration, they would have had roughly 4.1 million more U.S.-born residents aged 35-54 in 2013.

In stark contrast, the 22 states that have had Right to Work laws on the books for at least a decade had 3.43 million *more* U.S.-born residents in their peak-earning years in 2013 than the aggregate 1959-1978 births in those same states. Thanks to net domestic in-migration, last year states with longstanding Right to Work laws had 13.9% more U.S.-born residents aged 35-54 than would have been expected based on births occurring 35-54 years earlier, and that's assuming zero losses due to mortality and international out-migration!

By Moving to Right to Work States, Workers Raise Their Families' Living Standards

One key advantage enjoyed by Right to Work states over forced-unionism states that undoubtedly accounts to a large extent for the longstanding domestic migration pattern documented above is their relative affordability.

For a number of years, it has been possible to estimate how great Right to Work states' overall cost-of-living edge over non-Right to Work states is with the help of comparative cost-of-living indices for the 50 states published by the non-partisan, Jefferson City-based Missouri Economic Research and Information Center (MERIC).

This February, MERIC published indices measuring the average annual cost of living in 2013 for each state.^{xi} As the Institute has previously reported:

The 24 Right to Work states combined had a population-weighted cost of living 5.9% below the national average in 2013. The 26 forced-unionism states had a population-weighted cost of living 14.2% above the national average. . . . On average, forced-unionism states were roughly 21% more expensive to live in than Right to Work states.^{xii}

The correlation between forced-unionism status and a higher cost of living is robust: “Not one of the 16 highest-cost states in 2013 has a Right to Work law. But 11 of the 12 lowest-cost states have Right to Work laws.”^{xiii}

Regardless of the source of the substantial cost-of-living gap between states that permit compulsory unionism and states that prohibit it, it is highly relevant in assessing the economic attractiveness of Right to Work states.

What matters most to employees seeking better lives for themselves and their families and employers seeking to bring in and retain good employees is not nominal wages and salaries. It is what those wages and salaries can buy in the location where they are earned.

This March, the Institute adjusted 2013 disposable income in the 50 states as reported by the U.S. Commerce Department for cost of living by using MERIC’s annual cost-of-living indices for that year. The results clearly indicate that, when workers move to Right to Work states, they typically raise their families’ living standards:

[T]he average cost of living-adjusted disposable income per capita in Right to Work states last year was \$38,965, roughly \$2200 higher than the forced-unionism average. Nine of the 10 top-ranking states (Iowa, Kansas, Nebraska, North Dakota, Oklahoma, South Dakota, Texas, Virginia and Wyoming) have Right to Work laws on the books. The sole exception in the top 10 is forced-unionism Illinois, whose economic positives are offset by extraordinarily poor job creation and overall income growth. Moreover, nine of the 11 bottom-ranking states for cost of living-adjusted disposable income per capita lack Right to Work laws.^{xiv}

As economist Barry Poulson, now a professor emeritus at the University of Colorado, observed a decade ago in a paper he prepared for the Institute, it is natural to expect that workers and their families will tend more often to move to locations where incomes are higher than average than move to locations where they are lower than average.^{xv}

Federal Government Bears Primary Responsibility For Labor Policy

And the undeniable fact is that millions of Americans -- especially employees in their peak earning years and their spouses and children, but also young employees in their career building years, retirees, and others -- are flocking to Right to Work states. This provides the strongest possible confirmation that Dr. Poulson and other scholars who have found that real incomes are higher in Right to Work states are correct.

It is not the purpose of this study to examine in any detail *why* employment opportunities are greater and incomes are higher in Right to Work states than they are in the rest of the country.

One plausible, albeit partial, explanation is that business owners faced with making decisions about where to direct job-creating investments know union bosses funnel a big portion of the forced dues they collect into support for state and local politicians who push for more forced unionism, higher taxes, and more red-tape regulation of business.

Regardless of the reasons why and their relative importance, it's clear that the federal policies that, absent a state Right to Work law, authorize compulsory union dues and fees are promoting a "brain drain" from roughly half the states in the U.S.

In short, Congress is the culprit behind the disappearance since their births three to five decades ago of an estimated 4.1 million adults who are currently in their peak earning years from the 26 non-Right to Work states. Families have been unnecessarily torn apart. Businesses and communities have suffered unnecessarily from the loss of "human capital."

Fortunately, just as Congress instigated this major disruption, Congress can now begin to restore order -- by repealing every provision in federal labor law that authorizes the firing of employees for refusal to pay dues or fees to an unwanted union.

###

Stan Greer is the National Institute for Labor Relations Research's senior research associate. He may be reached by e-mail at stg@nrtw.org or by phone at 703-321-9606. Nothing here is to be construed as an attempt to aid or hinder the passage of any bill before Congress or any state legislature.

ⁱ [U.S. Census Bureau](#), "Annual Estimates of the Resident Population for Selected Age Groups by Sex for the United States, States, Counties, and Puerto Rico Commonwealth and Municipios: April 1, 2010 to July 1, 2013."

ⁱⁱ U.S. Census Bureau, [Statistical Abstract of the United States](#) (2004-2005 edition), Table No. 20, "Resident Population by Age and State: 2003."

ⁱⁱⁱ See "[Foreign-Born Population -- Selected Characteristics by Region of Origin: 2010](#)," Table 42 of the 2014 edition of the *Statistical Abstract* and "Foreign-Born Populations -- Selected Characteristics by Region of Origin: 2003," Table 44 of the 2004-5 edition.

^{iv} *Statistical Abstract* (1977 edition), "Live Births -- Total and Rate, 1960 to 1975: States," Table 79.

^v See Footnote 1.

^{vi} *Statistical Abstract* (2014 edition), "Foreign-Born Population -- Selected Characteristics by Region of Origin: 2010," Table 42.

^{vii} *Statistical Abstract* (2011 edition), "[State Resident Population -- Components of Change: 2000-2009](#)," Table 15.

^{viii} *Statistical Abstract* (2014 edition), "Native and Foreign-Born Population by State: 2011," Table 39. See also Footnote 6.

^{ix} See the Wikipedia entry, "Emigration from the United States."

^x [National Vital Statistics Reports](#), Vol. 54, No. 14 (April 19, 2006), Table 1, "Life Table for Total Population, United States, 2003."

^{xi} “Cost of Living Data Series: Annual Average 2013.” These indices are no longer available on MERIC’s web site, but interested readers may obtain a copy by contacting the author of this fact sheet.

^{xii} Stan Greer, “[Forced-Unionism States Were on Average 21% More Costly to Live in Than Right to Work States in 2013](#),” February 20, 2014 NILRR blog post.

^{xiii} *Ibid.*

^{xiv} Stan Greer, “[Nine of the 10 Top-Ranking States For 2013 Cost of Living-Adjusted Disposable Income Have Right to Work Laws](#),” March 28, 2014 NILRR blog post.

^{xv} Barry Poulson, “[The Standard of Living in Right to Work States](#),” January 2005 NILRR study.