


NILRR FACT SHEET

National Institute for Labor Relations Research

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Forced-Dues State Households Have Less Real Income

Higher Costs for Consumers Translate Into Lower Living Standards for Employees and Everyone Else

By Stan Greer

In California, the erstwhile Golden State, K-12 educators obviously recognize that they don't live so well relative to educators in other states. That's why Big Labor-controlled California's teachers are fleeing to other states in droves.

From 2003 to 2016, "about 18,000 more elementary and secondary school teachers left California than came from other states."¹

Teachers Understand What Union Spokesmen Choose to Overlook

California's largest net loss to any state, totaling roughly 6,000 teachers, was to Right to Work Texas. Yet NEA union propagandists claim teachers are worse off in Texas than in California!

Teachers understand what union spokesmen choose to overlook: The standard of living for any employee, including a teacher, depends on his or her living costs and tax burden, as well as nominal pay. That's why living standards in Texas and Right to Work states generally are higher than they are in California and forced-unionism states generally

Economists and ordinary Americans recognize that the purchasing power of a dollar varies widely from state to state, but many people may assume there is no reliable way to incorporate cost-of-living disparities into income and earnings data.

Fortunately, for many years now, employees considering relocation to another state and companies seeking to hire capable employees from another state have been able to consult interstate

¹ Philip Reese, "California Schools Are Short of Teachers. One Reason? They're Going to Texas," *Sacramento (Calif.) Bee*, May 29, 2018.

cost-of-living indices that are calculated and published by the Missouri Economic Research and Information Center (MERIC).²

Based in Jefferson City, Mo., MERIC is a state government agency with no ax to grind on the Right to Work issue. And its web site reports that MERIC has been “recognized with 15 national awards for research excellence since it was formed in 2001.”

MERIC’s indices factor in housing, food, utilities, transportation, health care, and other miscellaneous goods and services. For roughly a decade and a half, the National Institute for Labor Relations Research has used MERIC’s indices to make apples-to-apples comparisons of wages, salaries, and other forms of income in Right to Work and forced-unionism states.

In 2017, Not One of the 14 Most Costly States to Live in Had a Right to Work Law

MERIC’s annual data for 2017 show that, among the 14 states with the highest overall cost of living last year, not one has on the books and in effect a Right to Work law barring the termination of employees for refusal to join or pay dues to an unwanted union.³ But all of the seven lowest-cost states, and 16 of the 18 lowest-cost states, were and are Right to Work.

Along with housing, food and utility costs, overall tax burdens are substantially lower in Right to Work states than they are in forced-unionism states.

In 2017, specifically, according to data furnished by the nonpartisan, Washington, D.C.-based Tax Foundation, residents of forced-unionism states forked over 33.2% of their total personal income in federal, state and local taxes, a 13% higher share than the Right to Work state average.⁴

“Tax Freedom Day” (TFD), the day when, as the Tax Foundation has explained, all Americans or the residents of a particular state or group of states have “earned enough money to pay” their “total tax burden for the year,” didn’t arrive until May 1 in forced-unionism states as group in 2017.

In sharp contrast, TFD 2017 in Right to Work states as a group came on April 17, a full two weeks earlier than the forced-unionism average.

² Go to https://www.missourieconomy.org/indicators/cost_of_living/index.stm to see MERIC’s current state cost-of-living data series. Previous quarterly and annual series are not archived.

³ See “Least-Affordable States Are All Forced-Unionism,” *National Right to Work Newsletter*, April 2018 edition, p. 3.

⁴ See the Tax Foundation’s “Facts and Figures 2018: How Does Your State Compare?” This booklet was published on March 21, 2018. See also “Forced Unionism and High Taxes Go Hand in Hand,” *National Right to Work Newsletter*, June 2017 edition, p. 4.

Real, Spendable Income per Household Roughly \$4,500 Higher in Right to Work States

When 2017 state average (mean) household income data, as reported⁵ on the U.S. Census Bureau's *American FactFinder* web site, are adjusted for differences in living costs and tax burdens, the results show that four of the five highest-ranking states have Right to Work laws. Meanwhile, nine of the 10 bottom-ranking states lack Right to Work laws.

Overall, the average cost of living-adjusted, after-tax income per household in Right to Work states last year was \$57,416, roughly \$4,500 higher than the forced-unionism state average.

No one should be surprised by these data.

The forced-union-dues system foments hate-the-boss class warfare in many workplaces. It helps Big Labor impose and perpetuate counterproductive and costly work rules.⁶ And union bosses funnel a large share of the forced dues and fees they collect through this system into the campaigns of Tax & Spend, regulation-happy state and local politicians.⁷ Undoubtedly, this is an important reason why, year after year, TFD arrives roughly two weeks earlier in Right to Work states than in forced-unionism states.

It is only logical that, in states where forced union dues and fees are still permitted, workers and other residents will end up with less real purchasing power. That's what cost of living-adjusted, after-tax federal data confirm is the case.

But many statistics regarding incomes in Right to Work and forced-unionism states cited by Big Labor propagandists ignore regional cost-of-living differences completely. For example, even though the Census Bureau has since 2011 regularly calculated and published data measuring poverty adjusted for differences in housing costs,⁸ Big Labor and its allies never reference these data, which show poverty is lower in Right to Work states than in forced-unionism states.⁹

Instead, forced-unionism apologists simply ignore the relevant data and claim, in essence, we would all be better off if union officials could just force everyone to pay union dues or fees in order to get or keep a job.

⁵ See Table S1901, "2017 American Community Survey 1-Year Estimates: INCOME IN THE PAST 12 MONTHS (IN 2017 INFLATION-ADJUSTED DOLLARS.)"

⁶ See, e.g., "Right to Work Laws keep Good Jobs in the U.S.," National Institute for Labor Relations Research fact sheet, May 20, 2005.

⁷ "Big Labor Loves Tax-Grabbing Politicians: Top Recipients of Union-Boss Largesse Back Big Government Agenda," *National Right to Work Newsletter*, September 2014 edition, pp. 8-7.

⁸ For additional information, visit the "Supplemental Poverty Measure" page on the U.S. Census Bureau web site.

⁹ See, e.g., "Cost of Living-Adjusted Poverty Higher in Forced-Unionism States," posted on the National Right to Work Committee's web site on November 7, 2016.

Union bosses and their allies in pro-Big Labor “think tanks” undoubtedly understand that, if they adequately accounted for differences in living costs and taxes, their data would show living standards are higher in Right to Work states. That’s why, for example, analyses comparing wages in Right to Work states and forced-unionism states published by the Big Labor-founded Economic Policy Institute routinely “under-compensate for the effect of living costs on wages,” as a 2015 Heritage Foundation paper demonstrated.¹⁰

Big Labor Politicians Want Captive Employees, Firms to Have Nowhere to Flee

Unfortunately, if legislation introduced in both chambers of Congress in 2018 and ultimately sponsored by more than 120 U.S. representatives and senators becomes law, employees whose freedom is curtailed and who are economically harmed by compulsory unionism will not be able to escape to a Right to Work state.

The cynically mislabeled “Workplace Democracy Act” (H.R.5728/S.2810) and “Workers’ Freedom to Negotiate Act” (H.R.6080/S.3064) would both eliminate Right to Work protections for all private-sector employees and promote monopolistic unionism in a host of other ways.

The next time they are in a position to set the congressional agenda, Big Labor politicians in Washington, D.C., can be expected to bring up for committee and floor votes the “Workplace Democracy Act,” the “Workers’ Freedom to Negotiate Act,” or another, similar union-boss power grab.

That means, despite the facts cited above and a wide array of other compelling evidence, established over the course of decades, indicating that state Right to Work protections for employees benefit people from all walks of life, such protections remain vulnerable in our time to shifting political tides.

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¹⁰ James Sherk, “How Unions and Right-to-Work Laws Affect the Economy,” testimony delivered to the Wisconsin state Senate Committee on Labor and Government Reform, February 24, 2015. At the time, Sherk was a Heritage Foundation research fellow specializing in labor economics. See especially Footnote 52 of Sherk’s written testimony.