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## Real Earnings Higher In Right to Work States

A Study By Stan Greer  
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Big Labor propaganda against Right to Work legislation and laws rarely focuses on the principle at stake: freedom of association.

The fact is, Right to Work laws safeguard employees' freedom of association evenhandedly: They prohibit the firing of employees for refusal to join or pay "fees" to a union, and they also prohibit termination for joining or financially supporting a union.

Union officials naturally have no problem with the second prohibition.

Where their difficulty lies is in explaining why they believe the law should protect one employee's right to support a union, but at the same time authorize the firing of another employee who chooses not to support the same union.

Eager to dodge a debate over principle, union officials like to pretend that the Right to Work battle is only about economics. But union bosses' economic indictment against Right to Work keeps getting less and less plausible.

### **AFT Study Shows Employees in Right to Work States Enjoy Lower Living Expenses**

Ironically, one of the most devastating blows against this indictment has been dealt by F. Howard Nelson, a veteran researcher for the 1.3 million-member American Federation of Teachers (AFT) union.

The AFT union is one of the largest and most powerful affiliates of the vast, 13 million-member AFL-CIO empire.

More than a dozen years ago, Dr. Nelson created a cost-of-living index that confirms what top union officials shrilly deny: that employees' real, spendable earnings are higher in Right to Work states.

Dr. Nelson calculated and periodically updates his "Interstate Cost-of-Living" Index (whose latest version can be downloaded at

[www.aft.org/research/survey01/tables/tableI-7.html](http://www.aft.org/research/survey01/tables/tableI-7.html)) because it is sometimes in the AFT's interest to make accurate comparisons of teachers' earnings in different states.

Drawing on data from both government and private sources, this index compares the cost of housing, food, clothing, transportation, medical care, and other necessities in the 50 states.

In this index, a state whose average cost of living is exactly equal to the U.S. average would score 1.00. If the average cost of living within a state is 10% higher than the national average, it will score 1.10. If living expenses are 10% lower than the national average, it will score .90.

The index for 2000, the most recent one now available, shows that living expenses for employees in non-Right to Work states are overall 4.4% higher than the national average. Overall living costs in Right to Work states are 7.1% more affordable than the national average. (See Table I.)

### **Impact of State Income and Federal Taxes Widens Right to Work States' Advantage**

Of course, neither Dr. Nelson nor AFT President Sandra Feldman intended for the index to be used to calculate relative living costs in Right to Work states, where employees may not be fired for refusal to join or pay dues to a union, and non-Right to Work states.

But the data speak for themselves.

When the 2000 mean weekly earnings for full-time wage and salary employees in the 50 states, as published on pp. 30-35 of the 2001 edition of the Bureau of National Affairs' Union Membership and Earnings Data Book, are adjusted for differences in living costs, the real earnings of employees in Right to Work states are shown to be higher.

In 2000, employees in Right to Work states earned a mean of \$638 a week, after adjusting for the cost of living, compared to \$632 in non-Right to Work states. (See Table II.)

But this comparison actually understates, in two ways, the advantage employees in Right to Work states have in real, spendable income.

First, the prices incorporated by Dr. Nelson in his cost-of-living index include state and local sales and real estate taxes, but do not reflect state income taxes, which are on average significantly lower in Right to Work states.

Second, the Nelson index does not account for the disparities in the federal tax burden carried by employees in different states.

Progressive federal income tax rates are levied on nominal, rather than real, incomes. According to the Nelson index, the average employee in non-Right to Work California would have to earn nearly \$65,000 a year to enjoy the same pre-tax earning power as an employee in Right to Work Florida who earns \$50,000 a year.

However, other things being equal, the California employee would have to fork out a significantly higher share of his or her nominally higher income in federal income taxes. As a result, the Californian's real, after-tax living standards would actually be lower.

After subtracting state income taxes and all federal taxes, the 2000 cost-of-living-adjusted mean weekly earnings of employees in Right to Work states was \$484, compared to just \$468 in non-Right to Work states. (See Table III.)

Where forced dues are legal, union officials use their power to dislocate labor markets, jack up costs, and bankroll Tax-and-Spend, regulation-happy state legislators and governors.

Right to Work Laws Fundamental Purpose

Is to Protect Freedom of Association

Not just the Nelson index, but also other nationwide comparative cost-of-living indices such as the one supplied in David Savageau and Ralph D'Agostino's Places Rated Almanac, show that living costs are significantly higher and, consequently, real incomes are lower where Big Labor wields forced-dues power.

But Right to Work laws are not merely or even primarily an economic development tool.

Right to Work laws and legislation are really a matter of freedom, not economics. The question is: Should labor law respect the ability of each employee to choose intelligently whether or not to furnish financial support for a union?

In many cases, forced-dues treasury money goes to support not only bargaining positions, but also political candidates and causes that many or most forced dues-paying workers oppose.

Poll after poll has shown that nearly four out of five Americans support the individual employee's Right to Work regardless of his or her union affiliation.

Union officials who disagree should at least be willing to offer a straightforward explanation why that's based on principle, instead of making unsupported and false claims about Right to Work laws' economic impact.

TABLE I:

Average Cost of Living Index in 2000: Right to Work vs. Non Right to Work			
Non-Right to Work States	2000 AFTCost of LivingIndex	Right to Work States	2000 AFTCost of LivingIndex
Alaska	1.230	Alabama	0.910
California	1.219	Arizona	0.959
Colorado	1.081	Arkansas	0.891
Connecticut	1.087	Florida	0.942
Delaware	0.970	Georgia	0.938
Hawaii	1.312	Idaho	0.938
Illinois	0.992	Iowa	0.921
Indiana	0.924	Kansas	0.921
Kentucky	0.910	Louisiana	0.936
Maine	0.992	Mississippi	0.896
Maryland	1.009	Nebraska	0.927
Massachusetts	1.144	Nevada	0.934
Michigan	0.974	North Carolina	0.931
Minnesota	0.989	North Dakota	0.924
Missouri	0.930	South Carolina	0.930
Montana	0.979	South Dakota	0.917
New Hampshire	1.062	Tennessee	0.915

New Jersey	1.057	Texas	0.904
New Mexico	0.962	Utah	1.017
New York	1.070	Virginia	0.954
Ohio	0.964	Wyoming	0.997
Oklahoma*	0.898		
Oregon	1.036	<b>Average</b>	0.929
Pennsylvania	0.937		
Rhode Island	0.987		
Vermont	0.999		
Washington	1.073		
West Virginia	0.907	<i>Sources:  U.S. Census Bureau, Statistical Abstract of  the U.S., 2001; U.S. Bureau of Labor Statistics, Employment  &amp; Earnings, May 2001; AFT Survey &amp; Analysis  of Teacher Salary Trends, 2001.</i>	
Wisconsin	0.964		
<b>Average</b>	1.044		
* Oklahoma became a Right to Work state in September 2001.			
In the AFT's index, a state whose average cost of living is exactly equal to the U.S. average would score 1.00. If the average cost of living within a state is 10% higher than the national average, it will score 1.10. If living expenses are 10% lower than the national average, it will score .90.			

TABLE II:

<p><b>2000 Mean Weekly Earnings</b></p>
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Adjusted for Cost of Living:			
Right to Work vs. Non Right to Work			
Non-Right to Work States	Weekly Earnings  Adjusted for Cost of Living	Right to Work States	Weekly Earnings  Adjusted fo rCost of Living
Alaska	600	Alabama	610
California	567	Arizona	630
Colorado	648	Arkansas	568
Connecticut	686	Florida	640
Delaware	637	Georgia	629
Hawaii	425	Idaho	563
Illinois	669	Iowa	621
Indiana	663	Kansas	632
Kentucky	636	Louisiana	598
Maine	551	Mississippi	568
Maryland	723	Nebraska	580
Massachusetts	620	Nevada	637
Michigan	682	North Carolina	629
Minnesota	680	North Dakota	518
Missouri	669	South Carolina	605
Montana	471	South Dakota	563
New Hampshire	610	Tennessee	642
New Jersey	693	Texas	686
New Mexico	558	Utah	558

New York	632	Virginia	722
Ohio	634	Wyoming	520
Oklahoma	607		
Oregon	573	<b>Average</b>	638
Pennsylvania	667		
Rhode Island	655		
Vermont	545		
Washington	603	<i>Sources:  U.S. Census Bureau, Statistical Abstract of the U.S., 2001; U.S. Bureau of Labor Statistics, Employment &amp; Earnings, May 2001; AFT Survey &amp; Analysis of Teacher Salary Trends, 2001; BNA Union Data Book, 2001 edition.</i>	
West Virginia	583		
Wisconsin	627		
<b>Average</b>	632		
<p>In 2000, employees in Right to Work states earned a mean of \$638 a week, after adjusting for the cost of living, compared to \$632 in non-Right to work states.</p>			

TABLE III:

**2000 Mean Weekly  
Earnings Adjusted for**

**Cost of Living, State & Federal Taxes:**

**Right to Work vs. Non Right to Work**

<b>Non-Right to  Work States</b>		<b>Right to Work  States</b>	
Maryland	539	Virginia	531
Michigan	508	Texas	526
Missouri	507	Tennessee	496
Minnesota	503	Florida	481
Pennsylvania	502	Nevada	479
Indiana	500	Kansas	477
New Jersey	499	Arizona	476
Illinois	495	North Carolina	475
Rhode Island	491	Iowa	474
Kentucky	487	Georgia	470
Ohio	482	Alabama	466
Colorado	480	Louisiana	465
Connecticut	477	South Carolina	462
Delaware	471	Mississippi	443
Oklahoma	467	Nebraska	439
Alaska	463	South Dakota	437
Wisconsin	462	Arkansas	434
New York	460	Idaho	429
New Hampshire	456	Utah	424
West Virginia	454	North Dakota	405



Massachusetts	447	Wyoming	378
Washington	440		
New Mexico	429	<b>Average</b>	484
Oregon	427		
Maine	418	<i>Sources:</i> <i>U.S. Census Bureau, Statistical Abstract of the U.S., 2001; U.S. Bureau of Labor Statistics, Employment &amp; Earnings, May 2001; AFT Survey &amp; Analysis of Teacher Salary Trends, 2001; BNA Union Data Book, 2001 edition; Federal Tax Burdens &amp; Expenditures, Tax Foundation, July 2002; State Policy Institute of NY State, www.bcnys.org.</i>	
California	413		
Vermont	407		
Montana	354		
Hawaii	326		
<b>Average</b>	468		

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