



FACT SHEET

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College Graduates Flock To Right to Work States

Census Data Indicate Needs of College-Educated, Non-College Educated Employees Are Similar

U.S. Census data show the nationwide supply of employees and potential employees with at least a bachelor's degree is growing at a rapid clip, but not nearly fast enough, it seems, to meet the needs of American businesses. From 2000 to 2007, the total population of the U.S., aged 25 and over, grew by 8.6%, but the number of people in that age bracket with at least a bachelor's degree grew by 22.4%.

A wide array of American businesses nevertheless contend that they are not able to hire enough college-educated employees to meet their needs, and federal data confirm that there is an overall shortage of such employees. Seasonally-adjusted employment and unemployment data recently released by the U.S. Bureau of Labor Statistics (BLS) showed that the nationwide unemployment rate for civilians 25 and over with at least a bachelor's degree was 2.5%, well under half the general unemployment rate.¹

The same report also showed the labor-force participation rate for civilians aged 25+ with a bachelor's degree or more education was 77.7%, compared to 62.5% for high-school graduates and 47.0% for those with less than a high school diploma. This suggests the vast majority of potential employees with college degrees who aren't currently in the work force are either retired or are committed to another vocation, such as caring for their children at home, that precludes their accepting a paying job for the foreseeable future.

The bottom-line significance of such data is that employers across the country typically have more difficulty finding a qualified college-educated person to fill a position than a college-educated person has finding a good job. That doesn't mean, of course, that the roughly 45 million people with at least a bachelor's degree who are now in the work force are all doing well economically.

But it does mean that, generally speaking, there is a "seller's market" for college-educated labor in America today. Furthermore, many businesses that sustain large numbers of jobs for people with associate's degrees, high school diplomas, or less education also require a substantial number of college-educated people in order to operate smoothly. Therefore, the rate at which a state is gaining college-

¹ Data cited in this paragraph and the following two paragraphs come from the BLS report entitled "The Employment Situation: September 2008," issued October 3, 2008.

educated people, relative to the national average, is in itself a good indication of how successful the state is in creating and retaining good jobs.

The percentage rate at which a state is gaining college-educated people is surely a far superior indicator of its attractiveness to employees than are its annual average earnings for employees, unadjusted for regional differences in cost of living. Over the years, every economic observer who has investigated the relative cost of living in the 50 states has concluded that there are very significant differences among them, and naturally these differences greatly affect employees' real take-home pay.

For example, a recent study by the Missouri Economic Research and Information Center concluded that, in the first quarter of 2008, the five most costly states to live in were Hawaii, California, Connecticut, New York, and New Jersey. The overall cost of living in these five states was respectively 65.3%, 39.4%, 31.4%, 30.6%, and 28.5% above the national average. The five most affordable states to live in were Oklahoma, Tennessee, Texas, Nebraska and Missouri. The overall cost of living in these five states was respectively 12.1%, 11.3%, 10.5%, 10.5%, and 10.0% below the national average.²

Whether they are college-educated or not, people who are considering accepting a job in another state are naturally more concerned about what kind of housing and health and car insurance they will be able to afford, and what their monthly energy bills will be, than what their nominal income will be. And businesses that want to be able to attract and retain good employees need to keep this simple fact in mind when making site-selection decisions.

Eight States With Greatest Growth In College-Educated Population All Have Right to Work Laws

In its published data, the U.S. Census Bureau does not report directly how many college-educated people live in each of the 50 states. However, one may easily derive quite good estimates for each of the states in 2000 and 2007, as well as many other years, by referring to data that the Census Bureau do publish.

To start with, the Census Bureau's *Statistical Abstract of the United States: 2002* furnishes, in Table No. 21, the resident population aged 25 and up of each of the 50 states in 2000. And "State and County Quick Facts"³ furnishes the share of each state's population that was college-educated in 2000.

Next, the Census Bureau's "American Community Survey" provides the total population for each state in 2007 and the percentage of that population that was aged 25 and over.⁴ Finally, the same survey also provides a chart showing the share of each state's 25+ population that had obtained a bachelor's degree or more education in 2007.⁵

² Missouri Economic Research and Information Center, "Cost of Living Data Series, 1st Quarter 2008." See http://www.missourieconomy.org/indicators/cost_of_living/index.stm for the figures cited.

³ Available at <http://quickfacts.census.gov/qfd/index.html> on the Census Bureau web site.

⁴ See

http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=ACS&_submenuId=people_2&_lang=en&_ts=on on the Census web site for more information.

⁵ Go to http://factfinder.census.gov/servlet/GRTTable?_bm=y&-geo_id=01000US&-box_head_nbr=R1502&-ds_name=ACS_2007_1YR_G00_&-redoLog=false&-format=US-30&-mt_name=ACS_2006_EST_G00_R1502_US30 to download the chart.

The above data are sufficient to estimate, within a tenth of a percentage point, the percentage growth from 2000 to 2007 in the college-educated population of all 50 states.

The college-educated population grew in every single state. But many states experienced growth far above or below the national average of 22.4%. For example, eight states benefited from increases of over 28% in the number of residents aged 25+ with at least a bachelor's degree: Arizona (34.9%), Florida (32.2%), Georgia (30.8%), Idaho (35.5%), Nevada (54.2%), North Carolina (28.6%), South Carolina (29.3%), and Utah (24.7%).

These eight states are located in the Rocky Mountain region and the Southeast. But other states within those two regions did not perform nearly as well. For example, Idaho's college-educated population grew by roughly 13 percentage points faster than the national average, while neighboring Montana's increase was below the national average. Arizona's college-educated population grew by 12.5 percentage points faster than the national average, while neighboring New Mexico's increase was well below the national average.

Rather than region, therefore, the most important common factor linking the eight states with the fastest growth in college-educated residents between 2000 and 2007 is that they all have on the books Right to Work laws that make it illegal to force employees to join or pay dues or fees to an unwanted union as a condition of employment.

Along with 14 other states, Arizona, Florida, Georgia, Idaho, Nevada, North Carolina, South Carolina, and Utah all protect employees' and prospective employees' freedom to join and pay dues to a union, or refuse to do either of those things, without being fired or denied a job as a consequence of their decision. Twenty-eight states, including Montana and New Mexico, do not have Right to Work laws.

Forced-Dues States' Performance Was Sub-Par Regardless of Where They Started From

Forced-dues states dominate the ranks of the laggards in increasing their college-educated population. Excluding the two special cases of Louisiana and Mississippi, which both lost large numbers of college-educated and other residents after being devastated by Hurricane Katrina in 2005, seven of the eight worst performers are forced-dues states: Connecticut (13.7%), Massachusetts (16.7%), Alaska (17.0%), Delaware (17.2%), Ohio (17.4%), Michigan (17.5%), and Pennsylvania (17.7%). Only Wyoming (15.9%) has a Right to Work law.

Forced-dues states have tended heavily to suffer from below-average growth in their college-educated populations in recent years regardless of whether they started out in 2000 with a college-educated population share that was lower or higher than the national average. In 2000, 24.4% of Americans aged 25 and over nationwide had at least a bachelor's degree. Among the forced-dues states that were at or below the national average in 2000, 78% experienced below-average growth in their college-educated populations over the next seven years. Forced-dues states that were above the national average in 2000 fared nearly as badly: 74% experienced below-average growth in their college-educated populations from 2000-2007.

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In contrast, substantial majorities both of Right to Work states that already had highly educated populations in 2000 and of those that did not at that time benefited from above-average growth.

To sum up, the positive correlation between Right to Work status and attractiveness to college-educated people in recent years is strong and cannot be explained away by regional disparities or historical disparities in the share of state populations that is college educated. What then does explain the correlation?

Evidence Links Right to Work Laws to Higher Real Household Incomes

Census data actually indicate that young people of all kinds, not just those with college degrees, are flocking to Right to Work states. Between 1996 and 2006, the total number of Right to Work state residents in the 25-34 age bracket increased by nearly 1.5 million, or 10.0%. Meanwhile, the population aged 25-34 in non-Right to Work states fell by 1.4 million, or 5.6%.⁶

Such data clearly show there is a huge net migration of young people of all educational backgrounds out of forced-unionism states and into Right to Work states. The reason why is no mystery. Young employees, both those who have college degrees and those who don't, prefer to live in Right to Work states when they can because living costs are lower and real incomes are higher.

A previous study by the National Institute for Labor Relations Research compared real household incomes in all 194 large counties for which the well-known Council for Community and Economic Research, also called ACCRA, had compiled comparative income and cost-of-living data for 2004. The 194 counties then had a combined population of nearly 60 million households.⁷

The Institute calculated that, when the number of households is factored into the equation, the median cost of living-adjusted income in Right to Work state counties in 2004 was \$46,135, compared to \$41,447 in counties in non-Right to Work states.

The Institute's findings largely replicated those of previous household income studies prepared by Dr. James T. Bennett, a professor for the Nobel Prize-winning Economics Department at George Mason University in Fairfax, Va. One study by Dr. Bennett⁸ found that, in 1999, the adjusted mean income for households with two employed persons in Right to Work state metro areas was \$64,425, nearly \$1200 higher than the average of \$63,236 in non-Right to Work state metro areas.

⁶ U.S. Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States*, 1997 (p. 33) and 2008 (p. 21) editions.

⁷ For more information about the study cited, go to <http://www.nrtwc.org/newsroom/2006/nl/> on the National Right to Work Committee web site and see the story "Right to Work Laws Boost Real Incomes" in the November/December 2006 *National Right to Work Newsletter*.

⁸ "Right to Work – Prescription for Prosperity and Opportunity," published by the Institute in 2000.

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The fact that real household incomes have over the years repeatedly been shown to be higher in Right to Work states than in non-Right to Work states is no coincidence. Where forced union dues are legal, union bosses use their power to disrupt labor markets, jack up costs, and bankroll Tax & Spend, regulation-happy state legislators and governors.

States Seeking a ‘Brain Gain’ Should Adopt Right To Work Legislation

Until now, too many policymakers seeking to reverse their states’ “brain drains” have wasted their energy and countless millions of taxpayer dollars following the costly recommendations of some well-known academic “specialists” in economic development, such as Dr. Richard Florida. Dr. Florida, currently at the University of Toronto, and his ilk contend that the needs of college-educated and non-college educated employees differ radically.

Instead of trying to attract well-educated people with policies that keep their living costs down and raise their real incomes, claims Dr. Florida, states and localities should render themselves “cool” by pouring taxpayers’ money into bike paths, running and rollerblading trails, cultural funds, and other projects that supposedly appeal to the “creative class.”⁹

In reality, as the Census Bureau data cited above show clearly, the same pro-Right to Work policy that attracts employees with associates’ degrees or less education also attracts Dr. Florida’s “creative class.” If policymakers in states like Connecticut, Massachusetts, Ohio, Michigan and Pennsylvania are really serious about addressing their serious brain-drain problems, they should push hard for enactment of Right to Work laws in their states.

⁹ See Steven Malanga, “The Curse of the Creative Class,” *City Journal* (Manhattan Institute), Winter 2004. Available at http://www.city-journal.org/html/14_1_the_curse.html on the *City Journal* web site.

College Graduates Aged 25 and Over, 2000-2007

Sources: (All U.S Department of Commerce, Bureau of the Census) *Statistical Abstract of the United States*, 2002 edition; *State and County Quick Facts*; *American Community Survey, 2007*. Data downloaded September 23-24, 2008.

In thousands.

RTW state	2000 25+	2007 25+	% gain
AL	548	652	19.0
AZ	764	1031	34.9
AR	289	359	24.2
FL	2454	3244	32.2
GA	1258	1645	30.8
ID	171	232	35.7
IA	402	480	19.4
KS	433	516	19.2
LA	519	560	7.9
MS	297	348	17.2
NE	258	313	21.3
NV	238	367	54.2
NC	1187	1526	28.6
ND	90	106	17.8
OK	447	534	19.5
SC	529	684	29.3
SD	102	128	25.5
TN	733	899	22.6
TX	2962	3735	26.1
UT	313	429	37.2
VA	1375	1715	24.7
WY	69	80	15.9
TOTAL	15438	19583	+26.8

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state	Non-RTW		% gain
	2000 25+	2007 25+	
AK	94	110	17.0
CA	5654	6880	21.7
CO	906	1121	23.7
CT	720	819	13.7
DE	128	150	17.2
HI	210	255	21.4
IL	2078	2464	18.6
IN	755	916	21.3
KY	452	568	25.7
ME	199	246	23.6
MD	1096	1307	19.3
MA	1418	1655	16.7
MI	1398	1642	17.5
MN	866	1063	22.7
MO	784	951	21.3
MT	143	173	21.0
NH	236	291	23.3
NJ	1683	1982	17.8
NM	266	314	18.0
NY	3431	4086	19.1
OH	1563	1835	17.4
OR	564	721	27.8
PA	1851	2178	17.7
RI	177	212	19.8
VT	119	144	21.0
WA	1058	1313	24.1
WV	182	218	19.8
WI	778	946	21.6
TOTAL	28809	34560	+20.0