How Right-to-Work Legislation May Impact Employees

Honors Thesis Paper

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Thesis Abstract

The culmination of research found in journals, professional articles, and studies sets forth to examine the question: how might right-to-work legislation impact employees? In this thesis paper and presentation I seek to remove the cloudiness that often taints the information about these laws given in political statements and present to the audience what the true effects of this increasingly popular legislation are to employees in the 24 states which currently have enacted these laws.

This thesis and presentation aim to investigate and to address the effects that right-to-work legislation has on employees’ pensions, pay, and benefits alike. In order to show these effects, data comparing the differences of pensions and other employee benefits before then the data of each after the legislation in right-to-work states will be used to provide statistical backing to the claims of these effects. Data comparing the pay of employees in right-to-work states versus that of non-right-to-work states will be provided as well as that of the impact of right-to-work legislation on minimum wage rates. Each of these facets of employee compensation and benefits has been directly or indirectly affected by the newly enacted right-to-work laws and each have an impact on employees in the states that enact such.

How might RTW legislation impact employees? Comparison of RTW versus non-RTW states implies that RTW laws have a positive impact on unemployment rates yet a negative impact on employee wages and compensation, employee-sponsored health insurance, employee-sponsored pensions, and union presence and collective bargaining power.

Introduction
The downfall of the American financial system led to an array of political and financial changes throughout the nation. Banks were bought out and bailed out, thousands of company and personal bankruptcies were declared, and cost cutting was of utmost importance to the businesses and state governments that hoped to survive through the recession. This mentality led to politicians to look at the “old way” of doing things and question if this is really the most effective for the present state of the country’s economy. One aspect that is a point of contempt for many politicians and business owners alike is the strength and relevance of unions namely in collective bargaining. This has led to a great American divide on labor rights. Do unions abuse their powers? Are people being forced into paying for union representation they are not interested in paying for? Many politicians believe that this is the case, hence the growing popularity in right-to-work (RTW) legislation in a number of states.

Right-to-work is an ethically and fiscally controversial new piece of legislation that many states are looking to adopt, if they have not already. Currently 24 states have passed and enacted different forms of RTW legislation. As of December 2012, these states include: Nevada, Idaho, Utah, Arizona, Wyoming, North and South Dakota, Nebraska, Kansas, Oklahoma, Texas, Iowa, Arkansas, Louisiana, Mississippi, Tennessee, Alabama, Georgia, North and South Carolina, Virginia, Florida, Indiana, and most recently and arguably most controversial of all Michigan. These RTW states are represented in Table #1 in blue; states that remain the neutral, beige color are states that are currently non-RTW states (National Right to Work Legal Defense Foundation).

Table #1
Right-to-work is often a misunderstood or not commonly recognized topic by many people outside of business owners, human resource professionals, and union members or representatives. RTW has garnered a lot of national attention as an increasing number of states are looking to enact such legislation annually. RTW legislation comes with a lot of fiscal and social implications. This is a comparison of RTW states with non-RTW states, rather than a claim of direct effect or causation of RTW legislation, as that is almost impossible to accurately accomplish with this topic. This thesis paper sets forth to call attention to the differences in the two groups of states, RTW and non-RTW, in employee benefits and the impact that these laws may have on employees in areas such as collective bargaining, compensation, minimum wage, employer-sponsored health insurance, employer-sponsored pensions, and unemployment rates.

**Legality of RTW**
Right-to-work laws are defined by legal dictionaries as “laws that forbid unions and employers to enter into agreements requiring employees to join a union and pay dues and fees to it in order to get or keep a job” (“Right to Work Laws”). According to the National Right to Work Legal Defense Foundation Inc, right-to-work laws “set forth to secure the right of employees to decide for themselves whether or not to join or financially support a union.” These laws however generally exclude those employed in the railway or airline industries and some employees who work on a federal enclave may also be excluded from coverage by these laws (NRTW Legal Defense Foundation).

The right and ability allowing states to pass RTW laws draws from the Taft-Hartley Act of 1947, also commonly referred to as the Labor Management Relations Act. This act set forth to minimize union power in the workplace, namely in its sections 14(b), 8(a)(3), and 8(b)(2). Section 14(b) proactively strives to limit the ability of unions to mandate compulsory union membership. Sections 8(a)(3) and 8(b)(2) of the Taft-Hartley Act were also included to prohibit any type of union security clause from being inserted into a collective bargaining agreement, such as a workplace being considered a “closed shop” (“Right to Work Laws”).

Other acts that reinforce the legality of RTW laws are the “Labor Law” and “Beck Rights”. The “Labor Law” states that when at least 50 percent of a workforce supports a union, that union then represents all employees (“Right to Work Policy Frequently Asked Questions”). This often implies that the union negotiates the contract that controls the relationship between the
employer and employees. In such instances, states with an absence of RTW laws could end up requiring all employees to pay union dues or fees with the threat of termination for those who do not comply. However in RTW states no employee can be fired for refusing to pay labor union dues or fees or forced to do so even if the employee utilizes union representation in legal issues or collective bargaining. “Beck Rights” refer to rights declared in the U.S. Supreme Court case, “Communications Workers of America v. Beck.” The ruling of the Beck case states that employees should be able to limit his or her payment to the union to solely his or her share of the cost of their representation (“Right to Work Policy Frequently Asked Questions”). RTW advocates argue that these prior established rights are not enough to combat the power of current day labor unions and are becoming increasingly difficult to protect due to unions stronghold on accounting information and financial reports (“Right to Work Policy”).

Politics

There are many misconceptions clouding the objectivity of voters about what right-to-work laws truly are. As opposed to what the name implies, RTW actually has nothing to do with the right of a person to seek or accept gainful employment. Instead, Roland Zullo a research scientist from the Institute for Labor and Industrial Relations at the University of Michigan claims that right-to-work laws actually prohibit a labor union and employer from negotiating union security clauses that regulate the collection of union dues (Zullo). These laws are becoming increasingly popular in attempts to combat the unions general preference of “union shop” or “closed shop” workplaces, which require all who are benefiting from union negotiations
and contract agreements to pay union dues. In right-to-work states these provisions are barred, making them “open shop”, meaning that payment of dues is completely optional for all employees who are represented by the union (Zullo). When this bill appears on ballots it seems as though many voters are not completely sure of what this legislation entails or the impact that it will have on businesses and their employees. It has been a trend that those who do vote on this issue generally vote based on the political party they associate with. Proponents of RTW are generally those who are fiscally conservative while opponents to the laws are commonly those who are socially liberal and pro-union. Opponents are adamantly against the passing and spreading of these laws across the country.

Proponents and right-to-work advocates believe that RTW laws will have a positive impact on America, businesses, the economy, and those employed in states that enacts RTW laws. The majority of states with right-to-work legislation are led by fiscally conservative Republicans, and those without are commonly Democrat led. Pro-RTW groups argue that RTW legislation not only makes states more appealing to businesses but it also helps individual employees as well. Those who are pro-RTW claim the laws help increase employee earnings as well as make the workplace more conducive for the potential upward mobility of younger employees within organizations. According to the Mackinac Center for Public Policy, RTW laws are not put in place to weaken unions but instead they are there to ensure that unions are running in a fairer and less “corrupt” manner. The Mackinac Center maintains “union officials in right-to-work states know that if they lose touch with their members, those members may simply start withholding dues and fees. This keeps the union more immediately accountable to the workers it represents” ("Right-to-Work Policy Frequently Asked Questions"). Said argument is often
depicted to those who are currently being represented by unions, attesting to the necessity of RTW laws.

Juxtaposing the views of RTW proponents, most opponents and pro-union U.S. citizens see right-to-work laws as a negative addition to state laws and foresee them as a tactic implemented by big business and politicians to weaken unions and create a “pro-business” national environment. The weakening of unions is a trend that has been in effect over the past few decades but has increased in pace with the implementation of RTW laws. According to labor union statistics, the number of union members in the U.S. fell by more than 400,000 or 2.7% in 2012 alone (Strachan). Opponents see RTW legislation as further undermining public and private unions. Many make the argument: why should labor unions legally represent those who refuse to pay dues but continue to reap the benefits of the union? The effects of this weakened state of unions is argued by those who oppose RTW laws to have a negative impact on overall employee rights, benefits, and wages as well as the collective bargaining process as a whole.

Alleged Effects of RTW Legislation

So what is it that RTW laws seem to promise for the economy and workers in states that enact RTW legislation? The advocates allege that RTW laws promise states higher employment rates, increased wages, and present the states as attractive business environments to outside investors. The foundation of this plan is to minimize union strength, which RTW supporters see as a positive for employees, businesses, and state governments. The reduced influence of unions is seen as an opportunity for the upward mobility of young workers who would regularly be stifled by union seniority rules. The lessened power of unions is a direct effect of the main legal
stance of RTW laws, that employees should not be obligated to pay union dues or fees or to be forced into becoming an active union member.

In his piece “Right-to-Work Means Indiana Workers Pay Cut,” Lafer describes RTW legislation as often times being presented to voters as a “job creation strategy” helping those who are currently unemployed (Lafer). According to pro-RTW activists, unionization increases labor costs and makes pro-union states an unappealing place for investment. Globalization has had an increasing impact on the enactment of RTW laws and other similar legislation as the competition for business is greater than only between competing states, it is on a global scale. Cheap labor can be exported and found in Mexico or China, RTW laws may help to hinder this and entice industries to focus on keeping their business within American boundaries.

Gauging the actual effects that RTW legislation has had in each state is much more difficult than one would think. Statistics on the effects of RTW legislation are overwhelmingly abundant but also quite conflicting. According to ABC news, this is because each state has a variety of factors that must be factored individually when assessing the economic impacts of the laws. Without doing so, it is “extremely difficult to fully assess the validity of each side’s argument, since you cannot isolate the direct effect of these laws on the state’s economy” (Hartfield). It also is difficult to determine the effects of RTW in states because of the ability of individuals or parties to easily skew data towards one argument or another. One of the most popular ways to do so is with the use of averages without the removal of outliers. Another is the inability to prove definite causation. Though studies are comparing what appears to be specific data on figures in RTW states versus that of non-RTW states, these laws are not always the
driving force behind the differences that are exposed. The lack of assessment and
acknowledgement of important outside influences on the states’ economies and overall
environments lead to inadvertent bias and statistical errors. The best conclusion that can be made
by many experts is that the economies of states respond to a mix of factors, ranging from the
swings in the national economy to demographic trends, making isolating the impact of RTW
extremely difficult (Dimonda, Newbold, and Rabitz). According to how the information is
assessed, both side’s claims in the RTW debate have some degree of accuracy.

Effects of RTW on Unions

One effect of RTW laws that most will not dispute is the negative impact of the laws on
the weakening of labor unions in negotiations with state governments. Unions have already been
a dwindling group in America with only 11.8% of American workers being union workers in
2011, according to the Bureau of Labor Statistics (Linn). It is argued by many RTW proponents
that the laws are simply insuring the accountability of unions to the employees, who may be
neglecting to delve into some of the more negative effects that unions are being dealt. However it
is apparent to Sylvia Allegretto and Gordon Lafer that RTW laws seek to undermine unions’
bargaining strength by making it harder for employees to organize and sustain themselves
financially (Allegretto and Lafer). Berkley Professor Harley Shaiken explains that RTW laws
will impact more than just the minority of Americans who are directly covered by union
contracts and bargaining. He suspects that the deterioration of unions puts all workers in danger
of “lower wages, less job security, risk of losing affordable healthcare, unemployment
insurances, Social Security, and the stability of the minimum wage” (Linn). The cutting of wages and benefits for those employed in RTW states are unfortunately part of the appeal to businesses and outside investors.

In his article for the New York Times, “States Seek Laws to Curb Power of Unions,” Steven Greenhouse adds depth to the argument of the laws weakening unions. He claims that the data he has collected from numerous sources has led him to believe that RTW laws are being used as a way for politicians to limit the power of unions and to make economically efficient business decisions on benefits and wages without having the opposition of the union representatives. He argues that this movement is not as bicameral as some may think, as he sees both parties are wrestling with ways to curb salaries and pensions of government employees, which “typically make up a significant percentage of state budgets” (Greenhouse). States such as Ohio and Wisconsin are going to great lengths to ensure this is accomplished with their proposed drastic legislation to limit not only union members rights but also the rights of those employed in the public sector as a whole.

Many specialists on this matter foresee RTW legislation leading to union members subsidizing non-union workers. These increasingly popular laws limiting union power and collective bargaining rights as well as extreme financial cuts are being referred to by some as the commencement of the “race to the bottom.” This race is a reference to lower wages and worse safety and health conditions for workers that can be predicted for states who are constantly looking to enact such laws. Lafer argues that RTW ends up encouraging every state to compete for the lowest wages and most unappealing benefits to appeal to businesses (Lafer). These
dangerous work conditions are what historically led to the establishment of unions and a need for employee protection.

**Effects of RTW on Employee Health Insurance**

Elise Gould and Heidi Shierholz wrote one of the most referred to works with regard to RTW laws and their effect on employee benefits. This piece was based on the Bureau of Labor Statistics’ Current Population Survey from March 2010. The sample represents 37% of the employees living in RTW states. From this data it was found that 69.7% of workers have employee-sponsored health insurance. When comparing raw data it was found that about 4.5% more of the workforce is covered by employer-sponsored insurance in non-RTW states than in RTW states (Gould and Shierholz). Gould and Shierholz have found that the rate of employer-sponsored health insurance has been inadvertently affected in RTW states. When using data controls such as pricing and socioeconomic differences, they found that non-union employees in RTW states were on average 2.6%, and union members were 2.8%, less likely to receive health insurance from employers (Gould and Shierholz). These averages show a much larger percentage drop in actual coverage. Employer-sponsored insurance coverage in non-RTW states is about 71.5% yet only 44.9% in RTW states. A simple 3.8% reduction in coverage means 2 million fewer covered workers overall (Gould and Shierholz).

Table #2 is a figure from Gould and Shierholz study showing the results of their comparison of employer-sponsored health insurance and employer-sponsored pensions with no controls, controls, and as a full model in RTW states compared to non-RTW states. Their full models show decreases in both employer-sponsored health insurance and employer-sponsored
pensions. The authors of this study have found that employer-sponsored health insurance levels are greatly differing in RTW states, showing a benefit regression of up to 2.59% in the full model, versus non-RTW state competitors. This full model includes the basic set plus state level unemployment rates and adjustments for cost-of-living differences across states, and average employer-sponsored health insurance family premiums. These controls are crucial to note when assessing the data to ensure that the researchers are providing the most accurate comparison possible between the benefits in RTW versus non-RTW states.

Table #2

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Model with no controls</th>
<th>Model with basic set of controls</th>
<th>Full model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer-sponsored health insurance</td>
<td>-0.0447***</td>
<td>-0.0258***</td>
<td>-0.0259***</td>
</tr>
<tr>
<td></td>
<td>(0.00780)</td>
<td>(0.00709)</td>
<td>(0.00887)</td>
</tr>
<tr>
<td>Employer-sponsored pension</td>
<td>-0.0464***</td>
<td>-0.0272***</td>
<td>-0.0483***</td>
</tr>
<tr>
<td></td>
<td>(0.00819)</td>
<td>(0.00756)</td>
<td>(0.00926)</td>
</tr>
</tbody>
</table>

Table 4

Benefit regressions: Estimates of coefficient of right-to-work indicator (full sample)

NOTE: Linear regression model used for ease in interpretation. Probit regression was also run with consistent results. Robust standard errors are in parentheses. Three asterisks (*** ) indicate significance at the 1% level, two indicate significance at the 5% level, one indicates significance at the 10% level. Basic set of controls include age, age squared, race/ethnicity, education indicators, sex, marital status, urbanicity, hourly worker, full-time worker, union status, major industry, and major occupation. Full model includes the basic set plus state level unemployment rate and adjustments for cost-of-living differences across states. Health insurance model includes average ES family premiums.


(Gould and Shierholz)

Overall RTW states have less health coverage, including basic health insurance that gives workers access to preventative care measures and quick medical treatment when necessary.

“…11 of the 13 states with the lowest uninsured rates are worker-friendly states, while 11 of the
15 states with the highest uninsured rates are RTW states. The median uninsured rate for worker-friendly states is 12.6 percent, while for RTW it is 15.7 percent” (Minor). In fact, Minor’s studies found that 18.6% of people in RTW states as opposed to only 13.9% of employees in non-RTW states are uninsured. If this rate of uninsured people that are in RTW states were to be translated across the country, in all states, there would be an additional 8,640,480 Americans without health insurance coverage (Minor).

Not only does RTW have a negative effect on employer-sponsored health insurance, it has also had a negative impact on workplace safety. McClatchy Newspaper compiled numerous studies on RTW laws in February 2012 and found that workplace safety also suffers in RTW states. Workers in these states are less likely to secure job safety enhancements that go beyond that of state and federal regulations (Pugh). The lack of extensive safety precautions could pose a bigger threat to employees than it may appear at first glance, namely when taking into account the type of jobs that RTW laws attract to states. RTW states generally attract companies that are looking to set up warehouse-type work facilities such as manufacturing companies, where safety threats are most prevalent. The lack of drive to insure employee safety and security in the workplace also reflects upon the value that businesses in RTW states seem to put in their employees with the lack of a strong union presence.

Effects of RTW on Employee Compensation

Elise Gould and Heidi Shierholz, in their assessment of the compensation penalty of RTW laws, argue that RTW legislation has had a negative effect on wages in RTW states as well. Their studies show that wages in RTW states are on average 3.2% lower than those in non-RTW states. This may seem like a fairly low financial impact to each employee affected;
however that is not the case. It is estimated that this percent means about $1,500 less that each employee receives annually (Gould and Shierholz). That is a substantial amount of money loss to most employees who are being affected by this legislation. According to the American Community Survey of housing and rental costs, that $1,500 is almost two months of the average American’s rent of about $800 monthly (U.S. Census Bureau).

When RTW laws were less prevalent and widespread in the states and only 12 states had implemented the legislation, Lawrence Mishel set out to study the effects of such on employee wages. The overall findings resulted in RTW states having 6-8% wage reductions for employees in these states with an average penalty of 6.5%. However when controls for the costs of living were implemented these reductions were found to be closer to 4% (Mishel). In 2001, when this study took place, the median hourly wage for workers living in RTW states was $11.45, and non-RTW states was $13.00. This data shows that the wages were 11.9% lower in RTW states (Mishel). However when controls were put in place, employees with similar demographics were compared and those with occupations within an industry, also taken into account were the difference in state prices in general between the RTW state and the non-RTW state, resulting in a more accurate figure of 6.5% lower wages in RTW states (Mishel).

Interestingly, Mishel decided to also look at the difference in wages in RTW and non-RTW states based on gender. His findings were that on average, “men in RTW states earn 7.8% less than their counterparts in non-RTW states; women in RTW states earn 6.8% less” (Mishel). This could lead one to take away from this study a sense that though RTW laws negatively impact employee wages as a whole, they are not sexist against women in nature. Men in fact are
receiving on average less than their counterparts in RTW states than women are. Mishel’s study also went on to find that the highest real wage gains were found almost solely in RTW state border cities that were benefiting from their neighboring non-RTW states. What should be noted about this study is that though it was done very fairly, taking into account numerous controls and eliminating data error, it also was analyzing 12 RTW states in 2001. Since this time the number of states that have implemented RTW legislation has doubled, making these results accurate yet slightly outdated.

Gordon argues that one of the starting points of RTW legislation’s enactment in states is generally cutting employees’ wages as a tactic to lure manufacturers from one state to another (Gordon). McClatchy Newspapers decided to look into the issue of wage change due to RTW adoption and reported that they found wages are lower for all workers in states that have passed RTW laws (Pugh). The Congressional Research Service, using data from the Bureau of Labor Statistics, reported that the average wage in RTW states is found to be $42,465 whereas the average in “labor security” states is $49,495. This is an average loss of $7,000 in employee compensation for individuals in RTW states (Dimonda, Newbold, and Rabitz). Though this varies from the statistics of wage difference that was provided by the Economic Policy Institute in RTW and non-RTW states, both attest to the fact that there is a definite lower wage for employees in RTW states. Wage reduction also has an indirect effect on consumer spending, “for every $1 million in wage cuts to workers, $850,000 less is spent in the economy, translating to
the loss of six jobs” (Eisenbrey). Less spending means less money circulation in the state’s economy and an inevitable loss of jobs, all negatives to the state and to individuals.

Effects of RTW on Employee Pensions

Along with the other detrimental effects that Gould and Shierholz have found about the impact of RTW legislation on employee benefits, they also found that the laws are having a negative effect on employee pensions. Though the research on the effects of RTW laws on employer-sponsored pensions in most states has not been able to be collected yet, due to the relatively recent RTW changes, in the states that changes in pension could be assessed, pensions were significantly lower for employees in RTW states. Table #3, from the Economic Policy Institute, shows that employer-sponsored pensions were found to be 4.8% lower for non-union workers and 5.3% lower for union workers in RTW states than in non-RTW states. If employees in non-RTW states received pensions at this reduced rate, 3.8 million fewer workers would have pensions nationally (Gould, Shierholz).

Table #3

(Economic Policy Institute, 2/17/11, 4/5/11)
In fact, Ross Eisenbrey argues in his writings for the Economic Policy Institute that one of the biggest hits on employee benefits that came from RTW legislation was on private-sector pension coverage. Based on extensive evidence from EPI economists “RTW is associated with a significant reduction in private-sector pension coverage” (Eisenbrey). This will have a particularly great impact on employees with private-sector pensions in the state of Indiana; one of the more recent RTW converts, doing so a decade after the previous RTW state. Indiana’s private pension coverage is greater than 21 of the 22 RTW states who have implemented the laws before (Lafer). The private pensions in Indiana, as well as other RTW states, may also be affected by the implementation of RTW laws and policies in the future.

**Effects of RTW on Unemployment Rates**

Lastly, the effect of RTW laws on levels of employment in states should be addressed, as it is one of the top arguments promoting the implementation of these laws. The Mackinac Center for Public Policy’s 2001 RTW study, comparing employment rate in RTW and non-RTW states, found that “from 1978 through 2000, average annual unemployment was .5% lower in RTW states” (Cooper). It was also found that the most recent state to implement these laws had an unemployment rate that was 2.3% higher than that of other states that had previously implemented RTW legislation (Cooper). Yet, when looking at all states unemployment rates as a whole, the 12 states with highest unemployment were split evenly between RTW and non-RTW (Minor). Though this is not a clear indicator of RTW laws reducing unemployment rates, it does
provide a case for RTW advocates that the laws can have a positive impact on those who are looking for work in RTW states.

Contrary to the facts proving that RTW states encourage lower minimum wage rates, a study examining the percent of families living below the poverty line from 1969-2000 shows that the only states to see this rate rise were all non-RTW states. Raw aggregate data from the U.S. Bureau of Labor Statistics will prove that there have been far more jobs created in RTW states in the past 20 years than in non-RTW states (Wilson). Data from 1992-2002 confirms that RTW states’ job creation rate was 26% as opposed to non-RTW state creation rates of 18% (Kersey). However, this increase in jobs has been seen mostly in manufacturing jobs. “RTW states created 1.43 million manufacturing jobs, while non-RTW states lost 2.18 million” (Wilson.)

This statistical backing also provides validity to the argument that RTW laws attract business to states, though that does not provide any promise to the quality of the jobs that are created or the promise of fair treatment of the future employees. The increase in jobs in RTW states could also be attributed to the increase in overall population over that decade time span in RTW states as a whole. This also could be correlated to RTW laws appearing to affect companies’ decisions on where to locate, attracting in turn a movement of people to the new jobs, regardless of legislation. A perfect example of this lack of specific derivation of job influx based on RTW laws is shown in Oklahoma job statistics. Oklahoma has seen a dramatic decrease in both companies relocating to the state and manufacturing jobs by about a third since adopting RTW laws in 2001 (Dimonda, Newbold, and Rabitz).
The argument that RTW laws attract companies to the states can be better represented by the figure below. Table #4 shows the results of a study that was conducted by the National Right to Work Legal Defense Foundation. The study focused on the top reasons why corporations decided on new site locations for their businesses. “Low union profile” and “Right-to-Work States” were two reasons among the top 20. However, it is also important to note that “Labor costs” was the second most important aspect at a 91% CEO ranking as well as “Availability of skilled labor” ranking at 85.9%. The availability of skilled labor provides backing to the idea that many companies are attracted to locations in some states simply due to a population increase rather than specific legislation. The “Labor costs” reason is a bit more concerning for prospective employees and could potentially form an argument that many of the companies that are relocating to RTW states are doing so because of the attraction of lower wages and minimum wage restrictions due to the legislation, saving them costs that they would potentially incur in non-RTW states.

Table #4
Michigan RTW

One of the most shocking states to enact RTW laws was the union-strong state of Michigan. Governor Rick Snyder quickly signed the Michigan RTW laws into effect on December 11, 2012, despite heavy union protesting, making it the 24th state to implement RTW laws (“Right-to-Work Law Approved by the Governor”). The Michigan RTW laws are extremely controversial due to the intensity and popularity of unions in the state, often being referred to as the “stronghold” of unionized workers in America at 17.5% of state unionized workers (Linn).

From the automotive industry unions to teacher's unions, union members and union collective
bargaining strength is quite prevalent in Michigan. The conversion of Michigan into a RTW state has been an eye opening experience for union members and representatives across the country and has sparked a fear of a potential ripple effect in other heavily unionized states (Linn).

Through union protests against the enactment of RTW laws in Michigan since December, many protestors and union representatives are attempting to rally support for a ballot proposal to reverse the laws and recalls of legislators (“Right-to-Work Law Approved by the Governor”). Since the signing of these laws by Governor Snyder numerous lawsuits have been filed by other infuriated unions stating that these new laws are unconstitutional. One of the most recent lawsuits, filed on February 14 2013, argues that the new laws should not apply to Michigan’s over 35,000 unionized state employees. This lawsuit claims that the RTW laws are infringing upon the right of the Michigan Civil Service Commission, granted by the state constitution to regulate conditions of employment for state employees (Oosting). Labor attorneys went to federal court in February arguing that RTW laws violate the federal supremacy clause “by adding penalties to an area of law covered by the National Labor Relations Act” (“Third Suit Against RTW Probably Won’t Be Last”).

The threat of the new RTW legislation seems so daunting to some Michigan public school teachers that they are taking even more drastic measures to ensure that their union benefits will not be threatened by the new legislation. It has been reported by Michigan school business officials that some teachers unions are re-opening their current contracts to sign long-term contracts to circumvent the RTW laws, effective in March. They see the potentially
negative impact these new laws may have on their benefits and compensation, agreed upon via the collective bargaining process, and fear for their security in the future.

Conclusion

Right-to-work laws are attracting the attention of politicians, business owners, and American workers across the nation. Those who support these laws see them as a much-needed step in the right direction for most states to take in order to gain a competitive edge over their national and international competition. Before deciding to put RTW on the ballot, which at least a half dozen other states are currently contemplating, government officials and voters should look into the true effects that RTW legislation has had on employees in the current 24 RTW states. Many statistics, studies, and experts on the economic and individual repercussions of RTW legislation warn that this movement is not necessarily as beneficial in reality as it is in theory. In fact, current RTW laws have seemed to cause a bit of a domino effect in states, promoting an influx of other “business-friendly” legislation and policies that at times undermine the impact that is felt by individual employees. Being a business-friendly state often times takes the focus off of the employee and those who are the heart of the business and concentrates solely on monetary implications, which can be fleeting.

Future research will need to be analyzed to see if these impacts are all true and direct effects of RTW legislation. As of now, it is hard to judge the true impact of RTW laws in states compared to that of their prior non-RTW form or with their non-RTW competitors. However, it should be noted that it is unfair and bias to do so using solely causation, when it may not be the case, and averages, which can be very skewed without removing outliers. This subjectivity is what makes statistical evidence backing the effects of RTW laws on employee compensation
appear so murky, depending mostly on which state is in question and how long the laws have been enacted and who is endorsing the research. The verdict is still out as to whether RTW laws have truly been a positive or negative change for states regarding employment. Many of the new states to implement RTW legislation such as Indiana and Michigan should be closely monitored and changes in employee compensation, benefits, and minimum wage rates should be noted to compare with those of its previous non-RTW form to draw direct effects of RTW legislation in each. However, when comparing the two in the most unbiased way possible, it appears that RTW laws do have a negative impact on union strength nationally and on employees in the areas of healthcare, compensation, and pensions.

Works Cited


