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Wages and benefits for union and nonunion workers lower in right-to-work states

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Wages for both union and nonunion workers are lower in states with right-to-work (RTW) laws than in those without, a new Economic Policy Institute (EPI) Briefing Paper finds. EPI economists Elise Gould and Heidi Shierholz control for demographic and socioeconomic variables in ***The Compensation Penalty of "Right-to-Work Laws"*** and find that wages are 3.2% lower in RTW states than in non-RTW states.

The provision of both employer-sponsored health insurance and employer-sponsored pensions is also lower in RTW states. Full findings of the report are as follows:

- Wages in right-to-work states are 3.2% lower than those in non-RTW states, after controlling for a full complement of individual demographic and socioeconomic variables as well as state macroeconomic indicators. Using the average wage in non-RTW states as the base ($22.11), the average full-time, full-year worker in an RTW state makes about $1,500 less annually than a similar worker in a non-RTW state.
- The rate of employer-sponsored health insurance (ESI) is 2.6 percentage points lower in RTW states compared with non-RTW states, after controlling for individual, job, and state-level characteristics. If workers in non-RTW states were to receive ESI at this lower rate, 2 million fewer workers nationally would be covered.
- The rate of employer-sponsored pensions is 4.8 percentage points lower in RTW states, using the full complement of control variables in our regression model. If workers in non-RTW states were to receive pensions at this lower rate, 3.8 million fewer workers nationally would have pensions.
- This briefing paper provides the most comprehensive study to date of the relationship between RTW status and compensation. Using a full set of explanatory variables, including state-level controls, it is clear that our analysis stands apart as being more rigorous than others of this type.

The Compensation Penalty of "Right-to-Work Laws" suggests that RTW laws can harm all employees in a state, whether or not they are members of a union. In other words, the anti-union efforts that are currently being undertaken by governors and legislatures seeking to address the economic crises in their states could in fact be anti-worker, and a particularly bad idea when the economy is mired in a stagnant recovery.

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