The Economic Policy Institute (EPI) is an independent, nonprofit, nonpartisan think tank that researches the impact of economic trends and policies on working people in the United States and around the world. EPI’s mission is to inform people and empower them to seek solutions that will ensure broadly shared prosperity and opportunity.

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

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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