

# The Case of the Missing Young Employees

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## The Case of the Missing Young Employees

Recently released U.S. Census Bureau data show that, as of 2003, more than two million young people aged 25 to 34 were missing in the 28 states that do not have Right to Work laws barring the exaction of compulsory union dues and fees as a condition of employment.

To account for this odd disappearance, one must first consider the background.

Due to the “baby bust” that occurred during the 1970’s, there were just 39.9 million 25-34 year-olds across the U.S. in 2003, compared to 41.9 million a decade earlier.<sup>1</sup> The total number of 25-34 year-olds fell by two million even as the number of foreign-born 25-34 year-olds grew from just over five million to 7.7 million.<sup>2</sup>

The overall decline in the number of 25-34 year-olds is clearly a significant impediment to economic growth because of the group’s high participation in the labor force. Among males aged 25-34, 92.1% had jobs or were seeking them in 2003, compared to just 73.5% of all males 16 or over. Among females in the 25-34 age bracket, 74.1% were labor-force participants, compared to 59.5% of all women 16 and over.<sup>3</sup>

But not all states have been equally affected by the “baby bust.” Alaska and four New England states, Connecticut, Maine, New Hampshire and Vermont, all endured declines of 20% or more in their 25-34 year-old population between 1993 and 2003, compared to a national decline of just 4.9%. Meanwhile, three Southwestern states, Utah, Nevada and Arizona, experienced 25-34 year-old population *gains* of more than 25%.<sup>4</sup>

### **Public Policy, Not Geography, Is the Most Significant Factor Behind Labor-Force Shift**

The reallocation of America’s young employees over the past decade cannot adequately be described as a shift to the “Sunbelt.” Despite taking in large influxes of immigrants in their twenties and thirties, sunny California and New Mexico suffered overall losses of 6.6% and 6.5%, respectively, in 25-34 year-olds. Meanwhile, chilly Idaho racked up an 18.5% gain.

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<sup>1</sup> U.S. Census Bureau, *Statistical Abstract*, 114<sup>th</sup> edition (1994), p. 32; 124<sup>th</sup> edition (2004-2005), p. 23.

<sup>2</sup> *Ibid*, 116<sup>th</sup> edition (1996), p. 52; 124<sup>th</sup> edition, p. 44.

<sup>3</sup> *Ibid*, 124<sup>th</sup> edition, p. 371.

<sup>4</sup> *Supra*, Footnote 1.

Heavily rural states generally had net losses of young people, but the shrinking employment in American agriculture and the economic difficulties of communities that depend disproportionately on that sector can't explain why New England was the hardest hit region of all. In reality, the most significant single factor behind the labor-force shift pertains to public policy.

Over the entire 1993-2003 period, 21 states had Right to Work laws on the books that prohibit making forced union dues or fees a condition of employment. One additional state, Oklahoma, has a Right to Work law that took effect in September 2001.<sup>5</sup>

Unless a state has a Right to Work law, federal law authorizes the imposition of forced union dues and fees on its private-sector employees. Most non-Right to Work states also have state laws empowering union officials to collect forced dues and fees from public-sector employees.

In the Right to Work states as a group, excluding Oklahoma, the number of 25-34 year-olds grew by 3.8% over the past decade. Right to Work states in various regions of the country achieved individual gains ranging from 34.4% to 2.4%.<sup>6</sup> Meanwhile, the 28 states without Right to Work laws collectively saw their 25-34 year-old population shrink by 9.6%. (See Table I for additional information.)

If Right to Work states and non-Right to Work states had lost equivalent shares of their young adult population, Right to Work states would have had roughly 700,000 fewer 25-34 year-olds in 2003 than in 1993, and non-Right to Work states would have had 1.3 million fewer. In reality, Right to Work states *gained* roughly 550,000, and non-Right to Work states lost 2.6 million. Hence, non-Right to Work states now have 1.3 million fewer 25-34 year-olds than would be expected.

### **Immigration Trend Masks Extent Of Non-Right to Work States' Native-Young-Adult Population Losses**

But the number of "missing" young people is even greater than 1.3 million.

Census Bureau data indicate that a disproportionately high share of the 7.7 million immigrants aged 25-34 in 2003 first settled in non-Right to Work states. While 60.5% of all 25-34 year olds lived in non-Right to Work states in 2003, during the nineties 71.7% of immigrants became original residents of such states.<sup>7</sup> If immigrants' original destinations are factored out, it turns out an additional 800,000 or more native-born young adults are missing in non-Right to Work states, bringing the total to more than two million.

Perhaps rather than being missing, they were never born in the first place? That's not the case. During the seventies, when the vast majority of 2003's 25-34 year-olds were born, 63.9% of all births were in the 28 states that do not have Right to Work laws

<sup>5</sup> See [www.nrtw.org/rtws.htm](http://www.nrtw.org/rtws.htm) a map highlighting all 22 Right to Work states.

<sup>6</sup> Supra, Footnote 1

<sup>7</sup> *Statistical Abstract*, 120<sup>th</sup> edition (2000), p. 25.

now.<sup>8</sup> But fewer than 58% of all native-born 25-34 year-olds lived in non-Right to Work states as of 2003.

Fortunately, the two million missing young adults did not die prematurely, either.

Instead, they moved. To be more precise, they moved to Right to Work states. This in part reflects a powerful broader trend. Between 1990 and 2004, a net total of at least six-and-a-half million Americans of all ages moved from non-Right to Work states to Right to Work states.<sup>9</sup>

However, federal data indicate that the net migration of 25-34 year-olds has been far more intense than that of people who aren't, by and large, in the labor market. Between 1993 and 2003, the population aged 65 and up in Right to Work states grew by 14.8%, more than double that in non-Right to Work states.<sup>10</sup> While this was a substantial difference, the Right to Work growth advantage was much more pronounced for the 25-34 year-old bracket. (See Table II.)

Clearly, therefore, employment opportunities are an important factor in explaining the ongoing migration of millions and millions of Americans to Right to Work states. That doesn't mean there haven't been job openings in non-Right to Work states – especially during the “go-go” nineties. During Democratic President Bill Clinton's time in office (February 1993-January 2001), the average nationwide unemployment rate was just 5.2%.<sup>11</sup>

Over the last three years of the Clinton era, not a single state had an annual unemployment rate of seven percent or higher.<sup>12</sup> And although the economy turned down during GOP President George W. Bush's first year in office, nationwide unemployment remained relatively low, averaging 5.5% during the first Bush term.<sup>13</sup> Even in 2002, the nadir for employment in the downturn, not one state had an annual unemployment rate as high as eight percent.<sup>14</sup>

### **By Moving to Right to Work States, Young People Raise Their Living Standards**

Unemployment data since 1993 suggest that young people are leaving non-Right to Work states in large numbers not because they can't get jobs in these states, but because they can get better jobs elsewhere. Further support for this view is provided by U.S. Census Bureau survey data.

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<sup>8</sup> *Statistical Abstract*, 101<sup>st</sup> edition (1980), p. 13.

<sup>9</sup> *Supra*, Footnote 7; U.S. Census Bureau, “Table 4: Cumulative Estimates of Population Change for the United States and States: April 1, 2000 to July 1, 2004.” See [www.census.gov/popest/states/tables/NST-EST2004-04.pdf](http://www.census.gov/popest/states/tables/NST-EST2004-04.pdf).

<sup>10</sup> *Supra*, Footnote 1.

<sup>11</sup> Patrick Ziegler, “Reagan Versus Clinton Statistics, <http://zzpat.tripod.com/>, 2002.

<sup>12</sup> *Statistical Abstract*, 119<sup>th</sup> edition (1999), p. 433; 120<sup>th</sup> edition (2000), p. 425; 121<sup>st</sup> edition (2001), p. 390.

<sup>13</sup> Personal e-mail to the author from economist Donald Luskin ([www.poorandstupid.com](http://www.poorandstupid.com)), September 13, 2005.

<sup>14</sup> *Statistical Abstract*, 123<sup>rd</sup> edition (2003), p. 410.

According to the Census Bureau, from mid-2000 to mid-2001, 5.6% of Americans moved to another county, of whom half, or 2.8%, moved to another state. Nearly a third of those who moved to another county said their decision was “job or career related.” But those who cited this consideration were nearly seven times as likely to say they moved after accepting a “new job” or a “job transfer” rather than because they lost a job or to “find work.”<sup>15</sup>

By their own account, then, the employees and entrepreneurs who are moving to Right to Work states are above all other considerations seeking higher incomes and better futures for themselves and their families. And when the generally lower living costs in Right to Work states are taken into account, the evidence indicates they're getting what they seek.

The fact that the cost of living is on average substantially lower in Right to Work states than it is in non-Right to Work states isn't controversial.

In 2003, researchers for the American Federation of Teachers (AFT/ AFL-CIO) union calculated the latest version of the AFT's “Interstate Cost-of-Living Index.” 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.<sup>16</sup>

Once the input of each state is weighted according to its number of payroll employees, the AFT Index shows that pre-tax living expenses for employees in non-Right to Work states are overall 5.2% *higher* than the national average. On the other hand, living costs in Right to Work states are 8.3% *more affordable* than the national average. Consequently, the pre-tax cost of living is nearly 15% higher in non-Right to Work states than in Right to Work states.<sup>17</sup>

This finding, derived from AFT researchers' data, is quite compatible with the after-tax cost-of-living calculation made by University of Colorado economist Barry Poulson in a recent study for the National Institute for Labor Relations Research.

Dr. Poulson, a prolific scholar and writer, is past president of the North American Economics and Finance Association and the author of a widely used college textbook, *Economic History of the U.S.*

In his 2005 study for the Institute, “The Standard of Living in Right to Work States,” Dr. Poulson compares household incomes, adjusted for living costs, including state and local taxes, for 133 metropolitan areas in Right to Work states and 158

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<sup>15</sup> Bert Sperling and Peter Sander, *Cities Ranked and Rated*, Wiley Publishing, Inc., Hoboken, N.J., 2004, p. xii.

<sup>16</sup> F. Howard Nelson and Rachel Drown, “Survey and Analysis of Teacher Salary Trends 2002,” [www.aft.org/salary/2002/download/SalarySurvey02.pdf](http://www.aft.org/salary/2002/download/SalarySurvey02.pdf), American Federation of Teachers, 2003, p. 13.

<sup>17</sup> Stan Greer, “Real Earnings Remain Higher in Right to Work States,” [www.nilrr.org/Real%20Earnings%20PDF%20masterupdate%20Feb04.pdf](http://www.nilrr.org/Real%20Earnings%20PDF%20masterupdate%20Feb04.pdf), National Institute for Labor Relations Research, Springfield, Va., 2004.

metropolitan areas in non-Right to Work states.<sup>18</sup> He calculates that after-tax living costs average nearly 18% higher in metro areas in non-Right to Work states than in Right to Work states.

The Poulson study concludes that, when the number of households in each metro area is factored into the equation, the average cost of living-adjusted household income in Right to Work state metro areas in 2002 was \$50,571, compared to \$46,312 in non-Right to Work states.

Dr. Poulson's finding that average real household incomes are significantly (nearly \$4260) higher in Right to Work states than in non-Right to Work states is consistent with federal data and research. For example, Census Bureau reports have shown that residents of Right to Work states are more likely to own their own homes, and a 2003 study for the agency furnished data showing that cost of living-adjusted poverty and child poverty are lower in Right to Work states.<sup>19</sup>

As Dr. Poulson notes, it is natural to expect that workers and their families would tend more often to move to locations where household incomes are higher than average than to locations where they are lower than average. And the undeniable fact is that millions of Americans – especially young employees and entrepreneurs and their family members, but also more experienced employees, business people and retirees – are flocking to Right to Work states. This provides the strongest possible confirmation that Dr. Poulson and other scholars who have found that real incomes are higher in Right to Work states are correct.

### **Federal Government Bears Primary Responsibility For Labor Policy**

The question of why incomes are higher in Right to Work states is outside the scope of this study.<sup>20</sup> But regardless of the reason, it's clear that the federal policies that, absent a state Right to Work law, authorize compulsory union dues and fees are promoting a "brain drain" from more than half the states in the U.S.

In short, Congress is the culprit behind the disappearance of more than two million young adults from the 28 non-Right to Work states. Families have been unnecessarily torn apart. Businesses and communities have suffered unnecessarily from the loss of "human capital."

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<sup>18</sup> Barry Poulson, "The Standard of Living in Right to Work States," [www.nilrr.org/Poulson%20SOL%20Study.pdf](http://www.nilrr.org/Poulson%20SOL%20Study.pdf), National Institute for Labor Relations Research, Springfield, Va., 2005.

<sup>19</sup> National Institute for Labor Relations Research, "Right to Work States Benefit from Faster Growth, Higher Real Purchasing Power – 2004 Update," [www.nilrr.org/NILRR%20Fact%20Sheet%20RTW%20States%20Benefit%202004.pdf](http://www.nilrr.org/NILRR%20Fact%20Sheet%20RTW%20States%20Benefit%202004.pdf), Springfield, Va., 2004.

<sup>20</sup> See, e.g., National Institute for Labor Relations Research, "Right to Work Laws Help Keep Good Jobs in U.S.," [www.nilrr.org/nilrrFactSheetOutsourcing2005.pdf](http://www.nilrr.org/nilrrFactSheetOutsourcing2005.pdf), Springfield, Va., 2005, for a brief discussion of how Right to Work laws benefit employees and businesses.

Fortunately, just as Congress instigated this major disruption, Congress can now begin to restore order – by repealing every provision in federal labor law that authorizes the firing of employees for refusal to pay dues or fees to an unwanted union.

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*The National Institute for Labor Relations Research is an organization whose primary function is to act as a research facility for the general public, scholars and students. It provides the supplementary analysis and research necessary to expose the inequities of compulsory unionism.*

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### THE PROBLEM

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Organized labor has had a profound economic and political impact on the institutions of American power. Yet the far-reaching ramifications of that impact are largely unknown to the public. Academic interest in labor unions and labor relations is at its lowest point in decades.

While there has been a notable proliferation of private interest groups in recent years, none has exposed the excesses of America's union establishment from an academic perspective. Consequently, not enough light has been shed on one of the few remaining forms of tyranny left in America: compulsory unionism.

### THE NEED

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Labor policy in America has not reflected the will of its citizenry for decades because Big Labor's support in the academic community has allowed it to control debate. As a result, labor unions have not been subjected to the same degree of scrutiny as their counterparts in the corporate world.

In many cases, the interests and concerns of Americans who support the right to work without compulsion are ignored for lack of an academic support structure. Freedom of association has diminished because its proponents frequently are without the analysis and research necessary to effectively make their case.

Obviously, there is an urgent need for an organization that will draw together scholars and economists to perform objective and revealing research into the practices of America's labor unions. The National Institute for Labor Relations Research is such an organization.

### THE PROGRAM

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**1.** The Institute's primary function will be to act as a research facility for the general public, scholars and students. It will provide the supplementary analysis and research necessary to expose the inequities of compulsory unionism.

**2.** It will publish monographs, brochures and briefing papers designed to stimulate research and discussion with easy-to-read summaries of current events. The Institute will also conduct nonpartisan analysis and study for the benefit of the general public.

**3.** It will render aid gratuitously to individuals suffering from government over-regulation of labor relations and will provide educational assistance to those individuals who have proved themselves worthy thereof.

It is high time that self-interested union officials be confronted with the facts on how their brand of unionism has failed to improve general conditions for workers. With an intensive program of study and education, the National Institute for Labor Relations Research intends to do just that.

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Table 1

## Resident Population Growth Ages 25 - 34 1993 - 2003

Right to Work States	Resident Population by Age Group		
	1993 25-34	2003 25-34	% Gain/ Loss
AL	638	596	-6.6%
AZ	637	803	26.1%
AR	344	354	2.9%
FL	2,037	2,112	3.7%
GA	1,189	1,349	13.5%
ID	151	179	18.5%
IA	402	362	-10.0%
KS	385	352	-8.6%
LA	675	592	-12.3%
MS	384	382	-0.5%
NE	238	226	-5.0%
NV	256	344	34.4%
NC	1,133	1,228	8.4%
ND	95	78	-17.9%
SC	584	560	-4.1%
SD	100	90	-10.0%
TN	801	820	2.4%
TX	3,079	3,284	6.7%
UT	284	380	33.8%
VA	1,133	1,017	-10.2%
WY	69	60	-13.0%
<b>TOTAL</b>	<b>14,614</b>	<b>15,168</b>	<b>3.8%</b>

Forced Unionism States	Resident Population by Age Group		
	1993 25-34	2003 25-34	% Gain/ Loss
AK	108	82	-24.1%
CA	5,669	5,297	-6.6%
CO	603	716	18.7%
CT	537	417	-22.3%
DE	119	107	-10.1%
HI	197	165	-16.2%
IL	1,911	1,805	-5.5%
IN	885	816	-7.8%
KY	587	562	-4.3%
ME	189	146	-22.8%
MD	876	721	-17.7%
MA	1,053	889	-15.6%
MI	1,487	1,313	-11.7%
MN	733	674	-8.0%
MO	802	738	-8.0%
MT	113	104	-8.0%
NH	189	150	-20.6%
NJ	1,290	1,116	-13.5%
NM	247	231	-6.5%
NY	3,021	2,671	-11.6%
OH	1,698	1,465	-13.7%
OR	450	501	11.3%
PA	1,794	1,476	-17.7%
RI	162	137	-15.4%
VT	90	71	-21.1%
WA	857	854	-0.4%
WV	245	224	-8.6%
WI	785	686	-12.6%
<b>TOTAL</b>	<b>26,697</b>	<b>24,134</b>	<b>-9.6%</b>

(Source: *Statistical Abstract*, 1994 and 2004-2005 editions. Oklahoma, whose Right to Work law took effect in September 2001, is excluded from the calculation. In thousands, except percentage.)

Table 2

## Resident Population Growth Ages 65 & Over 1993 - 2003

Right to Work State	Resident Population by Age Group		
	1993 65&Over	2003 65&Over	% Gain/ Loss
AL	545	592	8.6%
AZ	530	715	34.9%
AR	363	378	4.1%
FL	2,539	2,898	14.1%
GA	694	827	19.2%
ID	130	155	19.2%
IA	436	433	-0.7%
KS	353	354	0.3%
LA	488	525	7.6%
MS	329	349	6.1%
NE	229	232	1.3%
NV	155	251	61.9%
NC	865	1,016	17.5%
ND	94	94	0.0%
SC	426	511	20.0%
SD	106	108	1.9%
TN	652	726	11.3%
TX	1,835	2,176	18.6%
UT	165	203	23.0%
VA	712	833	17.0%
WY	52	59	13.5%
<b>TOTAL</b>	<b>11,698</b>	<b>13,435</b>	<b>14.8%</b>

Forced Unionism State	Resident Population by Age Group		
	1993 65&Over	2003 65&Over	% Gain/ Loss
AK	27	40	48.1%
CA	3,304	3,765	14.0%
CO	358	441	23.2%
CT	462	471	1.9%
DE	87	106	21.8%
HI	137	169	23.4%
IL	1,479	1,508	2.0%
IN	727	763	5.0%
KY	482	513	6.4%
ME	170	188	10.6%
MD	550	625	13.6%
MA	842	857	1.8%
MI	1,170	1,236	5.6%
MN	568	609	7.2%
MO	741	759	2.4%
MT	113	125	10.6%
NH	134	155	15.7%
NJ	1,071	1,125	5.0%
NM	177	225	27.1%
NY	2,387	2,489	4.3%
OH	1,480	1,516	2.4%
OR	418	453	8.4%
PA	1,907	1,902	-0.3%
RI	155	150	-3.2%
VT	69	80	15.9%
WA	612	690	12.7%
WV	279	277	-0.7%
WI	676	712	5.3%
<b>TOTAL</b>	<b>20,582</b>	<b>21,949</b>	<b>6.6%</b>

(Source: *Statistical Abstract*, 1994 and 2004-2005 editions. Oklahoma, whose Right to Work law took effect in September 2001, is excluded from the calculation. In thousands, except percentage.)