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# FACT SHEET

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## National Institute for Labor Relations Research

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## Right to Work Laws Improve Access to Pensions

### Forced Unionism Reduces Employers' Ability to Furnish Pension Coverage

Forced-unionism apologists often concede that job growth, both overall and private-sector in particular, is far more brisk in Right to Work states than in non-Right to Work states. But after making such concessions, they invariably claim that the jobs created in Right to Work states aren't good jobs with good benefits.

However, data compiled by the Washington, D.C.-based Economic Policy Institute (EPI) in a long-term, ongoing study of the trends in private-sector pension access in the 50 states debunk one of Big Labor propagandists' standard charges against state Right to Work legislation.

According to the most recent annual report posted on its web site, the EPI received 36% of its \$3.8 million in total 2002 revenue and support directly from union treasuries. In addition to this direct support, union treasury funds undoubtedly originally furnished a large share of the nearly \$2 million in funds that the EPI raked in that year from Foundation grants.<sup>1</sup> And of course, American union treasuries are overwhelmingly derived, directly or indirectly, from union dues and fees that employees are compelled to pay as a condition of employment.

Therefore, one would not expect EPI studies to reflect well on states with Right to Work laws, which protect employees from being fired for refusal to join or pay dues or fees to a union.

### Right to Work Laws Linked to Higher Earnings, Faster Growth in Jobs With Health Benefits

In study after study, the National Institute for Labor Relations Research has shown that cost of living-adjusted weekly earnings for the average employee are higher in Right to Work states than in non-Right to Work states, and jobs that come with health-insurance benefits are being created far more rapidly in Right to Work states than in non-Right to Work states.<sup>2</sup>

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<sup>1</sup> *Economic Policy Institute 2001-2002 Annual Report*, p. 29, downloaded from [www.epinet.org/epi\\_ar\\_2001-02.pdf](http://www.epinet.org/epi_ar_2001-02.pdf) on June 13, 2006.

<sup>2</sup> See [www.nilrr.org/Real%20Earnings%20PDF%20masterupdate%20Feb04.pdf](http://www.nilrr.org/Real%20Earnings%20PDF%20masterupdate%20Feb04.pdf) and [www.nilrr.org/HealthCrisis.htm](http://www.nilrr.org/HealthCrisis.htm) for more information.

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Now the EPI data, when taken in conjunction with U.S. Bureau of Labor Statistics data on private-sector employment in the 50 states (as published in the U.S. Census Bureau's annual *Statistical Abstract*), further show that Right to Work states lead non-Right to Work states by a wide margin in the creation of jobs that come with pension benefits.

By referring to two self-reported measures from the Census Bureau's *March Current Population Survey*, the EPI has calculated the percentage of private-sector employees with employer-provided pensions in each of the 50 states for the years 1979 through 2004. For greater accuracy and reliability, the EPI presents the data in three-year rolling averages (1979-1981, 1987-1989, 1998-2000, etc.).

The following analysis uses EPI data that appeared in two different forums: The Massachusetts Budget and Policy Center's *State of Working Massachusetts 2002*, and the "Facts & Stats" section of the AFL-CIO web site.<sup>3</sup> Absolute numbers of employees with employer-provided pensions are derived simply by multiplying the percentages calculated by the EPI by the total number of private-sector employees for each state, as reported by the Bureau of Labor Statistics. The EPI data include employees with either defined-benefit or defined-contribution pension coverage, or both.

Over the entire 1987-2004 period, in Right to Work states the number of private-sector employees with employer-provided pension coverage soared by 52.0%. That's more than double the increase in non-Right to Work states over the same period. (See the tables at the end of this study for details.)

While overall private-sector pension coverage has expanded considerably over time, it tends to contract for fairly extended periods before, during, and after national recessions before recouping the temporary losses and returning to the long-term growth trend. But Right to Work states' advantage has persisted regardless of the economic climate.

Firms that are shackled by compulsory unionism, as well as firms that remain independent from it, but operate in states where compulsory-dues contracts are sanctioned, clearly have been far less successful at creating new jobs that offer pension benefits. Why is this so?

### **'We Believe Adversarial Relationships Drive Manufacturing Jobs Out of This Country'**

By granting union officials the special privilege of offering the only "employee" perspective in negotiations over a firm's pay and benefit package and work rules and guaranteeing those same union officials a steady revenue stream of conscripted dues money, the compulsory-unionism system promotes adversarial labor-management relations.

The resulting strife undermines productivity and innovation. Even Bob King, the United Autoworkers union vice president for organizing, recently acknowledged: "We [the UAW hierarchy] believe adversarial relationships drive manufacturing jobs out of the country."<sup>4</sup>

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<sup>3</sup> See <http://www.massbudget.org/swmindex.html> and scroll to "Share of private-sector employees with employer-provided pension coverage by state" in the "Tables" attachment to the *State of Working Massachusetts 2002* and <http://www.aflcio.org/issues/factsstats/> and enter in "pensions" and "all states."

<sup>4</sup> Quoted in Bill Vlasic, "UAW Takes Cooperative Stance," *Detroit News*, April 20, 2006.

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Furthermore, wherever forced union dues are legal, union bosses use a large chunk of the money they rake in to bankroll Tax & Spend, regulation-happy politicians at the state and local levels as well as the federal level.

And fewer jobs that pay well and offer good benefits are created as a consequence.

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*(For more detailed information about pension-access trends in Right to Work and non-Right to Work states, see the chart below.)*

## Estimated Private-Sector Employer-Provided Pension Coverage in Right to Work States and Non-Right to Work States (in thousands)

### Right to Work States

RTW States	PS Employer-Provided Pension Coverage		Growth 1987-1989 2002-2004
	1987-1989	2002-2004	
AL	531	728	37.0%
AZ	413	747	80.7%
AR	253	390	54.0%
FL	1,361	2,293	68.5%
GA	956	1,410	47.5%
ID	107	197	83.9%
IA	412	635	54.2%
KS	357	549	54.0%
LA	444	662	49.2%
MS	233	365	56.3%
NE	220	382	73.5%
NV	169	369	119.2%
NC	1,099	1,361	23.9%
ND	78	135	73.2%
SC	503	659	31.0%
SD	70	140	100.3%
TN	733	1,054	43.8%
TX	2,000	3,121	56.0%
UT	207	352	70.3%
VA	971	1,345	38.5%
WY	50	79	57.3%
<b>Total</b>	<b>11,165</b>	<b>16,970</b>	<b>52.0%</b>

OK	342	498	45.9%
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### Non-Right to Work States

Non- RTW States	PS Employer-Provided Pension Coverage		Growth 1987-1989 2002-2004
	1987-1989	2002-2004	
AK	57	96	68.0%
CA	3,630	4,721	30.1%
CO	474	748	57.7%
CT	697	759	8.9%
DE	135	187	38.9%
HI	175	221	26.2%
IL	2,051	2,466	20.2%
IN	935	1,282	37.1%
KY	506	702	38.8%
ME	165	242	46.2%
MD	729	966	32.4%
MA	1,200	1,393	16.1%
MI	1,605	1,918	19.5%
MN	741	1,250	68.7%
MO	819	1,113	35.9%
MT	74	129	75.2%
NH	195	274	40.3%
NJ	1,418	1,644	15.9%
NM	126	218	73.6%
NY	3,051	3,016	-1.1%
OH	2,001	2,350	17.4%
OR	376	620	64.7%
PA	2,209	2,590	17.2%
RI	175	194	11.0%
VT	88	119	36.3%
WA	690	1,003	45.3%
WV	222	265	19.5%
WI	906	1,290	42.4%
<b>Total</b>	<b>25,450</b>	<b>31,775</b>	<b>24.8%</b>

Sources: AFL-CIO "Private Sector Employer Provided Pension Coverage, Three Year Moving Average," and Massachusetts Budget and Policy Center, "The State of Working Massachusetts 2005: As Good as it Gets?" Table entitled "Share of Private Sector Employees with Employer-provided pension coverage by state, 1979-2000," U.S. Census Bureau, Statistical Abstract of the United States: 1990, 2000, 2004-2005 and PPIC.

Since Oklahoma's Right to Work law was enacted only in 2001, it is kept separate from the other Right to Work states.