



CHRIS KAPENGA
STATE REPRESENTATIVE • 99TH ASSEMBLY DISTRICT



**Testimony on Assembly Bill 61
Assembly Committee on Labor**

March 2, 2015

I would like to thank Chairman Jacque and the members of the committee for holding a hearing on Assembly Bill 61. I would also like to thank Sen. Fitzgerald for his leadership on this important issue.

The history of right to work began in 1947 with Congressional passage of the Taft-Hartley Act. This Act gave authority to the states to determine whether or not individual employees in closed shops, or all-union employers, should have the option to choose their union status without repercussions.

An employer becomes a closed shop when 50% of the employees vote to organize and become part of a labor organization. The compensation and related work rules are governed in closed shops by collective bargaining agreements and all employees must pay dues to the respective labor organization.

The passage of Taft-Hartley opened up the opportunity for states to adopt right to work laws. Twenty-four states have passed such legislation, and they are known as "right to work" states. By passing Assembly Bill 61, Wisconsin will become the twenty-fifth state.

Currently in Wisconsin, if a closed shop exists and an employee refuses to pay the union dues, that employee loses his or her job. This bill eliminates that requirement, increasing workers' freedom and providing the liberty to choose their path without government involvement.

As history has proven, promoting individual liberty and freedom maximizes the prosperity of the individual and society as a whole.

Thank you again Chairman Jacque and Committee Members for taking the time to hold this public hearing and I look forward to working with you on passage of this legislation.

Brief description of a union's choice in whether to represent all employees or to represent members only

Under federal law, a union may become the "exclusive representative" for purposes of collective bargaining with an employer. To obtain this status, a union must either be certified by a majority of the employees or be voluntarily recognized by the employer as the exclusive representative. When a union has exclusive representation status, no other group may represent the employees' interests (except for limited purposes relating to grievances), the employer may not bargain with another group, and the union has an obligation under federal law and caselaw to serve the interests of all affected employees. [29 U.S.C. ss. 158 (b) (1) (A) and 159 (a); *Air Line Pilots Ass'n v. O'Neill*, 499 U.S. 65 (1991).]

In the context of exclusive representation, federal law requires that "bargaining" between an employer and a union is a "mutual obligation" to confer and negotiate in "good faith." This does not mean that either side must agree to the other side's proposals, but unilateral decisions for or against an issue, without negotiation, are prohibited. The law requires such good faith bargaining with respect to wages, hours, and other terms and conditions of employment. Caselaw has developed a standard for certain topics within those categories that are included as "mandatory subjects of bargaining," which are subject to the statutory obligation to negotiate in good faith. Certain other topics have been determined to be either "permissive" or "prohibited" subjects of bargaining. [29 U.S.C. s. 158 (d).]

On the other hand, a union may choose not to be recognized as an exclusive representative. If it does so, it could be a "members only" union, but an employer would not have an obligation to bargain with the union, under the formalized structure described above for good faith bargaining on mandatory subjects. An employer could choose to enter into discussions with the union on any subjects it chooses, with the union generally serving an advisory role.

Historically, members-only unions have been recognized for lawsuits relating to contracts that were not collective bargaining agreements (such as strike settlement agreements). However, it appears that for a number of years, courts, including the 7th Circuit, have generally not recognized such unions for purposes of implementing or enforcing the rights and obligations of collective bargaining agreements under federal law. [e.g., *Retail Clerks Int'l Ass'n v. Lion Dry Goods, Inc.*, 369 U.S. 17, 28-29 (1962); *Retail Clerks Int'l Ass'n v. Montgomery Ward & Co.*, 316 F.2d 754, 757 (7th Cir. 1963); but see *United Steel, Paper & Forestry, Rubber, Mfg., Energy, Allied Indus. & Svc. Workers Int'l Union, AFL-CIO, CLC v. Ky W. Va. Gas Co., LLC*, 795 F. Supp. 2d 596, 600 (E.D. KY S. Div. 2011).]

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Employment is a contract negotiated at arm's length. It can only be fair when each side has appropriate rights that balance out the rights on the other side of the transaction. When the scale tips unevenly, a just contract will not result. The frustrations of the weaker side will mount until we pay the price and decide to tip the scales back.

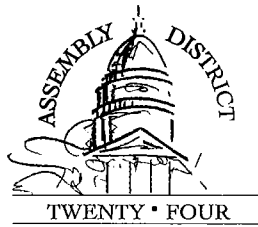
Wisconsin is an "at will state," which means the employer can fire any worker at any time, for any reason. This creates a potentially hostile and vindictive work atmosphere in many businesses. Unions help to protect workers from this sort of treatment. If Wisconsin becomes a Right to Work State, it must also become a "just cause" state, where the employer must have just cause before terminating the employee. Do we really want to change all this when we have a system in place that is working? Are corporations going to be willing to make the change to "just cause" as easily as they embrace Right to Work? No, of course not. It will take a grass roots movement of disgruntled workers, a trail of lost jobs and lowered wages, and millions and maybe even billions of dollars of unemployment benefits paid out for workers to regain their voice.

Let us not forget that without the workers, the work would not get done and the profits would not be made. Our workers should not be treated as liabilities by their employers, but as assets. If employees were valued the same as the equipment, buildings and other infrastructure that produces goods and services in this state, this bill would never have been brought to the table.

Let us also not forget the many other important functions unions have besides protecting the wages and benefits of their members. In my own case, as Chairperson for the Brotherhood of Locomotive Engineers and Trainmen, a few of my efforts have included:

- Working with the Department of Energy to insure safe transport of used nuclear fuel and high level radioactive waste by rail.
- Helping to write and enact new legislation to protect rail employees and private citizens.
- Facilitating the proper disposal and clean-up of human remains following fatalities in the work place. As a rather shocking example, parts of a human skull were left rotting on the front of a locomotive engine for three weeks this past year following an incident.
- Regulation notifications to union members.
- Mediating safety situations to management to promote a safer workplace.

As you can see, this legislation does not just threaten union organizations. Safety of both employees and the general public is also clearly at stake in a big way. Why should this matter to corporations? Because they will pay the price for lowered safety standards in negligence and liability lawsuits at prices that would far exceed keeping what SB-44 or AB-61 removes.



DAN KNODL

STATE REPRESENTATIVE • 24TH ASSEMBLY DISTRICT

Chairman Jacque and committee members, thank you for allowing me to provide testimony on Assembly Bill 61.

Expanding the job market, bringing new businesses into the state and retaining current businesses have consistently been the focus of the Assembly Republican Caucus.

Assembly Bill 61 is just one piece that can help the state continue on the right path. Considering the current need for qualified candidates in many high demand fields, our focus should be on pairing those candidates with open positions with as few hurdles as possible. Passing right-to-work legislation will remove one of these hurdles and will allow the employee the freedom to choose whether or not to join a union.

From auto factories in Janesville to parts manufacturers in Hudson, and everywhere in between, workers are the backbone of Wisconsin's economy. This bill is first and foremost about providing those workers with the freedom to choose their own path.

You will hear testimony from individuals today attempting to portray this legislation as anti-union, but that is just not the case. In fact, union membership has increased in right-to-work states over the last few years while simultaneously falling in non-right-to-work states.

Many opponents of this legislation have repeatedly focused on the so called free-rider issue. They are concerned that this bill will force unions to represent employees that don't join the union or pay dues. It is important to remember that the potential issue of free riders comes from a union's decision to serve as the exclusive representative for purposes of bargaining with an employer. Legal provisions that relate to exclusive representation are governed by federal law and for that reason they are not addressed in this bill. Further, federal law does allow for member-only unions. The decision of whether or not to provide exclusive representation is left to the union and the employer.

The future health of union pension funds has also been called into question by opponents of right to work. Many of these pension funds face solvency issues because they are chronically underfunded, not because they operate in right-to-work states.

Simply put, industrious, independently-minded individuals have always driven Wisconsin's economy and they should never have to choose between employment or union membership.



DAN KNODL

STATE REPRESENTATIVE • 24TH ASSEMBLY DISTRICT

I would like to end my testimony by encouraging Chairman Jacque and committee members not to get distracted by the talking points and to focus on the reason we should all be supporting this legislation, and that is personal freedom.

AB61 Testimony of Victor Kilman
March 2, 2015

Good [morning/afternoon/evening] Chairman Jacque and Committee members. My name is Victor Kilman, and I am a proud citizen of Wisconsin and here today in opposition to Assembly Bill 61.

The phrase “right to work” sounds like a good idea. Proponents, such as Bill Smith with the Wisconsin National Federation of Independent Business, argue that the Bill is about “more freedom in the workplace” and “giving workers more control over their paychecks.”

As described in the Analysis by the Legislative Reference Bureau, Assembly Bill 61 makes it optional for employees to help pay for the expenses that the labor organization incurs guaranteeing the rights of both members and non-members – in effect allowing non-unionized workers to take advantage of union negotiated wages and benefits without paying union dues. Why is that a big deal? In reality, Assembly Bill 61 specifically limits labor organizations’ resources, which weakens the ability of employees to effectively bargain concerning grievances, labor disputes, wages, hours, benefits, or other terms or conditions of employment.

Wisconsin has a proud tradition of supporting Wisconsin workers' right to effectively bargain and fair mindedness in the relationship between labor organizations and employers in the state's collective bargaining laws. Jason Stein of the Journal Sentinel reported on hyperbole from both sides driving the Wisconsin right-to-work debate and opined that the most certain thing that can be said of the potential effects of such a law "is they're likely to be greatly exaggerated in the coming debate." I urge each of you to ignore the hyperbole, reflect on Wisconsin tradition, and vote your conscience. Ask yourself if passage of Assembly Bill 61 will maintain the tradition of Wisconsin workers to effectively bargain for monitoring and reporting of exploitative working conditions. Ask yourself if passage of Assembly Bill 61 will maintain the tradition of Wisconsin workers to effectively bargain for support systems should they suffer from discrimination at work. Ask yourself if passage of Assembly Bill 61 will maintain the tradition of protecting against employers who attempt to encroach upon the rights of Wisconsin workers.

Thank you.

To: Representative Andre Jacque, Chair and
Members of the Assembly Committee on Labor

Re: Right to Work Legislation

My name is Carl Foote and I am an Evaporator Operator at LignoTech U.S.A. in Rothschild, WI. I support right-to-work legislation as I feel that no one should be denied a job because they refuse to join a union. I also do not think that anyone should be forced to become a member of a union and pay dues if he or she does not want to. There should be a freedom of choice.

I have been a member of a union for 16 years and I have been paying union dues for those 16 years. I do not think that the union best represents me and I do not believe that the union is helping better my wages or benefits. When the union is negotiating pay they are negotiating on behalf of everyone, regardless of a worker's dedication or talent. Before I worked at my company, I was in the military. In the military I was evaluated on my own merits and I was held accountable for myself. I would like the same opportunity at my job. I would like to have the opportunity to negotiate my pay. If I was given that opportunity, I know I would be able to negotiate better wages for myself.

I work for a good company, and I want to continue working there, so my hands are tied - I have to pay into the union. I do not think that is right and therefore I support Senate Bill 44/Assembly Bill 61.

Sincerely,

Mr. Carl Foote
1526 N. 2nd Avenue
Wausau, WI 54401

Good Morning, Ladies and Gentlemen. My name is Jennifer Hall. I was born and raised in Wisconsin, the third generation of my family to live on the near east side of Madison. I am a Christian, a mother of 3, a part time returning student and the very proud wife of a member of the Steamfitters Local 601. On Monday I am usually doing the family's laundry and taking care of my Chemistry homework. But today I have been called to something more important. To be here to talk to you.

You are considering a vote on this right to work bill. I have heard some people saying they think it's going to be good for our State. But you know, I'm confused by that. You see I remember learning about the labor movement, a topic that seems to be strangely absent from my kids education today, and I remember learning about the horrible struggles people went through to create the Unions. There was violence and starvation and people were pitted against one another. But people were willing to go through all of these struggles. Why? Because the alternative was worse. Can you imagine being made to work all day, locked in an unsafe factory and never allowed to use the bathroom? Or being forced to pay your employer for your housing and food and find your self actually in debt to them after a hard week of work in an unsafe, filthy coal mine? There there were the deaths, and disabling accidents as a result of unsafe working conditions that were the ruin of families who had no access to unemployment or workers compensation. Unions changed all that. They gave power to workers so they could improve their lives and get the respect they deserved for building this great nation.

Thank God that today when my husband goes off to the job site I can be confident that he will come home in the same condition he left in, if not a little more tired and hungry. And because he is paid well, I can make sure there is a good dinner on the table. If someone does get sick or hurt, that's right, we have health insurance so we can go to the doctor. I can live in assurance of these things because my husband is in a Union. I know that the Union has trained my husband and his fellow workers to be the best and safest workers they can be so they can make the companies they work for successful, training paid for by the workers. That's right, not one dime comes from public money. All of this training is paid for by Union workers. I know the Union is making sure he brings home a fair days pay for a fair days work. I know the Union is behind my husband making sure that he is safe and respected while he is working and that when he retires he will have a pension to ensure that he can have a decent life during the retirement he earned.

Yes, he pays dues. But the dues are so minimal we don't mind a bit. Especially when we know that that little bit from his paycheck is supporting him so well. We pay that little bit to ensure that someone has my husband's back. Someone is there everyday making sure the pension is managed well, that his health insurance is paid, that he get the training he needs. It makes sure someone is there to support him if he has a problem on the job and someone is there to help him find a new job if he has the misfortune to be laid off. All of that for just a little bit out of the check. That's a lot of service. And it isn't unreasonable to ask for it. Fee for service is the norm in our world. If you belong to a gym you pay a membership, if your son, like mine, is in Scouting- you pay dues, or if you are in country club there's a membership fee there. Even the Church asks you to put your fair share in to make the Church run. And in all of those situations, well except Church, if you don't want to pay you don't get service, so you might as well find someplace else to go.

And in this State, if you don't want to pay union dues, you can find somewhere else to work. People aren't forced to pay dues to the union or not work in their field anymore. No, there are Union shops and non union shops to chose from. And if a company wants to give up the Union they have, they just get a 2/3 vote from the workers and it's done. Workers have freedom to be non-union and work in Wisconsin. Why they want to, I don't know.

So what you're considering here doesn't make sense to me. I don't see how it's better for anyone. Maybe you don't know better. Maybe some guys from ALEC (the American Legislative Exchange Council) showed up with this bill all nicely typed and said, "look how we are going to help your State" and you believed them. Maybe you really believe what you've been saying about how this will help us all. In that case I'm here to tell you you are wrong, me and whole bunch of other people. Many with more impressive facts and numbers than I have. And then you will know to vote against it.

The alternative is that you already know it's not true; that I haven't told you anything new, that all the people telling you about lower wages and poor working conditions and worker deaths and injury aren't opening your eyes to something you weren't aware of. The alternative, your intention is to just weaken the union and weaken workers in Wisconsin. Maybe there were promises of campaign support, help on a pet project, assurances of making your political dreams a reality or threats of the opposite if you didn't go along. I guess I can't blame you entirely if that is the case. We Christians know what it says in Timothy 2, 6:10, "For the love of money is the root of many an evil." And considering that money is often power, I think the same could be said for power too.

If it is that second case, and you do know what you're doing, I just ask one thing. Don't lie. Don't lie to us. Don't insult our intelligence, because we are not dumb. Own your truth and tell the people of Wisconsin what you are really doing. And if you can't tell the truth, I ask that you consider whether you should really be voting for Right to Work at all.

Thank you.

Written Testimony of WPRI President Mike Nichols
for
Assembly Bill 61
Wisconsin State Assembly Committee on Labor
March 2, 2015

Representative Jacque, Members of the Committee,

Thank you for the opportunity to provide written testimony today. I am Mike Nichols, president of the Wisconsin Policy Research Institute. Along with my testimony is some research I'd like to present to you and your fellow committee members.

Many of you are familiar with us. For almost 30 years, WPRI has provided nonpartisan, objective research on issues of interest and importance to Wisconsin's citizens and legislators.

Today, clearly, there is no issue of greater interest or importance than right-to-work. I'd imagine, with all the voices weighing in today, you're all looking for some simple facts on this issue. For several months now, that has been our focus and goal as well.

In an effort to determine whether Wisconsin should consider right-to-work legislation, WPRI decided last fall to undertake two different lines of research: a poll of public opinion and an analysis of potential economic impacts.

We released the 2015 WPRI Poll of Public Opinion in January, and it included numerous questions regarding right-to-work. The survey of 600 Wisconsinites determined that approximately twice as many citizens of this state would vote in favor of right-to-work legislation as would vote against it (62% to 32%). Over three-quarters of respondents (77%), meanwhile, said they think no American should be required to join any private organization, such as a labor union, against his or her will.

In addition, a plurality of the 600 respondents, said they believe a right-to-work law will be economically beneficial for the state. Four in 10 (40%) said such laws will "improve economic growth in Wisconsin," 29% said they believe the laws "will not affect economic growth" and 27% said such laws will "reduce economic growth."

Our second line of inquiry – the paper in front of you titled "The Economic Impact of a Right-to-work Law on Wisconsin" – concludes that what a plurality of state residents intuitively believes is backed up by statistical analysis. Right-to-work laws are economically beneficial.

WPRI commissioned this paper by one of America's foremost experts on right-to-work, Ohio University economist Richard Vedder, months ago. Dr. Vedder and his colleagues, Joe Hartge

and Christopher Denhart, happened to be finishing it up just when legislative leaders decided to bring a right-to-work bill to the floor. While they did not see the bill prior to conducting this analysis, right-to-work is a straightforward concept that varies little from state to state. As a result, we believe this paper – by comparing economic growth in states that have had right-to-work to those that have not and calculating the potential impact in Wisconsin – provides the best, most nuanced, most objective and most accurate analysis that has been done in the Badger State.

The essential finding is clear:

Over the last 30 years, states with right-to-work (RTW) legislation have experienced greater per capita personal income growth than other states. And that positive correlation between right-to-work and higher incomes remains true even after controlling for other important variables (such as tax rates in various states) that might have had a simultaneous impact.

The statistical results suggest that, in fact, the presence of a RTW law added about six percentage points to the growth rate of RTW states from 1983 to 2013. With such a law, Wisconsin's per capita personal income growth of 53% over those years would have been, instead, about 59%. Wisconsin would have gone from having economic growth below the national average over those three decades to having slightly above average growth – enough above average that it would have erased the current per capita income deficit between Wisconsin and the nation as a whole.

We think this is extremely significant because, as the report points out, Wisconsin truly has fallen behind economically in recent decades.

In 1950, well over \$22 of every \$1,000 in personal income generated in the United States was earned by Wisconsin residents. That figure has steadily fallen to only \$17.55 in 2013 – a decline of well over 20%. Most of this reflects relatively slow population growth. But income growth for residents over the 1950-2013 period was below the national average. In 1950, per capita income was 1.63% below the national average; in 2013, the income deficit was more than double that.

Wisconsin's per capita personal income received from all sources in 2013 was \$43,244, according to the Bureau of Economic Analysis – \$1,521 less than the national average of \$44,765.

The regression analysis suggests that had Wisconsin adopted a RTW law in 1983, per capita income would have been \$1,683 higher in 2013 than it actually was – and would have brought the state slightly over the national per capita personal income average.

There are some caveats that apply to all such analysis. Although the results are strong, the authors – as all good economists would – urge some caution in using the precise estimation. Comparing states with right-to-work to those without is a complex undertaking. Some possible determinants of economic growth are very difficult or impossible to measure, such as the extent of statewide environmental regulations, and there may be a significant “omitted variable bias” in

this simple regression model. At the same time, it is unlikely the inclusion of other variables would materially alter the estimations with respect to RTW.

In addition it is important to note that this is an analysis of the past – the 1980s through 2013. Labor unions today have a smaller presence than they used to, so the effects of a RTW law might reasonably be expected to have a somewhat smaller impact in the future – especially in Wisconsin where Act 10 is already having an economic impact.

That said, it is a fact that Wisconsin has fallen behind. As this study indicates, Wisconsin's role in the national economy has shrunk with the passage of time. The analysis suggests that passage of a RTW law likely would slow and possibly reverse this trend. Right-to-work laws in sum are economically beneficial and would help Wisconsin catch up to other states with which it competes economically.

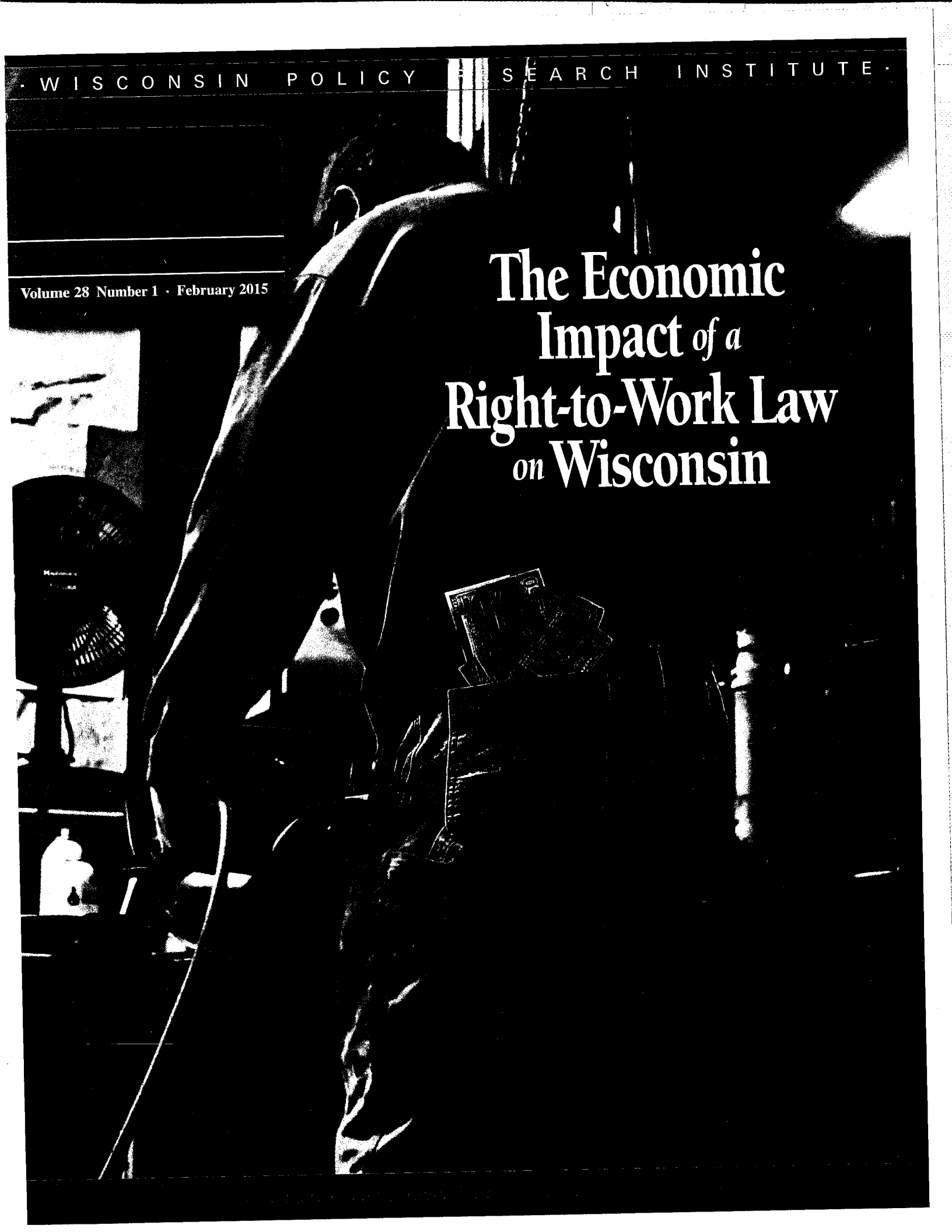
As importantly, we at WPRI see this as a fundamental issue of individual freedom – and it is clear that Wisconsinites of all political persuasions agree. A majority of self-identified Republicans, independents *and* Democrats say they would vote in favor of right-to-work legislation.

Given the economic needs of our state, the evidence that right-to-work would be economically beneficial and the support of your constituents, I ask you to do the same.

Thank you.

Volume 28 Number 1 · February 2015

The Economic Impact of a Right-to-Work Law on Wisconsin



The Economic Impact of a Right-to-Work Law on the Wisconsin Economy

by Richard Vedder, Joseph Hartge, and Christopher Denhart

President's Notes

In 2012, Indiana and Michigan became the 23rd and 24th states to adopt right-to-work legislation that makes it illegal to require workers to join a union as a condition of employment.

In an effort to determine whether Wisconsin should consider similar legislation, the Wisconsin Policy Research Institute decided last fall to undertake two different lines of research: a poll of public opinion and an analysis of potential economic impacts.

In January, the 2015 WPRI Poll of Public Opinion determined that approximately twice as many Wisconsinites would vote in favor of right-to-work legislation as would vote against it (62% to 32%). Over three-quarters of respondents (77%), meanwhile, said they think no Americans should be required to join any private organization, such as a labor union, against his or her will.

In addition, a plurality of the 600 respondents, said they believe a right-to-work law will be economically beneficial for the state. Four in 10 (40%) said such laws will "improve economic growth in Wisconsin," 29% said they believe the laws "will not affect economic growth" and 27% said such laws will "reduce economic growth."

This paper (the second vein of WPRI inquiry on the issue) shows that what a plurality of state residents intuitively believes – that right-to-work laws are economically beneficial – is backed up by statistical analysis.

WPRI commissioned this paper by one of America's foremost experts on right-to-work, Ohio University economist Richard Vedder, months ago. Dr. Vedder and his colleagues, Joe Hartge and Christopher Denhart, happened to be finishing it up just when legislative leaders decided to bring a right-to-work bill to the floor this week. While he did not see the bill prior to conducting this analysis, right-to-work is a straightforward concept that varies little from state to state. As a result, we believe this paper – by comparing economic growth in states that have had right-to-work to those that have not and calculating the potential impact in Wisconsin – provides the best, most nuanced and most accurate analysis that has been done in the Badger State.

It is our hope that legislators, as they engage in debate in the coming days, will consider both Dr. Vedder's findings and the fact that a majority of Wisconsinites support right-to-work as an issue of fundamental personal freedom.

Mike Nichols
President
Wisconsin Policy Research Institute

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Executive Summary

Over the last 30 years, states with right-to-work (RTW) legislation have experienced greater per capita personal income growth than other states. And that positive correlation between right-to-work and higher incomes remains true even after controlling for other important variables (such as tax rates in various states) that might have had a simultaneous impact.

Our statistical results suggest that, in fact, the presence of a RTW law added about six percentage points to the growth rate of RTW states from 1983 to 2013. With such a law, Wisconsin's per capita personal income growth of 53.29% would have been, instead, about 59.29%. Wisconsin would have gone from having economic growth below the national average over those three decades to having slightly above average growth – enough above average that it would have erased the current income per capita deficit between Wisconsin and the nation as a whole.

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There are some caveats that apply to all such analysis. Although the results are strong, the reader is urged to be very cautious in using the precise estimation. Some possible determinants of economic growth are very difficult or impossible to measure, such as the extent of statewide environmental regulations, and there may be a significant “omitted variable bias” in this simple regression model. At the same time, it is unlikely the inclusion of other variables would materially alter the estimations with respect to RTW.

Finally, the results in question look at the past – the 1980s through 2013. Labor unions today have a smaller presence than they used to, so the effects of a RTW law might reasonably be expected to have a somewhat smaller impact in the future – especially in Wisconsin where Act 10 is already having an economic impact.

That said, it is a fact that Wisconsin has fallen behind. As this study indicates, Wisconsin's role in the national economy has shrunk with the passage of time. Our analysis suggests that passage of a RTW law likely would slow and possibly reverse this trend.

Introduction

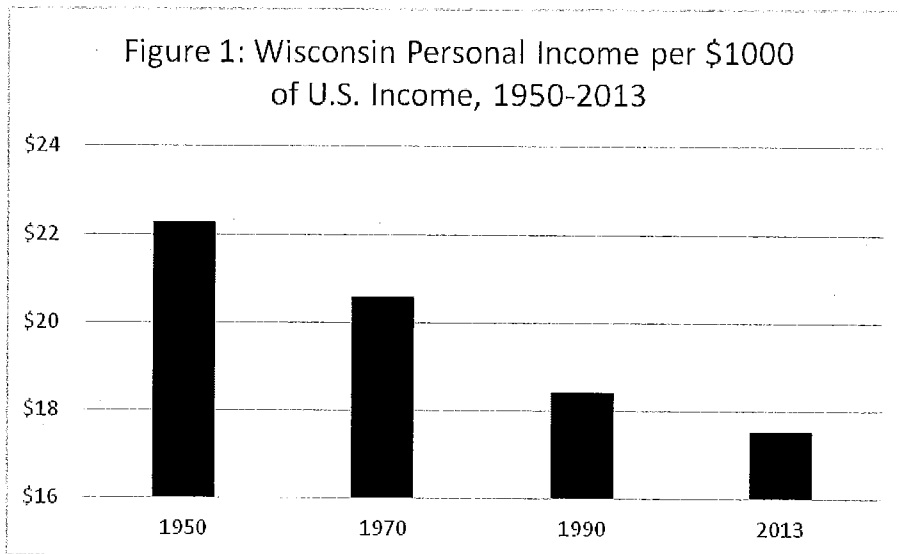
Residents of Wisconsin are among the luckiest people on earth, since living in the United States means they share in the fruits of American prosperity. By world and historical standards, those living in the Badger State today typically have high standards of living with a long life expectancy. Yet not all is good – by some measures, the state has not fully maximized its economic potential.

In 1950, over \$22 of every \$1,000 in personal income generated in the United States was earned by Wisconsin residents (see Figure 1). That figure fell steadily to only \$17.55 by 2013 – a decline of over 20%. Most of this reflects relatively slow population growth; Wisconsin has not attracted the in-migrants, including immigrants, typical in the nation as a whole, which, in itself might reflect a perception that Wisconsin is not a particularly attractive place to live. Secondly, income growth for residents over the 1950-2013 period was modestly below the national average. In 1950, per capita income in Wisconsin was 1.63% below the national average; in 2013, the income deficit was more than double that.

Why is this? There are probably dozens of factors that help explain a state's economic performance relative to other states. Taxes, the proportion of the population in manufacturing or agriculture, educational attainment

levels of the population, variations in the demographic characteristics of the population, natural resource availability, state regulatory policies, even the climate of the state – these are some of the factors often cited. But since goods and services are produced primarily from the use of labor, labor laws and regulations are potentially very important. In particular, this study focuses on right-to-work (RTW) laws. Wisconsin and 25 other states have no RTW law, but 24 states do. Does the absence of a RTW law in Wisconsin help explain why its per capita income remains below the national average?

This study analyzes the impact of right-to-work laws on economic behavior. Do states with such laws fare better as a consequence of their adoption? Is the impact of a RTW law small or large? We conclude that Wisconsin would have fared better over the past several decades had it passed such a law. The implication is strong that the adoption of a RTW law in Wisconsin would stimulate economic activity, probably largely eradicating the gap in per capita income currently existing between Wisconsin and the rest of the nation. Econometric analysis is not error free, nor is future behavior necessarily going to precisely emulate that of the past. Nonetheless, the statistical results here are strong enough to suggest with a fairly high level of certainty that Wisconsin would benefit from having a right-to-work law.



Source: U.S. Bureau of Economic Analysis, authors' calculations

Organized Labor and “Right-to-Work” Legislation in the United States

The earliest record of an organized labor strike dates back well before New Deal era legislation strengthened collective bargaining. Indeed, in 1768, New York journeymen tailors protested wage reductions. In 1794 (only seven years after the Constitution of the United States was drafted¹), the Federal Society of Journeymen Cordwainers was formed in Philadelphia.² From here, organized labor took the form of local craft unions, which would publish prices for goods as a way to ensure high wages in the face of cheap labor influx.

In *Commonwealth v. Hunt* (1842), Chief Justice Lemuel Shaw opined that “A labor combination to raise wages is not inherently illegal,” providing the legal basis for organized labor and collective bargaining. Business management would fight unionization by the use of blacklists to target agitators or pro-union laborers. However, with the high ratio of laborers to management, it was eventually inevitable that unionization would gain some traction. The National Labor Union was founded in 1866 by William Sylvis. While it was quickly dissolved, it was the first national labor federation in the United States, gave national attention to locally unionized labor and fought for higher wages and shorter hours.³ As the NLU declined, the Noble Order of the Knights of Labor took up the mantle. In 1869, the Knights of Labor was founded, accepting all wage workers, including African-Americans and women, skilled and unskilled, into its ranks. The Knights favored an eight-hour workday, equal pay for equal work, the abolition of child and convict labor, and public ownership of utilities. Despite rapid growth in the mid-1880s, Knights members were tarred as radicals as a result of the Haymarket riots in Chicago in 1886. In that year, the American Federation of Labor (AFL) was organized and Knights of Labor membership deteriorated.⁴ While membership grew, unions remained relatively weak until the 1930s.

The Norris-LaGuardia Act, signed by President Herbert Hoover in 1932, made agreements with management enforceable in federal court, restricted the use of court injunctions to stop strikes, and exempted unions from antitrust laws. Union activity expanded, as did the number of work stoppages, in the years to follow.⁵

But by far the most consequential step on this path to increased unionization came in 1935, when President Franklin Roosevelt signed the National Labor Relations Act (the Wagner Act). The Wagner Act, which granted collective bargaining rights to private-sector workers but not public-sector workers, allowed for elections to determine whether workers would be represented by a union and, if the majority voted in favor, allowed the union to arrange

union security provisions within a firm. These provisions started with a “closed shop,” which required workers to be unionized as a precondition of employment, but also included the “union shop,” which allowed hiring of non-union workers so long as they became unionized within a given time period (often 30 days), as well as the “agency shop,” which allowed unions to collect dues from all workers but did not require all workers to become members.

Union membership swelled from 13.2% of non-agricultural workers in 1935 to 28.9% in 1939 following the passage of the Wagner Act. The Wagner Act granted monopoly power in labor supply to unions by allowing them to coerce workers to join or financially support their activities.

By 1947, the public had grown more skeptical of the unchecked power of the large national unions. The previous year, the nation suffered through a record volume of strikes, including in critical industries such as coal, and public sentiment toward unions cooled sharply from the 1930s. Accordingly, Congress passed (and overrode President Harry Truman’s veto of) an amendment to the Wagner Act known as the Taft-Hartley Act.⁶ Taft-Hartley outlawed closed shop arrangements, though union and agency shop provisions lived on. Section 14(b) of Taft-Hartley allows individual states to pass legislation to override union and agency shop provisions, thus giving legal foundation for them to adopt right-to-work legislation.

1947 was not, however, the first instance of RTW laws. In 1944, Florida and Arkansas adopted RTW laws, followed by Arizona, Nebraska and South Dakota in 1946. In 1947, Georgia, Iowa, North Carolina, Texas, Tennessee and Virginia adopted RTW laws. These laws were challenged in court by union leaders in Arizona, Nebraska and North Carolina, which ultimately led to the 1949 U.S. Supreme Court case *Lincoln Federal Labor Union v. Northwestern Iron and Metal Co.*, 335 U.S. 525 (1949). In this case, the court upheld the constitutionality of RTW laws.⁷

RTW states have grown from two in 1944 to 24 today and have seen large growth in the proportion of American population, from only 29% as late as 1970 to 46% today.⁸ States that have RTW laws also have slightly higher fertility rates and considerable net migration from non-RTW states over time.

Union membership has been declining in relative terms since the 1960s, and while RTW legislation is a contributing factor in some places it is not the leading one. In the 1930s and ’40s, the proportion of Americans working

Unionism in Wisconsin

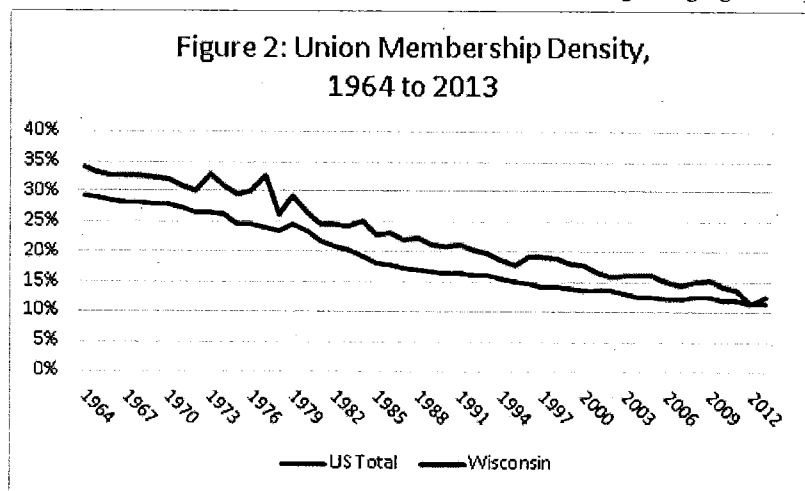
in large industrial environments was much greater than today. Workers were less likely to work in managerial, technical or professional jobs, women made up a much smaller portion of the workforce and educational attainment was much lower. Additionally, public (e.g., Social Security, worker's compensation, unemployment insurance, Supplemental Nutrition Assistance Program, etc.) and private (e.g., private pension plans, 401(k) accounts, IRAs, etc.) forms of income security were less available. Over time, fewer people as a percentage of the labor force have worked in large corporations, decreasing the communication chain between management and laborer, making it easier to quickly settle disputes.⁹

The rise of the global economy and globalization has further diminished the monopoly power of national labor unions to hold wages above a competitive market rate. Therefore, the relative decline in American labor-intensive industry (e.g., automobiles and manufacturing) is attributed in large part to American labor pricing itself out of competition through labor agreements dating to before the era of international labor competition. All of these factors reduce the attractiveness and strength of unions.¹⁰

Wisconsin has a long history of higher than average union density. As shown in Figure 2, union membership in Wisconsin has accounted for a larger percentage of non-farm laborers than typical in all states in every year since at least 1965, excepting 2012.

The strong union tradition in Wisconsin stretches back much further than that, however.

Unionization in Wisconsin began in 1847, when bricklayers formed a union in Milwaukee. Carpenters in 1848, and dock workers, warehouse laborers and others followed suit. Over the next century, unions and workers helped transform the workplace. In the 1880s, labor unions in Milwaukee lobbied to reduce daily work to eight hours. In 1911, the state Legislature passed the nation's first worker's compensation laws. These required employers to financially compensate and provide medical attention for loss of life and limb. In 1932, unemployment compensation was passed in Wisconsin, followed by the important 1937 Wisconsin Employment Relations Act, which added state support to workers' right to organize.¹¹ Wisconsin ushered in collective bargaining rights for public employees in 1959.



Source: Barry T. Hirsch, David A. Macpherson and Wayne G. Vroman, "Estimates of Union Density by State," *Monthly Labor Review*, 124 (7), July 2001, 51-55; U.S. Department of Labor, authors' calculations

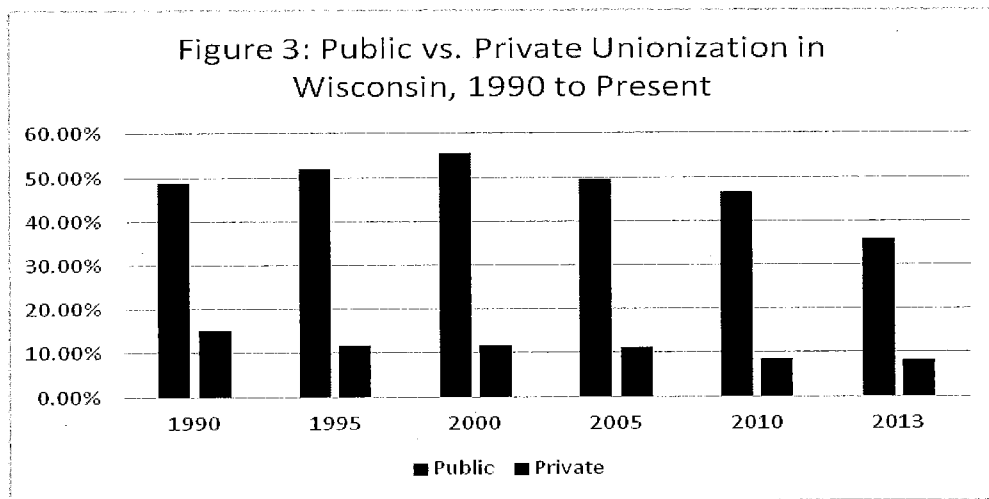
Public Unionization in Wisconsin

Similar to most of the rest of the United States, Wisconsin has seen a decline in both private-sector and public-sector unionization. Public-sector members in 2010 (pre-Act 10) made up 49.6% of all union members in Wisconsin. By 2013, that figure had fallen to 43.6%.

Interestingly, though, the decline began long before legislative changes in state labor law instituted during the administration of Gov. Scott Walker. Since 2000, union representation among public-sector employees has fallen from 55% to 36%, wiping out just over one-third of union membership (see Figure 3). In that same period, Minnesota and Michigan have seen their percentage of public-sector employees in unions hold steady and rise, respectively.¹²

The union membership rate in Wisconsin for both the public and private sector is about 11.7% and in the private sector alone it is slightly less than 7%, according to the federal Bureau of Labor Statistics.

However, the numbers of workers and businesses impacted is still large. There are still 306,000 workers in Wisconsin's public and private sectors who are union members, according to 2014 Bureau of Labor Statistics figures. And when you include workers who are not union members but are represented by a union contract — whether they want to be or not — that figure grows to 327,000 — 12.5% of the working population.



Source: Barry T. Hirsch, David A. Macpherson and Wayne G. Vroman, "Estimates of Union Density by State," *Monthly Labor Review*, 124(7), July 2001, 51-55, U.S. Department of Labor, authors' calculations

Right-to-Work Laws, Human Behavior and Economic Growth¹³

Since the first RTW law was passed over two-thirds of a century ago, economists have studied its impact on human behavior and economic growth. A wealth of research suggests that RTW laws are an important factor in explaining state variations in industry location, human migration and economic growth.

It is the goal of labor unions to increase wages and benefits for their members. A union that does not raise wages for workers above what exists in a non-union environment would rightly be perceived as being unsuccessful by its membership – particularly since workers have to pay dues to employ the union leadership that negotiates and administers labor contracts. Historically, there is some evidence that the *short-run* impact of unionization is to raise wages, perhaps by as much as 10% or more from what otherwise would exist.¹⁴

To the extent unionization increases labor costs, it makes a given location a less attractive place to invest new capital resources. Thus, other things being equal, capital will tend to migrate away from non-RTW states such as Wisconsin, where the perceived costs of unionization are relatively high. Over time, this works to lower the ratio of capital to labor in non-RTW states relative to ones with RTW laws. Since labor productivity is closely tied to the capital resources (machines and tools) that workers have available, labor productivity should grow more in RTW states, stimulating economic growth, including the growth in wages and employment. Thus, the long-term RTW/wage relationship is likely quite different than that observed based on initial unionization efforts.

Right-to-Work Laws and Economic Growth: Some Empirical Evidence

To the average citizen, the real issue is: Will a RTW law have a positive effect on my material welfare, my income? If the answer is yes, and if the cost of implementing such a law is essentially zero, then economic welfare is enhanced by having such a law. Therefore, the true “bottom line” question is: Do RTW laws promote the growth of incomes over time?

It’s clear that RTW states have experienced greater growth than non-RTW states over time. We took personal income in the 22 RTW states that had laws for all or a significant portion of the period from 1970 and 2013, and compared their personal income growth, adjusting for inflation by the authoritative CPI-U price index of the Bureau of Labor Statistics, with that of the 28 non-RTW states (Indiana and Michigan adopted laws at the very end of the period that had not even survived court tests in 2013, so they are counted as non-RTW states for this calculation). The results, in Figure 4, reveal that the income growth rate was nearly twice as large in RTW states as in the other jurisdictions. Put differently, these 22 RTW states produced 28.75% of America’s personal income in 1970, but over eight percentage points more, 37.32%, in 2013.

But this sort of analysis does not suffice in telling us about right-to-work’s impact on the growth in states that already have adopted it. In fact, most of the more rapid income growth in RTW states is the result of much greater growth in population. The population of the 22 RTW states nearly doubled, compared with less than a 40% growth in the non-RTW states.

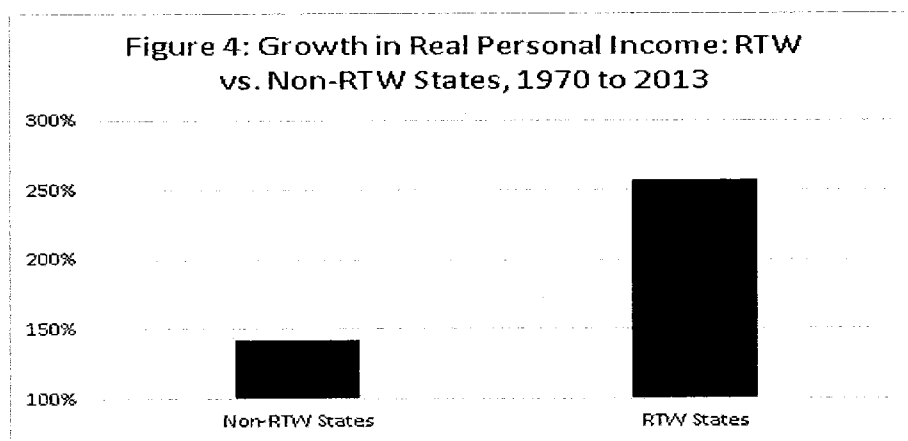
The simple descriptive analysis presented in Figures 4 also fails to control for other factors that might help or hinder economic growth: climate, tax levels, more or less emphasis on manufacturing employment, for example. We might be attributing too much to RTW if we do not control for these other factors through regression analysis.

Regression Analysis

Accordingly, we used a multivariate form of analysis, ordinary least squares regression, to examine the relationship between RTW laws and income growth. We examined a large number of independent variables (introduced to control for non-RTW causes of variations in income growth between states) in various combinations. We most often examined the 48 contiguous states, since Alaska and Hawaii, in addition to being geographic outliers, had values on several independent variables dramatically different than those found in the contiguous states.

One of the many models examined is exhibited in Table 1. The model explains variations in per capita personal income (the most relevant variable from the standpoint of the economic welfare of the population) over the 30-year period from 1983 to 2013 in terms of eight explanatory variables, one of which was the presence of a RTW law (Indiana and Michigan are considered non-RTW states for the purpose of this analysis, since RTW laws in those states had not yet passed judicial review and become effective). In addition to the RTW variable, some seven other control variables were introduced. By introducing these variables into the model, we more closely approach the desirable condition of taking into account other factors that might have explained variations in economic growth.

The model explains nearly two-thirds of the considerable variation in state economic performance. The findings show that the presence of a RTW law was associated with about a 6.7 percentage point higher rate of economic growth, and that finding was statistically significant at the 5% level (we are at least 95% confident that the positive RTW/income growth relationship did not occur by chance). Taking into account the caveats cited below, this implies a very sizable positive income impact.



Before more fully assessing the RTW results, it is worth commenting on some of the seven control variables introduced into the model.

Of particular interest to policy-makers is the *AvgTaxRt* variable, showing a strong negative relationship between the average rate of state and local taxation (based on averaging the rates for the beginning and ending dates in the period) as a percentage of personal income and per capita income growth. The results confirm what voluminous numbers of studies have shown: States with high tax burdens, controlling for other variables, have lower rates of economic growth.¹⁵

Of interest as well are the results with respect to *ChgUnionDens* (the change in the proportion of workers belonging to labor unions). That variable generally had a negative sign (falling proportion of workers in unions) throughout the states (as discussed earlier), but the results show that where union membership decline was smallest, there were higher rates of economic growth.

Two observations about that conclusion are in order. First, the magnitude of the impact of the change in union density factor was small in size relative to the RTW variable. A state that adopted a RTW law and had a resulting decline in union membership from, say, from 13% to 10% of the labor force (a plausible but rather large proportion), still would have a strong overall positive growth effect, since negative growth effect of the union density decline would have been less than half the positive growth effect of the introduction of the RTW law. One possible perspective on this: When right-to-work laws combined with other factors such as low taxes cause an economy to grow, union density eventually can grow as well. There can be a correlation, then, between growing union density and per capita income growth – albeit a correlation that is not as significant as the correlation between RTW and per capita income growth.

The *HDDays* variable measured the number of heating degree days reported by state. A high number of heating degree days, such as is the case in Wisconsin (over 8,000), implies relatively colder climates – the number of heating days in Hawaii (zero) reflects its always warm temperatures. There is weak support that colder climate states such as Wisconsin, controlling for other variables in the model, had modestly higher rates of economic growth.

The *GrowthPop* variable suggests that states with high levels of population growth had their growth in per person income reduced as a consequence.

Three variables – *ChgCollAttain* (the growth in the proportion of the adult population with college degrees),

ChgManu (the change in the proportion of state output generated in manufacturing) and *ChgEmpPopRatio* (the change in the proportion of the population over age 16 who were employed) – were not statistically significant. This is not to say that college attainment, the percentage of output generated through manufacturing and the percentage of the population working are unimportant factors in economic growth. It merely indicates that the impact of the *change* in them over the time of our analysis was not significant.

The Meaning of the Results: Right-to-Work and Wisconsin's Future

The analysis in Table 1 was replicated in other models, changing control variables to see if they materially altered the observed relationship between the presence of a RTW law and economic growth. We were gratified that the alternative model specifications only very modestly altered the observed RTW-growth relationship. Without exception, a positive relationship between RTW and growth was observed, in some cases statistically significant at the 1% level. The coefficient on the RTW variable was consistently between 0.05 and 0.08, with the coefficient generally around 0.06 or 0.07, meaning the presence of a RTW law added about six or seven percentage points to the rate of per capita income growth in the period from 1983 to 2013.

Demonstrating a significant statistical relationship between the presence of a right-to-work law and a jurisdiction's income per capita is interesting, but how meaningful is it in an economic sense? How much would the presence in 1983 of a RTW law in Wisconsin have affected the state's subsequent economic growth and the standard of living of Badger State residents?

The statistical results above suggest that the presence of a RTW law added about six percentage points to the growth rate of states from 1983 to 2013. With such a law, Wisconsin's per capita personal income growth of 53.29% would have been, instead, about 59.29%. As Figure 5 demonstrates, Wisconsin would have gone from having economic growth below the national average over those three decades to having slightly above average growth – enough above average that it would have erased the current income per capita deficit between Wisconsin and the nation as a whole.

Wisconsin's actual per capita personal income, income received from all sources, in 2013 was \$43,244, according to the Bureau of Economic Analysis – \$1,521 less than the national average of \$44,765.

The regression findings in Table 1 suggest that, had Wisconsin adopted a RTW law in 1983, per capita income would have been \$1,683 higher in 2013 than it actually was – and would have brought the state slightly over the national per capita personal income average. It would appear that the quality of material life of Wisconsin residents could be improved significantly by the passage of a RTW law.

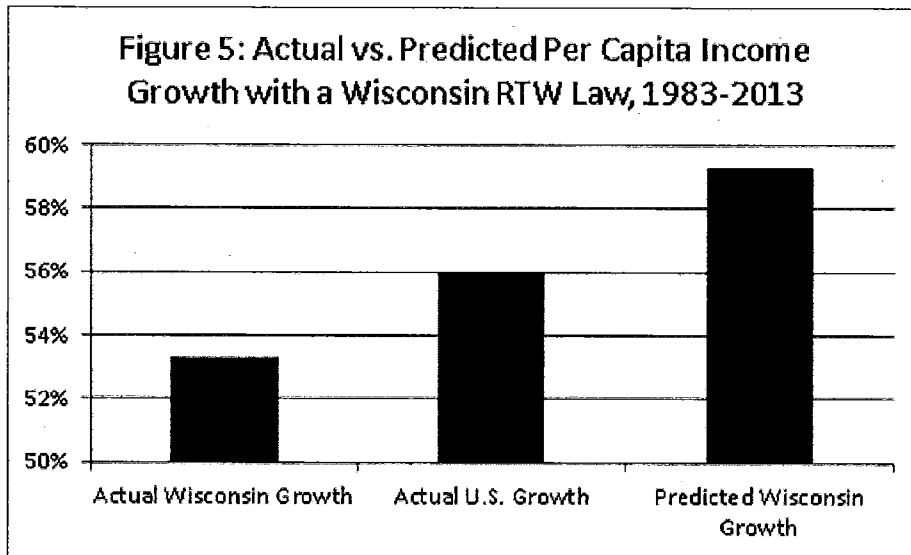
Table 1:
Factors Influencing Growth in Per Capita Personal Income

| Variable | Parameter Estimate |
|----------------|-----------------------------|
| Intercept | 0.83648*** (0.1696) |
| RTW | 0.06734** (0.0324) |
| ChgCollAttain | 0.85518 (0.7206) |
| ChgManu | 0.37485 (0.4965) |
| GrwthPop | -0.18466*** (0.0444) |
| ChgEmpPopRatio | 0.00934 (0.0063) |
| AvgTaxRt | -3.59410** (1.5861) |
| HDDays | 0.00001531* (0.00000825) |
| ChgUnionDens | 0.00954** (0.00367) |
| Sample | 48 |
| R ² | 0.6564 |

Sample includes the 48 contiguous states.
Standard errors are reported in parentheses.
 $p < 0.01$ ***, $p < 0.05$ **, $p < 0.10$ *

Although the above results are strong, the reader is urged to be very cautious in using the precise estimation of growth effects stated above. First, the results in Table 1 explain only about 65% of the variation in growth rates over the period, a large majority to be sure, but another 35% is still unexplained. There may be a significant “omitted variable bias” in this simple regression model. Some possible determinants of economic growth are very difficult or impossible to measure, such as the extent of statewide environmental regulations. It is unlikely the inclusion of other variables would materially alter the estimations with respect to RTW.

Related to that, there are many determinants of economic growth. Although labor laws are important, so are several other factors. Many prosperous states are without RTW laws, particularly in the Northeast, because they have benefited from booms in particular sectors, such as financial services or high technology, where unions never gained a foothold. Similarly, the findings in Table 1 show that tax policy is important to growth. While we are suggesting that right-to-work laws matter, we certainly



Source: Bureau of Economic Analysis, authors' calculations

are not suggesting that they *alone* matter, or even that they are the most important determinant of growth.

The fact that model estimations are susceptible to changes in sample size, the variables considered, the functional form of relationships (e.g., linear vs. nonlinear), data imperfections, etc., means it is inappropriate to claim too much of the results. Moreover, the results in question look at the past – the 1980s through early this decade. Labor unions today have a smaller presence than in some of the period examined, so the effects of labor laws affecting collective bargaining might reasonably be expected to have a somewhat smaller impact in the future – especially in Wisconsin, where Act 10 already is having an economic impact.

That said, the fact that the positive RTW/growth relationship is consistently observed with different model specifications leads us to be reasonably confident that

the passage of a right-to-work law would have a positive impact on the Wisconsin economy. Moreover, the costs of implementing a RTW law are very low, so even if the benefits are one-half or even one-fourth of those estimated above, the net impact of RTW enactment would be positive on the Wisconsin economy.

Indeed, the results above imply such a large RTW/income creation relationship that, even if one were to cut them in half, they are still quite large. Instead of increasing annual per capita personal income by \$1,683 over 30 years, it would have increased by *only* \$840.

Are there any losers from a RTW law adoption? Those who derive their income directly from a union could be affected. But rank-and-file union members should benefit from the higher rate of economic growth as much as non-union residents of Wisconsin.

Conclusions

It is for the citizens of Wisconsin, using the processes of representative government, to decide whether they wish to adopt a right-to-work law. One factor that needs to be considered in deciding whether to adopt such a law is the impact the law would have on the economic well-being of residents of the Badger State. A series of empirical examinations of the impact of RTW laws performed in this study suggest that such laws can have strong positive effects on the creation of income and, thus, on the ability of Wisconsin residents to fund both private and public needs.

Since tax revenues are strongly positively related to income (particularly in Wisconsin with its strongly progressive income tax), one long-term side benefit of RTW law adoption likely would be increased tax revenues. If the goal were to make RTW law adoption revenue-neutral to the state government, passage of such a law ultimately would make tax reduction more possible. Since, as Table 1 and numerous other studies show, economic growth generally expands when taxes are reduced, there are potentially significant positive secondary effects of right-to-work laws. Another such secondary impact relates to incomes of local businesses: Since migrants move to areas with high incomes and employment opportunities, and if RTW laws expand income, they likely will expand population as well, with consequential positive effects on existing commercial enterprises.

As this study indicated in the introduction, Wisconsin's role in the national economy has shrunk with the passage of time. Enactment of a RTW law likely would slow and possibly reverse this trend.

Endnotes

¹A majority of delegates to the Constitutional Convention approved their draft on Sept. 17, 1787. The document was “laid before the United States in Congress assembled” on Sept. 20, and it was debated for two days on the 26th and 27th. *Teaching with Documents: The Ratification of the Constitution*. National Archives of the United States

²History.com Staff, *Labor Movement*, History.com, 2009, www.history.com/topics/labor

³Ushistory.org, “Early National Organizations” *U.S. History Outline Textbook* <http://www.ushistory.org/us/37c.asp>. Accessed Monday, December 15, 2014. (2014)

⁴“Knights of Labor.” *Dictionary of American History*. 2003. *Encyclopedia.com*. (December 15, 2014). <http://www.encyclopedia.com/doc/1G2-3401802262.html>

⁵*Historical Statistics of the United States, Earliest Times to Present, Millennium Edition, Vol. 2, Part B: Work and Welfare* (New York: Cambridge University Press, 2006), p. 2-354.

⁶For the language of the veto see Harry S. Truman: “Veto of the Taft-Hartley Labor Bill,” June 20, 1947. Online by Gerhard Peters and John T. Woolley, *The American Presidency Project*. <http://www.presidency.ucsb.edu/ws/?pid=12675>. For information on the veto override see Nicholson, Phillip, “Labor’s Story in the United States,” *Temple University Press* (2004).

⁷Lincoln Federal Labor Union v. Northwestern Iron & Metal Co.,” The Oyez Project at IIT Chicago-Kent College of Law, accessed Dec. 12, 2014, http://www.oyez.org/cases/1940-1949/1948/1948_47

⁸Right-to-work states are Alabama, Arizona, Arkansas, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Louisiana, Michigan, Mississippi, Nebraska, Nevada, North Carolina, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia and Wyoming, and the U.S. territory Guam.

⁹Vedder, Denhart and Robe, 2012

¹⁰Ibid.

¹¹Ibid.

¹²Minnesota saw a very slight decline from 53.7% to 53.1%, while Michigan rose from 53.9% to 54.8% from 2000 to 2013.

¹³This section is substantially derived, with some updating and new empirical analysis, from Richard Vedder, Matthew Denhart and Jonathan Robe, *Minnesota Right-to-Work: How the Freedom of Workers in the Workplace Enhances Prosperity* (Minnesota, MN: Center for the American Experiment, January 2012).

¹⁴For the pioneering work, see H. Gregg Lewis, *Unionism and Relative Wages in the United States* (Chicago, IL: University of Chicago Press, 1963). For a review of the literature confirming, for the most part, Lewis’ observation, see C.J. Parsley, “Labor Union Effects on Wage Gains: A Survey of Recent Literature,” *Journal of Economic Literature*, 18 (1), March 1980, 1-31. There is, however, a large distinction, which Lewis himself emphasizes, from the micro effects that unions have on newly organized workers and the broader economic or “macro” effects. See, for example, Lewis’ Union Relative Wage Effects: A Survey of Macro Estimates,” *Journal of Labor Economics* 1 (1), January 1983, 1-27. Others have examined the matter, refining, but not usually refuting, the Lewis conclusions. To cite one example, David Card shows the wage effects are greater among lower-skilled workers and that the attractiveness of unionism varies with the skill background of workers. See his “The Effect of Unions of the Structure of Wages: A Longitudinal Analysis,” *Econometrica* 64 (4), July 1996, 957-79.

¹⁵Let us cite just four examples: Richard K. Vedder, *State and Local Development Strategies: A “Supply Side” Perspective*, Staff Study, Joint Economic Committee of Congress (Washington, D.C.: Government Printing Office, 1981); L. Jay Helms, “The Effect of State and Local Taxes of Economic Growth: A Time-Series-Cross-Section Approach,” *Review of Economics and Statistics*, 67 (4), 1985, 654-82; Paul Cashin, “Government Spending, Taxes and Economic Growth,” *International Monetary Fund Staff Papers*, 42 (2), 1995, 237-69; and Arthur Laffer, Stephen Moore, Rex Sinquefeld and Travis Brown, *An Inquiry into the Nature and Causes of the Wealth of States* (Hoboken, NJ: Wiley, 2014).

¹⁶Heating degree days are calculated by subtracting the average daily temperature from 65 degrees Fahrenheit. If on a given winter day, temperatures vary between 25 and 35 degrees, averaging 30 degrees, the heating degree days for that particular day will be 30 (65-30). The totals are summed for each day of the year, usually based on averages accumulated from 50 or more years of data.

About the Authors

RICHARD VEDDER is Edwin and Ruth Kennedy Distinguished Professor Emeritus at Ohio University. A graduate of Northwestern University and the University of Illinois, Dr. Vedder is the author of approximately 200 academic studies in journals and edited volumes, as well as the author or editor of seven books, including "Out of Work: Unemployment and Government in Twentieth Century America" (New York U. Press). Dr. Vedder has served at a number of institutions as an economist, including the Joint Economic Committee of Congress, and has served as a John M. Olin Visiting Professor of Labor Economics at Washington University in St. Louis. He has authored a large number of studies on labor issues, including the impact of right-to-work laws. He is well-known for his work on the economics of higher education and directs the Center for College Affordability and Productivity. His articles have been published in many popular media outlets, such as the Wall Street Journal, New York Times, Washington Post, Los Angeles Times, USA Today, Forbes, Chicago Tribune, National Review, etc. He has appeared on "PBS NewsHour," "NBC Nightly News," "ABC World News Tonight," NPR's "Morning Edition" and "All Things Considered," John Stossel's Fox News investigative reports, Neil Cavuto and Lou Dobbs on Fox Business, etc.

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STATE LEGISLATIVE TESTIMONY

**How Unions and Right-to-Work
Laws Affect the Economy**

**Testimony before
Committee on Labor
Wisconsin State Assembly**

March 2, 2015

**James Sherk
Senior Policy Analyst in Labor Economics
The Heritage Foundation**

Chairman Jacque, Vice-Chairman Spiros, and members of the Committee on Labor, thank you for inviting me to testify. My name is James Sherk. I am a Senior Policy Analyst in Labor Economics at The Heritage Foundation. The views I express in this testimony are my own, and should not be construed as representing any official position of The Heritage Foundation.

Wisconsin is considering a right-to-work (RTW) law. RTW prevents unions from forcing workers to pay dues as a condition of holding their job. Liberals contend RTW would lower wages in Wisconsin. Today I would like to explain to you why they are wrong.

Economic theory holds that unions operate as labor cartels. Unions only raise wages for their members by raising prices and reducing job opportunities for non-union workers. Few economists believe unions increase overall living standards.

Unions have responded with empirical research finding right-to-work states have lower wages. However, this research used statistically biased methods to control for costs of living. Correcting this reveals right-to-work laws have little effect on private-sector wages. Controlling for other factors, right-to-work states also have 1.3 percentage point lower unemployment rates than non-right-to-work states. Unions do not provide economic benefits that justify forcing workers to pay their dues.

Right-to-Work Law

The National Labor Relations Act (NLRA) authorizes unions to act as workers' "exclusive bargaining representatives."¹ This requires all of a unionized firm's employees to accept the union contract. Individuals may not negotiate separately, whether or not they belong to the union. Shortly after Congress passed the NLRA unions started negotiating contracts that made paying their dues a condition of employment. In response many states passed "right-to-work" laws that prohibit these provisions.² Under RTW, unions cannot make dues compulsory if they elect to bargain on behalf of non-members.

Large majorities of Americans across the political spectrum support RTW. A recent Gallup poll asked Americans their views on the subject. Respondents said they support RTW by a 71 percent to 22 percent margin. Self-identified Democrats supported RTW by a 2 to 1 margin. Independents and Republicans supported RTW by better than 4 to 1 margins. Now the right-to-work debate has come to Wisconsin.

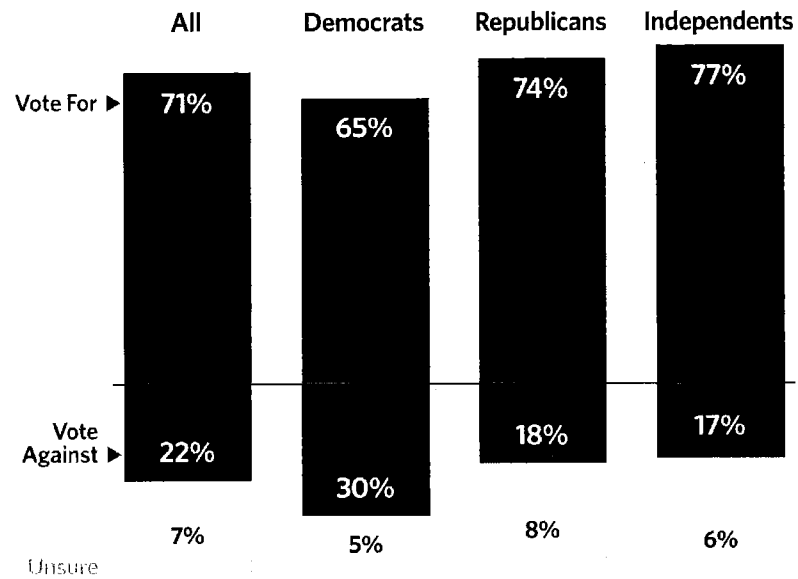
¹US Congress, "National Labor Relations Act ("NLRA")". 29 U.S.C. §§ 151-169. July 5, 1935.

²US Congress, "Labor Management Relations Act", 29 U.S.C. § 401-531, 1947.

CHART 1

Gallup Poll Finds Widespread Support for Right-to-Work

Q: Some states have passed right-to-work or open shop laws that say each worker has the right to hold his job in a company, no matter whether he joins a union or not. If you were asked to vote on such a law, would you vote for it, or against it?



Source: Gallup poll of 1,032 adults conducted August 7-10, 2014, <http://www.gallup.com/poll/175556/americans-approve-unions-support-right-work.aspx> (accessed February 23, 2015).

Protects Workers Freedom. Right-to-work laws protect workers freedom. In the absence of RTW unions force workers to purchase their representation—whether or not they see any benefit from it. For example, Michael Romachock began working at a Pepsi Bottling plant in Ebensburg, Pennsylvania, in June 2013. He worked nine months without realizing the Teamsters had organized his workplace. He only learned of his union representation when the union sent him a letter demanding full dues. When he refused to pay for services he had not even noticed, the Teamsters had him fired.³

Such compulsory dues allow unions to take workers for granted. They collect dues no matter how well they represent them. As Gary Casteel, Secretary-Treasurer of the United Auto Workers, told the press last year:

This is something I've never understood, that people think right to work hurts unions. To me, it helps them. You don't have to belong if you don't want to. So if I go to an organizing drive, I can tell these workers, "If you don't like this arrangement, you don't have to belong." Versus, "If we get 50 percent of you, then all of you have to belong, whether you like to or not." I don't even like the

³News Release, "Former Pepsi Worker Files Federal Charges Against Teamsters and Company for Illegally Firing him for Refusing to Pay Union Dues," National Right to Work Legal Defense Foundation Inc., September 24, 2014, <http://www.nrtw.org/en/press/2014/09/former-pepsi-worker-files-federal-ch> (accessed February 23, 2015).

way that sounds, because it's a voluntary system, and if you don't think the system's earning its keep, then you don't have to pay.⁴

Research confirms that unions pay more attention to their members in right-to-work states. Union officers earn substantially greater salaries in states with compulsory dues, even after adjusting for costs of living. When union officers must earn workers' support they spend less money on themselves.⁵

Forced dues also compel Wisconsin workers to support highly politicized organizations. At the AFL-CIO's 2013 convention delegates declared that the labor federation had "as a founding ideal the assembling of a broad progressive coalition for social and economic justice."⁶ Workers with moderate and conservative views do not share this ideal. RTW ensures such workers do not have to give their money to groups whose agenda they oppose.⁷

Attracts Business and Jobs. Right-to-work laws have economic benefits that go beyond protecting workers' freedom. Union contracts make businesses less competitive.⁸ One recent study compared companies whose workers narrowly voted to unionize with those who narrowly voted against unionizing. It found the unionized firms were 10 percentage points more likely to go out of businesses within seven years.⁹

Consequently, most companies want to avoid getting unionized. Workers in right-to-work states can still unionize. However, RTW reduces the financial incentives for unions to organize aggressively: they have less money on the line when workers can opt out. Consequently, RTW causes them to focus their energies on companies with dissatisfied workers. Workers in these workplaces are both easier to organize and more likely to pay dues if the union wins. In RTW states unions put far less effort into

⁴Lydia DePillis, "Why Harris v. Quinn Isn't as Bad for Workers as It Sounds," *The Washington Post*, July 1, 2014, <http://www.washingtonpost.com/blogs/wonkblog/wp/2014/07/01/why-harris-v-quinn-isnt-as-bad-for-workers-as-it-sounds> (accessed February 26, 2015)

⁵James Sherk, "Unions Charge Higher Dues and Pay Their Officers Larger Salaries in Non-Right-to-Work States," Heritage Foundation *Backgrounder* No. 2987, January 26, 2015, <http://www.heritage.org/research/reports/2015/01/unions-charge-higher-dues-and-pay-their-officers-larger-salaries-in-nonright-to-work-states>.

⁶Committee on Community Partnerships and Grassroots Power and the Executive Council, "Resolution 16: Building Enduring Labor-Community Partnerships," AFL-CIO, 2013, <http://www.aflcio.org/About/Exec-Council/Conventions/2013/Resolutions-and-Amendments/Resolution-16-Building-Enduring-Labor-Community-Partnerships> (accessed February 26, 2015).

⁷In theory the Supreme Court's decision in *Communication Workers vs. Beck* (1988) allows workers to opt out of union's political spending. However, the government permits unions to charge many politicized activities, such as lobbying Congress and state legislatures, to *Beck* objectors. Further, the AFL-CIO has defined its organizational mission as moving America to the left on economic policy. Any dues that support the organization—even apart from direct political expenditures—support the organization and its politicized mission.

⁸Barry Hirsch, "Sluggish Institutions in a Dynamic World: Can Unions and Industrial Competition Coexist?" *Journal of Economic Perspectives*, Vol. 22, No. 1 (Winter 2008), pp. 153–176.

⁹Brigham R. Frandsen, "Union Effects," Brigham Young University, December 24, 2014, <https://economics.byu.edu/frandsen/Documents/unioneffects.pdf> (accessed February 26, 2015).

organizing workplaces where they have lukewarm support.¹⁰ This reticence attracts business investment and jobs.

Academic studies find businesses make RTW laws a major consideration when deciding where to locate.¹¹ Business development consultants also report that roughly half of their clients will not consider locating in a non-RTW state.¹² David Brandon, President of the Pathfinders, an economic development consulting firm, explains:

About 35-to-40 percent of manufacturing enterprises in the automotive industry insist on operating in a right-to-work state. Another 20-to-25 percent say it is a very important factor and will be used as a second- or third-tier factor in site selection. More than half of our companies either make it a threshold or a very important factor in making a decision on where to locate a factory and other operations.¹³

As long as Wisconsin lacks a right-to-work law it takes itself out of consideration for these jobs. Within a month and a half of Warren County, Kentucky, passing a local right-to-work ordinance it came under consideration for 16 new business development projects. These projects represented \$184 million in potential new investment in Warren County.¹⁴ Unsurprisingly, states with right-to-work laws enjoy considerably faster employment growth than those without them.¹⁵

Members-Only Unions Permissible. Unions often object that RTW forces them to represent non-members free of charge. However, federal law allows unions with majority support in the workplace to negotiate “members-only contracts,” whose terms

¹⁰David Ellwood and Glenn Fine, “The Impact of Right-to-Work Laws on Union Organizing,” *Journal of Political Economy*, No. 95 (April 1987), pp. 250–273.

¹¹F. J. Calzonetti and Robert T. Walker, “Factors Affecting Industrial Location Decisions: A Survey Approach,” in Henry W. Herzog Jr. and Alan M. Schlottman, ed., *Industry Location and Public Policy* (Knoxville, TN: University of Tennessee Press, 1991), pp. 221–240, and Roger W. Schmenner, Joel C. Huber, and Randall L. Cook, “Geographic Differences and the Location of New Manufacturing Facilities,” *Journal of Urban Economics*, No. 21 (1987), pp. 83–104.

¹²Daniel Tobergte, President of Northern Kentucky Tri-County Economic Development Program, testimony before the Labor and Industry Committee, Kentucky House of Representatives, March 13, 2014, <http://www.ket.org/legislature/archives/?nola=WGAOS+015186&session=wgaos+015> (accessed February 26, 2015).

¹³Ron Starner, Mark Arend, and John McCurry, “Locked in on Labor,” *Site Selection Magazine*, July 2004, <http://www.siteselection.com/issues/2004/jul/p500/> (accessed February 26, 2015).

¹⁴Dalton Workman, “More Employers Looking to Warren County, Kentucky After Right to Work Passes,” The Bluegrass Institute, February 10, 2015.

¹⁵Jobs expanded by 46 percent in right-to-work jurisdictions but only 20 percent in states with forced dues between 1990 and 2014. Heritage Foundation calculations using data from the Bureau of Labor Statistics, “State and Area Employment, Hours, and Earnings,” June 1990–October 2014. Figures include Michigan and Indiana as compulsory dues states as they implemented voluntary dues in 2013 and 2012, respectively. Oklahoma was omitted because it became a right-to-work state in 2001. Figures are weighted by total employment in states in June 1990. The unweighted average shows right-to-work states’ employment growing 49 percent and compulsory dues states growing 26 percent.

apply only to dues-paying members. Shortly after Congress passed the NLRA the Supreme Court ruled on a case in which the International Brotherhood of Electrical Workers formed a union representing 80 percent of the workers at a New York electrical utility. The National Labor Relations Board challenged its legality. The Supreme Court rejected the Boards' challenge, holding the NLRA permits non-exclusive contracts covering only union members.¹⁶ This decision remains good law and the Supreme Court subsequently upheld its validity after the Taft-Hartley amendments to the NLRA.¹⁷ Unions choose whether to negotiate as an exclusive representative and represent non-members or to only represent dues paying members.

If they choose "members' only" unions retain many NLRA legal protections. Employers cannot discipline or discriminate against workers for participating in a members' only union. They have the same legal right to strike. The primary difference is that the NLRA requires employers to bargain with exclusive representative unions that win federally supervised secret ballot elections and does not impose this requirement for non-exclusive representatives.

However, a union with the support of a majority of the workforce usually has the leverage to bring an employer to the negotiating table. The AFL-CIO claims that 80 percent of their new members belong to companies that voluntarily recognized a union without it winning a secret-ballot election. Independent estimates put this figure at around a third.¹⁸ Whichever figure is correct, unions frequently win voluntary recognition as a bargaining agent without NLRA requirements.

Unions almost always choose to negotiate as exclusive representatives. They do this in part because union contracts benefit some workers at the expense of others. For example, seniority-based layoffs give incredible job security to senior union members: the contract requires junior employees to get laid off first. With a members-only union, recent hires could negotiate performance-based layoffs for themselves. This would improve their job security but require senior members to share in the risk of getting laid off. Unions negotiate as exclusive representatives to prevent the workers they hurt from opting out. Research finds that in RTW states the workers disadvantaged by union contracts disproportionately stop paying dues.¹⁹

Unions and Living Standards

¹⁶*Consolidated Edison Co. vs. NLRB*, 305 U.S. 197 (1938), <http://caselaw.lp.findlaw.com/scripts/getcase.pl?court=US&vol=305&invol=197> (accessed February 26, 2015).

¹⁷*Retail Clerks v. Dry Lion Goods*, 369 U.S. 17 (1962).

¹⁸Rafael Gely and Timothy Chandler, "Card Check Recognition: New House Rules for Union Organizing?" *Fordham Urban Law Journal*, Vol. 35, p. 247, (2008); U of Cincinnati Public Law Research Paper No. 08-10. Available at SSRN: <http://ssrn.com/abstract=1105754> Note that Table 2 shows that between 1998 and 2005 a total of 341,000 workers covered by the NLRA joined AFL-CIO affiliated unions through NLRB certified elections, while 159,000 joined through card-check.

¹⁹Richard Sobel, "Empirical Evidence on the Union Free-Rider Problem: Do Right-to-Work Laws Matter?" *Journal of Labor Research*, No. 16 (1995), pp. 347-365. Sobel finds that 70 percent of workers covered by collective bargaining agreements but not paying union dues value union coverage less than the amount of union dues.

Right-to-work laws protect workers' freedom and attract business investment. In response unions counter that it lowers wages. They contend that unions pressure employers to pay workers more; by reducing union organizing RTW reduces this pressure. They claim workers in states with compulsory dues enjoy higher living standards than they would in RTW states.²⁰ Union-allied organizations, like the liberal Economic Policy Institute (EPI), make similar claims.²¹

This argument flies in the face of economic theory. Labor unions function as labor cartels: They try to control the supply of labor in an industry so as to drive up its price—wages. Like all cartels these gains come at the cost of greater losses to the rest of society.²²

To see how this works, consider the United Auto Workers (UAW). The UAW organized the Detroit automakers—General Motors, Ford, and Chrysler—which once comprised nearly the entire U.S. auto market. This gave it a monopoly on hourly labor in the auto industry. The union used this leverage to insist on very generous compensation packages for all three automakers. In the face of strikes the automakers repeatedly caved to union demands. Until the financial crisis, UAW members received more than \$70 an hour in wages and benefits.²³

At the same time the UAW made every American driver poorer. The union's premium pay and inefficient work rules added about \$800 to the cost of every Detroit vehicle.²⁴ The automakers passed these costs on to consumers. This left most consumers with less money to spend on other goods and services—and priced a new vehicle out of

²⁰AFL-CIO, "Right to Work," 2015,

<http://www.aflcio.org/Legislation-and-Politics/State-Legislative-Battles/Ongoing-State-Legislative-Attacks/Right-to-Work> (accessed February 26, 2015).

²¹Elise Gould and Heidi Shierholz, "The Compensation Penalty of 'Right-to-Work' Laws," Economic Policy Institute, *Briefing Paper* No. 299, February 17, 2011, <http://www.epi.org/publication/bp299/> (accessed February 26, 2015).

²²George Borjas, *Labor Economics*, 3rd ed. (Columbus, OH: McGraw-Hill, 2005), pp. 413–415.

²³James Sherk, "Auto Bailout Ignores Excessive Labor Costs," Heritage Foundation *WebMemo* No. 2135, November 19, 2008, <http://www.heritage.org/research/reports/2008/11/auto-bailout-ignores-excessive-labor-costs>. Many in the media claim the \$70 per hour figure included the legacy cost of previous retirees. It did not. It included the discounted value of future retirement and health benefits that current workers earned while on the job. See James Sherk, "UAW Workers Actually Cost the Big Three Automakers \$70 an Hour," Heritage Foundation *WebMemo* No. 2162, December 8, 2008, <http://www.heritage.org/research/reports/2008/12/uaw-workers-actually-cost-the-big-three-automakers-70-an-hour>.

²⁴Heritage Foundation calculations were based on an average \$30 per hour difference in compensation costs in 2006 for hourly employees in the Big Three over an average of 30 hours per unit, with hourly employees making up 73 percent of all U.S. employees, as well as union contracts adding an additional two hours per unit to construction times at General Motors relative to Toyota. See Sherk, "Auto Bailout Ignores Excessive Labor Costs"; Sherk, "UAW Workers Actually Cost the Big Three Automakers \$70 an Hour"; U.S. Securities and Exchange Commission, "General Motors Corporation: Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Year Ended December 31, 2006," <http://www.sec.gov/Archives/edgar/data/40730/000095012407001502/k11916e10vk.htm> (accessed February 26, 2015); and HARBOUR Consulting, "The HARBOUR Report: 2007 North America Press Release," <http://www.autonews.com/assets/PDF/CA2018861.PDF> (accessed February 26, 2015).

reach for some families. Consequently the automakers sold fewer cars and needed fewer workers, as did their (potentially non-union) suppliers in the steel, plastic, and other industries. The workers who would have been employed in the auto industry and its suppliers worked elsewhere, slightly reducing wages in those sectors.²⁵ The UAW's monopoly on auto labor meant higher wages for its members, but higher prices and fewer jobs in the auto industry and lower wages outside it.

On the whole economists find the harm to non-union workers outweighs the economic gains to union members.²⁶ As one academic literature summary concluded: “[M]ost economists believe, as a generalization, that the negative side of unions outweighs the positive side, at least with respect to resource allocation and efficiency.”²⁷

Further, unions do not—and cannot—simply redistribute from “the rich.” While unions harm businesses’ profitability, they also hurt low-income and middle-income workers. The higher prices imposed by unions hurt rich, poor, and middle-class consumers alike, but lower-income workers feel the sting of price increases more acutely. Restricting jobs in unionized companies reduces demand in related industries and pushes more workers into the non-union sector. Both effects depress the pay of non-union employees.²⁸ Most of the income that unions redistribute comes from other workers, not stockowners. To the extent RTW weakens unions, economists would expect it to slightly increase overall living standards.²⁹

Union Strength and the Middle Class. Unions and their supporters frequently claim the opposite: that unions helped build the middle class and weaker unions hurt all workers—not just union members. To make this point they often juxtapose the decline of union membership since the late 1960s with the share of income going to the middle class. The Economic Policy Institute did exactly this when criticizing the possibility of RTW in Wisconsin.³⁰ These comparisons suffer from two problems. First, the absolute standards of living for middle-class workers have risen substantially over the past generation. Inflation-adjusted market earnings rose by one-fifth for middle-class workers

²⁵These are known as “crowding” and “complements” models. In the crowding model, the reduction of jobs in the union sector pushes workers into the non-union sector, lowering their wages. In the complements model, reduced demand for the goods of unionized companies because of higher prices also reduces the demand and hence wages for non-union workers, whose jobs are connected to that sector (e.g., suppliers to the unionized industry).

²⁶Borjas, *Labor Economics*, pp. 413–415.

²⁷Bruce E. Kaufman, “What Unions Do: Insights from Economic Theory,” *Journal of Labor Research*, Vol. 25, No. 3 (July 2004), pp. 351–382.

²⁸David Neumark and Michael L. Wachter, “Union Effects on Nonunion Wages: Evidence from Panel Data on Industries and Cities,” *Industrial and Labor Relations Review*, Vol. 49, No. 1 (October 1995), pp. 20–38.

²⁹Borjas, *Labor Economics*, pp. 413–415.

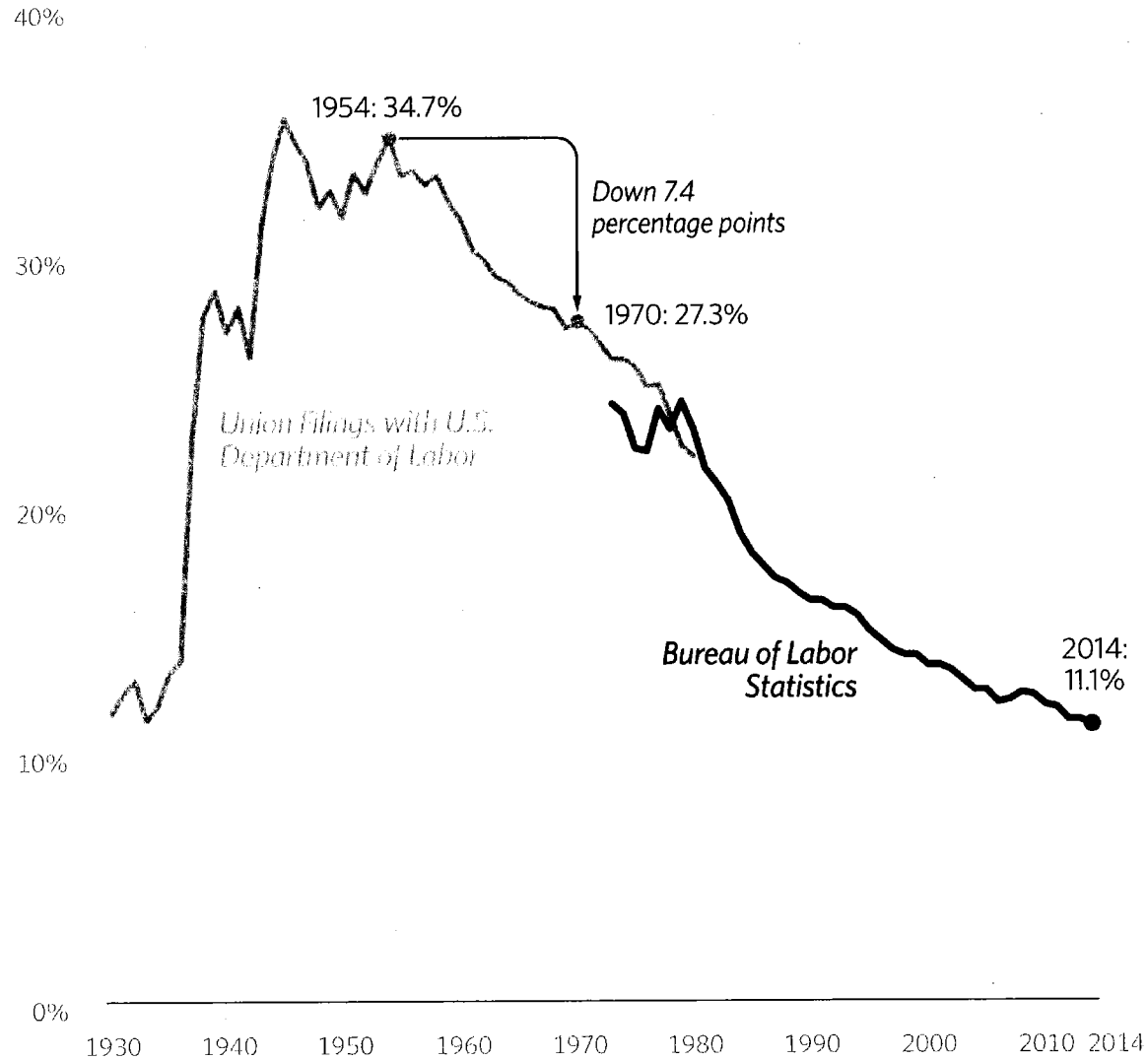
³⁰Gordon Lafer, “‘Right to Work’ Is the Wrong Answer for Wisconsin’s Economy,” Economics Policy Institute, January 23, 2015, <http://www.epi.org/publication/right-to-work-is-the-wrong-answer-for-wisconsin/> (accessed February 26, 2015).

between 1979 and 2011.

CHART 2

Union Membership Rates Began Falling in Mid-1950s

PERCENTAGE OF PRIVATE-SECTOR WORKERS IN A UNION



Sources: Data for 1930-1980: U.S. Department of Labor, assorted labor union reports/Haver Analytics. Note these figures exclude employee associations. Data for 1977-2014: Barry T. Hirsch and David A. Macpherson, "Union Membership and Coverage Database from the Current Population Survey," Unionstats.com, <http://www.unionstats.com> (accessed February 23, 2015), and U.S. Department of Labor, Bureau of Labor Statistics. Data was interpolated for 1982.

After-tax incomes rose at an even faster pace.³¹ Middle-class workers today enjoy substantially higher standards of living than their counterparts in the 1970s.

³¹Inflation-adjusted compensation rose 23 percent among the middle quintile of nonelderly households with

Secondly, these figures conflate correlation with causation. During the time period EPI examined union membership correlates well with their measure of middle-class income shares. Extending the graph back another two decades eliminates this correlation. U.S. union density surged in the late 1930s and during World War II. It peaked at about a third of the overall economy and private-sector workforce in the mid-1950s. During this time period America had few global competitors.³² From the mid-1950s onward global competition increased and U.S. union membership steadily declined. Between 1954 and 1970 union density dropped from 34.7 percent to 27.3 percent. Unions lost over a fifth of their support in just over a decade and a half.

During this period middle-class income and living standards grew rapidly. No one remembers the 1950s and 1960s as bad for the middle class, despite the substantial de-unionization that occurred. Over a longer historical period changes in U.S. union strength show little correlation with middle-class income shares. Liberal analysts come to their conclusion by looking only at the historical period in which the two trends align.

Unions Argue RTW Hurts Wages. In the same vein, unions argue that RTW laws lower wages. As the Wisconsin AFL-CIO recently claimed:

These anti-worker Right To Work laws just force all working families to work harder for lower pay and less benefits, whether they're in a union or not. The average worker makes about \$5,000 less and pensions are lower and less secure in Right to Work states.³³

This statement contains a degree of truth: average wages in right-to-work states are approximately that much lower than in non-RTW states. This happens because right-to-work states also have below-average costs of living (COL). Virtually the entire South has passed RTW, but no Northeastern states have passed an RTW law. The Northeast has higher COL and higher average wages; the South has lower living costs and lower wages.

Chart 3 shows this visually. It presents Bureau of Economic Analysis (BEA) living cost data for U.S. states over 2008 to 2012. The values show how much more or less goods and services cost in particular states relative to the U.S. average. For example, New Yorkers pay 15 percent more than the average American and Wisconsinites pay 7 percent less.

children. In the middle quintile of nonelderly households without children, real total compensation rose 19 percent. Congressional Budget Office, "The Distribution of Household Income and Federal Taxes, 2011," November 2014, supplemental data, Tables 14 and 16, <https://www.cbo.gov/publication/49440> (accessed February 26, 2015).

³²During these years European economies were recovering from World War II; furthermore, German and Japanese heavy industry suffered extensive damage from allied bombing campaigns.

³³Wisconsin State AFL-CIO, "PETITION: Stop RTW in Wisconsin," December 16, 2014, <http://wisafclcio.typepad.com/wisconsin-state-afl-cio-blog/2014/12/stop-rtw.html> (accessed February 23, 2015).

CHART 3

Most Expensive States to Live in Are Compulsory Dues States

States with compulsory dues hold the 11 highest positions when ranking the cost of living, and 16 of the 17 highest positions. Conversely, Right-to-Work states have 11 of the 15 lowest positions.

| Compulsory Dues States | Cost of Living Index | Rank | Right-to-Work States |
|------------------------|----------------------|------|----------------------|
| Hawaii | 1.165 | 1 | |
| District of Columbia | 1.149 | 2 | |
| New York | 1.148 | 3 | |
| New Jersey | 1.137 | 4 | |
| California | 1.117 | 5 | |
| Maryland | 1.112 | 6 | |
| Connecticut | 1.102 | 7 | |
| Massachusetts | 1.076 | 8 | |
| New Hampshire | 1.060 | 9-t | |
| Alaska | 1.060 | 9-t | |
| Delaware | 1.034 | 11 | |
| Washington | 1.026 | 13 | |
| Colorado | 1.006 | 14-t | |
| Illinois | 1.006 | 14-t | |
| Vermont | 1.001 | 16 | |
| Rhode Island | 0.999 | 17 | |
| | 0.996 | 18 | Nevada |
| | 0.993 | 19 | Florida |
| | 0.990 | 20 | Arizona |
| Pennsylvania | 0.985 | 21 | |
| Oregon | 0.981 | 22 | |
| Maine | 0.977 | 23 | |
| | 0.969 | 24 | Texas |
| Minnesota | 0.968 | 25 | |
| | 0.966 | 26-t | Utah |
| | 0.960 | 27 | Wyoming |
| Michigan | 0.951 | 28 | |
| New Mexico | 0.946 | 29 | |
| Montana | 0.942 | 30 | |
| | 0.936 | 31 | Idaho |
| | 0.933 | 32 | Georgia |
| Wisconsin | 0.927 | 33 | |
| | 0.921 | 34-t | North Carolina |
| | 0.921 | 34-t | Louisiana |
| Indiana | 0.918 | 36 | |
| | 0.915 | 37 | South Carolina |
| | 0.910 | 38 | Tennessee |
| | 0.904 | 39 | Kansas |
| | 0.904 | 39-t | Oklahoma |
| Ohio | 0.902 | 41 | |
| | 0.900 | 42 | Nebraska |
| | 0.896 | 43 | Alabama |
| | 0.894 | 44 | Iowa |
| Kentucky | 0.893 | 45 | |
| West Virginia | 0.892 | 46 | |
| | 0.888 | 47 | North Dakota |
| | 0.887 | 48-t | Arkansas |
| Missouri | 0.887 | 48-t | |
| | 0.881 | 50 | Mississippi |
| | 0.874 | 51-t | South Dakota |

Note: The average for all U.S. states is 1.00. Figures shown are the average index values between 2008 and 2012 for each U.S. state. Indiana and Michigan passed Right-to-Work laws and 2012 and are categorized as non-Right-to-Work states in this table.

Source: Heritage Foundation calculations using data from U.S. Department of Commerce, Bureau of Economic Analysis, Regional Price Parity Index for all goods and services for U.S. states.

All but one right-to-work state has living costs at or below the national average. All ten of the states with the highest COL have compulsory union dues. Analyses that control for these COL differences have historically found that RTW has no deleterious effects on workers' real purchasing power.³⁴

Recently the Economic Policy Institute has claimed that workers in RTW states make 3 percent less than workers without RTW protection, even after controlling for living costs. Heritage replicated this analysis and found that EPI made two major mistakes: it included improper control variables and did not account for measurement error in their COL variables. These mistakes drive their results. Correcting these mistakes shows that private-sector wages have no statistically detectable correlation with RTW laws. The supplement and the appendices to this testimony explain the technical details of this replication. Properly measured, RTW laws have no effect on wages in the private sector.

RTW and Non-Wage Benefits

EPI also examined the effect of RTW laws on two major non-wage benefits: employer sponsored health coverage and pensions. They conclude that RTW considerably reduces the likelihood workers enjoy these benefits. Unfortunately, this analysis provides little insight into what will happen in Wisconsin. In 2010 President Obama signed the Affordable Care Act (Obamacare) into law. This law imposes a "Cadillac tax" on expensive health insurance policies, requires employers to provide health insurance or pay a fine, and provides taxpayer subsidies to individuals without employer sponsored coverage. Analysis of pre-Obamacare health care markets provide little insight into how people and firms will respond to the law. It is simply too soon to determine what effect RTW laws have on the availability of health insurance in the post-Obamacare world.

The EPI analysis of pension coverage suffers also from two major problems. First, it uses data from the March Current Population Survey (CPS) supplement. The March CPS asks respondents about whether they are covered by a pension or other retirement plan at work. However, many Americans who have pensions or 401(k)s do not mention them when interviewed by the CPS. Census Bureau researchers have found that two-thirds of March CPS respondents who report pension income on their tax forms do not report pension income on the CPS survey.³⁵ Workers with defined-benefit pensions—those most unions prefer—probably report them in the CPS more often than workers with defined-contribution plans. The March CPS data regrettably provides only limited insight into the availability of employer-sponsored retirement plans.

³⁴W. Robert Reed, "How Right-to-Work Laws Affect Wages," *Journal of Labor Research*, Vol. 24, No. 4 (October 2003), pp. 713–730.

³⁵Adam Bee, "An Evaluation of Retirement Income in the CPS ASEC Using Form 1099-R Microdata," U.S. Census Bureau, March 2013, <http://www.census.gov/library/working-papers/2013/demo/Bee-PAA-paper.html> (accessed February 22, 2015).

Second, Gould and Shierholz assume that all union members who report having pensions will collect them. Many will not. Large numbers of union multiemployer pensions have become critically underfunded. Multiemployer pensions covering 1.5 million workers have less than 40 percent of the assets necessary to pay promised benefits. In theory the Pension Benefit Guaranty Corporation (PBGC) backstops these pension plans. But the PBGC itself faces steep financial shortfalls. Last year it estimated its multiemployer pension fund would run out of money within eight years.³⁶

If that happens many union members will collect nothing or almost nothing of their promised benefits.³⁷ Many multiemployer pensions have become legally sanctioned Ponzi schemes. Younger union workers currently paying into these pensions fund benefits for existing retirees, with nothing set aside for their retirement. Treating them as having meaningful retirement security is simply inaccurate. Researchers cannot use CPS pension data to estimate the effects of RTW laws on pension coverage.

TABLE 1

Right-to-Work and Unemployment

| Dependent Variable | Independent Variable | Unemployment Regression, No Controls | Unemployment Regressions, Sherk Preferred Model without Inappropriate Economic Controls |
|-----------------------------|----------------------|---|---|
| Unemployed (vs Employed) | Right-to-Work | -0.008* | -0.013* |
| | Standard Error | 0.001* | 0.001* |
| | P-Value | 0.000* | 0.000* |

* Statistically significant at the 1 percent level.

Note: This table uses the same model as in column "Heritage Model with Full Controls, All Years" in Table 3. It controls for cost of living, age, and age squared, and uses dummy variables for sex, detailed marital status, race, education, city size, citizenship status, year and parental status, as well as interaction terms for married men and single parents.

Source: Heritage Foundation analysis of 2008–2012 data from the Current Population Survey, Outgoing Rotation Group. See Appendix A for details on the methodology and data. See Appendix C for complete regression results. All results are statistically significant at the 0.01 level.

Lower Unemployment in RTW States. Opponents of RTW often ignore one conspicuous economic measure it affects: unemployment. While the EPI researchers thoroughly examined the effect of RTW on pay they did not look at its effect on jobs. Applying the same methodology the EPI used to analyze compensation to analyze unemployment—correcting for their mistakes—shows that RTW significantly reduces unemployment.³⁸ Without any controls for demographics workers in RTW states are 0.8 percentage points less likely to be unemployed. Controlling for relevant factors shows that workers in right-to-work states are 1.3 percentage points less likely to be

³⁶Pension Benefit Guaranty Corporation, "FY 2013 PBGC Projections Report," 2013, <http://www.pbgc.gov/documents/Projections-report-2013.pdf> (accessed February 22, 2015).

³⁷Congress passed multi-employer pension plan reforms in late 2014 designed to enable these pensions to restructure to avoid this financial cliff. It remains to be seen what effect this will have on plan solvency.

³⁸Note that there is no need to include controls for cost of living when analyzing unemployment, and thus it is not necessary to use instrumental variables to correct for measurement error in cost-of-living indices.

unemployed than workers in states with forced dues. Appendix C shows these results in greater detail.

Conclusion

A right-to-work law would prevent Wisconsin workers from being forced to pay union dues. Unions strongly oppose RTW, arguing the benefits of strong unions justify their coercion. However, the facts do not back up their claims. Unions operate as labor cartels. When they win higher wages for their members, they do so at the expense of higher prices and lower wages for non-union members. Labor economists generally agree that unions reduce overall living standards.

Against this unions and their allies contend that RTW would lower wages in Wisconsin—even after controlling for living costs. Heritage replicated this research and found that it made two analytical mistakes: (1) it held constant the mechanisms through which right-to-work laws increase wages, effectively ignoring their economic benefits and (2) used statistically biased methods to control for costs of living. Correcting these mistakes shows right-to-work laws have no statistically detectable relationship with wages. Workers in right-to-work states do have unemployment rates averaging over a percentage point less than comparable workers in non-RTW states. Wisconsin policymakers should know that unions do not provide public economic benefits that justify forcing workers to pay their dues.

Supplement: Econometric Analysis of RTW and Wages

Recently unions and union-allied groups have begun arguing that RTW lowers workers' wages even after controlling for cost of living differences. In 2011 the Economic Policy Institute released a report by Elise Gould and Heidi Shierholz entitled, "The Compensation Penalty of Right-to-Work Laws" (hereafter, Gould and Shierholz).³⁹ The report analyzed the effect of right-to-work laws on wages in 2009, controlling for factors like as demographics and costs of living that affect pay. Table 2 reproduces their main findings.

The first column shows the relationship between right-to-work laws and wages without controlling for any other factors. It shows RTW is correlated with approximately 13 percent lower wages.⁴⁰ The second column shows the results after controlling for other factors that would affect wages: demographics, urban status, union status, full-time and salaried status, and industry and occupation. This reduces the correlation to about 9 percent lower wages in RTW states. The third column shows the EPI's preferred specification, which also includes controls for the unemployment rate and costs of living. Gould and Shierholz find that even after controlling for these factors workers make about 3 percent less in RTW states.

TABLE 2

Economic Policy Institute Wage Regressions: Estimates of Coefficient of Right-to-Work Indicator

| Dependent Variable | Model with No Controls | Model with Basic Set of Controls | Full Model |
|----------------------------|------------------------|----------------------------------|------------|
| Natural log of hourly wage | -0.137* | -0.0911* | -0.0317* |
| Standard error | 0.00449 | 0.00323 | 0.00375 |

* Statistically significant at the 1 percent level.

Note: The EPI basic set of controls includes age, age squared, race/ethnicity, education indicators, sex, marital status, urbanicity, hourly worker, full-time workers, union status, major industry and major occupation. The EPI full model includes the basic set of controls plus state-level unemployment rate and adjustments for cost-of-living differences across states.

Source: Elise Gould and Heidi Shierholz, "The Compensation Penalty of Right-to-Work Laws," Economic Policy Institute *Issue Brief* #299, Table 2, February 17, 2011, <http://www.epi.org/publication/bp299/> (accessed February 23, 2015).

³⁹Elise Gould and Heidi Shierholz, "The Compensation Penalty of 'Right-to-Work' Laws," Economic Policy Institute *Briefing Paper* No. 299, February 17, 2011, <http://www.epi.org/publication/bp299/> (accessed February 26, 2015).

⁴⁰Gould and Shierholz report the coefficient on a dummy variable from regressing RTW laws and other controls on the natural log of hourly pay. They report this coefficient as the percentage difference in average wages associated with RTW laws. Technically this is incorrect. For a binary variable like RTW status the percentage change in log wages is related to the coefficient on the dummy variable through the formula % change = $e^\beta - 1$, where e is the mathematical constant and β is the coefficient on the dummy variable in the semi-log regression. However, for small values of β the coefficient on the dummy variable will closely approximate the percentage change. See Robert Halvorsen and Raymond Palmquist, "The Interpretation of Dummy Variables in Semilogarithmic Equations," *The American Economic Review*, Vol. 70, No. 3 (1980), pp. 474-475.

On the basis of this finding the Economic Policy Institute recently released a report arguing RTW would hurt Wisconsin.⁴¹ This report estimated the consequences of a 3 percent wage reduction on Wisconsin's economy. Unsurprisingly it found large negative effects. Unions and their supporters have used this study to argue for compulsory dues.

The Heritage Foundation replicated the EPI analysis. This replication revealed that EPI made several methodological mistakes. These mistakes drive their finding that right-to-work laws lower wages and thus hurt the economy. Correcting these errors changes their conclusion: right-to-work laws have no association with COL-adjusted wages across the overall economy.

Replication of EPI Analysis

To replicate Gould and Shierholz, The Heritage Foundation used Current Population Survey data and Bureau of Economic Analysis Regional Price Parity (RPP) data for 2008 through 2012.⁴² Appendix A to this supplement explains the data and methods used in detail. Appendix C presents detailed regression results. Table 3 shows the results of regressing the natural log of hourly pay on a variable for RTW status and other control variables. This coefficient approximately equals the percentage change in average wages for workers in RTW states.⁴³

The first three columns of Table 3 repeat the EPI analysis in Table 2. Using the same data and methodology Heritage found results very similar—but not identical—results to those EPI reported. In the EPI's preferred specification Heritage estimated 2.8 percent lower wages, while EPI estimated 3.2 percent lower wages. Column (4) reproduces EPI's preferred model for the years 2008–2012. Expanding the sample does not change the results.

Bad Statistical Controls. The estimates change markedly in column (5). That column reports the association between RTW and wages using slightly different control variables. Researchers need to carefully consider what they control for in their analysis. They need to make sure they do not factor out the channels through which one variable influences another. For example, researchers examining how education affects wages might control for factors like age, gender, or state of residence. However, they should not control for occupation. Education often gives workers access to more highly paid

⁴¹Gordon Lafer and Alyssa Davis, "'Right to Work' Is the Wrong Answer for Wisconsin's Economy," January 23, 2015, <http://www.epi.org/publication/right-to-work-is-the-wrong-answer-for-wisconsin/> (accessed February 26, 2015).

⁴²The BEA provides Regional Price Parity (RPP) data to facilitate cost-of-living adjusted comparisons across states. Heritage chose the years 2008–2012 because the RPP is a new data product from the BEA and as of the time of this writing was only available for those years.

⁴³See footnote 39. For the sake of facilitating comparisons with EPI this study refers to the coefficient on the log regressions as a percent change although that is not technically correct. For values below 2.6 percent these values are almost identical.

occupations.⁴⁴

TABLE 3

The Effect of Right-to-Work on Wages, Controlling for Other Factors

| Dependent Variable | Independent Variable | No Controls, 2009 | EPI Basic Controls, 2009 | EPI Full Model, 2009 | EPI Full Model, All Years | EPI Model, All Years, Removing Bad Controls | Heritage Model with Full Controls, All Years | Cost of Living Adjusted Wages, Heritage Model with Full Controls, All Years | Cost of Living Corrected for Survey Error, Heritage Model with Full Controls, All Years |
|---------------------------|----------------------|-------------------|--------------------------|----------------------|---------------------------|---|--|---|---|
| Natural log of hourly pay | Right-to-Work | -0.134* | -0.066* | -0.028* | -0.028* | -0.015* | -0.016* | 0.001 | -0.005 |
| | Std. Error | 0.004* | 0.003* | 0.003* | 0.002* | 0.002* | 0.002* | 0.002 | 0.005 |
| | P-Value | 0.000* | 0.000* | 0.000* | 0.000* | 0.000* | 0.000* | 0.614 | 0.293 |

* Statistically significant at the 1 percent level.

Note: The EPI basic set of controls includes age, age squared, race/ethnicity, education indicators, sex, marital status, city size, hourly worker, full-time workers, union status, major industry, and major occupation. The EPI full model includes the basic set plus state-level unemployment rate and adjustments for cost-of-living differences across states. The EPI model removing bad controls equals the basic set of controls excluding union status, industry, occupation, full-time and salaried employee status, and including cost-of-living adjustments. The Heritage model with full controls includes cost of living, age, age squared, and dummy variables for sex, detailed marital status, race, education, city size, citizenship status, and parental status, as well as interaction terms for married men and single parents. The column with costs of living corrected for measurement error instruments cost of living indexes with the previous two years of costs of living for rents, and includes controls for climactic amenities: average historical temperatures and precipitation for all four seasons and an indicator for whether a state borders the ocean. All columns for "all years" include dummy variables for year, and are inflation adjusted using the CPI-U-RS.

Source: Heritage Foundation analysis of 2008–2012 data from the Current Population Survey, Outgoing Rotation Group. See Appendix A for details on the methodology and data. See Appendix C for complete regression results.

Controlling for occupation removes an important factor through which education raises earnings. Including it in the analysis would make it appear education boosts earnings less than it actually does. Such "bad controls" produce biased results.⁴⁵

EPI used several such improper controls in its analysis. Right-to-work laws benefit local economies precisely by attracting jobs and industries that would not otherwise locate there. Tuscaloosa, Alabama, has more well-paid manufacturing jobs because its right-to-work law helped attract a Mercedes-Benz plant. Similarly, by attracting employers RTW laws reduce unemployment. Lower unemployment and a tighter labor market puts upward pressure on wages. Tighter labor markets also make companies more responsive to workers' desires for full-time schedules. By controlling for industrial mix and labor market conditions EPI removed the main channels through which RTW laws put upward pressure wages. This biases their estimates toward finding negative effects.

Operating in the other direction, EPI included controls for union membership. States with compulsory dues have more union members than states with voluntary dues. To the extent that unions succeed in raising wages for their members, and RTW laws

⁴⁴In some cases education does not just make it easier to obtain but is in fact a legal prerequisite for highly paid jobs, as in medicine or the legal profession.

⁴⁵Joshua Angrist and Jorn-Steffen Pischke, *Mastering Metrics: The Path from Cause to Effect*, (Princeton: Princeton University Press, 2014), pp. 214–217.

reduce union membership, the EPI analysis removes one of the channels through which unions raise wages. This biases their estimates of the effect of RTW on wages upward.

Column (5) shows the results of the EPI analysis after removing controls for union membership and labor-market conditions: the unemployment rate, industry, occupation, and hourly and full-time status.⁴⁶ Removing these bad controls has a large effect. The estimated negative effect of RTW laws on wages falls almost in half, from – 2.8 percent to –1.5 percent.

Column (6) shows The Heritage Foundation preferred model which controls for several more variables than EPI included in its analysis—citizenship status, parental status, and single-parent status. The estimates in column (6) also use more detailed measures of marital status and educational attainment. These new variables have only a small effect on the overall results, changing the coefficient on RTW to –1.6 percent.⁴⁷

Correctly Accounting for Costs of Living. A larger problem with the EPI analysis comes in how it adjusts for costs of living.⁴⁸ Gould and Shierholz included measures of states' living costs as control variables in their preferred specification.⁴⁹ However, this specification only accounts for about 70 percent of the differences in COL between states.⁵⁰ In other words, it does not fully account for how workers in states with lower costs of living need less money to purchase the same goods and services as workers in other states. Column (7) shows how directly adjusting wages for living costs and then running the analysis changes the results. It completely eliminates the estimated negative effect of RTW laws on wages. Under this specification RTW laws are associated with (statistically insignificant) 0.1 percent higher wages for all workers.

⁴⁶Column 5 and the subsequent columns use the author's preferred specification which also includes controls for citizenship, parental status and single-parent status. Single parenthood has been found to have a large negative effect on upward mobility and it should be controlled for. However, these variables have negligible little effects on the overall results. Excluding these variables results in a coefficient of 0.017 instead of 0.016 in column 5.

⁴⁷Liberal groups have also pointed out that single parents tend to experience greater economic difficulties than married parents. See Deborah Povich, Roberts Brandon, and Mark Mather, "Low-Income Working Mothers and State Policy: Investing for a Better Economic Future," 2013, http://www.workingpoorfamilies.org/wp-content/uploads/2014/02/WPPF_Low-Income-Working-Mothers-Report_021214.pdf (accessed February 26, 2015).

⁴⁸EPI used two measures of cost of living: data from the Missouri Economic Research and Information Center and data from the Political Economic Research Institute (PERI) on differences in rental costs across states. The Heritage Foundation used more accurate Regional Price Parity data now produced by the Bureau of Economic Analysis. Appendix B explains the differences between these measures in greater detail.

⁴⁹It is not clear from their report if Gould and Shierholz used the log of these cost-of-living indicators or the level. In a semi-log regression the appropriate control to use is the log of the price index. Heritage used the log of the price index throughout this replication when it included direct controls for cost of living.

⁵⁰See the detailed results in Appendix C. The coefficient on the RPP variable is approximately 0.7. So in a state with 10 percent below-average cost of living the model adjusts wages by approximately 7 percent, not the 10 percent needed to maintain constant purchasing power.

Some economists argue against directly adjusting pay for cost of living. They believe that costs of living partly reflect desirable (or undesirable) amenities in an area that data on local prices do not capture. For example, New Yorkers pay 15 percent more for goods and services than Nevadans do. Many New Yorkers also live in the largest city in America with perhaps the best restaurant, cultural, and entertainment options in the country. A New Yorker making \$57,500 arguably has a higher standard of living than a Nevadan making \$50,000. Those incomes buy them the same amount of goods and services, but the New Yorker has the option of watching shows on Broadway, visiting the Metropolitan Museum of Art, or attending events in Madison Square Garden.

In the late 1990s researchers examining this issue recommended controlling for costs of living using the method Gould and Shierholz employed—including it as a control variable that only partially adjusts for differences in prices across states.⁵¹ Subsequent research identified a problem with this technique: measurement error. As with any survey, cost of living surveys have measurement error. This introduces biases into the analysis. In essence, measurement error has no correlation with wages. Costs of living are strongly correlated with wages. Sampled costs of living—which combine the two—are thus less strongly correlated with wages than the true cost of living. Researchers should use a statistical technique (instrumental variables) to correct for this bias.⁵² Not doing so produces inaccurate estimates.

This bias becomes particularly problematic when analyzing the effect of RTW because right-to-work laws are strongly correlated with lower living costs. Measurement error causes Gould and Shierholz's analysis estimates to under-compensate for the effect of living costs on wages. Their regression attributes part of its remaining effect to variables (like RTW) correlated with true living costs.⁵³ Consequently, their estimates partly conflate the (downward) effect of lower living costs on wages with the effect of right-to-work laws. This biases their estimates toward finding negative effects of RTW on pay. Appendix B explains these problems and the solution in greater detail.

Column (8) uses the same model as in column (7)—corrected for measurement error. Doing so eliminates the estimated negative effect of RTW laws on wages. The coefficient falls to -0.5 percent and becomes statistically insignificant. Using appropriate control variables and adjusting for costs of living correctly reverses Gould and Shierholz's finding. Proper analysis shows that right-to-work laws have little correlation with wage rates.

This fact casts serious doubt on the claims that unions benefit workers overall. Right-to-work states generally (although not always) have lower union membership than

⁵¹Michael DuMond, Barry Hirsch, and David Macpherson, "Wage Differentials across Labor Markets and Workers: Does Cost of Living Matter?" *Economic Inquiry*, Vol. 37, No. 4 (October 1999), pp. 577–598.

⁵²John Winters, "Wages and Prices: Are Workers Fully Compensated for Cost of Living Differences?" *Regional Science and Urban Economics*, Vol. 39, No. 5 (September 2009), pp. 632–643.

⁵³This is a classic case of omitted variable bias. The measured COL index only partially controls for true COL. This leaves RTW correlated with the true COL differences remaining in the error term.

states with compulsory dues. Nonetheless, overall wage rates are not statistically distinguishable between these states, after properly controlling for factors like costs of living. Unions do not provide broad-based economic benefits.

Effects on Different Groups. Gould and Shierholz also analyzed the effect of RTW laws on various subsets of the population. They concluded that RTW laws had particularly negative effects on women, African Americans, and Hispanics. Table 4 shows the results of using the measurement error corrected model to analyze how RTW affects these workers. It shows that removing the bad controls and correcting for measurement error eliminates the estimated negative effects. RTW has no statistically significant effect on wages for any of these subpopulations. EPI concluded otherwise because it used statistically biased methods.

TABLE 4

The Effect of Right-to-Work on Wages for Various Subgroups

| Dependent Variable | Independent Variable | Women | African-American | Hispanic | State and Local Government | Private Sector |
|---------------------------|----------------------|--------|------------------|----------|----------------------------|----------------|
| Natural log of hourly pay | Right-to-Work | -0.005 | -0.029 | 0.005 | -0.028* | -0.002 |
| | Standard Error | 0.007 | 0.019 | 0.014 | 0.011* | 0.006 |
| | P-Value | 0.429 | 0.128 | 0.720 | 0.010* | 0.725 |

* Statistically significant at the 1 percent level.

Note: This table uses the same model as in column “Cost of Living Corrected for Survey Error, Heritage Model with Full Controls, All Years” in Table 3. It controls for cost of living, age, age squared, and uses dummy variables for sex, detailed marital status, race, education, city size, citizenship status, year and parental status, as well as interaction terms for married men and single parents. It instruments cost of living indexes with the previous two years of costs of living for rents, and includes controls for climactic amenities: average historical temperatures and precipitation for all four seasons and an indicator for whether a state borders the ocean. All figures are inflation adjusted using the CPI-U-RS.

Source: Heritage Foundation analysis of 2008–2012 data from the Current Population Survey, Outgoing Rotation Group. See Appendix A for details on the methodology and data. See Appendix C for complete regression results.

The table also breaks down the effect of RTW laws on two groups of the population Gould and Shierholz did not consider: private-sector workers and state and local government employees.⁵⁴ By attracting investment and jobs right-to-work laws can put upward pressure on private-sector pay. Conversely, voluntary dues reduce the resources available to government unions to “elect their own boss” and win inflated contracts. This would tend to reduce government compensation.

Wisconsin Act 10 already gave right-to-work protections to most government employees while restructuring government compensation. Only private-sector wages are relevant for Wisconsin policymakers to consider when evaluating RTW.

Table 4 shows RTW does reduce government pay, but has virtually no effect on private-sector compensation. The coefficient on RTW in the private sector is a

⁵⁴These figures exclude federal employees because the federal government is entirely RTW and federal wages are determined by the General Schedule and federally determined cost-of-living adjustments for various regions. State RTW laws have no effect on federal pay.

statistically insignificant -0.2 percent. Wisconsin policymakers should evaluate the benefits of RTW knowing it will neither increase nor decrease wages in the Badger state.

Appendix A: Data and Methodology

The Heritage Foundation Center for Data Analysis (CDA) conducted this analysis using data from the outgoing rotation groups of the 2008 through 2012 Current Population Survey (CPS). The CDA was not able to exactly replicate the results presented in Gould and Shierholz (2011). In e-mail correspondence Dr. Gould directed The Heritage Foundation to the adjustments the Economic Policy Institute makes to the CPS data to correct for top coding, workers who do not report their usual weekly hours, and other data quality issues.⁵⁵ This methodology is substantially similar to that the Center for Economic Policy Research (CEPR) uses and makes publicly available online.⁵⁶ To avoid any impression that Heritage data adjustments drove the disparity between EPI's and Heritage's results, the CDA used the publicly available CEPR adjusted CPS outgoing rotation group data. The CEPR is a prominent liberal policy organization. The use of CEPR data in this replication does not imply CDA endorsement of every data correction CEPR made. For example, along with the Congressional Budget Office and the Federal Reserve, Heritage's CDA considers the Personal Consumption Expenditures (PCE) price index a better measure of inflation than the Consumer Price Index Research Series (CPI-U-RS). The CEPR used the CPI-U-RS to adjust for inflation. Had this not been a replication exercise Heritage would have used the PCE.⁵⁷

Heritage used the CEPR hourly wage estimates that matched the adjustments EPI indicated it made: hourly pay variable `rw_p8_no`. The CEPR constructed this using reported wages for hourly employees and estimating hourly earnings for salaried workers by dividing usual weekly earnings by usual weekly hours. This variable makes no adjustment for overtime or tips earned by hourly employees. It imputes the estimated hours worked for salaried employees who report their "hours vary" and imputes the pay of workers with top-coded earnings using the Pareto distribution workers with earnings above the 80th percentile. Following the EPI, Heritage dropped observations with CPS-imputed earnings and restricted attention to workers between the ages of 18 and 64. For analysis covering more than one year, Heritage only included workers the first year they appeared in the Outgoing Rotation Group (ORG) data, with the exception of workers in their second ORG interview in 2008.

To the CPS data Heritage added data from the Bureau of Labor Statistics on state unemployment rates for the years 2008 to 2012 and Bureau of Economic Analysis (BEA) Regional Price Parity (RPP) data on state costs of living. The CDA chose these years because they are the only years for which the BEA currently provides RPP data. Heritage also added Climate Normals data on 1971–2000 average seasonal (winter, spring,

⁵⁵Lawrence Mishel, Josh Bivens, Elise Gould, and Heidi Shierholz, "Appendix B," in *The State of Working American 12th Edition* (Ithaca, NY: Cornell University Press, 2012), pp. 460–747, <http://stateofworkingamerica.org/files/book/Appendices.pdf/> (accessed February 26, 2015).

⁵⁶In fact the CEPR adjustments were developed in conjunction with EPI staff.

⁵⁷In this report the choice of inflation deflator makes little difference to the final results.

summer, and fall) temperatures and precipitation by state from the National Climactic Data Center data.

The CDA regressed the log of hourly wages on a variable indicting whether employees resided in a right-to-work state and various control variables. The CDA used robust standard errors throughout. In the EPI full model reported in column (3) of Table 3 Heritage included controls for age, age squared, race/ethnicity, highest degree attained, sex, marital status, city size, hourly worker status, full-time worker status, union status, major industry and major occupation, state-level unemployment rate, and the log of state RPP for all goods and services. The column (5) estimates removing bad controls include the same control variables as column (3), excluding union membership, industry, occupation, full-time and salaried employee status, and state unemployment rate.

The Heritage model with full controls in column (6) includes cost of living, age, age squared, and dummy variables for sex, detailed marital status, race,⁵⁸ detailed education, city size, citizenship status, and parental status, as well as interaction terms for married men and single parents. Column (8) with costs of living corrected for measurement error uses two stage least squares to instrument cost of living for all goods in services with data on the previous two years of costs of living for housing. The instrumental variable specification uses CPS data from 2010–2013 because RPP data for years prior to 2008 was not available. The specification in column (8) also includes controls for climactic amenities: average historical temperatures and precipitation for all four seasons and an indicator for whether a state borders the ocean. The estimates in Table 4 use the same specification as in column (8) of Table 3 restricted to various subgroups of the workforce. All columns for “all years” in Table 3 and Table 4 include dummy variables for year and are inflation-adjusted using the CPI-U-RS.

The cost-of-living adjusted wages in column (7) of Table 3 were estimated by dividing wages by the RPP index and then estimating the model in column (6).⁵⁹ The estimates in column (2) of Table 1 use the same control variables as in column (6) of Table 3, excepting the logged RPP index.

Workers residing in Indiana after March 2012 were classified as living in a RTW state; for previous months they were classified as being non-RTW.

⁵⁸The full Heritage race variable is slightly more comprehensive than that used by EPI. EPI used white, black, Hispanic, Asian, and other categories. Heritage used white, black, Hispanic, Asian, mixed-race, and other. Similarly, EPI categorized individuals as either married or single. Heritage used a more detailed marital status categorization: married, divorced, widowed, separated, or never married.

⁵⁹This specification, of course, excluded the logged RPP variable.

Appendix B: Controlling for Cost of Living

Properly controlling for COL differences is a critical factor in making comparisons between RTW and non-RTW states. Most right-to-work states have below-average costs of living. A dollar buys more goods and services in states with RTW laws than it does in states without RTW laws. The higher nominal wages in non-RTW states do not necessarily translate into greater real purchasing power.

The CDA used the BEA Regional Price Parity index for all goods and services by state and year to calculate differences in costs of living. The RPP uses price data on goods and services compiled by the Bureau of Labor Statistics for constructing the Consumer Price Index, disaggregated by state. The RPP estimates shelter costs using survey data from the American Community Survey (ACS). The BEA released its first official RPP estimates in April of 2014. They were not available for the Economic Policy Institute to use in its 2011 report. The EPI used data on the cost of fair market rents across states and years estimated by the Political Economic Research Institute at the University of Massachusetts-Amherst. The EPI also used Council for Community and Economic Research (C2ER) cost-of-living indexes compiled by the Missouri Economic Research and Information Center (MERIC). The C2ER was formerly known as the ACCRA cost-of-living index. The C2ER calculates housing costs using home values, not rental values.

All three of these indexes suffer from various measurement errors. The RPP housing costs data contains the classical sampling error the ACS and all probability surveys exhibit. The RPP data on all other goods and services also suffers from potentially non-classical serially correlated errors. As the BEA explains:

Price levels for each county are assumed to be those of the CPI sampling area in which the county is located. For example, counties in Pennsylvania are assigned price levels from either the Philadelphia or Pittsburgh areas or from the Northeast small metropolitan area. Rural counties are not included in any of the 38 urban areas for which stage one price levels are estimated. These counties are assigned price levels of the urban area that (1) is located in the same region and (2) has the lowest population threshold.⁶⁰

Thus BEA assigns many rural counties price levels from urban areas that may well have higher costs of living. It does so year after year, probably producing persistent errors into each states' average estimated living costs.

The C2ER also suffers from serially correlated measurement errors. The C2ER gathers data on costs of living from different cities collected by partnering organizations. The statewide living cost index averages the results for all participating cities in a state. MERIC does not randomly select these cities; all cities with partnering organizations that

⁶⁰Bettina H. Aten and Eric B. Figueroa, "Real Personal Income and Regional Price Parities for States and Metropolitan Areas, 2008–2012," Bureau of Economic Analysis, June 2014, http://www.bea.gov/scb/pdf/2014/06%20June/0614_real_personal_income_and%20regional_price_parities_for_states_and%20metropolitan_areas.pdf (accessed February 26, 2015).

collect the data are included. Cities appear in and disappear from the survey over time depending on the interest and participation of these partnering organizations. The C2ER data excludes almost all cities with populations of less than 50,000. This methodology perpetuates errors caused by the exclusion of rural areas or non-random inclusion of cities year after year.

One method of controlling for price differences is for researchers to simply convert nominal wages into real wages using a price index, then analyze the data. Economists almost always control for the effects of inflation over time this way.⁶¹ Column (7) of Table 3 shows that doing so and eliminating bad controls completely eliminates the negative correlation between wages and RTW laws.

DuMond et al. (1999) criticize this approach, arguing that areas with higher costs of living have amenities not reflected in the price of purchased goods and services. For example, California is expensive to live in precisely because its mild climate makes it attractive to live in. North Dakota has lower costs of living in part because people do not want to endure its frigid winters. The cheaper cost of living in North Dakota partly reflects its less enjoyable climate—something living cost indexes do not capture. DuMond et al. recommend adjusting for living costs by including the logged value of price indexes in a regression framework. Using this approach with the C2ER they find that wages only partially adjust to living costs. Gould and Shierholz used this approach.

Winters (2009) re-evaluates DuMond et al.'s findings. He comes to two main conclusions: (1) wages are much more closely related to differences in living costs measured by the rental value of homes than those measured by the value of homes, which can vary substantially during periods like the housing bubble or housing crash. This biases the effect of COL adjustments based on home values—like the C2ER—toward zero and (2) measurement error seriously affects wage regressions using COL indexes. Measurement error in an independent variable biases regression coefficient estimates towards zero. Winters finds that the ACS estimates the rental value of homes with classical measurement error, but concludes the C2ER non-shelter goods and services indexes contain serially correlated non-classical errors as well. A standard approach for controlling for classical measurement error is to use instrumental variables with the instruments' previous values of the variable. Winters recommends instrumenting for living costs for all goods and services using previous values of the price index for rental costs, which only suffers from classical non-serially correlated survey error. Winters finds that wages fully adjust to living costs when regressed on instrumented living costs and detailed controls for city-level amenities (e.g., crime rates, climate, city size, topography, air quality, taxes).

The problems Winters identified bias the EPI estimates. One of the two EPI living cost indexes (the C2ER) relies on home values, not rental values of homes. Gould and

⁶¹ Note that error in an independent variable biases regression coefficients. Errors in the dependent variable produces unbiased but inefficient estimates.

Shierholz also make no adjustments for measurement error. Both effects cause their analysis to underestimate the relationship between wages and living costs. Worse, right-to-work laws are correlated with lower costs of living. Consequently their analysis attributes part of the remaining (negative) relationship between lower living costs and wages to the RTW variable.

The problems Winters identified partially affect the RPP data Heritage used. As mentioned the BEA bases RPP shelter costs on rents, not home values. But the RPP data for non-shelter services and goods almost certainly contains serially correlated errors. Following Winters 2009, the CDA instrumented for the RPP for all goods and services using the previous two years of the RPP for rents. Heritage also partially controlled for statewide climactic amenities, including a dummy variable for whether a state borders the ocean and average seasonal temperatures and precipitation by state. Many of the amenities Winters controlled for only make sense as citywide variables as they are not generally enjoyed by residents statewide (e.g., crime rates, air quality). The CEPR CPS ORG files only include identifying information for a limited number of sub-state metropolitan areas, so the CDA did not attempt to control for amenities at the city level beyond city size.

Applying the Winters correction for measurement error substantially increases the correlation between wages and living costs. While the base model in column (6) of Table 3 estimates wages increase 0.73 percent in states with a 1 percent higher cost of living, the model in column (8) of Table 3 estimates wages rise 0.89 percent. Appendix C shows the full regression output for these models. It is quite probable that including controls for city-level amenities would cause the model to show wages track living costs even more closely. As Table 3 makes clear, correcting for measurement error renders the relationship between wages and right-to-work laws statistically insignificant.

Appendix C: Full Regression Results

Appendix Tables 1 through 4 present the full regression results for the models in Table 1, column (2) and Table 3, columns (4), (6), and (8).

APPENDIX TABLE 1

Regression Results for the EPI Full Model, All Years

Dependent Variable: Log of hourly earnings

| Independent Variable | Coefficient | Standard Error | t | P-Value |
|-------------------------------------|-------------|----------------|---------|---------|
| Right-to-Work | -0.0283 | 0.0020 | -14.26 | 0 |
| Log of Regional Price Parity Index | 0.6105 | 0.0131 | 46.75 | 0 |
| Unemployment Rate | 0.0008 | 0.0005 | 1.40 | 0.162 |
| Age | 0.0326 | 0.0005 | 65.38 | 0 |
| Age Squared | -0.0003 | 0.0000 | -51.47 | 0 |
| Female | -0.1314 | 0.0020 | -64.39 | 0 |
| Married | 0.0731 | 0.0019 | 39.22 | 0 |
| <i>Race</i> | | | | |
| Black | -0.1083 | 0.0029 | -37.37 | 0 |
| Hispanic | -0.1349 | 0.0027 | -49.41 | 0 |
| Asian | -0.1008 | 0.0044 | -22.76 | 0 |
| Other | -0.0419 | 0.0071 | -5.92 | 0 |
| <i>City Size</i> | | | | |
| 100,000-249,999 | 0.0357 | 0.0032 | 11.01 | 0 |
| 250,000-499,999 | 0.0540 | 0.0031 | 17.52 | 0 |
| 500,000-999,999 | 0.0661 | 0.0030 | 22.06 | 0 |
| 1,000,000-2,499,999 | 0.0879 | 0.0026 | 33.80 | 0 |
| 2,500,000-4,999,999 | 0.1528 | 0.0029 | 53.55 | 0 |
| 5,000,000+ | 0.1102 | 0.0032 | 34.06 | 0 |
| Paid by the Hour | -0.2038 | 0.0018 | -113.20 | 0.000 |
| <i>Major Industry</i> | | | | |
| Mining | 0.4261 | 0.0160 | 26.65 | 0 |
| Utilities | 0.3266 | 0.0146 | 22.30 | 0 |
| Construction | 0.1713 | 0.0133 | 12.84 | 0 |
| Manufacturing: Nondurable goods | 0.1926 | 0.0129 | 14.98 | 0 |
| Manufacturing: Durable Goods | 0.2224 | 0.0128 | 17.37 | 0 |
| Wholesale Trade | 0.1700 | 0.0133 | 12.80 | 0 |
| Retail Trade | -0.0247 | 0.0127 | -1.94 | 0.052 |
| Transportation and Warehousing | 0.1965 | 0.0132 | 14.90 | 0 |
| Information | 0.1639 | 0.0138 | 11.88 | 0 |
| Finance and Insurance | 0.2294 | 0.0131 | 17.46 | 0 |
| Real Estate | 0.0501 | 0.0149 | 3.36 | 0.001 |
| Professional, Scientific, Technical | 0.2253 | 0.0131 | 17.20 | 0 |
| Management and Related Services | 0.0409 | 0.0130 | 3.14 | 0.002 |
| Educational Services | 0.0068 | 0.0130 | 0.53 | 0.599 |
| Healthcare and Social Assistance | 0.1061 | 0.0128 | 8.28 | 0 |
| Arts, Entertainment, and Recreation | 0.0446 | 0.0142 | 3.15 | 0.002 |
| Accommodation and Food Services | -0.1262 | 0.0131 | -9.61 | 0 |
| Other Service | -0.0243 | 0.0133 | -1.83 | 0.067 |
| Public Administration | 0.1802 | 0.0130 | 13.90 | 0 |

Note: This is the model used in column "EPI Full Model, All Years" in Table 3.

APPENDIX TABLE 1

Regression Results for the EPI Full Model, All Years (cont.)

Dependent Variable: Log of hourly earnings

| Independent Variable | Coefficient | Standard Error | t | P-Value |
|---|-------------|----------------|--------|---------|
| <i>Major Occupation</i> | | | | |
| Business and financial operations | -0.1046 | 0.0053 | -19.56 | 0 |
| Computer and mathematical science | 0.0180 | 0.0060 | 3.02 | 0.003 |
| Architecture and engineering | -0.0474 | 0.0064 | -7.43 | 0 |
| Life, physical, and social sciences | -0.1841 | 0.0093 | -19.69 | 0 |
| Community and social service | -0.3510 | 0.0071 | -49.32 | 0 |
| Legal occupations | -0.0275 | 0.0106 | -2.58 | 0.01 |
| Education, training, and library | -0.3262 | 0.0055 | -59.43 | 0 |
| Arts, design, entertainment, and sports | -0.1964 | 0.0088 | -22.23 | 0 |
| Healthcare practitioner and technical | 0.1043 | 0.0057 | 18.33 | 0 |
| Healthcare support | -0.3203 | 0.0062 | -51.25 | 0 |
| Protective service | -0.2874 | 0.0067 | -43.17 | 0 |
| Food preparation and serving related | -0.4464 | 0.0058 | -77.14 | 0 |
| Building and grounds cleaning and maintenance | -0.4071 | 0.0055 | -73.58 | 0 |
| Personal care and service | -0.4530 | 0.0067 | -67.73 | 0 |
| Sales and related | -0.2535 | 0.0049 | -51.42 | 0 |
| Office and administrative support | -0.2976 | 0.0040 | -74.30 | 0 |
| Farming, fishing, and forestry | -0.4244 | 0.0135 | -31.49 | 0 |
| Construction and extraction | -0.2184 | 0.0063 | -34.73 | 0 |
| Installation, maintenance and repair | -0.1711 | 0.0054 | -31.95 | 0 |
| Production | -0.3371 | 0.0050 | -67.20 | 0 |
| Transportation and material moving | -0.3656 | 0.0051 | -71.99 | 0 |
| Union Member | 0.1669 | 0.0026 | 64.99 | 0 |
| Full-Time Employee | 0.1188 | 0.0026 | 46.25 | 0 |
| <i>Year</i> | | | | |
| 2009 | 0.0133 | 0.0031 | 4.33 | 0 |
| 2010 | 0.0080 | 0.0031 | 2.55 | 0.011 |
| 2011 | -0.0117 | 0.0029 | -3.98 | 0 |
| 2012 | -0.0148 | 0.0028 | -5.38 | 0 |
| <i>Education</i> | | | | |
| High School Graduate | 0.1110 | 0.0031 | 35.93 | 0 |
| Some College, No Degree | 0.1665 | 0.0034 | 49.26 | 0 |
| Associates Degree | 0.2122 | 0.0039 | 54.65 | 0 |
| Bachelors Degree | 0.3597 | 0.0040 | 91.00 | 0 |
| Graduate Degree | 0.5732 | 0.0050 | 115.48 | 0 |
| Constant | 1.4154 | 0.0209 | 67.74 | 0 |
| N = | 326,221 | | | |
| R-squared = | 0.5624 | | | |

Note: This is the model used in column "EPI Full Model, All Years" in Table 3.

APPENDIX TABLE 2

Heritage Model with Full Controls, All Years**Dependent Variable: Log of hourly earnings**

| Independent Variable | Coefficient | Standard Error | t | P-Value |
|------------------------------------|--------------------|-----------------------|----------|----------------|
| Right-to-Work | -0.0159 | 0.0024 | -6.51 | 0.000 |
| Log of Regional Price Parity Index | 0.7265 | 0.0163 | 44.69 | 0.000 |
| Age | 0.0560 | 0.0007 | 80.13 | 0.000 |
| Age Squared | -0.0006 | 0.0000 | -66.43 | 0.000 |
| Female | -0.1582 | 0.0038 | -41.35 | 0.000 |
| <i>Marital Status</i> | | | | |
| Widowed | -0.0356 | 0.0105 | -3.38 | 0.001 |
| Divorced | -0.0006 | 0.0048 | -0.11 | 0.909 |
| Separated | -0.0652 | 0.0077 | -8.46 | 0.000 |
| Never Married | -0.0753 | 0.0044 | -16.95 | 0.000 |
| Married Man | 0.1241 | 0.0046 | 26.92 | 0.000 |
| <i>Race</i> | | | | |
| Black | -0.1424 | 0.0037 | -38.34 | 0.000 |
| Hispanic | -0.1176 | 0.0039 | -30.4 | 0.000 |
| Asian | -0.0330 | 0.0065 | -5.05 | 0.000 |
| Native American | -0.0697 | 0.0122 | -5.73 | 0.000 |
| Mixed | -0.0559 | 0.0093 | -6.04 | 0.000 |
| <i>Highest Grade Attained</i> | | | | |
| 1st-4th grade | 0.0009 | 0.0234 | 0.04 | 0.969 |
| 5th-6th grade | 0.0121 | 0.0215 | 0.56 | 0.573 |
| 7th-8th grade | 0.0342 | 0.0220 | 1.55 | 0.120 |
| 9th grade | 0.0361 | 0.0216 | 1.67 | 0.095 |
| 10th grade | 0.0583 | 0.0217 | 2.69 | 0.007 |
| 11th grade | 0.0862 | 0.0214 | 4.03 | 0.000 |
| 12th grade-no diploma | 0.1257 | 0.0221 | 5.68 | 0.000 |
| HS graduate, GED | 0.2131 | 0.0206 | 10.36 | 0.000 |
| Some college but no degree | 0.3106 | 0.0207 | 15.03 | 0.000 |
| Associate degree-occupational | 0.4239 | 0.0210 | 20.17 | 0.000 |
| Associate degree-academic | 0.4348 | 0.0210 | 20.72 | 0.000 |
| Bachelor's degree | 0.6700 | 0.0207 | 32.35 | 0.000 |
| Master's degree | 0.8674 | 0.0209 | 41.49 | 0.000 |
| Professional school | 1.1298 | 0.0238 | 47.56 | 0.000 |
| Doctorate | 1.0953 | 0.0229 | 47.81 | 0.000 |
| <i>City Size</i> | | | | |
| 100,000-249,999 | 0.0423 | 0.0041 | 10.36 | 0.000 |
| 250,000-499,999 | 0.0726 | 0.0038 | 19.05 | 0.000 |
| 500,000-999,999 | 0.0905 | 0.0038 | 23.87 | 0.000 |
| 1,000,000-2,499,999 | 0.1262 | 0.0032 | 39.22 | 0.000 |
| 2,500,000-4,999,999 | 0.2127 | 0.0036 | 59.58 | 0.000 |
| 5,000,000+ | 0.1875 | 0.0040 | 46.67 | 0.000 |

Note: This is the model used in column "Heritage Model with Full Controls, All Years" in Table 3.

APPENDIX TABLE 2

Heritage Model with Full Controls, All Years (cont.)**Dependent Variable: Log of hourly earnings**

| Independent Variable | Coefficient | Standard Error | t | P-Value |
|-----------------------------|--------------------|-----------------------|----------|----------------|
| <i>Citizenship</i> | | | | |
| Born in Puerto Rico. | -0.0741 | 0.0145 | -5.12 | 0.000 |
| Foreign born, U.S. parents | -0.0244 | 0.0118 | -2.06 | 0.040 |
| Foreign born, naturalized | -0.1066 | 0.0054 | -19.89 | 0.000 |
| Foreign born | -0.2219 | 0.0050 | -44.26 | 0.000 |
| Parent with a child at home | 0.0391 | 0.0029 | 13.3 | 0.000 |
| Single Parent | -0.0113 | 0.0050 | -2.28 | 0.023 |
| <i>Year</i> | | | | |
| 2009 | 0.0070 | 0.0035 | 2.03 | 0.042 |
| 2010 | 0.0008 | 0.0032 | 0.24 | 0.811 |
| 2011 | -0.0215 | 0.0032 | -6.71 | 0.000 |
| 2012 | -0.0251 | 0.0032 | -7.77 | 0.000 |
| Constant | 0.5066 | 0.0296 | 17.09 | 0.000 |
| N = | 270,508 | | | |
| R-squared = | 0.426 | | | |

Note: This is the model used in column "Heritage Model with Full Controls, All Years" in Table 3.

APPENDIX TABLE 3

Cost of Living Corrected for Survey Error, Heritage Model with Full Controls, All Years

| Independent variable | FIRST STAGE REGRESSION | | | | SECOND STAGE REGRESSION | | | |
|---|--|----------------|--------|---------|--|----------------|--------|---------|
| | Dependent Variable: Log of Regional Price Parity Index | | | | Dependent Variable: Log of hourly earnings | | | |
| | Coefficient | Standard Error | t | P-Value | Coefficient | Standard Error | t | P-Value |
| Right-to-Work | -0.0065 | 0.0002 | -31.06 | 0.000 | -0.0052 | 0.0338 | -1.05 | 0.293 |
| Instrumented Log of Regional Price Parity Index | — | — | — | — | 0.8854 | 0.0338 | 26.21 | 0.000 |
| Age | -0.0001 | 0.0000 | -1.94 | 0.052 | -0.0052 | 0.0049 | -1.05 | 0.293 |
| Age Squared | 0.0000 | 0.0000 | 2.01 | 0.045 | 0.0575 | 0.0009 | 65.72 | 0.000 |
| Female | 0.0001 | 0.0001 | 0.79 | 0.430 | -0.0006 | 0.0000 | -53.47 | 0.000 |
| <i>Marital Status</i> | | | | | | | | |
| Widowed | 0.0005 | 0.0004 | 1.30 | 0.194 | -0.0343 | 0.0129 | -2.67 | 0.008 |
| Divorced | -0.0001 | 0.0002 | -0.72 | 0.472 | 0.0029 | 0.0059 | 0.49 | 0.622 |
| Separated | 0.0007 | 0.0003 | 2.58 | 0.010 | -0.0558 | 0.0094 | -5.92 | 0.000 |
| Never Married | 0.0001 | 0.0002 | 0.94 | 0.349 | -0.0620 | 0.0054 | -11.50 | 0.000 |
| Married Man | 0.0002 | 0.0002 | 1.30 | 0.195 | 0.1277 | 0.0057 | 22.60 | 0.000 |
| <i>Race</i> | | | | | | | | |
| Black | 0.0000 | 0.0001 | -0.15 | 0.883 | -0.1314 | 0.0049 | -26.83 | 0.000 |
| Hispanic | 0.0010 | 0.0001 | 7.22 | 0.000 | -0.1198 | 0.0052 | -22.89 | 0.000 |
| Asian | 0.0005 | 0.0002 | 2.45 | 0.014 | -0.0261 | 0.0085 | -3.07 | 0.002 |
| Native American | 0.0029 | 0.0006 | 4.62 | 0.000 | -0.0744 | 0.0169 | -4.40 | 0.000 |
| Mixed | -0.0008 | 0.0004 | -2.24 | 0.025 | -0.0709 | 0.0119 | -5.96 | 0.000 |
| <i>Highest Grade Attained</i> | | | | | | | | |
| 1st-4th grade | 0.0003 | 0.0009 | 0.34 | 0.732 | -0.0030 | 0.0297 | -0.10 | 0.920 |
| 5th-6th grade | 0.0002 | 0.0008 | 0.21 | 0.833 | 0.0102 | 0.0270 | 0.38 | 0.706 |
| 7th-8th grade | 0.0012 | 0.0008 | 1.41 | 0.159 | 0.0318 | 0.0273 | 1.16 | 0.244 |
| 9th grade | 0.0009 | 0.0008 | 1.14 | 0.253 | 0.0418 | 0.0272 | 1.54 | 0.124 |
| 10th grade | 0.0006 | 0.0008 | 0.72 | 0.473 | 0.0555 | 0.0272 | 2.04 | 0.041 |
| 11th grade | 0.0003 | 0.0008 | 0.39 | 0.700 | 0.0941 | 0.0267 | 3.52 | 0.000 |
| 12th grade-no diploma | 0.0002 | 0.0008 | 0.25 | 0.799 | 0.1290 | 0.0276 | 4.67 | 0.000 |
| HS graduate, GED | 0.0010 | 0.0007 | 1.29 | 0.199 | 0.2158 | 0.0256 | 8.43 | 0.000 |
| Some college but no degree | 0.0003 | 0.0007 | 0.44 | 0.663 | 0.2986 | 0.0257 | 11.60 | 0.000 |

Note: This is the model used in column "Cost of Living Corrected for Survey Error, Heritage Model with Full Controls, All Years" in Table 3.

APPENDIX TABLE 3

Cost of Living Corrected for Survey Error, Heritage Model with Full Controls, All Years (cont.)

| Independent variable | FIRST STAGE REGRESSION | | | | SECOND STAGE REGRESSION | | | |
|-------------------------------|----------------------------|----------------|------|---------|-------------------------|----------------|--------|---------|
| | Coefficient | Standard Error | t | P-Value | Coefficient | Standard Error | t | P-Value |
| <i>Highest Grade Attained</i> | | | | | | | | |
| Associate degree-occupational | 0.0008 | 0.0008 | 1.01 | 0.312 | 0.4234 | 0.0263 | 16.10 | 0.000 |
| Associate degree-academic | 0.0013 | 0.0008 | 1.65 | 0.099 | 0.4268 | 0.0262 | 16.29 | 0.000 |
| Bachelor's degree | 0.0007 | 0.0007 | 0.94 | 0.347 | 0.6701 | 0.0258 | 25.95 | 0.000 |
| Master's degree | 0.0007 | 0.0008 | 0.96 | 0.335 | 0.8778 | 0.0261 | 33.61 | 0.000 |
| Professional school | 0.0010 | 0.0008 | 1.26 | 0.208 | 1.1341 | 0.0303 | 37.48 | 0.000 |
| Doctorate | 0.0015 | 0.0008 | 1.79 | 0.073 | 1.0947 | 0.0290 | 37.74 | 0.000 |
| <i>City Size</i> | | | | | | | | |
| 100,000-249,999 | 100,000-249,999 | -0.0018 | 0.00 | -10.530 | 0.0420 | 0.0055 | 7.62 | 0.000 |
| 250,000-499,999 | 250,000-499,999 | 0.0014 | 0.00 | 8.460 | 0.0743 | 0.0051 | 14.61 | 0.000 |
| 500,000-999,999 | 500,000-999,999 | 0.0032 | 0.00 | 18.440 | 0.0853 | 0.0051 | 16.80 | 0.000 |
| 1,000,000-2,499,999 | 1,000,000-2,499,999 | -0.0036 | 0.00 | -23.510 | 0.1183 | 0.0044 | 27.03 | 0.000 |
| 2,500,000-4,999,999 | 2,500,000-4,999,999 | -0.0012 | 0.00 | -7.910 | 0.1981 | 0.0050 | 39.88 | 0.000 |
| 5,000,000+ | 5,000,000+ | 0.0091 | 0.00 | 58.460 | 0.1818 | 0.0056 | 32.49 | 0.000 |
| <i>Citizenship</i> | | | | | | | | |
| Born in Puerto Rico | Born in Puerto Rico | 0.0001 | 0.00 | 0.200 | -0.0480 | 0.0194 | -2.48 | 0.013 |
| Foreign born, U.S. parents | Foreign born, U.S. parents | -0.0003 | 0.00 | -0.700 | -0.0308 | 0.0156 | -1.98 | 0.048 |
| Foreign born, naturalized | Foreign born, naturalized | -0.0008 | 0.00 | -4.970 | -0.1037 | 0.0070 | -14.79 | 0.000 |
| Foreign born | Foreign born | -0.0010 | 0.00 | -5.990 | -0.2130 | 0.0066 | -32.34 | 0.000 |

Note: This is the model used in column "Cost of Living Corrected for Survey Error, Heritage Model with Full Controls, All Years" in Table 3.

APPENDIX TABLE 3

Cost of Living Corrected for Survey Error, Heritage Model with Full Controls, All Years (cont.)

| Independent variable | FIRST STAGE REGRESSION | | | | SECOND STAGE REGRESSION | | | |
|-------------------------------------|--|----------------|---------|---------|--|----------------|-------|---------|
| | Dependent Variable: Log of Regional Price Parity index | | | | Dependent Variable: Log of hourly earnings | | | |
| | Coefficient | Standard Error | t | P-Value | Coefficient | Standard Error | t | P-Value |
| Parent with a child at home | -0.0001 | 0.0001 | -0.55 | 0.582 | 0.0452 | 0.0042 | 10.68 | 0.000 |
| Single Parent | -0.0004 | 0.0002 | -1.80 | 0.071 | -0.0238 | 0.0065 | -3.65 | 0.000 |
| <i>Year</i> | | | | | | | | |
| 2010 | -0.0022 | 0.0001 | -23.64 | 0.000 | 0.0253 | 0.0034 | 7.46 | 0.000 |
| 2011 | -0.0009 | 0.0001 | -8.77 | 0.000 | 0.0039 | 0.0034 | 1.14 | 0.253 |
| <i>Average Temperature</i> | | | | | | | | |
| Winter | 0.0019 | 0.0000 | 44.40 | 0.000 | 0.0058 | 0.0012 | 4.78 | 0.000 |
| Spring | -0.0037 | 0.0001 | -70.02 | 0.000 | 0.0068 | 0.0020 | 3.45 | 0.001 |
| Summer | 0.0040 | 0.0001 | 61.80 | 0.000 | 0.0052 | 0.0019 | 2.78 | 0.005 |
| Fall | -0.0027 | 0.0001 | -31.53 | 0.000 | -0.0198 | 0.0024 | -8.09 | 0.000 |
| <i>Average Precipitation</i> | | | | | | | | |
| Winter | -0.0056 | 0.0001 | -69.29 | 0.000 | -0.0020 | 0.0030 | -0.67 | 0.500 |
| Spring | 0.0060 | 0.0001 | 48.38 | 0.000 | 0.0207 | 0.0044 | 4.72 | 0.000 |
| Summer | -0.0062 | 0.0001 | -97.35 | 0.000 | 0.0024 | 0.0023 | 1.03 | 0.301 |
| Fall | 0.0093 | 0.0001 | 78.63 | 0.000 | -0.0232 | 0.0044 | -5.24 | 0.000 |
| State borders the ocean | 0.0160 | 0.0001 | 113.06 | 0.000 | | | | |
| Log of RPP for Rents, One year ago | 0.1594 | 0.0011 | 138.91 | 0.000 | | | | |
| Log of RPP for Rents, Two years ago | 0.2028 | 0.0013 | 154.78 | 0.000 | | | | |
| Constant | -1.6943 | 0.0023 | -752.18 | 0.000 | 1.3222 | 0.0546 | 24.21 | 0.000 |
| N = | 152754.0000 | | | | 152,754 | | | |
| R-Squared | 0.9677 | | | | 0.4357 | | | |

Note: This is the model used in column "Cost of Living Corrected for Survey Error, Heritage Model with Full Controls, All Years" in Table 3.

APPENDIX TABLE 4

Heritage Unemployment Model with Full Controls, All Years

Dependent Variable: Unemployed (vs Employed)

| Independent Variable | Coefficient | Standard Error | t | P-Value |
|-------------------------------|-------------|----------------|--------|---------|
| Right-to-Work | -0.0129 | 0.0009 | -13.98 | 0.000 |
| Age | -0.0076 | 0.0003 | -22.26 | 0.000 |
| Age Squared | 0.0001 | 0.0000 | 20.61 | 0.000 |
| Female | -0.0268 | 0.0020 | -13.52 | 0.000 |
| <i>Marital Status</i> | | | | |
| Widowed | 0.0118 | 0.0045 | 2.60 | 0.009 |
| Divorced | 0.0132 | 0.0021 | 6.15 | 0.000 |
| Separated | 0.0224 | 0.0041 | 5.51 | 0.000 |
| Never Married | 0.0260 | 0.0020 | 13.08 | 0.000 |
| Married Man | -0.0283 | 0.0022 | -13.01 | 0.000 |
| <i>Race</i> | | | | |
| Black | 0.0502 | 0.0019 | 26.22 | 0.000 |
| Hispanic | 0.0089 | 0.0018 | 5.03 | 0.000 |
| Asian | 0.0060 | 0.0022 | 2.76 | 0.006 |
| Native American | 0.0390 | 0.0069 | 5.68 | 0.000 |
| Mixed | 0.0240 | 0.0047 | 5.09 | 0.000 |
| <i>Highest Grade Attained</i> | | | | |
| 1st-4th grade | 0.0027 | 0.0143 | 0.19 | 0.851 |
| 5th-6th grade | 0.0039 | 0.0131 | 0.30 | 0.766 |
| 7th-8th grade | 0.0191 | 0.0134 | 1.43 | 0.152 |
| 9th grade | 0.0354 | 0.0133 | 2.66 | 0.008 |
| 10th grade | 0.0575 | 0.0133 | 4.32 | 0.000 |
| 11th grade | 0.0663 | 0.0131 | 5.07 | 0.000 |
| 12th grade-no diploma | 0.0162 | 0.0134 | 1.21 | 0.228 |
| HS graduate, GED | -0.0105 | 0.0123 | -0.85 | 0.396 |
| Some college but no degree | -0.0299 | 0.0124 | -2.42 | 0.015 |
| Associate degree-occupational | -0.0386 | 0.0124 | -3.10 | 0.002 |
| Associate degree-academic | -0.0420 | 0.0124 | -3.38 | 0.001 |
| Bachelor's degree | -0.0526 | 0.0123 | -4.26 | 0.000 |
| Master's degree | -0.0589 | 0.0124 | -4.77 | 0.000 |
| Professional school | -0.0693 | 0.0124 | -5.57 | 0.000 |
| Doctorate | -0.0670 | 0.0125 | -5.37 | 0.000 |
| <i>City Size</i> | | | | |
| 100,000-249,999 | 0.0030 | 0.0018 | 1.68 | 0.094 |
| 250,000-499,999 | 0.0124 | 0.0017 | 7.16 | 0.000 |
| 500,000-999,999 | 0.0031 | 0.0016 | 1.85 | 0.064 |
| 1,000,000-2,499,999 | 0.0057 | 0.0014 | 4.04 | 0.000 |
| 2,500,000-4,999,999 | 0.0069 | 0.0015 | 4.79 | 0.000 |
| 5,000,000+ | 0.0069 | 0.0015 | 4.56 | 0.000 |

APPENDIX TABLE 4

Heritage Unemployment Model with Full Controls, All Years (cont.)**Dependent Variable: Unemployed (vs Employed)**

| Independent Variable | Coefficient | Standard Error | t | P-Value |
|-----------------------------|--------------------|-----------------------|----------|----------------|
| <i>Citizenship</i> | | | | |
| Born in Puerto Rico | 0.0224 | 0.0074 | 3.02 | 0.003 |
| Foreign born, U.S. parents | 0.0020 | 0.0044 | 0.44 | 0.658 |
| Foreign born, naturalized | -0.0036 | 0.0020 | -1.81 | 0.070 |
| Foreign born | -0.0069 | 0.0021 | -3.23 | 0.001 |
| Parent with a child at home | 0.0042 | 0.0011 | 4.01 | 0.000 |
| Single Parent | 0.0174 | 0.0025 | 6.98 | 0.000 |
| <i>Year</i> | | | | |
| 2009 | 0.0326 | 0.0014 | 23.90 | 0.000 |
| 2010 | 0.0349 | 0.0013 | 26.75 | 0.000 |
| 2011 | 0.0294 | 0.0013 | 22.77 | 0.000 |
| 2012 | 0.0183 | 0.0013 | 14.67 | 0.000 |
| Constant | 0.2512 | 0.0144 | 17.39 | 0.000 |
| N = | 482,950 | | | |
| R-squared = | 0.040 | | | |

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My personal experience as a Human Resources professional for over 13 years, and a former member of a Union, I am here to speak to you based upon my own experiences as resident of the State of Wisconsin, and why I am testifying in favor of this Right to Work legislation.

Employers, in my experience, have taken great strides in making their particular workplace a preferred workplace for their individual employees, because if they do not, then they would not be able to retain the best workers. Employees will find a better work environment elsewhere and naturally gravitate toward employers who take care of their employees and pay them well.

Employees who choose to stay at employers they do not like, do it for reasons that this bill does not address and for reasons that Unions cannot fix.

If employers have to create a welcoming environment to attract the best members, then it is of benefit for the applicant and the employee to be able to choose only to join those organizations that are of benefit to them. Unions should be treated the same.

Unions have become unnecessary because they only react and spring into action as a reaction to an event. Like when a bad employee gets a discipline they deserve. In my personal experience, I rarely, if ever, have seen a union representative be it a President, Secretary/Treasurer/Business Representative, come to my work location and find out how I am doing and ask me how to make things better for me. I see my employer doing that every day. So, in the end, you only have Unions responding to those employees who are in trouble; because they didn't follow their employer's reasonable rules of employment. You don't see Unions taking care of those employees who never get in trouble and go and do a great job every day, which is very sad, and why Unions are afraid of

giving employees the choice to say they don't want to pay for a service they are not getting.

For the Trade Unions who have a program that apprentices go through training, over time, to become Journeymen will not have to make any changes. If a trade member doesn't want to pay union dues, because the union is not providing any value to that employee, then the training center just charges a fee for that person to go to school and learn that trade. Problem solved.

The mandatory automatic deduction of union dues from employee paychecks has created a class of union bosses that do not care about the worker who does their job, comes to work, loves their employer and loves who they work with. Automatic deductions of union dues has created a lethargic union overhead that expects to get paid, but not to provide a service. With the employee in charge of paying through a regular check, written out every week or month, to the Union, will force Unions to earn those dues, by responding to the needs of ALL

employees. Not just the few bad apples who choose not to follow an employer's reasonable work rules.

Unions are scared to death that they will have to earn the money that an employee may choose not to pay them if they can't provide a service the employee actually wants or needs. That is the challenge that Right to Work puts on Unions, that they have never had to provide before. If Unions have a value, the employee will pay the fee. I favor this Right to Work legislation and urge all Democrats to vote in favor along with their Republican co-workers.

Thank you

Sincerely,

Jim

James C. Wenzler,



CHRIS TAYLOR

STATE REPRESENTATIVE ♦ 76th ASSEMBLY DISTRICT

Testimony of Rep. Chris Taylor Senate Bill 44

March 2, 2015

Chairman Jacque and Labor Committee Members:

America is in the midst of an economic recovery. Yet, Wisconsin's economy continues to lag behind those of our neighboring states, with lackluster job creation and stagnant wages.

Senate Bill 44 does nothing to create jobs, increase wages or create the economic opportunities on which our citizens need us to focus. In fact, it is a distraction from the serious issues the people of this state elected us to address, and it has harmful consequences for our economy and hard working Wisconsin families.

The best way to jumpstart our economy is by building a stronger middle-class. Wisconsin workers need a raise, not a pay cut. A 2015 study from the Wisconsin Budget Project indicates that while the income for the top 1% has steadily climbed, income for the remaining 99% has remained stagnant. Between 1979 and 2012, the average income for the top 1% more than doubled (adjusted for inflation). But during this same period, the remaining 99% saw less than 2% growth in their incomes. In fact, \$91 out of every \$100 of income growth that occurred between 1979 and 2012 in WI went to the top 1%.

Yet the point and effect of Right to Work (RTW) laws is to reduce middle income wages for all workers, reduce access to employer-sponsored health care and decrease the likelihood seniors will have economic security and a pension.

In fact, despite Wisconsin's economic struggles, our state continues to outperform RTW states in key economic indicators. We have a higher average household income by over \$5,000, higher median hourly wage, a greater percentage of jobs with health insurance and pensions, less poverty and greater high school graduation rates.

Even the National RTW committee has conceded in media accounts that they are not trying to prove RTW states have superior economic results. In fact, the data underlying a Chamber of Commerce analysis on RTW laws shows no relationship between RTW laws and economic growth.

On the contrary, the most rigorous studies that have examined the impact of RTW has concluded that RTW lowers wages by 3.2% for all workers, worsens the odds of getting employer-supported health insurance by 2.6% for all workers and decreases the chance of getting an employer-supported pension by 4.8% for all workers.

3/2/15

Comments by Margy Lambert, Middleton, Wisconsin resident

5401 South Ridge Way
Middleton, WI 53562

Wage Theft (AKA Right to Work) Assembly Bill

“Divide and Conquer”, “Wage Theft” (mysteriously referred to as “Right to Work”), “Race to the Bottom”. Do these terms sound familiar? These are the destructive tactics promoted by Republican officials in control of Wisconsin's government for the last 4 years.

But have these tactics resulted in the prosperity that was promised? NO. Were 250,000 jobs created in Wisconsin over the last 4 years? NO. Has trickle-down economics worked for the first time in the history of humankind? NO. Instead, our wonderful state of Wisconsin has sunk to the bottom in every economic measure over the last 4 years.

But stealing the wages of public employees' and their families is not enough for you. Now you want to steal wages from private employees and their families.

Shame on anyone who votes for this travesty! Shame on you for betraying your constituents, your state and your country in your quest for more power and more profit. History will see this attack on Wisconsin workers and families for exactly what it is: Betrayal and Greed.

Dear Committee,

We support Right to Work!

As former union employees, my husband and I were very frustrated that our unions seemed to be very good at doing what benefitted the union, and terrible at doing what benefitted us. At one point when we both had union jobs, we were living in subsidized housing and may have qualified for food stamps. Belonging to the unions wasn't a ticket to prosperity. We did much better later when neither of us were union members.

Our unions gave money to causes and candidates we did not support. It still irritates me to know what and whom some of my money went to. Causes and politicians I am still fighting against.

During the last gubernatorial race, we heard that Michigan and Indiana were creating more jobs. We wondered what they were doing that Wisconsin wasn't doing. We found out they had passed Right to Work legislation. We knew then that we wanted Wisconsin to become a Right to Work state.

Please, make Wisconsin a Right to Work state! We deserve the freedom to choose what organizations we belong to.

Yours truly,

Vivian and Keith Nienow
8280 N 54th St.
Brown Deer WI 53223

TESTIMONY BEFORE THE ASSEMBLY COMMITTEE ON LABOR
In Opposition to AB61
March 2, 2015

Dear Committee Members:

I am the son of a union man. My father worked a union job in a Green Bay paper mill for all of his working life. His pay allowed him to build his American Dream. He could support a wife and four children. His compensation allowed him to buy a house, buy a car, make modest investments, and even buy modest vacation property in the Northwoods of Wisconsin. My father's union job allowed him to enter into so many economic relationships in his community. The pay he received ultimately went to retailers, home improvement services, restaurants, entertainment and numerous other businesses. Part of his pay went to Federal, State, and property taxes. It also supported nonprofit charities and his church. My father and people like him contributed to the economic health of his community.

My father was very involved with his union. As a youngster, I do not remember all of Dad's union issues, but I can say that concerns about compensation were only a part of his union efforts. More than anything, I remember him talking most about resolving various workplace conflicts and, most importantly, workplace safety. I know he felt connected to his workplace in a meaningful way. He made a difference for his fellow workers and his company. My father was proud of the work he did and he was proud of his employer.

My point here is that the union helped my Dad earn decent pay and allowed him to be an integral part of a healthy economic community. His union efforts were not unnecessarily combative or disruptive; rather, they helped secure fair compensation, resolved conflicts and helped build a better workplace for everyone.


I took a different path through life than my father did. I went to college, earned a few degrees, and pursued a career in education. I have been a high school teacher for thirty-two years until my recent retirement. But like my father, I have been a proud member of local, state and national unions all of my working life. I have been deeply involved in union affairs, including leadership positions. I can say that the main work I engaged in, as a union member has **not** been mostly about securing high pay. But, like my father, my union work has been about resolving workplace conflicts, improving working conditions, and, most importantly, having a voice in how to best implement curriculum and direct resources to improve the education of the children in my community.

This brings me to why I am in opposition to this "Right-To-Work" legislation. I believe unions are a positive force for workers, employers, and the community when everyone works together with shared goals. This legislation will make it more difficult for unions to survive. Although this may seem to benefit employers, it will harm workers by depressing wages and removing the worker's voice from the workplace. This harm will be reflected in the community. Wisconsin has recently experimented with a similar form of this legislation. The Act 10 legislation passed four years ago is a form of "Right-To-Work" and has had a powerfully negative impact on educators. School districts and teachers have scrambled to find new ways to productively interact. Some unions have stayed strong while many have faded or folded. Some school districts have found meaningful ways for administrators and educators to interact while many are now floundering. One thing is for certain: teacher compensation has taken a serious, negative hit. This change will also be reflected in the community, as people affected will have less disposable income to enter into local economic interactions. I believe "Right-To-Work" will have the effect of depressing compensation for union workers and, as a result, will also depress wages for all others in the field.

Allowing workers to benefit from union actions and negotiations without requiring them to pay union dues is unfair and designed to cripple unions and make them less viable. If this legislation is designed to attract businesses to the state by destroying unions and allowing for low wages and compensation I believe it is a bad idea. Do we really want to offer low-paying jobs to the hard-working people of Wisconsin? We can do better than that. This legislation may indeed bring change to Wisconsin but this change is something we do not want and certainly do not need.

Please do not pass AB61.

Respectfully submitted,



Bryan J. Radue
807 Virginia Drive
De Pere, Wisconsin 54115

Craig C. Peachy (583), Director-Chair
Jeffrey J. Thompson (582) Assistant Director
Christopher J. Tassone (581), Secretary



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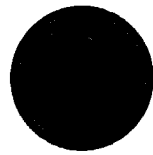
TRANSPORTATION DIVISION

Dear Mr. Chairman and Representative's on the Committee on Labor,

My name is Craig Peachy. I was elected by our members and currently serve as the State Legislative Representative for the Sheet Metal, Air, Rail Transportation Union. I am a federally certified railroad conductor. I speak with experience when I state that the public's safety will certainly be jeopardized by passage of RTW. During my career I witnessed unsafe conditions in the work place that caused casualties that resulted in career ending injuries. I witnessed railroad management threaten and discipline employees for reporting work place injuries. Part of my responsibility as an elected union officer was to document the unsafe conditions, thus putting the railroad on notice in writing. Railroad labor organizations fought for years to secure legislation to protect employees from discrimination when reporting workplace injuries. It was finally achieved at the federal level. However, there are still cases where railroad management continues to attack employees by simply ignoring the law. The message is clear. Without aggressive union representation, many corporations tend to look at the bottom line first, and take unnecessary risks with both their employees, and public safety. The fact that this legislation is being pushed through, and Representatives in the Republican Party are unwilling to do the work of representing their districts by working in the best interests of the state citizens spells an end for democracy.

Sincerely,

Craig Peachy
State Director-SMART



WISCONSIN CONTRACTOR COALITION

March 2, 2015

TO: Members
Assembly Labor Committee

FR: Peter Schraufnagel
President & Owner
Super Excavators, Super Western, SX Blasting and SX Foundations

RE: Testimony – Assembly Bill (AB) 61 – “Right to Work” Bill

My name is Peter Schraufnagel, President and Owner of several construction firms in Menomonee Falls, Wisconsin. Our business has been operating and employing good people in Wisconsin for 65 years. My businesses are headquartered in Waukesha County and I live in Waukesha County.

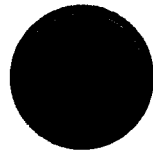
I have come today to share with you my frustration and concern over our state government’s propensity to once again meddle in private business affairs. I am frustrated that you seek to stick the long arm of the law in between contracts I have as an employer with my valued employees. My business is hard enough without even more government intrusion.

I have watched and listened to the political activity that is behind this proposal. I have even seen WMC, a group that promotes itself as pro-business try to convince people like you that my employees don’t pay for their own training- they say I do. They try to tell you that they know more about my business than I do.

We work on some of the toughest projects in America. We do heavy civil construction that requires smart, trained, reliable and hard-working individuals. Many days it is very, very complicated and hard work.

Could you imagine what would happen if we didn’t respect and have a good relationship with the people we work with? Why would anyone doing the work we do strive to have a bad relationship with their workers? Consistent confrontation with your colleagues might be how politics works but it doesn’t work in the real world if you want to survive.

Our employees work on expensive equipment that we take enormous financial risks to purchase. We do lots of work in Wisconsin and around the country. We rely on the Operating Engineers Local 139 to help provide us with incredibly skilled workers and



WISCONSIN CONTRACTOR COALITION

simply couldn't exist without them. This partnership has helped develop the most highly skilled and prepared workforce anywhere.

When we win contracts in other states, we bring 50-60% of the workforce with us from Wisconsin because of their skills, training and reliability. They work in other places but the wages and income returns to Wisconsin. I believe this legislation threatens that.

We willingly negotiate and sign our contracts with our respective construction unions because they provide us such great opportunities to grow as a company.

Super Excavators, Super Western, SX Blasting and SX foundations are companies that are based here in Wisconsin. However, when go to Rhode Island, Cleveland, San Francisco, Michigan City and Chicago we call up the local union hall and get trained people to come work with us. This is a huge advantage to Wisconsin employers who are trying to establish themselves in other locations.

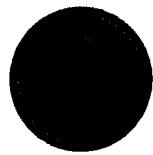
The union acts as a built in HR department with certified, trained crane operators. We get only the best workers. There is no seniority, no bureaucracy and a great working partnership. If someone isn't doing their job- we get someone else from the union- it is an invaluable resource.

I believe construction and the trades are totally unique and function different than the image many of you have had about our private sector business. I believe this bill threatens a model that has served Wisconsin extremely well.

Super Excavators has gone to areas of the country like Omaha, Nebraska where there isn't the vibrant training Local 139 offers in Wisconsin. Ultimately, our experience has been poor in trying to find skilled labor in locations like that.

Why? Because they don't offer good training programs such as the one located in Coloma, Wisconsin. I believe most people here probably can't comprehend the difference we have in Wisconsin compared to other states, however, employers like me understand it all too well.

When the construction industry hit the skids in 2008, many tradespeople left, relocated or retired early because there was no work for them. Now, we are in a situation where the construction industry is picking up and we struggle to find trained people to fill the demand of the jobs available. Our businesses are being held back by the lack of quality people available to them.



WISCONSIN CONTRACTOR COALITION

If each of you take a step back and think about what we are up against in our industry. We have a culture in our schools that promotes 4 year liberal arts college education. We have jobs that require tremendous skill and training. We have work that is difficult to perform in the extremes of our climate and wears people down over the years.

It is difficult to recruit people with those and other things working against us. If you are honest with yourselves, you know how difficult it is to convince people to come into this line of work. I believe you are making it much harder with this legislation.

We respect the partnership we have with our trade unions.

The workers' pay for their own training, their own health care and their own pension. Much of the time they pay for their own hotel rooms and their own meals too. I think you call that per diem. Well, they pay for theirs.

I am frustrated that groups like WMC say the workers don't pay for their training.

Here is how it works; we negotiate a pay scale. Then the workers vote to decide how much goes to pension, health care and training. Whatever they don't allocate to those things, goes back in their paycheck. It doesn't come back to me as the employer because it isn't my money.

I can't understand why WMC and others would want to mislead legislators on that. It is the workers money. They earned it and we should all be happy that they are so committed to their future that they use it to advance their skills.

Ultimately, I fear that your actions will hurt our ability to foster a high quality, trained and safe workforce. I believe this bill will not move Wisconsin forward- it will take us in the wrong direction.

Thank you,
Peter Schraufnagel



DAVID CRAIG

STATE REPRESENTATIVE
CHAIRMAN, ASSEMBLY COMMITTEE ON FINANCIAL INSTITUTIONS

Assembly Committee on Labor
Public Hearing, March 3, 2015
Assembly Bill 61
Representative David Craig, 83rd Assembly District

Chairman Jacque and Committee Members,

Thank you for holding this public hearing on Assembly Bill 61. I appreciate the opportunity to discuss the importance of Right to Work with you.

This legislation would finally bring workplace freedom to Wisconsin and make our state more competitive with our neighboring states.

No one should be forced to join or turn over their hard earned money to an organization that they do not support or they feel doesn't serve them adequately. There are many economic benefits that come along with Right to Work legislation but the bottom line is that giving people freedom in the workplace should be reason enough to vote for this bill. The fact is that not everyone believes joining a union is in their best interest and they should have the opportunity to make that decision on their own.

Giving workers the right to decide for themselves if a union represents their interests will make unions more accountable and responsive to their membership. An organization that automatically dictates universal membership in the workplace has little incentive to prove to its members how it is benefitting them. As has been mentioned many times through this debate, Indiana union labor grew by nearly 50,000 since Right to Work became law.

In closing, I believe this legislation strengthens the workplace by restoring worker freedom and encouraging effective representation for those who wish to have it. I ask you to support this legislation and help make Wisconsin an even more competitive state in which to do business. Thank you for your time and I would be happy to answer any questions you may have on the bill.



**AMERICANS FOR
PROSPERITY**

WISCONSIN

March 2, 2015

Dear Chairman Jacques and members of the committee,

Thank you for the opportunity to submit our testimony to you today.

On behalf of more than 125,000 Americans for Prosperity activists in the Badger State, we stand in strong support of Assembly Bill 61 (Senate Bill 44,) which would make Wisconsin the nation's 25th "Right to Work" state. We are thrilled that Senate Bill 44 passed in the Senate last week on a vote of 17-15 and look forward to it's passage this week in your committee and on the Assembly floor.

This issue could not be any clearer. Right to work guarantees a basic freedom – the freedom to work without mandatory union membership. Just as the First Amendment guarantees the freedom of assembly, so too does it guarantee the freedom to abstain from assembly. It is a travesty that workers in Wisconsin do not currently enjoy this liberty.

In addition, the data has made the economic impacts obvious. Right to Work states experience lower unemployment, greater job growth, population growth, and income growth.

Between 2001 and 2011, right to work states added 1.7 million jobs, while forced union states lost over 2 million during the same time.

From 1990 to 2011, right to work states experienced over 42 percent gain in total employment, compared to less than 19 percent for forced union states.

Over the past decade – excluding Indiana and Michigan which just recently granted worker freedom – right to work states' private sector employee compensation increased by 16 percent, nearly double the 8.7 percent average for forced union states over that time. When adjusted for cost of living, workers in right to work states have 4.1 percent higher incomes.

Better yet, right to work doesn't just mean more jobs and better incomes today. It also means a brighter future tomorrow. Between 2000 and 2011, right to work states saw an increase of 11.3 percent in the number of residents between 25 and 34 years old – those in the heart of their most productive working years. Comparatively, forced union states saw an increase of just 0.6 percent over that time. Young people, especially recent college graduates, are flexible and able to "vote with their feet" – and they are overwhelmingly choosing states with greater worker freedom.

This should not come as a surprise. Right to Work states are more attractive for entrepreneurs seeking to start a new business as well as potential employees seeking work.

Special interests who oppose right to work laws often make two charges: that this legislation seeks only to weaken unions, and that unions will be stuck representing workers who are not paying dues – the so-called “free rider problem.”

First, Right to Work strengthens rather than weakens unions. Unions’ primary purpose is to represent the interests of their members. A union that must *earn* its members’ dues will certainly be more dedicated to representing them effectively than a union that can forcibly remove dues from workers’ paychecks, regardless of the quality of their representation.

The data backs up this common sense assertion. For example, in 2012, union membership in forced union states fell by nearly 400,000, while it actually increased in Right to Work states. Oklahoma passed Right to Work legislation in 2001. In 2000, the state had 96,000 union members. In 2012, it had 115,000.

Right to Work merely requires unions to prove their worth in order to keep membership.

Second, on the issue of the free-rider problem, free-market proponents actually agree with the labor unions. We do not believe unions should be forced to represent workers who do not pay membership dues. Those workers should be free to negotiate their own compensation.

In closing, the issue is clear. Right to Work works. It is perhaps the single most effective reform a state can enact to make it more economically competitive. Michigan and Indiana have realized this most recently. Moreover, Wisconsin is surrounded by right to work states in Iowa, Michigan, and Indiana. And as we speak, there are several other states also currently advancing right to work legislation.

Wisconsin is at a tremendous self-imposed economic disadvantage as a forced union state.

From 1990 to 2014, eight of the top ten states for job growth were Right to Work states. Nine of the bottom states for job growth were forced union states. Michigan, which only became right to work in 2013, was the lone exception.

Right to Work is simply an issue of this legislature’s courage to do what is right. It is right to allow Wisconsin workers to exercise this basic freedom, and it is right to create the most competitive economic environment we possibly can for our state to prosper.

Once again, on behalf of our more than 125,000 activists across this state, I thank you for the opportunity to submit our testimony, and offer our strong support for Assembly Bill 61 (Senate Bill 44.)

Thank you.

Sincerely,

David Fladeboe
Wisconsin State Director



WISCONSIN BUSINESS ALLIANCE

WHO WANTS RIGHT TO WORK ?

NOT LOCAL CHAMBERS OF COMMERCE

● What is "right to work?"

It's the government intruding on the affairs of private businesses, and it poses a threat to small businesses across the state. Families in states with "right to work" laws average \$5,000 less in take-home pay than families in states like Wisconsin.¹ That's money they can't spend at our businesses.

● Who does it help?

In the short term, it helps very large corporations that want to pay less in wages and invest less in worker safety.

● Who does it hurt?

In the long run it hurts everyone, but it hits small and medium-sized businesses particularly hard. We need customers who can afford to buy our products. "Right to work" laws drive wages down, which means our customers will have less money to buy our goods and services.

● Who supports "right to work?"

Wisconsin Manufacturers and Commerce is lobbying hard for this legislation. But few – if any – local Chambers of Commerce in Wisconsin support it. Most local Chambers do not take a position on contentious political issues. In the words of one local Chamber president, "Everyone I have talked to says that it is an issue that should be left between employers and their employees. I haven't found anyone who says we need the government to tell us how to run our business."

"Private-sector employees in right-to-work states earned an average of \$738.43 a week in the past 12 months, 9.8% less than workers in states without such laws, according to an analysis of Labor Department data..."

- Wall Street Journal

**TELL YOUR LEGISLATORS WHERE
YOUR BUSINESS COMMUNITY STANDS!**

**Call the Wisconsin State Legislature's Hotline
at 1-800-362-9472**

¹ Bureau of Labor Statistics, Quarterly Census of Employment & Wages, Average Annual Pay for 2013, accessed 12/9/14.

LORE COMPAS - 920-397-9749

WMC

WISCONSIN MANUFACTURERS & COMMERCE

TO: Members, Assembly Committee on Labor

FROM: Scott Manley, Vice President of Government Relations
Chris Reader, Director of Health & Human Resources Policy

DATE: March 2, 2015

RE: Support for Assembly Bill 61 – Right to Work

Thank you for holding the public hearing today on Assembly Bill 61, which would implement Right to Work in Wisconsin. We appreciate the opportunity to speak in favor of this important legislation, and explain why Wisconsin will benefit economically from a Right to Work law.

Wisconsin Manufacturers & Commerce (WMC) is the state chamber of commerce and largest general business association in Wisconsin. We were founded more than 100 years ago, and are proud to represent approximately 3,800 member companies of all sizes, and from every sector of our economy. Roughly one-fourth of the private sector workforce is employed by a WMC member.

Right to Work (RTW) is simple: it gives employees the freedom to choose whether to join a union and pay dues. It protects workers by ensuring that they cannot be fired by because they refuse to pay union dues. No one should be required to join a union and pay dues as a condition of being hired or maintaining a job.

Equally important, it is important to recognize what RTW does not do. RTW does not eliminate existing unions, it does not void existing labor contracts, it does not prohibit collective bargaining, it does not impact worker training, it does not lower wages, and it does not prohibit workers from organizing a union.

Why should Wisconsin pass Assembly Bill 61 and become the 25th state to enact RTW? Beyond the argument that giving workers the freedom to choose whether they join an organization is simply the right thing to do, passing Assembly Bill 61 will help Wisconsin compete for economic development projects that are now going to RTW competitors like Michigan and Indiana.

On a number of Economic Measures, RTW states have outperformed forced-unionization states in recent years.

- **Competitive Business Climate.** Site selectors who advise businesses on where to expand or locate a new business say that 75% of their clients view Right to Work as an “important” or “very important” factor, and up to half of businesses will not even consider investing in a forced-union state.
- **More Job Creation.** During the 10-year period from 2004-2013, RTW states added 3.6 million jobs – significantly more than the 1.5 million in forced-union states.
- **Faster Job Growth.** From 2004-2013, RTW states grew jobs by an average of 5.3%, which is more than twice the rate of forced union states (2.1%).

501 East Washington Avenue, Madison, WI 53703-2914 P.O. Box 352, Madison, WI 53701-0352

Phone (608) 258-3400 • Fax (608) 258-3413 • www.wmc.org

Founded in 1911, Wisconsin Manufacturers & Commerce is the state's chamber of commerce and largest business trade association representing more than 3,500 employers of every size and from every sector of the economy.

- **Higher Wage Growth.** RTW states grew wages by an average of 15.1% from 2003-2013, while wage growth lagged in forced-union states at 8.2%
- **Higher Manufacturing Output.** Manufacturing GDP grew by 26.1% in RTW states from 2003-2013, compared to 13.8% in forced-union states.
- **More Disposable Income.** When differences in cost-of-living variations between states are taken into account, employees in RTW states had per capita disposable income of \$38,915 in 2013, nearly \$2,000 per year more than the \$36,959 in forced-union states.
- **More Workers.** RTW states grew population by 4.9 million people in the ten-year period from 2003-2012, while forced-union states lost 4.9 million people.

Beyond the compelling economic measures associated with RTW states, the RTW policy is strongly supported by the people of Wisconsin. WMC commissioned a statewide scientific public opinion poll in December, and the results found strong support for RTW in Wisconsin.

Fully 69% of the general public in that poll supported Right to Work, including 91% of Republicans, 76% of Independents, 48% (a plurality) of Democrats, and even 51% of Union Households. A poll from Wisconsin Policy Research Institute released in January found similar strong support for Right to Work statewide.

Despite the popularity of RTW laws among voters, organized labor and other opponents of RTW have attempted to paint a false picture of this important reform.

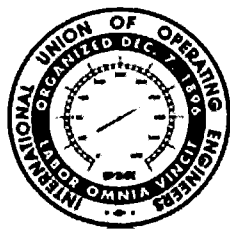
Following is a rebuttal of some of the most common arguments against RTW.

- **The Middle Class Argument.** Unions often claim that RTW hurts the middle class. However, the objective data show that RTW states have faster job growth, faster wage growth and higher disposable income. It's unclear how any of those economic measures are bad for the middle class.
- **The Lower Wage Argument.** Contrary to the claim that RTW will reduce wages, the experience in Michigan and Indiana has been the exact opposite. Both of those states have consistently increased wages since enacting a RTW law. Moreover, wages grew twice as fast in RTW states compared to forced union states from 2003-2013.
- **The Poverty Argument.** Opponents often argue that RTW will reduce wages and lead to greater reliance on public welfare programs. On the contrary, welfare utilization is actually lower in RTW states at 5.8 TANF recipients per thousand in 2013. That's less than half the rate of 16.7 welfare recipients per thousand residents in forced-union states.
- **The Anti-Union Argument.** Union leaders often characterize RTW as a policy intended to harm unions, but the data shows otherwise. In the period from 2010-2013, Right to Work states collectively grew union membership by 57,000 workers, while forced-union states actually lost 248,000 union members. In addition, Indiana has actually increased union membership since enacting RTW in 2012.
- **The Worker Training Argument.** Opponents argue Right to Work will jeopardize training in the construction trades, but that has not been the experience in other states. In fact, Right to Work states have 28% more operating engineers employed per capita than forced-union states. The truth

is that training is paid for by the businesses, not the unions, and businesses will continue to pay for training because it's in their best interest to have a well-trained workforce. One need only at the IRS tax filings to see that training is paid by companies, not by union membership dues. Training is conducted by 501(c)(3) organizations funded primarily by employer contributions, compared to the membership unions, which are 501(c)(5) organizations and funded by union membership dues. The facts speak for themselves; skilled training is not dependent upon union dues.

- **The Free-Rider Argument.** Union leaders claim Right to Work is unfair because the union is required to represent all employees, even if they do not pay dues. However, these "exclusive representation" agreements are not mandatory and unions are not required to negotiate these clauses into their contract. The Supreme Court has found that unions are free to negotiate member-only contracts if they want. If unions do not wish to represent workers who don't pay dues, they are free to exclude them in their bargaining agreements.

The economic and individual freedom arguments make clear that Right to Work is Right for Wisconsin, and we urge you to vote yes on Assembly Bill 61.



[Home Training Heavy Equipment Operator Training Schools](#)

IN THIS SECTION



Operating Engineers
Certification Program

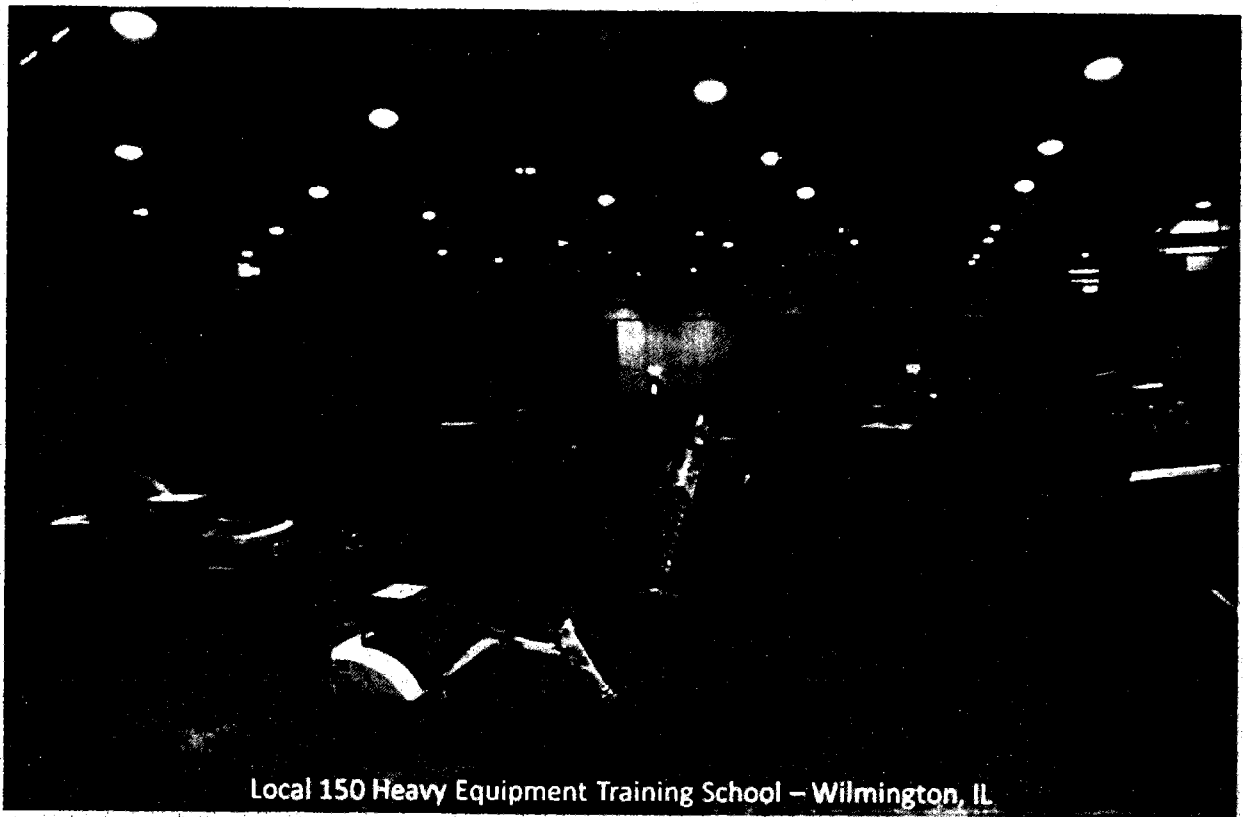
- Operating Engineers Certification Program
- Heavy Equipment Operator
- Stationary Engineer Training
- IUOE Pipeline Training
- Heavy Equipment Operator Training Schools
- IUOE Job Corps
- Safety and Health Training
- Helmets to Hardhats

Heavy Equipment Operator Training and Stationary Training

IUOE and all IUOE local union/employer training trust funds combined spent over \$110 million on training in 2010. Clearly, an annual investment of this size shows how firmly IUOE local unions and IUOE signatory contractors believe in maintaining a well-trained, safe and productive work force.

IUOE heavy equipment operator training schools and stationary training programs are second to none. We have over one-thousand instructors, hundreds of facilities, classrooms, shops, and labs, and thousands of acres throughout the United States and Canada where apprentices and journey-level members hone or advance their skills. Our members

have access to training on virtually every topic heavy equipment operators and stationary engineers need to become their very best.



Local 150 Heavy Equipment Training School – Wilmington, IL

To learn more about heavy equipment operator training schools and stationary training in your area, follow the links below. Heavy equipment operator training schools are designated H&P (hoisting and portable equipment), stationary training programs are designated S, and local unions with both types are designated M (Mixed).
United States

| | | | |
|--|--|---|--|
| Alabama Local 312 H&P Local 320 H&P Local 653 M | Alaska Local 286 S Local 302 H&P | Arizona Local 428M | Arkansas Local 381 S Local 624 H&P |
| California Local 3 H&P Local 12 H&P Local 39 S Local 501 S | Colorado Local 1 S Local 9 H&P | Connecticut Local 30 S Local 478 H&P | Delaware Local 542 M Local 835 S |
| District of Columbia Local 77 H&P Local 99 S | Florida Local 487 H&P Local 653 M Local 673 M Local 925 H&P | Georgia Local 474 M Local 926 M | Hawaii Local 3 H&P |
| Idaho Local 280 S Local 370 H&P | Illinois Local 143 S Local 150 H&P Local 318 H&P Local 399 S Local 520 H&P Local 649 H&P Local 841 H&P Local 965 H&P | Indiana Local 20 S Local 103 H&P Local 112 H&P Local 150 H&P Local 181 M Local 399 S Local 841 H&P | Iowa Local 150 Local 234 |
| Kansas Local 101 M Local 119 S | Kentucky Local 18 M Local 20 S | Louisiana Local 216 S Local 406 M | Maine Local 4 H&P Local 877 S |

| | | | |
|--|--|--|--|
| <u>Local 647 S</u> | <u>Local 181 M</u> | <u>Local 407 S</u> | |
| Maryland <u>Local 37 M</u> <u>Local 77 H&P</u> <u>Local 99 S</u> | Massachusetts <u>Local 4 H&P</u> <u>Local 98 H&P</u> <u>Local 877 S</u> | Michigan <u>Local 324</u> | Minnesota <u>Local 35 S</u> <u>Local 49 M</u> <u>Local 70 S</u> <u>Local 756 S</u> |
| Mississippi <u>Local 624</u> | Missouri <u>Local 101 M</u> <u>Local 148 S</u> <u>Local 513 H&P</u> | Montana <u>Local 400</u> | Nebraska <u>Local 571</u> |
| Nevada <u>Local 3 H&P</u> <u>Local 12 H&P</u> <u>Local 39 S</u> <u>Local 501 S</u> | New Hampshire <u>Local 4</u> <u>Local 98 H&P</u> <u>Local 877 S</u> | New Jersey <u>Local 68 S</u> <u>Local 825 H&P</u> | New Mexico <u>Local 351 M</u> <u>Local 953 M</u> |
| New York <u>Local 14 H&P</u> <u>Local 15 H&P</u> <u>Local 17 M</u> <u>Local 25 H&P</u> <u>Local 30 S</u> <u>Local 94 S</u> <u>Local 137 H&P</u> <u>Local 138 H&P</u> <u>Local 158 H&P</u> <u>Local 211 S</u> <u>Local 295 S</u> <u>Local 409 S</u> <u>Local 463 H&P</u> <u>Local 825 H&P</u> <u>Local 891 S</u> | North Carolina <u>Local 415 S</u> <u>Local 465 M</u> <u>Local 470 H&P</u> | North Dakota <u>Local 49H&P</u> | Ohio <u>Local 10 S</u> <u>Local 18 M</u> <u>Local 20 S</u> <u>Local 66 H&P</u> <u>Local 95 S</u> |
| Oklahoma <u>Local 123 S</u> <u>Local 351 S</u> <u>Local 627 M</u> | Oregon <u>Local 280 S</u> <u>Local 701 M</u> | Pennsylvania <u>Local 66 H&P</u> <u>Local 95 S</u> <u>Local 542 M</u> <u>Local 835 S</u> | Rhode Island <u>Local 57 H&P</u> <u>Local 877 S</u> |
| South Carolina <u>Local 465 M</u> <u>Local 470 H&P</u> | South Dakota <u>Local 49 H&P</u> | Tennessee <u>Local 369 M</u> <u>Local 912 S</u> <u>Local 917 M</u> | Texas <u>Local 178 H&P</u> <u>Local 340 S</u> <u>Local 450 M</u> <u>Local 564 S</u> <u>Local 953 M</u> |
| Utah <u>Local 3H&P</u> | Vermont <u>Local 98 H&P</u> | Virginia <u>Local 77 H&P</u> <u>Local 99 S</u> <u>Local 147 M</u> | Washington <u>Local 280 S</u> <u>Local 286 S</u> <u>Local 302 H&P</u> <u>Local 370 H&P</u> <u>Local 609 S</u> <u>Local 612 H&P</u> <u>Local 701 M</u> |
| WestVirginia <u>Local 132 M</u> | Wisconsin <u>Local 139 M</u> <u>Local 420 S</u> | Wyoming <u>Local 800 M</u> | |

Canada

| | | | |
|-------------------------------------|--|--------------------------------|-------------------------------------|
| Alberta <u>Local 955 H&P</u> | British Columbia <u>Local 115 H&P</u> | Manitoba <u>Local 828 M</u> | New Brunswick <u>Local 946 M</u> |
|-------------------------------------|--|--------------------------------|-------------------------------------|

| | | | |
|--|--|--|--|
| | | <u>Local 987 M</u> | |
| <u>Newfoundland and Labrador</u> <u>Local 904 H&P</u> | <u>Northwest Territories</u> <u>Local 870 H&P</u> <u>Local 955 H&P</u> | <u>Nova Scotia</u> <u>Local 721 H&P</u> <u>Local 727 S</u> | <u>Nunavut</u> <u>Local 793 H&P</u> <u>Local 870 M</u> <u>Local 955 H&P</u> <u>Local 987 H&P</u> |
| <u>Ontario</u> <u>Local 772</u> <u>Local 793</u> <u>Local 865</u> <u>Local 920</u> | <u>Prince Edward Island</u> <u>Local 942</u> | <u>Quebec</u> <u>Local 484</u> <u>Local 905</u> | <u>Saskatchewan</u> <u>Local 870 M</u> |
| <u>Yukon</u> <u>Local 115</u> | <u>Operating Engineers Training Institute of Ontario</u> | | |

Browse the photo galleries of a few of our training sites by clicking the links below.

[Local 3 – California, Nevada, Utah, Hawaii](#)

[Local 4 – Massachusetts, New Hampshire, Maine](#)

[Local 9 – Colorado](#)

[Local 12 – California, Nevada](#)

[Local 18 – Ohio, Kentucky](#)

[Local 49 – Minnesota, North Dakota, South Dakota](#)

[Local 57 – Rhode Island](#)

[Local 66 – Pennsylvania, Ohio](#)

[Local 101 – Kansas, Missouri](#)

[Local 103 – Indiana](#)

[Local 132 – West Virginia](#)

[Local 138 – New York](#)

[Local 139 – Wisconsin](#)

[Local 150 – Illinois, Indiana, Iowa](#)

[Local 181 – Kentucky, Indiana](#)

[Local 234 – Iowa](#)

[Local 302 and Local 612 – Washington](#)

[Local 324 – Michigan](#)

[Local 370 – Washington](#)

[Local 399 – Illinois, Indiana](#)

[Local 428 – Arizona](#)

[Local 513 – Missouri](#)

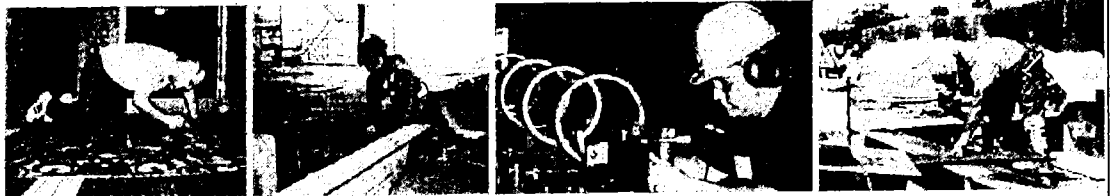
[Local 542 – Pennsylvania, Delaware](#)

[Local 701 – Oregon, Washington](#)

[Local 793 – Ontario](#)

[Local 825 – New Jersey, New York](#)

[Pipeline Training](#)



TRAINING AND EDUCATION

Training is what sets Union Carpenters apart from our non-union counterparts. Training gives us the skills we need to:

- Do a better job
- Get more done in less time
- Get it right the first time
- Work more safely

Our commitment to training builds the skilled, productive workforce our economy needs today and in the future. Our training helps our signatory contractors compete, stay profitable and succeed. It helps us earn the wages and benefits that give us a better life.

When it comes to training, the Carpenters Union literally puts its money where its mouth is. The Regional Council has 14 training centers in operation. Every year, we spend \$5 million to provide apprenticeship and upgrade training to our members. Not one dime comes from a state or federal government. We pay for it all ourselves. That's how committed we are to training our members — the skilled, new workers this industry needs.

The Regional Council also develops custom training in areas such as paper mills and health care construction — training that responds to the demands of key industries in our region.

Our members never stop learning. We offer hundreds of safety and skill advancement classes every year. Even veteran members constantly improve their productivity and keep up-to-date with the latest in industry practices and technology. Best yet, all of this training is free to members in good standing.

Union apprenticeship training is unparalleled. Our signatory contractors and our members partner to build a skilled workforce. All of our apprenticeship training takes place through rigorous, state-certified programs. That's a huge difference from the haphazard "training" nonunion outfits say they provide. Our training goes far beyond piecemeal instruction in which someone gives a kid a tool and says "Do this."

Instead, our apprentices learn their entire craft, adding skill blocks and certification in the classroom, in the shop and on the job. They work side-by-side with skilled journey-level workers every step of the way, in the tradition of the centuries-old European guild system.

Our instructors are among the 1,600 instructors nationally certified by the United Brotherhood of Carpenters. The UBC spends more than \$120 million each year on training. That includes providing more than 100 "Train the Trainer" courses annually so our instructors stay up-to-date on their skills.

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PHOTO ALBUMS

North Central States Regional Council of Carpenters, 700 Olive Street, Saint Paul, Minnesota 55130, 651-646-7207
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11175 West Parkland Ave, Milwaukee, WI 53224

March 2, 2015

To: Chairman Andre Jacque, Members
Assembly Committee on Labor

Fr: Terry Hayden, President
Wisconsin Pipe Trades Association

Re: Private-sector union agreements

Thank you Chairman Jacque and members of the Labor Committee for the opportunity to testify today; my name is Terry Hayden, and I serve as president of the Wisconsin Pipe Trades Association, a statewide organization that trains and educates men and women in the plumbing, steamfitting and fire sprinkler industries. We also train welders and HVAC service technicians – two careers that are currently very high in demand.

Our business model involves a contractual agreement with employers to provide a service, and within that model, we have an exclusive membership. At minimum, we are responsible to provide our contractors a highly-skilled workforce, capable of mobilizing not only in Wisconsin but across state lines for everything from a small residential service job to large-scale projects involving frac sand mining, pipelines like Keystone and the Enbridge upgrade, power plants and more.

The role of the union is much like an employment agency – provide hands-on training, classroom training, and safety and drug-testing programs to ensure a readied workforce. Members value their family-supporting wages, and health and pension funds, and voluntarily pay portions of their paycheck into these funds, as well as training funds. As part of our private agreement, we require a membership to our organization, without taxpayer subsidies.

I am here today in opposition to the proposed right-to-work legislation. In our world, workers in Wisconsin have a choice today – a choice whether to pursue a career in the trades as union or non-union. More importantly, the employers in Wisconsin have a choice today. The contractors we work with choose to be signatory to us – in other words, union contractors. Why? Because we act as their employment agency and provide value.

In order for a sustainable business model, we need a level-playing field within our membership. Again, the choice exists for them today. But today, by introduction of this bill, we are being told that this business model is wrong and that the government is going to intervene in our private-sector, privately negotiated, and privately-funded agreements.

The rules of the game will be changed for us, for our partnership with our contractors. Under this bill, no membership dues would be required, yet the same value needs to be provided regardless. How does that help us forge ahead to ensure after the baby-boomers have retired that we have recruited and trained the new workforce for our employers? How does that help us ensure members continue to fund our training, our health and pension funds at the current levels?

The construction trades have a different business model than other unions; we are part of the economic solution, not a problem. We are exactly what Wisconsin should be propping up, not turning away. We partner, through a collaborative and cooperative arrangement, to provide a reliable, skilled and nimble workforce.

I appreciate the opportunity to testify today, and hope you can see that our private contracts are of value to the greater goal of a thriving Wisconsin economy.

I would be happy to take any questions.



[Handwritten signature]

FOR IMMEDIATE RELEASE
February 27, 2015
Contact: Rev Cindy Crane
Phone: 608-270-0201 ext. 109

[Large handwritten scribble]

**LUTHERAN OFFICE CALLS FOR NINETY-DAY DELAY
ON RIGHT TO WORK LEGISLATION**

The Lutheran Office for Public Policy in Wisconsin is greatly concerned by the Senate's decision to vote on the Right to Work bill. Senate Bill ~~44~~ (Right to Work) was presented rapidly in the face of serious questions about its potential benefits. We are particularly alert to the possible impact any legislation could have on the food and housing security of employees and their families. As an advocacy ministry of the Evangelical Lutheran Church in America we are focused on diminishing poverty.

A13 61

We have heard two sides of the probable value and danger of Senate Bill ~~44~~ in a very brief time. The reality is that the legislature and people of this state do not have enough information. Therefore we request the Assembly delay taking any action on Right to Work for at least ninety days. We recommend that a bi-partisan commission be appointed by the legislature's leadership to further study the needs of employees and employers and hold listening sessions around Wisconsin with key stakeholders and the public.

We believe there is a great urgency to build community in our state through dialogue and education.

*overarching influence of corporate
costs become a burden
program & more of dependent
people like down to the ground*

[Handwritten signature]

WISCONSIN LABORERS' DISTRICT COUNCIL

AFFILIATED WITH A.F.L.-C.I.O. LABORERS' INTERNATIONAL UNION OF NORTH AMERICA
4633 LIUNA Way, S-101, De Forest, WI 53532, Phone: (608) 846-8242, Fax: (608) 846-5460

John Schmitt
President/Business Manager

Kevin Lee
Secretary-Treas/Rec. Secretary



March 2, 2015

Testimony by John Schmitt, President and Business Manager of Wisconsin Laborers' District Council against AB 61

My name is John Schmitt and I am President of the Wisconsin Laborers District Council. On behalf of our affiliated local unions representing over 7,000 active and retired members across the state I am here today to speak against AB 61, the so-called "right-to-work" bill.

I want to begin by thanking the over 400 union contractors who a few months ago formed the Construction Coalition in an effort to better educate folks outside our industry as to what we accomplish in workforce and economic development every day in this state – and without a dime of taxpayer money.

I know it must be difficult for business leaders to take such a public stand on an issue that is as politically divisive as so-called right-to-work. It certainly speaks to their integrity as business owners and the value they place on our relationship with them.

So, on behalf of the Laborers I want to thank each of them for their courage to speak out in defense of a business model that has simply helped their companies grow, their workers succeed and their clients and communities proud of the quality projects we have all worked so hard to deliver.

For all the smart talk by those who claim to know how this will impact the union construction industry, there has been very little smart listening to folks in our industry who have tried very hard to explain how things work and more importantly, how things may not work in our industry if this bill becomes law.

That said, let me try one more time – the Laborers training capacity in so-called right-to-work states, when compared to our union's training capacity in Wisconsin, can only be described as significantly less or completely non-existent.

Last year Labor and Management trustees to the Wisconsin Laborers Training and Apprenticeship Fund budgeted a little over \$1.9 million dollars toward training. During that same period, Laborers Southeastern Training program in Stone Mountain, Georgia received

about \$1.6 million to operate its training facility. But that facility has to service contractors in three right-to-work states – Georgia, Florida and South Carolina.

During that same period, Laborers South Central program in Livonia, Louisiana received a little over one-half million dollars or only about a quarter of that budgeted in Wisconsin. Yet that facility has to service contractors in two right-to-work states – Louisiana and Mississippi.

Laborers have no training facility in the entire state of Texas. Members there travel to Springer, Oklahoma; a facility that services contractors in Arkansas as well – all so-called right-to-work states.

Are you seeing a pattern here?

If not try this – Nearly 80-percent of our members in this state live within a two and a half hour drive of the Wisconsin Laborers Training and Apprenticeship Center in DeForest. By contrast, a Laborer in Miami, Florida must travel 10 hours to attend classes at LIUNA's Training Center in Stone Mountain, Georgia.

Supporters of this law may have romantic notions about how unions and our employer partners will somehow be able to simply keep doing what we're doing through our collective bargaining agreements. But that notion ignores reality and the very real experiences of unions and our employer partners in right-to-work states.

Working together with our employer partners, and through our collective bargaining agreements, we develop and implement workforce investment strategies that result in safe, skilled and productive workers.

Right to work is simply wrong for Wisconsin and I urge you not to put at risk generations of labor-management initiatives that continue to benefit workers, employers and entire communities across this state by passing this bill.

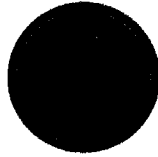
Thank you.

Wisconsin Apprenticeship Funds
 Total Revenue and Expenses
 From Most Recent IRS Form 990

| Name of Training Fund | Total Revenue | Total Expenses |
|---|----------------------|----------------------|
| Appleton-Oshkosh Electrical Workers Joint Apprenticeship Training Committee | \$ 96,457 | \$ 75,076 |
| District Council 5 Apprenticeship and Training Trust Fund | 1,503,484 | 1,715,736 |
| Education Fund Apprenticeship & Journeymen Retraining Fund | 258,308 | 277,833 |
| Fox Valley Area Sheet Metal Workers Journeyman & Apprentice Training Fund | 394,726 | 215,266 |
| Green Bay Area Electrical Workers Apprenticeship and Training Trust Fund | 186,951 | 132,274 |
| Iron Workers Local No 383 Training Program Trust | 397,444 | 277,954 |
| IW Local 8 Joint Apprenticeship & Advanced Journeymen Training Trust Fund | 642,581 | 604,280 |
| Kenosha Electrical Joint Apprenticeship and Training Trust Fund | 62,126 | 34,828 |
| Local #388 Electrical Workers Joint Apprenticeship and Training Trust Fund | 52,657 | 49,134 |
| Local 107 Development & Training | 331,635 | 464,976 |
| Madison Area Sheet Metal Workers Educational Trust | 264,092 | 186,540 |
| Madison Electrical Joint Apprenticeship and Training Trust Fund | 1,023,019 | 690,328 |
| Milwaukee Area Bricklayers Apprenticeship Training Fund | 95,120 | 128,159 |
| Milwaukee Area Cement Masons Joint Apprenticeship & Training Committee | 102,763 | 169,602 |
| Milwaukee Area Sheet Metal Joint Apprenticeship and Training Fund | 759,237 | 821,312 |
| Milwaukee Electrical Joint Apprenticeship & Training Plan | 1,691,451 | 1,489,814 |
| National Automatic Sprinkler Industry Apprentice & Training Fund | 4,315,214 | 4,641,438 |
| North Central States Regional Council of Carpenters Training Fund | 1 2,368,778 | 1,361,612 |
| Northern WI Asbestos Workers Joint Apprenticeship Fund | 82,505 | 131,559 |
| Painters Local Union 802 Apprenticeship and Training Fund | 236,753 | 199,266 |
| Plumbers Local 75 Education Fund | 1,237,372 | 1,084,802 |
| Plumbers Steamfitters and Service Techs Workers Union Local 434 Training Fund | 1,038,300 | 834,473 |
| Plumbing & Pipefitting Educational Program (Appleton) | 1,632,651 | 1,504,373 |
| Racine Electrical Joint Apprenticeship and Training Fund | 77,864 | 33,140 |
| Racine-Kenosha Plumbers & Steamfitters Education Fund | 433,698 | 412,859 |
| Sheet Metal Workers Local 18 EL & W Local Training Fund | 126,201 | 74,067 |
| Southeast Wisconsin Carpentry Training | 2 1,440,249 | 1,441,000 |
| Southeastern Sheet Metal Joint Apprenticeship Training Fund | 72,587 | 52,360 |
| Steamfitters Training School | 2,180,295 | 1,953,490 |
| The Wisconsin NECA-IBEW Joint Apprenticeship and Training Trust | 729,816 | 620,193 |
| Tile Industry Apprenticeship and Education Fund | 10,161 | 20,297 |
| Western Wisconsin IBEWNECA Joint Apprenticeship & Training Trust Fund | 83,480 | 118,623 |
| Wisconsin Laborers' Apprenticeship and Training Fund | 1,917,354 | 1,353,219 |
| Wisconsin Masons' Apprenticeship and Training Fund | 62,437 | 108,003 |
| Wisconsin Operating Engineers Skill Improvement and Apprenticeship Fund | 5,659,834 | 5,302,304 |
| Total | \$ 31,567,600 | \$ 28,580,190 |

1 - represents the estimated activity of Wisconsin in 2014 for a multi-state training program based in Wisconsin. The Form 990 for the calendar year 2014 has not yet been finalized.

2 - represents the estimated activity of Wisconsin for the year ended June 30, 2013 for a multi-state training program, the Chicago Regional Council of Carpenters Apprentice and Trainee Program, based in Illinois



**WISCONSIN
CONTRACTOR
COALITION**

TO: Wisconsin Legislators

FROM: Wisconsin Contractor Coalition

RE: Peterson Construction Vice President's Testimony Against ^{AB 61} Senate Bill 44 - "Right to Work" Bill

The following is a transcript of Tim Peterson's testimony against ^{AB 61} Senate Bill 44 at today's Senate Committee on Labor and Government Reform Public Hearing:

Greetings. My name is Tim Peterson, Vice President of James Peterson Sons, Inc. Company located in Medford, WI. I am here today to testify against ^{AB 61} Senate Bill 44 - the Right to Work legislation.

Our company specializes in heavy civil construction including many Wisconsin Department of Transportation (WisDOT) projects- the Zoo Interchange and many Madison area highways. My great grandfather started the company logging, then roadways with his first road contract in Taylor County - building a section of highway 64 with horse teams.

Our company has had a long relationship with the Operating Engineers Local 139. We are part of a multi employer agreement with the Operating Engineers that provides our company with highly skilled, safe, and trained workers that we rely on to building projects cost effectively. We can count on their productivity in developing our bids to the WisDOT. Also, we do work out of the state, bringing many of our Wisconsin Engineers with us due to their skill and availability. Right to Work will create tension amongst our employees; those paying dues and those not. We work as a team and this will be an unproductive distraction. The legislation as proposed will, over time, interfere with my company's ability to have a ready, willing & able pool of trained workers. It will drain the union's ability to supply trained, highly skilled workers for me to grow.

For instance, our company grew over 25% last year. We used the Operating Engineer's hiring hall to hire over 20 workers to grow our company. We invested in new equipment and were able to bid competitively because we knew that the Operators had skilled and trained workers available

to staff our equipment. Without the Operators supplying us with those new hires, we would not be able to source the workers ourselves.

In our company's negotiations with the union, each year we agree upon a pay scale for the total package of wages, training, and fringe benefits, including training. The union and their members then allocate HOW those wages and fringe benefits will be divided: how much into wages, how much into the skilled improvement fund, how much into the central pension fund and into the Operating Engineers Health Fund.

If the funding does not go to training, it would end up as wages. Let me repeat... if the wages don't go into training... the money does go into our employees' paycheck. It is their money, not mine.

It is important to say this over and over because of the misleading information repeatedly put out by WMC that tries to confuse you about how this actually works.

I'm not sure why a business organization would try to deliberately mislead the public on a business related issue. They sound like President Obama when he said, "if you own a business...you didn't build that"

In this case, WMC is trying to say, "If you use your own wages to pay for training, you didn't do that...business did." That would be similar to saying "If you drive a car to work, you didn't buy that...business did."

I am a 4th generation construction business owner and an Employer Trustee on the Laborers' and 139 Skill Funds. Take it from me...the money for training comes from an employee's wages...end of story.

With respect to the pension and health care monies allocated to these by the union are managed by a JOINT board of Contractors and Union members, each coming into agreement on how to allocate the health care and pension benefits; again, with no government subsidies. The downturn in the economy in 2009 put a squeeze on the assumed rate of return of the pension, creating an unfunded liability back to the member contractors. Federal law mandates that multi employer pensions take steps to correct this, but it takes time and it takes contractor members contributing to the pension over time to correct. If the Right to Work legislation passes, and union contractors close up shop due to a lack of access to skilled workers, the pension liability passes onto the

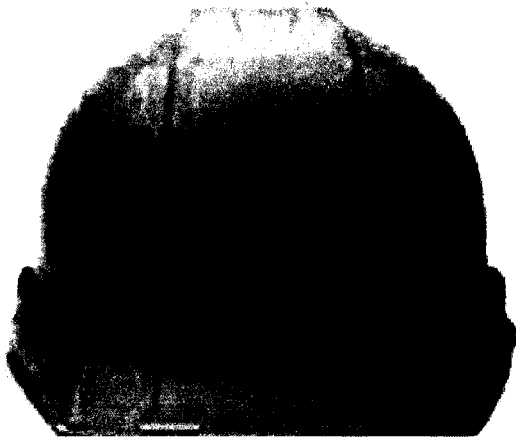
member contractors who are still standing. For instance, if Contractor A has an unfunded liability of \$5,000,000 and closes up shop, that liability is distributed to the rest of the union contractor members still in business. Right to Work states have shown to lose union members and union contractors over time. This will pass the unfunded liability to those contractors still in business.

There will be no savings with Right to Work that the state will see. Good paying construction jobs will get replaced with minimum wage jobs – definitely not in the state's interest. This legislation and repeal of Prevailing Wage statutes will cause a steady decline of skilled, trained workers who earn a living wage and along with it, the family owned, small business construction contractors who depend on them for productivity. Rather than interfere with my company's ability to have access to skilled workers, you should instead concentrate on how to convince me to grow my business and hire more workers like I did last year. Because of your proposed Right to Work and Prevailing Wage repeal we have canceled plans to invest in new equipment and subsequently highly paid workers to operate them.

Why? Why would it be in the State's interest to do this?

Thank you for your time, I can answer any questions at this time.

For more information, please visit www.wisconsincontractorcoalition.com



796
FATALITIES

In 2013, **CONSTRUCTION** accounted for the highest number of fatal work injuries of any industry sector.

FATAL WORK INJURIES - 2013

| | |
|--|-------------|
| Construction | 796 |
| Utilities | 23 |
| Mining, quarrying and oil & gas extraction | 154 |
| Mining, quarry and oil/gas industry work | 296 |
| <u>Construction/utility/energy/mining</u> | 1269 |
| TOTAL PRIVATE INDUSTRY DEATHS | 3929 |

THE POTENTIAL EFFECTS OF A RIGHT TO WORK LAW IN WISCONSIN

Prepared by

**Abdur Chowdhury
Professor, Department of Economics
Marquette University**

January 2015

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EXECUTIVE SUMMARY

There is an ongoing effort to make Wisconsin a 'right to work' (RTW) state. Proponents of RTW laws suggest that it will make Wisconsin more attractive to business investment. However, most evidence shows that RTW legislation, by itself, is not much of a factor in where firms locate. In annual surveys of small manufacturers conducted by *Area Development* magazine, RTW never ranked in the top 10 factors influencing location decisions. Another argument for RTW is the claim that it creates more jobs. But numerous studies have shown that it is not RTW laws that matter, but rather the 'pro-business package' offered by right-to-work states seems to matter.

A national assessment of the effect of RTW laws on important labor market outcomes, such as, unionization, wages, employment, inequality and job-related injuries reveal some important findings. First, unionization rates in RTW states are less than half of what they are in Collective Bargaining (CB) states. Second, aggregate employment in RTW states has increased modestly while employment in CB states has declined. Third, wages are lower in RTW states than in CB states. Fourth, RTW increases gender and racial wage inequality and also makes for less safe workplace.

The potential net loss in direct income to Wisconsin workers and their families due to a RTW legislation is between \$3.89 and \$4.82 billion annually. Using a conservative estimate of an impact multiplier of 1.5, the total direct and induced loss of a RTW legislation is estimated between \$5.84 and \$7.23 billion annually. Based upon the two estimates of lost incomes and an overall effective tax rate of 4.0%, the economic loss in state income taxes is estimated between \$234 and \$289 million per year.

While considerable efforts are being made by certain legislators to pass the RTW law in Wisconsin, the empirical evidence on the effect of adopting such a law does not support prescribing it as an economic policy tool. Overall, this study shows that RTW legislation would provide no discernible economic advantage to Wisconsin, but would impose significant social and economic costs. Low wages would weaken consumption. Higher rates of labor turnover and adversarial labor-management relations would decrease productivity. It would also burden the state with higher 'mop-up' costs.

Right to work is a shortsighted and superficial selling point. The citizens and potential investors in Wisconsin are all better served by economic development policies that lead to decent wages and working conditions.

I. Introduction

There is an ongoing effort to make Wisconsin a 'right to work' (RTW) state. Unfortunately, many of us are not aware of the implications if such a law is approved by the state legislature. The empirical evidence on the effect of adopting a RTW law on labor market outcomes is both varied and mixed. In order to make an informed contribution to the public debate, this paper attempts to explain the law, evaluate the arguments supporting the law, and describe its potential effects for Wisconsin. This would help the state's voters, residents, workers, and policymakers to make an informed decision.

In particular, this paper begins with a national assessment of the effect of RTW laws on important labor market outcomes, such as, unionization, wages, employment, inequality and job-related injuries. There are several key findings. First, unionization rates in RTW states are less than half of what they are in Collective Bargaining (CB) states. Second, aggregate employment in RTW states has increased modestly while employment in CB states has declined. Third, wages are lower in RTW states than in CB states. Fourth, RTW increases gender and racial wage inequality. Finally, RTW increases workplace fatalities.

Next, the potential impact of a RTW legislation on state and well as individual workers' income in Wisconsin is estimated. The net loss in direct income to Wisconsin workers and their families vary from \$3.89 to \$4.82 billion annually. Using a conservative estimate of an impact multiplier of 1.5, the total direct and induced loss of a RTW legislation is estimated between \$5.84 and \$7.23 billion annually. Based upon the two estimates of lost incomes and an overall effective tax rate of 4.0%, the economic loss in state income taxes is estimated between \$234 and \$289 million per year.

While considerable efforts are being made by certain legislators to pass the right-to work law in Wisconsin, the empirical evidence on the effect of adopting such a law does not support prescribing it as an economic policy tool. The analysis in this paper clearly indicates that the RTW legislation would lead to harmful effects to Wisconsin's economy by lowering its capacity to provide essential public services and worsening the quality and condition of the labor force. Such legislation would serve no clear economic purpose while poisoning the political climate in the state.

Meaning of Right to Work

As opposed to what the term implies, RTW actually has nothing to do with the right of a person to seek or accept gainful employment. Rather, RTW laws prohibit a labor union and employer from negotiating union security clauses that regulate the collection of union dues. In non-RTW states, such as Wisconsin, unions typically require every person benefiting from union

representation to pay union dues. In RTW states, the payment of dues are optional for workers represented by the union. Proponent of such laws say people should have the freedom to choose union membership, and that forced unionism is a form of financial coercion. Opponents claim RTW laws are blatant attempts to weaken unions, and that workers should pay their fair share if they are to obtain union benefits.

Brief History

To fully understand the efforts of the advocates of right to work legislation, one must be cognizant of the historical context of this issue. Private sector workers' rights to unionize and collectively bargain over wages, benefits, and working conditions were established under The National Labor Relations Act (NLRA) of 1935. The NLRA also permits collective bargaining contracts between employers and labor organizations that require every individual covered by the collective bargaining contract to pay dues to the negotiating labor organization. These contract provisions are known as union security agreements.

The 1947 Taft-Hartley amendments to the National Labor Relations Act (1935) granted states the right to pass laws that prohibit any type of union security clause from being inserted into a collective bargaining agreement. Most states which adopted right to work laws did so in the late 1940s and the 1950s, soon after the passage of the Taft-Hartley amendments. A state may pursue RTW through legislation, a ballot initiative, or an amendment to its state constitution. The details of RTW laws vary by state.

Today, right-to-work laws are in effect in 24 states, most of them in the West and the South. The Northeast is the only region without a right-to-work law while the South has the highest concentration. Prior to 2012, Oklahoma was the last to enact right-to-work legislation in 2001. In 2012, Michigan and Indiana enacted right to work legislation. Table 1 lists the 24 states that have passed RTW laws.

Table 1. Right to Work States and Date of Enactment

| State | Year of Enactment | State | Year of Enactment |
|----------------|-------------------|----------------|-------------------|
| Florida | 1943 | Nevada | 1951 |
| Arizona | 1947 | Alabama | 1953 |
| Arkansas | 1947 | Mississippi | 1954 |
| Georgia | 1947 | South Carolina | 1954 |
| Iowa | 1947 | Utah | 1955 |
| Nebraska | 1947 | Kansas | 1958 |
| North Carolina | 1947 | Wyoming | 1963 |
| North Dakota | 1947 | Louisiana | 1976 |
| South Dakota | 1947 | Idaho | 1985 |
| Tennessee | 1947 | Oklahoma | 2001 |
| Texas | 1947 | Indiana | 2012 |
| Virginia | 1947 | Michigan | 2012 |

Source: U.S. Department of Labor, Wage and Hour Division

II. Evaluating arguments favoring RTW law

Supporters of RTW laws advance two major arguments. First, RTW laws make a state more attractive to business investment, and that passage of RTW law will lead to job growth. Lets' consider these two arguments.

Most evidence suggests that RTW legislation, by itself, is not much of a factor in where firms locate. Studies examining why firms locate where they do have consistently found that there are several key factors that business decision-makers consider and compare when deciding among alternative investment sites. These include proximity to markets for their products; access to the raw materials and supplies that firms need; access to quality transportation networks and infrastructure; quality of life characteristics (e.g., good schools, health services, recreational facilities, low crime rates, quality housing, and weather); regulatory environment; the cost and reliability of utilities, etc. Stevens (2009) report that there is no more business capital formation in right to work states, as measured by the number of businesses and the

ratio of firm formations to total firms. In addition, recent studies of high-tech firms indicate that they often seek out areas with highly skilled labor and proximity to universities and research centers.

In the past, a company's strategic objective may have been focused solely on productivity. This strategic objective may lead to a site selection process where cost reduction is the focal point. A new strategic objective in a globalized environment is more concentrated on innovation, with productivity as a secondary consideration (*Area Development*, December 2014). In annual surveys of small manufacturers conducted by *Area Development* magazine, RTW never ranked in the top 10 factors influencing location decisions.

Another central argument for RTW is the claim that it creates more jobs. Researcher Thomas Holmes has documented growing manufacturing employment in right to work areas compared with neighboring jurisdictions that are not. But in a journal article in 2000, he also stated that "... Right-to-work states historically have pursued a number of other smokestack-chasing policies, such as low taxes, aggressive subsidies, and even, in some cases, lax environmental regulations. Thus, my results do not say that it is right-to-work laws that matter, but rather that the 'pro-business package' offered by right-to-work states seems to matter."

Lafer and Allegretto (2011) also take issue with the conclusion that RTW laws clearly lead to an increase in manufacturing employment. "The fact that states that share a common attribute have stronger average growth rates cannot be taken as evidence that the attribute in question is the cause of that growth," they write.

The 24 states with RTW laws have very different economies, and their economic fortunes are mostly explained by the unique features of their economies and state economic development policies. Texas, for instance – the single largest RTW state has a very large oil and gas industries. Florida and Nevada have large tourism industries and attract large numbers of both young people and retirees drawn to the climate. It is factors such as these along with a host of state policies that determines a state's economic fortunes (Lafer, 2012). Thus it is difficult to isolate the impact of a single government policy from other competing economic factors, statutes, and regulations that help shape a state's economy.

III. Impact of Right to Work Laws on Labor Market Outcomes

While it is possible to compare data from states with RTW laws to states without such laws, observing the counterfactual—what would have happened in each state if it had a differing union security policy— is quite difficult. Hence there is no simple way to tell what contribution a RTW law (or absence thereof) made to other outcomes in the state. For example, a researcher

could compare employment growth in Iowa (a RTW state) and neighboring Wisconsin (a collective bargaining state), but it would be impossible to identify what portion of the differences between the states was attributable to their respective union security laws and what portions were attributable to differences in labor force characteristics, industry makeup, local taxation policies, and countless other state-specific characteristics (Collins, 2012).

While it is not possible to completely isolate the effect of RTW laws in dynamic and complex economies, some researchers have attempted to estimate the effect of RTW laws by controlling for other factors. Their techniques have varied and diverse methodologies have yielded diverse conclusions. The following section begins with a national assessment of the effect of RTW laws on important labor market outcomes, such as, unionization, wages, employment, inequality and job-related injuries. As enough time has not elapsed since Michigan and Indiana adopted RTW legislation in 2012, the following analysis is based on data up to 2011 for 22 RTW states.

Right to Work and Unionization

Collins (2012) reported the rate of union membership and the share of workers represented by a union in RTW and CB states. Two clear trends emerge. First, the union membership rate in CB states is nearly three times that of RTW states (15.8% vs. 5.7%). Second, the proportion of workers who are covered by a union contract but who are not members of the union is higher in RTW states than CB states. In RTW states, about 18% of the workers who are covered by a union contract are non-members (approximately 616,000 of 3.4 million). In CB states, this share is about 7% (about 910,000 of 12.8 million).

Table 2. Union Membership and Representation by Sector and in Right to Work and Union Security States, 2011

| | Employment (in thousands) | Union Members (in thousands) | % Union Members | Covered by Union Contract (in thousands) | % Covered by Union Contract |
|-----------------------|------------------------------|------------------------------------|--------------------|---|-----------------------------------|
| Total | 125,210 | 14,755 | 11.8% | 16,281 | 13.0% |
| RTW | 49,604 | 2,812 | 5.7% | 3,428 | 6.9% |
| Collective Bargaining | 75,606 | 11,943 | 15.8% | 12,853 | 17.0% |
| Private Sector | | | | | |
| Total | 104,778 | 7,204 | 6.9% | 7,972 | 7.6% |
| RTW | 41,182 | 1,350 | 3.3% | 1,602 | 3.9% |
| Collective Bargaining | 63,596 | 5,855 | 9.2% | 6,370 | 10.0% |
| Public Sector | | | | | |
| Total | 20,432 | 7,550 | 37.0% | 8,309 | 40.7% |
| RTW | 8,421 | 1,462 | 17.4% | 1,827 | 21.7% |
| Collective Bargaining | 12,010 | 6,088 | 50.7% | 6,482 | 54.0% |

Source: Collins (2012), Table 2

Long-Term Trends in Unionization

While there is debate as to the magnitude of influence RTW laws exert on unionization levels, there is little debate that there has been a long-term decline in unionization that is independent of RTW policies. As Table 3 shows, union density has declined in both RTW and CB states since 1983. The share of workers covered by a collective bargaining contract (i.e., union members plus covered workers who are not members) has followed a similar trend.

Table 3. Union Membership Rates in Right to Work and Collective Bargaining States, 1983-2011

| | 1983 | 1991 | 2001 | 2011 |
|-----------------------|--------------------|-------------------|-------------------|--------------|
| Total | 20.1% | 16.1% | 13.5% | 11.8% |
| RTW | 11.6% ^a | 8.5% ^b | 6.8% ^c | 5.7% |
| Collective Bargaining | 24.3% | 20.2% | 17.5% | 15.8% |

Source: Collins (2012), Table 3

Manzo *et al* (2013) have shown that RTW laws lower a worker's probability of being a union member by 9.9 percentage points on average. During the Great Recession of 2007-9, the union membership rate increased by 0.6 percentage points among employed workers. As the employed worker pool shrunk, unions protected the jobs of their members while those not represented by a labor union were more likely to lose their job. During the same period, RTW was statistically associated with an additional 0.4 percentage point decline in the probability of being a union member, *beyond* the 9.9 percentage point average reduction. After adding in state-level factors, Manzo *et al* (2013) found that RTW is statistically associated with a 1.5 percentage point decrease in the probability of being a union member. (Table 4).

Table 4: RTW Effects on the Probability of Being a Union Member, Population 16 Years and Older

RTW Effects on the Probability of Being a Union Member

| Effect | No Controls | All Controls | Controls with State Effects |
|----------------------|-------------|--------------|-----------------------------|
| RTW effect | -9.7% | -9.9% | -1.5% |
| Recession | | 0.6% | 0.6% |
| Recession, RTW state | | -0.4% | 0.0% |

Source: Manzo *et al* (2013), Table 5

Right to Work and Employment

Table 5 presents data on employment levels for RTW and CB states between 2001 and 2011. Collins (2012) has shown that aggregate employment growth is clearly greater in states with RTW laws and RTW advocates often cite these trends as evidence that RTW leads to increased job growth and employment levels (NILRR 2011).

Table 5. Employment Levels for Right to Work and Collective Bargaining States,

| | <i>Employment (in thousands)</i> | | | <i>Change in Employment</i> | | |
|------------------------------|----------------------------------|---------|---------|-----------------------------|-----------|-----------|
| | 2001 | 2006 | 2011 | 2001-2006 | 2006-2011 | 2001-2011 |
| Total | 131,590 | 135,836 | 131,336 | 3.2% | -3.3% | -0.2% |
| RTW States | 49,797 | 52,918 | 51,574 | 6.3% | -2.5% | 3.6% |
| Collective Bargaining States | 81,793 | 82,918 | 79,762 | 1.4% | -3.8% | -2.5% |

Source: Collins (2012), Table 4

It should be pointed out that aggregate data are misleading and hide substantial variation among both RTW and CB states. For example, during the 2001-2011 period reported in Table 4, employment grew 13.7% and 8.9%, respectively, in the collective bargaining states of Alaska and Montana while declining 3.5% and 2.2%, respectively, in the RTW states of Mississippi and Alabama. These diverse outcomes show that RTW laws themselves do not lead to above-average employment growth (Lafer and Allegretto 2011).

Moreover, RTW laws often exist alongside other, perhaps more compelling, pro-business policies. For example, North Dakota reported the nation's fastest employment growth between 2001 and 2011. While it is an RTW state, North Dakota also sponsors a multitude of other business-oriented policies such as tax exemptions, subsidized training, and other financial incentives. North Dakota's growth may also have been attributable to non-policy characteristics such as an above-average presence of natural resources (Collins, 2012).

Right to Work and Wages

According to U.S. Department of Labor statistics from 2013, the average wage for all occupations in RTW states is nearly \$4 an hour lower than in the remaining states. Gould and Shierholz (2011) examines household survey data to compare wages between RTW and CB states. After controlling for a comprehensive set of both individual and state-level observable characteristics, they find that the mean effect of working in a right to work state is a 3.2% reduction in wages. They also find that the rate of employer-sponsored health insurance and pensions are, respectively, 2.6 and 4.8% lower in a RTW state relative to a CB state. Collins (2012) presents average annual wage data from RTW and CB states in 2011 and shows that wages in CB states are 16.6% higher than in RTW states.

Table 6. Employment and Average Annual Wages in Right to Work and Collective Bargaining States, 2011

| | Employment | Total Wages (in thousands) | Average Annual Wage |
|----------------------|--------------------|-------------------------------|------------------------|
| United States | 129,411,099 | 6,217,285,908 | \$48,043 |
| RTW States | 50,579,217 | 2,207,308,191 | 43,641 |
| CB States | 78,831,882 | 4,009,977,717 | 50,867 |

Source: Collins (2012), Table 5

RTW and Income Inequality

In analyzing the effect of RTW on the real wages of African-Americans, Hispanics and female workers, Manzo *et al* (2013) has shown that RTW increases income inequality. Table 7 presents the average real hourly wages of all workers by race or ethnicity in RTW and CB states from 2003 to 2012. The results are broken down by native-born and immigrant workers but are not adjusted for other important characteristics such as education or industry. The results show the negative effect of RTW on all major racial/ethnic identifications.

RTW has particularly negative effects on the wages of native-born minority groups: per-hour work incomes are at least \$2.49 lower in RTW states for native-born African-American, Hispanic, and Asian workers compared to their respective CB counterparts. By contrast, wages

are \$1.82 per hour lower in RTW states than in CB states for whites born in the United States. For foreign-born workers, RTW has a negative effect, but generally less negative than for those born in America. Only the wages of immigrant white workers fall by more on average than their native-born equivalents due to RTW; immigrant white workers experience a \$2.20 hourly wage penalty from RTW. Among immigrant workers, Asians suffer the largest drop in hourly wages associated with RTW (-\$2.65), while African-Americans (-\$1.76) and Hispanics (-\$0.80) still see a wage penalty.

Table 7: RTW Effects on Wages by Race/Ethnicity, All Workers (per hour)

| | RTW States | CB States | RTW-CB |
|--------------------|------------|-----------|---------|
| Native Born | | | |
| White | \$22.14 | \$23.96 | -\$1.82 |
| African-American | \$16.82 | \$19.59 | -\$2.77 |
| Hispanic | \$17.15 | \$19.74 | -\$2.49 |
| Asian | \$21.32 | \$24.64 | -\$3.32 |
| Immigrant | | | |
| White | \$24.16 | \$26.36 | -\$2.20 |
| African-American | \$18.13 | \$19.89 | -\$1.76 |
| Hispanic | \$14.92 | \$15.72 | -\$0.80 |
| Asian | \$24.01 | \$26.66 | -\$2.65 |

Source: Manzo *et al* (2013), Table 6

RTW and Fatalities in the Construction Industry

One of the stated goals of labor unions is to protect worker health and safety. As RTW laws reduce unionization, Zullo (2011) reports state-level data to test whether union density and right-to-work laws are associated with worker fatalities in the construction industry and in construction occupations. Zullo constructs two ratios:

- (i) Construction industry fatalities per thousand construction employees; and

- (ii) Construction occupation fatalities per thousand construction employees.

He reports the following statistics:

Table 8: Average Fatality Statistics, RTW and CB States

| | <u>RTW States</u> | <u>CB States</u> |
|--|-------------------|------------------|
| Industry fatalities per thousand employees | 0.196 | 0.140 |
| Occupation fatalities per thousand employees | 0.126 | 0.094 |

For both measures, the fatality rate is higher in RTW states. The rate of industry fatalities is 40% higher in RTW states, and the rate of occupational fatalities is 34% higher in RTW states. These statistics alone, however, fall short of testing whether RTW law is responsible for the relatively high fatality rates. RTW laws are found predominately in the southern and western United States and it could be that other factors, such as geographic terrain, weather, and so forth, affect worker safety. Unions also have a stronger presence in non-RTW states.

To address these issues, Zullo estimates a statistical model. For both measures, he reports that higher levels of unionization equate with lower fatality rates. Right to work laws show no association with fatality rates. However, the interaction between right to work laws and unionization suggests that unions are less effective at protecting member safety in RTW states. In CB states, industry fatalities are 0.23 per thousand with low levels of union density, but this estimate drops to 0.16 with high union density. By comparison, the industry fatality rates in RTW states are relatively flat regardless of the level of industry unionization: with low levels of unions, the fatality rate is 0.20; with high levels the rate is 0.18.

It can be argued that RTW laws result in the underfunding of union safety training or accident prevention activities leading to less-safe workplaces, including increased fatalities for construction workers. This fact is not surprising given that unions spend significant resources on occupational safety and negotiate job safety procedures beyond those contained in OSHA regulations.

Overall, a national assessment of the effect of RTW laws on important labor market outcomes provide several important findings.

- (i) Unionization rates in RTW states are less than half of what they are in CB states.
- (ii) In the past decade, aggregate employment in RTW states has increased modestly while employment in CB states has declined.
- (iii) Wages are lower in RTW states than CB states.
- (iv) RTW increases gender and racial wage inequality.

- (v) RTW increases workplace fatalities.

Additional adverse effects of RTW

Right to work legislation not only puts a downward pressure on wages, it also erodes the quality of a state's labor force by encouraging the best and the brightest to migrate to states where wages are higher. As an example, consider Iowa. Its' RTW laws have helped to keep wages down, but they have also spurred many young, well-educated, well-trained Iowans to migrate to other states in search of higher-quality and higher-paying employment.

A study by Eren and Ozbeklik (2012) estimates that wages of nonunion workers in Oklahoma fell 4.3% as a result of RTW. The wage losses of nonunion workers could even be higher in a state such as Wisconsin, where a higher share of the workforce is unionized than in Oklahoma.

Because RTW laws reduce wages, they also cause income and spending to decline. Lower income means less income tax revenue, and less spending translates into lower sales tax receipts. In these ways RTW laws undermine the ability of state and local governments to raise adequate tax revenues to pay for public services. And yet, high-quality public services, such as good schools, roads, highways, and hospitals, spur economic growth and influence business location decisions.

Nationally, technology and science are paving the way to economic success. The Milken Institute has developed a *State Technology and Science Index* that provides a composite index showing which states are in the best position to take advantage of opportunities for economic growth in the new environment. The Institute has published this index for the past seven years. In the *State Technology and Science Index 2014*, nine of the top ten states are collective bargaining states; seven of the bottom ten states in the ranking are right to work states.

IV. Comparison with Oklahoma and South Carolina

In 2012, Indiana and Michigan became the latest RTW states. As mentioned earlier, given the short time span, it is difficult to gauge the impact of RTW on these two states. Prior to 2012, the most recent state to adopt right to work was Oklahoma in 2001. So lets' look at the performance of Oklahoma since becoming a RTW state.

Since its passage in 2001, manufacturing employment in the state and firm relocations to the state have fallen, just the opposite of what right-to-work proponents claimed would happen. According to the Oklahoma Department of Commerce website, businesses contemplating locating their business in Oklahoma consider a number of site selection factors. The fact that Oklahoma's right to work status is not listed by the Oklahoma Department of Commerce as one

of those factors provides evidence that the state does not view right to work as a primary attraction factor (Kelsay, 2014). Rather, the Department of Commerce's focus is on a variety of financing and incentive options. The fact that right to work is irrelevant to high wage employers is evident from the fact that Oklahoma recently found it necessary to double the cash-back incentive – now offering an incentive for up to 10% of payroll costs – in order to attract higher wage employers to the state.

Both the American Legislative Exchange Council (Laffer, Moore, and Williams 2011) and the U.S. Chamber of Commerce (Eisenach *et al.* 2011) issued reports promoting South Carolina as a model of economic development due, in part, to its RTW law. But at the end of 2014, South Carolina's unemployment rate was 6.7% - more than a percentage point higher than that of Wisconsin. Wisconsin consistently ranks higher than South Carolina in lower poverty rate, higher home ownership, longer life expectancy, higher percentage of high school graduates, lower crime rate, etc. The rate of new business openings are also higher in Wisconsin than in South Carolina.

So, given the evidence at the national level, it would be erroneous to argue that the adoption of RTW legislation would improve the economic performance in Wisconsin. There are other factors which have a greater impact on economic activity and concentrating efforts on passing the RTW legislation would serve no meaningful purpose.

V. Direct and Indirect Impacts of RTW in Wisconsin

Direct Impact

In order to properly assess the potential economic impact of right to work legislation on Wisconsin workers and families, one has to account for the predicted loss of income to Wisconsin households due to the payment of lower wages. In this section, the direct impact of RTW on workers' income in Wisconsin is calculated. In studying the economic impact of RTW laws on wages and benefits, Gould and Shierholz (2011) reports that, after controlling for macroeconomic indicators as well as individual demographic and socio-economic variables, wages in right-to-work states are 3.2% lower than in CB states. Kelsay (2014) shows that Missouri had average annual earnings per employee in 2012 of \$43,128 while for the six right-to-work states contiguous to Missouri, the average annual earnings in 2012 were \$41,397. This represents a potential loss of 4.18% in earnings for Missouri workers compared to the six contiguous right-to-work states. The direct economic loss of RTW laws to Wisconsin workers is

calculated using these two estimates of the percent decrease in wages (3.2% and 4.8%, respectively).

The loss in annual income for Wisconsin workers represents the direct or first order impact of the movement to right-to-work in Wisconsin. This loss in annual income does not take into account the indirect or secondary effects, as it ignores multiplier effects (e.g., induced or secondary effects) on other workers and their families in Wisconsin. It also ignores impacts on tax revenue bases in Wisconsin that are a function of the general level of income and economic activity in Wisconsin (Kelsay 2014).

As an offset to the reduction in income for Wisconsin workers (direct impacts), there will be an increase, to some extent, in employment in Wisconsin as a result of the lower wages paid. For example, employment in low-skilled industries would be expected to increase in Wisconsin because the payment of lower wages induces firms to hire less productive workers. In this case we have followed Kelsay (2014) and assumed the elasticity of labor demand in response to a decrease in wages to be 0.20 -- in other words, if wages fall, there is a slight increase in employment.

According to data from the U.S Bureau of Labor Statistics, the 2012 average annual earnings per employee in Wisconsin is \$46,976.60. This is given in Table 9. Utilizing the assumption that wages would decrease by 3.2% as a result of right-to-work legislation over a three-year horizon, the decrease in annual average earnings is estimated to be \$1,503, resulting in average annual earnings of \$45,473.60 in 2012 dollars. The direct loss in income for Wisconsin worker would be \$3.69 billion dollars annually.

Based upon a labor elasticity estimate of -0.20, a 3.2% reduction in wages would generate 15,699 additional jobs. Assuming that these additional workers would earn an average annual income of \$45,473.60, this would generate \$713.89 million in additional income in Wisconsin. This would partially offset the \$3.69 billion in direct lost income. Hence, the net loss in direct income to Wisconsin workers and their families under the estimate of a 3.2% decrease in wages is \$2.97 billion annually.

Utilizing the assumption that wages would decrease by 4.18% as a result of right- to-work legislation, the decrease in annual average earnings would be \$1,964, resulting in average annual earnings of \$45,012.60. The direct loss in income for Wisconsin workers would be \$4.82 billion dollars annually.

Based upon a labor elasticity estimate of -0.20, a 4.18% reduction in wages would generate 20,507 additional jobs. Assuming that these workers would earn \$45,012.60 this would generate an additional \$923.07 million in additional income in Wisconsin. This would partially offset the \$4.82 billion in direct lost income. Hence, the net loss in direct income to Wisconsin

workers and their families under the estimate of a 4.18% decrease in wages is \$3.89 billion annually.

| Table 9 Economic Impact of RTW on Wages and Employment in Wisconsin, 2012 Data | | |
|--|---|-----------------|
| | Gould & Shierolz Kelsay (2013) (2011) | |
| | 3.20% | 4.18% |
| 2012 Average Annual Wage in Wisconsin ¹ | \$46,976.60 | \$46,976.60 |
| Decrease in Wage ² | \$1,503 | \$1,964 |
| New Annual Wage | \$45,473.60 | \$45,012.60 |
| Number of Workers ¹ | 2,453,000 | 2,453,000 |
| Loss in Income for Wisconsin Workers ³ | \$3,686,859,000 | \$4,817,692,000 |
| Increase in Employment from Lower Wage ⁴ | 15,699 | 20,507 |
| Increase in Income from Lower Wage ⁵ | \$713,890,046 | \$923,073,388 |
| Net Economic Loss in Income in Wisconsin ⁶ | \$2,972,968,954 | \$3,894,618,612 |
| 1 | United States Census Bureau, 2012. | |
| 2 | 2012 annual wage in Wisconsin multiplied by estimated loss in wages. | |
| 3 | Decrease in wages <i>multiplied</i> by number of workers | |
| 4 | Increase in employment derived from labor elasticity estimate of -0.20 (Kelsay, 2004) | |
| 5 | New annual wage <i>multiplied</i> by increase in employment. | |
| 6 | Loss in Income for Wisconsin workers minus increase in income from lower wage. | |

Author's calculation.

Secondary Effects of a Reduction in Income

The net loss in direct income to Wisconsin workers and their families is between \$3.89 and 4.82 billion. Economic impact multipliers can be used to estimate the secondary or induced effect on other sectors in Wisconsin. Using a conservative estimate of an impact multiplier of 1.5, the total direct and induced effects of a RTW legislation would be between \$5.84 and 7.23 billion.

Loss in Wisconsin Income Tax Revenue

State income taxes for Wisconsin would decrease as well. Wisconsin's personal income tax system consists of four brackets and the tax rate varies from 4.0% to 7.65%. Wisconsin's state and local income tax collections per person were \$1128 in 2011 which ranked 12th highest nationally. The current Wisconsin marginal income tax rate on income over \$14,540 is 4.0% (married filing joint return). As suggested by Kelsay (2014), the following conservative assumptions are made regarding the net decrease in income taxes in Wisconsin:

- (i) 25% of the lost income would have been taxed at an effective tax rate of 6.0%;
- (ii) 50% of the lost income would have been taxed at an effective tax rate of 4.0%; and
- (iii) 25% of the lost income would not have been subject to Wisconsin Income tax.

Based upon the two estimates of lost incomes and the overall effective tax rate of 4.0%, the economic loss in state income taxes is estimated between \$234 million to \$289 million annually.

VI. Why Wisconsin doesn't need a Right to Work Law

The most effective state economic development strategies identify key sectors or clusters of industries in different regions of the state and use public resources to create an environment that supports innovation and the development of well-paying jobs. This high-road approach contrasts to the low-road strategy of bidding down the cost of labor to attract firms away from other states. Low-road companies do care about RTW laws, because their primary concern is minimizing the cost of labor. Their production is routine, and they compete against low-priced labor abroad. From an economic development perspective, these are not very attractive targets as they mostly add low-wage jobs to the local economy. Unless Wisconsin is looking to build its economy around low-wage firms that will only stay around until the next even lower-wage location bids them away, RTW laws are not going to help the state build a strong economy for the 21st century.

Moreover, in the 1970s and '80s, U.S. companies may have moved to RTW states in search of lower wages. But in the globalized economy, companies looking for cheap labor are more likely to set up operations in China or Mexico, not Wisconsin.

Thus, an economic development strategy based on low-balling labor costs is increasingly ineffective in this global environment and depletes a state's resources for investing in real economic development. A high-road strategy requires, above all, a high-quality workforce, which is consistently cited by firms as one of the most important location factors.

VII. Conclusion

By passing RTW legislation, Wisconsin would continue on a low-wage path to economic development. There is a better way. Wisconsin could attract more businesses by investing resources in its workforce and numerous other assets to improve their quality. This means that further attention must be paid to improvements in the health, education, and training of workers. Schools need to be improved, and the state's infrastructure-particularly its roads, bridges, and highways-must be upgraded. Care must be taken to properly manage the state's natural resources and protect its environment. Technological innovation needs to be supported through investments in higher education and research. If the quality of Wisconsin's labor force and other assets improve significantly, businesses will be willing and able to pay higher wages and further expand employment opportunities.

To conclude, right-to-work legislation would provide no discernible overall economic advantage to Wisconsin, but it does impose significant social and economic costs. The benefits of right to work enjoyed by some prospective employers are overshadowed by the costs borne by other employers and the state as a whole. Low wages would weaken consumption. Higher rates of labor turnover and adversarial labor-management relations would decrease productivity. And low-wage employment would burden the state with "mop up" costs (including social services, housing assistance, subsidized day care, school lunch programs, etc). 'Right to work' status is a shortsighted and superficial selling point. The citizens and potential investors in Wisconsin are all better served by economic development policies that lead to decent wages and working conditions.

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The Center for Media and Democracy

Lisa Graves, Executive Director

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Testimony of Brendan Fischer, General Counsel Before the Assembly Committee on Labor March 2, 2015

The Center for Media and Democracy was asked by Representative Christine Sinicki to address the close connections between the American Legislative Exchange Council, or "ALEC," and the right-to-work bill being considered today.

ALEC has been described as a conduit for corporate interests to access and influence state legislators. ALEC is a way for global corporations to push their preferred policies on the state level, away from public view.

It was not until a whistleblower came to the Center for Media and Democracy in 2011 with ALEC's previously-secret model bills that some sunlight began to shine on the organization. CMD published the website ALECexposed.org, and the public could finally begin to connect the dots between ALEC "models" and legislation moving in their states.

Although described as a membership organization, ALEC is in fact almost entirely funded by corporate interests: 98 percent of ALEC's funding comes from sources other than legislative dues.

In closed-door, out-of-state ALEC meetings, corporate lobbyists get an equal vote with legislators on approving "model legislation" that benefits the same corporate interests that fund ALEC.

One example of that model legislation is the ALEC model Right to Work Act. Wisconsin's Assembly Bill 61 tracks the ALEC model Right to Work Act word-for-word. This was also the case when ALEC legislators in Michigan and Indiana enacted right to work legislation: bills in those states also mirrored ALEC model legislation, word for word.

ALEC members in Wisconsin are apparently claiming that AB 61/SB 44 was lifted from Michigan's right-to-work law, yet that bill was also lifted directly from ALEC model legislation. And at ALEC's August 2013 meeting in Chicago, ALEC legislators were handed a toolkit for enacting right to work titled "You Can Too!" The toolkit described how Michigan passed right-to-work using ALEC model legislation, and urged legislators in Wisconsin and elsewhere to enact right-to-work in their state.

And indeed, that is exactly what is happening today.

In December 2010, Senator Scott Fitzgerald, who was previously the ALEC State Chair for Wisconsin, told WisPolitics that he had just returned from an ALEC meeting, and there was nearly unprecedented energy around right-to-work, like nothing he had seen before.

A few months later, Governor Walker, who himself is an ALEC alumnus, called for Act 10, which was effectively right to work for public-sector unions. It was the first step in what Governor Walker himself described as a “divide and conquer” strategy.

According to documents obtained by *The Guardian*, ALEC claims 43 members in the Wisconsin legislature, as of August 2013. This includes the leadership of the Senate, the Assembly, and the Joint Finance Committee. In the 2011-2012 legislative session, Governor Walker signed 19 ALEC bills into law, according to a Center for Media and Democracy analysis.

In Spring of 2013, Wisconsin legislators attending the ALEC’s States and Nation Policy Summit held in Oklahoma City attended a session discussing right to work. And as mentioned previously, at ALEC’s Annual Meeting in Chicago, legislators also discussed right to work.

And at ALEC’s most recent meeting in Washington DC, ALEC described its plans to push for right to work on the local level. James Sherk of the Heritage Foundation, who is scheduled to speak today, was one of the presenters at that event. Sherk and ALEC’s legally-dubious effort to enact local right to work was the subject of a front-page *New York Times* story.

In addition to Mr. Sherk, the ALEC model legislation being considered today is supported by a cadre of ALEC-tied organizations and interests. Richard Vedder, a member of the ALEC “Board of Scholars” and the 2008 recipient of the ALEC “Adam Smith Award,” wrote a report for the Wisconsin Policy Research Institute purporting to show the benefits of right to work for Wisconsin. Michigan’s Mackinac Center is an ALEC member, and its director of Labor Policy testified in favor of Wisconsin’s ALEC right-to-work bill. Americans for Prosperity is an ALEC member and is spending over \$1 million on ads supporting the right to work bill. Together, these groups and others supporting Wisconsin’s ALEC right to work bill have received millions from the Koch and Bradley foundations.

The issue here is not just the fact that Wisconsin’s right-to-work bill reflects ALEC model legislation. The issue is that ALEC creates an environment where elected officials can become more responsive to out-of-state corporate interests than to the Wisconsinites that they represent.

One example of this is Wisconsin legislators attending ALEC meetings with their flights, hotel rooms, and meals paid for by the same corporate interests that stand to benefit from the passage of ALEC’s Right to Work Act or other ALEC model bills. These costs can be significant, because ALEC meetings are often held in resort locations and high-end hotels. For example, the next ALEC meeting is in Savannah Georgia; the one after that is in San Diego, California.

The fact that some Wisconsin legislators, including at least three members of this Committee, are getting all-expenses paid trips funded by the same corporate interests that benefit from the introduction of ALEC model legislation should raise serious questions about improper influence.

Special interests already hold sway in the capitol by way of lobbying and campaign contributions. But what ALEC does is take this influence peddling to another level. It creates the impression of a "shadow government" where laws and public policy priorities are determined by a small cadre of out-of-state interests. Average citizens can have nowhere near the same level of influence or access.

ALEC has previously claimed that the public has a chance for input once an ALEC bill is introduced in the state. But as we are seeing with the debate over AB 61 and SB 44, this is hardly the case when bills are fast-tracked during an extraordinary session.

In sum, it apparently doesn't matter how many Wisconsinites sign up to testify against a bill, or how many people protest outside the capitol building, or how many letters elected officials receive in opposition to the legislation. Wisconsin legislators are returning from ALEC meetings, with lobbyist-drafted ALEC legislation and toolkits at the ready, and with a commitment to pass the ALEC bill into law--regardless of what the people of Wisconsin have to say.



WISCONSIN CATHOLIC CONFERENCE

TESTIMONY ON ASSEMBLY BILL 61: RIGHT-TO-WORK

Presented to the Senate Committee on Labor and Government Reform

By John Huebscher, Executive Director

March 2, 2015

On behalf of the Wisconsin Catholic Conference (WCC), I offer this testimony “for information” regarding legislation before you today, Assembly Bill 61.

The Catholic Church has long insisted that while it does not have technical solutions for every human problem, it does have a moral duty to speak out on matters that involve the life and dignity of the human person and the common good.

The Church’s moral voice on social matters is based on its Catholic social teaching, developed over centuries and based on Jesus’ call to nourish the hungry and thirsty, welcome the stranger, clothe the naked, and visit the ill and imprisoned (Matthew 25:35-39).

Catholic social teaching consists of seven essential principles, one of which is the “Dignity of Work and the Rights of Workers.” As our WCC 2015 Public Policy Positions document states,

The economy must serve people, not the other way around. Work is more than a way to make a living; it is a form of continuing participation in God’s act of creation. If the dignity of work is to be protected, then the basic rights of workers, owners, and others must be respected – the right to productive work, to decent and fair wages, to organize and choose to join a union, to economic initiative, and to ownership and private property. These rights must be exercised in ways that advance the common good.

...

Workers have the right to choose whether to organize, join a union, and bargain collectively, and to exercise these rights without reprisal. Workers also have responsibilities – to provide a fair day’s work for a fair day’s pay, to treat employers and co-workers with respect, and to carry out their work in ways that contribute to the common good. Workers and employers should not only advance their own interests, but also work together to advance economic justice and the well-being of all.

The Church defends the right of workers to form unions as a natural right. Likewise, it defends the right of employers to earn a profit. The Church warns both against the dangers of excessive self-interest.

(over)

But while acknowledging this can be a challenge, the Church insists that a just economic order is possible. When the interests of both employee and employer are balanced, such that neither tries to damage the other and each cooperates for the advancement of justice and the common good, everyone prospers.

Therefore, as you debate AB 61 the WCC urges you to keep the following questions in mind:

- Does AB 61 benefit the common good?
- Does it provide a just balance between the interests of workers and the interests of employers?
- Does it protect the natural right of workers to assemble and form associations?

We hope these insights are helpful to you as you weigh the merits of this proposal. On behalf of the bishops, thank you for the opportunity to offer them.



Chairman and Committee Members, thank you for allowing me to testify today.

My name is Steve Lyons and I am testifying on behalf of the "Wisconsin Contractor Coalition." The WCC was formed just two months ago with 300 private sector Wisconsin businesses in opposition to Right to Work. Today the WCC's ranks have swelled to 450 private sector Wisconsin businesses from throughout the state, employing thousands of Wisconsin men and women.

The WCC is a bipartisan advocate of legislative, regulatory and public policies affecting the construction industry. Again, made up of companies from the private sector.

I want to take a minute and explain how our industry works and how Right to Work Legislation will negatively impact our business model. For example, a construction business, like Payne and Dolan (a WCC member), gets a bid. Payne and Dolan then contact the union and let them know the need for 20 skilled workers. The union makes sure each of the craftsmen is drug tested and that their certifications are up to date. Many of which are trained at one of Wisconsin's state-of-the-art training facilities funded by the trades as you have heard as seen in Politifact last week. These skilled workers show up on the job, ready and skilled. This has been a strong and successful relationship that has worked for decades.

These private sector job creators have a strong partnership with private-sector trade groups which helps our economy grow. That is why the WCC believes so-called Right-To-Work legislation would seriously diminish what is a very beneficial relationship for all parties involved.

Bill Kennedy, a board member of the WCC, and President of Rock Road Companies located in Janesville, could not be here today, but I wanted to share some of his testimony in front of the State Senate last week.



My name is Bill Kennedy and I am the President of Rock Road Companies located in Janesville Wisconsin. Rock Road Companies was founded by my grandfather in 1913. Today we employ over 100 people and our main focus of business is road construction across Wisconsin and in the Midwest. I am here on behalf of my company but also as a member of the Wisconsin Contractor Coalition, a group of over 400 private sector job creators from all over Wisconsin.

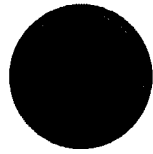
I ask you to oppose the Right To Work legislation.

This legislation will have a negative and direct impact on my company, the local economy, and hurt Wisconsin's efforts to employ more skilled labor.

This bill will hurt how we do business. In my Wisconsin-based company I work with the union on a regular basis. Contrary to the political rhetoric around this issue, we work in partnership with our local unions. For example, if Rock Road receives a bid, I will contact my local union and let them know I need a certain number of welders. They will make sure each of these skilled professionals have been drug tested, their credentials are up to date, and as an employer I will know that they have been trained in a state-of-the-art training facility.

This process has worked for roughly a hundred years. My company and the local union enter into a private contract – voluntarily. And both sides benefit from this contract. The union supplies my company with skilled labor that I know is credentialed and tested, and we created jobs and build Wisconsin's economy.

I should also mention that currently the training facility is paid for by both me as the employer and by individual employees. These facilities are not paid for by the taxpayer. If Right to Work legislation passes, it would not surprise me to see many of these training facilities close, and then the training would need to be done at one of Tech schools, and it would be paid for by the taxpayer.



WISCONSIN CONTRACTOR COALITION

I do not think anyone disagrees that we need more skilled labor in Wisconsin. Today, on Wisconsin's job web site, there are over 70,000 jobs that need to be filled. We have a workforce problem in Wisconsin. This bill hurts efforts to find those skilled workers. And here is why, Wisconsin is already below the national average in wages, regardless of where you are on the issue, most studies will report that workers make less money, have less health benefits and less retirement in right to work states. How does that assist in filling those 70,000 jobs and building Wisconsin's economy?

As a lifelong Wisconsin job creator, I take this issue very seriously. I do not come here to testify to make any type of political statement, but rather to urge you to vote "no" because it will hurt my company.

Let's build Wisconsin's economy together.

I wanted to reiterate a fact in Bill's comments. Today, Wisconsin has a serious workforce crisis. Wisconsin has roughly 70,000 (job center of WI figures) jobs that need to be filled. Many of these positions need skilled labor.

There have been many studies on both sides of the Right-to-Work debate. Most of these studies and reports have a few common findings.

- One - that employees will make less money.
- Two - that health insurance will be less available and cost more to employees, and
- Three - there will be less money for an employee's pension (retirement).

If we are going to fill the 70,000 thousand jobs with skilled employees, what message does it send to those individuals considering a career in construction.



Cutting pay, health care, and the pension of skilled trades doesn't help jobs waiting to be filled. Construction trade workers come to work 'job ready' with all the necessary training, training paid with private money. It's a winning formula for private sector construction companies that should be maintained.

In closing, the Wisconsin Contractor Coalition is made up of hundreds of private sector businesses from all over Wisconsin. These businesses are the job creators that spur growth and keep Wisconsin's economy moving. These job creators urge you to vote "No" on Right to Work Legislation.

Thank you.

I am alive Because of a Union
Because I've Had proper Training to Be
on a Job Site

GOOD AFTERNOON AND THANK YOU FOR TAKING
THE TIME TO LISTEN

ARE you forced to vote a certain way
and if you vote ~~no~~ how dose it affect you
Against?

I AM DAVID PRATT, UNION LOCAL 464.

Why is there a Rush to Push this Through ^{look at the Hole picture not just part of it}

I HAVE CONCERNS FOR MYSELF AND MY FELLOW UNION

MEMBERS AS WELL AS MY UNION. IS ~~Assembly Bill 61~~

THE RIGHT TO WORK BILL, GOING TO CHANGE THE

UNION AND WHAT IT STANDS FOR? ~~WHAT IS GOING~~

~~HAPPEN TO THE PREVAILING WAGE?~~ WHAT CHANGES

DO YOU EXPECT TO SEE AS A RESULT OF THIS BILL?

WHAT GOALS DID YOU HAVE IN MIND? WHAT IS THE

EXPECTED TIME LINE OF WHEN CHANGES ~~will~~ ^{could} BE MADE

OR STARTING TO OCCUR? HOW IS THIS GOING TO

AFFECT THE FUTURE EMPLOYEES OF THE TRADES THIS

ADDRESSES? WHO WILL SEEK OUT A HIGHER

EDUCATION IN THE TRADES KNOWING THE SKILLS AND

KNOWLEDGE THEY RECEIVE WILL NEVER BE

COMPENSATED AND ACTUALLY MAY DECREASE DURING

THE COURSE OF THEIR EMPLOYMENT?

Lissa
608 566 3627

I ALSO HAVE CONCERNS OVER THE FINANCIAL SECURITY THAT COULD BE LOST BY WORKERS AND THEIR FAMILIES THAT ARE WORKING THEIR FAMILY BUDGET AROUND THEIR CURRENT INCOME. THEY THINK THEY HAVE A SET PLAN FOR THE FUTURE THAT COULD NOW DRASTICALLY CHANGE. HOW ARE THEY GOING TO PAY THE MORTGAGE, CAR PAYMENTS, MANDATORY MEDICAL INSURANCE, AND SAVE FOR THEIR CHILDREN'S COLLEGE ON REDUCED WAGES? THEIR BUDGET HAS PROBABLY BEEN PLANNED ON THEIR PREVAILING WAGE, SO WILL THE MONEY BE THERE? PRIOR TO NOW, PUTTING AWAY TOWARDS A PENSION WAS POSSIBLE SO YOU CAN ACTUALLY RETIRE SOME DAY.

SOME OTHER CONCERNS ARE THE WORK PLACE ENVIROMENT THAT WILL DEVELOP BETWEEN UNION MEMBERS AND NON-UNION MEMBERS DOING THE SAME JOB. IT WILL PUT A STRAIN ON ALL EMPLOYEES AND MANAGEMENT RELATIONSHIPS THAT CAN LEAD TO OTHER ISSUES; POOR PERFORMANCE, ABSENCES AND HOSTILE WORK ENVIROMENTS TO NAME A FEW. NONE OF THESE LEAD TO BETTER PRODUCTION OR PROFITS.

MY COMPANY WILL HAVE TO DEAL WITH THESE ISSUES
WHICH WILL END UP COSTING MONEY AND TIME.

WHERE DO YOU THINK THEY WILL MAKE UP THOSE
COSTS? ~~IT WILL RESULT IN FEWER JOBS AND LOWER~~

~~WAGES.~~ *AND HOW WILL THIS AFFECT YOUR
CITIES BECAUSE IT SHALL BE AFFECTING OURS
THIS IS ABOUT ~~YOU~~ ~~IS ABOUT~~ YOUR GRAND KIDS
AND THEIR FUTURE WHAT WILL THEY HAVE SOMEDAY*

THANK YOU FOR YOUR TIME.

Morning and thank you the opportunity to speak with you today on AB-61

My name is Craig Wagner; I am from Tripoli, Wisconsin and have been a **PROUD** member of Sheet Metal Workers' Local 18 for 28 plus years. As Sheet Metal Workers we represent over 4200 members throughout Wisconsin..... WE are part of the Building Trades Division..... I sit on NorthEast Wisconsin Building & Construction Trades Council and the Western Wisconsin Building & Construction Trades Council which represents ~~over 50~~ Trade UNIONS in over 50 Counties in Wisconsin. Like **ALL** of us in the building trades, I have devoted my life to hard work and making sure that the next generation of workers have the tools they need to succeed,.....and be part of our skilled labor force.

Sheet Metal Workers Local 18 and the Contractors we work with.....share the responsibility of administering apprentice training programs,.....which include an extensive five-year curriculum featuring 9,000 hours on-the-job training which is under the supervision of a journeyman and/or journeywomen Sheet Metal Worker. 450 hours paid related instruction which is done in classroom training at our state-of-the-art training facilities. (In Cadott & Appleton, WI)

"The union construction model is reliant on a workforce comprised of highly-skilled journeymen and women Sheet Metal Workers" and foremen's who are able to work safely and efficiently without intensive supervision on all parts of the shop and construction sites.

Our Contractors says. "This means that the apprenticeship programs must produce well-rounded Sheet Metal Workers.....or EST technicians.....who have received extensive training in the most up-to-date construction methods.....as well as the most cutting-edge technology." With newer technologies,.....the need for labor unions and contractors to work together to train workers to properly utilize and operate advanced machinery becomes even more crucial.

"When it comes down to it,.....it's all about having a mutual effort in all aspects," from training.....and labor negotiations, to the way workers,..... Contractors.....and other businesses interact with each other on a daily basis.

"We think our relationships are solid and that is very important to support and benefit everyone,.....Not only in our sector, but in most sectors of the industry.....It took a while for people to see that working together helps get things done.....And, when things get done and issues get resolved in a timely and fair matter, it helps contractors win more jobs and puts men and women of the skill trades to work to help boost economic development in this great state we all call home.

I know what it means to band together and stand up for my community; The UNIONS make life better for ALL working people in our state. As building trade workers, the young men and women who come up through our apprentice programs (in our training centers) know what it's like to EARN an honest living. They work hard. They put their jobs on the line and walk the plank every day, knowing that nothing is going to be handed to them unless they work for it. That is the work ethic we pass on to our members. We don't take having a job for granted, but we DO believe in the fundamental American promise that if you work hard,.....you can make a decent living,.....start a family,.....and have a good life. This is what our Union has provided for past generations.....the present generation and will hopefully continue for future generations.

Thank you again for the opportunity to speak with you today.....and I RESPECTFULLY REQUEST THAT YOU OPPOSE Assembly Bill 61 , and I hope you will reconsider not passing this bill. THANK YOU.

Assembly Public Hearing
Committee on Labor
Assembly Bill 61
March 2, 2015

To: Assembly Committee on Labor: Rep. Jacque, Chair, Rep. Spiros, Vice Chair, Rep. Knodl., Rep. Kapenga, Rep. Kulp, Rep. Kuglitsch, Rep. Sinicki, Rep. Mason, Rep. Ohnstad

Thank you Chairman Jaque for the opportunity to address this committee as you deliberate on the so called right to work legislation. My name is Greg Jones, WI NAACP Political Action Chair. I come before you to oppose AB 61. It is the NAACP's long standing history to improve the economic status of minority group members and all Wisconsin citizens whose quality of life will be negatively impacted by this legislation.

Our Labor and Industry goals are to encourage greater participation in the trade union movement and work to close wage differentials, eliminate unequal opportunities for training and promotion and ensure fair employment practices.

Present the Press Release.

Let's take a look at the State of Minnesota as the Minnesota Star Tribune reported in an article entitled "Minnesota parties bicker over surplus." Minnesota has a projected surplus of \$1.9 billion to spend, save or return to taxpayers.

Some plans include:

- Universal pre-kindergarten for every Minnesota child
- A two year tuition freeze at all public higher education institutions

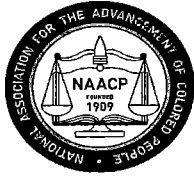
- A \$25million bump in state grants for college students,
- Restore funding to the Minneapolis Park and Recreation Board
- Restore funding to the Minnesota state colleges and universities systems,
- A \$1,000 nonrefundable tax credit for families with children under the age of 5 that would have no income eligibility cap.

AB 61

- will continue Wisconsin's "brain drain" of young recent graduates, move more families into less prosperous status.
- Will not close the "skills gap" in the Wisconsin Economy
- Will erode collective bargaining over time as new hires come onboard.

This legislation should be halted by this body.

Submitted by
Greg Jones, Chair, WI NAACP Political Action Committee
March 2, 2015



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NAACP

Wisconsin Conference of Branches

February 25, 2015

FOR IMMEDIATE RELEASE

WISCONSIN NAACP OPPOSES SO-CALLED "RIGHT-TO-WORK" LEGISLATION AND SUPPORTS WORKERS' RIGHTS

Madison, WI—In 1961, the late Reverend Martin Luther King, Jr. proclaimed, "...we must guard against being fooled by false slogans such as "right to work." Its purpose is to destroy Labor Unions and the freedom of collective bargaining, by which Unions have improved wages and working conditions of everyone."

The NAACP has a long and rich history of working with labor unions to promote fair wages and benefits for all American workers and has passed numerous resolutions and action items in support of the right and freedom to unionize and collectively bargain.

Workers in states with so-called Right-to-Work (RTW) laws have a consistently lower quality of life than in other states - lower wages, higher poverty, less access to health care, poorer education for children - according to data from the U.S. Department of Labor and the U.S. Census Bureau. Why should Wisconsin adopt a losing RTW strategy that lowers the standard of living for workers and their families?

So called Right to Work States spend \$2,671 less per pupil on elementary and secondary education than free-bargaining states, according to the Minnesota AFL-CIO.

So called Right to Work States have higher workplace fatality rates. According to data from the Bureau of Labor Statistics, the **rate of workplace deaths is 52.9% higher** in states with Right to Work laws.

We know that 78 percent of private sector union workers have access to medical insurance through their jobs, compared with 51 percent of nonunion workers. And 77 percent of private sector union workers have access to a guaranteed (defined benefit) retirement plan through their jobs, compared with just 20 percent of nonunion workers.

Only 2.9 percent of union workers are uninsured, compared with 14.2 percent of nonunion workers.

This proposed legislation will be fast tracked and the Governor will sign a Right to Work bill that continues the divisive tactics that are prevalent in our state, continue poverty producing policies and promote the theme "Backwards Wisconsin." Right to Work laws do not make a state more attractive for business retention instead, these laws expand economic inequality.

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NAACP

Wisconsin Conference of Branches

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NAACP State Political Action Chair, Greg Jones said, "At a time when Wisconsin has received national notoriety as the worst state for the African American child due to racial disparities in economic well being including income, child poverty and median household income, it is appalling that the legislature would consider and the governor sign this extreme policy. Instead of recognizing their failed policies, they are again, attempting to blame the victim."

Jones concurs with Reverend Dr. King, elected officials at all levels, all justice seeking organizations and citizens of Wisconsin, in condemning the unnecessary and harmful precedent that the introduction of "Right to Work for Less" legislation in Wisconsin, would establish.

Founded in 1909, the NAACP is the nation's oldest and largest nonpartisan civil rights organization. Its members throughout the United States and the world are the premier advocates for civil rights in their communities.

##

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President
NAACP Dane County
608-274-3997

Ms. Gwen Jones, Communications Director
WI NAACP Conference of Branches
608-335-2002
Email: gljones55@sbcglobal.net

Post Office Box 442 ■ Brookfield WI ■ 53008-0442
www.wi-naacp.org

My name is Keith Kemper, I am from Kansasville Wisconsin and have been a proud member of Sheet Metal Workers Local 18 for over 36 years. I am here representing the Sheet Metal Workers and also as vice president of the Southeastern Wisconsin Building and Construction Trades Council, representing over 2,000 members in Racine and Kenosha Counties.

The members our council represents are the skilled trades, primarily in the construction industry. Our members work hard, pay our taxes, and spend our hard earned money in Wisconsin, supporting local businesses and making our state a better place to live.

Our trades unions work together with our contractors to better our industry. It's a partnership, together we oversee and manage our health care, our pensions, drug testing, and training programs which in addition to learning the skills of the trade include extensive safety training. I personally am very aware of the effort put into this training as I taught night school classes for 15 years and am currently our apprentice training coordinator. The majority of the journeyworkers in our unions have been through a Wisconsin apprenticeship program to learn their craft.

We also work together with our contractors to negotiate our collective bargaining agreements, private contracts that both labor and management put together to improve things for both sides. RTW undermines this partnership and is government intrusion into our private contracts. This does nothing to create jobs and will just create tension on jobsites and deteriorate the workplace environment. People are already free to choose whether they want to be in a union or not. We don't need this.

Plenty of studies show that RTW lowers wages and benefits for all workers, and this appears to be the goal of those who are pushing for it. Unfortunately that will give all of us less money to spend. Money that our members use to support their communities, send their kids to college, and make Wisconsin a better place to live.

Lower wages will also force our members to make some tough choices. One thing I've learned in the past week is that many people don't seem to be aware that in the construction trades our members make the choice to take money from their wages and put the money into health care, pensions, and training programs. The choice to put money into these programs is not made by the employers, it's made by our members. This effort to deteriorate our industry will lead to a decline in money for these programs and could very well create an additional burden for our state.

Another thing I have heard are unrealistic statements about lazy union workers. I would like to clarify for this committee and anyone else who is listening how it works in the construction trades. First of all our members work very hard. They know that need to get the job done as efficiently and safely as possible so their contractor makes a profit. They want the contractors to make a profit so they go after more work and the cycle continues. When the jobs are over and there is no more work they get sent home. I want to make it clear that our members only get paid when they work, there are no paid vacations, paid holidays, or pay when you're sent home because work has slowed down.

Another thing I have learned is that many people are not aware that there is no seniority in the construction trades. The contractors decide who to keep working when things slow down based on skill and ability. The unions have nothing to say about layoffs, it's management's decision. What the union does do is manage the out of work list and serve as the hiring hall for the employers who are busy and need workers. We also encourage laid off workers to take additional training to improve their skills and make them more employable. This system we have in place, in partnership with our employers doesn't cost taxpayers a thing.

We have also worked hand in hand with the state of Wisconsin to make our apprenticeship programs the envy of the rest of the nation. In fact the federal apprenticeship program was modeled after our system in Wisconsin. It's a system that works very well, and with all the concern we hear about worker shortages why would you want to change that?

Please represent the hardworking people of our state, the people that voted for you and put you in office, instead of the outside special interest groups that are pushing for this.

I respectfully request that you oppose Assembly Bill 61.

Wisconsin Labor History Society ~ (Affiliated with the Wisconsin Historical Society)

'Freedom' is for bosses only under R-T-W

23 Monday Feb 2015

POSTED BY KENNETH GERMANSON IN UNCATEGORIZED

≈ 2 COMMENTS

Tags

Freedom, Labor, Right-to-work, Wisconsin

Nomination for the most abused word in the English language: FREEDOM.

Whenever corporations want to escape from regulations that call for maintaining a safe and healthful workplace or that require them to send uncontaminated food into the marketplace, they trot out the word "freedom."

How often have you heard it expressed that such rules are needless inferences and stifle job growth? And hasn't that been followed with a plea for freedom from "the heavy hand" of government?

Now, in Wisconsin, the word freedom is becoming misused again as proponents seek to bum rush to passage their anti-union law prohibiting union shop agreements that call for all workers in the bargaining unit to pay union dues or a fee for the cost of representation. The proponents claim the law is needed give workers the "freedom" whether or not to pay for union representation.

Sounds good, doesn't it? Who can be against freedom?

But the reality is that the proposed (and misnamed 'right-to-work') law does little to give workers any freedom in the workplace. Instead it gives the boss greater freedom to force low wages, lousy benefits and oppressive working conditions upon its employees.

Laws that ban union shop-type agreements have become all the rage for Republican-controlled states; the fact is the laws do nothing to help ordinary workers. The laws have three purposes: 1) to pay off the corporate donors of many Republican donors; 2) to weaken unions so that they become less and less of a resource for progressive legislation, and 3) to give the bosses a union-free hand to push workers around as they see fit.

It's no secret that workers in an open shop situation will find their union's ability to represent them greatly weakened. In an open shop situation, management's power to force decisions down the union's throat is greatly strengthened as the bosses pit worker against worker, thus taking away the basic solidarity needed for effective representation.

Just like workers without a union contract, those in open shop situations may find they have little say about their work schedules, their time-off, their pay scales and their health insurance, not to mention fair treatment on the job and a whole host of things that matter most to them. Stories abound as more and more non-union employers tell workers to stay for a double-shift, to work without sufficient time off between shifts, to be cheated out of overtime, to "work off the clock" (a typical habit in the restaurant industry), to be given the most onerous jobs over and over while the boss' girlfriend gets favored treatment, and to suffer other types of disrespect.

As the unions have weakened in the last 35 years, workers' wages throughout the nation have stagnated while corporate profits and rewards to the wealthy have grown many times over. And if unions grow even weaker, there's little hope of those trends ever reversing course. All workers will suffer, not merely those in unions.

The "freedom" promised to workers in this union shop prohibition law (the miss-tagged right-to-work law) is a myth. It only gives the bosses "freedom" to push workers around. — **Ken Germanson, Feb. 23, 2015**

About these ads

thoughts on "Freedom' is for bosses only under R-T-W"

1. *said:* Dave Matsen

February 23, 2015 at 6:10 pm

Right on, Mr. Germanson. Let's hope that there are enough awake and aware citizens of the great state of Wisconsin to fight this abomination. I love how the plutocracy love Orwellian tags like "Right to Work".

REPLY

2. *said:*Robert J. Agen

February 24, 2015 at 5:15 pm

How true Ken. What a sorry state of affairs in a once proud Progressive State.

REPLY

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March 1, 2015

To All Members of the Assembly Committee on Labor,

RE: AB 61

Dear Representative,

Last week even though an overwhelming majority of citizens registered and/or spoke in opposition to SB 44, the bill was passed out of committee without letting everyone present who registered to speak on the bill, an opportunity to speak. The Senate Committee had no intention of even considering rejecting this bill, regardless of what was said at the hearing or who said it. The bill was then presented to the Senate and was shamefully passed by the majority party. One Republican Senator though, had the common sense to vote against his party because he realized that this legislation was not good for Wisconsin nor its workers.

AB 61(SB 44) is now being presented to you, the members of the Assembly Committee on Labor for your consideration. It is my hope that the Committee will let everyone that wants to speak on this bill be allowed to do so. I hope that you will listen intently to the citizens speaking out against this bill and realize that this bill is not good for Wisconsin or its workers. I can only hope that you as Committee members on the Assembly Committee on Labor do not have your minds made up yet and will give fair and serious consideration to all of the compelling testimony that you will be hearing on this bill.

This bill is being pursued under the guise of fairness to workers, job creation, state economics, etc. If this were a true concern, why wouldn't this subject have been introduced in the Senate in a normal fashion (not in an extraordinary session) and allow for proper debate without fast-tracking the process? The real reason is politics; it has absolutely nothing to do with fairness to workers or any of the other propaganda that is being spread. Legislation such as AB61, SB 44, AB 32, Act 10 and many others are meant to take workplace rights away from workers and their Unions. I believe that Corporate America and their CEO's (which includes the Koch brothers and ALEC), support the Republican Party and its candidates for office, in order to enact their agenda. I also believe that Unions predominately supports the Democratic Party and its candidates to further their issues. This scenario makes Unions a big target for Corporate America and the political party they tend to support. If the Unions are reduced in numbers, based on the anti-worker legislation that is constantly being introduced and passed, then that would weaken their political clout in the Democratic process and the bargaining table. Getting rid of the competition is, I believe, the end game. If the Unions did not traditionally support the Democratic Party, then crap legislation like this would not be shoved down workers throats.

Not all employers are for RTW legislation for various reasons. Some of the reasons pertain to a skilled work force, labor and management working as partners regarding safety, productivity, and work rules, just to name a few. Another reason that some employers may be opposed to RTW is because it may have an effect on their health insurance and pension plans. Unions may have brought an insurance plan to the table that was more affordable to the company and its employees (both represented and non-represented). In the case of pension plans, the employers may have an unfunded liability to the particular pension fund. If enough employees would decide they don't want to continue to pay Union dues at a particular company, then representing the group may not be economically feasible for the Union representing them. Unions are no different than any other entity in this regard. Not much is free in this world. If the Union would then disclaim the group, the health plan could terminate and the unfunded liability for the pension could be triggered. Both of these issues could cause an immediate

financial burden on the employer. Hopefully this would not happen, but again, there is a cost for providing services.

It would be interesting to know exactly how many workers have actually contacted you to state that they should have all of the rights and benefits of their labor agreement, but should not be required to pay Union dues. If you have had some calls now, how many did you have prior to certain politicians stating that Wisconsin should be a RTW State? My guess is very few if any because this bill is coming from within your own ranks and not because of the concerns of the majority of workers.

You were elected by the people to represent the people of Wisconsin and not the interests and agenda of your political party, the Koch brothers and ALEC. The attack on workers in Wisconsin has got to stop. I urge you to do the right thing and VOTE NO on AB 61.

I am requesting that this letter be read into the record at hearing scheduled for Monday March 2, 2015.

Sincerely,
Danny L. McGowan
P.O. Box 8281
2474 Deckner Ave.
Green Bay, WI. 54308

DeGarmo, Ann

From: anthology@tds.net <anthology@tds.net>
Sent: Sunday, March 01, 2015 10:05 AM
To: anthology@tds.net
Subject: the good of the state

Dear Wisconsin Legislators:

I am writing to you as a graduate of the Madison public schools and the University of Wisconsin, and as a member of the Wisconsin Business Alliance. As a resident of Madison, I have already sent this letter to the legislators in my district. However, as a business owner with customers throughout the state, I hope you will still consider my request. I ask you to vote against "right to work," the proposed cuts to the University, the ongoing cuts to the public school system, the undermining of environmental stewardship, and privatizing what should be government work (for the greater good, not for profit). I am very concerned about the effects of such legislative and budgetary actions upon the prosperity of Wisconsin's citizens, and thus the success of my own business, not to mention others around the state, not to mention the state's own revenue.

Until I started my own business with my sister in 2008, I never understood what people were talking about when they said government should be run more like a business. I still don't entirely agree, but there are some things about running a business which I think that this state is ignoring at its peril. What does it mean to run a business? First and foremost, is the realization of my complete dependence upon other people: my business is nothing if not for customers, taxpayers, union members, government employees, students, women, employees, family. The success of my business depends upon the success of everyone.

Other than that, there are really only two things on my mind: 1. What is new and unique? I am constantly on the lookout for new products and how I can differentiate myself from others. Just a hint: someone can always offer lower prices. What is Wisconsin doing to cultivate new industries and new customers in areas where growth is occurring? Is it really useful to undercut University research and teaching? How are we building upon what is unique about this state, the good people, great schools and natural resources? 2. How can I get more money? How do I reach more customers and get them to spend more? What is Wisconsin doing about the earnings of the majority of its citizens? Frankly, the \$60 I saved in property taxes can either be undermined or exponentially increased in a matter of minutes if I have more customers earning and spending more money. What is Wisconsin doing about the welfare of all of its citizens, about their quality of life and earning potential? I have seen distressingly little action that would bolster my customers and thus my business.

Please note that taxes are not on that list. To be clear, I pay taxes, I just don't base any of my business decisions on how they might change.

So, I ask you: what is this state doing to promote growth? How is the budget or this legislation in service of such growth? What actions have been taken that would benefit the majority of my customers (the women? the middle class?). I have seen little evidence that voucher and charter school expansion, "right" to work and reduced University funding will improve the bottom line of this business that is all of ours, the state of Wisconsin. I ask you to honor your commitment to our state Constitution and to all the people in your district and this state, to preserve that which keeps us unique and above all, improves the prosperity of all of our citizens.

Thank you very much for your service and your attention.

Sincerely,

Laura Komai, co-owner

Anthology

DeGarmo, Ann

From: gknoeck@charter.net
Sent: Sunday, March 01, 2015 8:02 PM
To: Rep.Bowen; Rep.Brostoff; Rep.Considine; Rep.Danou; Rep.Doyle; Rep.Genrich; Rep.Goyke; Rep.Hebl; Rep.Hesselbein; Rep.Hintz; Rep.Johnson; Rep.Jorgensen; Rep.Kahl; Rep.Kessler; Rep.Kolste; Rep.Mason; Rep.Meyers; Rep.Milroy; Rep.Ohnstad; Rep.Pope; Rep.Riemer; Rep.Sargent; Rep.Shankland; Rep.Sinicki; Rep.Spreitzer; Rep.Stuck; Rep.Subeck; Rep.Taylor; Rep.Wachs; Rep.Young; Rep.Zamarripa; Rep.Zepnick
Subject: Right to work

Dear Representative

I have been a member of the Carpenters union for 18 years and am employed as a Foreman for Maccos Commercial Interiors out of Wausau. I live, grew up and raise a family in Marathon City. The Senate made a mistake voting in favor of the right to work bill and it needs to stop in the assembly. Last year I paid \$3000 in union dues. To some that may seem like a lot, but by being a union member those dues have secured for me fair wages to raise a family, health insurance, a retirement plan and valuable training. All the training I receive keeps me safe and profitable in the work force and keeps me current with the changing industry. This training is paid for by my union so the dues we pay is a good investment in my and my employers future. Republicans are always saying that there is too much government. This bill is a perfect example of government interfering in private business!! Private sector employers, private employees and private union representatives negotiate my wages and come to a agreement that is fair for all parties involved. I do not need government interfering with that. Lets say you pay \$3000 a year to be a member at your local Country Club to golf because you like the privileges you receive when you golf there. Now lets say the state passes a law that states you can still pay to golf there if you want, but any bum off the street can come and golf there and receive the same benefits for free. Would you be happy with a law making body that did something so unjust? And just how many people do you think are going to still pay the membership? This right to work bill is here to bankrupt the unions nothing more nothing less. Our members are not a burden on the government we pay taxes pay for our health insurance and pay for our retirement and our education. The state of WI needs more tax payers just like my union brothers and sisters. Over the years that I have been in the trade I have worked with a lot people that before getting into the union had no health insurance coverage no retirement plan, no safety or additional trade related training and the majority of these people had there wages garnished for years to catch up on all the back taxes they owed from before they were a union member. My union made life better for these people, and better for the tax payers of Wisconsin. I ask you to stop this unjust attack on the unions, myself and my family. Please vote no to the right to work bill.

Glenn Knoeck

March 1, 2015

Dear Christine Sinicki ,

My name is Kirby Lenz . I'm a union tradesman. We've never met, but I want to tell you about our jobs and the work we do. We build things like schools, bridges and our complex utility infrastructure. We run the cranes and heavy multi-million-dollar equipment. We do complex carpentry, electrical work, heating and ventilation work, and work on major water, generation, gas and pipeline facilities.

I'm good at it and I'm proud of the work I do. I learned how to be good at it through extra training that was paid for out of my own paycheck. The guys I work with got the same kind of training so I know I can trust them to work with me safely. That's important for me and my family.

My health insurance and pension are paid for by me and my fellow workers as well. My co-workers and I have a private-sector contract with my private-sector employer that we worked out as partners in our profession. Without that I wouldn't make enough money to support my family and I don't know what kind of future we'd have.

I don't ask the taxpayers for anything. I work hard, pay for my own healthcare, pension, skilled training and taxes. I thought that was what you wanted me to do.

But now there are people who think it's a good idea to tell my employer what should be in their contract with my union. **Government should stay out of private business.** Instead the government is going to force my union to provide benefits and services to employees who don't pay.

And why should somebody get the same benefits as me but not have to pay the dues? That's just wrong. Can you imagine demanding access to your local hunting or gun club without paying membership dues? That's ridiculous!

We do great work. We build quality. We don't ask for BadgerCare and don't burden the taxpayers with training costs. We work outside in the brutal cold and intense heat, under the lights through the night, and spend many days away from our families.

I don't understand when I became part of the problem. What did I do wrong? What part of the economy am I hurting? What did we do so wrong to be such a target for punishment?

The construction trades are different. We have great partnerships with our employers and have created the most successful and unique partnership in America. Right to Work seeks to destroy our workplace environment, our family security, and will burden our taxpayers for no logical reason.

I respectfully ask you not to support this right-to-work bill. My family deserves better, and I've earned it.

February 27, 2015

To: Wisconsin Assemble Committee on Labor

Re: AB 61

Dear State Representatives,

Today is another sad day in the rich political heritage of our great State of Wisconsin. Having watched in horror this week, as legislators held "mock" hearings, cut off hearing times early and "rammed" through one of the most egregious bills since ACT 10, I wonder to myself, "what has happened to common sense? Legislators have decided to take ax and hammer to 68 years (Taft-Hartley 1947) of successful blue-collar lives in our State.

Some of you imply it's all about "workplace freedom". The freedom and democracy began the day the Employer was organized. Employees VOTE a Union in just as EACH one of you were voted in, by a simple majority! Employees can also VOTE a Union out if they are not satisfied with their representation. For any individual to say I shouldn't have to pay to work I say OK, then you also should NOT reap any of the wages and benefits negotiated on ALL the employees' behalf by the Union. If democracy by majority is not acceptable in a workplace then explain why it's acceptable in government?? I always find it interesting that during campaigns, one is told Unions are irrelevant; yet, the ever constant pressure to destroy them is always present!! Take a close look at Oklahoma who went RTW in 2002 and see how that's been going for their economy and average state wages. Last time I checked the BLS, OK was over \$1.50 / hour behind Wis and that's only wages.

Why do many people seek Union jobs? Wages and Benefits are generally always higher. If one doesn't like Unions, then one should seek a job where there is no Union (dues) in place. Wouldn't that make logical sense? It's obvious there is more driving this movement than "Joe Main Street" unfortunately.

In closing, I humbly implore the Committee to reject this disastrous bill from becoming law.

Regards,
John L. Kaiser
1534 Co. Rd H
Edgar, Wis. 54426



STATE REPRESENTATIVE
JOSH ZEPNICK
WISCONSIN STATE ASSEMBLY

Rep. Zepnick Testimony:

Chairman Jacque and members of the Assembly Committee on Labor:

On behalf of thousands of active and retired union workers in the Ninth Assembly District on Milwaukee's South Side, as well as the rest of Wisconsin, I want to add my voice to oppose the cynical and poorly worded "right to work" legislation.

The evidence is overwhelming. This kind of anti-worker policy is designed to do several things: weaken an employee's rights on the job, lower wages and reduce benefits for union and non-union workers alike (even the Heritage Foundation admitted as much this morning), and create barriers for the free speech rights of workers who want to participate in the political process.

Under current Federal law, no one can be forced to join a union.

That bears repeating: No one can be forced to join a union.

No one can force a worker who is in a unionized shop, to participate in political activities. That includes campaign donations to elected officials. None of your money will go to that Zero Zip Zilch. You do not want to give to a candidate for public office? No problem. You can keep your money, it's voluntary.

Just like, it's voluntary for you to choose where you work, as Republican Senator Jerry Petrowski pointed out smartly last week in his No vote on the Senate Floor.

STATE CAPITOL, P.O. BOX 8953 ◆ MADISON, WI 53708 ◆ (608) 260-1707

FAX: (608) 282-3609 ◆ TOLL-FREE: 1-888-534-0009 ◆ E-MAIL: Rep.Zepnick@legis.wi.gov

Printed on recycled paper.

Nobody forces anyone to work at a job which has a union contract. And, even if you do not join the union, you still get the benefits of the union contract: higher wages, health care and pension benefits, right to file a grievance, right to protect yourself from unsafe or illegal working conditions.

What you do need to do and what this lousy bill accomplishes is pay the bills for negotiating a contract and enforcing it. For example, the union hires staff to communicate with workers about job conditions hires mediators/lawyers to sit down and negotiate with the employer's lawyers and accountants, paying for these and other expenses over an amount of time that could last six months or more at the bargaining table.

That's real money. And, the only logical solution is to spread those costs to ALL workers who gain from the contracts benefits. In most cases, this is a proportionally small dollar amount and is minimal when you take into account the increased wages or benefits that you as a worker have no power to negotiate on your own. If you think, walking into your boss's office and begging for a few more dollars is somehow more of an option. Historically, being covered under a union contract where you have power in numbers grants the ability to better leverage your prosperity and security are directly tied to strength of union representation at the bargaining table. For service sector, lower wage industries, it could mean the difference between making minimum wage vs. a family supporting wage. Worse, it can mean the difference between life and death: workplace safety, job security, employer intimidation, the examples go on and on.

Various economic estimates have been floated around about the benefit to Wisconsin workers, even those who do not belong to a union or are in a workplace that has no union contract whatsoever. That's because of competition in the labor market. We like competition in America right? Capitalism, freedom, the American ideal.

Well, when say for example, several large metal fabrication manufacturers, or road builders, or papermaking industries have union contracts on site, it raises the wages and benefits of other workers in non-union shops. Why? Because those workers could either: shift to the union shop for better pay/benefits, or link with them and organize their own union at their workplace.

That economic pressure more than anything is what builds and maintains a middle class. The other option, which frankly is a serious threat and risk today, is the working

class stuck in neutral or reverse, while the upper middle class and ownership elite get to hit the gas pedal and collect all the benefits of a successful company.

Make no mistake, those companies are successful for multiple reasons: smart capital investments, trained workforce, and the day in day out loyalty and productivity of the men and women who show up for work each shift and do their best. It's what makes me proud of Milwaukee and so many other Wisconsin communities: our strong work ethic and taking pride in the results of our blood sweat and tears.

What is interesting is that, given current laws prohibiting anyone from being forced to join a union, here in Wisconsin the vast majority who are eligible to join and covered by a union contract make the choice to join the union.

Based on 2014 data from the US Bureau of Labor Statistics, there are 327,000 workers covered by a union contract. Of that number, 306,000 joined the union. That's 94%. In other words, only 6% of people who get the benefit of a union contract decide to not join the union.

Wisconsin not only does not need this legislation, the more you look at the economic impact and damage to our fiscal bottom line in state and local government....who would want this to happen unless you believe in going backwards financially.

Assume that for every union workers or person covered by union contract, there is one matching worker who is not in a union but has an identical job or industry sector. Evidence, not estimates, but real world examples from states that pushed this legislation through, shows an average DECLINE of about \$4,000 per worker in wages and benefits. That is, again, true whether you are in the union or not, covered by contract or not.

So, take the 2014 BLS data and use a conservative proxy of one worker covered by union contract, one worker not covered, you have an estimate total of 652,000 workers who would face the drop of \$4,000 in declining wages and benefits.

That amounts to a decrease in economic output of \$2.6 billion. Of course, should those dollars flow upward to management or owners, it's redistribution from the workforce to the wealthy worth hundreds of millions of dollars.

This does not even cover the loss to state and local government revenues, or accounting for spin off businesses that pay less or go out of business as they cannot make ends

meet. This legislation is damaging, wrong-headed, and quite frankly the wrong direction for Wisconsin to head in.

I urge you to vote no.

Thank you for your time!

Josh Zepnick
State Representative
9th Assembly District

March 2, 2015

Testimony AGAINST Right to Work AB61

I have worked since age 16. Job 1, I have had for 43 years and then job 2 for 17 years. In both these jobs, I am a union member.

My 2nd job has already lost the right to collective bargaining.

Collective bargaining is a way for the union to represent me to the company in regards to wages, benefits, hours, health & safety issues just to name a few.

The union has helped me make a better life. My family has medical, dental & vision care because of the benefits.

My family and I have had a better life because of my union.

I have a pension now that I would really like to hang on to.

We do **NOT** need Right to Work AB61 in Wisconsin!

Sincerely,

Chris Kaster

1518 Dondee Rd

Madison, WI 53716

March 3, 2015

Testimony/Register against Right to Work, AB61

I have been a Union member for 37 years.

My family and I have benefited immensely from having medical, dental and vision benefits. My children all completed higher education.

I will have a pension when I retire.

The company I work for has been in business since **1875** and is a **Fortune 500 company**.

The Union I am a member of has been around for many decades as well.

The partnership of these two entities has obviously worked to the profit of all.

We do not need Right to Work, AB61, in Wisconsin.

WISCONSIN IS ALREADY WORKING FINE.

Sincerely

Melinda McGraw

4853 Maple Ave

Fitchburg WI 53711

3/2/2015

I oppose the passing of the "Right to Work" Bill. What it really stands for is Wisconsin's right to work for LESS.

Stop So-Called Right-to-Work.

We need to rebuild Wisconsin. We need to invest in our kids, in our public schools, in the health and safety of our citizens. We need jobs – good jobs – that can support a family. But so-called right-to-work laws do not create jobs; instead they hurt the economy and workers.

In right-to-work states like South Carolina, Mississippi and Arkansas, workers have lower wages by an average of 3.2 percent, no benefits, and no job security.

Don't make it easier for corporations in Wisconsin to short change workers. I'm urging my state lawmakers to do everything in their power to stop so-called right-to-work legislation.

Thanks,

Julie Karpes

A handwritten signature in cursive script that reads "Julie Karpes". The signature is written in black ink and is positioned below the printed name.

7615 E Six Corners Rd
Milton, WI 53563

608-295-6652

WISCONSIN State Assembly

Public Hearing

Written Testimony

Terril Kelso

3/02/15

57 Golf Course Rd Unit G

Date

Madison, WI 53704

Subject: Right to Work Bill AB61

CWA

Registering: In Favor Against

Organization (if applicable) CWA

AB61

I am truly grateful to be near the end of my career instead of the beginning during this unrelenting attack on workers rights by the Governor and his brothers-in-greed. I have been lucky enough to be employed by a good company AND a loyal union member for 40 years. This combination has provided me with a good life, a living wage, health insurance and a safe place to work. My union, my company and collective bargaining have combined to provide this to me as I go to work every day. My union and my employer have had a good working relationship throughout my employment and that of several other family members. To be successful we have ALL paid dues and have ALL reaped the benefits (including my employer which gets to retain loyal and well trained employees).

I am sad for the State of Wisconsin and I fear for the future of Wisconsin's workers. We deserve better

Thank you,
Terril Kelso

Please return this slip to a messenger promptly.

Dean LaBelle

March 2, 2015

4512 Gordon Ave

Monona, WI 53716

To the Wisconsin State Assembly,

I am opposed to AB61. I am a proud member of a union. My union roots go back to my Grandfather who was part of the original union movement in the meat packing industry. He fought so we could have a better life, with better pay, hours, and benefits, and security on the job. He used to have to wait outside the factory to be called in if there was work, and if there wasn't they waited (not getting paid) and had to fight to keep their place in line.

I think this bill would be going backwards, and frankly, I can't understand how this will help the States budget crises. This seems totally politically motivated, and I see no good outcome other than assisting business owners in paying less wages with no benefits.

Please do not pass AB61. Thank you.

Dean LaBelle

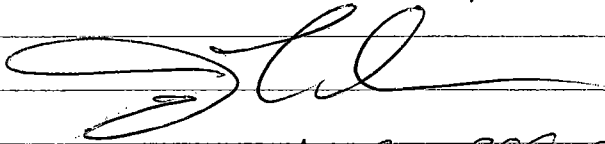
A handwritten signature in black ink, appearing to read 'Dean LaBelle', written in a cursive style.

3/2/15

To Wisconsin State Assembly:

I oppose AB61, Right
To Work Bill.

Judy Anderson
3027 Acker St
Cross Plains, WI 53528



608 798-2582

12/15

To the Wisconsin State
Assembly

I OPPOSE AB 61.

CHERYL VOBRINE
3401 PORTAGE Rd.

MADISON, WI
53704

3-2-15

To the Wisconsin State Assembly

I am writing to express my
opposition to AB61 - RTW.

"Right to Work" is a misnomer
& will do nothing to help
Wisconsin workers

Please vote **NO** on AB61
in support of your
working constituents.

Thank you.

KATHLEEN DRISCOLL
421 WALTON PLACE
MADISON WI 53704

Kathleen Driscoll
VOTER

3/2/15

TO: WI STATE ASSEMBLY
~~~~~

I oppose AB101. This is  
disgusting.

This will NOT benefit  
the workers of Wisconsin.

Why don't you do what we want?

That's why you were elected right?

Thanks a whole lot.

Sandra Aberg  
314 East Bluff  
Madison, WI 53704

*Sandra Aberg*



**Testimony of Kim Kohlhaas  
On behalf of AFT-Wisconsin  
March 2, 2015**

AFT-WISCONSIN COUNCILS  
Graduate Employees  
Higher Education  
K-12 Teachers  
PSRP  
State Employees  
WTCS  
Retiree Chapter

Thank you, Representative Jacque and members of the committee.

My name is Kim Kohlhaas. I'm a schoolteacher in the Superior school district and I'm the president of the American Federation of Teachers in Wisconsin. I'd like to ask each member of this committee to consider one question: Why? Why are we calling an extraordinary session to consider this bill? We all know that Wisconsin has been at or near the bottom of the Midwest in job growth for the last few years. All you have to do is look around Superior and other similar towns and cities in Wisconsin to see where the jobs used to be. But when you talk to people who are looking for work, the jobs they'd most like to find are so often good union jobs. People know that a strong union means a job that pays fair wages and provides safe working conditions.

The truth is that we have decades of data showing that so-called "right to work" laws are wrong for job growth and for worker health and safety. The majority of the ten states with the highest unemployment rates have these laws in place. Moreover, we know that people in states with these laws have significantly lower wages, are more likely to lack health insurance, and are more likely to die on the job. Why should we be pushing legislation that will attack the ability of Wisconsinites to work together for fair wages and safe working conditions?

I urge members of the committee to focus on what's been proven to create jobs and stimulate economic growth. We know that raising the minimum wage, accepting federal funding to expand Medicaid, and addressing the student loan debt crisis would put money in the pockets of Wisconsin's citizens—money that they would then spend to create jobs and rebuild our state's economy. The legislation under consideration today would do the opposite—take money out of the pockets of working Wisconsinites by suppressing their wages. Rather than spending time on legislation that will hurt Wisconsin's citizens, let's work together for a Wisconsin that works for all of us.

Thank you, members of the committee. I appreciate your time.

Kim Kohlhaas  
President, AFT-Wisconsin

Ken Anderson  
WHS Freeman  
Genoa City WI 53128

AB61 RTW W

262-279-6497

I) Opposed To RTW

- A) RT TO WK FOR LESS \$
- B) RT TO WK FOR LESS BENEFITS
- C) RT TO WK FOR COMPROMISED SAFETY

II) RT TO WK - A EUPHEMISM FOR "SCREW THE WORKER"  
(Fast TRACK is an Abrogation of Democracy)

III) RT TO WK is NOT THE WI IDEA! No Surprise Here  
as TRUTH WAS ~~WALKER~~ NOT WALKER'S IDEA OF WHAT IS GOOD FOR WI.

IV) The Truth About RT TO WORK is that it is not an WI  
idea - IT is a ~~to~~ GOP special interest group CALLED  
ALEC'S - ALEC makes the idea's for WI GOP +  
WALKER - AND our STATE GOP FIRES Those ideas at a  
population that is vulnerable + sometimes caught  
TOTALLY OFF GUARD, AS WHAT WALKER SAYS is not  
what he sometimes does. I.E. He LIES!

V IF Act. #10 is Working - who is IT WORKING FOR!  
Certainly not the school children of WI, not the  
Teachers + support educators.

RT TO WORK is not designed to work for Wisconsin  
workers, it is designed to bring benefits to employers  
at the expense of workers + BUST UNIONS.

VI Have been member of NEA + AFL-CIO United States  
Steel Worker in 3 mills on the So. Side of Chicago.

THANK God for the AFL-CIO - I made good pay  
that enabled me to generate enough \$ to go to and  
graduate from College with several degrees.

the leg. + Walker are ~~hurting~~ <sup>hurting</sup> WI Families  
\$5. proposed TAX Break wouldn't buy 2 cups a Coffee A YR.

Hi  
Rise  
Road

VII

\$5 a YR TAX breaks amounts to 1/2¢ a day for one YR.

III Labor Unions came about from Untold Abuse of Workers, Well documented!  
Look To Sweat Shops of Asia as examples.

IX R t to Work is a Step backwards in Time!

Thought - Employers do not Drive economy -  
workers with money to spend Drive the economy -

Lower the wages + people spend Less -  
economy suffers!

Union Employees that I Knew have made

- A) Better Wages
- B) Better Benefits
- C) Better Pensions

True in industry

True in Education

True makes a better life for people.

~~For~~ Store experience pay issue  
\$3.00 vs \$2.00

Right to Work may Drive more of our  
people into poverty programs.

The <sup>GOP</sup> worry about attracting new  
businesses that aren't here -  
what about the people are here!

Having been an AFL CIO  
Steelworker in 3 mills on  
Chgo South Side - I made  
an excellent wage that  
enabled me to complete my  
college education -

RT TOWK will Drive  
participation in Welfare  
& poverty programs up -

Will the Walker Regime  
AND GOP then SAY AS IN  
The French Revol. - "Let them  
eat cake?" + if so Will  
they PAY For IT - Workers  
MAY NOT AFFORD IT

The <sup>GOP</sup> Legislature + Walker  
have hurt W. Families - The  
11.5 Tax cut over the next 2 yrs  
would hardly buy a cup of  
Coffee - that tax cut comes  
to 1.2¢ a day!



## AB 61 RTW

### OPPOSED TO RTW

- 1) RT TO WK Euphemism  
FOR SCREW THE WORKER
- 2) RT TO WK FOR LESS \$  
RT TO WK FOR LESS MONEY  
RT TO WK FOR LESS SAFETY
- 3) ~~FAST TRACK~~ RT TO WK  
FOR LESS INPUT IN THE  
WORKPLACE (COLLECTIVE  
BARGAINING)

RT TO WORK IS NOT THE  
W/ "IDEA" OF TRUTH - IT IS  
A ALEC ~~IDEA~~ SPEC. INTEREST  
GOP GROUP - BILL IS WRITTEN  
BY ALEC

RT TO WK SUPPOSEDLY  
WILL IMPROVE ECONOMIC INTEREST  
FOR PROSPECTIVE EMPLOYERS WHO  
ARE IN THE STATE - COHART ~~ARE~~  
ALL THE WORKERS WHO ARE HERE  
NOW ~~AND HAVE BEEN~~

HAVE BEEN A MEMBER  
OF NEA AND IFL/CIO US WORKERS

at finish the presentation

ments on AB61

March 2, 2015

JANE SZYMASZEK  
5 SEVERN RD  
WALES WI 53183

(Call 262-968-5352 (H)  
or 262-370-0370 (C)  
jszy@CENTURYTEL.NET)

I have been a manufacturing instructor (shop teacher) for 38 years of my 50yr work life. I've taught in assembly dist. AS 24, 84 and now take welding classes with non workers in Dis 99 (WOTA). I have yet to have any of my students (graduates) ever complain of the issues this legislation supposedly improves...

Any Wisconsin survey of residents using the words Right to Work will give misleading results.

This legislation is a common sense solution to a problem. This is insulting to those hard working taxpayers who have been working under collective bargaining for their career lifetime. It implies they have no sense because this legislation is somehow better than what they have been doing "forever" in the workplace.

Employment Peace?

In AB 61 the repeal of the long standing entire section 111.01 called "Employment Peace Policy" lacks sensitivity and is an insult to all Wisconsin workers.

The free market principles work and our state is in equilibrium, a balance between those businesses who find an advantage to collective bargaining and those who do not. Workers continually decide whether to form & renew collective bargaining agreements with employers for working conditions.

and associated union membership. These agreements have faded from our State's landscape, freely eliminated by those affected without any government intervention.

Your committee is being asked whether you want to interfere with a private employer's right to freely enter a collectively bargained agreement with their employees.

Now here we are, the hard working taxpayers in Wisconsin having our State government doing a top down, all knowing what's best for our citizen's approach to how private business should be run.

Governor Walz is supposed private sector unions because they have come to the table to be the government's partner in economic development. This doesn't look like a partnership

Where is the outrage, where is the data to support this legislation. We have not heard outrage from employees. But you have heard their pain!

I attend school board meetings and meet with teachers throughout the State. The effects of Act 10 can be stated economically, but morally it has bankrupted what was once

need  
data 3

where  
morally  
bankrupt  
act 10

Michigan numbers 20,000 who have opted out of membership  
(However, the analysts argued that the full impact of right to work  
in both Indiana & Michigan have yet to kick in.)

† A <sup>truly</sup> ~~truly~~ personal commitment to our  
teaching profession and our State's children.  
Imposing government into yet another aspect  
of long settled labor agreements with employees  
& employers will have unintended consequences  
with the spirit and emotional well being of  
our State's work force. being F

† Health plans and retirement benefits are  
determined based on full membership contributions.  
If a large number of unionized workers choose  
to withdraw and not pay their fair share,  
for instance, the group health plan may be affected,  
jeopardizing and affecting the other workers  
that ~~continue~~ continue to contribute to the  
collective bargaining agreement. Job loyalty  
will be non-existent with employers offering  
"signing bonuses" to get the best workers.

A new protected class of workers [Michigan & Indiana data]

The statistics show that while there are 299,000 dues-  
paying union members working in Indiana, there  
are more than 36,000 more who are represented  
by unions but have opted out of membership (12%)

The impact in the workplace is that we will now  
have a new protected class of workers who will  
be organized with part of this legislation  
and protected by mandates enforceable as  
a class A misdemeanor.

¶ A week ago <sup>today</sup> Representative Art Withers (R) from Bowman, Montana, (coal state) was the lone supporter of his introduced Right to Work legislation at their hearing. As one of the union leaders indicated in their testimony: "Montana is a union state. Unions built this place. It started in the mines... Why would we want to <sup>look</sup> look like Texas or Wisconsin? We have become a "laughing stock state" as other states' residents look at what is happening here in the State we all love."

¶ Sunday's Wisconsin Sentinel article by John Bunde "In barely a week, Governor Walker managed to do to University morale what he's already accomplished among Wisconsin's elementary & secondary public school teachers. The entire system feels under attack <sup>and</sup> by the state's top officials." These union workers feel they are under attack now.

¶ See Senator Petrovich's statement from last week's vote: "Under the law as it stands, unions are formed by a majority vote & everyone gets to choose where they work."

¶ I'm asking the majority party members supporting AB 61 to reflect on your core beliefs of faith & freedom. Stick to your principles and vote no, indicating your beliefs that government regulations (like this one) hinders free market capitalism & job growth. And your belief in a limited role for government, "smaller government is better government." "Because in America we celebrate independence from the government. Vote your core beliefs."



**TO:** Members, Assembly Committee on Labor  
**FR:** Scot Ross and Jenni Dye, One Wisconsin Now  
**DATE:** March 2, 2015  
**RE:** Assembly Bill 61, Wrong for Wisconsin Right to Work Legislation

Right to work is wrong for Wisconsin.

It might be right for Gov. Walker as he pursues his national political ambitions, bankrolled by out-of-state CEOs and billionaire ideologues.

But we're here on behalf of the 75,000 plus online supporters of One Wisconsin Now. And for them, and families all across Wisconsin, right to work is wrong.

Right to work is wrong for Wisconsin because it will reduce family incomes by an average of over \$5,000 per year, roll back benefits making it harder for workers to spend time with their family away from work and decrease workplace safety.

Right to work is wrong for Wisconsin because in states with this law there are higher rates of uninsured adults and children, higher rates of poverty and higher rates of infant mortality.

Right to work is wrong for our children and our public schools. Right to work states spend on average of \$3,300 less per public school pupil and have lower rates of student achievement.

And right to work is wrong for Wisconsin because we need jobs. We've trailed our neighbors and much of the nation in job creation and wage growth, but six of the ten states with the highest unemployment rates are right to work states.

Gov. Walker revealed his utter contempt for the working men and women of Wisconsin when recently, at both an exclusive conclave of right wing millionaires and billionaires in New York City and then at a right wing rally in Washington D.C., he equated them with terrorists and despots.

We can, and we must, do better than this.

Right to work is a distraction from the important work the people Wisconsin need you to be doing. Right to work will not help balance our state budget. It will not make our economy stronger or workplaces safer. It will not help fund our schools and it will not help people get health care.

Right to work is wrong for Wisconsin.

The good news is that today you have the opportunity to do what's right for the people of Wisconsin by standing up to the corporate CEOs, concerned only with their bottom line, for whom this legislation is offered. We'll hope you'll take it and vote no on Assembly Bill 61.

###

Stephanie Bloomingdale  
Wisconsin State AFL-CIO  
In Opposition to AB 61  
March 2, 2015

Good morning/afternoon Mr. Chairman and members of the Committee. My name is Stephanie Bloomingdale and I am the Secretary-Treasurer of the Wisconsin State AFL-CIO. I appear before you today on behalf of the hard-working men and women of the Wisconsin State AFL-CIO to oppose AB 61, a bill that is wrong for Wisconsin's workers and our entire middle class, which is comprised of hard working nurses, mechanics, meat packers, and others who have chosen to team-up with their co-workers in unions and those who have not. Right to Work cripples the fundamental right of every Wisconsinite to join together and have a meaningful voice in the workplace. Today you will hear from hundreds - if not well over a thousand citizens who have traveled from all corners of this State to raise their voice in opposition to this bill that will trample on their rights to participate in their workplace and their democracy. This disastrous piece of legislation that is being rammed through this legislative body is an affront to democracy.

**I. Introductory Remarks on Right to Work**

First, so that we are all clear – Right to Work is a complete misnomer. This piece of legislation will not create one new job in our state. It will not create or improve economic security for any worker. And it will not put food on one kitchen table. Right to Work is a political tool for people at the top to increase their own power and wealth – at the expense of hard working men and women.

Before we get to the economics, let's face the reality. Right to Work is unnecessary legislation that needlessly interjects government in private contracts. No worker in any state can be forced to become a member of any union and contribute even one penny to a political or social cause that they do not support. The only thing the law currently allows is that, if an employer and their employees – through their union – agree, they can sign a contract that requires everyone who benefits from the terms of the contract to pay their fair share of the costs of that contract. If employers and employees agree on including such a clause in the contract, then the government should stay out of these private contracts and let workers and businesses work together to create a safe, stable, and skilled workforce with good jobs.

The vast majority of Right to Work states passed their laws in the 1940s and 50s. Now, because of a national agenda to weaken and eliminate private sector unions and their mission to improve wages for workers, this anti-union agenda is marching across America. In fact, right now, 13 states have pending legislation to pass Right to Work laws.

## **II. Value of Unions & the Middle Class**

Make no mistake, Right to Work will erode Wisconsin's middle class. I was born and raised in Wisconsin. I love this great state and am proud of all that it has to offer – including a healthy middle class. Wisconsin can lay claim to many beneficial statistics – such as: 2<sup>nd</sup> highest high school graduation rate, higher incomes than most states, more jobs with health insurance than most states, more jobs with pensions, a lower poverty rate ... I could go on and on. But the reality is that we have had a thriving middle class because our workers had the right to stick together with their co-workers by forming a union and our State government – until now – did not interfere with their right to negotiate with their employers.

In addition to my personal great pride in this State's middle class, I have two young sons and I want more for my sons – not less. And I know you want the same for your children and grandchildren as well. All of our children and grandchildren should have better access to education, jobs, health care, and wages – better than we had because that's what the American Dream is all about. And I know we all love America and we all love Wisconsin.

Before the sun sets – or rises, depending on when the last citizen is allowed to testify before you - on the debate around AB 61, we should have a frank discussion about the Wisconsin we want for our children and that includes the effects of Right to Work will have on the future of our State.

## **III. Economics**

Again, we know that the intended effect of Right to Work is to reduce wages and benefits. That intent is born out in the research. In fact, the leading research on Right to Work – whose author is now the Chief Economist at the United States Department of Labor – shows that the impact of RTW is to lower wages for both union and non-union workers by over 3%, and make it harder for people to get Employer-sponsored health insurance by about 3% and obtain pensions by 5%.

## **IV. Bill Particulars**

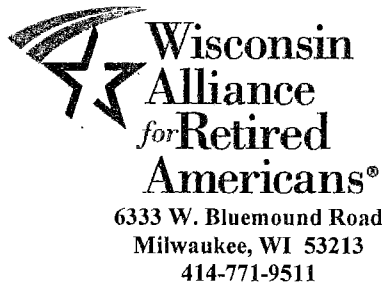
Last, I would like to raise two particular points about AB 61 itself. First, I oppose the repeal of Section 111.01 – or the declaration of policy. This statute has been around for over 75 years and lays the foundation for what we expect in Wisconsin: labor peace, adequate and regular income, and supporting those who wish to voluntarily negotiate labor agreements and methods of dispute resolution – so that we don't revert into trial by combat. And while it has felt that this Legislature is deleting this language because it would rather wage combat on our middle class, deleting this powerful public policy statement is neither wise nor beneficial – for any economic actor or political party.



Second, the bill also includes a criminal penalty that is unwarranted and confusing. It is unclear if an employer and its employees agree to ignore this law and freely contract, whom would receive the criminal charge. Employers? All of the employees? While the Republican Leadership has decided to ram through this destructive legislation, much care and caution should be taken to avoid additional harm through vague and confusing criminal penalties.

## **V. Conclusion**

Democracy is precious. Democracy is a responsibility that requires every person – both legislators and citizens alike – to uphold its basic tenants. It's a responsibility that should not be taken lightly. Because this is America we all have a fundamental right to participate in our democracy. It's something that we hold dear. On behalf of the Wisconsin AFL-CIO, I am calling on you - Representative Andre Jacque - to take your role as a steward of this democracy seriously. People are here to speak and take part in this democracy. Hundreds and hundreds of people have traveled across this great state to take part in the democratic process to speak against this bill that will cripple our middle class. I am calling on you to do your job, to uphold Wisconsin's democracy, and to hear the testimony of every single person. Thank you.



**Mike Pyne  
President**

March 2, 2015

TO: Andre Jacque, Chair and Members of the Assembly Labor Committee  
FROM: Bernie Faust, <sup>SK</sup> Wisconsin Alliance for Retired Americans  
RE: Opposition to AB 61, Right to Work Legislation

On behalf of the over 109,000 members and our 29 board members of the Wisconsin Alliance for Retired Americans (WIARA), I am testifying in opposition to AB 61, the Right to Work Legislation. The WIARA is a non-profit organization, that provides public education and advocacy with and for current and future Wisconsin retirees on state and federal issues and programs affecting them and their families.

There are numerous reasons why we are opposed to AB 61, including the following:

- It is an attack on all Wisconsin working families. It lowers wages for all families. According to data from the U.S. Department of Labor, workers living in Right to Work states earn on average about \$5,000 less than workers in other states
- Making Wisconsin a Right to Work state will not create jobs. In the last 15 years, only three states have enacted right to work legislation. One of them, Oklahoma has seen 1/3 decrease in new manufacturing business growth and no significant decrease in unemployment following the first 10 years after the legislation passed. In fact seven of the ten states with the highest unemployment levels have passed Right to Work legislation. Even people from the National Right to Work Committee say it won't. Stanley Greer, spokesman for the organization, recently stated that, "We're not purporting to prove that right-to-work produces superior economic performance."
- AB 61 harms the things that companies do look for when thinking about relocation. On the 2014 annual survey of manufacturers by Area Development magazine, right-to-work never ranked in the top ten factors influencing location decisions. Businesses look for a highly skilled workforce capable of doing the job before anything else. AB 61 undermines union training and apprenticeship programs. Many unions train workers at their own expense. This legislation removes the funding sources of well-respected training and apprenticeship programs that benefit business and the entire community. The Governor and Wisconsin Legislature should stay out of private contracts.

- This legislation is not about freedom. The Supreme Court of the United States has already protected Americans from being forced to join anything. Right to Work is about weakening and silencing workers' voices so we can't speak out about mistreatment at work. If legislators were so concerned about freedom, why did they support Act 10, which took away the freedom for most public employees the right to collectively bargain.

During the Act 10 debate, Governor Scott Walker discussed the importance of private-sector Unions. The Governor said, "The bill I put forward is not aimed at state workers, and it certainly isn't a battle with unions. If it was, we would have eliminated collective bargaining entirely or we would have gone after the private-sector unions. But we did not because they are our partners in economic development. We need them to help us put 250,000 people to work in the private sector over the next four years." By his own words, Governor Walker knows that our private sector unions are critical partners in economic development that put people to work. He knows that private sector unions play an important role in training a safe and effective workforce. But his ambition overrides the facts of how harmful AB 61 is for all Wisconsin working families.

On behalf of the Wisconsin Alliance for Retired Americans, I want to again reiterate our opposition to AB 61, Right to Work Legislation and the process used to ram this anti-labor legislation through the Wisconsin Legislature.

KATHLEEN WALCZAK  
7134 LONE ELM DR.  
RACINE WI. 53402  
TO Rep. SINICKI

MEN AND WOMEN DIED  
IN HISTORY TO HAVE A VOICE.  
MY GRANDFATHER WAS A  
BOILER MAKER. HE  
FELL OVER 70' BECAUSE  
THE CAT WALK AT THAT TIME  
WERENT SAFE. IF HE WASNT  
A UNION WORKER THE  
COMPANIES OR CORPORATION  
WOULDN'T TAKE CARE OF HIM FOR  
LIFE.

NOW IN 2015 AND 2016  
MANY UNION CONTRACTS ARE UP  
MY GRANDFATHER TOLD  
ME WORKERS SHOULD GO  
FOR HEALTH BENEFITS AND SAFETY  
NOT HIGHER PAY!  
OUR STATE WITH RIGHT TO  
WORK WILL BE AT THE MERCY  
AND DISPOSAL OF COMPANIES  
OR CORPORATIONS. THE  
COMPANIES WILL  
ENTICE ALL STATE THEN  
AFTER 6 MOS. OR 1 YR.  
SAY THE WATER IS NOT GOOD  
OR THE WEATHER HERE IS BAD FOR  
THE COMPANY THEN LAY OFF  
THE WORKERS GET NEW ONES  
FOR ~~LESS~~ LESS PAY! I'M  
100% AGAINST RTW. LET IT GO!  
GO! WORKER DONT SIGN BILL LET IT GO!  
KATHLEEN WALCZAK

## Registering AGAINST Assembly Bill AB-61, "Right to Work"

### My Comment:

From about 10:00 am to 1:40 pm, on this day, Monday, March 2, 2015, I witness public comments on AB-61 in the Capitol.

From the presentations, it is apparent that Wisconsin has a very diverse work force and diverse employment environment in the private sector, a condition that past and current laws provide. There was only speculation that AB-61 would improve the employment situation in Wisconsin contrasted by ample demonstration that the current laws and practices for employers and unions have worked and are working well. Under the current laws both Unions and non-union work places have and do exist in Wisconsin. There is no one shoe fits all as AB-61 prescribes.

To believe that AB-61 would still allow for Private work place Unions to exist flies in the face of reality and is pure dogma. The current laws were written, as they are for a proven purpose, those covered by a contract must pay. The intent was to have a uniform, productive and content workforce. This can only happen when the work force acts collectively to a prescribed order negotiated in a contract.

AB-61 says in effect that a person can enter the collective workforce at a company and take advantage of the contract benefits, wages, working conditions, health care and retirement and others, but not contribute to the organization that negotiated the contract for those benefits. Can there be harmony in the work place between two workers doing the same job, getting the same pay, and benefits, but one worker pays union dues and the other is protected by law from paying union dues???? Can the Wisconsin Legislator enact a law that says the union workers must negotiate a contract for a work place yet those in the work place do not have to pay for that effort????

This is what the Wisconsin Legislature will be doing by enacting AB 61!!!! It should be apparent that by doing so, the Wisconsin Legislator will ultimately kill an important union work force(s) in Wisconsin. As you heard today, this work force is recognized and operates nationally and internationally. It is human nature, if one does not have to pay for a service, one most likely will not. Membership will dwindle below the critical mass and thus Wisconsin competitiveness.

To believe otherwise about such fallout from AB-61 is delusional and only serves an ideology that Unions are fundamentally bad. The best course of action is for the legislators to take the comments on this supposed "Right-to-Work" legislation under advisement. The Wisconsin Legislator would act irresponsibly to take action that does not fully address the concerns expressed against proposed AB-61.

Comment by: Nile Ostenso  
2023 Park Lawn Place  
Middleton, WI 53562

Mach 2, 2015