

Right-to-Work Wave

Indiana Sees Impact, Others Still Debating

Right-to-work proponents said that passing the law would be the single biggest step Indiana could take to significantly improve its competitiveness in attracting companies – along with the thousands of jobs that come with them – to the state. In the short time since Indiana became the 23rd right-to-work state, that sentiment is turning into reality.

According to January 2013 figures from the Indiana Economic Development Corporation (IEDC), 91 companies have told the agency that Indiana being a right-to-work state will factor/has played a role into their decision-making process of where to locate current projects. Of these, 64 have progressed to the pipeline stage and account for the potential of more than 8,390 projected new jobs and more than \$2.7 billion in investment.

To date, 39 companies have already signed on the dotted line with the IEDC, bringing with them more than 4,550 expected new jobs and more than \$1.6 billion in investment.

The law passed in February 2012 and extended to all contracts entered into, modified or renewed after March 14 of last year.

“The results have far exceeded our expectations and have proven the point that this was well worth the effort to get this law enacted,” emphasizes Indiana Chamber President and CEO Kevin Brinegar.

“We knew anecdotally, from site selectors, that not being a right-to-work state was holding us back, preventing us from even stepping up to the plate to swing for the seats. We just didn’t realize how quickly those opportunities would materialize afterward.”

Several of the companies that have expanded in Indiana offered comments on the right-to-work impact in the IEDC press announcements:

“The enactment of the right-to-work legislation is further evidence of Indiana’s commitment to providing the most competitive business environment possible for global companies like us to grow,” said Barry Schneider, vice president and general manager of Pittsboro’s Steel Dynamics’ engineered bar products division.

From Nick A. Busche, chief executive officer and president of Busche (located in Albion): “The passage of the right-to-work law was just another

example of the strong commitment by this state to promote growth and job creation. Indiana offers an enthusiastic business climate and a great workforce.”

Right-to-Work Basics

A right-to-work law simply protects employees from being required to join and/or pay dues to a labor union as a condition of getting or keeping a job. Workers would still have the right to join or support a labor union; only now it would be his or her decision to make.

The federal Taft-Hartley Act, passed in the 1940s, allows states to pass right-to-work laws to exempt themselves from forced unionism rules. A total of 24 states currently have right-to-work laws.

National snapshot

Make no mistake, right-to-work was the single move that made other states take notice.

Indiana’s law was the impetus for Michigan to get things in high gear and swiftly pass its own right-to-work legislation in December (that goes into effect late March). While Indiana was attracting new jobs over the past year, Michigan was losing more than 7,000 during that same time, according to the Mackinac Center for Public Policy in Midland, Mich.

As of this writing (mid-February), right-to-work was a popular topic of discussion in many areas and at least four more states had bills in play in their general assemblies. A brief recap of that activity and likelihood of passage:

- Maine – Last time, in June 2011, efforts failed in committee. With Democratic majorities in both the House and Senate, the fight remains uphill.
- Missouri – Legislation seemed destined for debate and perhaps a vote, thanks in part to Missouri House Speaker Tim Jones stepping in to co-sponsor the bill. Republican state legislators – speaking to Springfield’s *News-Leader* in early February – were cautious and downplaying the chance of passing the measure due to the pressure lawmakers were under.

- New Hampshire – One of the most contentious battles for right-to-work was waged there in 2011 – complete with a governor’s veto and failed override. Today, it seems the state’s window of opportunity has closed (for now). With a newly-elected Democratic majority in the House, passage appears out of the question.

- Pennsylvania – A total of six right-to-work bills were filed in the state Legislature as part of the “Pennsylvania Open Workforce Initiative.” Republican Gov. Tom Corbett has given some indication he would sign right-to-work legislation if it passed, but has not championed the effort. History is not on Pennsylvania’s side either: The issue has previously failed to gain much traction there and no northeastern state has ever passed a right-to-work bill.

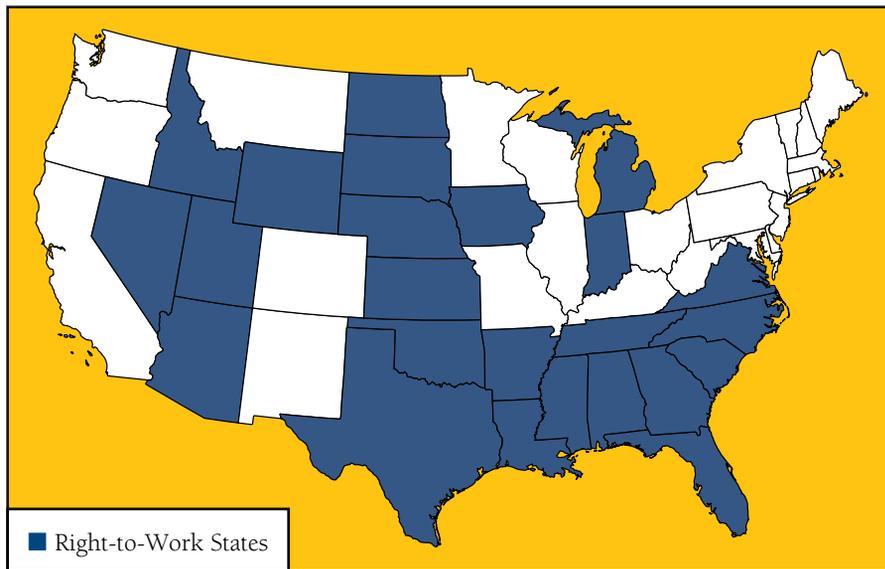
Then we have Wisconsin. In recent years, the Badger state has been the site of bitter fights between government and unions that garnered national attention. But that trend apparently won’t continue in 2013, at least not with right-to-work. In early January, there were pronouncements from two key Republican figures that right-to-work wasn’t going to happen – first from Assembly Speaker Robin Vos and then from Gov. Scott Walker.

Other states like Kentucky and Ohio have been talking about right-to-work, but that has not translated into action in the state capitals. More specifically: On January 31, Ohio’s Republican State Treasurer Josh Mandel made headlines by saying he believed passing a right-to-work law would help grow Ohio’s economy. Republican Gov. John Kasich refrained from commenting.

Around the same time, Kentucky’s junior U.S. senator was making his case for a national right-to-work law. Senator Rand Paul introduced legislation that targets the removal of forced unionism provisions existing in current federal law.

“Every American worker deserves the right to freedom of association – and I am concerned that the 26 states that allow forced union membership and dues infringes on these workers’ rights,” Paul said in a statement.

“Right-to-work laws ensure that all Americans are given the choice to refrain from joining or paying dues to a union as a condition for employment. Nearly 80% of all Americans support the principles and so I have introduced a national Right-to-Work Act that will require all states to give their workers the freedom to choose.”



With Democrats in charge of the Senate, Paul’s attempt will go more to furthering attention to the issue than seeing action.

Union impact

What unions fear most about right-to-work is the potential to lose union members once employees are given the choice to join. But according to statistics released in January by the U.S. Bureau of Labor Statistics, that’s simply not happening.

From 2011-2012, the 22 right-to-work states actually saw a small surge (39,000) in the overall number of union members (Indiana was not included in the analysis). Ironically, non-right-to-work states lost 390,000 members (a 3.4% decrease).

That means the total number of union members in the nation fell to 14.4 million. That translates to a membership of 11.3%, down from 11.8% in 2011.

In 1983, the first year for which comparable union data is available, union membership was 20.1% with 17.7 million workers. Two Rutgers economists, Leo Troy and Neil Sheflin, have even suggested that the current 11.3% is the lowest unionization level since during World War I (1916), when it was 11.2%.

About half of union members live in just seven states: California, 2.5 million; New York, 1.8 million; Illinois, 800,000; Pennsylvania, 700,000; and Michigan, New Jersey and Ohio, 600,000 each.

That makes it all the more remarkable what the Michigan state government was able to do and also highlights the difficult challenge that states like Pennsylvania are facing.