

# Taking Away Workers' Union Rights Is the Wrong Choice for Maryland's Economy

## Position Statement Opposing House Bill 163

*Given before the House Economic Matters Committee*

Maryland families need policies that will support our economy's continued strength and ensure that its growth benefits all of us, not just those at the very top. Despite a decade of economic growth since the Great Recession, a typical Maryland worker still took home less for each hour worked in 2018 than 10 years earlier, adjusted for inflation.<sup>i</sup> We ought to work to ensure that, as the economy grows, all families see their incomes grow along with it. House Bill 163 would do the opposite by chipping away at working people's freedom to negotiate for a fair return on their work. For these reasons, the Maryland Center on Economic Policy opposes House Bill 163.

All covered workers in a union workplace are guaranteed equal representation, whether or not they choose to become union members. Workers have the strongest power in numbers when they agree to all share the cost of protecting these shared benefits. House Bill 163 would take away workers' freedom to make such an agreement and would impose rigid limitations on the terms employers and unions are permitted to negotiate. The result would be a weaker voice for working people, lower wages, and less real freedom for Marylanders to care for their families and build fulfilling lives. Ultimately, House Bill 163 would harm union members and nonmembers alike.

Workers today are just as interested in joining together in unions as they were 40 years ago,<sup>iii</sup> even as union jobs have dwindled. Meanwhile, a small number of the wealthiest individuals reaped the bulk of economic growth, leaving less for everyone else. It is no coincidence that these trends occurred side-by-side:

- Lax enforcement of legal protections too often allows employers to use unlawful tactics to suppress organizing efforts without repercussion.<sup>iv</sup>
- Powerful special interests wage persistent lobbying campaigns to weaken workers' rights through measures like House Bill 163.
- The same special interests and corporate lobbyists have funded a barrage of litigation with the same goal, most recently winning a prohibition on fair-share agreements for all public employees.<sup>v</sup>


Strong evidence shows that the economy creates better jobs across the board when working people have the power in numbers that widespread union membership brings.<sup>vi</sup> All workers come to expect better wages, benefits, and working conditions, and employers must adjust in order to attract and retain employees. On the other hand, an economy where union jobs are scarce leaves

### What 35 Years Can Change for Working Marylanders<sup>ii</sup>

From 1983 to 2018, the number of union jobs in Maryland ...

 ... fell by **88,000**

Typical Maryland workers' pay per dollar of economic output ...

 ... fell by **27%**

The average income of Maryland's wealthiest 1% ...

 ... grew by **136%**

workers on their own at the negotiating table and gives employers little reason to offer decent jobs. As many union jobs have disappeared in recent decades, the resulting shift in power has steered the fruits of economic growth away from the majority of Marylanders. House Bill 163 would exacerbate this problem by making it harder for working people to exercise the same freedom corporate CEOs enjoy to negotiate for a fair return on their work.

The fallout from passing House Bill 163 would be substantial. Typical union workers in Maryland had annual earnings up to \$8,600 higher than nonunion workers between 2015 and 2019, a 16 percent difference.<sup>vii</sup> Eroding these gains would hurt workers of all backgrounds—and would especially harm women and workers of color:

- Black workers in Maryland are among those most likely to be in a union. Between 2015 and 2019, 16 percent of Black workers in Maryland were unionized, compared to 12 percent of white workers.
- Maryland workers of color who have a union job typically earn 30 percent more than their nonunion counterparts. Specifically among Black workers, those in union jobs typically earn 34 percent more.
- Overall, women in union jobs in Maryland typically earn 26 percent more than their nonunion counterparts, while women of color may earn as much as 38 percent more.

Meanwhile, the purported benefits of so-called right-to-work laws are not supported by evidence. These laws are not an important determinant of where new companies grow or where existing ones locate. Business executives are more concerned with access to a highly skilled labor force than they are with the laws governing labor relations, which also fall below modern transportation, quality of life, and energy costs among managers' priorities.<sup>viii</sup> By reducing wages and taking away workers' freedom to negotiate for a fair return on their work, House Bill 163 could actually make Maryland less attractive to skilled workers, damaging our economy.

States that have passed similar legislation have not seen any benefits from doing so. For example, a 2015 study that used state-of-the-art data analysis methods found that Oklahoma's right-to-work law had no significant effect on the number of jobs available.<sup>ix</sup> Meanwhile, workers in right-to-work states earn less than those in other states, with the most recent data showing damage of more than \$1,500 to a full-time worker's annual pay.<sup>x</sup>

While Maryland's economy continues to grow at a modest but steady clip, more effective policies are needed to ensure that our state's prosperity is broadly shared. If House Bill 163 passes, more working people in Maryland will be on their own when they sit across from employers at the negotiating table, which will mean worse wages and lower-quality jobs. We should guarantee workers meaningful protections, not the right to work for less.

**For these reasons, the Maryland Center on Economic Policy respectfully requests the House Economic Matters Committee to make an unfavorable report on House Bill 163.**

---

## Equity Impact Analysis: House Bill 163

### *Bill summary*

House Bill 163 would bar private-sector employers and labor unions from agreeing to require all bargaining unit employees to contribute to the cost of collective bargaining, a policy supporters refer to as "right to work."

### *Background*

So-called "right-to-work" measures like House Bill 163 are among the few exceptions to the general prohibition on state regulation of private-sector collective bargaining. Federal law already prohibits any collective bargaining agreement that requires employees to become union members or to contribute to costs not directly associated with

collective bargaining. House Bill 163 would go further by also prohibiting contracts that require employees to contribute to the direct costs of collective bargaining, such as legal representation in a dispute with management. Because unions are legally required to offer the same benefits to all covered workers, whether they are union members or not, House Bill 163 would enable an employee to continue to access these benefits while refusing to share in the associated costs. Over time, this incentive structure will naturally weaken workers' ability to negotiate fair wages and working conditions.

### *Equity Implications*

Weakening workers' freedom to join together in a labor union poses significant equity concerns:

- In Maryland and nationwide, Black workers are among those most likely to be in a union. About 16 percent of Black workers in Maryland have union jobs, compared to 12 percent of white workers.
- While typical union jobs in Maryland pay 16 percent more than nonunion jobs overall, women and workers of color in union jobs can often see an even larger boost.
- Maryland workers of color in union jobs typically earn 30 percent more than their nonunion counterparts, and Black workers typically earn 34 percent more. Women in union jobs typically earn 26 percent more than their nonunion counterparts, and the difference can be as large as 38 percent for women of color.

### *Impact*

House Bill 163 would likely **worsen racial, gender, and economic equity** in Maryland.

---

<sup>i</sup> Economic Policy Institute analysis of Current Population Survey data.

<sup>ii</sup> Throughout, “union jobs,” “union workers,” and similar terms refer to workers with union representation, whether or not they are union members, unless otherwise noted. Union coverage data from Barry Hirsch and David Macpherson, “Union Membership and Coverage Database from the Current Population Survey: Note,” *Industrial and Labor Relations Review* 56(2), 2003, [https://www.unionstats.com/Hirsch-Macpherson\\_ILRR\\_CPS-Union-Database.pdf](https://www.unionstats.com/Hirsch-Macpherson_ILRR_CPS-Union-Database.pdf). State data are available from 1983 to 2018. Wealthiest 1 percent income data from Estelle Sommeiller and Mark Price, “The New Gilded Age: Income Inequality in the U.S. by State, Metropolitan Area, and County,” Economic Policy Institute, 2018, <https://www.epi.org/publication/the-new-gilded-age-income-inequality-in-the-u-s-by-state-metropolitan-area-and-county/>. Last year of data is 2015.

“Workers’ pay” here refers to total compensation including benefits. Considered alone, wages and salaries fell slightly further. Compensation and productivity estimates from Economic Policy Institute analysis of Bureau of Labor Statistics and Bureau of Economic Analysis data.

<sup>iii</sup> Thomas Kochan, Duanyi Yang, William Kimball, and Erin Kelly, “Worker Voice in America: Is There a Gap between What Workers Expect and What They Experience?” *Industrial and Labor Relations Review* 72(1), 2019, <https://journals.sagepub.com/doi/10.1177/0019793918806250>

<sup>iv</sup> Celine McNicholas, Margaret Poydock, Julia Wolfe, Ben Zipperer, Gordon Lafer, and Lola Loustaunau, “Unlawful: U.S. Employers Are Charged with Violating Federal Law in 41.5% of All Union Election Campaigns,” Economic Policy Institute, 2019, <https://www.epi.org/publication/unlawful-employer-opposition-to-union-election-campaigns/>

<sup>v</sup> Celine McNicholas, Zane Mokhiber, and Marni von Wilpert, “Janus and Fair Share Fees: The Organizations Financing the Attack on Unions’ Ability to Represent Workers,” Economic Policy Institute, 2018, <https://www.epi.org/publication/janus-and-fair-share-fees-the-organizations-financing-the-attack-on-unions-ability-to-represent-workers/>

<sup>vi</sup> Josh Bivens, Lora Engdahl, Elise Gould, Teresa Kroeger, Celine McNicholas, Lawrence Mishel, Zane Mokhiber, Heidi Shierholz, Marino von Wilpert, Valerie Wilson, and Ben Zipperer, “How Today’s Unions Help Working People: Giving Workers the Power to Improve their Jobs and Unrig the Economy,” Economic Policy Institute, 2017, <https://www.epi.org/publication/how-todays-unions-help-working-people-giving-workers-the-power-to-improve-their-jobs-and-unrig-the-economy>

<sup>vii</sup> MDCEP analysis of 2015–2019 IPUMS Current Population Survey Outgoing Rotation Groups microdata. Sample size is not sufficient to provide state-level one-year estimates. The estimates above are consistent with nationwide one-year data for 2019. Estimates of the union wage gap should not be interpreted as causal because they do not adjust for potentially relevant factors. These estimates are consistent with credible research showing a causal link between union membership and significantly higher wages. For detailed discussion see Bivens et al. 2017.

<sup>viii</sup> Geraldine Gambale, “33<sup>rd</sup> Annual Corporate Survey & the 15<sup>th</sup> Annual Consultants Survey,” *Area Development*, 2019, <https://www.areadevelopment.com/Corporate-Consultants-Survey-Results/Q1-2019/33nd-annual-corporate-survey-15th-annual-consultants-survey.shtml>

<sup>ix</sup> Ozkan Eren and Serkan Ozbeklik, “What Do Right-to-Work Laws Do? A Case Study Analysis Using Synthetic Control Method,” Louisiana State University and Claremont McKenna College, 2015, [http://faculty.bus.lsu.edu/oeren/eren\\_ozbeklik\\_RTW\\_revised.pdf](http://faculty.bus.lsu.edu/oeren/eren_ozbeklik_RTW_revised.pdf)

<sup>x</sup> Elise Gould and Will Kimball, “‘Right-to-Work’ States Still Have Lower Wages,” Economic Policy Institute, 2015, <http://www.epi.org/publication/right-to-work-states-have-lower-wages/>