

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

Position Statement Opposing House Bill 494

Given before the House Economic Matters Committee

Maryland families need policies that will support a strong economy and ensure that its growth benefits all of us, not just those at the very top. Past experiences show this is not always the case. 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.ⁱ We ought to work to ensure that, as the economy grows, all families see their incomes grow along with it. House Bill 494 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 494.**

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 494 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 494 would harm union members and nonmembers alike.

Workers today are just as interested in joining together in unions as they were 40 years ago,ⁱⁱ 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.ⁱⁱⁱ
- Powerful special interests wage persistent lobbying campaigns to weaken workers' rights through measures like House Bill 494.
- 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.^{iv}

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.^v 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 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 494 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 494 would be substantial. Typical union workers in Maryland took home hourly wages on average \$4.84 higher than nonunion workers between 2016 and 2020, a 22% difference and equivalent to \$10,000 per year for a full-time worker.^{vi} Eroding these gains would hurt workers of all backgrounds—and would especially harm women and workers of color:^{vii}

- Black workers in Maryland are among those most likely to be in a union. Between 2015 and 2019, 16% of Black workers in Maryland were unionized, compared to 12% of white workers.
- Maryland workers of color who have a union job typically earn 30% more than their nonunion counterparts. Specifically among Black workers, those in union jobs typically earn 34% more.
- Overall, women in union jobs in Maryland typically earn 26% more than their nonunion counterparts, while women of color may earn as much as 38% 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 transportation access, quality of life, and energy costs among managers’ priorities.^{viii} By reducing wages and taking away workers’ freedom to negotiate for a fair return on their work, House Bill 494 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 law placing limits on unions had no significant effect on the number of jobs available.^{ix} Meanwhile, workers in right-to-work states earn less than those in other states, with recent data showing damage of more than \$1,500 to a full-time worker's annual pay.^x

As Marylanders face ongoing economic uncertainty, more effective policies are needed to ensure that our state’s prosperity is broadly shared. If House Bill 494 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 494.

Equity Impact Analysis: House Bill 494

Bill summary

House Bill 494 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 494 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 494 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 494 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. Between 2015 and 2019, about 16% of Black workers in Maryland had union jobs, compared to 12% of white workers.
- While typical union jobs in Maryland pay 16% 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% more than their nonunion counterparts, and Black workers typically earn 34% more. Women in union jobs typically earn 26% more than their nonunion counterparts, and the difference can be as large as 38% for women of color.

Impact

House Bill 494 would likely **worsen racial, gender, and economic equity** in Maryland.

ⁱ Economic Policy Institute analysis of Current Population Survey data.

ⁱⁱ 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>

ⁱⁱⁱ Celine McNicholas, Margaret Poydock, Julia Wolfe, Ben Zipperer, Gordon Lafer, and Lola Loustanaun, "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/>

^{iv} 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/>

^v 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>

^{vi} EPI analysis of 2016–2020 Current Population Survey Outgoing Rotation Groups microdata. 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.

^{vii} MDCEP analysis of 2015–2019 IPUMS Current Population Survey Outgoing Rotation Groups microdata.

^{viii} Geraldine Gambale, "35th Annual Corporate Survey: Effects of Global Pandemic Reflected in Executives' Site and Facility Plans," *Area Development*, 2021, <https://www.areadevelopment.com/Corporate-Consultants-Survey-Results/Q1-2021/35th-annual-corporate-survey.shtml>

^{ix} 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

^x 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/>