TAXPAYERS DON'T STAND A CHANCE

WHY BATTLEGROUND OHIO LOSES NO MATTER WHO WINS (AND WHAT TO DO ABOUT IT)

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Author of Homeland Security and Federalism: Protecting America from Outside the Beltway

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RADICAL IN 2012: FORCED UNIONIZATION

AFGE Union Boss John Cage: "When people say 'well we just have to pay less in wages' whether it's in the private sector or public sector, I think they're mentally retarded."

Let's do a simple thought exercise. Pretend that you are the Platonic Philosopher King of Ohio and get to decide whether Ohio is a forced unionization state or a workplace freedom state. Today is the first day of the state's existence.

There is one twist, however, to this blank slate. It isn't exactly blank. There are already laws in place. These laws include the following laws and protections:

- Federal and state unemployment insurance;
- State workers' compensation protections;
- Federal and state age discrimination protections;
- Federal and state sex discrimination protections;
- Federal and state race discrimination protections;
- Federal and state gender discrimination protections;
- Federal and state national origin discrimination protections;
- Federal and state disabilities discrimination protections;
- Federal and state whistleblower protections;
- Federal and state retaliation protections;
- Family Medical Leave Act protections;
- Employee Polygraph Protection Act protections;
- Equal Pay Act protections;
- Rehabilitation Act protections;
- Fair Labor Standards Act protections;
- Lilly Ledbetter Fair Pay Act protections;
- Electronic Communications Privacy Act protections;
- State and local sexual orientation protections;
- Occupational Safety & Health Act protections;
- Clean Air Act protections;

- Commercial Motor Vehicle Safety Act protections;
- Congressional Accountability Act protections;
- False Claims Act protections;
- Federal Mine Safety & Health Act protections;
- Migrant Seasonal & Agricultural Worker Protection Act protections;
- Railroad Safety Act protections;
- Safe Drinking Water Act protections;
- Federal Section 1981 and Section 1985 protections;
- Employee Retirement Income Security Act protections;
- Worker Adjustment & Retraining Notification Act protections;
- Various federal asbestos protections;
- Federal and state wage and hour protections;
- Common law tort, libel, slander, and negligent or intentional infliction of emotional distress protections;
- Minimum wage requirements; and
- Civil service protections (for government workers).

On top of these legal protections, local laws also provide additional protections. Even more important are the non-legal protections provided to workers today due to the prevalence of transparency tools such as video cell phones, Twitter, Facebook, YouTube, and other social media tools workers can use to publicize unfair or wrongful treatment.

The Benefits of Labor Unions in 2012

Any discussion on the value of labor unions must begin with an acknowledgement of the historical importance of labor unions in America. Labor unions deserve credit for dramatically altering the American workplace.

The bulk of that good work occurred from 1900 to 1950, as the pressure from labor unions led to significant improvements in the safety and condition of the workplace and the protections and compensation provided to workers. As with other movements, however, labor unions moved from truly improving the workplace to focusing on items that impact their financial bottom lines. First, labor unions drive compensation packages as high as possible for members. Second, they push for more workers by injecting inefficiencies into the system with rigid work rules. Last, labor unions protect weak or bad employees no matter the case against those employees.

With the devastation in continental Europe and Japan in World War II, labor unions in America could get away with these three goals because global competition was weak or non-existent thereby allowing American companies to "spread the wealth" around. This deal between corporate America and labor unions created artificially high compensation packages—artificial because those packages were disconnected from a competitive marketplace.

As Europe and Japan recovered from the destruction of World War II and developing or under developed countries increasingly entered the global marketplace, unionized American companies found it harder and harder to compete. The car industry is the most visible example of this dynamic. It is not surprising then that the unionization rate in the United States declined from roughly 36 percent in 1970 down to 12 percent today. This decline has occurred despite the continued existence of pro-labor union federal and state laws, especially for government workers.

Though the private sector has had to adjust to the new economic reality brought on by a globally competitive marketplace, state and local governments remain tied to the blue social model of the New Deal.

In addition to compensation packages out of touch with economic reality, labor unions also inhibit workplace flexibility due to byzantine work rules and the ability of workers to file countless grievances and unfair labor practice charges against their employers, as highlighted below with the Hostess Brands bankruptcy. Despite the media attention given to the compensation cost issues, for many employers, the burden of labor unions rests more with the workplace inflexibility issues.

The *Wall Street Journal* reported on April 11, 2012, in "Tire Makers' New Home," that Michelin decided to join Bridgestone Tire and Continental Tire in South Carolina with the building of a new $750 million manufacturing facility. The article noted that "Ohio, once the rubber capital of the world, now ranks as the 11th biggest North American tire producer…South Carolina, with daily production of 84,000 tires, today is second only to Oklahoma as the biggest tire producing state or province in North America." The North America president of Michelin noted that South Carolina "is also one of the least unionized states in the country, which gives the flexibility to focus on the customer. There is no significant difference between nonunion and unionized plants other than a rule book in our unionized plants that tell us what we can and can't do."

The mentality of the unionized workplace is one in which the position description drives activity. Going beyond it is not only frowned on by labor unions, but also actively litigated when employers request workers to go beyond the position description. So Honda Manufacturing in Marysville can use workers for varying purposes during slow times (i.e., post-Tsunami), while General Motors in Lordstown is strictly limited to legendary work rules running thousands of pages with strict job descriptions. The result: Honda is able to avoid layoffs and maintain higher productivity rates with its workers while General Motors has higher labor costs and lower productivity rates. The goal of this unionized rigidity is to require more workers and, therefore, more dues paying union members.

The same mentality is rampant in government. In our schools, the focus is on smaller classroom sizes despite the lack of data on its impact in student performance. In our cities, police and fire staffing levels are determined by national groups in order to drive up the number of employees needed. Our crime rates have dropped dramatically since 1990 and more than 75 percent of calls to fire houses involve non-structural fire issues, yet staffing increases.

For consumers over the last thirty years, this differential results in superior “foreign” cars being less expensive. In many cases, these foreign cars contain more American parts and labor than domestic cars. Growing up, my parents owned nothing but domestic cars. Today, my mom and all of my siblings drive cars made by Honda, Hyundai, Kia, or Mitsubishi. I’ve never owned any car other than a Honda. The same cost issue applies to commercial products across the gamut.

In government, labor unions use the system to enhance members at the expense of taxpayers. Ignazio Messina of the *Blade* reported on October 9, 2011, that the city had to pay overtime to a government worker who didn’t work overtime simply because a co-worker pressed a button to prevent flooding in the city. It technically wasn’t the job of the person who did press the button to press the button. It was the job of someone who was no longer at work. Because the actual button pusher didn’t call the other worker and thereby prevented the other worker from getting overtime, the city had to pay the other employee four hours of overtime at time and a half his hourly pay rate for not working. Who cares that flooding likely would have occurred had the actual button pusher waited for the employee to make his way to the button? It wasn’t about the city or taxpayers—it was about overtime pay for a union member. Messina noted that union members had filed a "staggering 3,115 grievances" against Toledo since 2001.

And then there is the role of labor unions in protecting employees who do wrong or do poorly. A week doesn't seem to pass without yet another report about a government worker or private sector union member engaging in conduct that is criminal or contrary to the best interest of his customers or employer. Anyone who has worked in a unionized environment has suffered from working with a co-worker who is lazy, inefficient, or deficient at his job. In those cases, the union usually does everything it can to protect these employees, including setting up "rubber rooms" where these employees spend their day doing nothing, but getting paid their full salaries.

Another point must be made on the issue of compensation differentials between workplace freedom states and forced unionization states. In "The Compensation Penalty of 'Right to Work' Laws," EPI found that workers in forced unionization states make roughly $1,500 more per year than workers in workplace freedom states. EPI attributes the pay differential to the presence of labor unions. The same study conceded that workplace freedom states had lower costs of living. Assuming the EPI finding is accurate, perhaps the differential comes from another element involving the freedom of workers—specifically, the legacy the institution of slavery had on the southern states that formed the Confederacy.

In 1853, the *New York Times* dispatched Frederick Law Olmstead, future architect of Central Park, to travel around the South and send back his observations. Olmstead wrote his dispatches from the South over the next two years. His columns later became a book titled, "The Cotton Kingdom: A Traveller's Observations on Cotton and Slavery in the American Slave States," first published 151 years ago in 1861.

Because Olmstead spent so much time in the South, staying in hotels and homes of southerners both rich and poor, and using the roads, rivers, and rails extensively, his observations provide a valuable snapshot in time. One of the most striking observations Olmstead made was the enormous economic and infrastructure difference between the northern manufacturing states and the southern agrarian states.

Of the North, Olmstead noted a traveler would find:

> A private room, where I could, in the first place, wash off the dust of the

> road, and make some changes of clothing before being admitted to a family apartment. This family room would be curtained and carpeted, and glowing softly with the light of sperm candles or a shaded lamp. When I entered it, I could expect that a couch or an arm-chair, and a fragrant cup of tea, with refined sugar, and wholesome bread of wheaten flour, leavened, would be offered me…I should expect, as a matter of course, a clean, sweet bed, where I could sleep alone and undisturbed, until possible in the morning a jug of hot water should be placed at my door.

On the South, Olmstead observed that a traveler would find:

> Nine times out of ten…I slept in a room with others, in a bed which stank…I washed with utensils common to the whole household; I found no garden, no flowers, no fruit, no tea, no cream, no sugar, no bread…no curtains, no lifting windows…no couch—if one reclined in the family room it was on the bare floor-for there were no carpets or mats…the house swarmed with vermin.

In the South, "for nine-tenths of the citizens, comfortable homes, as the words would be understood by the mass of citizens of the North, are, under present arrangements, out of the question."

Without a doubt, the locus of economic freedom and prosperity in the 1850s resided in the manufacturing North. Recall it was to Ohio that the runaway slaves in Harriet Beecher Stowe's "Uncle Tom's Cabin, or Life Among the Lowly" so desperately tried to reach. In 1861, the North had twice as many people as the South. It had more than two times the miles of railroad track and nearly five times the number of factories. Those factories employed nearly ten times as many workers. The North produced more corn and had twice as many horses. Despite the weather advantage, the South, including Texas, only had 1.6 million more beef cattle than the North.

This concentration of economic power, enhanced by the devastation wrought in the South during the Civil War, would remain geographically fixed in the North for the next 100 years. Many states in the South maintained anti-freedom policies through the 1960s. Thus, the legacy of the institution of slavery cannot be dismissed when comparing economic conditions in the southern states.

For example, according to the Bureau of Economic Analysis, in 1930, which is nearly two decades <u>before</u> Congress passed the Taft-Hartley Act in 1947 allowing states to pass workplace freedom laws and before the height of labor union power, nine of the eleven confederate states had the lowest per capita personal income in America, with an average of only $309.93. In comparison, the fifteen states with the highest per capita personal income in 1930 had an average 155 percent higher ($789.87). Twelve of the fifteen top states were the northern states referenced by Olmstead.

By 2010, though some of the confederate states had matriculated up the chart (Virginia, Florida, and Texas), seven of the eleven still ended up in the bottom fifteen with an average of $33,328 in per capita personal income. The top fifteen states had an average of $45,790, which was 37 percent higher but much less than the difference in 1930. Nine of the fifteen top states still came from Olmstead's North.

Interestingly, the longitudinal results for Michigan and Ohio may show that the strength of labor unions hurts the long-term income of workers. In 1930, workers in Michigan and Ohio had the 13th and 12th highest per capita personal income, respectively. The automotive industry and other manufacturing facilities blossomed over the next fifty years, with heavy concentrations in those two states. As recently as 1970, Michigan and Ohio still held the 12th and 15th spots in per capita personal income. Yet, by 2010, the per capita personal income for workers in those states had slid to the 39th and 33rd highest in America. This slide corresponds to the rise of a globally competitive marketplace where the high cost and inflexibility of labor unions hinder states' abilities to adjust and compete with those market forces.

When comparing per capita personal income data controlling for the date when states enacted workplace freedom laws, the overall difference between workplace freedom states and forced unionization states shrinks as the years pass. In 1960, roughly ten years after the first set of states enacted workplace freedom laws, the difference in personal income between the two sets of states was 78.3 percent. Just a decade later, it had come down to just 16 percent. By 2010, the difference stood at 11.5 percent.

A final factor that must be considered when comparing compensation differentials between workplace freedom states and forced unionization states is the unsustainability of compensation paid in forced unionization states. Is it really accurate to cite inflated compensation advantages in forced unionization states, but ignore the compensation package realignments occurring at the companies responsible for those inflated compensation packages? The invisible hand of the market is what determines competitive compensation packages, and any company that ignores those market rates will either be forced to adjust or go out of business.

Three examples vividly illustrate this reality.

At both General Motors and Chrysler, workers received very generous compensation packages before the arrival of foreign cars hit the U.S. market. As foreign car makers introduced less expensive and more reliable cars, the domestic automakers lost market share and faced growing fiscal crises due to the overly generous compensation paid to workers—compensation that led to EPI's $1,500 premium in forced unionization states.

Both companies had to seek a massive bailout by the federal government. As part of the bailout, those companies have dramatically reduced the compensation of new workers. The companies have created a two-tier system where newer workers receive compensation substantially less than older workers doing the same work. The aim of creating the two-tier system was to become more competitive with the foreign carmakers in the workplace freedom states.

General Motors and Chrysler are in no way unique in putting in place two-tier contracts with labor unions. As the *Wall Street Journal* reported on May 29, 2012, in "Flat U.S. Wages Help Fuel Rebound in Manufacturing":

> With unemployment still high and global competition intense, employers have the upper hand in asking unions to relax work rules and restrain, or reduce, wages and benefits. Scores of U.S. companies have negotiated two-tier contracts with unions that allow them to pay new hires less than existing workers or otherwise restrain wage and benefit costs.

The article cites American Axle & Manufacturing Holdings Inc. in Michigan that is paying new hires $10.00 per hour for the same work legacy workers are getting $18.00 an hour to do. Another example given is General Electric Company's decision to relocate work back to Kentucky after the labor union agreed to a reduced starting hourly rate of $10.00, which is $8.00 to $10.00 lower than the old collective bargaining contract.

[JINO Alert #7: Media outlets should track and report on the realignment of compensation packages for private sector unions.]

The second example comes from Hostess Brands, Inc., the maker of Wonder Bread and Twinkies. Hostess recently filed bankruptcy because it could not compete with non-unionized baked goods companies. Hostess is seeking to reduce the compensation packages of workers so that it can stay in business. Hostess also is seeking to eliminate the other issue brought on by labor unions: workplace inflexibility.

Kyle Smith on February 15, 2012, at Forbes.com, noted that at Hostess, trucks going to the same location are prohibited from carrying both Wonder Bread and Twinkies. This practice increases the number of Teamsters, but adds a grossly inefficient cost to the bottom line. This inefficient practice is that once the two separate trucks arrive at the same destination, Hostess must employ two separate "pull-up" workers—one for bread and one for snacks—to unpack the trucks and place the goods in the store.

The third example focuses on the unsustainable defined benefit pension promises made mostly to unionized workers. The fact is that many companies simply cannot pay workers high salaries, contribute significant funds into defined benefit pension plans, and remain profitable or in business. According to Credit Suisse, a global financial institution, the private sector defined benefit pension deficit in the United States is $369 billion. Credit Suisse based its conclusion on analyzing the disclosures made by U.S. companies with defined benefit pension plans.

A final note on inflated union compensation. According to the Bureau of Labor Statistics, the median weekly earnings of union members was $923 in 2005 (adjusted to 2011 dollars). In 2011, the median weekly earnings of union members had only risen to $937, or just 1.5 percent in six years, which somewhat undermines Big Labor's dig that workplace freedom is really about the freedom to work for less. So much for the ability of labor unions to defy global competitive forces. What will be the argument for labor unions when the pay differential fades entirely?

Isn't It All About Jobs and Economic Growth?

As you mull over your big decision whether to make Ohio a workplace freedom or forced unionization state, here are other important facts you need to consider.

States that have decided to protect their workers' right to choose whether to join labor unions have experienced substantially more net job growth over the last two decades than states that force workers to join labor unions. According to the U.S. Bureau of Labor Statistics, from 1990 to 2012, states that protect workplace freedoms have averaged 38 percent net job growth compared to forced unionization states that have only averaged net job growth of 13 percent. That means workplace freedom states have added jobs at roughly three times the rate of forced unionization states since 1990.

During the same time period, of the fifteen states that had the highest net job growth, eleven (in bold), including the top six, protected the freedom of workers not to join labor unions. These states are **Nevada (83 percent)**, **Utah (81 percent)**, **North Dakota (73 percent)**, **Arizona, (69 percent)**, **Idaho (68 percent)**, **Texas (56 percent)**, Colorado (54 percent), Montana (53 percent), **Wyoming (52 percent)**, Alaska (52 percent), **South Dakota (50 percent)**, New Mexico (45 percent), **Florida (38 percent)**, the second most recent state to adopt workplace freedom legislation **Oklahoma (37 percent),** and **Nebraska (35 percent)**.

Even states that suffered some of the largest job losses due to the massive housing construction declines (Nevada, Arizona, and Florida) still netted enormous job gains. Not surprisingly, except for Nevada (16.6 percent) the eleven workplace freedom states with the highest net job growth also have a unionization rate (the percentage of workers represented by labor unions) of ten percent or lower: Utah (7.1 percent), North Dakota (8.6 percent), Idaho (6.1 percent), Arizona (7.3 percent), Texas (6.3 percent), Wyoming (8.4 percent), South Dakota (6.5 percent), Florida (7.6 percent), Oklahoma (7.7 percent), and Nebraska (10 percent). Notably, of the four forced unionization states that made the top fifteen, all are located in the South or West of the United States.

In contrast, the fifteen states with the weakest job growth from 1990 to 2012 are all forced unionization states that form a rust belt from Missouri to Maine, plus California and Hawaii. These states are Connecticut (-3 percent), Rhode Island (0.8 percent), Michigan (3 percent), New Jersey (5 percent), Ohio (6 percent), Massachusetts (7 percent), New York (7 percent), Illinois (8 percent), Maine (10 percent), Pennsylvania (11 percent), Missouri (13 percent), Vermont (13 percent), California (14 percent), Hawaii (14 percent), and Indiana (14 percent). Indiana recently adopted workplace freedom legislation with the aim of breaking free from the northern pack of poorly performing job market states. As Indiana Governor Mitch Daniels acknowledged, protecting workplace freedom increases a state's competitiveness and stems the loss of companies and jobs that flee for more friendly environments.

Except in Indiana (12.4 percent) and Missouri (12.5 percent), the unionization rate in the worst performing states is above 13 percent: Connecticut (17.7 percent), Rhode Island (17.9 percent), Michigan (18.3 percent), New Jersey (16.8 percent), Ohio (14.7 percent), Massachusetts (15.4 percent), New York (26.1 percent), Illinois (17.2 percent), Maine (13.4 percent), Pennsylvania (15.8 percent), Vermont (13.5 percent), California (18.2 percent), and Hawaii (22.5 percent). In fact, more than half (8,425,000) of all workers represented by labor unions live in just seven states: California, New York, Illinois, Pennsylvania, Ohio, Michigan, and New Jersey—all among the worst job creating states in America.

In what may be the most jaw-dropping figure, despite possessing 65 million fewer people, workplace freedom states netted 11,806,400 jobs compared to forced unionization states that only added 7,873,200 jobs from 1990 to 2012. Fewer people, four million more jobs versus more people, four million fewer jobs is not a ringing endorsement of forced unionization or states like Ohio.

[JINO Alert #8: Media outlets should track and report on these jobs comparisons between forced unionization states and workplace freedom states.]

In terms of Ohio, it simply cannot be stated more clearly than this: Ohio's economy has been one of the worst in the United States over the last two decades. No matter what shorter time frame you analyze, Ohio is ranked among the weakest job markets in the country. From 38th best during the boom years of the 1990s to 50th best during the lost decade of the 2000s, Ohio's private sector netted a mere 245,600 jobs over the last 22 years, which translates to just over 11,000 jobs per year in the 7th most populous state in America.

Governor Kasich likes to claim that Ohio is one of the top private sector job producing markets in the country during his time in office. He likes to cite the raw number of private sector jobs added since January 2011, which is a bit misleading. In fairness to Governor Kasich, from January 2011 to April 2012, Ohio did add 78,100 private sector jobs, which is the 8th best in America. As the 7th largest state, Ohio <u>should</u>

create more private sector jobs than most of the other, smaller states. As a point of comparison, during the last 15 months of Governor Strickland's term, Ohio's private sector added 68,300 jobs.

Not surprisingly, the states ahead of Ohio happen to be five of the six bigger states, with only hemorrhaging Illinois performing worse than Ohio. Both Michigan and Georgia, though smaller than Ohio, have added more private sector jobs than Ohio during Governor Kasich's term. A more accurate portrayal of private sector job growth is to rank the states by percentage change. Using that metric, Ohio falls to the 24th best private sector job market over the last 15 months. During that same span of time, Ohio had the 16th worst reduction in its labor market.

The pain is spread broadly across Ohio's industries. The fact is that there are fewer jobs today in Ohio than there were in January 1990 in four out of ten industry sectors: Mining & Logging; Construction; Manufacturing; and Information. In four other industry sectors, there are fewer jobs today than in January 2000: Trade, Transportation & Utility; Financial Activities; Leisure & Hospitality; and Other Services. The only two "healthy" industry sectors are Professional & Business Services and Education & Health Services, which can be attributed to that sector's dependence on government funding in K–12 education, higher education, Medicare, and Medicaid.

Ohio's private sector peaked way back in March 2000 with 4.85 million jobs. Even with the rosiest of assumptions, it likely will take another nine years or more to replace all of the jobs that have been lost.

Despite the sound bite offered by labor union zealots, the right to choose whether to join a labor union does not equate to the "right to work for less." Ask any Honda worker in Ohio if he or she works for less because Honda has remained union free since arriving in Ohio, or ask any Boeing worker in South Carolina working on the new 787 Dreamliner. Ask any new unionized General Motors or Ford worker in Ohio who now makes a lot less than his or her predecessor. It turns out that labor unions can't guarantee inflated wages against the tides of a globally competitive environment.

Workplace freedom states create more jobs and the growth of real personal income in those states exceeds the rate in forced unionization states. As Dr. Vedder found in the "Ohio Right-to-Work" report, from 1977 to 2008, the growth in real per capita income in workplace freedom states was 62.3 percent compared to just 52.8 percent in forced unionization states. Ohio fared even worse, experiencing just 35.7 percent growth in real per capita income.

Consistent with Dr. Vedder's report, in the last decade, as Ohioans experienced a per capita increase in personal income of 26 percent, workers in workplace freedom states saw their per capita personal income increase by 38 percent. This lower growth means Ohio families have less money in their pockets than they would have had if Ohio had protected workplace freedom over the last three decades. In 1900, Ohio's per capita personal income was 9.7 percent above the national average. Today, it is 9.4 percent below.

Using GDP as a barometer of economic growth, the workplace freedom states again outperform the forced unionization states. Over the last ten years, according to the Bureau of Economic Analysis, the increase in private sector GDP in workplace freedom states averaged 25 percent. The increases in private sector GDP in forced unionization states was eight points lower at 17 percent. Ohio, at -0.12 percent, had the 2nd worst percentage change in private sector GDP from 2000 to 2010. Only Michigan's -7.1 percent was worse.

Of the top 20 states that experienced the most private sector GDP growth, 13 were workplace freedom states. Of the 20 worst states, 15 were forced unionization states.

Narrowing the analysis to just growth in manufacturing GDP leads to similar results. Workplace freedom states averaged 26 percent as forced unionization states averaged 16 percent. The top 20 states included 13 workplace freedom states and the bottom 20 consisted of 15 forced unionization states. Ohio, at -17 percent, again came in 2nd from last just ahead of New Jersey's -24 percent. As detailed in "The Effect of State Policies on the Location of Manufacturing: Evidence from State Borders," by Thomas Holmes of the University of Minnesota and the Federal Reserve Bank of Minneapolis, "on average, the manufacturing share of total employment in a county increases by about one-third when one crosses the border into the pro-business [workplace freedom] side."

In terms of per capita real GDP growth from 1990 to 2010, workplace freedom states achieved 69 percent average growth versus 60 percent average growth in forced unionization states. Ohio came in even worse at 52 percent, leaving it with the 5th worst per capita real GDP growth over the last 20 years.

Finally, as private sector unionism has shrunk, the growth of labor union membership has exploded in government at every level. According to the U.S. Department of Labor, only 6.9 percent of private sector workers are members of labor unions. That is down from 33.9 percent at the peak of private sector unionism in 1945. In contrast, 37 percent of government workers are members of labor unions. That is up from 9.8 percent in 1945. Government workers are now 51 percent of all workers represented by labor unions. Such an outcome is odd given that of all types of employers, government is the one least expected to require labor unions to ensure it treats its workers well.

Along with the rise of public sector labor unions came the skyrocketing cost of government workers. The Congressional Budget Office reported in February 2012 that federal workers make significantly more than their peers in the private sector, regardless of education level. In fact, federal workers without high school degrees far out-earn their private sector peers. Despite this compensation package imbalance and the growing federal deficit, President Obama proposed giving federal workers pay increases in his 2013 President's Budget.

In terms of state workers, as noted in Chapter 4, "The Grand Bargain" report found that state workers received compensation packages worth 28 percent more than private sector workers. Governor Kasich just gave them an increase costing taxpayers $21 million per year.

A definitive study for local government workers is hard to do given the lack of transparency. What is clear from the school district fiscal data is that compensation packages for school employees are exceeding available tax revenues and outpacing inflation year after year. This escalation in compensation package costs is being placed on the backs of taxpayers, resulting in exploding property taxes.

According to the Bureau of Labor Statistics, in states that permit government workers to collectively bargain, the average yearly pay for state and local workers is $51,064 and $41,457, respectively. In contrast, in states that prohibit government workers from collectively bargaining, the average yearly pay for state and local workers is $46,025 (11 percent less) and $32,560 (27 percent less), respectively. If Ohio paid the 58,000 state workers on average $5,039 less, it would save taxpayers $292,262,000 per year. For local governments, the savings would be even bigger: $5,783,050,000 ($8,897 times 650,000 workers). Had Ohio's state and local governments kept pay in check, Ohio's state and local tax burden would have been smaller. At worst, there would not be the need for higher taxes.

Based upon the 2010 Annual Survey of Public Employment and Payroll by the U.S. Census Bureau, Ohio's state and local government workers received just under $2.5 billion in pay in March 2010. This monthly figure equates to roughly $30 billion in pay for the year. That amounts to a per capita tax of approximately $2,600 on every Ohioan. From 2000 to 2010, the average weekly pay increased by 37 percent for all state and local government workers. Some government workers had a phenomenal decade.

For example, the average weekly pay for hospital government workers went up by 73 percent. The average weekly pay for higher education support staff and professors increased by 56 percent and 54 percent, respectively. Firefighters average weekly pay jumped by 42 percent, and police officers experienced a 41 percent increase in pay. Public welfare workers also saw their average weekly pay rise by 41 percent. Keep in mind, those figures do not include <u>any</u> compensation package benefits except pay.

Now take a look at the migration data on where Ohioans moved to when they left Ohio. The migration data from 2000 to 2010 tells a provocative story. From 2009 to 2010, Ohio lost net residents to all but nine states. Of those nine states, the only workplace freedom states were Wyoming and Idaho. From 2000 to 2010, Ohio lost a net of 315,127 residents to other states. The total out migration over that period of time was 1.7 million residents. From 2009 to 2010, of the top ten states Ohio lost the most resident to, eight were workplace freedom states. In just one year, Ohio lost 22,310 net residents to workplace freedom states versus 8,715 net residents to forced unionization states. Over the decade, Ohio lost 245,039 net residents to workplace freedom states versus just 68,322 net residents to forced unionization states. These figures show that Ohio's policies and economic performance encourage citizens to vote with their feet in large numbers by moving to states that protect a worker's right to choose whether to join a labor union.

Whether it is job growth, personal income growth, gross domestic product growth, government cost increases, or migration data, states that protect workplace freedom are more attractive than states that protect labor unions.

The Right to Choose Is Fundamental to the American Way

The Constitution's First Amendment guarantees every American the right to freely associate with whomever they want and with whatever groups they want. The idea that Americans are forced to join labor unions as a condition of employment and forced to provide funds to labor unions that are used to promote values and ideas in direct conflict to their personal beliefs is wrong. All Americans should have the right to choose whether to associate with labor unions, and fear of losing a job or not getting a job should not be an issue in that decision.

Workplace freedom laws merely ensure that Americans are able to exercise that choice. Contrary to the claims of pro-union zealots, workplace freedom laws don't ban labor unions. They protect the right of workers to choose.

As reported in the *Parkersburg News and Sentinel*, the story of Jade Thompson illustrates the unfairness of the forced unionization environment. Ms. Thompson is a public school teacher in Marietta, Ohio. She is required to be a member of the Ohio Education Association (OEA). Her husband, Andy Thompson, was a Republican legislator. During the 2010 election, the OEA spent funds, a portion of which came from Ms. Thompson, to defeat her husband. One should never be forced to provide funds to be used against a spouse who is a candidate.

This type of forced contribution to causes and candidates that are contrary to the personal beliefs of members occurs across America every year. In 2011 in Ohio, thousands of teachers, police officers, fire fighters, and other government workers who supported the Senate Bill 5 reforms were forced to give money to the union political funds used to defeat the reforms.

All Ohioans deserve the right to choose.

So, What Would You Choose?

It is only from a very pro-union perspective that one can characterize the move to become a workplace freedom state as radical or right-wing. Why is the default position of federal law a pro-union position instead of a pro-freedom position? Why do states have to opt out of forced unionization rather than opt in to it? Even if pro-union forces provide a list of economic statistics to counter the data highlighted in this chapter, we are left with a debate in which both sides have supporting facts and data that help them make their cases. Ohio needs to have the debate.

Instead of a robust debate, however, supporters of workplace freedom laws are called mentally retarded, anti-worker, anti-teacher, anti-police officer, and anti-firefighter. They are labeled as against the middle class. This type of school-yard name-calling masquerading as debate is unworthy of union organizers' heritage.

No wonder there is not a single worker freedom state wanting to become a forced unionization state. Not one of the now twenty-three states even considers it. Where is the underpaid, overworked coalition of citizens in those states demanding the enactment of a forced unionization law?

The labor movement won. The American workplace today is safer, cleaner, and more transparent than ever, and American workers are protected from arbitrary, capricious, and nefarious acts. Despite the presence of powerful labor unions from Missouri to Maine and California and Hawaii, labor unions are powerless to protect their members from the shocks of a globally competitive marketplace and from the advance of technological innovations that reduce the need for workers.

Labor union bosses can complain about free trade and cheap labor in places like China and India, but they cannot force companies to maintain expensive and inflexible operations in the United States. Labor union honchos cannot force companies to be profitable. Companies that cannot make profits, will disappear.

It is far better to have strong job growth rather than strong labor unions.

To enact a workplace freedom law or make any significant reforms, it is critical to understand the political landscape in Ohio. Otherwise, reform efforts will not succeed.