



**TO:** Members, Senate Committee on Labor and Government Reform

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

**DATE:** February 24, 2015

**RE:** Support for Senate Bill 44 – Right to Work

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Thank you for holding the public hearing today on Senate Bill 44, 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 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 Senate Bill 44 and become the 25<sup>th</sup> 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 Senate Bill 44 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%).

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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](http://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 Senate Bill 44.