

Black workers in right-to-work (RTW) states tend to have lower wages than in Missouri and other non-RTW states

Fact Sheet • By Valerie Wilson and Julia Wolfe • May 15, 2018

The phrase “right-to-work” (RTW) refers to laws that prohibit unions from collecting any fees from nonunion members in a bargaining unit despite the fact that nonmembers would still receive the benefits of a union contract. These benefits include the right to have the union provide costly legal representation should a worker in the bargaining unit find it necessary to file a grievance against his or her employer. Contrary to how the phrase sounds, RTW laws actually work to restrict the rights of workers by cutting the financial support going to unions, thus limiting the ability of unions to help workers bargain for better wages, benefits, and working conditions.

Currently, 28 states, predominantly in the Midwest, South, and Southwest, have right-to-work laws.¹ Later this year, voters in Missouri will decide whether to adopt a new RTW law approved by the state’s general assembly last year.

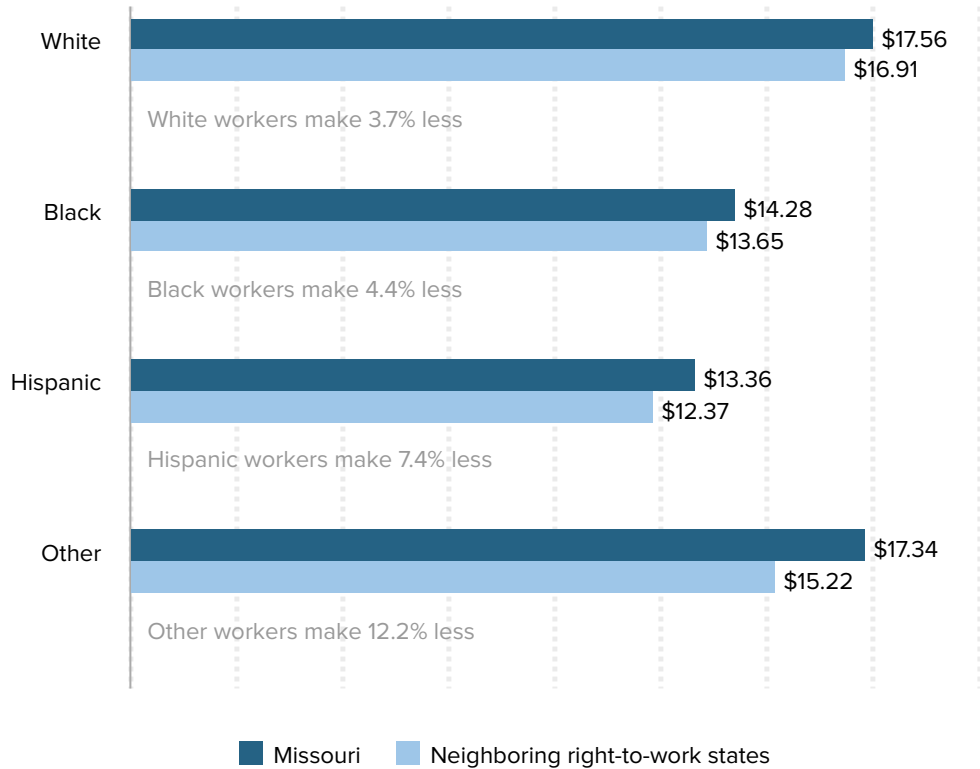
This fact sheet sheds light on what could happen to the wages of black workers in Missouri by comparing the wages of black workers in Missouri and other non-RTW states with wages of black workers in RTW states. We find that wages of black workers in Missouri and other non-RTW states tend to be higher than wages of black workers in RTW states. This finding is based on hourly wage data from the Current Population Survey conducted for the U.S. Bureau of Labor Statistics by the U.S. Census Bureau for 2010–2017, the period since the Great Recession.²

As shown in **Figure A**, black workers in non-RTW Missouri have generally fared better than their counterparts in neighboring RTW states. The figure compares the median inflation-adjusted hourly wage of workers in Missouri from 2010 to 2017 with median hourly wages of workers in neighboring RTW states in the same period, by race and ethnicity. Black workers in Missouri typically make \$14.28 an hour, while the typical black worker in Missouri’s neighboring RTW states (Arkansas, Iowa, Kansas, Kentucky, Nebraska, Oklahoma, and Tennessee) make an hourly wage of \$13.65, 4.4 percent less than the typical black

Figure A

Workers in neighboring right-to-work states make less than Missourians

Median hourly wage, by race/ethnicity, 2017 dollars



Notes: Calculated using 2010–2017 data. The median wage in neighboring right-to-work states is calculated by averaging median wages in each state. Neighboring right-to-work states are Arkansas, Iowa, Kansas, Kentucky, Nebraska, Oklahoma, and Tennessee.

Source: EPI analysis of Current Population Survey Outgoing Rotation Group microdata from the U.S. Census Bureau

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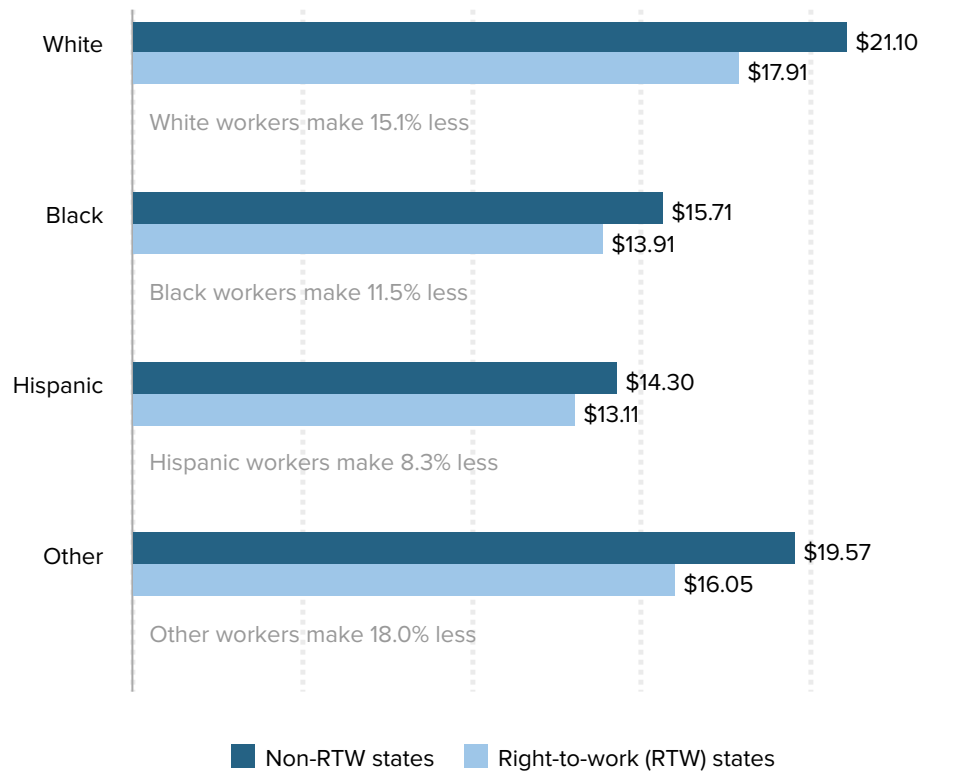
Missourian. This wage disadvantage in neighboring RTW states relative to Missouri is true for all racial and ethnic groups studied. Compared with Missourians of the same race or ethnicity, median white workers in neighboring RTW states earn 3.7 percent less and median Hispanic workers earn 7.4 percent less. Every state bordering Missouri, except Illinois, has enacted a right-to-work law.

This pattern is not unique to Missouri and its neighbors. In fact, the tendency of wages to be lower in RTW states is even more pronounced at the national level, as shown in **Figure B**, which compares the median inflation-adjusted hourly wage of workers in RTW states from 2010 to 2017 with median wages in non-RTW states during the same period, by race and ethnicity. Black workers in RTW states typically make 11.5 percent less than black workers in non-RTW states. For white and Hispanic workers, median wages in RTW states are lower than wages in non-RTW states by 15.1 percent and 8.3 percent, respectively. (For

Figure B

Workers in states with right-to-work laws make less

Median hourly wages, by race/ethnicity, 2017 dollars



Notes: Calculated using 2010–2017 data. Median wages for RTW states and for non-RTW states are calculated by averaging the median wages in those states. Nationwide, 28 states have RTW laws; the remaining 22 states do not. The National Conference of State Legislatures maintains a “[Right-to-Work Resources](#)” web page that lists states with RTW laws.

Source: EPI analysis of Current Population Survey Outgoing Rotation Group microdata from the U.S. Census Bureau

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median wages by gender and race/ethnicity, see **Appendix Table 1**.)

It’s likely that some part of this difference in wages reflects regional differences in the cost of living. For example, 14 of the 28 states with RTW laws are located in the South where cost of living is generally lower than in the Northeast, where no states have enacted RTW laws. However, the comparisons of wages in Missouri to wages in Missouri’s surrounding states largely controls for this issue, as cost-of-living differences across states within a specific region are likely to be quite small. Further, in national studies that control for other factors than can influence wages statewide, including the cost of living, wages are still at least 3 percent lower in RTW states than in non-RTW states.³ Therefore, although likely not solely responsible for these differences, RTW laws, along with other unfriendly labor practices, contribute to lower wages.

While Missouri workers of every race could see the negative impacts of a RTW law, a

larger share of black workers will be affected by any change that affects union representation. That is because 10.5 percent of black workers in Missouri’s private sector are covered by a union contract, compared with 8.0 percent of white workers and 9.0 percent of Hispanic workers.⁴

But the negative association between wages and RTW laws extends beyond union members. As national evidence has shown, when RTW laws weaken unions’ ability to bargain for higher wages, better benefits, and improved working conditions, it effectively lowers the bar for nonunion employers that once had to compete with employers offering higher standards in order to attract and retain workers. This general lowering of labor standards ultimately hurts the broad middle class—both union and nonunion workers.⁵

Updated June 19, 2018, to include appendix table.

Endnotes

1. The National Conference of State Legislatures maintains a “[Right-to-Work Resources](#)” web page that lists states with RTW laws.
2. Combining data from the years 2010–2017 creates a larger sample and more reliable estimates. Source: U.S. Census Bureau, Current Population Survey Outgoing Rotation Group microdata (U.S. Census Bureau CPS ORG), survey conducted by the Bureau of the Census for the Bureau of Labor Statistics [machine-readable microdata file]. Accessed at https://thedataweb.rm.census.gov/ftp/cps_ftp.html.
3. Wages in RTW states are 3.1 percent lower than wages in non-RTW states, after controlling for a full complement of individual demographic and socioeconomic factors as well as state macroeconomic indicators. In dollar terms, being in an RTW state is associated with \$1,558 lower annual wages for a typical full-time, full-year worker. Source: Elise Gould and Will Kimball, “*Right-to-Work*” States Still Have Lower Wages, Economic Policy Institute, April 2015.
4. U.S. Census Bureau, Current Population Survey Outgoing Rotation Group microdata (U.S. Census Bureau CPS ORG), survey conducted by the Bureau of the Census for the Bureau of Labor Statistics [machine-readable microdata file]. Accessed at https://thedataweb.rm.census.gov/ftp/cps_ftp.html.
5. See Gordon Lafer and Alyssa Davis, “*Right to Work*” Is the Wrong Answer for New Mexico’s Economy, Economic Policy Institute, February 2015; and Jake Rosenfeld, Patrick Denice, and Jennifer Laird, *Union Decline Lowers Wages of Nonunion Workers: The Overlooked Reason Why Wages Are Stuck and Inequality Is Growing*, Economic Policy Institute, August 2016.

Median hourly wages and wage differentials, by gender and race/ethnicity, 2017 dollars

Gender and race/ethnicity	Missouri	Neighboring RTW states	Difference between Missouri and neighboring RTW states	All non-RTW states	All RTW states	Difference between non-RTW and RTW states
Men	\$19.16	\$17.55	9.1%	\$20.78	\$18.25	13.9%
White	\$20.15	\$18.69	7.8%	\$23.44	\$19.98	17.3%
Black	\$15.07	\$14.63	2.9%	\$16.56	\$14.62	13.3%
Hispanic	\$13.69	\$13.15	4.1%	\$14.97	\$13.94	7.4%
Other	\$19.19	\$16.67	15.1%	\$22.13	\$18.01	22.8%
Women	\$15.28	\$14.75	3.6%	\$17.33	\$15.01	15.5%
White	\$15.58	\$15.36	1.4%	\$18.98	\$15.99	18.7%
Black	\$13.86	\$13.06	6.2%	\$15.00	\$13.27	13.0%
Hispanic	\$12.59	\$11.18	12.7%	\$13.48	\$11.83	14.0%
Other	\$15.63	\$13.82	13.2%	\$17.34	\$14.32	21.1%

Notes: Calculated using 2010–2017 data. RTW states are states with right-to-work laws; non-RTW states do not have right-to-work laws. Median wages for Missouri’s neighboring RTW states, for all RTW states, and for all non-RTW states are calculated by averaging the median wages in those states. Missouri’s neighboring RTW states are Arkansas, Iowa, Kansas, Kentucky, Nebraska, Oklahoma, and Tennessee. Nationwide, 28 states have RTW laws; the remaining 22 states do not. The National Conference of State Legislatures maintains a “[Right-to-Work Resources](#)” web page that lists states with RTW laws.

Source: EPI analysis of Current Population Survey Outgoing Rotation Group microdata from the U.S. Census Bureau

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