



### Right-to-Work and pandemic jobs recovery

**Summary:** The Allegheny Institute has been a long-time advocate for the adoption of Right-to-Work in Pennsylvania. Our research has demonstrated that the presence of Right-to-Work is associated with stronger economic growth in those states compared to the Commonwealth. And while the pandemic has wreaked havoc on state economies across the nation, Right-to-Work states have fared better during the pandemic and are recovering faster than states without Right-to-Work.

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#### *Background*

For two decades the Allegheny Institute has reported on the employment growth differences between Right-to-Work (RTW) states and non-Right-to-Work (NRTW) states. Indeed, the presence of RTW has long been a generally strong proxy for the degree to which free market economic policies are in place.

Several states that had for decades resisted RTW provisions as provided in the Taft Hartley Act have in recent years adopted RTW. The impact in those states has not yet had time to be felt fully as many other changes in the regulatory environment must be enacted to complement the RTW. And, predictably, much resistance to RTW still exists in the states that recently adopted it.

Unfortunately, there is a move in Congress sponsored by the Office of the President to remove the Right-to-Work provision completely. That would be a disaster for the nation's economic future.

States with RTW typically have a friendlier business climate overall, with far less unionization of their public-sector employees and they generally have faster growth. Of course, there are exceptions for both RTW and NRTW states as special growth-enhancing or-constraining factors can, to some degree, offset the RTW effect. For example, the high-tech sector in Silicon Valley and around Seattle. But the engineering and research jobs typically are not unionized and the manufacturing of many of the final products (Apple for example) are frequently offshored.

In recent years, many firms have begun relocating facilities and operations to Texas and other RTW states because of taxes and regulatory impediments.

### *Data sets*

This *Policy Brief* looks at the jobs lost and then regained in 10 states during the worst of the COVID pandemic and the opening up that has been underway since the second half of 2020, to varying degrees across the country. Five of the states are RTW with conservative-leaning governors and five are NRTW with more liberal governors. The states selected, both the RTW and NRTW, include a variety of sizes and are from very small to very large states spread geographically across the country.

The RTW states are South Carolina, Florida, Tennessee, Utah and Idaho. The NRTW states include Connecticut, New York, Pennsylvania, Illinois and New Mexico. Obviously, there is a great variety in each sample in terms of makeup of state economies and population size. Recent RTW-adopting states such as Michigan and Wisconsin were not selected. All employment data are taken from the [U.S. Bureau of Labor Statistics](#).

### *Analysis*

The analysis looks at: (1) the jobs lost from 2019 to 2020, (2) jobs lost for the worst month comparing April 2019 to April 2020 and (3) the job change from April 2019 to April 2021 as a more accurate measure of the degree of recovery from the worst of the pandemic. Employment growth from 2011 to 2019 is included as an indication of the robustness of the states' economies over a longer period following the severe 2008-2010 downturn. Jobs used for the comparisons are total private jobs since public jobs were much less affected by the pandemic closures. All comparative gauges are the *unweighted* percentage changes for the five states in each group.

First, it is important to note the very large difference in the eight-year employment growth (2011 to 2019) for the RTW and NRTW states. The RTW states averaged 26 percent growth for the period. NRTW employment climbed 9.8 percent. Thus, the RTW states grew jobs 2.65 times faster than the NRTW pace.

Over the eight years Pennsylvania's private employment level rose just 8.6 percent, slower than the average of the NRTW states and only a third as fast as the average of the five RTW states. And this period included the tremendous surge in shale gas drilling and production. Connecticut was the weakest of the group with only a meager 5.3 percent gain over the eight-year period.

Second, how did the states fare for the worst COVID impact year, 2020, compared to the 2019 level? Here again there is a large difference in jobs performance. RTW states in 2020 for the year as a whole averaged a loss of 3.5 percent of employment from the 2019 12-month average. On the other hand, the NRTW states suffered an average 8.6 percent drop in employment in 2020 as a whole compared to 2019, or a 2.5 times bigger loss than the RTW states.

Pennsylvania had a loss of 8.2 percent for 2020, about the average for the five NRTW states. New York was hardest hit with a drop of 11.6 percent. Owing to a very sharp bounce back after April and May, Idaho saw a loss of only 0.4 percent for the year compared to 2019.

Third, how did the two groups compare for job declines from April 2019 to April 2020, the hardest hit month for most states? Here the difference in losses is not as stark as the first two comparisons. But it remains substantial. For the NRTW group of states, the April-to-April drop average was 18 percent and for the RTW group 11.8 percent. Both groups were heavily impacted by federal guidelines and the initial frightening nature of the potential health problems posed by the virus.

Pennsylvania suffered a very large 20 percent decline in private jobs from April 2019 to April 2020, the first lockdown month. Of the 10 states reviewed in this analysis, only New York posted a worse figure, with a drop of 22.6 percent.

Fourth, a comparison is made of how well the groups have moved toward recovering job losses incurred during the pandemic. This is done by looking at the April 2019 data and the April 2021 numbers, the most recent currently available. Here the comparative performance is truly startling: The five RTW states' average employment change is a very small loss of 0.3 percent. Granted, some states were better than others but all were significantly better than any state in the NRTW group where the average loss in April 2021 compared to April 2019 was 7.6 percent.

Pennsylvania's private jobs had recovered in April 2021 to a loss of 6.9 percent from April 2019. This is slightly better than the NRTW group as a whole and significantly better than New York where jobs were 10.3 percent below April 2019.

### *Conclusion*

What are the reasons for the group average performances being so different? For one, gubernatorial actions and restrictions were far less draconian in the RTW states. This reflects the fundamental mind set differences between RTW red states and NRTW blue states.

For one thing, NRTW blue states are far more likely to have very large and powerful public sector unions whose jobs were largely protected so closing down the private economy would not have much effect on public sector employees continuing to collect paychecks and benefits. Second, governors in the red RTW states eased restrictions much sooner and allowed business activity to resume more quickly.

This all reflects the importance of the differences in the fundamentals of attitudes toward business and personal freedom and responsibility and setting limits to government power. There can be little doubt that RTW is a key component of the success in those states in bouncing back from the COVID pandemic.

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