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The Right-to-Work difference in jobs recovery

By Colin McNickle

Private-sector employment in Pennsylvania climbed 2.3 percent above the pre-pandemic July 2019 level by July 2023. But a researcher at the Allegheny Institute for Public Policy says the commonwealth's fealty to organized labor is retarding job growth.

"The gain was accounted for by ... service-sector jobs, especially education and health, professional and business services and transportation, trade and utilities," says Jake Haulk, president-emeritus of the Pittsburgh think tank.

But, "Goods-producing jobs remain below the 2019 readings. The southeastern part of the state led the rebound while most of the western part of the state has yet to recover to pre-pandemic levels," he notes (in *Policy Brief Vol. 23, No. 31*).

"Pennsylvania as a non-Right-to-Work (RTW) state -- with a very high percentage of public-sector union membership -- remains a long-term, slow-growth state, especially in comparisons to Sun Belt states with much lower levels of union membership (both public and private) and Right-to-Work," the Ph.D. economist says.

Pennsylvania's private-sector employment in July 2023 was 125,500 above the July 2019 level. July's 5.5 million jobs represent a 2.3 percent increase. But during the same four-year period, nationwide private-sector employment grew nearly twice as fast, by 4.04 percent.

The overwhelming share of the private-employment gain over the July 2019 to July 2023 period came in the southeast corner of the state. The three-county metropolitan division that includes Montgomery, Bucks and Chester counties posted an increase of 50,000 jobs while the remaining two counties in the Philadelphia metropolitan division (Philadelphia and Delaware) had a gain of 43,000 over the period.

“Unfortunately, several metro areas in the state had not recovered to 2019 levels by July 2023,” Haulk says. “The Pittsburgh MSA led the way in jobs shortfall with a July 2023 posting of private-sector jobs still 8,500 jobs below the 2019 level.”

And it’s a real eye-opener when comparing the performance of Right-to-Work states with non-Right-to-Work states.

Six states were selected to compare jobs performance to Pennsylvania. Three in the northeastern, or north central, part of the country: New Jersey, Massachusetts and Michigan. Three are from the Sun Belt area: Texas, Florida and North Carolina.

All the Sun Belt states are RTW states and have been for many years. All the northern states are non-RTW states following the repeal of RTW in Michigan in early 2023, 11 years after it was enacted in 2012.

In addition to presence of RTW in a state or its absence, it is also important to consider the percentage of unionization (the percent of workers that are members of a union) in both the public and private sectors in each state.

From July 2019 to July 2023, the average gain in jobs for the four non-RTW states was 2.4 percent with Pennsylvania at 2.3 percent. The average growth over the four-year period for the three RTW states was 9.8 percent with Florida leading the way at 10.7 percent.

Over the last 10 years (July 2013 to July 2023), the non-RTW states averaged a 11.4 percent gain in private-jobs growth with Pennsylvania the slowest in the group at 9.1 percent. Over the same 10-year period, the RTW states posted an average gain of 28.4 percent with Florida leading the way with a gain of 33.3 percent.

“Clearly, these Sun Belt RTW states have far outperformed the non-RTW states,” Haulk stresses. And it is important to note the strong correlation between the percentage of public sector employees’ union membership and employment growth.

“The four non-RTW states averaged 52.3 percent membership in 2022 while the RTW Sun Belt states averaged 15.4 percent,” the think tank scholar says. “Private-sector union membership averaged 8.3 percent while the RTW states averaged just 2.1 percent.”

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