

# **POLICY BRIEF**

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## **Union Membership Levels and Job Growth in U.S. Metro Areas**

Union membership in the private sector has been declining in Pennsylvania, as in the rest of the United States, for the last two decades. Yet lawmakers continue to pander to this dwindling special interest by refusing to implement free market measures aimed at improving the business environment. At the same time, the state's job growth continues to languish.

The question cannot be avoided. Is there a significant correlation between the level of union membership in a state or region and job growth? That is, do areas with high percentages of unionized workforces grow faster or slower than areas which have workforces with low percentages of unionization?

In 2005 the Census Bureau surveyed employees in metropolitan statistical areas (MSAs) to determine the numbers of workers covered by collective bargaining agreements. The data was compiled for the total workforce and for public sector employees.<sup>1</sup> The MSA union membership survey data was broken out into Right to Work (RTW) state and non-Right to Work states.

For the total workforce survey, 63 of the 253 MSAs in the U.S. had at least 500 respondents, enough to make reliable statistical inferences. Of the 63 MSAs, 35 are located in non-Right to Work states while 28 are in Right to Work states. In the Pittsburgh MSA, 16 percent of all surveyed employees were covered by a union contract.

The 35 non-RTW metro areas have an average unionized workforce of 16 percent while the RTW states have an average unionized workforce of 8 percent. The difference in job growth over the last five years is striking. The RTW metro areas grew 6 percent while the non-RTW metro areas managed to eke out a mere 0.7 percent gain, with Pittsburgh posting a 0.9 percent decline in jobs. Obviously, correlation of RTW with stronger job growth is not absolute proof of causality but when combined with many other studies showing the same type of disparity, it is a potent argument in favor of Right to Work.

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<sup>1</sup> Data was compiled and sorted by Barry T. Hirsch, Trinity University, and David A. Macpherson, Florida State University.

**Table 1**

Metro Area	2005 Total Employment	Covered Employees	Average Percentage Covered	2000 Non-Farm Jobs (000's)	2005 Non-Farm Jobs (000's)	Percent Change
Pittsburgh	1,042,414	166,865	16	1,147	1,136.9	-0.9
Average of MSAs not in RTW states	1,421,532	250,954	16	1,538.7	1,532.7	0.66
Average of MSAs in RTW states	815,807	56,212	8	796	843.5	6

Pittsburgh was among the 21 metro areas with either negative or zero growth in non-farm jobs. Very telling is the fact that of the 28 RTW metro areas, 25 (89 percent) experienced gains in non-farm employment.

Similar results are found in the analysis of public sector employees. Typically, MSAs with high level of unionization of government employees have lower non-farm job growth than metros with low levels. In the survey of public sector employees, 53 metros had more than 100 respondents. These metro areas were divided into two groups: those with less than 50 percent union membership and those with 50 percent or more union membership. More than 60 percent of the Pittsburgh MSA's government workers who responded indicated they were union members.

Table 2 shows the two groups and their job gains over the last five years.

**Table 2**

	Number of Metros	Number of Metros in a RTW state	Average Percentage of Public Employees Covered by unions	Metro area average 2000 Non-Farm Jobs (000's)	Metro area average 2005 Non-Farm Jobs (000's)	Percent Change
Metro Areas with $\geq$ 50% public employees covered	24	0	60.4	1,771	1,756	0.78
Metro Areas with < 50% public employees covered	29	19	26.2	962	1,010	5.03

For the MSAs with 50 percent or higher of public sector unionization, the average growth of total non-farm jobs is less than 1 percent. Furthermore, half (12 of 24) of the MSAs with at least 50 percent coverage had negative job growth over the time period. None of these metros are located in a RTW state. However, for the MSAs with less than 50 percent coverage, 19 of 29 are located in a RTW state. The average job growth for the 29 metros was over five percent. For the 19 MSAs in RTW states the growth rate was 5.7 percent, while only 2 experienced negative growth over the time period.

A correlation analysis of non-farm job growth and RTW status shows a strong positive relationship. The correlation coefficient between RTW and job growth is 0.4, meaning that being in a RTW state is correlated with faster job growth.

At the same time, there is a negative correlation coefficient (-0.30) between the percentage of government employees who are covered by union agreements and growth in non-farm jobs. For total employee unionization, the correlation with job growth was also negative (-0.25). These negative correlations suggest that the higher the percentage of workers who are covered by collective bargaining agreements, the slower the area's job growth.

While union officials claim that policies such as Right to Work put people out of jobs, statistical evidence leads to the exact opposite conclusion. Notwithstanding piles of such evidence, lawmakers in the Commonwealth continue to cling to policies that favor unions over businesses and taxpayers. As a result, the state remains among the cellar dwellers in economic growth.

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