

Critical Public Policy Questions “Regarding Right to Work” and the Potential Impact on Senior Citizens and Persons with Disabilities in Indiana

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By John Cardwell, Director, TGP, January 2012

Introduction

The following is a white paper written for The Generations Project. The Project was founded in 2001 as a policy research and education organization for the expressed purpose of assisting senior citizens and persons with disabilities in leading full and independent lives. It is the belief of the Project and its board of directors that Hoosiers of all ages should live free and independently as long as possible, and that aging and disease should not be used as reasons to deprive senior citizens and persons with disabilities of their rights and prerogatives as citizens and human beings.

Right to Work, Senior Citizens and Persons with Disabilities

In recent years there has been substantial public policy debate in Indiana regarding the benefits and the dangers associated with changing current law in Indiana regarding the right of employees in the private and public sectors to collectively bargain for wages and benefits. In 2011 legislation was introduced in the state’s General Assembly to allow Indiana to become a “right to work” state. The debate over that legislation was historic in its impact on the public policy process.

In 2012, right to work legislation has again been introduced in the state legislature. The concept remains controversial although poorly understood by the public even though the debate regarding the merits of the right to work concept versus collective bargaining is decades old.

Heretofore, the debate has largely centered over jobs and job creation, wages, and economic growth.

In the latter context, the right to collectively bargain for wages and benefits has been a part of the Indiana socio-economic and policy scene for generations. Throughout the state, municipal and county economic development strategies, small business investments, home and auto sales, hospital and health care infrastructure, local school funding, United Way fund drives, churches, and a host of other private and public sector investments have long been predicated on the wages and incomes generated by corporations and their employees as a result of the collective bargaining process. Parallel to this a wide array of health and safety standards,

including building codes, construction standards, work quality, and work safety standards that clearly benefit all Hoosiers have evolved, and continue to do so, through collective bargaining.

However, this white paper is not about any of the above issues although The Generations Project could rightfully address such issues because of their impact on senior citizens and persons with disabilities. This document is focused on one topic: the impact of right to work legislation, over time, on senior citizens and their dependents in Indiana.

In 2007, The Generations Project first examined the value of collective bargaining per the incomes and benefits available to senior citizens and persons with disabilities in Indiana. The Project discovered that senior citizens who are retired union members, and their dependents, fared better than other senior citizens and their dependents. They fared better for the following reasons: as a group they had earned more during their professional and working careers, they had pension benefits in addition to Social Security, and they had enhanced health benefits.

At the direction of its board of directors, in 2007, 2008 and 2009, The Generation Project responded to the crisis that was created for tens of thousands of Hoosier families, including large numbers of senior citizens and persons with disabilities, as a result of the privatization of the state's system of public welfare. That response included establishing a team of 14 to 16 individuals, primarily consisting of retired professionals and attorneys that *volunteered* their time, to help persons and families harmed by the privatization of eligibility for Medicaid, the Supplemental Nutrition Assistance Program (food stamps), and Temporary Assistance for Needy Families. That team was identified as the Committee on Welfare Privatization Issues. That team annually provided over 11,000 hours of direct advisory assistance during those years. From that experience, the Project discovered that senior citizens who were union retirees rarely faced the risks that many other seniors faced as a result of welfare privatization because they had, on average, higher incomes and a negotiated set of benefits that included a union and health care infrastructure that protected them.

The Project also discovered the sons and daughters of union retirees also fared better during the state's welfare privatization crisis because their parents were better prepared to help them during a family economic crisis, such as the loss of a job, of shelter, and food, or a combination of all three. In fact, many sons and daughters, depending on their ages, could still access benefits through the negotiated health care plans of their union-member parents.

The Project also established in 2007 its Round Table Education Series, which was a series of community, regional and statewide forums on the home and community based services needs of senior citizens, persons with disabilities, and their families. Those meetings, which eventually involved over 700 Hoosiers, produced a series of reports based on the

recommendations of those citizens. Those reports can be viewed on The Generations Project's website and include the following titles: *Lessons from Home*, *Lessons from Home Applied*, and *The Good Road Home*. Hard copies of these reports have previously been shared with members of the General Assembly.

In November 2011, The Generations Project and United Senior Action, held listening sessions in eight communities across the state. Over 150 individuals participated in the meetings. These participants were mainly local for-profit and not-profit health care providers and professionals. More importantly, from July through December 2011, the Project and United Senior Action, did presentations to over 5,000 persons in meetings across the state, with the majority of the participants consisting of union retirees or senior citizens who were members of urban neighborhood associations and churches. Like the meetings previously described in this white paper, these gatherings were held to hear what Hoosiers had to say to us. Once again, we heard that income security, including negotiated pension and health benefits, were critical to the health and wellbeing being of senior citizens, persons with disabilities and their families. But we also heard something new: fear that lawmakers in Indianapolis were determined to take away the negotiated benefits that are critical to their income and health independence. That fear brought as many as 300 retirees at a time to meetings that normally had half that number in attendance.

Based on these meetings, The Generations Project believes it is important for policy makers to consider the following factors before proceeding with any changes in the laws that may impact the collective bargaining process in Indiana.

- **First, is the scale of the human impact: 250,000, or more, union retirees and their dependents *may* be affected by right to work legislation.** Nobody really knows how many retirees and their dependents might be affected and to what degree and over what period of time. For example, the Indiana Alliance for Retired Americans, an organizations composed of retired union members, has 123,000 members, but many retirees are not members of the Alliance. Common sense tells us that any weakening of the collective bargaining process has the very real potential to weaken collectively bargained retirement benefits. Clearly, more time is needed to study this critical issue because of its potential impact on a huge segment of the Indiana population.
- **Second, right to work has the *potential* to significantly lower the incomes and the taxes paid by Indiana's current 279,000 current union members.** Credible, independent academic sources say right to work does lower wages. *Potentially lowering the wages for part or all of 279,000 well paid employees, and lowering the incomes of their dependents, that must also number in the hundreds of thousands, is an enormous fiscal concern.* Credible academic sources also say right to work has no net or minimal job

creation benefits. Together, these are real issues in a state of just 6.3 million residents because it is the taxes paid by income earning citizens that fund programs, such as CHOICE and Medicaid waivers, which are critical to the health and well-being of senior citizens and persons with disabilities. It is the taxes paid by income earning citizens that fund all our vital public services such as education, roads, infrastructure, human services and environmental quality. Those services are the real drivers of economic development in Indiana.

- **Third, consider retirement incomes and how pension, investment, health, Social Security, and Medicare benefits are intertwined in the family financial planning process.** Should any leg in a senior citizen's retirement plan be radically changed or removed, immediately or over time, the result is potentially disastrous since most seniors no longer have the option to earn extra income. Clearly, *the impact of right to work on negotiated retirement benefits must be clearly understood.*
- **Fourth, the financial impact of collective bargaining is deeply woven into the economic and social fabric of hundreds of Hoosier communities.** Think of its impact on communities such as Kokomo, Marion, Anderson, Muncie, Fort Wayne, Indianapolis, Speedway, Evansville, Richmond, South Bend, Lafayette, Munster, Gary and many other cities and towns with tens of thousands of union retirees and current union wage workers. Think of the spending and paid taxes in these communities that sustains small businesses, other manufacturers, and public services. *Without studying the short and long term potential impact of right to work in Indiana* (and NOT other states with far different and asymmetrical economic and demographic realities, such as North Dakota, Texas and Oklahoma), we simply do not know its long term consequences on Hoosier communities and our state's future.
- **Fifth, there is a very real fear among far too many senior citizens that right to work is a concept intended to harm them.** This is a deep and real concern of union retirees, but also among other senior citizens, a surprising number of professionals, and persons with disabilities. Frankly, too many people, rightly or wrongly, believe vested interests are pushing the passage of right to work legislation, and that these interests do not give a hoot regarding the impacts on senior citizens and persons with disabilities. Given these concerns, the question must be asked: should any significant group of Hoosiers have to fear the actions of their elected lawmakers? Only the real study of these impacts, the time needed to educate the public, and a commitment by all parties to do what is truly best for all Hoosiers can allay these concerns.

Conclusions

Making momentous and sweeping public policy changes quickly and in relative isolation is dangerous to the economic and social well-being of Hoosiers. For example, welfare

privatization was touted by its advocates as a solution that would save a billion dollars and improve the delivery of public benefits for Indiana's most vulnerable citizens. In reality, welfare privatization has degraded services, harmed thousands of people, and shifted significant and ongoing services and their costs onto local social service agencies and charities. It was an imported, unproven and quickly executed experiment that our citizens and state could not afford. Taxpayers will be paying for that mistake for many years to come, and families will be long scarred by that mistake.

The welfare privatization mistake demonstrates that Indiana should not be rushing to implement right to work. We need to learn far more about the impact of right to work before any policy decisions are made.

When the combined number of union retirees, active workers that are union members, and their combined dependents are taken into account, the number of Hoosiers directly affected by right to work legislation could easily range from 800,000 to a million people. That's a very large number of people and plunging into another over-sized experiment, based on unproved data and ideas by self-interested parties is a risk for all Hoosiers. *The problem is simply this: right to work is a potential risk Indiana's citizens should not have to take. What is needed is a credible, third-party analysis done over time that is thoroughly vetted with the public. That has not remotely taken place, but given the disastrous example of welfare privatization, such analysis should absolutely happen.*

Change has always been a salient feature of Indiana's economy. The companies that made buggies in 1895 were making cars by 1915, airplanes in World War II, and the sophisticated computerized cars and trucks we drive today. In the future, they are projected to make a vast array of individual and mass people moving devices using nano and new generation intelligence technologies. Those companies employed The Greatest Generation, the Korean and Vietnam Vets that are among today's retirees. Those retirees have earned a right to have their earned benefits protected. And those of us who retire in the coming years will expect no less in 2020 and beyond.

So from the lessons of the past and the present we know that economic prosperity is not achieved in insolation of the health and social needs of the citizens of our state. Lasting and future economic prosperity is achieved by being in sync with those needs, and those needs can best be met by actually listening to all of our citizens. With these thoughts in mind, The Generations Project believes Hoosiers will be best served now, and in the future, by taking a second and even a third look at right to work legislation. The Generations Project believes if we do this the answers will not come from peculiar and out-of-state special interests. The Generations Project believes what we will find are smart solutions based on the best ideas and the real needs of all our fellow citizens.

