OXFAM RESEARCH REPORT

THE BEST STATES TO WORK INDEX

A GUIDE TO LABOR POLICY IN US STATES

OXFAM

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EXECUTIVE SUMMARY

In the United States, federal laws help determine compensation and conditions in the workplace. However, state laws matter, as well—and in 2018 are more vital than ever. Although the federal government is consistently refusing to consider legislation that would improve circumstances for low-wage workers, states are making moves to keep workers and their families out of poverty and to give them a decent chance. For example, the majority of states have raised minimum hourly wages above the federal threshold (from $7.50 in New Mexico to $13.25 in Washington, DC); states have also protected the right to organize, ensured paid sick leave, established accommodations for pregnancy and breastfeeding—and more.

In an effort to understand the differences between states and to rank them, Oxfam constructed an index of labor and employment policies of all 50 states and Washington, DC. The result is the Best States to Work Index. Using this tool, legislators, labor advocates, and residents may see how the score of their state compares overall and in their region, identify labor policy priorities, and recognize underperforming states. This report also includes an in-depth analysis of state trends in three areas—wage, worker protection, and the right to organize. It attempts to identify low-hanging fruit, where efforts for improvement would likely yield quick results, through a strategic analysis of trends based on a comparison of the three dimensions, as well as trends in individual policies.

The Best States to Work Index provides a measure of 11 policy areas, and yields a numeric score from 0 to 100 that allows for comparison between the states. These policies fall into three major dimensions:

- **Wage policies:** Workers earn close to a living wage that is sufficient to provide for them and their families, and states have established local control over minimum wages
- **Worker protection policies:** workers can take time for sickness and pregnancy, there are legal protections against sexual harassment, work schedules are made in a decent manner, and women receive appropriate accommodations both during and after pregnancy
- **Right to organize policies:** Workers can find a voice in the workplace through organizing and sustaining a trade union—whether in the private or public sector.

Table ES 1: The Best States to Work Index ranking, July 2018

State	Index Ranking	Overall Index	Wage Dimension	Worker Protection Dimension	Right to Organize Dimension
District of Columbia	1	95.34	95.74	90.28	100.00
Washington	2	88.43	100.00	65.28	100.00
California	3	87.64	71.26	91.67	100.00
Massachusetts	4	82.00	62.67	83.33	100.00
Vermont	5	78.84	61.53	75.00	100.00
Oregon	6	78.81	61.42	75.00	100.00
Rhode Island	7	78.69	59.68	76.39	100.00
Maine	8	75.35	85.78	40.28	100.00
Connecticut	9	74.97	45.75	79.17	100.00
Minnesota	10	74.20	74.00	48.61	100.00
New York	11	71.72	45.70	69.44	100.00
Maryland	12	71.63	62.12	52.78	100.00
New Jersey	13	65.48	18.66	77.78	100.00
Illinois	14	64.14	47.97	44.44	100.00
Colorado	15	59.50	50.72	44.44	83.33
New Mexico	16	57.21	41.09	30.56	100.00
Delaware	17	57.02	21.07	50.00	100.00
Alaska	18	56.54	47.41	22.22	100.00
Hawaii	19	55.63	23.82	43.06	100.00
Ohio	20	54.53	41.36	22.22	100.00
Nebraska	21	50.80	46.83	38.89	66.67
Arizona	22	50.61	90.72	38.89	22.22
New Hampshire	23	49.72	10.96	38.19	100.00
Pennsylvania	24	46.66	17.76	22.22	100.00
Montana	25	40.20	29.63	24.31	66.67
Indiana	26	38.92	19.53	30.56	66.67
Michigan	27	38.90	55.60	27.78	33.33
Missouri	28	36.73	21.30	22.22	66.67
South Dakota	29	35.72	51.59	22.22	33.33
West Virginia	30	34.28	50.07	30.56	22.22
Kentucky	31	34.27	19.48	22.22	61.11
Nevada	32	33.50	31.06	36.11	33.33
Arkansas	33	32.16	43.69	30.56	22.22
Wyoming	34	31.90	17.92	22.22	55.56
Texas	35	30.73	14.40	22.22	55.56
Utah	36	28.51	13.32	38.89	33.33
Florida	37	27.04	25.56	22.22	33.33
Wisconsin	38	25.47	16.67	26.39	33.33
Iowa	39	25.22	18.03	24.31	33.33
Oklahoma	40	24.38	17.60	22.22	33.33
Kansas	41	23.93	16.24	22.22	33.33
Louisiana	42	23.68	14.09	40.28	16.67
Tennessee	43	22.98	23.11	34.72	11.11
North Dakota	44	21.77	18.09	30.56	16.67
Idaho	45	20.58	11.75	22.22	27.78
South Carolina	46	14.95	14.29	30.56	0.00
North Carolina	47	12.45	15.13	22.22	0.00
Georgia	48	9.31	11.26	5.56	11.11
Alabama	49	7.97	18.36	0.00	5.56
Mississippi	50	7.25	16.19	0.00	5.56
Virginia	51	1.85	0.00	5.56	0.00

Note: Washington, DC is considered a state in the Best States to Work Index.

The Best States to Work Index reveals the following:

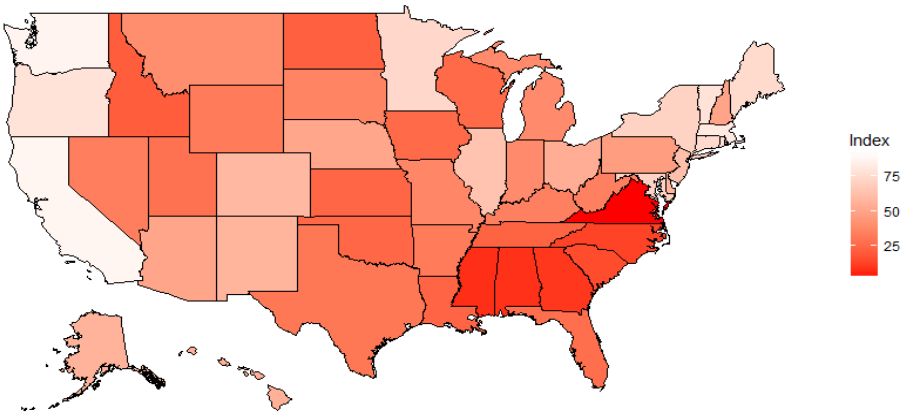
- **States vary substantially in their index scores, even states that border each other.** The Best States to Work Index ranges from 1.85 to 95.34. Although some analysts may try to divide the United States into just two groups (those advanced and those lagging in labor standards), states fall along a spectrum.

- **Virginia comes out last in the Best States to Work Index, and Washington, DC lands at the top.** Virginia has the lowest ratio of minimum wage to a living wage, and only a basic equal pay law among all the labor laws in the index. In the index, Washington state, California, and Massachusetts also ranked at the top; Pennsylvania, Montana and Indiana in the middle; and Georgia, Alabama, and Mississippi at the bottom.

- **No state provides a living wage, a critical determinant of the adequacy of a minimum wage**. According to a simple ratio of the minimum wage to a living wage, no state minimum wage exceeds even half of a living wage for a family of four.

- **States lag in the Worker Protection Dimension**. The average score is 38.41 out of 100 in this dimension, barely above 37.02 and well below 60.46 for the Wage and Right to Organize Dimensions, respectively. Although the majority of states have made progress on basic equal pay legislation and on a basic sexual harassment law, few have passed paid sick leave, paid family leave, and fair scheduling laws.

Figure ES 1: Overall Best States to Work Index scoring, July 2018



Note: Darker red indicates a lower score.

To determine whether a relationship between the Best States to Work Index and the well-being of people in a state exists, Oxfam ran several simple correlations with economic and social indicators. **Overall, the data showed a correlation between high scores on the Best States to Work Index and desirable economic and social indicators.** The analysis found a moderate correlation with lower rates of infant mortality and poverty, and with higher rates of life expectancy, median income, GDP per capita, and labor force participation rates. While correlation is not causality, this evidence suggests that these policies are not damaging to the economy or the health of the population, and that they may in fact support them. At the very least, the lack of any clear negative economic impact and the strong evidence of positive impacts on measures of well-being indicate that more states should pursue these policies.

Oxfam hopes that state legislators, labor advocates, and residents review their scores, consider the impacts on working families, and make moves to implement policies that will help people thrive and prosper. Oxfam specifically recommends the following:

1. **Increase the minimum wage, both at the state level and by empowering local governments to control minimum wages.** States should provide a living wage sufficient to meet the needs of workers and their families. Also, local governments are most in touch with their residents, and the cost of living varies substantially within a state; given these factors, allowing a local government to raise the minimum wage is important to meet specific needs.

2. **Improve Worker Protection Legislation across the board.** Along with the Wage Dimension, the Worker Protection Dimension is lagging in most states of the nation. Specifically, states should:

    - Strengthen equal pay laws.
    - Provide workplace protections for pregnant and breastfeeding workers.
    - Ensure job-protected paid family and medical leave.
    - Guarantee paid sick days.
    - Ensure fair scheduling for workers.
    - Protect against sexual harassment.

3. **Repeal laws that undermine worker freedom to bargain collectively.** The erosion of collective bargaining has undercut wages and benefits for union and non-union members alike.[1] States must restore workers' ability to organize and bargain collectively through overturning right-to-work laws, which undermine worker freedoms to join together and negotiate. Moreover, states should repeal the ban on project labor agreements for government contracts.

4. **Preserve collective bargaining for public sector workers.** State and local governments employ 16.8 million people in the United States.[2] The recent Supreme Court decision, *Janus v. AFSCME Council 31,* will weaken the bargaining power of unions across the country, even in states that support collective bargaining of government employees. States must work to find innovative ways to preserve the financial solvency of public sector unions amid this new policy landscape.

INTRODUCTION

Federal laws help determine compensation and conditions in the workplace in the United States. Policies establish standards for minimum wages, health and safety, family leave, and more. However, state laws matter, as well—and in 2018 are more vital than ever. At this point in US history, the federal government is consistently refusing to consider legislation that would improve circumstances for low-wage workers; for example, the federal minimum wage has been stuck at the poverty level of $7.25 for nearly 10 years. In this economic climate, states are making moves to keep workers and their families out of poverty, and to give them a decent chance. For example, the majority of states have raised minimum wages above the federal threshold (from $7.50 in New Mexico to $13.25 in Washington, DC). These state laws have a huge effect on the quality of life for working families. States have not just raised wages; they have protected rights to organize, ensured paid sick leave, established accommodations for pregnancy and breastfeeding—and more.

Oxfam constructed an index of labor and employment policies of all 50 states and Washington, DC, with the purpose of understanding the differences between states, and ranking them. The result is the Best States to Work Index. This report offers a brief overview; there is also an online interactive map. The Best States to Work Index is based on three dimensions: wage standards, worker protection laws, and right to organize laws. The combined scores add up to the overall rankings that indicate which states have the best and worst conditions for workers. The results offer some surprises, many insights, and calls to action. Using this tool, legislators, labor advocates, and residents may see how the score of their state compares overall and in their region, identify labor policy priorities, and recognize underperforming states.

Moreover, this report provides a preliminary analysis of the effects of the policies found in the index by drawing correlations between the Best States to Work Index and several indicators of quality of life for working families. For example, states that have higher scores have longer life expectancy and lower infant mortality rates. This section is followed by a more in-depth analysis of state trends in the three dimensions—wage, worker protection, and the right to organize. This report then provides a strategic analysis of trends based on a comparison of advances in the three dimensions, as well as trends in individual policies. The report concludes with a summary of findings, strategic observations and recommendations.

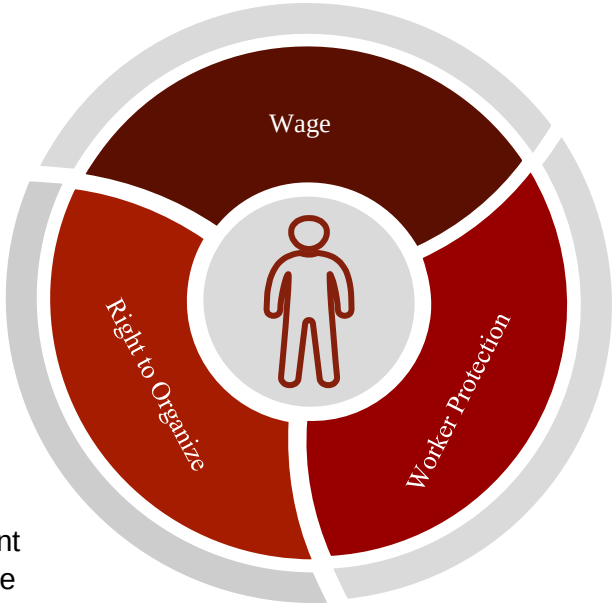
FEDERAL LABOR POLICY IN THE UNITED STATES

When compared with the 34 other countries in the Organization for Economic Co-operation and Development (OECD), federal labor policy in the United States performs poorly. The US ranks 30th out of 35 in the ratio of the minimum wage to gross domestic product (GDP), just ahead of such countries as Latvia and Mexico.[3] In a scoring of trade union rights, the US ranks again 30th out of 35, just above Turkey and Poland.[4] Moreover, the United States is the only country in the OECD with no national paid maternity leave law.

However, federal policy in the United States is only part of the story, given the governing system that empowers US states to establish their own labor policies. The United States has a strong tradition of advancements and innovations in policy at the state level. These innovations offer a template for progress for other US states, as well as for the federal government.

The importance of state policy has also increased with time, given the relative scarcity of federal legislation on labor issues for a number of years.[5] The last increase to the federal minimum wage occurred in 2009, based on legislation passed in 2007.[6] The most recent major piece of federal labor legislation is arguably the Family and Medical Leave Act (FMLA) of 1993, which celebrated its 25th anniversary in 2018. In the meantime, 30 states (including Washington, DC—which will hereafter be referred to as a state) have raised their minimum wage above the federal standard, and 19 states have improved upon the FMLA.

METHODOLOGY



To measure progress in state labor and employment policies, Oxfam assembled them into an index. The policies of the index fall into three major dimensions:

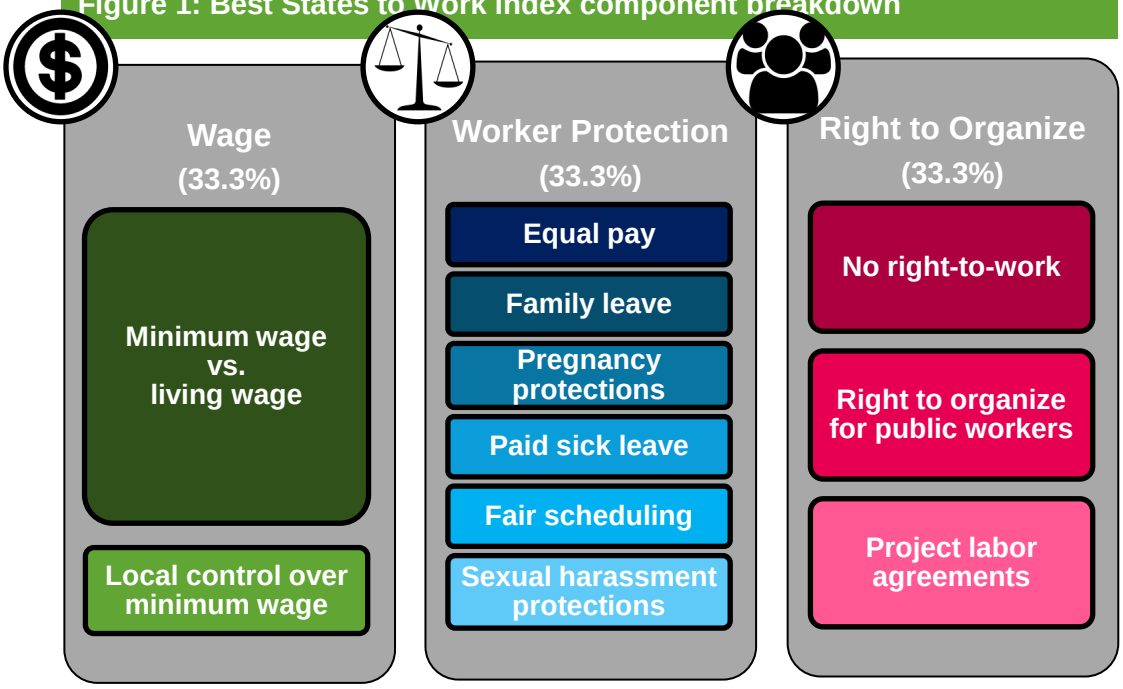
Wage policies: Workers earn a living wage that is sufficient to provide for them and their families;

Worker protection policies: Workers can take time for sickness, pregnancy, and childbirth; there are legal protections against sexual harassment; work schedules are made in a decent manner; and pregnant women receive appropriate accommodations;

Right to organize policies: Workers find a voice in the workplace through organizing and sustaining a trade union if they desire.

The selection of these areas stems from three justifications: values and principles, strong evidence of a beneficial impact, and public support. Greater detail on why particular policies were selected appears in Appendix 1.

Figure 1: Best States to Work Index component breakdown



Note: Within each major dimension, submetrics are weighted equally, excepting the Wage Dimension where the "minimum wage versus living wage" to "local control over minimum wage" ratio is three to one.

Our team weighed each dimension—**Wage**, **Worker Protection**, and the **Right to Organize**—equally in the index. Then, within each area, our team selected from two to six policy indicators, for a total of 11, as is seen in Figure 1. The particular policies and the weighting that populate each dimension are presented in a weighting tree in Appendix 2. The selection of policies for the index went through an extensive consultation and review process involving over a dozen organizations, including think tanks, women's groups, trade unions, worker advocacy organizations, and networks of legislators. A background on the precise components for the index appears in Appendix 3.

RANKING IN THE BEST STATES TO WORK INDEX

The Best States to Work Index provides a measure of these 11 policy areas and yields a numeric score that allows for comparison between the states. Based on an extensive literature review and analysis of legislation in the states, our team compiled data for each indicator and aggregated them into a single score for 50 states and Washington, DC, which, as noted, we categorize as a state in this report.

Table 1: The Best States to Work Index ranking, July 2018

State	Index ranking	Overall index	Wage Dimension	Worker Protection Dimension	Right to Organize Dimension
District of Columbia	1	95.34	95.74	90.28	100.00
Washington	2	88.43	100.00	65.28	100.00
California	3	87.64	71.26	91.67	100.00
Massachusetts	4	82.00	62.67	83.33	100.00
Vermont	5	78.84	61.53	75.00	100.00
Oregon	6	78.81	61.42	75.00	100.00
Rhode Island	7	78.69	59.68	76.39	100.00
Maine	8	75.35	85.78	40.28	100.00
Connecticut	9	74.97	45.75	79.17	100.00
Minnesota	10	74.20	74.00	48.61	100.00
New York	11	71.72	45.70	69.44	100.00
Maryland	12	71.63	62.12	52.78	100.00
New Jersey	13	65.48	18.66	77.78	100.00
Illinois	14	64.14	47.97	44.44	100.00
Colorado	15	59.50	50.72	44.44	83.33
New Mexico	16	57.21	41.09	30.56	100.00
Delaware	17	57.02	21.07	50.00	100.00
Alaska	18	56.54	47.41	22.22	100.00
Hawaii	19	55.63	23.82	43.06	100.00
Ohio	20	54.53	41.36	22.22	100.00
Nebraska	21	50.80	46.83	38.89	66.67
Arizona	22	50.61	90.72	38.89	22.22
New Hampshire	23	49.72	10.96	38.19	100.00
Pennsylvania	24	46.66	17.76	22.22	100.00
Montana	25	40.20	29.63	24.31	66.67
Indiana	26	38.92	19.53	30.56	66.67
Michigan	27	38.90	55.60	27.78	33.33
Missouri	28	36.73	21.30	22.22	66.67
South Dakota	29	35.72	51.59	22.22	33.33
West Virginia	30	34.28	50.07	30.56	22.22
Kentucky	31	34.27	19.48	22.22	61.11
Nevada	32	33.50	31.06	36.11	33.33
Arkansas	33	32.16	43.69	30.56	22.22
Wyoming	34	31.90	17.92	22.22	55.56
Texas	35	30.73	14.40	22.22	55.56
Utah	36	28.51	13.32	38.89	33.33
Florida	37	27.04	25.56	22.22	33.33
Wisconsin	38	25.47	16.67	26.39	33.33
Iowa	39	25.22	18.03	24.31	33.33
Oklahoma	40	24.38	17.60	22.22	33.33
Kansas	41	23.93	16.24	22.22	33.33
Louisiana	42	23.68	14.09	40.28	16.67
Tennessee	43	22.98	23.11	34.72	11.11
North Dakota	44	21.77	18.09	30.56	16.67
Idaho	45	20.58	11.75	22.22	27.78
South Carolina	46	14.95	14.29	30.56	0.00
North Carolina	47	12.45	15.13	22.22	0.00
Georgia	48	9.31	11.26	5.56	11.11
Alabama	49	7.97	18.36	0.00	5.56
Mississippi	50	7.25	16.19	0.00	5.56
Virginia	51	1.85	0.00	5.56	0.00

The Best States to Work Index provides an overall ranking of state labor laws with a related score, and scores for the Wage Dimension, the Worker Protection Dimension and the Right to Organize Dimension. Table 1 presents the full ranking and scores of states. Within the index, a score of 0 would mean that the state has the lowest minimum wage relative to the living wage, and none of the other 10 types of labor legislation included in the index. Similarly, a score of 100 would indicate that a state has the highest minimum wage to living wage ratio and all 10 types of labor legislation in the index.

Scores from the Best States to Work Index range from 1.85 to 95.34, with an average score of 45.30 and a median score of 38.92 for Indiana. Virginia comes out last in the Best States to Work Index, and Washington, DC ranks first. In the index, Washington state, California, and Massachusetts also ranked at the top; Pennsylvania, Montana, and Indiana, in the middle; and Georgia, Alabama, and Mississippi, at the bottom. The top performing states are located in several regions of the country, including the Northeast (Massachusetts, Vermont, Rhode Island, Maine, and Connecticut), the West (Washington state, California, and Oregon), the Middle Atlantic (Washington, DC), and the Midwest (Minnesota). Each of these states holds a perfect score on the Right to Organize Dimension, so the variation is driven by the Wage and Worker Protection Dimensions. The states at the bottom of the index—which include Virginia, Alabama, Mississippi, Georgia, North Carolina, and South Carolina—are each found in the South. The outlier is Idaho, a state beyond the South, which rated seventh from the bottom.

New Jersey is moving up

New Jersey made several major advances in labor legislation and regulations in 2018, most notably in passing its New Jersey Paid Sick Leave Act. Without these changes, New Jersey would have been ranked 16th, but thanks to the new law, is now ranked 13th. The paid sick leave legislation follows on a trajectory of recent improvements in the New Jersey labor environment, including one of the most advanced equal pay laws in the country, since the new governor and legislature have taken office. If this trajectory continues with an increase in the minimum wage to $11 per hour by the end of 2018, New Jersey could jump in ranking to eighth in the nation.

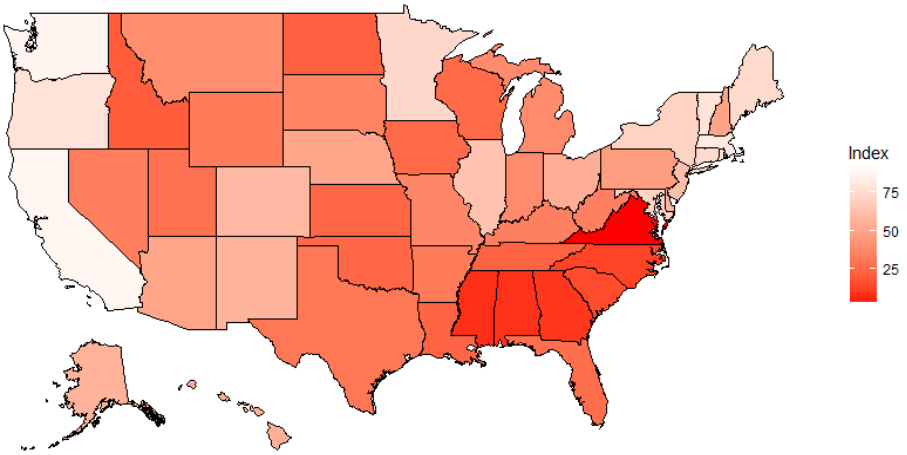
The state ratings translate into real experiences for workers. At the top of the index is Washington, DC, where the minimum wage is $13.25 an hour ($27,560 full-time earnings annually), while in bottom-ranked neighboring Virginia, the minimum is $7.25 ($15,080 full-time earnings annually). In Washington, DC, workers have guaranteed protections regarding sexual harassment, accommodations for pregnancy and the right to pump, regulations on scheduling demands, and mandated paid sick and family leave. Workers find forming trade unions easier with the absence of right-to-work laws (for a discussion of these

laws, see Appendix 3). In Virginia, meanwhile, there is no guarantee from the state government concerning accommodations for pregnancy or the right to pump, no mandated paid sick leave, and no legislative support for best practices in work schedules. It is also a right-to-work state, which impedes the ability of workers to unionize, and Virginia even prohibits collective bargaining and wage negotiations by public sector workers.

The Best States to Work Index provides insights into labor legislation in other states. Ranked at No. 24, Pennsylvania has maintained the legislation necessary to support the right to organize. But it has failed to raise its minimum wage above the federal minimum and has passed only minimal worker protection legislation, such as a basic equal pay law and anti-sexual harassment statutes. Florida, ranked at No. 37, provides some collective bargaining rights for public workers and has successfully raised the state minimum wage above the federal minimum. However, it is a right-to-work state and, like Pennsylvania, has passed only minimal worker protection legislation.

There are bordering states that contrast dramatically in their index scores. Minnesota is ranked at No. 10 in the index, while neighbor Wisconsin is No. 38. Virginia is ranked at the bottom of the index, while nearby Maryland is No. 12 and Washington, DC, is first. Washington state achieved a ranking of No. 2, while Idaho is No. 45. These contrasts suggest that geography and regional locale do not fully determine the index score of a state. A color-coded map is presented in Figure 2.

Figure 2: Index scores by state, July 2018



Note: Darker red indicates a lower score.

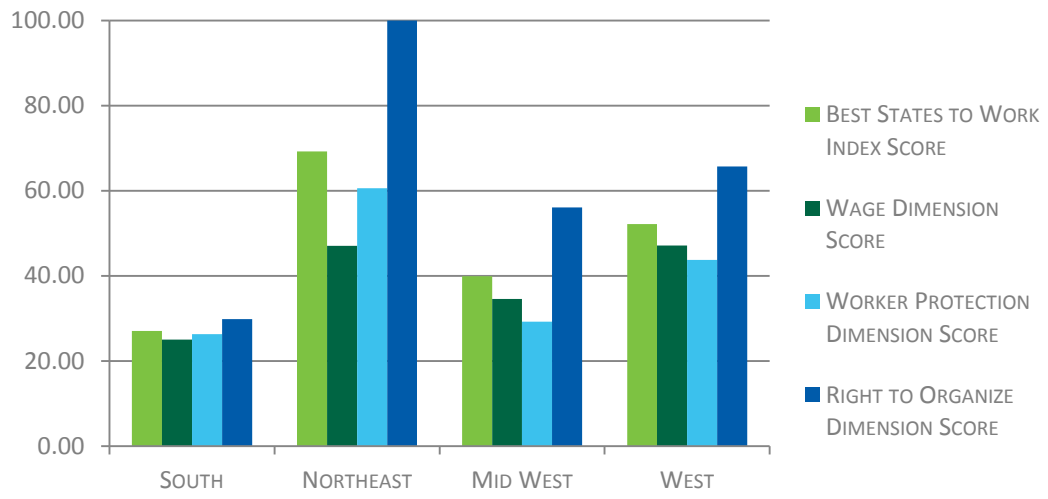
Why is Virginia last in the Index?

Virginia's scores land it squarely at the bottom of the Best States to Work Index: 51st in wage standards and the right to organize laws, and near the bottom in worker protection laws. How did Virginia become so inhospitable to workers? The roots to the answer are deep and complex. To begin with, the economy has not generated a strong union movement. It was not until the early 20th century that Virginia began the transition from agriculture toward small manufacturing, at which point the fledging union movement faced many challenges, including racial and gender divides. And even though 7.8 percent of the Virginia workforce are federal employees, often organized in federal employee unions, these unions have little to do with Virginia state law. The legal framework of the state has also undermined the union movement for decades. Virginia was among the first states to pass a right-to-work law in 1947. In 1977, a court decision placed a ban on collective bargaining of state government workers.

REGIONAL ANALYSIS

To identify trends by region, our team analyzed the data using the four areas defined by the US census: the South, the Northeast, the Midwest, and the West. The average for four scores—for the index as a whole, and for the Wage, Worker Protection and Right to Organize Dimensions—by region suggests patterns across the country. The results are presented in Figure 3.

Figure 3: Best States to Work Index and the three dimensions by region, 2018



For the overall index, as well as for the three separate dimensions, the South region has a lower score than all other regions. In contrast, the Northeast scores the highest overall and highest in the Worker Protection and the Right to Organize Dimensions. The West, however, scores highest for the Wage Dimension.

Although the South region scores poorly overall, this analysis does not take into account notable variation within each regional score. For example, in the South, the state of Texas scores at 55.56 for the Right to Organize Dimension, allowing for collective bargaining and wage negotiation for many public sector workers—though not teachers—and permitting project labor agreements (government construction contracts with trade unions with predefined conditions). Arkansas raised its minimum wage to $8.50 in 2018 through a previous ballot initiative. The Worker Protection Dimension score of 40.28 in Louisiana reflects laws that ensure pregnant worker accommodations, equal pay for public sector workers, job protected leave for non-FMLA workers, extended leave beyond FMLA classified workers, and anti-sexual harassment legislation.

DO RANKINGS INDICATE DIFFERENT CONDITIONS FOR WORKING FAMILIES?

The items measured in the Best States to Work Index add up to, and create, what Oxfam considers a positive (or negative) landscape for working families. Oxfam believes workers fare better when they earn higher wages, have the right to organize, and enjoy protections around paid leave and family supports. However, not everyone agrees. Some analysts and leaders have argued that

labor laws could have harmful effects on workers and businesses, and opponents of labor legislation claim that the states with the least regulation are actually the best places to do business.[7]

To determine whether a relationship exists between the Best States to Work Index and the well-being of people in a state, Oxfam ran several simple correlations with economic and health indicators. **The bottom line is that there is a correlation between the items in the Best States to Work Index and positive economic and health indicators**. In other words, we found a moderate correlation between an increase in the index and declines in infant mortality and poverty rates, and increases in life expectancy, median income, GDP per capita, and labor force participation rates.

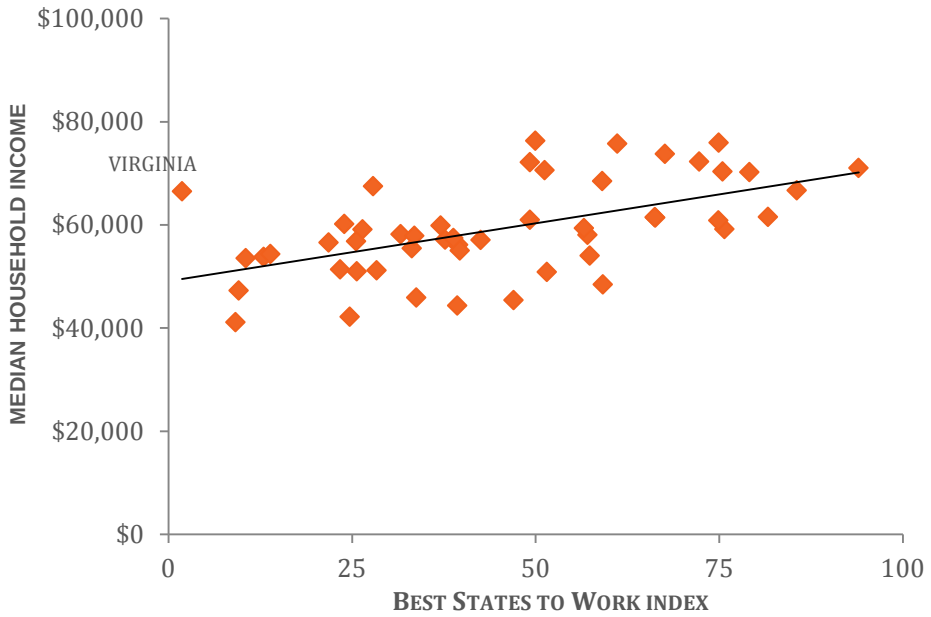
About correlations

Correlations show the relationship between two variables, either positive or negative. The result of a correlation is called the correlation coefficient (or "r"); this number ranges from –1 to +1. The closer it is to +1 or –1, the more closely the two variables are related. The closer it is to 0, the less likely a correlation.

As a rule of thumb, a strong positive correlation is above 0.7, a strong negative correlation is below –0.7; a moderate correlation is between 0.3 and 0.7 (–0.3 and –0.7); and a weak correlation is between 0.1 and 0.3 (–0.1 and –0.3).

A note of caution: While the strength of a correlation indicates how closely associated two variables are, it does not establish causality. In fact, there may or may not be causality, or reverse causality, or even bi-directional causality.

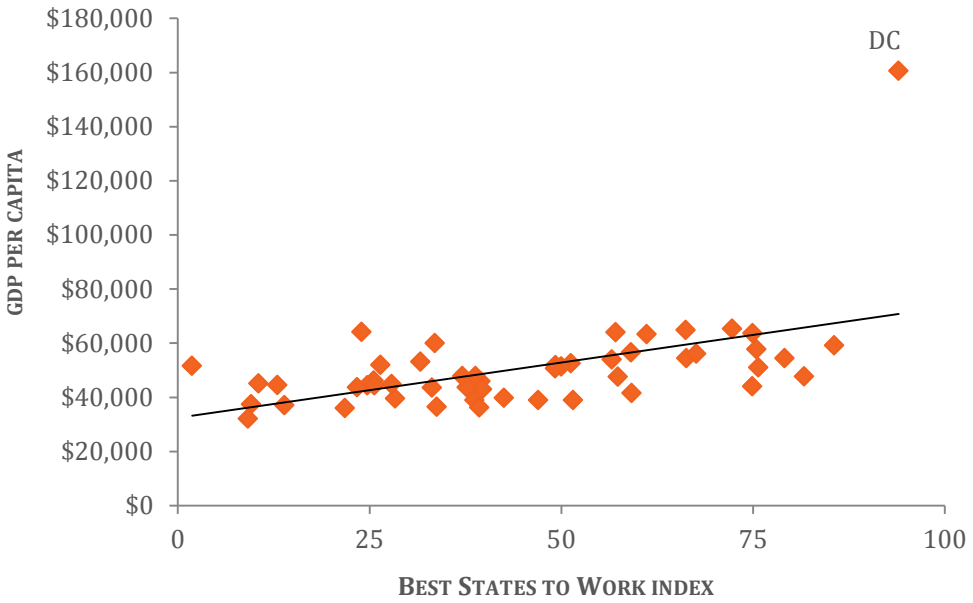
Figure 4: Correlation of the Best States to Work Index with median household income by state, 2016



Correlation coefficient: 0.5593
Source: US Census Bureau data, 2016.
Note: Virginia is an outlier, in part due to proximity to Washington DC and federal government contracting; correlation coefficient is 0.6178 when Virginia is removed.

The Best States to Work Index is moderately correlated with median income. According to the trend line, for every increase of one point in the Best States to Work Index, the median income of the state increases by approximately $200. Note that the Best States to Work Index is backdated to 2016—meaning that it includes legislation up to January of 2016—to match the year of data availability of median household income.

Figure 5: Correlation of the Best States to Work Index with real GDP per capita by state, 2016



Correlation coefficient: 0.5153
Source: US Bureau of Economic Analysis, 2016.
Note: Real GDP measure is tied to 2009 dollars. Washington, DC is an outlier: the correlation coefficient is 0.5307 when DC is removed.

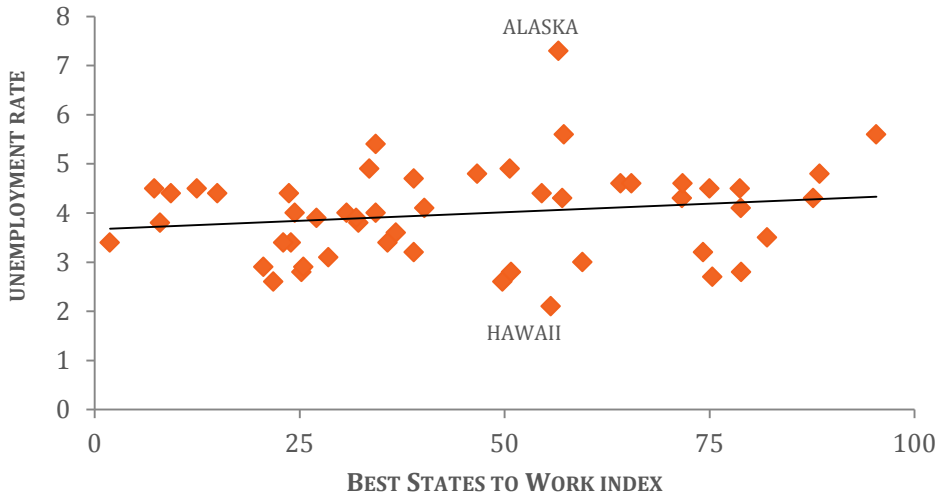
The Best States to Work Index is also moderately correlated with real GDP per capita by state. For every increase of one point in the index, a state's GDP per capita increases by approximately $350 in 2016. The far outlier in this measure is Washington, DC, with a GDP per capita of over $161,000 and an index score of 93.98, which ranks as the highest of all states. Again, note that the Best States to Work Index was backdated to 2016 to match the year of data availability of median household income.

Figure 6: Correlation of the Best States to Work Index with the state labor force participation rate, January 2018

Correlation coefficient: 0.3029
Source: US Bureau of Labor Statistics, 2018.

There are mixed results when correlating the Best States to Work Index and measures of employment. First, there is a moderate correlation between labor force participation and the Best States to Work Index. Labor force participation measures the portion of the population above the age of 16 that contributes to the labor market. According to the trend line, for every 10 point increase in the index, the labor market participation rate increases by 0.5 percent.

Figure 7: Correlation of the Best States to Work Index with the state unemployment rate, March 2018



Correlation coefficient: 0.1798
Source: US Bureau of Labor Statistics, 2018.

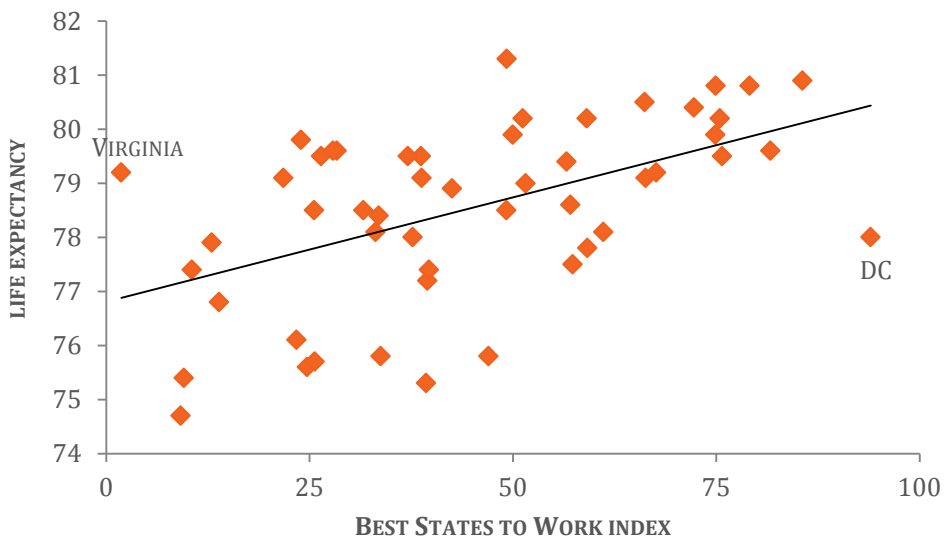
On the other hand, there is a very weak correlation between the Best States to Work Index and the unemployment rate. The correlation coefficient of 0.18 is considered to be quite small. Moreover, the trend line indicates that the unemployment rate rises minimally with an increase in the Best States to Work Index.

Figure 8: Correlation of the Best States to Work Index with infant mortality rate per 1,000 live births by state, 2016

Correlation coefficient: –0.5873
Source: Centers for Disease Control and Prevention, 2018.
Note: Vermont is an outlier; it has a rate of 0.

There is a moderate correlation between the Best States to Work Index and the infant mortality rate of states. Infant mortality is a commonly used indicator for the overall health of a population. As seen in the trend line in Figure 8, in 2016, for every increase of 20 points in the index, the infant mortality rate decreased by one of every 1,000 births. The state with an infant mortality rate that is close to 0 is Vermont, which reported just 19 total infant deaths in 2016, and had a Best States to Work Index score of 74.90. In contrast, the state with the highest rate of infant deaths, Alabama, had 537 infant deaths in 2016, and a score of 9.56.

FIgure 9: Correlation of the Best States to Work Index with life expectancy by state, 2016



Correlation coefficient: 0.5268
Source: *Journal of the American Medical Association*, 2018.

The Best States to Work Index is moderately correlated with life expectancy as well. Figure 9 shows a trend line whereby every increase of 10 points in the Best States to Work Index in 2016 increases life expectancy by half a year. The state with the second-highest score on the Best States to Work Index in 2016, California, had the second-highest life expectancy in the nation, with 80.9 years, second only to Hawaii at 81.3 years. Further correlations are provided in Appendix 5, including the poverty rate, GDP per capita growth, median wage adjusted for the cost of living, and others.

POLICY DIMENSION 1 OF THE BEST STATES TO WORK INDEX: WAGES

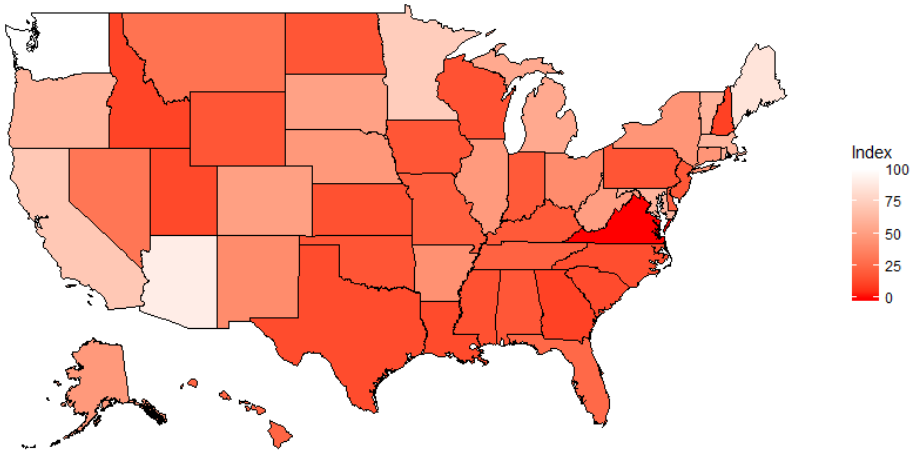
The Wage Dimension of the index provides insight into which states require a wage closest to a living wage, and also empower localities to implement their own minimum wage. The minimum wage indicator, which includes minimum wage updates to July 1, 2018, ranges from 0 to 100, being a normalized score for the minimum wage to living wage ratio. In other words, a score of 100 means that the state has the highest ratio of a minimum wage to a living wage, and allows localities to legislate localized minimum wage increases (see Appendix 3 for a detailed explanation). However, this score does not mean that the state requires a minimum wage that is equivalent to an actual living wage.

Table 2: Ranking and scores for the Wage Dimension, July 2018

State	Wage Ranking	Wage Index	State	Wage Ranking	Wage Index
Washington	1	100.00	Hawaii	27	23.82
District of Columbia	2	95.74	Tennessee	28	23.11
Arizona	3	90.72	Missouri	29	21.30
Maine	4	85.78	Delaware	30	21.07
Minnesota	5	74.00	Indiana	31	19.53
California	6	71.26	Kentucky	32	19.48
Massachusetts	7	62.67	New Jersey	33	18.66
Maryland	8	62.12	Alabama	34	18.36
Vermont	9	61.53	North Dakota	35	18.09
Oregon	10	61.42	Iowa	36	18.03
Rhode Island	11	59.68	Wyoming	37	17.92
Michigan	12	55.60	Pennsylvania	38	17.76
South Dakota	13	51.59	Oklahoma	39	17.60
Colorado	14	50.72	Wisconsin	40	16.67
West Virginia	15	50.07	Kansas	41	16.24
Illinois	16	47.97	Mississippi	42	16.19
Alaska	17	47.41	North Carolina	43	15.13
Nebraska	18	46.83	Texas	44	14.40
Connecticut	19	45.75	South Carolina	45	14.29
New York	20	45.70	Louisiana	46	14.09
Arkansas	21	43.69	Utah	47	13.32
Ohio	22	41.36	Idaho	48	11.75
New Mexico	23	41.09	Georgia	49	11.26
Nevada	24	31.06	New Hampshire	50	10.96
Montana	25	29.63	Virginia	51	0.00
Florida	26	25.56			

The top- and bottom-ranked states show that bordering states can differ wildly in their minimum wage policies. Table 2 depicts the index scores for the Wage Dimension in 2018. Bordering states sometimes differ dramatically. For example, Washington state is in first place, while geographic neighbor Idaho is near the bottom, ranked at No. 48. Arizona is ranked third in the nation, while next-door Utah is No. 47. One critical factor in Wage Dimension scores is the living wage calculation, which relates to the cost of living in the state. For example, the living wage for a family of four in Maine is $23.24 per hour, and just $20.47 in South Dakota.

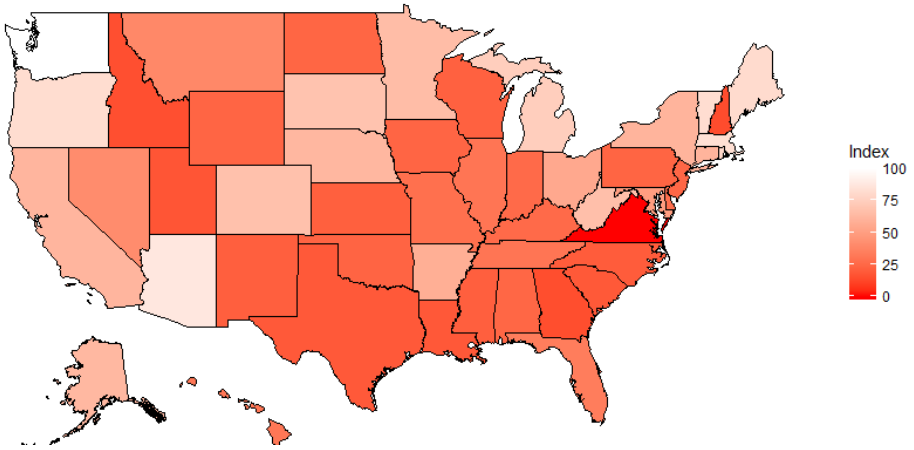
Figure 10: Wage Dimension by state



Note: Darker red indicates a lower score.

A simple analysis of one indicator of the Wage Dimension—the ratio of a state minimum wage to a living wage—exhibits the extent to which states guarantee that workers earn a salary sufficient for a decent standard of living for them and their families. Our team performed an analysis of these ratios using a living wage for family of four (See Appendix 3 for a detailed description). These ratios range from 0.26 in Virginia, to 0.43 in Washington state. In other words, no state requires a minimum wage that is even half of what is required for a full time worker to support a family of four. Moreover, the range in minimum wages varies significantly, as a family living on a minimum wage income in Washington state will earn 17 percent more of a living wage than the same family in Virginia. A map of this ratio is provided in Figure 11, normalized for scores from 0 to 100 (Virginia is 0 and Washington state is 100).

Figure 11: Minimum to living wage ratio score by state



POLICY DIMENSION 2 OF THE BEST STATES TO WORK INDEX: WORKER PROTECTION

The Worker Protection Dimension seeks to capture a number of laws critical for the quality of life of workers, especially women, as well as their families. The laws in this dimension include paid family leave, protection from sexual harassment, equal pay, sick leave, fair scheduling, and pregnancy protections, and the right to pump in the workplace.

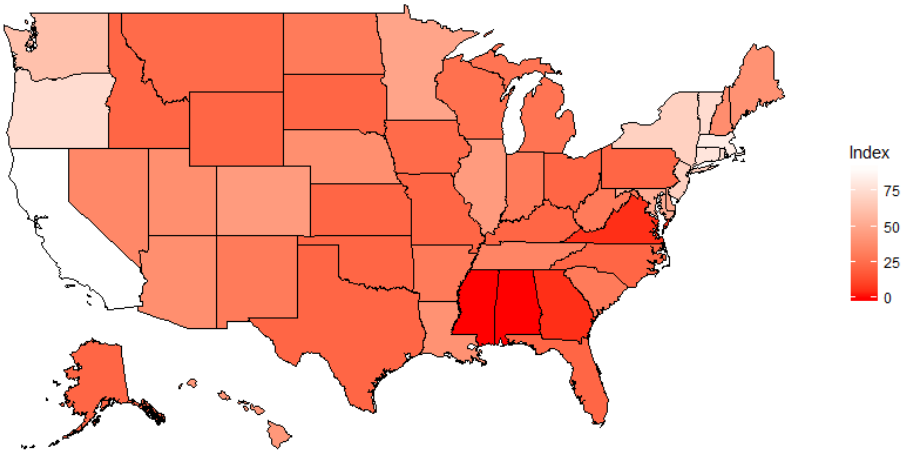
Table 3: Ranking and scores for the Worker Protection Dimension, July 2018

State	Protection ranking	Protection index	State	Protection ranking	Protection index
California	1	91.67	New Mexico	25	30.56
District of Columbia	2	90.28	Indiana	25	30.56
Massachusetts	3	83.33	North Dakota	25	30.56
Connecticut	4	79.17	South Carolina	25	30.56
New Jersey	5	77.78	Michigan	31	27.78
Rhode Island	6	76.39	Wisconsin	32	26.39
Vermont	6	75.00	Montana	33	24.31
Oregon	8	75.00	Iowa	33	24.31
New York	8	69.44	South Dakota	35	22.22
Washington	10	65.28	Alaska	35	22.22
Maryland	11	52.78	Ohio	35	22.22
Delaware	12	50.00	Florida	35	22.22
Minnesota	13	48.61	Missouri	35	22.22
Colorado	14	44.44	Kentucky	35	22.22
Illinois	14	44.44	Wyoming	35	22.22
Hawaii	16	43.06	Pennsylvania	35	22.22
Maine	17	40.28	Oklahoma	35	22.22
Louisiana	17	40.28	Kansas	35	22.22
Arizona	19	38.89	North Carolina	35	22.22
Nebraska	19	38.89	Texas	35	22.22
Utah	19	38.89	Idaho	35	22.22
New Hampshire	22	38.19	Georgia	48	5.56
Nevada	23	36.11	Virginia	48	5.56
Tennessee	24	34.72	Alabama	50	0.00
West Virginia	25	30.56	Mississippi	50	0.00
Arkansas	25	30.56			

The Worker Protection Dimension has witnessed a low level of progress to date. The average score is 38.41 in this dimension, slightly higher than the Wage Dimension at 37.02, and much less than the Right to Organize Dimension average at 60.46. California is the state with the highest score in the Worker Protection Dimension. The policy that separates it from the state in second place, Washington, DC, is a restriction on salary history requests during hiring—a policy promoting gender equal pay practice.

A basic equal pay law differentiates Georgia and Virginia from a score of 0. The difference of score between the 13 states with a score of 22.22 and the two with a score of 5.56 stems from the presence of a basic sexual harassment law in the anti-discrimination statutes of the state. Among the 13 states with a score of 22.22 are Alaska, Florida, Idaho, Kansas, Kentucky, Missouri, North Carolina, Ohio, Oklahoma, Pennsylvania, South Dakota, Texas, and Wyoming.

Figure 12: Worker Protection Dimension by state



Note: Darker red indicates a smaller ratio.

POLICY DIMENSION 3 OF THE BEST STATES TO WORK INDEX: RIGHT TO ORGANIZE

The right to organize forms the third dimension of the index. This dimension includes three main areas: right-to-work laws, the ability of public employees to bargain for wages and bargain collectively, and the availability of project labor agreements for government contracts.

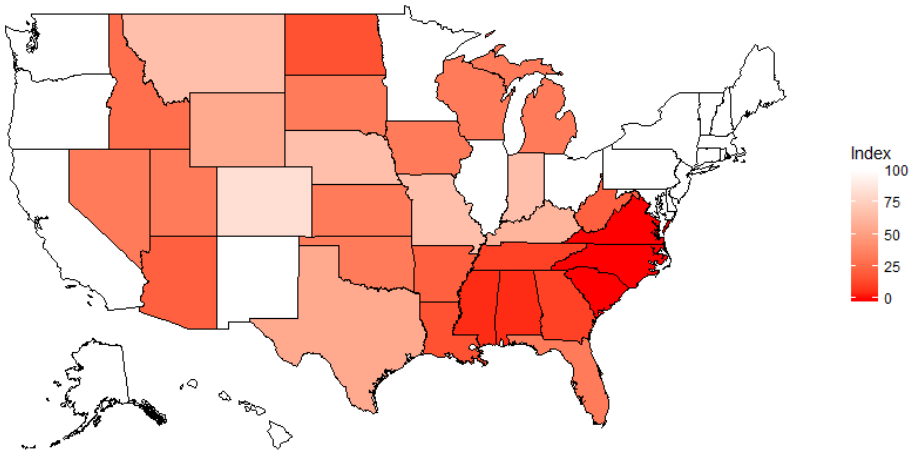
Table 4: Ranking and scores for the Right to Organize Dimension, July 2018

State	Organize Ranking	Organize Index	State	Organize Ranking	Organize Index
Alaska	1	100.00	Kentucky	27	61.11
California	1	100.00	Texas	28	55.56
Connecticut	1	100.00	Wyoming	28	55.56
Delaware	1	100.00	Florida	30	33.33
District of Columbia	1	100.00	Iowa	30	33.33
Hawaii	1	100.00	Kansas	30	33.33
Illinois	1	100.00	Michigan	30	33.33
Maine	1	100.00	Nevada	30	33.33
Maryland	1	100.00	Oklahoma	30	33.33
Massachusetts	1	100.00	South Dakota	30	33.33
Minnesota	1	100.00	Utah	30	33.33
New Hampshire	1	100.00	Wisconsin	30	33.33
New Jersey	1	100.00	Idaho	39	27.78
New Mexico	1	100.00	Arizona	40	22.22
New York	1	100.00	Arkansas	40	22.22
Ohio	1	100.00	West Virginia	40	22.22
Oregon	1	100.00	Louisiana	43	16.67
Pennsylvania	1	100.00	North Dakota	43	16.67
Rhode Island	1	100.00	Georgia	45	11.11
Vermont	1	100.00	Tennessee	45	11.11
Washington	1	100.00	Alabama	47	5.56
Colorado	22	83.33	Mississippi	47	5.56
Indiana	23	66.67	North Carolina	49	0.00
Missouri	23	66.67	South Carolina	49	0.00
Montana	23	66.67	Virginia	49	0.00
Nebraska	23	66.67			

The index rating yields 21 states with a score of 100. The results are found in Table 4. Three states have no legislation found in these indicators to support the right to organize: Virginia, South Carolina, and North Carolina. In other words, they are all right-to-work states, prohibit project labor agreements, and do not allow public workers such as teachers, police officers and fire fighters to engage in collective bargaining and negotiating wages.

While several states in the South have a low score in the Right to Organize Dimension, there is notable variation. Kentucky, for example, has a score of 61.11 in this dimension, which is similar to Indiana.

Figure 13: The Right to Organize Dimension by state

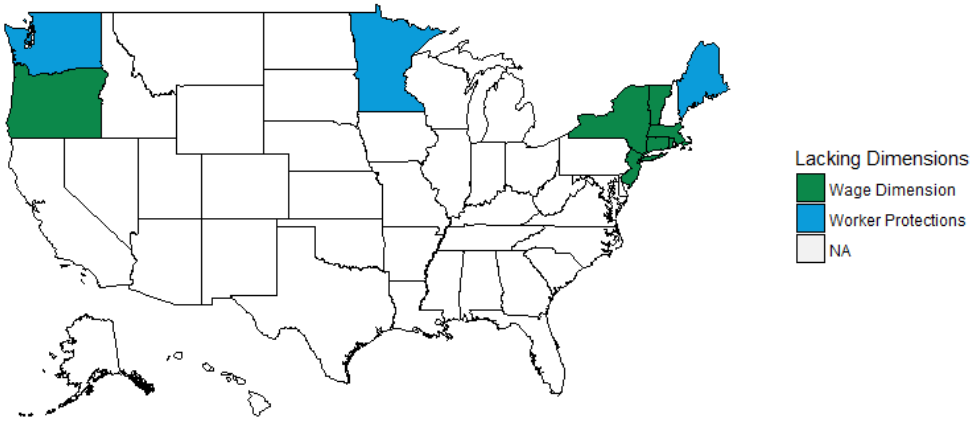


Note: Darker red indicates a smaller ratio.

VARIATION OF DIMENSION SCORES WITHIN A STATE

The Best States to Work Index is not just a useful tool for identifying the pattern of states that are more or less advanced in labor policy overall. Given the inclusion of three dimensions of the Best States to Work Index—Wage, Worker Protection, and the Right to Organize—the Best States to Work Index provides strategic guidance for states in terms of their balance across dimensions. In other words, **states may be more advanced in one or two dimensions and lagging in other dimensions. When this occurs, it indicates the potential for decision makers to strengthen policy in the relatively weaker dimensions.** For example, if a state has a high minimum wage and strong right to organize laws, progress with worker protection legislation is likely. To determine how advanced a state is in a particular dimension, our team divided the state scores on the three dimensions into groups based on whether they fall above a score of 66.6. Just two states score above 66.6 for all three areas: California and Washington, DC. As such, this analysis is relevant for a large number of states.

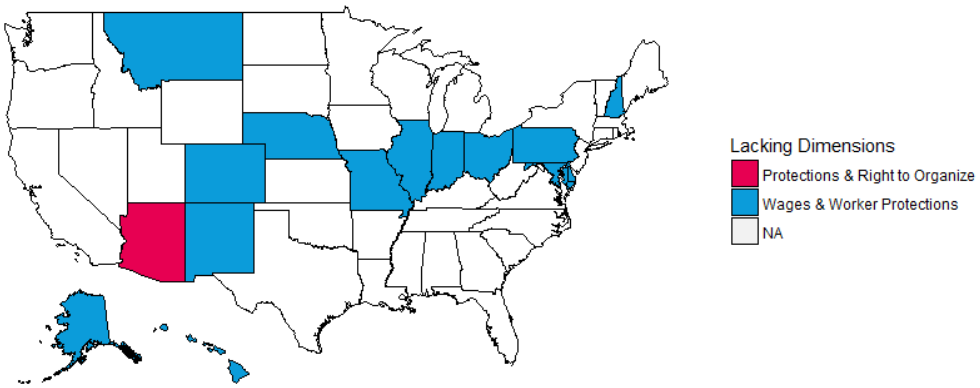
Figure 14: States that score above 66.6 on only two out of three dimensions



Note: NA means not applicable.

Ten states score above 66.6 for two of three dimensions and below 66.6 for a third dimension. These 10 states are Connecticut, Maine, Massachusetts, Minnesota, New Jersey, New York, Oregon, Rhode Island, Vermont, and Washington state. Three out of these 10 states score below 66.6 on the Worker Protection Dimension, while seven score below 66.6 in the Wage Dimension. Of these, only one state scores below 33.3 in one dimension, and above 66.6 in two categories: New Jersey, with a score of 18.66 in the Wage Dimension. Another example of a stark variation across dimensions is Washington state, which scores at 100 for both the Wage and the Right to Organize Dimensions, and 65.28 in the Worker Protection Dimension.

Figure 15: 15 States that score above 66.6 for one dimension



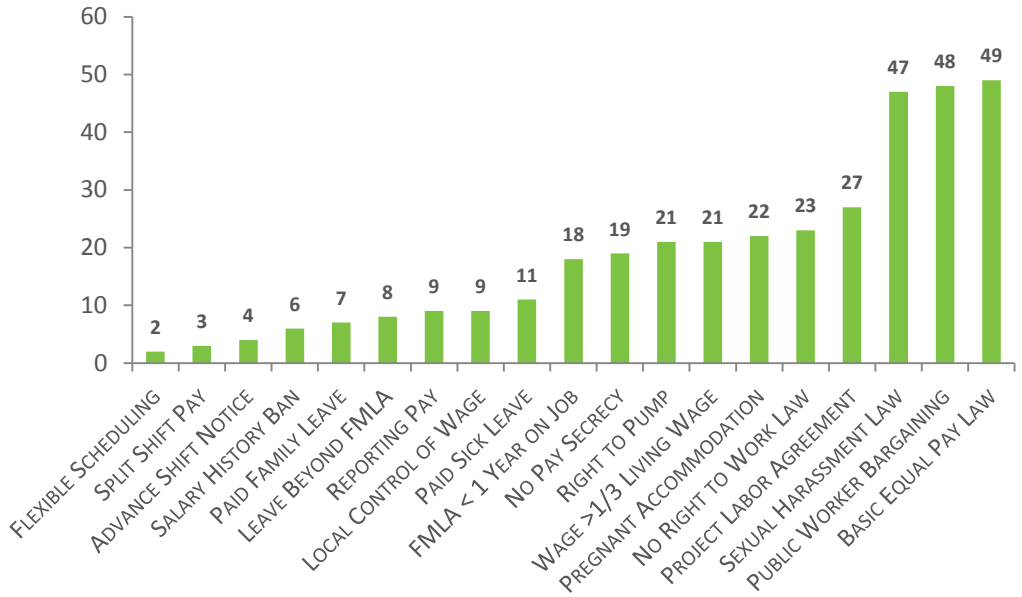
Note: NA means not applicable.

Fifteen states score above 66.6 for only one dimension and below 66.6 for the other two dimensions: Maryland, Delaware, Illinois, Hawaii, Alaska, New Mexico, New Hampshire, Nebraska, Montana, Colorado, Arizona, Ohio, Pennsylvania, Indiana, and Missouri. A map of these states appears in Figure 15. The only state in this group with a score over 66.6 in the Wage Dimension is Arizona, which permits local control over the minimum wage and passed an ordinance to raise the minimum wage. The remaining 14 states have an elevated score in the Right to Organize Dimension, and lag in the Worker Protection and Wage Dimensions.

FREQUENCY OF SPECIFIC STATE LAWS IN THE BEST STATES TO WORK INDEX

A further analysis breaks down the number of states that have passed each piece of legislation that makes up the index. This analysis identifies the most commonly and least commonly passed individual pieces of legislation. The most common pieces of legislation are found in the vast majority of states, so that if a few more states—which are usually the states with the lowest scores in the index—would pass the legislation, the law would be found throughout the country. Meanwhile, the least common issues indicate that there is a very long way to go until all states make progress, and these laws would more likely pass in the states that score highly in the index.

Figure 16: Number of states with various types of legislation, July 2018



The number of states that have passed various laws in the index range from two for flexible scheduling, to 49 for a basic equal pay law. The data divides more or less into three groups, as found in Figure 16. On the left of Figure 16 are pieces of legislation that have passed in few states, and where much greater efforts are required in most states. These include advance schedule notice, flexible scheduling, split shift, salary history ban, paid family leave, leave greater than FMLA, reporting pay, local control of wages and paid sick leave. In the middle of Figure 16 are policies that are found in at least 18 states, and thus are becoming more common. These policies include pregnant worker accommodations, FMLA offered for workers on the job for less than a year, pay secrecy, expanded right to pump breast milk at work, a minimum wage to a living wage ratio over one third, no right-to-work law, no preemption, and project labor agreements (see Appendix 3 for a detailed description of these issues).

The third group on the right of Figure 16 includes laws that nearly all states have, which may be considered low hanging fruit in states with low index scores. These include a basic sexual harassment law, a basic equal pay law, and laws ensuring rights to collective bargaining or negotiation of wages by public sector workers including teachers, firefighters, or police officers.

CONCLUSION

Through the construction of a Best States to Work Index, this report ranks US states on labor policies. It yields several notable results:

- **US states vary in terms of labor policy, even bordering states**. The Best States to Work Index ranges from 1.85 to 95.34. Moreover, while some analysts may try to divide the United States into just two groups (advanced and those lagging in labor standards), the data show that states fall along a spectrum. Notable bordering states that contrast in their rankings are Minnesota at No. 10 alongside Wisconsin at No. 38, and Virginia at No. 51 adjacent to Washington, DC at No. 1.

- **Virginia comes out last in the Best States to Work Index.** Virginia has the lowest ratio of minimum wage to a living wage, and only a basic equal pay law among all the labor laws included within the index.

- **There is a positive correlation between high scores on the Best States to Work Index and desirable economic and social indicators.** The analysis found a moderate correlation between high scores and lower rates of infant mortality and poverty, and with higher rates of life expectancy, median income, GDP per capita, and labor force participation rates. The analysis found no correlation between the index and GDP growth per capita and a very weak correlation between the index and unemployment rates. While correlation is not causality, the evidence suggests that these policies are not damaging to the economy or the health of the population, and may, in fact, support them. At the very least, the lack of any clear negative economic impact and the strong evidence of positive impacts on measures of well-being indicate that more states should pursue these policies.

- **No state provides a living wage, a critical determinant of the adequacy of a minimum wage**. According to a simple ratio of the minimum wage to a living wage, no state minimum wage exceeds even half of a living wage for a family of four with one parent working.

- **States lag in the Worker Protection Dimension**. The average score is 38.41 out of 100 in this dimension, barely above 37.02 and well below 60.46, the averages of the Wage and Right to Organize Dimensions, respectively. While the majority of states have made progress on basic equal pay legislation and have a basic anti-sexual harassment law, few have passed paid sick leave, paid family leave, and fair scheduling laws.

The Best States to Work Index is useful in several ways to the policy community. First, it allows a state to evaluate its labor policy, and it **provides guidance as to the types of legislation the state government may approve in order to**

improve its treatment of workers. States may gain inspiration from either neighboring states or states ranking just above them on the index. For example, Wyoming scores at 31.9 overall, with a score of just 22.22 in the Worker Protection Dimension. Neighboring Colorado, on the other hand, scores at 44.44 in the Worker Protection Dimension, driven by such laws as pregnant worker accommodations, expansion of the right to pump breast milk at the workplace, and pay secrecy. In this way, the Colorado example may provide guidance for Wyoming. A website that accompanies this report provides individual state information that builds on this idea.

Second**, the research can guide policy-makers and advocates toward the states where the most work is required**. Overall, the identification of the states found at the bottom of the Best States to Work Index (Virginia, Alabama, Mississippi, Georgia, and North Carolina) suggests that greater efforts are needed to advance labor legislation in these states. Similarly, for the states located at the bottom of each dimension, the index identifies types of labor legislation, such as small increments in the minimum wage, basic equal pay and sexual harassment laws, and permitting public sector workers to bargain collectively.

Third, **the index provides insight into the states where resistance to further advances in labor policy should be the weakest**. States that score highly in two dimensions are expected to face less resistance to the third dimension. The analysis identifies 10 states with a score above 66.6 for two of three dimensions and below 66.6 for one of the three dimensions. Only one state, New Jersey, has scores above 66.6 in two dimensions, but below 33.3 in the other (the Wage Dimension). These states may be characterized as low hanging fruit, where efforts for improvement would likely find success.

Fourth, **through a count of the number of states that have passed each individual policy, the analysis identifies which laws are most common and which are least common**. Once again, the conjecture is that laws found in most states should find relatively less resistance in the few states that have not yet approved such legislation. Legislation includes a basic equal pay law and a basic anti-sexual harassment law. Meanwhile, the legislation that is found most rarely among states may be most appropriate for the states that score the highest in the Best States to Work Index.

POLICY RECOMMENDATIONS

Oxfam hopes that state legislators, labor advocates, and residents review their state scores, consider the impacts on working families, and make moves to implement policies that will help people thrive and prosper. Oxfam specifically recommends the following policy changes:

1. **Increase the minimum wage, both at the state level and by empowering local governments to control minimum wages.** State should provide a living wage sufficient to meet the needs of a family of four. Also, local governments are most in touch with their residents, and the cost of living varies substantially within a state; as such, allowing a local government to raise the minimum wage is an important step in meeting these specific needs.

2. **Improve worker protection legislation across the board.** Along with the Wage Dimension, the Worker Protection Dimension is lagging in most states of the nation. Specifically, states should:

    - Strengthen equal pay laws
    - Provide workplace protections for pregnant and breastfeeding workers
    - Ensure job-protected paid family and medical leave
    - Guarantee paid sick days
    - Ensure fair scheduling for workers
    - Protect against sexual harassment

3. **Repeal laws that undermine worker freedom to bargain collectively.** The erosion of collective bargaining has undercut wages and benefits for union and non-union members alike. States must restore workers' ability to organize and bargain collectively through overturning right-to-work laws, which undermine worker freedoms to join together and negotiate. Moreover, states should repeal the ban on project labor agreements for government contracts.

4. **Preserve collective bargaining for public sector workers.** State and local governments employ 16.8 million people in the United States.[8] The recent Supreme Court decision, *Janus v. AFSCME Council 31*, will weaken the bargaining power of unions across the country, even in states that support collective bargaining of government employees. States must work to find innovative ways to preserve the financial solvency of public sector unions, in this new policy landscape.

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APPENDIX 1: RATIONALE FOR INDEX COMPONENTS

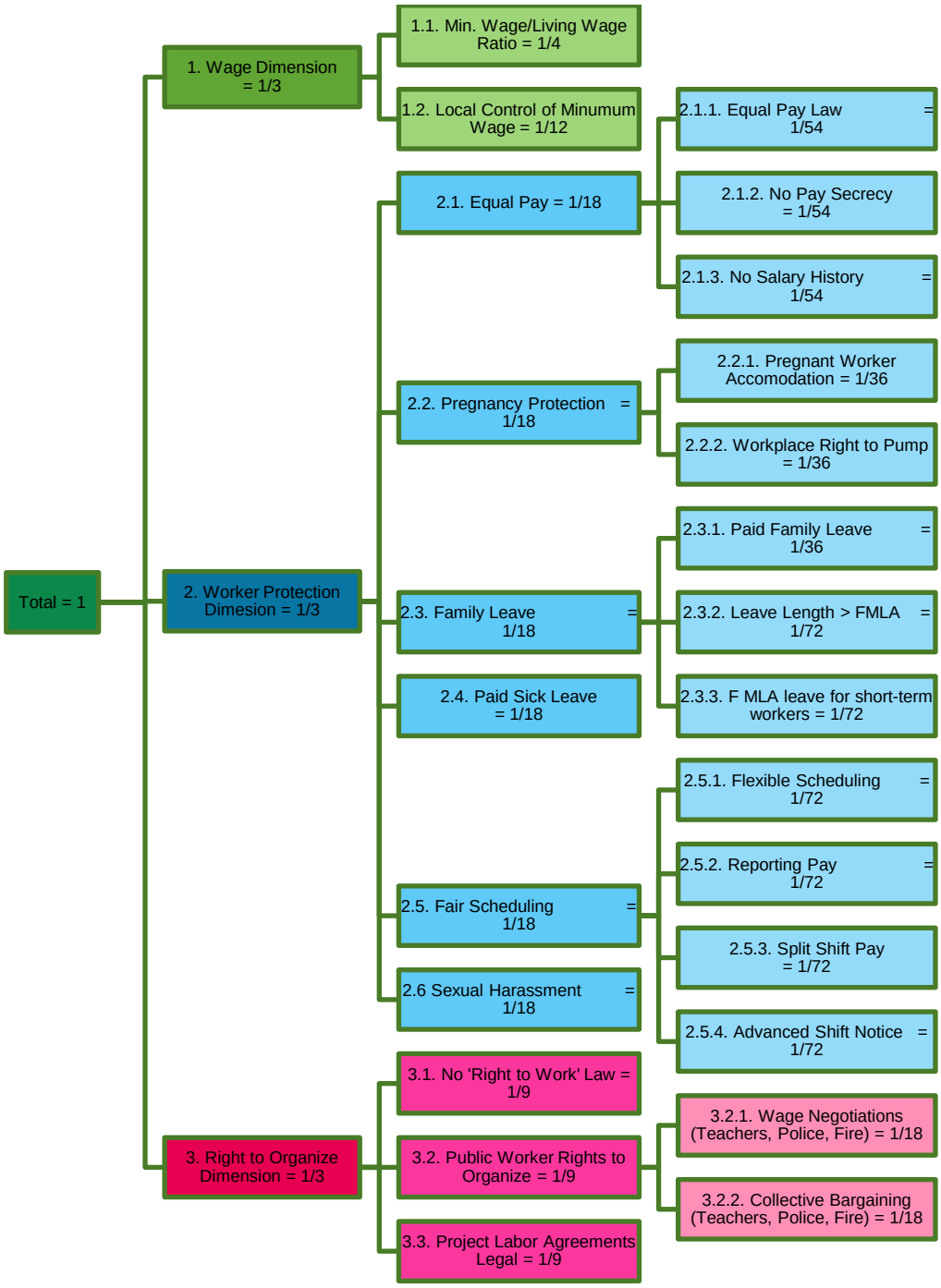
The three dimensions of state policy were selected through consultation with national labor experts from the Institute for Women's Policy Research, the National Women's Law Center, and the National Partnership for Women & Families, as well as through a review of literature regarding individual labor and collective employment law. The Best States to Work Index is comprised of these three dimensions of state policy for several reasons.

First, the Best States to Work Index reflects several values and principles: work—especially full time work—should provide a wage such that workers can achieve a decent standard of living for themselves and their families. Workers should be able to take time off if they or their family members are sick. New mothers should have the right to pump breastmilk with ease in the workplace. Women should not earn substandard wages. Finally, management should not be able to simply dictate the terms of employment; instead, workers should have at least some opportunity to provide input into the workplace in which they spend many hours of their lives.

Second, the evidence suggests that such policies are generally beneficial for workers. Studies on the minimum wage generally show that on aggregate they are beneficial to workers and their families. While most of the literature has debated the employment effects of the minimum wage,[9] there is a more general agreement that an increase in the minimum wage reduces poverty.[10] The literature on the effects of a variety of worker protections—paid sick leave, paid family leave, equal pay, and others—generally identify direct benefits for workers, and women in particular, as well as social benefits. Paid sick leave leads to fewer emergency room visits;[11] paid family leave is associated with breastfeeding and other mechanisms to improve the health of children;[12] and paid family leave and paid sick leave are associated with increased employment, especially for pregnant women and mothers.[13] Research on trade unions indicates they increase wages and improve benefits for unionized and non-union workers.[14]

There is already widespread public support for these dimensions. An increase in the minimum wage has been passed via ballot initiative in 17 states, with five more set for 2018; only three such ballots have ever failed, and in every case, a similar ballot passed subsequently.[15] Polling on public support has been performed for many aspects of worker protection, showing widespread support for these measures. For example, 2017 Pew Research Center polling showed that 85 percent of adults support paid sick leave, 82 percent support paid maternity leave, and 69 percent support paid paternity leave.[16] Public support for trade unions is also widespread, despite a decline in the portion of Americans who are members, with polls showing that the majority of American adults support trade unions.[17]

APPENDIX 2: DIAGRAM OF INDEX COMPONENTS



APPENDIX 3: DETAILS ON INDEX COMPONENTS

The data on labor laws was updated for legislation as of July 1, 2018. For all laws, the presence of a law that had been passed—and not necessarily implemented yet—was the criteria for the ranking. The exception is the wage rate, where the minimum wage that had been implemented by July 1, 2018 was selected. The reason is that minimum wage laws change frequently with some states, such as Ohio, increasing every year according to the inflation rate; the costs of living change annually, too, making any projection into the future inaccurate.

Dimension 1: Wage

The Wage Dimension reflects the value that workers employed full time should be able to provide a decent standard of living for themselves and their families. It consists of two components:

Ratio of the state minimum wage to a living wage estimation: This number consists of a ratio of the state minimum wage in July 1, 2018, to the Massachusetts Institute of Technology Living Wage Calculator of 2018. This ratio facilitates an assessment of the "purchasing power" of the minimum wage in a given state. In other words, the ratio of state minimum wage to living wage does not penalize those states with a low cost of living, which a simple minimum wage would do, and thus provides a more accurate assessment of the standard of living for low-wage workers in a given state. The living wage calculation of MIT is constructed based on using government data on a variety of costs of living that the authors deem as necessary for a decent standard of living, including housing, food, transport, health care, other necessities, and childcare where relevant. The calculation varies based on family size, and the figure for a family of four with one adult working (either parent may be employed) was selected. However, the resulting scores for states would be practically the same if a different family size was selected, owing to the consistent patterns in the cost of living among the states. The variation in the ratio was normalized to produce a score, where the lowest score is 0 and the top score 100.

Local control over the minimum wage: This indicator measures whether local governments in a state have a clear mandate to raise the minimum wage. Through either case law precedent or state legislation, a number of states expressly empower local authorities to raise the minimum wage. On the other hand, numerous state governments have passed legislation that prevents cities and local governments from raising their own minimum wage, using state preemption laws. Other states are "Dillon's Rule" states in which local governments must receive express authority from the state legislature for functions such as regulating labor standards, and some states have case law that sets a legal precedent preventing cities from raising a minimum wage. Some state legislatures have established a staggered wage rate for a city and the rest of the state (New York and Oregon), but prevent those cities from raising their

own minimum wage; these states are considered to not provide local control over the minimum wage. Local governments are most in touch with their residents and execute institutional innovations that often inspire critical policy changes throughout the country. Moreover, the cost of living (and thus, the living wage) varies substantially within a state, so allowing for a local government to raise the minimum wage would help account for this variation. As such, to ensure a living wage for residents, state governments should empower local governments to raise the minimum wage.

Dimension 2: Worker Protection

The Worker Protection Dimension includes the largest number of indicators and types of legislation. The premise, however, is that workers should experience basic protections for themselves and their families, such as gender pay equity, the ability to care for sick children, the ability to take time away from work after the birth of a child, and others. This dimension consists of six components:

Equal pay: This indicator includes the establishment of a basic equal pay law, as well as two principal mechanisms to combat wage inequality: the ability of employees to discuss current salaries, and the prohibition of an employer to request salaries of previous positions.

Family leave: This indicator involves three particular state laws: paid family leave, unpaid leave extended beyond the 90-day limit of FMLA, and unpaid leave that is offered to workers who have been on the job less than one year.

Pregnancy accommodations and the right to pump: This indicator includes two state laws: pregnancy accommodations in the workplace, and the expanded right to pump breast milk in the workplace that exceeds the FMLA standards for private employers.

Paid sick leave: Paid sick leave allows private and public sector workers to take a day off if they or their children become ill, and not lose wages for a full day. Many workers are obliged to work when they become sick—often because they can't afford to miss a day of work. These workers risk spreading their illness to their co-workers and their customers.

Fair scheduling: Fair scheduling relates to work schedules that avoid scenarios that are unfair to workers. There are several situations in which workers suffer from poor scheduling practices. Overall, workers should be able to provide at least some input regarding the schedules they work. In addition, abuses include workers reporting to work only to find they are not needed, working a double shift with insufficient time between shifts to allow the worker to return home or rest, and receiving changes in their work schedule at the last moment, preventing them from planning other activities and often forcing difficult childcare decisions for parents. The index includes indicators (flexible scheduling, reporting or "call-in" pay, split shift pay, advance notice) that represent policies to address each of these respective scenarios.

Sexual harassment: Sexual harassment laws are generally anti-discrimination statutes with claims for sexual harassment. They allow for lawsuits based on sexual harassment at the state level. The indicator simply measures the inclusion of sexual harassment in these anti-discrimination statutes.

Dimension 3: Right to Organize

The right to organize a union and engage in collective bargaining is regarded as a fundamental human right, forming Article 23.4 of the United Nations Universal Declaration of Human Rights. While federal law establishes this right and ensures some basic influence, state law is critical as well; these indicators seek to capture the most important areas. The dimension consists of three areas:

No right-to-work laws: Right to Work laws undermine union strength and funding, allowing for workers to benefit from union activities without the obligation to pay dues to a labor union.

Right to organize for public workers: State and local governments employ 16.8 million people in the United States.[18] There is variation in these employees' abilities to negotiate the terms of employment. This indicator measures whether state law allows for teachers, firefighters and police officers to engage in collective bargaining, and specifically in wage negotiations.

Project labor agreements: Project labor agreements are established labor arrangements that state governments may use when executing a construction contract; these agreements usually require the use of union labor, with prices, wages, and other factors previously defined. These agreements provide strong support for union labor, and yield numerous economic benefits.[19] This indicator captures whether a state has specifically banned the use of project labor agreements.

A number of items were excluded from the index for simplicity. A technical criterion used to construct the index is that the law must have been passed in at least two states. In other words, policies that may be desirable but not found yet in the United States do not form part of the index. Similarly, policies that have been passed in every state have not been selected for the index. Various forms of employment discrimination—there are at least 14 types of discrimination in current state laws—did not appear in the index, given it is a large, complex topic that deserves its own index; moreover, gender and race as employment discrimination appear in the laws of nearly all states. Health and safety laws are excluded, again due to their complexity. There are state preemption laws beyond the minimum wage, covering many items in this index, including sick pay, scheduling, and others that were not included. Innumerable detailed laws were excluded from this index as well, such as reclassification of workers as contractors instead of employees or the tipped worker minimum wage, despite the fact that these laws are impactful.

APPENDIX 4: INDEX COMPONENT SOURCES

1. Wage Dimension

1.1. Minimum wage

1.1.1. The Department of Labor: *https://www.dol.gov/whd/minwage/america.htm*

1.1.2. MIT Living Wage Calculator: *http://livingwage.mit.edu*

1.2 Local Control Over the Minimum Wage: *Input provided by the National Employment Law Project, 2018.*

2. Worker Protection Dimension

2.1. Pregnancy Protections: *http://www.nationalpartnership.org/research-library/work-family/expecting-better-2016.pdf*

2.2. Equal Pay: *https://www.aauw.org/resource/state-equal-pay-laws/; https://www.dol.gov/wb/resources/WB_PaySecrecy-June16-F-508.pdf*

2.2.1. Basic equal pay laws: National Council of State Legislators: *http://www.ncsl.org/research/labor-and-employment/equal-pay-laws.aspx*

2.2.2. No Pay Secrecy: Department of Labor: *https://www.dol.gov/wb/resources/WB_PaySecrecy-June16-F-508.pdf*

2.2.3. No Salary History: *https://www.aauw.org/resource/state-equal-pay-laws/*

2.3. Family Leave: *nationalpartnership.org/research-library/work-family/expecting-better-2016.pdf*

2.4. Paid Sick Leave: *http://www.nationalpartnership.org/research-library/work-family/expecting-better-2016.pdf*

2.5. Fair Scheduling: *www.nationalpartnership.org/research-library/workplace-fairness/equal-opportunity/schedules-that-work-act-fact-sheet.pdf*

2.6. Anti-Sexual Harassment Laws: *Inputs provided by the National Women's Law Center, 2018.*

3. Right to Organize Dimension

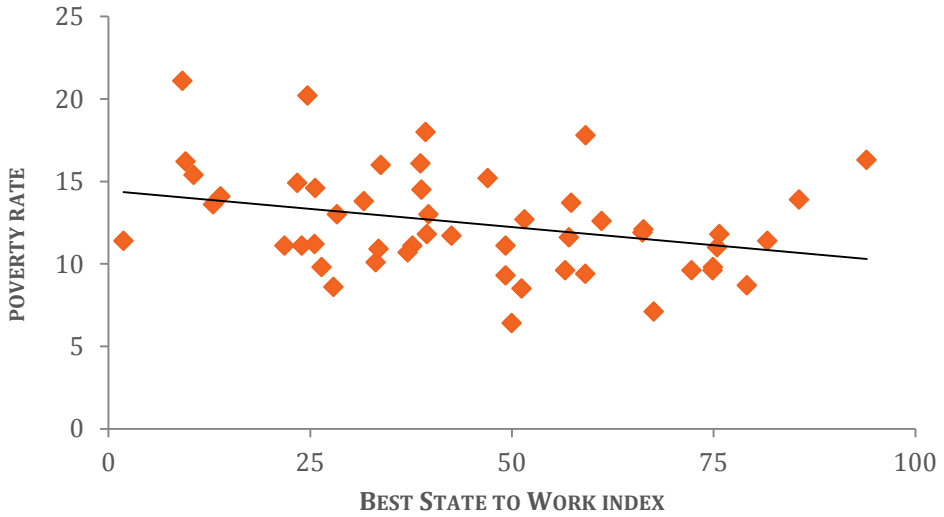
3.1. Right to Work: *www.ncsl.org/research/labor-and-employment/right-to-work-laws-and-bills.aspx*

3.2. Collective Bargaining/ Wage Negotiation of Public Sector Workers: *http://cepr.net/documents/state-public-cb-2014-03.pdf*

3.2.1. Project labor agreements: *inputs provided by North America's Building Trades Unions*

APPENDIX 5: FURTHER CORRELATIONS

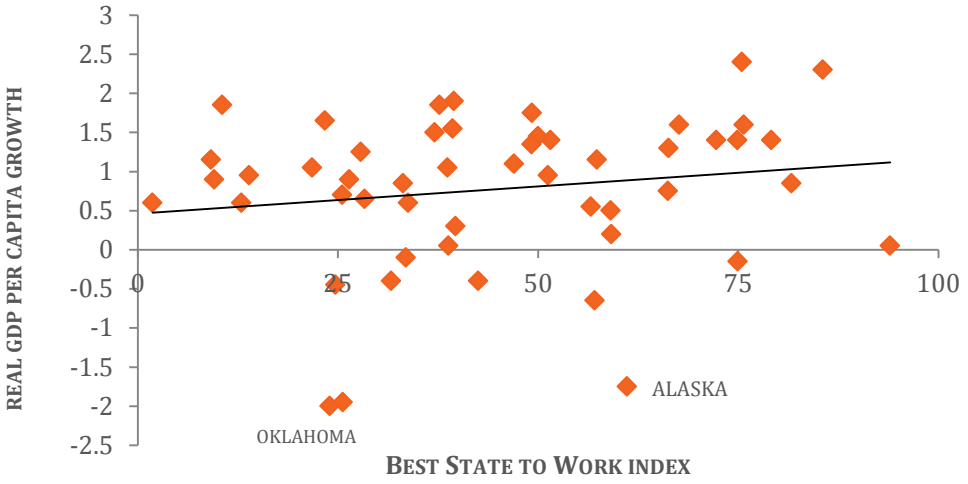
Correlation of the Best States to Work Index with poverty rate by state, 2016



Correlation coefficient: -0.3201
Source: Annual Capital Expenditures Survey, 2016

There is a moderate correlation between the Best States to Work Index and reductions in the rate of poverty in each state. According to the trend line, for every increase of one point in the Best States to Work Index, the rate of poverty drops by 0.05. The state with the highest poverty rate at 21.1 percent, Mississippi, ranks No. 44 in the index.

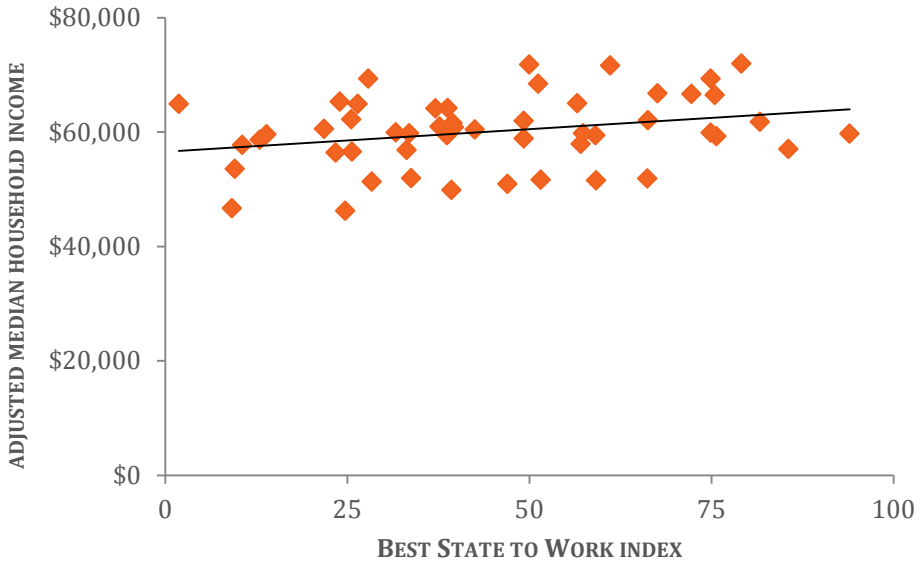
Correlation of the Best States to Work Index with real gdp per capita growth by state, 2016



Correlation coefficient: 0.1614
Source: Bureau of Economic Analysis, 2016.

There is no correlation between the Best States to Work Index and the growth of real GDP per capita in 2016. In other words, according to this simple analysis, there is no evidence that labor standards impede economic growth. The state with the lowest score on the index, Virginia, also experienced negative economic growth in 2016 at -0.1 percent. Meanwhile, the top ranked state in the index, California, had the highest rate of economic growth in 2016 at 2.3 percent.

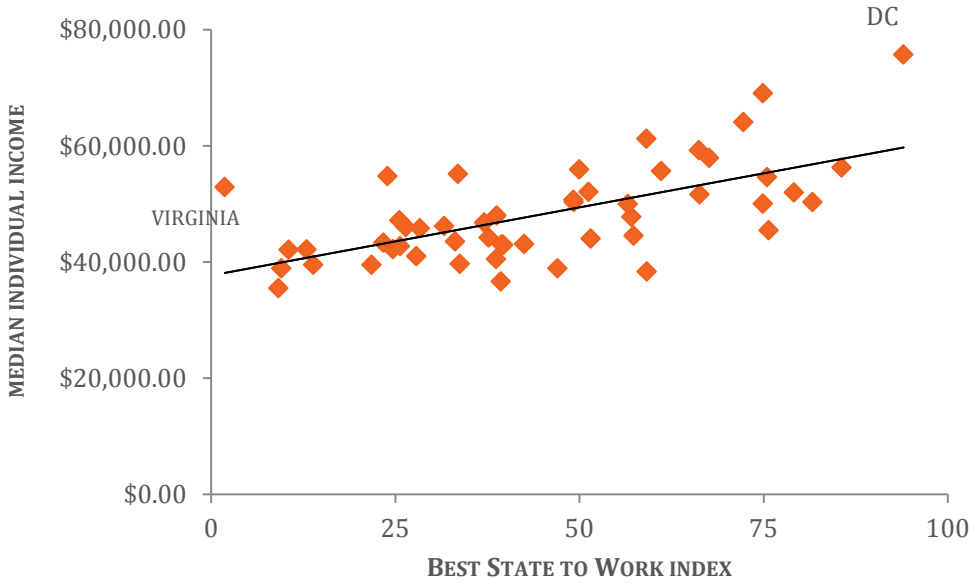
Correlation with median household income adjusted by regional price parity by state, 2016



Correlation coefficient: 0.2855
Source: US Census data, 2016.
Note: Regional price parity (RPP) accounts for real costs of living across each state, calculated by BEA.

A valid assertion is that the previous correlation analysis of median household income does not take into account differences in the actual cost of living within each state. For example, while Mississippi has a low raw median household income, the relatively low local price of goods and services might mean that Mississippi families are actually on-par with higher-income (and higher cost) states like California. To adjust for these differences in costs of living, regional price parities (RPP) are implemented, and a weak to moderate correlation is again found to exist between the index and adjusted household incomes. This finding suggests that a positive correlation remains between the index and actual household incomes, though the degree may be less acute than the previous analysis without RPP suggested. In other words, when accounting for different state costs of living, a higher index score continues to be related to higher real household income.

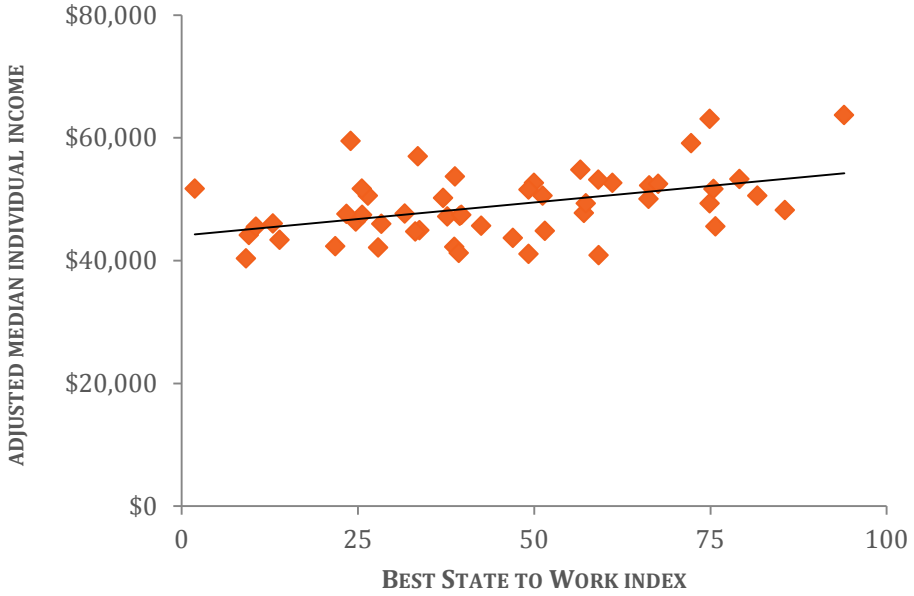
Correlation with median individual income per capita by state, 2016



Correlation coefficient: 0.6375
Source: US Bureau of Economic Analysis, 2016.
Note: Virginia and DC are outliers—correlation is 0.6437 when they are removed.

There is also an argument to be made that differences in household size and inter-generational support structures within households might make the median household income measure a less effective tool for measuring worker economic outcomes. To correct this, an analysis was conducted of individualized income per capita, which again found a strong positive correlation between index score and median individual income. For every 10-point increase in index score, median individual income for workers increases by nearly $2,400—a strong correlation which reinforces the previous findings for the median household. The removal of outliers Virginia and District of Columbia minimally affect this finding.

Correlation with median individual income adjusted by real price parity per capita, 2016



Correlation coefficient: 0.4497
Source: US Census data, 2016.
Note: Regional price parity (RPP) accounts for real costs of living across each state, calculated by BEA.

Finally, for the same purpose as in the median household income analysis, this report examines the correlation between Index score and an RPP-adjusted median individual income by state. Again, a moderate positive correlation is found between this adjusted individual income and state index score, reinforcing the previous assertion that wealth is associated with higher worker wages, protections, and rights to organize.

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CITATION OF THIS PUBLICATION

ABOUT OXFAM

Oxfam is an international confederation of 20 organizations networked in more than 90 countries as part of a global movement for change to build a future free from the injustice of poverty:

Oxfam America
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Oxfam Brazil
Oxfam Canada
Oxfam IBIS (Denmark)
Oxfam France
Oxfam Germany
Oxfam GB
Oxfam Hong Kong
Oxfam India
Oxfam Intermón (Spain)
Oxfam Ireland
Oxfam Italy
Oxfam Japan
Oxfam Mexico
Oxfam New Zealand
Oxfam Novib (Netherlands)
Oxfam-Québec
Oxfam South Africa

NOTES

[1] Rosenfeld, J. et al. *Union Decline Lowers Wages of Nonunion Workers.* Economic Policy Institute, 2016.
[2] Bureau of Labor Statistics. *Seasonally adjusted employment: Government, aggregate*. Data: 2018.
[3] Oxfam calculations using data from Development Finance International & Oxfam. *Commitment to Reducing Inequality Index*. Report: July, 2017.
[4] *Ibid.*
[5] Localities increased in importance for labor policy addressing minimum wage, paid sick leave, etc.
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[17] Swift, A. *Labor Union Approval Best Since 2003*. Gallup. Research Brief: August 2017.
[18] Bureau of Labor Statistics. *Seasonally adjusted employment: Government, aggregate*. Data: 2018.
[19] Beyond supporting union labor, these agreements also produce benefits due to the in-built quality controls and labor management committees, as well as avoiding the need to negotiate many of the contract terms

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