

Taking Employee Wages To Hijack Elections

Executive Summary

Jami Lund, Policy Research Analyst
Evergreen Freedom Foundation

This is an executive summary of a sixty-page study of the Washington Education Association and a dozen other unions that use mandatory dues for election campaigns. The entire report offers the following sections:

- ❑ Diverting union dues to campaigns—unjust and addressed by Washington’s new law
- ❑ Unions take steps to neutralize Initiative 134
- ❑ Unions still manage to run afoul of the law
- ❑ Union officials’ current practices to circumvent Initiative 134
- ❑ Demonstration of union officials’ illicit clout in the 1998 election
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- ❑ Details on each of the “dirty dozen” offenders:
 - International Association of Fire Fighters (IAFF)
 - International Association of Machinists (IAM)
 - International Brotherhood of Electrical Workers (IBEW)
 - International Brotherhood of Teamsters (IBT)
 - Laborers International of North America (LIUNA)
 - Public School Employees (PSE)
 - Service Employees International Union (SEIU)
 - United Food & Commercial Workers (UFCW)
 - Washington Federation of State Employees (WFSE)
 - Washington Public Employees Association (WPEA)
 - Washington State Council of County & City Employees (WSCCC)
 - Washington State Labor Council (WSLC AFL-CIO)
- ❑ Attempts to overcome union officials’ manipulation of enforcement
- ❑ Conclusion: What can be done?

The full version of this report is available by request from:

Evergreen Freedom Foundation
P.O. Box 552 • Olympia, WA 98507
(360) 956-3482 • info@effwa.org

or on-line at: www.effwa.org

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EXECUTIVE SUMMARY

Amid all the recent efforts for campaign finance reform and political accountability, labor union officials have stealthily dodged the limitations passed into law. Under the guise of speaking for their members, they have used mandatory dues money to exercise massive influence over elections in Washington state and elsewhere.

Central to the unions' ability to exercise political clout is the systematic siphoning of their members' wages for campaign use. While unions have a right to advocate on behalf of employees, funds for election-affecting activities should not be taken from mandatory dues of workers who face job loss if they do not yield.

The Evergreen Freedom Foundation's (EFF) conviction that workers have a right to be protected from compelled political speech, and that citizens have a right to know who influences the policy they must live by, has led to the completion of this study.

EFF analyzed thousands of reports filed with the Public Disclosure Commission (PDC) and researched federal forms, union publications to members, and news items to piece together the true extent of unions' political impact. We amassed tens of thousands of pages documenting how union officials execute their ambitious political plans. After all this, it is our conclusion that unions are likely the single most powerful election influence in the state.

How Do Unions Affect Politics?

In the course of the 1997–98 election cycle, unions and their affiliates contributed \$2.2 million in reported “hard” money to selected campaign efforts for state office-seekers and ballot initiatives.¹ Based on the PDC's *Election Financing Fact Book*, that amount is enough to entirely fund 22 average state Senate campaigns, 40 average state House campaigns, or three initiative campaigns.

Using campaign finance reports filed with the PDC, EFF compiled a list of state Senate and House candidates who accepted more than \$10,000 in contributions from unions. For many of the candidates, the union contribution was a significant factor in their election victories.

1. Not included in this total are other valuable campaign support activities such as get-out-the-vote drives, member communications, voter ID, contributions to other political organizations, staff assistance on campaigns, etc.

Top Ten Candidate Contributions From Labor Unions for Election Year 1998

Candidate	Office Sought	Party	Total Union Contributions
Costa, Jeralita P	Senate	D	\$46,302
Cooper, J Mike	House	D	\$45,345
Eide, Tracey J	Senate	D	\$35,967
O'Brien, Allister H	House	D	\$34,588
Lantz, Patricia T	House	D	\$34,583
Gardner, Georgia A	Senate	D	\$31,024
Dunshee, Hans M	House	D	\$30,077
Schual-Berke, Shay K	House	D	\$29,429
Hurst, Christopher A	House	D	\$29,429
Shin, Paull H	Senate	D	\$28,200

Unions have also contributed large amounts of money to support or oppose state ballot initiatives. In 1998 Washington unions spent more than \$450,000 to oppose Initiative 695, a vehicle licensing tax relief measure. Also in 1998, unions were a primary source for \$592,791 collected by the Initiative 688 campaign to raise the minimum wage.

Who Pays For It?

Though they claim to speak for their members, many workers do not share the union's political goals. Initiative 695 had 60% support among union members according to union-cited polls. This didn't stop them from using the hard-earned wages of these same workers to fund their opposition campaign.

As can be seen by the list of candidate contributions, union giving overwhelmingly favors the Democrat party. Out of 43 state Senate and House candidates who received more than \$10,000 from labor unions in 1998, not one was Republican. The unions exercising the most political clout in Washington State favored Democrats over Republicans by a ratio of 8-1 in contribution amounts.

This is hardly representative of the 36-46% of union households who, according to the Voter News Service, voted Republican in the last three congressional races.

1997–98 Union Contributions (both PAC and Non-PAC)

Total contributions to state legislative and executive office seekers and statewide ballot measures

Union	Total	Issues*	Democrat	Republican
Laborers Intl. Union of North America (LIUNA)	240,843	10,500	217,893	12,450
Washington State Labor Council (WSLC AFL-CIO)	208,121	143,563	64,483	75
Washington Federation of State Employees (WFSE)	196,150	124,150	62,725	9,275
Intl. Association of Fire Fighters (IAFF)	156,499	12,300	109,299	34,900
Intl. Brotherhood of Electrical Workers (IBEW)	117,000	28,200	86,350	2,450
Public School Employees (PSE)	98,400	10,000	63,175	25,225
Intl. Association of Machinist (IAM)	85,842	36,180	49,663	0
Intl. Brotherhood of Teamsters (IBT)	83,545	14,920	65,650	2,975
United Food & Commercial Workers (UFCW)	77,005	20,240	51,190	5,575
Service Employees International Union (SEIU)	70,837	35,750	35,087	0
Washington Public Employees Association (WPEA)	42,475	1,500	27,500	13,475
State Council of County & City Employees (WSCCC)	17,350	3,900	13,100	350
	\$1,394,067	\$441,203	\$846,115	\$106,750

* "Issues" in this table refer to state-wide ballot propositions only.

Unfortunately, union officials seem to view their members as nothing more than “cash cows” whose opinions can be ignored as they pursue their own political agenda.

This political agenda poses a concern for non-member citizens as well. In their quest for political influence unions support policy that puts more power into the hands of government officials—which means more power to implement their own special interests.

Hasn't Anyone Tried to Stop Them?

Citizens have, in fact, tried to stop this activity. In 1992, 73% of Washington’s voters passed Initiative 134 to limit the influence of big money in state elections by imposing contributions caps and requiring annual, written authorization from workers before deducting funds for political use from their paychecks. Paycheck Protection was born.

Before the initiative could even be implemented, labor organizations were scrambling to find ways to avoid its limitations. The PDC’s executive director voiced her disapproval of the law as “anti-Democratic party” and the PDC allowed union attorneys to assist with rule-making for the agency that would enforce paycheck protection. Nothing like letting the fox design the lock for your henhouse!

Despite the clearly biased regulations, unions still found ways to violate the law in their efforts to maintain political influence at the expense of members. As expected, revenue for their political action committees (PAC) had dramatically declined after I-134 passed and workers could exercise their right to opt out. The Washington Education Association responded by imposing a phony “political education” levy on each of their members for their “Community Outreach Program.” Even the normally union-sympathetic PDC, along

with the Attorney General (AG), admitted this action was an attempt “...to circumvent the reauthorization requirement.” Melissa Warheit, executive director of the PDC, stated, “[The WEA] made what we feel was a deliberate attempt to circumvent 134.”

Despite the gravity of these charges, the Attorney General did not make a serious effort to investigate. Not one deposition was taken during the prosecution, and the case was closed after a settlement was reached in secret negotiations with the unions. The first draft of the settlement agreement, prepared by the WEA, differs little from the final document. In essence, the guilty party was allowed to determine its own sentence!

In a shameful irony, the \$100,000 fine was paid by the teachers, the victims of the money collection scheme. These penalties were imposed for “misreporting,” rather than intentional violation of the paycheck protection law, according to the union-authored settlement.

How Did the Unions Respond?

Attempts to retain their political clout didn’t stop there. With so much at stake, unions became adept at avoiding the paycheck protection and contribution limits desired by the public. Based on a thorough analysis of the top-spending unions in Washington state elections, EFF was able to reveal some of the methods they employ in evading their obligations to workers and citizens.

1. Transfer money from general funds to union-controlled PAC.

Instead of getting authorization for political expenses from their members, many unions simply use general dues money to fund their PACs. WEA-PAC received more than \$150,000 in general dues subsidy for its activities in 1997–98.

2. Ignore the PAC altogether and make contributions from general funds or “segregated funds” within the general fund.

In 1997–98 candidates and campaigns reported receiving more than \$430,000 directly from unions, not their PACs. In order to avoid tax regulations and reporting requirements, unions often establish a “segregated fund” for political expenses. The PDC determined that these separate accounts are not PACs, and are, therefore, exempt from reporting and paycheck protection laws.

3. Transfer dues to national parent union, which allocates them back to state PAC.

PDC regulations are less stringent on national PACs, even though I-134 is not. State PACs simply have to transfer their members’ wages to the national PAC, where they become exempt, and wait for the return contribution. The National Education Association (NEA) transferred \$410,000 to the WEA to oppose school choice initiatives using this method.

4. Contribute dues to a PAC or an organization one step removed from the union for later contributions.

To avoid contribution limits, unions often contribute dues money to separate political organizations or PACs that may then pass the money to a candidate or campaign who cannot accept it from the union itself. In some cases, unions help establish these organizations themselves, such as “Coordinated Campaign” and “Victory 98.” At other times the union’s parent organization will chip in, like when five D.C.-based unions contributed \$105,000 to attempt to defeat Washington’s I-695.

5. Contribute dues to non-PAC organizations.

Washington’s laws do not require unions to report funds given to organizations not registered as PACs. One such organization is Washington Citizen Action (WCA), a nonprofit policy advocate. WCA serves as a campaign, protest, and grassroots lobbyist, and had a 1996 budget of over \$1 million. Officials from the WEA and other unions have served on WCA’s board, and any contributions made from union general funds would not be reported.

Another non-profit organization that enjoys unreported union funding is the Economic Opportunity Institute (EOI) based in Seattle. Founded by the past political director of the Washington State Labor Council, the EOI claims to receive 27 percent of its funding from labor unions. This organization focuses on organizing and canvassing and was involved in working for the passage of Initiative 688, the minimum wage increase.

6. Coordinate political spending with affiliated unions.

Literature describing I-134 noted its intent to “eliminate the power and influence now held closely by a few ‘megabucks’ special interests...” To do this, it limited the amount any single entity could make to a candidate to \$575. The initiative clearly defined single entity: “Two or more entities are treated as a single entity if one of the two or more entities is a subsidiary, branch or department of a corporation or a local unit, branch or affiliate of a trade association, labor union or collective bargaining association.”

Despite this clear language, affiliated unions continue to make separate contributions to the same candidates. In the 1998 election cycle, affiliated unions contributed more than \$250,000 in excess of contribution limits. For example, most of the twelve locals of the Laborers International Union of North America (LIUNA) made simultaneous contributions to Democrats in targeted races. Sixteen candidates received over \$5,000 from Laborers International despite a contribution limit of \$1,150 per election.

7. Operate a campaign targeting members.

Unions have a right to unlimited communications with their members, and they utilize this right to cover systematic electioneering. In 1996 the WEA spent more than \$200,000 to convince teachers to vote against the charter school and voucher initiatives. In 1998 the Washington State Labor Council sent out more than 530,000 issue-based pieces of literature to their members in Democrat-targeted legislative districts, and operated phone banks in the weeks leading up to the election.

Expenditures for internal communication are not subject to reporting laws and generally are not revealed to the members who fund them. Certainly an organization has a right to communicate with its members, but those members must not be compelled to communicate views they may not hold.

8. “Educate” the public.

Unions can run “political education campaigns” to avoid scrutiny. Under current state laws, these expenditures are not considered political contributions so long as they do not advocate voting for or against specific candidates or ballot issues. Such activities include protests, rallies, advertising, and any other methods of education. Unions are not required to report these costs.

9. Operate union like a political party.

Unions are uniquely equipped to do the activities normally associated with political parties. Many pay full-time election staff, keep voter databases, and invest in resources and infrastructure necessary to operate a campaign. Often campaign tools are purchased with general funds. Some unions are able to negotiate paid work leave for employees who volunteer for campaigns. Members who volunteer may be rewarded with parties, gifts, rallies, and generous reimbursement for expenses.

While many of these activities are legal and unreportable, they all circumvent the intentions of I-134 and trample the rights of voters and workers.

How Do They Get Away With It?

Unfortunately, the political climate is favorable for these activities.

When a bill reaffirming paycheck protection was brought before the Senate Ways and Means Committee in 1998, Labor Council President Rick Bender denounced it as “a national strategy by far-right interests to restrict the use of union dues for political purposes.” In spite of polls showing that over 80% of Washington’s voters were in favor of protecting employee paychecks, union lobbyists persuaded four Republican Senators to oppose the measure.

Washington state Governor Gary Locke made a campaign pledge in 1996 to “run everything past labor” for approval. Considering that the PDC’s commissioners were appointed by Democrat governors Mike Lowry and Gary Locke, its toleration of the serious charges brought against the unions is understandable. The executive director who felt that paycheck protection was “anti-Democrat” certainly didn’t make an enthusiastic defender.

And then there is Washington’s Attorney General, Christine Gregoire, who has been a recipient of large union contributions.

What Did the Courts Say?

As it became apparent that state officials were not going to support workers' rights, EFF and a few brave teachers offered the courts a chance to uphold them. In November 1999, the Washington State Supreme Court heard arguments that the WEA had violated paycheck protection in the 1996 election.

The court was asked to interpret the state's paycheck protection statute:

Limitations on employers or labor organizations:

"No employer or other person or entity responsible for the disbursement of funds in payment of wages or salaries may withhold or divert a portion...for use as political contributions except upon the written request of the employee."

RCW 42.17.680(3) Initiative Measure No. 134, approved November 3, 1992.

On May 18, 2000, the nine elected justices inflicted a major blow on I-134 by ruling that the initiative does not apply to unions because they are not "employers." It doesn't matter that they *are* an entity responsible for diverting a portion of wages for political contributions without the written request of their members. Imagine the surprise and relief of union officials at learning the law they had tried so hard to circumvent no longer applied to them.

This ruling goes against the clear intent of 72% of Washington's voters who wished to limit the exceptional influence of special interests in state elections. The burden of stopping unauthorized union siphoning of wages for political use has now fallen to local school districts, the employers.

Sanctioned Injustice?

What happens when the only option for a teacher who doesn't wish to support the unions' political agenda is to sue the school board? What happens when unions reach their long political arm into school board elections to replace board members they don't like? Who suffers?

The role of unions in advocating on behalf of employees is well-established and merited. However, that role does not include unfettered access to the wages of working men and women for the funding of a one-sided political machine. When union officials compel workers to finance their political speech, they perpetuate systemic civil rights violations that should never be tolerated in a free and progressive society.

Americans have learned from the past that correcting major injustice requires more than the cries of the victims. Ending compelled electioneering will require action from everyone, not just union members.

What Can Be Done?

How can you add your voice to the cry for justice? There are several ways:

1. Hold candidates accountable for taking advantage of exploited workers.

Ask them where they got their campaign funds and show public disapproval for those who climbed on the backs of working men and women to get to office. Support candidates who stand for workers, not union officials.

2. If you are a member, work within your union.

You can change your union from the inside. Attentive and active workers can restrain officials from political activity. You can take steps to withdraw from membership, even in a mandatory union shop. This allows you to recapture the portion of your dues used for political activity.

3. Tell others about this ongoing injustice.

Send letters to the editor of your local paper and talk to those you know who should be concerned about union activity.

4. Let your lawmakers know you care about the issue.

It is within the power of lawmakers to correct this injustice, but many of them will not because they benefit from coerced union contributions. Citizens need to put the pressure on and let them know this won't be tolerated.