



January 23, 2013

Testimony in Support of House Bill 2023
House Commerce, Labor and Economic Development Committee

Mister Chair and members of the committee,

I am proud to provide testimony today, representing the more than 45,000 members of Americans for Prosperity-Kansas.

AFP Kansas supports HB 2023 relating to political activities within labor organizations. The legislation commonly referred to as "paycheck protection," simply gives public union members a choice, a choice to fund or not fund the non-bargaining and administration aspects of their union while still retaining their membership.

According to the James Madison Institute, labor reform experts believe that as much as 80 percent of union dues are spent on non-collective bargaining related activity. Some members of a union may not choose to support all union political activity. For example, Washington was the first state to enact paycheck protection laws. Once the law was implemented the number of teachers that contributed to the Washington Education Association's Political Action Committee dropped to 6.1 percent in 2004, compared to 81.7 percent a decade earlier.

Some opponents of paycheck protection have argued the legislation will mute the voice of public sector unions. But what is often lost in that argument is that if a member is truly supportive of a union's political agenda then they will more than likely want to financially support the political action committee. The legislation will also compel labor organizations to clearly articulate its political motives in an attempt to garner financial support from its membership, another positive for the worker.

Attached, you will find our background paper regarding paycheck protection laws.

Thank you for the opportunity to provide testimony in support of HB 2023.

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Kansas State Director
Americans for Prosperity

House Commerce & Economic
Development Committee
Date: 1-23-13
Attachment #: 11

NEED TO KNOW



**AMERICANS FOR
PROSPERITY**
FOUNDATION

Paycheck Protection

What are Union Dues used for?

In early twentieth century America, many workers were faced with two options: join a labor union or face unemployment. This changed with the Taft-Hartley Act in 1947. Section 14(b) gave states the authority to pass laws protecting workers from compulsory unionism. A “right-to work” law doesn’t ban unions or take away workers’ right to organize; it merely says that no labor organization can force workers to join or pay membership dues. In exchange for union dues, it may make sense for workers to join a union and receive representation (such as collective bargaining activities or union legal representation in workplace disputes). But workers often question if their dues are actually being used to represent workers.

Union leadership tends to have its own priorities – representing workers, originally the sole purpose of union formation, is only one of many items on the list. In a 2008 study on Michigan unions, the Mackinac Center for Public Policy reports that on average only 43.5 percent of union dues were used for worker representation efforts. An average of 6 percent of union funds were used toward political and lobbying efforts – holding political rallies, organizing phone banks, and providing financial and grassroots support for political campaigns. The remaining 50.4 percent of dues paid for charity contributions, overhead, administration, and investments.²

The study notes further that this may vastly understate the total share of union dues that go to political and lobbying efforts: unions self-report their figures and they are not independently verified, and in many cases their “charitable contributions” actually may more appropriately be classified as political contributions.

What is Paycheck Protection?

In 1988, maintenance worker Harry Beck objected to his union’s use of almost 79 percent of his dues to support the Democratic Party. The case, *Communication Workers of America vs. Beck*, went all the way to the U.S. Supreme Court, where the Court ruled that Beck was not required to pay for the union’s political work.³

QUICK FACTS

- In 1988, the U.S. Supreme Court ruled that employees forced to pay union dues under the National Labor Relations Act (NLRA) do not have to contribute to a union’s political activities.
- A 2008 Mackinac Center study showed that only 43.5 percent of Michigan union dues actually go toward representing workers in the workplace.

NOTABLE & QUOTABLE

“To compel a man to furnish funds for the propagation of ideas he disbelieves and abhors is sinful and tyrannical”
-Thomas Jefferson

“An individual’s right to be free from compulsory political payments should begin before the payment is made, not after.”
-Former Oklahoma Senator Don Nickles⁴

Paycheck Protection is a concept that follows from this ruling. It declares that an individual worker's union dues may not be used for nonrepresentational purposes (e.g. for political activity) without the worker's formal consent. This freedom is referred to as a worker's "Beck Rights." As of 2011, six states have enacted paycheck protection provisions: Indiana, Michigan, Ohio, Utah, Washington, and Wyoming.

What Are People Saying About Paycheck Protection?

Some argue that paycheck protection allows the government to intervene on private, nongovernmental contracts. However, based on the Taft-Hartley Act, the National Labor Relations Act, and multiple Supreme Court rulings, union contracts are already subject to government regulation. And government intervention is justified here: the number one priority of the federal government should be protecting individual rights.

Opponents also claim that paycheck protection will prevent unions from upholding workers' rights in the political arena. On the contrary: paycheck protection does not discourage unions from political activity; it merely ensures that workers may choose whether or not their earnings are put toward political activity that they may object to. Some unions offer an "opt-out" option, allowing union members to choose not to direct their dues towards the union's political efforts. But workers should not have to waste time filling out opt-out paperwork just so the union will stop using their hard-earned income for political purposes they object to.⁴ If anything, there should be an "opt-in" provision instead of an "opt-out."

Paycheck protection is not a cure-all for union overreaches and abuses. A Heritage Foundation study notes that while paycheck protection cuts union funding for state elections by 40-50 percent, unions can nonetheless find loopholes to get away with using dues for political ends.⁵ This only further demonstrates that union leadership has lost sight of its original purpose of representing workers in the workplace.⁶

Paycheck protection does not discourage unions from political activity; it merely ensures that workers may choose whether or not their earnings are put towards political activity that they may object to.

Endnotes:

1. Edwin Chen, *Union Dues Bill Threatens Measure to Ban 'Soft' Money*, LOS ANGELES TIMES (October 4, 1997) (online at <http://articles.latimes.com/1997/oct/04/news/mn-39120>).
2. Paul Kersey, *Where Union Money Goes*, MACKINAC CENTER FOR PUBLIC POLICY (August 28, 2008) (online at <http://www.mackinac.org/9971>).
3. Charles W. Baird, *The Permissible Uses of Forced Union Dues: From Hanson to Beck*, CATO INSTITUTE, PA No. 174 (July 24, 1992) (online at http://www.cato.org/pub_display.php?pub_id=1034).
4. Adam Summers, *California's Proposition 75: Paycheck Protection*, REASON FOUNDATION (November 3, 2003) (online at <http://reason.org/news/show/californias-proposition-75-pay>).
5. James Sherk, *What Do Union Members Want? What Paycheck Protection Laws Show About How Well Unions Reflect Their Members Priorities*, HERITAGE FOUNDATION, CDA Analysis No. 06-08 (August 30, 2006) (online at <http://www.heritage.org/research/reports/2006/08/what-do-union-members-want-what-paycheck-protection-laws-show-about-how-well-unions-reflect-their-members-priorities>).
6. Tim Cavanaugh, *Paycheck Protection Racket: Prop 75 Is a False Hope*, REASON.COM (November 4, 2005) (online at <http://reason.com/archives/2005/11/04/paycheck-protection-racket>).

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