



## Answering the Critics on Paycheck Protection

Under current law and contracts, it's permissible for a school district's personnel office to act as the collection agent for Political Action Committee contributions and membership dues on behalf of a government union. In fact, any taxpayer-financed government payroll systems can be negotiated in union contracts to automatically collect PAC and dues money directly from workers' paychecks, just like taxes. These funds are then sent directly to union leaders, who can use the funds for lobbying, campaign contributions and other political action.

**Taxpayers shouldn't be forced to collect union campaign contributions and political money.** No other political organization enjoys this special legal privilege. Paycheck protection laws can level the playing field and stop the use of taxpayer resources for politics. [Paycheck protection laws vary by state](#). Some states require workers to give annual written consent before dues can be spent on lobbying. Other states prohibit government collection of any money used for political purposes, while a few states prohibit government collection of all union dues.

In a recent survey, [79% of Pennsylvania voters](#) agreed taxpayer resources should not be used for political purposes.

Here are eight misleading claims about paycheck protection laws.

### **CLAIM: Union dues cannot be used for politics.**

While union dues cannot be given directly to candidates, [they can and are being used for a variety of other political activities](#). These activities include election mailers, get-out-the-vote drives, independent campaign activities, public marketing campaigns, [expenses related to soliciting and administering contributions to the union's PAC](#), and lobbying of legislators.

Pennsylvania's largest government unions collectively [spent nearly \\$5 million](#) of member dues on political activities in 2012. Unions are required to document this information annually to the U.S. Department of Labor on a financial disclosure known as an [LM-2](#).

Moreover, Government unions are allowed to have employees' PAC contributions collected with taxpayer resources, which can be given directly to candidates.

**CLAIM: Paycheck protection is an attack on collective bargaining.**

**Paycheck protection does not touch the process of collective bargaining.** It only prevents unions from asking that taxpayer resources be used to collect their political dollars. Unions would still be free to bargain for wages and other benefits during the collective bargaining process.

**CLAIM: Paycheck protection is partisan.**

Paycheck protection is about good government. It doesn't prevent unions from engaging in politics, it merely prevents taxpayer resources from being used to collect government unions' political dollars.

**CLAIM: This is an attack on unions and workers that will destroy the middle class.**

Paycheck protection is pro-worker. As Julie, a Pennsylvania public school librarian explains: "Since money is automatically taken from my paycheck like a tax and handed over to the teachers union, they have no incentive to listen." Paycheck protection makes unions more accountable to their members.

With paycheck protection laws in effect, unions will have to collect dues and political money directly from members, and demonstrate that those dollars are being well spent.

**CLAIM: It costs virtually nothing to collect unions' political money.**

No taxpayer funds, regardless of how much, should be used for any political purpose. Using taxpayer-funded payroll systems to collect political money is no different than using a legislative office or taxpayer-provided phone for campaign fundraising, which is illegal.

Government union leaders enjoy an unfair advantage through taxpayer collection of union dues, a privilege no other political group enjoys. Every citizen and every organization—including government unions—should have an equal opportunity to engage in policy debates through a level playing field for all and favor should be given to none.

**CLAIM: Paycheck protection laws violate the First Amendment.**

Paycheck protection does not take away any union's ability to collect dues, fees or PAC dollars or limit government unions' ability to participate in political activities with which they disagree. It simply requires government unions to play by the same rules as everyone else, without taxpayer subsidies.

Paycheck protection laws actually promote free speech by preventing anyone from being forced to pay for politics. It is unfair and un-American to force taxpayers, as well as teachers and other government employees, to subsidize the political activities of a private organization.

In 2009, the Supreme Court ruled in *Ysursa v. Pocatello* that Idaho's paycheck protection law, which prohibited taxpayer collection of political money, "does not restrict political speech, but rather declines to promote that speech by allowing public employee check-offs for political activities."

**CLAIM: Paycheck protection is just another attempt at union busting.**

**Paycheck protection would not affect unions that aren't using taxpayer-funded payroll systems as collection agents, such as private trade unions.**

Several states have passed paycheck protection, including states like Washington that don't have right to work laws. Paycheck protection is not union busting, but simply a good government proposal to end the use of public resources to collect political funds.

**CLAIM: Paycheck protection encourages "free riders" to accrue all the benefits of union membership without paying their fair share.**

The reform would not change the relationship between unions and workers. In "compulsory union states" such as Pennsylvania, it will remain legal to require an employee to pay a "fair share fee" to cover the costs of representation and collective bargaining. If an employee declines, he or she may be fired. **Paycheck protection would not change this legal arrangement.**

However, federal law does not require unions to represent non-members. Pennsylvania's Public Employee Relations Act of 1970 grants unions the power of "exclusive bargaining representative" over a group of employees, such as professional staff in a school district. If unions are truly concerned about the "free rider" claim, state law could easily be amended to address that concern by limiting the terms of the contract to only those who pay dues to the union. Then non-dues paying employees could negotiate their own compensation (or they could organize separately to bargain), and any "free rider" problem would be solved.

# The Real Cost of Paycheck Protection

Critics of paycheck protection claim that the practice of our government deducting union dues and campaign contributions from workers' paychecks "only costs \$100." That's based on a letter from Treasurer Rob McCord to Rep. Markosek and Sen. Hughes that was circulated among Democrats in the legislature. Here are four reasons why that claim is wrong and irrelevant.

## **#1) Paycheck protection isn't about the added costs, but the privilege of using taxpayer resources for politics**

Supporters of paycheck protection have never argued that the cost of collection isn't small. Rather, that collection of political money using public resources is **improper** and conveys a **unique benefit** to certain political organizations.

Previous open records requests have revealed that the Pennsylvania Treasury dispersed:

- \$41 million in union dues and fair share fees and \$707,399 in union PAC contributions in 2010-11,
- \$41.4 million in union dues and fair share fees and \$736,301 in union PAC contributions in 2011-12, and
- \$40.7 million in union dues and fair share fees and \$775,259 in union PAC contributions in calendar year 2013.

It is this unique benefit that allowed government union PACs to **contribute more than \$339,000 to McCord for Governor in 2013 and 2014**, without having to collect those contributions themselves, but rely on state government, municipalities, and school districts to collect these campaign contributions.

## **#2) No other group receives this sort of taxpayer subsidy for collecting political funds**

No other entity has the power to *force* taxpayers to collect its funding by binding contract. Nor do public employers collect the **political money** for other entities. In fact, the Treasurer's Office was unable to identify other *Political Action Committees* that receive transfers from the treasury other than union PACs.

While Treasurer McCord may argue that such costs are "nominal" in light of total government spending, it doesn't change the fact that **taxpayer resources are being used for political action right in our own capitol.**

Such activities—even with "nominal costs"—are illegal under other circumstances. State and legislative offices cannot be used to make phone calls or send emails for campaign fundraising, no matter how little, if anything, such activities add to the cost of government. One phone call, one email, one staff person making copies of a campaign mailer are all illegal activities.

### **#3 )The \$100 claim ignores numerous costs**

Further, while we don't challenge the idea that the costs of payroll collection are a small part of the state budget, **Treasurer McCord omits numerous costs** when claiming the total cost is "less than \$100" per year. In fact, this claim only counts the actual charges for electronic transfers. His claims ignores the *cost of staff* inputting deduction forms for union dues into the state payroll system and the *cost of the computers and software* used to process payroll deductions.

The Commonwealth Foundation was charged \$64.24 for *copies* of these payments for one year, which itself undermines the claim that the total cost is less than \$100.

### **#4) Local governments would also benefit from paycheck protection**

In addition, Treasurer McCord's letter only talks about state costs. But SB 1034 and HB 1507 would impact all levels of government, including 66 counties, 1,015 municipalities, 1,564 townships, 499 school districts, and 1,756 special district governments. All of these face real costs. For example, officials in [Blair County](#) report that one payroll employee devotes a full day's work every two weeks to calculating deductions for union dues.