

Why Pennsylvania Needs **WISCONSIN-STYLE GOVERNMENT UNION REFORM**



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FEBRUARY 2022

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Key Findings

- Government unions have enormous political power in Pennsylvania, due to a host of special legal privileges granted in state law.
- Government union executives use this power to trap government employees in unions, deny them alternative representation, and lobby against fiscal and educational reforms needed to make Pennsylvania more prosperous.
- In March 2011, Wisconsin successfully addressed these problems by enacting Act 10. Specifically, Act 10 limits government unions' special legal privileges and allows lawmakers to balance budgets while reducing taxes and enacting school choice and growth-stimulating market reforms.
- Pennsylvanians can reap many of the same benefits if lawmakers follow Wisconsin's example by:
 1. Requiring regular recertification elections.
 2. Banning the automatic deduction of dues and PAC contributions from government employees' paychecks.
 3. Empowering government employees to choose whether or not to belong to a union.

What are Unions?

Unions are tax-exempt, nonprofit organizations. They represent the employees that fund them through union dues. Unions use a wide range of methods—collective bargaining, protests, strikes, lobbying, volunteering for candidates, and campaign contributions—to influence employment contracts and public policy. Typically, they seek to increase member-employee wages, salaries, and benefits; to control workplace rules and conditions; and to support candidates that will advance legislation favorable to union interests. To join and remain in a union, an employee must, among other things, pay regular dues.

Government Versus Private Sector Unions

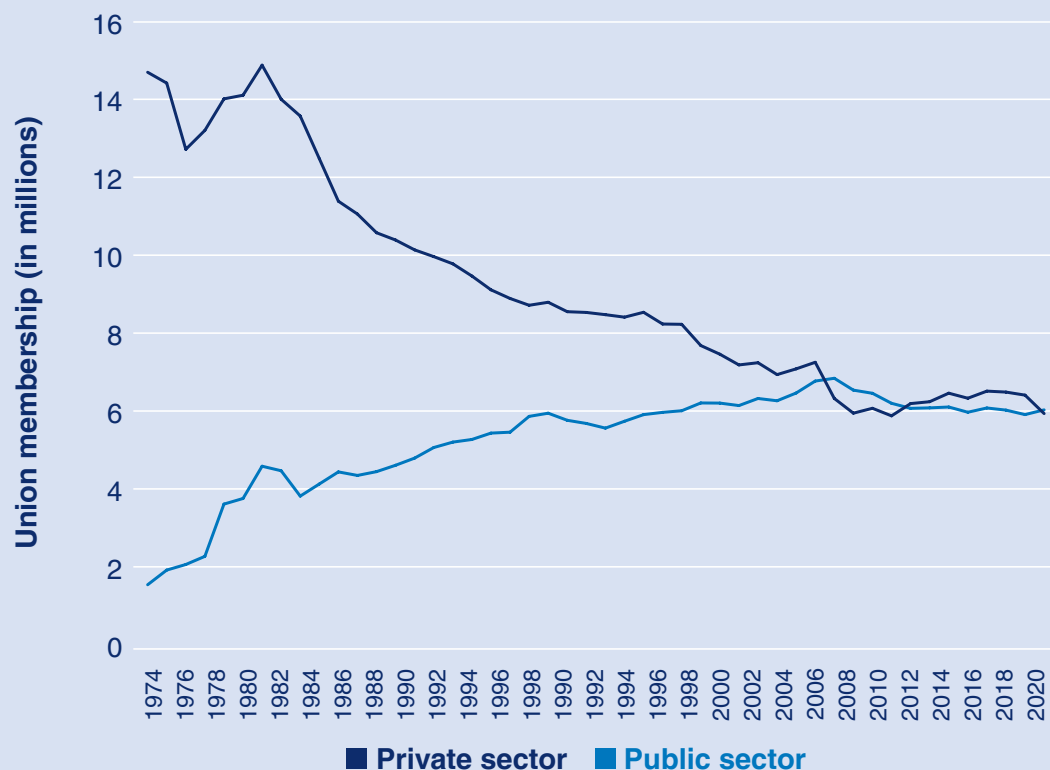
This report is exclusively concerned with government unions, or “public sector unions,” not private sector unions. Government unions represent and are funded by government employees (e.g., public school employees; local, state, and federal government bureaucrats; and workers in other government service sectors). By contrast, private sector unions represent and are funded by employees of private firms (e.g., automakers, construction workers, steel manufacturers).

In the mid-20th century, the unionization rate in the private sector was significantly higher than the unionization rate among government employees. In 1949, for example, only 12 percent of government employees belonged to a union, while for private sector employees the rate was 35 percent. Today, the reverse is true. The unionization rate is much higher among government workers (35 percent) than among private sector employees (a mere 6 percent). Since the number of workers in the private sector dwarfs the number of workers in the public sector, the precipitous decline in private sector unionization has led to an overall decline in union density. In the 1950s, over 30 percent of the U.S. workforce belonged to a union. Today, the unionization

rate is barely 10 percent.¹ **Remarkably, even though government employees only make up 15 percent of the overall workforce, they now constitute a majority of the unionized workers in the United States.** According to the U.S. Bureau of Labor Statistics, in 2020 there were 7.17 million unionized government employees and 7.08 million unionized private workers.²

Given the high number of employees working as public school teachers in the country (3.5 million), teachers' unions (e.g., the National Education Association, or NEA, and its Pennsylvania affiliate, the Pennsylvania State Education Association, or PSEA) are the largest type of government union.³ Indeed, they are now the largest unions of any kind in the United States.

FIGURE 1: U.S. PUBLIC AND PRIVATE SECTOR UNION MEMBERSHIP OVER TIME



Source: Unionstats.com, I. Historical Tables: Union Membership, Coverage, Density, and Employment, 1973-2020, "All Wage and Salary," html version.

- 1 "50 Years of Shrinking Union Membership, in One Map," National Public Radio's (NPR) *Planet Money*, accessed October 1, 2021, <https://www.npr.org/sections/money/2015/02/23/385843576/50-years-of-shrinking-union-membership-in-one-map>.
- 2 "Union Members – 2020," News Release, Bureau of Labor Statistics, US Department of Labor, January 22, 2021, <https://www.bls.gov/news.release/pdf/union2.pdf>.
- 3 "Characteristics of Public School Teachers," National Center for Education Statistics, accessed on December 10, 2021, <https://nces.ed.gov/programs/coe/indicator/clr>.

Political Power and Policies of Pa. Government Unions

Pennsylvania's government unions have large memberships and large coffers and therefore wield enormous political power. Pennsylvania has more unionized workers (719,000) than all states except California, New York, and Illinois. Government entities employ almost half of these unionized workers. Fifty-four percent of Pennsylvania's government employees (335,000) belong to a union, while 46 percent (306,000) do not.⁴ Government union density, then, is significantly higher in Pennsylvania (54 percent) than in the country as a whole (35 percent).

TABLE 1: PA. UNION MEMBERSHIP AND RESOURCES, 2021

	AFSCME 13 ⁵	AFT-PA ⁶	PSEA ⁷	SEIU 668 (2020) ⁸	SEIU Healthcare (2020)
Membership	44,466	26,615	177,777	15,3358	20,430
Agency fee payers	538	N/A	54	335	174
Dues amount	1.5% of salary	\$11.45 monthly	\$553 annually	1.39% of salary	1.8% of salary plus \$1 monthly
Money from dues	\$25 million	\$2 million	\$65 million	\$11 million	\$16 million

Source: Office of Labor Management-Standards, "LM Reports and Constitutions and Bylaws," <https://olmsapps.dol.gov/query/getOrgQry.do>.

Government unions are the biggest political spenders in Pennsylvania by a substantial margin. Since 2007, Pennsylvania's government unions have spent more than \$150 million on politics, including donations to political action committees (PACs) and dues spent on political activities.⁹ In the 2018 election cycle, government unions spent more than twice as much as any other interest group.¹⁰ Union political spending takes various forms, including campaign contributions, independent political expenditures, lobbying, and political mailers to union members. Government unions can also organize mass protests, or even strikes to force concessions, if their demands are not met.

What is the agenda of Pennsylvania's government unions? In partisan terms, they overwhelmingly support the Democratic Party. Over 90 percent of their recent political spending has gone to Democratic candidates and causes.¹¹ In policy terms, they generally pursue two broad objectives.

4 Barry T. Hirsch and David A. Macpherson, "Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, Vol. 56, No. 2, January 2003, pp. 349-54 (updated annually at <http://www.unionstats.com/>).

5 American Federation of State, County, and Municipal Employees.

6 American Federation of Teachers-Pennsylvania.

7 Pennsylvania State Education Association.

8 Service Employees International Union.

9 Pennsylvania Department of State, "Campaign Finance Database," <https://www.campaignfinanceonline.state.pa.us>

10 Jessica Barnett, "Gov. Unions: Pennsylvania's Biggest Political Spenders," Commonwealth Foundation, April 29, 2019, <https://www.commonwealthfoundation.org/policyblog/detail/gov-unions-pennsylvanias-biggest-political-spenders>.

11 Jessica Barnett, "Public Sector Union 2020 Election Spending," Commonwealth Foundation, March 18, 2021, <https://www.commonwealthfoundation.org/policyblog/detail/public-sector-union-2020-election-spending>.

First, they seek higher wages and salaries for government employees. This includes expansive health insurance plans and other post-employment benefits like a more generous traditional defined-benefit pension. Second, they seek to maintain and enlarge the government workforce, as in their efforts to uphold state-run monopolies (e.g., the Pennsylvania Liquor Control Board's monopoly on liquor). The resulting effect of the implementation of this agenda is the persistent growth of large, expensive government bureaucracies, which require ever-increasing government spending to sustain. According to a 2016 Heritage Foundation study, government unions increase the cost of state and local government by \$600 to \$750 per resident annually.¹² The result is higher taxes and spending, budget deficits, or both.¹³

In addition to pursuing these objectives, Pennsylvania's teachers' unions block student-centered educational reforms, such as school choice and merit-based teacher pay, and they have done so for decades.¹⁴

Government Unions' Special Privileges in Pennsylvania

How do Pennsylvania's government unions obtain the members and funds necessary to underpin their power? Pennsylvania state law grants government unions a host of special privileges that are unavailable to others, which bolster unions' membership and resources, often at the expense of government employees' rights. Here are the privileges that most severely restrict workers' rights:

1. ANTI-DEMOCRATIC ELECTION RULES

In Pennsylvania, it is relatively easy to form and certify a government union. Pennsylvania law requires a majority of voting employees, not a majority of all employees, to certify a government union. Once certified, a government union is granted exclusive representation of all employees in its sector, including employees who have not voted for union representation or who do not belong to the union.¹⁵

Moreover, Pennsylvania law makes it difficult to decertify government unions.¹⁶ To end a union's exclusive representation, government employees must petition for a union election during a thirty-day window that occurs only once every several years, near the end of their current contract. Thirty percent of all employees must sign the petition for a new election. Then, a majority of all employees must vote against the union in order to decertify.

Notably, most government unions in Pennsylvania received certification in the 1970s.¹⁷

12 Geoffrey Lawrence, James Sherk, Kevin Dayaratna, and Cameron Belt, "How Government Unions Affect State and Local Finances: An Empirical 50-State Review," The Heritage Foundation, April 11, 2016, <https://www.heritage.org/jobs-and-labor/report/how-government-unions-affect-state-and-local-finances-empirical-50-state>.

13 James Sherk, "F.D.R. Warned Us About Public Sector Unions," *New York Times* (Opinion pages), July 23, 2014, <https://www.nytimes.com/roomfordebate/2011/02/18/the-first-blow-against-public-employees/fdr-warned-us-about-public-sector-unions>.

14 See: Ben Degrow and Marc LeBlond, "Michigan's governor should follow Pennsylvania's on school choice expansions," *The Hill*, October 23, 2021, <https://thehill.com/opinion/education/577921-michigans-governor-should-follow-pennsylvanias-on-school-choice-expansions>; Nathan Benefield, "Empower Parents, Not Union Leaders," *Real Clear Education*, September 27, 2021, https://www.realcleareducation.com/articles/2021/09/27/empower_parents_not_union_leaders_110639.html.

15 Public Employee Relations Act of 1970, Pa. Pub. L. 563 No. 195 (passed July 23, 1970), accessed through Pennsylvania General Assembly, <https://www.legis.state.pa.us/CFDOCS/LEGIS/LI/uconsCheck.cfm?txtType=HTM&yr=1970&sessInd=0&smthLwInd=0&act=0195>.

16 "Rules and Regulations of the Pennsylvania Labor Relations Board" (Decertification §§ 95.21–95.24), Department of Labor & Industry, accessed on November 28, 2021, <https://www.dli.pa.gov/laws-regs/regulations/Documents/plrbrule.pdf>.

17 "Certification of Government Unions," Commonwealth Foundation, 2016, <https://infoqram.com/union-certification-percentages-1hdw2j3k3rmd6l0>.

A half-century later, almost all current government employees in the state have never voted for union representation. For example, 99.9 percent of public school teachers have not voted for union representation.¹⁸

2. AUTOMATIC DUES AND PAC DEDUCTIONS

Pennsylvania law and collective bargaining contracts grant government unions an extraordinary privilege—the ability to deduct dues and thus PAC contributions directly from employees’ government-issued paychecks. Unions can then spend dues money on lobbying, endorsing candidates, running independent ads that support a candidate, or donating to Super PACs (i.e., organizations that can engage in unlimited independent political spending). In contrast, it is illegal for elected officials to use taxpayer resources to collect funds for political purposes including collecting campaign contributions via payroll deduction.¹⁹

Some government unions continue to deduct dues from employees even after those employees have resigned.²⁰ Since the Supreme Court’s *Janus v. AFSCME* ruling in 2018, this practice has been unconstitutional, unless the employee consents.²¹ However, many employees are unaware of their *Janus* rights, and neither their own union leadership nor government administrators are communicating their rights to them.

3. OBSTACLES TO RESIGNATION

Government unions in Pennsylvania also make it extremely difficult for members to resign from membership in the union. Pennsylvania is one of few states with a “maintenance of membership” provision in state law.²² This provision allows union executives to narrow the period during which government workers can resign from the union. Moreover, it does not require union leaders to notify members of upcoming resignation windows. It also allows resignation windows to vary from chapter to chapter, unlike in some states (e.g., Michigan) in which every chapter of a union must have the same window.

The resignation window in Pennsylvania is two weeks long, and it typically occurs every three to five years.²³ That is, an employee who wants to leave his or her union may only have a fifteen-day window every four years to submit a resignation letter by certified mail.

Act 10 and Restoring Workers’ Rights in Wisconsin

Over a decade ago, the state of Wisconsin confronted the same problem—powerful government unions, with many of the above special privileges, pursuing harmful policies and undermining public employee rights. In 2011, facing heavy opposition from Democratic lawmakers and

18 “Teachers Denied Worker Voting Rights,” Commonwealth Foundation, accessed on November 1, 2021, <https://infogram.com/app/#/edit/6dbba2bc-127f-4efb-b7b7-3f3e270a4e2d>.

19 Nathan Benefield, “The True Cost of Paycheck Protection,” Commonwealth Foundation, (June 2014), <https://www.commonwealthfoundation.org/policyblog/detail/the-real-cost-of-paycheck-protection>.

20 “Knabb v. UFCW, Local 1776 Keystone State, Case Summary,” The Fairness Center (no author provided), accessed November 1, 2021, <https://www.fairnesscenter.org/knabb-v-united-food-commercial-workers-union-local-1776-keystone-state/>.

21 In this ruling, the Court held that the practice of collecting fees from non-union-members, without their consent, is unconstitutional in the government sector. According to the majority opinion, collective bargaining by government unions is inherently political because it affects the allocation of public money. Thus, to force individuals to subsidize public sector unions is to compel political speech, in violation of the First Amendment.

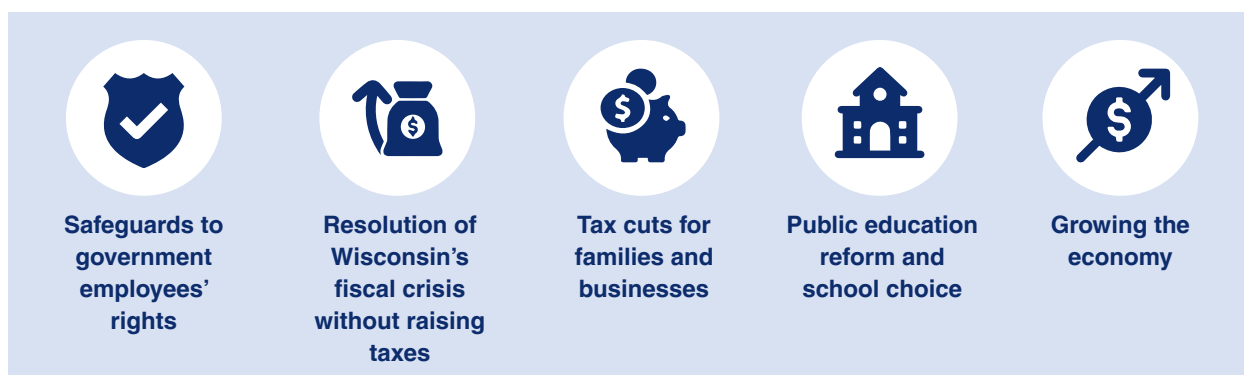
22 Public Employee Relations Act.

23 Nicholas Assi and Jessica Barnett, “Why Can’t Workers Leave their Unions,” Commonwealth Foundation, September 11, 2019, <https://www.commonwealthfoundation.org/policyblog/detail/why-cant-workers-leave-their-unions>; Public Employee Relations Act.

mobilized government unions, the Republican Legislature passed Act 10 and the bill became law.²⁴ Act 10, which reins in many of government unions' special privileges, immediately faced a series of legal challenges. But in July of 2014, the Wisconsin Supreme Court declared it constitutional, and Act 10 remains in effect to this day.²⁵

Act 10 has four central provisions. The first requires government workers to increase their contributions to the cost of their own health care and pension benefits; prohibits government unions from collectively bargaining over benefits or workplace rules and conditions; and stipulates that wage increases cannot exceed the inflation rate unless a referendum permits it. The second provision requires government unions to hold annual recertification elections. The third institutes paycheck protection, prohibiting the government from deducting funds for unions directly from government union member paychecks. The fourth prohibits the government from deducting agency or "fair share" fees from the paychecks of government employees who are not union members. This provision became redundant in 2018 when the U.S. Supreme Court ruled in *Janus v. AFSCME* that collective bargaining by government unions is inherently political, and thus that agency fees in the public sector constitute compelled speech, in violation of the First Amendment.

WISCONSIN'S KEY GAINS UNDER ACT 10



Act 10 has had several key effects in Wisconsin:

1. SAFEGUARDS TO GOVERNMENT EMPLOYEES' RIGHTS AND THE DECLINE IN PUBLIC SECTOR UNION MEMBERSHIP

With Act 10, government workers gained protections that have allowed them to overcome the oversized clout of public sector unions' collective bargaining. Since the law's implementation, more than one-third of Wisconsin's government unions have failed to recertify, proving that a substantial number of government employees either did not want to be represented by their union, or did not care or know enough about their union to vote for its certification.²⁶

Government union membership has declined, not only due to the decertification of many

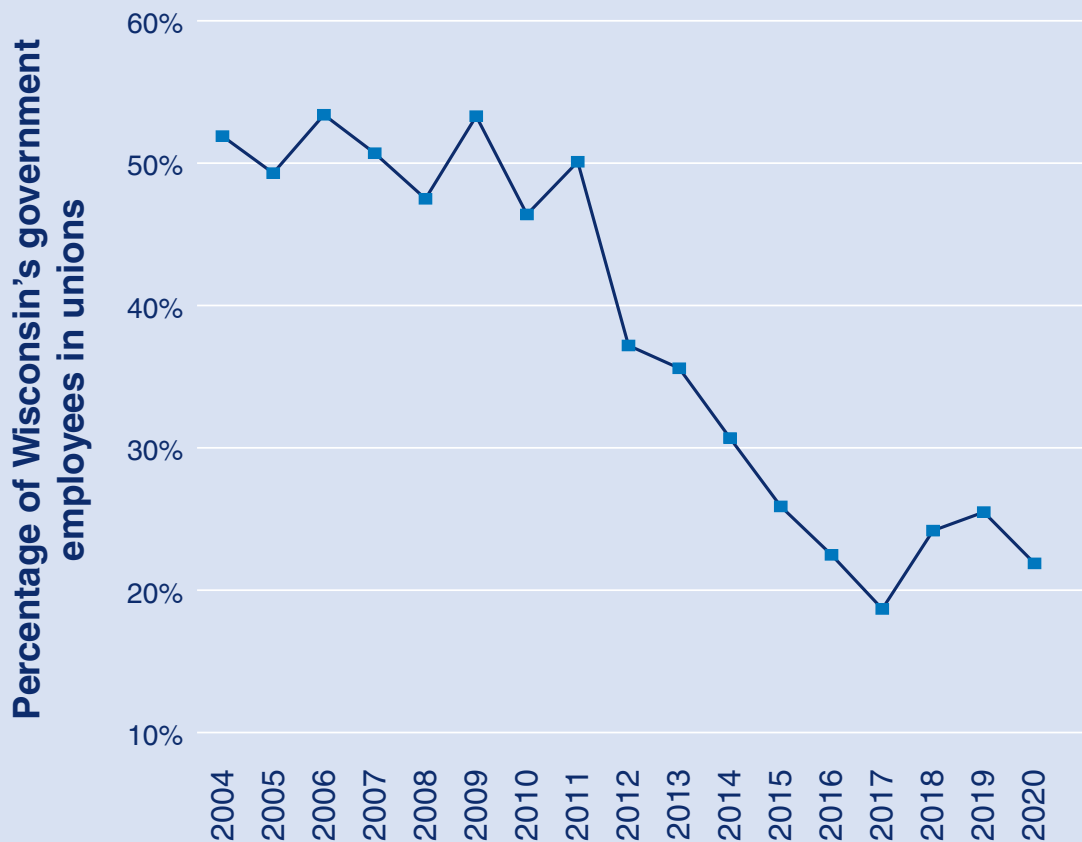
24 Stephanie Jones, "Assembly approves Walker's union bill, many Democrats miss chance to vote," February 25, 2011, *The Journal-Times*, https://journaltimes.com/news/local/state-and-regional/article_af1b1966-4110-11e0-87d8-001cc4c002e0.html.

25 Ed Treleven, "In 5-2 ruling, Supreme Court issues final word on Act 10," July 31, 2014, *Madison.com*, https://madison.com/news/local/govt-and-politics/in-5-2-ruling-supreme-court-issues-final-word-on-act-10/article_0d448a2d-dd28-5a57-abeb-f32e114d80c3.html.

26 "Election Results," Wisconsin Employment Relations Commission, accessed on December 10, 2021, <http://werc.wi.gov/representation-election-updates/>.

unions, but also because payroll protection has made union members more aware of the cost of dues, leading many to resign from their unions.²⁷ In addition, the prohibition of agency fees has led to many union resignations; previously, public employees had little incentive not to join unions, given that they would have to pay an agency fee regardless. Between 2011 and 2020, government union membership fell by more than half (from 187,000 to 84,000), and government union density—that is, the percentage of government employees in unions—fell from 50 to 22 percent.²⁸

FIGURE 2: WISCONSIN GOVERNMENT UNION DENSITY BEFORE AND AFTER ACT 10



Source: Unionstats.com, Ill. State: Union Membership Union Membership, Coverage, Density, and Employment by State and Sector, 1983-2020, html versions.

²⁷ Shawn Johnson, "A Decade After Act 10, It's A Different World For Wisconsin Unions," *Wisconsin Public Radio*, February 11, 2021, <https://www.wpr.org/decade-after-act-10-its-different-world-wisconsin-unions>; Gillian Losh, "GAB releases lobbying report," *The Badger Herald*, September 1, 2021, <https://badgerherald.com/news/2010/09/01/gab-releases-lobbyin/>.

²⁸ Source provided below Figure 2.

Government union revenue has also plummeted for two reasons. First, there are fewer union members in the state, and second, the prohibition of agency fees has “freed hundreds of thousands of Wisconsin public sector workers from mandatory union dues.”²⁹ Between 2009 and 2019, Wisconsin’s largest teaching union and top lobbyist, the Wisconsin Education Association Council (WEAC), lost roughly two-thirds of its members and revenue.³⁰ In 2015, WEAC cut annual dues by \$60 to prevent members from resigning.³¹ The Madison branch of AFSCME lost 70 percent of its members and 63 percent of its revenue in the five years after Act 10’s passage. The Milwaukee branch of AFSCME lost 69 percent of its members and 83 percent of its revenue over the same period.³²

2. RESOLUTION OF WISCONSIN’S FISCAL CRISIS WITHOUT RAISING TAXES

The fiscal effects of Act 10 have been profound. When he assumed office, former Wisconsin Governor Scott Walker (2011–19) inherited a \$3.6 billion deficit, primarily driven by expenditures on government employee pensions. According to numerous analyses, the pension and health insurance reforms in Act 10 directly led to billions of dollars in savings. According to the MacIver Institute, for example, these reforms have saved the state over \$5 billion annually.³³ The Commonwealth Foundation conducted its own quantitative analysis and estimates that Act 10 saved Wisconsin nearly \$7 billion in 2018.

Remarkably, Act 10 resolved Wisconsin’s budget crisis without raising taxes.³⁴ Indeed, tax cuts largely returned the savings it produced to the taxpayer.

3. TAX CUTS FOR FAMILIES AND BUSINESSES

According to Matt Kittle of the MacIver Institute, “Taxpayers have arguably been the biggest beneficiaries of the collective bargaining reforms.”³⁵ Specifically, the Walker administration implemented the lowest state property taxes since the end of World War II; significantly reduced the personal property tax; eliminated the Forestry Mill Tax and Alternative Minimum Tax; and offered tax credits to families with children and to agricultural and manufacturing enterprises. Nearly 90 percent of the enterprises that received tax credits were small businesses with annual incomes under \$1 million.

In total, during Walker’s time in office, his administration implemented \$8.5 billion in tax relief, with over half coming from income and franchise tax reductions, and the bulk of the remainder coming from property tax reductions. In addition, the Walker administration increased Wisconsin’s rainy day fund from under \$2 million in 2010 to \$320 million by 2018.³⁶

29 Matt Kittle, “The Scott Walker Legacy: An Unprecedented Time of Reform and Taxpayer Victories,” MacIver Institute, December 3, 2018, <https://www.maciverinstitute.com/2018/12/the-scott-walker-legacy-an-unprecedented-time-of-reform-and-taxpayer-victories/>.

30 Johnson, “A Decade After Act 10”; Losh, “GAB releases lobbying report”; Chris Rochester, “Wisconsin Teachers’ Union Leads Nation Again in Membership Losses,” MacIver Institute, August 24, 2018, <https://www.maciverinstitute.com/2018/08/wisconsin-teachers-union-leads-nation-again-in-membership-losses/>.

31 Rochester, “Wisconsin Teachers’ Union Leads.”

32 Patrick Gleason, “Five Years Later, Scott Walker’s Reforms Have Saved Taxpayers Billions,” *Forbes*, February 28, 2016, <https://www.forbes.com/sites/patrickgleason/2016/02/28/act10/?sh=2d3738764e50>.

33 “Act 10 Saves Wisconsin Taxpayers More than \$5 billion Over 5 Years, MacIver Analysis Finds,” MacIver Institute (no author provided), February 25, 2016, <https://www.maciverinstitute.com/2016/02/act-10-saves-wisconsin-taxpayers-more-than-5-billion-over-5-years-maciver-analysis-finds/?platform=hootsuite>.

34 Riley Vetterkind, “10 Years Later, Wisconsin’s Act 10 Has Produced Labor Savings but at a Cost,” *Wisconsin State Journal*, February 7, 2021, https://madison.com/wsj/news/local/govt-and-politics/10-years-later-wisconsins-act-10-has-produced-labor-savings-but-at-a-cost/article_04022e81-82ba-5c23-88f9-25070c031f7c.html.

35 Kittle, “Scott Walker Legacy.”

36 Kittle, “Scott Walker Legacy.”

The human benefits of these tax reforms have been enormous. State property tax relief has allowed people to stay in their homes. Because of income tax cuts, hundreds of thousands of families have taken home hundreds or even thousands of dollars more in pay annually. Tax credits to families with children have eased the burden on low-income families in particular.³⁷

Summarizing the rationale for his administration's 2018 child tax rebate, Walker stated, "Our plan is simple. Our reforms are working. Our economy is growing. And because of all this, we have a budget surplus. I want to give it back to you. It's your money; not the government's. So, if you've got three kids at home under the age of 18, that's \$300 more this year for new shoes, coats, activity fees at school, or a co-pay at the doctor or dentist."³⁸

4. PUBLIC EDUCATION REFORM AND SCHOOL CHOICE

Important reforms to Wisconsin's public school system have followed in the wake of Act 10. Empowered by the bill, various school districts have begun to base layoff decisions on qualifications rather than on seniority and teacher hires on merit or "according to specific needs in the classroom." Moreover, districts can now respond to budget shortfalls, not by cutting classes, but rather with increased teacher course loads, raised retirement ages, and revamped health insurance systems.³⁹ Perhaps the most significant reforms, though, have come in the form of merit pay. By 2015, roughly half of Wisconsin's 422 districts had adopted flexible compensation systems that permitted pay differences for teachers with similar seniority.⁴⁰

These reforms have paid off. In a 2021 article in the *American Economic Journal: Economic Policy*, Barbara Biasi finds that teacher quality increased in the districts in Wisconsin that instituted merit pay. Similarly, in a 2018 analysis for the Wisconsin Institute for Law and Liberty (WILL), Will Flanders and Collin Roth find that Act 10 has led to substantial statewide improvements in student achievement. They summarize that "a school district's implementation of Act 10 [is] associated with an increase in math proficiency on average... across small-town, rural, and suburban school districts."⁴¹ All of these results are consistent with the most rigorous national-level analyses, which consistently find a negative association between collective bargaining and student achievement.⁴²

The Walker administration also invested heavily in school choice. Beginning in the 2011–13 state budget, it significantly expanded the Wisconsin Parental Choice Program (WPCP), lifting the income ceiling for eligibility, removing the cap on the number of recipients, and

37 Kittle, "Scott Walker Legacy."

38 Justin Thompson-Gee, "Walker Announces Child Tax Rebate and 2018 Sales Tax Holiday," *58 WDJT-Milwaukee*, February 8, 2018, <https://www.cbs58.com/news/walker-announces-child-tax-rebate-and-2018-sales-tax-holiday>.

39 CJ Szafir, Will Flanders, and Lauren Tunney, "Undertold Stories of Act 10: How Superintendents Have Used Act 10 to Reform Public Schools," Wisconsin Institute for Law and Liberty, April 2016, <https://will-law.org/wp-content/uploads/2021/01/Untold-Act-10-apple-cover-FINAL.pdf>. See also: Will Flanders and Lauren Tunney, "Silent Successes: The (Still) Undertold Stories of School Districts Using Act 10," Wisconsin Institute for Law and Liberty, August 2018, <https://will-law.org/wp-content/uploads/2021/01/2018-08-21-silent-successes.pdf>.

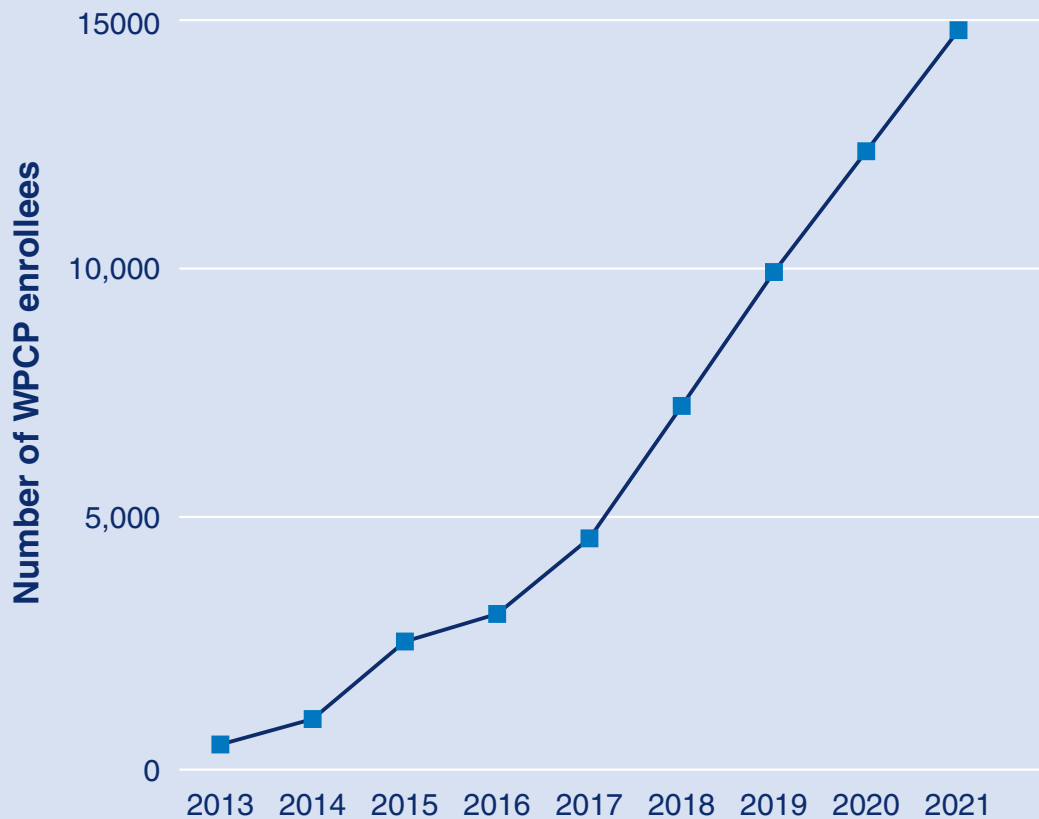
40 Barbara Biasi, "The Labor Market for Teachers under Different Pay Schemes," *American Economic Journal: Economic Policy*, Vol. 13, No. 3, August 2021, pp. 63-102, <https://www.aeaweb.org/articles?id=10.1257/pol.20200295>.

41 Will Flanders and Collin Roth, "Keeping Score: Act 10's Impact on Student Achievement," Wisconsin Institute for Law and Liberty, <https://will-law.org/wp-content/uploads/2021/01/act-10-report-final.pdf>.

42 Terry M. Moe, "Collective Bargaining and the Performance of the Public Schools," *American Journal of Political Science*, Vol. 53, no. 1, 2009, pp. 156-174; Caroline Minter Hoxby, "How Teachers' Unions Affect Education Production," *Quarterly Journal of Economics*, Vol. 111, no. 3, 1996, pp. 671-718. See also Jessalynn James and James Wyckoff, "Teacher Evaluation and Teacher Turnover: New Evidence from District of Columbia Public Schools," *EdWorkingPapers*, Annenberg Brown University, December 2019, <https://www.edworkingpapers.com/ai19-167>.

allowing participating parents to send their children to any private school in Wisconsin.⁴³ The impact of this investment has been remarkable. The number of low-income students attending private schools through WPCP has increased almost thirty-fold since Walker took office, from 500 in the 2013–14 school year to almost 15,000 in the 2021–22 school year.⁴⁴

FIGURE 3: ENROLLMENT IN WISCONSIN PARENTAL CHOICE PROGRAM SINCE PASSAGE OF ACT 10



Source: Wisconsin Department of Public Instruction, “WPCP Enrollment and Payment History,” <https://dpi.wi.gov/parental-education-options/choice-programs/data/wpcp-historical>.

43 “News: Wisconsin Governor Scott Walker Signs Historic School Choice Expansion Into Law,” American Federation for Children (no author provided), June 26, 2011, <https://www.federationforchildren.org/news-wisconsin-governor-scott-walker-signs-historic-school-choice-expansion-law/>; Kittle, “Scott Walker Legacy.”

44 “Wisconsin Parental Choice Program (Statewide) Student Headcount and FTE* 2013-14 School Year,” Wisconsin Department of Public Instruction (no author or date provided), https://dpi.wi.gov/sites/default/files/imce/parental-education-options/Choice/Data_and_Reports/2013-14/WPCP_13-14_Jan_Numbers_by_School_with_All_Pupils.pdf; “Wisconsin Parental Choice Program (WPCP) 2021-22 School Year Student Headcount and FTE,” Wisconsin Department of Public Instruction (no author or date provided), https://dpi.wi.gov/sites/default/files/imce/parental-education-options/Choice/Data_and_Reports/2021-22/2021-22_wpcp_hc_fte_by_school_and_grade_with_all_pupils.pdf.

5. GROWING THE ECONOMY

There is evidence that Act 10 contributed to overall economic growth. According to a study by the Center for Research on the Wisconsin Economy, Walker's tax credits helped to create over 42,000 total jobs, including over 20,000 in manufacturing.⁴⁵

Also, Act 10 facilitated the passage of various free-market reforms to increase employment and boost personal incomes. For example, the Walker administration attached work requirements to welfare assistance and limited support for families with regularly truant children. It placed caps on food stamp assistance to prevent fraud and abuse. It limited the authority of executive agencies to regulate industries unilaterally, eliminated cumbersome environmental regulations, and lifted regulatory burdens in the natural gas and mining sectors.⁴⁶

TABLE 2: POLICY ACCOMPLISHMENTS AFTER ACT 10

1. Decline of government union membership and resources
2. \$5–7 billion in annual savings
3. Host of tax cuts and credits <ul style="list-style-type: none">■ State property tax lowered■ Personal property tax lowered■ Forestry Mill Tax eliminated■ Alternative Minimum Tax eliminated■ Families with children given tax credits■ Agricultural and manufacturing enterprises (mostly small businesses) given tax credits
4. Expansion of Wisconsin Parental Choice Program from 500 students (2013–14) to almost 15,000 students (2021–22)

Proposed Labor Reforms to Restore Pa. Workers' Rights

Pennsylvania should enact labor reform modeled on Wisconsin's Act 10. Such reform will empower the Keystone State's hundreds of thousands of government employees to hold union leaders accountable and will ensure that all special interest groups play by the same rules. Not only is it the right thing to do, it will, as the example of Wisconsin demonstrates, create fertile ground for school choice, tax reform, and a host of other beneficial policies. Given the current circumstances in Pennsylvania, this report recommends two of the reforms in Act 10 and an additional worker-centered reform:

⁴⁵ Kittle, "Scott Walker Legacy."

⁴⁶ Kittle, "Scott Walker Legacy."

1. WORKER'S CHOICE

Regular recertification elections, in which a majority of the bargaining unit must approve recertification, amplify the voice of workers and hold union leaders accountable. Rep. David H. Rowe's House Bill 1117 proposes recertification elections every three years,⁴⁷ while Rep. Dawn Keefer's House Bill 2037 proposes them every six years.⁴⁸ Shorter intervals would make unions even more accountable to workers—Wisconsin's Act 10 (2011), for example, requires annual recertification elections.⁴⁹

With regular recertification elections, workers can choose a different union to represent them, set up their own local union, or choose not to have an exclusive representative that bargains on behalf of all employees (in keeping with over 90 percent of private sector workers).

If a union is decertified, it can hold new recertification elections after a specified period of time.

2. PAYCHECK PROTECTION

Lawmakers should prohibit government unions from deducting money directly from employees' paychecks, as Rowe's HB 1117 and Rep. Ryan E. Mackenzie's House Bill 2048 would do.⁵⁰ They should also require government unions or employers to notify employees of their Janus rights, as Rep. Kate A. Klunk's House Bill 2042 would do.⁵¹

3. RIGHT TO RESIGN

Lawmakers should eliminate maintenance of membership, as Rowe's HB 1117 and Rep. Greg Rothman's House Bill 2036 propose.⁵² In addition, Pennsylvania should require union executives to notify members of upcoming resignation windows.⁵³ They should also establish an independent right to resign, so that unions cannot trap members by inserting new restrictions in union bylaws and membership cards, as Rowe's HB 1117 does.⁵⁴

Impact of Proposed Reforms

The proposed reforms will restore the rights of government employees and enhance the accountability of government unions. Government unions will be required to persuade members, on an annual basis, to make dues payments and political contributions. Government employees will be free to choose whether to stay in their unions, or to recertify them. Many will learn that they are not obliged to contribute to unions if they are not members.

47 Rep. David H. Rowe, House Bill No. 1117, April 7, 2021, <https://www.legis.state.pa.us/cfdocs/legis/PN/Public/btCheck.cfm?txtType=PDF&sessYr=2021&sessInd=0&billBody=H&billTyp=B&billNbr=1117&pn=1166>.

48 Rep. Dawn W. Keefer, House Bill N. 2037, October 29, 2021, <https://www.legis.state.pa.us/cfdocs/legis/PN/Public/btCheck.cfm?txtType=PDF&sessYr=2021&sessInd=0&billBody=H&billTyp=B&billNbr=2037&pn=2347>; see also Rep. Dawn W. Keefer, Co-Sponsorship Memoranda, October 26, 2021, <https://www.legis.state.pa.us/cfdocs/Legis/CSM/showMemoPublic.cfm?chamber=H&SPick=20210&cosponId=36403>.

49 2011 Wisconsin Act 10, (passed March 11, 2011), accessed through Wisconsin State Legislature, <https://docs.legis.wisconsin.gov/2011/related/acts/10>.

50 Rowe, HB 1117; Rep. Ryan E. NacKenzie, House Bill No. 2048, <https://www.legis.state.pa.us/cfdocs/legis/PN/Public/btCheck.cfm?txtType=PDF&sessYr=2021&sessInd=0&billBody=H&billTyp=B&billNbr=2048&pn=2357>.

51 Rep. Kate A. Klunk, House Bill No. 2042, November 3, 2021, <https://www.legis.state.pa.us/cfdocs/legis/PN/Public/btCheck.cfm?txtType=PDF&sessYr=2021&sessInd=0&billBody=H&billTyp=B&billNbr=2042&pn=2350>.

52 Rowe, HB 1117; Rep. Greg Rothman, House Bill No. 2036, October 29, 2021, <https://www.legis.state.pa.us/cfdocs/legis/PN/Public/btCheck.cfm?txtType=PDF&sessYr=2021&sessInd=0&billBody=H&billTyp=B&billNbr=2036&pn=2346>.

53 Rep. Greg Rothman, House Bill No. 506, February 12, 2019, <https://www.legis.state.pa.us/CFDOCS/Legis/PN/Public/btCheck.cfm?txtType=PDF&sessYr=2019&sessInd=0&billBody=H&billTyp=B&billNbr=0506&pn=0494>.

54 Rowe, HB 1117.

In Wisconsin, the same reforms caused the largest government unions to lose most of their members and resources, strikingly illustrating these unions' dependence on special legal privileges. The decline of government unions, in turn, cleared the political path for school choice, a range of tax cuts, and other prosperity-enhancing policies. **There is no reason to expect a different result in Pennsylvania.**

The proposed reforms are not expected to produce significant direct savings for Pennsylvania taxpayers. As discussed, Act 10 generated billions of dollars in annual savings in Wisconsin, but that was due almost entirely to the bill's restrictions on collective bargaining and compensation, which, among other things, capped government workers' wage increases at the inflation rate and required government workers to contribute a higher percentage of their income to pensions and health insurance plans. The reforms proposed in this report, then, are a first step. If they pass, state lawmakers will be in a stronger position, in the coming years, to take the additional steps of limiting collective bargaining in the public sector and reforming government employees' pension and benefits systems.

Conclusion

At the time of this report's publication, government unions in Pennsylvania receive a host of special legal privileges and hold enormous political power. Their leaders use this power to trap government employees in unions, deny them alternative representation, and lobby against fiscally responsible, growth-stimulating market reforms.

Wisconsin's passage of Act 10 successfully addressed a similar set of problems. Act 10 limits government union special legal privileges and allows lawmakers to balance budgets while cutting income taxes, franchise taxes, and property taxes. Moreover, Act 10 helped Wisconsin deliver school choice and growth-stimulating market reforms.

Pennsylvanians will reap many of the same benefits if state lawmakers:

- Mandate regular recertification elections.
- Prohibit the automatic deduction of dues and PAC contributions from government employees' paychecks.
- Make it easier for government employees to resign their union memberships.

Government unions that depend on special legal privileges will lose members and resources, ultimately restoring members' freedom of choice and making the unions more accountable to them. Taxpayers will benefit too with a more favorable political environment for school choice, tax reforms, and other prosperity-enhancing policies.



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