

Pennsylvania House of Representatives

Labor Committee Hearing on; Work Place Initiatives

August 16, 2011

Good afternoon Chairmen Miller and Keller, my name is Pearre Dean and I am the Deputy Director of Public Affairs for the Commonwealth Foundation.

Imagine a lobbyist group—with a CEO, treasurer, and lengthy payroll—with the power and authority to control your government. This organization tells the state how much to pay state employees, under what conditions the state can conduct its business, and dictates how much citizens will pay in taxes. It makes the state its collection agency, forcing government to take money out of its workers' paychecks against their will, run the company, pad its executives' pockets, and bankroll the company's political endeavors.

Sound ludicrous?

Welcome to the world of public sector unions. In Pennsylvania, the state government is required to bargain with them on a variety of *issues*, including employee salaries, benefits, healthcare, performance standards, and work rules. These unions pull the strings of public officials and bargain for public money at the expense of their own members and everyone else.

Pennsylvania is one of 28 states in which workers can be compelled to pay part of their paycheck to a union just to keep their job. Right to work states give employees the freedom to choose whether or not to join a union. But even non-membership is costly: those able to evade union coercion are still compelled to pay hundreds of dollars in fair share fees, or agency fees, to cover their supposed share of benefits gained from collective bargaining.

In total, the commonwealth withheld and paid more than \$33 million in dues and more than \$7 million in fair share fees to 19 unions representing public employees in 2010. Government-aided dues deductions overwhelmingly fund Democratic campaigns, and are critical to maintaining union power.

The Pennsylvania State Education Association (PSEA), an affiliate of the NEA, siphoned over \$55 million out of its 191,000 members' and 5,600 agency-fee payers' wallets in 2010, with help from school districts who deduct the payments.

A number of members and fee-payers would gladly keep their money, if given the choice. National Education Association (NEA) general counsel Robert Chanin acknowledged that fact: "It is well recognized that if you take away the mechanism of payroll deduction, you won't collect a penny from these people."

More than \$2.5 million of that paid for political fundraising, a gubernatorial debate video, political calling, lobbying, and other political activity. These efforts are disproportionately directed to aid Democrats. Union officials also made a \$30,000 contribution to the left-leaning think tank, the Keystone Research Center, and gave \$7,500 to Keystone Progress, a progressive advocacy organization, with member dues.

While dues cannot be used to directly fund candidates' campaigns, unions also have PACs. Union war chests contributed more than \$23 million to campaigns in 2009-2010—much more than the often

vilified natural gas industry. PACE, the PSEA's political action committee, contributed \$2.3 million to state election campaigns in 2009-2010, including \$310,000 to Dan Onorato for Governor. The ability to elect preferred candidates for office, and then lobby them to increase taxes, prevent privatization, and cater to union whims has turned these organizations into powerful political machines.

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To assume that every one of PSEA's nearly 200,000 members supports Democratic candidates or professes to be ideologically liberal is silly. But union members each owe more than \$475 a year in dues, which may be funneled to support candidates and positions they would never vote for. As Thomas Jefferson proclaimed in 1786, "to compel a man to furnish contributions of money for the propagation of opinions which he disbelieves, is sinful and tyrannical."

Further, union policy goals are often not in the best interest of their members. The PSEA endorses "last in-first out" policies, which lay off the most recently hired teachers when economic times are tough. That is, the longest serving union members keep their jobs regardless of performance, while the "teacher of the year" gets laid off because he's low in seniority. The PSEA also rallies against merit pay for teachers, which would reward effectiveness, to the detriment of good teachers and more importantly, students. Collective bargaining gives an unfair advantage to mediocre educators and prevents good teachers from getting raises and bonuses.

Union power also means union bosses clean up with hefty salaries, trips, and benefits—often at the expense of the ordinary union members they are meant to protect. James Testerman, PSEA's president, made \$185,000 in 2010, and received \$253,000 in total compensation. His salary was more than two and a half times the average PSEA member salary. David Fillman, executive director at AFSCME Council 13, which represents public employees in state and local governments, makes \$181,000 and received \$206,000 in total compensation. In contrast, the average AFSCME 13 union member makes less than \$40,000 a year. Leading the pack of overpaid union bosses is Wendell Young, IV, who represents liquor

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store clerks at UFCW 1776. He made \$269,000 in 2010, equal to the salaries of nine UFCW members combined.

The right to association is protected and can be beneficial for employees. But the structure of the public sector lacks the market forces necessary to curb public unions' outrageous demands at the bargaining table. While private sector unions have to compete over businesses' limited profits, public sector unions compete unfairly over citizens' tax dollars. The result is union stranglehold over government and essentially taxpayers. Pennsylvania should ban government-aided dues deductions and PAC donation deductions, and give workers the right to choose where their money goes and whether to join a union in the first place. Only then will workers enjoy genuine freedom over their working lives and conditions—and the public sector will genuinely serve the public.

I want to thank you for your time and letting me testify. I will be happy to answer any questions.