

Fun Union Facts

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AFL-CIO President John Sweeney boasted recently that the union consortium intended to pour millions of dollars into this year's Congressional elections -- hardly a shocker. What is news is that this year, for the first time, rank-and-file union members are getting a look at precisely how much of their mandatory dues money is going to fund Mr. Sweeney's political causes, and plenty of other interesting details as well.

This month marks the deadline for the last of the nation's unions to file newly expanded disclosure reports, known as LM-2 forms. LM-2s have been around a long time, though until Labor Secretary Elaine Chao issued a rule requiring an expanded form in 2004, unions got away with providing the skimpiest details. This proved useful to union bosses who wanted to mask their political spending, or in some cases their corruption.

They are now being dragged into the sunshine. Whereas unions used to lump millions of dollars of disbursements into such vague categories as "sundry expenses," the new regime requires them to provide a detailed breakdown of who or what received union money: issue advocacy groups, political consultants, polling outfits, even hotels at which their members stayed.

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Hard-working union members deserve to know, for example, that of the AFL-CIO's \$82 million in discretionary disbursements from July 2004 to June 2005, only 36% went to representing members in labor negotiations -- which is what unions were created to do. A whopping \$49 million, or 60% of its budget, instead went to political activities and lobbying, while another \$2.4 million went to contributions, gifts and grants. The National Education Association was even more skewed toward politics, spending only 33% of its \$143 million discretionary budget on improving its members' lots.

By our calculations based on the filings, the AFL-CIO spent at least \$2.7 million alone on T-shirts, flyers, telephone calls, Web site hosting, and other support for 2004 Presidential candidate John Kerry. Groups that received AFL-CIO money included Citizens for Tax Justice, an organization devoted to higher tax rates; the Economic Policy Institute, a think-tank that campaigns against Social Security

privatization and tax cuts; and the Alliance for Justice, a ferocious opponent of President Bush's Supreme Court nominees.

Dues-paying workers of the world might want to ask: Why is Mr. Sweeney spending more of their money trying to raise taxes, or fighting for the cultural left, than he is on collective bargaining?

The IRS may also want to inspect these forms. That's because, prior to the new LM-2 disclosure rules, at least a dozen large unions had told the tax agency that they spent nothing on politics. The National Education Association's 2004 tax return, for instance, left blank the line for "direct or indirect political expenditures." Yet according to its LM-2, the NEA spent \$25 million on such activities from September 2004 to August 2005. Eliot Spitzer could sure have fun with that one -- if he didn't have the NEA's endorsement.

The forms also offer a glimpse at union chief salaries. At least three union heads took home more than a million dollars in compensation in their last fiscal year -- though two were admittedly the heads of the NFL and NBA players unions. The third-fattest union cat was Martin Maddaloni, the chief of the Plumbers and Pipefitters, who took home \$1.3 million last year. The Plumbers' "director of training" -- a fellow named George Bliss -- somehow managed to make \$456,644 in 2005. Now we know why plumbers are so expensive: They have to make enough to pay the dues that keep their union reps in Armani.

The LM-2 forms show that some 1,015 paid union officers and employees devoted more than 90% of their time to political activities. Combined, these folks took home compensation worth nearly \$53 million. Some 1,755 union personnel spent at least 50% of their time on political activities and lobbying.

As for financial management, let's just say some of these union chiefs are having fun in their jobs. United Auto Workers Local 14 reported it spent \$67,000 at an amusement park. The International Brotherhood of Electrical Workers spent \$124,000 at a hotel resort. And the Plumbers forked over \$225,000 on Nascar advertising.

A couple of other fun facts: Of the 100 highest paid union executives, 93% are men. We hope some

class-action lawyer isn't looking to sue for gender discrimination. And, believe it or not, unions report that they spent \$624,000 at largely non-unionized big box retailers across the country, including Target, Wal-Mart, Sam's Club, Costco and K-Mart. They apparently know a low price when they see one.

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When Secretary Chao proposed the new rules, unions were furious and came close to getting them blocked on Capitol Hill, and in court. Mr. Sweeney, the AFL-CIO chief, was quoted as saying the rule "will cost union members an estimated billion

dollars a year," and that the average union would have to spend \$1.2 million. The actual cost of AFL-CIO compliance turned out to be \$54,000, so Mr. Sweeney was only off by 96%.

Unions should have the right to spend whatever they want on politics, and we've defended that right against McCain-Feingold and other campaign-finance limits. At the same time, however, union members who don't like the way their coerced dues are spent have the right under the Supreme Court's Beck decision to ask for the political and grant portion of that money back. May these illuminating LM-2 disclosures be spread far and wide.