



## Analysis of Union Political and Advocacy Spending, Fiscal Year 2014

It is widely known that labor unions shovel millions of dollars into the campaign accounts of politicians, with roughly 90 percent of that money going to Democrats and liberals. This creates a problem for the roughly 40 percent of union families who say they support Republicans, according to national exit polls.

Historically, this discrepancy was dealt with by prohibiting unions from contributing dues money to federal candidates. Instead, unions had to set up political action committees (often called “committee(s) on political education” in union lingo) and receive special contributions outside of dues to fund them. This is not necessarily the case in state elections: The National Conference of State Legislatures reports that at least 33 states have no prohibition on direct union contributions to candidates.

The focus on candidate contributions does not even begin to tell the full story of union involvement in American politics, however. With the Supreme Court decision in *Citizens United v. FEC*, unions may spend dues money on uncoordinated independent expenditures on behalf of campaigns. But even spending by union SuperPACs only scratches the surface of the union dues-funded political operations.

Unions use dues money to pay for public agitation campaigns—the Service Employees International Union’s multi-million-dollar “Fight For \$15” is perhaps the most notable—and send considerable sums to liberal and Democratic Party-aligned think tanks and advocacy groups, including those with no particular interest in employment policy. Additionally, because ballot initiative campaigns are legally considered to be “lobbying the electorate” rather than campaign expenditures, unions may spend unlimited sums of dues money on ballot initiative campaigns.

This spending is not well understood. Federal law requires unions to disclose their spending to outside groups under the Landrum-Griffin Labor Management Reporting and Disclosure Act, but there has not been much detailed analysis of unions’ political and advocacy spending from member dues.

Using labor unions’ annual federal financial disclosure filings for fiscal year 2014, the Center for Union Facts sought to estimate the total annual expenditures of labor unions from dues money to SuperPACs, state and local political parties, and advocacy groups to gain a better understanding of the full extent of union spending on politics at all levels. We determined that union political contributions to political and advocacy groups in unions’ 2014 fiscal years reported on LM-2 forms totaled upwards of \$140,000,000 with 99% of that money going to left/liberal/Democratic groups.<sup>1</sup>

This is likely a conservative estimate. Most expenditures to lobbying firms, political vendors, and all contributions to candidates (which could be from dues money for state-level races in 33 states) were excluded from the analysis. All transfers by unions to their separate segregated funds that were reported on LM-2s were also excluded on the presumption that the transferred funds came from voluntary checkoff dollars reported for accounting purposes.

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<sup>1</sup> Our analysis includes mostly spending from the 2014 calendar year, but some unions—most notably the AFL-CIO, the American Federation of Teachers, and the National Education Association—use non-calendar fiscal years.

## Methodology Discussion

The research was conducted using a hand-analysis of unions' LM-2 forms, to determine what groups in the political space were receiving funds from unions. Then, using the Labor Department Office of Labor-Management Standards "Payer/Payee Search" of the LM-2 forms, reports were generated to gather total spending on these political organizations.

In an attempt to exclude expenditures made from voluntary checkoff dollars, contributions to candidates (prohibited from general treasuries in federal elections, but permitted in many states) were excluded *en bloc*. Additionally, the analysis was re-run with contributions to SuperPACs and other independent expenditure groups—which, per *Citizens United v. FEC*, may receive unlimited funds from union general treasuries—excluded, with the results not being substantially affected.<sup>2</sup> Expenditures to vendors were generally excluded.

The reports were subsequently reviewed to ensure that the groups counted in the analysis were bona fide advocacy/political organizations and to classify them into any of eight categories. The categories are:

- Bi-Partisan Efforts
- Center-right/Republican
- Civil Rights Groups
- Democratic Parties and Aligned Organizations
- Economic Left Groups
- Left-Wing Media
- Environmentalist Groups
- Left-leaning Special Interest

While the delineations between categories are imprecise (for instance, the Center for American Progress could be classified as an "Aligned Organization," an "Economic Left Group," or an "Environmental Group" depending on emphasis), the important point holds. When the left-leaning categories are totaled, they yield to 99% of the total amount.

## Conclusion and Policy Implications

The clear partisanship that unions show in their checkoff-funded federal PAC contributions, which in the 2014 election cycle went 89.7% to Democrats<sup>3</sup>, is actually *less* partisan than unions' dues-funded political operations (which go 99% to the left). In short, there is no way for the members of the 40% of union households who vote Republican to recover a significant portion of their money which goes to support left-wing causes (even outside of the economic/workplace realm) and candidates.

This analysis illustrates the need for political protection for union member dues. Current law allows unions to deduct money for these political operations (and others related to lobbying and communications on behalf of endorsed candidates to members) from an employee's paycheck without obtaining prior approval. The only way for union members to refrain from funding political activity by the union is to resign from the union, a process that unions frequently make onerous. (A National Labor Relations Board judge recently ruled that unions may require members wishing to resign to do so in person while presenting photo identification, to cite just one example.) In non-right to work states, union members must additionally go through an often-onerous "objection" procedure to reclaim the portion of their dues used for nonrepresentational purposes—a determination made by the union.

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<sup>2</sup> With contributions to SuperPACs, most of which were established by the Democratic Governors Association to make independent expenditures in various 2014 gubernatorial elections, included, the total contributions to Democratic and Aligned groups are \$74.9 million with the aggregate for all groups being \$140.8 million of which left-groups amount to \$139.5 million. Without the contributions to these and other SuperPACs (some of which are center-right/Republican), the totals are \$44.0 million, \$109.1 million, and \$108.2 million, respectively. In both cases, the percentage of union political spending directed to Democrats/the left is still 99% of the total spent.

<sup>3</sup> Source: National Institute for Money in State Politics, restricted to federal data

This policy needs to change. The Employee Rights Act introduced by Sen. Orrin Hatch (R-UT) and Rep. Tom Price (R-GA) corrects the imbalance by requiring unions to get affirmative permission from union members before using dues for politics. Union members who wish to fund the political activities of unions detailed in this analysis would still be free to do so—it is only those currently forced to fund political programs they disagree with who would elect to take more of their hard-earned money home.

Polling shows union households and the general public alike recognize the fundamental fairness of political protection: A recent national poll found that over 80 percent of union and non-union households alike supported the ERA's political protection provision.

Currently, the 40 percent of union members who don't want to fund groups like Planned Parenthood, the Center for American Progress, and assorted state and local Democratic Parties have very little recourse to protect and reconcile their voice in the workplace and their political views. It's time for labor law to reflect 21<sup>st</sup> century realities, and for Congress to advance ERA.