

## Do Unions Really Need the Money?

By Paul Kersey

### Summary

Union financial reports show that the mandatory dues employees are forced to pay aren't always used for collective bargaining purposes.

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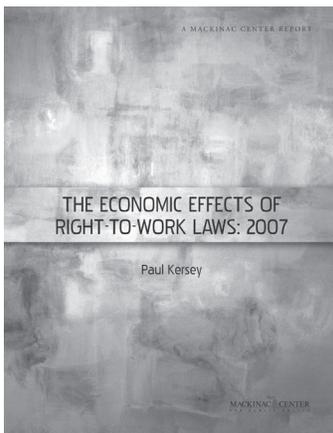
As Michigan continues to struggle through its severe and stubborn one-state recession, the option of becoming a right-to-work state is likely to become more and more attractive. For decades right-to-work states have had a significant advantage in job creation and are catching up to Michigan in terms of incomes as well. Under a right-to-work law Michigan workers could no longer be forced to pay union dues or fees in order to hold a job; workers would have the final say as to whether or not a union has earned their support.

Opponents of a right-to-work law will make all sorts of arguments about the evils of this common-sense reform, but every argument boils down to one thing: the claim that unions need to collect dues from every worker they represent in order to represent those workers effectively. This argument becomes much less compelling when one looks at union financial reports.

Every year unions across the country, from international federations down to the larger locals, are required to file LM-2 forms with the U.S. Department of Labor. These forms detail union finances, allowing insights into a union's priorities and revealing how much money they really need to represent their members.

There are a lot of unions — in Michigan and across the country — that seem to have lost their focus. Take for example UAW Local 600 in Dearborn. According to that local's LM-2, it spent most of its budget representing workers in 2007, which sounds good until one looks at what they consider a "representation" expense, like spending \$36,000 on sports, including \$10,000 on softball field rentals and \$26,000 on basketball and softball uniforms. That wasn't a one-time expense, either. The same local spent more than \$40,000 on softball diamond rentals and uniforms, and another \$8,000 on a golf outing the year before. When one adds in expenditures for pizza, an annual picnic, a Christmas party, and shirts and jackets, one finds more than \$100,000 in "representation" expenditures that have little to do with collective bargaining or pursuing grievances.

Local 600 isn't alone in trying to pass off entertainment expenses as "representation." In 2006, UAW Locals 174 and 3000 each spent more than \$10,000 apiece on tickets to Cedar Point Amusement Park.



In a 2007 study, the author analyzes the economic benefits a right-to-work law would generate in Michigan.

But even with this very generous definition of what constitutes a representation expense, our review of union financial reports reveals that a typical union local in Michigan spends little more than half of its money on representing its members. Many locals report overhead and administrative expenses that exceed spending on their core responsibility of worker representation.

Incredible as it may seem, there are union locals in Michigan that were forced to admit on their LM-2 reports that they spent zero dollars representing members. And that goose-egg doesn't just include goods and services bought with union funds; it also includes the salaries of their officers and staff, who apparently went through an entire year without spending any significant time representing members.

Among those was the Oakwood Employees Association, an AFSCME affiliate that in 2007 spent nearly \$80,000 dollars of its members' dues money on a wide range of items: \$1,700 on contributions, gifts and grants, \$20,000 on overhead and nearly \$57,000 on union administration. But under "representational activities" there is simply "\$0" — none of their money or time went to collective bargaining or grievances, supposedly the main reason workers join unions in the first place. This wasn't necessarily a fluke — the same local reported no money or staff time on representation in 2006, and another AFSCME local, the St. Joseph Mercy Hospital Employees' Union, also reported no representation costs for both of those years

Union claims that they must have every dues dollar in order to represent workers effectively would carry more weight if unions were lean organizations that focused on representing workers, but that simply isn't the case for a lot of Michigan locals. The unions' own reports suggest that many locals are unfocused and even bloated. Individual workers are in the best position to decide what their union's needs are; financial support for unions should be left to their discretion.

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