

February 17, 2005

Hon. Bill Lockyer
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Tricia Knight
Initiative Coordinator

Dear Attorney General Lockyer:

Pursuant to Elections Code Section 9005, we have reviewed the proposed statutory initiative related to the use of union dues (File No. SA2005RF0024).

Background

Union Dues. Government employees who choose to join the union that represents their bargaining unit in collective bargaining negotiations pay dues. Those employees who choose not to join the union pay “fair share” fees to the union. Fair share fees are paid because the union represents them in negotiations as part of the bargaining unit.

Use of Union Dues for Political Purposes. Unions may use dues funds for various political purposes, including supporting and opposing political candidates and issues. Pursuant to federal and state court decisions, mandatory fair share fees charged to non-union members cannot be used for political purposes. Unions must annually report to all members and bargaining unit participants what portion of their expenditures was for operations and what portion was for political purposes. Because fair share fees cannot be used for political purposes, these fees typically are a few dollars less each month than union dues for full membership.

Major Provisions

The proposed initiative requires public employee union funds intended for political purposes to be kept in a separate account. These accounts would be registered with the state, and unions would be required to file financial reports on them. Neither the union nor the public agency employer could contribute to the political accounts. Rather, unions would have to solicit separate contributions to these accounts. (Union dues could be used, however, to communicate with members about political candidates and issues.)

When soliciting contributions for political funds, unions would have to inform public employees, both verbally and in writing, that (1) contributions are voluntary and intended for political purposes and (2) they can refuse to contribute without reprisal. Employees would have to sign a document that these disclosures were provided. In addition, employees could not be directly or indirectly compensated for contributing to political accounts. The measure would require unions to keep certain records, including copies of any consent forms.

Fiscal Effect

There could be some added state costs to implement and enforce the new registration, reporting, and consent requirements. The amount of these costs is unknown, but probably minor. Some of these costs could be partially offset by filing fees and increased fines for not complying with the measure's provisions.

Fiscal Summary. This measure would have the following major fiscal impact:

- Probably minor state implementation costs, potentially offset in part by revenues from fees and/or fines.

Sincerely,

Elizabeth G. Hill
Legislative Analyst

Tom Campbell
Director of Finance