



National Institute for Labor Relations Research

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Big Labor: A \$20 Billion-a-Year Business

More Than Seven Million Private-Sector Workers Forced to Pay Dues or Fees, or Be Fired!

All private-sector and a substantial minority of public-sector American unions are required each year to file LM-2 or LM-3 financial disclosure forms with the U.S. Department of Labor. An analysis of the most recent LM-2 and LM-3 forms filed by all unions that are required to do so shows their aggregate annual receipts come to \$20.1 billion.

This analysis also shows that 41% of all these receipts come directly from unionized employees in the form of dues, fees, fines, assessments, and work permits. Unions filing federal disclosure forms, therefore, collect \$8.2 billion from employees who are compelled as a job condition to accept a union as their “exclusive” bargaining agent. The bulk of unions’ other receipts come from dividends, interest and rents. Of course, union officials typically purchased the stocks, bonds, and real estate that bring in such income with dues and fees collected from workers subject to “exclusive” union bargaining.

In the past, when the Labor Department carefully monitored the prevalence of so-called “union security,” it estimated that approximately 80% of union contracts contained some form of “union security” requirement forcing employees to pay union dues or fees as a condition of employment.

The Labor Department has ceased publication of this estimate, but the Bureau of National Affairs (BNA) in Washington, D.C., has continued to verify the 80% figure is roughly correct.

Most recently, in the 14th Edition of Basic Patterns in Union Contracts, the BNA estimated that 82% of union contracts “provide for one or more of the principal forms of union security” Eighty-two percent of \$8.2 billion amounts to \$6.7 billion, which union officials take from employees as forced dues and fees each year.

During 2005 and 2006, an average of 8.8 million private-sector employees were covered by union contracts. The BNA formula would thus indicate that 7.2 million private-sector employees are laboring under contracts requiring them to pay union dues as a condition of employment.

How does Organized Labor spend these employees’ forced union dues? By far the largest single category of union expenditures is payroll. According to their combined most recent federal disclosure forms, union officials spend a total of nearly \$4.2 billion a year on total compensation to union officers and staff members. That translates into more than \$16 million per working day on salaries, benefits and other compensation.

A review of union disclosure forms conducted by the National Institute for Labor Relations Research just three years ago found that total compensation for union officers and staff members constituted 35% of total union receipts from dues and fees. The current review shows that total compensation has skyrocketed to just over half of dues-and-fees receipts.

And during federal election years, most paid union officers are assigned to work on political campaigns for months at a time. In every election cycle, the thousands and thousands of union officers and staff members who “volunteer” full time for political campaigns while continuing to collect their forced dues-funded salaries and benefits constitute an unreported, “in-kind” political contribution from Organized Labor to its chosen candidates worth hundreds of millions of dollars.

In addition to paid “volunteer” time, other forced dues-funded “in-kind” political contributions include union propaganda mailings, phone banks, and get-out-the-vote drives. The total value of such contributions cannot be estimated precisely.

However, in a February 20, 2005, op-ed for the Los Angeles *Times*, union activist Jon Tasini acknowledged that the value of forced dues-funded electioneering dwarfs the roughly \$100 million in reported contributions to federal candidates and so-called “527 groups” that the union hierarchy has made in recent campaign cycles.

Mr. Tasini, a former union president and the former national director of the union front group “American Rights at Work,” now heads the Labor Research Association, a New York City-based union consulting operation. In his op-ed, he reported that several “union political experts” had told him that “unions spend seven to 10 times what they give candidates and parties on internal political mobilization.”

So, Mr. Tasini continued, “we’re talking \$8 to \$12 billion on union internal political mobilization” in “federal elections alone” between 1979 and 2004. No other type of nonprofit organization has sufficient staff to make “in-kind” contributions of anywhere near this magnitude. And business certainly has no parallel political army, since profit-minded shareholders rarely if ever are willing to release their managers from normal business for months on end so that they can politick full time.

Nothing here is to be construed as an attempt to aid or hinder the passage of any bill before Congress.