

SENATE BILL REPORT

SB 6300

As of January 28, 2014

Title: An act relating to protecting public sector workers' rights through public disclosure of public sector unions' finances.

Brief Description: Protecting public sector workers' rights through public disclosure of public sector unions' finances.

Sponsors: Senators Becker, Rivers, Braun and Angel.

Brief History:

Committee Activity: Commerce & Labor: 1/27/14.

SENATE COMMITTEE ON COMMERCE & LABOR

Staff: Jessica Stevenson (786-7465)

Background: The federal Labor Management Reporting and Disclosure Act (LMRDA) establishes a bill of rights for union members; standards for the regular election of union officers; safeguards for protecting labor organization funds and assets; and reporting requirements for labor organizations, union officers and employees, employers, labor-relations consultants, and surety companies. The LMRDA requires labor unions to publicly report information related to leadership, governance, membership, and union finances.

The Public Employment Relations Commission (PERC) was created to assist public employers and employees settling labor disputes through mediation and fact finding in a uniform and impartial manner. PERC may offer its services in any labor dispute arising under a collective bargaining statute administered by PERC, either upon its own motion or upon the request of one or more of the parties to the dispute.

Summary of Bill: Each employee organization must file a report with PERC containing the following information:

1. The name of employee organization, mailing address, and physical address;
2. The name and title of each officer; and
3. Statements about specific provisions in the employee organization's documents and procedures followed for:
 - a. qualifications and restrictions on membership;
 - b. levying of assessments;

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- c. participation in insurance or other benefit plans;
- d. authorization of disbursement of funds;
- e. audits of financial transactions of the employee organization;
- f. scheduling regular and special meetings;
- g. selection of officers and agents;
- h. fines, suspensions, and expulsions of members;
- i. authorization for bargaining demands; and
- j. ratification of contract terms.

If any of the information in the report changes, the employee organization must notify PERC when the employee organization files its annual financial report.

Each employee organization with gross annual receipts greater than \$100,000 must annually file a financial report with PERC. The financial report must be filed within 60 days of the end of the employee organization's fiscal year. The financial report must state whether each expenditure is related to collective bargaining, contract administration, or grievance processes.

The financial report must contain the following information:

1. Assets and liabilities at the beginning and end of the fiscal year;
2. Salary, cost of fringe benefits, allowances, disbursements, and contributions;
3. Income or value of services given to the employee organization by other labor organizations;
4. A list of political candidates and organizations, charitable organizations, nonprofit organizations, and community organizations to which the employee organization made contributions and the amount of the contributions;
5. Name and address of any political action committees that the employee organization is affiliated with or provides contributions to and the total amount of contributions;
6. Initiation and work permit fees;
7. Required dues and fees required for membership;
8. Fee amount for nonmembers;
9. Number of nonmembers represented by the employee organization;
10. A report of the total amount spent by the employee organization, including an itemized list of expenditures of more than \$1,500 for:
 - a. contract negotiation and administration;
 - b. organizing activities;
 - c. strike activities;
 - d. litigation, including the cases and matters involved;
 - e. public relations activities;
 - f. political activities and voter education;
 - g. training activities for officers and staff; and
 - h. conference, convention, and travel activities; and
11. The percentage of the employee organization's total expenditures that was spent for each of the activities included in the report of the total amount spent by the employee organization.

PERC must set up a website by October 1, 2014, that allows access to the reports and any data or information that was submitted in the reports. PERC must make the reports available for a minimum of ten years.

The employee organization must make the reports available and annually notify the employees in the bargaining unit when the reports are available on PERC's website.

PERC has the authority to determine whether employee organizations have complied with the disclosure requirements and to issue and enforce orders for violations. If PERC finds that an employee organization failed or refused to prepare the reports or prepared an incomplete or inaccurate report, PERC must issue an order compelling compliance and impose a \$50 fine for each day the report is overdue. PERC may make determinations and may issue and enforce orders in response to petitions filed by an employer, employee in the bargaining unit, or any member of the general public or at its own discretion. PERC may refer compliance matters to the Attorney General or other enforcement agencies.

A person who willfully violates any of the reporting requirements must be fined an amount not exceeding \$10,000. A person who knowingly makes a false statement or representation of material fact or knowingly fails to disclose a material fact must be fined an amount not exceeding \$10,000. A person who willfully makes a false entry in the employee organization's books, records, reports, or statements required for the reports, or conceals, withholds, or destroys any of these items must be fined not more than \$10,000. The president and secretary of the employee organization, who are required to sign the report detailing organization and governance of the employee organization, are personally responsible for filing the reports and for any false statement in the reports that they know is false.

The disclosure and reporting requirements apply to employee organizations representing marine employees, academic personnel in community colleges, public employees, educational employees, faculty of public four-year institutions of higher education, state employees, and symphony musicians.

The bill takes effect July 1, 2014.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2014.

Staff Summary of Public Testimony: PRO: It is important for union membership to have information on the governance and finances of the union. The federal law has helped private union members make informed decisions and know how their money is being spent. Many union members do not know where their money is going. Since federal law protects workers from financial exploitation by requiring disclosure, justice and fairness require that the public unions in Washington also report financial information. Financial reporting requirements

make labor unions transparent and accountable for the use of funds. Non-members have not received clear answers about labor organization finances.

CON: The requirements in SB 6300 far exceed the federal requirements, and SB 6300 is unnecessary, duplicative, burdensome, and punitive. Most of the large labor unions in Washington are subject to LMRDA. The key finances required in SB 6300 are already required by federal law. SB 6300 reporting requirements are burdensome because gathering, completing, reviewing, and submitting the reports is time consuming; especially in some labor unions that were required to create reports under the federal and state laws. Organization information is already available to any member who requests the information. The fines and liabilities for report deficiencies are unfair.

OTHER: There is some duplication because many public labor organizations are required to report under LMRDA, but not all labor unions are required to report. PERC is not involved with any of the current reporting requirements.

Persons Testifying: PRO: Senator Becker, prime sponsor; Maxford Nelsen, Freedom Foundation; Dennis Redmon, Free Conscience; Gerald Marsh, Glen Suggs, Michael Farley, Ed Madden, Linda Minor, citizens.

CON: Greg Devereux, WA Federation of State Employees; Geoff Simpson, WA State Council of Fire Fighters.

OTHER: Mike Sellars, PERC.