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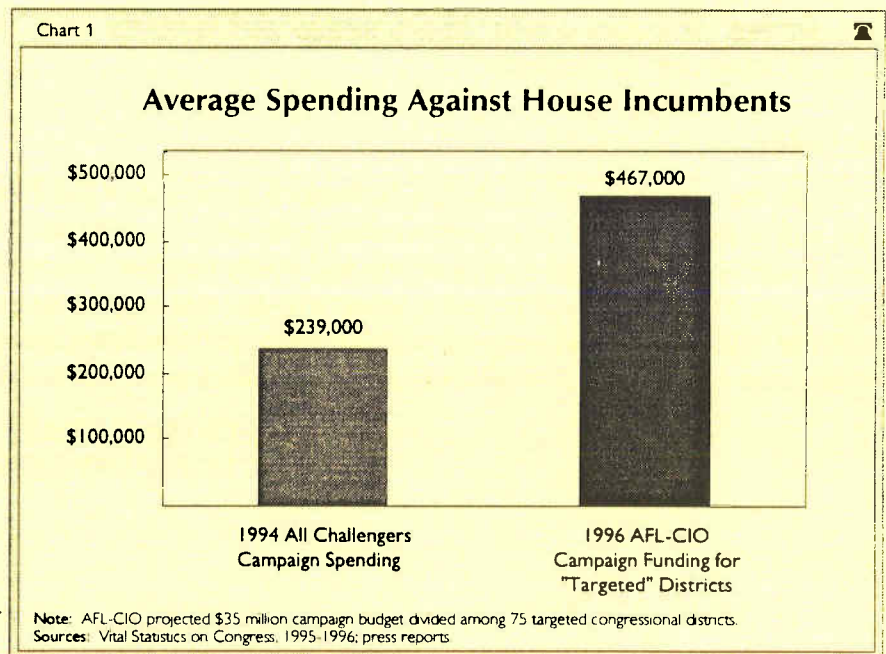
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AFL-CIO TO IMPOSE NEW “TAXES” ON ITS MEMBERS

(Updating *Backgrounder* No. 1068, “Oregon Election Previews AFL-CIO’s Political Plans,” February 7, 1996)

To increase its political muscle, the AFL-CIO has announced plans for two new union “taxes,” including a more than one-third increase in per-member levies on constituent unions, to fund organized labor’s 1996 partisan election activity. The new fees—levied by the AFL-CIO on its members—will finance the federation’s previously announced \$35 million campaign against the current Congress. This year alone, the additional income from these new charges will exceed \$75 million for an organization whose annual budget was only \$65 million last year. And despite the fact that 40 percent of union members voted Republican in the 1994 elections, the federation apparently intends to spend 100 percent of the new funds opposing GOP candidates.

To put its 1996 political expenditures in perspective, the AFL-CIO expects to spend seven times its usual campaign budget and three times more than it has ever spent in any previous election year.¹ Moreover, when the \$35 million budget is allocated among the 75 targeted districts—predominantly Republican freshmen, according to AFL-CIO President John Sweeney—the average per-district expenditure is \$467,000. In the 1994 election cycle, by contrast, the average challenger spent \$239,000. Moreover, the \$35 million figure represents only the AFL-CIO’s planned political activities. Individual unions within the federation, as well as unaffiliated unions, will likely conduct additional election efforts.



¹ John Sweeney, prepared text of speech to Rainbow Coalition, March 1, 1996.

36 Percent Increase to be Ratified at March 25 Convention

While meeting during the last week of February at a posh resort in Bal Harbour, Florida, AFL-CIO President John Sweeney and his Executive Council decided to increase by more than one-third the fees it imposes on union members. Member unions currently are assessed 42 cents per member per month. The new assessment will increase this by 15 cents to 57 cents per member per month. It is expected that this will raise \$25 million of the \$35 million needed for the federation's 1996 political efforts.

On March 25, 1996, the AFL-CIO will hold a special convention in Washington to ratify this extraordinary increase. (The Executive Council decided this new fee exceeded the amount they could approve on their own.) The intent of the new fundraising effort is clear: AFL-CIO leaders plan to endorse President Bill Clinton and Vice President Al Gore at the same meeting.

AFL-CIO Cuts \$375 Million Credit Card Deal

As if a 36 percent increase in members' fees was not enough to finance the AFL-CIO's expensive 1996 political agenda, it also was announced in Bal Harbour that the federation had cut a new credit card deal. The AFL-CIO has an "affinity card" with the federation's logo that is marketed to union members by a bank. In return, a portion of the fees paid by union members for credit card use is paid to the federation. Under the terms of the new agreement with Household International, the AFL-CIO will receive at least \$375 million in profits over the first five years, with a special \$50 million signing bonus payable in the next few months.²

While the AFL-CIO has attempted to portray this new agreement as good for workers, the bank presumably could offer better terms to union members if the federation were not receiving such large payments. If a bank acting alone diverted credit card profits to other ventures, Sweeney and his allies no doubt would complain of "corporate greed." When the AFL-CIO does the same thing to advance its own political ambitions, it apparently is virtuous.

Conclusion

While the leadership of the AFL-CIO basked in the sun in Bal Harbour, Florida, they decided to impose two costly fee increases on its hardworking rank-and-file members. It is unfortunate that the federation's new leadership has placed such a strong and costly emphasis on partisan political gamesmanship. Just this year, over \$75 million will be taken from rank-and-file union workers—of varying political views—to support the federation's endorsement of Bill Clinton and its campaign against congressional Republicans. These new union "taxes" will be used, in effect, to oppose real tax relief for all American workers.

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² Michelle Amber, "New AFL-CIO Credit Card Deal Could Yield \$375 Million Over Five Years," *BNA Daily Labor Report*, February 23, 1996, p. C-1.