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March 26, 1997

Hon. Daniel E. Lungren
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Rosemary Calderon

Dear Attorney General Lungren:

Pursuant to Elections Code Section 9005, we have reviewed the proposed initiative measure titled, "Campaign Finance Reform Initiative of 1998" (File No. SA 97 RF 0003—Amendment No. 1-S). The measure would prohibit all public sector employers and employees from entering into a collective bargaining agreement that includes a provision for employee organization security. The measure also would prohibit any public sector employer from deducting organization dues directly from employee paychecks.

Description of the Measure

Currently, most rank and file (nonmanagerial) public sector employees are grouped into units for collective bargaining purposes. These bargaining units generally encompass occupational classifications that have similar job characteristics and, therefore, similar employment interests. For example, clerical personnel may belong to one bargaining unit, while peace officers and firefighters may belong to another unit. Under existing law if a majority of the members of a particular unit vote to have one employee organization—or "union"—represent the unit in collective bargaining negotiations with management, that union becomes the exclusive representative.

Organizational Security Provisions. Current law allows public sector employers and unions to include two types of provisions concerning union membership and dues in collective bargaining agreements. One type of provision requires *all* employees within a unit to join the union and pay dues to the union. The other type of provision does not require union membership but requires all employees within a unit to pay dues to the union. These provisions in a collective bargaining agreement are referred to as "organizational security." Organizational security clauses are quite common in California public sector collective bargaining agreements. For example, of the collective bargaining agreements most recently in effect for the 21 collective bargaining units in the State of California government, 19 agreements have an organizational security provision.

This measure, if adopted, would make organizational security provisions illegal in the public sector. Thus, public employees in a bargaining unit could not be required to become members of, or to pay dues to, the unions representing their units.

Deduction of Union Dues From Employee Paychecks. The dues collected by unions from represented employees can be divided into two basic categories. The first category includes dues that cover the costs associated with activities such as collective bargaining negotiations, administering collective bargaining contracts, and representing unit members when grievances related to union matters are filed. The second category includes dues for costs not directly tied to union representation, such as support of a union's political pursuits. Under existing law public sector employers and unions cannot require employees to pay union dues over and above the first category. At the same time, however, existing law allows unions and employers to enter into agreements that call for automatic deduction of union dues from employee paychecks (as opposed to employees' being billed for union dues). Under these agreements, the burden generally rests on employees to request that union dues in the second category *not* be deducted from their paychecks.

This measure, if adopted, would make it illegal for employers to deduct union dues from employee paychecks. Instead, unions would have to bill union members directly for union dues. In addition, under this measure unions could not bill nonunion employees for union dues unless the employee volunteers to pay the dues or otherwise make a contribution.

State and Local Fiscal Effects

The provisions of the measure would affect the relationships between public sector exclusive representatives and their represented employees. As such, the measure would not result in any direct impact on state and local governments.

Sincerely,

Elizabeth G. Hill
Legislative Analyst

Craig L. Brown
Director of Finance