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Testimony of Brent Southwell, CEO, PJS Houston
before the Senate Committee on State Affairs
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Chairwoman Huffman and Members of the Committee:

Thank you for the opportunity to testify on the corruption that results from allowing state agencies to serve as dues collectors for labor unions. I am the CEO of Professional Janitorial Service Houston, Inc. (PJS). I also founded the Texas Business Coalition, a non-partisan collection of the state's largest business organizations with a single task, which is to end this corrupt practice.

My testimony is offered to give members of the committee a business perspective on this important issue. PJS has been the target of a decades-long assault by the Service Employees International Union (SEIU), a union sent from Chicago to infiltrate our government and businesses. As a result of my successful fight to prevent the SEIU's takeover of my company and my lawsuit this month that requires the union to pay my company more than \$5 million for the damage it has caused, I am uniquely positioned to help the committee understand business community interest in this issue.

I. THE PROBLEM

While unions represent only 6% of private sector workers in Texas, they represent 14% of the state's public sector employees. This creates an opportunity that unions are exploiting, and it is why the national AFL-CIO recently met in Texas to announce that it is "focusing on...organizing in Texas," according to the *Houston Chronicle*.

Few Texans understand how national unions plan to expand in our state. Because Texas is a right-to-work state and most Texans oppose institutions that limit their liberty, the unions start by working with friendly elected officials to gain access to our public sector employees. The unions then rely on our government agencies to collect their dues for them. Finally, the unions use the funds to pay for campaigns against private sector businesses in Texas, and to finance political candidates who will support union agendas against our businesses.

While public sector unions are shrinking in rust belt (blue) states like Ohio, Michigan, and Wisconsin, they are growing in Texas. In fact, public sector unions grew more in Texas than in any other state in the nation between 2008-15, according to a study just published by the Manhattan Institute (see "The New Landscape of Labor," *City Journal*, Aug. 10, 2016).

II. WHY DO TEXAS BUSINESSES CARE?

The fact is, public sector unionism in Texas is being used to finance extensive assaults on private Texas businesses.

In my case, the SEIU, a union funded and staffed in Texas by Local 1 in Chicago, used funds from the paychecks of city employees in Houston to attack my company. Having gained a toehold in the private sector, it has continued the assault on PJS for more than 10 years.

The union joined with AFSCME to form a joint venture in Houston called “HOPE” (or Houston Organization of Public Employees), and then convinced the city to collect dues for them through payroll deductions. The SEIU then used the funds to open an office in Houston from which they now run campaigns against local businesses. This includes pressure on restaurants and small businesses to pay a \$15 minimum wage, and boycotts and other actions intended to damage local employers.

Don’t take my word for it. According to 2015 research by Daniel DiSalvo and Stephen Eide of the Manhattan Institute, the SEIU “must exaggerate threats to keep members engaged. Without uncompromising rhetoric and a sense of perpetual crisis, the union would risk seeing enthusiasm dwindle.” (see “The Union That Rules NYC,” *City Journal*, 2015). According to Jennifer Cunningham, an SEIU executive, the union “(took) the existing (union) culture of giving to political candidates and ramped it up to a whole new level,” and attributes the union’s success to “the ability to mobilize voters around a public policy issue, sophistication of materials, and frankly, a boatload of cash.” (*Ibid.*)

This is how the SEIU has maintained an assault against PJS for more than a decade. The SEIU has filed frivolous lawsuits against PJS, retained a public relations firm to spread false claims about my company, and retained lobbyists in Austin to defend these actions with legislators. It has also engaged elected officials—some who are serving in this institution—to sign letters to my clients that encourage them to terminate their contracts with PJS and give them to companies favored by the unions. Finally, the union has filed baseless charges against PJS with federal agencies, such as OSHA and the NLRB, in order to get federal assistance in the harassment campaign against my company, including to claim we are being “investigated” by government.

Here is something legislators must understand: Business leaders in Texas believe they have been abandoned by state lawmakers, and are left to lead the fight against these public-sector unions on their own. That’s why I sued the SEIU for its unlawful conduct against PJS. The result is that a Houston jury ruled this month the union must pay PJS more than \$5 million for its false claims against my company. PJS—and every business in Texas—should be able to count on state legislators to wake up to this coordinated assault on business and liberty in Texas.

III. GOVERNMENT COLLECTED UNION DUES ARE USED AGAINST TEXANS

To be clear, these out-of-state unions rely entirely on dues and PAC contributions that are deducted from the paychecks of our state and municipal employees to fund their private-sector organizing drives and anti-business agendas. For example, the funds our government is collecting from AFSCME and SEIU are used for partisan initiatives Texas businesses oppose:

- AFSCME gave \$105,000 to “Battleground Texas” in 2013, an organization formed to defeat Republican candidates, and \$62,000 to its local union in Austin for related “political program support.” It also gave \$60,000 to the “Houston Turnout Project” and \$25,000 to “Engage Texas,” which describes itself as “an organization to support and coordinate progressive organizations around Texas.”
- SEIU gave \$1 million in 2013 to “Good Jobs Great Houston,” a “Turn Texas Blue” organization run by the “Texas Organizing Project” (or TOPS, formerly ACORN). It also gave TOPS an additional \$550,000 for the Turn Texas Blue campaign.

- AFSCME also gave \$200,000 in 2013 to American Bridge (a George Soros funded political organization), \$150,000 to the Center for American Progress (founded by former Obama advisors to advance his labor and environmental agendas), and \$30,000 to Media Matters, an organization that advances partisan agendas.

IV. UNION CLAIMS DO NOT HOLD UP

Union officials and their agents in Austin make false claims about the need for our government to serve as their dues collector. The very law firm that defended the actions of the SEIU against PJS in a Houston courtroom this month—and lost on every count—is also lobbying members of this committee. Here are the facts they will hide:

- **Union Member Support:** Unions say state employees prefer government-managed payroll deductions for union dues. In fact, a 2015 statewide survey by Keep Texas Working found that 67% of union members who are registered to vote said they support legislation to end government withholding of union dues, *and 57% of union members* believe allowing government to withhold union dues presents a conflict of interest.
- **Public Support:** Unions say Texans will not support legislation to end government withholding of union dues. In fact, according to the Keep Texas Working survey, 60% of registered Texas voters (70% of Republicans and 49% of Democrats) believe it is a conflict of interest for government to collect dues for labor, and 62% of all Texans (70% of Republicans and 54% of Democrats) support legislation to end government dues withholding for labor unions. Most recently, Proposition 3, an initiative on the 2016 Republican primary ballot asking legislators to end government withholding of union dues, won 83% of the vote.
- **Employee Rights:** Union officials are telling legislators that ending government involvement in dues withholding will limit rights for government employees and poses constitutional issues. These claims are false. Ending government's role in this abusive process places no restrictions on employees who wish to join, participate in, or fund unions or other employee organizations. It only restricts government's efforts to favor unions and employee organizations by offering to manage their dues programs. Similar laws have been enacted in numerous states, including Oklahoma most recently. Unions also claim their members will be harmed by losing the "convenience" of government services to collect their payments. In fact, employees may make the same arrangements through their banks or credit cards—a one-time task that will produce the exact results. Finally, unions claim legislation that allows payroll deductions for some purposes and not others is not constitutional because it results in "viewpoint suppression" and lacks a "rational basis." In fact, such legislation does not suppress the views of employees (or their employee organizations) in any way, just as failure to collect dues for country club or church memberships does not suppress the views of country clubs or churches.
- **Data Breaches:** Unions say government-managed payroll deductions are safer than other methods. In fact, Texas agencies and municipalities have been responsible for numerous data breaches that have exposed critical state employee information:
 - In 2010, UT Arlington exposed medical records and Social Security numbers of 27,000 students and faculty.
 - In 2011, the Texas Comptroller's office exposed 3.5 million Social Security numbers, names, and addresses for over a year. The data included identities of 2 million unemployment insurance claimants, 1.2 million state education employees and retirees in the Teacher Retirement System of Texas, and 281,000 state employees and retirees

covered by the Employees Retirement System of Texas. Also, UT Pan American exposed personal information about 19,276 students online.

- In 2012, the Texas Attorney General's office exposed 6.5 million Social Security numbers and names, and the Texas Department of Public Safety was hacked over the internet resulting in the theft of private information.
- In 2013, the City of Austin found that 52% of city departments did "not have written policies and procedures for the collection, access, storage, and disposal of (personally identifiable information)," 45% of departments had "employees who do not receive training on the collection, access, storage, and disposal of (personally identifiable information)," and 38% of departments did "not have an individual who is responsible for the oversight and security of (personally identifiable information)."
- In 2015, the Social Security numbers and full names of 4,697 staff and teaching assistants at Texas A&M University were inadvertently posted online; and at least a dozen UT Law School faculty had their identities stolen through a tax scam.

IV. CONCLUSION: GOVERNMENT HAS NO BUSINESS SERVING AS A DUES COLLECTOR FOR OUT-OF-STATE LABOR UNIONS

Government dues withholding programs for unions stack the deck against Texas business owners and their employees who want to remain union-free. They also undermine important Texas values that are widely supported by most Texans. Government has no business serving as a dues collector for labor unions.

The bottom line for Texas business leaders is this: Government involvement in collecting dues for labor unions is a form of corruption. My intention is to ensure that every business owner in Texas will advocate for passage of legislation in 2017 that will end this corrupt practice. I appreciate the willingness of this committee—and of all members of this body—to follow the lead of our neighbor states in ending this ongoing abuse against Texas businesses.