

# Forced-Unionism Abuses Exposed

The facts Big Labor bosses would rather you didn't hear about.

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*Compulsory unionism breeds corruption. In each issue of "Exposed," the National Right to Work Committee will highlight yet another example of union-boss abuse spawned and perpetuated by Big Labor's government-granted privilege to force workers to pay union dues, or be fired.*

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## **Teacher Union Bosses, Investment Firm 'Bilk' Teachers 'Out of Millions of Dollars Each Year'**

The hierarchy of the gigantic National Education Association (NEA) teacher union is now being accused of illegally accepting millions of dollars from an investment firm in exchange for recommending to teachers a high-cost retirement plan offered by the firm.

The so-called "NEA Valuebuilder" variable annuity, now provided by the Security Benefit Life Insurance Co. and previously provided by Nationwide, is the only "retirement program" officially endorsed by the NEA brass.

Independent investment advisers have for years charged that the "Valuebuilder" is "ridiculously expensive," as southern California financial planner Scott Dauenhauer, who works mainly with teachers and is married to an NEA member, put it in a recent post on his "Teachers Advocate" blog.

In a December 2001 exposé of the "Valuebuilder" that he recently reposted on his blog, Mr. Dauenhauer described in detail how the NEA-endorsed product routinely forces teachers "to sacrifice 40-50% of . . . potential returns in order to compensate a product salesperson, not a financial planner . . ." He concluded: "Whether out of ignorance or greed, the NEA [hierarchy] is helping to bilk its members out of millions of dollars each year."

A federal lawsuit filed this summer by two of the estimated 57,000 teachers and other union members who have invested a total of over a billion dollars in the "Valuebuilder" 403(b) plan at the prompting of teacher union agents argues that top NEA bosses are acting out of greed, not ignorance.

Teacher union officials "did not select ["Valuebuilder"] based on a prudent evaluation of the merits of the Plan. Rather, NEA [officials] chose Nationwide and Security Benefit as the exclusively endorsed 403(b) providers because of the millions of dollars of endorsement fees paid by them to NEAMBC," the NEA's member benefit unit.

This compensation “far exceeded any actual expenses properly and actually incurred by NEAMBC in performance of NEAMBC’s duties to market and promote the Plan . . . .”

The few public comments that NEAMBC general counsel Lisa Sotir has made in response to the lawsuit suggest that union officials may well mount a technical defense hinging primarily on their contention that they are not covered by ERISA, the federal law that requires organizations overseeing retirement plans to act in the best interest of beneficiaries.

But even if that’s true, the lawsuit, filed in Washington State by the two plaintiffs with the assistance of the Seattle firm Keller Rohrback, is serving a very useful purpose by demonstrating just how sharply interests of teachers can diverge from those of teacher union bosses.

And the fact that the NEA hierarchy, to quote Mr. Dauenhauer again, apparently “doesn’t care about the opportunity to save potentially billions of dollars for its members over the coming decades” or about “offering a product that would truly work in its members’ best interest” illustrates the need for major changes in public-education labor policy.

The legislatures of 34 states have enacted laws granting union bosses monopoly power to negotiate with school boards over the pay, benefits, and working conditions of teachers, including union members and nonmembers alike.

It’s bad public policy to hand any group monopoly power to speak for a teacher who would rather speak for himself or herself. This is true even if the group has a record of moral probity.

But it’s even worse to deny individual teachers the right to negotiate for themselves when the group being given monopoly power over them is the NEA brass. The NEA elite, as the Keller Rohrback filing thoroughly documents, have for many years pursued their self-interest at teachers’ expense.

The law should not facilitate such corruption. That’s why the National Right to Work Committee and its 2.2 million members are working nationwide to roll back union monopoly bargaining over public-school teachers and other employees. Just this spring, the Committee and its allies in Utah successfully lobbied for enactment of a law that significantly curtails teacher union officials’ monopoly bargaining privileges.

Greedy and power-hungry teacher union officials have time and again victimized not just teachers and other school employees, but also schoolchildren, parents and taxpayers.

But thanks to the ongoing efforts of Right to Work members and their allies, there’s real hope that, over the next few years, many other states will emulate Utah by rolling back or altogether prohibiting teacher union monopoly bargaining.

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