

State of Washington
PUBLIC DISCLOSURE COMMISSION
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MINUTES – Special Meeting

9:30 a.m. | February 8, 2017
Evergreen Plaza Building, Room 206
711 Capitol Way
Olympia, Washington

Commission Members Present (Participated via teleconference)

Anne Levinson, Chair; John Bridges, Vice Chair; Jack Johnson, Member
Absent: Katrina Asay, Member

Staff Present

Evelyn Fielding Lopez, Executive Director; Penny Allen, Assistant Attorney General; Kurt Young, Compliance Officer; Jana Greer, Executive Assistant

The special meeting of the Public Disclosure Commission was called to order by Commission Chair Anne Levinson at 9:30 a.m.

Public Comment

No public comment was made at this time.

Enforcement/Reports to Commission | (PDC Review of 45-Day Citizen Action Complaint)

Service Employee's International Union 775 (SEIU 775): PDC Case 13283 (complaint12270)

Kurt Young presented the matter to the Commission for consideration.

Mr. Young state that the Service Employees International Union 775 (SEIU 775) is a local labor organization that is affiliated with the Service Employees International Union out of Washington D.C. They have been registered as a political committee, the SEIU Local 775 Separate Segregated Fund, or the Health Care 775 Northwest Separate Segregated Fund, with the PDC since 2005. They've also been a lobbyist employer registered with the PDC since 2004.

A 45-day citizen action letter was filed by the Freedom Foundation with the Attorney General's office and the Clark County prosecuting attorney, the Ferry County prosecuting attorney, the Lewis County prosecuting attorney, Lincoln County prosecuting attorney, King County prosecuting attorney, and the Thurston County prosecuting attorney. The complaint alleged that SEIU 775 may have violated provisions of RCW 42.17A by failing to register and report as a political committee for their combined support and expenditures of candidates and ballot propositions in Washington State during the calendar year 2016.

The 45-day letter alleges that the SEIU 775 is a labor organization engaged in political activities, and those activities were of such a nature that they indicate a primary purpose of the union is to influence elections.

PDC staff reviewed the December 15th, 2016 45-day citizen action letter that was filed by the Freedom Foundation, the SEIU 775 monetary and in-kind contributions, and expenditures that were listed in the PDC contribution and expenditure database.

Mr. Young stated that the response from Mr. Iglitzin, the attorney for the SEIU, was that the complaint filed by the Freedom Foundation was similar if not identical to the allegations in the

previous SEIU 775 complaint that was received on July 22nd, 2015. The exception is that the SEIU 775 was significantly more active in the 2016 election cycle than in the prior matter. Mr. Iglitzin noted that SEIU 775 was not a political committee required to register with the PDC under the contributions prong because no evidence was provided that it has the expectation of receiving contributions in support of or opposition to any candidate or ballot proposition as a union.

Mr. Young reviewed his findings that the complaint alleged that SEIU 775 had the expectation of receiving contributions and based their allegations in part on the SEIU 775 membership application, in which the union asks members who are not currently members of the union to join. Then once they join, a portion of those dues are withheld, and then designated and transferred up to the SEIU COPE, which is a federal political committee in D.C. registered with the Federal Election Commission (FEC). Based on that membership application, SEIU's roles in those transactions was to ask non-members to become full members and to authorize those payroll deductions for SEIU COPE as a federal PAC. In soliciting contributions to a federal PAC, SEIU was not a receiver of contributions under RCW 42.17A, and not subject to the contribution prong of the interpretation.

SEIU 775 listed eight stated strategies to assist the union in achieving its goal that included build worker relationship and activism; helping workers form unions and other powerful organizations; hold politicians accountable; bargain strong contracts and provide quality services and benefits; advance pro-worker policy through influencing government, industry, and public opinion; building strategic partnerships; governing the union democratically; using their resources responsibly; and adapt, innovate, and create.

Staff's assessment of this current complaint is that only two of the strategies, number three, hold politicians accountable, and number five, advance pro-worker policy through influencing government, industry, and public opinion, included an aspect that involved electoral political activities. No evidence was submitted to contradict SEIU 775 public statements concerning the union's missions and goals to achieve those strategies, and there was no evidence provided that SEIU 775 merely restated its primary political purpose in broad, nonpolitical terms.

Mr. Young noted that Mr. Iglitzin stated in his response that the 775 expenditures prior to calendar year 2016 included a portion of calendar year 2015. He noted that the AG had previously reviewed those expenditures and found that the activity did not convert SEIU 775 into a political committee. He stated that during 2016 SEIU 775 had more expenditures and made significantly more contributions than they had in the prior year, and he summarized those activities that included contributions to initiative 1501, the campaign to prevent fraud and protect seniors, contributions to Raise Up Washington, a political committee, contributions to their own SEIU quality care committee a contribution to oppose the initiative under the committee name Washington Won't Discriminate, and contributions a local Seattle ballot measure.

Mr. Iglitzin noted that the SEIU has not completed its annual financial statements form for calendar year 2016 that they submit to the IRS, and he said it was not possible to conduct a detailed analysis of their actual total expenditures at the time that the complaint was filed.. He noted that the SEIU total expenditures in 2016 will exceed its 2015 expenditures, which based on IRS form 990 was for calendar year 2015 \$25,259,216. Mr. Iglitzin stated using that sum as the minimum level of the SEIU expenditures for 2016 divided by the actual electoral political activity that he detailed in his response that it would account for less than 8% of their entire

budget. He noted that that was higher than in prior years, and it was higher than the amount found by PDC staff in their 2015 executive summary and staff analysis.

PDC staff's review found that for Initiative 1501 the SEIU 775 contributed total of \$1,593,527 in support of the initiative that they sponsored, which included monetary contributions, in-kind contributions for signature gathering, staff services, phone banking, and postage. They spent an additional \$207,927 in support of Initiative 1433, Raise Up Washington, and that included \$173,000 in direct monetary contributions, and an additional \$34,927 for in-kind services for staff, phone banking, and postage.

They made a \$2,500 monetary contribution to the Committee opposing Initiative 1515, Washington Won't Discriminate. They spent an additional \$167,100 in support of Initiative 125, the 2016 city of Seattle ballot measure concerning protecting worker rights; that included \$120,000 in monetary contributions and \$47,100 for in-kind contributions. None of the PDC reports filed by the SEIU 775 PAC disclosed that they received or contributed an additional \$58,912.

Those total expenditures for political activity were \$2,029,966 for calendar year 2016. Mr. Iglitzin's response had stated the amount was a little over two million, but the discrepancy would be that he filed his response on January 6th, the final reports for the 2016 election cycle or a December report was due January 10th, and that included some additional in-kind contributions and other contributions. That explained the additional amount that was found.

Mr. Young used the 2015 expenditures of \$25,259,216 as a benchmark, divided it by the contributions that were found in the PDC contribution and expenditure database of \$2,029,966 and found that the 2016 political expenditures totaled 8.03% of total projected expenditures. That is less than most SEIU's total expenditures activities, which is part of the balancing factors recommended in the Evergreen Freedom Foundation vs. Washington court case. SEIU acknowledged that it made expenditures during the period covered by the complaint to its PAC and in support of and in opposition to ballot propositions, but denied that the primary or one of its primary purposes is to affect directly or indirectly government decision-making by supporting or opposing candidates or ballot propositions.

While they did spend more money in this period than they had in the prior one, most their expenditures were spent for representing members, collective bargaining issues, member disputes and grievances, and member communication and outreach. Based on the factors identified in staff's investigation and described above, staff determined that SEIU 775 does not appear to be a political committee with a requirement to register and report with the PDC. SEIU 775 did not violate RCW 42.17A.205, 235, and 245 because it's not a receiver of contributions, and supporting or opposing candidates or ballot propositions is not one of its primary purposes.

Staff recommended that the PDC recommend to the Attorney General's Office that no action be taken.

Motion 17-05 Moved by Commissioner Bridges, seconded by Commissioner Johnson that:

That the Commission return this matter to the Attorney General's Office with a recommendation of no further action.

The motion passed.

The meeting adjourned at 10:00 a.m.