

IOWA ECONOMIC SCORECARD

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May 2013

UNION FREEDOM FOR ALL

By Jim Hawkins, Director
Professional Educators of Iowa

Yes, “Dorothy,” teachers can leave the union. As a matter of fact, teachers and any Iowa public employee can leave the union by only giving a notice. Within 30 days of receiving the request the employer must stop the payroll deductions. That is the law!

Iowa Code: 731.5 Deducting dues from pay unlawful.

It shall be unlawful for any person, firm, association, labor organization, or corporation to deduct labor organization dues, charges, fees, contributions, fines, or assessments from an employee’s earnings, wages, or compensation, unless the employer has first been presented with an individual written order therefore signed by the employee, which written order shall be terminable at any time by the employee giving at least thirty days’ written notice of such termination to the employer.

Every year many individual teachers regret that they signed the automatic deduction forms that are thrust upon them at the beginning of the contract year. Perhaps the person is new to a school district or even a university. If the union has the bargaining contract, they are usually blessed by the district to freely set up an enrollment table or even hand out the union payroll deduction forms with the other beginning-of-the-year documents that teachers are given as part of the orientation and pre-beginning in-service.

In many districts, the union is also allowed some microphone time to promote their position as the bargaining unit for ALL the teachers. In recent years, there have been numerous independent teachers who asked for equal time or to be allowed to meet with their independent organization during this time. Many freedom-respecting superintendents are agreeable to this, but can you believe that some have not been?

Further, in recent years more teachers have learned that there is a process to vote out the union and either do “meet and confer” negotiations with school districts, or form their own independent bargaining unit. Although tie-breakers favor the organization being voted out, there are now three independent bargaining units in Iowa and more inquiries each year on how to be set free from the shackles of compulsory involvement with the Iowa State Education Association (ISEA). As more teachers disagree with the exclusivity of the unions, they discover that when they are independent the unit can involve ALL of the teachers, not just the ones who join the national and state unions. That model truly makes a representative bargaining unit without the coercion of mandatory union dues to get to vote on local working contracts. Professional Educators of Iowa (PEI) is an association that advocates this model along with local bargaining instead of state and national goals that are so invasive to local needs.

Contact with PEI can be made through www.peiowa.org to learn how educators in all levels of both public and private institutions can have professional representation without all of the union political and gluttonous salary engagement. Iowa has maintained its Right to Work status since 1948, for 65 years

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IOWA ECONOMIC SCORECARD is our quarterly economic forecast, arriving in February, May, August, and November. It consists of statistics about and analysis of the Iowa economy.

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Ten Things You Should Know About Union Membership Numbers

By Mike Antonucci

Education Intelligence Agency

The United States Bureau of Labor Statistics (BLS) released its annual report on union membership in mid-January, and the news was pretty grim. Importantly, while the economy added almost 2.4 million jobs in 2012, union membership was down by almost 400,000. Digging through the data led to several more interesting discoveries.

1) Since 2008, private-sector unions have lost more than 1.2 million members – almost equivalent to losing the entire rank-and-file of the Teamsters.

2) All of the government jobs lost since 2008 were added in the three-year period 2005-2008.

3) Almost half of all union members work in just seven states – California, New York, Illinois, Pennsylvania, Michigan, New Jersey, and Ohio – though these states employ only about one-third of the U.S. workforce.

4) Union membership increased in 14 states and the District of Columbia. Of these, only five added more than 10,000 members (California, Georgia, Kentucky, Oklahoma, and Texas).

5) Local government workers, such as teachers, police officers, and firefighters, is by far the most unionized sector of the American workforce.

6) Members of the two national teachers' unions, the National Education Association and the American Federation of Teachers, comprise more than 25 percent of all union members in the United States, and just under half of all public-sector union members.

7) About 42 percent of U.S. workers are 45 years of age or older. Almost 52 percent of union members are.

8) If unions were able to organize all the workers at Wal-Mart, by far America's largest employer, it would only raise the unionized share of the private-sector workforce to 8.5 percent – less than the share they had in 2002.

9) If the trends recorded since 2000 continue, by 2051 there will be 8 million union members in the United States – 6.6 percent of the total workforce – and they will all work for the government.

10) Five million of them will be teachers.

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States Can Fix the National Debt:

Reforming Washington with the Compact for America Balanced Budget Amendment

By Nick Dranias, esquire,
Director of Policy Development and Constitutional Government
The Goldwater Institute

America is at a crossroads. Unlike any prudent household, Washington simply refuses to balance its budget. Washington has become so addicted to borrowing money that the outstanding national debt exceeds \$16.5 trillion. The national debt now exceeds 100 percent of the Gross Domestic Product (GDP), a figure not seen since World War II. The 2012 federal fiscal year operating deficit was approximately \$1.1 trillion. For the fourth fiscal year running, Congress has failed to pass an annual federal budget under which to operate our country. It is now clear the solution to our national debt problem is unlikely to be found in Washington. To save the nation from bankruptcy, the American people, acting through the states, can intervene and save our future. The Compact for America gives us the vehicle to do that.

The Compact for America proposes that state legislatures use an interstate compact, which is a cooperative agreement among the states, to advance a Balanced Budget Amendment.

The Balanced Budget Amendment (BBA) requires a majority of state legislatures to approve any increase above an initial debt limit. Essentially, 26 state legislatures would be required to cosign on the federal government's credit card. But unlike the status quo of national debt brinkmanship, the BBA is designed to force Washington to prepare a budget to make the case for more debt long before the midnight hour arrives. It requires the President to start designating spending cuts when spending exceeds 98 percent of the debt limit. If Congress disagrees with the cuts, it must then override those cuts within 30 days. By forcing both the executive and legislative branches to show their cards long in advance of hitting a constitutional debt limit, the BBA would ensure no game of "chicken" can hold the country's credit rating hostage.

An interstate compact provides the vehicle for this reform because it vastly simplifies the otherwise burdensome process of states originating constitutional amendments under Article V of the U.S. Constitution. In fact, the Compact for America will cut the time and resources needed for successfully advancing this crucial reform by more than 60 percent. For the first time ever, the state origination of a powerful BBA will be feasible.

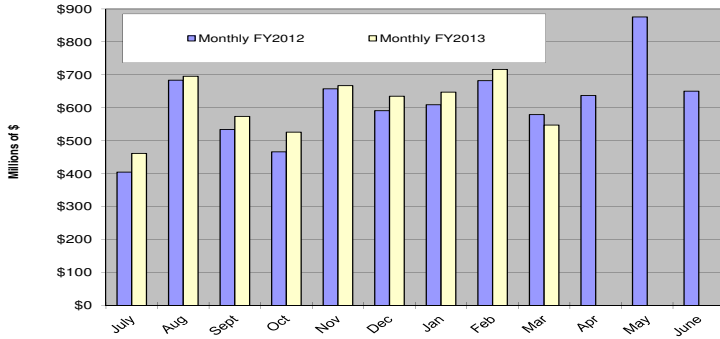
Article V empowers state legislatures to originate constitutional amendments. This power was meant to be used as a crucial failsafe to protect our liberty from an overconcentration of power in Washington, D.C. In Federalist No. 85, which was the last Federalist Paper, Alexander Hamilton urged skeptical states to ratify the Constitution because they retained ultimate authority over the federal government through this state-initiated constitutional amendment process under Article V.

Hamilton observed that Congress would be obliged to call a convention for proposing amendments upon application of two-thirds of the legislatures of the states. He further emphasized that any constitutional amendment proposed in this way would become valid upon ratification by three-fourths of the states, just like any congressionally proposed amendment. He urged the states to realize that this was a practical power to restrain the federal government if it were targeted to the "general liberty or security of the people," rather than merely "local interests." And he reassured the states that they could "rely on the disposition of the state legislatures to erect barriers against the encroachments of the national authority" through state-initiated constitutional amendments. Because of this "closing argument" of the Federalist Papers, the Constitution was eventually ratified. It is now time for the states and the American people to prove Hamilton right.

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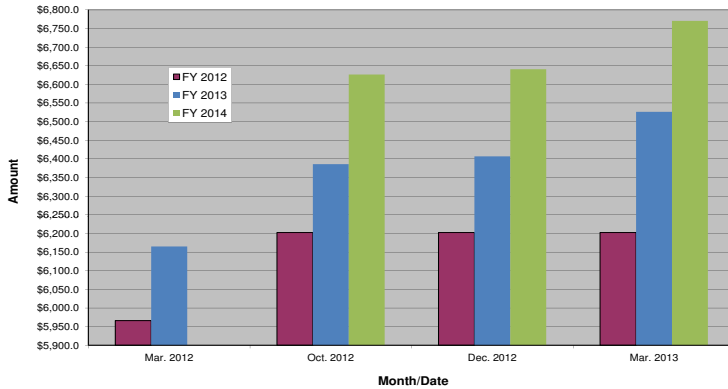
Iowa's Monthly State Revenue and Estimated Net Yearly Revenue (in millions)



Monthly State Revenue:

As of March 2013 the FY13 state revenue total was \$5.47 billion, over \$270 million higher than in FY12. State tax collections continue to rise, to the highest level since FY10, a \$642 million increase. Continue to tell your Legislators, no new taxes.

Quarterly Estimated Net Receipts

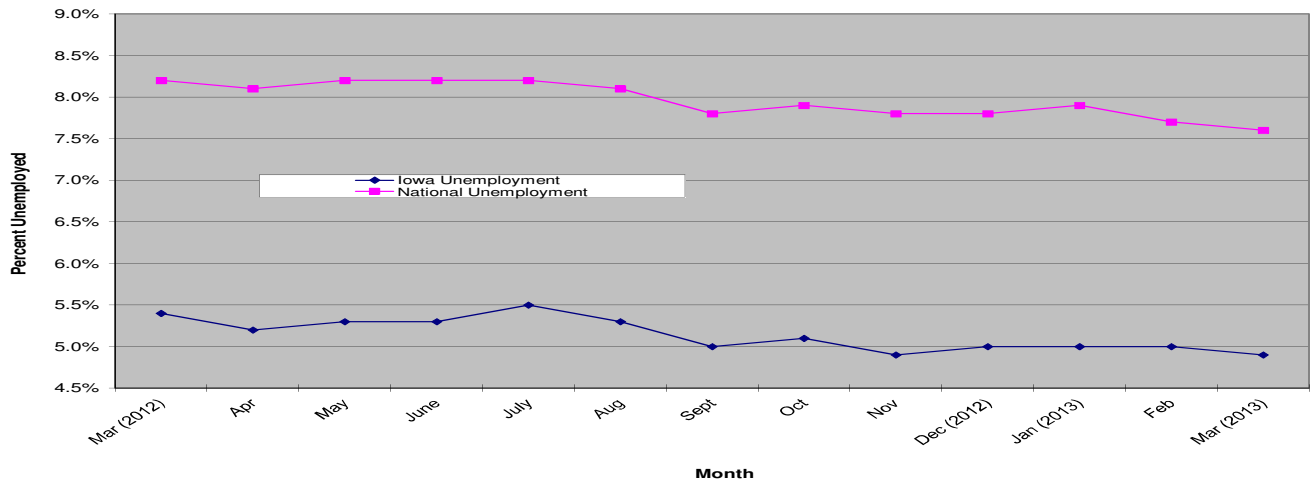


Estimated Net Yearly Revenue:

The revised Revenue Estimating Conference December prediction for FY13 is up another \$120 million (\$6.53 billion) from the official December 2011 estimate of \$6.17 billion. The FY14 estimate was also increased to \$6.77 billion, an increase of almost \$500 million of taxpayer money.

Source: Legislative Services Agency, "Monthly General Fund Revenue Memo," and Revenue Estimating Conference Report

U.S. and Iowa's Unemployment, March 2012 - Present

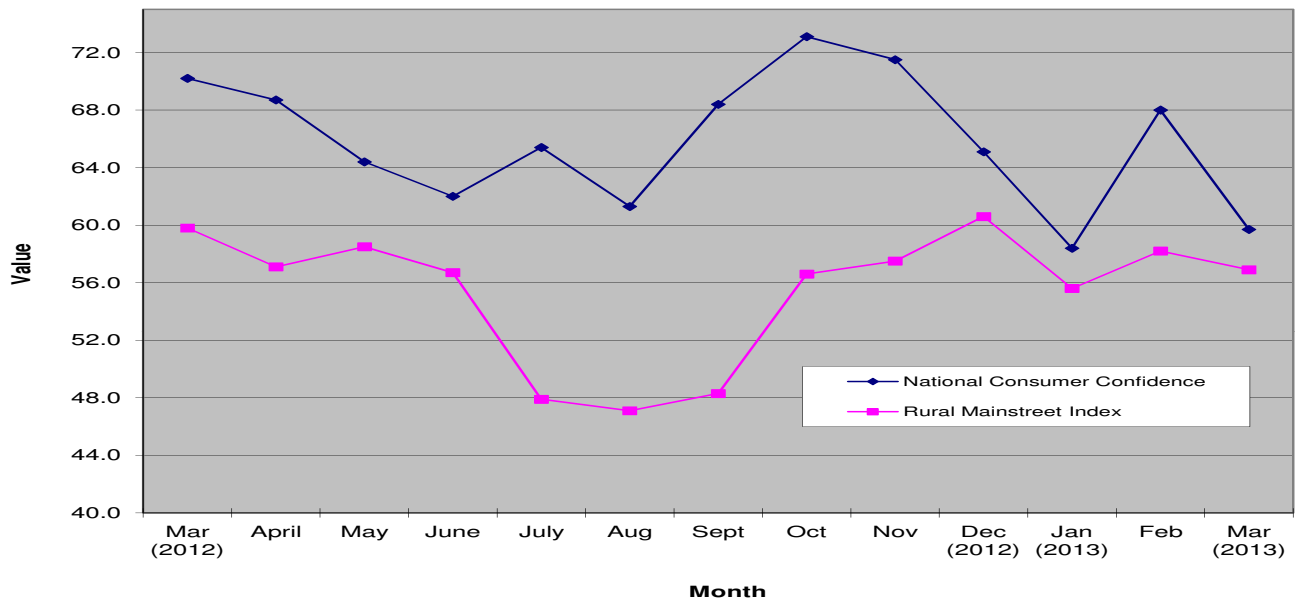


Unemployment continues to remain flat, dropping slightly to 7.6 percent in March from 7.7 percent in February, with many workers still not even looking for jobs, and the estimate of "real" unemployment as high as 13 percent. Iowa's unemployment rate remains in the 4.9 - 5.0 range, with almost 81,000 unemployed. The total potential Iowa workforce remains just over 1,642,000.

Source: Iowa Workforce Development, Labor Market Information Bureau, "Monthly Unemployment Rate News"

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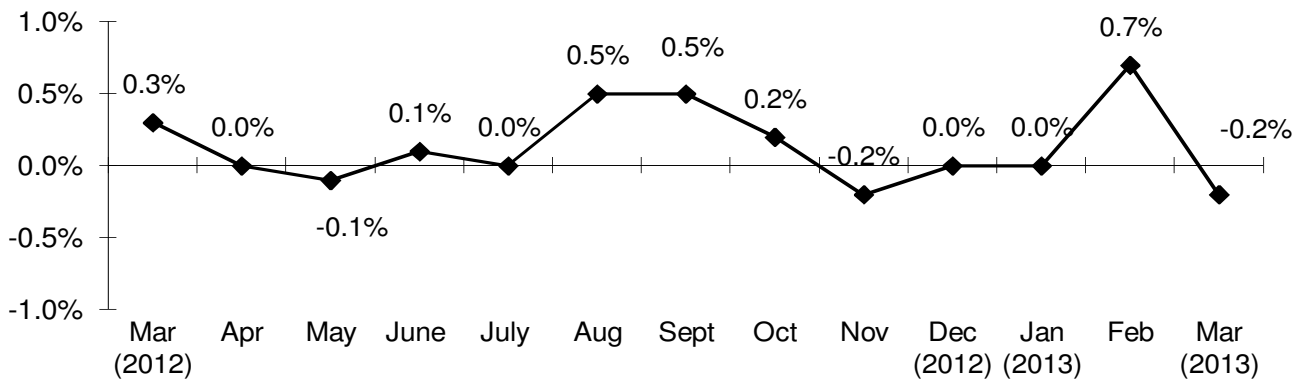
Consumer Confidence Index



The national Consumer Confidence Index (CCI) has continued to fall from a high of 73.1, to 59.7, driven by a sharp decline in expectations as well as current conditions. According to the CCI board, “The recent sequester has created uncertainty regarding the economic outlook and as a result, consumers are less confident.” Those stating business conditions are “bad” increased to 29.3 percent. The midwest regional RMI dipped to 56.9 from February’s 58.2. Farm incomes continue to boost the rural areas. However, a banker from Kansas said, “I still think we are on the bubble.”

Source: Conference Board, “Consumer Confidence Survey,” and Creighton University

Consumer Price Index, Monthly Change



Over the last 12 months, the all items index increased 1.5 percent before seasonal adjustment. The index for all items less food and energy increased 0.1 percent in March, after a 0.2 percent increase in February. The indexes for shelter, used cars and trucks, medical care, personal care, and airline fares all rose in March. These increases more than offset declines in the indexes for apparel, household furnishings and operations, and tobacco.

Source: U.S. Department of Labor, Bureau of Labor Statistics

Overview of the Compact for America Vehicle

The Compact for America (CFA) is the delivery vehicle for a powerful BBA. Understanding why the CFA is the best vehicle for advancing a BBA first requires a “50,000 foot” view of its structure and the constitutional amendment process it sets in motion. The CFA is an agreement among the states to use their sovereign power under Article V of the U.S. Constitution, which authorizes states to originate constitutional amendments by applying to Congress to call a convention for proposing amendments. In the absence of the CFA approach, the ordinary “plain vanilla” amendment-by-convention process under Article V would have no fewer than five essential state and federal legislative components — an “application” for a convention that would require passage by 34 state legislatures, a convention “call” that would require passage by Congress, convention delegate appointment and instruction legislation by at least 26 states, a “referral” of any amendment proposed by the convention that would require passage by Congress, and a “ratification” that would require passage by legislatures or conventions in at least 38 states.

By contrast, the CFA has only two essential legislative components — the state compact and a counterpart congressional omnibus concurrent resolution. As such, the CFA is designed to greatly simplify the amendment-by-convention process. It does this by consolidating into the state compact all of the legislation involved in the Article V process that states control — from the application to Congress, to delegate appointments and instructions, to the selection of the convention location and rules, to the ultimate ratification of the BBA proposal it advances. It then consolidates all of the congressional legislation involved in the Article V process — both the call for the convention and the ratification referral — into a single omnibus concurrent resolution.

This means the CFA consolidates the entire Article V process into a total of 39 enactments; specifically, 38 pieces of state legislation adopting the Compact and one piece of federal legislation (the omnibus concurrent resolution).

As unusual as the CFA may seem, there are more than 200 interstate compacts, many of which make the CFA appear rather mundane by comparison. For example, there are interstate compacts for military alliances to repel invasions, to bypass the Electoral College, and to impose cap-and-trade greenhouse gas regulation. Despite the range of novel approaches to coordinating state action found in the hundreds of interstate compacts that currently exist and that have existed in the past, *no state or federal court has ever struck down a single interstate compact*. Against this backdrop of longstanding judicial tolerance of the use of interstate compacts to enable states to solve problems of collective action, there is every reason to believe the CFA will survive any legal challenge.

If anything, the problems of collective action surrounding the use of Article V to advance a BBA make it a natural candidate for an interstate compact solution. In the final analysis, not only is there a solid originalist and precedential basis for recognizing the constitutionality of the CFA’s limitations on the Article V convention process, but there is a powerful pragmatic and public policy case as well. Simply put, time is not on our side when it comes to stopping Washington’s abuse of limitless debt spending. Only the CFA BBA offers a viable chance at imposing reform from the states in the near future.

Policy Report No. 257, April 23, 2013, reprinted with permission, <<http://goldwaterinstitute.org/sites/default/files/GI-Policy%20Report257-41913.pdf>>. Nick Dranias holds a law degree from Loyola University, Chicago, Illinois, and is Director of Policy Development and Constitutional Government at The Goldwater Institute. His latest policy report is Save the Taxpayers Tens of Billions of Dollars: End Government-Sector Collective Bargaining.


Read the text of Article. V. from the Constitution of the United States of America on page 8.

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now. Right to Work has been attacked and challenged, but the people of Iowa have spoken volumes to the value of choice for working conditions and organizational involvement. The non-union choice to join the professional association as opposed to the unions not only saves every teacher as much as \$550/year, but gives the strength of representation security both legally and politically through an association of integrity.

NOTE: Professional Educators of Iowa (PEI) is a professional organization focused on students and advancing the professionalism of educators. PEI is a non-profit, non-partisan, professional organization serving current, retired, and future educators including teachers, administrators, and school support personnel, as well as those in higher education, all of whom are valuable and contributing members of the school community. PEI promotes teachers as professionals who perform a valued public service. PEI does not engage in non-education political activity that may violate members' personal beliefs. PEI takes positions on education issues after surveying members and receiving a majority vote in support or opposition.

Iowa Statewide Economic Indicators

Latest Economic Indicators	Actual Number	Amount of Change	Time Period Reported
 New Vehicle Registrations	22,508	11.2%	Jan 2013 - Feb 2013
 New Housing Permits	766	19.7%	Feb 2012 - Feb 2013
 Existing Home Sales - Midwest	1,160,000	14.9%	Mar 2012 - Mar 2013
 Total Resident Jobs	1,562,200	1,000	Mar 2012 - Mar 2013
 Non-Farm Employment	1,517,200	0.7%	Mar 2012 - Mar 2013
 Factory Jobs	216,400	3.3%	Mar 2012 - Mar 2013
 Initial Unemployment Claims	11,941	-5.8%	Mar 2012 - Mar 2013
 Jobless Rate	80,700	4.9%	March 2013
 Personal Income (per capita)	\$25,667	0.0%	2011
 Exports of Goods	\$14.6 B	10.0%	2011 - 2012
 Farmland Values (High Quality)	\$11,515	9.4%	Oct 2012 - Mar 2013

Source: Iowa Workforce Development News and Trends, April 25, 2013,

www.iowaworkforce.org/trends/

www.iowaeconomicdevelopment.com/newsdetails/5654

www.extension.iastate.edu/agdm

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Constitution of the United States of America, Article. V.

The Congress, whenever two thirds of both Houses shall deem it necessary, shall propose Amendments to this Constitution, or, on the Application of the Legislatures of two thirds of the several States, shall call a Convention for proposing Amendments, which, in either Case, shall be valid to all Intents and Purposes, as Part of this Constitution, when ratified by the Legislatures of three fourths of the several States, or by Conventions in three fourths thereof, as the one or the other Mode of Ratification may be proposed by the Congress; Provided that no Amendment which may be made prior to the Year One thousand eight hundred and eight shall in any Manner affect the first and fourth Clauses in the Ninth Section of the first Article; and that no State, without its Consent, shall be deprived of its equal Suffrage in the Senate.

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