

**FACT SHEET FOR PUBLIC WORKERS – NEW JERSEY
AGENCY SHOP/UNION SECURITY AGREEMENTS
DEMAND AND RETURN POLICY**

Q. What is an agency shop/union shop agreement?

A. Agency shop/union security agreements generally require non-members, as a condition of employment, to pay an agency fee equal to the normal Union dues paid by members. These non-members are called agency fee payers.

Q. Why should workers who don't join the Union have to pay?

A. Negotiating and enforcing the contract are costly endeavors. To spread these costs fairly, everyone pays, whether a member or not.

Q. What is the Agency Fee objector policy?

A. The Agency Fee Objector policy is the Union's means of complying with various Supreme Court and lower court rulings regarding the rights of non-members who work under agency shop/union security agreements. The most applicable ruling for public workers is *Chicago Teachers Union v Hudson* from 1986.

Q. What does Hudson require?

A. *Hudson* requires the Union to permit non-member agency fee payers to object to being charged for more than the cost of collective bargaining, contract administration and grievance adjustment. These expenses are called "chargeable." Those that are not germane are called "nonchargeable" and objectors have their agency fees reduced by the nonchargeable percentage.

Q. What is the State of New Jersey's Demand and Return Policy? Is it like Hudson?

A. New Jersey's Demand and Return Policy adds additional requirements to *Hudson*. All agency fee payers are automatically treated as agency fee objectors and are required to pay only for chargeable expenses, up to a maximum of 85% of full membership dues. For administrative ease, employers deduct the 85% and the union provides an advance reduction in fees if chargeable expenditures are less than 85% of full dues.

Q. How are agency fee payers notified about the actual chargeable percentage?

A. The International sends all agency fee payers, only New Jersey, an advance reduction check with a summary automatically. This letter includes link(s) to the National and Local audits, Demand and Return policy.

Q. How does the Union know what percentage of their expenditures are chargeable and nonchargeable?

A. The International and the Local independently each have their CPA perform an audit of the expenditures and activities for the fiscal year and issue reports and audit letters. The Local's auditor completes the CWA Local Union Chargeable Expense Calculation form which determines the percentages.

Q. What is the average percentage of chargeable expenditures?

A. The average chargeable for the International is about 75%. The average chargeable for Locals is generally much higher.

Q. What is in a Demand and Return is it like a Fair Share notice?

A. A Demand and Return notice contains (1) a letter advising that the chargeable percentages of the International and Local were either less than or more than the 85% of membership dues, the basis of the calculations of these percentages, and avenues for appeal of the Local and International calculations; (2) a link to the full audit report from the International; (3) a link to the summary of the Local's audit report; (4) a link to the letter from the CPA attesting to the validity of the calculation report; (5) a link to a list of chargeable and nonchargeable expenditures and activities; and (6) a link to the CWA Demand and Return Policy for Objecting New Jersey Public Sector Agency Fee Payers.

Q. What is an advance reduction and how is it calculated?

A. An advance reduction is calculated by multiplying the International's projected share of the fees to be paid by the objector for the upcoming year by the International's nonchargeable and the Local's share of the projected fees to be paid by the objector for the upcoming year by the Local's nonchargeable. The sum of these two calculations is the amount of the objector's advance reduction. A lump-sum check for the amount of the advance reduction is issued in May for the July through June objector year.

Q. So objectors get the money upfront? What if they leave during the year? Can we get the money back?

A. Regrettably, no. While the advance reduction system is not perfect, it is the only viable way to reduce the fees of objectors.

Q. Instead of these advance reductions, why not collect the money during the year, and issue a rebate with interest?

A. We are not permitted to do that. The courts have called this process an involuntary loan.

Q. What should the Local do when a worker inquires about the agency fee objector policy?

A. The Local should direct the worker and/or letter to the Agency Fee Administrator at CWA, 501 Third Street, NW, Washington, DC 20001-2797, 202-434-1330 voice, 202-434-0653 fax.